DELIVERING
REAL EXCELLENCE

Annual Report 2010

AngloAmerican

Real Mining. Real People. Real Difference.

DELIVERING REAL CHANGE
OUR AMBITION

Our aim is to be the leading global mining company, by becoming the investment, the partner and the employer of choice. We will achieve this by continuing to develop our portfolio of world class mining assets; operate an efficient, streamlined business model; embed sustainability and safety in everything we do; and attract and retain the best people.

This report provides an overview of how we have delivered against our strategy this year and made a real difference in our host communities.

USING THIS REPORT AND WHERE TO FIND OUT MORE...

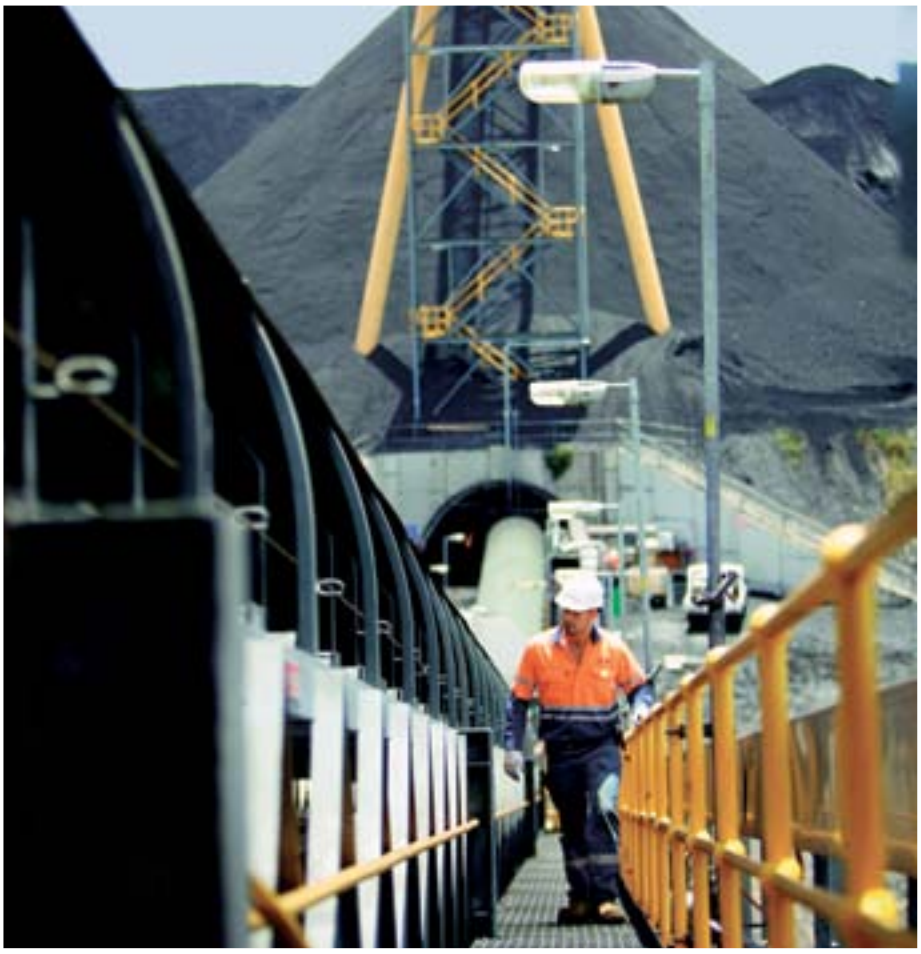
Within this report we have included references to find out more information on certain sections, either within the report itself or online.

For more information within this report

For more in-depth information online visit **www.angloamerican.com**

Real Mining. Real People. Real Difference.

Aiming to be the leading global mining company – the investment, the partner and the employer of choice.



No. 5

LOS BRONCES IS ON TRACK TO BE THE WORLD'S NUMBER FIVE COPPER PRODUCER

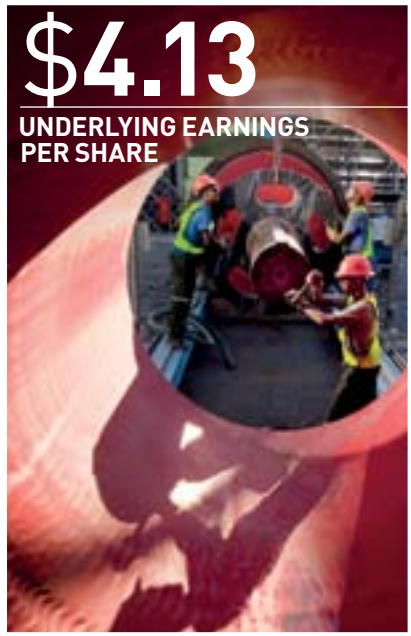
Throughout the year, I travelled extensively around our Group and I continue to be impressed by the commitment of everyone I have met in pursuing our ambition of becoming the leading global mining company.

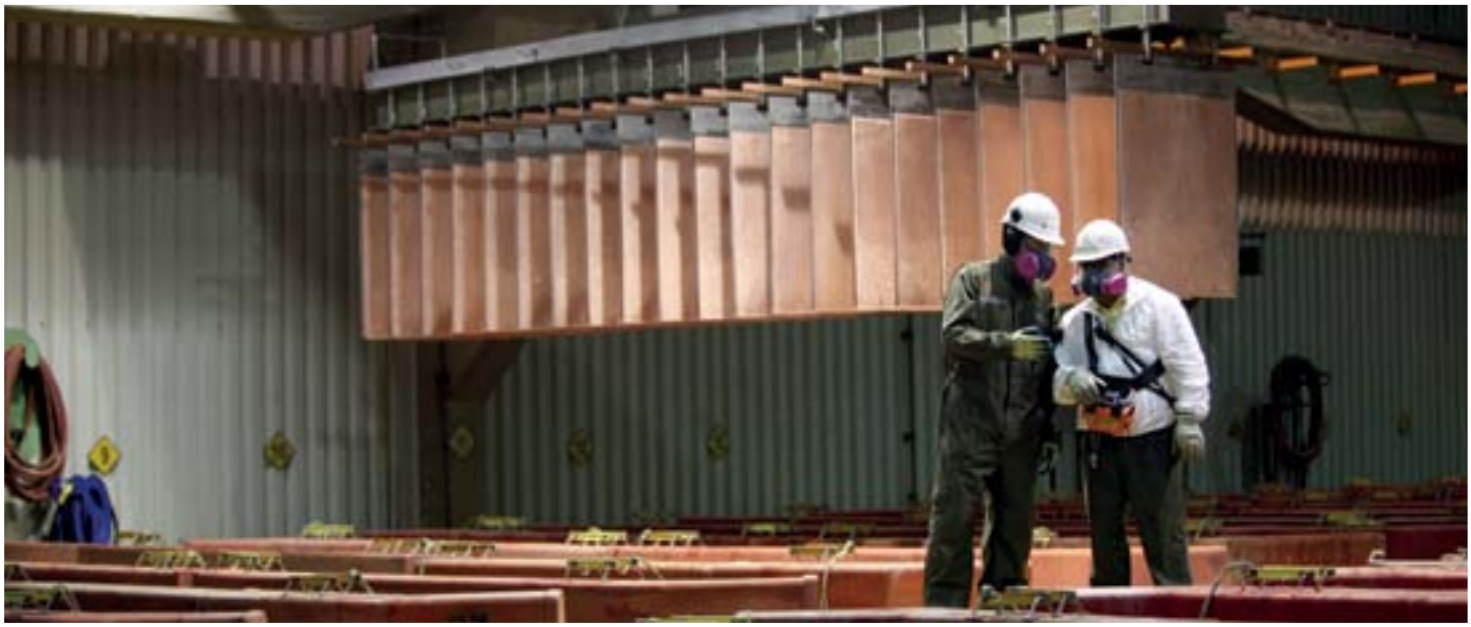
Sir John Parker
Chairman

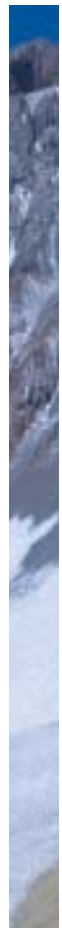
I will always fight against any form of discrimination, stigmatisation or human rights violation.

Silvia Aparecida Domingues de Almeida
Social responsibility assistant leading Nickel's HIV/AIDS programme in Brazil


$9.8 bn
OPERATING PROFIT


$4.13
UNDERLYING EARNINGS
PER SHARE





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CYNTHIA CARROLL
CHIEF EXECUTIVE

We comfortably exceeded our target of $1 billion in sustainable benefits from asset optimisation from core operations alone by 2011.

$1.5 bn

Whether it is the communities surrounding our operations or our employees, we work together to ensure everyone benefits.

Cynthia Carroll
Chief executive

1.2 billion tonnes
INFERRED MINERAL RESOURCES AT LOS SULFATOS

MEASURING OUR PERFORMANCE
BUSINESS HIGHLIGHTS

OPERATING PROFIT
(2009: $5.0 bn)

$9.8 bn

UNDERLYING EARNINGS
(2009: $2.6 bn)

$5.0 bn

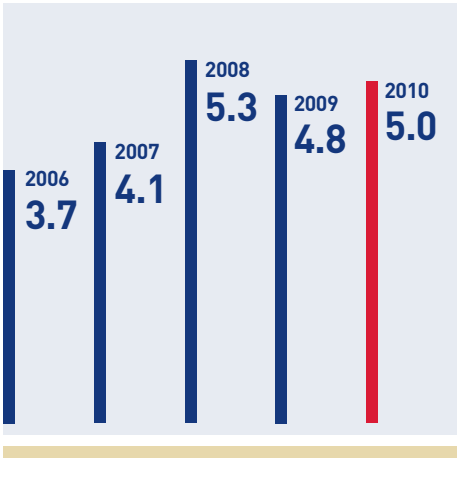
For more information, see page 42

UNDERLYING EARNINGS PER SHARE
(2009: $2.14)

$4.13

DIVIDENDS PER SHARE
Cents

CAPITAL EXPENDITURE
$ bn



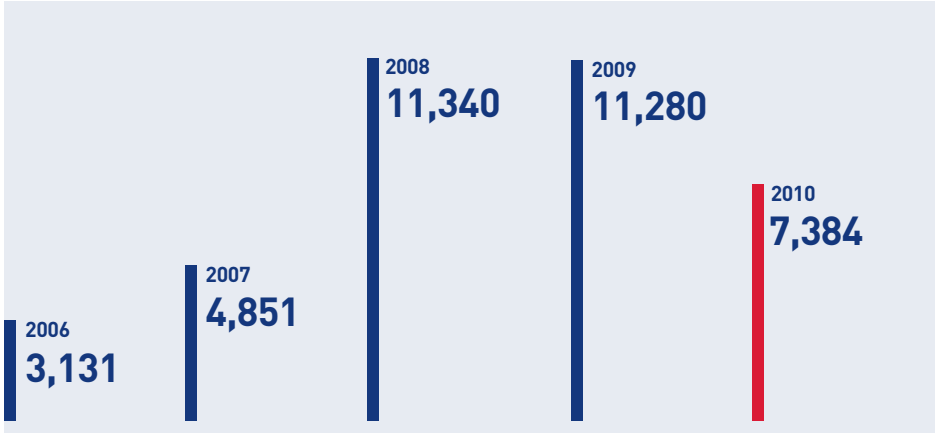
Operating profit includes attributable share of associates' operating profit (before attributable share of associates' interest, tax, and non-controlling interests) and is before special items and remeasurements, unless otherwise stated. See notes 2 and 4 to the financial statements for operating profit. For definition of special items and remeasurements, see note 5 to the financial statements. See note 13 to the financial statements for the basis of calculation of underlying earnings.

Unless otherwise stated, 'tonnes' are metric tons, 'Mt' denotes million tonnes, 'kt' denotes thousand tonnes and 'koz' denotes thousand ounces.

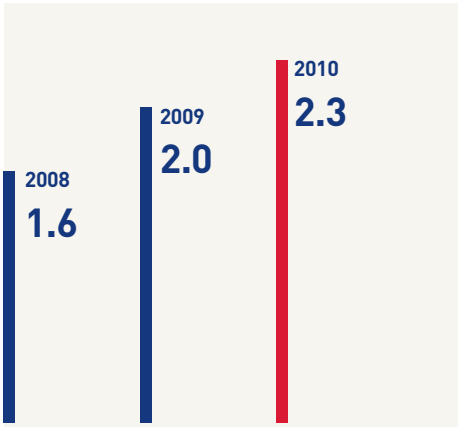
Unless otherwise stated, '$' and 'dollars' denote US dollars and 'cents' denotes US cents.

Net debt includes related hedges and net debt in disposal groups. In 2010 net debt was updated to include related hedges, being derivative instruments that provide an economic hedge of assets and liabilities included in net debt. The comparatives have been adjusted accordingly. See note 31 to the financial statements.

NET DEBT
$ millions

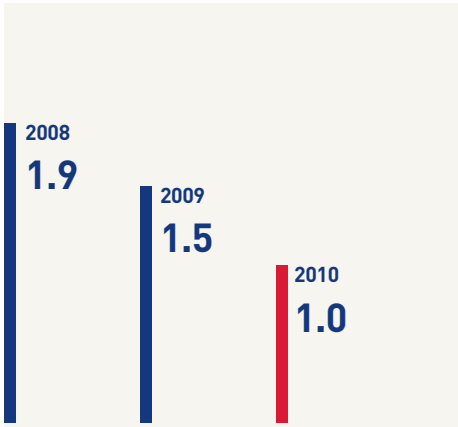


CAPEX: FOUR STRATEGIC GROWTH PROJECTS $bn



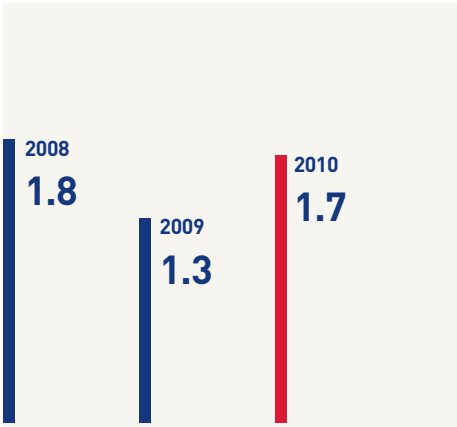
CAPEX: OTHER PROJECTS

$bn



CAPEX: STAY IN BUSINESS

$bn



DELIVERY OF THE BARRO ALTO STRATEGIC GROWTH PROJECT

Anglo American continues to develop its four near term strategic growth projects – the Minas-Rio and Kolomela (previously Sishen South) iron ore projects in Brazil and South Africa respectively, the Barro Alto nickel project in Brazil and the Los Bronces copper expansion in Chile.

Barro Alto

The Barro Alto project is located in the state of Goiás, Brazil, approximately 170 km from Anglo American's existing Codemin nickel operation. The project was approved in December 2006 and will begin production in March 2011. Average production will be 36 ktpa of nickel over the life of the mine, with an average of 41 ktpa over the first five years. Once at full production, the operation is expected to be in the lower half of the cash cost curve, and will more than double production from Anglo American's Nickel business. The classic RKEF (rotary kiln electric furnace) process will be used to produce ferronickel, which is a technology already used by Anglo American at its existing nickel operations.

Installation of crushing equipment at the Barro Alto nickel project in Brazil.

OWNERSHIP

100%

INCREMENTAL PRODUCTION

(tonnes per annum of nickel)

36,000

FULL PROJECT CAPEX

$1.9 bn

FULL PRODUCTION

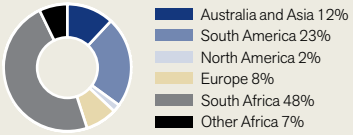
H2 2012

INCREASING OUR REACH
OUR OPERATIONS

We are one of the world's largest mining companies. Our portfolio of high quality mining assets and natural resources includes platinum group metals and diamonds, with significant interests in copper, iron ore, metallurgical coal, nickel and thermal coal, as well as a divestment portfolio of other mining and industrial businesses. We operate in Africa, Europe, South and North America, Australia and Asia.

REVENUE BY ORIGIN

Percentage



OUR SEVEN COMMODITY BUSINESSES

Precious

PLATINUM

Anglo Platinum Limited, a managed subsidiary, owns the largest platinum reserves in the world and is the largest primary producer of platinum, accounting for some 40% of world supply.

Primarily used in autocatalysts and jewellery. Also employed in chemical, electrical, electronic, glass and petroleum industries and medical applications.

Share of Group operating profit

$837m
9%
2009 $32m, 1%

Average number of employees ('000)[1]

52

For more information, see page 54 or visit: www.angloamerican.com

DIAMONDS

Independently managed De Beers is the world's leading diamond exploration, mining and marketing company. De Beers generates about 35% (by value) of global rough diamond production from its operations in South Africa, Botswana, Namibia and Canada.

The largest diamond jewellery market is the United States, followed by Japan, Europe, China and India.

$495m[2]
5%
2009 $64m, 1%

16[3]

For more information, see page 58 or visit: www.angloamerican.com

Base metals

COPPER

Our copper business has interests in six operations in Chile. These comprise the wholly owned Los Bronces, El Soldado, Mantos Blancos and Mantoverde mines, the Chagres smelter and a 44% interest in the Collahuasi mine.

Used mainly in wire and cable, brass, tubing and pipes, air conditioning and refrigeration.

$2,817m
29%
2009 $2,010m, 41%

4

For more information, see page 62 or visit: www.angloamerican.com

NICKEL

Nickel has two operating assets, Codemin in Brazil and Loma de Níquel in Venezuela, both producing ferronickel, as well as the world class Barro Alto project in Brazil.

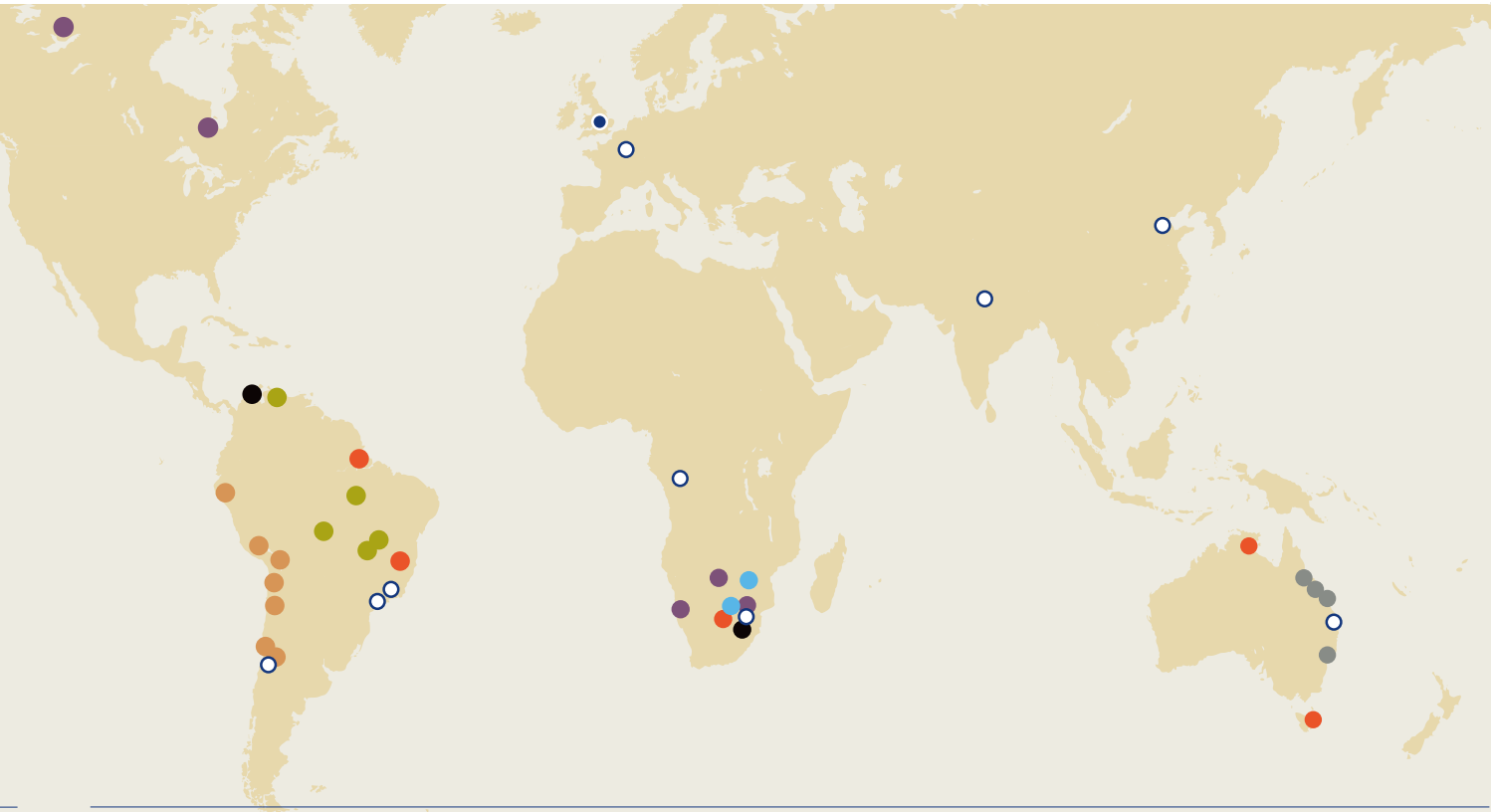
More than 60% of all nickel is used in the production of stainless steel. Around 25% is used to make other types of steel and for super-alloys, which can withstand extreme temperatures.

$96m
1%
2009 $2m, 0.04%

2

For more information, see page 66 or visit: www.angloamerican.com

(1) Excluding contractors and associates employees and including a proportionate share of employees within joint venture entities.
(2) De Beers results are shown as share of associates' operating profit.
(3) De Beers is an independently managed associate. Employee numbers shown represent the average number of employees in De Beers managed operations, including 100% of employees in De Beers' underlying joint ventures
(4) Consideration on a debt and cash free basis, as announced.



WHERE WE OPERATE

Headquarters

London, United Kingdom

Corporate and representative offices

Beijing, China
Brisbane, Australia
Johannesburg, South Africa
Kinshasa, DRC
Luxembourg
New Delhi, India
Rio de Janeiro, Brazil
Santiago, Chile
São Paulo, Brazil

North America

Africa

South America

Australia and Asia

Bulk

IRON ORE AND MANGANESE

We are the world's fourth largest iron ore producer, with a large high-quality resource base in South Africa and Brazil.

Key component in steel, the most widely used of all metals. Global steel consumption is forecast to grow in excess of 5% pa over the next three years.

$3,681m
38%
2009 $1,489m, 30%

8

For more information, see page 70 or visit: www.angloamerican.com

METALLURGICAL COAL

Our metallurgical coal business is Australia's fourth biggest producer of coal and its number two exporter of metallurgical coal. We are active partners in diverse clean coal energy initiatives.

Key raw material for 70% of the world's steel industry. Demand is driven by economic, industrial and steel growth.

$783m
8%
2009 $451m, 9%

3

For more information, see page 76 or visit: www.angloamerican.com

THERMAL COAL

In South Africa, our thermal coal business owns and operates nine mines. In Colombia, we have a one third shareholding (with BHP Billiton and Xstrata each owning one-third) in Cerréjon, Colombia's largest thermal coal exporter.

About 40% of all electricity generated globally is powered by thermal coal. About 5.1 billion tonnes of thermal coal are produced globally each year.

$710m
7%
2009 $721m, 15%

9

For more information, see page 80 or visit: www.angloamerican.com

Other Mining and Industrial

OTHER MINING AND INDUSTRIAL

Our programme to divest of non-core businesses is well advanced. During 2010, Anglo American completed the divestment of a number of non-core businesses with announced proceeds[4] of $3.3 billion.

$661m
7%
2009 $506m, 10%

20

For more information, see page 84 or visit: www.angloamerican.com

DELIVERING ON OUR COMMITMENTS FOR THE LONG TERM

Sir John Parker
Chairman

PERFORMANCE AND STRATEGY

In 2010, your company experienced a strong revival on the back of steadily rising demand and higher prices for all of the commodities in our diversified mining portfolio, though the strength of local currencies somewhat dampened our overall financial performance.

Our clear strategy of focusing on seven key commodities, driving cost reductions, safe operations and pursuing leading industry performance is being implemented successfully, with all our businesses moving down their respective industry cost curves. This was borne out by a strong set of operating results. Group operating profit increased sharply to $9.8 billion, against $5 billion in 2009, while cash flow generation from operations improved from $4.1 billion to $7.7 billion.

At the same time, rigorous cost control was applied across the business, with the benefits delivered by our asset optimisation and procurement initiatives exceeding target. This strong performance, together with excellent progress in our orderly disposal programme, contributed to a significant improvement in our balance sheet position, with net debt reduced to $7.4 billion.

DIVIDEND

It is pleasing to report that we were able to restore the dividend at the half year stage. The Board believes it is prudent to provide shareholders with a dividend that they can rely on through the cycles. Against this background, the Board has proposed a final dividend of 40 cents per share, thereby establishing our new base annual dividend per share at 65 cents.

Taking into account the Group's substantial investment programme for future growth, its future earnings potential and the continuing need for a robust balance sheet, any surplus cash will be returned to shareholders.

GROWTH PROSPECTS

The Group's pipeline of projects spans its core commodities and is expected to grow our production by some 50% by 2015. In total, we have $70 billion of projects, which have the potential to double the production of the Group over the next decade or so.

Our largest, the world-class Minas-Rio iron ore project in Brazil, has been largely de-risked by the receipt of the mining permit and approval of the primary installation licence, as well as the securing of a long term port tariff agreement. We now have the key licences and permits in place to enable us to start next month on the construction of the mine, beneficiation plant and tailings dam, with an expected start-up date for the operation during the second half of 2013.

Traditionally, across the mining industry, project delivery has often proved to be challenging both in regard to timing and meeting cost targets. At Anglo American, we have adopted a single, integrated Group project management system, including a risk-based method of capital approval for new projects. It has now been fully implemented as part of the successful corporate re-organisation and is bringing much more rigour to the process.

OUR PEOPLE

I have now visited all our business units and major projects, and I am not only deeply impressed by the commitment of our people, wherever they happen to work, but by their dedication and professionalism in living out Anglo American's values.

This was brought home to me on a recent visit to the disastrous flood areas in Queensland. Management and employees at Metallurgical Coal carried out heroic acts in transferring an entire township threatened with exceptional flooding to our own temporary housing facilities. It was evident, too, in the outstanding response of our Copper business to the Chilean earthquake in February 2010. Not only did we provide $10 million towards reconstruction, but our teams also got involved in a very hands-on way by clearing debris and constructing six new schools within weeks. The Board is immensely proud of these efforts.

With regard to our people's career aspirations, the Board is taking a keen interest in the modern approach that management has devised to progress the development of our employees at all levels throughout the Group. In this respect, I would particularly like to mention our new generation of managers heading our business units, who, importantly, are today based in the regions of their core operations rather than at our London headquarters. Their being able to work that much more closely with our exploration, mining and engineering people is making a considerable difference to running a truly efficient mining business.

To read Sir John's biography
turn to page 88

SAFETY

The year was marked by yet another major improvement in our safety performance, with a significant reduction in both the number of people who died and were injured on company business. Over the past four years, under Cynthia Carroll's leadership, the number of people who have died in accidents at our operations has reduced by more than two-thirds. With such improvements, year on year, our ultimate aim of zero harm is not just attainable, but is now being seen to be so. All of us need to remain very committed to this goal.

SUSTAINABLE DEVELOPMENT

We continue to focus on enhancing the positive impacts of Anglo American's operations on our host communities, and on preventing or reducing negative effects in line with our commitment to being the partner of choice for host governments and communities.

In 2010 we continued the implementation of our new, more demanding social-performance and environmental standards through the Anglo American Social Way and the Anglo American Environment Way. I am pleased to report that compliance with the new standards improved when compared with 2009. During 2011 our objective is to eliminate all non-compliances.

Focus areas in 2010 included launching a major Group-wide project which aims to facilitate greater local procurement by our operations. We firmly believe that our procurement budget of over $10 billion represents our most important opportunity to further develop local communities.

During the year we also brought a much greater focus to measuring our social performance in a more rigorous manner. We have developed a standardised suite of output key performance indicators (KPIs) for our social investment programmes that will be used across all of our operations and company-sponsored foundations. The first report produced by the new KPIs will be presented in our 2010 Sustainable Development Report.

We are also re-doubling our efforts on environmental issues, focusing on new technologies to address the twin challenges of water scarcity and climate change – global priorities in relation to which South Africa will be the centre of world attention as we prepare for the COP 17 conference in Durban later this year.

As a major coal producer and consumer of energy, we remain committed to reducing our carbon emissions – focusing not only on carbon capture and storage, but also on new technologies such as algae which can be used to produce sustainable fuels. We are also closely involved in research to study the role of PGMs in a cleaner energy mix, especially in fuel-cell technologies. In addition, Anglo American continues to play a leading role in policy development around biodiversity and reducing deforestation.

OUTLOOK

Looking ahead, the global economic outlook remains positive. Continuing industrialisation and urbanisation in China, India and other emerging economies underpins growth in commodity demand with good prospects of a sustainable expansion in the medium and longer term. In the advanced economies, however, the recovery faces some stiff headwinds. In Europe, many governments have announced austerity packages, which may weaken economic growth in 2011. But in the US, additional monetary and fiscal stimulus should have the effect of supporting greater economic activity.

THE BOARD

Quality leadership is critical to the success of any organisation – and it is critically important in the boardroom. This is the place where we take ownership of the company's strategy, and where that strategy is debated and stress-tested. It is also the forum that creates the drumbeat for our values, and empowers management to execute the strategy, and be accountable for its delivery.

We aim to have a quality Board with a culture of transparency that encourages internal debate. In this vein we have defined the skills and experience for the non-executive directors we plan to recruit over the next few years. We also aim to increase our percentage of women on the Board (excluding the chairman) from today's 20% to c.30% by end 2012.

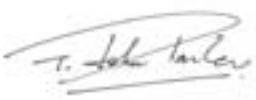
I wish, therefore, to acknowledge and thank the Board team and its newer members, who collectively are making a significant contribution to our Board debates, while also serving on the Board's vitally important committees.

But it is to our longest-standing member that I especially want to pay tribute. Nicky Oppenheimer has notified the Board of his wish to retire as a non-executive director, at the forthcoming AGM, after 43 years with the Anglo American Group.

Anglo American's origins in South Africa more than 90 years ago lay in the hands of Nicky's grandfather and that legacy lives on. Sir Ernest's commitment that Anglo American should make a positive and sustainable difference to the communities around its mining operations remains deeply embedded in the way we do business.

On behalf of the Board, I would like to express our thanks to Nicky for his significant contribution to Anglo American over so many years. We will miss Nicky's wise counsel, sound business sense and integrity. We wish him well and look forward to a continued strong relationship through our respective interests in De Beers.

Finally, I wish to pay tribute to the management team we have in place at Anglo American, and to all of our employees, who have responded so willingly and ably to the challenges of a demanding and successful year.



Sir John Parker
Chairman

RESPONDING TO OPPORTUNITY
OUR MARKETPLACE

The economic fundamentals for the mining industry remain favourable from both the supply and demand sides.

THE WORLD ECONOMY: RECOVERY CONTINUES BUT RISKS REMAIN

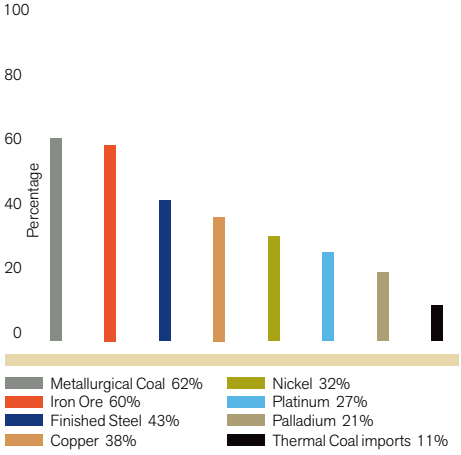
At the start of 2010, the world economy was in the early stages of recovery. China led the expansion following the government's massive stimulus package. In the first half of 2010, China's economic growth was well above its long term trend rate. Other emerging economies – notably India and Brazil – also grew strongly, reflecting government stimulus measures and a recovery in private demand. In spite of the severity of the financial crisis, the major advanced economies also recovered, thanks to huge policy stimulus and the mechanics of the inventory cycle. The US economy experienced a particularly pronounced turn in stock building, propelling robust above-trend growth early in 2010.

Yet, as the year progressed, macro-economic challenges began to build across the world. Surging demand in the large emerging economies triggered concerns about rising inflation. Both Brazil and India registered inflation rates above their central banks' objectives, leading them to raise interest rates to slow economic growth and restrain inflation. Following administrative measures to dampen the housing market, the Chinese authorities also responded to intensifying inflation concerns by tightening monetary policy and implementing controls on some prices, notably for many food products. In the second half of 2010, economic growth moderated slightly, suggesting policy restraint was feeding through.

In the major advanced economies, there was some cooling of economic growth. As stimulus and inventory effects faded, it became clear that underlying demand was still subdued. The after-effects of the financial crisis weighed on economic activity, especially in the US. Critically, weakness in the labour market led to continuing problems in the housing market. After signs of some stabilisation earlier in the year, there was a renewed deterioration in home sales and prices late in 2010. This growth disappointment forced the Federal Reserve to announce a second phase of quantitative easing (QE2). More significantly, the administration agreed a further fiscal stimulus package with Congress, with broad-based tax cuts.

In the spring, the EU and the IMF announced large-scale financial support for Greece to alleviate concerns over the government's financial strength. Europe's fiscal crisis worsened at the end of the year, with the EU/IMF announcing a support package for Ireland and growing speculation of contagion to other economies in Europe. Many governments have tightened fiscal policy to rein in budget deficits. In spite of huge interventions from the IMF, the EU and the ECB and significant fiscal consolidation at the national level, government bond markets remain febrile. There are continuing doubts over the long term solvency of some countries as well as nervousness over the impact of fiscal tightening on economic growth.

CHINA'S SHARE OF GLOBAL CONSUMPTION, 2010



Source: Anglo American Commodity Research

Economic activity in the emerging economies tends to be more 'resource intensive', suggesting that robust GDP growth will support continuing high levels of demand for industrial commodities.

COMMODITY PRICES: STRONG RECOVERY WITH INCREASING VOLATILITY

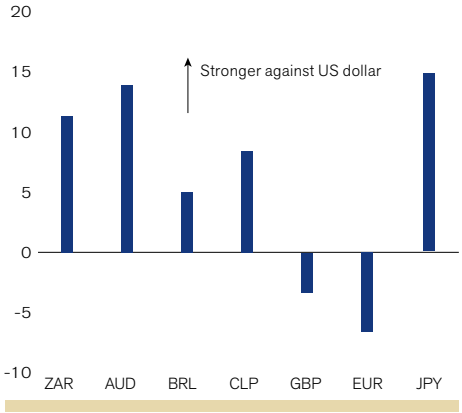
Annual average prices for our core commodities in 2010 were significantly higher than in 2009. The robust recovery at the start of the year drove improvements in all commodity prices until around May. Monthly average prices for steel making raw materials fared particularly well, with iron ore prices up 35-40%, hard coking coal 15%, and nickel 19%. From May, Europe's intensifying crisis and worries about a 'double dip' created more volatility; by July, prices had dropped back to around their 2010 opening level. In the second half of the year, prices recovered, alongside improving confidence in demand, closing at levels that were typically around 30% ahead of the year opening.

In the platinum group metals sector, the stand-out price performance for the year was from palladium, with an average January to December price increase of 74%, driven by a strong recovery in vehicle sales and autocatalyst demand, and an expectation of future industry tightness as Russian stocks are depleted. Average platinum prices increased by 9%, driven by the recovery in vehicle sales, and a strong recovery in industrial demand. Rhodium drifted down 12% to a December average of $2,291/oz.

Iron ore prices performed extremely strongly, increasing by 38% ex-Australia and 51% from Brazil. Crude steel demand in 2010 rebounded to 1.4 bn tonnes from the 2009 low of 1.2 bn tonnes, driven by Chinese growth and OECD recovery. Chinese iron ore imports in 2010 decreased 2%, with Chinese domestic production (run of mine basis) increasing around 22%, the associated higher costs supporting the industry price growth. Monthly

EXCHANGE RATES AGAINST US DOLLAR

% change between closing spot rates on 31 December 2009 and 31 December 2010

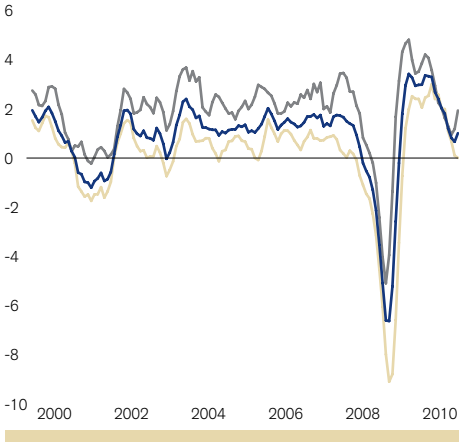


Source: Bloomberg

Commodity currencies appreciated strongly against the US dollar.

WORLD INDUSTRIAL PRODUCTION

% change, latest three months on previous three months

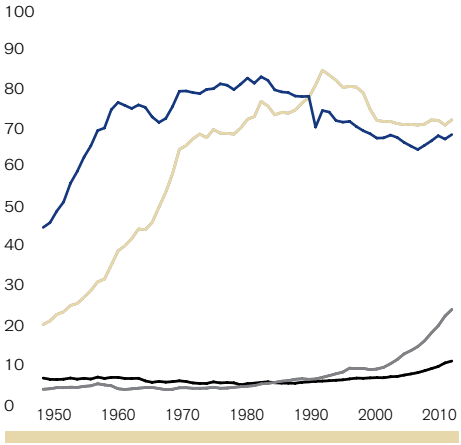


Source: CPB Netherlands

Industrial activity slowed moderately in 2010.

GDP PER CAPITA RELATIVE TO US

in 1990 US$ at PPP, US = 100



Source: Conference Board Total Economy Database

China and India should continue to 'catch up' with the advanced economies.

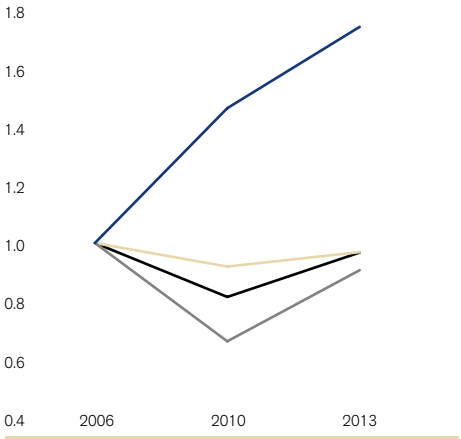
average nickel prices increased 31% between January and December, with consumption growth in 2010 of 12% and a general view the market was in a modest deficit. The nickel price was particularly volatile, dropping to $7.73/lb in early February, peaking at around $12.52/lb in mid April and finishing the year at $11.32/lb.

Monthly average copper prices increased 24% through the year, with significant volatility in the first half, dropping from a monthly average of $3.35/lb in January to $2.95/lb in June, but then recovering strongly in the second half to $4.15/lb in December. Demand growth was around 10% in 2010 with relatively tight supply. US dollar weakness, historically-low global real interest rates and the anticipation of the physically-backed ETF launches probably reinforced the price gains.

Thermal coal prices increased 33% ex-South Africa and 20% from Australia as the traded thermal coal market, which had traded sideways in 2009, subsequently recovered, and China and India stepped up their imports. Hard coking coal prices ex-Australia increased by 10% as global steel demand recovered. Chinese imports increased around 30% and Indian imports were up by some 24%.

FINISHED STEEL DEMAND

Kg per capita

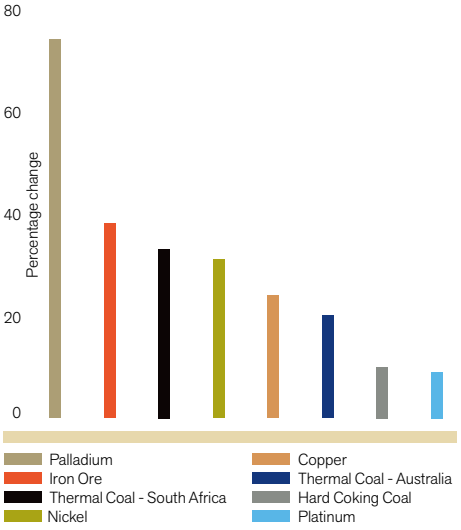


Source: Anglo American Commodity Research

The intensity of finished steel demand in China continues to grow strongly, driven by ongoing urbanisation and development.

CHANGE IN MONTH AVERAGE PRICE

December 2010 versus January 2010



Source: Anglo American Commodity Research

Most of our products experienced major price increases during 2010.

OUTLOOK

In spite of some uncertainties, the economic recovery should continue in 2011 and beyond. In the US, a combination of looser monetary and fiscal policies should support a gradual improvement in final demand, which should reinforce the recent acceleration in consumer spending and business investment. In China, policymakers are weighing the trade-off between economic growth and higher inflation. Administrative measures should help to contain inflation, preventing the need for a more broad-based policy tightening, which would increase the risks of a more disruptive growth slowdown. Macro-economic policy should remain supportive of economic growth. Signs of moderating inflation in other emerging economies should also alleviate the pressure for further policy tightening.

Overall, global GDP growth should remain resilient in the medium term. Though growth could ease in the major emerging economies, it will continue to outpace more modest growth rates in the major advanced economies. Over time, China's development model will evolve towards more consumer spending, in line with growth in other emerging economies such as Brazil and India. Even so, economic activity in the emerging economies tends to be more 'resource intensive', suggesting that robust GDP growth will support continuing high levels of demand for industrial commodities.

DEFINING OUR AMBITION
OUR STRATEGY

Anglo American aims to be the leading global mining company – the investment, the partner and the employer of choice – through the operational excellence of world class assets in the most attractive commodities and a resolute commitment to the highest standards of safe and sustainable mining.

Our focused commodity businesses are driving superior operating performances, through major productivity improvements, disciplined cost management and the significant benefits of our asset optimisation and global supply chain programmes.

Cynthia Carroll
Chief executive

KEY STRATEGIC HIGHLIGHTS

Anglo American performed strongly in 2010, both operationally and financially, and we have continued to deliver on our clear strategic objectives. Strategic highlights from the year include:

1
We have completed $3.3 billion of divestments of non-core businesses, including our zinc portfolio, Moly-Cop and AltaSteel, five undeveloped coal assets in Australia and a number of Tarmac's European businesses. We have received strong interest in the remaining businesses and will divest those in a manner and on a timetable that maximise value. In February 2011, we announced our intention to combine the UK businesses of Tarmac and Lafarge, to create a leading UK construction materials company

OUR FOUR STRATEGIC ELEMENTS

INVESTING – in world class assets in the most attractive commodities

We own, operate and grow world class mining assets in those commodities that we believe deliver the best returns through the economic cycle and over the long term.

We aim to focus on those commodities in which we have advantaged positions and on large scale assets with long lives, low cost profiles and with clear expansion potential, that is: copper, diamonds, iron ore, metallurgical coal, nickel, platinum and thermal coal.

In 2010 we considerably strengthened our balance sheet and are well positioned to finance our project pipeline and to take advantage of any attractive M&A opportunities.

Réne Médori
Finance Director

Talent development remains a key priority. In pursuit of this aim, we launched the People Development Way, a global capability framework that describes the behaviours, knowledge, skills and experiences needed to enable Anglo American to achieve its strategic objectives.

Mervyn Walker
Group Director of Human Resources and Communications

Project delivery is a major challenge in our industry. At Anglo American we have chosen to focus on the way that we develop and approve our projects, ensuring that we harness the full capacity of our technical resources in a disciplined and consistent way.

David Weston
Group Director of Business Performance and Projects

2
We have exceeded all expectations by achieving asset optimisation and procurement benefits of $2.5 billion from our core businesses alone (including one-off benefits), well ahead of our 2011 target of $2 billion

3
We have made excellent progress on our four major projects, enabling us to start up a major project every six to nine months over the next few years. The first of these, the Barro Alto nickel project, will begin production on schedule in March 2011, more than doubling our Nickel business' output when it reaches full production. The expansion of our Los Bronces copper operation in Chile and the Kolomela iron ore project in South Africa are progressing on schedule and on budget. We have also secured key licences and permits for the Minas-Rio iron ore project in Brazil, and expect civil works for the beneficiation plant and tailings dam construction to begin in March 2011

4
We continue to focus on our safety performance across the board and recorded further improvements during the year, with fatalities and lost time injury rates both continuing to reduce. We have now achieved a near 70% improvement in safety since 2006 as we pursue our goal of zero harm.

Creating trust is at the heart of our licence to operate; in 2010 we made further headway, with another significant improvement in our safety performance, while extending our internationally recognised community engagement programme.

Brian Beamish
Group Director of Mining and Technology

ORGANISING – efficiently and effectively

Our structure aims to facilitate the delivery of performance and efficiencies to outperform the competition.

Each commodity business unit is focused on operational excellence, project delivery and driving its cost position further down its industry curve, while the lean corporate centre facilitates the extraction of value beyond what is achievable by the businesses alone.

Through close collaboration, value-driven leadership, the sharing of best practice, technical innovation, operational know-how and the pursuit of synergies in key value-driving functions such as supply chain and asset optimisation, the substantial benefits of Anglo American's scale and performance oriented culture are realised.

OPERATING – safely, sustainably and responsibly

Operating safely, sustainably and responsibly is embedded in everything we do. The safety of our people is our key core value and we are relentless in striving to achieve our goal of zero harm.

We are committed to environmental stewardship and minimising the environmental impact of our operations.

We aim to make a sustainable and positive difference to community development and act with integrity to build respectful relationships with the societies in which we work. Behaving in this way, supported by strong governance and risk management processes, enables us to develop and helps maintain trust with all our stakeholders and create value, which is fundamental to our ability to deliver superior long term returns to our shareholders.

EMPLOYING – the best people

Our people are as vital to our success as our mining assets.

We are committed to our people, who determine how effectively we operate and build our reputation with our investors, partners and fellow employees every day, and whom we require to uphold our values.

Ultimately, it is our people who will realise our ambition and deliver our strategy to be the leading global mining company.

DELIVERING OUR GROWTH AMBITION THROUGH OPERATIONAL EXCELLENCE AND PROJECT DELIVERY

Cynthia Carroll
Chief executive

Cynthia Carroll during a recent visit to Kumba's Kolomela iron ore project.

INCREASE IN OPERATING PROFIT
From core operations

104%

INVESTMENTS IN FOUR STRATEGIC GROWTH PROJECTS
(2009: $2.0 bn)

$2.3 bn

BENEFIT DELIVERED FROM ASSET OPTIMISATION AND PROCUREMENT PROGRAMMES (CORE ONLY)
(2009: $1.4 bn)

$2.5 bn

NON-CORE DIVESTMENTS COMPLETED

$3.3 bn

FINANCIAL PERFORMANCE

Anglo American performed strongly in 2010, a year in which we saw commodity prices continue to increase as demand growth was driven by the emerging economies, led by China and India, and by early stage recoveries in the developed world. Our focus on operational excellence has paid dividends by enhancing our financial performance and we have continued to deliver on our clear strategic objectives.

Within the structure we implemented in 2009, our seven focused commodity businesses are driving superior operating performances, through considerable productivity improvements, disciplined cost management and the benefits of our asset optimisation and global supply chain programmes. Anglo American's EBITDA of $12.0 billion, operating profit of $9.8 billion and underlying earnings of $5.0 billion, reflects delivery on all fronts.

FOCUS ON OPERATIONAL EXCELLENCE

Anglo American has continued to deliver significant value from its global scale and organisational structure, striving for best in class operating efficiencies across all its operations. Two specific and Group-wide initiatives, namely the asset optimisation and global procurement programmes, are well advanced and continue to deliver ahead of expectations. These two programmes were targeted to deliver $2 billion in benefits by 2011 from Anglo American's core businesses alone.

In 2010, $2.5 billion of benefits were delivered from our core businesses ($3.0 billion from the total Group). These benefits are valued employing 2010 commodity prices and exchange rates. Of the $2.5 billion, asset optimisation contributed $1.8 billion of value (including one-off benefits of $279 million), well in excess of the 2011 target for sustainable benefits of $1 billion, and global procurement contributed $713 million. The resulting year on year operating profit benefit for core businesses (at constant 2009 commodity prices and exchange rates) equates to a $170 million uplift in volumes and cash cost savings of $159 million.

This determined focus is bringing strong productivity improvements and driving our operations down their industry cost curves. We have transformed our Platinum business, moving it down the cost curve, with 23% productivity gains, cash operating costs controlled below inflation, and further safety improvements, while exceeding our refined platinum production target of 2.5 million ounces. Our Kumba Iron Ore, Metallurgical Coal, and Nickel businesses also delivered productivity gains, while the benefits of the restructuring of De Beers are clear to see, with the business reaping the rewards of the much improved environment for diamonds.

PROJECT DELIVERY DRIVING SIGNIFICANT NEAR AND LONG TERM GROWTH

Anglo American will increase its organic production by 50% by 2015, an exceptionally strong near term growth position, led by our four major projects which are making excellent progress. Over the next three years, we will start up a new mining operation every six to nine months. The first such project, our 36,000 tonnes per year Barro Alto nickel project, will begin production on schedule in March, more than doubling our Nickel business' production when it reaches full capacity. In the fourth quarter of this year, the expansion of our Los Bronces copper operation by 200,000 tonnes per year will begin production on schedule and will have highly attractive cash operating costs. Looking to the end of the second quarter of 2012, the 9 million tonne per year Kolomela iron ore project in South Africa will begin production with a very competitive cost position.

We have made substantial progress with our 26.5 million tonne per year Minas-Rio iron ore project in Brazil, securing a number of key approvals, including the mining permit and the second part of the installation licence for the mine, beneficiation plant and tailings dam. These approvals support a March 2011 start date for the civil works for the beneficiation plant and tailings dam construction and it should then take between 27 and 30 months to construct and commission the mine and plant, complete the project and deliver the first ore on ship.

We have also now secured an extremely competitive cost position for the project by reaching agreement with our partner at the Açu port on a fixed 25-year iron ore port tariff

> "Mining is the lifeblood of global economic growth in the 21st century"

that gives us a clear, first quartile FOB cost position for Minas-Rio. Our optionality for port expansion and the priority rights we have for our iron ore shipments make this port facility a key strategic asset for Anglo American in Brazil. Anglo American has a truly world class resource base beyond our near and medium term projects, with the potential to double production over the next decade through our $70 billion pipeline of more than 60 projects. In the next three years alone, we expect to approve $16 billion of projects.

REFINING OUR PORTFOLIO

Our programme to divest non-core businesses is well advanced, announcing and completing a number of sales during 2010 and into 2011. We have completed divestments of our non-core businesses, with announced proceeds of $3.3 billion to date, including our zinc portfolio, Moly-Cop and AltaSteel, five undeveloped coal assets in Australia and a number of Tarmac's European businesses. On 18 February 2011, the Group and Lafarge announced their agreement to combine their cement, aggregates, ready-mixed concrete, asphalt and contracting businesses in the United Kingdom, Tarmac Limited and Lafarge Cement UK, Lafarge Aggregates and Concrete UK. The 50:50 joint venture will create a leading UK construction materials company, with a portfolio of high quality assets drawing on the complementary geographical distribution of operations and assets, the skills of two experienced management teams and a portfolio of well known and innovative brands. We have received strong interest in the remaining businesses and will divest those in a manner and on a timetable that maximise value.

SAFETY – SETTING THE STANDARD

We continue to focus on our safety performance day in, day out across the business. We are making a real difference to our people within Anglo American and across the industry, particularly in South Africa, by setting new benchmark standards for safety practices. We recorded further improvement during the year, with fatalities and lost time injury rates both continuing to reduce.

At Anglo American, we have now achieved a 68% reduction in the number of fatal incidents and a 51% improvement in lost time injury rates since 2006. This does represent significant progress but, regrettably, 14 people lost their lives while on company business in 2010. We have further to go in order to achieve our goal of zero harm and again have stepped up our efforts to achieve this.

SUSTAINABLE DEVELOPMENT LEADERSHIP

I am pleased that Anglo American continues to lead change in the mining industry, ensuring that modern mining is wholly sustainable. Anglo American invests in mining operations and projects not for just the next 10 or 20 years, but for many generations. Our ability to positively impact those communities around our operations is therefore an area of major focus, to ensure a long term legacy built on respect, responsibility and integrity.

These characteristics have been particularly evident in our response to two unforeseen natural events during 2010. The fact that our Copper business was ready and able to build six fully equipped schools in such a short time after the earthquake in Chile, enabling 4,500 children to complete their school year, is testimony to the compassion and commitment of our employees. We have seen a similar response by our Metallurgical Coal business in Queensland, Australia following the devastating flooding over the New Year period, providing accommodation, meals and amenities to hundreds of evacuees. We are proud of our people and the difference they make.

OUTLOOK

Mining is the lifeblood of global economic growth in the 21st century and Anglo American has the long-life resources of the right commodities to sustain the supply to fuel that growth. While there remain a number of uncertainties in the immediate term, not least in the developed economies, our medium to long term view of demand growth for our commodities remains very positive, driven by the resource intensive nature of economic growth in the emerging markets.

Cynthia Carroll
Chief executive

HIGHLIGHTS

4
MAJOR STRATEGIC GROWTH PROJECTS NEARING PRODUCTION

6
SCHOOLS BUILT AND FULLY EQUIPPED AFTER THE CHILEAN EARTHQUAKE

7
CORE COMMODITIES

50%
PRODUCTION GROWTH BY 2015

$70 bn
OF PROJECT OPTIONALITY

MEASURING OUR PERFORMANCE
KEY INDICATORS

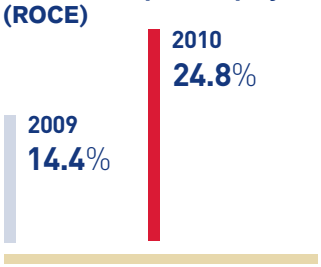
STRATEGIC ELEMENTS	KPI TARGETS	
Investing		
In world class assets in the most attractive commodities	**Total shareholder return (TSR)** Share price growth plus dividends reinvested over the performance period. A performance period of three years is used and TSR is calculated annually **Return on capital employed (ROCE)** Total operating profit before impairments for the year divided by the average total capital less other investments and adjusted for impairments	**Capital projects and investment** Optimise the pipeline of projects and ensure that new capital is only committed to projects that deliver the best value to the Group on a risk adjusted net present value basis **Underlying earnings per share** Underlying earnings are net profit attributable to equity shareholders, adjusted for the effect of special items and remeasurements and any related tax and non-controlling interests
Organising		
Efficiently and effectively	**Asset optimisation (AO)** Sustainable operating profit benefit from optimised performance of the asset base of the core businesses	**Supply chain** Operating profit and capital spend benefits to the Group resulting from centralised procurement from core businesses
Operating		
Safely, sustainably and responsibly	**Work related fatal injury frequency rate (FIFR)** FIFR is calculated as the number of fatal injuries to employees or contractors per 200,000 hours worked **Lost time injury frequency rate (LTIFR)** The number of lost time injuries (LTIs) per 200,000 hours worked. An LTI is an occupational injury which renders the person unable to perform his/her duties for one full shift or more the day after the injury was incurred, whether a scheduled workday or not **Energy consumption** Improvements in energy efficiency are measured from a 2004 baseline **Greenhouse gas (GHG) emissions** Reduction in CO_2 emissions per unit of production is measured from a 2004 baseline	**Total water use** Total water use includes only water used for primary activities **Corporate social investment** Social investment as defined by the London Benchmarking Group includes donations, gifts in kind and staff time for administering community programmes and volunteering in company time and is shown as percentage of profit before tax **Enterprise development** Number of companies supported and number of jobs sustained by companies supported by Anglo American enterprise development initiatives
Employing		
The best people	**Voluntary labour turnover** Number of permanent employee resignations as a percentage of total permanent employees **Gender diversity** Percentage of women and female managers employed by the Group	**Voluntary HIV counselling and testing (VCT)** Percentage of employees in southern Africa undertaking voluntary annual HIV tests with compulsory counselling support

(1) $1 bn of sustainable operating profit benefit from core businesses by the end of 2011.
(2) $1 bn of operating profit and capital spend benefits from core businesses by the end of 2011.

We measure performance against the four strategic elements of our strategy through Group-wide targets and improvement measures.

RESULTS AND TARGETS

Return on capital employed (ROCE)



Underlying earnings per share

Capital projects and investment

A summary of the Group's capital projects and investments can be found on pages 18 to 19

Total shareholder return (TSR)

Please refer to the Remuneration report on pages 98 to 109

Asset optimisation (AO)

2009	$749 million
2010	**$1,548 million**
Target	$1 billion by 2011[1]

Supply chain

2009	$445 million
2010	**$713 million**
Target	$1 billion by 2011[2]

Work related fatal injury frequency rate (FIFR)

2009	20 fatalities, 0.010 FIFR
2010	**14 fatalities, 0.008 FIFR**
Target	Zero fatal incidents

Lost time injury frequency rate (LTIFR)

2009	0.76
2010	**0.57**
Target	Zero incidents – the ultimate goal of zero harm remains

Energy consumption

2009[3][4]	102.1 million GJ total energy used
2010	**100.7 million GJ total energy used**
Target	A 15% intensity reduction by 2014

GHG emissions

2009[4]	19 Mt CO_2 equivalent
2010	**20 Mt CO_2 equivalent**
Target	A 10% intensity reduction by 2014

Total water use

2009[4]	125.3 million m^3
2010	**115.2 million m^3**
Target	Under revision

Corporate social investment

2009	$82.5 million, 1.9% of profit before tax
2010	**$111 million, 1.3% of profit before tax**

Enterprise development

2009	Businesses supported: 3,720 Jobs sustained: 12,982
2010	**Businesses supported: 9,392** **Jobs sustained: 17,200**
Target	Businesses supported: 3,500 Jobs sustained: 18,000

Voluntary labour turnover

2009	6.8%
2010	**5.3%**

Voluntary HIV counselling and testing (VCT)

2009	82%
2010	**94%**
Target	95% VCT in high disease burden countries (100% is the long term goal)

Gender diversity

2009	12% females, 19% female managers
2010	**14 females, 21% female managers**

[3] The 2009 figure was revised since the publication of the 2009 Annual Report after amendments in accounting methodologies. It includes operations that have since become independently managed.
[4] Includes businesses since divested.

We own, operate and grow world class mining assets in those commodities that we believe deliver the best returns through the economic cycle and over the long term.

STRATEGY IN ACTION

DELIVERING REAL VALUE TO ALL OUR STAKEHOLDERS

INVESTING – IN WORLD CLASS ASSETS IN THE MOST ATTRACTIVE COMMODITIES

A unique and balanced portfolio
In order to realise its ambition of being the investment of choice, Anglo American has a clear strategy of deploying capital in those commodities that deliver superior, long term, through-the-cycle returns for its shareholders.

We aim to focus on those commodities in which we have advantaged positions and on large scale assets with long lives, low cost profiles and with clear expansion potential, that is: copper, diamonds, iron ore, metallurgical coal, nickel, platinum, and thermal coal.

World class near term growth pipeline
The development of our four key near term strategic growth projects (Barro Alto, Los Bronces, Kolomela and Minas-Rio) is progressing well, with the first production of nickel from the Barro Alto project on schedule for March 2011. The four projects are well placed on their respective industry cost curves, have long lives, and are on track to enter production from 2011 onwards, in what is expected to be a growing commodity demand environment.

4
KEY STRATEGIC GROWTH PROJECTS

For more information on our projects **turn to page 18**

$1.6 bn

ATTRIBUTABLE SPEND TO DATE ON THE MINAS-RIO PROJECT

92 km

OF THE 529 KM PIPELINE INSTALLED TO DATE

At the Minas-Rio project in Brazil, contractors work on the pipeline that will ultimately transport iron ore 529 kilometres from the mine in Minas Gerais to the purpose-built port being constructed at Açu in Rio de Janeiro state.

INVESTING IN WORLD CLASS ASSETS
THE MOST ATTRACTIVE COMMODITIES

The Los Bronces copper expansion project in the Chilean Andes is due to come on stream in the fourth quarter of 2011.

INVESTING – IN WORLD CLASS ASSETS

Anglo American's pipeline of projects will deliver organic production growth of 50% by 2015.

ORGANIC PRODUCTION GROWTH EXPECTED BY 2015

+50%

PIPELINE OF PROJECTS

$70 bn

NEW CAPITAL INVESTMENT

Anglo American's pipeline of projects spans its core commodities and is expected to deliver organic production growth of 50% by 2015. Our $70 billion pipeline of more than 60 projects has the potential to double the production of the Group over the next decade.

The Los Bronces copper expansion project in Chile is on schedule for first production in the fourth quarter of 2011. Production at Los Bronces is scheduled to increase to 490 ktpa over the first three years of full production following project completion and to average 400 ktpa over the first 10 years. At peak production levels, Los Bronces is expected to be the fifth largest producing copper mine in the world, with highly attractive cash operating costs and reserves and resources that support a mine life of over 30 years, with further expansion potential. Also within the Los Bronces district, work continues on the exploration tunnel being constructed. This tunnel will provide underground drilling access to explore and define the resources at the very significant and high quality new discovery at the Los Sulfatos discovery.

The Barro Alto nickel project in Brazil was 99% complete at the year end and is on schedule to deliver first production in March 2011. This project makes use of a proven technology and will produce an average of 36 ktpa of nickel in full production (41 ktpa over the first five years), with a competitive cost position.

The Minas-Rio iron ore project in Brazil has made significant progress and is expected to produce 26.5 Mtpa of iron ore in its first phase. The award of the second part of the mine, beneficiation plant and tailings dam installation licence (LI part 2) in December 2010 was the final primary installation licence and supports commencement of the civil works for the beneficiation plant and tailings dam construction; these works are expected to start in March 2011, after the rainy season. This licence followed the award of the mining permit in August. It should take between 27 and 30 months from commencement of these works to construct and commission the mine and plant, complete the project and deliver the first ore on ship; however, there are still a number of other licences and permits to be obtained during this period.

Anglo American also reached agreement on a fixed 25-year iron ore port tariff with its port partner, LLX SA, in relation to the LLX Minas-Rio (LLX MR) iron ore port facility at Açu. The iron ore volumes associated with the first phase of the project will be subject to a net port tariff of approximately $5.15 per tonne (in 2013 terms) after taking into account Anglo American's shareholding in LLX MR ($7.10 per tonne gross). As part of the agreement to secure the long term tariff arrangements, Anglo American has agreed to fund a greater share of the development cost of the first phase of the port. This agreement is expected to result in additional capital expenditure attributable to Anglo American of approximately $525 million in relation to the port.

Studies for the expansion of the Minas-Rio project have continued during 2010 and the latest resource statement provides a total resource volume (Measured, Indicated and Inferred) of 5.3 billion tonnes, supporting the expansion of the project. The port tariff agreement also covers a long term tariff arrangement for all Anglo American's iron ore volumes beyond the first phase of the Minas-Rio project. The level of the expansion tariff will be dependent upon the capital cost to expand the port to accommodate those additional volumes and that capital cost will be determined in due course.

Kumba Iron Ore's Kolomela project in South Africa is well advanced and overall project progress reached 81% at 31 December 2010. The project remains on budget and on schedule to deliver initial production by the end of the first half of 2012, ramping up to full capacity in 2013. To date, 22.6 Mt of waste material has been moved, 18.6 Mt of it during 2010.

The Mogalakwena North project reached steady state during the third quarter of 2010 (annual steady state 2011) and through optimisation projects will continually produce 600 kt per month of ore.

Dishaba East Upper project implementation commenced in 2007 and is on schedule to reach steady state production of 100 kozpa of platinum by 2012.

The concentrator at the Unki project in Zimbabwe was formally commissioned during the fourth quarter of 2010. First production of refined metal from the mine is expected during the first quarter of 2011. At full capacity, Unki will supply 70 kozpa of refined platinum, a run rate expected to be reached in 2013.

SELECTED MAJOR PROJECTS

Completed in 2010

Sector	Project	Country	Completion date	Capex $m[1]	Production volume[2]
Platinum	MC Plant Capacity Expansion – phase 1	South Africa	Q2 2010	95	11 ktpa Waterval Converter Matte (WCM)
	Mainstream inert grind projects	South Africa	Q3 2010	149	Improve process recoveries

Approved

Sector	Project	Country	First production date	Full production date	Capex $m[1]	Production volume[2]
Platinum	Thembelani No. 2 Shaft	South Africa	2008	2018	316	Replace 115 kozpa refined platinum[3]
	Mogalakwena North	South Africa	2007	2010	822	350-400 kozpa refined platinum
	Twickenham	South Africa	2015	2019	911	180 kozpa refined platinum
	Unki Mine	Zimbabwe	2010	2013	459	70 kozpa refined platinum
	Khuseleka Ore Replacement	South Africa	2007	2015	187	Replace 101 kozpa refined platinum
	Base metals refinery expansion	South Africa	2011	2013	360	11 ktpa nickel
	Dishaba East Upper UG2	South Africa	2007	2012	219	100 kozpa refined platinum
Diamonds	Jwaneng – Cut 8	Botswana	2010	2024	3,000[4]	100 million carats
Copper[5]	Los Bronces expansion[6]	Chile	2011	2012	2,500	200 ktpa copper[7]
	Collahuasi phase 1	Chile	2011	2011	92	19 ktpa copper
Nickel	Barro Alto	Brazil	2011	2012	1,900	36 ktpa nickel
Iron Ore and Manganese	Minas-Rio phase 1	Brazil	2013	2014	5,034	26.5 Mtpa iron ore pellet feed (wet basis)[8]
	Kolomela (previously Sishen South)	South Africa	2012	2013	1,062	9.0 Mtpa iron ore
Thermal Coal	Zibulo (previously Zondagsfontein)	South Africa	2009	2012	517	6.6 Mtpa thermal

Future unapproved

Sector	Project	Country	First production date	Full production date	Production volume[2]
Platinum	Tumela No. 4 shaft	South Africa	2020	2026	271 kozpa refined platinum
Copper[5]	Quellaveco	Peru	2015	2016	225 ktpa copper
	Collahuasi expansion phase 2	Chile	2012	2012	20 ktpa copper[9]
	Michiquillay	Peru	2018	2019	155 ktpa copper[10]
	Pebble	US	TBD	TBD	175 ktpa copper
Nickel	Jacaré phase 1	Brazil	TBD	TBD	34 ktpa nickel
	Morro Sem Boné	Brazil	TBD	TBD	32 ktpa nickel
Iron Ore and Manganese	Sishen Expansion Project phase 1B	South Africa	2011	2012	0.7 Mtpa iron ore
	Sishen Expansion Project 2	South Africa	2015	2019	10.0 Mtpa iron ore
	Sishen Concentrate	South Africa	2015	2016	2.0 Mtpa iron ore
	Minas-Rio expansion	Brazil	TBD	TBD	TBD
Metallurgical Coal	Grosvenor	Australia	2013	2016	4.3 Mtpa metallurgical
	Drayton South	Australia	2015	2017	4.2 Mtpa thermal
	Moranbah South	Australia	2016	2019	TBD
Thermal Coal	Elders Project	South Africa	2016	2020	12.8 Mtpa thermal
	New Largo	South Africa	2013	2016	15 Mtpa thermal
	Cerrejón P500 P1	Colombia	2013	2015	8 Mtpa thermal
	Cerrejón P500 P2	Colombia	TBD	TBD	10-20 Mtpa thermal

(1) Capital expenditure shown on 100% basis in nominal terms. Platinum projects reflect approved capital expenditure.
(2) Represents 100% of average incremental or replacement production, at full production, unless otherwise stated.
(3) Thembalani No. 2 Shaft is currently under review.
(4) Debswana will invest $500 million in capital expenditure. Project investment, including capital expenditure, is likely to total $3 billion over the next 15 years. Total carats exposed are over the life of the expansion.
(5) Pebble will produce molybdenum and gold by-products, Michiquillay will produce molybdenum, gold and silver by-products and other projects will produce molybdenum and silver by-products.
(6) The February 2010 earthquake in Chile impacted the rate of progress and ultimate capital cost of the Los Bronces expansion project. Remedial actions have ensured the project remains on schedule for first production in Q4 2011. The cost impact remains under review.
(7) Production represents average over first 10 years of the project. Production over the first three years of the project will average 278 ktpa.
(8) Capital expenditure, post-acquisition of Anglo American's shareholding in Minas-Rio, includes 100% of the mine and pipeline, and an attributable share of the port, as modified by the agreement with LLX SA and LLX Minas- Rio.
(9) Further phased expansions have the potential to increase production to 1 Mtpa.
(10) Expansion potential to 300 ktpa.

Metallurgical Coal took further steps to focus its business on high margin export products by progressing the Grosvenor and Drayton South feasibility studies. It is expected that a Board approval decision in relation to the development of the 4.3 Mtpa Grosvenor metallurgical coal project will be taken in the second quarter of 2012.

In South Africa, the $517 million Zibulo project is approaching completion, the opencast operation is at full production and the underground operation has four of eight production sections deployed. The washing plant, which is a 50:50 joint venture with BHP Billiton Energy Coal South Africa, is fully commissioned and is operating at 80% of planned monthly production. Completion of the man and materials shaft is expected to be in the second quarter of 2011. The feasibility study for the New Largo project started in 2010 and is expected to be completed in the first quarter of 2012.

Debswana commenced the $3 billion Cut-8 expansion project at Jwaneng mine during 2010. Cut-8 represents the largest ever mining investment in Botswana and is expected to extend the life of mine to at least 2025.

We now have an organisational structure aligned to serve our ambition to be the leading global mining company – one that facilitates the delivery of performance and efficiencies to outperform the competition.

STRATEGY IN ACTION

UNLOCKING THE OPTIMUM VALUE FROM OUR WORLD CLASS ASSETS

ORGANISING – EFFICIENTLY AND EFFECTIVELY

Metallurgical Coal's Longwall Productivity Improvement Project (LW108 Project) demonstrates how asset optimisation projects that are fully integrated into an operation are able to deliver sustainable value. Following a detailed performance analysis, several opportunities for performance improvement were identified.

A number of inter-related key elements were identified to enable delivery of a significant improvement in longwall cutting hours and cutting rate: people, reliability, development, operational assurance and critical Infrastructure.

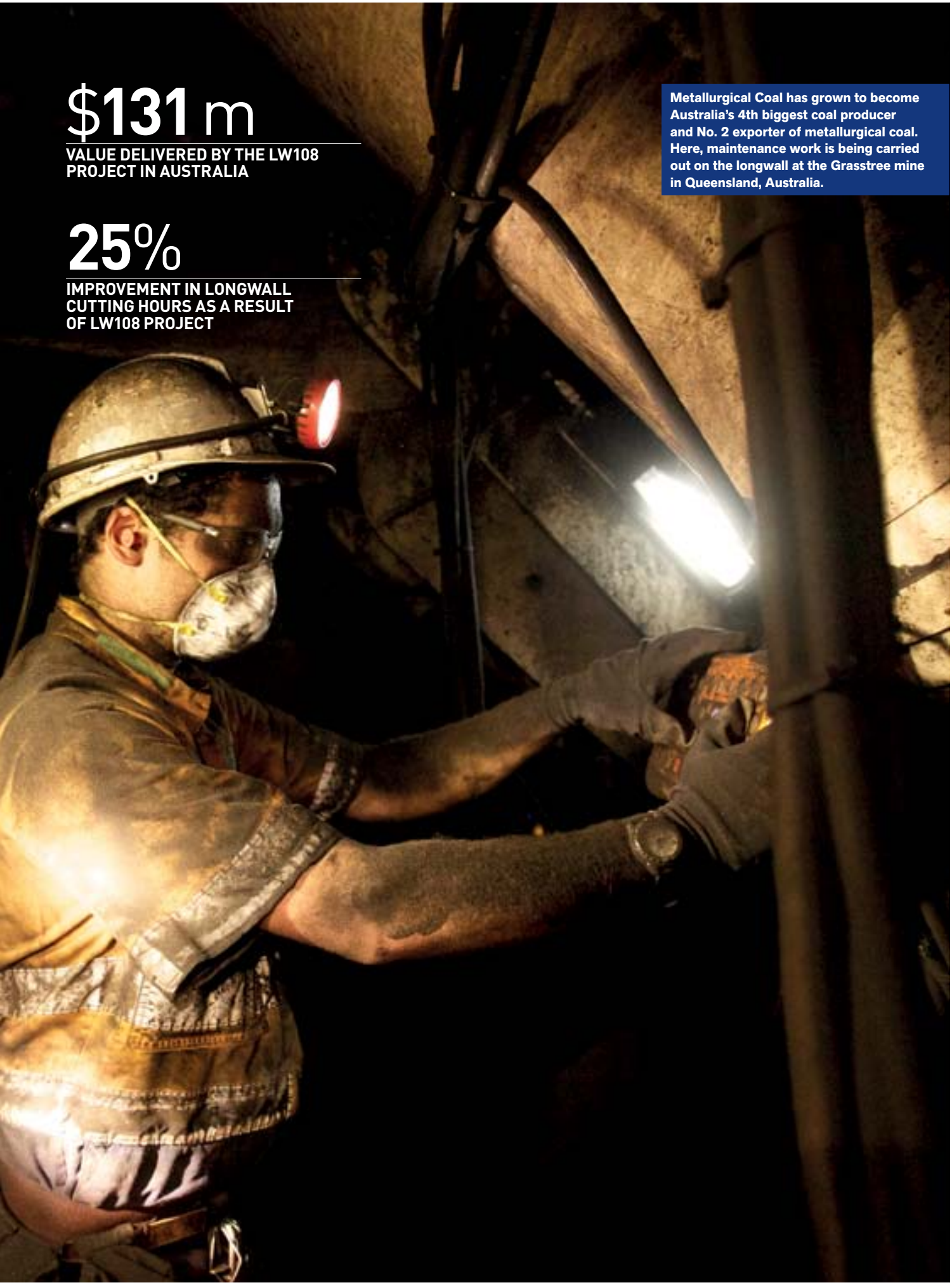
From each key element value adding projects were derived and allocated to a member of the site leadership team. The combined projects aim to improve longwall utilisation and cutting rate.

In 2010, the LW108 Project yielded an additional 1,031,365 tonnes of high value metallurgical coal by increasing cutting hours by 25% and improving the cutting rate by 14.5%. This result was only achievable through managing LW108 as an integrated project, involving multi-disciplinary teams in weekly analysis and reviews, going after the quick wins early on and engaging every level of the workforce in root cause resolution. In 2010, the project delivered $131 million in benefits and will continue to add value as the operation strives towards its target of 100 cutting hours per week and 1,500t/hr.

1,031,365

ADDITIONAL TONNES OF HIGH VALUE METALLURGICAL COAL PRODUCED BY LW108 PROJECT IN 2010

For more information on asset optimisation **turn to page 22**



$131 m

VALUE DELIVERED BY THE LW108 PROJECT IN AUSTRALIA

25%

IMPROVEMENT IN LONGWALL CUTTING HOURS AS A RESULT OF LW108 PROJECT

Metallurgical Coal has grown to become Australia's 4th biggest coal producer and No. 2 exporter of metallurgical coal. Here, maintenance work is being carried out on the longwall at the Grasstree mine in Queensland, Australia.

ORGANISING EFFICIENTLY AND EFFECTIVELY

Driver/operator Deoni Adams about to continue her shift on a 280 tonne haul truck at Kumba's Sishen iron ore mine.

ORGANISING – HEAVY MINING EQUIPMENT

Prior to Strategic Sourcing teams being mobilised, there was little comparative information on fleet operating performance and total cost information across the Group for heavy mining equipment (HME). For suppliers, working with Anglo American meant managing multiple contracts and customer interfaces rather than a single relationship covering the entire Group.

The HME category team worked with our business units' cross-functional teams, as well as technical and continuous improvement departments, to conduct Total Cost of Ownership benchmarking and understand future demand plans. This identified potential cost saving initiatives and led to the development of a co-ordinated category strategy for the Group.

The team then conducted a supplier selection process, which involved comparisons of product life-cycle cost and supplier capabilities, and also efforts to gain a better understanding of how aligned suppliers were to our values, including those relating to safety and sustainable development.

Through this process, the HME category team was able to clearly identify the criteria needed to become our preferred supplier, as part of an overall global framework agreement. In future, the preferred supplier of HME equipment will be formally involved in both the Group's capital expenditure and capital project initiative planning.

ASSET OPTIMISATION

In 2010, we continued to reap the benefit of our asset optimisation (AO) programme which continues to unlock value from our existing assets across the Group.

The AO agenda is designed around a holistic approach to both the health (skills development, mindsets and behaviours) and the performance (cost and productivity improvements) of our operations. It creates a business culture whereby employees can work in close collaboration with each other and where they are encouraged to come forward with, and follow through on, initiatives to improve our business.

A key feature of development within the programme during 2010 was the design, piloting and introduction of a formalised internal Operation Review (OR) process.

The OR process, run entirely with internal resources, combines the strength of our central technical capacity with our operational expertise from across the Group to create a team focused on delivering value from operational improvement. Teams are constituted in such a manner that the company is able to leverage our global best practice across the Group's complete mining value chain. The ORs apply a structured evaluation process in three functional areas: operational improvement (revenue enhancement and cost reduction); technical assessment (technical risk and adherence to technical standards); and a safety and sustainable development assessment (S&SD risks and value opportunities) in order to identify opportunities for value improvement. The OR process assists operation managers as well as business unit management, by providing a framework against which identified value opportunities can be realised while putting in place value enabling processes to identify further possibilities for business improvement.

During 2010, ORs were conducted at Drayton (Metallurgical Coal), Greenside (Thermal Coal), Los Bronces (Copper), Codemin (Nickel) and Mogalakwena (Platinum).

In 2010, $1,548 million of sustainable benefits were delivered from our core businesses, representing the additional operating profit realised in the year over and above the performance expected had the programmes not been initiated. These benefits are valued employing 2010 commodity prices and exchange rates. This strong performance was driven by increased volumes realised from the portfolio of projects and increased cost savings, with benefits from prior period initiatives being enhanced by higher market prices in 2010, partially offset by regional currency strengths.

A further amount of $279 million was delivered from one-off projects during 2010.

Similarly, our Other Mining and Industrial asset portfolio delivered $286 million in sustainable benefit and an additional $37 million from one-off projects.

Business Unit	$m*
Platinum	482
Copper	316
Nickel	5
Kumba Iron Ore	236
Metallurgical Coal	331
Thermal Coal	178
Total core assets	1,548
Other Mining and Industrial	286
Total	1,834

* In 2010 terms.

We have now developed more than 600 AO projects. These projects continue to be prioritised for resourcing and implementation on a value adding basis.

SUPPLY CHAIN

In February 2008, the Group set out a programme to transform Anglo American's procurement and supply chain operations globally, with the target of becoming the industry leader and global benchmark for supply chain value creation. The aim is to create $1 billion of additional value by the end of 2011 through more effective management of purchased materials and services. The three main focus areas have been value delivery, supplier relationship management, and local procurement.

In 2010, $800 million of procurement benefits were delivered, of which $713 million were from core businesses. Benefits comprised $552 million from operating profit and $248 million from capital spend. The substantial progress made in the past year has been the result of effective cross-functional collaboration throughout the Group.

CORE SUSTAINABLE BENEFITS FROM ASSET OPTIMISATION
(2009: $749 m)
$1.5 bn

CORE BENEFIT FROM PROCUREMENT
(2009: $445 m)
$713 m

Business Unit	$m*
Platinum	188
Copper	90
Nickel	58
Kumba Iron Ore	89
Metallurgical Coal	74
Thermal Coal	97
Iron Ore Brazil	90
Corporate	24
De Beers	3
Total core assets	713
Other Mining and Industrial	87
Total	800

* In 2010 terms.

Supplier relationships are integral to our supply chain process. From developing new technologies to integrating sustainable local procurement and global sourcing strategies, together with suppliers we are tackling the most pressing issues impacting our supply chain and examining how we can continue to raise the bar. Supplier awards were launched to recognise supplier performance and achievement and build a better appreciation of our priorities with suppliers in the areas of safety, sustainability, innovation and partnership. Presented at the annual Supplier Conference, these awards demonstrate the progress of the Group and its partners since the transformation began.

Global framework agreements (GFA) with major suppliers provide enhanced security of supply and improved commercial terms, both of which are critical in a high demand market. With a strong production growth pipeline, strength of relationships with suppliers is key to ensuring on-time delivery of projects. Procurement collaborated with Projects Engineering to progress several GFAs and improve evaluation, selection and management of engineering, procurement and construction management (EPCM) and major equipment suppliers. Value is being realised through this approach in other categories of spend, including heavy mining equipment, tyres, fuels and lubricants, and professional services.

Local procurement plays a key role in securing and maintaining our right to mine, developing thriving and healthy host communities, creating efficiencies in our supply chain and ensuring reliable access to critical supplies. A Group-wide policy for local procurement was launched in 2010 with the objective of improving access by local businesses to supply chain opportunities that arise from the presence of our projects and operations.

Routine maintenance work on the UG2 IsaMill™ at Platinum's Amandelbult concentrator.

ORGANISING – PLATINUM

The Stirred Milling Technology of the Concentrator team was the overall winner in the team award for innovation at the 2010 Anglo American Applaud awards. This project involves leveraging high intensity, stirred-milling technology using inert grinding media to increase metal recovery rates and produce higher grade products. Large scale IsaMill™ stirred milling technology became commercially available for fine grinding in platinum group metals (PGM) concentrator circuits around 2000 and currently, Platinum has the largest number of installed stirred mills in world mining. When deployed in a concentrate regrind application, concentrates are ground and polished to enhance floatability, remove excess waste and thus reduce mass pull. This has the benefit of availing additional furnace capacity and reducing smelting energy consumption and costs. When deployed in a mainstream inert grinding application (MIG), the tails from conventional milling circuits are further milled to liberate PGM particles locked up in waste minerals and hence improve recovery.

Platinum has commissioned 18 MIG projects to improve liberation of value minerals before discard to tailings. In addition, four ultrafine grinding (UFG) applications were implemented to improve recovery from flotation concentrates.

Since the introduction of IsaMill™ technology, the expected PGM recovery rate has increased, depending on site, by an additional 2% to 5%. Some concentrators are now operating at the 90% recovery level for Merensky ore and the 88% level for UG2 ore, setting industry benchmarks. Tailings PGM values at Rustenburg and Amandelbult, Platinum's biggest production facilities, are now at their lowest levels. The project contributed an additional operating profit of $27 million in 2010.

Operating safely, sustainably and responsibly is embedded in everything we do.

STRATEGY IN ACTION

REALISING A STEP CHANGE IN OUR PERFORMANCE

OPERATING – SAFELY, SUSTAINABLY AND RESPONSIBLY

Our Thermal Coal business is advocating a sustainable alternative to traditional building products by using the gypsum waste produced by its Emalahleni Water Reclamation Plant. In 2010, it completed a 66-unit employee housing project making use of gypsum as the primary building material.

The plant was established to eliminate the challenges posed by rising underground mine water and desalinates 25 million litres of polluted water from five mines every day. This is turned into safe drinking water that is fed into the critically water-stressed area's municipal reservoirs, meeting 20% of the local authority's daily requirements.

The unit operates at a 99.5% recovery rate and the ultimate goal is for it to be a zero waste facility. This will be achieved through the complete use of its solid by-product – around 200 tonnes of raw gypsum a day, eliminating an environmental liability as well as the costs associated with the storage and removal of waste.

Two research and development projects have investigated various uses for the by-product, with one being its utilisation in the building of affordable homes.

Thermal Coal tested the technology as part of a housing project involving the construction of 66 three-bedroom units in the Kwa Mthunzi Vilakazi Village, west of Emalahleni. The houses were built by local contractors and create long term home ownership opportunities for employees moving away from mine villages into sustainable areas.

Gypsum has been used as a raw material for the production of bricks using a process identical to the standard cement brick-making method. Fifty per cent of the sand used for traditional bricks has been replaced with raw gypsum and the same procedure was applied for the plastering of the units. Initial tests reveal that these bricks perform just as well as their cement counterparts and meet or exceed strength, shrinkage, water penetration and durability requirements.

The project supports the South African Mining Charter's drive to promote home ownership among employees, and the project may be expanded to 300 residential stands in the Kwa Mthunzi Village.

For more information on water efficiency **turn to page 27**

25 million

LITRES OF POLLUTED WATER DESALINATED EVERY DAY AT EMALAHLENI WATER RECLAMATION PLANT

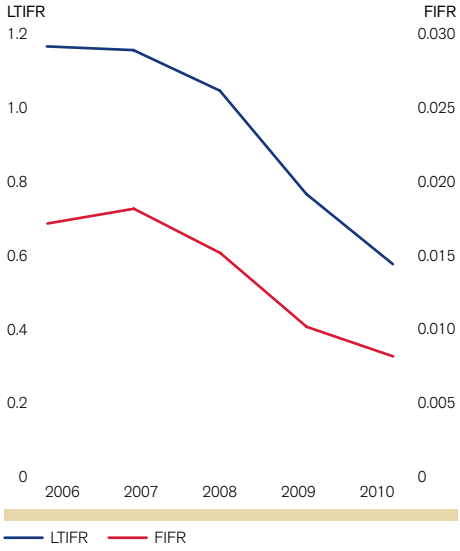
66

SIXTY-SIX THREE BEDROOM HOUSES CONSTRUCTED USING GYPSUM WASTE

> **We are not only providing badly needed housing, we are also delivering wider services to the community and creating local jobs.**
>
> **John Quinn**
> Project manager in charge of building houses from gypsum

OPERATING SAFELY, SUSTAINABLY AND RESPONSIBLY

LOST TIME INJURY FREQUENCY RATE (LTIFR) AND FATAL INJURY FREQUENCY RATE (FIFR)*



* See KPI table on page 14 for definitions of LTIFR and FIFR

OPERATING – SAFELY

The safety of our workforce remains our over-riding value, and we are continuing to strengthen our risk management system in this regard.

DECLINE IN WORKPLACE DEATHS SINCE 2006

68%

THE NUMBER OF PEOPLE TRAINED IN OUR SAFETY RISK MANAGEMENT PROGRAMME

5,152

OUR PERFORMANCE

Anglo American is committed to operating safely, sustainably and responsibly and we believe that real sustainable progress is best achieved by engaging in productive partnerships.

Sustainable development (SD) touches on every aspect of our business and is both a critical enabler in terms of our licence to operate and a key value driver. Our approach is based on a belief that exceptional operational value can be realised by embedding sustainable development in everything that we do – from our systems, risk processes and procedures, to the way in which we consult and work with our stakeholders.

Strong governance and risk management processes ensure that we deliver on our commitments. A dedicated global Safety and Sustainable Development (S&SD) risk and assurance team provides the Executive Committee and S&SD Committee of the Board with expert opinion on the adequacy of risk-control measures to ensure that current and emerging risks are effectively controlled. This independent perspective, coupled with subject matter expertise (internal and external) enables us to identify critical safety, health and environmental improvement opportunities, thereby focusing and accelerating improvement efforts.

To help identify those SD activities and associated levers that will increase the competitive strength of our mines, both in the short and longer term, we have identified and integrated key S&SD value drivers into our operations and project review process. We are also developing a framework to assess the financial value of SD initiatives and the extent to which these can increase the value of greenfield projects. This will support decision-making at the planning stages of projects, thereby enhancing future performance and maximising value.

SAFETY

Mining is a hazardous industry and our most urgent priority is to prevent any fatal injury occurring. The safety of our employees, therefore, will remain our top priority until we achieve and maintain zero harm.

Performance

We deeply regret that 14[1] employees and contractors lost their lives while working at Anglo American in 2010. We take the view that any loss of life is unacceptable and we believe that all injuries are preventable. We therefore continue to be unrelenting in our efforts to keep our people safe. However, we are encouraged by the significant progress in our safety performance over recent years. Since 2006, the total number of workplace deaths has declined by 68%, and 30% year on year.

Our total number of lost-time injuries, the lost-time injury frequency rate (LTIFR) and the severity of injuries also continue to decline. At year end 2010, the Group LTIFR of 0.57 represented a 51% decrease since 2006 and bettered our target of 0.64 for the year. These figures represent significant improvements across most business units, particularly in the Platinum business, which has shown remarkable progress given the high risk nature of deep-level hard-rock mining. Excluding Platinum, our LTIFR stood at 0.22. Notably, too, Anglo American's total recordable case frequency rate of 1.44 (2009: 1.81) has also reduced steadily over the years.

Managing risk

The Group safety strategy, launched towards the end of 2008, remains our core framework and roadmap for safety management throughout the Group. It is based upon 10 key elements which we believe are the fundamentals of effective risk management – the key to improving safety performance.

During 2010, a mandatory safety, health and environmental risk-management process and procedure was implemented throughout the Group to ensure that everyone, permanent employee and contractor alike, follows a consistent and rigorous approach.

A suite of Major Risk Standards and Guidelines was also developed in recognition that we needed to take a more proactive approach to the management of those risks that may have low probability but which could potentially result in major loss of life. Implementation of these standards will commence in 2011.

These build upon the Anglo Fatal Risk Standards (AFRS), designed to address high level hazards that are common throughout most of the Group. By year end, we had achieved an average AFRS compliance of 86% against a target of 100%.

(1) A further two fatal incidents are under investigaton.

AROUND 72% OF OUR OPERATIONS AROUND THE WORLD ARE LOCATED IN WATER-STRESSED CATCHMENTS

c.72%

While we believe that the most critical hazards have been addressed sufficiently, further work is required to reach full compliance; action plans have been developed to address any gaps.

Enhancing risk-management capability

The award-winning Anglo American Safety, Health and Environment Risk Management Programme, which we have now made available across the mining industry, continues to be one of the key ways in which we equip our people with the essential knowledge and skills they need to ensure we apply a common, robust approach to managing risk. More than 5,000 Anglo American executives, managers and front-line employees and other stakeholders have now been trained in the programme, which has been revised to include our new safety, health and environment risk management process. This is now being rolled out to target supervisors and front-line employees.

Learning from incidents

A crucial step in preventing injuries is to understand their immediate and fundamental causes. A standardised suite of training programmes and an associated set of 'learning from incidents' (LFI) procedures has been developed to ensure that we investigate incidents thoroughly and enhance our learning as a result. This includes guidance on conducting thorough, consistent incident investigations in order to establish their root causes and to identify and put in place preventative measures and additional controls to improve the management of current and potential risks.

Safety assurance

A total of 47 audits were conducted by the Group Safety and Sustainable Development Risk and Assurance team in 2010. Focusing on our key risk areas, including falls of ground, contractor management, noise and dust, and isolation of energy, this risk based assurance programme is a key element in reviewing the quality and effectiveness of the controls we have in place for managing these risks.

Audit reports identifying elements of best practice and areas for improvement have been shared with site and business unit leadership teams and action plans subsequently developed to help focus and accelerate improvement efforts.

WATER

Around 72% of our operations are located in water-stressed catchments where we expect increasing competition for water resources. Resultant risks include supply shortages, cost escalations and growing legislative complexities.

A strategy for water stewardship

At the heart of the new Anglo American water strategy and policy, approved in 2010, is our aim to demonstrate leadership within our water catchments. We believe that this will unlock value in our current operations, safeguard future projects and bring benefit to both the environment and the communities surrounding our operations. The strategy is a three-stage journey phased over 10 years, moving from a strong initial focus on internal performance improvement, to leadership beyond operational borders. The strategy is guided by four focus areas: water efficiency, water security, water risk and liability and stakeholder engagement.

Performance

During 2010, Group operations consumed 115 million m^3 of water for primary activities. This 6.5% like-for-like decrease on 2009 consumption levels is due to a 11% saving in water used for primary activities at the Platinum business, and revised calculation methods at the Los Bronces copper project in Chile. Despite acquisitions and expansions, and taking into account disposals, a relatively stable level of demand has been maintained since 2006. We used a further 10.6 million m^3 of water for secondary activities such as employee villages, sports grounds and facilities linked to company owned infrastructure. These areas of activity will be the target of greater reduction efforts as we strive to decrease our total water footprint in the future.

A focus on water efficiency

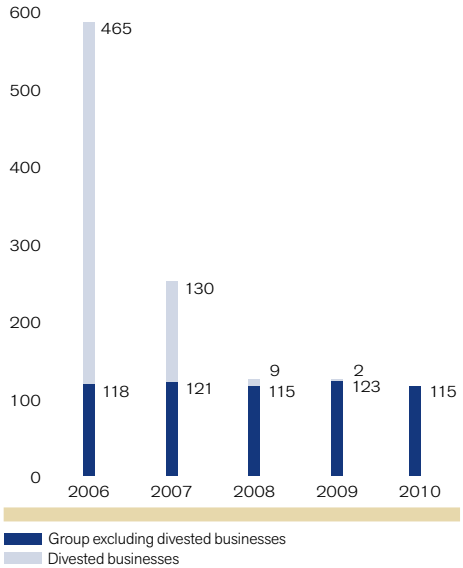
Operations employ a combination of technology, behaviour and process-change initiatives in order to save water. A new water efficiency target setting tool (WETT) was piloted in 2010 and will set new site level targets and ultimately a Group water reduction target.

Apart from using less water, many of our operations are also experimenting in the use of different qualities or sources of water.

Tripartite Safety Initiative visit to Thermal Coal's Goedehoop colliery in South Africa.

WATER CONSUMPTION

Million m^3



ELECTRICITY GENERATED BY THE METHANE FIRED POWER STATIONS AT THE MORANBAH NORTH AND CAPCOAL MINES

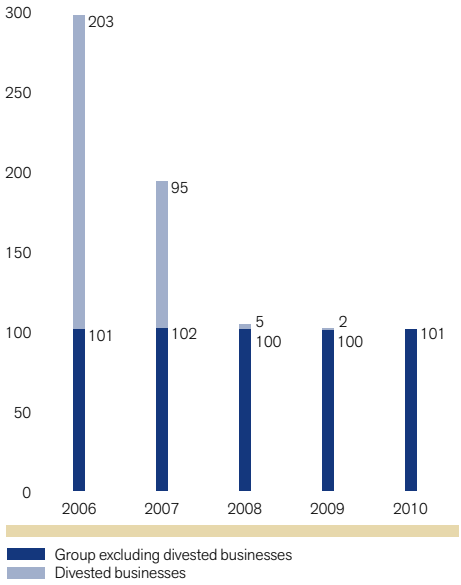
77 MW

NUMBER OF SITES PILOTING OUR NEW APPROACH TO ENERGY AND CARBON-PERFORMANCE MANAGEMENT

10

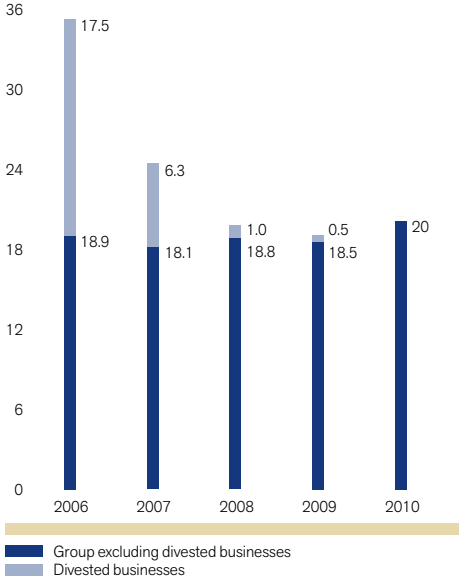
ENERGY CONSUMPTION

GJ (million)



GREENHOUSE GAS (GHG) EMISSIONS

Tonnes (million)



For example, Platinum is targeting zero potable water consumption for mining and process applications (excluding domestic water demand). It has already replaced 5,000 Ml, or 22% of drinking water, since 2008, by embracing the principles of water conservation and demand management, with a strong focus on the use of treated sewage water for use in mining and processes, with secondary water from local municipal systems. This reduces our demand for water that can be used for human consumption.

Our Group as a whole recycles a high proportion of water. In 2010, this amounted to roughly double our total water consumption.

Operational water management

Over the past two years, all of our operations have developed site-level Water Action Plans (WAPs), through which the requirements of The Anglo American Environment Way (AEW) and its accompanying Water Performance Standard are implemented. The AEW sets out the minimum requirements for water management throughout the Group and applies to all stages of the mining cycle. It reinforces the water hierarchy of control (avoid, minimise, re-use and recycle), legal compliance and the fundamental importance of continuous stakeholder engagement.

WAPs are being augmented by elements of the new water strategy that are most applicable to individual operations, not least being the importance of proactive participation by each operation in its own water basin.

CLIMATE CHANGE AND ENERGY

Our goal is to realise the maximum economically sustainable energy and carbon savings in our business and in the use of our products. To achieve this, we developed a new climate change strategy and policy, which will be implemented in three phases over the next 10 years. The strategy focuses on minimising our exposure to, and the cost of compliance with, emerging carbon policies; maximising opportunities in our product markets; and building adaptation measures against impacts of regional climate change.

Energy consumption

During 2010, we consumed 100.7 million gigajoules (GJ) of energy (2009: 102.1 million GJ[1]; 99.9 excluding businesses since divested). This 0.8 million GJ like-for-like energy consumption rise stems from small increases at most business units, excluding the coal businesses as well as the Other Mining and Industrial group of businesses, whose contribution decreased due to divestments in the second half of 2010.

GHG emissions

During 2010, our Group emitted 20 million tonnes (Mt) of carbon dioxide equivalents (CO_2e), in comparison with 19 Mt in 2009 (18.5 excluding businesses since divested). This rise is due to an increase in process emissions in the Copper, Nickel, and Thermal Coal businesses, as well as higher methane emissions at Metallurgical Coal mines.

Becoming more efficient

Our primary response to climate change continues to focus on using energy more efficiently, particularly in implementing innovative technology solutions around the optimisation of machinery used in the mining industry. During 2010, 10 sites piloted our new approach to energy and carbon-performance management, which lays particular emphasis on identification of efficiency opportunities along with requirements for measurement, monitoring, reporting, target-setting and verification. The new approach will be implemented throughout the business by the end of 2011.

Tackling coal mine methane gas

Methane is found in high concentrations at many of our metallurgical coal mines in Australia. While methane is a highly potent greenhouse gas (GHG), such high concentrations make large scale methane-capture and -use initiatives, such as at the (non-Anglo American owned) Moranbah North and Capcoal power stations, viable. Each year, these power stations prevent around two million tonnes of CO_2e emissions from entering the atmosphere.

In South Africa, Thermal Coal's New Denmark mine has commissioned two mobile flare units to reduce its methane emissions from ventilation boreholes. The use of methane-drainage flaring is expected to reduce the mine's greenhouse gas emissions by 15%. Owing to the inconsistent quantity and quality of the vented methane, it is not feasible for the mine to capture and use it as a source of energy

[1] This figure differs from the 105 million GJ reported in 2009 because of amendments in calculation methodologies.

at this stage. We are also researching other ways to capture and use the dilute methane that is released from underground mine ventilation shafts. The research into catalysed ventilation air methane capture is being undertaken together with Johnson Matthey.

Using alternative sources of energy

Collectively, in 2010 our Copper, Nickel and Iron Ore Brazil businesses consumed 34.5 million GJ of energy largely derived from renewable sources and 74,000 tonnes of biofuels.

Our South African and Australian operations, which run on electricity grids that are heavily coal-dependent, have greater difficulty in finding renewable sources of energy. Our biggest alternative energy projects are the methane-fired power stations at the Moranbah North and Capcoal mines, which generate a combined 77 MW of electricity. In South Africa, we have begun to install solar water heaters in our mine housing, and are investigating additional low carbon energy options.

Carbon neutral mining of the future

The Anglo American Mine 2030 project was initiated to develop and deploy technologies that will enable us to manage cost effective, zero harm and resource-efficient mines in the future. We have, as part of this process, incorporated potential energy and carbon technologies into a timeline that will help us to run efficient, carbon-neutral mines in 20 years time. These range from near term solutions for spontaneous combustion to eventually being able to capture and store carbon in an effective and financially viable way.

Reducing product emissions

Although one of our core commodities, platinum, along with its sister platinum group metals (PGMs), helps to reduce GHGs through the use of these metals in environmental technologies, downstream coal-related emissions are responsible for the greatest proportion of our Scope 3 carbon footprint[1]. Viable carbon sequestration technologies are not currently available, which is why we participate in a number of cutting-edge clean coal and carbon sequestration research initiatives. These include the US based FutureGen Industrial Alliance, the Otway CO_2 storage project in Australia and the South African Centre for Carbon Capture and Storage. More directly, we hold a 20% interest in MBD Energy, which has commenced applied research into

Anglo American's coal business has become a cornerstone investor in MBD Energy, an Australian energy company that is developing projects that recycle CO_2 using algae to produce commercial quantities of oil and feedstock. Featured are MBD's Agri Business manager Tony St Clair (left) and managing director Andrew Lawson.

CLIMATE CHANGE – CONTINUING THE RESEARCH

MBD Energy, in which we have a 20% shareholding, offers technology with the potential to provide large-scale commercial and sustainable solutions to three of the world's most critical issues. These include the availability, security and affordability of bio-oil; the production of nutritious meal for use in livestock and aquaculture; and, of particular importance to us, carbon sequestration.

MBD's hybrid CO_2-capture and algal synthesiser process involves the injection of captured flue gases into a wastewater growth medium housed in plastic membranes. This allows for the rapid growth of an oil-rich algal biomass that may be harvested continuously to produce nutritious animal feed and oil suited to the production of a variety of bio-resins, plastics and transport fuels, including large quantities of bio-diesel.

The technology is modular and economically scaleable, and has applications across numerous industries, including the generation of electrical power.

MBD is based at James Cook University (JCU) in Queensland, Australia, and is one of the largest dedicated algae research and development establishments of its kind anywhere in the world. It has an exclusive relationship with JCU, a world leader in algae research and development.

The company has received funding from the Australian Federal Government and Queensland State Government, and has signed formal agreements to deploy its technology with three major CO_2 emitters – the Tarong, Loy Yang and Eraring power stations – which, combined, account for 23% of Australia's installed coal-fired power generating capacity.

[1] Scope 3 carbon emissions are indirect emissions which are a consequence of our business activities, but occur from sources not owned or controlled by us – such as the combustion of coal.

DONATION TO EARTHQUAKE RELIEF EFFORT IN CHILE

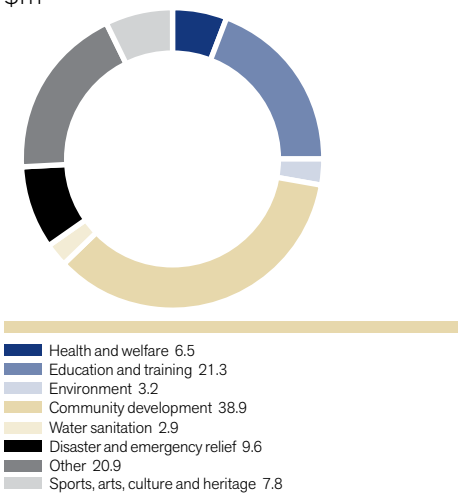
$10 m

SOCIAL INVESTMENT EXPENDITURE

$111 m

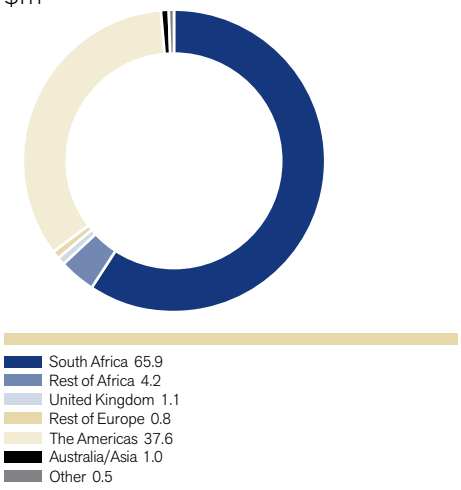
2010 GLOBAL SOCIAL INVESTMENT EXPENDITURE

$m



2010 GLOBAL SOCIAL INVESTMENT EXPENDITURE BY REGION

$m



an algal synthesiser process that involves entrapment of CO_2 from power station flue gases (see case study on page 29).

Adaptation

In 2008, Anglo American commissioned Imperial College, London, to conduct a high level three year climate change impact-assessment study for selected operations. This has since been followed by a report issued in 2010 on the expected impacts of climate change on the Olifants River catchment (shared between the Gauteng, Mpumalanga, and the Limpopo Provinces in South Africa). A similar study on the area immediately surrounding the Sishen iron ore mine in South Africa's Northern Cape is currently under way. In addition, the UK Met Office has completed a climate model study for our Minas-Rio project in Brazil on future water availability and potential sea level changes.

The new climate change strategy requires that all operations and projects complete climate change vulnerability assessments, after which all high risk sites will undergo detailed climate change impact-assessments.

SOCIAL AND COMMUNITY

Overview

In 2010, we made good progress towards our objective of being a partner of choice for host governments and communities. We recognise that this objective requires the company's operations to adhere to the highest social performance standards in our industry. Anglo American's definition of social performance is broad and includes, *inter alia:* respecting and promoting human rights; supporting sustainable community development; proactive stakeholder engagement; and minimising or eliminating negative social impacts from our operations.

Our approach is driven by Anglo American's corporate values, our Business Principles and the Anglo American Social Way, the company's social performance standards. These standards have led to the development of a series of inter-linked initiatives, all of which are aimed at achieving the partner of choice objective:

- Training and educating community relations managers and other executives whose decisions have a significant impact on our social performance
- Producing guidance materials, such as our acclaimed Socio-Economic Assessment Toolbox, for social practitioners and other managers to enable them to understand and operationalise social performance objectives
- A series of specific social performance initiatives, including enterprise development programmes, social investment, HIV/AIDS counselling, testing and treatment and employee housing
- Ensuring that our core businesses, and in particular procurement and recruitment, are managed in a way that both manages potential risks and identifies opportunities, especially with respect to community development
- Engaging with key stakeholders on a proactive basis, including communities, governments, academics and NGOs, to ensure that Anglo American is aware of emerging issues, trends and best practice and able to respond appropriately
- A clear performance monitoring framework, including appraisal of mine performance against the Anglo American Social Way requirements, recording the outputs of social investments in a consistent manner and recording and reporting on stakeholders and complaints and grievances

Performance monitoring

During 2010 all Anglo American operations implemented Social and Community Improvement Plans to address any non-compliances against the Social Way standards, which were launched in 2009. These plans resulted in a significant increase in compliance: 2% significant gaps to close (down from 10% in 2009); 13% minor gaps to close (21% in 2009); 39% fully compliant (42% in 2009); 33% good practice (17% in 2009; and 14% best practice (up from 10% in 2009). During 2011 the objective is to eliminate remaining non-compliances.

In 2010, we launched a comprehensive suite of performance indicators to capture the results of our social investment programmes. Fourteen categories of social investment were identified by reviewing the range of social investment projects supported across the Group. The categories include health, education, community development, environment, disaster response and matching employee fundraising. For these categories,

NUMBER OF JOBS CREATED AND SUSTAINED THROUGH OUR ENTERPRISE DEVELOPMENT PROGRAMME

17,200

32 output key performance indicators (KPIs) have been developed which capture the benefits of projects. Sample indicators include permanent jobs created, partner staff trained, and numbers of beneficiaries of our health, education, community development and other projects.

During the year all business units and company sponsored foundations collated detailed input and output data and the first results will be presented in our 2010 Report to Society. In future, output data will be collected as part of project approval processes. Such data will allow us to undertake detailed assessments of the value for money of different types of social investment projects, as well as review the effectiveness of different delivery methods, partners or even operations.

In 2010, we launched a Group-wide stakeholder complaints and grievance procedure. The new approach ensures that all our operations will be able to record, categorise, notify and manage stakeholder complaints to a consistently high standard. The system has been designed to address a key element of the recommendations of Professor John Ruggie, the United Nations Secretary General's Special Representative on Business and Human Rights.

The process for assessing and reporting compliance against the Anglo American Social Way, together with the social investment output KPIs and the new stakeholder complaints and grievance procedure, amount to a significant investment in our ability to monitor, manage and report on our social performance in a rigorous and consistent manner.

Social programmes

Good progress has also been made on a number of our core social programmes. The number of jobs created and sustained through our enterprise development programmes rose to 17,200 at the end of 2010, up from 12,982 in 2009.

Progress was also made towards our objective of being able to offer free anti-retroviral treatment to the dependants of employees with AIDS. In particular, a detailed survey was undertaken to identify the specific home locations of migrant labourers in our South African business. We also initiated a partnership with the Eastern Cape provincial department of health to devise models to strengthen weak rural health systems. Ensuring good access to primary care is an essential element of any HIV/AIDS programme.

Social investment expenditures increased to $111 million (up from $82.5 million in 2009). This was partly driven by our $10 million donation to the relief effort in Chile after the devastating earthquake of February 2010. Our response to the earthquake included a focused practical effort to assist those affected. This included the provision of heavy earthmoving equipment during the rescue and clear-up phase, and the construction of six fully equipped replacement schools within six weeks of the disaster. Because of our efforts, which were greatly appreciated by both affected communities and the government, more than 4,500 students were able to continue their education with no significant interruption.

External recognition

In 2010 we were delighted to become the first mining company to be awarded the CommunityMark, which is given in recognition of excellence in community development activities. The accolade is awarded by Business in the Community, the UK's leading organisation for responsible business. We also achieved Platinum status in Business in the Community's annual Corporate Responsibility Index, the UK's leading benchmark of responsible business performance. Platinum is the highest level in the index and 2010 was the first time Anglo American achieved this level.

In 2010, we also became the first mining company to have a commitment accepted under the Business Call to Action (BCtA) in support of the Millennium Development Goals. The BCtA is run by the United Nations Development Programme and has the support of several national governments. Commitments are only accepted if they are innovative, scaleable and replicable. Anglo American's commitment was to expand our enterprise development services worldwide, with a new target of creating 15,000 additional jobs through our small business creation programmes by 2015.

Following the massive earthquake in Chile in February 2010, Anglo American constructed six fully equipped replacement schools in six weeks – with some of the schools now being able to accommodate twice as many students as the buildings that were destroyed.

Our ability to operate is built not just on physical assets, but on our people. They are the ones who determine how effectively we uphold our values and upon whom we build our reputation.

STRATEGY IN ACTION

FIRST CLASS PEOPLE TO MATCH OUR WORLD CLASS ASSETS

EMPLOYING – THE BEST PEOPLE

The AIDS epidemic is a serious threat to workplaces in many countries. According to the UN International Labour Organisation (ILO), it killed 28 million workers between 1981 and 2005. This number could reach 74 million by 2015. In Brazil, 90% of diagnosed AIDS cases occur in productive adults between 20 and 59 years old. Adults like Silvia Aparecida Domingues de Almeida (pictured).

Silvia has been living with HIV since 1994 and today heads up Nickel's HIV/AIDS programme in Brazil. She understands that partnerships are crucial to winning this battle. That is why she spearheads diverse initiatives with a broad range of NGOs, government bodies, churches and organisations engaged in raising HIV/AIDS awareness and helping victims of the disease. Every year she shares her experience and knowledge of AIDS prevention and treatment with countless schools, companies and communities. Since 2003 more than 20,000 people have heard her speak.

Silvia's willingness to openly discuss her life story, whether in person or in the media, inspires others to overcome their fears and enquire about testing and anti-retroviral therapy. As our operations in Brazil expand, Silvia continues to forge partnerships to teach people about sexually transmitted diseases (STDs), alcohol and drug abuse, sexual exploitation and human rights. She is also helping our iron ore business develop training and education programmes.

Silvia's greatest wish is to stop the spread of HIV/AIDS, but until that day arrives, she will go on partnering with stakeholders to prevent HIV transmission and help others like her enjoy productive and fulfilling lives.

94%

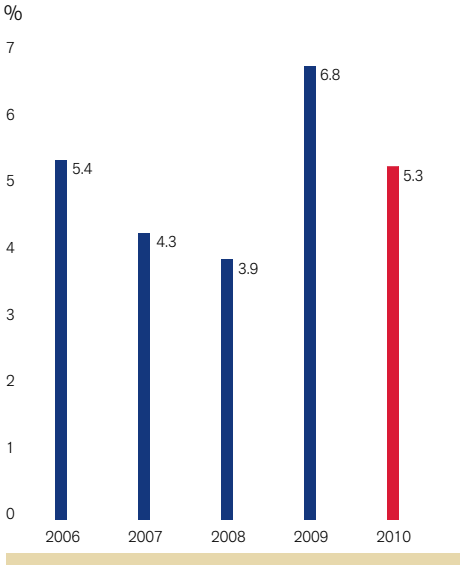
NUMBER OF EMPLOYEES IN SOUTHERN AFRICA PARTICIPATING IN VOLUNTARY HIV/AIDS COUNSELLING AND TESTING

For more information on HIV/AIDS counselling and testing **turn to page 35**


$3m
OUR FUNDING TO THE GLOBAL FUND TO FIGHT AIDS, TB AND MALARIA
Partnerships are crucial in winning the battle against HIV/AIDS. That is why I am leading initiatives with NGOs, government bodies, churches and other organisations.
Silvia Aparecida Domingues de Almeida
Social responsibility assistant at Nickel and leader of our HIV/AIDS programme in Brazil

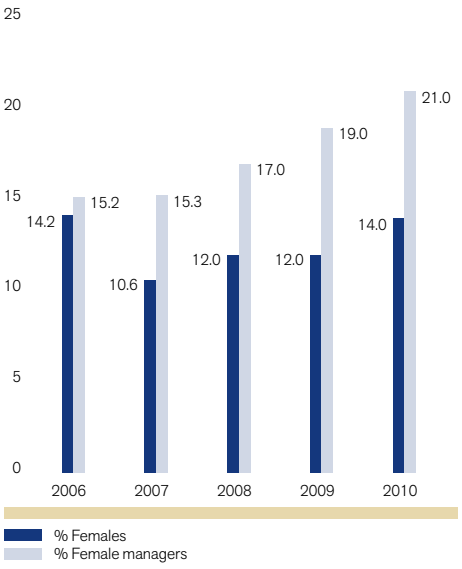
EMPLOYING THE BEST PEOPLE

ANGLO AMERICAN VOLUNTARY LABOUR TURNOVER



ANGLO AMERICAN DIVERSITY

% female



OUR PERFORMANCE

We are committed to our people, who determine how effectively we operate and build our reputation with our investors, partners and fellow employees every day and who we require to uphold our values.

EMPLOYER OF CHOICE

We continued to pursue our objective of Anglo American's becoming the Employer of Choice in the mining sector, with a number of major initiatives.

Organisational development

The implementation of the major reorganisation announced in October 2009 was completed.

The new organisation structure involved the removal of the old divisional co-ordinating layer, resulting in a leaner organisation with shorter lines of communication and clearer accountabilities. Profit accountable business units are complemented by a lean corporate centre focused on essential governance activities and the capture of synergies across the Group through collaborative working and best practice sharing in all corporate functions, with a particular emphasis on asset optimisation, project management, procurement and supply chain.

Following the completion of the changes in organisation structure and the process of appointing people to roles in the new organisation at the start of the year, the emphasis has been on putting in place new processes to ensure that the opportunities for sharing best practice are maximised. In particular, the Anglo American Projects Way has implemented a best practice approach to project management across the Group and the Operations Review process has enhanced further our approach to asset optimisation.

The overall effect of the organisational review has been to create an organisation that is both significantly more effective and also more efficient. The reduction of 25% in overhead support headcount targeted as part of the reorganisation has been substantially completed, with the remaining reductions to take place, as planned, in 2011.

In addition to the completion of the reorganisation, the year has seen a number of other initiatives designed to ensure that Anglo American's values continue to be reinforced strongly across the Group. The launch of the Group's new brand and the associated advertising campaign, with its striking imagery of employees from across the Group, have helped to emphasise the contribution made by Anglo American's people and to demonstrate the Group's attractiveness as an employer. The launch of the new Applaud recognition programme, which celebrates outstanding achievement in the areas of Safety, Sustainability, Partnership and Innovation, was extremely successful and helped to emphasise the extent to which the Group's values are being applied in practice in the business.

Talent management

The development of talent remains a key priority for the Group. During the year, in addition to the continuation of the existing talent review and development processes, we launched The People Development Way. This is a global capability framework which describes the behaviours, knowledge, skills and experiences needed in the organisation to enable Anglo American to achieve its strategic objectives. It will be applied in a consistent manner across the Group and will be used to guide development. The introduction of the People Development Way is being supported by comprehensive training support for managers and their teams to ensure clear understanding of its importance and application.

Reward and performance management

The Group's comprehensive reward strategies continue to be designed to assist in attracting and retaining talented and skilled employees in specialist labour markets that have again become increasingly competitive as the sector has emerged from the economic downturn.

The major initiative during the year has been the completion of the design and introduction of a new performance management system, which will apply from the 2011 performance year onwards. The system will be applied consistently across the Group and replaces a number of previous performance management approaches that applied in different parts of the Group. The new system has been designed to place strong emphasis on alignment of individual objectives with the Group's strategy and plans, reinforcement of the Anglo American values and the importance of a focus on personal development.

NUMBER OF WOMEN IN MANAGEMENT

21%

PROPORTION OF FEMALES IN THE WORKFORCE

14%

Transformation and diversity

We continue to make good progress in relation to transformation in South Africa. The number of managers who are from Historically Disadvantaged South African communities increased to 46% (2009: 44%). We believe we are now well placed to achieve the enhanced targets for 2014 set out in the revised Mining Charter introduced during the year and are putting clear plans in place to achieve this objective.

In the Group as a whole, the number of women in management rose to 21% (2009: 19%). Our organisation continues to grow in strength and diversity as it supports initiatives such as "Women in Mining", and the overall proportion of women in the workforce continues to rise, increasing to 14% at year end (2009: 13%). Further improvement in the representation of women will continue to be a priority.

PEOPLE

Health

At Anglo American, we take a holistic approach to health by protecting our employees from hazards at work and helping them to lead healthy personal lives, as well as using our expertise and resources to improve community health and public health systems.

Occupational health

Our aim is to prevent harm to our employees by eliminating their exposure to health hazards. To achieve this, we constantly monitor all health hazards in the workplace, with the aim of eliminating their source or ensuring that adequate controls (such as the use of personal protective equipment) are in place. Our operations run extensive medical surveillance programmes to monitor the well-being of employees who are potentially exposed to such hazards.

In 2008, we introduced the concept of health-incident reporting to measure the effectiveness of occupational health programmes in real time. During 2010, we began to see a rise in the number of low-level incidents being reported, investigated and corrected by operations. Over the coming years, we hope to see a consequent drop in disease and the early medical signs of exposure.

The number of occupational disease cases reported for 2010 was 268, a 45% reduction from 489 in 2009; while the total occupational disease incidence rate fell to 0.282 from 0.483.

In 2010, we launched two important documents, which support the Anglo American Occupational Health Way: namely, the Respiratory Protection Standard and the Hearing-Conservation Programme Standard. Audits looking at the management of noise in the workplace and on the health impacts of dust were also conducted.

HIV/AIDS and TB

Anglo American continues to drive a leading HIV/AIDS response. In South Africa, during 2010, we achieved our highest ever annual uptake of HIV counselling and voluntary testing at 94% – far exceeding our 85% target. During the year we conducted more than 100,000 HIV tests – 69,313 tests on employees and 32,176 on contractors.

HIV testing leads to ongoing prevention programmes for those who are HIV-negative and to care, support and treatment for those who are HIV-positive. Regular HIV testing ensures that we achieve early diagnosis of HIV infection and timely access to care.

We estimate that just over 12,000 (16%) of our employees in our core businesses in South Africa are HIV-positive. During 2010, we documented 712 new HIV infections, giving an annual incidence rate of approximately 1.2%. This rate of new infections is unacceptably high; as a result, we continue to put a lot of effort into our HIV-prevention response.

We achieved our 2010 target of enrolling 60% of the estimated HIV-positive employees in HIV disease-management programmes. However, we hope to significantly improve on this figure. We had nearly 4,000 employees on anti-retroviral therapy at the end of 2010.

The escalating tuberculosis (TB) epidemic is a source of great concern in South Africa, where our TB incidence rate continues to decline, with a figure of 1,070 per 100,000 employees which is similar to the incidence rate for South Africa overall. We recorded 727 new TB cases and, sadly, 86 deaths due to TB. Although both figures are significantly lower than in 2009, we are putting in a concerted effort to reduce them further.

Community and public health

We have gained a great deal of experience through administering our workplace HIV/AIDS and health programmes, which we build on to support community outreach programmes. Anglo American has also started to use its knowledge to spread good practice in a way that helps to strengthen community health systems.

A recent example is our sponsorship of an initiative in partnership with the Eastern Cape Department of Health, which will deliver a business plan to revitalise the funding and provision of primary healthcare in four sub-districts of the province, which is one of our key labour-sending areas in South Africa. The intention is to create models of excellence in primary healthcare delivery that can be replicated throughout the province.

Investing in healthcare is fundamentally important both to national interests and the private sector's long term business goals. If developing countries are to achieve their full potential, the role of quality healthcare cannot be underestimated. In light of this, Anglo American has pledged $3 million of funding over the next three years to the Global Fund to fight AIDS, Tuberculosis and Malaria, with our chief executive Cynthia Carroll urging other large businesses to contribute.

Sister Toekie Schoeman of the Ulysses Gogi Modise Wellness Clinic in Kathu, in the Northern Cape, with a patient. This community healthcare facility in one of South Africa's poorest provinces, is funded by Sishen Mine to facilitate access to VCT and treatment for the families of employees and contractors.

Our strong reserves and resources position is complemented by a highly experienced geology team, backed up by our renowned in-house mining and technology unit.

RESOURCES AND TECHNOLOGY
PROVIDING WORLD CLASS SOLUTIONS

OUR RESOURCES

Our Los Sulfatos exploration team was recently selected to receive the Prospectors and Developers Association of Canada's (PDAC) prestigious Thayer Lindsley Award. The award recognises and honours an individual or team of 'explorationists' credited with a recent significant mineral discovery anywhere in the world.

Anglo American became involved in the Los Sulfatos area after the purchase of Los Bronces in 2002. Critical technical evaluation and ranking of all the known prospects in the area were conducted almost immediately after the acquisition and Los Sulfatos was identified as the highest potential target.

After obtaining the required permits and approvals, exploration at Los Sulfatos began with a geological reconnaissance of the area in 2004, followed by helicopter-supported drilling campaigns between 2005 and 2008.

The difficult terrain, high altitude, harsh climate and environmentally challenging conditions meant that field activities were restricted, and could only be carried out over the limited summer periods between December and March.

The exploration drilling campaigns were carefully planned. Two field camps, housing up to 30 people, were set up in the high mountains using both modern and more traditional methods of transportation. Movement of all the equipment, personnel, food and fuel was carried out by helicopter, with mules carrying the team between the camps and the drill sites.

In July 2009, the first mineral resource estimate was published: Inferred Mineral Resources of 1.2 billion tonnes at 1.46% Cu and 0.02% Mo containing an estimated 17.5 million tonnes of copper.

Drilling has confirmed that the world class copper deposit extends to depths of at least 1,000 metres below the surface. However, significantly more drilling is needed to determine the full characteristics of the deposit before mine development options can be considered. Extreme conditions mean the only alternative is to carry out the drilling from underground. A tunnel boring machine is currently being used to construct an eight kilometre exploration tunnel, starting from the Los Bronces operation. This tunnel will provide underground access to the deposit and drill platforms for its detailed evaluation.

For more information on exploration
turn to page 40

$179 m
GROUP EXPLORATION SPEND IN 2010

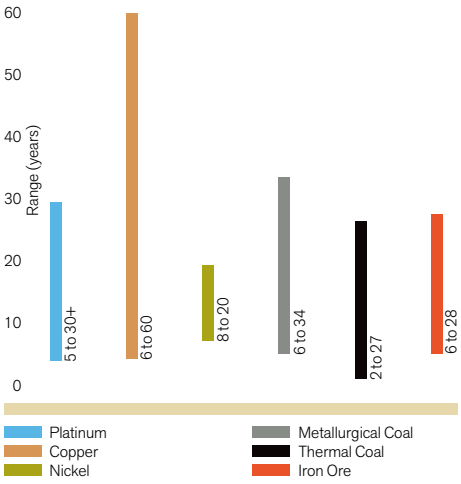
8 km
EXPLORATION TUNNEL BEING DRILLED NEAR LOS BRONCES

Regional Copper geologist Juan Carlos Toro mapping the Paloma area of Los Sulfatos, in the Chilean Andes.

OUR RESOURCES
KNOWLEDGE AND EXPERTISE

LIFE OF MINE PER COMMODITY

Years, minimum to maximum



Life of mine (LOM) in years is based on scheduled Ore Reserves.
Note: the 30+ years for Platinum is due to 30 years being the maximum number of years for which a Mining Right is granted in South Africa. For Iron Ore, the LOM figures include some Inferred Resources considered for life of mine planning.

THE 2030 MINE

The 2030 Mine concept has been used to define future technological requirements, which span the different commodities and encompass the entire value chain from exploration to beneficiation.

NUMBER OF DISCIPLINE CENTRES OF EXCELLENCE: MINING, METALLURGY, GEOSCIENCES AND ENGINEERING

4

OUR RESOURCES

The resources Anglo American considers critical to achieving its strategic aims include:

- Knowledge and expertise
- Proved and probable reserves

Full details of the Group's Ore Reserves and Mineral Resources estimates are found on pages 172 to 194.

TECHNOLOGY

Our strong in-house technology capability provides world class solutions to Anglo American and its global operations. Following the comprehensive internal restructuring process conducted throughout the Group in 2009, significant improvements have been made in sharpening the focus of our Mining and Technology unit as well as in uprating its capacity to deliver.

Mining and Technology now comprises seven technical groups which concentrate their expertise in specific value adding areas. The Technology Development Group has formulated a vision for a futuristic mine 20 years from now – 'The 2030 Mine' – and has drafted the related technology roadmaps and technology development action plans.

The four discipline centres of excellence – Mining, Metallurgy, Geosciences and Engineering – provide technical governance in respect of technical risks and have formulated a technical standards strategy which will positively impact on project delivery, operational performance and technical risk control across all of our business units.

In support of the Group's operations, projects, business units and the Safety and Sustainable Development Group, as well as the other corporate functions, Technical Services provides leading metallurgical and process research as well as laboratory facilities, a broad range of technical consulting services, project engineering and design services, and field services.

Technology development in the future will be increasingly co-ordinated and integrated across the Group. In pursuit of this aim, the vision for The 2030 Mine has been used to define future technological requirements, which span the different commodities, and also encompass the entire value chain from exploration to beneficiation. In order to fill the gaps in existing technologies required to achieve The 2030 Mine, a series of projects have been identified to develop the requisite systems. Already, critical projects have been initiated to close the gaps.

Ultimately, the successful application of the technologies surrounding The 2030 Mine should provide Anglo American with considerable competitive advantage in the mining and minerals processing sector.

The Technical Discipline teams have added significant value to operations by applying their asset management know-how to production equipment such as haul trucks and conveyor trains at several underground and opencast operations, resulting in increased systems availability and reduced maintenance costs. The focus on integrating the value chain – from resource to market – has assisted a number of operations to enhance their profitability.

Technical Services continue to turn data available at operations into useful management information. The team has developed sophisticated software using neural networks in order to identify crucial patterns and early prediction of failures. As an example, the many machine condition variables measured on haul trucks have been transformed into user-friendly reports, yet with enough detail to provide a basis for operations personnel to take appropriate action. The system is currently being rolled out at a number of operations.

Our Spectrem state-of-the-art airborne electromagnetic system again proved to be extremely effective, its broadband capability allowing significant reductions in time and cost required to carry out exploration in difficult areas. For example, Spectrem screened more than 8,500 km^2 in a remote area over a period of just four months. This resulted in the identification of more than 10 targets, permitting areas of low prospectivity to be relinquished.

Metallurgical Coal, in conjunction with Technical Services, was instrumental in the development of the world's highest capacity roof-support system and, in conjunction with CRC Mining, in the development of 'The Smartcap' which applies brain-monitoring technology to address the dangers of driver fatigue.

The ARNi pilot plant which was hot commissioned in January 2011 and will process approximately 30kg/hr of nickel laterite feedstock sourced from the Jacaré deposit in Pára state, Brazil.

ANGLO AMERICAN RESEARCH NICKEL ARNi PROJECT

Nickel is recovered from two major ore types. Sulphides, though only representing 30% of known resources, are the source of 70% of the world's nickel; while laterites, which account for 70% of known resources, are responsible for the remaining 30% of global nickel output.

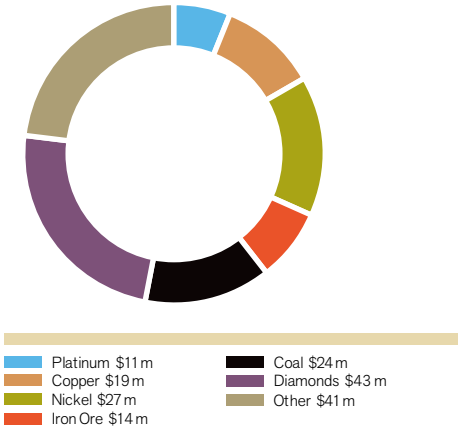
The widely held industry view is that the future of the nickel industry lies in the economic exploitation of laterite deposits. However, owing to the complex nature of laterite deposits, which consist of weathered iron-rich limonite and un-weathered magnesium-rich saprolite, there is currently no commercial process that can treat the entire orebody. Currently, the limonite portion is treated using the High Pressure Acid Leach (HPAL) process – but this has had a very low success rate to date. The saprolite portion has been successfully processed using the Rotary Kiln Electric Furnace (RKEF), but this remains an energy- and capital-intensive process.

Any organisation that can develop a methodology for treating the whole orebody in a single, cost-effective process will have a significant competitive advantage. To this end, the ARNi process has been developed. In this process, the limonite fraction is leached at atmospheric pressure to dissolve nickel, cobalt and iron. The saprolite material is then used as a primary neutralisation agent, with the added benefit that additional nickel and cobalt are leached from the saprolite. Another unique feature of the process is that it is capable of regenerating the major reagents required in the process such as magnesia, sulphur dioxide and hydrochloric acid. The process has been successfully tested at mini-plant scale and a larger, fully integrated pilot plant has now been constructed. This plant was hot commissioned in January 2011 and will process approximately 30 kg/hr of laterite feedstock sourced from the Jacaré nickel deposit situated in Pará state, Brazil. It is anticipated that a pre-feasibility study will commence in late 2011 and a demonstration plant may be constructed at Barro Alto during 2012/13 to thoroughly test and commercialise the process using both Barro Alto and Jacaré ores.

For more information on our Nickel business **turn to page 66**

EXPLORATION SPEND BY COMMODITY IN 2010

$m



EXPLORATION

During 2010, our global exploration activity continued to have a strong focus on adding value to our projects and operations as well as on conducting greenfields exploration across a range of outlying frontier areas and more mature locations.

Anglo American teams continued to advance exploration on recent discoveries, sole funded projects and alliances with other companies. For the year, the Group, excluding De Beers, spent $136 million (2009: $172 million) on exploration in 17 countries. De Beers' own exploration expenditure amounted to $43 million (2009: $48 million).

Platinum exploration costs amounted to $11 million during 2010, with a specific focus on providing high quality geological support to the advanced projects and operations around South Africa's Bushveld Igneous Complex and fulfilling the statutory work programme requirements to maintain land access rights. Surface diamond drilling was conducted in several locations, while a variety of geophysical methods were employed, including 3D seismic surveys, aeromagnetic surveys, and electromagnetic surveys using Anglo American's low temperature superconducting quantum interference device (SQUID) tool. Outside South Africa, platinum exploration continued in Brazil and Zimbabwe, although projects in Canada and Russia were brought to a close.

Copper exploration expenditure totalled $19 million, with exploration concentrated around our Chilean mines. Advanced project work further evaluated the West Wall and Michiquillay copper projects in Chile and Peru respectively. Near-mine exploration efforts centred on the Los Sulfatos and San Enrique-Monolito copper projects in Chile, as well as other opportunities close to the El Soldado, Mantoverde and Mantos Blancos mines. Greenfield exploration was conducted in the DRC, Indonesia, Chile, Peru, Colombia, Argentina and Brazil.

Nickel exploration, on which $27 million was expended, was aimed at strengthening the project pipeline, with continued advanced exploration work at the Sakatti project in northern Finland and further evaluation of the Jacaré and Morro Sem Boné projects in Brazil and West Raglan in Canada. Greenfield exploration was conducted in western Brazil, northern Finland, the Musgraves region of Australia and the Canadian Arctic.

Iron Ore exploration expenditure of $14 million was incurred principally on Kumba's projects in South Africa as well as on the Amapá mine in Brazil. In Brazil, programmes tested iron ore targets close to the principal resources. In South Africa, exploration drilling was undertaken to support the Kolomela project and the Sishen operation. Resource evaluation drilling of the Zandrivierspoort project in Limpopo province continued. A number of targets between the Sishen and Kolomela mines were explored as part of the Falcon/Sibelo project, along with work on resource evaluation drilling on the Phoenix project at Thabazimbi mine.

Coal exploration expenditure of $24 million was concentrated on evaluating, assessing and extending resources for export thermal and coking coal, domestic thermal coal and coal bed methane (CBM). In South Africa, exploration was undertaken on the Standerton, Vaal Basin, New Largo, Heidelberg and Elders projects. Exploration drilling and 2D seismic surveys were conducted on the Limpopo project and extensive exploration drilling was completed for the Waterberg Coal pre-feasibility project. Evaluation of the Lephalale CBM resource continued, focusing on exploration drilling and gas-yield testing. CBM exploration activities in Botswana continued to evaluate the prospectivity of the Eastern Karoo Basin through a reconnaissance drilling programme that has identified areas for future exploration. In Australia, exploration programmes in 2010 and the opening weeks of 2011 were disrupted by very high rainfalls. Exploration targeted coking coal and export thermal coal at the Drayton South, Moranbah South and Grosvenor projects. Extensive exploration drilling was also completed to support the operations at Callide, Capcoal, Dawson, Drayton, Foxleigh and Moranbah North.

NUMBER OF COUNTRIES WHERE WE ARE EXPLORING
(Excluding De Beers)

17

NUMBER OF LINE KILOMETRES FLOWN BY SPECTREM AIRBORNE ELECTROMAGNETIC SYSTEM IN PAST 15 YEARS

1.4 m

Exploration drilling in northern Finland using an innovative closed drilling system.

SAFE DISCOVERY

The guiding vision of Anglo American Exploration is 'Safe Discovery' – the successful discovery of major new orebodies in a safe and sustainable way. To achieve this vision, we couple traditional field work with innovative technologies to detect buried mineralisation as well as developing new exploration technologies that minimise our overall environmental footprint.

The Spectrem airborne electromagnetic system was developed by Anglo American in the late 1980s. Since the first Spectrem survey in 1989, exploration geophysical methodologies have evolved significantly; Spectrem, however has been able to maintain its position as an industry leader through ongoing R&D and constant improvements. The system is a broadband time-domain electromagnetic system mounted in a modified DC3 aircraft which can be used to directly detect mineralisation and produce high resolution maps.

In the past 15 years, Spectrem Air has flown more than 1.4 million line kilometres exploring for various commodities of interest for Anglo American and De Beers, assisting in the discovery of a number of significant orebodies.

The low temperature electromagnetic SQUID is a highly innovative exploration tool developed in co-operation with the Institute for Photonic Technologies (IPHT), a research institute in Jena, Germany. SQUIDs are highly sensitive instruments that can measure extremely weak electromagnetic fields. To date, the low temperature SQUIDs have been utilised by Anglo American and IPHT in highly sensitive ground electromagnetic systems which have been instrumental in three mineral deposit discoveries. Research is currently investigating the use of these low temperature SQUIDs for the collection of high resolution airborne magnetic and electromagnetic data.

Technological innovation has also been key for our Arctic projects in maintaining their licence to operate. In order to minimise impact when drilling in environmentally sensitive areas, the team worked together with a drilling partner to develop a 'closed drilling system'. This is a recycling system whereby all the cuttings (ground-up rock) and water from the drill hole are captured and the cuttings are separated from the water in special tanks. The cuttings go into plastic tubes, which are disposed of in established waste-management facilities and the water and drilling additives are re-used for the drilling process.

GROUP FINANCIAL PERFORMANCE

FINANCIAL REVIEW OF GROUP RESULTS

Group operating profit was $9,763 million, with operating profit from core operations of $9,102 million, 104% higher than 2009. This increase in operating profit was driven by the Kumba Iron Ore, Copper and Platinum business units, which benefited from strong market prices, partially offset by the strengthening South African rand and Australian dollar. There was an increase in realised prices across all export commodities, with a 34% rise in platinum, a 92% increase in export iron ore, a 32% increase in copper, a 25% rise in export metallurgical coal, a 48% increase in nickel and a 28% increase in export thermal coal.

Copper operating profit was 40% higher than 2009, with a 32% increase in the realised price of copper, partially offset by an 8% decrease in sales volumes owing to lower production and shipping constraints as a result of the failure of a shiploader in Patache port in December. Nickel recorded a significant increase in its operating profit, driven by improved nickel prices. Platinum operating profit was driven by higher metal prices and cost control programmes, partly offset by a stronger rand and lower sales volumes. Kumba Iron Ore's operating profit was 128% higher than 2009, driven by a 6% increase in export sales volumes and a 92% increase in realised prices. Samancor's strong performance was driven by higher manganese ore and alloy prices resulting from increases in world steel production and demand. Despite weather impacts in 2010 and a stronger Australian dollar, Metallurgical Coal increased its operating profit by 74% from 2009 due to higher average realised coking coal prices and record production of high-margin export products. Thermal Coal operating profit decreased by 2% due to the stronger rand, partly offset by a strong recovery in export thermal coal prices. De Beers Diamond Trading Company (DTC) revenue increased by 57% compared with 2009 in response to increased demand for rough diamonds during 2010, primarily driven by increased consumer demand in India and China.

Other Mining and Industrial's operating profit increased in the Zinc, Scaw Metals and Copebrás businesses owing to higher metal and soft commodity prices, and tightly controlled costs. This was partially offset by lower profits from Tarmac due to difficult trading conditions in the UK and the sale of the majority of Tarmac's European businesses during 2010. Lower operating profits at Catalão were due to lower niobium grades and overall recoveries.

Group underlying earnings were $4,976 million, 94% higher than 2009, which reflects the operational results above. Net finance costs, before remeasurements, of $244 million were $29 million lower than 2009. The effective tax rate, before special items and remeasurements and including attributable share of associates' tax, reduced in the year from 33.1% to 31.9%.

Group underlying earnings per share were $4.13 compared with $2.14 in 2009, a 93% increase.

The Group's results are influenced by a variety of currencies owing to its geographic diversity. In 2010, there was a negative exchange variance in underlying earnings of $687 million. The Group results suffered from the stronger Australian dollar and South African rand, which strengthened by 16% and 15% respectively in 2010 compared with 2009. There was a positive impact on underlying earnings from a significant increase in prices amounting to $3,260 million, reflecting higher prices across all commodities.

Operations considered core to the Group are Platinum, Diamonds, Copper, Nickel, Iron Ore and Manganese (Kumba Iron Ore, Iron Ore Brazil and Samancor), Metallurgical Coal, Thermal Coal, Exploration and Corporate Activities. The table opposite reconciles operating profit from core operations to total Group operating profit.

Special items and remeasurements

Total operating special items, including associates, amounted to a charge of $253 million in the year ended 31 December 2010. This included impairment and related charges of $122 million principally relating to accelerated depreciation of $97 million and assets written off within the Platinum segment of $20 million, partially offset by an impairment reversal at Dawson Seamgas (Metallurgical Coal segment) of $22 million. Accelerated depreciation of $73 million has been recorded at Loma de Níquel due to uncertainty over the renewal of three concessions that expire in 2012 and over the restoration of 13 concessions that have been cancelled.

Operating special items also include restructuring costs, principally retrenchment and consultancy costs, relating to amounts incurred in the Other Mining and Industrial segment of $71 million and the Platinum segment of $38 million.

Operating remeasurements, including associates, reflect a net gain of $382 million principally in respect of non-hedge derivatives of capital expenditure in Iron Ore Brazil. The net gain includes net unrealised gains of $144 million, net realised gains of $255 million and other remeasurement losses of $17 million.

Underlying earnings

$ million	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Profit for the financial year attributable to equity shareholders of the Company	**6,544**	2,425
Operating special items including associates	**253**	2,574
Operating remeasurements including associates	**(382)**	(734)
Net profit on disposals including associates	**(1,598)**	(1,632)
Financing special items including associates	**13**	7
Financing remeasurements including associates	**(106)**	128
Special items and remeasurements tax including associates	**112**	(137)
Non-controlling interests on special items and remeasurements including associates	**140**	(62)
Underlying earnings	**4,976**	2,569
Underlying earnings per share ($)	**4.13**	2.14

Net profit on disposals of $1,598 million, including associates, was recognised, chiefly as a result of the Group's ongoing divestment programme. The Group completed the disposal of its 100% interest in Moly-Cop and AltaSteel (Other Mining and Industrial segment), generating a profit on disposal of $555 million, its undeveloped coal assets in Australia (Metallurgical Coal segment), generating a profit on disposal of $505 million, and its 100% interest in the Skorpion zinc mine (Other Mining and Industrial segment), generating a profit on disposal of $244 million.

The Group completed the disposal of Tarmac's Polish concrete products business in March 2010, its French and Belgian concrete products business in May 2010, and its aggregates business in France, Germany, Poland and the Czech Republic in September 2010, resulting in combined net cash inflows of $472 million. Tarmac is included in the Other Mining and Industrial segment.

In addition, net gains were recognised on transactions in Platinum and Thermal Coal. In April 2010 the Group sold its 37% interest in the Western Bushveld joint venture (Platinum segment) for consideration of $107 million. In November 2010 the Group realised a gain of $546 million as a result of the Bafokeng-Rasimone Platinum mine transaction (Platinum segment). In June 2010 the previously announced black economic empowerment (BEE) transaction to dispose of a 27% interest in Anglo American Inyosi Coal (Proprietary) Limited (Thermal Coal segment) was completed. The amount recognised on disposal principally relates to an IFRS 2 *Share-based payment* charge of $78 million.

Financing remeasurements, including associates, reflect a net gain of $106 million principally due to preference share investments, and an associated embedded interest rate derivative. In addition, financing remeasurements also include net gains on non-hedge derivatives of debt of $17 million.

Special items and remeasurements tax, including associates, amounted to a charge of $112 million. This relates to a tax remeasurement credit of $122 million and a tax charge on special items and remeasurements of $234 million.

Summary income statement

$ million	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Operating profit before special items and remeasurements	**8,508**	4,377
Operating special items	**(228)**	(2,275)
Operating remeasurements	**386**	638
Operating profit from subsidiaries and joint ventures	**8,666**	2,740
Net profit on disposals	**1,579**	1,612
Share of net income from associates (see reconciliation below)	**822**	84
Total profit from operations and associates	**11,067**	4,436
Net finance costs before remeasurements	**(244)**	(273)
Financing remeasurements	**105**	(134)
Profit before tax	**10,928**	4,029
Income tax expense	**(2,809)**	(1,117)
Profit for the financial year	**8,119**	2,912
Non-controlling interests	**(1,575)**	(487)
Profit for the financial year attributable to equity shareholders	**6,544**	2,425
Basic earnings per share ($)	**5.43**	2.02
Group operating profit including associates before special items and remeasurements[1]	**9,763**	4,957
Operating profit from associates before special items and remeasurements	**1,255**	580
Operating special items and remeasurements	**(29)**	(203)
Net profit on disposals	**19**	20
Net finance costs (before special items and remeasurements)	**(88)**	(28)
Financing special items	**(13)**	(7)
Financing remeasurements	**1**	6
Income tax expense (after special items and remeasurements)	**(315)**	(286)
Non-controlling interests (after special items and remeasurements)	**(8)**	2
Share of net income from associates	**822**	84

(1) Operating profit before special items and remeasurements from subsidiaries and joint ventures was $8,508 million (2009: $4,377 million) and attributable share from associates was $1,255 million (2009: $580 million). For special items and remeasurements, see note 5 to the Financial statements.

Operating profit

$ million	Year ended 31 Dec 2010	Year ended 31 Dec 2009
Platinum	**837**	32
Diamonds	**495**	64
Copper	**2,817**	2,010
Nickel	**96**	2
Iron Ore and Manganese	**3,681**	1,489
Metallurgical Coal	**783**	451
Thermal Coal	**710**	721
Exploration	**(136)**	(172)
Corporate Activities and Unallocated costs	**(181)**	(146)
Operating profit including associates before special items and remeasurements – core operations	**9,102**	4,451
Other Mining and Industrial	**661**	506
Operating profit including associates before special items and remeasurements	**9,763**	4,957
Underlying earnings – core operations[1]	**4,454**	2,166

(1) See note 4 to the Financial statements

Net finance costs

Net finance costs, excluding a net remeasurement gain of $105 million (2009: loss of $134 million), decreased to $244 million (2009: $273 million). This was primarily the result of a reduction in interest and other finance expense of $92 million driven by lower gross debt across the Group, partially offset by the full year effect of interest expense on bonds issued during 2009.

Tax

IAS 1 (Revised) *Presentation of Financial Statements* requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's income tax expense. Associates' tax included within 'Share of net income from associates' for the year ended 31 December 2010 was $315 million (2009: $286 million). Excluding special items and remeasurements this becomes $313 million (2009: $235 million).

The effective rate of tax before special items and remeasurements including attributable share of associates' tax for the year ended 31 December 2010 was 31.9%. This was broadly in line with the equivalent effective rate of 33.1% for the year ended 31 December 2009. In future periods, it is expected that the effective tax rate, including associates' tax, will remain above the United Kingdom statutory tax rate.

Special items and remeasurements

	Year ended 31 December 2010			Year ended 31 December 2009		
$ million	Subsidiaries and joint ventures	Associates	Total	Subsidiaries and joint ventures	Associates	Total
Operating special items	**(228)**	**(25)**	**(253)**	(2,275)	(299)	(2,574)
Operating remeasurements	**386**	**(4)**	**382**	638	96	734
Operating special items and remeasurements	**158**	**(29)**	**129**	(1,637)	(203)	(1,840)
Net profit on disposals	**1,579**	**19**	**1,598**	1,612	20	1,632

Taxation

	Year ended 31 December 2010			Year ended 31 December 2009		
$ million (unless otherwise stated)	Before special items and remeasurements	Associates' tax and non-controlling interests	Including associates	Before special items and remeasurements	Associates' tax and non-controlling interests	Including associates
Profit before tax	**9,109**	**322**	**9,431**	4,422	234	4,656
Tax	**(2,699)**	**(313)**	**(3,012)**	(1,305)	(235)	(1,540)
Profit for the financial year	**6,410**	**9**	**6,419**	3,117	(1)	3,116
Effective tax rate including associates (%)			**31.9%**			33.1%

Balance sheet

Equity attributable to equity shareholders of the Company was $34,239 million compared with $26,121 million at 31 December 2009. This increase is primarily the result of profit for the year of $6,544 million and the balance sheet impact of strengthening exchange rates relative to the US dollar (in particular, the rand).

The increase in property, plant and equipment of $4,612 million is primarily the result of additions and foreign exchange gains, partly offset by depreciation, assets transferred to disposal groups and assets disposed as part of the Group's divestment programme.

Investments in associates on the balance sheet increased by $1,588 million, mainly due to the Group's $450 million contribution towards De Beers' $1 billion rights issue in March 2010, improved earnings in both De Beers and Samancor, and the recognition of an associate following the Bafokeng-Rasimone Platinum mine transaction.

Assets classified as held for sale, net of associated liabilities, were $188 million at 31 December 2010 and represent zinc assets.

Cash flow

Net cash inflows from operating activities were $7,727 million compared with $4,087 million in 2009. EBITDA was $11,983 million, an increase of 73% from $6,930 million in 2009.

Proceeds from the sale of subsidiaries and joint ventures were $2,795 million and primarily include proceeds from the sale of Other Mining and Industrial assets, the sale of undeveloped coal assets in Metallurgical Coal and proceeds from the Bafokeng-Rasimone Platinum mine transaction.

Purchases of property, plant and equipment, net of associated derivatives, amounted to $4,994 million, an increase of $236 million. This spend was focused on the four key near term strategic growth projects (Barro Alto, Los Bronces, Kolomela and Minas-Rio).

Net cash used in financing activities was $2,400 million, compared with $1,680 million in 2009. During the year, the Group used cash to repay $2,338 million of short term borrowings, partially offset by the issuance of senior notes during the year.

Liquidity and funding

Net debt, including related hedges, was $7,384 million, a decrease of $3,896 million from 31 December 2009. Cash and cash equivalents, excluding the impact of exchange, increased by $2,857 million, reflecting operating cash flows and disposal proceeds, offset by investments in associates, purchase of property, plant and equipment and a net repayment of borrowings.

Net debt at 31 December 2010 comprised $13,439 million of debt and the closing liability position on related derivatives of $405 million, partly offset by $6,460 million of cash and cash equivalents (including amounts in disposal groups). The debt ageing profile has remained consistent with the prior year, with 89% of the total debt being due after more than one year (2009: 90%). Net debt to total capital[1] at 31 December 2010 was 16.3%, compared with 28.7% at 31 December 2009.

In July 2010 the Group replaced a $2.5 billion facility maturing in March 2012 with a $3.5 billion facility maturing in July 2015.

In September 2010 the Group raised $1.25 billion through the issuance of senior notes (US bonds). The senior note offering comprised $750 million 2.15% senior notes due 2013 and $500 million 4.45% senior notes due 2020.

At 31 December 2010 Anglo American had undrawn committed borrowing facilities of $11.1 billion. In January 2011 the Group repaid $1.1 billion drawn on its $2.25 billion revolving credit facility, maturing in June 2011. The Group subsequently cancelled this facility.

The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the foreseeable future.

(1) Net debt to total capital is calculated as net debt (including related hedges) divided by total capital. Total capital is net assets excluding net debt.

Group corporate cost allocation

Corporate costs which are considered to be value adding to the business units are allocated to each business unit, and costs reported externally as Group corporate costs only comprise costs associated with parental or direct shareholder related activities.

Corporate costs (after cost allocations) of $181 million (2009: $146 million) were incurred in 2010, an increase of $35 million. The increase was mainly due to insurance cost increases resulting from increases in new claims, the impact of the stronger rand and inflation.

Dividends

Anglo American's dividend policy will provide a base dividend that will be maintained or increased through the cycle. A final dividend of 40 US cents per share has been declared, thereby establishing Anglo American's new base annual dividend per share at 65 US cents, subject to shareholder approval at the Annual General Meeting to be held on 21 April 2011.

Taking into account the Group's substantial investment programme for future growth, its future earnings potential and the continuing need for a robust balance sheet, any surplus cash will be returned to shareholders.

Analysis of dividends

US cents per share	2010	2009
Interim dividend	25	–
Recommended final dividend	40	–
Total dividends	65	–

MANAGING RISK
OUR APPROACH

The management of risk is critical to the success of Anglo American. The Group is exposed to a variety of risks which can have a financial, operational or reputational impact. Effective management of risk supports the delivery of the Group's objectives and achievement of sustainable growth.

David Challen
Chairman, Audit Committee

Understanding our key risks and developing appropriate responses is critical to our future success. We are committed to a robust system of risk identification and effective response to such risks.

THE RISK MANAGEMENT PROCESS

HOW DO WE MANAGE RISK?

The approach to management of risk is to:

- Identify the key risks that could have a significant impact on the ability of the Group to achieve its objectives, at an early stage
- Analyse risks and controls
- Ensure appropriate responses are put in place to mitigate the risks
- Monitor the effectiveness and implementation of controls
- Regular reports to the audit committee

Identifying risks
A consistently applied methodology is used to identify key risks at Group business units, operations and projects. The risk management process is undertaken through a series of risk workshops at least annually at business units, sites and at key stages in projects. An update is performed every six months.

Analysing risks and controls
Once identified, the process will evaluate those risks to establish financial and non-financial impacts, likelihood of occurrence and root causes. Consideration of current controls to mitigate those risks is also undertaken to enable a prioritised register of risks to be created.

Determining management actions
If additional controls are required these will be identified and responsibilities assigned.

Reporting and monitoring
Management is responsible for monitoring progress of actions to mitigate key risks and is supported through the Group's internal audit programme, which evaluates the design and effectiveness of controls to mitigate key risks.

The results of the key risk management process are reported to the Audit Committee every six months.

ANGLO AMERICAN RISK FACTORS

Commodity prices

Commodity prices for all products that Anglo American produces are subject to wide fluctuation.

Impact: Commodity price volatility can result in material and adverse movement in the Group's operating results, asset values, revenues and cash flows.

Falling commodity prices could prevent the Group from completing certain transactions that are important to its business and which may have an adverse affect on its financial position – e.g. inability to sell assets at values or within timelines expected.

If commodity prices remain weak for a sustained period, the ability of the Group to deliver growth in future years may be adversely affected as growth projects may not be viable at lower prices.

Root cause: Commodity prices are determined primarily by international markets and global supply and demand. The demand for commodities will largely be determined by the strength of the global economic environment.

Mitigation: The diversified nature of the commodities that Anglo American produces provides some protection to this risk, and the policy of the Group is not to engage in commodity price hedging.

The Group constantly monitors the markets in which it operates and reviews capital expenditure programmes to ensure supply of product reflects forecast market conditions.

Liquidity risk

The Group is exposed to liquidity risk in terms of being able to fund operations and growth.

Impact: If the Group is unable to obtain sufficient credit due to capital market conditions, it may not be able to raise sufficient funds to develop new projects, fund acquisitions or meet its ongoing financing needs. As a result, revenues, operating results, cash flows or financial position may be adversely affected.

Root cause: Liquidity risk arises from uncertainty or volatility in the capital or credit markets due to perceived weaknesses of the global economic environment or possibly as a response to shock events.

Mitigation: The Group has an experienced Treasury team who are responsible for ensuring that there are sufficient committed loan facilities in place to meet short term business requirements after taking into account cash flows from operations and holdings of cash, as well as any Group distribution restrictions which exist. The Group limits exposure on liquid funds through a policy of minimum counterparty credit ratings, daily conterparty settlement limits and exposure diversification.

Counterparty risk

The Group is exposed to counterparty risk from customers, certain suppliers and holders of cash.

Impact: Financial losses may arise should those counterparties become unable to meet their obligations to the Group.

Root cause: Severe economic conditions or shock events as experienced in recent years can have a major impact on the ability of financial institutions and other counterparties that the Group has relationships with to meet their obligations.

Mitigation: The Group Treasury team is responsible for managing counterparty risk with banks where Anglo American places cash deposits. However, the Treasury operations of joint ventures and associates, including De Beers, are independently managed and may expose the Group to financial risks.

For other counterparty risks the Group's businesses have in place credit management procedures.

Currency risk

The Group is exposed to currency risk where transactions are not conducted in US dollars.

Impact: Fluctuations in the exchange rates of the most important currencies influencing operating costs and asset valuations (the South African rand, Chilean peso, Brazilian real, Australian dollar, and pound sterling) may adversely affect financial results to a material extent.

Root cause: The global nature of the Group's businesses exposes the Group to currency risk.

Mitigation: Given the diversified nature of the Group, the Group's policy is generally not to hedge currency risk. Mitigation in the form of foreign exchange hedging is limited to debt instruments and capital expenditure on major projects.

Inflation

The Group is exposed to potentially higher rates of inflation in the countries in which it operates.

Impact: Higher rates of inflation may increase future operational costs if there is no concurrent depreciation of the local currency against the US dollar, or an increase in the dollar price of the applicable commodity.

This may have a negative impact on profit margins and financial results.

Root cause: Cost inflation in the mining sector is more apparent during periods of high commodity prices as demand for input goods and services can exceed supply.

Mitigation: The Group manages costs very closely through its asset optimisation and supply chain initiatives and, where necessary, through making efficiencies in employee and contractor numbers.

Health and safety		
Failure to maintain the high levels of safety management can result in harm to the Group's employees, contractors, communities near our operations and damage to the environment. Occupational health risks to employees and contractors include noise-induced hearing loss, occupational lung diseases and tuberculosis (TB). HIV/AIDS in sub-Saharan Africa in particular is a threat to economic growth and development.	**Impact:** In addition to injury, health and environmental damage, impacts could include fines and penalties, liability to employees or third parties, impairment of the Group's reputation, industrial action or inability to attract and retain skilled employees. Government authorities may force closure of mines on a temporary or permanent basis or refuse mining right applications. The recruitment and retention of skilled people required to meet growth aspirations can be impacted by high rates of HIV/AIDS.	**Root cause:** Mining is a hazardous industry and working conditions such as weather, altitude and temperature can add to the inherent dangers of mining, whether underground or in open pit mines. **Mitigation:** Anglo American sets a very high priority on safety and health matters. A safety risk management process, global standards and a safety and environment assurance programme form part of a consistently applied robust approach to mitigating safety risk. Anglo American provides anti-retroviral therapy to employees with HIV/AIDS and undertakes education and awareness programmes to help prevent infection or spread of infection.
Environment		
Certain of the Group's operations create environmental risk in the form of dust, noise or leakage of polluting substances from site operations and uncontrolled breaches of tailings dam facilities, generating harm to the Group's employees, contractors, the communities near the Group's operations, air quality, water purity and land contamination.	**Impact:** Potential impacts include fines and penalties, statutory liability for environmental remediation and other financial consequences that may be significant. Governments may force closure of mines on a temporary or permanent basis or refuse future mining right applications.	**Root cause:** The mining process, including blasting and processing orebodies, can generate dust and noise and will require the storage of waste materials in liquid form. **Mitigation:** The Group implements a number of initiatives to monitor and limit the impact of its operations on the environment.
Exploration		
Exploration and development are costly activities, with no guarantee of success, but are necessary for future growth.	**Impact:** Failure to discover new reserves of sufficient magnitude could adversely affect future results and the Group's financial condition. **Root cause:** Exploration and development are speculative activities and often take place in challenging or remote locations from a climate, altitude or political perspective.	**Mitigation:** The Group invests considerable sums each year in focused exploration programmes to enable resource discovery and development to reserves. This investment includes the use of leading technology in exploration activity.
Political, legal and regulatory		
The Group's businesses may be affected by political or regulatory developments in any of the countries and jurisdictions in which the Group operates, including changes to fiscal regimes or other regulatory regimes.	**Impact:** Potential impacts include restrictions on the export of currency, expropriation of assets, imposition of royalties or other taxes targeted at mining companies, and requirements for local ownership or beneficiation. Political instability can also result in civil unrest, nullification of existing agreements, mining permits or leases. Any of these may adversely affect the Group's operations or results of those operations.	**Root cause:** The Group has no control over local political acts or changes in local tax rates. It recognises that its licence to operate through mining rights is dependent on a number of factors, including compliance with regulations. **Mitigation:** The Group actively monitors regulatory and political developments on a continuous basis.

Climate change		
The Group's operations are exposed to changes in climate and the need to comply with changes in the regulatory environment aimed at reducing the effects of climate change.	**Impact:** Potential impacts from climate change are difficult to assess and will depend on the circumstances at individual sites, but could include increased rainfall, flooding, water shortages and higher average temperatures. These may increase costs, reduce production levels or impact the results of operations. Policy developments at an international, national and sub-national level, including those related to the 1997 Kyoto Protocol and subsequent international agreements and emissions trading schemes, could adversely affect the profitability of the Group. Regulatory measures may affect energy prices, demand or the margins achieved for carbon intensive products such as coal.	**Root cause:** The Group is a significant user of energy and one of the key commodities it produces is coal. **Mitigation:** In addition to the initiatives to monitor and limit the impact of operations on the environment, the Group continuously seeks to reduce energy input levels into its operations. The asset optimisation programme seeks to make operations more energy efficient.
Supply risk		
The inability to obtain key consumables, raw materials, mining and processing equipment in a timely manner.	**Impact:** Any interruption to the Group's supplies or increases in costs adversely affects the Group's financial position and future performance. **Root cause:** During strong commodity cycles, increased demand can be experienced for such supplies, resulting in periods when supplies are not always available to meet demand. Anglo American has limited influence over manufacturers and suppliers.	**Mitigation:** The Group takes a proactive approach to developing relationships with critical suppliers and improving the effectiveness of the Group's purchasing leverage.
Reserves and resources		
The Group's Mineral Resources and Ore Reserves are subject to a number of assumptions which may be incorrect.	**Impact:** Fluctuations in the price of commodities, production costs and recovery rates may have an impact on the financial condition and prospects of the Group. **Root cause:** All assumptions related to reserves and resources are long term in nature and are subject to volatility owing to economic, regulatory or political influences.	**Mitigation:** The Group is very experienced in managing reserves and resources and has robust procedures to reduce the likelihood of significant variation. All factors are consistently monitored by management. The Group's policy on reporting of ore reserves and mineral resources is set out on pages 172 to 194.
Operational performance and project delivery		
Failure to meet production targets or project delivery timetables and budgets.	**Impact:** Increased unit costs may arise from failure to meet production targets affecting the results of operations and financial performance. Failure to meet project delivery timetables and budgets may affect operational performance, delay cash inflows, increase capital costs and reduce profitability, as well as have a negative impact on the Group's reputation.	**Root cause:** Increasing regulatory, environmental, access and social approvals can increase construction costs and introduce delays. **Mitigation:** Management oversight of operating performance and project delivery through regular executive management briefings, a continuous focus on improvement of operations through the asset optimisation programme, and consistent application of the Group's methodology for new projects are key to managing this risk.

Event risk		
Damage to physical assets from fire, explosion, natural catastrophe or breakdown of critical machinery.	**Impact:** The direct costs of repair or replacement combined with business interruption losses can result in financial losses. **Root cause:** Some of the Group's operations are located in areas exposed to natural catastrophe such as earthquake/extreme weather conditions. The impact of climate change may intensify the severity of weather events. The nature of the Group's operations exposes it to failure of mining pit slopes and tailings dam walls, fire, explosion and breakdown of critical machinery, with long lead times for replacement.	**Mitigation:** Specialist consultants are engaged to analyse such event risks on a rotational basis and provide recommendations for management action to prevent or limit the effects of such a loss. Contingency plans are developed within the Group to respond to significant events and recover normal levels of business activity. The Group purchases insurance to protect itself against the financial consequences of an event, subject to availability and cost.
Employees		
The ability to recruit, develop and retain appropriate skills for the Group. A risk of strike or other industrial relations disputes may occur.	**Impact:** Failure to retain skilled employees or to recruit new staff may lead to increased costs, interruptions to existing operations and delay in new projects. Industrial disputes may have an adverse effect on production levels, costs and the results of operations. **Root cause:** The Group is subject to global competition for skilled labour. The location of the Group's assets and development projects can be remote or in countries where it is challenging to recruit suitably skilled employees or transfer employees from other parts of the Group. Employees in the key countries where the Group operates are unionised. Negotiations over wage levels or working conditions can sometimes fail to result in agreement.	**Mitigation:** An appropriate suite of reward and benefit structures is in place for new and existing employees, while work to position Anglo American as an attractive employee proposition is ongoing. The Group also seeks to simplify employee moves across business units and countries. A process of constructive dialogue and maintenance of effective working relationships with union leaders is sought.
Contractors		
Inability to employ the services of contractors to meet business needs or at expected cost levels.	**Impact:** Disruption of operations or increased costs may arise if key contractors are not available to meet production needs. Delays in start-up of new projects may also occur.	**Root cause:** Mining contractors are used at a number of the Group's operations to develop mining projects, mine and deliver ore to processing plants. In periods of high commodity prices, demand for contractors may exceed supply. **Mitigation:** Effective planning and establishment of effective working relationships with key contractors are utilised to mitigate this risk.
Business integrity		
Failure to prevent acts of fraud, bribery, corruption or anti-competitive behaviour.	**Impact:** Potential impacts include prosecution, fines, penalties and reputation damage. The Group may suffer financial loss if it is the victim of a fraudulent act. **Root cause:** In certain countries where the Group operates the risk of corruption is high, as indicated by indices prepared by independent non-governmental organisations (NGOs).	**Mitigation:** The Group has very clear principles on the manner in which it conducts its business and expects all employees to act in accordance with its values. Policies and awareness programmes are in place to ensure consistent understanding of the Group's expectations. The Group's internal control environment is designed to prevent fraud and is regularly reviewed by an internal audit team to provide assurance that controls are designed and operating effectively.

Joint ventures		
Failure to achieve expected standards of health, safety and environment performance in joint ventures.	**Impact:** If similar standards are not implemented in joint ventures, higher costs or lower production may result and have a bearing on operational results, asset values or the Group's reputation.	**Root cause:** Some of the Group's operations are controlled and managed by joint venture partners, associates or by other companies. Management of non-controlled assets may not comply with the Group's standards. **Mitigation:** The Group seeks to mitigate this risk by way of a thorough evaluation process before commitment to any joint venture and implementation of ongoing governance processes in existing joint ventures.
Acquisitions and divestments		
Failure to achieve expected benefits from any acquisition or value from assets or businesses sold.	**Impact:** Failing to deliver expected acquisitions can result in adverse financial performance, lower production volumes or problems with product quality. The Group could find itself liable for past acts or omissions of the acquired business without any adequate right of redress. Failure to achieve expected values from the sale of assets or delivery beyond expected receipt of funds may result in higher debt levels, underperformance of those businesses and possible loss of key personnel.	**Root cause:** Benefits may not be achieved as a result of changing or incorrect assumptions or materially different market conditions or deficiencies in the due diligence process. Delays in the sale of assets or reductions in value may arise due to changing market conditions. **Mitigation:** Rigorous guidelines are applied to the evaluation and execution of all acquisitions that require the approval of the Investment Committee and Group Management Committee and, subject to size, the Board.
Infrastructure		
Inability to obtain adequate supporting facilities, services and installations (water, power, road, rail and port, etc.)	**Impact:** Failure to obtain supporting facilities may affect the sustainability and growth of the business, leading to loss of competitiveness, market share and reputation. Failure of rail or port facilities may result in delays and increased costs as well as lost revenue and reputation with customers. Failure to procure shipping costs at competitive market rates may reduce profit margins.	**Root cause:** The potential disruption of ongoing generation and supply of power is a risk faced by the Group in a number of countries in which it operates. The Group's operations and projects can be located in countries or regions where power and water supplies are not certain and may be affected by population growth, the effects of climate change or lack of investment by owners of infrastructure. The Group relies upon effective rail and port facilities for its products and will be expected to provide shipment of product in some circumstances to customers' premises. The Group relies on third parties to provide these services. **Mitigation:** The Group seeks to work closely with suppliers of infrastructure to mitigate the risk of failure and has established contingency arrangements. Long term agreements with suppliers are sought where appropriate.
Community relations		
Disputes with communities may arise from time to time.	**Impact:** Failure to manage relationships with local communities, government and NGOs may disrupt operations and adversely affect the Group's reputation as well as its ability to bring projects into production. **Root cause:** The Group operates in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. The Group's operations can have an impact on local communities including the need, from time to time, to relocate communities or infrastructure networks such as railways and utility services.	**Mitigation:** The Group has developed comprehensive processes to enable its business units to effectively manage relationships with communities and actively seeks engagement with all communities impacted by the Group's operations.

Critical accounting judgements and key sources of estimation and uncertainty

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The most critical of these relate to estimation of the useful economic lives of assets and ore reserves, impairment of assets, restoration, rehabilitation and environmental costs and retirement benefits. These are detailed below. The use of inaccurate assumptions in calculations for any of these estimates could result in a significant impact on financial results.

Useful economic lives of assets and ore reserve estimates

The Group's mining properties, classified within property, plant and equipment, are depreciated over the respective life of the mine using the unit of production (UOP) method based on proven and probable reserves. When determining ore reserves, assumptions that were valid at the time of estimation may change when new information becomes available. Any changes could affect prospective depreciation rates and asset carrying values.

The calculation of the UOP rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proven and probable mineral reserves. Factors which could impact useful economic lives of assets and Ore Reserve estimates include:

- Changes to Proved and Probable Reserves
- The grade of Ore Reserves varying significantly from time to time
- Differences between actual commodity prices and commodity price assumptions used in the estimation of mineral reserves
- Renewal of mining licences
- Unforeseen operational issues at mine sites
- Adverse changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates used to determine mineral reserves

The majority of other property, plant and equipment is depreciated on a straight line basis over their useful economic lives. Management reviews the appropriateness of assets' useful economic lives at least annually and any changes could affect prospective depreciation rates and asset carrying values.

Impairment of assets

The Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. In making the assessment for impairment, assets that do not generate independent cash flows are allocated to an appropriate cash generating unit (CGU). The recoverable amount of an asset, or CGU, is measured as the higher of fair value less costs to sell and value in use.

Management necessarily applies its judgement in allocating assets that do not generate independent cash flows to appropriate CGUs, and also in estimating the timing and value of underlying cash flows within the value in use calculation. Factors which could impact underlying cash flows include:

- Commodity prices and exchange rates
- Timelines of granting of licences and permits
- Capital and operating expenditure
- Available reserves and resources

Subsequent changes to the CGU allocation or to the timing of or assumptions used to determine cash flows could impact the carrying value of the respective assets.

Restoration, rehabilitation and environmental costs

Provision is made, based on net present values, for restoration, rehabilitation and environmental costs as soon as the obligation arises. Costs incurred at the start of each project are capitalised and charged to the income statement over the life of the project through depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage are provided at net present value and charged against profits as extraction progresses. Environmental costs are estimated using either the work of external consultants or internal experts. Management uses its judgement and experience to provide for and amortise these estimated costs over the life of the mine.

Sensitivity analysis in respect of currency and commodity prices

Set out below is the impact on underlying earnings of a 10% fluctuation in certain of the Group's commodity prices and exchange rates

	Average price[1]		10%[6] sensitivity
Commodity	2010	2009	US$ million
Platinum[2]	**$1,610/oz**	$1,211/oz	185
Metallurgical Coal[3]	**$176/t**	$141/t	181
Thermal Coal[3]	**$82/t**	$64/t	187
Copper[4]	**342 c/lb**	234 c/lb	277
Nickel[4]	**989 c/lb**	667 c/lb	46
Iron Ore[5]	**$125/t**	$65/t	180
Palladium[2]	**$527/oz**	$266/oz	33
ZAR/USD	**7.32**	8.41	400
AUD/USD	**1.09**	1.26	198
CLP/USD	**510**	559	42

(1) 'oz' denotes ounces, 't' denotes tonnes, 'c' denotes cents, 'lb' denotes pounds.
(2) Source: Johnson Matthey plc.
(3) Group average realised FOB price of metallurgical (Australia) and thermal coal (South Africa).
(4) Being the average LME price.
(5) Average price represents average iron ore export price achieved.
(6) Excludes the effect of any hedging activities. Stated after tax at marginal rate. Sensitivities are the average of the positive and negative and the impact of a 10% change in the average prices received and exchange rates during 2010. Increases in commodity prices increase underlying earnings and vice versa. A strengthening of the South African rand, Australian dollar and Chilean peso relative to the US dollar reduces underlying earnings and vice versa.

Retirement benefits
The expected costs of providing pensions and post employment benefits under defined benefit arrangements relating to employee service during the period are charged to the income statement. Any actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the Consolidated statement of comprehensive income.

Assumptions in respect of the expected costs are set after consultation with qualified actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used would impact the earnings of the Group going forward.

BASIS OF DISCLOSURE

This operating and financial review (OFR) describes the main trends and factors underlying the development, performance and position of Anglo American plc (the Group) during the year ended 31 December 2010, as well as those likely to affect the future development, performance and position. It has been prepared in line with the guidance provided in the reporting statement on the operating and finance review issued by the UK Accounting Standards Board in January 2006.

FORWARD LOOKING STATEMENTS

This OFR contains certain forward looking statements with respect to the financial condition, results, operations and businesses of the Group. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward looking statements.

PLATINUM

Neville Nicolau
CEO Anglo Platinum Limited

WORLD'S PRIMARY PRODUCER OF PLATINUM

No. 1

WHOLLY OWNED MINING OPERATIONS

10

PLATINUM OUNCES PRODUCTION TARGET FOR 2011

2.6 m

FINANCIAL HIGHLIGHTS

US$ million (unless otherwise stated)	2010	2009
Operating profit	**837**	32
EBITDA	**1,624**	677
Net operating assets	**13,478**	12,141
Capital expenditure	**1,011**	1,150
Share of Group operating profit	**9%**	1%
Share of Group net operating assets	**31%**	31%

Safety inspection at Rustenburg Platinum Mines' acid plant.

GROUP STRATEGY ACTIONS

Investing – in world class assets in the most attractive commodities
In 2011, we plan to spend up to $1.16 billion on capital expenditure. Notably, all previously deferred projects have been reviewed and are now incorporated into our growth for value strategy.

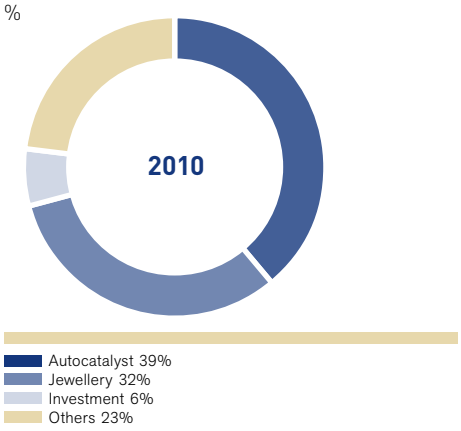
Organising – efficiently and effectively
Against a background of rising input costs across the mining sector, we were able to control cash operating cost growth below inflation due to contributions from our asset optimisation and procurement programmes, as well as further productivity improvements.

Operating – safely, sustainably and responsibly
Our overall safety record continued to improve in 2010, reflecting a 43% year on year decline in fatal injuries and a 15% improvement in Platinum's LTIFR, a record for the business.

Employing – the best people
During the year we improved our productivity to 7.06 m^2 per total operating employee versus 6.33 m^2 in 2009, while progressively aligning our overall headcount with our long term growth profile requirements.

GROSS PLATINUM DEMAND

%



Source: Johnson Matthey, Platinum 2010 Interim Review

OPERATING PROFIT

(2009: $32 m)

$837 m

SHARE OF GROUP OPERATING PROFIT

(2009: 1%)

9%

EBITDA

(2009: $677 m)

$1,624 m

BUSINESS OVERVIEW

Our Platinum business, based in South Africa, is the world's leading primary producer of platinum, accounting for around 40% of global output. Platinum mines, processes and refines the entire range of platinum group metals (PGMs): platinum, palladium, rhodium, ruthenium, iridium and osmium. Base metals such as nickel, copper and cobalt sulphate are important secondary products and are significant contributors to earnings.

Platinum's operations exploit the world's richest reserve of PGMs, known as the Bushveld Complex, which contains PGM-bearing Merensky, UG2 and Platreef ores. The company's access to an excellent portfolio of ore reserves ensures it is well placed to be the world's major platinum producer for many years to come.

Platinum wholly owns 10 mining operations currently in production, a tailings re-treatment facility, three smelters, a base metals refinery and a precious metals refinery. Each mine operates its own concentrator facilities, with smelting and refining of the output being undertaken at Rustenburg Platinum Mines' (RPM) metallurgical facilities.

Platinum's 100% owned mining operations now consist of the five mines at Rustenburg Section – Khomanani, Bathopele, Siphumelele, Thembelani and Khuseleka; Amandelbult Section's two mines, Tumela and Dishaba; as well as Mogalakwena and Twickenham mines and the new Unki mine in Zimbabwe. Union Mine is 85% held, with a black economic empowerment (BEE) partner, the Bakgatla-Ba-Kgafela traditional community, holding the remainder.

Platinum also has 50:50 joint ventures with a BEE consortium, led by African Rainbow Minerals, at Modikwa platinum mine; and with XK Platinum Partnership in respect of the Mototolo mine. In addition, Platinum has 50:50 pooling and sharing agreements with Aquarius Platinum covering the shallow reserves of the Kroondal and Marikana mines and portions of the reserves at Thembelani and Khuseleka. Platinum is in partnership with Royal Bafokeng Resources, and has a 33% shareholding in the combined Bafokeng-Rasimone platinum mine (BRPM) and Styldrift properties.

During 2010, the listing of Royal Bafokeng Platinum (RB Plat) was completed successfully. Platinum, through RPM, holds 12.6% of RB Plats' issued share capital. The listing was a landmark transaction marking the fulfilment of Platinum's commitment towards facilitating the creation of an independently controlled and managed, black-empowered PGM producer.

INDUSTRY OVERVIEW

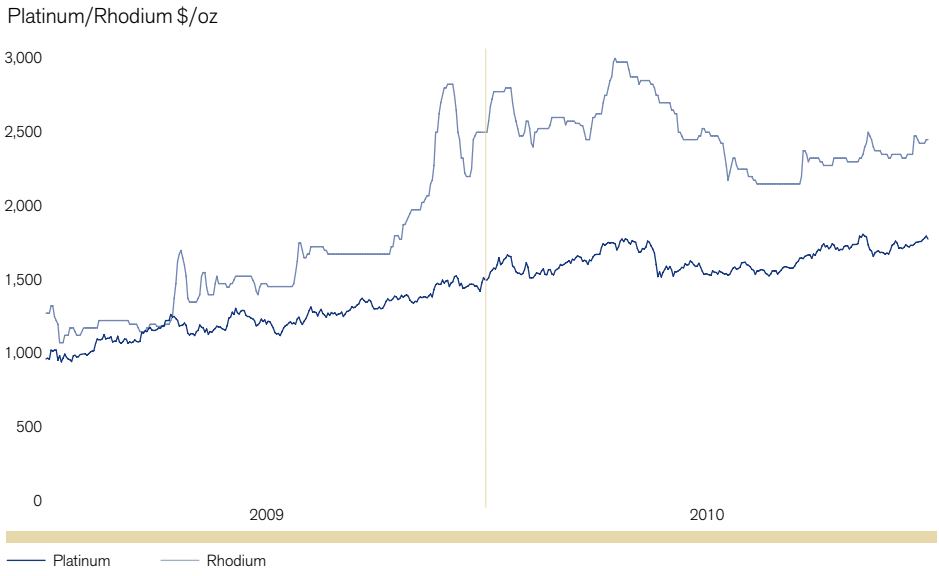
PGMs have a wide range of industrial and high technology applications. Demand for platinum is driven primarily by its use in autocatalysts to control emissions from both gasoline and diesel engine vehicles, and in jewellery. These uses are responsible for 70% of total net platinum consumption. Platinum, however, also has a large range of other applications, predominantly in the chemical, electrical, medical, glass and petroleum industries.

The platinum jewellery market requires constant promotion and development. Platinum is the major funder and supporter of the Platinum Guild International (PGI), which plays a key role in encouraging demand for platinum and in establishing new platinum jewellery markets. Since 2000, China has been the leading platinum jewellery market, followed by Europe, Japan and North America.

Industrial applications for platinum are driven by technology and, especially in the case of autocatalysts, by legislation. With the rapid spread of exhaust emissions legislation, more than 94% of new vehicles now have autocatalysts fitted. The intensifying stringency of emissions legislation will drive growth in PGM demand.

Palladium's principal application, accounting for about 45% of demand, is in autocatalysts. The metal is also used in electronic components, dental alloys and, more recently, has become an emerging jewellery metal in markets such as China. Palladium demand is expected to continue to increase in 2011, particularly given the volume of gasoline vehicles produced by emerging market countries such as China, India and Brazil.

PRICE OF PLATINUM GROUP METALS (2009 TO 2010)



Average 2009 realised platinum price $1,199/oz
Average 2009 realised rhodium price $1,509/oz

Average 2010 realised platinum price $1,611/oz
Average 2010 realised rhodium price $2,424/oz

Rhodium is an important metal in autocatalytic activity, which accounts for nearly 80% of net demand. Increased stocks of rhodium in the autocatalyst sector, coupled with increased supplies from South Africa, are likely to keep the market in surplus in the short to medium term.

STRATEGY AND GROWTH

Our objective is to maintain Platinum's position as the leading primary producer of platinum. We are doing so in two principal ways: first, through managing costs as a priority, by improving productivity, increasing efficiency and through the effective management of supply chain and procurement costs; secondly, through continuing to develop the market for PGMs and to expand production into that growth opportunity.

We expect the cost improvement trend achieved since 2008 at Platinum to be sustained during 2011, with unit cash costs per equivalent refined platinum ounce kept at around R11,700, the same level as in 2010. Productivity is expected to increase from 7.06 m^2 to an average of 7.3 m^2 for 2011.

Platinum's strategic plan, based on our current view that the market will be adequately supplied, should improve the company's cost position, taking it from the upper half to the lower half of the cost curve. Platinum is steadily improving the reliability of its production capability and entrenching cost management throughout the business as a long term and sustainable culture. This will help ensure that Platinum is well positioned to extract optimal value from its assets as the market recovery continues. At the same time, there will continue to be an unremitting focus on safety as the company pursues its zero harm objective.

Project capital spend is now directly related to our long term ounce requirements. This has led to a reduction in the rate of spend, and all previously deferred projects have been reviewed and are now incorporated into our growth for value strategy. Platinum aims to spend R8 billion ($1.16 billion) of capital, excluding capitalised interest.

Platinum is involved in developing mining activity for PGMs on the Great Dyke of Zimbabwe, the second largest repository of platinum after the Bushveld Complex. Unki mine was commissioned in 2010, and will ramp up to design capacity in 2013. We are focusing exploration work in Zimbabwe on new projects in the Great Dyke as well as establishing extensions to the Unki resource base for potential future projects.

FINANCIAL OVERVIEW

Platinum recorded an operating profit of $837 million, a significant increase, due to higher metal prices and successful cost control programmes, partly offset by a stronger rand and lower sales volumes, resulting from a shipment delay caused by the weather in Europe in late December 2010. Refined metal also became available after the last shipping date of the year, whereas 2009 sales volumes benefited from higher than usual stock levels at the beginning of the year.

Markets

The average dollar price achieved for platinum was $1,611 per ounce for the year, a 34% increase compared with $1,199 in 2009. The average prices achieved for palladium and rhodium sales for the year were $507 per ounce (2009: $257) and $2,424 per ounce (2009: $1,509) respectively. The average price achieved on nickel sales was $9.70 per pound (2009: $6.54). The overall basket price achieved for the year of $2,491 per platinum ounce sold compared with $1,715 achieved in 2009.

The PGM markets had a strong year in 2010, with significant recovery in demand from the autocatalyst and industrial markets, healthy demand from the jewellery sector and increasing investor interest in the platinum and palladium markets, primarily via Exchange Traded Funds (ETFs). Supply increases from the industry were largely delivered and, as a result, the platinum and palladium markets remained essentially in balance. The rhodium market saw a reduced surplus due to improved autocatalyst demand.

Platinum continued its commitment to the development of the PGM markets, working with industry partners and stakeholders in the maintenance of existing, and the development of new, industrial applications for the metals, while also maintaining the health of the jewellery markets.

Autocatalysts

Demand for platinum in autocatalysts had another year of solid recovery in 2010, as global production and sales of vehicles increased from lows of 59 million and 66 million vehicles in 2009 to reach 73 million and 71 million respectively. In particular, vehicle sales in the BRIC countries saw strong

growth year on year, with Chinese production of light duty vehicles surpassing that of the traditionally largest market, the US, at close to 16 million. In Europe, the diesel proportion of sales rebounded to 50% in 2010 after declining to 47% in 2009, driven mainly by increased fleet sales. US vehicle inventories returned to historical averages in 2010 and reached 67 days in December 2010, compared with an average of 62 days in 2009 and a high of 118 days in February 2008.

Industrial
Demand from the industrial sector continued to recover from 2009 lows, with capacity utilisation rates in the chemical and petroleum sectors having improved and all major indices seeing significant recovery. New capacity build in the glass sector contributed strongly to this recovery.

Jewellery
Despite the increase in the platinum price over the year, the jewellery market remained resilient and achieved approximately 1.5 million ounces of new metal demand in 2010. This represents a 40% decline compared with the record demand seen in 2009 when inventory rebuilding took place.

Investment
2010 started with strong investor inflows into the platinum and palladium ETFs, particularly into the new ETFs launched in the US. By the end of the year, the aggregate holdings in the platinum ETFs were a record 1.23 million ounces, with a record 2.21 million ounces being held across the palladium ETFs. The investment sector is now firmly established as a key source of demand for PGMs, making up 10% and 15% of platinum and palladium 2010 demand respectively.

Operating performance

Platinum performed strongly in 2010, achieving its goals of further improving its safety record, producing more than 2.5 million ounces of refined platinum, controlling cash operating cost growth below inflation, increasing employee productivity to more than 7 m^2 per month per operating employee, strengthening its balance sheet via a successful R12.5 billion ($1.6 billion) rights issue and spending capital of $1 billion. The focus on and delivery of targets across all of these areas resulted in the resumption of dividend payments and contributed to Platinum's ultimate operating strategy of delivering 'Safe, Profitable Platinum'.

Safety
Platinum's LTIFR of 1.17 for 2010 improved by 14.6% and was a record for the business. Consistent improvement is being seen in many parts of the business – many of Platinum's mines operated for over 3.5 million shifts without a fatality and the number of injury free operations continues to increase. Sadly, eight employees lost their lives at Platinum's managed operations during the year.

Production
Refined platinum production increased by 5% to 2.57 million ounces, exceeding the company's target of 2.5 million ounces. Equivalent refined platinum production (equivalent ounces are mined ounces expressed as refined ounces) from the mines managed by Platinum and its joint venture partners was 2.48 million ounces, an increase of 0.8% compared with 2009. Sales of refined platinum for the year were 2.52 million ounces, compared with 2.57 million ounces in 2009.

Costs
Costs continued to be managed tightly, with cash operating costs per equivalent refined platinum ounce of R11,730 ($1,603), an increase of 4.4%, or flat in real terms. Cost increases were curbed primarily through a 12% increase in productivity to 7.06 m^2 per month per operating employee, exceeding the target of 7 m^2. This was offset by a decline in grades of 3% to a 4E built-up head grade of 3.23 g/t, an average rise in wages of 8.7% and an increase in electricity tariffs of 26.4%.

Overall headcount was reduced to 54,022 at the end of the year, from 58,320 at the end of 2009.

Projects

Capital expenditure amounted to $1,011 million, a 12% decrease, with $511 million spent on projects and $500 million on stay-in-business capital.

The concentrator at the Unki project in Zimbabwe was formally commissioned during the fourth quarter of 2010. First production of refined metal from the mine is expected during the first quarter of 2011. At full capacity, Unki will supply 70 kozpa of refined platinum, a run rate expected to be reached in 2013.

The Mogalakwena North project reached steady state during the third quarter of 2010 (annual steady state 2011) and through optimisation projects will continuously produce 600 ktpm of ore.

Dishaba East Upper project implementation commenced in 2007 and is on schedule to reach steady state production of 100,000 platinum ounces per annum by 2012.

Outlook

2011 is expected to be a strong year for Platinum, building on the momentum established in improving the safety of all employees, and increasing production to 2.6 million ounces of refined and equivalent refined platinum to meet expected solid demand. Costs will continue to be closely managed in order to keep them around 2010 levels, delivering further productivity improvements, and investing $1.16 billion of capital to ensure the company's future production growth profile.

The platinum market is expected to remain in balance in 2011 due to continued strength from autocatalyst and industrial demand, resilient jewellery markets and continued investor interest. An increase in supply levels is also expected. In such an environment, the platinum price is expected to average at least $1,800 per ounce. Palladium's price strength is expected to continue as that market moves further into deficit due to the strength of autocatalyst and investor demand and a reduction in supplies to the market.

Light vehicle sales in 2011 are expected to increase to 75 million, underpinning further demand for PGMs for autocatalysts, particularly in China and India.

At expected higher platinum prices, demand for jewellery is expected to plateau in 2011, but new sources of demand, such as the Indian market, are being pursued and should start to add to demand in the medium term. Industrial demand for PGMs should increase further in the year due to strong consumer demand for end products.

DIAMONDS

Stuart Brown
Joint acting CEO – De Beers

Bruce Cleaver
Joint acting CEO – De Beers

WORLD'S LEADING DIAMOND BUSINESS
No.1

CARATS EXPECTED TO BE PRODUCED IN 2011
38 m

MINE LIFE EXTENDED AT JWANENG, THE WORLD'S FLAGSHIP DIAMOND MINE, TO
2025

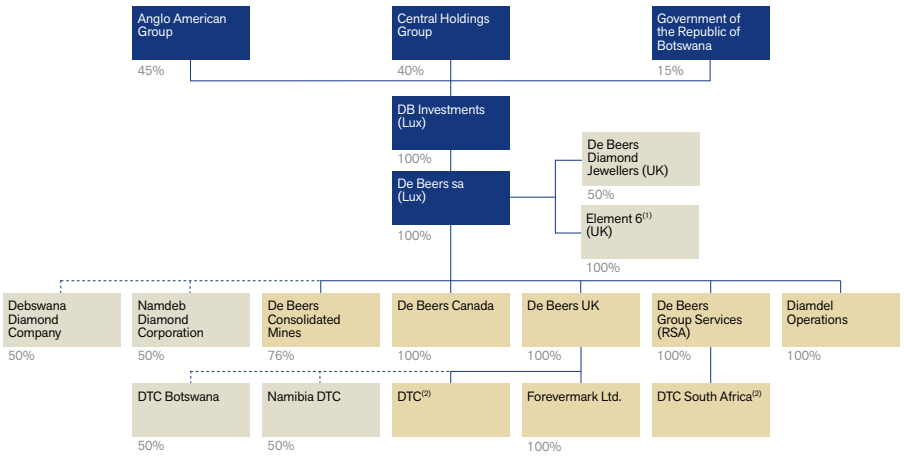
FINANCIAL HIGHLIGHTS

US$ million (unless otherwise stated)	2010	2009
Operating profit	**495**	64
EBITDA	**666**	215
Share of Group operating profit	**5%**	1%
Group's associate investment in De Beers[1]	**1,936**	1,353

[1] Excludes shareholder loans of $358 million and preference shares of nil (2009: $367 million and $88 million respectively)

Sorters at DTC Botswana, the largest and most sophisticated diamond sorting operation in the world.

DE BEERS OWNERSHIP STRUCTURE

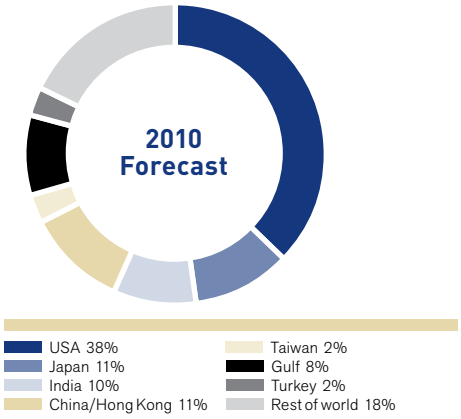


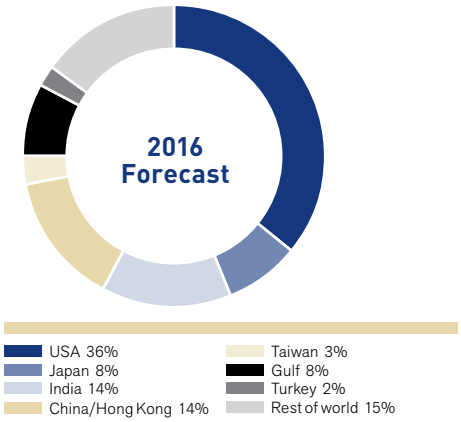
De Beers sa and shareholder
Owned and controlled subsidiaries and divisions
Joint ventures and independently managed subsidiaries

[1] Non-abrasives – 100%, abrasives – 59%
[2] Marked entries are divisions rather than subsidiaries

CONSUMER DEMAND FORECASTS

(US$ Polished wholesale prices)





Note: China, Hong Kong, Taiwan, India and Gulf expected to account for approximately 40% of consumer demand by 2016

OPERATING PROFIT

(2009: $64 m)

$495 m

SHARE OF GROUP OPERATING PROFIT

(2009: 1%)

5%

EBITDA

(2009: $215 m)

$666 m

BUSINESS OVERVIEW

Anglo American's diamond interests are represented by our 45% shareholding in De Beers. The other shareholders in De Beers are Central Holdings Ltd (an Oppenheimer family owned company), which owns 40%, and the Government of the Republic of Botswana (GRB) with 15%.

De Beers is the world's leading diamond business and with its joint venture partners operates in more than 20 countries across six continents, employing around 16,000 people. The company produces around 35% of the world's rough diamonds by value from its mines in Botswana, Canada, Namibia and South Africa.

De Beers holds a 50% interest in Debswana Diamond Company and in Namdeb Diamond Corporation, owned jointly with the GRB and the Government of the Republic of Namibia (GRN) respectively, and a 70% shareholding in De Beers Marine Namibia.

In addition, De Beers has a 74% shareholding in South African based De Beers Consolidated Mines Limited, with a broad based black economic empowerment consortium (the Ponahalo group) holding the balance.

De Beers owns 100% of The Diamond Trading Company (DTC), the sales and rough diamond distribution arm of De Beers. It also has a 50% interest with the GRB in DTC Botswana and a 50% ownership, along with the GRN's matching shareholding, in Namibia DTC.

De Beers and LVMH Moët Hennessy Louis Vuitton have established a high-end retail jewellery joint venture, through De Beers Diamond Jewellers, with stores in the most fashionable areas of some of the world's great cities, including New York, Los Angeles, London, Paris, Tokyo and Dubai.

De Beers, through Element Six, is the world's leading supplier of industrial diamond supermaterials. Element Six operates internationally, with 10 manufacturing sites worldwide and a comprehensive global sales network. It is the leading player in the markets in which it operates.

INDUSTRY OVERVIEW

Up to two-thirds of the world's diamonds by value originate from southern and central Africa, while significant sources have been discovered in Russia, Australia and Canada. Most diamonds come from the mining of kimberlite deposits. Another important source of gem diamonds, however, has been secondary alluvial deposits formed by the weathering of primary kimberlites and the subsequent deposition of released diamonds in rivers and beach gravels.

Rough or uncut diamonds are broadly classified either as gem or industrial quality, with gem being overwhelmingly (>99%) the larger of the two markets by value. The primary world market for gem diamonds is in retail jewellery, where aspects such as size, colour, shape and clarity have a large impact on valuation. De Beers, through the DTC, and its partners in Botswana, South Africa and Namibia, supplies its clients – known as 'Sightholders' – with parcels of rough diamonds that are specifically aligned to their respective cutting and polishing needs.

STRATEGY AND GROWTH

De Beers introduced Five Strategic Levers in 2010 to drive business growth while permanently capturing the efficiencies gained during the global economic crisis. The company is focused on:

1. Sustainably maximising the price received for its rough diamonds through its distribution system
2. Finding, operating, optimising and investing in those mines that generate superior risk adjusted returns
3. Retaining and investing in downstream opportunities that ensure real value creation
4. Ensuring 2009 cost and capital efficiencies become entrenched
5. Investing in and protecting De Beers' reputation and diamond equity.

In February 2010, the shareholders of De Beers agreed, as part of the De Beers group's refinancing, that additional equity was required by De Beers. The shareholders, accordingly, all agreed to subscribe, in proportion to their current shareholding, for $1 billion of additional equity in De Beers. Our share of such additional equity, in line with our 45% equity holding, amounted to $450 million.

In March 2010, De Beers successfully refinanced all of its international and South African debt. The tenor of all debt facilities was extended to August 2013. At the end of 2010, net debt amounted to $1.76 billion compared with $3.20 billion at the end of 2009, a reduction of 45%.

FINANCIAL OVERVIEW

Anglo American's share of operating profit from De Beers increased significantly to $495 million. DTC sales of rough diamonds totalled $5.08 billion, a 57% increase (2009: $3.23 billion), due to improved consumer demand and better prices during 2010.

Markets

The first half of 2010 saw a strong recovery in demand for rough diamonds from DTC Sightholders against the low levels seen in early 2009. This recovery trend continued through the second half of the year following improved demand from retail markets, particularly in the eastern markets of India and China. By the end of 2010, DTC rough diamond prices had returned to pre-recession levels.

Since launching two years ago, De Beers' proprietary diamond brand, Forevermark, has continued to establish itself in China, Hong Kong and Japan. Forevermark jewellery is now available in 348 stores globally, a 40% increase on the beginning of 2009. Expansion, particularly across China, is progressing rapidly with five new cities added in 2010 and further locations planned for 2011.

Operating performance

Revenue from sales of rough diamonds by the DTC, including those through joint ventures, increased by 57% compared with 2009, in response to increased consumer demand. Approximately 33.0 million carats were recovered from wholly owned and joint venture operations in 2010, compared with around 24.6 million carats in 2009, an increase of 34%.

The business has remained focused on prudent cash management and has continued to tackle costs aggressively. While costs necessarily rose due to increased production levels, exacerbated by a weaker US dollar, De Beers was able to maintain savings from the restructuring of the cost base in 2009, contributing to improved margins. In Botswana, Debswana commenced a comprehensive operations and cost review that identified many efficiency improvement opportunities which will be delivered over the next three years.

De Beers has an uncompromising focus on the safety of its employees and the security of its product. Regrettably, Debswana experienced a fatality late in the year, and De Beers' 2010 LTIFR was 0.24 versus 0.21 for 2009. This deteriorating trend is being addressed through the continued roll-out of the Safety Risk Management Programme (SRMP).

In 2010, a review of the impact of the illicit diamond trade on De Beers demonstrated that there were a number of criminal syndicates behind the systematic theft of product from the operations. This resulted in the development of a new Global Security Strategy, which called for an organisational restructuring, with security specialists being recruited to both the centre and operations. A baseline of security control effectiveness for each operation was also established, forming the basis for improvement targets. Going forward, De Beers will be driving a loss prevention programme as a key pillar to improve product security.

Projects

Debswana commenced the Cut-8 expansion project at Jwaneng mine during 2010. Cut-8 represents the largest ever mining investment in Botswana and is expected to extend the life of mine to at least 2025.

De Beers continued to take an active leadership role in protecting consumers' confidence in diamonds. As it has done since its inception, De Beers continued to support the Kimberley Process, offering guidance to DTC Sightholders on the identification of potentially illegal and unethical exports from Zimbabwe's Marange region. De Beers continued to support increased producer country participation in the diamond pipeline, a key element of further empowerment. The 2010 De Beers Shining Light Awards, focused on promoting young, undiscovered designers in southern Africa, was the largest to date, comprising 30 pieces of diamond jewellery from Botswana, Namibia and South Africa.

Outlook

The near term market outlook has been improved by the strengthening demand for rough diamonds throughout 2010 and the robust retail performance during the year end gifting season, which extended from the traditional Thanksgiving and Christmas period, to cover Diwali and the Chinese New Year, reflecting increasing growth in eastern markets. It is likely that some of the price and volume increases were driven by retailer restocking and the business therefore expects 2011 to produce positive growth, albeit at a slower rate than 2010. While starting from a low level, growth is expected to continue to be strong in the emerging markets of China, India and other Far East markets. Production of approximately 38 million carats is expected in 2011, reflecting increasing demand from Sightholders and growing consumer demand.

Mining engineer for Cut-8, Thabo Moepi (left) and operator Peter Segatlhe in the Jwaneng open pit.

JWANENG'S SUPERPIT

Work is already under way to extend the life of Jwaneng, the world's richest diamond mine.

At Jwaneng, the existing mining operation is expected to have depleted ore by 2017, at which time the mine would have effectively closed down. In 2009, however, Debswana's shareholders agreed to fund a stay-in-business $3 billion project, named Cut-8, to extend the mine's life to at least 2025.

The extension is a huge undertaking as the amount of overburden to be removed to expose the same quantity of diamonds as is being mined at present is almost three times the current 40 million tonnes per annum. During this operation, which is due to take six years until 2016, around 658 million tonnes of waste material will be removed – with the open pit almost doubling in depth from 330 metres to 624 metres.

By 2017, approximately 91 million tonnes of ore will be available for processing, and the mine will be able to maintain a minimum flow of 10 million tonnes of ore a year through its treatment plant. During its seven-year extended life, this is expected to yield a further 100 million carats of mainly high quality diamonds. Cut-8 represents the largest single investment in Botswana's mining industry, boosting the country's standing as one of the most successful African states in transforming its natural resource endowment into a more prosperous and sustainable future for all of its people.

COPPER

John MacKenzie
CEO

INCREASE IN RESERVES AND RESOURCES ANNOUNCED AT COLLAHUASI IN 2010
>40%

GROUP ATTRIBUTABLE COPPER PRODUCTION BY 2012
>900 ktpa

LOS BRONCES EXPECTED MINE LIFE
>30 years

FINANCIAL HIGHLIGHTS

US$ million (unless otherwise stated)	2010	2009
Operating profit	**2,817**	2,010
EBITDA	**3,086**	2,254
Net operating assets	**6,291**	4,763
Capital expenditure	**1,530**	1,123
Share of Group operating profit	**29%**	41%
Share of Group net operating assets	**14%**	12%

Copper being leached in the tankhouse of the Los Bronces processing plant.

GROUP STRATEGY ACTIONS

Investing – in world class assets in the most attractive commodities
Our Los Bronces expansion is on track to deliver first production in the final quarter of 2011, raising our total attributable copper output to over 900 ktpa by 2012, while substantial increases to our reserves and resources base have recently been announced.

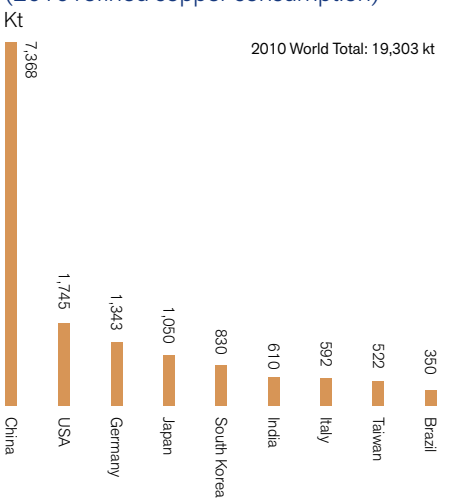
Organising – efficiently and effectively
Our asset optimisation and procurement initiatives continued to deliver significant benefits during a year in which unit operating costs were impacted adversely by a range of climbing input costs and an appreciating Chilean currency.

Operating – safely, sustainably and responsibly
Our Chagres smelter excelled in the Chilean mine safety awards, taking second place in the prestigious John T. Ryan award for safety in the workplace.

Employing – the best people
The development of talent remains a priority and we are working closely with The People Development Way to recruit, retain and develop the skills needed to stay in the forefront of the world's top copper businesses.

LEADING COPPER CONSUMERS

(2010 refined copper consumption)



Source: Brook Hunt – a Wood Mackenzie company

OPERATING PROFIT

(2009: $2,010 m)

$2,817 m

SHARE OF GROUP OPERATING PROFIT

(2009: 41%)

29%

EBITDA

(2009: $2,254 m)

$3,086 m

BUSINESS OVERVIEW

We have interests in six copper operations in Chile. The wholly owned operations comprise the Los Bronces, El Soldado, Mantos Blancos and Mantoverde mines as well as the Chagres smelter; while we have a 44% interest in the Collahuasi mine (where the other shareholders are Xstrata with 44%, and a Mitsui consortium holding the balance of 12%). The mines also produce associated by-products such as molybdenum and silver. In addition, we have interests in two projects in Peru (a controlling interest in Quellaveco and Michiquillay) and a 50% interest in the Pebble project in Alaska.

INDUSTRY OVERVIEW

Copper's principal use is in the wire and cable markets because of the metal's electrical conductivity and corrosion resistance. Applications that make use of copper's electrical conductivity, such as wire (including wiring used in buildings), cables and electrical connectors, make up around 60% of total demand. Copper's corrosion-resistant qualities find numerous applications, particularly plumbing pipe and roof sheeting, in the construction industry, which accounts for a further 20% of demand. Copper's thermal conductivity also makes it suitable for use in heat transfer applications such as air conditioning and refrigeration, which constitute some 10% of total demand. Other applications include structural and aesthetic uses.

Copper mining is an attractive industry, with moderate concentration of customers and suppliers, and relatively good average profitability over the long term. Producers are price takers; hence, opportunities for product differentiation are limited, either at the concentrate or metal level. Access to quality orebodies should continue to be the key factor distinguishing project returns and mine profitability.

With no fundamental technological shifts expected in the short to medium term, forecast long term demand is likely to be underpinned by robust growth in copper's electrical uses, particularly wire and cable in construction, automobiles and electricity infrastructure. The key growth area will continue to be the developing world, led by China and, in the longer term, India, where industrialisation and urbanisation on a huge scale continue to propel copper demand growth, and where copper consumption per capita remains well below that of the advanced economies.

What has really distinguished copper in recent times – as reflected in its strong price performance – has been its underperformance on the supply side, which is supporting more robust fundamentals for the metal. Copper mine output has suffered disproportionately from a range of constraints on output, including a long term decline in ore grades, slow ramp-ups at new projects, strikes, technical failures and adverse weather.

Constraints on the supply side are likely to prove a structural feature of the market, driven by continuing declines in ore grades at maturing existing operations and new projects, a lack of capital investment and under-exploration in the industry, as well as political and environmental challenges in new copper areas. The industry is capital intensive and is likely to become more so as high grade surface deposits are exhausted and deeper and/or lower grade deposits are developed, requiring greater economies of scale in order to be commercially viable. Scarcity of water in some geographies, for example in Chile and Peru, is also enforcing the construction of capital- and energy-intensive desalination plants.

During the period 2000-2008, China increased its share of first-use refined metal consumption from 12% to an estimated 28%. The figure then leapt to 38% in 2009 as demand elsewhere fell sharply, while China's consumption continued to increase strongly. Through 2010, prices trended higher as demand picked up, supply remained constrained, visible inventories continued to decline and the dollar weakened. Anticipation of physically backed copper Exchange Traded Funds (ETFs) is further fuelling the bullish consensus surrounding copper.

STRATEGY AND GROWTH

Our Los Bronces Development project is on track to deliver first production in the final quarter of 2011, raising our total attributable copper production to more than 900 ktpa by 2012. Additional growth in the short to medium term will come from the Quellaveco project in Peru, and from Collahuasi, where studies are in progress into further expansion following the announcement of a more than 40% increase in reserves and resources. We are continuing work on evaluating the development options for the resources acquired in 2007 at Michiquillay in Peru and Pebble in Alaska, with pre-feasibility studies under way in both projects in 2011.

In Chile, we are conducting extensive exploration around the two high quality copper prospects near Los Bronces at Los Sulfatos and San Enrique Monolito. Supplementing these, in October 2010, we announced a mineral resource estimate of 750 Mt for the West Wall project in Chile's Valparaíso region, in which Anglo American and Xstrata Copper each have a 50% interest.

FINANCIAL OVERVIEW

Copper generated an operating profit of $2,817 million, an increase of 40%, mainly due to record copper prices, coupled with higher molybdenum revenues related to both higher prices and sales. This was partly offset by higher unit costs driven by increased power costs and a strengthening in the peso, lower sales volumes reflecting lower production and shipping constraints following the failure of a shiploader at Patache port in December, and an increase in project evaluation expenditure in both Chile and Peru.

Markets

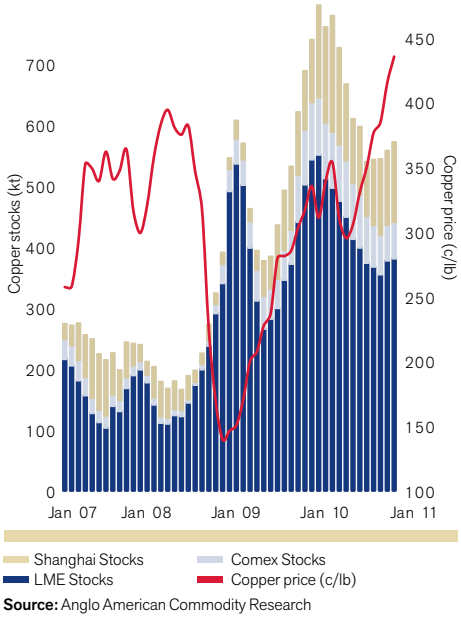
Average price	2010	2009
Average price (LME cash, c/lb)	**342**	234
Average realised price (c/lb)	**355**	269

Plant operators Mario Saez and Hector Cardenas at the sulphide plant at Mantos Blancos.

Copper prices increased significantly during 2010, particularly during the second half of the year, as demand picked up in the OECD countries and remained relatively robust in China, while supply continued to be constrained, visible inventories fell and the dollar weakened. The emergence of physically backed copper ETFs further fuelled the bullish consensus views.

The LME copper cash price ended 2010 at a (nominal) record of 442 c/lb, a 33% increase over the prior year closing price. The 2010 average price of 342 c/lb represented a 46% increase compared with the previous year. The average realised price for the year was 355 c/lb, 32% higher than for 2009. The lower percentage increase in the realised price versus the average price reflects the lower level of provisional price adjustments in 2010 compared with 2009.

COPPER STOCKS AND PRICE



Source: Anglo American Commodity Research

Operating performance

Attributable production (tonnes)	2010	2009
Copper	**623,300**	669,800

Total copper production of 623,300 tonnes was 7% lower than for the prior year, which with the exception of Collahuasi, was in line with expectations.

Los Bronces' production of 221,400 tonnes was 7% lower than 2009's record production, principally due to, as forecast, lower throughput as a result of harder ore and lower grades. The earthquake in February 2010 also had a small negative impact on production levels due to power outages and the need to realign a SAG mill. Recoveries were marginally higher than the prior year.

Collahuasi attributable production at 221,800 tonnes was 6% lower than the record level achieved in 2009. In addition to lower grades, production was also impacted by an illegal contractor strike in May, which had a negative impact of 5,000 tonnes, a 33-day strike in November during wage negotiations with employees which reduced production by a further 5,000 tonnes, and a number of smaller negative impacts on production relating to unscheduled outages in the concentrator plant. These were partly offset by targeted improvements and debottlenecking, which significantly improved throughput at the concentrator plant. In December 2010, a catastrophic failure occurred in the shiploader at Collahuasi's Patache port. Collahuasi is currently implementing a contingency plan to ship copper out of alternative ports in Arica, Iquique and Antofagasta during the first quarter of 2011 whilst repairs are being carried out. The incident reduced Anglo American's share of December sales by approximately 8,800 tonnes of copper but did not impact production.

Mantos Blancos' production of 78,600 tonnes was 13% lower, principally due to there being no purchases of third party solutions (from which the prior year had benefited), expected lower grades and the impact of a conveyor failure in the first quarter. At El Soldado, production of 40,400 tonnes was 2% lower. The impact of mining lower grade ore and recovering low grade stockpiles was mostly offset by additional copper recovered from processing slag from the Chagres smelter. Production at both Mantoverde and the Chagres smelter were in line with 2009.

Higher power, labour, contractor, spares and fuel costs, coupled with a stronger peso and lower production levels, adversely impacted unit operating costs, although their impact was partly offset by higher by-product revenues, lower sulphuric acid prices and lower TC/RCs, in addition to benefits generated by asset optimisation and procurement initiatives.

Projects

The Los Bronces expansion project is on schedule for first production in the fourth quarter of 2011. Production at Los Bronces is scheduled to increase to 490 ktpa over the first three years of full production following project completion and to average 400 ktpa over the first 10 years. At peak production levels, Los Bronces is expected to be the fifth largest producing copper mine in the world, with highly attractive cash operating costs, and reserves and resources that support a mine life of over 30 years, with further expansion potential. Also within the Los Bronces district, work continues on the exploration tunnel being constructed. The tunnel will provide underground drilling access to explore and define the resources at the Los Sulfatos discovery.

At Collahuasi, the expansion project to increase sulphide processing capacity to 150,000 tonnes of ore per day is scheduled to be commissioned in the second half of 2011. In July 2010, Collahuasi announced the increase of its copper reserves and resources by 40%, or by more than 2 billion tonnes, to 7.1 billion tonnes at 0.82% copper. A concept study to evaluate the next phases of expansion at Collahuasi, to ultimately increase production to at least 1 Mt of copper per annum, is expected to be completed in the first quarter of 2011.

Studies continue at both Mantos Blancos and Mantoverde to evaluate further extensions to the lives of the operations. During 2010, the life of Mantos Blancos was extended by five years to 2020, and Mantoverde by two years to 2016.

In Peru, the feasibility study for the Quellaveco project is complete. It is the intention to submit the project for Board approval during 2011 once the necessary water permits have been awarded. Some early works activity is under way in order to maintain the project completion date of late 2014.

Also in Peru, early-stage work continues at the Michiquillay project. The drilling relating to the geological exploration programme will restart once certain social agreement issues under discussion with the local communities have been resolved. It is currently envisaged that the project will move to the pre-feasibility stage once drilling analysis and orebody modelling have been satisfactorily completed.

Activity at the Pebble project in Alaska continued during 2010, with the focus on engineering work to advance towards a pre-feasibility study, further environmental study work towards completion of an environmental baseline document, and additional geological exploration drilling. The project's pre-feasibility study is expected to be completed in 2012.

Outlook

Copper production is expected to increase during 2011, with the start-up of production from the expansion project at Los Bronces in the fourth quarter of 2011, together with improvements in plant throughput, and at El Soldado due to a significant grade improvement as the development phase of the open pit mine nears completion. A further step change in production will be seen in 2012, when the Los Bronces expansion project reaches full capacity, delivering the targeted economies of scale, driving unit costs down the industry cost curve and offsetting upward cost pressures expected to continue in 2011.

The short to medium term outlook for the copper price is robust, underpinned by healthy demand growth, in particular from China and other industrialising countries, and insufficient copper supply from existing mines and planned projects. Such conditions are expected to lead to a period of metal market deficits and dwindling inventories, exacerbated by the emergence of physically backed ETFs. Copper is also expected to benefit from continued investor interest in commodities as a new asset class. While some further price-induced substitution is expected to occur, this is not expected to be significant enough to undermine the other positives, certainly over the medium term.

NICKEL

Walter De Simoni
CEO

CONTAINED NICKEL AT JACARÉ
3.7 Mt

AVERAGE NICKEL PRODUCTION OVER FIRST FIVE YEARS AT BARRO ALTO
41 ktpa

FIRST PRODUCTION FROM BARRO ALTO
Q1 2011

For more information on the ARNi project
turn to page 39

FINANCIAL HIGHLIGHTS

US$ million (unless otherwise stated)	2010	2009
Operating profit	**96**	2
EBITDA	**122**	28
Net operating assets	**2,334**	1,787
Capital expenditure	**525**	554
Share of Group operating profit	**1%**	0.04%
Share of Group net operating assets	**5%**	5%

Administrative assistant Jose Carlos de Lima checks nickel inventories at Codemin's warehouse in Brazil.

GROUP STRATEGY ACTIONS

Investing – in world class assets in the most attractive commodities
Barro Alto will more than double our Nickel business' production, at a highly competitive cost; beyond that, our Jacaré and Morro Sem Boné projects have the potential to make Anglo American a significant and growing player in the global nickel market.

Organising – efficiently and effectively
Our recent reorganisation has brought increased efficiencies through a more streamlined reporting structure with greater management responsibilities at the business unit and operation levels.

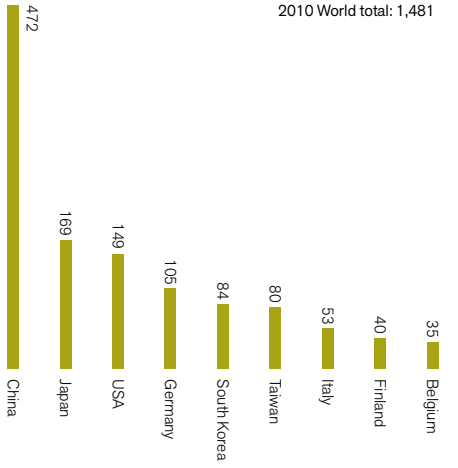
Operating – safely, sustainably and responsibly
Nickel had an improved year on year safety performance in 2010, with an LTIFR of 0.07 versus 0.14 in 2009. At Barro Alto, Nickel has worked closely with government and NGOs in the area of enterprise development to build lasting capacity for self-sustainability in surrounding communities.

Employing – the best people
Nickel is committed to developing a local workforce and more than 75% of Barro Alto's operational team has been recruited from the communities around the project.

LEADING NICKEL CONSUMERS

(2010 refined consumption)

Kt Ni contained



Source: Brook Hunt – a Wood Mackenzie company

OPERATING PROFIT

(2009: $2 m)

$96 m

SHARE OF GROUP OPERATING PROFIT

(2009: 0.04%)

1%

EBITDA

(2009: $28 m)

$122 m

BUSINESS OVERVIEW

Nickel has two operating assets, Codemin in Brazil and Loma de Níquel in Venezuela, both producing ferronickel, as well as the world class Barro Alto project in Brazil, which is expected to enter production in early 2011 and will more than double the business unit's production, adding an average of 36 kt of nickel per year. Within the business unit's portfolio there are also two promising unapproved projects, Jacaré and Morro Sem Boné, both in Brazil, and early-stage exploration projects in Finland, Canada and Australia.

INDUSTRY OVERVIEW

Nickel can occur as two main deposits: sulphides that are found underground and laterites that can be mined by open pit methods. Sulphides contain a significant number of by-products such as gold, silver, copper and PGMs, which typically generate processing credits.

Nickel's main use is as an alloying metal, along with chromium and other metals, in the production of stainless and heat resistant steel. Approximately 66% of nickel is used to manufacture stainless steel and around 25% in other steel and non-ferrous alloys. Primary nickel is used in the form of pure nickel metal, ferronickel, nickel oxide and other chemicals. The steel industry is also supplied by recycled nickel and, in a more recent development, by nickel pig iron (NPI) in China. However, NPI production, which is a highly energy intensive process, decreased in 2010 due to the initiatives implemented by the Chinese government in order to save energy.

The industry is highly cyclical. World stainless steel production increased by nearly 21% in 2010, albeit from a very low base, its strongest growth since 1995. Nickel consumption has risen from about 1.12 Mt in 2000 to about 1.48 Mt in 2010, a compound average growth rate of 2.8% per annum, reflecting an increase in the pace of industrialisation and urbanisation programmes in developing nations.

The nickel market experienced its best year in recent years in 2007 when the average price was $16.86/lb compared with $11.02/lb in 2006 and $6.68/lb in 2005. It has subsequently fallen back and ended 2010 at $11.32/lb.

STRATEGY AND GROWTH

Nickel aims to become a major low cost producer by managing efficiently its existing assets, extracting value with asset optimisation initiatives. In the mid- to long term the business unit will grow organically, maximising value from greenfield projects and looking for brownfield opportunities.

The business evaluates inorganic growth options and acquisitions as well as technology development through Anglo American's ARNi (Anglo Research Nickel) section. ARNi is developing a hydrometallurgical process, which could provide the business with a strong competitive advantage.

Significant future growth will come from the Barro Alto project, which began its ramp-up in early 2011, and will make Anglo American a growing player in the nickel market and one that is well positioned on the lower half of the industry cost curve.

FINANCIAL OVERVIEW

Nickel generated an operating profit of $96 million, following a year of much improved nickel prices. Nickel's operating profit was net of $11 million of costs relating to development of the unapproved project pipeline, a $10 million increase compared with 2009.

Markets

Average nickel price (c/lb)	2010	2009
Average market price (LME, cash)	**989**	667
Average realised price	**986**	668

The average nickel price was 48% higher than in 2009, underpinned by strong stainless steel demand. Global nickel consumption increased by 12% to 1.48 Mt in 2010, while supply remained constrained owing to strike action and delays to new projects experienced by a number of producers.

From a low of $7.73/lb during February 2010, prices rose sharply to a high for the year of $12.52/lb in April as a result of improved underlying fundamentals and stainless steel restocking. Prices retreated to $8.14/lb in June amid concerns over the impact of the European debt crises, but rebounded during the fourth quarter, ending the year at $11.32/lb.

LME stocks decreased by 18% from a high of 166,000 tonnes at the beginning of February to 136,000 tonnes at the end of December, indicative of underlying physical demand for nickel.

Operating performance

Attributable production (tonnes)	2010	2009
Nickel	**20,200**	19,900

Nickel production increased by 2% to 20,200 tonnes in 2010 primarily owing to improved production levels at Loma de Níquel. Overall unit costs were 7% above 2009.

Loma de Níquel produced 11,700 tonnes of nickel, an increase of 13% compared with 2009, when production was impacted by the non-renewal in January of the environmental permit to dispose of smelter slag and by a metal run-out in May from the operation's No. 2 electric furnace, which halted production for the rest of that year. Despite resuming operations at the rebuilt furnace in March 2010, production was severely impacted until August by electricity rationing imposed by the Venezuelan government, resulting in approximately 2,400 tonnes of lost output.

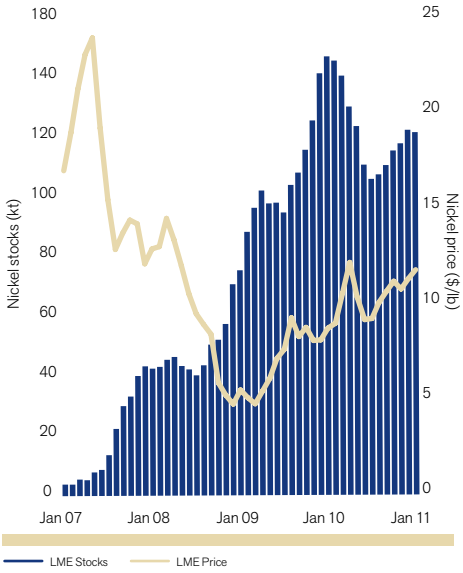
Loma de Níquel's unit operating costs at $5.83/lb were 12% lower than in 2009. The principal factors in the reduction were the higher volume of output and the 50% devaluation of the Venezuelan bolivar, partly offset by high local inflation.

Due to uncertainty over the renewal of three mining concessions, which have not been cancelled but which will expire in 2012, and over the renewal of 13 concessions that were cancelled in 2008, an accelerated depreciation charge of $73 million has been recorded against Loma de Níquel mining properties. This has been recognised as an operating special item. Refer to note 5 in the Financial statements.

Year on year production at Codemin decreased by 11%, or 1,000 tonnes, primarily due to the planned relining of a furnace in the last quarter of the year. Production was also negatively affected by lower grade. Unit operating costs were higher than in 2009, principally due to a stronger Brazilian real and the impact of planned maintenance.

Laboratory technician Luciana Batista Rocha conducts tests on nickel in the laboratory at Codemin.

NICKEL STOCKS AND PRICES



Source: Anglo American Commodity Research

Projects

The Barro Alto project ended the year at 99% complete, remaining on schedule to deliver first production in the first quarter of 2011.

This project makes use of a proven technology and will produce an average of 36 ktpa of nickel in ferronickel at full production, averaging 41 ktpa over the first five years, with a competitive cost position.

The Nickel business' unapproved project pipeline has the potential to increase production by an additional 66 ktpa, with further upside potential, leveraging the Group's considerable nickel laterite technical expertise. Jacaré, with Mineral Resources of 3.7 Mt of contained nickel, was the largest nickel discovery in the last decade and has the potential to significantly strengthen Anglo American's position in the worldwide nickel market.

Outlook

Nickel's production is forecast to more than double in 2011 as the Barro Alto project ramps up. Codemin production is expected to normalise, with no significant maintenance planned, and production at Loma de Níquel should benefit from a more stable power supply and a full year with both furnaces.

The long term outlook for nickel is positive, underpinned by stainless steel demand driven by growth and urbanisation rates in emerging economies. In the short to mid-term, nickel prices will be heavily influenced by the successful delivery of new projects, some of which use an unproven processing technology, as well as the introduction to the market of physically backed ETFs.

Installation of two 185 metre-long rotary kilns at Barro Alto. Ore is heated at very high temperatures in kilns in a process known as calcining, which removes moisture and water crystallisation from ore and starts the metallurgical process, pre-reducing the ore before feeding it to an electric-arc furnace for smelting.

IRON ORE AND MANGANESE

Chris Griffith
CEO Kumba Iron Ore

Stephan Weber
CEO Iron Ore Brazil

FINANCIAL HIGHLIGHTS

US$ million (unless otherwise stated)	2010	2009
Operating profit	**3,681**	1,489
Kumba Iron Ore	**3,396**	1,487
Iron Ore Brazil	**(97)**	(141)
Samancor	**382**	143
EBITDA	**3,856**	1,593
Net operating assets	**11,701**	10,370
Capital expenditure	**1,195**	1,140
Share of Group operating profit	**38%**	30%
Share of Group net operating assets	**27%**	27%

MINAS-RIO'S RESOURCE ESTIMATE
5.3 billion tonnes

2010 GROUP IRON ORE OUTPUT
47.4 Mt

MINAS-RIO PHASE 1 PLANNED IRON ORE PRODUCTION
26.5 Mtpa

Inspecting the conveyor belt that runs from the primary crusher to the scalping screen at the Kolomela Mine under development.

GROUP STRATEGY ACTIONS

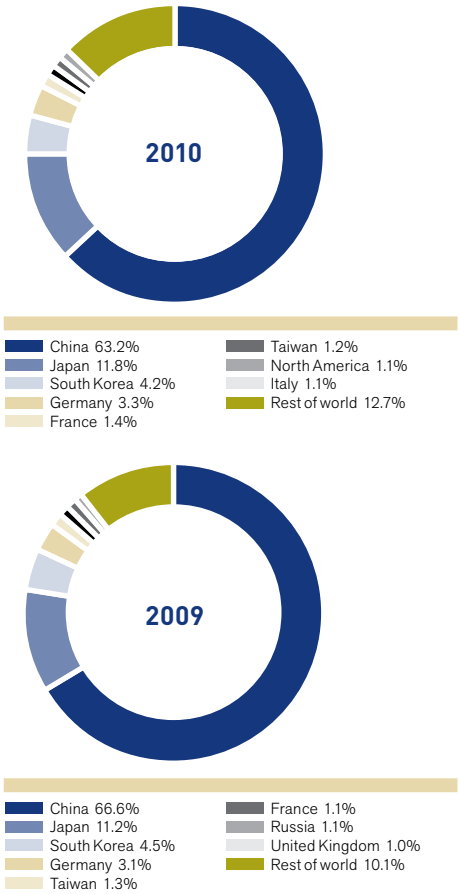
Investing – in world class assets in the most attractive commodities
Our Minas-Rio project, based on a Tier One resource, is expected to be a substantial cash generator and significantly enhance Anglo American's position in the lucrative global seaborne iron ore market.

Organising – efficiently and effectively
In both the iron ore and manganese businesses, considerable progress is being made in capturing further value across the value chain by tailoring niche products for customers.

Operating – safely, sustainably and responsibly
The communities where Kumba Iron Ore operates now own an unencumbered 3% in the business, valued at c. $750 million, after redeeming the acquisition funding in full in 2010. This milestone is a meaningful step in realising empowerment in South Africa.

Employing – the best people
Minas-Rio is very proud of its substantially Brazilian workforce, which continues to attract some of the best talent in the country's mining industry.

SEABORNE IRON ORE DEMAND BY COUNTRY



OPERATING PROFIT

(2009: $1,489 m)

$3,681 m

SHARE OF GROUP OPERATING PROFIT

(2009: 30%)

38%

EBITDA

(2009: $1,593 m)

$3,856 m

BUSINESS OVERVIEW

Our Iron Ore portfolio principally comprises a 65.25% shareholding in Kumba Iron Ore Limited (Kumba), a leading supplier of seaborne iron ore, and Iron Ore Brazil's 100% interest in Anglo Ferrous Minas-Rio, a 49% shareholding in LLX Minas-Rio, which owns the port of Açu (currently under construction) from which iron ore from the Minas-Rio project will be exported (together, the Minas-Rio project), and a 70% interest in the Amapá iron ore system.

Kumba, listed on the Johannesburg Stock Exchange, produces a leading quality lump ore and is the only haematite iron ore producer that beneficiates 100% of its product. Export ore is transported via the Sishen-Saldanha Iron Ore Export Channel (IOEC) to Saldanha Port. The rail and port operations are owned and operated by the South African 'parastatal' Transnet. Kumba is well positioned to supply the high growth Asia-Pacific and Middle East markets and is also geographically well positioned to supply European steel markets in the light of an expected decline in lump ore supplies from other sources.

Kumba operates two mines – Sishen Mine in the Northern Cape, which produced 41.3 million tonnes (Mt) of iron ore in 2010, and Thabazimbi Mine in Limpopo, with an output of 2.1 Mt. Its third mine, Kolomela (previously Sishen South), that will produce 9 Mtpa, is under development in the Northern Cape. In 2010, Kumba exported more than 80% of its total iron ore sales volumes of 43.2 Mt, with 61% of these exports destined for China and the remainder to Europe, Japan, South Korea and the Middle East.

Our Minas-Rio iron ore project is located in the states of Minas Gerais and Rio de Janeiro and will include open pit mines and a beneficiation plant in Minas Gerais producing high grade pellet feed. On completion of phase 1, ore will be transported through a slurry pipeline more than 500 kilometres to the port of Açu in Rio de Janeiro state. Amapá, in Amapá state in northern Brazil, continues to ramp up its pellet feed and sinter feed production, which reached 4.0 Mt in 2010 and is expected to produce 4.5 Mt in 2011.

Our Manganese interests consist of a 40% shareholding in Samancor Holdings, which owns Hotazel Manganese Mines and Metalloys, both in South Africa, and a 40% shareholding in each of the Australian-based operations Groote Eylandt Mining Company (GEMCO) and Tasmanian Electro Metallurgical Company (TEMCO), with BHP Billiton owning 60% and having management control. Samancor is the world's largest producer of seaborne manganese ore and is among the top three global producers of manganese alloy. Its operations produce a combination of ores, alloys and metal from sites in South Africa and Australia.

INDUSTRY OVERVIEW

Steel is the most widely used of all metals. In 2010, global crude steel production returned to above pre-2008 levels, at 1.4 billion tonnes, an increase of 17% on 2009. China, the world's principal steelmaker, showed year on year growth in crude steel production, despite its government initiated cooling down, power restrictions and destocking through the supply chain. Chinese crude steel production for 2010 was 626 Mt, an increase of 52 Mt or 9% year on year.

A strong recovery in iron ore demand and an apparent collapse in Chinese domestic iron ore supply were the main reasons for the strong growth in 2009 in seaborne imports. In 2010, however, Chinese domestic iron ore supply accounted for 285 Mt of apparent iron ore consumption, a 34% increase year on year. With iron ore consumption by China only increasing 9% year on year to 888 Mt, this resulted in a decrease of 2% in seaborne imports to 603 Mt compared with 2009.

Crude steel production in China is expected to grow by 5% to 10% during 2011. Domestic iron ore production in China is unlikely to grow significantly beyond the 2010 level of 285 Mt, mainly due to diminishing qualities and increasing mining costs. The additional demand for iron ore in China during 2011 is expected to be sourced from seaborne supply, with the demand levels in the rest of the world remaining at 2010 levels.

Both manganese ore and alloy prices firmed owing to improving market conditions in the year, boosted by restocking steelmakers. In 2011, the prices of both manganese ore and alloy will be heavily influenced by steel production trends and the stocking and destocking cycles, while, in the case of manganese alloys, prices will largely be determined by supply responses resulting from latent capacity in the industry.

STRATEGY AND GROWTH

A core strategy is to grow our position in iron ore and to supply premium, high quality iron ore products against a background of declining quality global iron ore supplies. Anglo American has a unique iron ore resource profile, with large, high quality resource bases in South Africa and Brazil. Significant future growth will come from Minas-Rio (including expansion potential) and expansion at Kolomela.

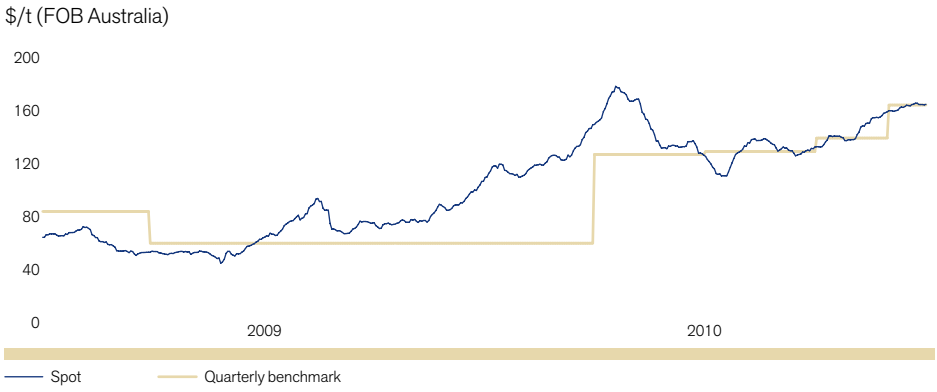
Kumba's business strategy is to be a leading value adding iron ore supplier to the global steel industry. The business is focused on optimising the value of current operations by successfully executing its asset optimisation initiatives and the optimisation of its product portfolio. Kumba seeks to capture further value across the value chain through its niche product strategy and the professionalising of its ocean freight management. Minas-Rio will capture a significant part of the high growth pellet feed market with its premium product featuring high iron content and low impurities.

Phase 1 of the Minas-Rio project will produce 26.5 Mtpa, with first production scheduled after completion and commissioning of the project, which is anticipated 27-30 months after commencement of civil works for the beneficiation plant and tailings dam construction. Further expansion potential is supported by the 2010 resource estimate of 5.3 billion tonnes (Measured, Indicated and Inferred), and further resource potential is considered to exist. While focus has been on phase 1 construction, studies for the expansion of the project, including consideration of the optimal production profile, have continued to be evaluated during the year.

Kolomela is expected to produce 9 Mtpa of iron ore, with initial production scheduled for the end of the first half of 2012 and ramping up to full capacity in 2013. Further growth projects in the Northern Cape and Limpopo regions of South Africa could potentially increase Kumba's production output to 70 Mtpa.

The manganese strategy is to focus on upstream resources businesses, despite their low-cost alloy smelters having been significant contributors to profit in recent years. In addition, alloy smelters add value to the overall manganese business as they enable Samancor to access markets with an optimal mix of ore and alloy, to optimise production to best suit market conditions and provide ongoing information on the performance of their ores in the smelting process.

PRICE OF IRON ORE (2009 TO 2010)



Average 2009 realised iron ore price $65/t

Average 2010 realised iron ore price $125/t

Geologist Carlos Marconi Santiago Tavares inspecting core samples from the Minas-Rio project.

FINANCIAL OVERVIEW

Iron Ore and Manganese generated an operating profit of $3,681 million, 147% higher than 2009. This was as a result of higher iron ore export prices and sales volumes, as well as higher manganese ore and alloy volumes and prices.

Markets

World crude steel production continued to increase during 2010 and returned to above pre-2008 levels at 1.4 billion tonnes. China's continued robust economic growth contributed to growth in crude steel production, despite power restrictions and destocking through the supply chain. Crude steel production in China increased by 9% to 626 Mt and continued to exceed demand. The European, Japanese and South Korean markets saw a 24% increase in crude steel output, bringing total production to 341 Mt, only slightly below levels achieved in 2008. Despite the continued strength in iron

ore demand in China, a surge in Chinese domestic iron ore supply during 2010 resulted in a decrease of 2% to 603 Mt in seaborne imports. Global seaborne iron ore demand increased by 5% to 979 Mt, driven by a 19% increase in demand from the steel industry in the rest of the world.

Index prices rose strongly during the year, with the 62% Fe Platts index averaging approximately $147/t (CFR), up from $80/t in 2009.

The manganese ore and alloy market reflected the increase in world crude steel production and demand, resulting in significantly increased prices for alloy and ore during the year. Production increased to meet demand, with furnaces reaching full capacity for the first time since 2008.

At the Kolomela project, shift foreman Albertus Hanekom (left) and senior production geologist Marius Strydom discuss the waste-removal programme in the newly created pit.

Operating performance

Kumba Iron Ore

Kumba generated an operating profit of $3.4 billion, more than double the $1.5 billion for 2009, largely attributable to a 92% weighted average increase of realised iron ore export prices and a 6% increase in export sales volumes. This was partly offset by the 15% strengthening of the rand against the dollar and the implementation of the South African mining royalty, effective from 1 March 2010.

Total sales volumes increased by 8% to 43.1 Mt. Export sales volumes from Sishen Mine for the year increased by 1.9 Mt or 6% to 36.1 Mt. Export sales volumes to China of 19.8 Mt represented 61% of total export volumes for the year, compared with 75% during 2009. Export sales volumes to Europe, Japan and South Korea increased by 54% to 13.9 Mt. Total domestic sales volumes for the year increased by 21% to 7.0 Mt due to higher demand from ArcelorMittal South Africa.

Volumes railed on the Sishen-Saldanha IOEC increased by 5% to 36.5 Mt. This performance was adversely impacted by industrial action at Transnet and significant derailments during the second and third quarters of 2010, before returning to a more solid performance in the fourth quarter.

Total tonnes mined at Sishen Mine increased by 19% to 153.2 Mt, of which waste material mined comprised 67% or 102.0 Mt, an increase of 24%. Total production at Sishen Mine increased by 5% to 41.3 Mt. The jig plant achieved 13.3 Mt of production for the year, 0.3 Mt above the nameplate capacity of the plant, through improved quality of plant feed material and more efficient shutdown intervals. Production from the dense media separation (DMS) plant decreased by 3% to 28.1 Mt due to the failure of single-line equipment and less feedstock from the pit.

Sishen Mine's unit cash cost of R113.69 ($15.83) per tonne increased by 15% compared with R98.83 ($11.78) per tonne in 2009. This expected increase was driven by a 24% increase in waste mining volume and above inflation increases in the key input costs of labour, diesel and electricity.

Iron Ore Brazil

Iron Ore Brazil generated an operating loss of $97 million, reflecting the pre-operational stage of the Minas-Rio project, partially offset by operating profit at Amapá following a substantial production improvement, a focus on cost containment and the price environment, partially offset by an adverse change in product mix and plant availability issues experienced in the early part of the year. Amapá produced 4.0 million tonnes of iron ore, a 52% increase. The production and cost profile at Amapá remains in line with the study conducted at the end of 2009 and production is forecast to increase further in 2011 and 2012.

Samancor

Samancor generated an operating profit of $382 million, a 167% increase, due to higher sales volumes and prices following the improvement in global steel demand.

Plant operation supervisor Carlos Eduardo Da Silva Rocha (left) and contractor Dino Cesar Alvarenga in the final product yard at Amapá's Pedra Branca mine.

Projects

The development of the 9 Mtpa Kolomela Mine is well advanced and overall project progress reached 81% as at 31 December 2010. The project remains on budget and on schedule to deliver initial production at the end of the first half of 2012, ramping up to full capacity in 2013. To date, 22.6 Mt of waste material has been moved, 18.6 Mt of it during 2010. Capital expenditure of $679 million (excluding capitalised costs for pre-strip waste removal) has been incurred to date, with $307 million incurred during 2010.

Significant progress has been made at the Minas-Rio project in Brazil, expected to produce 26.5 Mtpa in its first phase. The award of the second part of the mine, beneficiation plant and tailings dam installation licence (LI part 2) in December 2010, being the final primary installation licence, supports the start of the civil works for the beneficiation plant and tailings dam construction in March 2011, after the rainy season. This licence followed the award of the mining permit in August 2010. As previously stated, it should take between 27 and 30 months from commencement of these works to construct and commission the mine and plant, complete the project and deliver the first ore on ship; however, there are still a number of other licences and permits to be obtained during this period.

Anglo American also reached agreement on a fixed 25-year iron ore port tariff with its port partner, LLX SA, in relation to the LLX Minas-Rio (LLX MR) iron ore port facility at Açu. The iron ore volumes associated with the first phase of the project will be subject to a net port tariff of approximately $5.15 per tonne (in 2013 terms) after taking into account Anglo American's shareholding in LLX MR ($7.10 per tonne gross). As part of the agreement to secure the long term tariff arrangements, Anglo American has agreed to fund a greater share of the development cost of the first phase of the port. This agreement is expected to result in additional capital expenditure attributable to Anglo American of approximately $525 million in relation to the port.

Project development at the plant has been focused on progressing earthworks in preparation for the commencement of civil works. The pipeline element of the project is well progressed, with pipe laying, welding and burying beginning in June and ended the year ahead of schedule, including the completion of two underground river crossings (one of which is the longest of its type in Brazil). The civil works for the filtration plant are under way and, at the port, offshore works have continued with the commencement of the construction of the iron ore pier and breakwater, following completion of the 2.9 km main trestle.

Studies for the expansion of the Minas-Rio project continued during 2010 and the latest resource statement provides a total resource volume (Measured, Indicated and Inferred) of 5.3 billion tonnes, supporting the expansion of the project. In addition, the port agreement noted above also covers a long term tariff arrangement for all Anglo American's iron ore volumes beyond the first phase of the Minas-Rio project. The level of the expansion tariff will be dependent upon the capital cost to expand the port to accommodate those additional volumes and that capital cost will be determined in due course.

Outlook

Analyst forecasts indicate that global crude steel production is expected to grow by 5-10% in 2011. The rate of growth in crude steel production in China is anticipated to decrease as the Chinese government seeks further improvements in overall energy efficiency for the next five-year plan. However, with anticipated shortfalls in seaborne iron ore supply, in particular from India, the overall global seaborne iron ore market is expected to remain structurally tight.

Kumba's export sales volumes are anticipated to be in line with volumes achieved during 2010. Domestic sales volumes remain dependent on the offtake requirements from ArcelorMittal. Waste mining at all the operational sites is anticipated to increase, which will put upward pressure on unit cash costs of production. Annual production volumes during 2011 are expected to remain at levels achieved during 2010 as the jig plant has reached its nameplate capacity.

Kumba's operating profit remains highly sensitive to the rand/US dollar exchange rate.

The market for manganese ore and alloys is dependent upon the carbon steel industry. Increased demand and prices will be underpinned by strengthening steel production trends and the level of Chinese exports.

Kumba Iron Ore update

Kumba's Sishen Iron Ore Company (SIOC) notified ArcelorMittal South Africa Limited (ArcelorMittal) on 5 February 2010, that it was no longer entitled to receive 6.25 Mtpa of iron ore contract mined by SIOC at cost plus 3% from Sishen Mine, as a result of the fact that ArcelorMittal had failed to convert its old order mining right. This contract mining agreement, concluded in 2001, was premised on ArcelorMittal owning an undivided 21.4% interest in the mineral rights of Sishen Mine. As a result of ArcelorMittal's failure to convert its old order mining right, the contract mining agreement automatically lapsed and became inoperative in its entirety as of 1 May 2009.

As a result, a dispute arose between SIOC and ArcelorMittal, which SIOC has referred to arbitration. SIOC and ArcelorMittal reached an interim pricing arrangement in respect of the supply of iron ore to ArcelorMittal from the Sishen Mine. This arrangement will endure until 31 July 2011. Both parties have exchanged their respective pleadings, and the arbitration panel has been appointed.

After ArcelorMittal failed to convert its old order mining right, SIOC applied for the residual 21.4% mining right previously held by ArcelorMittal and its application was accepted by the Department of Mineral Resources (DMR) on 4 May 2009. A competing application for a prospecting right over the same area was also accepted by the DMR. SIOC objected to this acceptance. Notwithstanding this objection, a prospecting right over the 21.4% interest was granted by the DMR to Imperial Crown Trading 289 (Proprietary) Limited (ICT). SIOC initiated a review application in the North Gauteng High Court on 21 May 2010 in relation to the decision of the DMR to grant a prospecting right to ICT.

SIOC initiated an application on 14 December 2010 to interdict ICT from applying for a mining right in respect of the Sishen Mine and the DMR from accepting an application from ICT, nor granting such 21.4% mining right to ICT pending the final determination of the review application. This application is currently pending.

The DMR informed SIOC on 12 January 2011 that ICT had applied for a 21.4% mining right over Sishen Mine on 9 December 2010, and that the DMR had accepted this application on 23 December 2010. The DMR's acceptance of the application means that the mining right application will now be evaluated according to the detailed process stipulated in the Mineral Resources & Petroleum Development Act 2004 before a decision is made as to whether or not to grant the mining right.

SIOC does not believe that it was lawful for the DMR to have accepted ICT's application, pending the High Court Review initiated in May 2010, and has formally objected to, and appealed against, the DMR's acceptance of ICT's mining right application. SIOC has also requested that its interdict application be determined on an expedited basis, in order to prevent the DMR from considering ICT's mining right application until the finalisation of the review proceedings. In addition, SIOC is in the process of preparing a challenge against the DMR's decision of 25 January 2011 to reject SIOC's May 2009 application to be granted the residual 21.4% mining right. Finally, on 26 January 2011, SIOC lodged a new application for the residual 21.4% mining right.

On 4 February 2011, SIOC made an application to join ArcelorMittal as a respondent in the review proceedings.

SIOC will continue to take the necessary steps to protect its shareholders' interests in this regard.

METALLURGICAL COAL

Seamus French
CEO

METALLURGICAL COAL'S RESOURCE BASE

3.4 billion tonnes

2010 EXPORT METALLURGICAL COAL PRODUCTION

14.7 Mt

PROJECTED OUTPUT OF METALLURGICAL COAL FROM GROSVENOR PROJECT

4.3 Mtpa

FINANCIAL HIGHLIGHTS

US$ million (unless otherwise stated)	2010	2009
Operating profit	**783**	451
EBITDA	**1,116**	706
Net operating assets	**3,918**	3,407
Capital expenditure	**217**	96
Share of Group operating profit	**8%**	9%
Share of Group net operating assets	**9%**	9%

Callide mine environmental officer Grant Staff examines a monitor that records dust levels created as part of normal mining activities.

GROUP STRATEGY ACTIONS

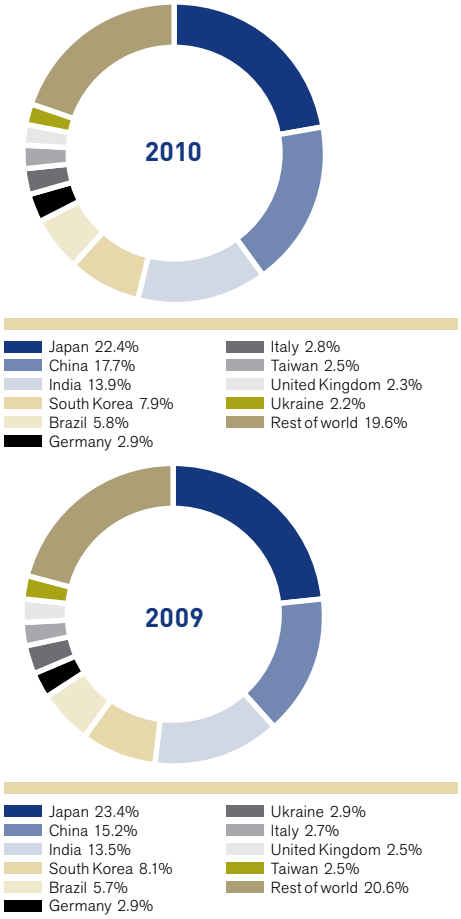
Investing – in world class assets in the most attractive commodities
Our Metallurgical Coal business, with top class assets and resources of well over 3 billion tonnes, is in a strong position to capitalise on the demand for coking coals in the burgeoning Asia-Pacific markets.

Organising – efficiently and effectively
Longwall productivity programmes and other asset optimisation initiatives have helped increase operational effectiveness, reducing longwall move times by 50% and boosting headcount productivity by around 32% over the past two years.

Operating – safely, sustainably and responsibly
Metallurgical Coal is constantly exploring ways to attain zero harm in its operations; similarly, it is seeking new ways to benefit the community and the environment, such as supplying methane-rich seam gas to utilities rather than flaring it, and making the Dartbrook mine a vital component of the Hunter River Restoration Project.

Employing – the best people
Activities such as the award winning apprentice programme at the Moranbah mine, the Operating Crews proficiency programmes assisting to deliver record productivity across Metallurgical Coal, or our flexible working arrangements are examples of our commitment to creating a business where people do make a difference.

SEABORNE METALLURGICAL COAL DEMAND BY COUNTRY



OPERATING PROFIT

(2009: $451 m)

$783 m

SHARE OF GROUP OPERATING PROFIT

(2009: 9%)

8%

EBITDA

(2009: $706 m)

$1,116 m

BUSINESS OVERVIEW

Through our Metallurgical Coal business unit, we are Australia's fourth biggest coal producer and in 2010 we became the country's number two exporter of metallurgical coal.

Our coal operations in Australia are based on the east coast, from where Metallurgical Coal serves a range of customers throughout Asia and the Indian subcontinent, and as far afield as Europe and South America.

Metallurgical Coal operates six mines, one wholly owned and five in which it has a controlling interest. Five of the mines are located in Queensland's Bowen Basin: Moranbah North (metallurgical coal), Capcoal (metallurgical and thermal coal), Foxleigh (metallurgical coal), Dawson (metallurgical and thermal coal) and Callide (thermal coal). Drayton mine (thermal coal) is in the Hunter Valley in New South Wales.

All of the mines are in well established locations and have direct access to rail and port facilities at Dalrymple Bay and Gladstone in Queensland or Newcastle in New South Wales.

Moranbah North is an underground longwall mining operation with a mining lease covering 100 square kilometres. Coal is mined from the Goonyella Middle Seam, approximately 200 metres below the surface. The mine produces around 3.9 Mt (attributable) of high fluidity, hard coking coal for steel manufacturing. Metallurgical Coal supplies methane-rich seam gas to a power station at Moranbah North, thereby reducing the mine's carbon dioxide equivalent (CO_2e) emissions by around 1.3 Mtpa.

Capcoal operates two longwall underground mines and an open cut mine. Together, they produce around 5.5 Mt (attributable) annually of hard coking coal, pulverised coal injection (PCI) and thermal coal. Capcoal also supplies methane-rich seam gas to Energy Developments Limited's power station, thereby contributing to Queensland's power grid, while eliminating 1 Mt of methane emissions per annum.

Foxleigh is an open cut operation with an annual output exceeding 1.7 Mt (attributable) of high quality PCI coal. Currently, the mine is engaged in an asset optimisation process to raise attributable production to 2.2 Mtpa.

Dawson is an open cut operation, which in 2010 produced 7.0 Mt in total (3.6 Mt attributable) of coking and thermal coal.

Metallurgical Coal owns an effective 23% interest in the Jellinbah and Lake Vermont mines in Queensland, both metallurgical coal producers.

In 2010, Metallurgical Coal's mines produced 14.7 Mt (attributable) of metallurgical coal, all for export, and 14.5 Mt (attributable) of thermal coal, of which 44% was exported.

Metallurgical Coal's resource base totals some 3.4 billion tonnes of coal. This includes high quality greenfield metallurgical coal reserves close to existing infrastructure.

INDUSTRY OVERVIEW

Produced in relatively few countries, metallurgical coal is primarily used in, and is a key raw material for, nearly 70% of the world's steelmaking industry. It includes hard coking coal, semi-soft coking coal and PCI coal. The chemical composition of the coal is fundamental to steel producers' raw material mix and product quality.

Primary underlying demand for coking coal is driven by steel, cement and other sectors of industry. In 2010, global hard coal production exceeded 6.0 billion tonnes, most of it being used in the country of origin. A small amount is traded across land borders such as those between the US and Canada, China and Mongolia, and between the countries of the former Soviet Union. In 2010, the international seaborne metallurgical coal market accounted for just 240 Mt of metallurgical coal, of which Australia supplied two-thirds.

STRATEGY AND GROWTH

Metallurgical Coal's strategy is to increase significantly the value of the business by optimising existing operations and developing new operations to supply high margin export coal. Three specific programmes have been developed to implement this strategy. First, a structured programme of asset optimisation is designed to deliver industry-best operational performance over the existing asset base. Secondly, the business unit's attractive and well-developed organic growth pipeline aims to double high value metallurgical coal production over the next decade. With a resource base of approximately 3.4 billion tonnes[1], four future projects, including two high quality metallurgical coal opportunities in Queensland; Grosvenor and Moranbah South, and the Dartbrook and Drayton South thermal, semi-soft and PCI prospects in New South Wales, have been mapped out to position the company for growth. Thirdly, in line with increasing demand from the steelmaking industry in both existing and emerging markets, Metallurgical Coal is realising increased value from developing superior specialised product offerings to customers in that sector. Emerging markets, particularly in the Asia-Pacific region, are likely to remain the driving force behind metallurgical coal demand both in the short and the long term.

Early in 2010, we undertook a review of our portfolio of coal assets in Australia in order to assess their alignment with the Group's overall strategy. As a result of this review, in July we announced the sale of the Bylong and Sutton Forest undeveloped coal assets in New South Wales and the three open cut coal deposits at Collingwood, Ownaview and Taroom in Queensland. In November, we instituted a divestment process for Callide, which primarily supplies domestic power stations in Biloela and Gladstone. This follows on the disposal of the Dawson Seamgas assets earlier this year.

[1] Comprising: 1.6 billion tonnes Measured Resources, 1.6 billion tonnes Indicated Resources and 0.2 billion tonnes Inferred Resources. The Measured and Indicated Resources are in addition to reserves. All resources are reported on a 100% basis and have been estimated in accordance with the requirements of the JORC code.

FINANCIAL OVERVIEW

Metallurgical Coal generated an operating profit of $783 million, a 74% increase, primarily due to higher average benchmark coking coal prices and record production of high margin export products. The business delivered record export sales growth of 30% for metallurgical coal, with production increases of 16% compared with the prior year, 12% higher than the previous record in 2008. This offset the impact of the strong Australian dollar, which had the effect of increasing unit costs by 17% in US dollar terms. Adverse weather and flooding had a significant impact on production, initially with Cyclone Ului in the first quarter and subsequently record spring and summer rainfall from the third quarter onwards in the regions where the business operates.

Markets

Anglo American weighted average achieved FOB price ($/tonne)	2010	2009
Export metallurgical coal	**176**	141
Export thermal coal	**87**	74
Domestic thermal coal	**30**	27

Attributable sales volumes ('000 tonnes)	2010	2009
Export metallurgical coal	**14,948**	11,542
Export thermal coal	**6,384**	6,239
Domestic thermal coal	**8,342**	8,604

In 2010 there was a significant increase in demand for metallurgical coal from the global steel industry, with a return to levels last seen in 2008 in the traditional Asian markets and sustained growth in China and India. Demand increased in the first quarter as steelmakers started to restock, which resulted in a temporary oversupply of steel mid-year as steel producers drew down stock again. In the third quarter, this trend reversed and the industry has subsequently seen a strengthening in coal demand and prices. European demand continues to recover, albeit at a slower pace than in Asia. Unseasonal record rainfall in Australia has limited supply from Queensland mines since September, a trend which continued throughout the fourth quarter and will continue to impede production in early 2011. Industry stock levels reached record lows and this is expected to result in a further increase in metallurgical coal prices in 2011.

The market for metallurgical coal has traditionally priced coal through annual price negotiations providing for fixed pricing for a 12 month period. Since the second quarter of 2010, a move to quarterly pricing has occurred. In parallel with this shift, multiple coking coal indices have been developed with the aim of creating a liquid spot market with transparent pricing, though no reliable index has yet been determined. Metallurgical Coal is well placed to continue to supply its customers under the new pricing mechanisms as they evolve.

Operating performance

Attributable production ('000 tonnes)	2010	2009
Export metallurgical coal	**14,702**	12,623
Thermal coal	**14,461**	14,052

Metallurgical Coal delivered record production and sales of metallurgical coal. The business increased the sales of its high quality metallurgical coal by 30% to 14.9 Mt, driven by a strong supply response from the Capcoal and Moranbah North complexes. The production increases were achieved despite the negative impact of Cyclone Ului in the first quarter and record rainfall in the second half of the year in Queensland. The rainfall experienced in 2010 was more than double the historical average for areas in which the business operates. Successful stock management, dewatering capacity, relocation of assets and the quick mobilisation of additional production capacity were key to ensuring that the open cut production recovered as quickly as possible. Combined with improved coal logistics chain management, this enabled the business to deliver record sales volumes in response to stronger demand.

Productivity improvements at the underground operations were a major focus during the year, particularly in response to the rain disruption at the open cut operations. Unit costs were negatively affected by the adverse weather conditions, mitigated by the benefits from the increased production volumes, with export cost per tonne in local currency 1% lower than the previous year. A comprehensive rain loss mitigation plan aimed at reducing the impact of rain at the open cut operations has been initiated.

Port and track expansions for the Dalrymple Bay Coal chain were completed in 2010 to address immediate seaborne market growth. The business has flexible arrangements in place to assist in logistics planning and weather mitigation. To meet the continuing industry growth, rail and port throughput will be addressed through the 25 Mtpa Abbot Point expansion and the 30 Mtpa Wiggins Island project, scheduled for 2012 and 2014 respectively, and a number of conceptual projects currently under way.

Projects

Metallurgical Coal took further steps to focus its business on high margin export products by progressing the Grosvenor and Drayton South feasibility studies and by divesting non-core assets, including the sale of five undeveloped exploration assets and the Dawson Seamgas assets. The proposed divestment of the Callide mine has also been announced. Callide primarily supplies domestic power stations in Queensland and produced 8.5 Mt of thermal coal in 2010 and has expansion potential from its resource base of more than 800 million tonnes.

At the Greenfield projects of Grosvenor, Moranbah South, Dartbrook and Drayton South, studies continue in order to meet expectations of growing demand for both metallurgical and export thermal coal. Approval of the 4.3 Mtpa Grosvenor metallurgical coal project is targeted for the second quarter of 2012.

Outlook

A continued focus on longwall productivity and other asset optimisation programmes to improve operational effectiveness are expected to further increase sales of high-margin export products in 2011.

The positive industry trends seen in 2010 are expected to continue as the European market recovers and new steel plants come on stream in India and Asia. The demand outlook for both metallurgical and export thermal coal is stimulating expansion of supply from new and existing mines to meet demand over the medium term. Prices are forecast to remain strong as Australia, which provides two-thirds of the world seaborne metallurgical coal market, has experienced severe weather related supply constraints in the first quarter of 2011, while Europe and China experience another cold winter.

Environmentalist Matt Goddard at the coal handling preparation plant at Lake Lindsay mine in Queensland.

THERMAL COAL

Norman Mbazima
CEO

THERMAL COAL RESOURCES
3.4 billion tonnes

2010 ATTRIBUTABLE PRODUCTION FROM THERMAL COAL
68.5 Mt

PROJECTED COAL PRODUCTION FROM THE NEW ZIBULO MINE
6.6 Mtpa

FINANCIAL HIGHLIGHTS

US$ million (unless otherwise stated)	2010	2009
Operating profit	**710**	721
South Africa	**426**	442
Colombia	**309**	305
Projects and corporate	**(25)**	(26)
EBITDA	**872**	875
Net operating assets	**2,111**	1,707
Capital expenditure	**274**	400
Share of Group operating profit	**7%**	15%
Share of Group net operating assets	**5%**	4%

A remote controlled continuous miner in operation at Goedehoop colliery.

GROUP STRATEGY ACTIONS

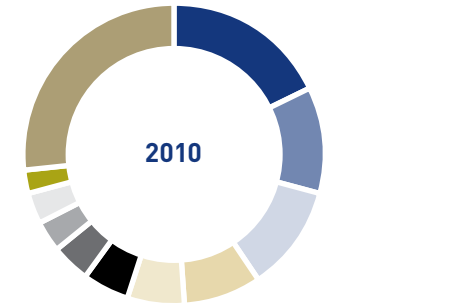
Investing – in world class assets in the most attractive commodities
Thermal Coal has a diverse, high quality, low cost asset base that underpins its current focus to expand in the booming Asian energy market. This is being supplemented by an extensive portfolio of expansion projects, supported by targeted acquisitions.

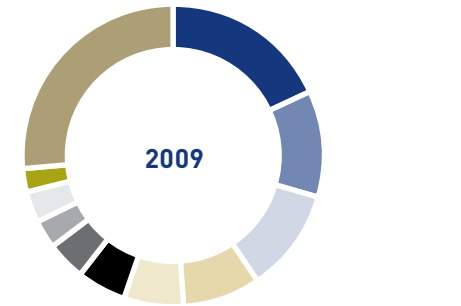
Organising – efficiently and effectively
Given changing domestic and seaborne markets, logistics constraints and maturity of its assets, Thermal Coal maximises its use of available export capacity and delivers optimal value from its portfolio. This includes value driven asset optimisation and prioritisation, the alignment of its portfolio with its strategic objectives and development of highest margin products. To this end, Thermal Coal has announced that it intends disposing of its Kleinkopje Colliery and in February 2011 commenced a formal sale process for the asset.

Operating – safely, sustainably and responsibly
Thermal Coal reported an outstanding safety performance, with its first ever fatality free calendar year, and LTIFR improving 27% versus 2009.

Employing – the best people
Diversity amongst our employees is foremost on the agenda – women represent 17% of the workforce and plans are in place to grow that proportion.

SEABORNE THERMAL COAL DEMAND BY COUNTRY





OPERATING PROFIT

(2009: $721 m)

$710 m

SHARE OF GROUP OPERATING PROFIT

(2009: 15%)

7%

EBITDA

(2009: $875 m)

$872 m

BUSINESS OVERVIEW

Thermal Coal operates in South Africa and has a one-third interest in Cerrejón in Colombia. In South Africa, Thermal Coal wholly owns and operates nine mines and has a 50% interest in the Mafube colliery and Phola washing plant. Five of the mines collectively supply 22 Mtpa of thermal coal to both export and local markets. New Vaal, New Denmark and Kriel collieries are domestic product operations supplying 32 Mtpa of thermal coal to Eskom, the state-owned power utility. Isibonelo mine produces 5 Mtpa of thermal coal for Sasol Synthetic Fuels, the coal to liquids producer, under a 20 year supply contract.

Anglo American Inyosi Coal, a broad based black economic empowerment (BBBEE) company valued at approximately $1 billion, is 73% held by Anglo American: the remaining 27% is held by Inyosi, a BEE consortium led by the Pamodzi and Lithemba consortia (66%), with the Women's Development Bank and a community trust holding the remaining equity. Anglo American Inyosi Coal, in turn, owns Kriel colliery, the new Zibulo multi-product colliery (previously known as the Zondagsfontein project) and the greenfield projects of Elders, New Largo and Heidelberg. The outstanding conditions precedent to the Anglo American Inyosi Coal transaction were fulfilled by the end of May and the transaction became effective from 1 June 2010.

Thermal Coal's South African operations currently route all export thermal coal through the Richards Bay Coal Terminal (RBCT), in which it has a 27% shareholding, to customers throughout the Med-Atlantic and Asia-Pacific regions. Within South Africa, 62% of total sales tonnes are made to the Eskom power utility, of which the majority are on long term (i.e. life of mine) cost-plus contracts. A further 8% is sold to Sasol and 2% to industrial sector consumers. The remaining 28% is exported through RBCT.

In South America, we have a one-third shareholding (with BHP Billiton and Xstrata each owning one-third) in Cerrejón. Cerrejón is Colombia's largest thermal coal exporter. This opencast operation has a 32 Mtpa production capacity (10.7 Mtpa attributable). Cerrejón owns and operates its own rail and deep water port facilities and sells into the export thermal and pulverised coal injection (PCI) coal markets.

INDUSTRY OVERVIEW

Coal is the most abundant source of fossil fuel energy in the world, considerably exceeding known reserves of oil and gas. The bulk of all coal produced worldwide is thermal coal, which is used as a fuel for power generation and other industries, notably the cement sector. The seaborne thermal coal market accounts for nearly 692 Mtpa and is supplied from a large number of countries, with coal producers operating in a highly competitive global marketplace.

Thermal coal usage is driven by the demand for electricity and is influenced by the price of competing fuels, such as oil and gas and, increasingly, the cost of carbon. Global thermal coal demand is also affected by the availability of alternative generating technologies, including gas, nuclear, hydro-electricity and renewables. The market for export thermal coal is further impacted by the varying degrees of privatisation and deregulation in electricity markets, with customers focused on securing the lowest cost fuel supply in order to produce power at a competitive price. This has resulted in a move away from longer term contracts towards shorter term contracts priced against various coal price indices, which has given rise to the development of an increasingly active financial market for hedging and derivative instruments. The extent to which these pricing instruments are used, however, varies from region to region.

STRATEGY AND GROWTH

Thermal Coal's strategy is focused on serving the power generation and industrial sectors from large, low cost coal basins. The business unit has a diverse, high quality asset portfolio in South Africa and Colombia and aims to be a long term, reliable supplier. It also strives to participate actively in the pursuit of cleaner coal solutions for the world's energy needs.

Thermal Coal is focused on expanding its strong standing in the export market, while maintaining a significant position in the domestic market in South Africa. It will deliver on this ambition through its extensive portfolio of expansion projects, supported by targeted acquisitions. By year end, it had substantially completed a major programme of investment, including investigations into expansions at Cerrejón and the development of Zibulo. The business unit has commenced its feasibility study on New Largo, identified by Eskom as a primary coal supplier to its Kusile power station now under construction. Kusile's first units are scheduled to be operating in 2013.

India is an ever growing market for South Africa sourced coal, with 2010 showing a pronounced swing from the Med-Atlantic to the Asia-Pacific market. For the year as a whole, 32% of South Africa's coal exports, and a similar proportion of Thermal Coal's own exports, through the RBCT were destined for India. Thermal Coal is evaluating opportunities to increase its market share to India.

In Colombia, Cerrejón's growth strategy encompasses a two-phased expansion strategy. The first phase requires an increase in the port and logistics chain capacity in order to reach 40 Mtpa. Thereafter, a river diversion would be required to expand the pits. This expansion would allow for a potential increase in production to 50-60 Mtpa. The feasibility study for phase 1 is being reviewed by the shareholders. Phase 2 expansion is at the concept phase of development.

In addition to developing its operations in its existing geographies, Thermal Coal is constantly evaluating potential opportunities in new regions which are well placed to service its growing markets.

FINANCIAL OVERVIEW

Thermal Coal delivered an operating profit of $710 million, a 2% decrease compared with 2009, predominantly as a result of the stronger rand, partly offset by a strong recovery in thermal coal prices. Export sales volumes, including capitalised export sales volumes from Zibulo, increased by 3% compared with 2009.

Markets

Anglo American weighted average achieved FOB price ($/tonne)	2010	2009
RSA export thermal coal	**82.49**	64.46
RSA domestic thermal coal	**19.64**	18.48
Colombian export thermal coal	**72.69**	73.47

Attributable sales volumes ('000 tonnes)	2010	2009
RSA export thermal coal	**16,347**	15,857
RSA domestic thermal coal	**5,178**	6,251
Colombian export thermal coal	**10,461**	10,103

The global seaborne thermal coal market experienced a robust year in 2010. Despite a challenging environment for thermal coal imports into Europe, surging energy demand growth in Asia, provided predominantly by coal fired power generation, helped drive global demand and support prices.

Thermal coal markets in Europe and the US saw softer demand as weakened power markets and cheaper gas reduced coal consumption. At the beginning of the year, Colombian producers were compelled to price competitively to move thermal coal into their traditional US and European markets. This resulted in delivered thermal coal prices in the European market regularly trading at a discount to the South African FOB export price, which excludes the cost of freight. As demand in the Asia Pacific market progressively improved, South African thermal coal sales into this market increased and Colombian producers began exporting significant volumes to this region for the first time.

China and India imported significantly more thermal coal during 2010, compared with 2009, increasing by some 40% and 15% respectively, which boosted demand for South African coal. RBCT exported 63 Mt during 2010, a 2 Mt increase over 2009, with some 65% exported to Asian markets and about 30% going to the European and Mediterranean region.

Operating performance

Attributable production ('000 tonnes)	2010	2009
RSA thermal coal	**21,612**	22,186
RSA Eskom coal	**36,403**	36,225
Colombian export thermal coal	**10,060**	10,190

South Africa
Operating profit from South Africa sourced coal was 4% lower than 2009 at $426 million. This was mainly due to the stronger South African rand, which was partly offset by a 28% increase in average export thermal coal prices. Export sales volumes, including capitalised export sales volumes from Zibulo, increased by 3% compared with 2009. As in previous years, Thermal Coal utilised the full rail capacity entitlement that was made available, and rail remains the key constraint. Annual production stayed steady at some 58.5 Mt, driven mainly by higher output at Mafube, which has ramped up to full production, with the Zibulo operation also ramping up towards its commercial production levels. New Denmark improved production, with the new longwall equipment being commissioned during the first quarter of 2010. This was, however, partly offset by lower production from the remaining underground operations which were adversely impacted by geological conditions and pit room constraints. Isibonelo's production was also affected by pit room constraints, coupled with reduced demand from Sasol.

Colombia
Severe wet weather conditions in the second half of 2010 had a significant impact on production, logistics and sales at the majority of coal mining operations in Colombia, where the total annual rainfall for the region was almost double the previous average recorded figure.

Operating profit from Cerrejón of $309 million was marginally higher than that achieved in 2009, despite the extreme wet weather conditions and the strong Colombian peso. Overall saleable production was in line with 2009 performance, primarily as a result of a very good start to the year when dry conditions prevailed at the mine.

Improvements in coal recovery rates continued to contribute positively to all aspects of the operation. Cerrejón's in-pit mining initiatives have enabled the mine to cope with the unprecedented rainfall. The 4% increase in total tonnage sold was partly due to the utilisation of the stockpile which had been built up over the previous dry periods.

Projects

In South Africa, the $517 million Zibulo project is approaching completion, the opencast operation is at full production and the underground operation has four of eight production sections deployed. The washing plant, which is a 50:50 joint venture with BHP Billiton Energy Coal South Africa, is fully commissioned and is operating at 80% of planned monthly production. Completion of the man and materials shaft is expected to be in the second quarter of 2011. The mining rights of Zibulo colliery and the environmental management plan were approved during 2010.

The feasibility study for the New Largo project started in 2010 and is expected to be completed in the first quarter of 2012. Significant progress has been made to complete a provisional coal supply agreement with Eskom by the end of March 2011.

At Cerrejón, a two-phase growth strategy has been adopted and is currently being implemented. The first phase, referred to as P500 Phase 1, requires an increase in the port and logistics chain capacity, while maintaining the current operational footprint, in order to reach a target of 40 Mtpa. The second phase, referred to as P500 Phase 2, will require a river diversion and pit expansions to access the additional reserves required to reach a potential 50-60 Mtpa. The feasibility study for Phase 1 was reviewed by the shareholder review teams towards the end of 2010. A process is under way to address the findings of the review process. The aim is to have the Phase 1 ready for approval by the shareholder boards towards the end of the second quarter of 2011.

Outlook

Extreme wet weather, predominantly in Australia, Indonesia and Colombia, has significantly affected short term thermal coal availability and 2011 export prices are expected to trade in a range considerably above those prevailing during 2010.

Coal-train loaders Abiel Mula and France Thamaga at the load-out station at the Greenside export colliery.

OTHER MINING AND INDUSTRIAL

Duncan Wanblad
Group director Other Mining and Industrial

COMPLETED DIVESTMENTS

$3.3 bn

INCREASE IN SCAW METALS OPERATING PROFIT

30%

INCREASE IN RUN OF MINE COAL AT PEACE RIVER COAL

44%

FINANCIAL HIGHLIGHTS

US$ million (unless otherwise stated)	2010	2009
Operating profit	**661**	506
Tarmac	**48**	101
Zinc	**321**	175
Scaw Metals	**170**	131
Copebrās	**81**	(40)
Catalão	**67**	106
Coal Americas	**(3)**	(8)
Other	**(23)**	41
EBITDA	**912**	878
Net operating assets	**3,807**	5,029
Capital expenditure	**224**	268
Share of Group operating profit	**7%**	10%
Share of Group net operating assets	**9%**	13%

TARMAC

Tarmac generated an operating profit of $48 million, a 52% decrease, reflecting difficult trading conditions in the UK and the sale of the majority of Tarmac's European businesses during 2010. On a like-for-like basis, operating profit decreased by 17%. There was strong downward price pressure during the year and Tarmac continued to deliver cost savings to mitigate the impacts of these difficult trading conditions.

In the UK Quarry Materials businesses, volumes remained at similar levels to 2009, but unusual weather patterns resulted in a greater degree of seasonal variation over the year. Tarmac's work to maximise operational efficiency continues and a newly revised management structure continues the good progress made in recent years.

Weak demand in the housing and commercial sectors put considerable pressure on the Tarmac Building Products business, which continued its cost reduction and business rationalisation initiatives.

The 2011 outlook remains relatively weak for the construction sector as a whole, but underlying fundamental demand remains and will turn to orders when economic conditions are more conducive to construction activity.

ZINC

	2010	2009
Attributable zinc production (tonnes)	**349,700**[1]	350,400
Attributable lead production (tonnes)	**71,200**	68,300
Average market price – zinc (c/lb)	**98**	75
Average market price – lead (c/lb)	**97**	78

[1] Allowing for Skorpion's full year production, total attributable zinc production was 362,900 tonnes, a 4% increase over the previous period.

Zinc generated an 83% increase in operating profit to $321 million, mainly as a result of higher metal prices, improved efficiencies and tightly controlled costs.

Production at Skorpion increased by 1% to 151,700 tonnes on a full year basis, although only 138,500 tonnes is reported due to the disposal of the operation on 3 December 2010. While electricity constraints, mill motor failures and cell repairs affected production, the combined impact was more than offset by a number of asset optimisation initiatives.

At Lisheen, ore processed increased by 4% and zinc metal production increased by 2% to 175,100 tonnes. Lead metal production increased by 7% to 20,600 tonnes.

At Black Mountain, good progress was made with the improvements to the underground infrastructure, which resulted in an increase of 13% in total ore hoisted. Tonnes milled increased by 7%, with improved feed grades on all metals other than silver. This resulted in strong metal in concentrate production increases of 28% for zinc to 36,100 tonnes, 3% for lead to 50,600 tonnes, 14% for copper to 2,500 tonnes and 4% for silver to 56,600 kg.

Anglo American announced the sale of its zinc portfolio to Vedanta on 10 May 2010 for a total consideration[2] of $1,338 million. The sale of Skorpion was completed on 3 December 2010, resulting in a net cash inflow of $570 milion.

[2] The agreed consideration was based on profits and cash flows for the zinc businesses being for the benefit of the purchaser from 1 January 2010, subject to completion.

SCAW METALS

Scaw Metals increased its operating profit by 30% to $170 million.

Moly-Cop and AltaSteel performed well, assisted by strong demand for grinding media and increased vertical integration with the Canadian rolling mills. Production of steel products at 794,200 tonnes exceeded the prior year, notwithstanding the earthquake in Chile in February 2010 impacting production in Talcahuano. In November, Anglo American announced the sale of Moly-Cop and AltaSteel to OneSteel. The transaction was completed on 31 December 2010, resulting in a net cash inflow of $993 million.

In the South African managed businesses, certain key steel markets remained under pressure, resulting in a lower operating profit. The reduction was attributable to selling price pressure, rising input costs and the effect of a strong rand. Despite this, the integrated nature of the business allowed the rolling mills to maintain reasonable levels of output to supply the downstream businesses. Grinding media demand remained strong, albeit with some pricing pressure. Production of steel products at Scaw South Africa was 710,000 tonnes, a 2% increase over the prior year.

COPEBRÁS

Copebrás recorded an operating profit of $81 million, a $121 million improvement over 2009, as a result of improved market conditions and operational improvement initiatives. Strong prices for soft commodities during the second half of 2010 served as a sound foundation for increased demand for fertilisers in Brazil. Sales volumes at 998,100 tonnes of fertilisers were virtually in line with those achieved in 2009, but higher operating margins were achieved, with record sales for certain products.

CATALÃO

Catalão generated an operating profit of $67 million for the year, 37% lower than 2009 as a result of lower niobium grades and overall recoveries, partially offset by improved realised prices. Sales in 2010 reached 4,100 tonnes. Following a landslide in the pit in late 2009, operations at Catalão started to improve by mid-year when access was re-established in richer parts of the pit. The subsequent discovery of water in certain parts of the pit in the third quarter required a revision of the mining plan. Normal levels of production were reached towards the end of the year.

Anglo American has conducted a drilling programme at its Catalão ferroniobium business in Brazil which has delineated additional niobium resources. In conjunction with the application of improved processing technology, this may result in the significant extension of Catalão's life of mine and production capacity, which would enable Anglo American to take advantage of the attractive dynamics of, and long term demand outlook for, the niobium market. Anglo American has therefore decided to retain the business in its portfolio and is progressing a feasibility study for Catalão.

COAL AMERICAS

Peace River Coal (PRC) in Canada had a much improved operating performance in 2010, delivering a 44% increase in run of mine coal and a 35% increase in clean metallurgical coal production. This was due to improved mining and plant operations and improved coal recovery, coupled with the successful implementation of Phase 1 of the Trend Mine Plant Upgrade project in May 2010, which improved and stabilised plant performance. Phases 2 and 3 of the project are progressing on schedule and will be commissioned in the first quarter of 2011, delivering a further 30% capacity improvement in plant throughput.

The business was impacted by temporary port constraints during December 2010, which led to the delay of two cargoes into the first week of 2011, with the result that metallurgical coal sales volume for 2010 ended 18% lower than coal production. As a result of the impact on revenue of these delayed cargoes, PRC reported an operating loss of $3 million for the year. However, given the current market strength and the strong trading conditions anticipated for 2011, coupled with increasing production from PRC, a substantial uplift in profitability is forecast for 2011.

The Environmental Assessment Application for the Roman Mountain Brownfield project was submitted in 2010. This project will consist of an integrated plant and mining operation of up to 5 Mtpa capacity with the Trend mine.

The business continues to develop strong relationships with the community and the key First Nations in the area, which was reflected in the successful launch of mining fundamentals and a truck driver training programme in 2010. The programme is delivering promising results and has had a positive impact on the workforce in the area.

SETTING THE HIGHEST STANDARDS FOR CORPORATE GOVERNANCE

"Good corporate governance is not just about making decisions in the right way, it is about making better decisions. I strongly believe that good corporate governance creates value"

Sir John Parker
Chairman

IN THIS SECTION

CHAIRMAN'S INTRODUCTION

Good governance is at the core of Anglo American's board and committee structure. In this section we have tried to give a clear and concise description of that structure and the processes that support it. But first, I would like to explain why I believe good corporate governance is so important.

Over a number of years now we have seen an ever increasing focus on standards of corporate governance, with a series of reviews and guidance culminating, in June 2010, with the publication of the UK Corporate Governance Code (the Code). This process of codification has provided both important guidance for companies and, quite rightly, an agreed set of standards against which others can judge our corporate governance performance. I am pleased to report that Anglo American will fully comply with the new Code, as we did with its predecessors.

Good governance is about more than mere compliance, however. For example, by separating and clearly stating the roles and responsibilities of the chairman and chief executive we aim to avoid unhealthy concentrations of authority; by appointing strong independent directors we benefit from their expertise and perspective and reduce the risk of 'groupthink'. Good corporate governance is therefore not just about making decisions in the right way, it is about making better decisions. I strongly believe that good corporate governance creates value.

Board refreshment

Since my appointment I have sought to continue and accelerate the process of board refreshment. Sir Philip Hampton, Ray O'Rourke and Jack Thompson were recruited as independent non-executive directors (NEDs) to replace the three retiring NEDs: Chris Fay, Sir Rob Margetts and Fred Phaswana. The new NEDs bring financial, strategic, mining, engineering and major project experience to the already highly skilled and diverse board. During 2010 we also made changes to committee composition in order to incorporate the new NEDs.

In compliance with the Code, and in advance of its full implementation, the entire Board is being proposed for re-election at the 2011 Annual General Meeting. Anglo American has a diverse board that is equipped to drive a global listed mining group. We are proud to be led by Cynthia Carroll, one of a handful of female FTSE 100 chief executives, while the Board as a whole comprises men and women from France, Germany, Hong Kong, Ireland, South Africa, the UK and the US. However, diversity is not simply about gender or race – the Anglo American Board has been selected on the basis of the varied backgrounds, skills, experience and insight of its members.

The Nomination Committee has defined the skills and experience profiles required of future NEDs over the next few years. This includes our aim to increase the representation of women on the Board (excluding the chairman) from 20% to 30% within two years.

Board effectiveness
Following the external review in 2008, we held a comprehensive internal board evaluation in 2010 where directors were consulted on matters such as board composition, effectiveness, strategy and directors' development and which resulted in a rigorous action plan being implemented in 2011. For details see the table opposite. As chairman I also held a one to one interview with each director to review those issues raised during the board evaluation process. The next external board evaluation will be held in 2011.

'Corporate governance' is a much used (and often abused) term – it means much more than a set of rules and processes governing the running of a company. As chairman, I have endeavoured to ensure that Anglo American not only complies with all relevant codes and regulations but that the whole management structure is inculcated with a desire to achieve the best results for its shareholders and all others affected by its actions in the most responsible way.

Long before the term 'corporate governance' was coined, the founder of the Anglo American Group, Sir Ernest Oppenheimer, said: "the aims of this Group have been – and they still remain – to earn profits but to earn them in such a way as to make a real and permanent contribution to the well-being of the people and to the development of southern Africa". Time has moved on since then and Anglo American now has a significantly wider geographical reach than when Sir Ernest spoke these words, but the sentiment remains deeply engrained throughout the Company and I shall do my utmost to ensure that your Company adheres to the highest possible corporate behaviour and standards.

Sir John Parker
Chairman

ACTION PLAN RESULTING FROM 2010 BOARD EFFECTIVENESS REVIEW

Relationship between board and management	▪ Increase contact between directors and management during intervals between board meetings ▪ Introduce more 'free flowing' informal discussions outside board meetings – the pre-board meeting dinners will be more 'structured' whilst retaining an informal style
Improving board meeting effectiveness	▪ Enhance the information flow to NEDs between board meetings to allow for a more focused board agenda ▪ Introduction of iPads to ensure timely provision of board materials ▪ Management will consider the optimum level of detail in presentations to the Board
Committees	▪ S&SD Committee – outside stakeholders to be invited to address some committee meetings ▪ Nomination Committee – detailed human resources talent strategy presented to NEDs in February 2011 ▪ Remuneration Committee – the Committee will allot more time for 'members only' discussions
Key focus points highlighted by NEDs	▪ Political and regulatory uncertainty; business integrity processes – Bribery Act 2010 ▪ Safety and the environment ▪ Strategy ▪ Project execution ▪ Talent development and management succession
Performance of NEDs	▪ The number of site visits will be increased during 2011 ▪ A full day mining seminar has been arranged for NEDs ▪ A half day exploration seminar for NEDs took place in February 2011

THE BOARD

Sir John Parker N
FREng DSc (Eng), ScD (Hon), DSc (Hon), D.Univ (Hon), FRINA

68, joined the Board as a non-executive director on 9 July 2009 and became chairman of Anglo American plc on 1 August 2009. Sir John is also chairman of the Nomination Committee and is a member of the Safety & Sustainable Development (S&SD) Committee. He is also chairman of National Grid plc, a non-executive director of Carnival Corporation, EADS and deputy chairman of DP World. Sir John is a Fellow of the Royal Academy of Engineering, Chancellor of the University of Southampton and a Visiting Fellow of the University of Oxford.

Upon joining Anglo American Sir John stepped down as joint chairman of the Mondi Group and as chairman of BVT Surface Fleet Limited. Immediately prior to joining Anglo American he stepped down as senior non-executive director (Chair) of the Court of the Bank of England.

Cynthia Carroll E
MSc, MBA

54, was appointed chief executive on 1 March 2007, having joined the Board on 15 January 2007. Cynthia Carroll chairs the Group Management Committee (GMC) and the Executive Committee (ExCo) and sits on the S&SD Committee. She is a non-executive director of BP plc and De Beers and chairs Anglo Platinum.

- Proven track record in improving profitability and continues to lead Anglo American's cost-cutting drive – target of $2 billion by the end of 2011 already exceeded
- Driving improving relations with governments, especially in South Africa where all of the Group's 'old order' mineral and mining rights have been converted to 'new order' rights
- Streamlined Anglo American's management reporting function, substantially changing the composition of the ExCo as well as the ExCo teams at Business Unit level
- Initiated renewed focus on safety, with significant continuing improvement in safety performance and was the impetus behind the Tripartite safety alliance in South Africa

Cynthia is the former president and chief executive officer of Alcan's Primary Metals Group and a former director of AngloGold Ashanti Limited and the Sara Lee Corporation.

AS PART OF THE EARLY ADOPTION OF THE UK CORPORATE GOVERNANCE CODE AND AS ANNOUNCED AT THE 2010 AGM, ANGLO AMERICAN WILL PROPOSE THE RE-ELECTION OF ALL OF ITS DIRECTORS ON AN ANNUAL BASIS.

E Executive director
N Non-executive director

René Médori E
Doctorate in Economics

53, was appointed to the Board on 1 June 2005, becoming finance director on 1 September 2005. René Médori is a member of GMC and ExCo and chairman of the Investment Committee. He is a non-executive director of Scottish and Southern Energy plc, De Beers and Anglo Platinum Limited.

- Has brought enhanced strength and flexibility to the Anglo American balance sheet through:
  - continuing the process of non-core disposals – $3.3 billion was announced in 2010 including the sale of zinc assets and undeveloped coal assets
  - completion of a new $3.5 billion loan facility maturing in 2015
  - issue of $1.25 billion US dollar bonds

René is a former finance director of The BOC Group plc.

David Challen CBE N
MA, MBA

67, joined the Board on 9 September 2002 and was appointed as the senior independent non-executive director in April 2008. He is chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. David Challen is currently vice-chairman of Citigroup European Investment Bank and senior non-executive director of Smiths Group plc. He is currently deputy chairman of the UK's Takeover Panel.

Previously he was chairman of J. Henry Schroder & Co. Limited, where he spent most of his professional career.

Sir CK Chow

N

DEng (Hon), CEng, FREng, HonFHKIE, FIChemE

60, was appointed to the Board on 15 April 2008 and is a member of the Nomination and Remuneration Committees. He is currently chief executive officer of the MTR Corporation in Hong Kong, a position he has held since December 2003, and a non-executive director of AIA Group Company Limited.

Sir CK was formerly chief executive of Brambles Industries, GKN PLC and non-executive chairman of Standard Chartered Bank (Hong Kong) Limited. Prior to joining GKN PLC he worked for The BOC Group plc for 20 years, joining its board in 1993.

Sir Philip Hampton

N

MA, ACA, MBA

57, joined the Board on 9 November 2009. He is chairman of the Remuneration Committee and a member of the Audit Committee. Sir Philip is chairman of The Royal Bank of Scotland.

From 2004-2010 Sir Philip was chairman of J Sainsbury plc. His other previous appointments include as finance director of Lloyds TSB Group plc, BT Group plc, BG Group plc, British Gas plc, British Steel plc, an executive director of Lazards and a non-executive director of RMC Group plc and Belgacom SA.

Ray O'Rourke KBE

N

CEng FIEI FICE

64, joined the Board on 11 December 2009. He is a member of the Audit and S&SD Committees.

Ray O'Rourke founded the O'Rourke Group in 1977, having begun his career at Kier and J Murphy & Sons. In 2001, the O'Rourke Group acquired John Laing, to form Laing O'Rourke, now Europe's largest privately owned construction company, of which Ray O'Rourke is chairman and chief executive.

Nicky Oppenheimer

N

MA

65, joined the Board on 18 March 1999. He is chairman of De Beers. Mr Oppenheimer has indicated that he will retire from the Board after the conclusion of the AGM on 21 April 2011.

Nicky Oppenheimer joined the Group in 1968 and subsequently became an executive director and a deputy chairman of Anglo American Corporation of South Africa Limited. He became deputy chairman of De Beers Consolidated in 1985 and has been chairman of De Beers since 1998.

Dr Mamphela Ramphele

N

PhD, BComm, MB Ch B

63, joined the Board on 25 April 2006. She is a member of the Nomination and S&SD Committees. Mamphela Ramphele is the executive chair of Letsema Circle, a specialist transformation advisory company and the chair of Gold Fields Limited and the Technology & Innovation Agency of South Africa. She is a non-executive director of Mediclinic and Business Partners SA, a trustee of the Nelson Mandela and Rockefeller foundations, and an adviser to the Veolia Institute.

Mamphela Ramphele was formerly co-chair of the Global Commission on International Migration, a World Bank managing director and vice-chancellor at the University of Cape Town.

Jack Thompson

N

BSc, PhD

60, joined the Board on 16 November 2009 and is a member of the Remuneration and S&SD Committees. He is currently a non-executive director of Century Aluminum Co., Molycorp Inc. and Tidewater Inc.

Jack Thompson was previously chairman and CEO of Homestake Mining Co., vice chairman of Barrick Gold Corp. and has served on the boards of Centerra Gold Inc., Phelps Dodge Corp., Rinker Group Ltd and Stillwater Mining.

Peter Woicke

N

MBA

68, joined the Board on 1 January 2006, chairs the S&SD Committee and is a member of the Nomination and Remuneration Committees. He is currently chair of the trustees of the Ashesi University Foundation and a member of the boards of Saudi Aramco, the Institute for Human Rights and Business and the Chesapeake Bay Foundation.

From 1999 to 2005 Peter Woicke was chief executive officer of the International Finance Corporation (IFC). He was also a managing director of the World Bank. Prior to joining the IFC, Peter Woicke held numerous positions over nearly 30 years with J.P. Morgan.

EXECUTIVE MANAGEMENT

The Company has two principal executive committees. The Group Management Committee (GMC) (which meets fortnightly) is responsible for formulating strategy for discussion and approval by the Board, monitoring performance and managing the Group's portfolio. The Executive Committee (ExCo) (which meets at least every two months for a two day session) is responsible for developing and implementing Group-wide policies and programmes and for the adoption of best practice standards across the Group.

GMC AND EXCO MEMBERS

1. Cynthia Carroll
See page 88 for biographical details.

2. René Médori
See page 88 for biographical details.

3. Brian Beamish
BSc (Mechanical Engineering)

54, is Group director of mining and technology. He held the position of chief executive of Base Metals between 2007 and 2009 and has more than 30 years of mining industry experience in various commodities and geographies. He spent 20 years at Anglo Platinum, including four years as executive director of operations between 1996 and 1999.

4. Mervyn Walker
MA (Oxon)

51, is Group director of human resources and communications. He is a solicitor by training and joined Anglo American in 2008 from Mondi, where he was group HR and legal director. Mervyn Walker spent 19 years at British Airways, where he held a series of senior roles, including HR director, legal director, director of purchasing and director of UK airports. He is also non-executive chairman of pension schemes for AMEC plc.

5. David Weston
MBA, BSc (Eng)

52, is Group director of business performance and projects. He spent 25 years with Shell and was president of Shell Canada Products before joining the Anglo American Group in 2006 as chief executive of Industrial Minerals (Tarmac). David Weston served as the Group's technical director between April and October 2009. He is also a non-executive director of International Power plc and Kumba Iron Ore Limited.

EXCO MEMBERS

6. Walter De Simoni
BSc (Mining Eng)

55, is CEO of Nickel. Walter De Simoni joined the Anglo American Group in 1978. He was appointed president of Anglo Base Metals Brazil in 2005. He became Anglo American Brazil CEO in 2006 and CEO of Nickel in October 2009.

7. Seamus French
B Eng (Chemical)

48, is CEO of Metallurgical Coal and joined the Group as regional CEO of Anglo Coal Australia in 2007. He was previously on the BHP Billiton Executive Committee as global vice-president of business excellence from 2005.

8. Godfrey Gomwe
B.Acc, CA (Z), MBL

55, is executive director, Anglo American South Africa. He is chairman of Anglo American Zimele, Anglo American's Transformation Committee and Tshikululu Social Investments. He is a non-executive director of Anglo Platinum Limited, Kumba Iron Ore Limited and Thebe Investment Corporation (Pty) Limited. Godfrey Gomwe was previously finance director and chief operating officer of Anglo American South Africa and chairman and chief executive of Anglo American Zimbabwe Limited.

9. Chris Griffith
B Eng (Mining) Hons, Pr Eng

45, is CEO of Kumba Iron Ore. He has been with Anglo American for almost two decades. He was Anglo Platinum's head of operations for joint ventures before being appointed CEO of Kumba Iron Ore in 2008.

10. John MacKenzie
M.Sc Eng, MBL

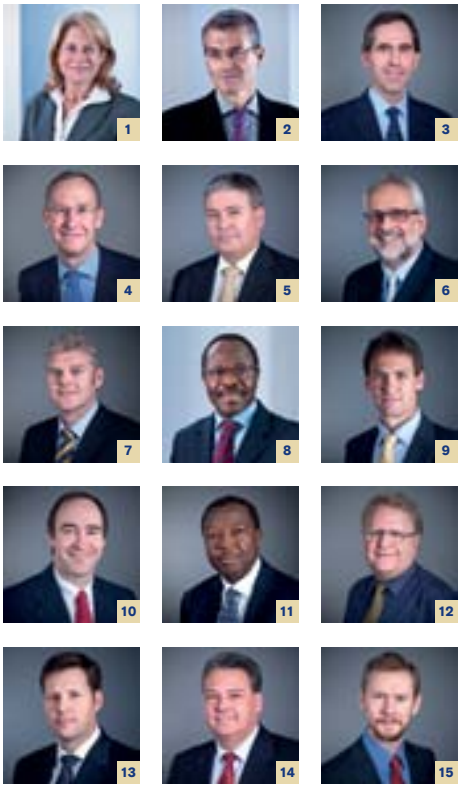
42, is CEO of Copper. He joined the Anglo American Gold and Uranium Division in January 1990 and was promoted to vice-president of Anglo Coal, South American Operations in 1999. In 2004, he became general manager of Base Metals' Minera Loma de Níquel operation in Venezuela. John MacKenzie was appointed CEO of Base Metals' Zinc operations in November 2006, becoming CEO of Copper in October 2009.

11. Norman Mbazima
FCCA

52, is CEO of Thermal Coal. He joined the Anglo American Group in 2001 at Konkola Copper Mines PLC. He was global chief financial officer for Anglo Coal and became executive director of finance at Anglo Platinum in June 2006, and later stepped in as joint acting chief executive. Norman Mbazima was appointed CEO of Scaw Metals in May 2008 and was appointed CEO of Thermal Coal in October 2009.

12. Neville Nicolau
BT (Mining Engineering), MBA

51, is CEO of Platinum. He joined the Anglo American Group in January 1979, subsequently working in the Gold and Uranium Division at different managerial levels in all the major operating areas in South Africa. In 2000-2001, he was the technical director of AngloGold's South American operations, based in Brazil. He became chief operating officer (Africa) of AngloGold Ashanti in May 2004 and was appointed CEO of Anglo Platinum in June 2008.



13. Duncan Wanblad
BSc (Eng) Mech, GDE (Eng Management)

44, is Group director of Other Mining and Industrial. He began his career at Johannesburg Consolidated Investment Company Limited in 1990. Duncan Wanblad was appointed to the board of Anglo Platinum and various of its subsidiaries in 2004 – becoming the executive director in charge of projects and engineering. He was appointed joint acting chief executive of Anglo Platinum in August 2007, before taking over as CEO copper operations of Anglo American in May 2008. He became Group director of Other Mining and Industrial in October 2009.

14. Stephan Weber
M.Sc

49, is CEO of Iron Ore Brazil. He worked for Rio Tinto from 2002 to 2008, serving on its Iron Ore Executive Committee from 2006 to 2008. Stephan Weber joined Anglo American in January 2009 as chief technical officer within Anglo Ferrous Metals and was appointed CEO of Iron Ore Brazil in October 2009.

15. Peter Whitcutt
BCom (Hons), CA (SA), MBA

45, is Group director of strategy and business development. He joined Anglo American in 1990 within the corporate finance division. Peter Whitcutt worked on the merger of Minorco, the listing of Anglo American in 1999 and the subsequent unwinding of the cross-holding with De Beers. He was appointed chief financial officer of Base Metals in August 2008 and to his present position in October 2009.

BOARD AND COMMITTEE MEETINGS – FREQUENCY AND ATTENDANCE

	Independent	Board (six meetings)	Audit (three meetings)	S&SD (four meetings)	Remuneration (three meetings)	Nomination (three meetings)
Sir John Parker	n/a	All	–	All	–	All
Cynthia Carroll	No	All	–	All	–	–
René Médori	No	All	–	–	–	–
David Challen	Yes	5[1]	All	–	All	2[1]
Sir C K Chow	Yes	All	–	–	All	All
Chris Fay[2]	Yes	All	All	All	–	–
Sir Philip Hampton	Yes	All	All	–	All	–
Sir Rob Margetts[2]	Yes	All	–	–	All	–
Nicky Oppenheimer	No	All	–	–	–	–
Ray O'Rourke	Yes	5[3]	All	All	–	–
Mamphela Ramphele	Yes	All	–	All	–	2[4]
Jack Thompson	Yes	All	–	All	All	–
Peter Woicke	Yes	All	–	All	All	All

(1) Absence due to volcanic ash cloud travel disruption.
(2) Meetings attended prior to retirement.
(3) Absence due to long standing commitment entered in to prior to his appointment.
(4) Unable to attend owing to telecommunications breakdown.

WHAT IS THE ROLE OF THE BOARD?

The Board of directors has a duty to promote the long term success of the Company for its shareholders. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure and overseeing the Group's systems of internal control, governance and risk management.

A schedule of matters reserved for the Board's decision details key aspects of the Company's affairs that the Board does not delegate (including, among other things, approval of business plans and budgets, material expenditure and alterations to share capital).

Every year the Board holds a two day strategy meeting at which the NEDs contribute their expertise and independent perspective in developing the strategy of the Company.

HOW IS THE BOARD COMPOSED?

Role of the chairman

The Board is chaired by Sir John Parker. The chairman is responsible for leading the Board and for its effectiveness.

Role of the chief executive

Cynthia Carroll is the chief executive and is responsible for the execution of strategy and the day-to-day management of the Group, supported by the Group Management Committee (GMC) and the Executive Committee (ExCo), both of which she chairs. The functions and membership of GMC and ExCo are set out on page 90.

The Company has adopted the Institute of Chartered Secretaries and Administrators Statement of Division of Responsibilities between the Chairman and the Chief Executive.

Role of the senior independent director (SID)

David Challen is the senior independent non-executive director. He is available to shareholders, acts as a sounding board and confidant for the chairman and is available as an intermediary for the other directors if necessary.

Independence of directors

The Board has a strong independent element and currently comprises, in addition to the chairman, two executive and eight non-executive directors, seven of whom are independent according to the definitions contained in the Combined Code on Corporate Governance and the UK Corporate Governance Code (together, the Codes). The independent directors are indicated within the table above, and full biographical details for each director are given on pages 88 and 89. The letters of appointment of the non-executive directors (as well as the executives' service contracts) are available for inspection at the registered office of the Company.

None of the non-executive directors has served concurrently with an executive director for more than nine years.

HOW DO WE PROMOTE EXCELLENCE IN THE BOARD ROOM?

Board effectiveness

As a direct result of the last external board evaluation, changes were made in strategy planning and improving communication with major shareholders as well as in the areas of committee composition, talent management and succession planning.

The action plan that resulted from the internally facilitated 2010 board effectiveness review may be found on page 87.

The next external evaluation of the Board is planned for 2011 in accordance with the recommendations made in the Code.

As in past years, the evaluation process also included a review, chaired by the senior independent non-executive director (without the chairman present), of the performance of the chairman. The chairman has held individual briefings with each director to ensure that the necessary board and committee processes are functioning properly. Since his appointment, Sir John has introduced a rolling agenda for the Board and instigated regular informal meetings of the non-executives prior to each board meeting. These meetings provide an opportunity, *inter alia*, to discuss the performance of management and to air subjects outside the confines of the board room in an informal and constructive manner.

At every board meeting, time is set aside for a NEDs-only discussion and the Board also receives a governance update from the company secretary highlighting developments in company law, corporate governance and best practice.

HOW ARE DIRECTORS TRAINED?

Anglo American's directors have a wide range of expertise as well as significant experience in strategic, financial, commercial and mining activities. Upon appointment, directors are provided with recent board materials and a reference manual containing information on legal obligations and other matters of which they should be aware. Guidance is provided on Market Conduct under the FSA, the Company's Articles, the UK Corporate Governance Code and the Model Code. The manual also includes items such as board and committee terms of reference, relevant company information and guidance on where to obtain independent advice. The manual is updated periodically when appropriate.

As part of the directors' formal induction process, there are meetings with all senior executives in order to develop a full understanding of the complex nature of the Anglo American Group. Training and briefings are also available to directors on appointment and subsequently, as necessary, taking into

account existing qualifications and experience. Directors also have access to management, and to the advice of the company secretary. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of Anglo American at its expense, although no such advice was sought during 2010. Presentations are made to the Board by business management on the activities of operations. Directors undertake regular visits to operations and projects and, in 2010, operations and projects in Australia, Brazil, Chile, China, Peru and South Africa were visited. In addition, during the year, directors attended courses/seminars on corporate governance, finance and directors' forums.

The directors are given the opportunity to discuss their development needs with the chairman in individual feedback meetings.

iPads for review of board materials

As part of our commitment to best practice and innovation, iPads were introduced in 2010 for the review of board papers, ensuring fast and timely provision of information to directors whilst at the same time reducing the environmental and financial impacts of board meetings.

HOW DO WE COMMUNICATE WITH OUR INVESTORS?

The Company maintains an active dialogue with its key financial audiences, including institutional shareholders and sell-side analysts as well as potential shareholders. The Investor Relations department manages the dialogue with these audiences and regular presentations take place at the time of interim and final results as well as during the rest of the year. An active programme of communication with potential shareholders is also maintained.

Board oversight

Any significant concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board. The Board is briefed on a regular basis by the Investor Relations department and analysts' reports are circulated to the directors. Feedback from meetings held between executive management, or the Investor Relations Department, and institutional shareholders is also communicated to the Board.

Institutional investors

During the year there were regular presentations to and meetings with institutional investors in the UK, South Africa, continental Europe and the US to communicate the strategy and performance of Anglo American. Executive directors, as well as key executives, including business unit heads, host such presentations, including seminars for investors and analysts, and one on one meetings. Throughout the year, executive management also present at industry conferences, which are mainly organised by investment banks for their institutional investor base. In late 2010, Sir John Parker met with a number of key investors to discuss 'Strategy, The Board, Board Changes & Operating Performance'. David Challen in his capacity as the SID works closely with Sir John to maintain his understanding of the issues and concerns of major shareholders. The chairman, SID and other non-executive directors are also available to shareholders to discuss any matter they wish to raise. We look forward to increased communication with investors following the recent introduction of the Stewardship Code.

The Company's website **www.angloamerican.com** provides the latest news and historical financial information, details about forthcoming events for shareholders and analysts, and other information on Anglo American.

As soon as I saw the board papers on the iPad I knew I would not need paper copies again. The iPad allows fast and secure delivery of board materials and annotation of the documents is simple and effective.

Peter Woicke
Non-Executive Director

We place a great deal of importance on maintaining an active dialogue with our investor base around the world. We plan to increase our interaction in 2011 by further exposing our operating management to investors.

René Médori
Finance Director

HOW DOES THE BOARD DEAL WITH CONFLICTS OF INTEREST

Anglo American policy dictates that if a director becomes aware that they have a direct or indirect interest in an existing or proposed transaction with Anglo American, they should notify the Board at the next board meeting or by a written declaration. Directors have a continuing duty to update any changes in these interests. Mr Oppenheimer has always recused himself from any discussion involving a potential conflict of interest between De Beers and the Company at the Anglo American board and during the year Mr Challen recused himself from a discussion on a banking facility in which Citigroup was a participant. In accordance with the Company's Articles and relevant legislation, an unconflicted quorum of the Board can authorise potential conflicts and such authorisations can be limited in scope and are reviewed on an annual basis. During the year under review, the conflict management procedures were adhered to and operated effectively.

WHAT ARE THE COMMITTEES OF THE BOARD AND WHAT DO THEY DO?

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees – the Remuneration, Nomination, Safety and Sustainable Development and Audit Committees. The terms of reference for each of these committees and a schedule of matters reserved for the Board's decision are published on the Company's website.

THE COMMITTEE TERMS OF REFERENCE MAY BE FOUND ON THE COMPANY'S WEBSITE WWW.ANGLOAMERICAN.COM

REMUNERATION COMMITTEE

"The Committee seeks to set stretching targets to ensure that directors are appropriately remunerated and our world class talent is retained.

Sir Philip Hampton
Chairman, Remuneration Committee

Composition

In compliance with the Codes the committee comprises only fully independent non-executive directors:

- Sir Philip Hampton – Chairman
- David Challen
- Sir CK Chow
- Jack Thompson
- Peter Woicke

Roles and responsibilities

- Establishing and developing the Group's general policy on executive and senior management remuneration
- Determining specific remuneration packages for the chairman and executive directors
- Designing the Company's share incentive schemes

Further details are set out on pages 98 to 109 of this Annual Report

NOMINATION COMMITTEE

"Having attracted fresh skills and domain knowledge, the Committee has defined the characteristics required of new board members over the next few years.

Sir John Parker
Chairman, Nomination Committee

Composition

Compliant with the Codes:

- Sir John Parker – Chairman
- David Challen
- Sir CK Chow
- Mamphela Ramphele
- Peter Woicke

Roles and responsibilities

- Setting guidelines (with the approval of the Board) for the types of skills, experience and diversity being sought when making a search for new directors and, with the assistance of external consultants, identifying and reviewing in detail each potential candidate available in the market. The Committee then agrees a 'long list' of candidates for each directorship and, following further discussion and research, decides upon a shortlist of candidates for interview. Shortlisted candidates are each interviewed by the Committee members who will then convene to discuss their impressions and conclusions, culminating in a recommendation to the Board
- Making recommendations as to the composition of the Board and its committees and the balance between executive and non-executive directors, with the aim of cultivating a board with the appropriate mix of skills, experience, independence and knowledge of the Company
- Engaging in long term succession planning for the Board
- Ensuring that the Human Resources function of the Group regularly reviews and updates the succession plans of directors and senior managers

SAFETY & SUSTAINABLE DEVELOPMENT COMMITTEE

Safety is our number one priority and we have demonstrated our commitment to going the extra mile to achieve the highest standards.

Peter Woicke
Chairman, Safety & Sustainable Development Committee

Composition

- Peter Woicke – Chairman
- Cynthia Carroll
- Sir John Parker
- Ray O'Rourke
- Mamphela Ramphele
- Jack Thompson
- Brian Beamish
- David Weston

Roles and responsibilities

- Developing the framework policies and guidelines for the management of sustainable development issues including safety, health and environment
- Reviewing the performance of the Company and the progressive implementation of its safety and sustainable development policies
- Receiving reports covering matters relating to material safety and sustainable development risks and liabilities
- Monitoring key indicators and learnings on incidents and, where appropriate, ensuring they are communicated throughout the Group
- Considering material national and international regulatory and technical developments in the fields of safety and sustainable development management

AUDIT COMMITTEE

The Audit Committee plays a pivotal role to ensure high standards of corporate governance and enables the Board to give shareholders the necessary assurances.

David Challen
Chairman, Audit Committee

Composition

Compliant with the Codes and comprises only independent non-executive directors:

- David Challen – Chairman
- Sir Philip Hampton
- Ray O'Rourke

Roles and responsibilities

- Monitoring the integrity of the annual and interim financial statements, the accompanying reports to shareholders and corporate governance statements
- Making recommendations to the Board concerning the adoption of the annual and interim financial statements
- Overseeing the Group's relations with the external auditors
- Making recommendations to the Board on the appointment, retention and removal of the external auditors
- Reviewing and monitoring the effectiveness of the Group's internal control and risk management systems including reviewing the process for identifying, assessing and reporting all key risks
- Approving the terms of reference and plans of the internal audit function
- Approving the internal audit plan and reviewing regular reports from the head of internal audit on effectiveness of the internal control system
- Receiving reports from management on the key risks of the Group and management of those risks

AUDIT COMMITTEE REPORT

External audit

Anglo American's policy on auditors' independence, is consistent with the ethical standards published by the Audit Practices Board.

A key factor that may impair auditors' independence is a lack of control over non-audit services provided by the external auditors. In essence, the external auditors' independence is deemed to be impaired if the auditors provide a service which:

- Results in the auditors acting as a manager or employee of the Group
- Puts the auditors in the role of advocate for the Group; or
- Creates a mutuality of interest between the auditors and the Group

Anglo American addresses this issue through three primary measures, namely:

- Disclosure of the extent and nature of non-audit services
- The prohibition of selected services – this includes the undertaking of internal audit services
- Prior approval by the Audit Committee chairman of non-audit services where the cost of the proposed assignment is likely to exceed $50,000

Anglo American's policy on the provision of non-audit services is regularly reviewed. The definition of prohibited non-audit services corresponds with the European Commission's recommendations on auditors' independence and with the Ethical Standards issued by the Audit Practices Board in the UK.

Other safeguards include:

- The external auditors are required to adhere to a rotation policy based on best practice and professional standards in the United Kingdom. The standard period for rotation of the audit engagement partner is five years and, for any key audit partner, seven years. A new audit engagement partner was appointed from 2010 in accordance with this requirement
- Any partner designated as a key audit partner of Anglo American shall not be employed by Anglo American in a key management position unless a period of at least two years has elapsed since the conclusion of the last relevant audit

- The external auditors are required to assess periodically, in their professional judgement, whether they are independent of the Group
- The Audit Committee ensures that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated
- The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors
- The Audit Committee has the authority to engage independent counsel and other advisers as they determine necessary in order to resolve issues on auditor independence
- An annual assessment is undertaken of the auditors' performance, independence and objectivity. The results are shared with the Audit Committee

The Audit Committee has satisfied itself that the United Kingdom professional and regulatory requirements for audit partner rotation and employment of former employees of the external auditors have been complied with.

The Audit Committee considered information pertaining to the balance between fees for audit and non-audit work for the Group in 2010 and concluded that the nature and extent of the non-audit fees do not present a threat to the external auditors' independence. Details of fees paid are provided on page 133.

Furthermore, after reviewing a report from the external auditors on all their relationships with Anglo American that might reasonably have a bearing on the external auditors' independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, the Committee has concluded that the external auditors' independence was not impaired.

The Audit Committee approved the external auditors' terms of engagement, scope of work, the process for the 2010 interim review, the annual audit and the applicable levels of materiality. Based on written reports submitted, the Committee reviewed, with the external auditors, the findings of their work.

The Audit Committee held meetings with the external auditors without the presence of management on two occasions and the chairman of the Audit Committee held regular meetings with the audit engagement partner during the year.

The appointment of Deloitte LLP as the Group's external auditors (incumbents since the listing in 1999) is kept under annual review, and if satisfactory, the Committee will recommend the re-appointment of the audit firm. The appointment of Deloitte LLP followed a detailed evaluation, at the time of the listing, of the predecessor audit firms and, rather than adopting a policy on tendering frequency, an annual review of the effectiveness of the external audit is supplemented by a periodic, comprehensive reassessment by the Committee. The Committee's assessment of the external auditors' performance and independence underpins its recommendation to the Board to propose to shareholders the re-appointment of Deloitte LLP as auditors until the conclusion of the AGM in 2012. Resolutions to authorise the Board to re-appoint and determine their remuneration will be proposed at the AGM on 21 April 2011.

Internal audit

The Group has an internal audit department that reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of Anglo American's operations.

The head of internal audit is responsible for reporting and following up on the findings of this internal audit work to local management and the Audit Committee on a regular basis. Internal audit teams operated in all the Group's principal divisions in the period under review, reporting findings to local senior management. The internal audit function's mandate and annual audit coverage plans were approved by the Audit Committee.

The internal audit activities are performed by teams of appropriate, qualified and experienced employees, supplemented if necessary through the engagement of external practitioners upon specified and agreed terms. A summary of audit results and risk management information was presented to the Committee and Group senior management at regular intervals throughout the year. The Group's head of internal audit reports to the Audit Committee on the internal audit function's performance against the agreed internal audit plan.

During 2010, over 400 audit projects were completed covering a variety of financial, operational, strategic and compliance related business processes across all business units and functions. In addition, the internal audit department responded to a number of management requests to investigate alleged breaches of our business principles.

EFFECTIVENESS OF INTERNAL CONTROL AND RISK MANAGEMENT

The GMC, as mandated by the Board, maintains a Group-wide system of internal control to manage significant Group risks. This system, which has been operating throughout the year and to the date of this report, supports the Board in discharging its responsibility for ensuring that the wide range of risks associated with the Group's diverse international operations is effectively managed in support of the creation and preservation of shareholder wealth. Where appropriate, necessary action has been or is being taken to remedy any failings or weakness identified from review of the effectiveness of the internal control system.

Internal control

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of board assurance. In addition, certain board committees focus on specific risks such as safety and capital investment and provide assurance to the Board. The chief financial officers of the Group's business units provide confirmation, on a six monthly basis, that financial and accounting control frameworks have operated satisfactorily. The Board also receives assurance from the Audit Committee, which derives its information, in part, from regular internal audit reports on risk and internal control throughout the Group and external audit reporting. The Group's internal audit function has a formal collaboration process in place with the external auditors to ensure efficient coverage of internal controls. The Anglo American internal audit function is responsible for providing independent assurance to executive management and the Board on the effectiveness of the risk management process throughout the Group.

Anglo American seeks to have a sound system of internal control, based on the Group's policies and guidelines, in all material associates and joint ventures. In those companies that are independently managed, as well as joint ventures, the directors who are represented on these organisations' boards seek assurance that significant risks are being managed.

Assurance regarding the accuracy and reliability of mineral resources and ore reserves disclosure is provided through a combination of internal technically proficient staff and independent third parties.

Risk management

The Board's policy on risk management encompasses all significant business risks to the Group, including:

- Financial
- Operational
- Compliance risk

which could undermine the achievement of business objectives.

This system of risk management is designed so that the different businesses are able to tailor and adapt their risk management processes to suit their specific circumstances. This flexible approach has the commitment of the Group's senior management. There is clear accountability for risk management, which is a key performance area of line managers through the Group. The requisite risk and control capability is assured through Board challenge and appropriate management selection and skills development. Managers are supported in giving effect to their risk responsibilities through policies and guidelines on risk and control management. Support through facilitated risk assessments is provided by a central team responsible for ensuring a robust process is implemented for risk management. During 2010, over 100 separate risk assessment workshops were conducted reviewing:

- Risk in business unit strategies
- Risks to achieving mine plans
- Risks in capital projects
- Risks to key change programmes

The results of these risk assessments were reported to senior management and the Audit Committee. The process of risk management is designed to identify internal and external threats to the business and to assist management in prioritising their response to those risks. Continuous monitoring of risk and control processes, across headline risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to business management and boards, ExCo, the Audit Committee and the Board.

Some of the headline risk areas, which have been elaborated upon in the financial review, set out on pages 46 to 53 are:

- Commodity price risk
- Political risk
- Counterparty risk
- Infrastructure and operational performance risks

The risk assessment and reporting criteria are designed to provide the Board with a consistent, Group-wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness.

In conducting its annual review of the effectiveness of risk management, the Board considers the key findings from the ongoing monitoring and reporting processes, management assertions and independent assurance reports. The Board also takes account of material changes and trends in the risk profile and considers whether the control system, including reporting, adequately supports the Board in achieving its risk management objectives.

During the course of the year the Board considered the Group's responsiveness to changes within its business environment. The Board is satisfied that there is an ongoing process, which has been operational during the year, and up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group. This includes social, environmental and ethical risks as highlighted in the Disclosure Guidelines on Socially Responsible Investment issued by the Association of British Insurers. A detailed report on social, environmental and ethical issues is included in the Company's Sustainable Development Report 2010.

Accountability and audit

The Board is required to present a balanced and understandable assessment of Anglo American's financial position and prospects. Such assessment is provided in the Chairman's and Chief executive's statements and the Operating and financial review of this Annual Report. The respective responsibilities of the directors and external auditors are set out on pages 116, 118 and 119. As referred to in the Directors' report, the directors have expressed their view that Anglo American's business is a going concern.

Whistleblowing programme

The Group has had in place for a number of years a whistleblowing programme in all its managed operations. The programme, which is monitored by the Audit Committee, is designed to enable employees, customers, suppliers, managers or other stakeholders, on a confidential basis, to raise concerns in cases where conduct is deemed to be contrary to our values. It may include:

- Actions that may result in danger to the health and/or safety of people or damage to the environment
- Unethical practice in accounting, internal accounting controls, financial reporting and auditing matters
- Criminal offences, including money laundering, fraud, bribery and corruption
- Failure to comply with any legal obligation
- Miscarriage of justice
- Any conduct contrary to the ethical principles embraced in our Business Principles or any similar policy
- Any other legal or ethical concern
- Concealment of any of the above

The programme makes available a selection of telephonic, email, web-based and surface mail communication channels to any person in the world who has information about unethical practice in Anglo American and its managed operations. The multilingual communication facilities are operated by independent service providers who remove all indications from information received as to the identity of the callers before submission to designated persons in the Group.

During 2010, 313 reports were received via the global "Speakup" facility, covering a broad spectrum of concerns, including:

- Ethical
- Criminal
- Supplier relationships
- Health and safety
- Human resource-type issues

Reports received were kept strictly confidential and were referred to appropriate line managers within the Group for resolution. Where appropriate, action was taken to address the issues raised. The reports are analysed and monitored to ensure the process is effective.

REMUNERATION REPORT OF THE DIRECTORS

"It is important to ensure that levels of reward are competitive and support the achievement of high levels of performance, thus aligning the Company's need to attract and retain high-calibre executives with the shareholders' objective of long-term value creation"

Sir Philip Hampton
Chairman of the Remuneration Committee

IN THIS SECTION

1. REMUNERATION COMMITTEE

This report sets out the Company's remuneration policy and practice for executive and non-executive directors and provides details of their remuneration and share interests for the year ended 31 December 2010.

1.1 Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee (the Committee) is responsible for considering and making recommendations to the Board on:

- The Company's general policy on executive and senior management remuneration
- The specific remuneration packages for executive directors of the Company, including basic salary, performance-based short-term and long-term incentives, pensions and other benefits
- The remuneration of the chairman
- The design and operation of the Company's share incentive schemes

The full Terms of Reference of the Committee can be found on the Anglo American website (www.angloamerican.com) and copies are available on request.

The Committee met three times during 2010 and dealt with ad hoc items between formal meetings by 'round robin' resolutions.

1.2 Membership of the Committee

The Committee comprised the following non-executive directors during the year ended 31 December 2010:

- Sir Philip Hampton (chairman with effect from 22 April 2010)
- Sir Rob Margetts (resigned 22 April 2010)
- David Challen
- Sir CK Chow
- Jack Thompson (appointed with effect from 16 February 2010)
- Peter Woicke

The Company's chief executive attends the Committee meetings by invitation and assists the Committee in its deliberations, except when issues relating to her own compensation are discussed. No directors are involved in deciding their own remuneration. In 2010, the Committee was advised by the Company's Human Resources and Finance functions and, specifically, by Mervyn Walker and Chris Corrin. It also took external advice as shown in Figure 1. Certain overseas operations within the Group are also provided with audit related services from Deloitte's and PwC's worldwide member firms and non-audit related services from Mercer's worldwide member firms.

A summary of the letter from Mercer Limited containing the conclusions of their review of the Committee's executive remuneration processes for 2010 can be found on page 110.

2. REMUNERATION POLICY ON EXECUTIVE DIRECTOR REMUNERATION

The Company's remuneration policy is formulated to attract and retain high-calibre executives and to motivate them to develop and implement the Company's business strategy in order to optimise long-term shareholder value creation. The Committee intends that this policy will continue to apply for 2011 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- Total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives
- Incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests
- Incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle
- The design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk
- In considering the market positioning of reward elements, account will be taken of the performance of the Company and of the individual executive director
- Reward practice will conform to best practice standards as far as reasonably practicable

Representatives of the Company's principal investors are consulted on material changes to remuneration policy.

3. ELEMENTS OF EXECUTIVE DIRECTOR REMUNERATION

3.1 Remuneration mix

Each executive director's total remuneration consists of salary, annual bonus, long-term incentives and benefits. An appropriate balance is maintained between fixed and performance-related remuneration and between elements linked to short-term financial performance and those linked to longer-term shareholder value creation.

Assuming on-target performance, the Committee's policy is that at least 50% (60% for Cynthia Carroll) of each executive director's remuneration is performance-related. In 2010, 72% of the chief executive's and 71% of the finance director's remuneration on an expected-value basis was performance-related as shown in Figure 2 on page 100.

The Bonus Share Plan (BSP) and the Long Term Incentive Plan (LTIP) are designed to align the longer-term interests of shareholders and executives and to underpin the Company's performance culture. The Committee monitors the relevance and appropriateness of the performance measures and targets applicable to both plans. Further details of the BSP and the LTIP are set out on pages 100 to 103.

Incentive levels are set taking account of the median expected value of long-term incentives relative to other companies of a similar size.

Shareholder approval for the current LTIP expires in May 2011 and a new LTIP will be put to shareholders at the AGM in April 2011. The Committee therefore decided in the second half of 2010 that this was a sensible point at which to review the current short- and long-term incentive levels of executives to ensure that they remain market competitive. PwC were retained to provide external advice in this respect.

The review found that the incentive opportunity for executives had fallen to levels that were uncompetitive when measured against FTSE 30 market practice. Whilst sensitive to shareholder concerns about the use of benchmarking in setting remuneration levels, the Committee feel it necessary to ensure that incentive levels remain appropriate to attract, retain and incentivise the senior management of a geographically diverse and operationally complex group. The recommendations from this review ('the Review') are set out in more detail under the relevant remuneration headings below. It is expected that the incentive opportunities proposed will remain in effect for the foreseeable future.

3.2 Basic salary

The basic salary of the executive directors is reviewed annually and is targeted at the market median of companies of comparable size, market sector, business complexity and international scope. This is adjusted either way based on experience and other relevant factors. The market for executives of main-board calibre, in large international mining companies in particular, has continued to be very competitive in recent years and it is therefore deemed sensible to position basic salary for executive directors at no lower than the median point. Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year.

Figure 1: External advice provided to the Committee

Advisers		Other services provided to the Company
PricewaterhouseCoopers LLP (PwC)	Appointed by the Company, with the agreement of the Committee, to provide specialist valuation services and market remuneration data	Investment advisers, actuaries and auditors for various pension schemes; advisers on internal audit projects; taxation, payroll and executive compensation advice
Linklaters LLP (Linklaters)	Appointed by the Company, with the agreement of the Committee, to provide legal advice on long-term incentives and directors' service contracts	Legal advice on certain corporate matters
Mercer Limited (Mercer)	Engaged by the Committee to review the Committee's processes on an annual basis, in order to provide shareholders with assurance that the remuneration processes the Committee has followed are in line with stated policy and that the Committee has operated within its Terms of Reference	Investment advisers and actuaries for various pension schemes
Deloitte LLP (Deloitte)	–	In their capacity as Group auditors, Deloitte undertake an audit of sections 10 and 11 of the remuneration report annually. However, they provide no advice to the Committee

The Review found that basic salaries were fairly positioned against the FTSE 30 and that there was no need for any fundamental realignment of executive director salaries. Accordingly, basic salary increases for executive directors with effect from January 2011 were limited to an inflation adjustment in line with the general salary review for the broader employee population.

3.3 Bonus Share Plan (BSP)

The BSP was first operated in 2004 and all executive directors are normally eligible to participate in it.

The BSP requires executive directors to invest a significant proportion of their remuneration in shares, thereby more closely aligning their interests with those of shareholders, and encourages management at all levels to build up a meaningful personal stake in the Company. Awards under the BSP are not pensionable, are made annually and consist of three elements:

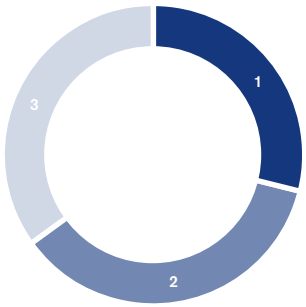
- A performance-related cash element
- Bonus Shares as a conditional award, normally to a value equal to the cash element
- An additional performance-related element in the form of Enhancement Shares

The award and matching levels are summarised in Figure 3. The BSP operates as follows:

- The value of the bonus is calculated by reference to achievement against annual performance targets which include measures of corporate (and, where applicable, business unit) performance as well as the achievement of specific individual objectives. For executive directors, the corporate element is based on stretching earnings per share (EPS) targets which are calculated using underlying earnings (reconciled in note 13 of the financial statements). The key individual objectives are designed to support the Company's strategic priorities and in 2010 included cost and asset optimisation, project execution, portfolio restructuring, strategic initiatives, organisational structure and capabilities, CSR initiatives and safety improvements
- The Committee reviews these measures annually to ensure they remain appropriate and sufficiently stretching in the context of the broader macro-economic outlook and more specific performance expectations for the Company and its operating businesses
- In 2010, 50% of each annual bonus was based on the corporate financial measure and the remaining 50% on key personal performance measures. This split is designed to reflect the importance of the ongoing projects and strategic repositioning of the Group as well as the volatile nature of commodity prices with the implications of this on setting earnings targets. Bonus parameters are set on an individual basis and the level of bonus payable is reduced if certain overall safety improvement targets are not met
- In 2010 the maximum cash element was 75% of basic salary in the case of both Cynthia Carroll and René Médori. The Review found that the total incentive opportunity for executive directors had fallen below the median opportunity offered within FTSE 30 companies. Consequently, for 2011 the Committee is proposing to increase the maximum cash element from 75% to 87.5% of basic salary for executive directors

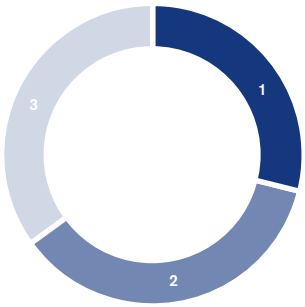
  Normally, half of any bonus earned is payable in cash and the other half is deferred into shares. The maximum bonus is payable only for meeting targets which, in the opinion of the Committee, represent an exceptional performance for the Group in the light of prevailing market conditions. The part of the bonus that is deferred is delivered in the form of a conditional award of Bonus Shares. These Bonus Shares vest only if the participant remains in employment with the Group until the end of a three-year holding period (or is regarded by the Committee as a 'good leaver'). As reported in 2009, the Committee concluded that the proportion of the bonus deferred into shares should be increased from 50% to 75% for a second year running to increase the alignment with shareholders' interests; the Committee will allow executive directors to elect to continue deferral of bonus up to these percentages from 2011 onwards
- From 2011 onwards, the Committee intends to apply a clawback of deferred Bonus Shares in the event that, during the relevant deferral period, the Committee becomes aware of a material error in the Company's results for the relevant bonus performance period
- Executive directors also receive a conditional award of Enhancement Shares at the same time as the award of Bonus Shares. The maximum potential, at face value, of the Enhancement Shares is 75% of the face value of the Bonus Shares. Awards of Enhancement Shares made in 2010 will vest after three years only to the extent that a challenging performance condition (based on earnings per share growth against growth in the UK Retail Price Index (RPI) – Real EPS growth) is met as shown in Figure 4. Real EPS growth is viewed as the most appropriate performance measure for this element of the BSP because it is a fundamental financial performance indicator, both internally and externally, and links directly to the Company's long-term objective of improving earnings. There is no retesting of this performance condition. Enhancement Shares will be subject to the same clawback provisions mentioned previously

Figure 2:
CEO – Expected values



1 Fixed 28%
2 Performance-related annual bonus 36%
3 Performance-related long-term incentive 36%

FD – Expected values



1 Fixed 29%
2 Performance-related annual bonus 36%
3 Performance-related long-term incentive 35%

The BSP targets have been approved by the Committee after reviewing performance over a number of years and have been set at a level which provides stretching performance levels for management.

The level of performance achieved and the proportion of awards vesting in respect of each performance period will be published in the subsequent remuneration report.

3.4 Share options and all-employee share schemes

No share options were granted in 2010 to executive directors under the Company's Discretionary Option Plan (DOP) and there is no intention to make future grants under the unapproved part of the DOP to executive directors. However, the DOP is retained for use in special circumstances relating to the recruitment or retention of key executives.

UK-based executive directors are eligible to participate in the Company's Save As You Earn scheme (SAYE) and Share Incentive Plan (SIP). Performance conditions do not apply to these schemes because they are offered to all UK-based employees.

Figure 3: Bonus Share Plan Summary

	Pre-2009	2009 and 2010	2011 proposed
Performance measures	50% corporate financial measure 50% key personal performance measure		
Maximum bonus (cash plus Bonus Shares)	150% of basic salary	150 % of basic salary	175% of basic salary
Delivery ratio			
Cash	50%	25%	25%/50%[1]
Bonus Shares	50%	75%	75%/50%[1]
Maximum Enhancement Share potential	75% of Bonus Shares, subject to a performance condition (EPS)		

[1] Subject to executive director election.

Figure 4: Vesting of Enhancement Shares

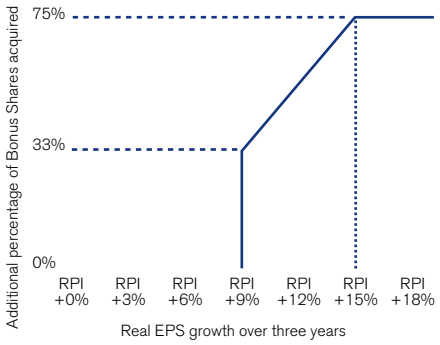


Figure 5: Long Term Incentive Plan Summary

	2010	2011 proposed
Maximum award level (% of basic salary)	200%	350%
Actual award level (% of basic salary)	200%	350% (CEO)
	200%	300% (FD)
Performance measures		
TSR – Sector Index	25% of award	25% of award
TSR – FTSE 100	25% of award	25% of award
AOSC	50% of award	50% of award
Maximum vesting of each element		
TSR – Sector Index	150%	100%
TSR – FTSE 100	150%	100%
AOSC	100%	100%

Figure 6: LTIP – Sector Index

	Mining	Industrial Minerals
Category weighting	94%	6%
Comparator companies	BHP Billiton plc	CRH plc
	Rio Tinto plc	Holcim Limited
	Teck Cominco Limited	Lafarge
	Vale	Heidelberg Cement
	Vedanta Resources plc	
	Xstrata plc	

Figure 7: LTIP – Sector Index comparison – 2010 awards and 2011 proposed awards

The Company's relative TSR compared with the Sector Index	2010 awards % proportion of total TSR element vesting	2011 proposed awards % proportion of total TSR element vesting
Below Target	0	0
Target (matching the weighted median of the Sector Index	20	15
Target plus 5% per annum	50	50
Target plus 7.5% per annum (or above)	75	50

3.5 Long Term Incentive Plan (LTIP)

At the AGM in April 2011, shareholders will be asked to approve a new LTIP to replace the existing LTIP, which will expire in mid-2011. The new LTIP will be broadly similar to the existing LTIP, except as described in the summary table, Figure 5, and the sections below.

Award levels

Conditional LTIP awards are granted annually to executive directors. The maximum award level under the current LTIP is 200% of basic salary. The Review's findings showed that this award level is well behind market practice for the FTSE 30 and, for the new LTIP, the Committee is proposing that the normal maximum award level be increased for 2011 to 350% and 300% of basic salary respectively for the chief executive and finance director, with an overall scheme maximum of 350% of basic salary. The Committee is satisfied that the performance conditions that need to be met for these awards to vest in full are sufficiently stretching in the context of the award levels. These awards are discretionary and are considered on a case-by-case basis.

Performance measures

As in previous years, vesting of the LTIP awards made during 2010 is subject to the achievement, over a fixed three-year period, of stretching Group performance targets.

Half of each award is subject to a Group Total Shareholder Return (TSR) measure, while the other half is subject to a Group operational measure. As set out in last year's report, the Committee examined the possible use of an Asset Optimisation Supply Chain (AOSC) efficiency measure in place of the return on capital employed metric. Following this review and dialogue with the Company's major investors, an AOSC measure was put in place in respect of the 2010 LTIP award for the first time. The performance measures for the 2011 LTIP award will be the same as those used in 2010. These measures are described in greater detail on the following page.

Figure 8: LTIP – FTSE 100 comparison – 2010 awards

The Company's relative TSR compared with the FTSE 100	2010 awards % proportion of total TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	20
Equal to the 90th percentile TSR of the FTSE 100	50
Above the 90th percentile TSR of the FTSE 100	75

Figure 9: LTIP – FTSE 100 comparison – 2011 proposed awards

The Company's relative TSR compared with the FTSE 100	2011 proposed awards % proportion of total TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	15
Equal to or above the 80th percentile TSR of the FTSE 100	50

These performance measures were selected on the basis that they foster the creation of shareholder value and their appropriateness is kept under review by the Committee. Taken as a whole, vesting depends on meeting a very challenging set of performance hurdles.

At the end of each performance period, the levels of TSR and AOSC performance achieved and the level of award earned will be published in the subsequent remuneration report. There is no retesting of the performance conditions.

The LTIP is intended closely to align the interests of shareholders and executive directors by rewarding superior shareholder returns and financial performance and by encouraging executives to build up a shareholding in the Company.

From 2011 onwards, the Committee intends to apply a clawback of conditional LTIP awards in the event that, during the relevant performance period, the Committee becomes aware of a material error in the Company's results for the relevant performance period.

Total shareholder return (TSR)
The Committee considers comparative TSR to be a suitable long-term performance measure for the Company's LTIP awards. Executives would benefit under this measure only if shareholders have enjoyed returns on their investment which are superior to those that could have been obtained in other comparable companies.

50% of the proportion of each award that is based on TSR is measured against the Sector Index and 50% is measured against the constituents of the FTSE 100. Maximum vesting of the TSR element of an award will be possible only if Anglo American outperforms by a substantial margin both the sector benchmark (as described in the following section) and the largest UK companies across all sectors.

Sector Index comparison
One half of the TSR element of an LTIP award vests according to the Company's TSR over the performance period, relative to a weighted basket of international mining companies (the Sector Index). The Committee may amend the list of comparator companies in the Sector Index, and relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies or significant changes in the composition of the Group). In calculating TSR it is assumed that all dividends are reinvested.

For awards made in 2010, the companies constituting the Sector Index were as shown in Figure 6 on page 101. Should the Tarmac Group be sold or demerged during the performance period relating to this award, the percentage attributable to Industrial Minerals will fall to zero.

Target performance for the Sector Index is assessed by calculating the median TSR performance within each sub-sector category, and then weighting these medians by the category weightings shown in Figure 6 on page 101. For 2010 and 2011 that part of any award that is contingent upon the Sector Index element of the TSR performance will vest as shown in Figure 7 on page 101. The outcome of the Review is that, for proposed awards in 2011 and onwards, threshold vesting would be reduced and maximum vesting would be capped at 50% (previously 75%). Shares will vest on a straight-line basis for performance between the levels shown in Figure 7 on page 101.

FTSE 100 comparison
The vesting of the other half of the TSR element of an LTIP award will depend on the Company's TSR performance over the performance period compared with the constituents of the FTSE 100 Index, as outlined in Figure 8 for awards in 2010 and Figure 9 for proposed awards for 2011 onwards. Again, threshold vesting would be reduced and maximum vesting would be capped at 50% (previously 75%) which would now occur at the 80th percentile (previously 90th). Shares will vest on a straight-line basis for performance between the levels shown in Figures 8 and 9.

The targets were calibrated such that for the TSR elements of the award there is approximately a 15% chance of achieving full vesting and a 25% chance of three-quarters vesting. These probabilities were assessed by PwC using the same Monte Carlo model used for calculating fair values of the LTIP under IFRS 2 (Share-based Payments). The estimated average fair value of an award under the TSR element using these proposed targets is 60% of the face value (this is lower than for the 2010 LTIP targets which had a maximum vesting percentage of 150% and a fair value of 50% of the maximum number of shares that could vest).

Graphs showing the Company's TSR performance against the weighted average of the Sector Index and against the FTSE 100 for the five years from 1 January 2006 to 31 December 2010 can be found in Figure 14 on page 104.

Asset Optimisation and Supply Chain
AOSC is the second performance measure for LTIP awards. The Company's AOSC programmes strive to unlock value from the Company's assets in a sustainable way through structured Group-wide programmes aimed at reducing costs, increasing volumes and improving overall operational efficiencies. In 2010, the Group's AOSC programmes delivered $2.5 billion of benefits from the core businesses ($3.0 billion from the total Group),

Figure 10: LTIP – AOSC targets

	Value delivered $ bn
Minimum AOSC Target	5.13
Maximum AOSC Target	6.27

Figure 11: LTIP – AOSC vesting

	% proportion of AOSC element vesting
Below or equal to the Minimum AOSC Target	0
Equal to or greater than the Maximum AOSC Target	100

representing the additional operating profit and capital expenditure savings realised in the year, over and above the performance expected had the programmes not been initiated. These benefits are valued employing 2010 commodity prices and exchange rates.

Tying the AOSC measure directly to a meaningful portion of executives' incentive pay reflects the importance of the AOSC initiative in delivering increased value to shareholders, as evidenced by the very significant and stretching level of the targets. The adjudication of targets will be reviewed by internal audit and reported at the end of each performance period.

The proportion of shares vesting based on AOSC will vary according to the aggregate AOSC value delivered over the performance period. Unless a certain minimum value target is met, no shares will vest under this performance measure. The maximum AOSC target is based on a stretching level of value delivered.

The targets for the AOSC element of the 2010 conditional award are shown in Figure 10.

The AOSC element of the award vests as shown in Figure 11.

Shares will vest on a straight-line basis for performance between the Minimum AOSC Target and the Maximum AOSC Target.

3.6 Vesting of share incentives in the event of change of control or termination of employment

In the event of a change of control of the Company, the following provisions apply under the Company's incentive plans:

- The number of shares that vest under the LTIP will be calculated by reference to the extent to which the applicable performance conditions have been met at the time of the change of control
- The Bonus Shares awarded under the BSP will be released and the Enhancement Shares awarded under the BSP will only vest to the extent that the performance condition has been met at the time of the change of control
- Share options granted under the DOP or under the Company's legacy Executive Share Option Scheme (ESOS) may be exercised irrespective of whether the applicable performance conditions have been met
- SAYE options may be exercised (to the extent of savings at the date of exercise)
- Participants in the SIP may direct the SIP trustee as to how to deal with their shares

In the event that an executive director's employment is terminated, vesting of any outstanding share options under the DOP or under the ESOS is dependent upon the reasons for termination. Performance conditions fall away in the event of redundancy. However, if the director resigns voluntarily, then all such options lapse unless the Committee determines otherwise.

In the case of LTIP awards, the Committee would normally exercise its discretion when an executive director's employment ceases as follows: if the director resigns voluntarily, then his/her interests lapse. If he/she retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', vesting on leaving is based on the normal performance criteria at the time of leaving and then pro rated for the proportion of the performance period for which the director served.

In the case of the BSP, if an executive director ceases to be employed before the end of the year in respect of which the annual performance targets apply, then no award will be made unless the Committee determines otherwise (taking into account the proportion of the year for which the director was an employee of the Group and of performance to date against the annual performance targets at the date of cessation). If a director resigns voluntarily before the end of the three-year vesting period, the Bonus Shares lapse and awards of Enhancement Shares are forgone. If a director retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', Bonus Shares already awarded will be transferred as soon as practicable after the date of leaving. Enhancement Shares will vest only to the extent that the performance condition has been met and if vesting is accelerated to the time of leaving will be pro rated for the proportion of the performance period for which the director served.

3.7 Employee Share Ownership Trust and policy on provision of shares for incentive schemes

The Group has hitherto used an Employee Share Ownership Trust (the Trust) to acquire and hold shares for use in the operation of its share schemes. As at 31 December 2010, the Trust held 985 ordinary shares in the Company, registered in the name of Greenwood Nominees Limited. Shares held by the Trust are not voted at the Company's general meetings. It is the Company's current policy to meet the requirements of share incentive schemes by using a mix of Treasury Shares, shares from the Trust or by market purchases, as appropriate. The Company also has the necessary authorities to utilise newly issued shares if required.

3.8 Pensions

Details of individual pension arrangements are set out on page 107. The Review found that the current level of company pension contribution was in line with market practice and was not in need of change at present.

Executive directors (and UK employees more generally) have the option of all or part of their employer-funded defined-contribution pension contributions being paid as an alternative to an unregistered retirement benefits scheme (an EFRBS).

Since the inception of the new UK pensions regime applicable from 6 April 2006, the Committee has been prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that future pension benefits are reduced or cease to accrue and that a pension allowance be paid having the same value as the defined-contribution benefits forgone.

Similarly, the Committee is prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that supplementary pension contributions are made into their defined-contribution pension arrangements, in return for equivalent reductions in their future basic salaries and/or other elements of their remuneration.

3.9 Other benefits

Executive directors are entitled to the provision of a car allowance, medical insurance, death and disability insurance, social club membership and limited personal taxation/financial advice, in addition to reimbursement of reasonable business expenses. The provision of these benefits is considered to be market-competitive.

4. EXECUTIVE SHAREHOLDING TARGETS

Within five years of their appointment, executive directors are expected to acquire and maintain a holding of shares with a value of two times basic salary in the case of the chief executive and one and a half times (previously one times) basic salary in the case of any other executive director.

The Committee takes into consideration achievement against these targets when making grants under the Company's various long-term incentive plans.

5. EXTERNAL APPOINTMENTS

Executive directors are not permitted to hold external directorships or offices without the prior approval of the Board; if approved, they may each retain the fees payable from one such appointment. During the year ended 31 December 2010, Cynthia Carroll and René Médori each retained fees amounting to £90,000 and £66,000 respectively.

6. POLICY ON NON-EXECUTIVE DIRECTOR REMUNERATION

Non-executive director remuneration is approved by the Board as a whole on the recommendation of the chairman and executive directors.

The Company's policy on non-executive director remuneration is based on the following key principles:

- Remuneration should be:
  - sufficient to attract and retain world-class non-executive talent
  - consistent with recognised best practice standards for non-executive director remuneration
  - in the form of cash fees, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social security contributions) to acquire shares in the Company should the non-executive director so wish
  - set by reference to the responsibilities taken on by the non-executives in chairing the Board and its committees
- Non-executive directors may not participate in the Company's share incentive schemes or pension arrangements

It is the intention that this policy will continue to apply for 2011 and subsequent years, subject to ongoing review as appropriate.

The Board reviews non-executive directors' fees periodically to ensure that they remain market-competitive. Additional fees are paid to the chairmen of Board Committees and to the senior independent director (SID). Should non-executive directors acquire executive board roles within subsidiaries of the Company, then they might also receive additional remuneration from the relevant subsidiaries on account of these increased responsibilities. Non-executive directors' fees were last increased following a review in December 2009 (and took effect in January 2010). Fees will next be reviewed in December 2011.

7. CHAIRMAN'S FEES

The chairman's fees are reviewed periodically (on a different cycle from the review of other non-executive directors' fees). A recommendation is then made to the Board (in the absence of the chairman) by the Committee and chief executive, who will take external advice on market comparators.

As set out in last year's report, at the time of the chairman's appointment in August 2009, he received a restricted award of shares in the Company to a value of £500,000 which he undertook to match with his personal funds. The award will be released on the third anniversary of his appointment subject to his still being chairman.

Figure 12: Executive directors[1]

	Date of appointment	Next AGM re-election or election
Cynthia Carroll (chief executive)	15 January 2007	April 2011
René Médori (finance director)	01 June 2005	April 2011

[1] At each AGM all directors shall retire from office.

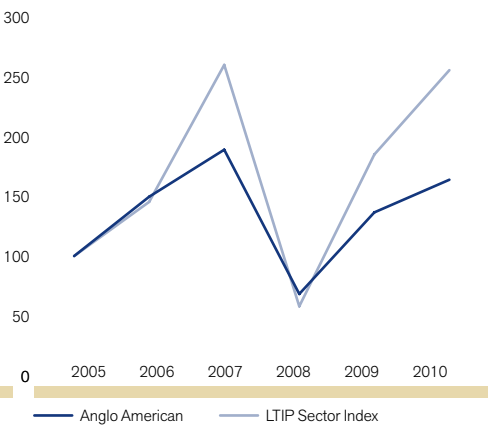
Figure 13: Non-executive directors[1] [2]

	Date of appointment	Next AGM re-election or election
Sir John Parker (chairman, AA plc and Nomination Committee)	09 July 2009	April 2011
David Challen (SID and chairman, Audit Committee)	09 September 2002	April 2011
Sir CK Chow	15 April 2008	April 2011
Chris Fay (retired 2010)	19 April 1999	n/a
Sir Philip Hampton (chairman, Remuneration Committee)	09 November 2009	April 2011
Sir Rob Margetts (retired 2010)	18 March 1999	n/a
Nicky Oppenheimer	18 March 1999	April 2011
Ray O'Rourke	11 December 2009	April 2011
Fred Phaswana (retired 2010)	12 June 2002	n/a
Mamphela Ramphele	25 April 2006	April 2011
Jack Thompson	16 November 2009	April 2011
Peter Woicke (chairman, S&SD Committee)	01 January 2006	April 2011

[1] At each AGM all directors shall retire from office.
[2] There is no fixed notice period; however, the Company may in accordance with, and subject to, the provisions of the Companies Act 2006, by Ordinary Resolution of which special notice has been given, remove any director from office. The Company's Articles of Association also permit the directors, under certain circumstances, to remove a director from office.

Figure 14: Historical comparative TSR performance graphs

Source: Thomson Datastream



Source: Thomson Datastream

The Committee concluded in December 2010 that it would be appropriate to offer Sir John a further share award to a value of £250,000 in the first quarter of 2011; the award would be released in full at the third anniversary of the grant subject to his still being chairman and would again be matched by Sir John progressively over the three-year period. This further share award was contemplated by the terms agreed on Sir John's appointment. Consultation with shareholders has taken place on this basis and it is intended to make the award shortly after the announcement of results.

8. DIRECTORS' SERVICE CONTRACTS

Cynthia Carroll and René Médori are employed by Anglo American Services (UK) Ltd (AAS).

It is the Company's policy that the period of notice for executive directors will not exceed 12 months and accordingly the employment contracts of the executive directors are terminable at 12 months' notice by either party.

The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the Company, nor for liquidated damages.

All non-executive directors have letters of appointment with the Company for an initial period of three years from their date of each appointment, subject to reappointment at the AGM as shown in Figure 13.

9. HISTORICAL COMPARATIVE TSR PERFORMANCE GRAPHS

The graphs shown in Figure 14 represent the comparative TSR performance of the Company from 1 January 2006 to 31 December 2010. In drawing up these graphs it has been assumed that all dividends paid have been reinvested.

The first graph shows the Company's performance against the performance of the FTSE 100 Index, chosen as being a broad equity market index which includes companies of a comparable size and complexity to Anglo American. This graph has been produced in accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

The second graph shows the Company's performance against the weighted Sector Index comparator group used to measure company performance for the purposes of the vesting of LTIP interests conditionally awarded in 2008. This graph gives an indication of how the Company is performing against the targets in place for LTIP interests already granted, although the specifics of the comparator companies for each year's interests may vary to reflect changes such as mergers and acquisitions among the Company's competitors or changes to the Company's business mix. TSR is calculated in US dollars, and the TSR level shown as at 31 December each year is the average of the closing daily TSR levels for the five-day period up to and including that date.

10. REMUNERATION OUTCOMES DURING 2010

The information set out in this section and section 11 has been subject to audit.

10.1 Directors' emoluments

Executive directors

Figure 15 sets out an analysis of the pre-tax remuneration during the years ended 31 December 2010 and 2009, including bonuses but excluding pensions, for individual directors who held office in the Company during the year ended 31 December 2010.

Non-executive directors

Figure 16 sets out the fees and other emoluments paid to non-executive directors during the year ended 31 December 2010 which amounted to £1,489,000 (2009: £1,260,000).

Figure 16: Non-executive directors' emoluments[1][2]

	Total	
	2010 £000	2009 £000
Sir John Parker	650	273
David Challen	115	93
Sir CK Chow	80	65
Chris Fay	30	80
Sir Philip Hampton	90	10
Sir Rob Margetts	30	80
Nicky Oppenheimer[3]	88	72
Ray O'Rourke[4]	80	4
Fred Phaswana[3]	76	147
Mamphela Ramphele	80	65
Jack Thompson	80	9
Peter Woicke	90	65

(1) Each non-executive director, with the exception of Sir John Parker, was paid a fee of £80,000 (2009: £65,000) per annum, and those non-executive directors who act as chairmen of the Audit Committee, Safety and Sustainable Development Committee and Remuneration Committee were paid an additional sum of £15,000 (2009: £15,000) per annum. The chairman of the Nomination Committee was paid an additional sum of £7,500 (2009: £7,500) per annum. The senior independent director (SID) received additional fees of £20,000 per annum.

(2) In addition to the fees reported above for 2009, Sir Mark Moody-Stuart, who retired on 1 August 2009, received fees in 2009 of £264,000 and Karel Van Miert, who passed away on 22 June 2009, received fees of £33,000.

(3) Nicky Oppenheimer received fees for his services as a non-executive director of Anglo American South Africa Limited amounting to £8,000 (2009: £7,000), which are included in the above table. Fred Phaswana, who retired from the Board on 1 January 2010, was also the non-executive chairman of Anglo Platinum Limited until 31 August 2010 and of Anglo American South Africa until 30 September 2010 and received fees for these services amounting to £76,000 (2009: £80,000), which are included in the above table.

(4) Ray O'Rourke has instructed the Company that his net fees be donated to charity.

Figure 15: Executive directors' emoluments[1]

	Total basic salary[2]		Annual performance bonus – cash element[3]		Benefits in kind[4]		Total	
	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000	2010 £000	2009 £000
Cynthia Carroll	1,125	1,103	411	372	37	144	1,573	1,619
René Médori	707	693	253	234	29	30	989	957

(1) In 2010, Cynthia Carroll and René Médori held non-executive directorships of Anglo Platinum Limited and René Médori held a non-executive directorship of Anglo American South Africa Limited. The fees for these directorships were ceded to their employer, AAS.

(2) AAS agreed with the executive directors that supplementary pension contributions be made into their defined-contribution pension arrangements in return for equivalent reductions in their basic salaries and in the cash elements payable under the BSP. The figures shown include these supplementary contributions.

(3) The split between the cash and share elements of the Bonus Share Plan is set out on page 100 and the above figures represent the elections made in 2011 by each executive director to defer 75% of their total bonus into shares.

(4) Each executive director receives a car allowance and a limited amount of personal taxation/financial advice; they also receive death and disability benefits and medical insurance.

Figure 17: Bonus Share Plan

BSP interests[1]	Total interest at 1 January 2010	Number of Bonus Shares conditionally awarded during 2010[2]	Number of Enhancement Shares conditionally awarded during 2010	Number of Bonus Shares vested during 2010[2]	Number of Enhancement Shares vested during 2010	Number of Enhancement Shares lapsed during 2010	Total interest at 31 December 2010	Market price at date of 2010 award £	Date of vesting of Bonus Shares awarded during 2010	End date of performance period for Enhancement Shares awarded during 2010
Cynthia Carroll[3]	140,793	46,902	35,176	(19,231)	–	–	203,640	23.80	01/01/2013	31/12/2012
René Médori	119,792	29,481	22,110	(27,728)	–	(12,889)	130,766	23.80	01/01/2013	31/12/2012

(1) The performance period applicable to each award is three years. Cynthia Carroll did not receive a BSP award in 2007 (in respect of the 2006 financial year) and consequently no shares vested in 2010. René Médori was awarded BSP shares in 2007 which vested in 2010.

Shares vested (2007 BSP Award)	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting £	Money value at date of vesting £
René Médori	15,640	09/03/2007	24.73	27.06	423,218

In the case of the BSP awards granted in 2007, the determinant for the vesting of Enhancement Shares was real EPS growth, based on earnings per share growth against growth in the UK Retail Price Index (RPI) over the performance period. 44% of the Enhancement Shares would vest if EPS growth was RPI+9%, and 100% would vest if EPS growth was RPI+15%. As the EPS growth was below the threshold target over the period, nil vesting of the Enhancement Shares occurred.

(2) Where permitted by finance legislation, awards of Bonus Shares under the BSP are granted as forfeitable shares, which would be forfeited in the event that an executive director leaves service, other than as a 'good leaver', before the shares are released. The number of Bonus Shares awarded in 2010 was reduced to meet income tax liabilities. The reduction in respect of Cynthia Carroll was 19,231 shares and in respect of René Médori was 12,088 shares (at a value of £529,419 and £332,776 respectively).

(3) In accordance with her terms upon joining, Cynthia Carroll was granted 132,718 forfeitable shares, in compensation for long-term incentives forgone at her previous employer. The market price of the shares at the date of this award was £24.91. These shares are forfeitable in the event that she leaves service before they are released to her. As a result of the share consolidation following the demerger of Mondi, 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares, of which 72,464 were released to her in February 2008, 24,155 were released to her in February 2009 and 24,154 were released to her in February 2010, as follows:

Interests	Beneficial interest in forfeitable shares at 31 December 2009	Number of forfeitable shares vested during the year	Number of forfeitable shares lapsed during the year	Beneficial interest in forfeitable shares at 31 December 2010	Latest performance period end date
Cynthia Carroll	24,154	24,154	–	–	n/a

Shares vested	Number of shares vested	Date of conditional award	Market price at date of award £	Market price at date of vesting £	Market value at date of vesting £
Cynthia Carroll	24,154	21/02/2007	24.91	26.66	643,945

Figure 18: Long Term Incentive Plan

LTIP interests[1][2]	Total beneficial interest in LTIP at 1 January 2010	Number of shares conditionally awarded during 2010	Number of shares vested during 2010	Number of shares lapsed during 2010	Total beneficial interest in LTIP at 31 December 2010	Latest performance period end date
Cynthia Carroll	262,295	87,582	(44,858)	(28,680)	276,969	31/12/2012
René Médori	168,885	55,040	(30,403)	(19,439)	174,083	31/12/2012

(1) The LTIP awards made in 2010 are conditional on two performance conditions as outlined on pages 101 to 103: the first is based on the Company's TSR relative to a weighted group of international mining companies and to the constituents of the FTSE 100; the second is based on the value delivered from AOSC initiatives during the medium term. Further details on the structure of the LTIP, the required level of performance for the 2010 award and how performance against targets is measured can be found on pages 101 to 103. The market price of the shares at the date of award was £25.69.

(2) The performance period applicable to each award is three years. The performance period relating to the LTIP awards in 2007 (which were granted on 23 March) ended on 31 December 2009. Vesting was subject to two performance conditions: the first based on the Company's TSR relative to a weighted group of international mining companies and the FTSE 100; the second based on an underlying operating measure which focused on improvements in the Company's ROCE in the medium term. Part of each award was based on the TSR measure and part on the operating measure. These awards are as follows:

Shares vested	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting	Money value at date of vesting £
Cynthia Carroll	44,858	23/03/2007	24.63	29.27	1,312,994
René Médori	30,403	23/03/2007	24.63	29.27	889,896

In the case of the LTIP awards granted in 2007, the determinants for vesting were 50% on relative TSR and 50% on meeting specified Group ROCE targets. The ROCE targets are a function of targeted improvement in returns on existing capital employed at the start of the performance period and targeted returns in excess of the cost of capital on new capital investment over that period. The entry-level target for any LTIP has been the actual return achieved on the capital employed, excluding capital work in progress, in the year immediately preceding the commencement of the performance period. In order to maintain the effectiveness of the plan in driving long-term performance, the actual returns in the final performance year are adjusted for movements in commodity prices, certain foreign exchange rate effects (e.g. translation windfalls), capital in progress (to reflect the fact that mines under construction absorb large amounts of capital before producing a return), relevant changes in the composition of the Group (e.g. significant acquisitions and disposals) and other one-off factors which would otherwise result in a misleading outcome.

The threshold blended target (i.e. the target on existing and new capital) for the performance period for the 2006 LTIP was 37.46% and the upper blended target 39.46%. The ROCE achieved was 43.20% and the outcome on this element of the LTIP was thus 100%. On the TSR measure, Anglo American achieved a TSR over the three-year performance period of -25% which generated a nil% vesting in terms of the 2006 Sector Index Comparator Group (against a median target of 23%) and a 44% vesting against the FTSE 100 (being between the 50th percentile and 90th percentile). The overall vesting level for those directors with a 50% Group ROCE, 25% Sectoral TSR and 25% FTSE 100 TSR split was therefore 61%.

Figure 19: Directors' share options

Anglo American options	Beneficial holding at 1 January 2010[1]	Granted	Exercised	Lapsed	Beneficial holding at 31 December 2010	Weighted average option price £	Earliest date from which exercisable	Latest expiry date
René Médori	951	–	–	–	951	17.97	1/9/2013	28/2/2014

(1) Beneficial holdings comprise SAYE options held in respect of shares by René Médori of 951 options with an option price of £17.97. The market price of the Company's shares at the end of the year and the highest and lowest mid-market prices during the period are disclosed in Section 10.4. There are no performance conditions attached to these options.

Figure 20: Defined contribution pension schemes

	Normal contributions[2]	
	2010 £000	2009 £000
Cynthia Carroll[1]	338	331
René Médori	212	208

(1) The contributions payable into pension arrangements for Cynthia Carroll amounted in 2010 to £199,000 (2009: £236,000), the balance being payable in the form of a cash allowance to an equivalent cost to the employer. The cost of this allowance is included in the pension figure above. The allowance does not form part of basic salary disclosed in the directors' emoluments table on page 105 nor is it included in determining awards under the BSP.

(2) Cynthia Carroll and René Médori contractually agreed with AAS that supplementary pension contributions should be made into their respective defined-contribution pension arrangements in return for reductions in their future basic salaries and reductions in the cash elements payable under the BSP. These supplementary contributions of £187,000 (2009: £nil) and £450,000 (2009: £nil) respectively, are included in Figure 15: Executive directors' emoluments on page 105.

Figure 21: Shares in Anglo American plc

As at 31 December 2010 (or, if earlier, date of resignation)

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	51,787	707	276,969	89,661	113,979	–
René Médori[2]	89,811	706	174,083	57,575	73,191	–
Sir John Parker[3]	11,655	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Philip Hampton	1,200	–	–	–	–	–
Sir Rob Margetts[4]	15,638	–	–	–	–	–
Ray O'Rourke[5]	34,500	–	–	–	–	–
Nicky Oppenheimer[6]	31,457,017	–	–	–	–	–
Fred Phaswana[7]	13,610	–	–	–	–	–
Mamphela Ramphele	3,520	–	–	–	–	–
Jack Thompson[5]	5,000	–	–	–	–	–
Peter Woicke[5]	10,177	–	–	–	–	–

Footnotes are below figure 24 on the following page.

Figure 22: Shares in Anglo American plc

As at 1 January 2010

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	14,433	573	262,925	61,990	78,803	24,154
René Médori[2]	66,082	591	168,885	55,822	63,970	–
Sir John Parker[3]	777	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Philip Hampton	637	–	–	–	–	–
Sir Rob Margetts[4]	15,030	–	–	–	–	–
Ray O'Rourke[5]	0	–	–	–	–	–
Nicky Oppenheimer[6]	33,557,017	–	–	–	–	–
Fred Phaswana[7]	13,610	–	–	–	–	–
Mamphela Ramphele	2,762	–	–	–	–	–
Jack Thompson[5]	2,500	–	–	–	–	–
Peter Woicke[5]	5,177	–	–	–	–	–

Footnotes are below figure 24 on the following page.

Figure 23: Shares in Anglo American plc
As at 1 January 2011

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	51,787	707	276,969	89,661	113,979	–
René Médori[2]	89,811	706	174,083	57,575	73,191	–
Sir John Parker[3]	11,655	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Sir Philip Hampton	1,200	–	–	–	–	–
Ray O'Rourke[5]	34,500	–	–	–	–	–
Nicky Oppenheimer[6]	31,457,017	–	–	–	–	–
Mamphela Ramphele	3,520	–	–	–	–	–
Jack Thompson[5]	5,000	–	–	–	–	–
Peter Woicke[5]	10,177	–	–	–	–	–

Footnotes are below Figure 24.

Figure 24: Shares in Anglo American plc
As at 18 February 2011

	Beneficial	Conditional				
Directors		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll[1]	51,803	705	276,969	89,661	113,979	–
René Médori[2]	89,828	705	174,083	57,575	73,191	–
Sir John Parker[3]	12,387	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Sir Philip Hampton	1,452	–	–	–	–	–
Ray O'Rourke[5]	34,500	–	–	–	–	–
Nicky Oppenheimer[6]	31,457,017	–	–	–	–	–
Mamphela Ramphele	3,672	–	–	–	–	–
Jack Thompson[5]	5,000	–	–	–	–	–
Peter Woicke[5]	10,177	–	–	–	–	–

(1) Following her appointment as an executive director on 15 January 2007, Cynthia Carroll was granted 132,718 forfeitable shares conditional on her continued employment to the Group and in partial compensation for long-term incentives forgone at her previous employer. As a result of the share consolidation following the demerger of Mondi, 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares, of which 72,464 were released to her in February 2008, 24,155 were released to her in February 2009 and 24,154 were released to her in February 2010.

(2) René Médori's beneficial interest in 85,931 of the shares held at the date of this report arises as a result of his wife's interest in these shares.

(3) Following his appointment as chairman of the Company on 1 August 2009, John Parker was awarded 31,000 ordinary shares in the Company which will be released in full on the third anniversary of his appointment, subject to his continued chairmanship.

(4) Sir Rob Margetts' beneficial interest arises as a result of his wife's interest in these shares.

(5) Included in the interests of Messrs O'Rourke, Thompson and Woicke are unsponsored ADRs representing 0.5 ordinary shares of US$0.54945 each.

(6) N F Oppenheimer's interest in 31,456,927 of these shares held at the date of this report arises as a result of his beneficial interest in a discretionary trust which is treated as interested in 25,200,000 shares in which E Oppenheimer & Son Holdings Limited is treated as interested and 6,252,377 shares in which Central Holdings Limited is treated as interested. The 6,252,377 shares referred to are shares held by Debswana Diamond Company (Pty) Limited, in which N F Oppenheimer and Central Holdings Limited have no economic interest. His interest in 4,550 of these shares arises as a result of his wife's interest in a trust which has an indirect economic interest in those shares.

(7) Mr Phaswana retired from the Board on 1 January 2010.

10.2 Bonus Share Plan
Details of shares awarded under the BSP to executive directors during 2010 and their current holdings are shown in Figure 17 on page 106.

10.3 Long Term Incentive Plan
Conditional awards of shares were made in 2010 to executive directors under the LTIP as shown in Figure 18 on page 106.

10.4 Directors' share options
No executive share options have been granted to any director since 2003 as shown in Figure 19 on page 106.

The highest and lowest mid-market prices of the Company's shares during the period 1 January 2010 to 31 December 2010 were £33.86 and £22.54 respectively. The mid-market price of the Company's shares at 31 December 2010 was £33.86.

10.5 Share Incentive Plan (SIP)
During the year, Cynthia Carroll and René Médori purchased 58 and 57 shares under the SIP respectively, in addition to the shares held by them at 1 January 2010. If these shares are held for three years, they will be matched by the Company on a one-for-one basis, conditional upon the director's continued employment. In addition, Cynthia Carroll and René Médori were each awarded 104 free shares under the SIP in April 2010. Participants in the SIP are entitled to receive dividends on their shares.

The information provided in sections 10.2 to 10.5 is a summary. However, full details of directors' shareholdings and options are contained in the Register of Directors' Interests of the Company, which is open to inspection.

10.6 Pensions
10.6.1 Directors' pension arrangements
Cynthia Carroll and René Médori participated in defined contribution pension arrangements in terms of their contracts with AAS. In 2010, normal contributions were payable on their behalf at the rate of 30% of their basic salaries payable under these contracts.

10.6.2 Defined contribution pension schemes
The amounts payable into defined contribution pension schemes by the Group in respect of the individual directors were as shown in as shown in Figure 20 on page 107.

10.6.3 Defined benefit pension schemes
No director was eligible in 2010 for membership of any defined benefit pension scheme.

10.6.4 Excess retirement benefits
No person who served as a director of the Company during or before 2010 has been paid or received retirement benefits in excess of the retirement benefits to which he/she was entitled on the date on which benefits first became payable (or 31 March 1997, whichever is later).

11. SUMS PAID TO THIRD PARTIES IN RESPECT OF A DIRECTOR'S SERVICES

No consideration was paid to or became receivable by third parties for making available the services of any person as a director of the Company, or while a director of the Company, as a director of any of the Company's subsidiary undertakings, or as a director of any other undertaking of which he/she was (while a director of the Company) a director by virtue of the Company's nomination, or otherwise in connection with the management of the Company or any undertaking during the year to 31 December 2010.

12. DIRECTORS' SHARE INTERESTS

The interests of directors who held office during the period 1 January 2010 to 31 December 2010 in Ordinary Shares (Shares) of the Company and its subsidiaries were as shown in Figures 21 and 22 on page 107.

Figures 23 and 24 outline the changes in the above interests which occurred between 1 January 2011 and the date of this report.

APPROVAL

This directors' remuneration report has been approved by the Board of directors of Anglo American plc.

Signed on behalf of the Board of directors.

Sir Philip Hampton
Chairman, Remuneration Committee
18 February 2011

INDEPENDENT REMUNERATION REPORT REVIEW

This letter contains the findings and conclusions from our review of the processes followed by Anglo American's Remuneration Committee (the Committee) during 2010. The review was undertaken at your request as Chairman of the Committee in order to provide shareholders with assurance that the processes followed by the Committee supported the policy stated in Anglo American's Remuneration Report.

It is our view that the processes followed by the Committee during 2010 fully supported the Company's remuneration policy. Please find below a description of the process that we followed in coming to our conclusion, along with our detailed observations and recommendations.

REVIEW PROCESS

In order to reach our view we undertook the following:

- A review of the Committee's terms of reference
- A review of the minutes of the Committee covering the period from January to December 2010
- A review of any briefing materials prepared for the Committee during the year
- An interview with Chris Corrin in his capacity as Secretary to the Committee
- An interview with the Chairman of the Committee

FINDINGS

The Committee comprises entirely of independent non-executive directors. It met formally on three occasions in 2010.

We reviewed the minutes of each meeting along with any supporting papers or documentation that was tabled. We found that the decisions taken by the Committee were in line with Anglo American's stated remuneration policy namely that levels of reward, whilst competitive, require demanding performance conditions to be met which are consistent with shareholder interests. We are satisfied that the Committee closely adheres to the stated policy of setting base pay levels at the median of comparable companies, that at least 50% of remuneration for the executive directors is performance related and that variable pay is consistent with business performance, market conditions and retention of talent.

We are satisfied that the Committee challenges the proposals put forward by executive management and adopts a rigorous and robust approach to decision making.

We are also satisfied that the Committee seeks the advice of external consultants on technical issues where appropriate and gives careful consideration to the information and recommendations that it receives, before reaching an informed decision.

CONCLUSIONS

On the basis of the document review referred to above and the interviews with the Chairman and Secretary of the Committee, we are comfortable that the Committee has discharged its duties in line with the Policy of Executive Remuneration stated in Anglo American's Annual Report.

We note that in line with the requirements of the Combined Code the composition of the Committee including the chairmanship has been changed.

Yours sincerely

Mark Hoble
Partner
Mercer Limited
Tower Place
London EC3R 5BU

10 February 2011

DIRECTORS' REPORT

The directors have pleasure in submitting the statutory financial statements of the Group for the year ended 31 December 2010.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

Anglo American plc is one of the world's largest mining companies, is headquartered in the UK and listed on the London and Johannesburg stock exchanges. Anglo American's portfolio of mining businesses spans precious metals and minerals – in which it is a global leader in both platinum and diamonds; base metals – copper and nickel; and bulk commodities – iron ore, metallurgical coal and thermal coal. Anglo American is committed to the highest standards of safety and responsibility across all its businesses and geographies and to making a sustainable difference in the development of the communities around its operations. The Company's mining operations and extensive pipeline of growth projects are located in southern Africa, South America, Australia, North America and Asia.

More detailed information about the Group's businesses, activities and financial performance is incorporated in this report by reference and can be found in the Chairman's and Chief executive's statements on pages 6 to 7 and 12 to 13 respectively and the Operating and financial review on pages 14 to 85. The Corporate governance statement is on pages 86 to 97 and is incorporated in this Directors' report by reference.

GOING CONCERN

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group financial performance review on pages 42 to 45. In addition, detail is given on the Group's policy on managing credit and liquidity risk in the Risk section on pages 46 to 53, with details of our policy on capital risk management being set out in note 25 to the financial statements. The Group's net debt at 31 December 2010 (including related hedges) was $7.4 billion (2009: $11.3 billion), representing a gearing level of 16.3% (2009: 28.7%). Details of borrowings and facilities are set out in notes 24 and 25 and net debt is set out in note 31.

The directors have considered the Group's cash flow forecasts for the period to the end of March 2012. The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance show that the Group will be able to operate within the level of its current facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

DIVIDENDS

An interim dividend of 25 US cents per ordinary share was paid on 16 September 2010. The directors are recommending that a final dividend of 40 US cents per ordinary share, be paid on 28 April 2011 to ordinary shareholders on the register on 1 April 2011, subject to shareholder approval at the Annual General Meeting (AGM) to be held on 21 April 2011. This would bring the total dividend in respect of 2010 to 65 US cents per ordinary share. In accordance with International Financial Reporting Standards (IFRS), the final dividend will be accounted for in the financial statements for the year ended 31 December 2011.

Two shareholders have waived their rights to receive dividends. In both cases, these shareholders act as trustees/nominees holding shares for use solely in relation to the Group's employee share plans. These shareholders and the value of dividends waived during the year were:

- Greenwood Nominees Limited $4,429.50
- Security Nominees Limited $354,828.25

SHARE CAPITAL

The Company's issued share capital as at 31 December 2010, together with details of share allotments during the year, is set out in note 29 on pages 157 to 161.

The Company was authorised by shareholders at the AGM held on 22 April 2010 to purchase its own shares in the market up to a maximum of 14.99% of the issued share capital. No shares were purchased under this authority during 2010. This authority will expire at the 2011 AGM and in accordance with usual practice a resolution to renew it for another year will be proposed.

MATERIAL SHAREHOLDINGS

Details of interests of 3% or more in the ordinary share capital of the Company are shown within the Shareholder information section of the Notice of Meeting booklet.

DIRECTORS

Biographical details of the directors currently serving on the Board are given on pages 88 and 89. Details of directors' interests in shares and share options of the Company can be found in the Remuneration report on pages 98 to 109.

Fred Phaswana retired from the Board on 1 January 2010. Sir Rob Margetts and Chris Fay retired from the Board at the conclusion of the AGM on 22 April 2010. Nicky Oppenheimer has indicated his intention to retire after the conclusion of the AGM on 21 April 2011. A tribute to Mr Oppenheimer is contained in the Chairman's statement on page 7.

SUSTAINABLE DEVELOPMENT

The Sustainable Development Report 2010 will be available in April 2011. This report focuses on the safety, sustainable development, health and environmental performance of the Group's managed operations, its performance with regard to the Company's *Good Citizenship: Our Business Principles*, and the operational dimensions of its social programmes.

PAYMENT OF SUPPLIERS

Anglo American plc is a holding company and, as such, has no material trade creditors. Businesses across the Group are responsible for agreeing the terms under which transactions with their suppliers are conducted, reflecting local and industry norms and group purchasing arrangements which may have been made with a supplier. The Group values its suppliers and recognises the benefits to be derived from maintaining good relationships with them. Anglo American acknowledges the importance of paying invoices, especially those of small businesses, promptly.

VALUE OF LAND

Land is mainly carried in the financial statements at cost. It is not practicable to estimate the market value of land and mineral rights, since these depend on product prices over the next 20 years or more, which will vary with market conditions.

POST-BALANCE SHEET EVENTS

Post-balance sheet events are set out in note 38 to the financial statements on page 168.

AUDIT INFORMATION

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that all directors have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

EMPLOYMENT AND OTHER POLICIES

The Group's key operating businesses are empowered to manage, within the context of the different legislative and social demands of the diverse countries in which those businesses operate, subject to the standards embodied in Anglo American's *Good Citizenship: Our Business Principles*. In 2009, after an extensive review, the Business Principles were updated.

Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- Adherence to national legal standards on employment and workplace rights at all times
- Adoption of fair labour practices
- Prohibition of child labour
- Prohibition of inhumane treatment of employees and any form of forced labour, physical punishment or other abuse
- Continual promotion of safe and healthy working practices
- Promotion of workplace equality and elimination of all forms of unfair discrimination
- Provision of opportunities for employees to enhance their work-related skills and capabilities
- Recognition of the right of our employees to freedom of association
- Adoption of fair and appropriate procedures for determining terms and conditions of employment

Further, the Group is committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or arbitrary barriers.

The Business Principles are supplemented by four Anglo American 'Way' documents, covering the safety, environmental, occupational health and social aspects of sustainable development. These set out specific standards for each of these subject areas.

Copies of the *Good Citizenship: Our Business Principles* and the Anglo American 'Way' documents are available from the Company and may be accessed on the Company's website at **www.angloamerican.com**

The Business Integrity Policy and Performance Standards set out how Group employees, business partners and major suppliers must act to ensure that our zero tolerance of corruption is upheld. During 2010, training was held at all Business Units for employees to embed knowledge of the policy as well as the recently enacted UK Bribery Act and how to behave in corruption risk situations. This training will be ongoing and mandatory for all senior levels and others where it is deemed appropriate.

The Group has a well-used enterprise information portal, theSource, which seeks to ensure that employees are regularly updated on developments within the Group, and feedback is encouraged. In addition, the Company regularly publishes Optima (available on the Company's website) and OurWorld, which contain items of news, current affairs and information relevant to Group employees.

CHARITABLE DONATIONS

During the year, Anglo American, its subsidiaries and the Anglo American Group Foundation made donations for charitable purposes or wider social investments amounting to $111 million (1.31% of operating profit from subsidiaries and joint ventures). Charitable donations of $0.8 million were made in the UK, of which the main categories were: education and training (43%) and community development (39%). These figures were compiled with reference to the London Benchmarking Group model for defining and measuring social investment spending. A fuller analysis of the Group's social investment activities can be found in the Sustainable Development Report 2010.

POLITICAL DONATIONS

No political donations were made during 2010. Anglo American has an established policy of not making donations to, or incurring expenses for the benefit of, any political party in any part of the world, including any political party or political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

ANNUAL GENERAL MEETING

The AGM will be held on 21 April 2011 when shareholders will have the opportunity to put questions to the Board, including the chairmen of the various committees. A separate booklet enclosed with this report contains the notice convening the meeting together with a description of the business to be conducted.

Facilities have been put in place to enable shareholders on the UK register to receive Company communications electronically rather than by mail and, for those unable to attend the meeting, to cast their votes by electronic means, including those shareholders whose shares are held in the CREST system.

In accordance with best practice, voting on each resolution to be proposed at the AGM will be conducted on a poll rather than by a show of hands. The results of the poll will be announced to the press and on the Company's website.

ELECTRONIC COMMUNICATIONS

As a result of the implementation of the electronic communications provisions in the Companies Act 2006, the Company has substantially reduced the cost of annual report production and distribution. Shareholders may elect to receive notification by email of the availability of the annual report on the Company's website instead of receiving paper copies.

ADDITIONAL INFORMATION FOR SHAREHOLDERS

Set out below is a summary of certain provisions of the Company's current Articles of Association (the Articles) and applicable English law concerning companies (the Companies Act 2006 (the Companies Act)) required as a result of the implementation of the Takeovers Directive in English law. This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Dividends and distributions

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25% interest or more (as defined in the Articles) if such a person has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Rights and obligations attaching to shares

The rights and obligations attaching to the ordinary and preference shares are set out in the Articles. The Articles may only be changed by the shareholders by special resolution.

Voting

Subject to the Articles generally and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any class of shares, on a show of hands every member who is present in person at a general meeting shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder. It is, and has been for some years, the Company's practice to hold a poll on every resolution at shareholder meetings.

Where shares are held by trustees/nominees in respect of the Group's employee share plans and the voting rights attached to such shares are not directly exercisable by the employees, it is the Company's practice that such rights are not exercised by the relevant trustee/nominee.

Under the Companies Act, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meeting as a corporate representative. The debate around s323 of the Companies Act has been resolved so that where a shareholder appoints more than one corporate representative in respect of its shareholding, but in respect of different shares, those corporate representatives can act independently of each other, and validly vote in different ways.

Restrictions on voting

No member shall, unless the directors otherwise determine, be entitled in respect of any share held by him/her to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings if any call or other sum presently payable by him/her to the Company in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he/she has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Issue of shares

Subject to the provisions of the Companies Act relating to authority and pre-emption rights and of any resolution of the Company in a UK general meeting, all unissued shares of the Company shall be at the disposal of the directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

Shares in uncertificated form

Directors may determine that any class of shares may be held in uncertificated form and title to such shares may be transferred by means of a relevant system or that shares of any class should cease to be so held and transferred. Subject to the provisions of the Companies Act, the CREST Regulations and every other statute, statutory instrument, regulation or order for the time being in force concerning companies and affecting the Company (together, the Statutes), the directors may determine that any class of shares held on the branch register of members of the Company resident in South Africa or any other overseas branch register of the members of the Company may be held in uncertificated form in accordance with any system outside the UK which enables title to such shares to be evidenced and transferred without a written instrument and which is a relevant system. The provisions of the Articles shall not apply to shares of any class which are in uncertificated form to the extent that the Articles are inconsistent with the holding of shares of that class in uncertificated form, the transfer of title to shares of that class by means of a relevant system or any provision of the CREST Regulations.

Deadlines for exercising voting rights

Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not than less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking pari passu with them.

Transfer of shares

All transfers of shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register. All transfers of shares which are in uncertificated form may be effected by means of the CREST system.

The directors may decline to recognise any instrument of transfer relating to shares in certificated form unless it:

(a) is in respect of only one class of share; and

(b) is lodged at the transfer office (duly stamped if required) accompanied by the relevant share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his/her behalf, the authority of that person so to do).

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of shares (not being fully-paid shares) provided that, where any such shares are admitted to the Official List of the London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly.

If the directors refuse to register an allotment or transfer, they shall send within two months after the date on which the letter of allotment or transfer was lodged with the Company, to the allottee or transferee, a notice of the refusal.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Directors
Directors shall not be less than ten nor more than 18 in number. A director is not required to hold any shares of the Company by way of qualification. The Company may by ordinary resolution increase or reduce the maximum or minimum number of directors.

Powers of directors
Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Company may by ordinary resolution declare dividends but no dividend shall be payable in excess of the amount recommended by the directors. Subject to the provisions of the Articles and to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be paid in such currency as the directors may determine. The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him/her to the Company on account of calls or otherwise in relation to shares of the Company. The directors may retain any dividends payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Appointment and replacement of directors
The directors may from time to time appoint one or more directors.

The Board may appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next AGM and shall then be eligible for election.

The Articles provide that at each AGM all those directors who have been in office for three years or more since their election or last re-election shall retire from office. In addition, a director may at any AGM retire from office and stand for re-election. However, in accordance with the UK Corporate Governance Code, all directors will be subject to annual re-election.

Significant agreements: Change of control
At 31 December 2010, Anglo American had committed bilateral and syndicated borrowing facilities totalling $14.4 billion with a number of relationship banks which contain change of control clauses. The ZAR 20 billion South African Medium Term Note Programme and $7.3 billion of the Group's bond issues also contain change of control provisions. In aggregate, this financing is considered significant to the Group and in the event of a takeover (change of control) of the Company, these contracts may be cancelled, become immediately payable or be subject to acceleration.

Purchases of own shares
At the AGM held on 22 April 2010, authority was given for the Company to purchase, in the market, up to 197.3 million Ordinary Shares of $54^{86}/_{91}$ US cents each. The Company did not purchase any of its own shares during 2010.

Indemnities
To the extent permitted by law and the Articles the Company has made qualifying third party indemnity provisions for the benefit of its directors during the year and which remain in force at the date of this report. Copies of these indemnities are open for inspection at the Company's registered office.

By order of the Board

Nicholas Jordan
Company Secretary
18 February 2011

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently
- Make judgements and accounting estimates that are reasonable and prudent
- State whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- Properly select and apply accounting policies
- Present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- Provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- Make an assessment of the company's ability to continue as a going concern

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

CONTENTS

RESPONSIBILITY STATEMENT

for the year ended 31 December 2010

We confirm that to the best of our knowledge:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of Anglo American plc and the undertakings included in the consolidation taken as a whole; and

(b) the Operating and financial review includes a fair review of the development and performance of the business and the position of Anglo American plc and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Cynthia Carroll
Chief executive

René Médori
Finance director

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN PLC

We have audited the financial statements of Anglo American plc for the year ended 31 December 2010 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity, the accounting policies, the related notes 2 to 38 and the balance sheet of the Company and related information in note 39. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditor
As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements.

Opinion on financial statements
In our opinion:
- the financial statements give a true and fair view of the state of the Group's and of the Company's affairs as at 31 December 2010 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006; and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion:
- the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:
- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company financial statements and the part of the Remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:
- the directors' statement contained within the Directors' report in relation to going concern;
- the part of the Corporate governance section relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review; and
- certain elements of the report to shareholders by the Board on directors' remuneration.

Carl D. Hughes (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom

18 February 2011

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2010

US$ million	Note	2010 Before special items and remeasurements	2010 Special items and remeasurements (note 5)	2010 Total	2009 Before special items and remeasurements	2009 Special items and remeasurements (note 5)	2009 Total
Group revenue	2	**27,960**	**–**	**27,960**	20,858	–	20,858
Total operating costs		**(19,452)**	**158**	**(19,294)**	(16,481)	(1,637)	(18,118)
Operating profit from subsidiaries and joint ventures	2,3	**8,508**	**158**	**8,666**	4,377	(1,637)	2,740
Net profit on disposals	5	**–**	**1,579**	**1,579**	–	1,612	1,612
Share of net income from associates	2,17	**845**	**(23)**	**822**	318	(234)	84
Total profit from operations and associates		**9,353**	**1,714**	**11,067**	4,695	(259)	4,436
Investment income		**568**	**–**	**568**	514	–	514
Interest expense		**(801)**	**–**	**(801)**	(780)	–	(780)
Other financing gains/(losses)		**(11)**	**105**	**94**	(7)	(134)	(141)
Net finance costs	9	**(244)**	**105**	**(139)**	(273)	(134)	(407)
Profit before tax		**9,109**	**1,819**	**10,928**	4,422	(393)	4,029
Income tax expense	11a	**(2,699)**	**(110)**	**(2,809)**	(1,305)	188	(1,117)
Profit for the financial year		**6,410**	**1,709**	**8,119**	3,117	(205)	2,912
Attributable to:							
Non-controlling interests		**1,434**	**141**	**1,575**	548	(61)	487
Equity shareholders of the Company		**4,976**	**1,568**	**6,544**	2,569	(144)	2,425
Earnings per share (US$)							
Basic	13	**4.13**	**1.30**	**5.43**	2.14	(0.12)	2.02
Diluted	13	**3.96**	**1.22**	**5.18**	2.10	(0.12)	1.98

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2010

US$ million	Note	2010	2009
Profit for the financial year		**8,119**	2,912
Net gain on revaluation of available for sale investments		**316**	741
Net (loss)/gain on cash flow hedges		**(14)**	122
Net exchange gain on translation of foreign operations (including associates)		**2,431**	3,973
Actuarial net gain/(loss) on post employment benefit schemes		**131**	(217)
Share of associates' net expense recognised directly in equity		**(50)**	(7)
Tax on net income recognised directly in equity	11c	**(149)**	(228)
Net income recognised directly in equity		**2,665**	4,384
Transferred to income statement: sale of available for sale investments		**–**	(1,554)
Transferred to income statement: cash flow hedges		**4**	162
Transferred to initial carrying amount of hedged items: cash flow hedges		**20**	30
Transferred to income statement: exchange differences on disposal of foreign operations		**(40)**	(2)
Share of associates' net expense transferred from equity		**(8)**	–
Tax on items transferred from equity	11c	**1**	77
Total transferred from equity		**(23)**	(1,287)
Total comprehensive income for the financial year		**10,761**	6,009
Attributable to:			
Non-controlling interests		**1,885**	783
Equity shareholders of the Company		**8,876**	5,226

CONSOLIDATED BALANCE SHEET

as at 31 December 2010

US$ million	Note	2010	2009
Intangible assets	14	**2,316**	2,776
Property, plant and equipment	15	**39,810**	35,198
Environmental rehabilitation trusts	16	**379**	342
Investments in associates	17	**4,900**	3,312
Financial asset investments	19	**3,220**	2,726
Trade and other receivables	21	**321**	206
Deferred tax assets	27	**389**	288
Other financial assets (derivatives)	25	**465**	238
Other non-current assets		**178**	191
Total non-current assets		**51,978**	45,277
Inventories	20	**3,604**	3,212
Trade and other receivables	21	**3,731**	3,351
Current tax assets		**235**	214
Other financial assets (derivatives)	25	**377**	365
Cash and cash equivalents	31b	**6,401**	3,269
Total current assets		**14,348**	10,411
Assets classified as held for sale	33	**330**	620
Total assets		**66,656**	56,308
Trade and other payables	22	**(4,950)**	(4,395)
Short term borrowings	24,31b	**(1,535)**	(1,499)
Provisions for liabilities and charges	26	**(446)**	(209)
Current tax liabilities		**(871)**	(566)
Other financial liabilities (derivatives)	25	**(80)**	(76)
Total current liabilities		**(7,882)**	(6,745)
Medium and long term borrowings	24,31b	**(11,904)**	(12,816)
Retirement benefit obligations	28	**(591)**	(706)
Deferred tax liabilities	27	**(5,641)**	(5,192)
Other financial liabilities (derivatives)	25	**(755)**	(583)
Provisions for liabilities and charges	26	**(1,666)**	(1,583)
Other non-current liabilities		**(104)**	(423)
Total non-current liabilities		**(20,661)**	(21,303)
Liabilities directly associated with assets classified as held for sale	33	**(142)**	(191)
Total liabilities		**(28,685)**	(28,239)
Net assets		**37,971**	28,069
Equity			
Called-up share capital	29	**738**	738
Share premium account		**2,713**	2,713
Other reserves		**3,642**	1,379
Retained earnings		**27,146**	21,291
Equity attributable to equity shareholders of the Company		**34,239**	26,121
Non-controlling interests		**3,732**	1,948
Total equity		**37,971**	28,069

The financial statements of Anglo American plc, registered number 3564138, were approved by the Board of directors on 18 February 2011 and signed on its behalf by:

Cynthia Carroll
Chief executive

René Médori
Finance director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2010

US$ million	Note	2010	2009[1]
Cash flows from operations	31a	**9,924**	4,904
Dividends from associates		**255**	616
Dividends from financial asset investments		**30**	23
Income tax paid		**(2,482)**	(1,456)
Net cash inflows from operating activities		**7,727**	4,087
Cash flows from investing activities			
Purchase of property, plant and equipment	2	**(5,280)**	(4,607)
Cash flows from derivatives related to capital expenditure	2	**286**	(151)
Investment in associates[2]		**(519)**	(31)
Purchase of financial asset investments		**(134)**	(269)
Net repayment/(advance) of loans granted		**18**	(134)
Interest received and other investment income		**235**	244
Disposal of subsidiaries, net of cash and cash equivalents disposed	32	**2,539**	69
Sale of interests in joint ventures	32	**256**	–
Sale of interests in associates		**3**	662
Proceeds from sale of financial asset investments		**7**	2,041
Repayment of capitalised loans by associates		**33**	–
Proceeds from disposal of property, plant and equipment		**64**	46
Other investing activities		**22**	(18)
Net cash used in investing activities		**(2,470)**	(2,148)
Cash flows from financing activities			
Interest paid		**(837)**	(741)
Cash flows from derivatives related to financing activities		**217**	(85)
Dividends paid to Company shareholders		**(302)**	–
Dividends paid to non-controlling interests		**(617)**	(472)
Repayment of short term borrowings		**(2,338)**	(6,624)
Net receipt of medium and long term borrowings		**1,194**	6,253
Movements in non-controlling interests		**356**	21
Sale of shares under employee share schemes		**42**	29
Purchase of shares by subsidiaries for employee share schemes[3]		**(106)**	(75)
Other financing activities		**(9)**	14
Net cash used in financing activities		**(2,400)**	(1,680)
Net increase in cash and cash equivalents		**2,857**	259
Cash and cash equivalents at start of year	31c	**3,319**	2,744
Cash movements in the year		**2,857**	259
Effects of changes in foreign exchange rates		**284**	316
Cash and cash equivalents at end of year	31c	**6,460**	3,319

[1] Comparatives have been reclassified following the adoption of IFRS 3 (Revised) *Business Combinations* to reflect consequential changes to IAS 7 *Statement of Cash Flows*.
[2] Includes $450 million cash paid, in the year ended 31 December 2010, to subscribe to the Group's share of De Beers' rights issue. Refer to note 36.
[3] Includes purchase of Kumba Iron Ore Limited and Anglo Platinum Limited shares for their respective employee share schemes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2010

US$ million	Total share capital[1]	Retained earnings	Share-based payment reserve	Cumulative translation adjustment reserve	Fair value and other reserves (note 30)	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
Balance at 1 January 2009	3,451	18,827	288	(4,077)	1,732	20,221	1,535	21,756
Total comprehensive income	–	2,257	–	3,526	(557)	5,226	783	6,009
Dividends paid to non-controlling interests	–	–	–	–	–	–	(472)	(472)
Issue of shares to non-controlling interests	–	–	–	–	–	–	107	107
Changes in ownership interest in subsidiaries	–	–	–	–	–	–	(50)	(50)
Equity settled share-based payment schemes	–	64	127	–	–	191	37	228
Issue of convertible bond	–	–	–	–	355	355	–	355
Other	–	143	(14)	–	(1)	128	8	136
Balance at 1 January 2010	**3,451**	**21,291**	**401**	**(551)**	**1,529**	**26,121**	**1,948**	**28,069**
Total comprehensive income	**–**	**6,595**	**–**	**2,004**	**277**	**8,876**	**1,885**	**10,761**
Dividends paid	**–**	**(302)**	**–**	**–**	**–**	**(302)**	**–**	**(302)**
Dividends paid to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**(617)**	**(617)**
Issue of shares to non-controlling interests	**–**	**90**	**–**	**–**	**–**	**90**	**572**	**662**
Consolidation by De Beers of non-controlling interest	**–**	**(128)**	**–**	**–**	**–**	**(128)**	**–**	**(128)**
Changes in ownership interest in subsidiaries	**–**	**(471)**	**–**	**21**	**(107)**	**(557)**	**(112)**	**(669)**
Equity settled share-based payment schemes	**–**	**64**	**86**	**–**	**–**	**150**	**13**	**163**
Other	**–**	**7**	**(11)**	**–**	**(7)**	**(11)**	**43**	**32**
Balance at 31 December 2010	**3,451**	**27,146**	**476**	**1,474**	**1,692**	**34,239**	**3,732**	**37,971**

[1] Total share capital comprises called-up share capital of $738 million (2009: $738 million) and the share premium account of $2,713 million (2009: $2,713 million).

Dividends

	Note	2010	2009
Proposed ordinary dividend per share (US cents)	12	**40**	–
Proposed ordinary dividend (US$ million)	12	**483**	–
Ordinary dividends paid during the year per share (US cents)	12	**25**	–
Ordinary dividends paid during the year (US$ million)	12	**302**	–

NOTES TO THE FINANCIAL STATEMENTS

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations as adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and with the requirements of the Disclosure and Transparency rules of the Financial Services Authority in the United Kingdom as applicable to periodic financial reporting. The financial statements have been prepared under the historical cost convention as modified by the revaluation of pension assets and liabilities and certain financial instruments. A summary of the principal Group accounting policies is set out below with an explanation of changes to previous policies following adoption of new accounting standards and interpretations in the year.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Details of the Group's significant accounting policies and critical accounting estimates are set out in the 'Operating and financial review' and form part of these financial statements; these are set out on pages 52 and 53.

Significant areas of estimation uncertainty include:
- useful economic lives of assets and ore reserves estimates;
- impairment of assets;
- restoration, rehabilitation and environmental costs; and
- retirement benefits.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the financial statements continues to be adopted. Further details are contained in the Directors' report on page 111.

Changes in accounting policies and disclosures

The Group has adopted with effect from 1 January 2010, on a prospective basis, IFRS 3 (Revised) *Business Combinations,* and consequential amendments to IAS 27 (Revised) *Consolidated and Separate Financial Statements*, IAS 28 (Revised) *Investments in Associates* and IAS 31 (Revised) *Interests in Joint Ventures*.

The adoption of the revised IFRS 3 continues to apply the acquisition method to business combinations but with some significant amendments to the measurement of goodwill and non-controlling interests and the treatment of transaction costs. The Group's revised accounting policies are set out within Business combinations and goodwill arising thereon. There have been no material acquisitions in the year ended 31 December 2010 or the year ended 31 December 2009.

The revisions to IAS 27 consequent upon the issuance of IFRS 3 (Revised) result in transactions with non-controlling interests now being accounted for as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity (previously goodwill). Gains or losses on disposals to non-controlling interests are now also recorded in equity (previously recorded through the income statement).

The revisions to IAS 27, IAS 28 and IAS 31 consequent upon the issuance of IFRS 3 (Revised), require that when the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value, with the change in carrying amount recognised in the income statement. Previously, the carrying amount of our retained interest represented the attributable historic carrying value. The fair value is the initial carrying amount for the purpose of subsequent accounting for the retained interest as an associate, joint venture or financial asset.

The adoption of the revised standards has resulted in references to minority interests being amended to non-controlling interests.

A number of other amendments to accounting standards and new interpretations issued by the International Accounting Standards Board (IASB) were applicable from 1 January 2010. They have not had a material impact on the accounting policies, methods of computation or presentation applied by the Group.

Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the results of subsidiaries, joint ventures and associates to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

For non-wholly owned subsidiaries, a share of the profit or loss for the financial year and net assets or liabilities is attributed to the non-controlling interests as shown in the income statement and balance sheet.

Associates

Associates are investments over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Typically the Group owns between 20% and 50% of the voting equity of its associates. Investments in associates are accounted for using the equity method of accounting except when classified as held for sale.

The Group's share of associates' net income is based on their most recent audited financial statements or unaudited interim statements drawn up to the Group's balance sheet date.

The total carrying values of investments in associates represent the cost of each investment including the carrying value of goodwill, the share of post acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment. The carrying values of associates are reviewed on a regular basis and if an impairment in value has occurred, it is impaired in the period in which the relevant circumstances are identified. The Group's share of an associate's losses in excess of its interest in that associate is not recognised unless the Group has an obligation to fund such losses.

Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

Jointly controlled entities

A jointly controlled entity is an entity in which the Group holds a long term interest and shares joint control over strategic, financial and operating decisions with one or more other venturers under a contractual arrangement.

The Group's share of the assets, liabilities, income, expenditure and cash flows of such jointly controlled entities are accounted for using proportionate consolidation. Proportionate consolidation combines the Group's share of the results of the joint venture entity on a line by line basis with similar items in the Group's financial statements.

Jointly controlled operations

The Group has contractual arrangements with other participants to engage in joint activities other than through a separate entity. The Group includes its assets, liabilities, expenditure and its share of revenue in such joint venture operations with similar items in the Group's financial statements.

1. ACCOUNTING POLICIES continued

Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. Sales of concentrate are stated at their invoiced amount which is net of treatment and refining charges. A sale is recognised when the significant risks and rewards of ownership have passed. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

Revenue from metal mining activities is based on the payable metal sold.

Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. Provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recognised in revenue.

Revenues from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Business combinations and goodwill arising thereon

The identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture entity or an associate, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. Goodwill is the fair value of the consideration transferred (including contingent consideration and previously held non-controlling interests) less the fair value of the Group's share of identifiable net assets on acquisition. Transaction costs incurred in connection with the business combination are expensed. Provisional fair values are finalised within 12 months of the acquisition date.

Goodwill in respect of subsidiaries and joint ventures is included within intangible assets. Goodwill relating to associates is included within the carrying value of the associate.

Where the fair value of the identifiable net assets acquired exceeds the cost of the acquisition, the surplus, which represents the discount on the acquisition, is recognised directly in the income statement in the period of acquisition.

For non-wholly owned subsidiaries, non-controlling interests are initially recorded at the non-controlling interest's proportion of the fair values of net assets recognised at acquisition.

Property, plant and equipment

Mining properties and leases include the cost of acquiring and developing mining properties and mineral rights.

Mining properties are depreciated to their residual values using the unit of production method based on proven and probable ore reserves and, in certain limited circumstances, other mineral resources. Mineral resources are included in depreciation calculations where there is a high degree of confidence that they will be extracted in an economic manner. Depreciation is charged on new mining ventures from the date that the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, an impairment loss is recognised in the income statement.

For open pit operations the removal of overburden or waste ore is required to obtain access to the orebody. To the extent that the actual waste material removed per tonne of ore mined (known as the stripping ratio) is higher than the average stripping ratio, costs associated with this process are deferred and charged to operating costs using the expected average stripping ratio over the life of the area being mined. This reflects the fact that waste removal is necessary to gain access to the orebody and therefore realise future economic benefit. The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the life of mine, per tonne of ore expected to be mined. The cost of stripping in any period will therefore be reflective of the average stripping ratio for the orebody as a whole applied to the actual stripping costs incurred. However, where the pit profile is such that the actual stripping ratio is cumulatively below the average, no deferral takes place as this would result in recognition of a liability for which there is no obligation. Instead this position is monitored and when the cumulative calculation reflects a debit balance deferral commences. The average life of mine stripping ratio is recalculated annually in light of additional knowledge and changes in estimates. Changes in the life of mine stripping ratio are accounted for prospectively as a change in estimate.

Properties in the course of construction are measured at cost less any recognised impairment. Depreciation commences when the assets are ready for their intended use. Buildings and plant and equipment are depreciated to their residual values at varying rates on a straight line basis over their estimated useful lives or the life of mine, whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment to a maximum of 50 years for buildings. Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Depreciation methods, residual values and estimated useful lives are reviewed at least annually.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount. The gain or loss is recognised in the income statement.

Non-mining licences and other intangibles

Non-mining licences and other intangibles are measured at cost less accumulated amortisation and accumulated impairment losses. Estimated useful lives are usually between three and five years. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the income statement as a special item.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or CGU. A reversal of an impairment loss is recognised in the income statement as a special item.

Impairment of goodwill

Goodwill arising on business combinations is allocated to the group of CGUs that is expected to benefit from synergies of the combination and represents the lowest level at which goodwill is monitored by the Group's board of directors for internal management purposes. The recoverable amount of the CGU or group of

1. ACCOUNTING POLICIES continued

CGUs to which goodwill has been allocated is tested for impairment annually on a consistent date during each financial year, or when events or changes in circumstances indicate that it may be impaired.

Any impairment loss is recognised immediately in the income statement. Impairment of goodwill is not subsequently reversed.

Exploration, evaluation and development expenditure

Exploration and evaluation expenditure is expensed in the year in which it is incurred. When a decision is taken that a mining property is economically feasible, all subsequent evaluation expenditure is capitalised within property, plant and equipment including, where applicable, directly attributable pre-production development expenditure. Capitalisation of such expenditure ceases when the mining property is capable of commercial production.

Exploration properties acquired are recognised in the balance sheet at cost less any accumulated impairment losses. Such properties and capitalised evaluation and pre-production development expenditure prior to commercial production are assessed for impairment in accordance with the Group's accounting policy stated above.

Inventory

Inventory and work in progress are measured at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

- Raw materials and consumables are measured at cost on a first in, first out (FIFO) basis.
- Finished products are measured at raw material cost, labour cost and a proportion of manufacturing overhead expenses.
- Metal and coal stocks are included within finished products and are measured at average cost.

At precious metals operations that produce 'joint products', cost is allocated amongst products according to the ratio of contribution of these metals to gross sales revenues.

Retirement benefits

The Group operates both defined benefit and defined contribution schemes for its employees as well as post employment medical plans. For defined contribution schemes the amount recognised in the income statement is the contributions paid or payable during the year.

For defined benefit pension and post employment medical plans, full actuarial valuations are carried out every three years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no deep market for such bonds, based on government bonds. Pension plan assets are measured using year end market values.

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the statement of comprehensive income. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit. The expected return on plan assets and the expected increase during the year in the present value of plan liabilities are included in investment income and interest expense respectively.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits vest.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Tax

The tax expense includes the current tax and deferred tax charge recognised in the income statement.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

In addition to lease contracts, other significant contracts are assessed to determine whether, in substance, they are or contain a lease. This includes assessment of whether the arrangement is dependent on use of a specific asset and right to use that asset is conveyed through the contract.

Rental costs under operating leases are recognised in the income statement in equal annual amounts over the lease term.

Finance lease assets are recognised as assets of the Group on inception of the lease at the lower of fair value or the present value of the minimum lease payments discounted at the interest rate implicit in the lease. The interest element of the rental is recognised in the income statement so as to produce a constant periodic rate of interest on the remaining balance of the liability, unless it is directly attributable to qualifying assets, in which case it is capitalised in accordance with the Group's general policy on borrowing costs set out below.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable within one year from the date of classification, management are committed to the sale and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value (less costs to sell). Any resulting impairment loss is recognised in the income statement as a special item. On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

A discontinued operation is a component of the Group's business that has been sold or is classified as held for sale and is part of a single coordinated plan to dispose of either a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to sale. Once an operation has been identified as discontinued, its net profit and cash flows are

1. ACCOUNTING POLICIES continued

separately presented from continuing operations. Comparative information is reclassified so that net profit and cash flows of prior periods are also separately presented.

Environmental restoration and decommissioning obligations

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of a mining property. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are recognised in the income statement over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the income statement as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work (that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate), are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy set out above.

For some South African operations annual contributions are made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The Group exercises full control of these trusts and therefore the trusts are consolidated. The trusts' assets are disclosed separately on the balance sheet as non-current assets. The trusts' assets are measured based on the nature of the underlying assets in accordance with accounting policies for similar assets.

Foreign currency transactions and translation

Foreign currency transactions by Group companies are recognised in the functional currencies of the companies at the exchange rate ruling on the date of transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the income statement for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period where these approximate the rates at the dates of transactions. Any exchange differences arising are classified within the statement of comprehensive income and transferred to the Group's cumulative translation adjustment reserve. Exchange differences on foreign currency balances with foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future and therefore form part of the Group's net investment in these foreign operations are offset in the cumulative translation adjustment reserve.

Cumulative translation differences are recycled from equity and recognised as income or expense on disposal of the operation to which they relate.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the closing rate.

Presentation currency

As permitted by UK company law, the Group's results are presented in US dollars, the currency in which its business is primarily conducted.

Borrowing costs

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

The Group makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

Black economic empowerment (BEE) transactions

Where the Group disposes of a portion of a South African based subsidiary or operation to a BEE company at a discount to fair value, the transaction is considered to be a share-based payment (in line with the principle contained in South Africa interpretation AC 503 *Accounting for Black Economic Empowerment (BEE) Transactions*). The discount provided or value given is calculated in accordance with IFRS 2 and included in the determination of the profit or loss on disposal.

Employee benefit trust

Shares held by the employee benefit trust are recorded as treasury shares, and the carrying value is shown as a reduction in retained earnings within shareholders' equity.

Financial instruments

Financial assets

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the cash flow statement are shown net of overdrafts. Cash and cash equivalents are measured at amortised cost.

Trade receivables

Trade receivables do not incur any interest, are short term in nature and are measured at their nominal value (with the exception of receivables relating to provisionally priced sales – as set out in the revenue recognition accounting policy) net of appropriate allowance for estimated irrecoverable amounts. Such allowances are raised based on an assessment of debtor ageing, past experience or known customer circumstances.

Investments

Investments, other than investments in subsidiaries, joint ventures and associates, are financial asset investments and are initially recognised at fair value. At subsequent reporting dates, financial assets that the Group has the expressed intention and ability to hold to maturity (held to maturity) as well as loans and receivables are measured at amortised cost, less any impairment losses. The amortisation of any discount or premium on the acquisition of a held to maturity investment is recognised in the income statement in each period using the effective interest method.

1. ACCOUNTING POLICIES continued

Investments other than those classified as held to maturity or loans and receivables are classified as either at fair value through profit or loss (which includes investments held for trading) or available for sale financial assets. Both categories are subsequently measured at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in the income statement within other gains and losses. For available for sale investments, unrealised gains and losses are recognised in equity until the investment is disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

Current financial asset investments consist mainly of bank term deposits and fixed and floating rate debt securities. Debt securities that are intended to be held to maturity are measured at amortised cost, using the effective interest method. Debt securities that are not intended to be held to maturity are recorded at the lower of cost and market value.

Impairment of financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Impairment losses relating to available for sale investments are recognised when the decline in fair value is considered significant or prolonged. These impairment losses are recognised by transferring the cumulative loss that has been recognised in the statement of comprehensive income to the income statement. The loss recognised in the income statement is the difference between the acquisition cost and the current fair value.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Trade payables

Trade payables are not interest bearing and are measured at their nominal value with the exception of amounts relating to purchases of provisionally priced concentrate which are marked to market (using the appropriate forward price) until settled.

Convertible debt

Convertible bonds are classified as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recognised within borrowings and carried at amortised cost. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Group, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the liability.

Bank borrowings

Interest bearing bank loans and overdrafts are initially recognised at fair value, plus any directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are recognised in the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments and hedge accounting

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, the Group enters into forward, option and swap contracts. The Group does not use derivative financial instruments for speculative purposes. Commodity based (normal purchase or normal sale) contracts that meet the scope exemption in IAS 39 *Financial Instruments: Recognition and Measurement* are recognised in earnings when they are settled by physical delivery.

All derivatives are held at fair value in the balance sheet within 'Other financial assets (derivatives)' or 'Other financial liabilities (derivatives)'. Derivatives are classified as current or non-current depending on the expected maturity of the derivative.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows (cash flow hedges) are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in the income statement. Gains or losses from remeasuring the associated derivative are recognised in the income statement.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity (part of the cumulative translation adjustment reserve). The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in the cumulative translation adjustment reserve are included in the income statement on disposal of the foreign operations to which they relate.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the income statement for the period.

Changes in the fair value of any derivative instruments that are not designated in a hedge relationship are recognised immediately in the income statement and are classified within other gains and losses or net finance costs depending on the type of risk to which the derivative relates.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

1. ACCOUNTING POLICIES continued

New IFRS accounting standards and interpretations not yet adopted

The following new IFRS accounting standard not yet adopted is expected to have a significant impact on the Group:

IFRS 9 *Financial Instruments – Classification and Measurement* is the first phase of the IASB's three stage project to replace IAS 39. The first phase issued in November 2009 deals with the classification and measurement of financial assets. In October 2010 the requirements for classifying and measuring financial liabilities were added to IFRS 9. The standard applies for annual periods beginning on or after 1 January 2013. Early application is permitted, although IFRS 9 has not yet been endorsed for use in the European Union. Once adopted, all financial assets and liabilities within the scope of IFRS 9 will be accounted for in accordance with the standard.

The following new or amended IFRS accounting standards and interpretations not yet adopted are not expected to have a significant impact on the Group:

The amendment to IFRIC 14 *Prepayments of a Minimum Funding Requirement* allows entities to recognise as an asset some voluntary prepayments for minimum funding contributions, previously disallowed under IFRIC 14 *IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction*. The amendment is to be applied retrospectively from the earliest comparative period presented and is effective for annual periods beginning on or after 1 January 2011.

IAS 24 (Revised) *Related Party Disclosures* clarifies and simplifies the definition of a related party and removes certain requirements for government-related entities. The revised standard is effective for annual periods beginning on or after 1 January 2011.

The amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* addresses the accounting for rights issues that are denominated in a currency other than the functional currency of the issuer. The amendment is to be applied retrospectively from the earliest comparative period presented and is effective for annual periods beginning on or after 1 February 2010.

The amendment to IFRS 7 *Financial Instruments: Disclosures* concerns the disclosure requirements in relation to transferred financial assets. The amendment is effective for annual periods beginning on or after 1 July 2011.

Annual Improvements to IFRSs 2010 amends a number of standards including changes in presentation, recognition and measurement plus terminology and editorial changes. The 2010 amendments are effective for annual periods beginning on or after 1 January 2011, subject to adoption by the European Union.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments for the creditor. The interpretation is to be applied retrospectively from the earliest comparative period presented and is effective for annual periods beginning on or after 1 July 2010.

Amendments to IFRS 1 on *Additional Exemptions for First-time Adopters* (effective 1 July 2010).

2. SEGMENTAL INFORMATION

The Group's segments are aligned to the structure of business units based around core commodities. Each business unit has a management team that is accountable to the Chief executive. The Kumba Iron Ore, Iron Ore Brazil and Samancor business units have been aggregated as the Iron Ore and Manganese segment on the basis of the ultimate product produced (ferrous metals).

In addition assets identified for divestment are managed as a separate business unit, Other Mining and Industrial, and accordingly are presented as a separate segment. Catalão, the Group's ferroniobium business based in Brazil, was managed within this business unit throughout 2010. However, subsequent to the year end, and following the successful delineation of substantial additional niobium resources, the Group decided to retain this business. As Catalão continues to be managed within the Other Mining and Industrial business unit, it is presented within Other Mining and Industrial in the segmental analysis.

The Group's Executive Committee evaluates the financial performance of the Group and its segments principally with reference to operating profit before special items and remeasurements which includes the Group's attributable share of associates' operating profit before special items and remeasurements.

Segments predominantly derive revenue as follows – Platinum: platinum group metals; Diamonds: rough and polished diamonds and diamond jewellery; Copper and Nickel: base metals; Iron Ore and Manganese: iron ore, manganese ore and alloys; Metallurgical Coal: metallurgical coal; Thermal Coal: thermal coal; and Other Mining and Industrial: heavy building materials, zinc and steel products.

The Exploration segment includes the cost of the Group's exploration activities across all segments, excluding Diamonds.

The segment results are stated after elimination of inter-segment transactions and include an allocation of corporate costs.

Analysis by segment

Revenue and operating profit by segment

	Revenue[1]		Operating profit/(loss)[2]	
US$ million	2010	2009	2010	2009
Platinum	**6,602**	4,535	**837**	32
Diamonds	**2,644**	1,728	**495**	64
Copper	**4,877**	3,967	**2,817**	2,010
Nickel	**426**	348	**96**	2
Iron Ore and Manganese	**6,612**	3,419	**3,681**	1,489
Metallurgical Coal	**3,377**	2,239	**783**	451
Thermal Coal	**2,866**	2,490	**710**	721
Other Mining and Industrial	**5,520**	5,908	**661**	506
Exploration	**–**	–	**(136)**	(172)
Corporate Activities and Unallocated Costs	**5**	3	**(181)**	(146)
Segment measure	**32,929**	24,637	**9,763**	4,957
Reconciliation:				
Less: Associates	**(4,969)**	(3,779)	**(1,255)**	(580)
Operating special items and remeasurements	**–**	–	**158**	(1,637)
Statutory measure	**27,960**	20,858	**8,666**	2,740

(1) Segment revenue includes the Group's attributable share of associates' revenue. This is reconciled to Group revenue from subsidiaries and joint ventures as presented in the Consolidated income statement.
(2) Segment operating profit is revenue less operating costs before special items and remeasurements, and includes the Group's attributable share of associates' operating profit. This is reconciled to operating profit from subsidiaries and joint ventures after special items and remeasurements as presented in the Consolidated income statement.

2. SEGMENTAL INFORMATION continued

Associates' revenue and operating profit

US$ million	Associates' revenue 2010	Associates' revenue 2009	Associates' operating profit/(loss)[1] 2010	Associates' operating profit/(loss)[1] 2009
Platinum	**237**	47	**(59)**	(26)
Diamonds	**2,644**	1,728	**495**	64
Iron Ore and Manganese	**983**	603	**382**	143
Metallurgical Coal	**258**	164	**122**	48
Thermal Coal	**761**	742	**308**	303
Other Mining and Industrial	**86**	495	**7**	48
	4,969	3,779	**1,255**	580
Reconciliation:				
Associates' net finance costs (before special items and remeasurements)			**(88)**	(28)
Associates' income tax expense (before special items and remeasurements)			**(313)**	(235)
Associates' non-controlling interests (before special items and remeasurements)			**(9)**	1
Share of net income from associates (before special items and remeasurements)			**845**	318
Associates' special items and remeasurements			**(22)**	(184)
Associates' special items and remeasurements tax			**(2)**	(51)
Associates' non-controlling interests on special items and remeasurements			**1**	1
Share of net income from associates			**822**	84

(1) Associates' operating profit is the Group's attributable share of associates' revenue less operating costs before special items and remeasurements.

Non-cash items

Significant non-cash items included within operating profit are as follows:

US$ million	Depreciation and amortisation[1] 2010	Depreciation and amortisation[1] 2009	Other non-cash expenses[2] 2010	Other non-cash expenses[2] 2009
Platinum	**750**	636	**57**	92
Copper	**269**	244	**97**	71
Nickel	**26**	26	**23**	9
Iron Ore and Manganese	**142**	81	**90**	4
Metallurgical Coal	**322**	249	**75**	26
Thermal Coal	**113**	107	**40**	13
Other Mining and Industrial	**251**	360	**16**	34
Exploration	**–**	–	**4**	4
Corporate Activities and Unallocated Costs	**46**	22	**61**	64
	1,919[3]	1,725	**463**	317

(1) The Group's attributable share of depreciation and amortisation in associates is $301 million (2009: $248 million) and is split by segment as follows: Platinum $37 million (2009: $9 million), Diamonds $171 million (2009: $151 million), Iron Ore and Manganese $33 million (2009: $23 million), Metallurgical Coal $11 million (2009: $6 million), Thermal Coal $49 million (2009: $47 million) and Other Mining and Industrial nil (2009: $12 million).

(2) Other non-cash expenses include equity settled share-based payment charges and amounts included in operating costs in respect of provisions, excluding amounts recorded within special items. Comparatives have been reclassified to align with current year presentation.

(3) In addition $97 million (2009: nil) of accelerated depreciation has been recorded within operating special items (refer to note 5).

Capital expenditure and net debt

US$ million	Capital expenditure[1] 2010	Capital expenditure[1] 2009	Net debt[2] 2010	Net debt[2] 2009
Platinum	**1,011**	1,150	**(65)**	196
Copper	**1,530**	1,123	**(243)**	(187)
Nickel	**525**	554	**561**	380
Iron Ore and Manganese	**1,195**	1,140	**89**	874
Metallurgical Coal	**217**	96	**(615)**	(9)
Thermal Coal	**274**	400	**(50)**	23
Other Mining and Industrial	**224**	268	**365**	341
Exploration	**–**	–	**(2)**	–
Corporate Activities and Unallocated Costs	**18**	27	**7,403**	9,710
	4,994	4,758	**7,443**	11,328
Reconciliation:				
Remove: Cash flows from derivatives relating to capital expenditure	**286**	(151)		
Purchase of property, plant and equipment	**5,280**	4,607		
Interest capitalised	**247**	246		
Non-cash movements[3]	**305**	379		
Property, plant and equipment additions[4]	**5,832**	5,232		
Amounts related to disposal groups	**(46)**	–	**(59)**	(48)
	5,786	5,232	**7,384**	11,280

(1) Capital expenditure is segmented on a cash basis and is reconciled to balance sheet additions. Cash capital expenditure includes cash flows on related derivatives.

(2) Segment net debt includes related hedges and excludes net debt in disposal groups. Comparatives have been adjusted to include related hedges (refer to note 31c). For a reconciliation of net debt to the balance sheet refer to note 31b.

(3) Includes movements on capital expenditure accruals, movements relating to deferred stripping and the impact of realised cash flow hedges.

(4) Capital expenditure on an accruals basis is split by segment as follows: Platinum $1,043 million (2009: $1,445 million), Copper $1,820 million (2009: $1,186 million), Nickel $602 million (2009: $570 million), Iron Ore and Manganese $1,536 million (2009: $1,138 million), Metallurgical Coal $297 million (2009: $163 million), Thermal Coal $297 million (2009: $409 million), Other Mining and Industrial $216 million (2009: $303 million), Exploration $1 million (2009: nil) and Corporate Activities and Unallocated Costs $20 million (2009: $18 million).

2. SEGMENTAL INFORMATION continued

Segment assets and liabilities

The following balance sheet segment measures are provided for information:

	Segment assets[1]		Segment liabilities[2]		Net segment assets	
US$ million	2010	2009	2010	2009	2010	2009
Platinum	**14,701**	13,082	**(1,223)**	(941)	**13,478**	12,141
Copper	**7,300**	5,643	**(1,009)**	(880)	**6,291**	4,763
Nickel	**2,443**	1,888	**(109)**	(101)	**2,334**	1,787
Iron Ore and Manganese	**12,333**	10,758	**(632)**	(388)	**11,701**	10,370
Metallurgical Coal	**4,711**	4,176	**(793)**	(769)	**3,918**	3,407
Thermal Coal	**2,897**	2,343	**(786)**	(636)	**2,111**	1,707
Other Mining and Industrial	**4,596**	6,231	**(789)**	(1,202)	**3,807**	5,029
Exploration	**3**	4	**(12)**	(2)	**(9)**	2
Corporate Activities and Unallocated Costs	**402**	311	**(377)**	(409)	**25**	(98)
	49,386	44,436	**(5,730)**	(5,328)	**43,656**	39,108
Other assets and liabilities						
Investments in associates[3]	**4,900**	3,312	**–**	–	**4,900**	3,312
Financial asset investments	**3,220**	2,726	**–**	–	**3,220**	2,726
Deferred tax assets/(liabilities)	**389**	288	**(5,641)**	(5,192)	**(5,252)**	(4,904)
Cash and cash equivalents	**6,401**	3,269	**–**	–	**6,401**	3,269
Other financial assets/(liabilities) – derivatives	**842**	603	**(835)**	(659)	**7**	(56)
Other non-operating assets/(liabilities)	**1,518**	1,674	**(2,233)**	(2,128)	**(715)**	(454)
Other provisions	**–**	–	**(807)**	(617)	**(807)**	(617)
Borrowings	**–**	–	**(13,439)**	(14,315)	**(13,439)**	(14,315)
Net assets	**66,656**	56,308	**(28,685)**	(28,239)	**37,971**	28,069

(1) Segment assets at 31 December 2010 are operating assets and consist of intangible assets of $2,316 million (2009: $2,776 million), property, plant and equipment of $39,810 million (2009: $35,198 million), biological assets of $2 million (2009: $4 million), environmental rehabilitation trusts of $379 million (2009: $342 million), retirement benefit assets of $112 million (2009: $54 million), inventories of $3,604 million (2009: $3,212 million) and operating receivables of $3,163 million (2009: $2,850 million).

(2) Segment liabilities at 31 December 2010 are operating liabilities and consist of non-interest bearing current liabilities of $3,834 million (2009: $3,447 million), environmental restoration and decommissioning provisions of $1,305 million (2009: $1,175 million) and retirement benefit obligations of $591 million (2009: $706 million).

(3) Refer to note 17 for a split of investments in associates by segment.

Revenue by product

The Group's analysis of segment revenue by product (including attributable share of revenue from associates) is as follows:

US$ million	2010	2009
Platinum	**4,053**	3,101
Palladium	**697**	361
Rhodium	**782**	527
Diamonds	**2,644**	1,728
Copper	**4,782**	3,783
Nickel	**824**	625
Iron ore	**5,234**	2,330
Manganese ore and alloys	**983**	603
Metallurgical coal	**2,711**	1,693
Thermal coal	**3,707**	3,197
Heavy building materials	**2,376**	2,870
Zinc	**584**	445
Steel products	**1,568**	1,371
Other	**1,984**	2,003
	32,929	24,637

Geographical analysis

Revenue by destination and non-current segment assets by location

The Group's geographical analysis of segment revenue (including attributable share of revenue from associates) allocated based on the country in which the customer is located, and non-current segment assets, allocated based on the country in which the assets are located, is as follows:

	Revenue		Non-current segment assets[1]	
US$ million	2010	2009	2010	2009
South Africa	**3,307**	2,567	**17,389**	15,157
Other Africa	**502**	139	**373**	599
Brazil	**1,135**	662	**11,159**	10,105
Chile	**1,940**	1,229	**5,628**	4,280
Other South America	**207**	190	**589**	574
North America	**1,805**	1,297	**540**	698
Australia	**474**	427	**4,022**	3,584
China	**5,075**	3,469	**5**	4
India	**2,021**	1,222	**–**	–
Japan	**4,198**	2,697	**–**	–
Other Asia	**2,818**	1,874	**42**	46
United Kingdom (Anglo American plc's country of domicile)	**3,980**	3,850	**2,331**	2,686
Other Europe	**5,467**	5,014	**48**	241
	32,929	24,637	**42,126**	37,974

(1) Non-current segment assets are non-current operating assets and consist of intangible assets and property, plant and equipment.

2. SEGMENTAL INFORMATION continued

Revenue and operating profit by origin

Segment revenue and operating profit before special items and remeasurements by origin (including attributable share of revenue and operating profit from associates) has been provided for information:

	Revenue		Operating profit/(loss) before special items and remeasurements	
US$ million	2010	2009	2010	2009
South Africa	**15,711**	10,293	**5,001**	2,023
Other Africa	**2,329**	1,539	**501**	78
South America	**7,492**	6,040	**3,416**	2,310
North America	**679**	510	**14**	(20)
Australia and Asia	**4,141**	3,279	**911**	620
Europe	**2,577**	2,976	**(80)**	(54)
	32,929	24,637	**9,763**	4,957

Segment assets and liabilities by location

The Group's geographical analysis of segment assets and liabilities, allocated based on where assets and liabilities are located, has been provided for information:

	Segment assets[1]		Segment liabilities		Net segment assets	
US$ million	2010	2009	2010	2009	2010	2009
South Africa	**21,294**	18,309	**(2,815)**	(2,148)	**18,479**	16,161
Other Africa	**377**	664	**(26)**	(66)	**351**	598
South America	**18,982**	16,528	**(1,384)**	(1,262)	**17,598**	15,266
North America	**611**	805	**(38)**	(132)	**573**	673
Australia and Asia	**4,849**	4,310	**(851)**	(813)	**3,998**	3,497
Europe	**3,273**	3,820	**(616)**	(907)	**2,657**	2,913
	49,386	44,436	**(5,730)**	(5,328)	**43,656**	39,108

[1] Investments in associates are not included in segment assets. The geographical distribution of these investments, based on the location of the underlying assets, is disclosed in note 17.

3. OPERATING PROFIT FROM SUBSIDIARIES AND JOINT VENTURES

US$ million	2010	2009
Group revenue	**27,960**	20,858
Cost of sales[1]	**(15,949)**	(15,474)
Gross profit	**12,011**	5,384
Selling and distribution costs	**(1,740)**	(1,590)
Administrative expenses	**(1,815)**	(1,409)
Other gains and losses (see below)	**346**	527
Exploration expenditure (see note 7)	**(136)**	(172)
Operating profit from subsidiaries and joint ventures	**8,666**	2,740

[1] Includes operating special item charges of $228 million (2009: $2,275 million), see note 5.

US$ million	2010	2009
Operating profit is stated after charging:		
Depreciation of property, plant and equipment (see note 15)[1]	**1,888**	1,711
Amortisation of intangible assets (see note 14)	**31**	14
Rentals under operating leases	**121**	114
Research and development expenditure	**29**	34
Operating special items (see note 5)	**228**	2,275
Employee costs (see note 8)	**4,367**	3,734
Adjustment due to provisional pricing[2]	**(168)**	(507)
Royalties[3]	**586**	284
Other gains and losses comprise:		
Operating remeasurements (see note 5)	**386**	638
Other fair value gains on derivatives – realised	**84**	84
Foreign currency losses on other monetary items	**(124)**	(195)
Total other gains and losses	**346**	527

[1] In addition $97 million (2009: nil) of accelerated depreciation has been recorded within operating special items (refer to note 5).
[2] Provisionally priced contracts resulted in a total (realised and unrealised) gain in revenue of $199 million (2009: $563 million) and total (realised and unrealised) loss in operating costs of $31 million (2009: $56 million).
[3] Excludes those royalties which meet the definition of income tax on profit and accordingly have been accounted for as taxes.

3. OPERATING PROFIT FROM SUBSIDIARIES AND JOINT VENTURES continued

US$ million	2010	2009
Auditors' remuneration		
Audit		
United Kingdom	**2.6**	2.7
Overseas	**7.9**	7.8
Other services provided by Deloitte[1]		
United Kingdom	**1.3**	7.8
Overseas	**1.7**	1.9

[1] Includes $0.1 million (2009: $0.4 million) for services required to be undertaken by Deloitte in their capacity as auditors and in 2009 $6.5 million for services relating to bid defence.

A more detailed analysis of auditors' remuneration is provided below:

	2010				2009			
	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)
US$ million	United Kingdom	Overseas	Total	Overseas	United Kingdom	Overseas	Total	Overseas
Statutory audit services								
Paid to the Company's auditor	**1.7**	**–**	**1.7**	**–**	1.9	–	1.9	–
Subsidiary entities – for purposes of Anglo American plc Annual Report	**–**	**4.4**	**4.4**	**0.1**	–	3.7	3.7	0.1
Subsidiary entities – additional local statutory requirements	**0.9**	**3.5**	**4.4**	**0.4**	0.8	4.1	4.9	0.5
Subsidiary entities – total	**0.9**	**7.9**	**8.8**	**0.5**	0.8	7.8	8.6	0.6
Total	**2.6**	**7.9**	**10.5**	**0.5**	2.7	7.8	10.5	0.6
Other services[1]								
Other services pursuant to legislation	**0.5**	**0.8**	**1.3**	**–**	0.7	0.6	1.3	–
Tax services	**0.1**	**0.4**	**0.5**	**0.2**	0.2	0.4	0.6	0.3
Internal audit services	**–**	**–**	**–**	**–**	–	–	–	0.4
Other	**0.7**[2]	**0.5**	**1.2**	**0.2**	6.9[2]	0.9	7.8	0.6
Total	**1.3**	**1.7**	**3.0**	**0.4**	7.8	1.9	9.7	1.3

[1] $0.2 million (2009: $0.1 million) was paid/payable in respect of the audit of Group pension plans.
[2] Includes $0.1 million (2009: $0.4 million) for services required to be undertaken by Deloitte in their capacity as auditors and in 2009 $6.5 million for services relating to bid defence.

4. OPERATING PROFIT AND UNDERLYING EARNINGS BY SEGMENT

The following table analyses operating profit (including attributable share of associates' operating profit) for the financial year by segment and reconciles it to Underlying earnings by segment. Underlying earnings is an alternative earnings measure, which the directors consider to be a useful additional measure of the Group's performance. Underlying earnings is profit for the financial year attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after non-controlling interests. A reconciliation from 'Profit for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year' is provided in note 13.

	2010					2009				
US$ million	Operating profit/(loss) before special items and remeasurements[1]	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements[2]	Net interest, tax and non-controlling interests	Underlying earnings	Operating profit/(loss) before special items and remeasurements[1]	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements[2]	Net interest, tax and non-controlling interests	Underlying earnings
Platinum	**837**	**765**	**72**	**(412)**	**425**	32	(72)	104	12	44
Diamonds	**495**	**466**	**29**	**(193)**	**302**	64	(139)	203	(154)	(90)
Copper	**2,817**	**2,832**	**(15)**	**(1,096)**	**1,721**	2,010	2,114	(104)	(809)	1,201
Nickel	**96**	**45**	**51**	**(21)**	**75**	2	(86)	88	(15)	(13)
Iron Ore and Manganese	**3,681**	**4,037**	**(356)**	**(2,258)**	**1,423**	1,489	350	1,139	(918)	571
Metallurgical Coal	**783**	**806**	**(23)**	**(198)**	**585**	451	423	28	(129)	322
Thermal Coal	**710**	**708**	**2**	**(198)**	**512**	721	715	6	(204)	517
Exploration	**(136)**	**(136)**	**–**	**8**	**(128)**	(172)	(172)	–	5	(167)
Corporate Activities and Unallocated Costs	**(181)**	**(192)**	**11**	**(280)**	**(461)**	(146)	(377)	231	(73)	(219)
Core operations	**9,102**	**9,331**	**(229)**	**(4,648)**	**4,454**	4,451	2,756	1,695	(2,285)	2,166
Other Mining and Industrial	**661**	**561**	**100**	**(139)**	**522**	506	361	145	(103)	403
	9,763	**9,892**	**(129)**	**(4,787)**	**4,976**	4,957	3,117	1,840	(2,388)	2,569

[1] Operating profit includes attributable share of associates' operating profit which is reconciled to 'Share of net income from associates' in note 2.
[2] Special items and remeasurements are set out in note 5. Operating special items (including associates) in the year ended 31 December 2010 amounted to a charge of $253 million (2009: $2,574 million) and operating remeasurements (including associates) in the year ended 31 December 2010 amounted to a credit of $382 million (2009: $734 million).

5. SPECIAL ITEMS AND REMEASUREMENTS

'Special items' are those items of financial performance that the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Group. Such items are material by nature or amount to the year's results and require separate disclosure in accordance with IAS 1 (Revised) *Presentation of Financial Statements* paragraph 97. Special items that relate to the operating performance of the Group are classified as operating special items and include impairment charges and reversals and other exceptional items, including restructuring costs. Non-operating special items include profits and losses on disposals of investments and businesses as well as transactions relating to business combinations.

'Remeasurements' comprise other items which the Group believes should be reported separately to aid an understanding of the underlying financial performance of the Group. This category includes:

- unrealised gains and losses on 'non-hedge' derivative instruments open at year end (in respect of future transactions) and the reversal of the historical marked to market value of such instruments settled in the year. The full realised gains or losses are recorded in underlying earnings in the same year as the underlying transaction for which such instruments provide an economic, but not formally designated, hedge (if the underlying transaction is recorded in the balance sheet, e.g. capital expenditure, the realised amount remains in remeasurements on settlement of the derivative). Such amounts are classified in the income statement as operating when the underlying exposure is in respect of the operating performance of the Group and otherwise as financing.
- foreign exchange gains and losses arising on the retranslation of US dollar denominated De Beers preference shares held by a rand functional currency subsidiary of the Group. This is classified as financing.
- foreign exchange impact arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information (and hence deferred tax is susceptible to currency fluctuations). Such amounts are included within income tax expense.

	2010			2009[1]		
US$ million	Subsidiaries and joint ventures	Associates[2]	Total	Subsidiaries and joint ventures	Associates[2]	Total
Impairment and related charges	(107)	(15)	(122)	(1,909)	(272)	(2,181)
Restructuring costs	(121)	(10)	(131)	(376)	(27)	(403)
Other	–	–	–	10	–	10
Operating special items	(228)	(25)	(253)	(2,275)	(299)	(2,574)
Operating remeasurements	386	(4)	382	638	96	734
Operating special items and remeasurements	158	(29)	129	(1,637)	(203)	(1,840)
Disposal of Moly-Cop and AltaSteel	555	–	555	–	–	–
Gain on Bafokeng-Rasimone Platinum mine transaction	546	–	546	–	–	–
Disposal of undeveloped coal assets	505	–	505	–	–	–
Disposal of Skorpion zinc mine	244	–	244	–	–	–
Disposals of interests within Platinum segment	107	–	107	316	–	316
Anglo American Inyosi Coal BEE transaction	(86)	–	(86)	–	–	–
Disposals of Tarmac businesses	(294)	–	(294)	–	–	–
Disposal of interest in AngloGold Ashanti	–	–	–	1,139	–	1,139
Other	2	19	21	157	20	177
Net profit on disposals[3]	1,579	19	1,598	1,612	20	1,632
Financing special items	–	(13)	(13)	–	(7)	(7)
Financing remeasurements	105	1	106	(134)	6	(128)
Total special items and remeasurements before tax and non-controlling interests	1,842	(22)	1,820	(159)	(184)	(343)
Special items and remeasurements tax	(110)	(2)	(112)	188	(51)	137
Non-controlling interests on special items and remeasurements	(141)	1	(140)	61	1	62
Net total special items and remeasurements attributable to equity shareholders of the Company	1,591	(23)	1,568	90	(234)	(144)

[1] Presentation of special items and remeasurements has been simplified. Comparatives have been reclassified to align with current year presentation.
[2] Relates to the Diamonds segment.
[3] $1,246 million (2009: $316 million) relates to disposals of subsidiaries and consolidated businesses and $440 million (2009: nil) relates to fair value gains on retained investments (see note 32).

Subsidiaries' and joint ventures' special items and remeasurements

Operating special items

Impairment and related charges of $107 million in the year ended 31 December 2010 principally relate to accelerated depreciation of $97 million and assets written off within the Platinum segment of $20 million, partially offset by an impairment reversal at Dawson Seamgas (Metallurgical Coal segment) of $22 million.

In the year ended 31 December 2010 accelerated depreciation of $73 million has been recorded at Loma de Níquel due to uncertainty over the renewal of three concessions that expire in 2012 and over the restoration of 13 concessions that have been cancelled.

Impairment and related charges in the year ended 31 December 2009 of $1,909 million mainly relate to the Amapá iron ore system (Amapá) ($1,667 million), and Loma de Níquel ($114 million). The impairment in relation to Amapá was a result of the operational difficulties and delays in increasing production. The impairment brought the carrying value of Amapá in line with fair value (less costs to sell) determined on a discounted cash flow basis.

Restructuring costs principally relate to retrenchment and consultancy costs and relate to amounts incurred in the Other Mining and Industrial segment of $71 million (2009: $78 million) and the Platinum segment of $38 million (2009: $37 million). In the year ended 31 December 2009 restructuring costs of $47 million were recorded within the Corporate Activities and Unallocated Costs segment and a total of $21 million in the Metallurgical and Thermal Coal segments. In addition costs associated with 'One Anglo' initiatives of $148 million and bid defence costs of $45 million were recorded.

Operating remeasurements

Operating remeasurements reflect a net gain of $386 million (2009: $638 million) principally in respect of non-hedge derivatives of capital expenditure in Iron Ore Brazil (2009: Iron Ore Brazil and Los Bronces). The net gain includes net unrealised gains of $148 million (2009: $757 million), net realised gains of $255 million (2009: losses of $105 million) and other remeasurement losses of $17 million (2009: $14 million).

5. SPECIAL ITEMS AND REMEASUREMENTS continued

Profits and losses on disposals

In December 2010 the Group completed the disposal of its 100% interest in Moly-Cop and AltaSteel (Other Mining and Industrial segment) resulting in a net cash inflow of $993 million, generating a profit on disposal of $555 million.

In November 2010 the Group realised a gain of $546 million as a result of the Bafokeng-Rasimone Platinum mine transaction (Platinum segment). Refer to note 32 for more information on this transaction.

In December 2010 the Group disposed of undeveloped coal assets in Australia (Metallurgical Coal segment) resulting in a net cash inflow of $522 million, generating a profit on disposal of $505 million.

In December 2010 the Group completed the disposal of its 100% interest in the Skorpion zinc mine (Other Mining and Industrial segment) resulting in a net cash inflow of $570 million, generating a profit on disposal of $244 million.

In April 2010 the Group sold its 37% interest in the Western Bushveld joint venture (Platinum segment) for consideration of $107 million. This investment had a nominal carrying value.

In June 2010 the previously announced BEE transaction to dispose of a 27% interest in Anglo American Inyosi Coal (Proprietary) Limited (Thermal Coal segment) was completed. The amount recognised on disposal principally relates to an IFRS 2 charge of $78 million.

The Group completed the disposal of Tarmac's Polish concrete products business in March 2010, its French and Belgian concrete products business in May 2010, and its aggregates business in France, Germany, Poland and the Czech Republic in September 2010, resulting in combined net cash inflows of $472 million. Tarmac is included in the Other Mining and Industrial segment.

Financing remeasurements

Financing remeasurements reflect a net gain of $105 million (2009: loss of $134 million) principally due to preference share investments, and an associated embedded interest rate derivative. In addition, financing remeasurements also include net gains on non-hedge derivatives of debt of $17 million (2009: loss of $13 million).

Special items and remeasurements tax

Special items and remeasurements tax amounted to a charge of $110 million (2009: credit of $188 million). This relates to a tax remeasurement credit of $122 million (2009: $469 million) and a tax charge on special items and remeasurements of $232 million (2009: $174 million). In the year ended 31 December 2009 a tax special item charge of $107 million was recorded relating to the write off of a deferred tax asset related to Amapá.

6. EBITDA BY SEGMENT

Earnings before interest, tax, depreciation and amortisation (EBITDA) is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

US$ million	2010	2009
Platinum	**1,624**	677
Diamonds	**666**	215
Copper	**3,086**	2,254
Nickel	**122**	28
Iron Ore and Manganese	**3,856**	1,593
Metallurgical Coal	**1,116**	706
Thermal Coal	**872**	875
Other Mining and Industrial	**912**	878
Exploration	**(136)**	(172)
Corporate Activities and Unallocated Costs	**(135)**	(124)
EBITDA	**11,983**	6,930

EBITDA is reconciled to operating profit, including attributable share of associates, before special items and remeasurements and to 'Total profit from operations and associates' as follows:

US$ million	2010	2009
Total profit from operations and associates	**11,067**	4,436
Operating special items and remeasurements (including associates)	**(129)**	1,840
Net profit on disposals (including associates)	**(1,598)**	(1,632)
Associates' financing special items and remeasurements	**12**	1
Share of associates' interest, tax and non-controlling interests	**411**	312
Operating profit, including associates, before special items and remeasurements	**9,763**	4,957
Depreciation and amortisation: subsidiaries and joint ventures	**1,919**	1,725
Depreciation and amortisation: associates	**301**	248
EBITDA	**11,983**	6,930

6. EBITDA BY SEGMENT continued

EBITDA is reconciled to 'Cash flows from operations' as follows:

US$ million	2010	2009
EBITDA	**11,983**	6,930
Share of operating profit of associates before special items and remeasurements	**(1,255)**	(580)
Cash element of operating special items	**(94)**	(294)
Share of associates' depreciation and amortisation	**(301)**	(248)
Share-based payment charges	**219**	204
Provisions	**(37)**	(46)
(Increase)/decrease in inventories	**(309)**	23
Increase in operating receivables	**(587)**	(360)
Increase/(decrease) in operating payables	**516**	(573)
Deferred stripping	**(196)**	(150)
Other adjustments	**(15)**	(2)
Cash flows from operations	**9,924**	4,904

7. EXPLORATION EXPENDITURE

Exploration expenditure is stated before special items.

US$ million	2010	2009
By commodity		
Platinum group metals	**11**	17
Copper	**19**	43
Nickel	**27**	22
Iron ore	**14**	8
Metallurgical coal	**3**	10
Thermal coal	**21**	25
Zinc	**3**	10
Central exploration activities	**38**	37
	136	172

8. EMPLOYEE NUMBERS AND COSTS

The average number of employees, excluding contractors and associates' employees, and including a proportionate share of employees within joint venture entities, was:

Thousand	2010	2009
By segment		
Platinum	**52**	58
Copper	**4**	4
Nickel	**2**	2
Iron Ore and Manganese	**8**	7
Metallurgical Coal	**3**	3
Thermal Coal	**9**	9
Other Mining and Industrial	**20**	22
Corporate Activities and Unallocated Costs	**2**	2
	100	107

The average number of employees by principal location of employment was:

Thousand	2010	2009
South Africa	**77**	83
Other Africa	**1**	1
South America	**9**	9
North America	**1**	1
Australia and Asia	**4**	4
Europe	**8**	9
	100	107

Payroll costs in respect of the employees included in the tables above were:

US$ million	2010	2009
Wages and salaries	**3,880**	3,321
Social security costs	**173**	168
Post employment benefits	**281**	235
Share-based payments	**223**	205
Total payroll costs	**4,557**	3,929
Reconciliation:		
Less: Employee costs capitalised	**(132)**	(82)
Less: Employee costs included within operating special items	**(58)**	(113)
Employee costs included in operating costs	**4,367**	3,734

8. EMPLOYEE NUMBERS AND COSTS continued

In accordance with IAS 24 *Related Party Disclosures*, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (executive and non-executive) of the Group.

Compensation for key management was as follows:

US$ million	2010	2009
Salaries and short term employee benefits	**19**	14
Social security costs	**5**	2
Post employment benefits	**2**	2
Share-based payments	**15**	11
Termination benefits	**–**	10
	41	39

Key management includes members of the Board and the Executive Committee.

Disclosure of directors' emoluments, pension entitlements, share options and long term incentive plan awards required by the Companies Act 2006 and those specified for audit by Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 are included in the Remuneration report.

9. NET FINANCE COSTS

Finance costs and exchange gains/(losses) are presented net of effective hedges for respective interest bearing and foreign currency borrowings.

The weighted average capitalisation rate applied to qualifying capital expenditure was 4.8% (2009: 6.5%).

US$ million	2010	2009
Investment income		
Interest and other financial income	**342**	334
Expected return on defined benefit arrangements	**205**	157
Dividend income from financial asset investments	**30**	23
	577	514
Less: interest capitalised	**(9)**	–
Total investment income	**568**	514
Interest expense		
Interest and other finance expense	**(632)**	(724)
Interest payable on convertible bond	**(68)**	(44)
Unwinding of discount on convertible bond	**(65)**	(39)
Interest cost on defined benefit arrangements	**(219)**	(174)
Unwinding of discount relating to provisions and other non-current liabilities	**(73)**	(45)
	(1,057)	(1,026)
Less: interest capitalised	**256**	246
Total interest expense	**(801)**	(780)
Other financing gains/(losses)		
Net foreign exchange gains/(losses)	**17**	(24)
Net fair value (losses)/gains on fair value hedges	**(7)**	29
Other net fair value losses	**(21)**	(12)
Total other financing losses	**(11)**	(7)
Net finance costs before remeasurements	**(244)**	(273)
Remeasurements		
Net gain/(loss) on embedded and non-hedge derivatives	**72**	(100)
Foreign exchange loss on De Beers preference shares	**(9)**	(21)
Other remeasurements	**42**	(13)
Total remeasurements	**105**	(134)
Net finance costs after remeasurements	**(139)**	(407)

10. FINANCIAL INSTRUMENT GAINS AND LOSSES

The net gains and losses recorded in the Consolidated income statement, in respect of financial instruments were as follows:

US$ million	2010	2009
At fair value through profit and loss		
Cash flow hedge derivatives[1]	**(4)**	(162)
Fair value hedge derivatives	**(112)**	68
Fair value hedge underlying instruments	**105**	(39)
Foreign exchange	**9**	–
Other fair value movements[2]	**752**	1,099
Loans and receivables		
Foreign exchange	**(292)**	(148)
Interest income at amortised cost	**169**	232
Available for sale		
Net gain transferred on sale	**–**	1,554
Dividend income	**30**	23
Other financial liabilities		
Foreign exchange	**167**	(92)
Interest expense at amortised cost	**(632)**	(594)

(1) Gains and losses on derivative instruments designated in cash flow hedge relationships which have been realised in the year have been recorded in Group revenue (2009: Group revenue).
(2) Includes the impact of provisional pricing which is disclosed in note 3 and operating and financing remeasurements in note 5.

11. INCOME TAX EXPENSE

a) Analysis of charge for the year

US$ million	2010	2009
United Kingdom corporation tax	**24**	50
South Africa tax	**1,199**	567
Other overseas tax	**1,333**	700
Prior year adjustments	**(7)**	(45)
Current tax (excluding special items and remeasurements tax)[1]	**2,549**	1,272
Deferred tax (excluding special items and remeasurements tax)	**150**	33
Tax (excluding special items and remeasurements tax)	**2,699**	1,305
Special items and remeasurements tax	**110**	(188)
Income tax expense	**2,809**	1,117

(1) Includes royalties which meet the definition of income tax and are in addition to royalties recorded in operating costs.

b) Factors affecting tax charge for the year

The effective tax rate for the year of 25.7% (2009: 27.7%) is lower than the applicable statutory rate of corporation tax in the United Kingdom of 28% (see also below). The reconciling items are:

US$ million	2010	2009
Profit on ordinary activities before tax	**10,928**	4,029
Less: Share of net income from associates	**(822)**	(84)
Group profit on ordinary activities before tax	**10,106**	3,945
Tax on profit on ordinary activities calculated at United Kingdom corporation tax rate of 28%	**2,830**	1,105
Tax effects of:		
Special items and remeasurements tax	**(406)**	(144)
Items not taxable/deductible for tax purposes		
Exploration expenditure	**13**	22
Non-taxable/deductible net foreign exchange (gain)/loss	**(3)**	6
Non-deductible/taxable net interest expense/(income)	**2**	(2)
Other non-deductible expenses	**125**	65
Other non-taxable income	**(40)**	(39)
Temporary difference adjustments		
Change in tax rates	**4**	–
Movements in tax losses	**(50)**	5
Enhanced tax depreciation	**(41)**	–
Other temporary differences	**(73)**	(45)
Other adjustments		
Secondary tax on companies and dividend withholding taxes	**657**	356
Effect of differences between local and United Kingdom rates	**(218)**	(139)
Prior year adjustments to current tax	**(7)**	(45)
Other adjustments	**16**	(28)
Income tax expense	**2,809**	1,117

IAS 1 (Revised) requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's income tax expense. Associates' tax included within 'Share of net income from associates' for the year ended 31 December 2010 is $315 million (2009: $286 million). Excluding special items and remeasurements this becomes $313 million (2009: $235 million).

The effective rate of tax before special items and remeasurements including attributable share of associates' tax for the year ended 31 December 2010 was 31.9%. This was broadly in line with the equivalent effective rate of 33.1% for the year ended 31 December 2009. In future periods it is expected that the effective tax rate, including associates' tax, will remain above the United Kingdom statutory tax rate.

11. INCOME TAX EXPENSE continued

c) Tax amounts included in total comprehensive income

An analysis of tax by individual item presented in the Consolidated statement of comprehensive income is presented below:

US$ million	2010	2009
Tax on net income recognised directly in equity		
Revaluation of available for sale investments	**(46)**	(105)
Cash flow hedges	**(2)**	(22)
Exchange gains on translation of foreign operations	**(82)**	(154)
Actuarial net (gain)/loss on post employment benefit plans	**(19)**	53
	(149)	(228)
Tax on items transferred from equity		
Transferred to income statement: sale of available for sale investments	**–**	135
Transferred to income statement: cash flow hedges	**(1)**	(51)
Transferred to initial carrying amount of hedged items: cash flow hedges	**2**	(7)
	1	77

12. DIVIDENDS

Dividends declared and paid during the year are as follows:

US$ million	2010	2009
Final ordinary dividend for 2009 – nil per ordinary share (2008: nil)	**–**	–
Interim ordinary dividend for 2010 – 25 US cents per ordinary share (2009: nil)	**302**	–
	302	–

The directors are proposing a final dividend in respect of the financial year ended 31 December 2010 of 40 US cents per share. Based on shares eligible for dividends at 31 December 2010, this will result in an estimated distribution of $483 million of shareholders' funds. These financial statements do not reflect this dividend payable as it is still subject to shareholder approval.

As stated in note 29, the employee benefit trust has waived the right to receive dividends on the shares it holds.

13. EARNINGS PER SHARE

US$	2010	2009
Profit for the financial year attributable to equity shareholders of the Company		
Basic earnings per share	**5.43**	2.02
Diluted earnings per share	**5.18**	1.98
Headline earnings for the financial year[1]		
Basic earnings per share	**4.27**	2.46
Diluted earnings per share	**4.09**	2.40
Underlying earnings for the financial year[1]		
Basic earnings per share	**4.13**	2.14
Diluted earnings per share	**3.96**	2.10

(1) Basic and diluted earnings per share are shown based on Headline earnings, a Johannesburg stock exchange (JSE Limited) defined performance measure, and Underlying earnings, which the directors consider to be a useful additional measure of the Group's performance. Both earnings measures are further explained below.

The calculation of the basic and diluted earnings per share is based on the following data:

US$ million (unless otherwise stated)	2010	2009
Earnings		
Basic earnings, being profit for the financial year attributable to equity shareholders of the Company	**6,544**	2,425
Effect of dilutive potential ordinary shares		
Interest payable on convertible bond (net of tax)	**49**	32
Unwinding of discount on convertible bond (net of tax)	**47**	28
Diluted earnings	**6,640**	2,485
Number of shares (million)		
Basic number of ordinary shares outstanding[1]	**1,206**	1,202
Effect of dilutive potential ordinary shares[2]		
Share options and awards	**14**	11
Convertible bond	**61**	40
Diluted number of ordinary shares outstanding[1]	**1,281**	1,253

(1) Basic and diluted number of ordinary shares outstanding represent the weighted average for the year. The average number of ordinary shares in issue excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies.

(2) Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares.

In the year ended 31 December 2010 there were no share options which were anti-dilutive. In the year ended 31 December 2009 there were 231,351 share options which were potentially dilutive but were not included in the calculation of diluted earnings per share because they were anti-dilutive.

In April 2009 the Group issued $1.7 billion of senior convertible notes. The senior convertible notes were issued with a coupon of 4%, a conversion price of £18.6370 and unless redeemed, converted or cancelled, will mature in 2014. The Group will have the option to call the senior convertible notes after three years from the issuance date subject to certain conditions. The impact of this potential conversion has been included in diluted earnings and diluted number of ordinary shares outstanding.

13. EARNINGS PER SHARE continued

Underlying earnings is presented after non-controlling interests and excludes special items and remeasurements (see note 5). Underlying earnings is distinct from 'Headline earnings', which is a JSE Limited defined performance measure.

The calculation of basic and diluted earnings per share, based on Headline and Underlying earnings, uses the following earnings data:

US$ million	2010	2009
Profit for the financial year attributable to equity shareholders of the Company	**6,544**	2,425
Operating special items	**14**	2,180
Operating special items – tax	**–**	(67)
Operating special items – non-controlling interests	**(3)**	(102)
Net profit on disposals	**(1,684)**	(1,632)
Net profit on disposals – tax	**123**	76
Net profit on disposals – non-controlling interests	**138**	66
Financing special items	**13**	7
Headline earnings for the financial year	**5,145**	2,953
Operating special items[1]	**239**	394
Operating remeasurements	**(382)**	(734)
Net loss on disposals[2]	**86**	–
Financing remeasurements	**(106)**	128
Special items and remeasurements tax	**(11)**	(146)
Non-controlling interests on special items and remeasurements	**5**	(26)
Underlying earnings for the financial year	**4,976**	2,569

(1) Year ended 31 December 2010: includes restructuring costs, accelerated depreciation and related charges (2009: includes restructuring costs).
(2) Year ended 31 December 2010: includes amounts related to the Anglo American Inyosi Coal BEE transaction.

14. INTANGIBLE ASSETS

	2010			2009		
US$ million	Licences and other intangibles	Goodwill[1]	Total	Licences and other intangibles	Goodwill[1]	Total
Net book value						
At 1 January	**82**	**2,694**	**2,776**	91	2,915	3,006
Acquired through business combinations	**–**	**–**	**–**	–	19	19
Additions	**43**	**–**	**43**	31	–	31
Transfer to assets held for sale and disposals	**(17)**	**(339)**	**(356)**	(9)	(8)	(17)
Amortisation charge for the year	**(31)**	**–**	**(31)**	(14)	–	(14)
Impairments	**–**	**–**	**–**	(39)	(312)	(351)
Reversal of contingent consideration[2]	**–**	**(90)**	**(90)**	–	–	–
Currency movements	**8**	**(34)**	**(26)**	22	80	102
At 31 December	**85**	**2,231**	**2,316**	82	2,694	2,776
Cost	**168**	**2,231**	**2,399**	139	2,694	2,833
Accumulated amortisation	**(83)**	**–**	**(83)**	(57)	–	(57)

(1) The goodwill balances provided are net of cumulative impairment charges of $323 million at 31 December 2010 (2009: $357 million).
(2) Relates to Iron Ore Brazil.

Impairment tests for goodwill

Goodwill is allocated for impairment testing purposes to cash generating units (CGUs) or groups of CGUs which reflect how it is monitored for internal management purposes. This allocation largely represents the Group's segments set out below. Any goodwill associated with CGUs subsumed within these segments is not significant when compared to the goodwill of the Group, other than in Iron Ore and Manganese and Other Mining and Industrial where the material components of goodwill are split out below:

US$ million	2010	2009
Platinum	**230**	230
Copper	**124**	124
Nickel	**10**	10
Iron Ore and Manganese		
Iron Ore Brazil	**1,148**	1,251
Thermal Coal	**88**	88
Other Mining and Industrial		
Tarmac	**504**	811
Other	**127**	180
	2,231	2,694

For the purposes of goodwill impairment, the recoverable amount of a CGU is determined based on a value in use or fair value less costs to sell basis.

Value in use is based on the present value of future cash flows expected to be derived from the CGU or reportable segment in its current state. Fair value less costs to sell is normally supported by market observable data (in the case of listed subsidiaries, market share price at 31 December of the respective entity) or discounted cash flow models taking account of assumptions that would be made by market participants.

14. INTANGIBLE ASSETS continued

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including ore reserves and production estimates, together with economic factors such as commodity prices, discount rates, exchange rates, estimates of costs to produce reserves and future capital expenditure. Management believes that any reasonably possible change in a key assumption on which the recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

Cash flow projections are based on financial budgets and life of mine or non-mine production plans, incorporating key assumptions as detailed below:

Reserves and resources

Ore reserves and, where considered appropriate, mineral resources are incorporated in projected cash flows, based on ore reserves and mineral resource statements and exploration and evaluation work undertaken by appropriately qualified persons. Mineral resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the requirements of reserve classification. For further information refer to the Ore Reserves and Mineral Resources section of the Annual Report.

Commodity prices

Commodity prices are based on latest internal forecasts for commodity prices, benchmarked with external sources of information, to ensure they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.

Operating costs and capital expenditure

Operating costs and capital expenditure are based on financial budgets covering a three year period. Cash flow projections beyond three years are based on life of mine plans or non-mine production plans as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith.

Non-commodity based businesses

For non-commodity based businesses, margin and revenue are based on financial budgets covering a three year period. Beyond the financial budget, revenue is forecast using a steady growth rate consistent with the markets in which those businesses operate, and for those periods five years or more from the balance sheet date, at a rate not exceeding the long term growth rate for the country of operation. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.

Discount rates

Cash flow projections are discounted based on a real post-tax discount rate of 6% (2009: 6%). Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows or to calculate an equivalent pre-tax rate where appropriate.

Foreign exchange rates

Foreign exchange rates are based on latest internal forecasts for foreign exchange, benchmarked with external sources of information and relevant countries of operation.

15. PROPERTY, PLANT AND EQUIPMENT

	2010					2009				
US$ million	Mining properties and leases[1]	Land and buildings	Plant and equipment	Other[2]	Total	Mining properties and leases[1]	Land and buildings	Plant and equipment	Other[2]	Total
Net book value										
At 1 January	**14,776**	**1,807**	**10,003**	**8,612**	**35,198**	14,563	1,541	7,000	6,441	29,545
Additions	**296**	**48**	**237**	**5,205**	**5,786**	241	53	328	4,610	5,232
Acquired through business combinations	**–**	**–**	**–**	**–**	**–**	28	4	1	(5)	28
Reversal of contingent consideration[3]	**(293)**	**–**	**–**	**–**	**(293)**	–	–	–	–	–
Transfer to assets held for sale	**(84)**	**(125)**	**(491)**	**(24)**	**(724)**	(255)	(70)	(55)	(42)	(422)
Disposal of assets	**(5)**	**(4)**	**(36)**	**(4)**	**(49)**	(1)	(10)	(44)	(18)	(73)
Disposal of businesses	**(260)**	**(5)**	**(39)**	**(110)**	**(414)**	(29)	(4)	(14)	(43)	(90)
Depreciation charge for the year[4]	**(465)**	**(89)**	**(1,392)**	**(39)**	**(1,985)**	(412)	(95)	(1,192)	(12)	(1,711)
Net impairment reversal/ (charge)	**2**	**–**	**12**	**–**	**14**	(1,099)	(1)	(325)	(157)	(1,582)
Reclassifications[5]	**583**	**268**	**1,765**	**(2,616)**	**–**	60	181	3,075	(3,316)	–
Currency movements	**826**	**104**	**780**	**567**	**2,277**	1,680	208	1,229	1,154	4,271
At 31 December	**15,376**	**2,004**	**10,839**	**11,591**	**39,810**	14,776	1,807	10,003	8,612	35,198
Cost	**20,289**	**2,792**	**19,651**	**11,863**	**54,595**	19,143	2,571	17,813	8,973	48,500
Accumulated depreciation	**(4,913)**	**(788)**	**(8,812)**	**(272)**	**(14,785)**	(4,367)	(764)	(7,810)	(361)	(13,302)

(1) Includes amounts in relation to deferred stripping.
(2) Includes $11,190 million (2009: $8,189 million) of assets in the course of construction, which are not depreciated.
(3) Relates to Iron Ore Brazil.
(4) Includes $1,888 million (2009: $1,711 million) of depreciation within operating profit (see note 3) and $97 million (2009: nil) of accelerated depreciation (see note 5).
(5) Relates mainly to amounts transferred from assets in the course of construction.

Included in the additions above is $247 million (2009: $246 million) of net interest expense incurred on borrowings funding the construction of qualifying assets which has been capitalised during the year.

15. PROPERTY, PLANT AND EQUIPMENT continued

The net book value and depreciation charges relating to assets held under finance leases comprise:

	2010		2009	
US$ million	Net book value	Depreciation	Net book value	Depreciation
Mining properties and leases	–	–	13	2
Plant and equipment	18	7	22	12
	18	7	35	14

The net book value of land and buildings comprises:

US$ million	2010	2009
Freehold	1,989	1,791
Leasehold – long	6	6
Leasehold – short (less than 50 years)	9	10
	2,004	1,807

16. ENVIRONMENTAL REHABILITATION TRUSTS

The Group makes contributions to controlled funds that were established to meet the cost of some of its restoration and environmental rehabilitation liabilities, primarily in South Africa. The funds are comprised of the following investments:

US$ million	2010	2009
Equity	121	37
Bonds	147	115
Cash	111	190
	379	342

These assets are primarily rand denominated. Cash is held in short term fixed deposits or earns interest at floating inter-bank rates and bonds earn interest at a weighted average fixed rate of 6% (2009: 9%) for an average period of six years (2009: 11.8 years). Equity investments are recorded at fair value through profit and loss whilst other assets are treated as loans and receivables.

These funds are not available for the general purposes of the Group. All income from these assets is reinvested to meet specific environmental obligations. These obligations are included in provisions (see note 26).

17. INVESTMENTS IN ASSOCIATES

US$ million	2010	2009
At 1 January	3,312	3,612
Net income from associates	822	84
Dividends received	(255)	(616)
Transfer from subsidiary/joint venture[1]	643	235
Share of expense recognised directly in equity, net of tax	(41)	(7)
Other equity movements	(140)	2
Investment in equity and capitalised loans[2]	632	203
Interest receivable on capitalised loans	16	–
Repayment of capitalised loans	(33)	–
Transferred to available for sale investments	(100)	–
Transferred to assets held for sale and disposals	(126)	(510)
Other movements	19	105
Currency movements	151	204
At 31 December[3]	4,900	3,312

(1) Year ended 31 December 2010 represents the transfer to investments in associates of Anglo Platinum Limited's retained 33% holding in Bafokeng-Rasimone Platinum mine (see note 32). Year ended 31 December 2009 relates to disposals in the Platinum segment.
(2) Includes $450 million, in the year ended 31 December 2010, to subscribe to the Group's share of De Beers' rights issue. Refer to note 36.
(3) The fair value of the Group's investment in Anooraq Resources Corporation at 31 December 2010 was $179 million (2009: $105 million).

The Group's total investments in associates comprise:

US$ million	2010	2009
Equity	4,194	2,799
Loans[1]	706	513
Total investments in associates	4,900	3,312

(1) The Group's total investments in associates include long term debt which in substance forms part of the Group's investment. These loans are not repayable in the foreseeable future.

The Group's attributable share of the summarised income statement information of associates is shown in note 2. Summarised balance sheet information of associates is as follows:

US$ million	2010	2009
Total non-current assets	6,923	5,710
Total current assets	1,805	2,494
Total current liabilities	(738)	(854)
Total non-current liabilities	(3,090)	(4,038)
Group's share of net assets	4,900	3,312

17. INVESTMENTS IN ASSOCIATES continued

Segmental information is provided as follows:

US$ million	Net income 2010	Net income 2009	Aggregate investment 2010	Aggregate investment 2009
By segment				
Platinum	**(44)**	(17)	**1,112**	447
Diamonds	**270**	(333)	**1,936**	1,353
Iron Ore and Manganese	**287**	170	**880**	658
Metallurgical Coal	**84**	34	**223**	146
Thermal Coal	**220**	214	**749**	689
Other Mining and Industrial	**5**	16	**–**	19
	822	84	**4,900**	3,312

US$ million	Aggregate investment 2010	Aggregate investment 2009
By geography		
South Africa	**2,334**	1,934
Other Africa	**1,220**	914
South America	**729**	675
North America	**376**	320
Australia and Asia	**698**	426
Europe	**(457)**	(957)
	4,900	3,312

The Group's share of associates' contingent liabilities incurred jointly by investors is $75 million (2009: $102 million).

Details of principal associates are set out in note 37.

18. JOINT VENTURES

The Group's share of the summarised financial information of joint venture entities that are proportionately consolidated in the Group financial statements is as follows:

US$ million	2010	2009
Total non-current assets	**2,308**	2,310
Total current assets	**872**	831
Total assets classified as held for sale	**–**	15
Total current liabilities	**(516)**	(425)
Total non-current liabilities	**(869)**	(763)
Total liabilities directly associated with assets classified as held for sale	**–**	(6)
Group's share of joint venture entities' net assets	**1,795**	1,962
Revenue	**2,014**	1,702
Operating costs (including special items and remeasurements)	**(761)**	(711)
Net finance costs	**(61)**	(37)
Income tax expense	**(272)**	(200)
Group's share of joint venture entities' profit for the financial year	**920**	754

The Group's share of joint venture entities' contingent liabilities incurred jointly with other venturers is $33 million (2009: $40 million) and its share of capital commitments is $12 million (2009: $242 million).

Within the Metallurgical Coal segment, the Group also holds investments in a number of proportionately consolidated jointly controlled operations. The Group's share of joint venture operations' net assets is $1,693 million (2009: $1,224 million). The Group's share of joint venture operations' profit for the financial year is $593 million (2009: $321 million). The Group's share of joint venture operations' contingent liabilities incurred jointly with other venturers is $19 million (2009: $3 million) and its share of capital commitments is $65 million (2009: $107 million).

Details of principal joint ventures are set out in note 37.

19. FINANCIAL ASSET INVESTMENTS

US$ million	2010 Loans and receivables	2010 Available for sale investments	2010 Total	2009 Loans and receivables	2009 Available for sale investments	2009 Total
At 1 January	**1,595**	**1,131**	**2,726**	935	2,353	3,288
Additions	**124**	**187**	**311**	–	–	–
Interest receivable	**84**	**–**	**84**	82	–	82
Net advances	**(15)**	**–**	**(15)**	394	–	394
Disposals[1]	**–**	**(440)**	**(440)**	–	(2,049)	(2,049)
Movements in fair value	**(5)**	**316**	**311**	(13)	741	728
Reclassifications	**–**	**–**	**–**	(3)	–	(3)
Currency movements	**137**	**106**	**243**	200	86	286
At 31 December	**1,920**	**1,300**	**3,220**	1,595	1,131	2,726

[1] Primarily comprised of exercise of options purchased in 2008, to increase shareholding in Kumba Iron Ore Limited. Disposals in 2009 primarily relate to the disposal of AngloGold Ashanti.

No provision for impairment is recorded against financial assets classified as 'Loans and receivables' (2009: nil).

20. INVENTORIES

US$ million	2010	2009
Raw materials and consumables	**823**	741
Work in progress	**1,520**	1,368
Finished products	**1,261**	1,103
	3,604	3,212

The cost of inventories recognised as an expense and included in cost of sales amounted to $14,262 million (2009: $12,605 million).

Inventories held at net realisable value amounted to $352 million (2009: $477 million).

Write-down of inventories (net of revaluation of provisionally priced purchases) amounted to $38 million (2009: $128 million). Of this, nil was capitalised (2009: $80 million).

There were also $29 million (2009: $88 million) of inventory write-downs reversed and recognised as a reduction in the inventory expense for the year.

21. TRADE AND OTHER RECEIVABLES

	2010			2009[1]		
US$ million	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	**2,814**	**178**	**2,992**	2,496	145	2,641
Amounts owed by related parties	**2**	**–**	**2**	12	–	12
Other receivables[2]	**755**	**134**	**889**	642	55	697
Prepayments and accrued income	**160**	**9**	**169**	201	6	207
	3,731	**321**	**4,052**	3,351	206	3,557

[1] Comparatives have been adjusted to present $3 million of current financial asset investments as other receivables.
[2] 2009 includes an amount of $72 million related to cash proceeds in respect of the disposal of the Group's 50% interest in the Booysendal joint venture held in an escrow account pending completion of documentation. This amount was received in October 2010.

The historical level of customer default is minimal and as a result the credit quality of year end trade receivables which are not past due is considered to be high. Of the year end trade receivables balance the following were past due at 31 December (stated after associated impairment provision):

US$ million	2010	2009
Less than one month	**130**	123
Greater than one month, less than two months	**18**	38
Greater than two months, less than three months	**12**	12
Greater than three months	**21**	34
	181	207

The overdue debtor ageing profile above is typical of the industry in which certain of the Group's businesses operate. Given this, the existing insurance cover (including letters of credit from financial institutions) and the nature of the related counterparties, these amounts are considered recoverable.

Total trade receivables are stated net of the following impairment provision:

US$ million	2010	2009
At 1 January	**51**	41
Charge for the year	**4**	9
Transfer to assets held for sale	**(2)**	(4)
Currency movements	**–**	5
At 31 December	**53**	51

22. TRADE AND OTHER PAYABLES

US$ million	2010	2009
Trade payables	**2,748**	2,939
Amounts owed to related parties	**59**	–
Tax and social security	**162**	163
Other payables	**954**	785
Accruals and deferred income	**1,027**	508
	4,950	4,395

23. FINANCIAL ASSETS

The carrying amounts and fair values of financial assets are as follows:

US$ million	2010 Estimated fair value	2010 Carrying value	2009 Estimated fair value	2009 Carrying value
At fair value through profit and loss				
Trade and other receivables[1]	**777**	**777**	838	838
Other financial assets (derivatives)[2]	**842**	**842**	603	603
Loans and receivables				
Cash and cash equivalents	**6,401**	**6,401**	3,269	3,269
Trade and other receivables[1]	**3,106**	**3,106**	2,512	2,512
Financial asset investments	**1,871**	**1,920**	1,566	1,595
Available for sale investments				
Financial asset investments	**1,300**	**1,300**	1,131	1,131
Total financial assets	**14,297**	**14,346**	9,919	9,948

[1] Trade and other receivables exclude prepayments and accrued income.
[2] Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 25.

The fair values of financial assets represent the market value of quoted investments and other traded instruments. For non-listed investments and other non-traded financial assets, fair value is calculated with discounted cash flows using market assumptions, unless carrying value is considered to approximate fair value.

Fair value hierarchy

An analysis of financial assets carried at fair value is set out below:

US$ million	2010 Level 1[1]	2010 Level 2[2]	2010 Level 3[3]	2010 Total	2009 Level 1[1]	2009 Level 2[2]	2009 Level 3[3]	2009 Total
At fair value through profit and loss								
Trade and other receivables	**–**	**777**	**–**	**777**	–	838	–	838
Other financial assets (derivatives)	**–**	**801**	**41**	**842**	3	569	31	603
Available for sale investments								
Financial asset investments	**1,223**	**22**	**55**	**1,300**	1,072	19	40	1,131
	1,223	**1,600**	**96**	**2,919**	1,075	1,426	71	2,572

[1] Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares, and certain exchange-traded derivatives.
[2] Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.
[3] Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input. Financial assets included within level 3 primarily consist of embedded derivatives and financial asset investments where valuation depends upon unobservable inputs.

There have been no significant transfers between level 1 and level 2 in the year ended 31 December 2010. The movements in the fair value of the level 3 financial assets are shown in the following table:

US$ million	2010	2009
At 1 January	**71**	137
Net loss recorded in remeasurements	**(6)**	(111)
Net gain recorded in statement of comprehensive income	**10**	1
Additions	**3**	–
Transfer to assets held for sale	**(26)**	–
Reclassification from/to level 3 Other financial liabilities (derivatives)	**41**	35
Currency movements	**3**	9
At 31 December	**96**	71

For the level 3 financial assets, changing certain inputs to reasonably possible alternative assumptions may change the fair value significantly. Where significant, the effect of a change in these assumptions to a reasonably possible alternative assumption is outlined in the table below. These sensitivities have been calculated by amending the fair value of the level 3 financial assets at 31 December for a change in each individual assumption, as outlined below, whilst keeping all other assumptions consistent with those used to calculate the fair value recognised in the financial statements.

US$ million	Change in assumption	2010 Increase/(decrease) in fair value of assets	2009 Increase/(decrease) in fair value of assets
Other financial assets (derivatives)	Increase of 5% in dividend forecast	**11**	–
	Decrease of 5% in dividend forecast	**(11)**	–
	Shift of TJLP curve[1]	**38**	–
Financial asset investments	Decrease of 10% in liquidity discount percentage	**14**	11
	Increase of 10% in liquidity discount percentage	**(14)**	(11)

[1] Brazilian domestic long term interest rate curve.

Financial asset risk exposures are set out in note 25.

24. FINANCIAL LIABILITIES

The carrying amounts and fair values of financial liabilities are as follows:

	2010		2009	
US$ million	Estimated fair value	Carrying value	Estimated fair value	Carrying value
At fair value through profit and loss				
Trade and other payables[1]	**434**	**434**	315	315
Other financial liabilities (derivatives)[2]	**835**	**835**	659	659
Designated into fair value hedge				
Borrowings	**8,815**	**8,192**	7,793	7,168
Financial liabilities at amortised cost				
Trade and other payables[1]	**4,404**	**4,404**	4,297	4,297
Borrowings[3]	**7,216**	**5,247**	8,744	7,147
Total financial liabilities	**21,704**	**19,112**	21,808	19,586

(1) Trade and other payables exclude tax and social security and current and non-current deferred income and include other non-current payables.
(2) Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 25.
(3) Fair value of the convertible bond represents the quoted price of the debt and therefore includes the portion accounted for in equity.

The fair value of financial liabilities is determined by reference to its quoted market price, otherwise the carrying value approximates fair value.

Fair value hierarchy

An analysis of financial liabilities carried at fair value is set out below:

	2010				2009			
US$ million	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
At fair value through profit and loss								
Trade and other payables	**–**	**434**	**–**	**434**	–	315	–	315
Other financial liabilities (derivatives)	**–**	**775**	**60**	**835**	3	543	113	659
	–	**1,209**	**60**	**1,269**	3	858	113	974

(1) Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes exchange-traded derivatives.
(2) Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.
(3) Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input. Financial instruments included within level 3 primarily consist of embedded derivatives where valuation depends upon unobservable inputs and commodity sales contracts which do not meet the conditions for the 'own use' exemption under IAS 39.

There have been no significant transfers between level 1 and level 2 in the year ended 31 December 2010. The movements in the fair value of the level 3 financial liabilities are shown in the following table:

US$ million	2010	2009
At 1 January	**113**	269
Net gain recorded in remeasurements	**(121)**	(21)
Net loss recorded in underlying earnings	**–**	6
Reduction in assumed life of financial liability	**–**	(181)[1]
Reclassification to/from level 3 Other financial assets (derivatives)	**41**	35
Currency movements	**27**	5
At 31 December	**60**	113

(1) Relates to reduction of embedded derivative liability at Loma de Níquel which was recorded in operating special items.

For the level 3 financial liabilities, changing certain inputs to reasonably possible alternative assumptions may change the fair value significantly. At 31 December 2010 the effect of a change in these assumptions to a reasonably possible alternative assumption was not considered significant. At 31 December 2009, where significant, the effect of a change in these assumptions to a reasonably possible alternative assumption is outlined in the table below. These sensitivities have been calculated by amending the fair value of the level 3 financial liabilities at 31 December 2009 for a change in each individual assumption, as outlined below, whilst keeping all other assumptions consistent with those used to calculate the fair value recognised in the financial statements.

		2009
US$ million	Change in assumption	Increase/(decrease) in fair value of liabilities
Other financial liabilities (derivatives)	Increase of 5% in dividend forecast	9
	Decrease of 5% in dividend forecast	(9)

Financial liability risk exposures are set out in note 25.

24. FINANCIAL LIABILITIES continued

Analysis of borrowings

An analysis of borrowings, as presented on the Consolidated balance sheet, is set out below:

	2010			2009		
US$ million	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Secured[1]						
Bank loans and overdrafts	**57**	**404**	**461**	416	413	829
Obligations under finance leases[2]	**5**	**5**	**10**	8	11	19
	62	**409**	**471**	424	424	848
Unsecured						
Bank loans and overdrafts	**1,276**	**1,536**	**2,812**	351	3,982	4,333
Bonds issued under EMTN programme	**62**	**4,346**	**4,408**	572	4,410	4,982
US bonds	**–**	**3,249**	**3,249**	–	1,935	1,935
Convertible bond[3]	**–**	**1,434**	**1,434**	–	1,369	1,369
Commercial paper	**–**	**–**	**–**	67	–	67
Other loans	**135**	**930**	**1,065**	85	696	781
	1,473	**11,495**	**12,968**	1,075	12,392	13,467
Total	**1,535**	**11,904**	**13,439**	1,499	12,816	14,315

(1) Assets with a book value of $569 million (2009: $1,197 million) have been pledged as security, of which $212 million (2009: $753 million) are property, plant and equipment, $183 million (2009: $242 million) are financial assets and $174 million (2009: $202 million) are inventories. Related to these assets are borrowings of $461 million (2009: $814 million) in respect of project financing arrangements.

(2) The minimum lease payments under finance leases fall due as follows:

US$ million	2010	2009
Within one year	**5**	9
Greater than one year, less than five years	**4**	9
Greater than five years	**1**	2
	10	20
Future finance charges on finance leases	**–**	(1)
Present value of finance lease liabilities	**10**	19

(3) Represents the fair value of the debt component of the convertible bond at the date of issue of $1,330 million (net of fees) adjusted for cumulative unwinding of discount of $104 million (2009: $39 million). The fair value of the equity conversion feature was $355 million and is presented in equity (refer to note 30).

In the year ended 31 December 2010 the Group raised $150 million through the issuance of a $100 million floating rate note, due April 2012 and a $50 million floating rate note, due September 2012, under the Euro Medium Term Note (EMTN) programme and ZAR1 billion ($151 million) through the issuance of a fixed rate note, due in May 2015, under the South African Domestic Medium Term Note programme.

In July 2010 the Group replaced a $2.5 billion facility maturing in March 2012 with a $3.5 billion facility maturing in July 2015.

In September 2010 the Group raised $1.25 billion through the issuance of senior notes (US bonds). The senior note offering comprised $750 million 2.15% senior notes due 2013 and $500 million 4.45% senior notes due 2020.

During 2009 the Group raised $2 billion through the issuance of senior notes, $1.7 billion through the issuance of senior convertible notes and $2.2 billion through the issuance of bonds under the EMTN programme.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board has approved and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures. The risk management processes of the Group's independently listed subsidiaries are in line with the Group's own policy.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the balance sheet at year end is provided as follows (subcategorised into credit risk, liquidity risk and market risk).

Credit risk

The Group's principal financial assets are cash, trade and other receivables and investments. The Group's maximum exposure to credit risk arising from underlying financial assets is as follows:

US$ million	2010	2009
Cash and cash equivalents	**6,401**	3,269
Trade and other receivables	**3,883**	3,350
Financial asset investments[1]	**1,920**	1,595
Other financial assets (derivatives)	**842**	603
Other guarantees and loan facilities	**92**	12
	13,138	8,829

(1) Includes $643 million (2009: $546 million) of preference shares in BEE entities.

The Group limits exposure to credit risk on liquid funds and derivative financial instruments through adherence to a policy of, where possible:

- acceptable minimum counterparty credit ratings assigned by international credit-rating agencies (including long term ratings of A- (Standard & Poor's), A3 (Moody's) or A- (Fitch) or better);
- daily counterparty settlement limits (which are not to exceed three times the credit limit for an individual bank); and
- exposure diversification (the aggregate group exposure to key financial counterparties cannot exceed 5% of the counterparty's shareholders' equity).

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

Given the diverse nature of the Group's operations (both in relation to commodity markets and geographically), together with insurance cover (including letters of credit from financial institutions), it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers.

An allowance for impairment of trade receivables is made where there is an identified loss event, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Details of the credit quality of trade receivables and the associated provision for impairment is disclosed in note 21.

Liquidity risk

The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any group distribution restrictions that exist. In addition, certain projects are financed by means of limited recourse project finance, if appropriate.

The expected undiscounted cash flows of the Group's financial liabilities (including associated derivatives), by remaining contractual maturity, based on conditions existing at the balance sheet date are as follows:

	Within one year			One to two years		
US$ million	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
2010						
Financial liabilities (excluding derivatives)	**(566)**	**(148)**	**(6,356)**[1]	**(566)**	**(126)**	**(1,155)**
Net settled derivatives[2]	**485**	**(303)**	**13**	**486**	**(306)**	**3**
	(81)	**(451)**	**(6,343)**	**(80)**	**(432)**	**(1,152)**
2009						
Financial liabilities (excluding derivatives)	(550)	(200)	(5,660)[1]	(523)	(185)	(3,226)
Net settled derivatives[2]	461	(267)	–	441	(273)	5
	(89)	(467)	(5,660)	(82)	(458)	(3,221)

	Two to five years			Greater than five years		
US$ million	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
2010						
Financial liabilities (excluding derivatives)	**(1,197)**	**(137)**	**(7,504)**[3]	**(530)**	**(1,400)**	**(3,241)**
Net settled derivatives[2]	**1,083**	**(619)**	**(337)**	**530**	**(282)**	**(291)**
	(114)	**(756)**	**(7,841)**	**–**	**(1,682)**	**(3,532)**
2009						
Financial liabilities (excluding derivatives)	(1,379)	(295)	(5,877)[3]	(672)	(608)	(4,394)
Net settled derivatives[2]	1,187	(712)	(32)	672	(331)	(339)
	(192)	(1,007)	(5,909)	–	(939)	(4,733)

(1) Includes guarantees and loan facilities.
(2) The expected maturities were not materially different from the contracted maturities.
(3) Includes the full value of the convertible bond and assumes no conversion.

The Group had the following undrawn committed borrowing facilities at 31 December:

US$ million	2010	2009
Expiry date		
Within one year[1]	**3,781**	2,247
Greater than one year, less than two years	**12**	3,090
Greater than two years, less than five years	**7,269**	4,093
Greater than five years	**58**	90
	11,120	9,520

(1) Includes undrawn rand facilities equivalent to $1.7 billion (2009: $1.5 billion) in respect of a series of facilities with 364 day maturities which roll automatically on a daily basis, unless notice is served.

In February 2011 the Group cancelled its $2.25 billion revolving credit facility maturing in June 2011. At 31 December 2010 $1.1 billion (2009: nil) was drawn under the facility which was subsequently repaid.

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The significant market risks to which the Group is exposed are foreign exchange risk, interest rate risk and commodity price risk.

Foreign exchange risk

As a global business, the Group is exposed to many currencies principally as a result of non-US dollar operating costs and to a lesser extent, from non-US dollar revenues. The Group's policy is generally not to hedge such exposures as hedging is not deemed appropriate given the diversified nature of the Group, though exceptions can be approved by the Group Management Committee.

In addition, currency exposures exist in respect of non-US dollar expenditure on approved capital projects and non-US dollar borrowings in US dollar functional currency entities. The Group's policy is that such exposures should be hedged subject to a review of the specific circumstances of the exposure.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

The exposure of the Group's financial assets and liabilities (excluding intra-group loan balances) to currency risk is as follows:

	2010				2009			
US$ million	Financial assets (excluding derivatives)	Impact of currency derivatives[1]	Derivative assets	Total financial assets – exposure to currency risk	Financial assets (excluding derivatives)	Impact of currency derivatives[1]	Derivative assets	Total financial assets – exposure to currency risk
US dollar[2]	5,293	(140)	765	5,918	4,353	(202)	565	4,716
Rand	6,065	140	77	6,282	3,125	177	7	3,309
Sterling	386	–	–	386	455	–	–	455
Euro	20	–	–	20	85	2	–	87
Australian dollar	811	–	–	811	271	–	–	271
Brazilian real	571	–	–	571	407	–	–	407
Other currencies	358	–	–	358	649	23	31	703
Total financial assets	13,504	–	842	14,346	9,345	–	603	9,948

	2010				2009			
US$ million	Financial liabilities (excluding derivatives)	Impact of currency derivatives[1]	Derivative liabilities	Total financial liabilities – exposure to currency risk	Financial liabilities (excluding derivatives)	Impact of currency derivatives[1]	Derivative liabilities	Total financial liabilities – exposure to currency risk
US dollar	(6,444)	(5,797)	(813)	(13,054)	(7,719)	(5,364)	(609)	(13,692)
Rand	(3,906)	(22)	(22)	(3,950)	(3,550)	(4)	(50)	(3,604)
Sterling	(2,136)	1,796	–	(340)	(1,609)	1,198	–	(411)
Euro	(3,500)	3,486	–	(14)	(3,764)	3,652	–	(112)
Australian dollar	(595)	–	–	(595)	(543)	–	–	(543)
Brazilian real	(1,098)	462	–	(636)	(1,052)	401	–	(651)
Other currencies	(598)	75	–	(523)	(690)	117	–	(573)
Total financial liabilities	(18,277)	–	(835)	(19,112)	(18,927)	–	(659)	(19,586)

(1) Where currency derivatives are held to manage financial instrument exposures the notional principal amount is reallocated to reflect the remaining exposure to the Group.
(2) Of these US dollar financial assets, $413 million (2009: $127 million) are subject to South African exchange controls and will be converted to rand within six months of 31 December.

Interest rate risk

Interest rate risk arises due to fluctuations in interest rates which impact on the value of short term investments and financing activities. Exposure to interest rate risk is particularly with reference to changes in US and South African interest rates.

The Group policy is to borrow funds at floating rates of interest as, over the longer term, this is considered by management to give somewhat of a natural hedge against commodity price movements, given the correlation with economic growth (and industrial activity) which in turn shows a high correlation with commodity price fluctuation. In certain circumstances, the Group uses interest rate swap contracts to manage its exposure to interest rate movements on a portion of its existing debt. Strategic hedging using fixed rate debt may also be undertaken from time to time if approved by the Group Management Committee.

In respect of financial assets, the Group's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

The exposure of the Group's financial assets (excluding intra-group loan balances) to interest rate risk is as follows:

	2010					2009				
	Interest bearing financial assets		Non-interest bearing financial assets			Interest bearing financial assets		Non-interest bearing financial assets		
US$ million	Floating rate	Fixed rate[1]	Equity investments	Other non-interest bearing	Total	Floating rate	Fixed rate[1]	Equity investments	Other non-interest bearing	Total
Financial assets (excluding derivatives)[2]	6,981	1,068	1,300	4,155	13,504	3,530	1,032	1,131	3,652	9,345
Derivative assets	315	–	–	527	842	174	–	–	429	603
Financial asset exposure to interest rate risk	7,296	1,068	1,300	4,682	14,346	3,704	1,032	1,131	4,081	9,948

(1) Includes $643 million (2009: $546 million) of preference shares in BEE entities.
(2) At 31 December 2010 and 31 December 2009 no interest rate swaps were held in respect of financial asset exposures.

Floating rate financial assets consist mainly of cash and bank term deposits. Interest on floating rate financial assets is based on the relevant national inter-bank rates. Fixed rate financial assets consist mainly of financial asset investments and cash, and have a weighted average interest rate of 11.7% (2009: 11.0%) for an average period of three years (2009: three years). Equity investments have no maturity period and the majority are fully liquid.

The exposure of the Group's financial liabilities (excluding intra-group loan balances) to interest rate risk is as follows:

	2010				2009			
	Interest bearing financial liabilities		Non-interest bearing financial liabilities		Interest bearing financial liabilities		Non-interest bearing financial liabilities	
US$ million	Floating rate	Fixed rate		Total	Floating rate	Fixed rate		Total
Financial liabilities (excluding derivatives)	(3,921)	(9,507)	(4,849)	(18,277)	(5,529)	(8,697)	(4,701)	(18,927)
Impact of interest rate swaps[1]	(8,046)	8,046	–	–	(6,896)	6,896	–	–
Derivative liabilities	(44)	–	(791)	(835)	(109)	–	(550)	(659)
Financial liability exposure to interest rate risk	(12,011)	(1,461)	(5,640)	(19,112)	(12,534)	(1,801)	(5,251)	(19,586)

(1) Where interest rate swaps are held to manage financial liability exposures the notional principal amount is reallocated to reflect the remaining exposure to the Group.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

Interest on floating rate financial liabilities is based on the relevant national inter-bank rates. Remaining fixed rate borrowings accrue interest at a weighted average interest rate of 9% (2009: 9%) for an average period of three years (2009: four years). Average maturity on non-interest bearing instruments is 14 months (2009: 14 months).

Commodity price risk

The Group's earnings are exposed to movements in the prices of the commodities it produces.

The Group policy is generally not to hedge price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group uses forward and deferred contracts to hedge the price risk.

Certain of the Group's sales and purchases are provisionally priced and as a result are susceptible to future price movements. The exposure of the Group's financial assets and liabilities to commodity price risk is as follows:

	2010				2009			
	Commodity price linked				Commodity price linked			
US$ million	Subject to price movements	Fixed price[1]	Not linked to commodity price	Total	Subject to price movements	Fixed price[1]	Not linked to commodity price	Total
Total net financial instruments (excluding derivatives)	(136)	1,322	(5,959)	(4,773)	352	733	(10,667)	(9,582)
Commodity derivatives (net)[2]	(26)	–	–	(26)	(78)	–	–	(78)
Non-commodity derivatives (net)	–	–	33	33	–	–	22	22
Total financial instrument exposure to commodity risk	(162)	1,322	(5,926)	(4,766)	274	733	(10,645)	(9,638)

[1] Includes financial instruments whose commodity prices are set quarterly or via contract negotiation.
[2] Includes a $26 million (2009: $44 million) derivative embedded in a long term power contract.

Derivatives

In accordance with IAS 32 *Financial Instruments: Presentation* and IAS 39, the fair value of all derivatives are separately recorded on the balance sheet within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)'. Derivatives are classified as current or non-current depending on the expected maturity of the derivative.

The Group utilises derivative instruments to manage certain market risk exposures as explained above. The Group does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges for accounting purposes. Such derivatives that are not hedge accounted are classified as 'non-hedges' and fair value movements are recorded in the income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contract and the host contract is not carried at fair value. Embedded derivatives may be designated into hedge relationships and are accounted for in accordance with the Group's accounting policy set out in note 1.

Anglo American Sur

Anglo American inherited a 1978 agreement with Enami, a Chilean state controlled minerals company, when it acquired Anglo American Sur in 2002. In 2008 this agreement was transferred by Enami to Codelco, the Chilean state copper company. Anglo American Sur is wholly owned by the Group and owns the Los Bronces and El Soldado copper mines and the Chagres smelter. The agreement grants Codelco the right, subject to certain conditions and limitations, to acquire up to a 49% non-controlling interest in Anglo American Sur. The right to exercise the option is restricted to a window that occurs once every three years in the month of January until January 2027, with the next window in January 2012. The calculations of the price at which Codelco can exercise its rights are complex and confidential but do, *inter alia*, take account of company profitability over a five year period.

The option's fair value is calculated as the difference between the estimated fair value of the underlying assets to which the option relates and the estimated option price. The estimated fair value of the underlying assets may vary based on a market participant's assumptions at any point in time, including, *inter alia*, commodity prices, foreign exchange rates and discount rates. In addition, the option price must be estimated based on current assumptions about inputs that cannot be finalised in advance of the option window and are subject to significant fluctuations. Based on a range of scenarios for these key variables, it has been concluded that the option has insufficient value to warrant recognition on the balance sheet as at 31 December 2010.

Cash flow hedges

In certain cases the Group classifies its forward foreign currency and commodity price contracts hedging highly probable forecast transactions as cash flow hedges. Where this designation is documented, changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement (or hedged balance sheet item) in accordance with the Group's accounting policy set out in note 1.

Fair value hedges

The majority of interest rate swaps (taken out to swap the Group's fixed rate borrowings to floating rate, in accordance with the Group's policy) have been designated as fair value hedges. The carrying value of the hedged debt is adjusted to reflect the fair value of the interest rate risk being hedged. Subsequent changes in the fair value of the hedged risk are offset against fair value changes in the interest rate swap and classified within net finance costs in the income statement.

Non-hedges

The Group may choose not to designate certain derivatives as hedges. This may occur where the Group is economically hedged but IAS 39 hedge accounting cannot be achieved or where gains and losses on both the derivative and hedged item naturally offset in the income statement, which may for example be the case for certain cross currency swaps of non-US dollar debt. Where derivatives have not been designated as hedges, fair value changes are recognised in the income statement in accordance with the Group's accounting policy set out in note 1 and are classified as financing or operating depending on the nature of the associated hedged risk.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

The fair value of the Group's open derivative position at 31 December (excluding normal purchase and sale contracts held off balance sheet), recorded within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)' is as follows:

	Current				Non-current			
	2010		2009		2010		2009	
US$ million	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Cash flow hedge[1]								
Forward foreign currency contracts	**50**	**–**	40	–	**–**	**–**	19	–
Forward commodity contracts	**–**	**–**	–	(3)	**–**	**–**	–	–
Other	**–**	**–**	–	(1)	**–**	**–**	–	–
Fair value hedge								
Interest rate swaps	**–**	**–**	18	–	**309**	**(44)**	157	(70)
Non-hedge ('Held for trading')								
Forward foreign currency contracts	**307**	**(34)**	285	(18)	**119**	**–**	26	(2)
Cross currency swaps	**20**	**–**	14	(14)	**3**	**(676)**	7	(424)
Other	**–**	**(46)**	8	(40)	**34**	**(35)**	29	(87)
	377	**(80)**	365	(76)	**465**	**(755)**	238	(583)

(1) The timing of the expected cash flows associated with these hedges is as follows:

US$ million	2010	2009
Within one year	**50**	36
Greater than one year, less than two years	**–**	19
	50	55

The periods when these hedges are expected to impact the income statement generally follow the cash flow profile with the exception of hedging associated with capital projects which is included in the capitalised asset value and depreciated over the life of the asset.

These marked to market valuations are in no way predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuations represent the cost of closing all hedge contracts at year end, at market prices and rates available at the time.

Normal purchase and normal sale contracts

Commodity based contracts that meet the scope exemption in IAS 39 (in that they are settled through physical delivery of the Group's production or are used within the production process), are classified as normal purchase or sale contracts. In accordance with IAS 39 these contracts are not marked to market.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to reduce the cost of capital.

In order to manage the short and long term capital structure, the Group adjusts the amount of ordinary dividends paid to shareholders, returns capital to shareholders (via, for example, share buybacks and special dividends), arranges debt to fund new acquisitions and may also sell non-core assets to reduce debt.

The Group monitors capital on the basis of the ratio of net debt to total capital (gearing). Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of debt and the net debt of disposal groups). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt. Gearing at 31 December 2010 was 16.3% (2009: 28.7%). The decrease in gearing since 31 December 2009 is due to lower net debt combined with higher net assets.

Financial instrument sensitivities

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Group's financial instruments (at 31 December) to changes in commodity prices, interest rates and foreign currencies.

The sensitivity analysis has been prepared on the basis that the components of net debt, the ratio of fixed to floating interest rates of the debt and derivatives portfolio and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December. In addition, the commodity price impact for provisionally priced contracts is based on the related trade receivables and trade payables at 31 December. As a consequence, this sensitivity analysis relates to the position at 31 December.

The following assumptions were made in calculating the sensitivity analysis:

- All income statement sensitivities also impact equity.
- For debt and other deposits carried at amortised cost, carrying value does not change as interest rates move.
- No sensitivity is provided for interest accruals as these are based on pre-agreed interest rates and therefore are not susceptible to further rate changes.
- Changes in the carrying value of derivatives (from movements in commodity prices and interest rates) designated as cash flow hedges are assumed to be recorded fully within equity on the grounds of materiality.
- No sensitivity has been calculated on derivatives and related underlying instruments designated into fair value hedge relationships as these are assumed materially to offset one another.
- All hedge relationships are assumed to be fully effective on the grounds of materiality.
- Debt with a maturity of less than one year is floating rate, unless it is a long term fixed rate debt in its final year.
- Translation of foreign subsidiaries and operations into the Group's presentation currency has been excluded from the sensitivity.

Using the above assumptions, the following table shows the illustrative effect on the income statement and equity that would result from reasonably possible changes in the relevant commodity price, interest rate or foreign currency.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVE FINANCIAL ASSETS/LIABILITIES continued

	2010		2009	
US$ million	Income statement	Equity	Income statement	Equity
Commodity price sensitivities				
10% increase in the platinum price	**(19)**	**(19)**	(14)	(14)
10% decrease in the platinum price	**19**	**19**	14	14
10% increase in the copper price	**59**	**59**	89	89
10% decrease in the copper price	**(59)**	**(59)**	(89)	(89)
Interest rate sensitivities				
50 bp increase in US interest rates	**1**	**1**	3	3
50 bp decrease in US interest rates	**(1)**	**(1)**	(3)	(3)
Foreign currency sensitivities[1]				
+10% US dollar to rand	**(76)**	**(76)**	(59)	(59)
-10% US dollar to rand	**76**	**76**	59	59
+10% US dollar to Australian dollar	**23**	**23**	4	4
-10% US dollar to Australian dollar	**(23)**	**(23)**	(4)	(4)
+10% US dollar to Brazilian real[2]	**456**	**482**	191	198
-10% US dollar to Brazilian real[2]	**(297)**	**(302)**	(175)	(183)
+10% US dollar to Chilean peso[2]	**38**	**60**	(11)	(67)
-10% US dollar to Chilean peso[2]	**(46)**	**(73)**	14	82

(1) + represents strengthening of US dollar against the respective currency.
(2) Includes sensitivities for non-hedge derivatives related to capital expenditure.

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including:
- fluctuating trade receivable and trade payable balances;
- derivative instruments and borrowings settled throughout the year;
- fluctuating cash balances;
- changes in currency mix; and
- commercial paper with short term maturities, which is regularly replaced or settled.

As the sensitivities are limited to year end financial instrument balances they do not take account of the Group's sales and operating costs which are highly sensitive to changes in commodity prices and exchange rates. In addition, each of the sensitivities is calculated in isolation, whilst in reality commodity prices, interest rates and foreign currencies do not move independently.

26. PROVISIONS FOR LIABILITIES AND CHARGES

				2010
US$ million	Environmental restoration[1]	Decommissioning[1]	Other	Total
At 1 January	**839**	**336**	**617**	**1,792**
Charged to the income statement	**84**	**15**	**242**	**341**
Capitalised	**(8)**[2]	**18**	**(5)**	**5**
Unwinding of discount	**46**	**20**	**2**	**68**
Amounts applied	**(14)**	**(1)**	**(168)**	**(183)**
Unused amounts reversed	**(26)**	**(3)**	**(29)**	**(58)**
Transfers[3]	**(51)**	**(36)**	**120**	**33**
Disposal of businesses	**(1)**	**(2)**	**–**	**(3)**
Currency movements	**62**	**27**	**28**	**117**
At 31 December	**931**	**374**	**807**	**2,112**

(1) The Group makes contributions to controlled funds to meet the cost of some of its environmental restoration and decommissioning liabilities (see note 16).
(2) Amounts capitalised in the environmental restoration provision relate to amounts that will be recovered from third parties when the actual expenditure is incurred.
(3) Includes amounts transferred to assets held for sale.

Maturity analysis of total provisions:

US$ million	2010	2009
Current	**446**	209
Non-current	**1,666**	1,583
	2,112	1,792

Environmental restoration
The Group has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Decommissioning
Provision is made for the present value of costs relating to the decommissioning of plant or other site restoration work. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Other
Other provisions primarily relate to subsidiaries' cash settled share-based payments, other employee entitlements (including long service and leave entitlements), indemnities, warranties and legal claims. It is anticipated that these costs will be incurred over a five year period.

27. DEFERRED TAX

The movement in deferred tax balances during the year is as follows:

US$ million	2010	2009
Deferred tax assets		
At 1 January	**288**	258
Credited to the income statement	**69**	12
Charged to the statement of comprehensive income	**(16)**	(33)
Credited directly to equity	**51**	13
Transfers	**(27)**	(5)
Currency movements	**24**	43
At 31 December	**389**	288

US$ million	2010	2009
Deferred tax liabilities		
At 1 January	**(5,192)**	(4,555)
(Charged)/credited to the income statement	**(222)**	144
(Charged)/credited to the statement of comprehensive income	**(76)**	36
Credited directly to equity	**17**	7
Acquired/released in respect of business combinations	**98**	54
Transfers	**52**	46
Disposal of businesses	**119**	–
Currency movements	**(437)**	(924)
At 31 December	**(5,641)**	(5,192)

The amount of deferred tax recognised in the balance sheet is as follows:

US$ million	2010	2009
Deferred tax assets		
Tax losses	**105**	49
Post employment benefits	**45**	48
Share-based payments	**55**	42
Other temporary differences	**184**	149
	389	288
Deferred tax liabilities		
Capital allowances in excess of depreciation	**(3,121)**	(2,846)
Fair value adjustments	**(1,903)**	(1,942)
Tax losses	**103**	115
Derivatives	**(211)**	(106)
Provisions	**(507)**	(405)
Other temporary differences	**(2)**	(8)
	(5,641)	(5,192)

The amount of deferred tax charged/(credited) to the income statement is as follows:

US$ million	2010	2009
Capital allowances in excess of depreciation	**162**	(79)
Fair value adjustments	**(168)**	(502)
Tax losses	**(42)**	(33)
Derivatives	**105**	208
Provisions	**44**	114
Other temporary differences	**52**	136
	153	(156)

The current expectation regarding the maturity of deferred tax balances is as follows:

US$ million	2010	2009
Deferred tax assets		
Recoverable within 12 months	**49**	23
Recoverable after 12 months	**340**	265
	389	288
Deferred tax liabilities		
Payable within 12 months	**(283)**	(171)
Payable after 12 months	**(5,358)**	(5,021)
	(5,641)	(5,192)

27. DEFERRED TAX continued

The Group had the following balances in respect of which no deferred tax asset had been recognised:

	2010				2009			
US$ million	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
Expiry date								
Within one year	–	–	–	–	–	–	–	–
Greater than one year, less than five years	15	–	–	15	14	–	–	14
Greater than five years	84	–	–	84	5	–	–	5
No expiry date	3,023	1,252	8	4,283	3,304	1,154	7	4,465
	3,122	1,252	8	4,382	3,323	1,154	7	4,484

The Group also has unused tax credits of $84 million (2009: $22 million) for which no deferred tax asset is recognised in the balance sheet. None of these credits expire within five years.

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries, branches and associates and interests in joint ventures is represented by the contribution of those investments to the Group's retained earnings and amounted to $20,277 million (2009: $16,843 million).

28. RETIREMENT BENEFITS

The Group operates defined contribution and defined benefit pension plans for the majority of its employees. It also operates post employment medical arrangements in southern Africa. In 2009 plans in North America related to businesses which were disposed of in 2010.

Defined contribution plans

The defined contribution pension and medical cost represents the actual contributions payable by the Group to the various plans. At 31 December 2010 there were no material outstanding or prepaid contributions and so no accrual or prepayment has been disclosed in the balance sheet in relation to these plans.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of the contribution payable by the Group in the financial year. The charge for the year for defined contribution pension plans (net of amounts capitalised) was $216 million (2009: $172 million) and for defined contribution medical plans (net of amounts capitalised) was $23 million (2009: $18 million).

Defined benefit pension plans and post employment medical plans

The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group, in independently administered funds, in accordance with statutory requirements or local practice throughout the world. The unfunded pension plans are principally in South America.

The post employment medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded.

The Group's provision of anti-retroviral therapy to HIV positive staff has not significantly impacted the post employment medical plan liability.

Independent qualified actuaries carry out full valuations every three years using the projected unit credit method. The actuaries have updated the valuations to 31 December 2010.

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits under IAS 19 *Employee Benefits* are detailed below (shown as weighted averages):

	2010			2009		
%	Southern Africa	The Americas	Europe	Southern Africa	The Americas	Europe
Defined benefit pension plans						
Average discount rate for plan liabilities	8.5	8.5	5.4	9.0	8.5	5.7
Average rate of inflation	5.8	3.8	3.2	5.8	3.7	3.7
Average rate of increase in salaries	7.0	6.8	0.4[1]	7.0	6.1	3.7
Average rate of increase of pensions in payment	5.8	3.6	3.5	5.8	3.1	3.7
Average long term rate of return on plan assets[2]	9.1	12.4	6.1	9.6	10.5	6.6
Post employment medical plans						
Average discount rate for plan liabilities	8.5	n/a	n/a	9.0	6.6	n/a
Average rate of inflation	5.8	n/a	n/a	5.8	1.1	n/a
Expected average increase in healthcare costs	7.2	n/a	n/a	7.2	4.1	n/a

(1) Certain European plans ceased future accrual of benefits during 2010.

(2) The long term expected return on plan assets has been set with reference to current market yields on government and corporate bonds and expected equity bond-outperformance in the relevant jurisdictions. The expected return on cash assets has been set with reference to expected bank base rates. The overall long term expected rate of return for each class is weighted by the asset allocation to the class at the balance sheet date.

28. RETIREMENT BENEFITS continued

Mortality assumptions are determined based on standard mortality tables with adjustments, as appropriate, to reflect experience of conditions locally. In southern Africa, the PA90 tables (2009: PA90 tables) are used. The main plans in Europe use the SAPS tables (2009: SAPS and PXA00 tables). The main plans in the Americas use the RV2004 and AT2000 tables (2009: RV2004, AT2000 and UP94 tables). The mortality tables used imply that a male or female aged 60 at the balance sheet date has the following future life expectancy:

	Male		Female	
Years	2010	2009	2010	2009
Southern Africa	**20.6**	20.5	**25.5**	25.4
The Americas	**23.2**	23.2	**27.2**	26.9
Europe	**27.4**	27.3	**30.0**	29.9

Summary of plans by geography

The Group's plans in respect of pension and post employment healthcare are summarised as follows:

	2010				2009			
US$ million	Southern Africa	The Americas	Europe	Total	Southern Africa	The Americas	Europe	Total
Assets[1]								
Defined benefit pension plans in surplus	**112**	**–**	**–**	**112**	54	–	–	54
Liabilities								
Defined benefit pension plans in deficit	**–**	**(178)**	**(101)**	**(279)**	–	(173)	(231)	(404)
Post employment medical plans in deficit	**(312)**	**–**	**–**	**(312)**	(271)	(31)	–	(302)
	(312)	**(178)**	**(101)**	**(591)**	(271)	(204)	(231)	(706)

(1) Amounts are included in 'Other non-current assets'.

Five year summary of plan assets and liabilities

US$ million	2010	2009	2008	2007	2006
Defined benefit pension plans					
Present value of liabilities	**(2,840)**	(2,975)	(2,157)	(3,095)	(4,256)
Fair value of plan assets	**2,732**	2,731	2,073	3,148	4,160
Net (deficit)/surplus	**(108)**	(244)	(84)	53	(96)
Surplus restriction	**(59)**	(106)	(61)	(136)	(163)
Net deficit after surplus restriction	**(167)**	(350)	(145)	(83)	(259)
Actuarial gain/(loss) on plan assets[1]	**76**	184	(392)	39	308
Actuarial gain/(loss) on plan liabilities[2]	**19**	(361)	208	(48)	(156)
Post employment medical plans					
Present value of liabilities	**(337)**	(322)	(241)	(329)	(422)
Fair value of plan assets	**25**	20	17	20	16
Net deficit	**(312)**	(302)	(224)	(309)	(406)
Actuarial gain on plan assets[3]	**2**	–	1	1	–
Actuarial (loss)/gain on plan liabilities[4]	**(13)**	(10)	16	(29)	15

(1) Net experience gains on pension plan assets were $76 million (2009: gains of $184 million; 2008: losses of $392 million; 2007: gains of $32 million; 2006: gains of $314 million).
(2) Net experience gains on pension plan liabilities were $38 million (2009: losses of $17 million; 2008: losses of $29 million; 2007: losses of $112 million; 2006: losses of $113 million).
(3) Net experience gains on medical plan assets were $2 million (2009: nil; 2008: gains of $1 million; 2007: losses of $1 million; 2006: losses of $1 million).
(4) Net experience gains on medical plan liabilities were $5 million (2009: losses of $3 million; 2008: losses of $7 million; 2007: losses of $4 million; 2006: gains of $36 million).

Cumulative net actuarial losses recognised in the Consolidated statement of comprehensive income are $378 million (2009: $509 million; 2008: $292 million; 2007: $163 million; 2006: $126 million).

Income statement

The amounts recognised in the income statement are as follows:

	2010			2009		
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Analysis of the amount charged to operating profit						
Current service costs	**28**	**3**	**31**	32	4	36
Past service costs and effects of settlements and curtailments	**9**	**(6)**	**3**	–	–	–
Total within operating costs	**37**	**(3)**	**34**	32	4	36
Analysis of the amount charged to net finance costs						
Expected return on plan assets[1]	**(203)**	**(2)**	**(205)**	(156)	(1)	(157)
Interest costs on plan liabilities[2]	**193**	**26**	**219**	156	18	174
Net charge to net finance costs	**(10)**	**24**	**14**	–	17	17
Total charge to the income statement	**27**	**21**	**48**	32	21	53

(1) Included in 'Investment income'.
(2) Included in 'Interest expense'.

28. RETIREMENT BENEFITS continued

Pension plan assets and liabilities by geography

The market value of the pension assets in defined benefit pension plans, the long term expected rate of return and the split of the present value of unfunded and funded obligations at 31 December are as follows:

	2010							2009						
	Southern Africa		The Americas		Europe		Total	Southern Africa		The Americas		Europe		Total
	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Fair value US$ million	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Rate of return %	Fair value US$ million	Fair value US$ million
Equity	11.3	359	16.8	13	7.7	822	1,194	11.7	332	9.5	75	8.1	774	1,181
Bonds	8.0	597	12.0	128	4.7	582	1,307	8.5	558	10.9	196	5.1	687	1,441
Other	6.5	62	10.8	6	3.0	163	231	7.0	44	9.4	10	4.0	55	109
Fair value of pension plan assets[1]		1,018		147		1,567	2,732		934		281		1,516	2,731
Present value of unfunded obligations		–		(170)		(1)	(171)		–		(146)		(5)	(151)
Present value of funded obligations[1]		(847)		(155)		(1,667)	(2,669)		(791)		(308)		(1,725)	(2,824)
Present value of pension plan liabilities		(847)		(325)		(1,668)	(2,840)		(791)		(454)		(1,730)	(2,975)
Net surplus/(deficit) in pension plans		171		(178)		(101)	(108)		143		(173)		(214)	(244)
Surplus restriction related to pension plans		(59)		–		–	(59)		(89)		–		(17)	(106)
Recognised pension plan assets/(liabilities)		112		(178)		(101)	(167)		54		(173)		(231)	(350)
Amounts in the balance sheet														
Pension assets		112		–		–	112		54		–		–	54
Pension liabilities		–		(178)		(101)	(279)		–		(173)		(231)	(404)
		112		(178)		(101)	(167)		54		(173)		(231)	(350)

[1] The market value of assets was used to determine the funding level of the plans. The market value of the assets of the funded plans was sufficient to cover 102% (2009: 97%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions. Companies within the Group are paying contributions as required in accordance with local actuarial advice.

Movement analysis

The changes in the present value of defined benefit obligations are as follows:

	2010			2009		
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	(2,975)	(322)	(3,297)	(2,157)	(241)	(2,398)
Current service costs	(28)	(3)	(31)	(32)	(4)	(36)
Past service costs and effects of settlements and curtailments	118	6	124	–	–	–
Interest costs	(193)	(26)	(219)	(156)	(18)	(174)
Actuarial gains/(losses)	19	(13)	6	(361)	(10)	(371)
Benefits paid	160	17	177	135	13	148
Contributions paid by other members	(2)	–	(2)	(7)	–	(7)
Transfer to liabilities directly associated with assets held for sale	128	40	168	(1)	–	(1)
Reclassification	(8)	–	(8)	–	–	–
Currency movements	(59)	(36)	(95)	(396)	(62)	(458)
At 31 December	(2,840)	(337)	(3,177)	(2,975)	(322)	(3,297)

The changes in the fair value of plan assets are as follows:

	2010			2009		
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	2,731	20	2,751	2,073	17	2,090
Past service costs and effects of settlements and curtailments	(127)	–	(127)	–	–	–
Expected return	203[1]	2	205	156[1]	1	157
Actuarial gains	76[1]	2	78	184[1]	–	184
Contributions paid by employer[2]	53	–	53	62	–	62
Benefits paid	(160)	(1)	(161)	(135)	–	(135)
Contributions paid by other members	2	–	2	7	–	7
Transfer to liabilities directly associated with assets held for sale	(113)	–	(113)	–	–	–
Currency movements	67	2	69	384	2	386
At 31 December	2,732	25	2,757	2,731	20	2,751

[1] The actual return on assets in respect of pension plans was a gain of $279 million (2009: $340 million).

[2] The Group expects to contribute approximately $36 million to its pension plans and $16 million to its post employment medical plans in 2011.

28. RETIREMENT BENEFITS continued

Healthcare sensitivity analysis

Amounts recognised in the income statement, in respect of post employment medical plans, are sensitive to assumed healthcare trend rates. A 1% change in assumed healthcare cost trend rates would have the following effects:

	1% increase		1% decrease	
US$ million	2010	2009	2010	2009
Effect on the sum of service costs and interest costs	3	4	(3)	(3)
Effect on defined benefit obligations	37	36	(31)	(30)

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS

Called-up share capital

	2010		2009	
	Number of shares	US$ million	Number of shares	US$ million
Called-up, allotted and fully paid:				
5% cumulative preference shares of £1 each	50,000	–	50,000	–
Ordinary shares of 54 86/91 US cents each:				
At 1 January	1,342,927,138	738	1,342,919,020	738
Other	5,576	–	8,118	–
At 31 December	1,342,932,714	738	1,342,927,138	738

During 2010 5,576 ordinary shares of 54 86/91 US cents each were allotted to certain non-executive directors by subscription of their after tax directors' fees (2009: 8,118 ordinary shares).

Excluding shares held in treasury (but including the shares held by the Group in other structures, as outlined in the Tenon and Employee benefit trust sections below) the number and carrying value of called-up, allotted and fully paid ordinary shares as at 31 December 2010 was 1,320,052,246 and $725 million (2009: 1,316,493,628; $723 million).

At 31 December 2010 the Company held 22,880,468 ordinary shares of 54 86/91 US cents in treasury (2009: 26,433,510 ordinary shares).

At general meetings, every member who is present in person has one vote on a show of hands and, on a poll, every member who is present in person or by proxy has one vote for every ordinary share held.

In the event of winding up, the holders of the cumulative preference shares will be entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up, on the cumulative preference shares held by them and any accrued dividend, whether such dividend has been earned or declared or not, calculated up to the date of the winding up.

No ordinary shares were allotted on exercise of employee share option plans (2009: nil).

Tenon

Tenon Investment Holdings (Pty) Limited (Tenon), a wholly owned subsidiary of Anglo American South Africa Limited (AASA), has entered into agreements with Epoch Investment Holdings Limited (Epoch), Epoch Two Investment Holdings Limited (Epoch Two) and Tarl Investments Holdings Limited (Tarl) (collectively the Investment Companies), each owned by independent charitable trusts whose trustees are independent of the Group. Under the terms of these agreements, the Investment Companies have purchased Anglo American plc shares on the market and have granted to Tenon the right to nominate a third party (which may include Anglo American plc but not any of its subsidiaries) to take transfer of the Anglo American plc shares each has purchased on the market. Tenon paid the Investment Companies 80% of the cost of the Anglo American plc shares including associated costs for this right to nominate which together with subscriptions by Tenon for non-voting participating redeemable preference shares in the Investment Companies provided all the funding required to acquire the Anglo American plc shares through the market. These payments by Tenon were sourced from the cash resources of AASA. Tenon is able to exercise its right of nomination at any time up to 31 December 2025 against payment of an average amount of $8.22 per share to Epoch, $12.78 per share to Epoch Two and $10.61 per share to Tarl which will be equal to 20% of the total costs respectively incurred by Epoch, Epoch Two and Tarl in purchasing shares nominated for transfer to the third party. These funds will then become available for redemption of the preference shares issued by the Investment Companies. The amount payable by the third party on receipt of the Anglo American plc shares will accrue to Tenon and, in accordance with paragraph 33 of IAS 32, any resulting gain or loss recorded by Tenon will not be recognised in the income statement of Anglo American plc.

Under the agreements, the Investment Companies will receive dividends on the shares they hold and have agreed to waive the right to vote on those shares. The preference shares issued to the charitable trusts are entitled to a participating right of up to 10% of the profit after tax of Epoch and 5% of the profit after tax of Epoch Two and Tarl. The preference shares issued to Tenon will carry a fixed coupon of 3% plus a participating right of up to 80% of the profit after tax of Epoch and 85% of the profit after tax of Epoch Two and Tarl. Any remaining distributable earnings in the Investment Companies, after the above dividends, are then available for distribution as ordinary dividends to the charitable trusts.

The structure effectively provides Tenon with a beneficial interest in the price risk on these shares together with a participation in future dividend receipts. The Investment Companies will retain legal title to the shares until Tenon exercises its right to nominate a transferee.

At 31 December 2010 the Investment Companies together held 112,300,129 (2009: 112,300,129) Anglo American plc shares with a market value of $5,852 million (2009: $4,915 million) which represented 9% (2009: 9%) of the ordinary shares in issue (excluding treasury shares). The Investment Companies are not permitted to hold more than an aggregate of 10% of the issued share capital of Anglo American plc at any one time.

Although the Group has no voting rights in the Investment Companies and cannot appoint or remove trustees of the charitable trusts, the Investment Companies continue to meet the accounting definition of a subsidiary in accordance with IAS 27. As a result, the Investment Companies are consolidated in accordance with the definitions of IAS 27 and the principles set out in SIC 12 *Consolidation – Special Purpose Entities.*

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

Employee benefit trust

The provision of shares to certain of the Company's share option and share incentive schemes is facilitated by an employee benefit trust. During 2010, 948,259 shares (2009: 3,496,000 shares) were sold to employees on exercise of their options. The cost of shares purchased by the trust is presented against retained earnings. The employee benefit trust has waived the right to receive dividends on these shares.

The market value of the 985 shares (2009: 949,244 shares) held by the trust at 31 December 2010 was $0.1 million (2009: $44 million).

In addition to the employee benefit trust, shares relating to the Company's share option and share incentive schemes may also be settled by the issue of treasury shares.

The costs of operating the trust are borne by the Group but are not material.

Share-based payments

During the year ended 31 December 2010, the Group had five share-based payment arrangements with employees relating to shares of the Company, the details of which are described in the Remuneration report. All of these schemes are equity settled, either by award of options to acquire ordinary shares (ESOS and SAYE) or award of ordinary shares (BSP, LTIP and SIP). The ESOS is now closed to new participants, having been replaced with the BSP. The DOP has since replaced the ESOS for use in special circumstances, relating to the recruitment or retention of key executives. No shares have been issued under the DOP.

The total share-based payment charge relating to Anglo American plc shares for the year was made up as follows:

US$ million	2010	2009
BSP	**69**	57
LTIP	**41**	50
Other schemes	**16**	19
	126	126

The fair value of options granted under the SAYE scheme, being the only material option scheme, was calculated using a Black Scholes model. No ESOS awards were granted in 2010 or 2009. The assumptions used in these calculations for the current and prior years are set out in the table below:

Arrangement[1]	2010 SAYE	2009 SAYE
Date of grant	**26/04/10**	23/04/09
Number of instruments	**172,650**	1,481,927
Exercise price (£)	**22.99**	9.56
Share price at the date of grant (£)	**28.74**	11.95
Contractual life (years)	**3.5-7.5**	3.5-7.5
Vesting conditions[2]	**3-7**	3-7
Expected volatility	**40%**	45%
Expected option life (years)	**3.5-7.5**	3.5-7.5
Risk free interest rate (weighted average)	**2.7%**	2.7%
Expected departures	**5% pa**	5% pa
Expected outcome of meeting performance criteria (at date of grant)	**n/a**	n/a
Fair value per option granted (weighted average) (£)	**13.29**	6.71

The fair value of ordinary shares awarded under the BSP, LTIP and LTIP – AOSC (2009: LTIP – ROCE), being the more material share schemes, was calculated using a Black Scholes model. The fair value of shares awarded under the LTIP – TSR scheme was calculated using a Monte Carlo model. The assumptions used in these calculations for the current and prior years are set out in the table below:

	2010				2009			
Arrangement[1]	BSP	LTIP	LTIP – AOSC	LTIP – TSR	BSP	LTIP	LTIP – ROCE	LTIP – TSR
Date of grant	**19/03/10**	**12/03/10**	**12/03/10**	**12/03/10**	18/03/09	30/03/09	30/03/09	30/03/09
Number of instruments	**3,007,996**	**871,864**	**220,369**	**220,369**	5,929,013	837,180	468,132	468,132
Exercise price (£)	**–**	**–**	**–**	**–**	–	–	–	–
Share price at the date of grant (£)	**23.80**	**25.69**	**25.69**	**25.69**	11.62	12.61	12.61	10.81
Contractual life (years)	**3**	**3**	**3**	**3**	3	3	3	3
Vesting conditions	(3)	(4)	(5)	(6)	(3)	(4)	(5)	(6)
Expected volatility	**40%**	**40%**	**40%**	**40%**	45%	45%	45%	45%
Risk free interest rate	**1.9%**	**1.9%**	**1.9%**	**1.9%**	2.0%	1.8%	1.8%	1.8%
Expected departures	**5% pa**	**5% pa**	**5% pa**	**5% pa**	5% pa	5% pa	5% pa	5% pa
Expected outcome of meeting performance criteria (at date of grant)	**100%**	**100%**	**100%**	**n/a**	44-100%	100%	100%	n/a
Fair value per option granted (weighted average) (£)	**26.64**	**27.08**	**27.08**	**23.56**	11.12	10.81	10.81	8.38

(1) The number of instruments used in the fair value models differs from the total number of instruments awarded in the year due to awards made subsequent to the fair value calculations. The fair value calculated per the assumptions above has been applied to the total number of awards. The difference in income statement charge is not considered significant.
(2) Number of years of continuous employment.
(3) Three years of continuous employment with enhancement shares having variable vesting based on non-market based performance conditions.
(4) Three years of continuous employment.
(5) Variable vesting dependent on three years of continuous employment and, in 2010, Group AOSC target being achieved (2009: Group ROCE target being achieved).
(6) Variable vesting dependent on three years of continuous employment and market based performance conditions being achieved.

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

The expected volatility is based on historic volatility over the last five years. The expected life is the average expected period to exercise. The risk free interest rate is the yield on zero-coupon UK government bonds with a term similar to the expected life of the option.

The charges arising in respect of the other Anglo American plc employee share schemes that the Group operated during the year are not considered material.

A reconciliation of option movements for the more significant share-based payment arrangements over the year ended 31 December 2010 and the prior year is shown below. All options outstanding at 31 December 2010 with an exercise date on or prior to 31 December 2010 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2010 was £26.71 (2009: £19.45).

Executive Share Option Scheme[1]

Options to acquire ordinary shares of 54 86/91 US cents were outstanding under the terms of this scheme as follows:

								2010
Year of grant	Date exercisable	Option price per share £	Options outstanding 1 January	Options granted in year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 December
2000	23 March 2003 to 22 March 2010	7.66	407,234	–	(397,150)	(10,084)	–	–
2000	12 September 2003 to 11 September 2010	10.19	3,056	–	(3,056)	–	–	–
2001	2 April 2004 to 1 April 2011	10.03	695,900	–	(321,368)	(3,600)	–	370,932
2001	13 September 2004 to 12 September 2011	8.00	23,750	–	(2,000)	–	–	21,750
2002	18 March 2005 to 17 March 2012	11.50	742,003	–	(129,594)	(14,000)	–	598,409
2002	13 September 2005 to 12 September 2012	8.05	7,000	–	–	–	–	7,000
2003	5 March 2006 to 4 March 2013	9.28	1,366,322	–	(127,354)	(17,268)	–	1,221,700
2004	1 March 2007 to 28 February 2014	13.43	1,437,165	–	(197,936)	(12,500)	–	1,226,729
2004	10 August 2007 to 9 August 2014	11.52	33,809	–	(1,000)	–	–	32,809
2005	6 January 2008 to 4 January 2015	12.12	37,579	–	(37,579)	–	–	–
2005	1 August 2008 to 31 July 2015	14.40	18,000	–	(9,000)	–	–	9,000
2005	19 August 2008 to 18 August 2015	13.94	2,750	–	(2,750)	–	–	–
			4,774,568	–	(1,228,787)	(57,452)	–	3,488,329

								2009
Year of grant	Date exercisable	Option price per share £	Options outstanding 1 January	Options granted in year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 December
1999	24 June 2002 to 23 June 2009	6.98	514,333	–	(514,333)	–	–	–
1999	19 October 2002 to 18 October 2009	8.00	7,000	–	(7,000)	–	–	–
2000	23 March 2003 to 22 March 2010	7.66	716,122	–	(299,888)	(9,000)	–	407,234
2000	12 September 2003 to 11 September 2010	10.19	3,056	–	–	–	–	3,056
2001	2 April 2004 to 1 April 2011	10.03	879,620	–	(161,312)	(22,408)	–	695,900
2001	13 September 2004 to 12 September 2011	8.00	23,750	–	–	–	–	23,750
2002	18 March 2005 to 17 March 2012	11.50	943,861	–	(176,520)	(25,338)	–	742,003
2002	13 September 2005 to 12 September 2012	8.05	7,000	–	–	–	–	7,000
2003	5 March 2006 to 4 March 2013	9.28	1,763,011	–	(332,431)	(64,258)	–	1,366,322
2003	13 August 2006 to 12 August 2013	11.41	22,500	–	(12,500)	(10,000)	–	–
2004	1 March 2007 to 28 February 2014	13.43	1,927,167	–	(319,961)	(170,041)	–	1,437,165
2004	10 August 2007 to 9 August 2014	11.52	57,309	–	(23,500)	–	–	33,809
2004	29 November 2007 to 28 November 2014	12.73	8,791	–	(8,791)	–	–	–
2005	6 January 2008 to 4 January 2015	12.12	37,579	–	–	–	–	37,579
2005	1 August 2008 to 31 July 2015	14.40	18,000	–	–	–	–	18,000
2005	19 August 2008 to 18 August 2015	13.94	2,750	–	–	–	–	2,750
			6,931,849	–	(1,856,236)	(301,045)	–	4,774,568

See page 161 for footnote.

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

SAYE Share Option Scheme[1]

Options to acquire ordinary shares of 54 86/91 US cents were outstanding under the terms of this scheme as follows:

								2010
Year of grant	Date exercisable	Option price per share £	Options outstanding 1 January	Options granted in year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 December
2002	1 September 2009 to 28 February 2010	9.23	2,179	–	(1,712)	(467)	–	–
2003	1 September 2010 to 28 February 2011	7.52	36,756	–	(36,246)	(510)	–	–
2004	1 September 2009 to 28 February 2010	10.81	1,389	–	(1,389)	–	–	–
2004	1 September 2011 to 29 February 2012	10.81	12,844	–	(1,061)	(1,150)	–	10,633
2005	1 September 2010 to 28 February 2011	10.15	191,212	–	(184,269)	(2,842)	–	4,101
2005	1 September 2012 to 28 February 2013	10.15	33,766	–	(8,322)	(1,715)	–	23,729
2006	1 September 2009 to 28 February 2010	17.97	22,304	–	(9,219)	(13,085)	–	–
2006	1 September 2011 to 29 February 2012	17.97	57,604	–	(4,920)	(4,214)	–	48,470
2006	1 September 2013 to 28 February 2014	17.97	18,080	–	(884)	(637)	–	16,559
2007	1 September 2010 to 28 February 2011	21.42	72,584	–	(61,024)	(5,193)	–	6,367
2007	1 September 2012 to 28 February 2013	21.42	36,930	–	(1,432)	(4,139)	–	31,359
2007	1 September 2014 to 28 February 2015	21.42	17,090	–	(694)	(3,273)	–	13,123
2008	1 September 2011 to 29 February 2012	24.16	64,836	–	(917)	(10,840)	–	53,079
2008	1 September 2013 to 28 February 2014	24.16	26,847	–	(369)	(3,648)	–	22,830
2008	1 September 2015 to 29 February 2016	24.16	13,064	–	(352)	(2,835)	–	9,877
2009	1 September 2012 to 28 February 2013	9.56	822,245	–	(13,881)	(99,449)	–	708,915
2009	1 September 2014 to 28 February 2015	9.56	477,750	–	(3,237)	(39,534)	–	434,979
2009	1 September 2016 to 28 February 2017	9.56	129,946	–	(440)	(7,584)	–	121,922
2010	1 September 2013 to 28 February 2014	22.99	–	100,196	–	(5,078)	–	95,118
2010	1 September 2015 to 29 February 2016	22.99	–	57,989	–	(2,287)	–	55,702
2010	1 September 2017 to 28 February 2018	22.99	–	14,465	–	(1,416)	–	13,049
			2,037,426	172,650	(330,368)	(209,896)	–	1,669,812

								2009
Year of grant	Date exercisable	Option price per share £	Options outstanding 1 January	Options granted in year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 December
2001	1 July 2008 to 31 December 2008	8.45	870	–	–	(870)	–	–
2002	1 September 2009 to 28 February 2010	9.23	24,349	–	(19,892)	(2,278)	–	2,179
2003	1 September 2008 to 28 February 2009	7.52	4,189	–	(3,491)	(698)	–	–
2003	1 September 2010 to 28 February 2011	7.52	40,908	–	(3,103)	(1,049)	–	36,756
2004	1 September 2009 to 28 February 2010	10.81	69,295	–	(65,799)	(2,107)	–	1,389
2004	1 September 2011 to 29 February 2012	10.81	18,129	–	(3,278)	(2,007)	–	12,844
2005	1 September 2008 to 28 February 2009	10.15	7,733	–	(3,780)	(3,953)	–	–
2005	1 September 2010 to 28 February 2011	10.15	237,371	–	(27,734)	(18,425)	–	191,212
2005	1 September 2012 to 28 February 2013	10.15	43,060	–	(2,904)	(6,390)	–	33,766
2006	1 September 2009 to 28 February 2010	17.97	169,942	–	(109,117)	(38,521)	–	22,304
2006	1 September 2011 to 29 February 2012	17.97	105,138	–	(2,599)	(44,935)	–	57,604
2006	1 September 2013 to 28 February 2014	17.97	28,699	–	(269)	(10,350)	–	18,080
2007	1 September 2010 to 28 February 2011	21.42	137,115	–	(840)	(63,691)	–	72,584
2007	1 September 2012 to 28 February 2013	21.42	72,086	–	(539)	(34,617)	–	36,930
2007	1 September 2014 to 28 February 2015	21.42	30,991	–	–	(13,901)	–	17,090
2008	1 September 2011 to 29 February 2012	24.16	168,225	–	(220)	(103,169)	–	64,836
2008	1 September 2013 to 28 February 2014	24.16	69,231	–	(92)	(42,292)	–	26,847
2008	1 September 2015 to 29 February 2016	24.16	32,378	–	–	(19,314)	–	13,064
2009	1 September 2012 to 28 February 2013	9.56	–	847,891	(235)	(25,411)	–	822,245
2009	1 September 2014 to 28 February 2015	9.56	–	498,808	(515)	(20,543)	–	477,750
2009	1 September 2016 to 28 February 2017	9.56	–	135,228	–	(5,282)	–	129,946
			1,259,709	1,481,927	(244,407)	(459,803)	–	2,037,426

See page 161 for footnote.

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

Long Term Incentive Plan[1][2]

Ordinary shares of 54 86/91 US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below:

		2010					
Year of grant	Vesting date	Shares outstanding 1 January	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 December
2007	23 March 2010	1,525,173	–	(930,511)	(589,704)	–	4,958
2008	17 March 2011	1,500,248	–	(3,363)	(94,480)	–	1,402,405
2008	18 August 2011	73,950	–	(236)	(264)	–	73,450
2009	30 March 2012	1,691,544	–	(172,056)	(193,207)	–	1,326,281
2010	12 March 2013	–	1,312,602	(89,501)	(17,627)	–	1,205,474
		4,790,915	1,312,602	(1,195,667)	(895,282)	–	4,012,568

		2009					
Year of grant	Vesting date	Shares outstanding 1 January	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 December
2006	29 March 2009	1,202,032	–	(598,386)	(603,646)	–	–
2007	23 March 2010	1,604,945	–	(31,000)	(48,772)	–	1,525,173
2008	17 March 2011	1,576,018	–	–	(75,770)	–	1,500,248
2008	18 August 2011	83,200	–	(250)	(9,000)	–	73,950
2009	30 March 2012	–	1,773,444	(29,773)	(52,127)	–	1,691,544
		4,466,195	1,773,444	(659,409)	(789,315)	–	4,790,915

Bonus Share Plan[3]

Ordinary shares of 54 86/91 US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below:

		2010					
Year of grant	Performance period end date	Shares outstanding 1 January	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 December
2006	31 December 2008	1,364	–	(1,364)	–	–	–
2007	31 December 2009	1,306,505	–	(661,119)	(645,386)	–	–
2008	31 December 2010	1,535,775	–	(179,592)	(60,000)	–	1,296,183
2009	31 December 2011	5,745,768	–	(590,779)	(195,148)	–	4,959,841
2010	31 December 2012	–	3,009,494	(159,614)	(85,644)	–	2,764,236
		8,589,412	3,009,494	(1,592,468)	(986,178)	–	9,020,260

		2009					
Year of grant	Performance period end date	Shares outstanding 1 January	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 December
2005	31 December 2007	826	–	–	(826)	–	–
2006	31 December 2008	1,270,144	–	(1,232,752)	(36,028)	–	1,364
2007	31 December 2009	1,396,613	–	(48,233)	(41,875)	–	1,306,505
2008	31 December 2010	1,622,451	–	(40,756)	(45,920)	–	1,535,775
2009	31 December 2011	–	5,943,960	(146,171)	(52,021)	–	5,745,768
		4,290,034	5,943,960	(1,467,912)	(176,670)	–	8,589,412

Share Incentive Plan

Ordinary shares of 54 86/91 US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below:

	Awards outstanding at 31 December 2010	Awards outstanding at 31 December 2009	Latest release date
Share Incentive Plan	915,652	985,681	7 December 2013

(1) The early exercise of share options is permitted at the discretion of the Company upon *inter alia* termination of employment, ill health or death.
(2) The LTIP awards are contingent on pre-established performance criteria being met. Further information in respect of this scheme is shown in the Remuneration report.
(3) The BSP was approved by shareholders in 2004 as a replacement for the ESOS. Further information in respect of the BSP, including performance conditions, is shown in the Remuneration report.

30. CONSOLIDATED EQUITY ANALYSIS

Fair value and other reserves comprise:

US$ million	Convertible debt reserve	Available for sale reserve	Cash flow hedge reserve	Other reserves[1]	Total fair value and other reserves
Balance at 1 January 2009	–	1,088	(194)	838	1,732
Total comprehensive income	–	(783)	226	–	(557)
Issue of convertible bond	355	–	–	–	355
Other	–	–	(1)	–	(1)
Balance at 1 January 2010	**355**	**305**	**31**	**838**	**1,529**
Total comprehensive income	**–**	**270**	**7**	**–**	**277**
Changes in ownership interest in subsidiaries	**–**	**(107)**	**–**	**–**	**(107)**
Other	**–**	**–**	**–**	**(7)**	**(7)**
Balance at 31 December 2010	**355**	**468**	**38**	**831**	**1,692**

[1] Other reserves comprise a legal reserve of $682 million (2009: $689 million), a revaluation reserve of $34 million (2009: $34 million) and a capital redemption reserve of $115 million (2009: $115 million).

31. CONSOLIDATED CASH FLOW ANALYSIS

a) Reconciliation of profit before tax to cash flows from operations

US$ million	2010	2009
Profit before tax	**10,928**	4,029
Depreciation and amortisation	**1,919**	1,725
Share-based payment charges	**219**	204
Net profit on disposals	**(1,579)**	(1,612)
Operating and financing remeasurements	**(491)**	(504)
Non-cash element of operating special items	**134**	1,981
Net finance costs before remeasurements	**244**	273
Share of net income from associates	**(822)**	(84)
Provisions	**(37)**	(46)
(Increase)/decrease in inventories	**(309)**	23
Increase in operating receivables	**(587)**	(360)
Increase/(decrease) in operating payables	**516**	(573)
Deferred stripping	**(196)**	(150)
Other adjustments	**(15)**	(2)
Cash flows from operations	**9,924**	4,904

b) Reconciliation to the balance sheet

	Cash and cash equivalents[1]		Short term borrowings		Medium and long term borrowings		Current financial asset investments	
US$ million	2010	2009	2010	2009	2010	2009	2010	2009
Balance sheet	**6,401**	3,269	**(1,535)**	(1,499)	**(11,904)**	(12,816)	**–**	–
Balance sheet – trade and other receivables[2]	**–**	–	**–**	–	**–**	–	**–**	3
Balance sheet – disposal groups[3]	**59**	64	**–**	–	**–**	(3)	**–**	–
Bank overdrafts	**–**	(1)	**–**	1	**–**	–	**–**	–
Bank overdrafts – disposal groups[3]	**–**	(13)	**–**	–	**–**	–	**–**	–
Net debt classifications	**6,460**	3,319	**(1,535)**	(1,498)	**(11,904)**	(12,819)	**–**	3

[1] 'Short term borrowings' on the balance sheet include overdrafts which are included within cash and cash equivalents in determining net debt.
[2] Current financial asset investments of $3 million at 31 December 2009 have been reclassified on the balance sheet to other receivables.
[3] Disposal group balances are shown within 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale' on the balance sheet.

31. CONSOLIDATED CASH FLOW ANALYSIS continued

c) Movement in net debt

US$ million	Cash and cash equivalents[1]	Debt due within one year	Debt due after one year	Current financial asset investments	Net debt excluding hedges	Hedges[2]	Net debt including hedges
Balance at 1 January 2009	2,744	(6,749)	(7,211)	173	(11,043)	(297)	(11,340)
Cash flow[3]	259	6,624	(6,253)	(200)	430	85	515
Unwinding of discount on convertible bond	–	–	(39)	–	(39)	–	(39)
Equity component of convertible bond[3]	–	–	355	–	355	–	355
Reclassifications	–	(917)	917	–	–	–	–
Movement in fair value	–	–	63	–	63	(73)	(10)
Other non-cash movements	–	(15)	(26)	3	(38)	–	(38)
Currency movements	316	(441)	(625)	27	(723)	–	(723)
Balance at 1 January 2010	3,319	(1,498)	(12,819)	3	(10,995)	(285)	(11,280)
Cash flow	2,857	2,338	(1,194)	(7)	3,994	(217)	3,777
Unwinding of discount on convertible bond	–	–	(65)	–	(65)	–	(65)
Disposal of businesses	–	1	2	–	3	–	3
Reclassifications	–	(2,359)	2,359	–	–	–	–
Movement in fair value	–	(6)	(180)	–	(186)	95	(91)
Other non-cash movements	–	–	(11)	3	(8)	–	(8)
Currency movements	284	(11)	4	1	278	2	280
Balance at 31 December 2010	6,460	(1,535)	(11,904)	–	(6,979)	(405)	(7,384)

(1) The Group operates in certain countries (principally South Africa and Venezuela) where the existence of exchange controls may restrict the use of certain cash balances. These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations.

(2) Derivative instruments that provide an economic hedge of assets and liabilities in net debt are included above to reflect the true net debt position of the Group at the year end. These consist of net current derivative assets of $2 million (2009: $41 million) and net non-current derivative liabilities of $407 million (2009: $326 million) which are classified within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)' on the balance sheet.

(3) The issue of the convertible bond had a net impact on debt due after one year at the date of issue of $1,330 million due to the conversion feature of $355 million which is presented separately in equity.

32. DISPOSALS

US$ million	Moly-Cop and AltaSteel	Skorpion	Bafokeng transaction	Tarmac European businesses	Other	2010 Total	2009 Total
Net assets disposed							
Property, plant and equipment	229	342	348	490	34	1,443	425
Other non-current assets	145	1	208[1]	303	1	658	2
Current assets	350	176	70	256	–	852	48
Current liabilities	(83)	(30)	(16)	(106)	(5)	(240)	(34)
Non-current liabilities	(126)	(47)	(123)	(116)	–	(412)	(65)
Net assets	515	442	487	827	30	2,301	376
Non-controlling interests	(3)	–	–	(11)	–	(14)	(3)
Group's share of net assets immediately prior to disposal	512	442	487	816	30	2,287	373
Fair value adjustment to retained investments	–	–	440	–	–	440	–
Less: Retained investments	–	–	(826)	–	–	(826)	(235)
Net assets disposed	512	442	101	816	30	1,901	138
Cumulative translation differences recycled from reserves	(23)	(7)	–	(10)	–	(40)	–
Net gain/(loss) on disposals	555	244	106	(294)	635	1,246	316
Net sale proceeds	1,044	679	207	512	665	3,107	454
Net cash and cash equivalents disposed	(68)	(120)	(14)	(58)	(20)	(280)	(10)
Non-cash/deferred consideration	–	–	–	–	(83)	(83)	(486)
Accrued transaction costs and similar items	17	11	–	18	5	51	47
Net cash inflow from disposals[2]	993	570	193	472	567	2,795	5

(1) Includes $202 million of Platinum's associate investment in Royal Bafokeng Platinum Limited.

(2) No cash has been received in the year ended 31 December 2010 in respect of deferred consideration for disposals in 2009 (2009: $64 million in respect of disposals in 2008). In the year ended 31 December 2010 this resulted in a total net cash inflow of $2,795 million (2009: $69 million), of which $2,539 million (2009: $69 million) related to disposals of subsidiaries and $256 million (2009: nil) to the sale of interests in joint ventures.

Disposals in the year ended 31 December 2010

Disposals of subsidiaries and joint ventures during the year ended 31 December 2010 mainly related to disposals in the Other Mining and Industrial, Platinum and Metallurgical Coal segments.

Moly-Cop and AltaSteel

On 31 December 2010 the Group completed the sale of Moly-Cop and AltaSteel to OneSteel Limited resulting in a net cash inflow of $993 million.

Skorpion

The Group announced the sale of its zinc portfolio to Vedanta Resources plc (Vedanta) on 10 May 2010, for total consideration of $1,338 million on an attributable debt and cash free basis. Due to the regulatory approval and competition clearance processes, separate completion dates were expected for each of the three businesses within the zinc portfolio, namely the Skorpion mine, the Lisheen mine and Black Mountain Mining (Proprietary) Limited. On 3 December 2010 the Group completed the sale of the Skorpion zinc mine in Namibia to Vedanta resulting in a net cash inflow of $570 million.

32. DISPOSALS continued

Bafokeng-Rasimone Platinum mine (BRPM)

On 7 December 2009 Anglo Platinum Limited exchanged its direct interest of 17% in BRPM for a 25.4% interest in Royal Bafokeng Platinum Limited (RB Plat) which was to be listed within 24 months, subject to favourable market conditions. In November 2010 the BRPM restructuring transaction was completed, which involved a change in the participation interests of the joint venture from that of joint control and management by Anglo Platinum Limited to RB Plat holding a majority interest and operating the joint venture. Until listing on 8 November 2010 Anglo Platinum Limited retained an effective 50% economic interest in BRPM and continued to exert joint control. As a result of the primary listing of RB Plat and the subsequent disposal by Anglo Platinum Limited of a portion of its shareholding in RB Plat, Anglo Platinum Limited retained an interest of 12.6% in RB Plat, which is accounted for as a financial asset investment. Anglo Platinum Limited retains a 33% interest in BRPM, which has been equity accounted from 8 November 2010.

The total gain on the Bafokeng transaction was $546 million, which comprises the profit on disposal of $106 million and the fair value adjustments to the retained investments in RB Plat and BRPM of $440 million.

Tarmac European businesses

The Group completed the disposal of Tarmac's Polish concrete products business in March 2010, its French and Belgian concrete products business in May 2010, and its aggregates business in France, Germany, Poland and the Czech Republic in September 2010, resulting in combined net cash inflows of $472 million.

Other disposals

In December 2010 the Group disposed of undeveloped coal assets in Australia (Metallurgical Coal segment) resulting in a net cash inflow of $522 million. In April 2010 Platinum sold its 37% interest in the Western Bushveld joint venture for consideration of $107 million. This investment had a nominal carrying value.

Disposals in the year ended 31 December 2009

Disposals of subsidiaries and joint ventures in the year ended 31 December 2009 mainly related to disposals in the Platinum segment. In June 2009 Platinum disposed of a 50% interest in the Booysendal joint venture and a 51% interest in Bokoni Platinum Mines Limited (and certain other joint venture projects).

33. DISPOSAL GROUPS AND NON-CURRENT ASSETS HELD FOR SALE

Tarmac disposal groups, which were previously classified as held for sale at 31 December 2009, were disposed of in 2010.

The following assets and liabilities relating to disposal groups were classified as held for sale. The Group expects to complete the sale of these businesses within 12 months of the year end.

	2010	2009
US$ million	Zinc disposal groups[1]	Tarmac disposal groups
Intangible assets	**4**	13
Property, plant and equipment	**117**	422
Deferred tax assets	**–**	5
Other non-current assets	**49**	2
Total non-current assets	**170**	442
Inventories	**26**	42
Trade and other receivables	**75**	72
Cash and cash equivalents	**59**	64
Total current assets	**160**	178
Total assets	**330**	620
Trade and other payables	**(40)**	(66)
Short term borrowings	**–**	(13)
Provisions for liabilities and charges	**–**	(4)
Total current liabilities	**(40)**	(83)
Medium and long term borrowings	**–**	(3)
Deferred tax liabilities	**(23)**	(46)
Provisions for liabilities and charges	**(72)**	(55)
Other non-current liabilities	**(7)**	(4)
Total non-current liabilities	**(102)**	(108)
Total liabilities	**(142)**	(191)
Net assets	**188**	429

[1] Relates to the Group's portfolio of zinc assets (Other Mining and Industrial segment) for which disposal transactions had not completed at 31 December 2010 (the Lisheen mine and a 74% interest in Black Mountain Mining (Proprietary) Limited, which holds 100% of the Black Mountain mine and the Gamsberg project). The Skorpion mine was disposed of in December 2010 (refer to note 32).

34. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Contingent liabilities

The Group is subject to various claims which arise in the ordinary course of business. Additionally, and as set out in the 2007 demerger agreement, Anglo American and the Mondi Group have agreed to indemnify each other, subject to certain limitations, against certain liabilities. Having taken appropriate legal advice, the Group believes that the likelihood of a material liability arising is remote.

At 31 December 2010, the Group and its subsidiaries had provided aggregate amounts of $813 million (2009: $704 million) of loan and performance guarantees to banks and other third parties primarily in respect of environmental restoration and decommissioning obligations. For information relating to contingent liabilities in respect of associates and joint ventures refer to notes 17 and 18 respectively.

No contingent liabilities were secured on the assets of the Group at 31 December 2010 or 31 December 2009.

Contingent assets

There were no significant contingent assets in the Group at 31 December 2010 or 31 December 2009.

Other

Kumba Iron Ore Limited (Kumba)

Kumba's Sishen Iron Ore Company (SIOC) notified ArcelorMittal South Africa Limited (ArcelorMittal) on 5 February 2010, that it was no longer entitled to receive 6.25 Mtpa of iron ore contract mined by SIOC at cost plus 3% from Sishen Mine, as a result of the fact that ArcelorMittal had failed to convert its old order mining right. This contract mining agreement, concluded in 2001, was premised on ArcelorMittal owning an undivided 21.4% interest in the mineral rights of Sishen Mine. As a result of ArcelorMittal's failure to convert its old order mining right, the contract mining agreement automatically lapsed and became inoperative in its entirety as of 1 May 2009.

As a result, a dispute arose between SIOC and ArcelorMittal, which SIOC has referred to arbitration. SIOC and ArcelorMittal reached an interim pricing arrangement in respect of the supply of iron ore to ArcelorMittal from Sishen Mine. This arrangement will endure until 31 July 2011. Both parties have exchanged their respective pleadings, and the arbitration panel has been appointed.

After ArcelorMittal failed to convert its old order mining right, SIOC applied for the residual 21.4% mining right previously held by ArcelorMittal and its application was accepted by the Department of Mineral Resources (DMR) on 4 May 2009. A competing application for a prospecting right over the same area was also accepted by the DMR. SIOC objected to this acceptance. Notwithstanding this objection, a prospecting right over the 21.4% interest was granted by the DMR to Imperial Crown Trading 289 (Proprietary) Limited (ICT). SIOC initiated a review application in the North Gauteng High Court on 21 May 2010 in relation to the decision of the DMR to grant a prospecting right to ICT.

SIOC initiated an application on 14 December 2010 to interdict ICT from applying for a mining right in respect of Sishen Mine and the DMR from accepting an application from ICT, or granting such 21.4% mining right to ICT pending the final determination of the review application. This application is currently pending.

The DMR informed SIOC on 12 January 2011 that ICT had applied for a 21.4% mining right over Sishen Mine on 9 December 2010, and that the DMR had accepted this application on 23 December 2010. The DMR's acceptance of the application means that the mining right application will now be evaluated according to the detailed process stipulated in the Mineral Resources & Petroleum Development Act 2004 before a decision is made as to whether or not to grant the mining right.

SIOC does not believe that it was lawful for the DMR to have accepted ICT's application, pending the High Court Review initiated in May 2010, and has formally objected to, and appealed against, the DMR's acceptance of ICT's mining right application. SIOC has also requested that its interdict application be determined on an expedited basis, in order to prevent the DMR from considering ICT's mining right application until the finalisation of the review proceedings. In addition, SIOC is in the process of preparing a challenge against the DMR's decision of 25 January 2011 to reject SIOC's May 2009 application to be granted the residual 21.4% mining right. Finally, on 26 January 2011, SIOC lodged a new application for the residual 21.4% mining right.

On 4 February 2011 SIOC made an application to join ArcelorMittal as a respondent in the review proceedings.

SIOC will continue to take the necessary steps to protect its shareholders' interests in this regard.

Anglo American South Africa Limited (AASA)

AASA, a wholly owned subsidiary of the Company, is a defendant in 25 separate lawsuits, each one on behalf of a former mineworker (or his dependents or survivors) who allegedly contracted silicosis working for gold mining companies in which AASA was a shareholder and to which AASA provided various technical and administrative services. The aggregate amount of the 25 claims is less than $5 million, although if these claims are determined adversely to AASA, there are a substantial number of additional former mineworkers who may seek to bring similar claims. The first trials of these claims are not expected before late 2012.

35. COMMITMENTS

At 31 December the Group had the following outstanding capital commitments and commitments under non-cancellable operating leases:

Capital commitments

US$ million	2010	2009
Contracted but not provided	**2,669**	2,877

Operating leases

US$ million	2010	2009
Expiry date		
Within one year	**135**	140
Greater than one year, less than two years	**85**	95
Greater than two years, less than five years	**158**	194
Greater than five years	**339**	399
	717	828

Operating leases relate principally to land and buildings, vehicles and shipping vessels.

36. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, joint ventures and associates (see note 37).

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable to the Group than those arranged with third parties. These transactions are not considered to be significant.

Dividends received from associates during the year totalled $255 million (2009: $616 million), as disclosed in the Consolidated cash flow statement.

At 31 December 2010 the Group had provided loans to joint ventures of $319 million (2009: $262 million). These loans are included in financial asset investments. Amounts payable to joint ventures at 31 December 2010 were $59 million (2009: nil).

At 31 December 2010 the directors of the Company and their immediate relatives controlled 2% (2009: 3%) of the voting shares of the Company.

Remuneration and benefits received by directors are disclosed in the directors' remuneration report. Remuneration and benefits of key management personnel including directors are disclosed in note 8.

Information relating to pension fund arrangements is disclosed in note 28.

Related party transactions with De Beers

During the year, the Group has entered into various transactions with DB Investments SA and De Beers SA (together De Beers). These transactions are considered to be related party transactions for the purposes of the United Kingdom Listing Authority Listing Rules as a result of the interest in De Beers held by Central Holdings Limited and certain of its subsidiaries (together CHL) in which Mr N. F. Oppenheimer, a director of the Company, has a relevant interest for the purpose of the rules.

In February 2010, the shareholders of De Beers agreed, as part of the refinancing of the De Beers group (the Refinancing), that additional equity was required by De Beers. As a result, such shareholders (including CHL) subscribed, in proportion to their shareholding, for $1 billion of additional equity in De Beers. The Group's share of this equity was $450 million and CHL's share was $400 million.

Pursuant to the Refinancing, and to satisfy the requirements of the lenders to De Beers, the shareholders agreed to certain restrictions until specified financial tests (Normalisation) were met. De Beers has confirmed that Normalisation occurred during November 2010 and accordingly such restrictions (other than certain subordination obligations) have fallen away. As part of the agreed equity subscription, a temporary re-ranking of distribution rights, to be implemented following Normalisation, was agreed. In pursuance of that agreement, in November 2010 a $20 million repayment of shareholder loans was made by De Beers (including to the Group and CHL), pro rata to their individual equity subscriptions and in priority to existing preferences under the terms of outstanding preference shares. However, during the period, De Beers also redeemed the remaining $88 million 10% non-cumulative redeemable preference shares held by the Group in De Beers, and settled all accrued dividends and interest, in an aggregate amount of $18 million, relating to such shares.

At 31 December 2010 the amount of outstanding loans owed by De Beers to the Group and included in financial asset investments amounted to $358 million (2009: $367 million). These loans are subordinated in favour of third party lenders and include:

- dividend reinvestment loans of $133 million (2009: $142 million) advanced during 2008 and 2009. These loans are interest free for two years from the date of advance and subsequently interest bearing in line with market rates at the date of the initial reinvestment; and
- a further shareholder loan of $225 million advanced in 2009. This loan is interest free for two years after which it reverts to a rate of interest equal to LIBOR plus 700 basis points until April 2016 and then, provided all interest payments are up to date, reduces to LIBOR plus 300 basis points.

37. GROUP COMPANIES

The principal subsidiaries, joint ventures, associates and proportionately consolidated joint arrangements of the Group at 31 December 2010, and the Group percentage of equity capital, joint arrangements and joint venture interests are set out below. All these interests are held indirectly by the parent company and are consolidated within these financial statements. As permitted by section 410 of the Companies Act 2006, the Group has restricted the information provided to its principal subsidiaries in order to avoid a statement of excessive length.

			Percentage of equity owned[1]	
Subsidiary undertakings	Country of incorporation	Business	2010	2009
Platinum				
Anglo Platinum Limited	South Africa	Platinum	**79.7%**	79.7%
Copper				
Anglo American Sur SA	Chile	Copper	**100%**	100%
Anglo American Norte SA	Chile	Copper	**99.9%**	99.9%
Minera Quellaveco SA	Peru	Copper project	**81.9%**	81.9%
Nickel				
Anglo American Brasil Limitada (Barro Alto)	Brazil	Nickel project	**100%**	100%
Anglo American Brasil Limitada (Codemin)	Brazil	Nickel	**100%**	100%
Minera Loma de Níquel, CA	Venezuela	Nickel	**91.4%**	91.4%
Iron Ore and Manganese				
Kumba Iron Ore Limited	South Africa	Iron ore	**65.3%**	62.8%
Anglo Ferrous Brazil SA	Brazil	Iron ore	**100%**	100%
Anglo Ferrous Minas-Rio Mineração SA	Brazil	Iron ore project	**100%**	100%
Anglo Ferrous Amapá Mineração Limitada	Brazil	Iron ore system	**70%**	70%
Metallurgical Coal				
Anglo American Metallurgical Coal Holdings Limited[2]	Australia	Coal	**100%**	100%
Thermal Coal				
Anglo Coal[3]	South Africa	Coal	**100%**	100%
Other Mining and Industrial				
Tarmac Group Limited	UK	Construction materials	**100%**	100%
Tarmac Building Products Limited	UK	Construction materials	**100%**	n/a
Tarmac SRL	Romania	Construction materials	**100%**	100%
Tarmac Agrega Mining and Construction Industry and Trading Company Limited	Turkey	Construction materials	**100%**	100%
Anglo American Aggregates (Huzhou) Limited	China	Construction materials	**100%**	100%
Lisheen[4]	Ireland	Zinc and lead	**100%**	100%
Black Mountain Mining (Proprietary) Limited[5]	South Africa	Zinc, lead and copper	**74%**	74%
Gamsberg Zinc[5]	South Africa	Zinc project	**74%**	74%
Scaw Metals	South Africa	Steel, engineering works and grinding media	**74%**	74%
Copebrás Limitada	Brazil	Fertilisers and acid	**100%**	73%
Anglo American Brasil Limitada (Catalão)	Brazil	Niobium	**100%**	100%
Peace River Coal Partnership	Canada	Coal	**74.8%**	74.8%

See page 168 for footnotes.

37. GROUP COMPANIES continued

Joint ventures	Country of incorporation	Business	Percentage of equity owned[6] 2010	2009
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	**44%**	44%
LLX Minas-Rio Logística Comercial Exportadora SA	Brazil	Port	**49%**	49%
Al Futtain Tarmac Quarry Products Limited	Dubai	Construction materials	**49%**	49%
Midland Quarry Products Limited	UK	Construction materials	**50%**	50%
Tarmac Oman Limited	Hong Kong	Construction materials	**50%**	50%
Midmac Tarmac Qatar LLC	Qatar	Construction materials	**50%**	50%

Associates	Country of incorporation	Business	Percentage of equity owned[6] 2010	2009
DB Investments SA	Luxembourg	Diamonds	**45%**	45%
Samancor Holdings (Pty) Limited[7]	South Africa	Manganese	**40%**	40%
Groote Eylandt Mining Company (Pty) Limited (GEMCO)[7]	Australia	Manganese	**40%**	40%
Tasmanian Electro Metallurgical Company (Pty) Limited (TEMCO)[7]	Australia	Manganese	**40%**	40%
Queensland Coal Mine Management (Pty) Limited	Australia	Coal	**33.3%**	33.3%
Cerrejón Zona Norte SA	Colombia	Coal	**33.3%**	33.3%
Carbones del Cerrejón LLC	Anguilla	Coal	**33.3%**	33.3%

Proportionately consolidated jointly controlled operations[8]	Location	Business	Percentage owned 2010	2009
Drayton	Australia	Coal	**88.2%**	88.2%
Moranbah North	Australia	Coal	**88%**	88%
German Creek[9]	Australia	Coal	**70%**	70%
Foxleigh	Australia	Coal	**70%**	70%
Dawson	Australia	Coal	**51%**	51%

(1) The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of equity owned, unless stated.
(2) Anglo Coal Holdings Australia Limited changed its name to Anglo American Metallurgical Coal Holdings Limited on 18 December 2009.
(3) A division of Anglo Operations Limited, a wholly owned subsidiary.
(4) The Group's interest in the Lisheen operations was held through Anglo American Lisheen Mining Limited, Killoran Lisheen Mining Limited and Lisheen Milling Limited. The Group owned 100% of the equity of each of these companies at 31 December 2010 and 31 December 2009.
(5) Gamsberg Zinc is a division of Black Mountain Mining (Proprietary) Limited.
(6) All equity interests shown are ordinary shares.
(7) These entities have a 30 June year end.
(8) The wholly owned subsidiary Anglo American Metallurgical Coal Holdings Limited holds the proportionately consolidated jointly controlled operations.
(9) The German Creek operation includes both Capcoal Open Cut and Underground operations.

38. EVENTS OCCURRING AFTER END OF YEAR

As set out in note 32, the Group announced the sale of its zinc portfolio to Vedanta on 10 May 2010, for a total consideration of $1,338 million. Due to the regulatory approval and competition clearance processes, separate completion dates were expected for each of the three businesses within the zinc portfolio. Following regulatory approval from the relevant authorities, the completion of the sale of Black Mountain Mining (Proprietary) Limited and the Lisheen mine took place in February 2011 for a combined net cash inflow of approximately $500 million.

On 18 February 2011, the Group and Lafarge SA (Lafarge) announced an agreement to combine their cement, aggregates, ready-mixed concrete, asphalt and contracting businesses in the United Kingdom, Tarmac Limited (Tarmac UK) and Lafarge Cement UK, Lafarge Aggregates and Concrete UK (Lafarge UK). The combined sales of these two businesses in 2010 amounted to £1,830 million ($2,815 million), with combined EBITDA of £210 million ($323 million). Tarmac UK is included in the Group's Other Mining and Industrial segment. The joint venture, in which each of Anglo American and Lafarge will have a 50% shareholding, will operate with its own Board of Directors led by an independent Chairman and executive management teams drawn from both businesses. Completion of the transaction is conditional upon regulatory approval. Both Lafarge UK and Tarmac UK operations will continue to operate independently until obtaining such approvals.

With the exception of the above and the proposed final dividend for 2010, disclosed in note 12, there have been no material reportable events since 31 December 2010.

39. FINANCIAL STATEMENTS OF THE PARENT COMPANY

a) Balance sheet of the Company, Anglo American plc, as at 31 December 2010

US$ million	Note	2010	2009
Fixed assets			
Fixed asset investments	39c	**12,904**	13,104
Current assets			
Amounts due from subsidiaries		**7,209**	4,490
Prepayments and other debtors		**8**	13
Cash at bank and in hand		**74**	40
		7,291	4,543
Creditors due within one year			
Cash held on behalf of subsidiaries		**(25)**	(79)
Amounts owed to subsidiaries		**(190)**	(187)
Other creditors		**(14)**	(15)
		(229)	(281)
Net current assets		**7,062**	4,262
Total assets less current liabilities		**19,966**	17,366
Liabilities due after more than one year			
Convertible bond		**(1,434)**	(1,369)
Net assets		**18,532**	15,997
Capital and reserves			
Called-up share capital	39b	**738**	738
Share premium account	39b	**2,713**	2,713
Capital redemption reserve	39b	**115**	115
Other reserves	39b	**1,955**	1,955
Share-based payment reserve	39b	**6**	15
Convertible debt reserve	39b	**355**	355
Profit and loss account	39b	**12,650**	10,106
Total shareholders' funds (equity)		**18,532**	15,997

The financial statements of Anglo American plc, registered number 3564138, were approved by the Board of directors on 18 February 2011 and signed on its behalf by:

Cynthia Carroll
Chief executive

René Médori
Finance director

39. FINANCIAL STATEMENTS OF THE PARENT COMPANY continued

b) Reconciliation of movements in equity shareholders' funds

US$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves[1]	Share-based payment reserve	Convertible debt reserve	Profit and loss account[2]	Total
Balance at 1 January 2009	738	2,713	115	1,955	22	–	8,545	14,088
Profit for the financial year	–	–	–	–	–	–	1,337	1,337
Issue of treasury shares under employee share schemes	–	–	–	–	–	–	31	31
Share-based payments	–	–	–	–	7	–	–	7
Capital contribution to group undertakings	–	–	–	–	–	–	179	179
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(14)	–	14	–
Issue of convertible bond	–	–	–	–	–	355	–	355
Balance at 1 January 2010	**738**	**2,713**	**115**	**1,955**	**15**	**355**	**10,106**	**15,997**
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**–**	**2,582**	**2,582**
Dividends paid[3]	**–**	**–**	**–**	**–**	**–**	**–**	**(212)**	**(212)**
Issue of treasury shares under employee share schemes	**–**	**–**	**–**	**–**	**–**	**–**	**42**	**42**
Share-based payments	**–**	**–**	**–**	**–**	**3**	**–**	**–**	**3**
Capital contribution to group undertakings	**–**	**–**	**–**	**–**	**–**	**–**	**120**	**120**
Transfer between share-based payment reserve and profit and loss account	**–**	**–**	**–**	**–**	**(12)**	**–**	**12**	**–**
Balance at 31 December 2010	**738**	**2,713**	**115**	**1,955**	**6**	**355**	**12,650**	**18,532**

(1) At 31 December 2010 other reserves of $1,955 million (2009: $1,955 million) were not distributable under the Companies Act 2006.
(2) At 31 December 2010 $385 million (2009: $405 million) of the Company profit and loss account of $12,650 million (2009: $10,106 million) was not distributable under the Companies Act 2006.
(3) Dividends paid relate only to shareholders on the United Kingdom principal register excluding dividends waived by Greenwood Nominees Limited as nominees for Butterfield Trust (Guernsey) Limited, the trustee for the Anglo American employee share scheme. Dividends paid to shareholders on the Johannesburg branch register are distributed by a South African subsidiary in accordance with the terms of the Dividend Access Share Provisions of Anglo American plc's Articles of Association. The directors are proposing a final dividend in respect of the year ended 31 December 2010 of 40 US cents per share (refer to note 12).

The audit fee in respect of the parent company was $7,000 (2009: $7,000). Fees payable to Deloitte for non-audit services to the Company are not required to be disclosed because they are included within the consolidated disclosure in note 3.

c) Fixed asset investments

	Investment in subsidiaries	
US$ million	2010	2009
Cost		
At 1 January	**13,112**	12,933
Capital contributions	**120**	179
At 31 December	**13,232**	13,112
Provisions for impairment		
At 1 January	**(8)**	(8)
Impairment charge	**(320)**	–
At 31 December	**(328)**	(8)
Net book value	**12,904**	13,104

Impairment testing of fixed asset investments

As a result of the Group's ongoing disposal of non-core operations during the year, the Company's investment in Anglo American Finance (UK) plc (AA Finance) was tested for impairment at 31 December 2010. The carrying value of the Company's investment in AA Finance is supported by a number of businesses, including the Tarmac Group. Consistent with the Group's loss on disposal of certain Tarmac European businesses during the year, the Company recognised an impairment charge of $320 million.

A value in use model, using a discount rate of 6%, was utilised to determine the recoverable amount of the investment.

d) Accounting policies: Anglo American plc, the Company

The Anglo American plc (the Company) balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) and in accordance with UK company law. The financial information has been prepared on a historical cost basis as modified by the revaluation of certain financial instruments.

A summary of the principal accounting policies is set out below.

The preparation of financial statements in accordance with UK GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, following implementation of these standards, actual results may differ from those estimated.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to $2,582 million (2009: $1,337 million).

Significant accounting policies

Deferred tax

Deferred tax is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

39. FINANCIAL STATEMENTS OF THE PARENT COMPANY continued

Share-based payments

The Company has applied the requirements of FRS 20 *Share-based Payment*. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that had not vested at 1 January 2005.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the associated charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

The Company also makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Any payments received from subsidiaries are applied to reduce the related increases in investments in subsidiaries.

Accounting for share-based payments is the same as under IFRS 2 and details on the schemes and option pricing models relevant to the charge included in the Company financial statements are set out in note 29 to the consolidated financial statements of the Group for the year ended 31 December 2010.

Investments

Investments represent equity holdings in subsidiaries and are held at cost less provision for impairment.

Convertible debt

Convertible bonds are classified as compound instruments, consisting of a liability and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible debt and is recognised within borrowings and carried at amortised cost. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the liability.

ORE RESERVES AND MINERAL RESOURCES

INTRODUCTION

The Ore Reserve and Mineral Resource estimates presented in this Annual Report are prepared in accordance with the Anglo American plc (AA plc) Reporting of Exploration Results, Mineral Resources and Ore Reserves standard. This standard requires that the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 edition (the JORC Code) be used as a minimum standard. Some Anglo American plc subsidiaries have a primary listing in South Africa where public reporting is carried out in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code). The SAMREC Code is similar to the JORC Code and the Ore Reserve and Mineral Resource terminology appearing in this section follows the definitions in both the JORC (2004) and SAMREC (2007) Codes.

The information on Ore Reserves and Mineral Resources was prepared by or under the supervision of Competent Persons as defined in the JORC or SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. All the Competent Persons consent to the inclusion in this report of the information in the form and context in which it appears. The names of the Competent Persons are lodged with the Anglo American plc Company Secretary and are available on request.

Anglo American Group companies are subject to a comprehensive programme of reviews aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The reviews are conducted by suitably qualified Competent Persons from within the Anglo American Group, or by independent consultants. The frequency and depth of the reviews is a function of the perceived risks and/or uncertainties associated with a particular Ore Reserve and Mineral Resource, the overall value thereof and time that has lapsed since an independent third party review has been conducted. Those operations/projects subject to independent third party reviews during the year are indicated in footnotes to the tables.

The JORC and SAMREC Codes require the use of reasonable economic assumptions. These include long-range commodity price forecasts which are prepared by in-house specialists largely using estimates of future supply and demand and long term economic outlooks. Ore Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and relevant new information and therefore can vary from year to year. Mineral Resource estimates also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2010. Unless otherwise stated, Mineral Resources are additional to those resources which have been modified to produce the Ore Reserves and are reported on a dry tonnes basis. The figures in the tables have been rounded and, if used to derive totals and averages, could cause minor computational differences. Ore Reserves in the context of this Annual Report have the same meaning as 'Mineral Reserves' as defined by the SAMREC Code.

It is accepted that mine design and planning may include a portion of Inferred Mineral Resources. Inferred Mineral Resources in the Life of Mine (LOM) are described as 'Inferred (in LOM)' separately from the remaining Inferred Mineral Resources described as 'Inferred (ex. LOM)', as required. These resources are declared without application of any modifying factors.

Operations and projects which fall below the internal threshold (25% attributable interest) for reporting have been excluded from the Ore Reserves and Mineral Resources estimates. A number of assets were disposed of during 2010 hence the following operations and projects are not reported in 2010: Skorpion, Taroom, Dawson & Harcourt CBM and Guasre.

In South Africa, the Minerals and Petroleum Resources Development Act, Number 28 of 2002 (MPRDA) was implemented on 1 May 2004, and effectively transferred custodianship of the previously privately held mineral rights to the State. Mining companies were given up to two years to apply for prospecting permit conversions and five years to apply for mining licence conversions for existing operations.

A Prospecting Right is a new order right issued in terms of the MPRDA that is valid for up to five years, with the possibility of a further extension of three years, that can be obtained either by the conversion of existing Old Order Prospecting Rights or through new applications. An Exploration Right is identical to a Prospecting Right, but is commodity specific in respect of petroleum and gas and is valid for up to three years which can be renewed for a maximum of three periods not exceeding two years each.

A Mining Right is a new order right issued in terms of the MPRDA valid for up to 30 years obtained either by the conversion of an existing Old Order Mining Right, or as a new order right pursuant to the exercise of the exclusive right of the holder of a new order Prospecting Right, or pursuant to an application for a new Mining Right. A Production Right is identical to a Mining Right, but is commodity specific in respect of petroleum and gas.

In preparing the Ore Reserve and Mineral Resource statement for South African assets, Anglo American plc has adopted the following reporting principles in respect of Prospecting Rights and Mining Rights:

- Where applications for new order Mining Rights and Prospecting Rights have been submitted and these are still being processed by the relevant regulatory authorities, the relevant reserves and resources have been included in the statement
- Where applications for new order Prospecting Rights have been initially refused by the regulatory authorities, but are the subject of ongoing legal process and discussions with the relevant authorities and where Anglo American plc has reasonable expectations that the Prospecting Rights will be granted in due course, the relevant resources have been included in the statement (any associated comments appear in the footnotes).

DEFINITIONS

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

PLATINUM GROUP METALS

estimates as at 31 December 2010

PLATINUM

The Ore Reserve and Mineral Resource estimates were compiled in compliance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007). Operations and Projects outside South Africa were compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Details of the individual operations appear in the Anglo Platinum Annual Report. Merensky Reef and UG2 Reef Mineral Resources are reported over an economic and mineable cut appropriate to the specific reef. The figures reported represent 100% of the Mineral Resources and Ore Reserves attributable to Anglo Platinum Limited unless otherwise noted. Rounding of figures may cause computational discrepancies.

Anglo American plc's interest in Anglo Platinum is 79.7%.

Platinum – South Africa Operations		Tonnes[1]		Grade[2]		Contained metal[3]		Contained metal[3]	
ORE RESERVES	Classification	2010	2009	2010	2009	2010	2009	2010	2009
Merensky Reef[4][5][6]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Proved	89.2	77.5	4.97	5.41	443.5	419.7	14.3	13.5
	Probable	51.0	89.8	5.05	5.13	257.7	460.1	8.3	14.8
	Total	**140.2**	**167.3**	**5.00**	**5.26**	**701.3**	**879.8**	**22.5**	**28.3**
UG2 Reef[4][5][7]	Proved	425.9	409.9	4.14	4.37	1,762.2	1,792.1	56.7	57.6
	Probable	204.2	229.3	4.72	4.38	963.3	1,003.9	31.0	32.3
	Total	**630.2**	**639.2**	**4.33**	**4.37**	**2,725.4**	**2,796.0**	**87.6**	**89.9**
Platreef[8]	Proved	381.3	317.4	2.93	3.28	1,118.5	1,040.6	36.0	33.5
	Proved primary ore stockpile[9]	11.7	16.6	1.96	2.65	23.0	43.8	0.7	1.4
	Probable	216.3	174.6	2.68	3.12	579.4	544.1	18.6	17.5
	Total	**609.3**	**508.6**	**2.82**	**3.20**	**1,720.9**	**1,628.6**	**55.3**	**52.4**
All Reefs	Proved	908.1	821.4	3.69	4.01	3,347.2	3,296.3	107.6	106.0
	Probable	471.5	493.6	3.82	4.07	1,800.4	2,008.1	57.9	64.6
	Total[10]	**1,379.7**	**1,315.0**	**3.73**	**4.03**	**5,147.6**	**5,304.4**	**165.5**	**170.5**
Tailings[11]	Proved	–	–	–	–	–	–	–	–
	Probable	21.8	29.6	1.13	0.86	24.6	25.4	0.8	0.8
	Total	**21.8**	**29.6**	**1.13**	**0.86**	**24.6**	**25.4**	**0.8**	**0.8**

Platinum – Zimbabwe Operations		Tonnes[1]		Grade[2]		Contained metal[3]		Contained metal[3]	
ORE RESERVES	Classification	2010	2009	2010	2009	2010	2009	2010	2009
Main Sulphide Zone[12]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Proved	14.3	5.1	3.69	3.60	52.9	18.3	1.7	0.6
	Probable	27.3	42.0	3.82	3.81	104.4	159.9	3.4	5.1
	Total	**41.7**	**47.1**	**3.78**	**3.79**	**157.3**	**178.2**	**5.1**	**5.7**

(1) **Tonnage:** Quoted as dry metric tonnes.
(2) **Grade:** 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t).
(3) **Contained Metal:** Contained Metal is presented in metric tonnes and million troy ounces (Moz).
(4) **Merensky Reef and UG2 Reef:** (a) The BEE transaction announced with Royal Bafokeng Platinum Ltd. was finalised during 2010 resulting in a change of the attributable and reportable Ore Reserves for Bafokeng Rasimone Platinum Mine (BRPM). Anglo Platinum's attributable percentage decreased from 50% to 33%, equivalent to a decrease of 23.2Mt (-3.1Moz). (b) During 2008, RPM entered into agreement to sell its interest in the Western Bushveld Joint Venture (WBJV) to Wesizwe. The suspensive conditions of this agreement have been fulfilled resulting in the reporting of 0% attributable percentage of WBJV, equivalent to a decrease of 10.9Mt (-1.6Moz).
(5) **Merensky Reef and UG2 Reef:** The pay limits built into the basic mining equation are directly linked to the 2011 Business plan. The pay limit is based on Cost 4 which consists of 'Direct Cash Cost' (on and off mine), 'Other indirect Costs' and 'Stay in Business Capital' (on and off mine). The range is a function of various factors including depth of the ore body, geological complexity, infrastructure and economic parameters.
(6) **Merensky Reef:** The reserve pay-limit varies across all operations between 2.1g/t and 4.4g/t (4E PGE). The decrease is mainly attributable to the BEE transaction announced (-20.1Mt, -3.0Moz) and re-allocation of previously reported Ore Reserves back to Mineral Resources due to a change in the mine design and scheduling mainly at Tumela and Dishaba Mine (-11.1Mt, -2.4Moz). The Proved Ore Reserve tonnage increased mainly due to an increase in confidence at BRPM's Styldrift area.
(7) **UG2 Reef:** The reserve pay-limit varies across all operations between 2.0g/t and 3.9g/t (4E PGE). The decrease is mainly attributable due to re-allocation of previously reported Ore Reserves back to Mineral Resources due to a change in the mine design and scheduling mainly at Tumela and Dishaba Mine (-29.7Mt -6.0Moz) and due to the BEE transaction announced (-14.0Mt, -1.7Moz). However the UG2 Ore Reserves were influenced positively due to increased confidence mainly at BRPM and Union Mine (+39.6Mt, +5.2Moz) which resulted in a significant amount of Mineral Resources being converted to Ore Reserves.
(8) **Platreef:** The total Ore Reserves increased significantly due to a change in the economic assumptions for Mogalakwena North and Central where the 4E pay limit grade has been decreased from 1.7g/t to 1.0g/t due to technological advances in the processing plant and due to a change in the economic parameters. For Sandsloot and Zwartfontein South the pay limit grade is unchanged at 1.7g/t. It must be noted that a 4.5% mining loss has been applied to the total Ore Reserves. The modifying factors account for a decrease of 28.2Mt (-1.9Moz).
(9) **Platreef stockpiles:** Mined ore being held for long-term future treatment. These are reported separately as Proved Ore Reserves and aggregated into the summation tabulations. Previously reported Proved primary ore stockpiles containing oxidised and calcsilicate material above 3g/t are excluded from the Ore Reserve stockpile (-6.1Mt, -0.7Moz) and included under the Mineral Resources.
(10) **Alternative units – Total:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2010 is:
Total – 1,520.8 Mton (2009: 1,449.6 Mton)
Total – 0.109 oz/ton (2009: 0.118 oz/ton)
(11) **Tailings:** Operating tailings dams for current mining operations cannot be geologically assessed and therefore are not reported as part of the Ore Reserves. At Rustenburg Mine a dormant dam has been evaluated and the tailings form part of the Ore Reserves statement. Tailings dams Ore Reserves are reported separately as Ore Reserves and are not aggregated to the global Ore Reserve summation.
(12) **Main Sulphide Zone:** The Main Sulphide Zone is the orebody mined at Unki Mine. The Ore Reserves for the Main Sulphide Zone relate to the Unki East mine only. Anglo Platinum owns an effective 100% interest in Southridge Limited. Due to increased confidence based on new information and on underground mining exposure the Proved Ore Reserves tonnage increased significantly.

ORE RESERVES AND MINERAL RESOURCES

PLATINUM GROUP METALS continued

estimates as at 31 December 2010

Platinum – South Africa Operations

MINERAL RESOURCES	Classification	Tonnes[1] 2010	Tonnes[1] 2009	Grade[2] 2010	Grade[2] 2009	Contained metal[3] 2010	Contained metal[3] 2009	Contained metal[3] 2010	Contained metal[3] 2009
Merensky Reef[4][5]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Measured	152.5	129.6	5.53	5.54	843.1	717.5	27.1	23.1
	Indicated	254.2	242.2	5.54	5.36	1,408.8	1,299.2	45.3	41.8
	Measured and Indicated	**406.7**	**371.8**	**5.54**	**5.42**	**2,251.9**	**2,016.7**	**72.4**	**64.8**
	Inferred	615.5	670.8	5.43	5.36	3,340.3	3,594.3	107.4	115.6
UG2 Reef[4][6]	Measured	408.4	380.1	5.42	5.61	2,213.6	2,131.1	71.2	68.5
	Indicated	521.0	546.6	5.48	5.53	2,853.1	3,021.2	91.7	97.1
	Measured and Indicated	**929.4**	**926.7**	**5.45**	**5.56**	**5,066.7**	**5,152.3**	**162.9**	**165.6**
	Inferred	760.5	791.3	5.53	5.53	4,204.0	4,374.2	135.2	140.6
Platreef[7]	Measured	110.3	192.9	2.38	1.95	262.3	376.2	8.4	12.1
	Indicated	860.1	915.0	2.19	2.14	1,883.2	1,954.0	60.5	62.8
	Measured and Indicated	**970.3**	**1,107.9**	**2.21**	**2.10**	**2,145.5**	**2,330.1**	**69.0**	**74.9**
	Inferred	1,200.1	1,160.6	1.88	1.89	2,260.2	2,198.4	72.7	70.7
All Reefs	Measured	671.2	702.6	4.95	4.59	3,319.0	3,224.8	106.7	103.7
	Indicated	1,635.3	1,703.9	3.76	3.68	6,145.1	6,274.3	197.6	201.7
	Measured and Indicated[8]	**2,306.4**	**2,406.4**	**4.10**	**3.95**	**9,464.1**	**9,499.1**	**304.3**	**305.4**
	Inferred	2,576.1	2,622.7	3.81	3.88	9,804.5	10,167.0	315.2	326.9
Tailings[9]	Measured	87.6	–	1.08	–	94.3	–	3.0	–
	Indicated	0.4	147.3	0.89	1.06	0.4	155.6	0.0	5.0
	Measured and Indicated	**88.1**	**147.3**	**1.08**	**1.06**	**94.7**	**155.6**	**3.0**	**5.0**
	Inferred	–	–	–	–	–	–	–	–

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Platinum – Zimbabwe Operations

MINERAL RESOURCES	Classification	Tonnes[1] 2010	Tonnes[1] 2009	Grade[2] 2010	Grade[2] 2009	Contained metal[3] 2010	Contained metal[3] 2009	Contained metal[3] 2010	Contained metal[3] 2009
Main Sulphide Zone[10]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Measured	8.7	7.7	4.12	4.08	35.7	31.2	1.1	1.0
	Indicated	19.2	11.3	4.17	4.28	80.2	48.5	2.6	1.6
	Measured and Indicated	**27.9**	**19.0**	**4.16**	**4.20**	**116.0**	**79.8**	**3.7**	**2.6**
	Inferred	49.7	95.9	4.12	4.29	204.5	411.6	6.6	13.2

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Platinum – Other Projects

MINERAL RESOURCES	Classification	Tonnes[1] 2010	Tonnes[1] 2009	Grade[2] 2010	Grade[2] 2009	Contained metal[3] 2010	Contained metal[3] 2009	Contained metal[3] 2010	Contained metal[3] 2009
South Africa		Mt	Mt	3E PGE	3E PGE	3E tonnes	3E tonnes	3E Moz	3E Moz
Anooraq-AngloPlatinumBoikgantsho[11]	Measured	–	–	–	–	–	–	–	–
Platreef	Indicated	86.6	86.6	1.35	1.35	116.9	116.9	3.8	3.8
	Measured and Indicated	**86.6**	**86.6**	**1.35**	**1.35**	**116.9**	**116.9**	**3.8**	**3.8**
	Inferred	51.0	51.0	1.23	1.23	62.7	62.7	2.0	2.0
Sheba's Ridge[12]				3E PGE	3E PGE				
	Measured	111.8	111.8	0.85	0.85	95.1	95.1	3.1	3.1
	Indicated	128.4	128.4	0.95	0.95	122.1	122.1	3.9	3.9
	Measured and Indicated	**240.1**	**240.1**	**0.90**	**0.90**	**217.2**	**217.2**	**7.0**	**7.0**
	Inferred	0.9	0.9	0.85	0.85	0.8	0.8	0.0	0.0
Canada				3E PGE	3E PGE				
River Valley[13]	Measured	4.3	4.3	1.79	1.79	7.6	7.6	0.2	0.2
	Indicated	11.0	11.0	1.20	1.20	13.3	13.3	0.4	0.4
	Measured and Indicated	**15.3**	**15.3**	**1.37**	**1.37**	**20.9**	**20.9**	**0.7**	**0.7**
	Inferred	1.2	1.2	1.24	1.24	1.5	1.5	0.0	0.0
Brazil				3E PGE	3E PGE				
Pedra Branca[14]	Inferred	6.6	6.6	2.27	2.27	15.0	15.0	0.5	0.5

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

(1) **Tonnage:** Quoted as dry metric tonnes.
(2) **Grade:** 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t).
3E PGE is the sum of platinum, palladium and gold grades in grammes per tonne (g/t).
(3) **Contained Metal:** Contained Metal is presented in metric tonnes and million troy ounces (Moz).
(4) **Merensky Reef and UG2 Reef:** (a) During 2009 the attributable interest in the Magazynskraal 3JQ Project (BEE transaction announced with Bakgatla-Ba-Kgafela and Pallinghurst) decreased from 74% to 20%. 74% attributable to this project was included in the 2009 Annual Report. This has been adjusted for in the current Annual Report equivalent to a decrease of 59.6Mt (-10.5 Moz). (b) The BEE transaction announced with Royal Bafokeng Platinum Ltd. was finalised during 2010 resulting in a change of the attributable and reportable Ore Reserves for Bafokeng Rasimone Platinum Mine (BRPM). Anglo Platinum's attributable percentage decreased from 50% to 33%, equivalent to a decrease of 54.2Mt (-10.3 Moz). (c) During 2008, RPM entered into agreement to sell its interest in the Western Bushveld Joint Venture (WBJV) to Wesizwe. The suspensive conditions of this agreement have been fulfilled during the first half of 2010. Rustenburg Platinum Mines Ltd (RPM) received Wesizwe shares as part settlement of the purchase consideration. This results in the reporting of 26.6% attributable tonnage in the Wesizwe areas (+27.0Mt, +4.6 Moz). The previously reported Mineral Resources for WBJV are therefore excluded from the 2010 figures (-16.3Mt, -2.8 Moz).
The Mineral Resources are quoted over a practical minimum mining cut suitable for the deposit known as the Resource Cut. Previously Resources were declared over a minimum mineable width of 80cm, but investigations have confirmed that this is not viable and the minimum width has been increased to 90cm. The Resource Cut includes geotechnical aspects in the hanging wall or footwall of the reef. Chromitite stringers above or below the UG2 main seam or any 'geotechnical weak zones' are included in the Resource Cut. The minimum beam height regarding the geotechnical aspect depends on the mining method. Anglo Platinum takes cognisance of cut-off grades, derived from information on pay limits in the mining operations. No Mineral Resources are excluded from the 2010 declaration relative to 2009 as a result of the cut-off grade consideration. The delineation of the Mineral Resources that meet the requirements of reasonable expectation of eventual economic extraction has been defined using the modifying factors as defined in the SAMREC code. These include but are not limited to mineability, geological complexity, processability and economic factors such as Cost 4 pay limits. Cost 4 pay limit consists of 'Direct Cash Cost' (on and off mine), 'Other indirect Costs' and 'Stay in Business Capital' (on and off mine). The minimum resource grades per reef and per operation are in all instances greater than the Cost 4 pay limit.
(5) **Merensky Reef:** (a) The decrease in Mineral Resources is mainly attributable to the change of the attributable percentage decrease due to the finalisation of the BEE transactions (-51.3Mt, -10.9Moz) and (b) at Union due to new information where certain areas have been transferred from Mineral Resources to Mineral Deposit (-8.0Mt, -1.7Moz). The decreases were in part offset by the increase in Mineral Resources due to new information mainly from Bokoni, Ga-Phasha and Der Brochen (+37.7Mt, +8.3Moz) and due to acquisition from Wesizwe (+12.0Mt, +2.4Moz).
(6) **UG2 Reef:** The decrease in total Mineral Resources is mainly due to the change of the attributable percentage decrease following the finalisation of the BEE transactions (-78.8Mt, -12.6Moz).
(7) **Platreef:** A 1.0g/t (4E PGE) cut-off has been used to define Mineral Resources. The decrease is due to a higher percentage of Mineral Resources being converted to Ore Reserves as a consequence of the decrease in the 4E pay limit grade from 1.7g/t to 1.0g/t at Mogalakwena North and Central. Since previously reported Proved primary ore stockpiles containing oxidised and calcsilicate material above 3g/t are currently not planned to be processed, they are excluded from the Ore Reserve stockpile and included under the Measured Mineral Resources (+6.1Mt, +0.7Moz).
(8) **Alternative units – Measured and Indicated:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2010 is:
Measured and Indicated – 2,542.4 Mton (2009: 2,652.6 Mton)
Measured and Indicated – 0.120 oz/ton (2009: 0.115 oz/ton)
(9) **Tailings:** Operating tailings dams for current mining operations cannot be geologically assessed and therefore are not reported as part of the Mineral Resources. Tailings dams resources are reported separately as Mineral Resources but are not aggregated to the global Mineral Resource summation. At Rustenburg Mine a dormant dam has been evaluated and the tailings form part of the Mineral Resource statement. At Union the previously reported tailings dams are reactivated and as a consequence no Mineral Resources are stated.
(10) **Main Sulphide Zone:** The Main Sulphide Zone is the orebody mined at Unki Mine. The Mineral Resources for the Main Sulphide Zone relate to the Unki East and West mines only. Anglo Platinum owns an effective 100% interest in Southridge Limited. Due to new information, which comprises of a significant amount of surface drilling and a re-interpretation of the geological structure, the spatial extent of the Unki project was reduced in the South and North to take cognisance of natural boundaries determined by geological structures. Previously reported Mineral Resources lying beyond these structures which were included under the Unki Project in 2009 will be reported as Unki South pending further evaluation in 2011.
(11) **Anooraq-Anglo Platinum Boikgantsho:** Anglo Platinum holds an attributable interest of 49%. A cut-off of US$20.00/t gross metal value was applied for resource definition.
(12) **Sheba's Ridge:** Anglo Platinum holds an attributable 35% of the JV area. A cut-off of US$10.50/t total revenue contribution from the constituent metal was used.
(13) **River Valley:** Anglo Platinum holds an attributable interest of 50%. A cut-off of 0.7g/t (platinum plus palladium) was applied for resource definition.
(14) **Pedra Branca:** Anglo Platinum holds an attributable interest of 51%. A cut-off of 0.7g/t (3E PGE) was applied for resource definition.

The following Operations and Projects contributed to the combined 2010 Ore Reserve and Mineral Resource estimates stated per reef (excluding Other Projects):

Operations:	%	LOM
Bafokeng Rasimone Platinum Mine (BRPM) – MR/UG2	33%	28
Bathopele Mine – UG2	100%	17
Bokoni Platinum Mine – MR/UG2	49%	27
Dishaba Mine – MR/UG2	100%	30+
Khomanani Mine – MR/UG2	100%	16
Khuseleka Mine – MR/UG2	100%	25
Kroondal Platinum Mine – UG2	50%	9
Marikana Platinum Mine – UG2	50%	9
Modikwa Platinum Mine – MR/UG2	50%	20
Mogalakwena Mine – PR	100%	30+
Mototolo Platinum Mine – UG2	50%	5*
Pandora – UG2	42.5%	13
Siphumelele Mine – MR/UG2	100%	30+
Thembelani Mine – MR/UG2	100%	17
Tumela Mine – MR/UG2	100%	30+
Twickenham Platinum Mine – MR/UG2	100%	30+
Union Mine – MR/UG2	85%	19
Unki Mine – MSZ	100%	30

Projects:	%
Der Brochen Project – MR/UG2	100%
Ga-Phasha PGM Project – MR/UG2	49%
Magazynskraal 3 JQ – MR/UG2	20%
Other Exploration Projects (portions of Driekop/Rustenburg) – MR/UG2	37.5% to 100%
Rustenburg – Non Mine Projects – MR/UG2	100%
Wesizwe – MR/UG2	26.6%

MR = Merensky Reef, UG2 = UG2 Reef, PR = Platreef, MSZ = Main Sulphide Zone;
% = Anglo Platinum Limited attributable interest;
LOM = Life of Mine in years based on scheduled Ore Reserves considering the combined MR and UG2 production where applicable;
* Only 5 years of Ore Reserves are declared as per Xstrata policy

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2010 at the following operations:
BRPM, Bathopele, Dishaba, Mogalakwena, Siphumelele and Thembelani.

ORE RESERVES AND MINERAL RESOURCES

COPPER

estimates as at 31 December 2010

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The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Copper ORE RESERVES	Attributable %	LOM	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Los Bronces (OP)[1]	100	34		Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu)			Proved	712.9	797.7	0.73	0.73	5,205	5,823
Flotation[2]			Probable	794.5	849.8	0.55	0.55	4,370	4,674
			Total	**1,507.4**	**1,647.5**	**0.64**	**0.64**	**9,575**	**10,497**
Sulphide (TCu)			Proved	384.4	442.3	0.37	0.36	1,421	1,592
Dump Leach[3]			Probable	350.1	382.0	0.29	0.28	1,015	1,069
			Total	**734.5**	**824.3**	**0.33**	**0.32**	**2,436**	**2,662**
El Soldado (OP and UG)	100	20				%Cu	%Cu		
Sulphide (TCu)			Proved	84.2	79.6	1.00	0.94	843	750
Flotation[4]			Probable	52.4	49.9	0.83	0.76	433	381
			Total	**136.6**	**129.6**	**0.93**	**0.87**	**1,276**	**1,131**
Oxide (TCu)			Proved	1.9	3.0	0.81	0.86	16	26
Heap Leach[5]			Probable	3.5	4.2	0.52	0.54	18	23
			Total	**5.4**	**7.2**	**0.62**	**0.67**	**33**	**48**
Mantos Blancos (OP)	100	10				%Cu	%Cu		
Sulphide (ICu)			Proved	16.2	7.2	0.88	0.88	143	63
Flotation[6]			Probable	29.6	18.8	0.84	0.94	249	177
			Total	**45.8**	**26.0**	**0.85**	**0.93**	**392**	**240**
Oxide (ASCu)			Proved	6.2	3.3	0.53	0.70	33	23
Vat and Heap Leach[7]			Probable	15.6	29.2	0.30	0.43	47	126
			Total	**21.8**	**32.5**	**0.37**	**0.46**	**80**	**149**
Oxide (ASCu)			Proved	2.3	0.9	0.19	0.24	4	2
Dump Leach[8]			Probable	57.2	11.9	0.23	0.25	134	30
			Total	**59.5**	**12.7**	**0.23**	**0.25**	**138**	**32**
Mantoverde (OP)	100	6				%Cu	%Cu		
Oxide (ASCu)			Proved	36.5	37.7	0.57	0.59	208	222
Heap Leach[9]			Probable	15.3	6.6	0.55	0.54	84	36
			Total	**51.8**	**44.3**	**0.56**	**0.58**	**292**	**258**
Oxide (ASCu)			Proved	29.1	17.3	0.24	0.32	70	55
Dump Leach[10]			Probable	22.1	7.0	0.28	0.42	62	29
			Total	**51.2**	**24.3**	**0.26**	**0.35**	**132**	**85**
Collahuasi (OP)[11]	44.0	60				%Cu	%Cu		
Oxide and Mixed (TCu)[12]			Proved	0.1	0.2	1.66	1.16	2	3
Heap Leach			Probable	29.3	19.3	0.66	0.74	193	143
			Total	**29.4**	**19.6**	**0.66**	**0.75**	**195**	**146**
Sulphide (TCu)			Proved	286.6	322.9	1.04	1.03	2,985	3,326
Flotation – direct feed			Probable	1,366.8	1,227.7	0.95	0.93	12,968	11,417
			Total	**1,653.4**	**1,550.6**	**0.96**	**0.95**	**15,952**	**14,743**
Low Grade Sulphide (TCu)			Proved	–	–	–	–	–	–
Flotation – stockpile			Probable	775.9	615.0	0.51	0.52	3,924	3,198
			Total	**775.9**	**615.0**	**0.51**	**0.52**	**3,924**	**3,198**

Mining method: OP = Open Pit, UG = Underground. LOM = Life of Mine in years based on scheduled Ore Reserves.
TCu = total copper, ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper.

(1) **Los Bronces :** The sub-product estimated grade for molybdenum is 0.014% for the total Ore Reserves quoted, while the average estimated grade for Mineral Resources is 0.007%.
(2) **Los Bronces – Sulphide (Flotation):** The decrease in Ore Reserves is the result of changes to the pit design, in response to restrictions imposed by mining permits, as well as variable changes to slope angles driven by geotechnical and operational considerations. This subsequently resulted in material being re-allocated from Ore Reserves to Mineral Resources.
(3) **Los Bronces – Sulphide (Dump Leach):** Both Ore Reserves and Mineral Resources were reduced based on a change in the modelled sulphate boundary due to new information.
(4) **El Soldado – Sulphide (Flotation):** The gain in Ore Reserves was primarily driven by the increase in copper price, adding phase 6 to the 'Filo' area of the mine. The decrease in Mineral Resources was driven by the conversion of Mineral Resources to Ore Reserves.
(5) **El Soldado – Oxide (Heap Leach):** The decrease in Ore Reserves is primarily due to production with transfer of 'mixed' oxide material to the sulphide process contributing to the rest of the decrease.
(6) **Mantos Blancos – Sulphide (Flotation):** The increase was primarily due to the addition of Phase 17 resulting from benefits associated with higher metal prices and stripping benefit associated with the development of the Mercedes Dump Leach project.
(7) **Mantos Blancos – Oxide (Vat and Heap Leach):** The decrease in Ore Reserves is predominantly a result of production depletion and a change in the cut-off grade strategy driven by costs. The decrease in Mineral Resources was driven by conversion of Mineral Resources to Ore Reserves in the Mercedes Dump Leach project area.
(8) **Mantos Blancos – Oxide (Dump Leach):** The increase in Ore Reserves was driven by the conversion of Mineral Resources from the Mercedes Dump Leach area and the change in the life-of-mine plan to re-process old Vat and Heap-Leach tailings. The increase in Mineral Resources was based on new material introduced from the phase II area of the Mercedes Dump.
(9) **Mantoverde – Oxide (Heap Leach):** The increase in Ore Reserves was due to new mine designs driven by higher copper prices, lowering of the cut-off grades and a reduction in the carbonate restriction for Heap material, resulting in the addition of several new phases and satellite pits. The decrease in Mineral Resources was primarily due to conversion to Ore Reserves.
(10) **Mantoverde – Oxide (Dump Leach):** The significant increase in Ore Reserves is a result of new pit designs driven by higher copper prices in conjunction with lower cut-off grades supported by operational performance. The decrease in Mineral Resources was primarily due to conversion to Ore Reserves.
(11) **Collahuasi:** The increase in Ore Reserves was primarily driven by the increase in metal prices coupled with new drilling information (Rosario) and the lowering of the breakeven cut-off grade for sulphide ore feed (0.4% to 0.34%TCu). Significant increases in sulphide Mineral Resources were due to new drilling information (Rosario West) as a primary factor and higher metal prices coupled with the change in cut-off grade as a secondary factor. The sub-product estimated grade for molybdenum is 0.022% for Ore Reserves, while the average estimated grade for Mineral Resources is 0.024%.
(12) **Collahuasi – Oxide and Mixed:** Increase in Oxide reserves was driven by higher metal prices and new drilling information from the Dulcinea and La Borracha pits. The previously reported Secondary Sulphides have been re-allocated to Mineral Deposit due to uneconomic metallurgical recoveries.
(13) **Copper Resources:** A test of reasonable eventual economic extraction is applied through consideration of an optimised pit shell. Materials outside the optimised shell that have potential of eventual economic extraction via underground means are included in the Mineral Resource statement.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2010 at the following operations:
Los Bronces, El Soldado, Mantos Blancos, Mantoverde and Collahuasi.

Copper – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Los Bronces (OP)[1][13]	100		Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu)		Measured	118.2	55.7	0.48	0.43	567	240
Flotation[2]		Indicated	1,030.0	739.8	0.42	0.39	4,326	2,885
		Measured and Indicated	**1,148.1**	**795.5**	**0.43**	**0.39**	**4,893**	**3,125**
		Inferred (in LOM)	68.0	121.0	0.54	0.52	367	629
		Inferred (ex. LOM)	2,853.4	3,065.0	0.38	0.38	10,843	11,647
		Total Inferred	**2,921.4**	**3,186.0**	**0.38**	**0.39**	**11,210**	**12,276**
Sulphide (TCu)		Measured	–	–	–	–	–	–
Dump Leach[3]		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred (in LOM)	108.4	132.0	0.26	0.25	282	330
		Inferred (ex. LOM)	–	–	–	–	–	–
		Total Inferred	**108.4**	**132.0**	**0.26**	**0.25**	**282**	**330**
El Soldado (OP and UG)[13]	100				%Cu	%Cu		
Sulphide (TCu)		Measured	27.8	30.4	0.73	0.72	203	219
Flotation[4]		Indicated	17.0	23.0	0.67	0.65	114	150
		Measured and Indicated	**44.8**	**53.4**	**0.71**	**0.69**	**317**	**368**
		Inferred (in LOM)	17.5	13.1	0.81	0.68	142	89
		Inferred (ex. LOM)	22.3	34.3	0.61	0.60	136	206
		Total Inferred	**39.8**	**47.4**	**0.70**	**0.62**	**278**	**295**
Oxide (TCu)		Measured	0.3	0.2	0.82	0.91	2	2
Heap Leach[5]		Indicated	0.2	0.2	0.78	0.83	2	1
		Measured and Indicated	**0.5**	**0.4**	**0.80**	**0.88**	**4**	**3**
		Inferred (in LOM)	0.2	0.5	0.66	0.80	1	4
		Inferred (ex. LOM)	0.5	0.7	0.74	0.69	3	5
		Total Inferred	**0.7**	**1.2**	**0.72**	**0.74**	**5**	**9**
Mantos Blancos (OP)[13]	100				%Cu	%Cu		
Sulphide (ICu)		Measured	16.4	10.6	0.75	0.68	123	72
Flotation[6]		Indicated	101.8	105.2	0.63	0.68	642	715
		Measured and Indicated	**118.2**	**115.8**	**0.65**	**0.68**	**765**	**788**
		Inferred (in LOM)	0.8	2.0	0.78	0.66	6	13
		Inferred (ex. LOM)	8.3	10.4	0.57	0.55	47	57
		Total Inferred	**9.1**	**12.4**	**0.59**	**0.57**	**53**	**70**
Oxide (ASCu)		Measured	5.8	1.1	0.43	0.56	25	6
Vat and Heap Leach[7]		Indicated	16.6	27.1	0.42	0.37	70	100
		Measured and Indicated	**22.4**	**28.2**	**0.42**	**0.38**	**95**	**106**
		Inferred (in LOM)	0.6	1.3	0.38	0.53	2	7
		Inferred (ex. LOM)	3.5	3.3	0.44	0.58	15	19
		Total Inferred	**4.1**	**4.7**	**0.43**	**0.57**	**18**	**26**
Oxide (ASCu)		Measured	–	–	–	–	–	–
Dump Leach[8]		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred (in LOM)	0.3	1.2	0.17	0.23	1	3
		Inferred (ex. LOM)	13.0	–	0.24	–	31	–
		Total Inferred	**13.3**	**1.2**	**0.24**	**0.23**	**32**	**3**
Mantoverde (OP)[13]	100				%Cu	%Cu		
Oxide (ASCu)		Measured	22.3	38.5	0.33	0.35	74	135
Heap Leach[9]		Indicated	25.8	22.9	0.35	0.34	90	78
		Measured and Indicated	**48.1**	**61.5**	**0.34**	**0.35**	**164**	**213**
		Inferred (in LOM)	0.7	0.2	0.50	0.54	3	1
		Inferred (ex. LOM)	2.5	4.4	0.31	0.62	8	27
		Total Inferred	**3.2**	**4.6**	**0.35**	**0.62**	**11**	**28**
Oxide (ASCu)		Measured	–	–	–	–	–	–
Dump Leach[10]		Indicated	–	2.7	–	0.35	–	9
		Measured and Indicated	**–**	**2.7**	**–**	**0.35**	**–**	**9**
		Inferred (in LOM)	2.3	0.2	0.22	0.37	5	1
		Inferred (ex. LOM)	–	–	–	–	–	–
		Total Inferred	**2.3**	**0.2**	**0.22**	**0.37**	**5**	**1**
Collahuasi (OP)[11][13]	44.0				%Cu	%Cu		
Oxide and Mixed (TCu)[12]		Measured	–	–	–	–	–	–
Heap Leach		Indicated	10.5	18.0	0.61	0.69	64	124
		Measured and Indicated	**10.5**	**18.0**	**0.61**	**0.69**	**64**	**124**
		Inferred (in LOM)	10.2	0.6	0.84	1.09	86	7
		Inferred (ex. LOM)	9.4	1.3	0.72	0.71	68	9
		Total Inferred	**19.7**	**2.0**	**0.78**	**0.83**	**153**	**16**
Sulphide (TCu)		Measured	2.6	1.4	0.75	0.73	19	10
Flotation – direct feed		Indicated	411.2	344.6	0.92	0.86	3,787	2,964
		Measured and Indicated	**413.8**	**346.0**	**0.92**	**0.86**	**3,806**	**2,974**
		Inferred (in LOM)	567.7	252.3	0.99	0.93	5,602	2,346
		Inferred (ex. LOM)	2,329.8	1,558.6	0.93	0.90	21,736	14,027
		Total Inferred	**2,897.5**	**1,810.8**	**0.94**	**0.90**	**27,338**	**16,373**
Low Grade Sulphide (TCu)		Measured	3.7	1.2	0.45	0.48	17	6
Flotation – stockpile		Indicated	151.1	76.0	0.47	0.49	703	373
		Measured and Indicated	**154.7**	**77.2**	**0.47**	**0.49**	**720**	**378**
		Inferred (in LOM)	234.4	62.0	0.49	0.51	1,153	316
		Inferred (ex. LOM)	909.8	614.0	0.47	0.50	4,273	3,070
		Total Inferred	**1,144.2**	**676.0**	**0.47**	**0.50**	**5,426**	**3,386**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

ORE RESERVES AND MINERAL RESOURCES

COPPER continued

estimates as at 31 December 2010

Copper – Projects ORE RESERVES	Attributable %	LOM	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Quellaveco (OP)[1]	81.9	28		Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu)			Proved	701.8	672.2	0.65	0.61	4,562	4,096
Flotation			Probable	214.6	207.8	0.63	0.76	1,352	1,572
			Total	**916.4**	**880.0**	**0.65**	**0.64**	**5,914**	**5,668**

Copper – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Quellaveco (OP)[1]	81.9		Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu)		Measured	196.8	213.1	0.40	0.44	787	937
Flotation		Indicated	627.0	394.6	0.45	0.45	2,822	1,776
		Measured and Indicated	**823.8**	**607.6**	**0.44**	**0.45**	**3,609**	**2,713**
		Inferred (in LOM)	8.1	32.7	0.72	0.72	58	235
		Inferred (ex. LOM)	174.9	77.7	0.44	0.45	770	350
		Total Inferred	**183.0**	**110.4**	**0.45**	**0.53**	**828**	**585**
Mantoverde Sulphide Project[2]	100				%Cu	%Cu		
Sulphide (TCu)		Measured	81.1	1.0	0.68	0.80	552	8
Flotation		Indicated	37.8	50.6	0.68	0.75	257	380
		Measured and Indicated	**119.0**	**51.7**	**0.68**	**0.75**	**809**	**388**
		Inferred	53.1	100.6	0.64	0.69	340	694
Pebble (OP/UG)[3][4][5][6][7]	50.0				%Cu	%Cu		
Cu-Au-Mo Porphyry		Measured[4]	510.0	510.0	0.34	0.34	1,734	1,734
		Indicated[5]	4,890.0	4,890.0	0.46	0.46	22,494	22,494
		Measured and Indicated	**5,400.0**	**5,400.0**	**0.45**	**0.45**	**24,228**	**24,228**
		Inferred[6]	2,840.0	2,840.0	0.32	0.32	9,088	9,088
Los Sulfatos[8]	100				%Cu	%Cu		
Sulphide (TCu)		Inferred	1,200	1,200	1.46	1.46	17,520	17,520
San Enrique Monolito[9]	100				%Cu	%Cu		
Sulphide (TCu)		Inferred	900	900	0.81	0.81	7,290	7,290
West Wall[10]	50.0				%Cu	%Cu		
Sulphide (TCu)		Inferred	750	–	0.54	–	4,050	–

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit, UG = Underground. LOM = Life of Mine in years based on scheduled Ore Reserves.
Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

(1) **Quellaveco:** New drilling information resulted in improvements in the proportion of Proven and Probable Ore Reserves. While there was no significant increase in Ore Reserves, the use of higher metal prices for the determination of the resource pit resulted in a significant increase in Mineral Resources. The sub-product estimated grade for molybdenum is 0.019% for Ore Reserves, while the average estimated grade for Mineral Resources is 0.016%. Due to a rounding error on average grades reported in 2009, a correction of -12kt in contained metal was necessary for the 2009 Ore Reserves. This resulted in a small change in the average grade reported for 2009 Ore Reserves from 0.65% to 0.64%(TCu).

(2) **Mantoverde Sulphide Project:** New drilling information significantly improved the proportion of Measured and Indicated category material, while a change in the copper price also increased the overall volume of Mineral Resources.

(3) **Pebble:** The Mineral Resources are based on drilling to May 2009 and a block model finalised in December 2009. Reported Mineral Resources fall within a volume defined by resource price estimates and are based on a cut-off grade of 0.40% CuEq. Calculation of copper equivalent (CuEq) is based on long-term metal prices and takes into consideration the recovery of copper, gold and molybdenum. At a cut-off of 0.60% CuEq the estimate of Measured Resources is 277Mt at 0.40% Cu, 0.42 g/t Au, 0.020% Mo while the estimate of Indicated Resources is 3,391Mt at 0.56% Cu, 0.41 g/t Au, 0.029% Mo.

(4) **Pebble co-product estimated grades 2010 (Measured):** Gold 0.36g/t, Molybdenum 0.018%. CuEq average grade 0.66%.

(5) **Pebble co-product estimated grades 2010 (Indicated):** Gold 0.36g/t, Molybdenum 0.027%. CuEq average grade 0.85%.

(6) **Pebble co-product estimated grades 2010 (Inferred):** Gold 0.30g/t, Molybdenum 0.026%. CuEq average grade 0.66%.

(7) **Pebble:** The property comprises a continuous block of 1,335 located Alaska State mineral claims which total 98,000 acres (39,659 hectares) and which are currently valid. There are no known factors affecting the claims.

(8) **Los Sulfatos:** The 2010 work programme focused on development of Tunel Sur, an 8km tunnel that will provide underground access for resource drilling. Drilling is planned to commence during 2012. The test for reasonable prospects of eventual economic extraction is based on an underground operation.

(9) **San Enrique Monolito:** Exploration drilling during 2010 focused on the confirmation of extension at depth for the underground resource. The test for reasonable prospects of eventual economic extraction is based on an underground operation.

(10) **West Wall:** Exploration in 2010 focused on in-fill drilling of the Lagunillas sector of the project. The test for reasonable prospects of eventual economic extraction is based on an open pit operation to a depth of 600m below surface.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2010 at the following projects:
Quellaveco, Mantoverde Sulphide Project and Pebble.

NICKEL

estimates as at 31 December 2010

NICKEL

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Nickel – Operations ORE RESERVES	Attributable %	LOM	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Barro Alto (OP)[1]	100	20		Mt	Mt	%Ni	%Ni	kt	kt
Laterite			Proved	16.0	9.0	1.75	1.66	279	150
			Probable	31.6	30.5	1.65	1.71	520	522
			Total	**47.5**	**39.5**	**1.68**	**1.70**	**798**	**672**
Loma de Níquel (OP)[2]	91.4	8				%Ni	%Ni		
Laterite			Proved	3.9	7.4	1.54	1.46	60	109
			Probable	5.8	25.0	1.44	1.42	83	354
			Total	**9.7**	**32.4**	**1.48**	**1.43**	**143**	**463**
Niquelândia (OP)[3]	100	13				%Ni	%Ni		
Laterite			Proved	5.8	3.2	1.29	1.33	74	42
			Probable	1.9	0.5	1.24	1.33	24	7
			Total	**7.7**	**3.7**	**1.28**	**1.33**	**98**	**49**

Nickel – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Barro Alto (OP)[1]	100		Mt	Mt	%Ni	%Ni	kt	kt
Laterite		Measured	9.1	3.5	1.50	1.30	137	46
		Indicated	9.8	16.6	1.22	1.27	119	211
		Measured and Indicated	**18.9**	**20.1**	**1.35**	**1.28**	**256**	**257**
		Inferred (in LOM)	45.5	38.5	1.51	1.55	685	597
		Inferred (ex. LOM)	17.1	22.4	1.18	1.27	202	285
		Total Inferred	**62.6**	**61.0**	**1.42**	**1.45**	**887**	**883**
Loma de Níquel (OP)[2]	91.4				%Ni	%Ni		
Laterite		Measured	0.5	1.9	1.43	1.51	7	29
		Indicated	1.5	7.2	1.37	1.51	21	109
		Measured and Indicated	**2.0**	**9.2**	**1.39**	**1.51**	**28**	**138**
		Inferred (in LOM)	0.1	–	1.78	–	2	–
		Inferred (ex. LOM)	1.1	6.4	1.59	1.53	18	97
		Total Inferred	**1.3**	**6.4**	**1.61**	**1.53**	**20**	**97**
Niquelândia (OP)[3]	100				%Ni	%Ni		
Laterite		Measured	1.0	3.3	1.25	1.29	12	43
		Indicated	2.2	3.5	1.24	1.25	27	44
		Measured and Indicated	**3.2**	**6.9**	**1.24**	**1.27**	**40**	**87**
		Inferred (in LOM)	–	–	–	–	–	–
		Inferred (ex. LOM)	–	–	–	–	–	–
		Total Inferred	**–**	**–**	**–**	**–**	**–**	**–**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Nickel – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Jacaré[4]	100		Mt	Mt	%Ni	%Ni	kt	kt
Ferruginous Laterite		Measured	0.5	–	1.19	–	6	–
		Indicated	96.8	98.5	1.18	1.19	1,144	1,175
		Measured and Indicated	**97.3**	**98.5**	**1.18**	**1.19**	**1,149**	**1,175**
		Inferred	73.9	80.8	1.15	1.16	850	939
Saprolite		Measured	–	–	–	–	–	–
		Indicated	33.9	25.3	1.52	1.54	517	388
		Measured and Indicated	**33.9**	**25.3**	**1.52**	**1.54**	**517**	**388**
		Inferred	83.7	85.1	1.37	1.36	1,149	1,156

Mining method: OP = Open Pit. LOM = Life of Mine in years based on scheduled Ore Reserves.
Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

(1) **Barro Alto:** Ore from Barro Alto is currently being processed at the Codemin plant. The pit has been re-optimised and re-scheduled at a higher nickel price which resulted in higher Ore Reserves being declared. Less than 1% of the Inferred (in LOM) is scheduled to be mined in the first three years and less than 10% in the first 10 years. Mineral Resources are quoted above a 0.9% Ni cut-off and below an iron content of 30% Fe. In addition due to new information, a total of 2.6Mt with an average grade of 1.68% Ni was added to the Ore Reserves and 4.4Mt with an average grade of 1.68% Ni was added to the Mineral Resources. The Mineral Resources were diminished by the conversion of material to Ore Reserves. The Mineral Resources include 8.7Mt of Ferruginous Laterite at an average grade of 1.21% Ni.

(2) **Loma de Níquel:** The single largest component contributing to the decrease in Ore Reserves is due to the recognition of the loss of rights over 13 of 16 mining concession areas (28.4Mt with an average grade of 1.42% Ni). Refer to note 5 in the Financial statements. The three remaining mining concessions are due for renewal in November 2012. This reduction was partially offset by model refinement, following a new drilling campaign, within the Camedas 1, Sector North where Mineral Resources and Ore Reserves increased significantly. Mineral Resources include all mineralisation inside a saprolite envelope defined by nickel and iron grade boundaries (>0.80% Ni and <35% Fe).

(3) **Niquelândia:** The change in Ore Reserves is the exclusive result of conversion of Mineral Resources to Ore Reserves within the new integrated mine plan that envisages blending of Barro Alto ores and Niquelândia ores. Mineral Resources are quoted above a 0.9% Ni cut-off and below an iron content of 30% Fe. The Mineral Resources decrease as a result of the higher percentage converted to Ore Reserves due to the integration of the mine plans. Previously referred to as Codemin-Niquelândia, Codemin being the ferronickel smelter adjacent to the Niquelândia Mine.

(4) **Jacaré:** Mineral Resources are quoted above a 0.9% Ni cut-off and greater than 1.5m thickness. The resource model has been updated following further drilling. The Plano de Aproveitamento Economico (PAE) is currently under consideration by Brazil's Departamento Nacional de Produção Mineral (DNPM). The Saprolite Resources tabulated are a combination of higher-grade resources (>1.3% Ni) that are expected to feed a pyrometallurgical treatment facility and lower-grade resources (1.3% – 0.9% Ni) that could be used to neutralise the acid in the proposed treatment of the Ferruginous Laterite material. Ferruginous Laterite is envisaged to be treated by hydrometallurgical processes.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2010 at the following operations: Barro Alto, Niquelândia.

IRON ORE

estimates as at 31 December 2010

KUMBA IRON ORE

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007). The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Kumba Iron Ore – Operations ORE RESERVES	Attributable %	LOM	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Saleable product 2010 Mt	Saleable product 2010 %Fe	Saleable product 2009 Mt	Saleable product 2009 %Fe
Kolomela Mine (OP)[1]	48.3	28		Mt	Mt	%Fe	%Fe	Mt	%Fe	Mt	%Fe
			Proved	118.5	123.1	64.5	64.2	118	64.5	123	64.2
			Probable	84.0	91.0	64.1	63.9	84	64.1	91	63.9
			Total	**202.4**	**214.1**	**64.3**	**64.1**	**202**	**64.3**	**214**	**64.0**
Sishen Mine (OP)[2]	38.0	20				%Fe	%Fe				
			Proved	576.3	707.6	59.8	59.2	439	65.5	531	65.4
			Probable	500.6	203.9	58.7	59.2	366	65.1	154	64.9
			Total	**1,077.0**	**911.5**	**59.3**	**59.2**	**805**	**65.3**	**685**	**65.3**
Thabazimbi Mine (OP)[3]	48.3	6				%Fe	%Fe				
Area outside Vanderbijl Pit			Proved	9.0	9.5	61.1	61.7	8	62.6	8	63.4
			Probable	4.9	4.7	60.6	61.3	4	61.9	4	62.7
			Total	**13.9**	**14.2**	**61.0**	**61.5**	**12**	**62.3**	**12**	**63.1**

Kumba Iron Ore – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009
Kolomela Mine (OP)[4]	48.3		Mt	Mt	%Fe	%Fe
		Measured	49.1	49.5	65.1	65.0
		Indicated	20.0	20.8	65.0	64.9
		Measured and Indicated	**69.2**	**70.3**	**65.1**	**64.9**
		Inferred (in LOM)	35.1	35.4	65.7	65.6
		Inferred (ex. LOM)	47.7	47.4	62.5	62.5
		Total Inferred	**82.7**	**82.9**	**63.9**	**63.8**
Sishen Mine (OP)[5]	38.0				%Fe	%Fe
		Measured	127.0	589.1	59.4	56.0
		Indicated	410.5	697.0	58.5	57.6
		Measured and Indicated	**537.5**	**1,286.1**	**58.7**	**56.8**
		Inferred (in LOM)	17.9	3.7	59.7	58.2
		Inferred (ex. LOM)	116.2	148.7	59.6	59.4
		Total Inferred	**134.1**	**152.4**	**59.6**	**59.4**
Thabazimbi Mine (OP)[6][7]	48.3				%Fe	%Fe
Area outside Vanderbijl Pit		Measured	3.4	9.5	61.8	62.7
		Indicated	1.2	2.4	61.2	63.7
		Measured and Indicated	**4.6**	**11.9**	**61.6**	**62.9**
		Inferred (in LOM)	0.9	1.3	61.9	61.9
		Inferred (ex. LOM)	0.9	2.3	61.5	63.4
		Total Inferred	**1.8**	**3.6**	**61.7**	**62.8**
Vanderbijl Pit hematite		Measured	8.1	–	62.8	–
		Indicated	1.8	–	64.3	–
		Measured and Indicated	**9.9**	**–**	**63.1**	**–**
		Inferred (in LOM)	–	–	–	–
		Inferred (ex. LOM)	1.5	–	64.2	–
		Total Inferred	**1.5**	**–**	**64.2**	**–**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit. LOM = Life of Mine is based on scheduled Reserves including some Inferred Resources considered for life of mine planning.
The tonnage is quoted as dry metric tonnes and abbreviated as Mt for million tonnes.
The Mineral Resources are constrained by a resource pit shell, which defines the spatial limits of eventual economic extraction.
Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.
The Zandrivierspoort Project is not reported as Anglo American's shareholding is below the internal threshold for reporting. Details of this project are presented in the Kumba Iron Ore Annual Report.

(1) **Kolomela Mine – Ore Reserves:** The mine plan has been updated to include revised scheduling and blending strategies.
(2) **Sishen Mine – Ore Reserves:** An expanded pit layout has been developed to incorporate the updated long-term price outlook for iron ore and is responsible for the largest proportion of the change (+609Mt). The gains are offset by a refinement in the resource model (-238Mt) and application of an improved LOM planning technique that includes a refinement in the treatment and estimation of modifying factors (-152Mt).
(3) **Thabazimbi Mine – Ore Reserves:** The reserve cut-off was increased resulting in the slight decrease in Ore Reserves.
(4) **Kolomela Mine – Mineral Resources:** The reserve cut-off grade was lowered resulting in slightly more Mineral Resources being converted to Ore Reserves.
(5) **Sishen Mine – Mineral Resources:** The expanded pit layout has resulted in a significantly higher conversion of Mineral Resources to Ore Reserves (-618Mt). A further reduction is attributable to a refinement of the resource model, which focused particular attention on remodelling the lower-grade jig plant feed materials (-120Mt).
(6) **Thabazimbi Mine:** In 2010, the Mineral Resources have been split into two separate entities; the Vanderbijl Pit hematite Mineral Resource and the area outside the Vanderbijl Pit. The hematite Mineral Resource in the Vanderbijl Pit, which has not changed since 2006, has been ring-fenced as part of an ongoing study to utilise this and other lower-grade material at this location.
(7) **Thabazimbi Mine – Mineral Resources:** The reserve cut-off was increased resulting in a slight increase in Mineral Resources as less were converted to Ore Reserves.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2010 at the following operations: Sishen, Thabazimbi.

IRON ORE BRAZIL

The Minas Rio project is located in the state of Minas Gerais, Brazil and will include open pit mines and a beneficiation plant producing high grade pellet feed which will be transported, through a slurry pipeline, over 500km to the Port of Açu in the state of Rio de Janeiro. The project will largely be based on the two main deposits of Serra do Sapo and Itapanhoacanga. Two ore types, Friable and Compact Itabirite, have been identified at Serra do Sapo and Itapanhoacanga. Only the Friable Itabirite is being considered for Phase 1 of the project. The planned annual capacity of Phase 1 is 26.5Mtpa of iron ore pellet feed (wet tonnes), for start up during in the second half of 2013.

2010 was a turnaround year for Amapá with plant operations nearing stability. Coupled with a good safety performance and excellent cost control, Amapá achieved profitability at the end of 2010 (12 months ahead of schedule). Additional efforts are underway to achieve stability in earthmoving maintenance. The focus for Amapá has shifted from completion of commissioning and achievement of stability in operations to potential growth. Additional geochemical and engineering testwork and studies are underway that will all form part of the Mineral Resource to Ore Reserve conversion to be performed at the end of 2011.

The Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. The figures reported represent 100% of the Mineral Resources. Rounding of figures may cause computational discrepancies.

Iron Ore Brazil – Operations

MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009
			Mt	Mt	%Fe	%Fe
Amapá (OP)[1][2]	70.0					
Canga		Measured	–	–	–	–
		Indicated	12.0	–	53.1	–
		Measured and Indicated	**12.0**	**–**	**53.1**	**–**
		Inferred	3.9	17.2	45.1	54.6
Colluvium		Measured	13.5	5.6	41.9	40.9
		Indicated	34.3	31.0	40.5	44.0
		Measured and Indicated	**47.9**	**36.6**	**40.9**	**43.5**
		Inferred	25.8	14.1	35.6	41.7
Friable Itabirite and Hematite		Measured	14.7	28.7	44.5	42.5
		Indicated	78.9	80.8	42.6	41.3
		Measured and Indicated	**93.7**	**109.4**	**42.9**	**41.6**
		Inferred	54.5	29.9	40.3	41.8

Iron Ore Brazil – Projects

MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009
			Mt	Mt	%Fe	%Fe
Itapanhoacanga (OP)[3][4]	100					
Friable Itabirite and Hematite		Measured	25.0	25.0	42.5	42.5
		Indicated	219.2	219.2	41.6	41.6
		Measured and Indicated	**244.2**	**244.2**	**41.7**	**41.7**
		Inferred	74.7	74.7	41.7	41.7
Compact Itabirite		Measured	10.9	10.9	33.2	33.2
		Indicated	95.8	95.8	33.8	33.8
		Measured and Indicated	**106.7**	**106.7**	**33.7**	**33.7**
		Inferred	43.9	43.9	33.2	33.2
Serra do Sapo (OP)[3][5]	100				%Fe	%Fe
Friable Itabirite and Hematite		Measured	502.7	498.1	37.8	38.6
		Indicated	1,070.0	872.5	37.2	37.0
		Measured and Indicated	**1,572.6**	**1,370.5**	**37.4**	**37.6**
		Inferred	275.8	192.2	39.9	33.1
Compact Itabirite		Measured	497.7	453.8	31.5	31.8
		Indicated	1,819.8	1,968.3	31.0	31.2
		Measured and Indicated	**2,317.5**	**2,422.1**	**31.1**	**31.3**
		Inferred	709.2	149.4	30.2	30.3
Serro (OP)[3][6]	100				%Fe	%Fe
Friable Itabirite and Hematite		Measured	–	–	–	–
		Indicated	9.5	9.5	63.6	63.6
		Measured and Indicated	**9.5**	**9.5**	**63.6**	**63.6**
		Inferred	74.2	74.2	35.3	35.3
Compact Itabirite		Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred	308.2	308.2	31.6	31.6

Mining method: OP = Open Pit.
Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

(1) **Amapá – Mineral Resources:** The cut-off grade used is 25% Fe. Assays are on a dry basis. Tonnages are reported on a wet basis with an average moisture content of 7 wt% for Canga, 10 wt% for Colluvium and 8 wt% for Friable Itabirite and Hematite ore.
(2) **Amapá:** The increase in Colluvium and Friable Itabirite and Hematite is the result of the addition of the Mário Cruz Leste and Vila do Meio Leste areas. The decrease in Measured and Indicated Friable Itabirite and Hematite is mostly the result of depletion and a change in the classification methodology. Friable Itabirite and Hematite includes Friable Itabirite, Altered Friable Itabirite and Friable Hematite. The Mineral Resources comprise the Mário Cruz, Mário Cruz Leste, Martelo, Taboca, Taboca Leste, Vila do Meio and Vila do Meio Leste areas.
(3) **Minas Rio Project – Mineral Resources:** The cut-off grade used is 25% Fe. Assays are on a dry basis. Tonnages are reported on a wet basis with an average moisture content of 4 wt% for Friable ore. Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, High Alumina Itabirite, Soft Hematite and Canga. The Compact Itabirite was previously referred to as Hard Itabirite.
(4) **Itapanhoacanga:** Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, Soft Hematite and Hard Hematite.
(5) **Serra do Sapo:** Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, High Alumina Itabirite, Soft Hematite and Canga. The Canga material (70.1 Mt at 55.11% Fe Inferred Resources) is included and supported by the geometallurgical tests. The properties of Mineração Trindade Ltd containing Mineral Resources which were included in the 2009 figures were acquired by Anglo Ferrous Minas-Rio Mineração S.A.
(6) **Serro:** Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite and Hard Hematite (9.5Mt @ 63.6% Fe).

Audits related to the generation of the Mineral Resource statements were carried out by independent consultants during 2010 at the following operations and projects: Amapá.

MANGANESE

estimates as at 31 December 2010

SAMANCOR MANGANESE

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as applicable. The figures reported represent 100% of the Ore Reserves and Mineral Resources (source: BHP Billiton). Rounding of figures may cause computational discrepancies.

Samancor Manganese – Operations				Tonnes		Grade		Yield	
ORE RESERVES	Attributable %	LOM	Classification	2010	2009	2010	2009	2010	2009
GEMCO (OP)[1]	40.0	12		Mt	Mt	%Mn	%Mn	%	%
			Proved	63.2	67.5	46.9	46.8	50.7	50.8
			Probable	42.0	43.2	46.4	46.4	47.6	47.9
			Total	**105.2**	**110.7**	**46.7**	**46.7**	**49.5**	**49.7**
Hotazel Manganese Mines[2]	29.6					%Mn	%Mn		
Mamatwan (OP)[3]		22	Proved	48.9	53.6	37.2	37.8		
			Probable	32.0	24.8	37.0	37.2		
			Total	**80.9**	**78.4**	**37.1**	**37.6**		
Wessels (UG)[4]		54	Proved	5.0	5.1	45.1	45.5		
			Probable	76.4	68.4	42.9	43.0		
			Total	**81.4**	**73.5**	**43.1**	**43.2**		

Samancor Manganese – Operations			Tonnes		Grade		Yield	
MINERAL RESOURCES	Attributable %	Classification	2010	2009	2010	2009	2010	2009
GEMCO (OP)[5]	40.0		Mt	Mt	%Mn	%Mn	%	%
		Measured	67.0	71.2	46.3	46.3	44.4	44.4
		Indicated	45.5	46.6	45.9	46.0	43.9	44.0
		Measured and Indicated	**112.4**	**117.9**	**46.2**	**46.2**	**44.2**	**44.2**
		Inferred	38.9	39.0	43.3	43.3	45.2	45.2
Hotazel Manganese Mines	29.6				%Mn	%Mn		
Mamatwan (OP)[6]		Measured	68.9	79.6	35.6	35.8		
		Indicated	54.7	45.3	34.6	34.3		
		Measured and Indicated	**123.6**	**124.9**	**35.2**	**35.3**		
		Inferred	4.2	3.1	34.4	33.1		
Wessels (UG)[7]		Measured	14.6	12.1	45.8	46.3		
		Indicated	128.4	132.0	44.2	44.2		
		Measured and Indicated	**143.0**	**144.1**	**44.4**	**44.4**		
		Inferred	–	–	–	–		

THE MINERAL RESOURCES INCLUDE ORE RESERVES

Samancor Gabon – Projects			Tonnes		Grade		Yield	
MINERAL RESOURCES	Attributable %	Classification	2010	2009	2010	2009	2010	2009
Franceville Project – Beniomi[8]	40.0		Mt	Mt	%Mn	%Mn	%	%
Plaquette Ore		Measured	11.0	–	36.1	–	72.0	–
		Indicated	6.6	–	36.1	–	74.4	–
		Measured and Indicated	**17.5**	**–**	**36.1**	**–**	**72.9**	**–**
		Inferred	2.9	–	36.1	–	71.8	–
Transition Ore		Measured	4.1	–	24.3	–	73.1	–
		Indicated	2.4	–	24.5	–	75.1	–
		Measured and Indicated	**6.5**	**–**	**24.4**	**–**	**73.8**	**–**
		Inferred	5.0	–	24.2	–	68.4	–
Franceville Project – Bordeaux[8]	40.0				%Mn	%Mn		
Plaquette Ore		Measured	4.6	–	36.4	–	72.0	–
		Indicated	0.8	–	36.1	–	67.8	–
		Measured and Indicated	**5.4**	**–**	**36.4**	**–**	**71.4**	**–**
		Inferred	0.8	–	36.8	–	69.5	–
Transition Ore		Measured	2.3	–	24.7	–	74.0	–
		Indicated	0.5	–	24.1	–	70.3	–
		Measured and Indicated	**2.8**	**–**	**24.6**	**–**	**73.3**	**–**
		Inferred	1.8	–	25.1	–	67.1	–

Mining method: OP = Open Pit, UG = Underground. LOM = Life of Mine in years based on scheduled Ore Reserves.
Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

(1) **GEMCO – Ore Reserves:** Manganese grades are given as per washed ore samples and should be read together with their respective yields.
(2) **Hotazel Manganese Mines:** An agreement has been reached between Samancor Manganese and empowerment consortium Ntsimbintle Mining Pty Ltd. The Ntsimbintle agreement has been signed by both parties and approved by the South African Government. This transaction allows for the inclusion of part of the Prospecting Rights held by Ntsimbintle into the Mamatwan and Wessels Mining Areas in exchange for 9% equity in Hotazel Manganese Mines (Pty) Ltd, thereby adding the Ore Reserves of Mamatwan and Wessels within the Ntsimbintle Prospecting Right to the Mamatwan and Wessels Mining Rights. Section 102 applications have been lodged with the South African Department of Mineral Resources (DMR) to amend the Mamatwan and Wessels Mining Rights areas to include the Ntsimbintle Prospecting Right. Hotazel Manganese Mines (Pty) Ltd is the owner of Mamatwan and Wessels mines. The other 26% is held by: Ntsimbintle (9%), NCAB (7%), Iziko (5%) and the HMM Education Trust (5%). The addition of other empowerment consortiums during 2010 has diluted Anglo American's share in Hotazel Manganese Mines (Pty) Ltd to 29.6%.
(3) **Mamatwan – Ore Reserves:** The increase is attributable to the revised wireframe used in the latest block model. The calculation of the Ore Reserves has been aligned with the updated mine plan.
(4) **Wessels – Ore Reserves:** The increase is ascribed to a revised smaller support pillar factor in the West Block (18% versus a previous factor of 25%) and the new block model. The calculation of the Ore Reserves has been aligned with the updated mine plan.
(5) **GEMCO – Mineral Resources:** No additional drilling data was added during 2010. All changes are as a result of depletion due to mining.
(6) **Mamatwan – Mineral Resources:** Changes are due to the use of a new resource model now covering the entire Ntsimbintle joint venture area.
(7) **Wessels – Mineral Resources:** A new resource model has been used to estimate Mineral Resources.
(8) **Beniomi and Bordeaux:** Mn grades are for +0.15mm screen size fraction and should be read together with their respective tonnage yields. These areas were prospected using drilling and pitting by CVRD (Vale) from 2003 to 2005 and subsequently by Samancor Gabon. A programme of large diameter bucket auger and Mini sonic drilling was conducted on the Beniomi and later the Bordeaux Plateaux focused on providing Pilot Plant feed. In addition, a regional exploration programme using RAB drill rigs was undertaken on surrounding plateaux. Gemecs (Pty) Ltd prepared geological models and resource estimates for Beniomi and Bordeaux, which are the only areas for which Mineral Resources have been declared. Pilot Plant testwork results have informed the opinion as to eventual economic viability of the Mineral Resources as reported. The greater project comprises of a number of wide-spread prospecting permits and prospecting authorisations. In time, the project is envisaged to include a number of shallow open pit mines located on a number of plateaux feeding a processing plant complex made up of scrubbing and DMS sections and producing both high grade lump and fine ores.

COAL

estimates as at 31 December 2010

METALLURGICAL COAL

The Coal Reserve and Coal Resource estimates were compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. The figures reported represent 100% of the Coal Reserves and Coal Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies. Anglo American Metallurgical Coal comprises export metallurgical and thermal coal operations located in Australia.

Metallurgical Coal – Australia Operations

COAL RESERVES[1]	Attributable %[2]	LOM	Classification	ROM Tonnes[3] 2010	ROM Tonnes[3] 2009	Yield[4] 2010	Yield[4] 2009	Saleable Tonnes[3] 2010	Saleable Tonnes[3] 2009	Saleable Quality[5] 2010	Saleable Quality[5] 2009
Callide (OC)	100	22		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Domestic Power			Proved	130.6	125.8	98.1	97.4	128.1	122.3	3,740	4,550
			Probable	90.6	87.7	99.5	99.2	90.1	87.0	3,890	4,560
			Total	**221.2**	**213.5**	**98.7**	**98.2**	**218.2**	**209.3**	**3,800**	**4,550**
Capcoal (OC)	76.8	34								kcal/kg	kcal/kg
Export Thermal			Proved	84.7	85.7	3.0	3.3	2.7	3.0	7,060	7,070
			Probable	72.5	54.1	2.3	3.6	1.7	2.0	7,030	7,070
			Total	**157.1**	**139.8**	**2.7**	**3.4**	**4.4**	**5.0**	**7,050**	**7,070**
										CSN	CSN
Coking			Proved			21.2	23.4	18.7	20.8	7.0	7.0
			Probable			16.8	25.7	12.3	14.4	6.5	6.5
			Total			**19.2**	**24.3**	**31.0**	**35.2**	**7.0**	**7.0**
Other Metallurgical										kcal/kg	kcal/kg
			Proved			44.3	42.8	39.0	38.1	6,970	6,980
			Probable			46.7	37.2	35.0	20.9	6,990	7,090
			Total			**45.4**	**40.6**	**74.0**	**59.0**	**6,980**	**7,020**
Capcoal (UG)	70.0	11								CSN	CSN
Coking			Proved	45.7	41.3	72.9	66.9	35.2	29.2	9.0	9.0
			Probable	14.7	13.8	72.0	68.5	11.2	10.0	9.0	8.5
			Total	**60.4**	**55.1**	**72.7**	**67.3**	**46.3**	**39.2**	**9.0**	**9.0**
Dawson (OC)	51.0	21								kcal/kg	kcal/kg
Export Thermal			Proved	17.9	21.0	61.3	57.6	11.2	12.4	6,500	6,500
			Probable	156.0	161.8	57.6	56.4	92.4	93.9	6,500	6,500
			Total	**173.8**	**182.8**	**58.0**	**56.6**	**103.7**	**106.3**	**6,500**	**6,500**
										CSN	CSN
Coking			Proved			22.1	24.4	4.0	5.2	7.5	7.5
			Probable			17.7	18.9	28.4	31.4	7.5	7.5
			Total			**18.2**	**19.5**	**32.4**	**36.6**	**7.5**	**7.5**
Drayton (OC)	88.2	6								kcal/kg	kcal/kg
Export Thermal			Proved	4.2	1.9	76.7	78.4	3.2	1.5	6,260	7,070
			Probable	24.3	31.2	76.7	77.3	18.6	24.1	6,260	6,450
			Total	**28.5**	**33.1**	**76.7**	**77.4**	**21.8**	**25.6**	**6,260**	**6,490**
Foxleigh (OC)	70.0	8								kcal/kg	kcal/kg
Other Metallurgical			Proved	5.8	1.9	76.9	71.1	4.8	1.4	6,960	6,520
			Probable	14.7	4.4	76.8	71.1	12.0	3.3	6,810	6,580
			Total	**20.5**	**6.3**	**76.8**	**71.1**	**16.8**	**4.7**	**6,850**	**6,560**
Moranbah North (UG)	88.0	19								CSN	CSN
Coking			Proved	116.8	123.6	76.9	78.5	94.8	102.5	8.0	7.5
			Probable	13.1	12.2	72.3	74.0	10.0	9.6	8.0	8.0
			Total	**130.0**	**135.8**	**76.4**	**78.1**	**104.8**	**112.0**	**8.0**	**7.5**
Australia Export Thermal	58.1			Mt	Mt	Plant %	Plant %	Mt	Mt	kcal/kg	kcal/kg
			Proved	405.5	401.0	55.0	49.7	17.1	16.9	6,540	6,650
			Probable	385.8	365.3	59.9	59.8	112.7	120.0	6,470	6,500
			Total	**791.4**	**766.4**	**59.2**	**58.5**	**129.8**	**136.9**	**6,480**	**6,520**
Australia Coking	76.9									CSN	CSN
			Proved			62.3	63.8	152.7	157.7	8.0	7.5
			Probable			29.6	32.7	61.9	65.3	7.5	7.5
			Total			**52.4**	**54.6**	**214.5**	**223.0**	**8.0**	**7.5**
Australia Other Metallurgical	75.5									kcal/kg	kcal/kg
			Proved			34.0	30.2	43.7	39.5	6,970	6,960
			Probable			48.3	35.2	47.1	24.2	6,940	7,020
			Total			**40.8**	**32.1**	**90.8**	**63.7**	**6,960**	**6,990**
Australia Domestic Power	100									kcal/kg	kcal/kg
			Proved			98.1	97.4	128.1	122.3	3,740	4,550
			Probable			99.5	99.2	90.1	87.0	3,890	4,560
			Total			**98.7**	**98.2**	**218.2**	**209.3**	**3,800**	**4,560**

Mining method: OC = Open Cut, UG = Underground. LOM = Life of Mine in years based on scheduled Coal Reserves.
For the multi-product operations, the ROM tonnage figures apply to each product.
The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account.
Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.
Additional footnotes appear at the end of the section.

Export Thermal refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Coking refers to a high-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in steel industry; quality measured as crucible swell number (CSN).
Other Metallurgical refers to semi soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal.
Domestic Power refers to low- to high-volatile thermal or semi-soft coal primarily for domestic consumption for power generation; quality measured by calorific value (CV).

ORE RESERVES AND MINERAL RESOURCES

COAL continued

estimates as at 31 December 2010

Metallurgical Coal – Australia Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2010 MTIS[6]	Tonnes 2009 MTIS[6]	Coal Quality 2010 kcal/kg[7]	Coal Quality 2009 kcal/kg[7]
Callide	100					
		Measured	220.0	317.8	4,870	4,800
		Indicated	324.0	375.3	4,790	4,740
		Measured and Indicated	**543.9**	**693.1**	**4,820**	**4,770**
		Inferred (in LOM)[8]	12.1	0.4	4,260	4,050
Capcoal (OC)	76.8	Measured	13.8	21.8	7,080	7,010
		Indicated	27.9	39.1	7,080	6,940
		Measured and Indicated	**41.7**	**60.9**	**7,080**	**6,970**
		Inferred (in LOM)[8]	36.6	12.0	6,710	6,560
Capcoal (UG)	70.0	Measured	76.3	79.5	6,730	6,750
		Indicated	68.0	76.9	6,620	6,660
		Measured and Indicated	**144.3**	**156.4**	**6,680**	**6,710**
		Inferred (in LOM)[8]	0.3	–	6,630	–
Dawson	51.0	Measured	163.1	163.1	6,670	6,650
		Indicated	278.6	278.6	6,660	6,650
		Measured and Indicated	**441.7**	**441.7**	**6,660**	**6,650**
		Inferred (in LOM)[8]	103.5	103.5	6,870	6,710
Drayton	88.2	Measured	2.4	0.9	6,870	6,870
		Indicated	12.3	12.5	6,850	6,730
		Measured and Indicated	**14.7**	**13.4**	**6,850**	**6,740**
		Inferred (in LOM)[8]	0.4	0.1	6,050	5,910
Foxleigh	70.0	Measured	17.3	10.0	7,130	6,760
		Indicated	16.1	58.9	7,090	6,480
		Measured and Indicated	**33.3**	**68.9**	**7,110**	**6,520**
		Inferred (in LOM)[8]	7.0	–	6,830	–
Moranbah North	88.0	Measured	39.5	42.1	6,630	6,590
		Indicated	20.4	20.0	6,500	6,480
		Measured and Indicated	**59.9**	**62.2**	**6,590**	**6,550**
		Inferred (in LOM)[8]	0.2	0.1	6,680	6,800
Australia – Mine Leases	77.5	Measured	532.3	635.2	5,960	5,750
		Indicated	747.3	861.4	5,870	5,820
		Measured and Indicated	**1,279.6**	**1,496.6**	**5,910**	**5,790**
		Inferred (in LOM)[8]	160.2	116.0	6,630	6,690

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Metallurgical Coal – Australia Projects

COAL RESERVES[1]	Attributable %[2]	LOM	Classification	ROM Tonnes[3] 2010 Mt	ROM Tonnes[3] 2009 Mt	Yield[4] 2010 ROM %	Yield[4] 2009 ROM %	Saleable Tonnes[3] 2010 Mt	Saleable Tonnes[3] 2009 Mt	Saleable Quality[5] 2010 CSN	Saleable Quality[5] 2009 CSN
Grosvenor	100	26									
Coking			Proved	63.3	–	64.9	–	43.3	–	8.5	–
			Probable	49.9	–	64.3	–	33.8	–	8.0	–
			Total	**113.2**	**–**	**64.6**	**–**	**77.2**	**–**	**8.5**	**–**

Metallurgical Coal – Australia Projects

COAL RESOURCES[6] [8]	Attributable %[2]	Classification	Tonnes 2010 MTIS[6]	Tonnes 2009 MTIS[6]	Coal Quality 2010 kcal/kg[7]	Coal Quality 2009 kcal/kg[7]
Dartbrook	83.3					
		Measured	386.1	170.1	5,720	6,200
		Indicated	24.8	51.9	5,460	6,200
		Measured and Indicated	**410.9**	**222.1**	**5,700**	**6,200**
Drayton South	88.2	Measured	405.7	398.9	6,580	6,440
		Indicated	173.4	137.9	6,540	6,340
		Measured and Indicated	**579.2**	**536.8**	**6,570**	**6,410**
Grosvenor	100	Measured	168.5	240.1	6,410	6,350
		Indicated	55.3	117.2	6,430	6,340
		Measured and Indicated	**223.8**	**357.3**	**6,410**	**6,350**
Moranbah South	50.0	Measured	146.4	56.0	6,030	5,940
		Indicated	325.4	149.7	6,300	6,290
		Measured and Indicated	**471.7**	**205.7**	**6,220**	**6,190**
Taroom	–	Measured	–	36.4	–	5,560
		Indicated	–	89.0	–	5,580
		Measured and Indicated	**–**	**125.5**	**–**	**5,570**
Theodore	51.0	Measured	–	–	–	–
		Indicated	258.5	358.2	6,260	6,250
		Measured and Indicated	**258.5**	**358.2**	**6,260**	**6,250**
Australia – Projects	74.3	Measured	1,106.7	901.5	6,180	6,300
		Indicated	837.4	903.9	6,320	6,210
		Measured and Indicated	**1,944.1**	**1,805.4**	**6,240**	**6,260**

Metallurgical Coal – Australia Operations and Projects

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2010 MTIS[6]	Tonnes 2009 MTIS[6]	Coal Quality 2010 kcal/kg[7]	Coal Quality 2009 kcal/kg[7]
Total	75.6					
		Measured	1,638.9	1,536.7	6,110	6,070
		Indicated	1,584.7	1,765.3	6,110	6,020
		Measured and Indicated	**3,223.6**	**3,302.0**	**6,110**	**6,050**
		Inferred (in LOM)[8]	196.0	116.0	6,590	6,690

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Metallurgical Coal – Australia Projects

BROWN COAL RESOURCES[6][8]	Attributable %[2]	Classification	Tonnes 2010 MTIS[6]	Tonnes 2009 MTIS[6]	Coal Quality 2010 kcal/kg[7]	Coal Quality 2009 kcal/kg[7]
Monash Energy	100					
		Measured	5,095.0	5,095.0	1,820	1,820
		Indicated	5,221.0	5,221.0	1,790	1,790
		Measured and Indicated	**10,316.0**	**10,316.0**	**1,800**	**1,800**
Australia Brown Coal Resources	100	Measured	5,095.0	5,095.0	1,820	1,820
		Indicated	5,221.0	5,221.0	1,790	1,790
		Measured and Indicated	**10,316.0**	**10,316.0**	**1,800**	**1,800**

(1) Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis which represents the tonnes delivered to the plant. Saleable reserve tonnage represents the product tonnes produced. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.
(2) Attributable (%) refers to 2010 only. For the 2009 Reported and Attributable figures, please refer to the 2009 Annual Report.
(3) The tonnage is quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis, and Saleable tonnages on a Product moisture basis.
(4) Yield – ROM % represents the ratio of Saleable reserve tonnes to ROM reserve tonnes and is quoted on a constant moisture basis or on an air dried to air dried basis whereas Plant % is based on the 'Feed to Plant' tonnes. The product yields (ROM %) for Proved, Probable and Total are calculated by dividing the individual Saleable reserves by the total ROM reserves per classification.
(5) The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis or Crucible Swell Number (CSN). Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Domestic Synfuels collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.
(6) Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) basis in million tonnes which are in addition to those resources which have been modified to produce the reported Coal Reserves. Coal Resources are on an in-situ moisture basis.
(7) The coal quality for the Coal Resources is quoted on an in-situ heat content as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.
(8) Inferred (in LOM) refers to Inferred Coal Resources that are included in the life of mine extraction schedule of the respective collieries and are not reported as Coal Reserves. Inferred Coal Resources outside the LOM plan but within the mine lease area are not reported due to the uncertainty attached to such resources in that it cannot be assumed that all or part of the Inferred Resource will necessarily be upgraded to Indicated or Measured categories through continued exploration, such Inferred Resources do not necessarily meet the requirements of reasonable prospects for eventual economic extraction, particularly in respect of future mining and processing economics.

Summary of material changes (±10%) at reporting level

Callide: A full economic re-assessment of the Southern operations, was completed in 2010 which has resulted in a slight increase in reserves. The resources and reserves for the Boundary Hill and Boundary Hill Extended deposit have been depleted for 2010 due to unavailability of an updated geological model.
Capcoal: The increase in reserves at Capcoal is due to revision of the open cut economic pit limits derived from a revised margin ranking and a realignment of the underground mine layout.
Dawson: All geological models for Dawson have been updated and a major revision of the mine plan has been undertaken during 2010. Results from this work will only be finalised in Q1 2011 and Dawson resources and reserves have been depleted for 2010. The Dawson North mining area was reopened at the end of 2010.
Foxleigh: Reserve areas have been extended as a result of a revised economic margin ranking. Foxleigh Plains has been included in the resource and reserve estimates for the first time.
Grosvenor: Reserves are reported for the first time as the Grosvenor project has progressed to detailed feasibility study and a mining lease application has been lodged.
Moranbah South: Resources are reported for underground mining areas which have reasonable potential for eventual economic extraction based on conceptual mining studies.
Drayton South: Reported resources are based on current open cut, highwall mining and underground mining layouts from pre-feasibility studies. Previously reported as Saddlers Creek.
Dartbrook: Resources are now reported for potential open cut mining areas based on the results from the latest conceptual mining study completed in 2010.
Jellinbah: Not reported in 2010 due to <25% attributable interest.
Taroom: Disposal of Taroom was completed in December 2010.
Theodore: The decrease is a result of a change in the stripping ratio used to define 'reasonable prospects for eventual economic extraction'.

Brown Coal
Monash Energy: Resource estimates have not changed from 2009 because no additional data was added in 2010. The brown coal is a substantial resource suitable as a feedstock to many chemical processes but requires technological breakthroughs to allow the economic development of clean coal plants.

Coal Bed Methane
Dawson/Harcourt: The Dawson and Harcourt CBM operations were disposed of in July 2010.

Assumption with respect to Mineral Tenure
Callide: An expectation that a Mining Lease Application which has been lodged will be granted for the northern part of the Kilburnie area. A Mining Lease Application will be lodged and is expected to be granted for the Amy's Find area as an extension to the existing mining area at The Hut.
Foxleigh: A Mining Lease Application has been submitted with Department of Employment, Economic Development and Innovation (DEEDI) for the Plains area.

Reviews by independent third parties were carried out in 2010 on the following Operations and Project areas: Callide, Foxleigh, Dawson, Dartbrook, Drayton South.

COAL continued

estimates as at 31 December 2010

THERMAL COAL

The Coal Reserve and Coal Resource estimates were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as applicable. The figures reported represent 100% of the Coal Reserves and Coal Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies. Anglo American Thermal Coal comprises the dominantly export and domestic thermal coal operations, located in Colombia and South Africa.

Thermal Coal – Colombia Operations

COAL RESERVES[1]	Attributable %[2]	LOM	Classification	ROM Tonnes[3] 2010	ROM Tonnes[3] 2009	Yield[4] 2010	Yield[4] 2009	Saleable Tonnes[3] 2010	Saleable Tonnes[3] 2009	Saleable Quality[5] 2010	Saleable Quality[5] 2009
				Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Cerréjon (OC)	33.3	22									
Export Thermal			Proved	659.0	646.6	95.2	96.2	634.8	621.4	6,230	6,210
			Probable	64.1	50.7	95.3	96.2	61.7	48.9	6,230	6,210
			Total	**723.1**	**697.3**	**95.2**	**96.2**	**696.5**	**670.3**	**6,230**	**6,210**
Colombia Export Thermal	33.3									kcal/kg	kcal/kg
			Proved	659.0	646.6	95.2	96.2	634.8	621.4	6,230	6,210
			Probable	64.1	50.7	95.3	96.2	61.7	48.9	6,230	6,210
			Total	**723.1**	**697.3**	**95.2**	**96.2**	**696.5**	**670.3**	**6,230**	**6,210**

Thermal Coal – South Africa Operations

COAL RESERVES[1]	Attributable %[2]	LOM	Classification	ROM Tonnes[3] 2010	ROM Tonnes[3] 2009	Yield[4] 2010	Yield[4] 2009	Saleable Tonnes[3] 2010	Saleable Tonnes[3] 2009	Saleable Quality[5] 2010	Saleable Quality[5] 2009
				Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Goedehoop (UG&OC)	100	10									
Export Thermal			Proved	46.8	25.5	53.9	59.9	25.7	15.5	6,220	6,240
			Probable	45.6	85.6	55.0	54.5	25.6	47.5	6,220	6,180
			Total	**92.4**	**111.1**	**54.4**	**55.7**	**51.3**	**63.0**	**6,220**	**6,190**
Greenside (UG)	100	10								kcal/kg	kcal/kg
Export Thermal			Proved	37.3	39.8	58.6	59.0	22.7	24.3	6,190	6,190
			Probable	2.3	2.4	62.8	63.0	1.5	1.5	6,190	6,190
			Total	**39.6**	**42.1**	**58.8**	**59.2**	**24.2**	**25.8**	**6,190**	**6,190**
Isibonelo (OC)	100	15								kcal/kg	kcal/kg
Synfuel			Proved	74.9	84.5	100	100	74.9	84.6	4,640	4,560
			Probable	–	–	–	–	–	–	–	–
			Total	**74.9**	**84.5**	**100**	**100**	**74.9**	**84.6**	**4,640**	**4,560**
Kleinkopje (OC)	100	14								kcal/kg	kcal/kg
Export Thermal			Proved	77.5	77.1	37.1	33.8	29.0	26.4	6,220	6,220
			Probable	12.3	21.3	45.8	48.4	5.7	10.4	6,240	6,230
			Total	**89.8**	**98.4**	**38.3**	**37.0**	**34.7**	**36.8**	**6,220**	**6,220**
										kcal/kg	kcal/kg
Domestic Power			Proved			31.7	37.5	24.9	29.5	4,460	4,490
			Probable			–	–	–	–	–	–
			Total			**27.4**	**29.4**	**24.9**	**29.5**	**4,460**	**4,490**
Kriel (UG&OC)	73.0	13								kcal/kg	kcal/kg
Domestic Power			Proved	61.2	67.0	100	100	61.2	67.0	4,800	4,790
			Probable	69.6	64.3	100	100	69.6	64.3	4,450	4,500
			Total	**130.8**	**131.3**	**100**	**100**	**130.8**	**131.3**	**4,610**	**4,650**
Landau (OC)	100	10								kcal/kg	kcal/kg
Export Thermal			Proved	44.7	48.0	50.7	52.8	23.0	25.1	6,250	6,300
			Probable	24.7	21.4	48.7	50.7	12.2	11.0	6,250	6,370
			Total	**69.4**	**69.5**	**50.0**	**52.2**	**35.2**	**36.1**	**6,250**	**6,320**
										kcal/kg	kcal/kg
Domestic Power			Proved			8.5	7.0	3.8	3.4	4,100	4,450
			Probable			8.5	9.1	2.1	2.0	4,400	3,900
			Total			**8.5**	**7.6**	**6.0**	**5.4**	**4,210**	**4,250**
Mafube (OC)	50.0	6								kcal/kg	kcal/kg
Export Thermal			Proved	30.1	35.6	49.0	51.6	14.8	18.4	6,270	6,300
			Probable	–	67.3	–	36.9	–	25.1	–	6,280
			Total	**30.1**	**103.0**	**49.0**	**42.0**	**14.8**	**43.5**	**6,270**	**6,290**
										kcal/kg	kcal/kg
Domestic Power			Proved			23.1	23.0	6.9	8.2	5,490	5,450
			Probable			–	31.3	–	21.2	–	5,080
			Total			**23.1**	**28.4**	**6.9**	**29.4**	**5,490**	**5,180**
New Denmark (UG)	100	27								kcal/kg	kcal/kg
Domestic Power			Proved	40.4	37.0	100	100	40.4	37.0	4,930	5,090
			Probable	92.9	106.7	100	100	92.9	106.7	5,070	4,940
			Total	**133.3**	**143.7**	**100**	**100**	**133.3**	**143.7**	**5,030**	**4,980**

Thermal Coal – South Africa Operations continued

COAL RESERVES[1]	Attributable %[2]	LOM	Classification	ROM Tonnes[3] 2010	ROM Tonnes[3] 2009	Yield[4] 2010	Yield[4] 2009	Saleable Tonnes[3] 2010	Saleable Tonnes[3] 2009	Saleable Quality[5] 2010	Saleable Quality[5] 2009
New Vaal (OC)	100	20		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Domestic Power			Proved	397.5	423.4	93.4	92.1	384.6	404.0	3,490	3,490
			Probable	–	–	–	–	–	–	–	–
			Total	**397.5**	**423.4**	**93.4**	**92.1**	**384.6**	**404.0**	**3,490**	**3,490**
Nooitgedacht 5 Seam (UG)	100	2								kcal/kg	kcal/kg
Export Thermal			Proved	1.2	1.9	36.5	34.6	0.5	0.7	6,340	6,360
			Probable	–	–	–	–	–	–	–	–
			Total	**1.2**	**1.9**	**36.5**	**34.6**	**0.5**	**0.7**	**6,340**	**6,360**
										kcal/kg	kcal/kg
Other Metallurgical			Proved			28.4	27.0	0.4	0.5	6,280	6,300
			Probable			–	–	–	–	–	–
			Total			**28.4**	**27.0**	**0.4**	**0.5**	**6,280**	**6,300**
Zibulo (UG&OC)	73.0	17								kcal/kg	kcal/kg
Export Thermal			Proved	–	–	–	–	–	–	–	–
			Probable	111.9	99.3	41.0	39.7	46.3	39.5	6,320	6,350
			Total	**111.9**	**99.3**	**41.0**	**39.7**	**46.3**	**39.5**	**6,320**	**6,350**
										kcal/kg	kcal/kg
Domestic Power			Proved			–	–	–	–	–	–
			Probable			35.6	37.0	40.9	38.5	4,990	4,880
			Total			**35.6**	**37.0**	**40.9**	**38.5**	**4,990**	**4,880**
South Africa Export Thermal	90.4			Mt	Mt	Plant %	Plant %	Mt	Mt	kcal/kg	kcal/kg
			Proved	811.7	839.8	49.3	50.3	115.7	110.3	6,230	6,250
			Probable	359.3	468.3	46.6	46.2	91.3	135.0	6,280	6,270
			Total	**1,171.0**	**1,308.1**	**48.1**	**47.7**	**207.0**	**245.3**	**6,250**	**6,260**
South Africa Other Metallurgical	100									kcal/kg	kcal/kg
			Proved			28.4	27.0	0.4	0.5	6,280	6,300
			Probable			–	–	–	–	–	–
			Total			**28.4**	**27.0**	**0.4**	**0.5**	**6,280**	**6,300**
South Africa Domestic Power	93.1									kcal/kg	kcal/kg
			Proved			90.2	89.1	522.0	549.1	3,830	3,850
			Probable			86.2	82.5	205.5	232.7	4,840	4,810
			Total			**88.9**	**86.8**	**727.5**	**781.8**	**4,120**	**4,130**
South Africa Synfuel	100									kcal/kg	kcal/kg
			Proved			100	100	74.9	84.6	4,640	4,560
			Probable			–	–	–	–	–	–
			Total			**100**	**100**	**74.9**	**84.6**	**4,640**	**4,560**

Thermal Coal – Operations

TOTAL COAL RESERVES[1]	Attributable %[2]	Classification	ROM Tonnes[3] 2010	ROM Tonnes[3] 2009	Yield[4] 2010	Yield[4] 2009	Saleable Tonnes[3] 2010	Saleable Tonnes[3] 2009	Saleable Quality[5] 2010	Saleable Quality[5] 2009
Export Thermal	46.4		Mt	Mt	Plant %	Plant %	Mt	Mt	kcal/kg	kcal/kg
		Proved	1,470.7	1,486.4	88.1	89.3	750.5	731.7	6,230	6,220
		Probable	423.3	519.0	66.2	59.5	153.1	183.9	6,260	6,250
		Total	**1,894.0**	**2,005.4**	**84.4**	**83.2**	**903.6**	**915.6**	**6,230**	**6,230**
Other Metallurgical	100								kcal/kg	kcal/kg
		Proved			28.4	27.0	0.4	0.5	6,280	6,300
		Probable			–	–	–	–	–	–
		Total			**28.4**	**27.0**	**0.4**	**0.5**	**6,280**	**6,300**
Domestic Power	93.1								kcal/kg	kcal/kg
		Proved			90.2	89.1	522.0	549.1	3,830	3,850
		Probable			86.2	82.5	205.5	232.7	4,840	4,810
		Total			**88.9**	**86.8**	**727.5**	**781.8**	**4,120**	**4,130**
Synfuel	100								kcal/kg	kcal/kg
		Proved			100	100	74.9	84.6	4,640	4,560
		Probable			–	–	–	–	–	–
		Total			**100**	**100**	**74.9**	**84.6**	**4,640**	**4,560**

Mining method: OC = Open Cast, UG = Underground. LOM = Life of Mine in years based on scheduled Coal Reserves.
For the multi-product operations, the ROM tonnage figures apply to each product.
The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account.
Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.
Additional footnotes appear at the end of the section.

Export Thermal refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Other Metallurgical refers to semi soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal.
Domestic Power refers to low- to high-volatile thermal or semi-soft coal primarily for domestic consumption for power generation; quality measured by calorific value (CV).
Synfuel refers to a coal specifically for the domestic production of synthetic fuel and chemicals; quality measured by calorific value (CV).

ORE RESERVES AND MINERAL RESOURCES

COAL continued

estimates as at 31 December 2010

Thermal Coal – Colombia Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2010 MTIS[6]	Tonnes 2009 MTIS[6]	Coal Quality 2010 kcal/kg[7]	Coal Quality 2009 kcal/kg[7]
Cerréjon	33.3					
		Measured	870.4	1,051.6	6,420	6,480
		Indicated	194.4	270.3	6,490	6,480
		Measured and Indicated	**1,064.8**	**1,321.9**	**6,430**	**6,480**
		Inferred (in LOM)[8]	47.7	40.3	6,910	6,960
Colombia – Mine Leases	33.3	Measured	870.4	1,051.6	6,420	6,480
		Indicated	194.4	270.3	6,490	6,480
		Measured and Indicated	**1,064.8**	**1,321.9**	**6,430**	**6,480**
		Inferred (in LOM)[8]	47.7	40.3	6,910	6,960

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Thermal Coal – South Africa Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2010 MTIS[6]	Tonnes 2009 MTIS[6]	Coal Quality 2010 kcal/kg[7]	Coal Quality 2009 kcal/kg[7]
Goedehoop	100					
		Measured	111.2	115.3	5,460	5,030
		Indicated	79.9	82.4	5,280	5,270
		Measured and Indicated	**191.1**	**197.7**	**5,380**	**5,130**
		Inferred (in LOM)[8]	–	–	–	–
Greenside	100	Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred (in LOM)[8]	13.0	13.3	5,470	5,470
Isibonelo	100	Measured	–	–	–	–
		Indicated	20.3	25.8	5,360	5,250
		Measured and Indicated	**20.3**	**25.8**	**5,360**	**5,250**
		Inferred (in LOM)[8]	–	–	–	–
Kleinkopje	100	Measured	30.2	28.6	5,020	4,990
		Indicated	–	–	–	–
		Measured and Indicated	**30.2**	**28.6**	**5,020**	**4,990**
		Inferred (in LOM)[8]	–	–	–	–
Kriel	73.0	Measured	7.4	61.8	5,240	5,280
		Indicated	18.4	34.7	4,810	4,710
		Measured and Indicated	**25.8**	**96.5**	**4,930**	**5,080**
		Inferred (in LOM)[8]	–	–	–	–
Landau	100	Measured	30.4	30.4	5,730	5,730
		Indicated	41.7	41.7	4,600	4,600
		Measured and Indicated	**72.1**	**72.1**	**5,080**	**5,080**
		Inferred (in LOM)[8]	–	–	–	–
Mafube	50.0	Measured	79.9	3.8	5,320	5,230
		Indicated	–	–	–	–
		Measured and Indicated	**79.9**	**3.8**	**5,320**	**5,230**
		Inferred (in LOM)[8]	–	10.7	–	5,420
New Denmark	100	Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred (in LOM)[8]	18.6	30.6	5,220	5,310
New Vaal	100	Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred (in LOM)[8]	–	–	–	–
Nooitgedacht 5 Seam	100	Measured	1.1	1.1	4,990	4,750
		Indicated	–	–	–	–
		Measured and Indicated	**1.1**	**1.1**	**4,990**	**4,750**
		Inferred (in LOM)[8]	–	–	–	–
Zibulo	73.0	Measured	79.7	98.0	4,980	4,810
		Indicated	174.6	174.2	4,870	4,910
		Measured and Indicated	**254.3**	**272.2**	**4,900**	**4,870**
		Inferred (in LOM)[8]	43.7	59.2	5,400	5,430
South Africa – Mine Leases	82.9	Measured	339.9	339.1	5,290	5,070
		Indicated	334.9	358.8	4,960	4,960
		Measured and Indicated	**674.8**	**697.8**	**5,130**	**5,020**
		Inferred (in LOM)[8]	75.4	113.8	5,370	5,400

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Thermal Coal – Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2010 MTIS[6]	Tonnes 2009 MTIS[6]	Coal Quality 2010 kcal/kg[7]	Coal Quality 2009 kcal/kg[7]
Total	52.5					
		Measured	1,210.3	1,390.7	6,100	6,130
		Indicated	529.2	629.1	5,520	5,620
		Measured and Indicated	**1,739.5**	**2,019.7**	**5,930**	**5,970**
		Inferred (in LOM)[8]	123.0	154.0	5,970	5,810

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

ORE RESERVES AND MINERAL RESOURCES

Thermal Coal – South Africa Projects

COAL RESOURCES[6] [8]	Attributable %[2]	Classification	Tonnes 2010 MTIS[6]	Tonnes 2009 MTIS[6]	Coal Quality 2010 kcal/kg[7]	Coal Quality 2009 kcal/kg[7]
Elders	73.0					
		Measured	207.9	183.4	4,980	4,940
		Indicated	30.8	30.6	5,390	4,960
		Measured and Indicated	**238.6**	**213.9**	**5,030**	**4,940**
Kriel Block F	100	Measured	–	–	–	–
		Indicated	62.8	–	5,310	–
		Measured and Indicated	**62.8**	**–**	**5,310**	**–**
Kriel East	73.0	Measured	81.5	97.9	4,940	4,930
		Indicated	36.0	22.8	4,950	4,900
		Measured and Indicated	**117.5**	**120.8**	**4,940**	**4,920**
New Largo	73.0	Measured	350.8	247.1	4,400	4,430
		Indicated	286.0	246.1	4,230	4,230
		Measured and Indicated	**636.8**	**493.2**	**4,320**	**4,330**
Nooitgedacht 2+4 Seam	100	Measured	55.5	29.9	5,330	5,320
		Indicated	3.4	17.1	5,300	5,320
		Measured and Indicated	**59.0**	**47.0**	**5,330**	**5,320**
South Rand	73.0	Measured	78.9	90.7	4,870	4,780
		Indicated	142.2	156.5	4,840	4,710
		Measured and Indicated	**221.1**	**247.2**	**4,850**	**4,740**
Vaal Basin	100	Measured	128.9	54.6	3,730	3,570
		Indicated	149.3	23.4	4,000	4,440
		Measured and Indicated	**278.2**	**77.9**	**3,870**	**3,830**
South Africa – Projects	79.7	Measured	903.5	703.6	4,580	4,650
		Indicated	710.5	469.4	4,490	4,500
		Measured and Indicated	**1,613.9**	**1,200.0**	**4,540**	**4,590**

Thermal Coal – Operations and Projects

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2010 MTIS[6]	Tonnes 2009 MTIS[6]	Coal Quality 2010 kcal/kg[7]	Coal Quality 2009 kcal/kg[7]
Total	65.6					
		Measured	2,113.8	2,094.3	5,450	5,640
		Indicated	1,239.7	1,125.5	4,930	5,130
		Measured and Indicated	**3,353.5**	**3,219.7**	**5,260**	**5,460**
		Inferred (in LOM)[8]	123.0	154.0	5,970	5,810

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Attributable percentages for country totals are weighted by Measured and Indicated MTIS.

(1) Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis which represents the tonnes delivered to the plant. Saleable reserve tonnage represents the product tonnes produced. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.

(2) Attributable (%) refers to 2010 only. For the 2009 Reported and Attributable figures, please refer to the 2009 Annual Report.

(3) The tonnage is quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis, and Saleable tonnages on a Product moisture basis.

(4) Yield – ROM % represents the ratio of Saleable reserve tonnes to ROM reserve tonnes and is quoted on a constant moisture basis or on an air dried to air dried basis whereas Plant % is based on the 'Feed to Plant' tonnes. The product yields (ROM %) for Proved, Probable and Total are calculated by dividing the individual Saleable reserves by the total ROM reserves per classification.

(5) The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis or Crucible Swell Number (CSN). Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Domestic Synfuels collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.

(6) Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) basis in million tonnes which are in addition to those resources which have been modified to produce the reported Coal Reserves. Coal Resources are on an in-situ moisture basis.

(7) The coal quality for the Coal Resources is quoted on an in-situ heat content as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg,

(8) Inferred (in LOM) refers to Inferred Coal Resources that are included in the life of mine extraction schedule of the respective collieries and are not reported as Coal Reserves. Inferred Coal Resources outside the LOM plan but within the mine lease area are not reported due to the uncertainty attached to such resources in that it cannot be assumed that all or part of the Inferred Resource will necessarily be upgraded to Indicated or Measured categories through continued exploration, such Inferred Resources do not necessarily meet the requirements of reasonable prospects for eventual economic extraction, particularly in respect of future mining and processing economics.

Summary of material changes (±10%) at reporting level

Cerréjon: Increase in resources is due to the inclusion of previously excluded resources as a result of restrictions imposed by surface features (+729 Mt). Environmental and community restrictions fully stated and now included in the 2010 statement. Re-evaluation of factors influencing economics and technical potential has resulted in the transfer of P500 project and related resource blocks to Coal Deposit (-984 Mt).

Isibonelo: As a consequence of the uncertainty associated with Environmental Management Programme Report (EMPR) approval, the Pit 4 Reserves were reallocated to Coal Deposit (-8.7 Mt). Transfer from underground resource to opencast reserve to be optimised by opencast mining (-5.4 Mt).

Kriel: Conversion from resources to reserves (+12.9 Mt). Transfer of Block F non-dedicated resources from Kriel Colliery to Project Kriel Block F (-54.2 Mt).

Mafube: Reclassification of Probable Reserves and Inferred Resources in Mine Plan to Coal Resources pending the approval for conversion of the Prospecting Right over Nooitgedacht and Wildfontein to a Mining Right (-66.6 Mt).

New Denmark: Due to inaccessibility of blocks, the Inferred Resources In Mine Plan were downgraded to Coal Deposit (-12.0 Mt).

Nooitgedacht: 5 Seam – Coal Reserves were sterilised due to seam height restrictions (-0.2 Mt).

Zibulo: Additional drilling information and increased geological confidence in the 2 seam has resulted in the upgrade of Inferred Resources in Mine Plan to Probable Reserve (+13.8 Mt).

Vaal Basin: Increased drilling and geological confidence resulted in an upgrade of Inferred Resources to Indicated and Measured Resources (+200.3 Mt). Previously referred to as Vaalbank

Elders: Increased drilling and geological confidence resulted in an upgrade of the Coal Deposit to Coal Resources (+33.7 Mt).

Kriel Block F: Represents the non Eskom dedicated portion of the Kriel Mining Right, owned by Anglo Operations Limited.

New Largo: Increased drilling and wash data resulted in an upgrade of Inferred Resources to Indicated and Measured Resources (+142.1 Mt).

Nooitgedacht: 2 + 4 Seam – Update of the geological model resulted in upgrade to Measured Resource (+12.9 Mt)

South Rand: Increased drilling and geological confidence resulted in an upgrade of the Coal Deposit to Coal Resources (+27.5 Mt). Reclassification based on washability analysis rather than raw quality as reported in 2009 resulted in downgrade of resources (-53.6 Mt).

Assumption with respect to Mineral Tenure

Mafube: Coal Resources at Nooitgedacht and Wildfontein (approximately 76 Mt Measured) which are intended to be part of mine plan, are held as a Prospecting Right. Application for conversion to a Mining Right will be submitted pending the completion of the Environmental Management Plan (EMP). Anglo American Thermal Coal has reasonable expectation that such conversion will not be withheld.

New Largo: The interpretation of wetlands in the latest Mpumalanga Biodiversity Plan has been expanded and as such could affect the Mining Right application. Anglo American has reasonable expectations that such permission will be granted.

Zibulo: The Mining Right has been granted and Probable Reserves will be converted to Proved Reserves in 2011.

Royalty Payment

South Africa: Royalty payments commenced in February 2010 in accordance with the Royalties Act (No. 28 of 2008) and have been taken into consideration in economic assessment of the reserves.

Reviews by independent third parties were carried out in 2010 on the following Operations and Project areas: Cerrejón, Greenside, New Denmark, New Largo, New Vaal.

ORE RESERVES AND MINERAL RESOURCES

COAL continued

estimates as at 31 December 2010

OTHER MINING AND INDUSTRIAL

The Coal Reserve and Coal Resource estimates were compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. National Instrument 43-101). The figures reported represent 100% of the Coal Reserves and Coal Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies. The Other Mining and Industrial (OMI) Coal mines and projects are located in Canada.

OMI Coal – Canada Operations

COAL RESERVES[1]	Attributable %[2]	LOM	Classification	ROM Tonnes[3] 2010	ROM Tonnes[3] 2009	Yield[4] 2010	Yield[4] 2009	Saleable Tonnes[3] 2010	Saleable Tonnes[3] 2009	Saleable Quality[5] 2010	Saleable Quality[5] 2009
Trend (OC)	74.8	13		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Export Thermal			Proved	20.4	20.6	0.7	1.9	0.2	0.4	5,300	5,300
			Probable	2.4	2.5	1.1	1.9	0.0	0.1	5,300	5,300
			Total	**22.8**	**23.0**	**0.7**	**1.9**	**0.2**	**0.5**	**5,300**	**5,300**
										CSN	CSN
Coking			Proved			64.6	61.6	13.9	13.3	7.0	7.0
			Probable			62.2	59.7	1.5	1.6	7.0	7.0
			Total			**64.4**	**61.4**	**15.4**	**14.9**	**7.0**	**7.0**

OMI Coal – Canada Operations

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2010	Tonnes 2009	Coal Quality 2010	Coal Quality 2009
Trend (OC)	74.8		MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
		Measured	15.9	19.9	6,500	6,500
		Indicated	5.3	5.4	6,500	6,500
		Measured and Indicated	**21.2**	**25.3**	**6,500**	**6,500**
		Inferred (in LOM)[8]	1.4	1.4	6,500	6,500

THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

OMI Coal – Canada Projects

COAL RESOURCES[6][8]	Attributable %[2]	Classification	Tonnes 2010	Tonnes 2009	Coal Quality 2010	Coal Quality 2009
Belcourt Saxon	37.4		MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
		Measured	166.7	166.7	7,000	7,000
		Indicated	4.3	4.2	7,000	7,000
		Measured and Indicated	**171.0**	**170.9**	**7,000**	**7,000**
Roman Mountain	74.8				kcal/kg[7]	kcal/kg[7]
		Measured	20.0	21.1	6,970	6,970
		Indicated	6.8	7.5	6,970	6,970
		Measured and Indicated	**26.7**	**28.6**	**6,970**	**6,970**
Canada – Projects	42.5	Measured	186.7	187.8	7,000	7,000
		Indicated	11.0	11.7	6,980	6,980
		Measured and Indicated	**197.7**	**199.5**	**7,000**	**7,000**

OMI Coal – Canada Operations and Projects

COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2010	Tonnes 2009	Coal Quality 2010	Coal Quality 2009
Total	45.6		MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
		Measured	202.7	207.7	6,960	6,950
		Indicated	16.3	17.1	6,830	6,830
		Measured and Indicated	**219.0**	**224.8**	**6,950**	**6,940**
		Inferred (in LOM)[8]	8.6	1.4	6,920	6,500

Mining method: OC = Open Cast. LOM = Life of Mine in years based on scheduled Coal Reserves.

For the multi-product operations, the ROM tonnage figures apply to each product.
The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account.
Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.

Export Thermal refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Coking refers to a high-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in steel industry; quality measured as crucible swell number (CSN).

(1) Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis which represents the tonnes delivered to the plant. Saleable reserve tonnage represents the product tonnes produced. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.
(2) Attributable (%) refers to 2010 only. For the 2009 Reported and Attributable figures, please refer to the 2009 Annual Report.
(3) The tonnage is quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis, and Saleable tonnages on a Product moisture basis.
(4) Yield – ROM % represents the ratio of Saleable reserve tonnes to ROM reserve tonnes and is quoted on a constant moisture basis or on an air dried to air dried basis whereas Plant % is based on the 'Feed to Plant' tonnes. The product yields (ROM %) for Proved, Probable and Total are calculated by dividing the individual Saleable reserves by the total ROM reserves per classification.
(5) The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis or Crucible Swell Number (CSN). Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Domestic Synfuels collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.
(6) Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) basis in million tonnes which are in addition to those resources which have been modified to produce the reported Coal Reserves. Coal Resources are on an in-situ moisture basis.
(7) The coal quality for the Coal Resources is quoted on an in-situ heat content as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.
(8) Inferred (in LOM) refers to Inferred Coal Resources that are included in the life of mine extraction schedule of the respective collieries and are not reported as Coal Reserves. Inferred Coal Resources outside the LOM plan but within the mine lease area are not reported due to the uncertainty attached to such resources in that it cannot be assumed that all or part of the Inferred Resource will necessarily be upgraded to Indicated or Measured categories through continued exploration, such Inferred Resources do not necessarily meet the requirements of reasonable prospects for eventual economic extraction, particularly in respect of future mining and processing economics.

Summary of material changes (±10%) at reporting level
Trend: The decrease in resources is the result of a larger reserves pit which was used resulting in more resources being transferred into mine plan (-2.4Mt) and an updated geological model being completed (-0.7Mt).

NIOBIUM

estimates as at 31 December 2010

OTHER MINING AND INDUSTRIAL

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Niobium – Operations ORE RESERVES	Attributable %	LOM	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained product 2010	Contained product 2009
Catalão (OP)	100	5		Mt	Mt	$\%Nb_2O_5$	$\%Nb_2O_5$	kt	kt
Carbonatite Complex			Proved	4.0	9.1	1.09	1.19	44	108
Oxide[1]			Probable	1.1	3.1	1.01	1.10	11	34
			Total	**5.1**	**12.2**	**1.07**	**1.17**	**55**	**142**

Niobium – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained product 2010	Contained product 2009
Catalão (OP)	100		Mt	Mt	$\%Nb_2O_5$	$\%Nb_2O_5$	kt	kt
Carbonatite Complex		Measured	2.0	19.1	1.30	1.33	26	254
Oxide[2]		Indicated	0.8	20.4	1.04	1.25	8	254
		Measured and Indicated	**2.8**	**39.5**	**1.22**	**1.29**	**35**	**507**
		Inferred (in LOM)	0.4	0.5	0.94	0.88	4	5
		Inferred (ex. LOM)	0.8	11.4	0.86	1.20	7	137
		Total Inferred	**1.2**	**11.9**	**0.89**	**1.18**	**10**	**141**

Niobium – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained product 2010	Contained product 2009
Catalão (OP)	100		Mt	Mt	$\%Nb_2O_5$	$\%Nb_2O_5$	kt	kt
Carbonatite Complex		Measured	13.7	–	1.24	–	170	–
Fresh Rock[3]		Indicated	19.5	–	1.24	–	243	–
		Measured and Indicated	**33.2**	**–**	**1.24**	**–**	**413**	**–**
		Inferred	18.1	–	1.37	–	248	–

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit. LOM = Life of Mine in years based on scheduled Ore Reserves.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

(1) **Catalão – Oxide Ore Reserves:** The decrease is due to Ore Reserves within the Area Leste being re-allocated to Mineral Resources (-2.2Mt), following the development of a new pit model that is restricted within the Area Leste (MGC-01) tenement boundary; Material within the Fosfertil tenement adjacent to Area Leste being excluded as the 2009 agreement with Fosfertil was not concluded (-3.2Mt); A block at Boa Vista Mine was re-allocated to Mineral Resources (-0.9Mt) because the estimated silica grade of the final concentrate exceeded 6.25%.

(2) **Catalão – Oxide Mineral Resources:** The Oxide Resources are reported above a 0.5% Nb_2O_5 cut-off. The Mineral Resources have been split into Oxide and Fresh Rock in 2010 due to the recognition of distinct differences in mineralogical characteristics. The Oxides from Morro de Padre have also been re-allocated to Mineral Deposit due to uneconomic metallurgical recoveries.

(3) **Catalão – Fresh Rock Mineral Resources:** The Fresh Rock Resources are reported above a 0.7% Nb_2O_5 cut-off. The Morro de Padre area is included in the Fresh Rock Mineral Resources.

PHOSPHATE PRODUCTS

estimates as at 31 December 2010

Phosphate products – Operations ORE RESERVES	Attributable %	LOM	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009
Copebrás (OP)[1]	100	41		Mt	Mt	%P_2O_5	%P_2O_5
Carbonatite Complex			Proved	92.4	72.2	14.0	13.4
Oxide			Probable	151.5	180.5	13.0	13.0
			Total	**243.9**	**252.8**	**13.4**	**13.1**

Phosphate products – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009
Copebrás (OP)[2]	100		Mt	Mt	%P_2O_5	%P_2O_5
Carbonatite Complex		Measured	4.0	5.3	13.4	11.1
Oxide		Indicated	60.2	94.5	11.8	10.6
		Measured and Indicated	**64.2**	**99.8**	**11.9**	**10.6**
		Inferred (in LOM)	7.9	16.2	13.0	12.8
		Inferred (ex. LOM)	51.0	53.0	10.9	9.8
		Total Inferred	**58.9**	**69.1**	**11.1**	**10.5**

Phosphate products – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009
Coqueiros (OP)[3]	100		Mt	Mt	%P_2O_5	%P_2O_5
Carbonatite Complex		Measured	1.8	–	10.5	–
Oxide		Indicated	16.5	–	12.9	–
		Measured and Indicated	**18.3**	**–**	**12.6**	**–**
		Inferred	26.2	–	11.2	–
Carbonatite Complex		Measured	1.2	–	7.3	–
Fresh Rock		Indicated	34.0	–	8.5	–
		Measured and Indicated	**35.2**	**–**	**8.5**	**–**
		Inferred	16.2	–	7.6	–

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit. LOM = Life of Mine in years based on scheduled Ore Reserves.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

(1) **Copebrás – Oxide Ore Reserves:** The decrease is attributable equally to production and a redesign of the pit which resulted in 5.6Mt of Ore Reserves being re-allocated to Mineral Resources due to changes in economic assumptions. The decrease was partially offset by a gain of 1.4Mt Ore Reserves following completion of an infill drilling campaign within Area 5 that has revealed mineralisation that extends to greater depth than originally considered.

(2) **Copebrás – Oxide Mineral Resources:** Mineral Resources are quoted above a 7% P_2O_5 cut-off and a CaO/P_2O_5 ratio between 1 and 1.4. The decrease is a result of a transfer of 115 Mt of Mineral Resources, located within the Catalão II Complex and reported in 2009 under Copebrás to the Coqueiros Project; New resource modelling added 64 Mt to the Mineral Resources, principally from the southern part of FFG04, Area 5 and the Gomides Area.

(3) **Coqueiros:** The Mineral Resources (previously reported under Copebrás) represent the MCG-03 area only and exclude the adjacent MCG-02 area which still requires additional work to be carried out before presentation to Brazil's Departamento Nacional de Produção Mineral (DNPM). The Oxide mineralisation is defined by a cut-off grade of 7% P_2O_5 and a CaO/ P_2O_5 ratio between 1 and 1.4. The Fresh Rock resources are defined by a cut-off grade of 5% P_2O_5. The metallurgical recovery characteristics of the Fresh Rock appear superior to those of the oxidised materials, permitting the application of a lower cut-off grade.

ZINC

estimates as at 31 December 2010

OTHER MINING AND INDUSTRIAL

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2004) as applicable. The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Zinc – Operations ORE RESERVES	Attributable %	LOM	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Black Mountain (UG)	74.0	8		Mt	Mt	%Zn	%Zn	kt	kt
Deeps[1]			Proved	3.6	4.9	2.75	3.52	99	171
Zinc			Probable	3.6	2.8	3.27	2.03	117	57
			Total	**7.2**	**7.7**	**3.01**	**2.97**	**216**	**229**
Copper						%Cu	%Cu		
			Proved			0.33	0.38	12	18
			Probable			0.43	0.41	15	12
			Total			**0.38**	**0.39**	**27**	**30**
Lead						%Pb	%Pb		
			Proved			3.76	3.64	135	177
			Probable			2.80	2.64	100	75
			Total			**3.28**	**3.27**	**235**	**251**
Lisheen (UG)[2]	100	3				%Zn	%Zn		
Zinc			Proved	4.8	5.9	11.38	12.02	552	703
			Probable	1.1	1.1	8.95	9.34	101	103
			Total	**6.0**	**7.0**	**10.92**	**11.59**	**652**	**806**
Lead						%Pb	%Pb		
			Proved			1.86	1.86	90	109
			Probable			1.54	1.87	17	21
			Total			**1.80**	**1.86**	**107**	**129**

Zinc – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Black Mountain (UG)	74.0		Mt	Mt	%Zn	%Zn	kt	kt
Deeps[1]		Measured	3.7	7.2	2.67	2.74	99	197
Zinc		Indicated	6.0	5.8	3.09	2.11	185	123
		Measured and Indicated	**9.7**	**13.1**	**2.93**	**2.46**	**284**	**320**
		Inferred (in LOM)	9.6	7.3	2.75	2.95	264	214
		Inferred (ex. LOM)	–	–	–	–	–	–
		Total Inferred	**9.6**	**7.3**	**2.75**	**2.95**	**264**	**214**
Copper					%Cu	%Cu		
		Measured			0.38	0.37	14	27
		Indicated			0.49	0.45	29	26
		Measured and Indicated			**0.45**	**0.41**	**43**	**53**
		Inferred (in LOM)			0.53	0.73	51	53
		Inferred (ex. LOM)			–	–	–	–
		Total Inferred			**0.53**	**0.73**	**51**	**53**
Lead					%Pb	%Pb		
		Measured			3.57	3.16	133	228
		Indicated			3.92	3.02	235	177
		Measured and Indicated			**3.79**	**3.10**	**368**	**404**
		Inferred (in LOM)			2.60	2.26	250	164
		Inferred (ex. LOM)			–	–	–	–
		Total Inferred			**2.60**	**2.26**	**250**	**164**
Swartberg[3]					%Zn	%Zn		
Zinc		Measured	–	–	–	–	–	–
		Indicated	16.4	17.3	0.68	0.63	111	109
		Measured and Indicated	**16.4**	**17.3**	**0.68**	**0.63**	**111**	**109**
		Inferred	31.9	24.5	0.65	0.68	207	167
Copper					%Cu	%Cu		
		Measured			–	–	–	–
		Indicated			0.64	0.70	104	121
		Measured and Indicated			**0.64**	**0.70**	**104**	**121**
		Inferred			0.67	0.61	215	150
Lead					%Pb	%Pb		
		Measured			–	–	–	–
		Indicated			2.91	2.87	476	497
		Measured and Indicated			**2.91**	**2.87**	**476**	**497**
		Inferred			2.73	2.79	871	684

Footnotes appear at the end of the section.

ORE RESERVES AND MINERAL RESOURCES

ZINC continued

estimates as at 31 December 2010

Zinc – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Lisheen (UG)[2]	100		Mt	Mt	%Zn	%Zn	kt	kt
Zinc		Measured	0.6	0.8	13.48	12.84	87	101
		Indicated	0.2	0.4	12.15	11.50	30	41
		Measured and Indicated	**0.9**	**1.1**	**13.12**	**12.42**	**117**	**142**
		Inferred (in LOM)	0.2	0.3	19.29	19.23	37	52
		Inferred (ex. LOM)	0.2	0.3	11.41	11.66	27	34
		Total Inferred	**0.4**	**0.6**	**14.91**	**15.31**	**64**	**86**
Lead					%Pb	%Pb		
		Measured			2.18	2.05	14	16
		Indicated			2.21	2.06	5	7
		Measured and Indicated			**2.19**	**2.06**	**20**	**23**
		Inferred (in LOM)			3.34	3.21	6	9
		Inferred (ex. LOM)			2.39	2.55	6	7
		Total Inferred			**2.81**	**2.87**	**12**	**16**

THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Zinc – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2010	Tonnes 2009	Grade 2010	Grade 2009	Contained metal 2010	Contained metal 2009
Gamsberg – North (OP)[4]	74.0		Mt	Mt	%Zn	%Zn	kt	kt
Zinc		Measured	43.3	43.3	7.09	7.09	3,068	3,072
		Indicated	57.5	57.5	6.47	6.47	3,723	3,723
		Measured and Indicated	**100.8**	**100.8**	**6.74**	**6.74**	**6,791**	**6,796**
		Inferred	53.3	53.3	5.39	5.39	2,873	2,873
Gamsberg – East (UG)[5]	74.0				%Zn	%Zn		
Zinc		Measured	–	–	–	–	–	–
		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred	32.3	32.3	9.83	9.83	3,172	3,172

Mining method: OP = Open Pit, UG = Underground. LOM = Life of Mine in years based on scheduled Ore Reserves.
For the polymetallic deposits, the tonnage figures apply to each metal.
Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

Black Mountain plus Gamsberg and Lisheen are reported because the sale of these operations was not finalised by 31 December 2010. However, the sale of Black Mountain and Lisheen was completed on 4 February 2011 and 15 February 2011 respectively.

(1) **Black Mountain – Deeps:** Broken Hill and the Deeps Ore Reserves and Mineral Resources are combined for reporting purposes as both deposits are geologically connected and make use of the same mining infrastructure. A higher cut-off was applied in 2010 and the exchange rate increased reducing the overall revenue in ZAR terms. These two effects outweighed the higher metal price used in 2010 and a decrease in both Ore Reserves and Mineral Resources is attributed to these factors. However a change in estimation methodology limited the decrease. Measured and Indicated Resources are estimated to contain 9.7Mt of material grading 50.9 g/t silver as a by-product. Inferred Resources are estimated to contain 9.6Mt of material grading 24.9 g/t silver as a by-product.

(2) **Lisheen:** Changes in Ore Reserves are largely attributable to production, with sterilisation of ore due to back-filling on a retreat mining sequence accounting for the reduction in Mineral Resources. Mineral Resources are constrained by geological parameters (total sulphide content and ore thickness) and are quoted above a 6% ZnEq cut-off.

(3) **Black Mountain – Swartberg:** Indicated Resources are estimated to contain 16.4Mt of material grading 35.4 g/t silver as a by-product. Inferred Resources are estimated to contain 31.9Mt of material grading 32.2 g/t silver as a by-product.

(4) **Gamsberg – North:** Mineral Resources are constrained within mineralized horizons and within a pit shell and are reported above a cut-off grade of 3% Zn. During 2010, 50kt of material containing an estimated 4.3 kt Zinc was mined via the exploration adit and processed at the Black Mountain concentrator.

(5) **Gamsberg – East:** Gamsberg East is located 4km south east of Gamsberg North. Mineral Resources are constrained by geology and are quoted above a 7% Zn cut-off and are supported by a positive concept study for an underground mine undertaken in 2009. The study has recommended that Gamsberg East is incorporated in the Gamsberg North pre-feasibility study.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2010 at the following operations: Black Mountain.

OTHER INFORMATION

PRODUCTION STATISTICS

The figures below include the entire output of consolidated entities and the Group's attributable share of joint ventures, joint arrangements and associates where applicable, except for Collahuasi in the Copper segment and De Beers which are quoted on a 100% basis.

			2010	2009
Platinum segment[1]				
Platinum		troy ounces	**2,569,900**	2,451,600
Palladium		troy ounces	**1,448,500**	1,360,500
Rhodium		troy ounces	**328,900**	349,900
		troy ounces	**4,347,300**	4,162,000
Nickel[2]		tonnes	**18,500**	19,500
Copper[2]		tonnes	**10,900**	11,200
Gold		troy ounces	**81,300**	90,900
Equivalent refined platinum		troy ounces	**2,484,000**	2,464,300
Diamonds segment (De Beers) (diamonds recovered – carats)				
100% basis (Anglo American 45%)				
Debswana			**22,218,000**	17,734,000
Namdeb			**1,472,000**	929,000
De Beers Consolidated Mines			**7,556,000**	4,797,000
De Beers Canada			**1,751,000**	1,140,000
Total diamonds production for De Beers			**32,997,000**	24,600,000
Anglo American's share of diamonds production for De Beers			**14,848,700**	11,070,000
Copper segment				
Collahuasi				
100% basis (Anglo American 44%)				
Ore mined		tonnes	**84,060,000**	71,197,800
Ore processed	Oxide	tonnes	**7,226,800**	7,293,800
	Sulphide	tonnes	**49,119,900**	45,348,300
Ore grade processed	Oxide	% Cu	**0.5**	0.6
	Sulphide	% Cu	**1.1**	1.1
Production	Copper concentrate	dry metric tonnes	**1,789,300**	1,837,900
	Copper cathode	tonnes	**38,800**	43,100
	Copper in concentrate	tonnes	**465,200**	492,700
Total copper production for Collahuasi		tonnes	**504,000**	535,800
Anglo American's share of copper production for Collahuasi		tonnes	**221,800**	235,800
Anglo American Sur				
Los Bronces mine				
Ore mined		tonnes	**20,021,600**	21,115,900
Marginal ore mined		tonnes	**43,266,400**	19,368,700
Las Tortolas concentrator	Ore processed	tonnes	**18,909,400**	20,512,300
	Ore grade processed	% Cu	**1.0**	1.1
	Average recovery	%	**88.2**	86.3
Production	Copper concentrate	dry metric tonnes	**598,300**	676,100
	Copper cathode	tonnes	**42,600**	45,500
	Copper in sulphate	tonnes	**4,100**	2,900
	Copper in concentrate	tonnes	**174,700**	190,000
	Total	tonnes	**221,400**	238,400
El Soldado mine				
Ore mined	Open pit – ore mined	tonnes	**4,890,400**	7,348,500
	Open pit – marginal ore mined	tonnes	**101,900**	505,600
	Underground (sulphide)	tonnes	**1,390,200**	1,501,000
	Total	tonnes	**6,382,500**	9,355,100
Ore processed	Oxide	tonnes	**1,532,200**	1,689,700
	Sulphide	tonnes	**7,176,100**	7,481,500
Ore grade processed	Oxide	% Cu	**0.7**	0.7
	Sulphide	% Cu	**0.6**	0.7
Production	Copper concentrate	dry metric tonnes	**174,000**	158,700
	Copper cathode	tonnes	**4,700**	4,200
	Copper in concentrate	tonnes	**35,700**	37,200
	Total	tonnes	**40,400**	41,400
Chagres Smelter				
	Copper concentrate smelted	tonnes	**142,100**	140,900
Production	Copper blister/anode	tonnes	**137,900**	137,700
	Copper blister/anode (third party)	tonnes	**–**	2,500
	Acid	tonnes	**466,700**	457,600
Total copper production for Anglo American Sur[3]		tonnes	**261,800**	282,300

(1) See the published results of Anglo Platinum Limited for further analysis of production information.
(2) Also disclosed within total attributable nickel and copper production.
(3) Includes total concentrate, cathode and copper in sulphate production and blister/anode produced from third party purchased material.

OTHER INFORMATION: Production statistics – continued

			2010	2009
Copper segment (continued)				
Anglo American Norte				
Mantos Blancos mine				
Ore processed	Oxide	tonnes	**4,380,900**	4,361,300
	Sulphide	tonnes	**3,924,700**	4,248,100
	Marginal ore mined	tonnes	**5,628,900**	3,360,000
Ore grade processed	Oxide	% Cu (soluble)	**0.6**	0.7
	Sulphide	% Cu (insoluble)	**1.1**	1.1
	Marginal ore	% Cu (soluble)	**0.2**	0.3
Production	Copper concentrate	dry metric tonnes	**119,300**	125,100
	Copper cathode (third party)	tonnes	**–**	8,600
	Copper cathode	tonnes	**39,100**	37,600
	Copper in concentrate	tonnes	**39,500**	44,000
	Total	tonnes	**78,600**	90,200
Mantoverde mine				
Ore processed	Oxide	tonnes	**9,223,200**	9,676,300
	Marginal ore	tonnes	**5,237,000**	4,058,000
Ore grade processed	Oxide	% Cu (soluble)	**0.7**	0.7
	Marginal ore	% Cu (soluble)	**0.3**	0.3
Production	Copper cathode	tonnes	**61,100**	61,500
Total copper production for Anglo American Norte[1]		tonnes	**139,700**	151,700
Total Copper segment copper production[1]		tonnes	**623,300**	669,800
Platinum copper production		tonnes	**10,900**	11,200
Black Mountain copper production		tonnes	**2,500**	2,200
Total attributable copper production[1]		tonnes	**636,700**	683,200
Nickel segment				
Codemin				
Ore mined		tonnes	**493,900**	547,700
Ore processed		tonnes	**488,300**	512,000
Ore grade processed		% Ni	**1.9**	2.1
Production		tonnes	**8,500**	9,500
Loma de Níquel				
Ore mined		tonnes	**714,200**	822,700
Ore processed		tonnes	**798,000**	641,800
Ore grade processed		% Ni	**1.6**	1.6
Production		tonnes	**11,700**	10,400
Total Nickel segment nickel production		tonnes	**20,200**	19,900
Platinum nickel production		tonnes	**18,500**	19,500
Total attributable nickel production		tonnes	**38,700**	39,400
Iron Ore and Manganese segment				
Kumba Iron Ore				
Lump		tonnes	**25,922,300**	25,300,000
Fines		tonnes	**17,462,600**	16,643,000
Amapá[2]				
Sinter feed		tonnes	**2,136,900**	576,100
Pellet feed		tonnes	**1,892,500**	2,077,100
Total iron ore production		tonnes	**47,414,300**	44,596,200
Samancor[3]				
Manganese ore		tonnes	**2,952,800**	1,570,000
Manganese alloys[4]		tonnes	**312,000**	129,000

(1) Includes total concentrate, cathode and copper in sulphate production and blister/anode produced from third party purchased material.
(2) At 31 December 2009 Amapá was not in commercial production and therefore to this date all revenue and related costs were capitalised. Commercial production commenced on 1 January 2010.
(3) Saleable production.
(4) Production includes Medium Carbon Ferro Manganese.

	2010	2009
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Metallurgical	**14,701,800**	12,622,600
Thermal	**14,460,500**	14,051,800
Total Metallurgical Coal segment coal production	**29,162,300**	26,674,400
Thermal Coal segment		
South Africa		
Metallurgical	**436,500**	747,100
Thermal	**21,612,000**	22,185,900
Eskom	**36,403,400**	36,225,100
	58,451,900	59,158,100
Colombia		
Thermal	**10,060,100**	10,189,600
Total Thermal Coal segment coal production[1]	**68,512,000**	69,347,700
Other Mining and Industrial segment		
South America		
Thermal	**441,400**	750,700
Canada		
Metallurgical	**868,000**	645,300
Thermal	**–**	73,000
	868,000	718,300
Total Other Mining and Industrial segment coal production	**1,309,400**	1,469,000
Total coal production[1]	**98,983,700**	97,491,100
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Callide	**8,515,600**	8,766,400
Drayton	**4,206,000**	3,630,200
Capcoal	**5,460,300**	4,598,900
Jellinbah	**1,792,500**	1,745,800
Moranbah North	**3,937,800**	2,581,000
Dawson	**3,584,400**	3,756,200
Foxleigh	**1,665,700**	1,595,900
Total Metallurgical Coal segment coal production	**29,162,300**	26,674,400
Thermal Coal segment		
South Africa		
Greenside	**3,425,000**	3,294,600
Goedehoop	**6,026,200**	6,905,000
Isibonelo	**4,569,100**	5,061,900
Kriel	**9,526,100**	11,161,700
Kleinkopje	**4,423,600**	4,414,000
Landau	**4,085,800**	4,231,500
New Denmark	**5,051,600**	3,728,900
New Vaal	**17,235,300**	17,553,700
Nooitgedacht	**–**	475,000
Mafube	**2,447,700**	2,212,800
Zibulo[1]	**1,661,500**	119,000
	58,451,900	59,158,100
Colombia		
Carbones del Cerrejón	**10,060,100**	10,189,600
Total Thermal Coal segment coal production[1]	**68,512,000**	69,347,700
Other Mining and Industrial segment		
South America		
Carbones del Guasare[2]	**441,400**	750,700
Canada		
Peace River Coal	**868,000**	718,300
Total Other Mining and Industrial segment coal production	**1,309,400**	1,469,000
Total coal production[1]	**98,983,700**	97,491,100
Total coal production by commodity (tonnes)		
Metallurgical		
South Africa	**436,500**	747,100
Australia	**14,701,800**	12,622,600
Canada	**868,000**	645,300
Total metallurgical coal production	**16,006,300**	14,015,000
Thermal		
South Africa – Thermal	**21,612,000**	22,185,900
South Africa – Eskom	**36,403,400**	36,225,100
Australia	**14,460,500**	14,051,800
South America	**10,501,500**	10,940,300
Canada	**–**	73,000
Total thermal coal production[1]	**82,977,400**	83,476,100
Total coal production[1]	**98,983,700**	97,491,100

[1] Zibulo (previously Zondagsfontein) is currently not in commercial production and therefore all revenue and related costs associated with 1,662 kt (2009: 119 kt) of production have been capitalised. The 1,662 kt includes Eskom coal of 765 kt (2009: 33 kt) and export thermal coal production of 897 kt (2009: 86 kt).

[2] At 31 December 2010 Carbones del Guasare had ceased to be an associate of the Company.

OTHER INFORMATION: Production statistics – continued

			2010	2009
Other Mining and Industrial segment[1]				
Tarmac				
Aggregates		tonnes	**58,875,600**	72,767,300
Lime products		tonnes	**1,255,900**	1,214,400
Concrete		m^3	**3,305,800**	3,521,200
Zinc and Lead				
Skorpion[2]				
Ore mined		tonnes	**1,412,600**	1,495,900
Ore processed		tonnes	**1,358,000**	1,426,800
Ore grade processed	Zinc	% Zn	**11.2**	11.5
Production	Zinc	tonnes	**138,500**	150,400
Lisheen				
Ore mined		tonnes	**1,531,700**	1,534,500
Ore processed		tonnes	**1,587,600**	1,526,200
Ore grade processed	Zinc	% Zn	**12.2**	12.4
	Lead	% Pb	**1.9**	1.8
Production	Zinc in concentrate	tonnes	**175,100**	171,800
	Lead in concentrate	tonnes	**20,600**	19,200
Black Mountain				
Ore mined		tonnes	**1,415,500**	1,249,700
Ore processed		tonnes	**1,378,600**	1,293,200
Ore grade processed	Zinc	% Zn	**3.3**	2.8
	Lead	% Pb	**4.2**	4.0
	Copper	% Cu	**0.3**	0.3
Production	Zinc in concentrate	tonnes	**36,100**	28,200
	Lead in concentrate	tonnes	**50,600**	49,100
	Copper in concentrate	tonnes	**2,500**	2,200
Total attributable zinc production		tonnes	**349,700**	350,400
Total attributable lead production		tonnes	**71,200**	68,300
Scaw Metals				
South Africa Steel Products		tonnes	**710,000**	693,000
International Steel Products[3]		tonnes	**794,200**	718,000
Copebrás				
Phosphates		tonnes	**1,002,000**	829,000
Niobium				
Catalão				
Ore mined		tonnes	**1,209,400**	906,700
Ore processed		tonnes	**909,300**	873,500
Ore grade processed		Kg Nb/tonne	**6.6**	9.3
Production		tonnes	**4,000**	5,100

(1) Production for Coal Americas is included in Coal production section.
(2) The Group sold its interest in Skorpion in December 2010.
(3) Relates to production from Moly-Cop and AltaSteel. The Group sold its interests in Moly-Cop and AltaSteel in December 2010.

QUARTERLY PRODUCTION STATISTICS

	Quarter ended					% Change (Quarter ended)	
	31 December 2010	30 September 2010	30 June 2010	31 March 2010	31 December 2009	31 December 2010 v 30 September 2010	31 December 2010 v 31 December 2009
Platinum segment							
Platinum (troy ounces)	**872,400**	**697,000**	**553,800**	**446,700**	766,000	25%	14%
Palladium (troy ounces)	**502,600**	**404,500**	**294,400**	**247,000**	426,300	24%	18%
Rhodium (troy ounces)	**111,400**	**88,600**	**67,300**	**61,600**	93,900	26%	19%
Nickel (tonnes)	**5,000**	**4,300**	**4,800**	**4,400**	5,300	16%	(6)%
Equivalent refined platinum (troy ounces)	**640,100**	**648,300**	**600,900**	**594,700**	603,900	(1)%	6%
Diamonds segment (De Beers) (diamonds recovered – carats)							
100% basis (Anglo American 45%)							
Diamonds	**8,532,000**	**9,033,000**	**8,420,000**	**7,012,000**	10,124,000	(6)%	(16)%
Copper segment (tonnes)[1]	**154,400**	**153,400**	**154,700**	**160,800**	185,900	1%	(17)%
Nickel segment (tonnes)[2]	**4,400**	**5,700**	**5,300**	**4,800**	4,900	(23)%	(10)%
Iron Ore and Manganese segment (tonnes)							
Iron ore[3]	**11,807,700**	**11,819,200**	**11,458,700**	**12,328,700**	12,407,200	–	(5)%
Manganese ore[4]	**731,600**	**848,800**	**688,400**	**684,000**	615,000	(14)%	19%
Manganese alloys[4][5]	**76,800**	**79,600**	**87,200**	**68,400**	52,000	(4)%	48%
Metallurgical Coal segment (tonnes)							
Metallurgical	**3,651,300**	**3,971,000**	**3,797,900**	**3,281,600**	3,805,500	(8)%	(4)%
Thermal	**3,727,500**	**3,413,000**	**3,970,200**	**3,349,800**	3,487,400	9%	7%
Thermal Coal segment (tonnes)[6]							
Metallurgical	**103,000**	**111,700**	**110,400**	**111,400**	130,500	(8)%	(21)%
Thermal	**8,200,700**	**8,240,300**	**7,813,000**	**7,418,100**	7,785,400	–	5%
Eskom	**9,484,800**	**10,431,300**	**8,275,300**	**8,212,000**	8,448,400	(9)%	12%
Other Mining and Industrial segment (tonnes)[7]							
Metallurgical coal	**240,200**	**226,400**	**206,700**	**194,700**	149,900	6%	60%
Thermal coal	**48,600**	**129,900**	**89,900**	**173,000**	310,200	(63)%	(84)%
Zinc	**77,300**	**93,700**	**91,000**	**87,700**	86,500	(18)%	(11)%
Lead	**18,200**	**22,200**	**15,400**	**15,400**	18,900	(18)%	(4)%
South Africa Steel Products	**151,000**	**180,000**	**197,000**	**182,000**	167,000	(16)%	(10)%
International Steel Products	**200,400**	**215,000**	**188,800**	**190,000**	177,000	(7)%	13%
Coal production by commodity (tonnes)[6]							
Metallurgical	**3,994,500**	**4,309,100**	**4,115,000**	**3,587,700**	4,085,900	(7)%	(2)%
Thermal	**11,976,800**	**11,783,200**	**11,873,100**	**10,940,900**	11,583,000	2%	3%
Eskom	**9,484,800**	**10,431,300**	**8,275,300**	**8,212,000**	8,448,400	(9)%	12%

(1) Excludes Platinum and Black Mountain mine copper production.
(2) Excludes Platinum nickel production.
(3) At 31 December 2009 Amapá was not in commercial production and therefore to this date all revenue and related costs were capitalised. Commercial production commenced on 1 January 2010.
(4) Saleable production.
(5) Production includes Medium Carbon Ferro Manganese.
(6) Zibulo (previously Zondagsfontein) is currently not in commercial production and therefore all revenue and related costs associated with 1,662 kt (2009: 119 kt) of production have been capitalised. The 1,662 kt includes Eskom coal of 765 kt (2009: 33 kt) and export thermal coal production of 897 kt (2009: 86 kt).
(7) Excludes Tarmac, Copebrás and Catalão.

OTHER INFORMATION

EXCHANGE RATES AND COMMODITY PRICES

US$ exchange rates	2010	2009
Average prices for the year		
Rand	**7.32**	8.41
Sterling	**0.65**	0.64
Euro	**0.75**	0.72
Australian dollar	**1.09**	1.26
Chilean peso	**510**	559
Brazilian real	**1.76**	2.00
Year end spot prices		
Rand	**6.60**	7.38
Sterling	**0.64**	0.62
Euro	**0.75**	0.70
Australian dollar	**0.98**	1.11
Chilean peso	**468**	507
Brazilian real	**1.66**	1.74

Commodity prices		2010	2009
Average market prices for the year			
Platinum[1]	US$/oz	**1,610**	1,211
Palladium[1]	US$/oz	**527**	266
Rhodium[1]	US$/oz	**2,453**	1,592
Copper[2]	US cents/lb	**342**	234
Nickel[2]	US cents/lb	**989**	667
Zinc[2]	US cents/lb	**98**	75
Lead[2]	US cents/lb	**97**	78
Iron ore (FOB Australia)[3]	US$/tonne	**136**	68
Thermal coal (FOB South Africa)[4]	US$/tonne	**92**	64
Thermal coal (FOB Australia)[4]	US$/tonne	**99**	72
Hard coking coal (FOB Australia)[5]	US$/tonne	**191**	172
Year end spot prices			
Platinum[1]	US$/oz	**1,755**	1,475
Palladium[1]	US$/oz	**797**	402
Rhodium[1]	US$/oz	**2,425**	2,500
Copper[2]	US cents/lb	**442**	333
Nickel[2]	US cents/lb	**1,132**	838
Zinc[2]	US cents/lb	**110**	117
Lead[2]	US cents/lb	**117**	109
Iron ore (FOB Australia)[3]	US$/tonne	**163**	109
Thermal coal (FOB South Africa)[4]	US$/tonne	**129**	81
Thermal coal (FOB Australia)[4]	US$/tonne	**126**	88
Hard coking coal (FOB Australia)[6]	US$/tonne	**209**	129

(1) Source: Johnson Matthey.
(2) Source: LME daily prices.
(3) Source: Platts.
(4) Source: McCloskey.
(5) Source: 2010 represents the quarterly benchmark, with quarter one 2010 being the final quarter of the annual settlement for JFY 2009-2010. 2009 represents average annual benchmark, with quarter one 2009 being the final quarter of the annual settlement for JFY 2008-2009.
(6) Source: 2010 represents the quarter four benchmark and 2009 represents closing annual benchmark.

SUMMARY BY BUSINESS OPERATION

	Revenue[1]		EBITDA[2]		Operating profit/(loss)[3]		Underlying earnings	
US$ million	2010	2009	2010	2009	2010	2009	2010	2009
Platinum	**6,602**	4,535	**1,624**	677	**837**	32	**425**	44
Diamonds	**2,644**	1,728	**666**	215	**495**	64	**302**	(90)
Copper	**4,877**	3,967	**3,086**	2,254	**2,817**	2,010	**1,721**	1,201
Anglo American Sur	**2,075**	1,723	**1,263**	994	**1,125**	862	**685**	444
Anglo American Norte	**1,073**	833	**661**	408	**624**	369	**419**	197
Collahuasi	**1,729**	1,411	**1,276**	952	**1,186**	880	**738**	663
Projects and corporate	**–**	–	**(114)**	(100)	**(118)**	(101)	**(121)**	(103)
Nickel	**426**	348	**122**	28	**96**	2	**75**	(13)
Codemin	**195**	157	**83**	49	**76**	41	**48**	24
Loma de Níquel	**231**	191	**82**	11	**65**	(7)	**55**	17
Projects and corporate	**–**	–	**(43)**	(32)	**(45)**	(32)	**(28)**	(54)
Iron Ore and Manganese	**6,612**	3,419	**3,856**	1,593	**3,681**	1,489	**1,423**	571
Kumba Iron Ore	**5,310**	2,816	**3,514**	1,562	**3,396**	1,487	**1,210**	490
Iron Ore Brazil	**319**	–	**(73)**	(135)	**(97)**	(141)	**(77)**	(119)
Samancor	**983**	603	**415**	166	**382**	143	**290**	200
Metallurgical Coal	**3,377**	2,239	**1,116**	706	**783**	451	**585**	322
Australia	**3,377**	2,239	**1,147**	729	**814**	474	**616**	345
Projects and corporate	**–**	–	**(31)**	(23)	**(31)**	(23)	**(31)**	(23)
Thermal Coal	**2,866**	2,490	**872**	875	**710**	721	**512**	517
South Africa	**2,105**	1,748	**539**	550	**426**	442	**314**	328
Colombia	**761**	742	**358**	352	**309**	305	**223**	215
Projects and corporate	**–**	–	**(25)**	(27)	**(25)**	(26)	**(25)**	(26)
Other Mining and Industrial	**5,520**	5,908	**912**	878	**661**	506	**522**	403
Tarmac[4]	**2,376**	2,870	**188**	313	**48**	101	**67**	81
Skorpion[5]	**311**	236	**154**	100	**134**	43	**133**	40
Lisheen[5]	**265**	208	**114**	74	**114**	73	**99**	67
Black Mountain[5]	**197**	148	**73**	59	**73**	59	**47**	60
Scaw Metals[6]	**1,579**	1,384	**213**	172	**170**	131	**119**	70
Copebrás	**461**	320	**104**	(9)	**81**	(40)	**48**	7
Catalão	**152**	184	**71**	111	**67**	106	**38**	77
Coal Americas	**179**	165	**18**	6	**(3)**	(8)	**1**	(12)
Tongaat Hulett/Hulamin[7]	**–**	393	**–**	73	**–**	62	**–**	31
Projects and corporate	**–**	–	**(23)**	(21)	**(23)**	(21)	**(30)**	(18)
Exploration	**–**	–	**(136)**	(172)	**(136)**	(172)	**(128)**	(167)
Corporate Activities and Unallocated Costs	**5**	3	**(135)**	(124)	**(181)**	(146)	**(461)**	(219)
	32,929	24,637	**11,983**	6,930	**9,763**	4,957	**4,976**	2,569

(1) Revenue includes the Group's attributable share of revenue of joint ventures and associates. Revenue for copper and zinc operations is shown after deduction of treatment and refining charges (TC/RCs).

(2) Earnings before interest, tax, depreciation and amortisation (EBITDA) is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

(3) Operating profit includes operating profit before special items and remeasurements from subsidiaries and joint ventures and attributable share of operating profit (before interest, tax, non-controlling interests, special items and remeasurements) of associates.

(4) In the year ended 31 December 2010 Tarmac sold its Polish and French and Belgian concrete products businesses and the majority of its European aggregates businesses. See Disposals note 32.

(5) Skorpion, Lisheen and Black Mountain comprise the Group's portfolio of operating zinc assets. The Group completed the disposal of its interest in the Skorpion mine in December 2010. Lisheen and Black Mountain were classified as held for sale at 31 December 2010. See Disposals note 32 and Disposal groups and non-current assets held for sale note 33.

(6) Scaw Metals includes Moly-Cop and AltaSteel which were disposed of in December 2010. See Disposals note 32.

(7) The Group's investments in Tongaat Hulett and Hulamin were disposed of in August 2009 and July 2009, respectively.

OTHER INFORMATION

KEY FINANCIAL DATA

US$ million (unless otherwise stated)	2010	2009	2008	2007	2006[1]	2005[1]	2004[1]
Group revenue including associates	**32,929**	24,637	32,964	30,559	29,404	24,872	22,610
Less: Share of associates' revenue	**(4,969)**	(3,779)	(6,653)	(5,089)	(4,413)	(4,740)	(5,429)
Group revenue	**27,960**	20,858	26,311	25,470	24,991	20,132	17,181
Operating profit including associates before special items and remeasurements	**9,763**	4,957	10,085	9,590	8,888	5,549	3,832
Special items and remeasurements (excluding financing and tax special items and remeasurements)	**1,727**	(208)	(330)	(227)	24	16	556
Net finance costs (including financing special items and remeasurements), tax and non-controlling interests of associates	**(423)**	(313)	(783)	(434)	(398)	(315)	(391)
Total profit from operations and associates	**11,067**	4,436	8,972	8,929	8,514	5,250	3,997
Net finance costs (including financing special items and remeasurements)	**(139)**	(407)	(401)	(108)	(71)	(220)	(385)
Profit before tax	**10,928**	4,029	8,571	8,821	8,443	5,030	3,612
Income tax expense (including special items and remeasurements)	**(2,809)**	(1,117)	(2,451)	(2,693)	(2,518)	(1,208)	(765)
Profit for the financial year – continuing operations	**8,119**	2,912	6,120	6,128	5,925	3,822	2,847
Profit for the financial year – discontinued operations	**–**	–	–	2,044	997	111	1,094
Profit for the financial year – total Group	**8,119**	2,912	6,120	8,172	6,922	3,933	3,941
Non-controlling interests	**(1,575)**	(487)	(905)	(868)	(736)	(412)	(440)
Profit attributable to equity shareholders of the Company	**6,544**	2,425	5,215	7,304	6,186	3,521	3,501
Underlying earnings[2] – continuing operations	**4,976**	2,569	5,237	5,477	5,019	3,335	2,178
Underlying earnings[2] – discontinued operations	**–**	–	–	284	452	401	506
Underlying earnings[2] – total Group	**4,976**	2,569	5,237	5,761	5,471	3,736	2,684
Earnings per share (US$) – continuing operations	**5.43**	2.02	4.34	4.04	3.51	2.35	1.84
Earnings per share (US$) – discontinued operations	**–**	–	–	1.54	0.70	0.08	0.60
Earnings per share (US$) – total Group	**5.43**	2.02	4.34	5.58	4.21	2.43	2.44
Underlying earnings per share (US$) – continuing operations	**4.13**	2.14	4.36	4.18	3.42	2.30	1.52
Underlying earnings per share (US$) – discontinued operations	**–**	–	–	0.22	0.31	0.28	0.35
Underlying earnings per share (US$) – total Group	**4.13**	2.14	4.36	4.40	3.73	2.58	1.87
Ordinary dividend per share (US cents)	**65.0**	–	44.0	124.0	108.0	90.0	70.0
Special dividend per share (US cents)	**–**	–	–	–	67.0	33.0	–
Weighted average basic number of shares outstanding (million)	**1,206**	1,202	1,202	1,309	1,468	1,447	1,434
EBITDA[3] – continuing operations	**11,983**	6,930	11,847	11,171	10,431	7,172	5,359
EBITDA[3] – discontinued operations	**–**	–	–	961	1,766	1,787	1,672
EBITDA[3] – total Group	**11,983**	6,930	11,847	12,132	12,197	8,959	7,031
EBITDA interest cover[4] – total Group	**42.0**	27.4	28.3	42.0	45.5	20.0	18.5
Operating margin (before special items and remeasurements) – total Group	**29.6%**	20.1%	30.6%	28.4%	25.4%	18.5%	14.7%
Ordinary dividend cover (based on underlying earnings per share) – total Group	**6.4**	–	9.9	3.5	3.5	2.9	2.7
Balance sheet							
Intangible assets and property, plant and equipment	**42,126**	37,974	32,551	25,090	25,632	33,368	35,816
Other non-current assets and investments[5]	**9,852**	7,303	7,607	9,271	8,258	5,585	5,547
Working capital	**2,385**	2,168	861	1,966	3,096	3,538	3,543
Other net current liabilities[5]	**(785)**	(272)	(840)	(911)	(1,430)	(1,429)	(611)
Other non-current liabilities and obligations[5]	**(8,757)**	(8,487)	(7,567)	(6,387)	(5,826)	(8,491)	(8,339)
Cash and cash equivalents and borrowings[6]	**(7,038)**	(11,046)	(11,051)	(5,170)	(3,244)	(4,993)	(8,243)
Net assets classified as held for sale	**188**	429	195	471	641	–	–
Net assets	**37,971**	28,069	21,756	24,330	27,127	27,578	27,713
Non-controlling interests	**(3,732)**	(1,948)	(1,535)	(1,869)	(2,856)	(3,957)	(4,588)
Equity attributable to equity shareholders of the Company	**34,239**	26,121	20,221	22,461	24,271	23,621	23,125
Total capital[7]	**45,355**	39,349	33,096	29,181	30,258	32,558	35,806
Cash flows from operations – continuing operations	**9,924**	4,904	9,579	9,375	9,012	5,963	3,857
Cash flows from operations – discontinued operations	**–**	–	–	470	1,045	1,302	1,434
Cash flows from operations – total Group	**9,924**	4,904	9,579	9,845	10,057	7,265	5,291
Dividends received from associates and financial asset investments – continuing operations	**285**	639	659	311	251	468	380
Dividends received from associates and financial asset investments – discontinued operations	**–**	–	–	52	37	2	16
Dividends received from associates and financial asset investments – total Group	**285**	639	659	363	288	470	396
Return on capital employed[8] – total Group	**24.8%**	14.4%	36.9%	38.0%	32.6%	18.8%	16.9%
EBITDA/average total capital[7] – total Group	**28.3%**	19.1%	38.0%	40.8%	38.8%	26.2%	21.3%
Net debt to total capital (gearing)[9]	**16.3%**	28.7%	34.3%	16.6%	10.3%	15.3%	22.6%

(1) Comparatives for 2006, 2005 and 2004 were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.

(2) Underlying earnings is net profit attributable to equity shareholders, adjusted to remove the effect of special items and remeasurements and any related tax and non-controlling interests.

(3) EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

(4) EBITDA interest cover is EBITDA divided by net finance costs, excluding other net financial income, exchange gains and losses on monetary assets and liabilities, unwinding of discount relating to provisions and other non-current liabilities, financing special items and remeasurements, and including attributable share of associates' net interest expense.

(5) Comparatives for 2008, 2007, 2006 and 2005 were adjusted in the 2009 Annual Report in accordance with IAS 1 *Presentation of Financial Statements – Improvements* to reclassify non-hedge derivatives whose expected settlement date was more than one year from the period end from current to non-current.

(6) This differs from the Group's measure of net debt as it excludes the net cash/(debt) of disposal groups (2010: $59 million; 2009: $48 million; 2008: $8 million; 2007: $(69) million; 2006: $(80) million; 2005: nil; 2004: nil) and excludes related hedges (2010: net liabilities of $405 million; 2009: net liabilities of $285 million; 2008: net liabilities of $297 million; 2007: net assets of $388 million; 2006: net assets of $193 million; 2005: nil; 2004: nil). For more detail see note 31 Consolidated cash flow analysis.

(7) Total capital is net assets excluding net debt.

(8) Return on capital employed is calculated as total operating profit before impairments for the year divided by the average of total capital less other investments and adjusted for impairments.

(9) Net debt to total capital is calculated as net debt (including related hedges) divided by total capital. Comparatives are presented on a consistent basis.

RECONCILIATION OF SUBSIDIARIES' AND ASSOCIATE'S REPORTED EARNINGS TO THE UNDERLYING EARNINGS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2010

Note only key reported lines are reconciled.

Anglo Platinum Limited

US$ million	2010	2009
IFRS headline earnings (US$ equivalent of published)	**674**	84
Exploration	**11**	17
Operating and financing remeasurements (net of tax)	**(21)**	27
Restructuring costs included in headline earnings (net of tax)	**28**	27
Other adjustments	**(1)**	2
	691	157
Non-controlling interests	**(140)**	(31)
Elimination of intercompany interest	**29**	47
Depreciation on assets fair valued on acquisition (net of tax)	**(102)**	(83)
Corporate cost allocation	**(53)**	(46)
Contribution to Anglo American plc underlying earnings	**425**	44

De Beers Société Anonyme

US$ million	2010	2009
De Beers underlying earnings (100%)	**598**	(220)
Difference in IAS 19 accounting policy	**53**	5
De Beers underlying earnings – Anglo American plc basis (100%)	**651**	(215)
Anglo American plc's 45% ordinary share interest	**293**	(97)
Income from preference shares	**9**	9
Other adjustments	**–**	(2)
Contribution to Anglo American plc underlying earnings	**302**	(90)

Kumba Iron Ore Limited

US$ million	2010	2009
IFRS headline earnings (US$ equivalent of published)	**1,964**	845
Exploration	**9**	3
Other adjustments	**1**	(2)
	1,974	846
Non-controlling interests	**(710)**	(314)
Elimination of intercompany interest	**2**	(10)
Depreciation on assets fair valued on acquisition (net of tax)	**(9)**	(7)
Corporate cost allocation	**(47)**	(39)
Other adjustments	**–**	14
Contribution to Anglo American plc underlying earnings	**1,210**	490

OTHER INFORMATION

THE BUSINESS – AN OVERVIEW

as at 31 December 2010

Platinum

Overall ownership: **79.7%**

100% owned

South Africa
- Bathopele Mine
- Khomanani Mine
- Thembelani Mine
- Khuseleka Mine
- Siphumelele Mine
- Tumela Mine
- Dishaba Mine
- Mogalakwena Mine
- Western Limb Tailings Retreatment
- Waterval Smelter (including converting process)
- Mortimer Smelter
- Polokwane Smelter
- Rustenburg Base Metals Refinery
- Precious Metals Refinery
- Twickenham Mine

Zimbabwe
- Unki Mine

Other interests

South Africa	
Union Section	85%
Joint ventures or sharing agreements	
Modikwa Platinum Joint Venture	50%
Kroondal Pooling and Sharing Agreement	50%
Marikana Pooling and Sharing Agreement	50%
Mototolo Joint Venture	50%
Masa Chrome Company	74%
Associates	
Bokoni (formerly Lebowa Platinum Mines)	49%
Pandora	42.5%
Bafokeng-Rasimone	33%
Anooraq	27%
Johnson Matthey Fuel Cells	17.5%
Wesizwe	26.6%

De Beers[1]

Overall ownership: **45%**

100% owned

South Africa
- De Beers Group Services (Exploration and Services)
- De Beers Marine

Industrial Diamonds
- Element Six Technologies

Canada
- De Beers Canada
  - Snap Lake
  - Victor

Trading and Marketing
- The Diamond Trading Company
- Forevermark
- Diamdel

Other interests

South Africa	
De Beers Consolidated Mines	74%[2]
Finsch	
Namaqualand Mines	
Venetia	
South African Sea Areas	
Botswana	
Debswana (Damtshaa, Jwaneng, Orapa and Lethlakane mines)	50%
Namibia	
Namdeb (Mining Area No. 1, Orange River Mines, Elizabeth Bay and Marine concessions)	50%
De Beers Marine Namibia	70%
Trading and Marketing	
DTC Botswana	50%
Namibia DTC	50%
Industrial Diamonds	
Element Six Abrasives	60%
Diamond Jewellery Retail	
De Beers Diamond Jewellers	50%

Copper

Overall ownership: **100%**

100% owned

- Chagres (Chile)
- El Soldado (Chile)
- Los Bronces (Chile)
- Mantos Blancos (Chile)
- Mantoverde (Chile)
- Michiquillay (Peru)

Other interests

Collahuasi (Chile)	44%
Palabora (South Africa)	17%
Quellaveco (Peru)	81.9%
Pebble (US)	50%

[1] An independently managed associate.

[2] De Beers' 74% interest represents its legal ownership share in De Beers Consolidated Mines (DBCM). For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the black economic empowerment (BEE) entity which holds the remaining 26% after providing certain financial guarantees on its behalf during 2010.

Nickel Overall ownership: **100%**

100% owned	Other interests	
Codemin (Brazil)	Loma de Níquel (Venezuela)	91.4%
Barro Alto (Brazil)		

Iron Ore and Manganese

Kumba Iron Ore (South Africa)	65.3%
Minas-Rio (Brazil)	100%
Amapá (Brazil)	70%
LLX Minas-Rio (Brazil)	49%
Samancor (South Africa and Australia)	40%

Metallurgical Coal Overall ownership: **100%**

100% owned	Other interests	
Australia	**Australia**	
Callide	Dartbrook	83.3%
	Dawson	51%
Australia – other	Drayton	88.2%
Monash Energy Holdings Ltd	German Creek[1]	70%
	Jellinbah	23%
	Moranbah North	88%
	Foxleigh	70%
	Australia – other	
	Dalrymple Bay Coal Terminal Pty Ltd	25.4%
	Newcastle Coal Shippers Pty Ltd	17.6%

Thermal Coal Overall ownership: **100%**

100% owned	Other interests	
South Africa	**South Africa**	
Goedehoop	Mafube	50%
Greenside and Nooitgedacht	Phola plant	50%
Isibonelo	Kriel[2]	73%
Kleinkopje	Zibulo[2]	73%
Landau		
New Denmark	**South Africa – other**	
New Vaal	Richards Bay Coal Terminal	27%
	Colombia	
	Carbones del Cerrejón	33.3%

(1) The German Creek operation includes both Capcoal Open Cut and Underground operations.
(2) Kriel and Zibulo form part of the Anglo American Inyosi Coal BEE Company of which Anglo American owns 73%.

Other Mining and Industrial

Overall ownership: **100%**

100% owned	Other interests	
Aggregates and Building Materials	**Aggregates and Building Materials**	
Tarmac Quarry Materials	Tarmac Middle East	50%
Tarmac Building Products		
Tarmac China	**Zinc/Lead**	
Tarmac Romania	Black Mountain (South Africa)	74%
Tarmac Turkey	Gamsberg (South Africa)	74%
Zinc/Lead	**Steel products**	
Lisheen (Ireland)	Scaw Metals (worldwide)[1]	74%
Phosphate products	**Coal Americas**	
Copebrás (Brazil)	Peace River Coal (Canada)	74.8%
Niobium		
Catalão (Brazil)		

Other[2]

100% owned	Other interests	
Vergelegen (South Africa)	Exxaro Resources (southern Africa and Australia)	10%

[1] Moly-Cop and AltaSteel were sold in December 2010.
[2] Included within Corporate Activities and Unallocated Costs segment.

SHAREHOLDER INFORMATION

ANNUAL GENERAL MEETING

Will be held at 11:00 am on 21 April 2011, at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London, SW1P 3EE.

SHAREHOLDERS' DIARY 2011/12

Interim results announcement	July 2011
Annual results announcement	February 2012
Annual Report	March 2012
Annual General Meeting	April 2012

SHAREHOLDING ENQUIRIES

Enquiries relating to shareholdings should be made to the Company's UK Registrars, Equiniti or the South African Transfer Secretaries, Link Market Services South Africa (Pty) Limited, at the relevant address below:

UK REGISTRARS

Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
England

Telephone:
In the UK: 0871 384 2026*
From outside the UK: +44 121 415 7558

TRANSFER SECRETARIES IN SOUTH AFRICA

Link Market Services South Africa (Pty) Limited
11 Diagonal Street
Johannesburg 2001, South Africa
(PO Box 4844, Johannesburg 2000)
Telephone: +27 (0) 11 630 0800

Enquiries on other matters should be addressed to the Company Secretary at the following address:

REGISTERED AND HEAD OFFICE

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Telephone: +44 (0) 20 7968 8888
Fax: +44 (0) 20 7968 8500
Registered number: 3564138
Website: www.angloamerican.com

Additional information on a wide range of shareholder services can be found in the Shareholder Information section of the Notice of AGM and on the Group's website.

* Calls to all 0871 numbers stated in this notice are charged at 8p per minute from a BT landline. Lines are open 8:30am to 5:30pm Monday to Friday. Other telephony providers' costs may vary.

OTHER ANGLO AMERICAN PUBLICATIONS

- 2010/11 Fact Book
- Notice of 2011 AGM and Shareholder Information Booklet
- Sustainable Development Report 2010
- Optima – Anglo American's current affairs journal
- Good Citizenship: Business Principles
- The Anglo American Environment Way
- The Anglo American Occupational Health Way
- The Anglo American Safety Way
- The Anglo American Social Way

The Company implemented electronic communications in 2008 in order to reduce the financial and environmental costs of producing the annual report. More information about this can be found in the attached Notice of AGM. In this regard we would encourage downloading of reports from our website.

Financial reports may be found at:
www.angloamerican.com/aal/investors/reports

Sustainable development reports may be found at:
www.angloamerican.com/aal/development/reports/aareports

However, the 2010 Annual Report and the booklet containing the Notice of AGM and other shareholder information are available free of charge from the Company, its UK Registrars and the South African Transfer Secretaries.

If you would like to receive paper copies of Anglo American's publications, please write to:

Investor Relations
Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Alternatively, publications can be ordered online at:
www.angloamerican.com/aal/siteservices/requestreport

Charitable partners
This is just a selection of the charities which Anglo American, The Chairman's Fund and the Anglo American Group Foundation have worked with in 2010:

Leonard Cheshire Disability
tree
NTATAISE
care — Defending dignity. Fighting poverty.
engineers without borders uk
Sparrow Schools
Plan — Be a part of it.
centre point — give homeless young people a future
Children of the Andes
Headstart EDT
CENTRE FOR DEVELOPMENT AND ENTERPRISE — Informing South African Policy
The Forgiveness Project
VULA PROGRAMME

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