AngloAmerican

Real Mining. Real People. Real Difference.

A BALANCED PORTFOLIO

WITH THE FUTURE IN MIND

ANNUAL REPORT 2012

WITH THE FUTURE IN MIND

At Anglo American, we will achieve our ambition to be the leading mining company if we make sound decisions that focus on delivering long term value. It is these decisions made by our talented workforce that are driving the business forward with the future in mind.

01

02

A UNIQUE TRANSACTION

Our acquisition of a further 40% interest in De Beers was a unique opportunity to consolidate control of the world's leading diamond company. The benefits of our scale, expertise and financial resources, combined with the De Beers business and its iconic brand, will enhance De Beers' position across the diamond pipeline and capture the potential presented by a rapidly evolving diamond market.

For more information on this story **go to page 82 in this report**

03

06

05

04

01 Preparation plant assistant Jessica Smith and environmentalist Matt Goddard at the train load-out facility at Metallurgical Coal's Capcoal open cut mine.

02 Molten platinum being poured at Platinum's precious metals refinery.

03 Construction work at Thermal Coal's eMalahleni water treatment plant.

04 Reclaimer operator Bobby Marthinus at the reclaimer bucket wheel at Kolomela mine's stack and reclaim yard.

05 Arc furnace at Codemin's nickel smelter in Brazil.

06 Anodes supervisor Ricardo Villalon at the anodes stockpile at the Chagres copper smelter.

Cover
De Beers' sea walker drill platform, drilling the surf zone on the Atlantic coast in Namibia.

Other sources of information

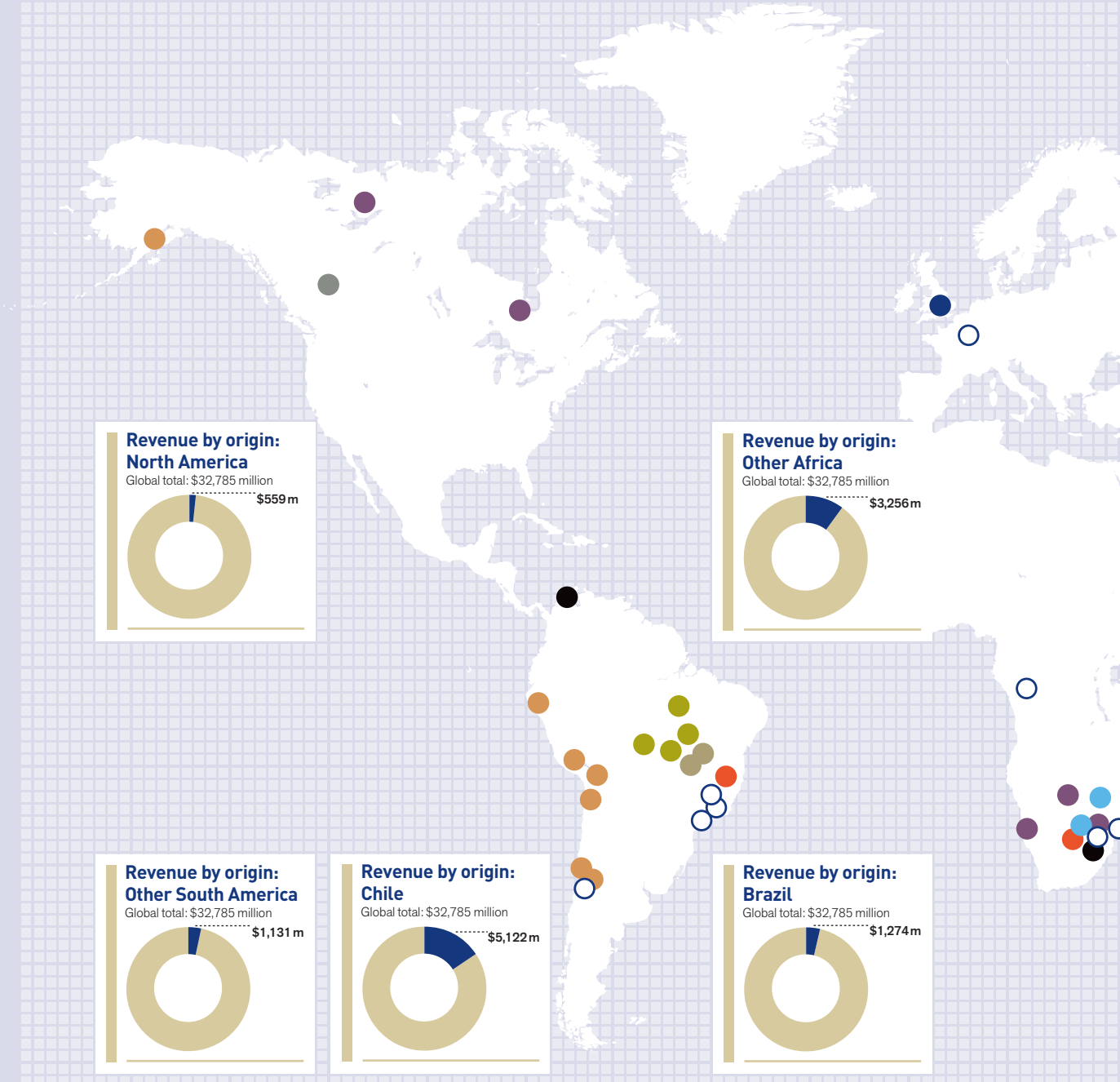
You can find this report and additional information about Anglo American on our corporate website.

Although we have chosen not to produce an 'integrated report', we have included a comprehensive overview of our non-financial performance in this report. More detailed information on our sustainability performance is provided in our Sustainable Development Report. This can be found on our corporate website.

For more information visit **www.angloamerican.com/reportingcentre**

AT A GLANCE

Anglo American's portfolio of mining businesses spans bulk commodities – iron ore and manganese, metallurgical coal and thermal coal; base metals – copper and nickel; and precious metals and minerals – in which we are a global leader in both platinum and diamonds.



Headquarters

London,
United Kingdom

Corporate and representative offices

Beijing, China
Belo Horizonte, Brazil
Brisbane, Australia
Johannesburg, South Africa
Kinshasa, DRC
Luxembourg
Maputo, Mozambique
New Delhi, India
Rio de Janeiro, Brazil
Santiago, Chile
São Paulo, Brazil
Singapore
Ulan Bator, Mongolia

North America

South America

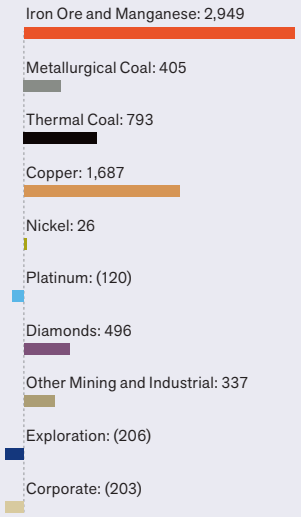
Africa

Australia and Asia

- Iron Ore and Manganese
- Metallurgical Coal
- Thermal Coal
- Copper
- Nickel
- Platinum
- Diamonds
- Other Mining and Industrial

Underlying operating profit

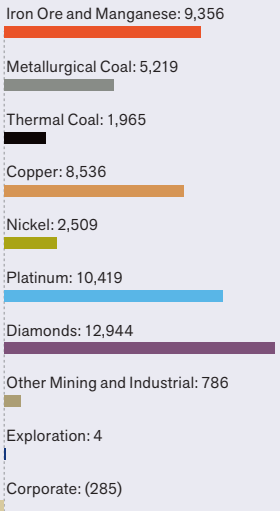
$ million



Total: $6,164 million

Net segment assets

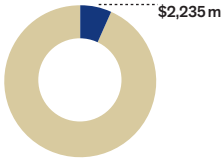
$ million



Total: $51,453 million

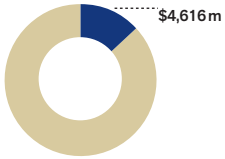
Revenue by origin: Europe

Global total: $32,785 million



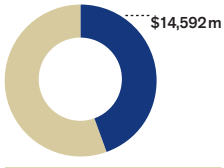
Revenue by origin: Australia and Asia

Global total: $32,785 million



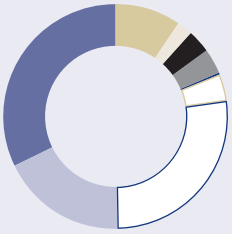
Revenue by origin: South Africa

Global total: $32,785 million



Revenue by destination

$ million



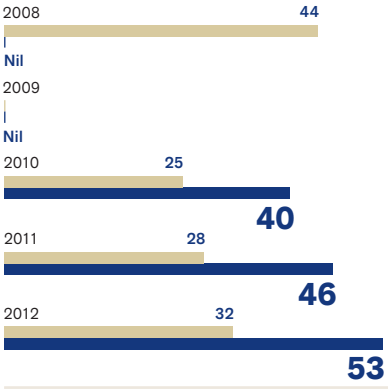
South Africa	3,115
Other Africa	715
Brazil	1,093
Chile	1,241
Other South America	46
North America	1,274
Europe	8,846
China	5,927
Incorporating:	
Australia	340
India	2,544
Japan	4,049
Other Asia	3,595
Total	**32,785**

SAFEGUARDING VALUE

WITH THE FUTURE IN MIND

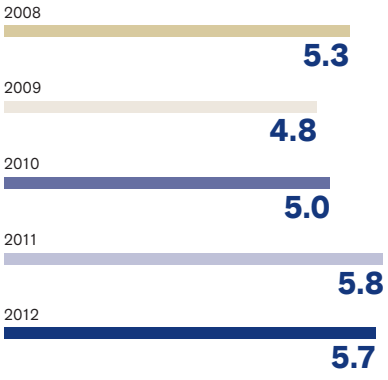
DIVIDENDS PER SHARE

Cents



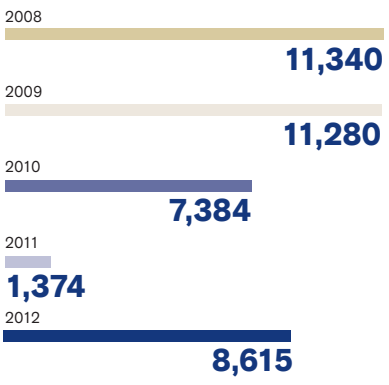
CAPITAL EXPENDITURE

$ bn



NET DEBT

$ m



UNDERLYING OPERATING PROFIT

(2011: $11.1 bn)

$6.2bn

UNDERLYING EARNINGS

(2011: $6.1 bn)

$2.8bn

UNDERLYING EARNINGS PER SHARE

(2011: $5.06)

$2.26

(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS

(2011: $6.2 bn)

$(1.5)bn

Underlying 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.

'Tonnes' are metric tons, 'Mt' denotes million tonnes, 'kt' denotes thousand tonnes and 'koz' denotes thousand ounces; '$' and 'dollars' denote US dollars and 'cents' denotes US cents.

Net debt includes related hedges and net cash in disposal groups. See note 31 to the financial statements.

CHAIRMAN'S STATEMENT

In a very tough year, we made significant progress in overcoming the most serious challenges to our business, to the benefit of everyone invested, directly or indirectly, in Anglo American.

Sir John Parker

Given the increased challenges involved in developing large and complex greenfield sites, the Board will apply a highly disciplined approach to the allocation of capital.

OUR PERFORMANCE

It was a difficult year for the mining industry and Anglo American encountered its share of challenges. Against a backdrop of a marked economic slowdown in China, a troubled euro zone and only a sputtering recovery in the US, the industry faced falling prices, while profitability was further impacted as costs continued to rise well above inflation in many countries. In our own business, in South Africa, we had to contend with lengthy illegal industrial action at our Platinum and Kumba Iron Ore operations – which ultimately had the effect of tipping Anglo American Platinum into making a loss for the year. In the first half of the year, we also encountered operational setbacks in our Copper business, where output is now stabilising. At our largest capital project, the Minas-Rio iron ore project in Brazil, a diversity of problems led to a revised delivery date and capital-cost increases. This led us to review the carrying value of the asset, writing it down by $4 billion (after tax).

DIVIDENDS AND CAPITAL ALLOCATION

In spite of all these challenges affecting cash flow, the Board was able to recommend a final dividend of 53 cents per share, giving a rebased total dividend for the year of 85 cents, a 15% increase, reflecting our confidence in the underlying business. This increase completes the rebuilding of our dividend from zero in 2009, to a new base level competitive with our diversified peer group.

The three major projects we commissioned in 2011 – Barro Alto nickel, Los Bronces copper expansion and Kolomela iron ore – have all been ramping up. At Minas-Rio, however, the inevitable knock-on effect of permitting and other delays have resulted in the project's capital expenditure rising to an expected $8.8 billion, if a Group-held risk contingency of $600 million is consumed, with the first iron ore shipment due by the end of 2014. I am confident, however, that Minas-Rio will become one of the world's great high-quality iron ore mines, with high potential cash generation and a published resource base of well over 5 billion tonnes, a more than fourfold increase since acquisition.

Anglo American's objective is to maintain a strong investment grade rating – which demands rigorous capital discipline. We recognise that over the next two years we will bear a heavier capital expenditure burden as we seek to complete the development of Minas-Rio and Grosvenor in Australia, after which we expect capital expenditure to be moderated.

We have a substantial potential pipeline of high-quality growth options in the most attractive commodities. However, given the increased challenges involved in developing large and complex greenfield sites, the Board will apply a highly disciplined approach to the allocation of capital, with smaller, lower-risk brownfield expansion projects more likely to find favour. Prior to Board approval of large greenfield projects we will explore the merits of seeking suitable partners.

DELIVERING VALUE

In these volatile times, boards have a heightened responsibility to ensure that management delivers enduring value for shareholders. That is why, following almost a year of studying various options and social plans, we have announced a proposed major restructuring of our Platinum business. We aim to return it to a sustainable profit and a more secure future for the 45,000 employees who would remain. I am glad to report we have had positive dialogue with the South African government, with a joint commitment to work together on this restructuring and the finalisation of our recovery plans.

It is pleasing to report that, following the dispute with the Chilean state copper producer, Codelco, we were able to retain majority control of Anglo American Sur and to establish a new relationship that positions us to build a strong future for our business in Chile. We were also able to generate $2.3 billion of incremental proceeds for shareholders compared to the original option price.

Our acquisition from the Oppenheimer family of its 40% shareholding in De Beers now gives shareholders greater exposure to the world's No. 1 diamond company. We believe De Beers is well positioned to capitalise on the positive fundamentals in diamonds, with the supply of gem diamonds likely to fall well short of demand over the long term.

SAFETY AND SUSTAINABLE DEVELOPMENT

The number of people who lost their lives on company business fell to 13; sadly, this is 13 too many. Our lost-time injury frequency rate, which had reached a plateau in recent years, also resumed a downward trend. Overall, during Cynthia Carroll's six-year watch, on a like-for-like basis, the annual number of deaths Group-wide fell by half. This step change in performance is great testimony to Cynthia's safety leadership, as well as the commitment of her senior management team. Their tireless endeavours in leading the safety agenda have brought about real and lasting change in the way we approach our drive for zero harm. I know our incoming chief executive Mark Cutifani, during whose watch at AngloGold Ashanti, over a similar timeframe, the company's safety record improved significantly, is also determined to take the lead on this most fundamental of issues.

As a company, Anglo American takes climate-change mitigation and water management particularly seriously – with targets for these included in the performance contracts

AN EVALUATION OF THE BOARD BY AN EXTERNAL FACILITATOR, WITH NO PRIOR RELATIONSHIP WITH ANGLO AMERICAN, WAS COMPLETED IN FEBRUARY 2012.

For more information **turn to page 96**

REPRESENTATION OF WOMEN ON THE BOARD

27%

For more information **turn to page 91**

of our business unit CEOs. It is pleasing, therefore, that our approach to sustainable development continues to receive global recognition. At the Quellaveco copper project in Peru – historically, a challenging environment in which to conduct mining operations – we successfully concluded a community 'dialogue table'; this resulted in ground-breaking agreements that satisfy our host communities on water use, the environment and social responsibility. In 2012, Anglo American was recognised for the 10th year running for excellence in sustainability by the Dow Jones Sustainability Index, achieving the highest ranking in the mining industry. We were also awarded a platinum ranking in the 2012 Business in the Community Corporate Responsibility Index, the UK's leading voluntary benchmark of corporate responsibility – the only mining group to secure platinum status.

GOVERNANCE

Over the past few years, governance pressures on listed companies have been growing in intensity. Shareholders, institutional and individual alike, have sought to hold underperforming managements and boards to account. In the 3½ years I have been chairman of your company, therefore, I have sought to refresh and strengthen the Board by bringing in members with a range of skill-sets and experiences that can add value to our business and maintain capital discipline. It is in that light that we appointed Anne Stevens in May 2012. Anne is an engineer with extensive industrial experience, including operating in a range of South American countries in which we are present.

I also wish to take this opportunity to thank Dr Mamphela Ramphele, who stepped down in July, for the wealth of experience and insight she brought to the Board's affairs. Mamphela, who was a key figure in South Africa's struggle for democracy, later had a distinguished career, including serving as vice-chancellor of the University of Cape Town and as a managing director of the World Bank.

Peter Woicke will also be standing down from the Board at the forthcoming AGM. He has been a director since 2006 and chairman of the Safety and Sustainable (S&SD) Committee for the past three years. Peter has brought a wealth of experience and knowledge about development in emerging economies to our proceedings and has ensured that Anglo American remains at the forefront of the major sustainability issues facing our industry. We are indeed grateful for his leadership in this important area of our operations.

We are fortunate to have Jack Thompson's extensive mining experience and knowledge of safety to take over as chairman of the S&SD Committee and to build on Peter Woicke's excellent work.

The Board is also proposing the appointment of Dr Byron Grote as a non-executive director at the forthcoming AGM. Byron has more than three decades' experience in the natural resources sector, including nine years as chief financial officer of BP. He will be retiring from BP and stepping down from the BP board in April. It is intended that Byron will, after a period of induction, take over the chairmanship of the Audit Committee from David Challen, who has rendered outstanding service in this role. I am glad that David, whose independence is not in doubt, has agreed, given the extensive changes to Board membership since late 2009, to serve for at least another year as the senior independent non-executive director.

In terms of the Board's composition, the biggest change, of course, was Cynthia Carroll's decision in October to step down as chief executive and from the Board, in April, with the agreement of the Board. Cynthia's leadership has had a transformational impact on Anglo American. She developed a clear strategy and created a strong and unified culture and a streamlined organisation.

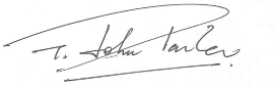
Cynthia lived out Anglo American's values to the full and her legacy includes, among many other things, a step-change improvement in safety, sustainability and the quality of our dialogue with governments, communities and other stakeholders around the world. As a Board, we not only thank her but wish her all success and good wishes in the years ahead.

I led the Board's global search to identify the best possible candidate for the role of chief executive. Mark Cutifani was the Board's unanimous choice to succeed Cynthia, and he will take up his post on 3 April 2013. Mark comes to us from AngloGold Ashanti, where he led the successful restructuring and development of its business. He is an experienced listed-company chief executive who has a focus on creating value, and a seasoned miner, with broad experience of mining operations and projects across a wide range of commodities and geographies, including South Africa and the Americas, as well as his native Australia. He is a highly respected leader in the global mining industry, with values strongly aligned to those of Anglo American.

In terms of enhancing the Board's contribution to Anglo American's affairs, during the year the Board joined the company's most senior executives in an internal strategy forum, and will do so again in June 2013. In addition, the results of an external effectiveness review of the Board, which I commissioned in 2011, were presented to the Board in 2012. The results of the review, together with details of all of our governance arrangements, can be found in the Corporate Governance section (pages 90–134) of this report.

OUTLOOK

During 2012 there were significant macroeconomic policy changes, which should support a stronger recovery in 2013 and beyond. There are now clear signs of an upturn in US housing, which should reinforce a broader economic recovery helped by ultra-loose monetary policy. In China, the authorities have also eased policy to stimulate faster growth. But the country's newly installed leadership is mindful of the need to rebalance the economy, which will restrain growth over the next few years. In Europe and Japan, activity has been weak, but there are signs of improvement and changes in policy should boost growth in 2013. In the medium term, we see continuing robust demand for industrial commodities as emerging economies continue to industrialise and advanced economies invest in upgrading their infrastructure.



Sir John Parker
Chairman

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For more information **turn to page 27**

A BRIGHTER OUTLOOK FOR OUR KEY COMMODITIES

THE ECONOMY

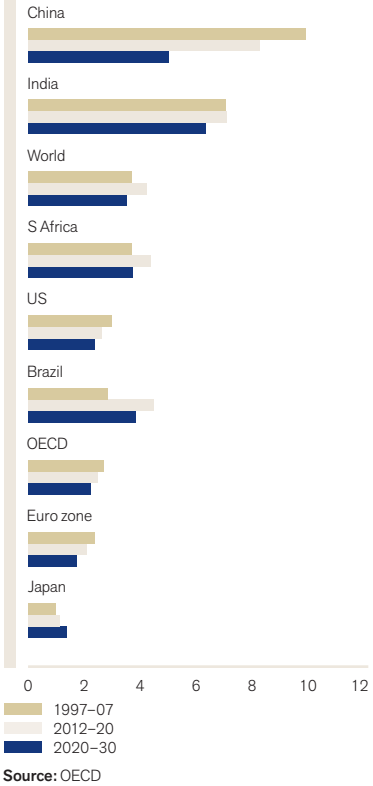
ECONOMIC SLOWDOWN

The world economy slowed in 2012. According to the IMF, global real GDP increased by 3¼%, following 4% in 2011 and 5% in 2010. There was broad-based weakness, with both advanced and developing economies experiencing lower growth. In aggregate, real GDP in the advanced economies rose by 1¼% in 2012, after 1½% in 2011 and 3% in 2010. Emerging and developing economies recorded aggregate real GDP growth of 5% in 2012, down from 6¼% in 2011 and 7½% in 2010. The growth in world trade slowed more sharply, to 2¾% in 2012, after 6% in 2011 and 12½% in 2010.

In spite of the fragile global environment, the US economy grew slightly more strongly in 2012. The housing market improved significantly through the year and rising sales and prices encouraged a recovery in new housing starts. The labour market also improved, though more fitfully. During the year, the corporate sector scaled back its investment spending owing to increasing uncertainty about the path of fiscal policy in 2013. This restrained the economy's growth rate to 2¼% in 2012. The Federal Reserve responded to the economy's modest growth rate with the implementation of open-ended quantitative easing ('QE3') in the autumn.

OECD's long-term GDP projections

Real GDP, at 2005 PPP, annual average % change



Source: OECD

The European economy weakened significantly in 2012. In the euro zone, real GDP contracted by ½% following growth of 1½% in 2011. Economic activity was particularly weak in the heavily indebted countries that are receiving financial help from the EU and the IMF. But there were also signs of more broad-based weakness as Germany and France slowed through 2012. Three factors have undermined growth. First, the debt crisis has significantly increased risk premiums on European financial assets. Second, the banking system remains impaired in many economies. Third, many governments are implementing multi-year fiscal consolidation plans.

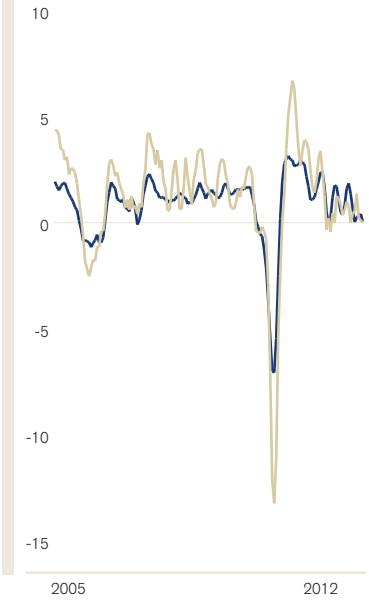
The Chinese economy slowed abruptly in 2012. Real GDP grew by 7¾%, following 9¼% in 2011 and 10½% in 2010. The slowdown extended to the third quarter, reflecting two main factors. First, there was significant weakness in China's exports to the US and Europe. Unsurprisingly, in the light of Europe's problems, China's exports to the EU fell during 2012. Second, the downturn in the property market undermined domestic demand. The authorities responded to the downturn with modest policy stimulus. Policymakers brought forward some spending on infrastructure and the People's Bank of China eased monetary conditions with several cuts in its required reserve ratio for large banks. The renminbi depreciated a little, supporting exports. By the end of the year, GDP growth had recovered.

Other large emerging economies experienced notably weaker growth in 2012. Concerns about stubborn inflation and government economic reforms weighed on India's growth.

We expect a gradual strengthening of economic activity in 2013, with the emerging economies expected to lead the improvement.

World trade and industrial production

% change, latest three months on previous three months



Source: CPB Netherlands

Brazil's economy was disappointingly weak in spite of looser macro-economic policies and currency depreciation. Industrial unrest added to the weakness of South Africa's economy late in 2012.

PROSPECTS

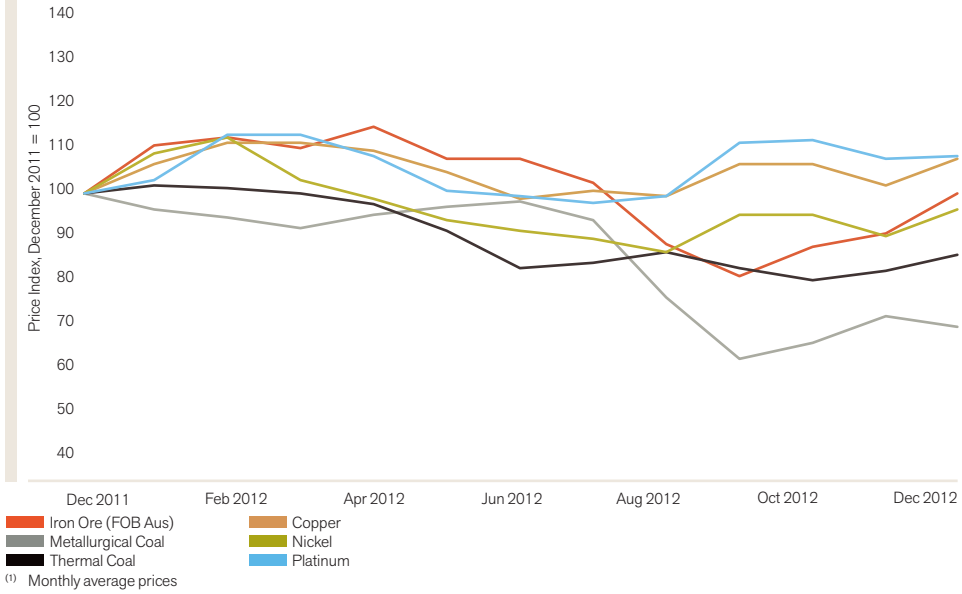
We expect a gradual strengthening of economic activity in 2013. Global GDP growth should be around 3½%, slightly below the longer term trend rate, with the emerging economies expected to lead the improvement. China's growth rate is likely to recover to 8% in 2013, as export markets stabilise and domestic demand strengthens. India, Brazil and South Africa should pick up in response to improving external conditions, lower inflation and looser domestic policy.

The recovery will be patchier in the advanced economies. The European Central Bank has headed off the threat of a euro breakdown, removing one of the biggest downside risks. But monetary and fiscal policy settings will not stimulate economic growth. The recovery in Europe looks as though it will be painfully slow in 2013.

The US economy also faces a more challenging domestic policy environment. The recent debate about the 'fiscal cliff' has exposed the absence of a credible medium term plan to reduce the US' federal budget deficit and arrest the rise in debt. In coming years, US policymakers will have to balance the need for significant fiscal retrenchment against providing support for economic activity in the short term. This implies a prolonged period of monetary accommodation from the Federal Reserve and sustained dollar weakness.

In the medium term, we expect the US to return to its underlying trend growth of around 2½–3% a year. Europe's growth rate will remain more anaemic. But economic growth should remain more robust in the main emerging economies. There is considerable scope for further catch-up growth, especially in China and India. But China's increasing scale implies the new leadership must implement reforms to rebalance growth gradually away from investment towards consumption. The next stage of the country's urbanisation will take place in the western inland provinces, while growth in coastal provinces should slow modestly in the medium term.

Indexed 2012 commodity prices[1]



(1) Monthly average prices

Source: Anglo American Commodity Research

COMMODITY MARKETS

In an increasingly uncertain macro-economic climate, 2012 was a year of commodity price weakness and heightened volatility. Average annual prices were down for all of Anglo American's key commodities, with falls ranging from 10% for copper to 35% for hard coking coal.

Price weakness in 2012 was a continuation of a trend that emerged in the second half of 2011. Although annual average prices were down across the Group's portfolio, a number of commodities spent much of the year at prices equal to or above those seen in December 2011. In this respect there was a marked contrast in performance between the precious and base metals and the bulk commodities, with platinum and copper trading above December 2011 price levels for much of 2012, while bulk commodity prices weakened materially.

In an increasingly uncertain macro-economic climate, 2012 was a year of commodity price weakness and heightened volatility.

The platinum price increased by 8% during 2012, with higher prices reflecting not only the support provided by South African supply disruptions, but also the relatively poor platinum pricing environment seen in late 2011. The price moved sharply upwards in both the first and third quarters of 2012, in response to industrial action in South Africa, with the resulting losses in output helping to offset the impact of a generally fragile demand environment, most notably in the European auto sector.

The copper price also rose by 8%, underpinned by stockpiling of cathodes in Chinese bonded warehouses, which 'sterilised' a considerable amount of metal. Estimated global stocks of copper are still well below those of other base metals and also somewhat below 'normal' working levels, while visible terminal market stocks are also reasonably low. Investors and speculators have therefore been reluctant to 'short' the copper market in the light of the relatively low levels of readily available stocks, the continued mine disruptions and supply under performance.

In 2012, the fall in the prices of bulk commodities, notably those used for steel making, was significant. Annual average steel prices were down by 16% (HRC FOB Eur). However, 2012 iron ore and hard coking coal prices were 24% and 35% lower respectively, while molybdenum, which is also used in steels, was down by 17%. The slowdown in Chinese demand, which has been magnified by destocking activity, has been a principal factor in these markets and, with the run-down of inventories having run its course and even reversed, prices of both began to improve from October, and, by December, iron ore prices were back to December 2011 levels.

Thermal coal prices also declined markedly for most of 2012, but began to improve during Q4 following the closure of some US supply and an increase in gas prices. European prices continued to be dampened by coal displaced by gas, while Asian offtake has been muted. Globally, supply cutbacks have been limited and the near term outlook is for continued supply additions from Indonesia, exerting a drag effect on any price recovery.

In 2013, the easing of macroeconomic policy globally, renewed infrastructure spending in China and stronger manufacturing output should help support commodity demand growth. Coupled with price-induced project deferral (constrained capex) and supply curtailments, this should tighten markets, thereby providing some price support where there have been recent lows. This expectation is supported by the analysts' consensus, which forecasts 2013 average prices above current levels for most of Anglo American's key commodities.

WELL PLACED FOR ALL STAGES OF THE ECONOMIC CYCLE

Anglo American's current portfolio is uniquely diversified, with material exposure to commodities that are key to the continued early-stage industrialisation of emerging economies, such as metallurgical coal and iron ore, as well as having exposure to mid- and late-cycle commodities, such as copper, nickel, platinum and diamonds.

Over the past decade, China and other emerging economies have experienced an unprecedented phase of industrialisation and urbanisation. In spite of the current challenging global economic environment, this growth is set to continue.

As the populations of the cities in these emerging economies grow, so too do their incomes and desire to spend.

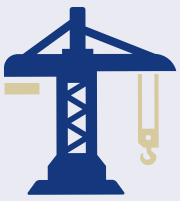
EARLY STAGE

Creating the building blocks of the urban environment

As economies start to develop and grow there is a need to expand infrastructure, construct residential and commercial buildings and build port capacity for the inevitable rise in import and export activity.

60%

INCREASE IN GLOBAL INFRASTRUCTURE SPEND REQUIRED BY 2030



IRON ORE

THERMAL COAL

METALLURGICAL COAL

MANGANESE

Lower GDP/capita

600GW

OF THERMAL COAL POWER GENERATION CAPACITY TO BE ADDED BY CHINA OVER NEXT 17 YEARS

70%

OF CHINESE POPULATION EXPECTED TO LIVE IN URBAN AREAS BY 2030 VS. C. 50% TODAY

Sources:
NBS, UN, McKinsey Global Institute, FAO, NDRC, ICA, De Beers

MID STAGE

The rise of the consuming class

As developing economies mature, populations move to cities and start to enjoy a higher disposable income and a more comfortable standard of living. Households purchase 'white goods' and mobile phone communication becomes widespread. Diets shift from being grain based to being high in protein.

LATE STAGE

Aspiring to an affluent lifestyle

As purchasing power increases, so too does the appetite for 'luxury' goods and services, including cars, jewellery, advanced technological goods and travelling for leisure.

7,000

METRO LINES WILL BE BUILT IN 40 CHINESE CITIES BY 2040, WITH EACH KM REQUIRING 107 TONNES OF COPPER

COPPER | NICKEL | NIOBIUM | PHOSPHATES

31%

FIRST-TIME BRIDES IN CHINA WHO RECEIVE A DIAMOND ENGAGEMENT RING – A CAGR* OF ALMOST 24% IN 16 YEARS

PGMs | DIAMONDS

Higher GDP/capita

1 billion

PEOPLE WHO ARE EXPECTED TO ENTER THE GLOBAL 'CONSUMING CLASS' BY 2025

40 Mt

OF EXPECTED FERTILISER NUTRIENT DEMAND GROWTH (C. 23%) OVER THE NEXT DECADE AS DIETS CHANGE IN EMERGING ECONOMIES

1.7 billion

GLOBAL CAR FLEET TO DOUBLE TO 1.7 BILLION BY 2030

60 million

HOUSEHOLDS IN EMERGING ECONOMIES EXPECTED TO BE IN THE HIGH INCOME BRACKET (>$70,000 PA) BY 2025

* Compound Annual Growth Rate

OUR STRATEGY AND BUSINESS MODEL

Anglo American aims to become 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 through a resolute commitment to the highest standards of safe and sustainable mining.

As our business model illustrates, mining is only part of the story. Our sector-leading exploration teams strive to find the resources we will mine in the future and we engage with a broad range of stakeholders – from governments to local communities and NGOs – to secure our right to mine those resources. Many of the commodities we mine are processed and refined further before we apply our market knowledge to deliver a quality product our customers value.

We believe we can achieve our aim of becoming the leading global mining company through our four strategic elements:

- **Investing** in world class assets in those commodities that we believe deliver the best returns through the economic cycle and over the long term – namely, iron ore, metallurgical coal, thermal coal, copper, nickel, platinum and diamonds.
- **Organising** efficiently and effectively to outperform our competition throughout our value chain.
- **Operating** safely, sustainably and responsibly, in the belief not only that this is fundamental to our licence to operate, but also that this is an increasingly important source of competitive advantage. The safety of our people is our key core value and we are relentless in striving to achieve our goal of zero harm.
- **Employing** the best people. We recognise that attracting, developing and retaining the best talent is essential to achieving our ambition.

Our strategic elements are put into action across our business model.

FIND

Our exploration teams discover ore deposits in a safe and responsible way to replenish the reserves that underpin our future success.

OPERATING

The LT-SQUID has been employed by our field teams to help search for so-called blind deposits that have no visible expression on the ground surface. It has revolutionised how we look at and model the picture beneath the ground surface, particularly at depth.

Go to page 41 for more information on this story

SECURE

Gaining and maintaining our social and legal licence to operate, through open and honest engagement with our stakeholders, is critical to the sustainability of our business.

INVESTING

During the year, outstanding injunctions were lifted at our Minas-Rio iron ore project in Brazil. Following a detailed review, capital expenditure has increased to $8.8 billion and first ore on ship is expected at the end of 2014.

Go to page 58 for more information on this story

OPERATING

Securing our licence to build and operate a mine depends on winning the trust of many stakeholders. We participated in an extensive, structured 'dialogue table' with local and national stakeholders in our Quellaveco copper project in Peru, which helped us to reach agreement with the local community and regional government to develop the project.

Go to page 22 for more information on this story

MINE

We apply more than 95 years of opencast and deep-level mining experience along with unique in-house technological expertise to extract mineral resources in the safest, most efficient way.

INVESTING

Our Kolomela mine, commissioned five months ahead of schedule in 2011, produced 8.5 Mt of iron ore in 2012, above expectations of 4–5 Mt.

Go to page 14 for more information on this story

EMPLOYING

Our Nickel business is addressing the shortage of qualified people at its operations in Brazil by tailoring a trainee graduate programme to develop the businesses engineers and leaders of the future. On successful completion of the programme, the trainees will be ready to start their career at Anglo American.

Go to page 73 for more information on this story

PROCESS

We generate extra value by processing and refining many of our commodities.

ORGANISING

The technical team at our Phosphates business proposed an innovative solution to re-use phosphate waste in the fertiliser production process. The technique was put into full-scale production during 2012, with 40% of phosphate waste being re-used in the year, resulting in lower production costs and a significant environmental benefit.

Go to page 87 for more information on this story

OPERATING

Following completion of the Los Bronces expansion in Chile, our Copper business implemented a water recirculation system to help reduce the water requirement in an already stretched catchment area.

Go to page 69 for more information on this story

MOVE

Whether providing innovative haulage solutions within a mine, or coordinating global cargo deliveries, we offer efficient and effective transport of our commodities.

ORGANISING

In September 2012, our recently installed flexible conveyor train produced 116,708 tonnes of thermal coal at Greenside mine, achieving the highest monthly coal output ever recorded outside the US.

Go to page 36 for more information on this story

OPERATING

Working with the aerospace industry, Sishen developed a unique collision avoidance system for mining vehicles, dramatically reducing the number of vehicle-related accidents at the mine.

Go to page 55 for more information on this story

SELL

We collaborate with our customers around the world to tailor products to their specific needs.

ORGANISING

During 2012, we opened our new sales and marketing hub in Singapore, enabling us to be closer to our customers in the Asia-Pacific market and be more agile and responsive to their needs.

Go to page 18 for more information on this story

CHIEF EXECUTIVE'S STATEMENT

Cynthia Carroll

UNDERLYING OPERATING PROFIT
(2011: $11.1 bn)

$6.2 bn

For more information
turn to page 42

FINAL DIVIDEND PER SHARE
(2011: 46 cents)

53 cents

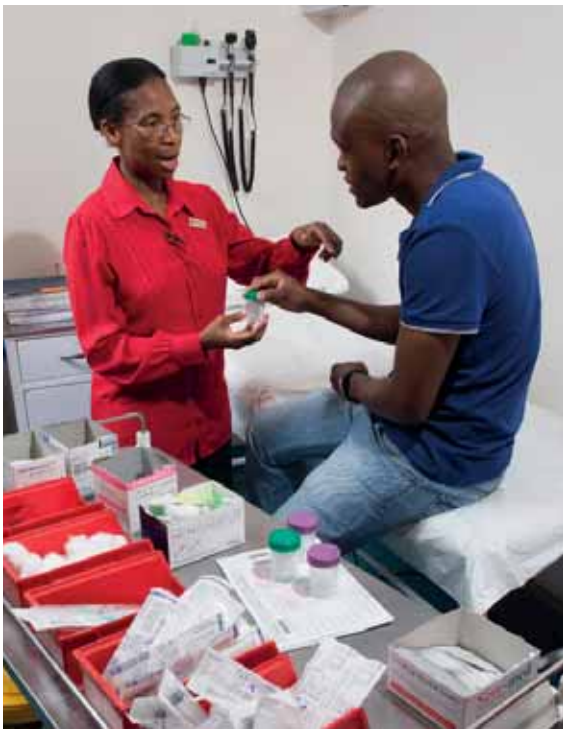
As a result of markedly weaker commodity prices, ongoing cost pressures and an operating loss in our Platinum business, Anglo American reported an underlying operating profit of $6.2 billion, a 44% decrease. Underlying EBITDA decreased by 35% to $8.7 billion and underlying earnings decreased by 54% to $2.8 billion.

Our safety performance has always been my first priority and our efforts continue to build on the progress we have made since 2006, both in terms of lives lost and lost time injuries sustained. I am deeply saddened that 13 of our colleagues lost their lives in 2012 – a constant reminder that we must persevere to achieve zero harm.

Anglo American continued its drive for strong operational performance throughout 2012 in an environment of tough macroeconomic headwinds and a number of industry-wide and company-specific challenges. Record volumes of metallurgical coal, achieving benchmark equipment performance levels, and of iron ore and increased volumes of export thermal coal and copper helped offset the impact of illegal industrial action, declining grades and higher waste stripping.

The new mining operations and expansions delivered and commissioned during 2011 contributed to production growth and generated $1.2 billion of underlying operating profit. The Los Bronces expansion contributed 196,100 tonnes of copper in 2012 and has achieved full ramp up since August 2012, while Kumba's Kolomela mine exceeded expectations by producing 8.5 million tonnes for the year – both considerable achievements – while we have been slowly ramping up Barro Alto.

Beyond organic growth, we have completed our acquisition of the Oppenheimer family's 40% interest in De Beers, taking our holding to 85%. In Chile, our joint ownership of Anglo American Sur (AA Sur) with Codelco, Mitsubishi and Mitsui, while we retain control of the business, firmly aligns our interests in one of the most exciting producing and prospective copper orebodies in the world – the Los Bronces district. During the year, we also increased our shareholding in Kumba Iron Ore, lifting our ownership by 4.5% to 69.7%, reflecting our view on the quality of the business and its highly attractive performance and growth profile.



01

Our divestment programme has generated proceeds as announced of $4 billion on a debt and cash free basis, which excludes $7.4 billion cash generated from the sale of 49.9% of AA Sur. In line with our divestment programme of non-core businesses as set out in October 2009, I am delighted that Tarmac's UK joint venture with Lafarge was completed in January 2013, creating a leading UK construction materials company with significant synergies expected.

We are focused on delivering shareholder value and returns through the cycle by maintaining a prudent and disciplined approach to managing our businesses and capital allocation. Despite the macroeconomic headwinds and likely sustained higher capital and operating cost environment for the industry, we are committed to returning cash to shareholders and have recommended an increase to our final dividend of 15% to 53 cents per share, bringing total dividends for the year to 85 cents per share, a 15%

The new mining operations and expansions delivered and commissioned during 2011 contributed to production growth and generated $1.2 billion of underlying operating profit.

01 At Thermal coal's Highveld hospital in Mpumalanga province in South Africa, Sister Evah Molefe takes a sputum sample to test for TB from Kleinkopje colliery plant operator Sipho Mhlabane.

02 Cleaning copper anodes in the tank house at Los Bronces in Chile.

03 As part of the Board's visit to Minas-Rio in October, the directors visited the CRCA (Cultural and Environment Centre), which houses specialist information in the fields of archaeology, biodiversity and water.

04 Specialist asset strategy engineer Sylvester Hennessy monitoring data at Metallurgical Coal's offices in Brisbane, Australia.

02

03

04

increase. This reflects our confidence in the underlying business and completes the reinstatement journey to rebase our dividends to be competitive with our diversified peers.

We recorded impairments totalling $4.6 billion (post-tax) in relation to Minas-Rio and a number of platinum projects that are uneconomical, which is disappointing. In Platinum, we completed our review in January 2013 and have put forward proposals to create a sustainable, competitive and profitable business. We, of course, regret the potential impact on jobs and communities and have designed an extensive social plan to more than offset any such impact. In Brazil, Minas-Rio is a world class iron ore project of rare magnitude and quality, representing one of the world's largest undeveloped resources. The published resource has increased more than fourfold since acquisition, of which we have subsequently converted 1.45 billion tonnes to Ore Reserves; we anticipate increases in the resource confidence and further conversion of resources to reserves through our ongoing infill drilling programme. Despite the difficulties we have faced that have caused a significant increase in capital expenditure, we continue to be confident of the medium and long term attractiveness and strategic positioning of Minas-Rio and we remain committed to the project. The first phase of the project will begin its ramp up at the end of 2014, with operating costs expected to be highly competitive in the first quartile of the FOB cash cost curve, generating significant free cash flow for many decades to come.

We continue to sequence investment by prioritising capital to commodities with the most attractive market dynamics and projects with the lowest execution risks. The 5 Mtpa Grosvenor metallurgical coal project in Australia is under way and on schedule while, in Peru, successful completion of our community dialogue process at the Quellaveco copper project will allow us to target submission to the Board for approval in 2013.

Managing the social, economic and environmental impacts of our operations is essential to our success. Our approach to sustainability is a key differentiator for Anglo American, is fundamental to the way we do business and is embedded in everything we do.

In Platinum, we completed our review and have put forward proposals to create a sustainable, competitive and profitable business.

Together with the safety and well-being of employees, our primary sustainability issues are adapting to climate change, securing access to water and energy, and managing relationships with stakeholders, particularly communities. During 2012, we made good progress implementing our long term water and energy strategies. To date, more than 70% of our operational water requirements are met by recycling/re-using water.

In support of our commitments to protect and enhance the health of our people, contractors and communities, we are extending our industry-leading health and wellness programmes, which include HIV/AIDS and TB treatment and care, to long term contract employees in South Africa.

Looking ahead, recent months have brought a degree of renewed optimism to the economic prospects. While European and Japanese economic activity remains weak, recent policy changes ought to stimulate growth in 2013. Alongside a continuing recovery in the US, we expect robust growth in the major emerging economies – especially China and India – as they benefit from continuing urbanisation. Rising living standards and an expanding middle class should support demand for our products across our diversified mix.

I step down from my role as chief executive after six years knowing that Anglo American is a safer place to work, with a clear strategy and a much changed culture of performance. There is no doubt in my mind that Anglo American's people and asset base are unmatched in the industry and I wish my successor, Mark Cutifani, every success in leading this great company. I sincerely thank the Board of directors, my executive management team and all our employees for their support and relentless effort since 2007.

Cynthia Carroll
Chief Executive

MEASUREMENT AND TARGETS

Strategic elements	KPI targets	
INVESTING In world class assets in the most attractive commodities Turn to page 14	**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	**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
	Return on capital employed (ROCE) Total underlying operating profit before impairments for the year divided by the average total capital less other investments and adjusted for impairments	**Underlying earnings per share** Underlying earnings are net profit attributable to equity shareholders, before special items and remeasurements
ORGANISING Efficiently and effectively Turn to page 18	In two vital areas of our business – asset optimisation (AO) and supply chain – we have beaten our own expectations. By the end of 2011, we had exceeded our targets for both AO and supply chain, each of which delivered more than $1 billion from core businesses since 2009. As a result, we no longer report against Group-wide AO and supply chain targets	We do, however, continue to deliver on both programmes and examples of how our operations are achieving and surpassing 'industry benchmark' performance are detailed throughout this report. Further details on the AO and supply chain functions can be found on pages 18–21
OPERATING[1] Safely, sustainably and responsibly Turn to page 22	**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	**Total water use** Total water use includes only water used for primary activities, measured in million m^3
	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 regular duties for one full shift or more the day after the injury was incurred, whether a scheduled workday or not	**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 a percentage of profit before tax
	Energy consumption Measured in gigajoules (GJ)	**Enterprise development** Number of companies supported and number of jobs sustained by companies supported by Anglo American enterprise development initiatives
	Greenhouse gas (GHG) emissions Measured in tonnes of CO_2 equivalent emissions	**Voluntary HIV counselling and testing (VCT)**[2] Percentage of employees in southern Africa undertaking voluntary annual HIV tests with compulsory counselling and support
EMPLOYING[1] The best people Turn to page 32	**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

(1) With the exception of corporate social investment, which includes the results of De Beers from the date of acquisition, the results and targets for the Operating and Employing strategic elements include wholly owned subsidiaries and joint ventures over which Anglo American has management control, and does not include De Beers or other major non-managed operations such as Collahuasi, Cerrejón and Samancor. In addition, results for the Employing strategic element exclude OMI – non-core operations.

(2) 2012 HIV/AIDS statistics exclude Scaw Metals South Africa.

Results and targets

Return on capital employed (ROCE)

2012 **13.3**%

2011 **26.5**%

Underlying earnings per share

2012 $**2.26**

2011 $**5.06**

Capital projects and investment

For a summary of the Group's capital projects and investments
turn to pages 14–17

Total shareholder return (TSR)

Please refer to the Remuneration report
turn to pages 108–127

Work-related fatal injury frequency rate (FIFR)

Target: Zero fatal incidents

2012 **13** fatalities, 0.008 FIFR

2011 **17** fatalities, 0.009 FIFR

Lost-time injury frequency rate (LTIFR)

Target: Zero incidents – the ultimate goal of zero harm remains

2012 **0.60**

2011 **0.64**

Energy consumption

2012 **108** million GJ total energy used

2011 **102** million GJ total energy used

GHG emissions

2012 **18** Mt CO_2 equivalent

2011 **19** Mt CO_2 equivalent

Total water use

Target: Under revision

2012 **122** Mm^3

2011 **115** Mm^3

Corporate social investment[3]

2012 $**154**m, 3% of profit before tax

2011 $**129**m, 1% of profit before tax

Enterprise development

Target: Businesses supported: 3,500
Jobs sustained: 18,000

2012 **17,598** businesses supported

64,927 jobs sustained

2011 **38,681** businesses supported

47,070 jobs sustained

Voluntary HIV counselling and testing (VCT)

Target: Over 90% of employees in high disease burden countries

2012 **82**%

2011 **92**%

Voluntary labour turnover

2012 **2.4**%

2011 **3.0**%

Gender diversity

2012 **15**% females

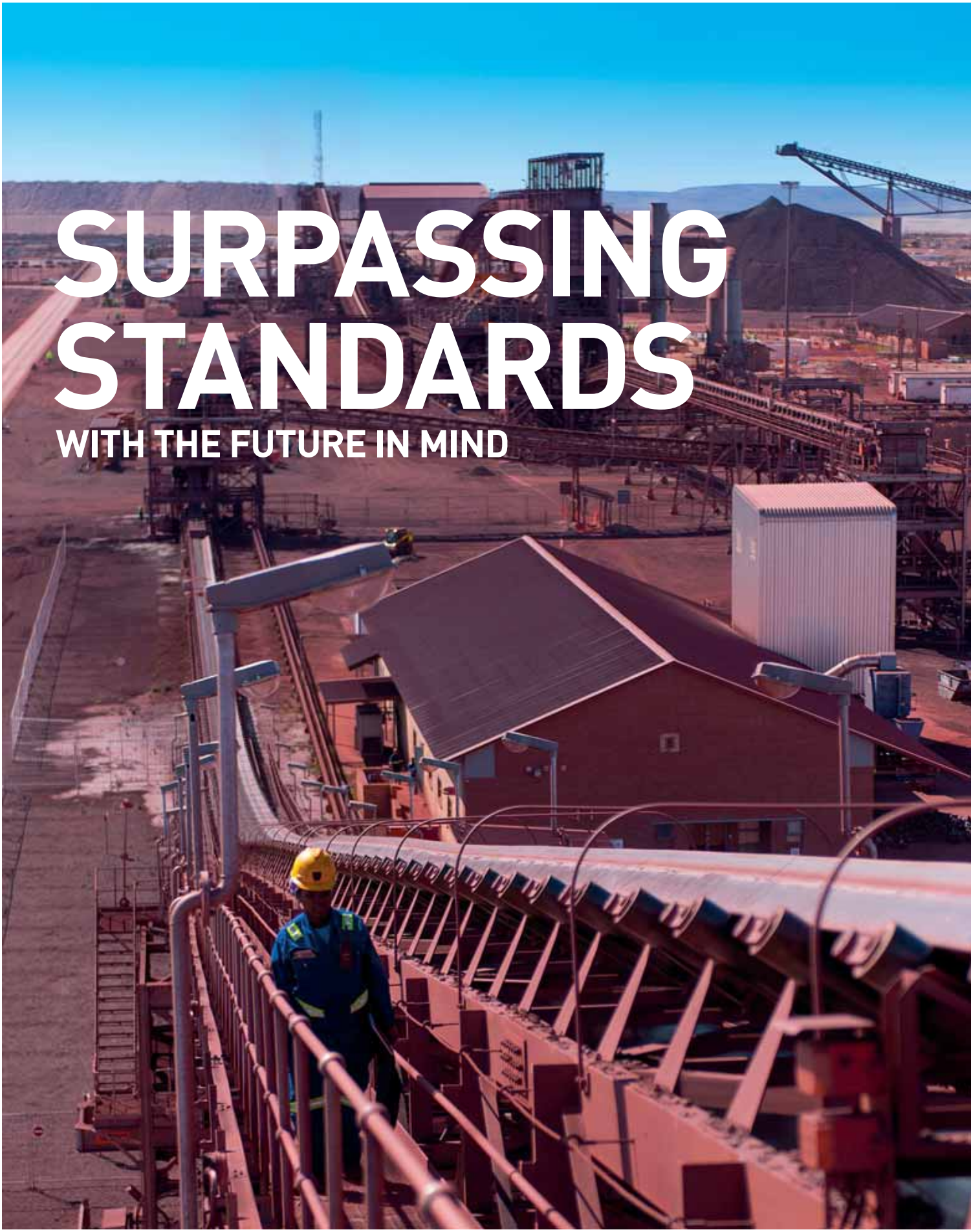
23% female managers

2011 **15**% females

22% female managers

[3] CSI expenditure for 2011 was restated from $122 million to $129 million due to increased expenditure reported by Kumba following publication of the 2011 Anglo American Annual Report.

STRATEGIC ELEMENT: Investing in world class assets and the most attractive commodities



SURPASSING STANDARDS

WITH THE FUTURE IN MIND

We have a clear strategy of deploying capital in those commodities with strong fundamentals and the most attractive risk-return profiles that deliver long term, through-the-cycle returns for our shareholders.

EXCEEDING EXPECTATIONS

Kumba's Kolomela mine, which was brought into production five months ahead of schedule in December 2011, is a key element of our South African iron ore growth strategy. Although, initially the operation was expected to ramp up through 2012 to produce between 4 and 5 Mt of saleable product, it surpassed expectations to achieve design capacity by the third quarter, shipping 8.5 Mt of iron ore to customers in the year. Safety performance at Kolomela has been outstanding; the project and operations achieved a combined 29 million man hours, without a fatal incident or lost-time injury between March 2010 and October 2012, setting a new benchmark for the Group and for projects of this nature in South Africa.

718

HOMES ARE BEING BUILT TO ACCOMMODATE KOLOMELA'S EMPLOYEES. BY THE END OF 2012, 615 HAD BEEN COMPLETED, WITH THE REMAINDER DUE BY Q2 2013.

01

02

IRON ORE PRODUCTION FOR KUMBA (MT)

70 Mtpa

Kumba plans to grow organically to achieve production of 70 Mtpa from South Africa.

"It is such occasions as today, the opening of a new mine, the creation of new economic activity and jobs which makes one proud and emphasises the importance of mining in our country."

Susan Shabangu
South Africa's Minister of Mineral Resources

"Kumba is studying opportunities to expand Kolomela's production through a beneficiation process, which could add a further 6 Mtpa of production."

Norman Mbazima
CEO, Kumba Iron Ore

c. 85%

OF PERMANENT EMPLOYEES ARE FROM THE NORTHERN CAPE PROVINCE, VERSUS A TARGET OF 75%.

63.7% Fe

AVERAGE GRADE OF UNBENEFICIATED ORE – KOLOMELA.

Main Fitter Martha Zenda at Kolomela iron ore plant's load-out station feed conveyor. The conveyor transfers iron ore from the stacker reclaimer yard to bins which feed the Sishen-Saldanha export rail system.

01 The Kumba/Kolomela rail loading facility is designed to transfer iron ore rapidly to rail wagons on the export rail system.

02 Maintenance operator Mattieus Dikwidi at the Kolomela plant.

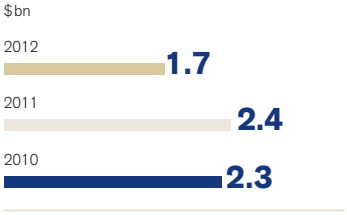
STRATEGIC ELEMENT: Investing in world class assets and the most attractive commodities

PROJECT DELIVERY TO CONTINUE TO DRIVE HIGH QUALITY PRODUCTION GROWTH

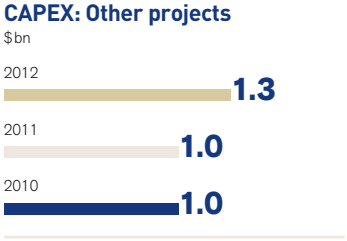
IN BRIEF

- Cerrejón P40 8 Mtpa export thermal coal expansion in Colombia – first coal in 2013.
- Minas-Rio 26.5 Mtpa iron ore project in Brazil – injunctions lifted and first ore on ship (FOOS) end of 2014.
- Grosvenor 5 Mtpa metallurgical coal project in Australia – longwall production in 2016.

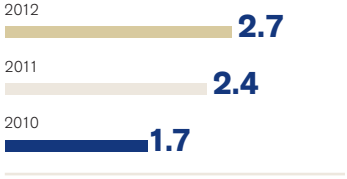
CAPEX: 4 strategic growth projects



CAPEX: Other projects



CAPEX: Stay in business



The Group's extensive portfolio of undeveloped world class resources and pipeline of growth options span its chosen core commodities. It offers the Group flexibility to sequence investment in line with the Group's view of market dynamics and the geopolitical environment. Capital is prioritised to maximise value accretion while minimising risk exposure, taking into consideration the Group's resulting funding capacity.

We have a number of projects in the execution phase and are progressing with the development of other growth projects, including the 225,000 tonnes per annum (tpa) Quellaveco greenfield copper project in Peru.

The Minas-Rio iron ore project in Brazil is expected to capture a significant part of the pellet feed market with its premium product featuring high iron content and low contaminants. Phase 1 of the Minas-Rio project is expected to produce 26.5 million tonnes per annum (Mtpa), with potential optimisation to 29.8 Mtpa.

During the year Anglo American completed a detailed cost and schedule review of the project. The review included third party input and examined the outstanding capital expenditure requirements in light of current development progress and the disruptive challenges faced by the project. The review included a detailed re-evaluation of all aspects of the outstanding schedule, with a focus on maximising value and mitigating risk.

Following completion of the review, estimated capital expenditure for the Minas-Rio project increased to $8.8 billion, if a centrally held risk contingency of $600 million is utilised in full. On the basis of the revised capital expenditure requirements and assessment of the full potential of Phase 1 of the project (excluding at this stage the potential for future expansions up to 90 Mtpa), Anglo American will record an impairment charge of $4 billion at 31 December 2012, on a post-tax basis. The first phase of the project will begin its ramp up at the end of 2014.

The published resource has increased more than fourfold since acquisition to 5.77 billion tonnes in 2011, of which we have recently converted 1.45 billion tonnes to Ore Reserves. We anticipate increases in the resource confidence and further conversion of resources to reserves through our ongoing infill drilling programme.

In Colombia, the brownfield expansion project, P40, aims to increase value by increasing export thermal coal production capacity by 8 Mtpa to 40 Mtpa (100% basis), through additional mining equipment and the debottlenecking of key logistics infrastructure along the coal chain. The project was approved by Cerrejón's shareholders in the third quarter of 2011. The project is progressing well and is expected to be delivered on schedule, with first coal expected in 2013.

The greenfield Grosvenor metallurgical coal project is situated immediately to the south of Anglo American's Moranbah North metallurgical coal mine in the Bowen Basin of Queensland, Australia. The mine is expected to produce 5 Mtpa of high quality metallurgical coal from its underground longwall operation over a projected life of 26 years and to benefit from operating costs in the lower half of the cost curve.

Grosvenor forms a major part of the Group's strategy of tripling hard coking coal production from its Australian assets, using a standard longwall and coal handling and preparation plant (CHPP) design. In its first phase of development, Grosvenor will consist of a single new underground longwall mine, targeting the same well understood Goonyella Middle coal seam as Moranbah North, and will process its coal through the existing Moranbah North CHPP and train loading facilities. The Grosvenor project is currently in execution, with engineering work progressing to plan, construction under way and longwall

The Group's extensive portfolio of undeveloped world class resources and pipeline of growth opportunities spans our chosen core commodities.

production targeted to begin in 2016. A pre-feasibility study for expansion by adding a second longwall at Grosvenor is under way.

Quellaveco is a greenfield copper project in the Moquegua region of southern Peru that has the potential to produce 225,000 tpa of copper from an open pit over a mine life of approximately 28 years. The project is expected to operate in the lower half of the cash operating cost curve, benefiting from attractive ore grades, low waste stripping and molybdenum by-product production. Anglo American completed the feasibility study for the project in late 2010, and took the decision to suspend progress in order to engage more actively with the local communities through a formal dialogue table process, following requests from local stakeholders. The dialogue process reached agreement in early July 2012 in relation to water usage, environmental responsibility and Anglo American's social contribution over the life of the mine, and has been held as a model for stakeholder engagement in Peru. The project received three critical permits during the fourth quarter of 2012 and Anglo American is targeting submission to the Board for approval in 2013.

SELECTED MAJOR PROJECTS

Approved

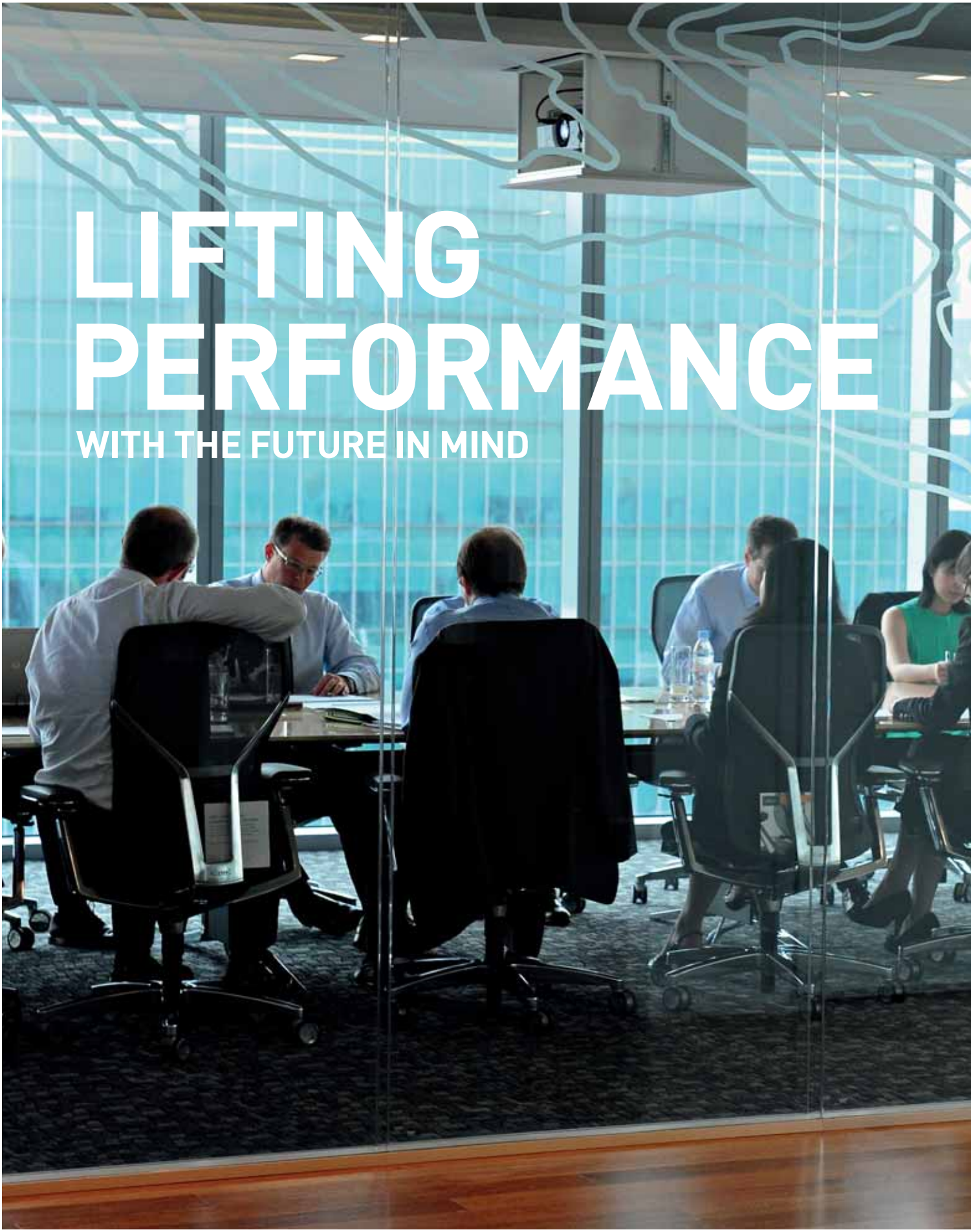
Sector	Project	Country	Greenfield (G)/ Brownfield (B)	First production date	Full production date	Capex $bn[1]	Production volume[2]
Iron Ore and Manganese	Minas-Rio Phase 1	Brazil	G	2014	2016	8.8[3]	26.5 Mtpa iron ore
	Groote Eylandt Expansion Project	Australia	B	2013	2013	<1	0.6 Mtpa manganese ore
Metallurgical Coal	Grosvenor Phase 1	Australia	G	2014	2016	<2	5.0 Mtpa metallurgical
Thermal Coal	Cerrejón P40	Colombia	B	2013	2015	<2	8.0 Mtpa thermal
Copper	Collahuasi expansion Phase 2	Chile	B	2013	2014	<1	20 ktpa copper
	Mantoverde desalination plant	Chile	B	2013	2013	<1	To sustain current copper production plans
Platinum	Twickenham	South Africa	G	2016	2021	<2	180 kozpa refined platinum
	Bathopele Phase 4	South Africa	B	2013	2013	<1	65 kozpa refined platinum
	Bathopele Phase 5	South Africa	B	2013	2017	<1	139 kozpa refined platinum
Diamonds	Jwaneng – Cut-8	Botswana	B	2016	2018[4]	3[5]	approx. 10 million carats pa
	Venetia U/G	South Africa	B	2021	2024	<3	approx. 4 million carats pa
Other Mining and Industrial – Core	Boa Vista Fresh Rock	Brazil	B	2014	2015	<1[6]	6.5 ktpa total niobium production

Unapproved

Sector	Project	Country	Greenfield (G)/ Brownfield (B)	Indicative production volume[2]
Iron Ore and Manganese	Kolomela Expansion	South Africa	B	6.0 Mtpa iron ore
	Sishen Lower Grade	South Africa	B	6.0 Mtpa iron ore
	Sishen Concentrates (Phase 1)	South Africa	B	1.1 Mtpa iron ore
	Minas-Rio Phase 1 AO	Brazil	B	3.3 Mtpa iron ore
	Minas-Rio Expansion	Brazil	B	TBD
Metallurgical Coal	Moranbah South	Australia	G	12.0 Mtpa metallurgical
	Grosvenor Phase 2	Australia	B	6.0 Mtpa metallurgical
	Drayton South	Australia	B	4.0 Mtpa export thermal
Thermal Coal	New Largo	South Africa	G	11.0 Mtpa thermal
	Elders Multi-product	South Africa	G	3.1 Mtpa thermal
	Mafube	South Africa	B	4.3 Mtpa thermal
Copper	Quellaveco	Peru	G	225 ktpa copper
	Michiquillay	Peru	G	222 ktpa copper[7]
	Collahuasi Expansion Phase 3	Chile	B	469 ktpa copper
	Pebble	USA	G	187 ktpa copper[8]
	Los Bronces District/Los Sulfatos	Chile	B/G	TBD[9]
Nickel	Jacaré	Brazil	G	TBD
	Morro Sem Boné	Brazil	G	TBD
Platinum	Tumela Central Shaft	South Africa	B	128 kozpa refined platinum
	Mogalakwena NC Debottlenecking	South Africa	B	70 kozpa refined platinum
	Mogalakwena Expansion Phase 2	South Africa	B	TBD
Diamonds	Gahcho Kué[10]	Canada	G	4.5 million carats pa
Other Mining and Industrial – Core	Goiás II	Brazil	B	1.4 Mtpa phosphates concentrate

(1) Capital expenditure shown on 100% basis in nominal terms.
(2) Represents 100% of average incremental or replacement production, at full production, unless otherwise stated.
(3) 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.
(4) Waste stripping at Cut-8, an extension to Jwaneng mine, began in 2010. Carat recovery will commence in 2016, with Cut-8 becoming the main ore source for Jwaneng from 2018.
(5) Infrastructure expenditure of approximately $450 million has already been spent. Project expenditure, including infrastructure expenditure, is likely to total approximately $3 billion and is anticipated to create access to 95 million carats over the life of the mine.
(6) An extension to mine life by mining the unweathered ore after oxides have been depleted. New processing plant (from crushing to leaching) required.
(7) Expansion potential to 300 ktpa.
(8) Pebble will produce molybdenum and gold by-products. Other copper projects will produce molybdenum and silver by-products.
(9) Projected underground mine.
(10) Gahcho Kué has received De Beers board approval subject to completion of the permitting process and receipt of certain regulatory clearances.

STRATEGIC ELEMENT: Organising efficiently and effectively



LIFTING PERFORMANCE

WITH THE FUTURE IN MIND

We organise our business efficiently and effectively to outperform our competition throughout our value chain.

DRIVING VALUE THROUGH COMMERCIAL EXCELLENCE

During 2012, we introduced a more globally coordinated and strategic approach to the way we manage our commercial activities, aimed at delivering substantial additional value for the Group.

A key element of the new approach is the location of business units' export sales and marketing activities in Singapore and London, to enable us to be closer to our customers in the Asia-Pacific and European markets, and be more agile and responsive to their needs.

The new Singapore hub opened in July 2012, with Metallurgical Coal, Thermal Coal and Platinum establishing a base there during the year and others, including Iron Ore and Copper, following in 2013.

New global competence centres will also support value creation by driving excellence and innovation in areas such as logistics, shipping and market intelligence.

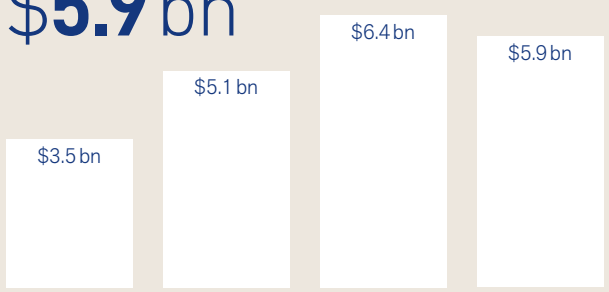
For instance, all our global shipping activities have now been consolidated into a single freight book, with an increasing proportion of cargo deliveries arranged by us rather than the buyer. Consolidating our freight book improves our purchasing power and enables us to be more efficient in managing shipments through our loading facilities. Sharing vessels and coordinating deliveries will also make better use of global shipping routes, reducing freight costs and turnaround times.

50 Mt

GROUP'S FREIGHT PORTFOLIO TARGET BY 2015.

2012 REVENUE GENERATED BY CUSTOMERS IN CHINA[1]

$5.9 bn



[1] The Group's revenue including attributable share of revenue from associates.

01

02

"This new approach brings us closer to our customers, enabling us to be more responsive to their needs. We can also create significant additional commercial value by coordinating our approach globally, improving our product mix, enhancing our logistics, and using more sophisticated marketing tools and techniques."

Dr Alexander Schmitt
Group Head,Commercial Coordination

c.57 Mt

YEAR-ON-YEAR INCREASE IN IRON ORE IMPORTS TO CHINA IN 2012.

574 vessels

IRON ORE VESSELS INTO QINGDAO PORT, CHINA IN 2012.

Source: MySteel and Anglo American data

Main and 02 The recently opened Anglo American sales and marketing hub, in Singapore.

01 Iron ore from Kumba's Sishen mine, 861 kilometres away, is transferred from rail wagons at the dedicated export port of Saldanha on South Africa's Atlantic coast.

STRATEGIC ELEMENT: Organising efficiently and effectively

EMBEDDING OPERATIONAL EXCELLENCE GROUPWIDE

ASSET OPTIMISATION

We continue to deliver on our asset optimisation (AO) programme that has been in place since 2009. Having surpassed our $1 billion target set in terms of the sustainable AO benefits from core businesses by the end of 2011, we continue to focus on embedding the methodologies, and influencing mindsets and behaviours necessary for delivering AO benefits across our operations.

One of the key features of the AO programme remains the Operation Review (OR) process initiated in 2010. This structured eight-step review process enables our business units to drive towards operational excellence through the identification and prioritisation of business improvement opportunities, in accordance with our technical standards and our commitment to safety and sustainable development.

The ORs are a collaborative effort that combine our central technical capability with our operational expertise across the Group, thereby creating teams that are able to identify value improvement opportunities and share leading practices across the Group's entire mining value chain, which includes the resource, mine, plant and product.

During 2012, ORs were conducted at Collahuasi (Copper joint venture); Mantos Blancos (Copper); Bathopele/Waterval UG2 Concentrator and Precious Metal Refinery (Platinum); Bokoni (Platinum joint venture); Orapa, Letlhakane and Damtshaa mines (De Beers); and our Phosphates business.

A prominent element of the AO programme is to embed business improvement knowledge and skills within the business. This is being achieved through our AO change management programme, which encompasses skills development and sharing of key learnings, practices, and case studies through dedicated internal communication channels.

We continue to develop our employees' business improvement skills and have trained approximately 1,300 people through the Group's central AO Academy.

As we continue to equip our people with the necessary skills and tools to advance business improvement, we are also creating unifying systems and frameworks that will result in improved operational performance. We are currently developing an Operational Excellence Framework (OEF), the purpose of which is to provide a clear and consistent reference for how we operate and maximise the value proposition for Anglo American. The OEF focuses on those priority areas that are fundamental to driving operational performance, bringing together, and ensuring consistent application of all the relevant standards and processes to support the operations.

We continue to develop our employees' business improvement skills and have trained approximately 1,300 people through our central AO Academy.

Supporting operational excellence are the Resource to Market (R2M) optimisation and Group Benchmarking programmes. The objective of the R2M programme is to integrate planning and execution across the mining value chain. This ensures that an operation is managed with an understanding of how decisions made are likely to impact other parts of the value chain. During 2012, R2M was launched at Copper's Los Bronces mine in Chile and Platinum's Mogalakwena mine in South Africa and has delivered improved performance and enhanced mining flexibility. As an example of specific improvements, blasted rock stock and average tonnage per blast have increased substantially at Los Bronces, leading to reduced congestion at the mine.

In 2012, we launched the first phase of our Group Benchmarking Tool. The tool aims to deliver a platform that provides a single and validated source for benchmarking information in Anglo American. The first phase of the project delivered KPIs for equipment efficiency in opencast mines. The next phase, planned for completion by end of 2013, will include additional KPIs for opencast benchmarking as well as the launch of underground and metallurgical benchmarking information.

SUPPLY CHAIN

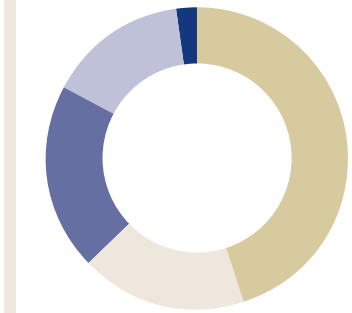
Supplier partnerships

Our relationships with suppliers have been strengthened considerably in recent years. These relationships have resulted in minimised lead times for major equipment delivery and have mitigated inflationary pressure and supply risk to our operations. Supply Chain is working with key suppliers in each region as part of our 'Top 40' initiative to identify additional savings, waste elimination opportunities and to minimise cost inflation through 2013. Proactive reviews of equipment and services on our operations have led to the identification of savings opportunities and are delivering total cost of ownership (TCO) benefits across the business units.

Framework agreements are now in place with 33 key suppliers, representing a formal alignment in our commercial relationships. These agreements are critical in the current market as they provide the platform for value creation and greater transparency of cost, demand and capacity.

Regional gross expenditure 2012

% of total expenditure



South Africa	45%
Australia	18%
Chile	20%
Brazil	15%
Other	2%

Sustainable and responsible supply chain

Local procurement

Anglo American's procurement spend on goods and services represents a significant development opportunity. Expenditure on suppliers based in the host communities close to our operations was $1.5 billion.

We proactively design local procurement initiatives to optimise opportunities to integrate local businesses into our global supply chain. In doing so, we believe we can make a significant socioeconomic contribution to our host communities, as well as efficiencies in our supply chain by lowering logistics costs and securing access to critical goods and services.

Anglo American's Group-wide local procurement policy, launched in 2010, is now embedded in all our operations.

During the year, all operations made progress in developing their local procurement strategies and are now measuring and reporting local spend.

In making sourcing decisions, however, we also need to ensure that we remain competitive. Sourcing from countries where we do not operate is sometimes essential if the products are not available locally. China is a key customer and strategic business partner and we have a sourcing strategy to build long term, valuable relationships with Chinese suppliers. This includes identifying Chinese suppliers from whom local businesses can source and provide maintenance and support services locally.

Local procurement is a particular priority in our South African operations, forming an important part of our contribution to the country's drive to promote black economic empowerment. In 2012, managed businesses spent ZAR 25.8 billion ($3.1 billion), 54% of South African discretionary expenditure, with historically disadvantaged South African businesses (not including goods and services procured from parastatal companies and municipalities).

TOTAL COST OF OWNERSHIP IMPROVEMENTS AT PLATINUM

The Anglo Converting Process (ACP) uses a rubber hose in its matte feed transfer into the furnace via a submerged steel lance. The value of the product transported through the matte transfer system and hose is $12.5 million per day. Any unplanned downtime, therefore, incurs significant cost to the plant through reduced production, maintenance and overtime costs.

The ACP previously made use of standard specialised rubber hoses. These hoses, however, had a lifespan to transport approximately 1,500 tonnes, meaning they had to be replaced 11 times a month on average. Aside from the replacement costs, this had a significant impact on production.

A focus team from ACP critically evaluated the hoses, developed alternatives, then approached Dunlop Industrial Products for the supply of the alternative hoses. The ACP focus team, together with Dunlop, were able to develop a fit-for-purpose ceramic tiled rubber hose.

The new hoses are able to transport on average 25,000 tonnes and only need to be replaced once a month, resulting in realised value that has, to date, exceeded expectations.

Image
Platinum's ACP plant in Rustenburg, South Africa.

For more information, visit **www.angloamerican.com**

STRATEGIC ELEMENT: Operating safely, sustainably and responsibly

BUILDING RELATIONSHIPS

WITH THE FUTURE IN MIND

We believe that operating safely, sustainably and responsibly is not only fundamental to our licence to operate, but is also an increasingly important source of competitive advantage.

OPEN DIALOGUE IN PERU

In late 2010, our Quellaveco copper project located near Moquegua in southern Peru faced considerable local opposition from communities concerned at what they saw as its potential negative impact, in particular on water availability in a severely water-stressed area.

In response, Anglo American agreed to pause the project and to participate in an extensive, structured 'dialogue table' with local and national stakeholders, led by the regional president Martín Vizcarra, with a view to addressing community concerns.

During 18 months of detailed negotiations, the project team was able to understand the root cause of local worries, address the lack of information about both the environmental safeguards of the project and its multiple potential social and economic benefits, and adapt aspects of the project design to increase those benefits.

The result? Agreement at the dialogue table, broad social and political support for Quellaveco, and Anglo American's approach held up as best practice for socially responsible mining in Peru.

01

KEY FACTS

Reserves and Resources

- 916.4 Mt Proved and Probable Reserves (at 0.65% TCu)
- 1,092.0 Mt Measured and Indicated Resources (at 0.39% TCu)
- Contained copper = 5.9 Mt

Dialogue table

- Began March 2011
- Ended July 2012
- 22 plenary meetings
- 45 sub-committee meetings
- 31 organisations participating
- A final agreement comprising 26 wide-ranging programmes addressing water, environment and regional development issues

02

"This was a victory for openness, transparency and engagement and all participants in the process are to be congratulated. Together we showed that our project can bring huge benefits to Peru and Moquegua. We now need to ensure we deliver on our commitments and continue the work to maintain our licence to operate."

Eduardo Serpa
Anglo American's chief negotiator

OUR QUELLAVECO COPPER PROJECT IS LOCATED IN SOUTHERN PERU

Main At our Quellaveco project in Peru, process manager Gonzalo Manrique uses a model of the proposed mine and processing facilities to 'dialogue table' representatives from the local Moquegua community.

01 Participants representing local and national stakeholders and Anglo American attend the final meeting of the dialogue table in Moquegua.

02 Selma Fernandes, from our Supply Chain team in Copper, with local procurement analyst Milagros Myrick, at the Quellaveco project's Moquegua office.

SUSTAINABLE DEVELOPMENT IN EVERYTHING WE DO

MAKING A DIFFERENCE

Our aim is always to operate safely, sustainably and responsibly. Making a tangible difference is fundamental to our licence to operate and an important source of competitive advantage. We strive to realise exceptional operational value by embedding sustainable development in everything we do – from our systems, risk processes and procedures, to the way in which we consult and work with our stakeholders. Mining can be a high-risk business – but we do not accept that anyone should be injured while working for us. Safety, therefore, remains our number one priority. As a company that exploits a finite resource, we aspire to operating our mines in a way that is environmentally responsible, benefits host communities and leaves a positive social legacy.

Our strong governance structures relating to sustainable development support this aspiration, providing clear lines of responsibility from the operational level through to the Board. A dedicated global Safety and Sustainable Development Risk and Assurance team provides expert opinion, in conjunction with our internal Anglo American Business Assurance Services, on the adequacy of risk-control measures to ensure that current and emerging risks are effectively controlled. This second-party perspective, together with subject matter expertise (internal and external), enables us to identify critical safety, health, social and environmental improvement opportunities. Sustainable Development is fully integrated within the project management and asset optimisation processes, ensuring that broader sustainability and licence-to-operate issues are duly taken into account in operational and decision making processes.

In this section we provide an overview of our management approach and performance relating to social and community activities, safety and health, and environmental performance. Our website **www.angloamerican.com** provides additional information on our sustainability performance, including a stand-alone sustainability report as well as separate reports from certain of our individual companies and operations.

As a company that exploits a finite resource, we aspire to operating our mines in a way that is environmentally responsible, benefits host communities and leaves a positive social legacy.

SOCIAL AND COMMUNITY

Most of our operations are located in emerging economies, many of which have low levels of socioeconomic development. To ensure a lasting positive social and environmental legacy, we supplement the value generated through our core activities – paying taxes, salaries, and payments to suppliers – with initiatives designed to develop host communities over the long term, many of which are undertaken in partnership with NGOs, communities, and local governments.

If we fail to account for our actions and do not engage appropriately with our communities, we risk undermining our reputation and jeopardising our licence to develop and operate projects. The relative importance of labour relations and local economic development activities has grown, as witnessed by the industrial action in South Africa's mining industry in the second half of 2012.

Our strategy and management approach

Anglo American's social strategy focuses on observance of human rights, proactive engagement with our stakeholders and leveraging our core business to support long term social development. Community development activities prioritise local procurement and supplier development, building local capacity, including providing infrastructure for health care, housing and sanitation, and investing in enterprise and skills development.

The Anglo American Social Way contains a mandatory set of standards that prescribe rigorous minimum requirements for social performance across the Group.

The requirements of the Social Way are integrated into the stage-gate reviews of our new capital projects and our due diligence procedures for mergers and acquisitions.

Social investment output indicators	
Total number of community development projects delivering benefits to communities in 2012	1,602
Total number of businesses supported	17,598
Jobs created/maintained through enterprise development initiatives	64,927
Beneficiaries of education projects	256,980
Beneficiaries of sports, arts, culture and heritage projects	645,211
Beneficiaries of community development projects	1,065,821
Beneficiaries of disaster and emergency relief projects	43,684
Beneficiaries with improved livelihood	448,395

Our commitment to respecting human rights forms the foundation of our approach to community engagement and development. Human rights best practice requirements are integrated into the Social Way and all other relevant policies, systems and tools throughout the business.

In 2012, we rolled out a Group-wide community development peer review process, which draws on internal expertise, as well as external partners such as CARE International to ensure that our investments in community development are as effective as possible.

Our industry leading Socio-Economic Assessment Toolbox (SEAT) is the primary means by which we enhance the development outcomes and capacities of host communities. We use SEAT to improve operations' understanding of their socioeconomic impacts (both positive and negative), enhance stakeholder dialogue and the management of social issues, build our ability to support local socioeconomic development, and foster greater transparency and accountability. The third version of SEAT was published during the year and has been made available publicly, as a leading practice resource for other companies to use.

Promoting sustainability in our supply chain and local procurement

We expect and encourage our suppliers to act in a safe, sustainable and responsible manner. This expectation is given effect through our policy on sustainable development in the Anglo American supply chain and our Supplier Sustainable Development Code.

We are also committed to promoting local procurement throughout our mining life cycle. In doing so, we believe we can make a significant socioeconomic contribution to our host communities as well as improve efficiencies in our supply chain by lowering logistics costs, and securing access to critical goods and services.

BUILDING STRONG TOWNS IN MINING REGIONS

A lack of municipal capacity in our host communities can have a negative effect on residents and on Anglo American's ability to plan. Our new partnership approach to capacity building in South Africa and Brazil aims to offer an effective and sustainable solution.

In South Africa, we have teamed up with the Development Bank of South Africa to improve capacity in host mining areas and create the country's first example of a public-private partnership in this field, with the aim of enabling municipalities to supply basic services like water and electricity effectively, rather than Anglo American supplying them directly.

At our Barro Alto nickel operation in Brazil, Anglo American has been collaborating with Agenda Pública since 2008, in an effort to prepare both the local government and citizens to live in a society that would grow as mining revenues started to flow into the town.

In both Brazil and South Africa, the projects follow two broad strands: empowerment of communities to enable them to understand their rights and hold the government to account; and training and skills development for public officials to enable them to fulfil their roles and respond to public demand.

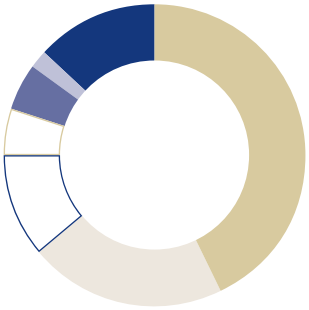
Although Anglo American provides funding in both cases, our knowledge of the local area, our input into project planning and evaluation, and our local relationships have all proved important elements of the work.

Image
Liomar Vidal, an Anglo American community relations officer, at the Professora Maria Siqueira Pinto school, which Anglo American helped to build in Barro Alto.

STRATEGIC ELEMENT: Operating safely, sustainably and responsibly

2012 Global social investment expenditure

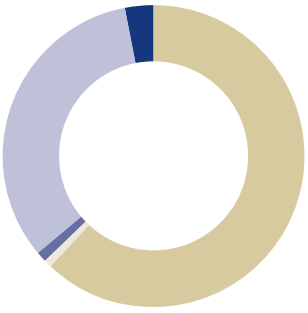
Total: $154m



Community development	43%
Education and training	21%
Health and welfare	11%
Environment	5%
Sports, arts, culture and heritage	5%
Water and sanitation	2%
Incorporating:	
Disaster and emergency relief	1%
Institutional capacity development	1%
Employee matched giving	1%
Other	10%

2012 Global social investment expenditure by region

Total: $154m



South Africa	62%
Rest of Africa	1%
United Kingdom	1%
Americas	33%
Other	3%

Our local procurement policy is now embedded across the Group and all operations have made encouraging progress in developing local procurement strategies. In 2012, expenditure on suppliers based in the communities close to our operations was $1.5 billion (2011: $1.1 billion). In 2012, we hosted a conference for our leading on-site suppliers in South Africa and agreed a number of initiatives to improve the welfare of our contractor employees and their families. A number of commitments were made by both parties during the conference, including a requirement that all employees on our operations in South Africa would have access to basic medical care (facilitated by Anglo American where necessary), as well as making Anglo American's highly regarded tools, initiatives and resources in the areas of community engagement and community development available to contractors.

Enterprise development

Enterprise development is one of the most effective means of ensuring that the benefits for host communities as a result of our mining activities will be sustainable. Since the 1980s, we have been pioneering approaches to building small businesses in South Africa, and have now extended our reach firmly into Chile and Brazil. In 2012, we took a more strategic approach to enterprise development that has involved specifically designing schemes for countries such as Peru, Brazil and Botswana, as well as for particular focus areas such as housing and low-carbon technologies.

Enterprise development is one of the most effective means of ensuring that the benefits for host communities as a result of our mining activities will be sustainable.

Infrastructure and local capacity development

Our mines are often situated in areas that are underdeveloped and remote, where the associated infrastructure – such as roads, health facilities and water – can be used to the advantage of local communities. A particular focus is addressing South Africa's acute shortage of affordable housing. Notably, we have entered into a partnership agreement with the Development Bank of Southern Africa (DBSA) to build the capacity of 10 of our host municipalities. This initiative will enable local governments to deliver on their basic public service obligations; for example, in the fields of water and electricity supply, management of local infrastructure projects and revenue collection. We have also briefed the South African Chamber of Mines so that other companies may replicate this model.

Our capacity development activities focus on strengthening the skills, competencies and abilities of employees and community members to promote robust, self-sufficient local economies long after our mines have closed.

Corporate social investment

In 2012, Anglo American's corporate social investment (CSI) spend in local communities totalled $154 million (3% of profit before tax), up from $129 million in 2011. We have a standardised reporting process for all our social investments, with robust metrics to monitor the level of social performance. This facilitates consistent reporting of outputs, and helps to identify the most effective projects, delivery methods and partners, in order to try and maximise the value that Anglo American and its host communities get from these investments. A fuller analysis of the Group's social investment activities can be found in the Sustainable Development Report 2012.

SAFETY

Offering a safe and healthy workplace is a core component of our 'employer of choice' agenda. We aim to achieve 'zero harm' by creating and instilling a company and industry culture that protects people from harm and improves their health and well-being.

Performance

Although the number of people who lost their lives while working for us declined to 13 for the year (2011: 17), any loss of life is unacceptable and no one should have to risk their life while working for us. Seven of these deaths occurred at our Platinum business, where the majority of fatal incidents still occur, despite a significant improvement of 61% over the past five years.

Our lost-time injury frequency rate (LTIFR) improved from 0.64 in 2011 to 0.60 in 2012. Furthermore, our total recordable case frequency rate, which includes any injury that requires more than first aid treatment, has started to improve.

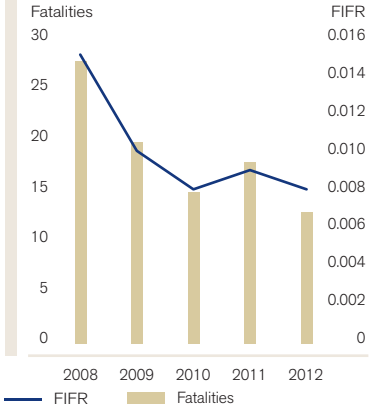
Our strategy and management approach

Anglo American's safety strategy is founded on three key principles: a mindset of zero harm; the elimination of repeat incidents; and the consistent application of simple, non-negotiable standards.

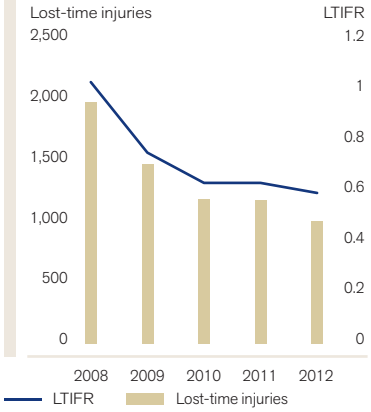
We use the Anglo American safety 'journey model' – which recognises the importance of the roles of both people and systems in a mining business – to measure our progress in delivering against our safety strategy. We believe we are currently at the 'compliant' stage, with a growing number of operations moving to 'proactive' and a decreasing number being characterised as 'reactive'.

Our current suite of Group safety programmes focuses on issues that will improve our level of maturity on the journey model. These programmes involve: operational risk management; learning from incidents; risk and change management; leadership; developing people; leading indicators; corporate safety work streams; supply chain safety initiatives; integrating safety throughout the business; and our 2012 safety leadership summit.

Total number of fatal injuries and fatal injury frequency rate 2008–2012



Total number of lost-time injuries and lost-time injury frequency rate 2008–2012



All operations have safety improvement plans that prioritise these elements based on operational risk. The operational risk management and 'learning from incidents' programmes are a particular focus for all business units.

HEALTH

Effective management of occupational health protects our people, enhances productivity, and helps maintain our licence to operate and our global reputation. Promoting a healthy community and a safe and healthy workforce is beneficial for everyone.

Our strategy and management approach

We strive to proactively identify and manage the source of potential health risks in the workplace, and to eliminate exposure to hazards that can cause disease to develop. Building on these initiatives is our employee health and wellness programme, which includes a strong emphasis on combating HIV/AIDS and tuberculosis (TB) within our workforce and their families, particularly in southern Africa. Beyond our immediate workforce, we strive to help strengthen healthcare systems in under-serviced rural areas and build partnerships to improve access to quality health care.

Occupational health

Our approach is governed by the Anglo American Occupational Health Way, which sets out a series of standards, guidelines and assurance processes aimed at preventing harm to our employees. In 2012, we continued to roll out new mandatory technical standards that address our principal health risks relating to noise, dust (inhaled hazards or airborne pollutants), fatigue, alcohol and substance abuse. We also refreshed the risk management approach within the Occupational Health Way to align with our Group-wide integrated risk management approach.

The ability to capture and manage health information is critical if we are to keep our workforce and their families healthy. Building this capability within our business was a central activity in 2012 and will continue in the coming year.

The number of occupational disease cases reported in 2012 was 170, compared with 197 in 2011. This translates to an incidence rate of 0.189, an 8% reduction.

STRATEGIC ELEMENT: Operating safely, sustainably and responsibly

Tackling TB and HIV

We are recognised leaders for our HIV/AIDS programmes in the workplace. The continued high prevalence of HIV in southern Africa is linked to a rising incidence of TB, which has become a most disturbing and pressing issue for us and our employees. We have an active programme aimed at addressing the escalating TB epidemic. This is evidenced in our TB incidence rate, which continues to decline and is, at 958 per 100,000 employees, lower than both the national and industry averages. Despite these efforts, it is with deep regret that 59 employees died from TB in 2012. We do not accept that anyone should die from this preventable and treatable disease.

People enrolled in our HIV Wellness Programme are also offered TB prevention therapy. Testing (through our wellness programme) is the entry point to our comprehensive programme of prevention, care, support and treatment for HIV and AIDS and all employees who test positive are invited to enrol. In 2012, we tested and counselled 95,244 employees and contractors (2011: 110,010), while more than 90% of our employees in southern Africa check their HIV status every year, on average. In 2012, we saw a significant increase in the number of employees who are estimated to be HIV-positive enrolling on the programme – 70% against 61% in 2011.

By year end, we had 5,332 employees on anti-retroviral therapy (ART) (2011: 4,730). A major challenge is ensuring people's adherence to treatment, and extra emphasis is placed on providing support and counselling and ensuring diligent care at a primary care level.

We remain one of the key private-sector supporters of the Global Fund to Fight AIDS, Tuberculosis and Malaria and of the Global Alliance for Vaccines and Immunisations.

Promoting healthcare in the broader community

Our activities to promote healthcare in the broader community include planned investments in health systems strengthening in our neighbouring communities, as well as activities aimed at supporting health care in developing countries more broadly.

We remain one of the key private-sector supporters of the Global Fund to Fight AIDS, Tuberculosis and Malaria and the Global Alliance for Vaccines and Immunisations, a public-private partnership that is increasing access to immunisation in the world's poorest countries.

We use the knowledge and experience gained from our workplace health programmes to support community outreach programmes and strengthen community health systems; that is, the people, the processes and the technology that make local health services work. In South Africa, we are working with the provincial health departments in the Eastern Cape, Mpumalanga, Northern Cape and North West provinces, which are all associated with our operations or are labour-sending areas, to improve health services.

In Brazil, we continue to work with the highly regarded Brazilian NGO, Reprolatina, to improve access to quality health services, particularly with regard to reproductive health for women and girls with a current focus on the communities surrounding the Barro Alto nickel operation.

ENVIRONMENT

While the extraction and processing of minerals and metals is fundamental to the global economy, its associated activities result in the unavoidable disturbance of land, the consumption of resources, and the generation of waste and pollutants. Growing regulatory and social pressure, increasing demands for limited natural resources, and the escalating costs of energy and water all highlight the business imperative of responsible environmental management. Within this context, the principal environmental risks facing our business relate to water, climate change and energy.

Please refer to our stand-alone Sustainable Development Report for a review of our management approach and performance relating to land management, biodiversity, waste and air quality.

Our strategy and management approach

We seek to effectively manage our environmental risks by minimising our impacts and by taking advantage of opportunities that deliver long term benefits to our stakeholders. The potential gains to our business include access to secure, affordable and sustainable supplies of water and energy for our operations, reduced costs, improved productivity, shorter permitting times and an enhanced reputation. Implementation of our strategy is through the following three areas of activity: driving operational excellence; investing in technology; and engaging and partnering with our stakeholders.

The Anglo American Environment Way and its mandatory performance standards on social and environmental impact assessments, water, air quality, mineral and non-mineral waste, hazardous substances, biodiversity, rehabilitation and mine closure, all guide our approach to responsible environmental management.

WATER

Security of water supply is a core business risk and a critical element of our social and legal licence to operate. Our operations need large volumes of the right quality of water for both production and processing. Yet more than 70% of our mines are in water-stressed areas where access to water is already a significant socioeconomic concern. At the same time, our operations present a potential environmental risk in terms of water quality. We are committed, therefore, to providing water security for our operations and the communities where we operate.

Our strategy and management approach

We have an ambitious 10-year strategy that is split into three distinct steps. The first step, 'Be disciplined', is about getting the basics right. The second step, 'Be proactive', encourages operations to go beyond compliance, while the third, 'Build resilience', takes us to being part of broader, catchment-level water solutions. Our intention is to achieve 'water neutrality' at our new mines by 2030.

Two years into the strategy, we have largely consolidated the first stage of our journey and are now targeting the more advanced 'proactive' and 'resilient' stages.

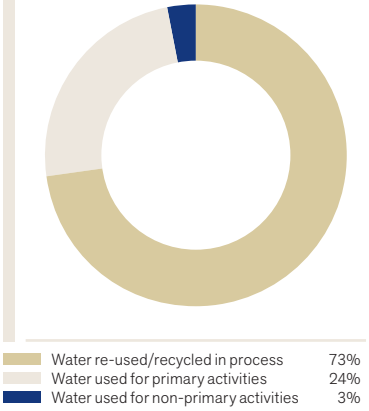
Operational excellence

Operational excellence in relation to water management is mainly about being smarter in the way we use and manage water. Our Group technical standard includes detailed requirements on water-reduction target setting, water monitoring and reporting, and site-level water action plans (WAPs), which have driven a positive shift in our approach to managing water at operations.

In 2011, we implemented our water efficiency target tool (WETT), which forecasts the projected business-as-usual water demand of individual operations and establishes a register of water-saving projects. The rolling out of WETT across the Group during 2012 has led to tangible water savings, more effective water management, better tracking and reporting, and increased awareness of water conservation.

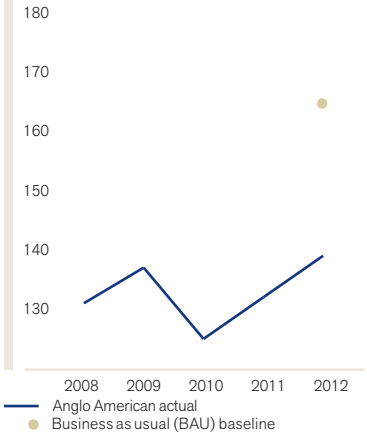
Total water required, by use in 2012

%



Total water consumed 2008–2012

Million m³



In 2012, we also completed a water-quality audit protocol and undertook a series of audits across the Group, which will inform our understanding of how to better manage water quality risk.

Technology

To achieve our long term goal of becoming water neutral, we estimate we will have to halve the current consumption of 'new' water at operations and ensure that more than 80% of that water is recycled. We will need to identify and invest in new technology solutions to achieve this.

To better understand and define our water technology pathway, we have researched what 'water neutrality' would mean for a mine, as well as how to achieve a 'carbon neutral' mine, recognising the potential trade-offs between water and energy savings.

Another focus has been working with the UK Met Office, Imperial College London and others, on modelling the potential regional impacts of changes in precipitation resulting from climate change.

Engagement and partnerships

Wherever we operate, we engage with host governments, local authorities, communities, NGOs, businesses and other stakeholders on a range of water-related issues, and participate in global policy debates on water.

Our performance

Despite acquisitions, expansions and production increases, and taking into account disposals, the Group has maintained a reasonably stable level of water demand since 2007.

Anglo American's consumption of water used for primary activities has increased by 6%, from 115 million m^3 in 2011 to 122 million m^3 in 2012. The primary driver was Los Bronces copper mine in Chile, which increased our Copper business' water consumption by 7 million m^3. This figure would have been significantly higher if it were not for the large increase in water recycled from the operation's tailings dam (this more than doubled to 82 million m^3 of water in 2012). The increase was further mitigated by 26 water savings projects around the Group that saved 7 million m^3 of water.

More than 70% of our operational water requirements were met by recycling/re-using water over the past two years. Within the Group there have been several high performers in terms of recycling, with some reaching levels as high as 90–97%. Our operations are also seeking to reduce their dependency on high-quality water by switching to the use of lower water-quality grades where this is deemed fit for the intended use. Currently, potable water accounts for just 18% of our total.

STRATEGIC ELEMENT: Operating safely, sustainably and responsibly

CLIMATE CHANGE AND ENERGY

Climate change presents a significant business challenge. The key risks we face are: increasing energy and compliance costs associated with new policy measures, including potentially significant costs from carbon pricing; changing demand for our products; and increased risks associated with the physical impacts of climate change on our operations and neighbouring communities. We aim to enable our operations and local communities to address and adapt to the causes and effects of climate change.

Our strategy and management approach

Climate change is integrated into multi-disciplinary, Group-wide risk management processes. We are in the second year of our 10-year climate change strategy.

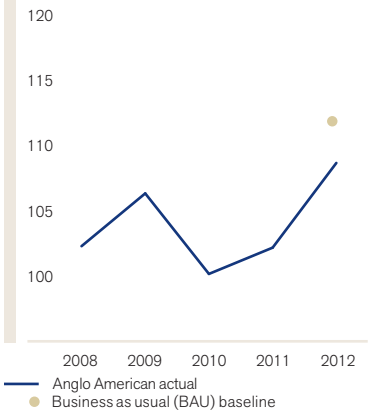
Operational excellence

Our leading energy and carbon management programme, ECO_2MAN, has enabled us to understand how energy management can be used to create additional business value. It provides a structured approach to achieve our objectives and it helps our people understand their responsibilities and accountabilities. Each mine has a programme in place to continually improve how it manages energy usage, with targets to reduce consumption in relation to a business-as-usual projection.

During 2012, we established a Group carbon steering committee to coordinate activities that lower our exposure to carbon compliance costs, including building our capacity to buy and sell carbon allowances.

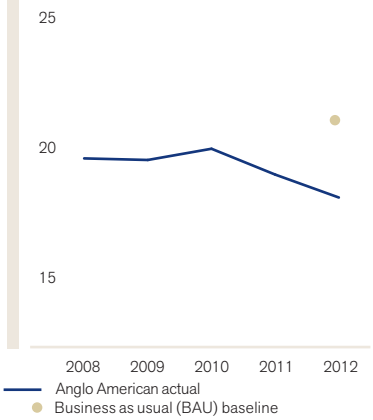
Total energy consumed 2008–2012

Million GJ



Total GHG emissions 2008–2012

Million tonnes



Technology

Achieving our long term milestones in energy management hinges on identifying and implementing innovative, 'step-change' technologies. We are researching many opportunities with key stakeholders, and have invested nearly $200 million to date in low carbon technology, such as the Capcoal and Moranbah North methane-fired power stations in Australia.

Our technology vision is to run cost efficient, low-carbon (if not carbon neutral) mines by 2030. Our approach focuses on three areas: reducing how much energy we use; recovering and re-using some of that energy; and using alternative energy sources. In parallel, we continually investigate opportunities for carbon offsetting.

Our longer term research areas include using liquefied petroleum gas (LPG) and methane capture to power trucks, introducing clean coal technology, and piloting platinum-based fuel cells as an alternative power system for underground locomotives.

In recent years we have focused on assessing the potential physical impacts of climate change in a number of potentially high-risk operational regions and sites. Building on this climate change impact assessment work, in 2012 we worked with the UK Met Office to prioritise all our projects across the Group in terms of when climate change 'time of emergence' signals will arise. We are also piloting a study to capture issues around climate and weather model data into project design.

Engagement and partnerships

We continue to work with governments, our business peers, and other stakeholders to help shape equitable and effective climate change policies. In South Africa, we are especially active in discussions around a carbon pricing policy and have welcomed the opportunity to participate in the debate and in the development of a solid fact base to influence an effective carbon policy aligned with the country's development objectives.

Our performance

Anglo American's energy consumption has increased by 6 million gigajoules (GJ) year-on-year to 108 million GJ in 2012. The rise is primarily as a result of electricity consumption increases at Los Bronces copper mine and Nickel's Barro Alto operation. A further increase of 1 million GJ at Metallurgical Coal as a result of production increases at the open cut mines was mitigated by a relatively small reduction at Platinum arising from industrial action. These increases were further mitigated by 215 energy-saving projects, accounting for reductions of nearly 5% (equal to saving 4 million GJ of energy and $75 million), that were completed in 2012.

Anglo American's greenhouse gas emissions (GHG) have dropped slightly year-on-year from 19 Mt of CO_2 equivalent (CO_2e) emissions to 18 Mt of CO_2e in 2012. An expected rise in GHG emissions associated with increased energy consumption was mitigated by methane management activities at Metallurgical Coal and our decision to discontinue public reporting on methane emissions associated with spontaneous combustion[1].

[1] The reason for this is two-fold: our peers do not report on emissions from spontaneous combustion and there is currently no consistent methodology for doing so. We will, however, continue to monitor and manage these emissions internally.

MANAGING METHANE

Methane emissions represent a significant challenge to our underground coal mining operations in Australia and South Africa. As methane is 21 times more damaging to the environment than carbon dioxide (CO_2), we have made it a priority to identify and implement technologies that will mitigate the impact of this greenhouse gas (GHG) and transform an environmental liability into an asset.

Methane is found, in differing concentrations, in the majority of coal seams. For safety reasons, it needs to be continually ventilated for underground mines but its impact on the environment also has to be considered. Since 2008, we have been piping methane-rich gas from our underground Moranbah North and Capcoal mines to two dedicated gas fired power stations. When burned, methane is one of the cleanest fossil fuels, producing less CO_2 for each unit of heat produced than other hydrocarbon fuels. By capturing methane, the two power stations together prevent 2.5 Mt of CO_2 equivalent emissions from entering the atmosphere each year – the equivalent of taking 500,000 cars off the road, or planting 3.6 million trees – and generate 77 MW of electricity for the Australian national grid, which is enough to power 48,000 homes per year.

In South Africa, our New Denmark mine has helped to design and develop a 'world first' mobile flaring system that will reduce its annual methane emissions from ventilation boreholes by an expected 15%. Flaring burns off methane, rendering it 18.5 times less harmful to the environment than venting. Under the Kyoto Protocol, methane flaring is an eligible Clean Development Mechanism activity. The project could therefore generate more than $8 million in revenue in its first decade through the sale of Certified Emission Reduction (CER) credits, depending on prevailing CER prices.

Another facet to this challenge is the ventilation systems, which run continuously and require significant energy. At Goedehoop mine we have reduced our GHGs related to ventilated air methane by improving how we manage these systems. By isolating the areas underground that require ventilation and identifying and addressing any leaks, we have reduced the amount of methane flushed out of the machinery as well as the electricity required to run the ventilation system. Ventilation systems at other underground mines in Thermal Coal are also set to be optimised, contributing greatly towards our 2015 ECO_2MAN targets.

Image
Senior project manager Ellis Lawrie (foreground) and Energy Developments Limited project manager Michael Ball inspect a gas engine at the Capcoal underground waste coal mine gas power station.

WORKING WITH COMMUNITIES

WITH THE FUTURE IN MIND

We offer a range of housing options to our South African mineworkers as part of our broader strategy to improve the living conditions of our employees.

IMPROVING HOUSING IN SOUTH AFRICA

We want all our employees to enjoy quality housing and living conditions. In South Africa, where there is a shortage of affordable housing and long waiting lists for units being built, this is a particular challenge. In partnership with local and provincial government, we help to alleviate this problem.

We invest in improving the housing and living conditions of employees and making it possible for them to buy their own homes in sustainable areas near our mining operations. Our vision is that all of our employees in mining communities who would like family accommodation have that option.

Our Platinum, Iron Ore, Thermal Coal businesses and De Beers proactively engage in developing properly serviced land to facilitate housing development in areas where services are inadequate or do not exist. The business units collaborate with reputable developers to encourage and promote affordable home ownership among employees at all levels. Where possible, land is donated to the municipality to facilitate the rehousing of communities residing in informal settlements. We engage with the Chamber of Mines and with organised labour to address issues and options for home ownership.

While 11,648 employees currently reside in mine accommodation, our objective is to lessen employee dependency on the company to provide accommodation.

11,648

EMPLOYEES AT OUR SOUTH AFRICAN OPERATIONS STAYING IN MINE ACCOMMODATION.

Platinum

- 6,743 employees reside in company and privately leased houses.
- All hostels have been converted into single accommodation villages.
- There are four ongoing housing projects in its portfolio.

Iron Ore

- From March 2012, employees no longer stay in hostels.
- Sishen has built 1,662 houses to accommodate their employees.
- Sishen plans to build an additional 1,720 houses in Kathu for current and future housing needs.

Thermal Coal

- Currently 33% of employees live in mine-provided accommodation.
- 203 houses have been built for sale to date.
- A new project to provide an additional 272 units in the eMalahleni area has commenced.

De Beers

- De Beers has no hostels at its three South African operations.
- Currently engaging with South Africa's National Union of Mineworkers (NUM) regarding the facilitation of home ownership.
- Approximately 550 houses planned to be built across three operations and investigations on rent-to-buy options are under way.

"As an industry, we need to work with our stakeholders to discuss openly how the migrant labour system can be changed to create more sustainable lives and communities."

Cynthia Carroll
Chief Executive

01

Main Platinum Union south mine time and attendance operator Gift Mpho takes possession of one of the 400 new houses being built at the Northam Extension 6 Housing Project.

01 These houses for Thermal Coal employees and their families are being built with bricks made partly from gypsum – which was formerly discarded as a waste product – from the eMalahleni water-treatment plant.

THE RIGHT PEOPLE IN THE RIGHT PLACES

OUR PEOPLE

Our people are as vital to our success as our mining assets. They determine how effectively we operate, represent our values and are critical to building and maintaining our reputation with stakeholders. Ultimately, it is our people who will realise our ambition and deliver on our strategy of being the leading global mining company.

OUR STRATEGY AND MANAGEMENT APPROACH

Our human resources (HR) strategy is anchored in Anglo American's objective 'to be the leading global mining company' and in supporting the objective of being 'the employer of choice'. We see the quality of our people as a key source of competitive advantage.

To attract and retain the best people we need to:

- Demonstrate that we have a clear and compelling strategy for success
- Offer safe, worthwhile and stimulating work
- Be organised for effectiveness and efficiency
- Maintain the right leadership culture
- Support people to develop and progress
- Pay people competitively.

The Group HR function operates as part of a lean corporate centre and focuses on: essential governance; capturing synergies across the Group; and sharing knowledge and expertise. Policies and standards are set through a collaborative process involving the businesses. Once set, compliance with these is mandatory. Along with these standards, our HR management systems and processes provide the foundation that allows us to deliver on our HR agenda.

We are implementing a wide-ranging three year plan of work to further improve these foundations.

Resourcing with the future in mind

Having the right people in place is vital to achieving our business objectives. Within the context of a very competitive job market, ensuring we understand our current and future skills needs, and actively drive plans to meet these, is a key strategic priority for HR. Throughout 2011 we put in place foundations to enable more effective workforce planning. This included a Group-wide monthly headcount reporting process and system and a common framework for categorising roles across the organisation. During 2012, we built on these foundations, implementing a new annual strategic workforce planning process and system that ran successfully to support the 2012 planning cycle.

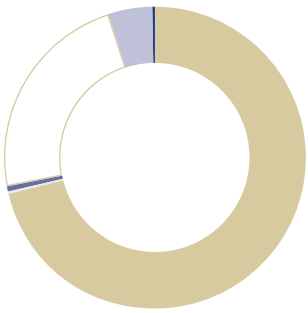
Our improved workforce planning capability will play a pivotal role in targeting our talent sourcing activities and guiding the work we do to build global talent pools. Talented graduates, bursars, interns, apprentices and other trainees form an important part of our sourcing strategy. During 2012, we saw nearly 3,000 graduates, bursars, apprentices and other trainees supported by the company.

At certain of our operations we are legally required to recruit a percentage of mining related roles from within the immediate and local communities in which we operate. The recent implementation of text-based job applications has enabled us to more effectively access community members in remote locations particularly across South Africa.

Supporting our people to develop and progress

Managing our people's performance plays a key role in guiding their behaviour and development. During 2012 we continued to roll out our Group-wide performance management process and system, which aligns individual objectives with the company's strategy while reinforcing our values. Our management and professional employees have regular performance and career development reviews with their managers. For the remaining employees, performance management is largely team-based.

Number of permanent employees and contractors by region[1]
2012



Africa	97,298
Europe	396
North America	583
South America	31,319
Australia	6,619
Asia	104

[1] Excludes associates and OMI non-core operations.

Alongside our performance management process, we continued to embed the People Development Way, our global capability framework detailing the behaviours, knowledge, skills and experience required of our employees to achieve our strategic objectives. 2012 also saw the introduction of career path tools aimed at guiding employees' career development decisions.

Formal learning is delivered at both business unit and Group level with external training expenditure across Anglo American amounting to $98 million, 3% of total employee costs in 2012 (2011: $79 million, 2.2% of total employee costs). The continued development of first-line managers to improve operational and people management capabilities has been the focus of 2012. The first-line managers development programme builds on current best practice across the Group and will be rolled out during 2013.

The Adult Basic Education and Training programme, which is run by our businesses and corporate centre office in South Africa provides general education to adults who have not had access to formal schooling. In 2012, 1,239 employees, contractors and community members enrolled in the programme. In addition, 2,638 employees and community members were provided with portable skills

training. This puts emphasis on training people in skills not traditionally needed within the company, so that they are employable after mine closure.

Building leadership capability

We see strong leadership and managerial capabilities as central to achieving our business objectives and sustained success in the mining sector. Beyond capability, we see maintaining the right leadership culture as critical to encouraging people to want to work with Anglo American. For this reason we focus on and continuously review high quality leadership development and have a range of over 200 external and internal development programmes currently in use across the Group.

Recognising and rewarding performance

It is important to our success that the structure and level of our remuneration and rewards are consistent across the Group and competitive in each of the markets within which we operate. We benchmark our remuneration schemes against our peers and implement comprehensive performance-based reward systems with the aim of attracting and retaining the best people.

Creating a diverse organisation

By year end, 23% of managers were women, representing an increase from 22% in 2011. 15% of our overall workforce is female. Across our businesses, targets have been set to increase further female representation, both within the management population and the workforce as a whole.

In our South African operations we continued to promote transformation in the workforce. By year end, 62% of our management were 'historically disadvantaged South Africans' (HDSAs), representing a significant increase on the 51% recorded at the end of 2011. HDSA employees, including white women, represent 80% of our workforce as a whole in South Africa.

Across our businesses, targets have been set to increase further female representation, both within the management population and the workforce as a whole.

Fostering sound industrial relations

During 2012, two strikes exceeding one week's duration were recorded. Platinum experienced eight weeks of illegal industrial action and unrest at five of its mines where operations were halted. Kumba Iron Ore experienced 12 days' unprotected occupation of the company's Sishen Mine.

Approximately 84% of our permanent workforce is represented by work councils, trade unions or other similar bodies and covered by collective bargaining agreements. The nature of these agreements varies by country of operation. However, protecting the rights of employees and ensuring fair and compliant employment practices are principles that apply to everyone who is employed by Anglo American, regardless of any recognised, formal representation employees may form part of for collective bargaining purposes.

Building and maintaining sound relationships with our employees and trade unions is fostered through:

- A culture of inclusivity and, consistent with our company value of care and respect, a genuine concern for the well-being of our employees, partners and communities.
- Ongoing, open and meaningful dialogue, ensuring that relevant changes to the organisation or its practices are tabled with trade unions for discussion prior to their implementation and that, in turn, any employee concerns are brought for discussion with the organisation before they become the subject of disputes.
- Our appreciation of the fact that many of the issues affecting our employees are issues that affect the rest of the mining sector and, in some cases, society as a whole. In these instances, as a responsible corporate citizen, we have a broader role to play in tabling and positively influencing discussion and issue resolution.

A significant part of our operational workforce consists of contractors; therefore, the effectiveness of the relationships between us and our contracting companies, and between those companies and their employees, will remain important.

Protecting labour rights

As signatories to the United Nations Global Compact, we are committed to the labour rights principles provided in the International Labour Organisation core conventions, including the right to freedom of association and collective bargaining, the eradication of child and forced labour and non-discrimination. We do not tolerate any form of unfair discrimination, inhumane treatment, forced labour, child labour, harassment or intimidation in the Anglo American workplace. Full observance of these issues is also required of our suppliers in tenders and compliance is audited. At our operations, we have clear policies and processes in place in order to ensure that we do not employ any underage or forced labour. No incidents of employing under-age or forced labour were reported in 2012.

INNOVATING SOLUTIONS

WITH THE FUTURE IN MIND

Thermal Coal's flexible conveyor train is set to be a game-changer in the safe and efficient production of coal from underground mines.

FLEXIBLE CONVEYOR TRAIN SETS NEW RECORD

In producing 116,708 tonnes in September 2012, the 110-metres-long flexible conveyor train (FCT) based underground at Greenside achieved the highest monthly coal output ever recorded outside the US.

Developed in conjunction with Joy Mining Machinery, the FCT is a continuous haulage system that eliminates bottlenecks, thus allowing continuous miners to operate at maximum capacity.

The key to the FCT's effectiveness is its flexible conveyor and traction system that permits it to be operated, by remote control, as a single unit. The ability to continuously convey material along its entire length, while simultaneously moving to follow the continuous miner's every move, offers a distinct advantage over all other types of haulage.

The FCT also offers safety benefits through eliminating the need for shuttle cars, thereby reducing vehicle and pedestrian interaction.

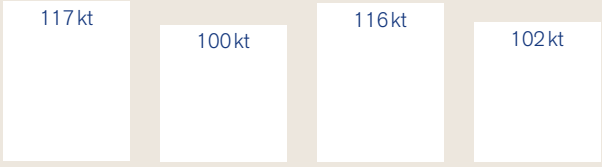
25%

PRODUCTIVITY IMPROVEMENT IN CONTINUOUS MINER OUTPUT TARGETED BY 2014.

HIGHEST MONTHLY PRODUCTION IN 2012

+116,708 tonnes

To achieve the targeted productivity increase, Greenside must average 116 kt per month.



02

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"The Greenside FCT project team are among the most competent people in the business."

Avery Bailey
FCT specialist

"The FCT's successful introduction demonstrates the value being delivered from Thermal Coal's technology partnerships; this system has the potential to transform our underground coal mining operations in South Africa."

Godfrey Gomwe
CEO, Thermal Coal

Main, 01 and 02 Members of the Greenside team who assisted in the successful implementation of the mine's 110 metre long flexible conveyor train – the first of its kind in South Africa.

INNOVATION TO DELIVER VALUE

OUR RESOURCES

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

- **Knowledge and expertise.**
- **Proved and Probable Reserves (a summary is contained on pages 192–193).**

Full details of the Group's Ore Reserves and Mineral Resources estimates are found on pages 191–230.

TECHNOLOGY

Our strong in-house technology capability provides world class solutions to Anglo American and its global operations. Mining and Technology, which comprises seven highly specialised technical groups that concentrate their expertise in specific value-adding areas, made a significant contribution to the Group on several fronts.

In collaboration with the business units, the heads of the Mining, Metallurgy, Geosciences and Engineering disciplines have finalised a global set of Group Technical Standards and associated guidelines aimed at enhancing project delivery, sharing best practice, optimising value added to operations and mitigating technical risks. Gap analyses are conducted by business units and operations to determine compliance with the standards, and plans are being put in place to address any gaps that have been identified. The discipline heads with their team of experts continue to provide technical assurance to projects and support the identification of significant asset optimisation opportunities at the operations. The effective development and management of technical talent within the Group has also been a focal point.

Our Technical Solutions division supports business units, operations and project teams as well as the various Group functions across the entire mining value chain, from exploration to mine closure. The division provides fundamental research as well as development and piloting services. Multi-disciplinary teams are made up of in-house experts from all the traditional engineering disciplines, as well as mining, metallurgy, geometallurgy, process and chemistry, industrial engineering, materials handling, safety, occupational health, sustainable development, geophysics, hydrogeology, and quality and compliance. In addition, project engineering and change management specialists provide consulting services to our operations. The teams also develop and implement or assist operations with the implementation of techno-economic solutions. The Field Services section provides hands-on machine health monitoring expertise to operations.

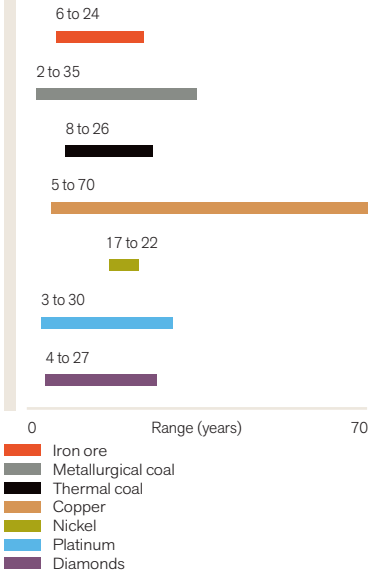
Technical Solutions recently developed and is now implementing an integrated drill and blast solution for surface operations comprising mine planning, drill and hole monitoring, on-bench explosive quality testing as well as on-bench blast monitoring and analysis. The solution provides operations with the capability to reconcile actual performance with designed performance, in real time, which increases the visibility of actual bottlenecks and allows enhanced decision making at the mine site. The Equipment Monitoring System (EMS), aimed at identifying equipment condition remotely, has successfully been rolled out to sites in Australia, South America and South Africa and has been expanded from haul truck monitoring to monitoring other critical equipment. An integrated water management solution has been developed to meet the growing needs of the Group's operations in this area. On the fundamental research side, Technical Solutions has successfully combined molecular modelling with fast track chemical effectiveness evaluation to quickly identify non-toxic and more effective reagents without having to rely on traditional trial and error experimentation.

Our Technology Development unit manages, coordinates and integrates technology development across the Group. Progress continues on realising Anglo American's long term technology vision and is concentrated on laying the platform for a radical change in technology over the coming years. The work focuses on long term, high value projects in underground mining, metal recovery and energy efficiency, as well as the shorter term demonstration of automation technologies to improve safety and add value.

A concerted systems approach has now been adopted in order to facilitate mining's transition to a more modern, automated and technologically mature era.

Mine life per commodity[1]

Years, minimum to maximum



(1) Mine life is the extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only. For diamonds, life of mine (years) is reported and is based on scheduled Probable Reserves including Indicated and some Inferred Resources considered for life of mine planning. 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.

The development of proprietary exploration tools remains a priority, with some already in use and improved models undergoing testing prior to the piloting of prototypes. These provide a significant competitive advantage for Anglo American in the search for new Tier One orebodies.

The shorter term projects will see various automated vehicles being demonstrated at certain opencast mines during 2013 and multiple novel underground mining machines being tested on platinum mines. Success in these projects would make a significant impact on the safety and competitiveness of Group operations.

A concerted systems approach has now been adopted in order to facilitate mining's transition to a more modern, automated and technologically mature era. Effort is being concentrated on creating the necessary building blocks to support both open pit and underground methods in steadily moving up the steps towards automation maturity. In particular, attention is currently being placed, *inter alia*, on automation-specific technologies such as underground mapping, positioning and obstacle detection. Emphasis, too, is being placed on integrated operations centres as the hub of the automation approach needed to command integrated data in a risk-managed environment in order to deliver improved performance, as well as to coordinate and drive sustainable performance improvement.

Our Thermal Coal business has identified 15 technologies in order to form a prioritised pipeline for technology development. During 2012, Thermal Coal achieved a number of technology milestones and is the first coal mining company in South Africa to commission Flexible Conveyor Train technology (FCT) underground at Greenside and Goedehoop. The implementation of the technology resulted in a marked reduction in underground coal transport vehicles, thereby significantly improving safety while also increasing productivity. Thermal Coal has started the journey of automation of some of the opencast fleets, including articulated dump trucks, overburden drills and bulldozers. Furthermore, automation provides opportunity for improvements in utilisation, productivity and quality, as well as safety and health.

At our Metallurgical Coal business, we are making progress in several areas on the technological front. The 'Smart Cap' fatigue-management system has moved to the commercialisation phase. Significant work has been undertaken to reduce carbon emissions from the underground mines through improved monitoring, capture and utilisation of potential fugitive emissions. Remote monitoring of equipment health and performance has been embedded through the Brisbane-based Benchmark Performance Centre, where the health and performance of both open cut and underground equipment is being monitored and actions taken to improve performance. In coal processing, laboratory scale trials have been completed on enhanced processing for coals with high inherent ash and clay; if successful, our reserves base of high quality metallurgical coal could potentially increase.

EXPLORATION

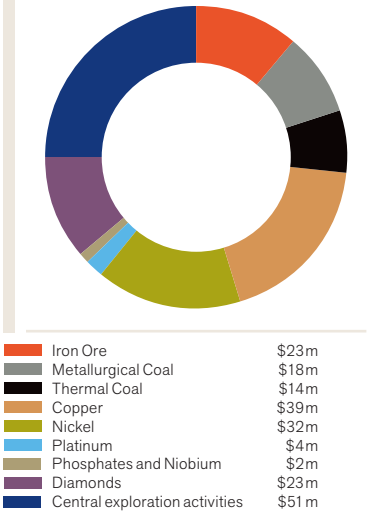
Global exploration activity for 2012 focused on greenfield projects across a number of mature and frontier locations, as well as on adding value, through increasing resources and reserves, to our operations and advanced projects. Our exploration expenditure in 2012 amounted to $206 million and covered 18 countries.

Iron Ore exploration expenditure of $23 million was concentrated around operations and projects in Africa, Australia and Brazil. In South Africa, exploration was undertaken to support Kumba's Sishen and Kolomela operations; reconnaissance drilling on high priority targets confirmed mineralisation and drilling capacity has been increased to further investigate their potential. In Brazil, activity related to preliminary drilling and geological activities around the Minas-Rio project.

Metallurgical Coal exploration expenditure of $18 million focused on drilling, seismic surveys, and coal quality analysis near existing operations in Australia and Canada with the aim of improving the definition of additional coking coal resources. In Australia, drilling and seismic activities were performed, including at the Foxleigh and Rolfe Creek projects. In Canada, the exploration team was strengthened at the Peace River Coal Trend mine and surrounding exploration leases, with the aim of defining additional coking coal resources.

Thermal Coal exploration expenditure totalled $14 million, being spent primarily on drilling and analysis in South Africa. During 2012, exploration drilling was undertaken at 10 project areas, with the objectives of meeting both statutory work programme requirement as well as providing geological evaluation information and geological models for project advancement through the various stage gates.

Exploration expenditure by commodity in 2012



Copper exploration expenditure of $39 million consisted mainly of near-mine and greenfields exploration drilling in Chile where key activities included drilling at Los Bronces and Mantos Blancos. Greenfields exploration was also conducted in Argentina, Brazil, Chile, Colombia, Greenland, Indonesia, Peru, the US and Zambia.

Polymetallic (copper-nickel-platinum group elements) exploration expenditure (included within the Nickel commodity line as disclosed in note 7 to the financial statements) amounted to $28 million and concentrated on Sakatti in northern Finland. Exploration at this advanced project aimed to define the limits of the orebody and to test other surrounding high priority targets. Greenfields polymetallic exploration was conducted elsewhere in northern Finland, western Brazil, the Musgraves region of Western Australia and the Canadian Arctic.

Nickel exploration expenditure was $4 million and related mainly to nickel laterite exploration in the Morro Sem Boné district in Brazil. Elsewhere, near-mine exploration was undertaken at Niquelândia (Codemin), also in Brazil.

Phosphates and Niobium exploration expenditure was $2 million and was focused on greenfields projects in central Brazil and near-mine exploration at Boa Vista (niobium).

Platinum exploration accounted for $4 million and was focused on investigating new opportunities within South Africa's Bushveld Complex and on fulfilling of the statutory work programme requirements to keep tenure in good standing. The potential for shallow resources that may be mined using opencast methods was investigated through drilling programmes during the year. Platinum exploration continued at Unki in Zimbabwe.

Since acquisition in August 2012, De Beers has spent $23 million ($59 million for the full year, on a 100% basis) on exploration programmes in Angola, Botswana, Canada and India. The exploration team continued to provide technical services to the resource extension programmes for the Jwaneng and Orapa mines in Botswana, and the Victor mine in Canada.

Global exploration activity for 2012 focused on greenfield projects across a number of mature and frontier locations, as well as on adding value, through increasing resources and reserves, to our operations and advanced projects.

HIGH-TECH EXPLORATION IN FINLAND

01

02

04

03

A Low Temperature Superconducting Quantum Interference Device (LT-SQUID) is a very sensitive magnetometer that is capable of measuring and distinguishing between discrete magnetic responses using superconducting loops. The LT-SQUID is considered particularly useful for discriminating between metallic deposits such as nickel sulphides, which can be masked by certain rock types that can also hold an electric current – for example, shale.

The LT-SQUID was developed in collaboration between Anglo American and the Institute for Physical High Technology (IPHT) in Jena, Germany. The LT-SQUID is the sensor, cooled using liquid helium (-298°C), and measures the response to an electromagnetic current response after the current has been transmitted into the ground.

The LT-SQUID has been employed by Anglo American field teams to help search for so-called blind deposits that have no visible expression on the ground surface. It has revolutionised how we look at and model the picture beneath the ground surface, particularly at depth.

This has enabled Anglo American to discover significant deposits such as Gamsberg East (zinc) in Namaqualand, South Africa. Conventional Transient Electromagnetic (TEM) methods would not have been enable to identify the flat-lying metallic conductor located 250 metres beneath the ground surface, or distinguish between two metallic sulphide types that have different levels of electromagnetic conductance. The LT-SQUID sensor also helped to define the geometric dimensions of the Gamsberg East deposit as it enabled a greater penetration depth to be reached. Another example is at the Sakatti polymetallic project in Finland. Owing to the highly conductive nature of the interconnected mineralisation at the project, normal TEM geophysical techniques were not able to provide accurate readings. The team then used the LT-SQUID system, and that information ultimately supported the discovery of the main mineralised body.

Images

01 Project geoscientist Circé Malo-Lalande with the LT-Squid.

02 Exploration manager Mattias Johansson (foreground) and exploration geologist Craig Hartshorne examine drill cores.

03 Drilling in progress at the Sakatti drill site.

04 Drill operators Jarmo Kairaaja (left), and Tiejo Apukairaasa on Sakatti rig No. 8.

FINANCIAL PERFORMANCE

UNDERLYING OPERATING PROFIT
(2011: $11.1 bn)

$6.2 bn

UNDERLYING EARNINGS
(2011: $6.1 bn)

$2.8 bn

UNDERLYING EARNINGS PER SHARE
(2011: $5.06)

$2.26

(LOSS)/PROFIT ATTRIBUTABLE TO EQUITY SHAREHOLDERS
(2011: $6.2 bn)

$(1.5) bn

REVIEW OF GROUP RESULTS

Anglo American reported underlying earnings of $2.8 billion, compared with $6.1 billion in 2011, with underlying operating profit of $6.2 billion, 44% lower than 2011.

This decrease in underlying operating profit was mainly driven by the Platinum, Metallurgical Coal, Iron Ore and Manganese and Copper business units, whose financial performance was affected by lower prices and higher costs, with the exception of Metallurgical Coal where costs decreased. There was a decline in realised prices across the majority of commodities produced by the Group.

Iron Ore and Manganese generated an underlying operating profit of $2,949 million, 33% lower. Within this commodity group, Kumba Iron Ore reported an underlying operating profit of $2,980 million, 34% lower than 2011, owing to lower average prices, the unprotected strike at Sishen and an increase in waste stripping, partially offset by the ramp up of Kolomela mine. Samancor reported an underlying operating profit of $103 million, 38% lower, driven by lower ore prices, partially offset by lower costs.

Metallurgical Coal delivered an underlying operating profit of $405 million, a 66% decrease, primarily due to lower realised export selling prices, partially offset by record production and higher sales.

Thermal Coal's underlying operating profit of $793 million was 36% lower, mainly as a result of lower export thermal coal prices for both South African and Colombian coal and, in South Africa, above inflation cost increases. This was partially offset by increased sales volumes, mainly from the full incorporation of Zibulo as an operating asset, and despite the closure of high cost production sections.

Copper delivered an underlying operating profit of $1,687 million, 31% lower, as a result of lower realised sales prices, lower by-product quantities and higher operating, exploration and study costs, partly offset by increased sales volumes.

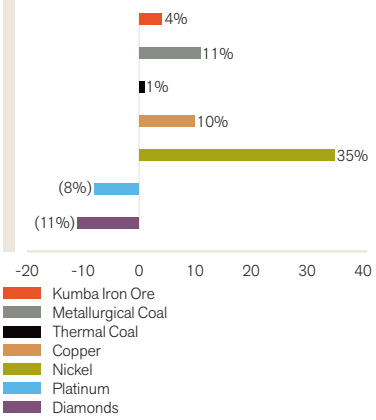
Nickel reported an underlying operating profit of $26 million, 54% lower, due to lower realised prices and an extended export ban imposed by the Venezuelan government from the beginning of June 2012 resulting in the cessation of production in September 2012, partially offset by a self-insurance recovery of $59 million.

Platinum generated an underlying operating loss of $120 million, due to lower metal prices, higher unit costs and the illegal strike that significantly affected production and sales during the final four months of the year, partially offset by a $172 million positive stock adjustment.

Diamonds underlying operating profit (on a 100% basis) fell by $676 million to $815 million, 45% lower, reflecting the impact of difficult trading conditions brought about by predominantly weaker demand and changing product requirements from Sightholders. Anglo American's share of De Beers underlying operating profit totalled $496 million, a decrease of 25%, the overall reduction being partly offset by Anglo American's higher shareholding.

Other Mining and Industrial Core delivered a combined underlying operating profit of $169 million, a decrease of 8% compared to the prior year. This was driven by higher labour costs at both the Phosphates and Niobium operations and lower phosphate prices, partially offset by an increase in sales volumes of both phosphates and niobium.

Production change
% change versus 2011



Production increases were delivered at the Kumba Iron Ore, Metallurgical Coal, Thermal Coal, Copper, Nickel, and the Phosphates and Niobium business units.

Underlying operating profit

$ million	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Iron Ore and Manganese	**2,949**	4,400
Metallurgical Coal	**405**	1,189
Thermal Coal	**793**	1,230
Copper	**1,687**	2,461
Nickel	**26**	57
Platinum	**(120)**	890
Diamonds	**496**	659
Other Mining and Industrial	**337**	315
Exploration	**(206)**	(121)
Corporate activities and unallocated costs	**(203)**	15
Operating profit including associates before special items and remeasurements	**6,164**	11,095

Underlying operating profit from the non-core businesses was $168 million, a $37 million increase, due to lower depreciation as a result of the transfer of Tarmac Quarry Materials and Scaw South Africa to 'held for sale' and the reversal of penalty provisions at Amapá which were in place at the end of 2011, partly offset by lower realised iron ore prices at Amapá.

Exploration costs for the year were $206 million, a 70% increase, mainly driven by the inclusion of exploration costs at De Beers (following the acquisition of the additional 40% interest), increased drilling due to favourable weather conditions in Australia and Chile, and a ramp up in drilling activities at the Sakatti polymetallic project in Finland.

Corporate costs (after cost allocations) of $203 million were incurred in 2012.

In 2011, following the reassessment of estimates of likely outcomes of existing insurance claims, liabilities decreased significantly in the insurance captive, offsetting the unallocated corporate costs and resulting in an operating profit for 2011 of $15 million.

Production

Production increases were delivered at the Kumba Iron Ore, Metallurgical Coal, Thermal Coal, Copper, Nickel, Phosphates and Niobium business units.

Iron Ore and Manganese – production of iron ore increased by 4% to 43.1 Mt due to the ramp up of Kolomela, partially offset by the unprotected strike which resulted in lost production of approximately 5 Mt. Manganese ore production increased by 20% to 3.3 Mt.

Metallurgical Coal – production increased by 11% to 30.6 Mt, with record metallurgical coal production of 17.7 Mt, benefiting from productivity improvements at both the open cut and underground operations and a reduction in weather related stoppages.

Thermal Coal – production improved by 1% to 68.7 Mt, despite the closure of high cost production sections in South Africa, driven by the Zibulo ramp up and strong operational performance supported by favourable weather conditions at Cerrejón.

Copper – production increased by 10% to 659,700 tonnes, mainly owing to the ramp up of the Los Bronces expansion project, partly offset by expected lower ore grades at Collahuasi and operational challenges at the Los Bronces mine and at Collahuasi.

Nickel – production increased by 35% to 39,300 tonnes due to the ramp up of Barro Alto, partially offset by the cessation of production at Loma de Níquel from September 2012.

Platinum – equivalent refined production was 8% lower than 2011 mainly due to the illegal strike action that occurred between September and November 2012 at the Rustenburg, Amandelbult, Union and Bokoni mines and operational challenges in the first half of the year.

Diamonds – production decreased by 11% to 27.9 million carats, with Debswana production impacted by the Jwaneng slope failure. In light of prevailing rough diamond market trends, and in keeping with De Beers' stated production strategy for 2012, operations continued to focus on maintenance and waste stripping backlogs.

Phosphates – record production of 1.1 Mt of fertiliser, a 5% increase year on year, due to a number of asset optimisation initiatives which improved overall performance at Catalão and Cubatão.

Niobium – production increased 13%, as declining ore quality was more than offset by improvements in both throughput and recoveries.

FINANCIAL OVERVIEW

Group underlying operating profit was $6,164 million, 44% lower than 2011.

The main reason for the reduction in underlying operating profit was a decline in the realised prices of most of the commodities produced by the Group. These included falls in realised prices of 29% in the case of export metallurgical coal, 19% in South African export thermal coal and 23% in iron ore.

The Group's results are affected by currency fluctuations in the countries where the operations are based. The strengthening of the US dollar against the South African rand and the Brazilian real resulted in a $945 million positive exchange variance in underlying operating profit compared to 2011. CPI inflation had a negative $591 million impact on underlying operating profit compared to the prior year.

Sales volumes were higher than 2011, owing to increased production at Kolomela and Los Bronces as the expansion projects ramped up, offset by operational issues at the Los Bronces mine and Collahuasi, as

well as the industrial action at Kumba and Platinum and the extended ban and subsequent loss of mining concessions at Loma de Níquel.

Industry-wide, above-CPI cost pressures continued, particularly in South Africa and Australia, although were mitigated by the continued positive performance of our asset optimisation and procurement programmes.

Group underlying earnings were $2,839 million, a 54% decrease on 2011, which reflects the operational results above and a reduction in our shareholding in Anglo American Sur (AA Sur), partially offset by the increased holding in Kumba Iron Ore. Net finance costs, before remeasurements, excluding associates, were $288 million (2011: $20 million).

The effective rate of tax, before special items and remeasurements and including attributable share of associates' tax, increased from 28.3% in 2011 to 29.0%.

Group underlying earnings per share were $2.26 compared with $5.06 in 2011.

Special items and remeasurements

Operating special items

Minas-Rio

An impairment charge of $4,960 million has been recorded in relation to the Minas-Rio iron ore project (Iron Ore Brazil). Of this charge, $1,105 million has been recorded against goodwill and $3,855 million has been recorded against mining properties, with an associated deferred tax credit of $960 million. The post-tax impairment charge is $4,000 million.

Platinum operations

The impairment charge of $860 million relates to certain Platinum projects and other assets, not in use, that are not considered economically viable in the current market environment. The charge includes a write-off of fair value uplifts associated with these assets held at a Group level of $89 million.

Reversal of De Beers inventory uplift

Inventory held by De Beers at the date of the acquisition is required to be recognised at fair value under International Financial Reporting Standards (IFRS). This results in

Summary income statement

$ million	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Operating profit before special items and remeasurements	**5,405**	9,668
Operating special items	**(6,977)**	(164)
Operating remeasurements	**(116)**	(65)
Operating (loss)/profit from subsidiaries and joint ventures	**(1,688)**	9,439
Non-operating special items and remeasurements	**1,394**	183
Share of net income from associates (see reconciliation below)	**432**	977
Total profit from operations and associates	**138**	10,599
Net finance costs before remeasurements	**(288)**	(20)
Financing remeasurements	**(89)**	203
(Loss)/profit before tax	**(239)**	10,782
Income tax expense	**(375)**	(2,860)
(Loss)/profit for the financial year	**(614)**	7,922
Non-controlling interests	**(879)**	(1,753)
(Loss)/profit for the financial year attributable to equity shareholders of the Company	**(1,493)**	6,169
Basic earnings per share ($)	**(1.19)**	5.10
Group operating profit including associates before special items and remeasurements[1]	**6,164**	11,095
Operating profit from associates before special items and remeasurements	**759**	1,427
Operating special items and remeasurements	**(58)**	(18)
Net profit on disposals	**–**	20
Net finance costs (before special items and remeasurements)	**(58)**	(48)
Financing special items and remeasurements	**1**	(7)
Income tax expense (after special items and remeasurements)	**(205)**	(384)
Non-controlling interests (after special items and remeasurements)	**(7)**	(13)
Share of net income from associates	**432**	977

[1] Operating profit before special items and remeasurements from subsidiaries and joint ventures was $5,405 million (2011: $9,668 million) and attributable share from associates was $759 million (2011: $1,427 million). For special items and remeasurements, see note 5 to the financial statements.

negligible margins being realised upon the subsequent sale of inventory held at the acquisition date. The reversal of fair value uplifts on inventory sold in 2012 of $421 million has been excluded from the Group's underlying earnings so as not to distort the operating margins of De Beers and to provide more useful information about the performance of the Group.

Other

A charge of $159 million has arisen at Loma de Níquel due to the cancellation of its mining concessions in November 2012.

Other impairments and related charges of $230 million (2011: $70 million) relates to various impairments across the Group, including an impairment of $42 million of fixed assets relating to onerous contracts at Callide (Metallurgical Coal); an impairment of $44 million relating to Wesizwe, an available for sale asset held in Platinum where the fair value has had a significant and prolonged decline; and $50 million of asset impairments recognised in Samancor, an associate investment.

The charge of $386 million in relation to onerous contracts principally reflects a provision increase of $292 million for coal supply agreements inherited on acquisition of Callide in 2000.

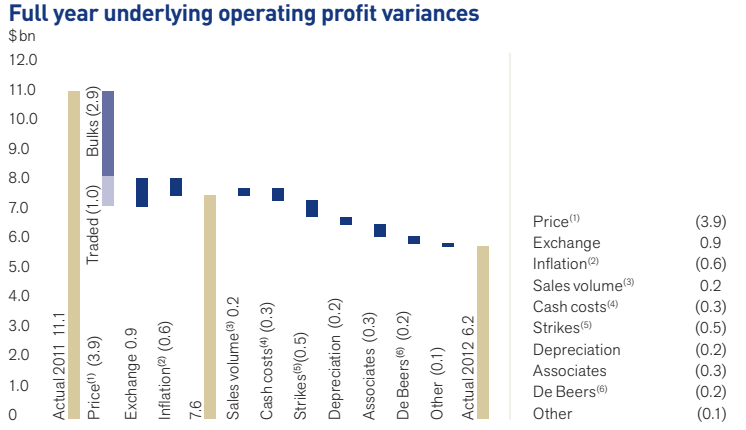
Operating remeasurements

Operating remeasurements reflect a net loss of $112 million (2011: loss of $74 million) principally in respect of non-hedge derivatives related to capital expenditure in Iron Ore Brazil. Derivatives which have been realised during the period had a cumulative net gain since their inception of $71 million (2011: $383 million). The depreciation charge arising due to the fair value uplift on the pre-existing 45% shareholding of De Beers, which was required on acquisition of a controlling stake, is $41 million in 2012.

Non-operating special items

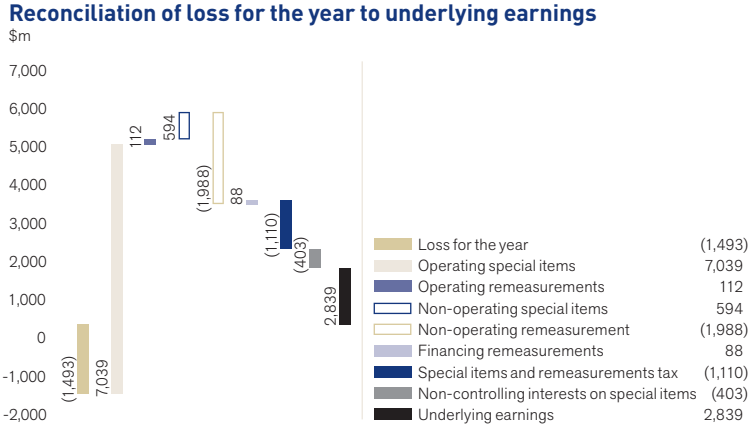
In May 2012, the Competition Commission approved the formation of a 50:50 joint venture between the Group and Lafarge combining their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the UK subject to a number of prior conditions.

Full year underlying operating profit variances



(1) Price variance calculated as increase/decrease in price multiplied by current period sales volume.
(2) Inflation variance calculated using CPI on prior period cash operating costs that have been impacted directly by inflation.
(3) Volume variance calculated as the increase/decrease in sales multiplied by prior period profit margin; Full impact of Los Bronces expansion project ($0.6bn) and Kolomela ($0.4bn) operating profit vs. 2011 is included within Volume.
(4) Includes stripping and inventory movements.
(5) Lost sales volume measured at forgone 2012 cash contribution.
(6) De Beers was acquired on 16 August 2012. Variance reflects all movements associated with De Beers in 2012.

Reconciliation of loss for the year to underlying earnings



Tax

$ million (unless otherwise stated)	Year ended 31 Dec 2012 Before special items and remeasurements	Associates' tax and non-controlling interests	Including associates	Year ended 31 Dec 2011 Before special items and remeasurements	Associates' tax and non-controlling interests	Including associates
Profit before tax	**5,610**	**208**	**5,818**	10,626	401	11,027
Tax	**(1,488)**	**(202)**	**(1,690)**	(2,741)	(385)	(3,126)
Profit for the financial year	**4,122**	**6**	**4,128**	7,885	16	7,901
Effective tax rate including associates			**29.0%**			28.3%

In July 2012, the Group accepted the conditions of the Competition Commission and consequently the associated assets of Tarmac Quarry Materials were classified as held for sale and recognised at fair value less costs to sell. This resulted in a loss being recognised of $135 million.

In December 2012 the Group agreed the sale of its 70% interest in the Amapá iron ore system. The net assets have been reclassified to held for sale and recognised at fair value less costs to sell. This resulted in a loss being recognised of $404 million.

Non-operating remeasurements

The non-operating remeasurement of $1,988 million (2011: nil) reflects the gain of $2,017 million, net of transaction costs, resulting from the remeasurement to fair value of the Group's existing 45% shareholding held in De Beers at the date a controlling stake was acquired. This includes a $2.7 billion uplift on depreciable assets which will unwind through operating remeasurements in the current and future years.

Financing remeasurements

Financing remeasurements reflect a net loss of $88 million (2011: gain of $205 million) and relates to an embedded interest rate derivative, non-hedge derivatives relating to debt and other financing remeasurements.

Special items and remeasurements tax

Special items and remeasurements tax amounted to a credit of $1,110 million (2011: charge of $118 million). This relates to a credit for one-off tax items of $922 million (2011: credit of $137 million), a tax remeasurement charge of $189 million (2011: charge of $230 million) and a tax credit on special items and remeasurements of $377 million (2011: charge of $25 million).

The completion of our acquisition of an additional 40% interest in De Beers in August 2012 resulted in a cash outflow of $4,816 million, net of cash acquired.

The credit for one-off tax items of $922 million (2011: credit of $137 million) relates principally to the net deferred tax credit of $960 million at Minas-Rio and a net deferred tax credit of $70 million owing to the reassessment of deferred tax assets as a result of changes in tax regimes within operating segments, partially offset by the write-off of the deferred tax asset in Amapá of $108 million following the decision to sell the mine.

Net finance costs

Net finance costs, before remeasurements, excluding associates, were $288 million (2011: $20 million). This increase was driven by a decrease in investment income of $71 million, owing to lower average levels of cash and a higher interest expense of $103 million, reflecting the increase in debt during the year. Foreign exchange losses on net debt also increased by $74 million compared with 2011.

Tax

The effective rate of tax before special items and remeasurements including attributable share of associates' tax for the year ended 31 December 2012 was 29.0%. The increase compared to the equivalent effective rate of 28.3% for the year ended 31 December 2011 is due to the reduced impact of certain non-recurring factors. The non-recurring factors in 2012 include further recognition of previously unrecognised tax losses and the reassessment of certain withholding tax provisions across the Group. In future periods it is expected that the effective tax rate, including associates' tax, will remain above the United Kingdom statutory tax rate.

Balance sheet

Equity attributable to equity shareholders of the Company was $37,657 million at 31 December 2012 (31 December 2011: $39,092 million). This decrease reflects the loss for the period of $1,493 million. Investments in associates were $2,177 million lower than at 31 December 2011, principally as a result of De Beers becoming a subsidiary following the acquisition of a further 40% shareholding. Property, plant and equipment increased by $4,540 million compared to 31 December 2011, as a result of ongoing investment in growth projects and the acquisition of De Beers, partially offset by an increase in depreciation, the transfer of Amapá and Tarmac Quarry Materials to 'held for sale' and the disposal of Scaw South Africa.

Cash flow

Net cash inflows from operating activities were $5,562 million (2011: $9,362 million). Underlying EBITDA was $8,686 million, a decrease of 35% from $13,348 million in the prior year, reflecting weaker prices across the Group's core commodities and changes in operational performance.

Net cash used in investing activities was $9,821 million (2011: $4,853 million). Purchases of property, plant and equipment, net of related derivative cash flows, amounted to $5,678 million, a decrease of $86 million, reflecting the Group's disciplined approach to capital allocation in the current economic environment while maintaining expenditure on strategic growth projects. Proceeds from disposals, principally the disposal of Scaw South Africa (net of cash and cash equivalents disposed), were $100 million (2011: $533 million). Movements in non-controlling interest during the year resulted in a cash inflow of $1,220 million mainly $1,907 million from the disposal of 25.4% of AA Sur, partly offset by the purchase of 4.5% of Kumba for $698 million.

Net cash inflow from financing activities was $1,950 million compared with $1,474 million in 2011. During the year the Group paid dividends of $970 million to company shareholders,

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

Commodity	Average price[1] 2012	Average price[1] 2011	10%[7] sensitivity US$ million
Platinum[2]	**$1,555/oz**	$1,725/oz	150
Metallurgical Coal[3]	**$178/t**	$251/t	195
Thermal Coal[4]	**$92/t**	$114/t	209
Copper[5]	**361c/lb**	400c/lb	280
Nickel[5]	**794c/lb**	1,035c/lb	37
Iron Ore[6]	**$122/t**	$158/t	191
Palladium[2]	**$647/oz**	$736/oz	41
ZAR/USD	**8.21**	7.26	434
AUD/USD	**0.97**	0.97	190
CLP/USD	**486**	484	69

(1) 'oz' denotes ounces, 't' denotes tonnes, 'c' denotes cents, 'lb' denotes pounds.
(2) Source: Johnson Matthey Plc.
(3) Average realised FOB price of export metallurgical coal.
(4) Average realised FOB price of export thermal coal (South Africa).
(5) Being the average LME price.
(6) Average price represents average iron ore (South Africa) export price achieved.
(7) 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 2012. 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.

and $1,267 million in dividends to non-controlling interests.

The completion of our acquisition of an additional 40% interest in De Beers in August 2012 resulted in a cash outflow of $4,816 million, net of cash acquired.

Liquidity and funding

Net debt, including related hedges, was $8,615 million, an increase of $7,241 million from $1,374 million at 31 December 2011. The increase in net debt reflects weaker operating cash flows owing to lower commodity prices in 2012 and the acquisition of 40% of De Beers, partially offset by the disposal of 25.4% in AA Sur.

Net debt at 31 December 2012 comprised $17,759 million of debt, partially offset by $9,312 million of cash and cash equivalents, and the current position of derivative liabilities related to net debt of $168 million. Net debt to total capital[1] at 31 December 2012 was 16.4%, compared with 3.1% at 31 December 2011.

At 31 December 2012, the Group had undrawn committed bank facilities of $9.3 billion.

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

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

Corporate activities and unallocated costs

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

Dividends

Anglo American's dividend policy will provide a base dividend that will be maintained or increased through the cycle. Consistent with the policy, the Board has recommended a final dividend of 53 cents per share, giving a total rebased dividend for the year of 85 cents per share, subject to shareholder approval at the Annual General Meeting to be held on 19 April 2013. This reflects confidence in the underlying business and completes the reinstatement journey to rebase the dividend to be competitive with diversified peers.

This recommendation is consistent with the commitment to have a disciplined balance between the maintenance of a strong investment grade rating, returns to shareholders and sequencing of future investment in line with resulting funding capacity. From time to time any cash surplus to requirements will be returned to shareholders.

Analysis of dividends

US cents per share	2012	2011
Interim dividend	**32**	28
Recommended final dividend	**53**	46
Total dividends	**85**	74

Related party transactions

Related party transactions are disclosed in note 37 to the financial statements.

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 2012, 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.

EFFECTIVE RISK MANAGEMENT

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 an effective response to such risks."

Anglo American assessment of strategic, operational, project and sustainable development related risks

1. Identifying risks
A consistently applied methodology is used to identify key risks across the Group; at business units, operations and projects. This has been effected through the development, roll-out and ongoing implementation of a Group integrated risk management standard.

2. Analysing risks and controls to manage identified risks
Once identified, the process will evaluate identified risks to establish root causes, financial and non-financial impacts and likelihood of occurrence. Consideration of risk treatments is taken into account to enable the creation of a prioritised register.

3. Determining management actions required
Effectiveness and adequacy of controls are assessed. If additional controls are required these will be identified and responsibilities assigned.

4. Reporting and monitoring
Management is responsible for monitoring progress of actions to treat key risks and is supported through the Group's internal audit programme, which evaluates the design and effectiveness of controls. The risk management process is continuous, key risks are reported to the Audit Committee with sustainability risk also being reported to the S&SD Committee.

HOW WE MANAGE RISK

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

HOW DOES RISK RELATE TO OUR STRATEGIC INTENTS?

Risks can arise from events outside of our control or from operational matters. Each of the key risks described on the following pages can have an impact on our ability to achieve our strategic intents. This is illustrated by reference to each of our strategic intents; namely:

- Investing in world class assets in the most attractive commodities
- Organising efficiently and effectively
- Operating safely, sustainably and responsibly
- Employing the best people.

As mining is a business that can span decades, many of its attendant risks are long term in nature, and there may not be any significant change year on year. During 2012, however, we experienced changes in our risk profile; these are indicated in each of our risk descriptions, with appropriate commentary where we have seen change.

We also recognise that risks cannot be viewed in isolation. Emergence of one risk may be caused by one or more other risks or may cause another risk to emerge. For example, project delivery risk can be influenced by risks relating to supply, inflation, political matters, legal and regulatory requirements, infrastructure or community relations. This interconnectivity and the relationship of risks to our abovementioned four strategic elements requires significant emphasis to be placed on the management of risk and the effectiveness of our risk controls, with the identification and understanding of our risks being the first step in what is a continuous process.

EXTERNAL RISKS

Linking to our 4 strategic pillars for more information

INVESTING Page 14 | ORGANISING Page 18 | OPERATING Page 22 | EMPLOYING Page 32

Change in risk during 2012: Increased risk | No change in risk | Decreased risk

COMMODITY PRICES

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

Impact: Commodity price volatility can result in a material and adverse movement in the Group's operating results, asset values, revenues and cash flows. Falling commodity prices could prevent us from completing transactions that are important to the business and which may have an adverse effect on Anglo American's financial position – e.g. the inability to sell assets at the values or within the timelines expected.

If commodity prices remain weak for a sustained period, our ability to deliver growth in future years may be adversely affected as growth projects may not be viable at lower prices, and we may not be able to compete for new, complex projects that require significant capital investment.

Root cause: Commodity prices are determined primarily by international markets and global supply and demand. 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 our policy is not to engage in commodity price hedging. We constantly monitor the markets in which we operate, reviewing capital expenditure programmes accordingly so as to ensure the supply of our products reflects forecast market conditions.

Commentary: During 2012, prices in all the commodities we mine fell as a result of global economic weakness. Further detail of price movements is provided on page 5.

Increased risk | INVESTING Page 14 | ORGANISING Page 18 | OPERATING | EMPLOYING

CLIMATE CHANGE

Our 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 influence energy prices, demand or the margins achieved for carbon intensive products such as coal.

Root cause: Anglo American is a significant user of energy. We are also a major coal producer and exporter.

Mitigation: In addition to the initiatives to monitor and limit the impact of operations on the environment, we continuously seek to reduce energy input levels at our operations. Our asset optimisation programme seeks to make operations more energy efficient.

No change in risk | INVESTING | ORGANISING Page 18 | OPERATING Page 22 | EMPLOYING

LIQUIDITY RISK

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

Impact: If we are unable to obtain sufficient credit as a result of prevailing capital market conditions, we may not be able to raise sufficient funds to develop new projects, compete for new complex projects requiring significant capital expenditure, fund acquisitions or meet our ongoing financing needs. As a result, our 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 owing to perceived weaknesses of the global economic environment, or possibly as a response to shock events. Liquidity risk also arises when lenders are insecure about our long term cash generative capacity.

Mitigation: We have an experienced Treasury team which is 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 that exist. We limit exposure on liquid funds through a policy of minimum counterparty credit ratings, daily counterparty settlement limits and exposure diversification.

No change in risk | INVESTING | ORGANISING Page 18 | OPERATING | EMPLOYING

POLITICAL, LEGAL AND REGULATORY

Wherever we operate, our businesses may be affected by political or regulatory developments, 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 and 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.

Commentary: During 2012 we saw new or increased taxes and royalties introduced in Australia, Brazil, Chile, Colombia, South Africa and Zimbabwe, resolution of a legal dispute in Chile regarding the option over ownership of part of our Anglo American Sur assets and the loss of our mining concession in Venezuela. These matters are further explained on pages 62, 70 and 73 respectively and all are indicative of a more difficult political, legal and regulatory environment.

Increased risk | INVESTING Page 14 | ORGANISING Page 18 | OPERATING Page 22 | EMPLOYING Page 32

EXTERNAL RISKS continued

Linking to our 4 strategic pillars for more information

INFLATION

The Group is exposed to potentially high 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: We closely manage costs through our asset optimisation and supply chain initiatives and, where necessary, through adjusting employee and contractor numbers.

Commentary: Despite commodity price reductions throughout 2012, cost inflation in the mining sector continued during the period, which, combined with commodity price reductions, squeezed operating margins. Further detail is provided on pages 42–47.

Increased risk

INVESTING | **ORGANISING** Page 18

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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 with whom we have relationships to meet their obligations.

Mitigation: Our 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 are independently managed and may expose the Group to financial risks greater than the Group's own policies would permit.

For other counterparty risks our businesses have credit management procedures in place.

No change in risk

INVESTING | **ORGANISING** Page 18

OPERATING | EMPLOYING

CURRENCY RISK

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

Impact: Fluctuations in the exchange rates of the most important currencies influencing our own operating costs and asset valuations (the South African rand, Chilean peso, Brazilian real, Australian dollar, and pound sterling) may materially affect the Group's financial results.

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.

No change in risk

INVESTING | **ORGANISING** Page 18

OPERATING | EMPLOYING

OPERATIONAL RISKS

Linking to our 4 strategic pillars for more information

HEALTH AND SAFETY

Failure to maintain the high levels of safety management can result in harm to our 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).

In sub-Saharan Africa in particular, HIV/AIDS 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 Anglo American'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 affected 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.

No change in risk

INVESTING | ORGANISING

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ENVIRONMENT

Certain of our 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 our employees, contractors, the communities near our 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 of orebodies, can generate dust and noise and requires 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.

No change in risk

INVESTING | ORGANISING

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EXPLORATION

Exploration and development are costly activities, with no guarantee of success, but are necessary for future growth.

Impact: Failure to discover and develop new mineral resources of sufficient magnitude could have an adverse bearing on 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.

No change in risk

INVESTING Page 14 ORGANISING Page 18
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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 increase in costs has a negative effect on our 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: We take a proactive approach to developing relationships with critical suppliers and to leveraging the Group's purchasing power. Contingency plans are developed to mitigate loss of critical supplies.

No change in risk

INVESTING ORGANISING Page 18
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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 several Group 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 the establishment of effective working relationships with critical contractors help mitigate this risk.

No change in risk

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ORE RESERVES AND MINERAL RESOURCES

Anglo American's Ore Reserves and Mineral Resources estimates are subject to a number of assumptions that may be incorrect.

Impact: Deviations from the estimated price of commodities, production costs and mining and processing recovery rates may have an impact on the financial condition and prospects of the Group.

Root cause: All assumptions related to Ore Reserves and Mineral Resources are long term in nature and are subject to volatility owing to economic, regulatory or political influences.

Mitigation: Anglo American is experienced in managing Ore Reserves and Mineral Resources and has robust procedures in place to reduce the likelihood of significant variation. All factors are consistently monitored by management.

The Group's procedure on reporting of Ore Reserves and Mineral Resource estimates is summarised on page 191.

No change in risk

INVESTING Page 14 ORGANISING Page 18
OPERATING EMPLOYING

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, thus affecting our operational and financial performance. Failure to meet project delivery timetables and budgets may 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.

Operational performance can be influenced by technical and engineering factors as well as events or circumstances that have an impact on other critical inputs to the mining and processing of minerals.

Mitigation: Management oversight of operating performance and project delivery through regular executive management briefings, a continuous focus on improvement of operations through our asset optimisation programme, and consistent application of the company's methodology for new projects are vital aspects in managing this risk.

Commentary: While some of our growth projects ramped up production during 2012 as planned, our key project in Brazil, Minas-Rio is behind schedule as a result of permit delays and legal challenges, as described on pages 58 and 59. In addition, some of our business units did not meet expected production volumes due to operational performance challenges as indicated on page 43. Production performance was also affected by industrial strike action in South Africa as described on pages 57 and 80.

Increased risk

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OPERATIONAL RISKS continued

Linking to our 4 strategic pillars for more information

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 our operations are located in areas exposed to natural catastrophes such as earthquake/extreme weather conditions. The impact of climate change may intensify the severity of weather events.

The nature of our operations exposes us to potential 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 in order to prevent or limit the effects of such a loss.

Contingency plans are developed to respond to significant events and restore normal levels of business activity. Anglo American purchases insurance to protect itself against the financial consequences of an event, subject to availability and cost.

No change in risk

INVESTING ORGANISING
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EMPLOYEES

The ability to recruit, develop and retain appropriate skills for the Group.

Strikes or other industrial relations disputes frequently 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 have an adverse effect on production levels, costs and the results of operations.

Root cause: We are subject to global competition for skilled labour. Our assets and development projects are often in remote places or in countries where it is a challenge to recruit suitably skilled employees.

In the key countries where the Group operates, the majority of employees are members of trade unions. Negotiations over wage levels or working conditions can sometimes fail to result in agreement.

Mitigation: Anglo American's objective is to be the employer of choice in the mining sector. A comprehensive human resources strategy has been devised to support that objective, focused on the attraction, retention and development of talented employees and the effective deployment of talent across the Group. The Group seeks constructive relationships and dialogue with trade unions and employees in all its businesses.

Commentary: During the second half of 2012 we suffered from strike action in our Platinum and Kumba Iron Ore business units in South Africa. These strikes had a significant impact on production levels as described on pages 57 and 80.

Decreased risk

INVESTING ORGANISING
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BUSINESS INTEGRITY

Failure to prevent acts of fraud, bribery, corruption or anti-competitive behaviour.

Impact: Potential impacts include prosecution, fines, penalties and reputational damage.

Anglo American 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: Anglo American 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, procedures 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.

Commentary: The continued implementation of our programme of measures to raise awareness, understanding and management of bribery risk during 2012 should have a positive impact in reducing the likelihood of this risk materialising. The global spread of our business, however, means we can never eliminate this risk.

Decreased risk

INVESTING ORGANISING
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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 through implementation of ongoing governance processes in existing joint ventures.

Commentary: During 2012, we completed the acquisition of the Oppenheimer family shares in the De Beers business, which includes a number of joint ventures. We also completed the Tarmac joint venture with Lafarge in early 2013, (refer page 89). Thus, as the number of joint ventures in the Group increases, the profile of this risk has increased in consequence.

Increased risk

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ACQUISITIONS AND DIVESTMENTS

Failure to achieve expected benefits from any acquisition or value from assets or businesses sold.

Impact: Failing to deliver expected benefits from 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, including those that require the approval of the Investment Committee and Group Management Committee and, subject to size, the Board.

Commentary: The acquisition of Oppenheimer family shares in De Beers has enabled benefits to be identified that will be delivered during the integration process. This acquisition increases the profile of this risk. Please refer to pages 83–85 for further detail.

Increased risk

INVESTING Page 14 | ORGANISING Page 18 | OPERATING Page 22 | EMPLOYING

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 Anglo American in a number of countries in which it operates. Our 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.

We rely upon effective rail and port facilities for transporting our products and will be expected to provide shipment of product in some circumstances to customers' premises. We use third parties to provide these services.

Mitigation: We seek to work closely with suppliers of infrastructure to mitigate the risk of failure and have established contingency arrangements. Long term agreements with suppliers are sought where appropriate.

No change in risk

INVESTING | ORGANISING Page 18 | OPERATING Page 22 | EMPLOYING

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 negatively affect Anglo American's reputation as well as our ability to bring projects into production.

Root cause: We operate 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: We have developed comprehensive processes to enable our business units to effectively manage relationships with communities and we actively seek to engage with all communities impacted by our operations.

No change in risk

INVESTING | ORGANISING Page 18 | OPERATING Page 22 | EMPLOYING

IRON ORE AND MANGANESE

Norman Mbazima
CEO – Kumba

Paulo Castellari-Porchia
CEO – Iron Ore Brazil

01

UNDERLYING OPERATING PROFIT
(2011: $4,400 m)
$2,949 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2011: 40%)
48%

UNDERLYING EBITDA
(2011: $4,586 m)
$3,198 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)[1]	2012	2011
Underlying operating profit	**2,949**	4,400
Kumba Iron Ore	**2,980**	4,491
Iron Ore Brazil	**(5)**	(141)
Samancor	**103**	165
Projects and Corporate	**(129)**	(115)
Underlying EBITDA	**3,198**	4,586
Net operating assets	**9,356**	12,427
Capital expenditure	**2,077**	1,659
Share of Group underlying operating profit	**48%**	40%
Share of Group net operating assets	**18%**	28%

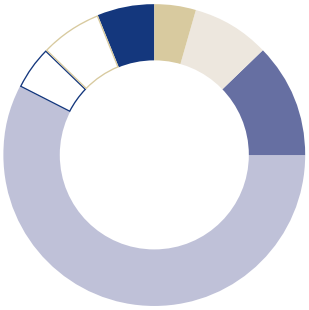
Non-financial indicators[2]	2012	2011
Number of fatal injuries		
Kumba Iron Ore	**2**	–
Iron Ore Brazil	**–**	1
Lost-time injury frequency rate		
Kumba Iron Ore	**0.10**	0.08
Iron Ore Brazil	**0.01**	0.01
Total energy consumed in 1,000 GJ		
Kumba Iron Ore	**7,603**	7,045
Iron Ore Brazil	**713**	2,074
Total greenhouse gas emissions in 1,000 tonnes CO_2e		
Kumba Iron Ore	**945**	907
Iron Ore Brazil	**49**	112
Total water used for primary activities in 1,000 m^3		
Kumba Iron Ore	**8,803**	8,179
Iron Ore Brazil	**895**	5,273

(1) In 2012, Amapá was reclassified from Iron Ore and Manganese to Non-core within the Other Mining and Industrial (OMI) segment to align with internal management reporting. Financial comparatives have been reclassified to align with current presentation.
(2) In a given year, non-financial data is reported within the business unit that had management control of the operation; therefore non-financial data for Amapá is reported within OMI and Iron Ore Brazil for 2012 and 2011 respectively.

01 Construction of the pump station at our Minas-Rio iron ore project in Brazil.

2012 Iron ore demand

Global 1,092Mt[1]



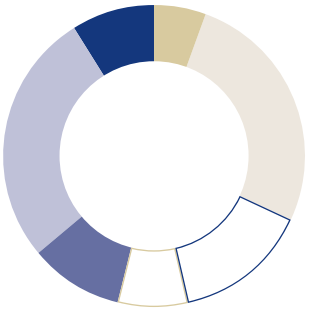
North America	49Mt
Europe	92Mt
Japan and rest of Asia	132Mt
China	628Mt
India	54Mt
CIS	71Mt
Incorporating:	
South America	39Mt
Rest of World	27Mt

Source: CRU, AME, company reports and Anglo American Commodity Research estimates

[1] Global iron ore, Fe unit basis

2012 Iron ore production

Global 1,092Mt[1]



North America	61Mt
South America	288Mt
China	159Mt
India	82Mt
CIS	110Mt
Australia	295Mt
Incorporating:	
Europe	48Mt
Rest of World	49Mt

Source: CRU, AME, company reports and Anglo American Commodity Research estimates

[1] Global iron ore, Fe unit basis

BUSINESS OVERVIEW

Our Iron Ore portfolio is based in South Africa and Brazil. In South Africa, we have a 69.7% (2011: 65.2%) shareholding in Kumba Iron Ore Limited, a leading supplier of seaborne iron ore. Our Brazilian interests comprise the Minas-Rio project (composed of Iron Ore Brazil's 100% share in Anglo Ferrous Minas-Rio Mineração S.A., and its 49% holding in LLX Minas-Rio, which owns the port of Açu currently under construction, and from which the project's iron ore will be exported). Our 70% interest in the Amapá iron ore system is now held in Other Mining and Industrial.

Kumba, listed on the Johannesburg Stock Exchange, produces a leading quality lump ore and also produces premium fine ore, in a lump-to-fine ratio of 60:40. Kumba operates three mines – Sishen mine in the Northern Cape, which produced 33.7 million tonnes (Mt) of iron ore in 2012; the new Kolomela mine, situated close to Sishen mine, which was brought into production during 2011 and produced 8.5 Mt during 2012; and Thabazimbi mine in Limpopo, with an output of 0.8 Mt.

Export ore is transported via the Sishen/Kolomela-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 growing Asia-Pacific and Middle East markets and European steel markets. In 2012, the company exported 90% of its total iron ore sales volumes of 44.4 Mt, with 69% of these exports destined for China and the remainder for Europe, Japan, South Korea and India.

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 525 kilometre slurry pipeline to the port of Açu in Rio de Janeiro state.

Kumba produces a leading quality lump ore and also produces a premium fine ore.

OPERATING

DRIVING PIT SAFETY TO A NEW LEVEL

As its vehicle population increases, one of the world's biggest open pit operations is tackling the issue of vehicle collisions.

As no suitable, off-the-shelf solutions were available, Sishen's engineers joined forces with FLARM, specialists in aviation collision avoidance technology, to design a system tailor-made for open pit mining.

The ensuing collision avoidance system (CAS) links all vehicles and safety features in one intelligent system. It allows for vehicles to be remotely monitored, and manual control to be overridden. Notably, CAS eliminates haul trucks' notoriously blind spots, giving drivers a much better all-round view.

As operators gain experience in CAS, Sishen is seeing a significant fall in vehicle collisions and 'near misses'.

Meanwhile, FLARM has established SAFEmine, a company set up specifically to bring Sishen's CAS technology to a worldwide market.

Image
Kumba's Keitumetse Hynes has been trained in CAS. She drives a haul truck at the Sishen iron ore mine in South Africa.

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 manganese ore and is among the top global producers of manganese alloy. Its operations produce a combination of ores and alloys from sites in South Africa and Australia.

Anglo American has a unique iron ore resource profile, with extensive, high quality resource bases in South Africa and Brazil.

Iron ore price (FOB Australia)

Source: Anglo American Commodity Research

(1) QAMOM is a pricing mechanism based on average quarter in arrears minus one month.

INDUSTRY OVERVIEW

Global demand for iron ore is linked primarily to the state of the global steel industry and, more specifically, to the steel manufacturing sector in China. The country is the largest steel producer and consumer in the world and accounts for more than two-thirds of global seaborne iron ore imports.

Manganese alloy is a key input into the steelmaking process. Manganese high-grade ore is particularly valuable to alloy producers because it is proportionately more efficient than low-grade ore in the alloying process.

STRATEGY

A key element of Anglo American's strategy is to grow its position in iron ore and to supply premium iron ore products against a background of declining quality global iron ore supplies. We have a unique iron ore resource profile, with extensive, high quality resource bases in South Africa and Brazil.

Kumba seeks to maximise total shareholder value by enhancing the value of its current operations through its asset optimisation programmes, capturing value across the value chain through its commercial and logistics strategies, executing its growth projects efficiently, and ensuring that it has the organisational capability to execute its strategy.

The company plans to grow its business organically in order to achieve production of 70 Mtpa from South Africa and, in the longer term, through expanding its production footprint into other countries in Africa.

Minas-Rio will capture a significant part of the pellet feed market with its premium product featuring high iron content and low contaminants. Phase 1 of the Minas-Rio project will produce 26.5 Mtpa, with potential optimisation to 29.8 Mtpa.

During the year Anglo American completed a detailed cost and schedule review of the Minas-Rio iron ore project. The review included third party input and examined the outstanding capital expenditure requirements in light of current development progress and the disruptive challenges faced by the project. The review included a detailed re-evaluation of all aspects of the outstanding schedule, with a focus on maximising value and mitigating risk. Following completion of the review, capital expenditure for the Minas-Rio project is projected to increase to $8.8 billion, if a centrally held risk contingency of $600 million is utilised in full. On the basis of the revised capital expenditure requirements and assessment of the full potential of Phase 1 of the project (excluding at this stage the potential for future expansions to 90 mtpa), Anglo American has recorded an impairment charge of $4 billion at 31 December 2012, on a post-tax basis. The first phase of the project will begin its ramp up at the end of 2014.

Operating safely, sustainably and responsibly

Kumba faces a number of material issues in its current operating environment and at the forefront is meeting rising expectations and demands from stakeholders – including government, employees, communities and shareholders – in a financially and resource constrained economic and social environment. Achieving and maintaining our licence to operate also remains of the utmost importance – including social and environmental compliance – amidst increasing regulatory, cost and governance requirements in South Africa. The attraction, retention and development of human resources remain critical priorities for Kumba.

We address these issues through a considered and proactive approach to talent management and retention as well as workplace health and safety, responsible environmental management, and the application of leading social performance standards and management systems. At the core of each of these strategic work streams is a culture of regular and transparent two-way engagement.

01

02

01 Moving sections into position along the 525 kilometre iron ore slurry pipeline at our Minas-Rio project in Brazil.

02 Preparation work under way on installing power supply at the site of Minas-Rio's milling plant.

FINANCIAL AND OPERATIONAL OVERVIEW

Underlying operating profit decreased by 33% from $4,400 million to $2,949 million, principally as a result of weaker average export iron ore prices at Kumba and lower prices and alloy volumes at Samancor. This was partially offset by an increase in export iron ore at Kumba and record manganese ore volumes at Samancor.

Safety and environment

Kumba Iron Ore

Regrettably, Kumba suffered its first loss of life since 2010, when two employees were fatally injured at Sishen mine during 2012. Kumba recorded a lost-time injury rate (LTIFR) of 0.10 (2011: 0.08), a 25% increase year on year. Kolomela continued its impressive safety record and achieved 29 million man-hours without a fatal incident or LTI between March 2010 and October 2012.

Iron Ore Brazil

There were no losses of life at Iron Ore Brazil sites in the year. The LTIFR of 0.01 was in line with the prior year.

Markets

Global crude steel production increased by 2% in 2012 to 1,550 Mt (2011: 1,526 Mt). This increase was driven primarily by China, where crude steel output increased by around 3% to 717 Mt (2011: 695 Mt). In the rest of the world, crude steel output was fairly flat at 833 Mt.

Seaborne iron ore supplies were subject to adverse weather conditions in both Brazil and Australia in the first quarter of 2012, and ongoing Indian supply disruptions following the ban on iron ore mining in Goa. For the year as a whole, seaborne supplies were 0.3% higher, reaching a level of 1,062 Mt.

Considerable price volatility marked 2012, especially during the third quarter when prices fell by as much as 36%, as Chinese steel mills depleted stockpiles and reduced raw material inventory levels to as little as 17 days' worth of production requirements. Iron ore prices reached a high of $151/t (62% Fe CFR China) in April 2012, but fell to a low of $89/t in early September, before stabilising at around $130/t towards the end of the year. The market recovered at the end of 2012, with steel mills returning to the market, which was reflected in a marked increase in index iron ore prices. Overall, index prices averaged $130/t (CFR 62% Fe Platts) in 2012, 23% lower than the $169/t average achieved in 2011.

Following successful commissioning in 2011, Kolomela continued its ramp up ahead of expectations and delivered an outstanding performance in 2012, producing 8.5 Mt of iron ore.

Operating performance

Kumba Iron Ore

Underlying operating profit decreased by 34% from $4,491 million to $2,980 million principally as a result of 23% weaker average export iron ore prices, partly offset by a 7% increase in export sales volumes. Total operating costs rose by 16%, driven primarily by a $254 million increase in operating costs at Kolomela mine owing to operating costs being capitalised in 2011, above inflation cost increases and the mining of 14.5 Mt of additional waste at Sishen mine.

Total production of iron ore increased by 4% to 43.1 Mt due to the ramp up of Kolomela, partially offset by the impact of the unprotected strike during the fourth quarter. Total tonnes mined at Sishen rose by 4% to 171.6 Mt (2011: 165.0 Mt), of which waste mined amounted to 133.5 Mt, an increase of 12% (2011: 119.0 Mt). Iron ore production at Sishen, however, decreased by 13% to 33.7 Mt (2011: 38.9 Mt) mainly owing to the effects of the unprotected strike. On 3 October, around 300 Sishen employees commandeered most of the mining equipment at the mine. The situation ended on 16 October and production recommenced on 20 October, though on a limited basis as attendance in the mining section remained low in the immediate aftermath of the strike. Operations are subsequently being ramped up. Production rates continue to improve and are expected to return to normal operating levels by the end of the first half of 2013.

Sishen lost around 5 Mt of production as a result of the industrial action and the subsequent ramp up of operations. These losses exacerbated the production challenges experienced earlier in the year resulting from mining feedstock and quality constraints that affected the availability of material supplied to the mine's two processing plants.

01

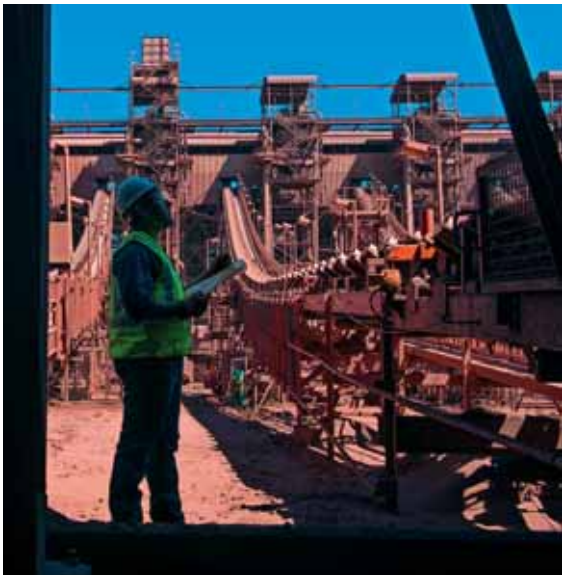
Following successful commissioning in 2011, Kolomela continued its ramp up ahead of schedule and delivered an outstanding performance in 2012, producing 8.5 Mt. Production has exceeded monthly design capacity since July 2012, and reached record levels during the second half of the year. Total tonnage mined increased by 26% to 43.5 Mt (2011: 34.6 Mt), of which waste mined was 33.5 Mt, 11% higher than the prior year figure of 30.3 Mt.

Kumba's sales volumes were 2% higher at 44.4 Mt (2011: 43.5 Mt). Export sales volumes for the year increased by 7% to 39.7 Mt (2011: 37.1 Mt) as production losses at Sishen were offset by production from Kolomela and by sales from stock. The production losses caused by the unprotected strike reduced export stock levels across the value chain and impacted export spot sales volumes. Notwithstanding the impact of the strike, Kumba met all its export customer sales commitments for 2012. Domestic sales volumes to AMSA reduced by 27% to 4.7 Mt (2011: 6.4 Mt). Export sales volumes to China accounted for 69% of the company's total export volumes for the year, compared to 68% in 2011.

Iron Ore Brazil
Iron Ore Brazil generated an underlying operating loss of $5 million, reflecting the pre-operational state of the Minas-Rio project.

Samancor
Underlying operating profit declined by 38% to $103 million (2011: $165 million), driven by lower prices and lower alloy volumes, partly offset by lower costs and strong ore sales volumes. A slowdown in steel production weighed heavily on ore and alloy prices.

Production of ore increased by 20% from 2.8 Mt to a record 3.3 Mt (attributable basis) owing to a consistently strong operating performance and improved plant availability at both GEMCO in Australia and Hotazel in South Africa. Alloy production, however, decreased by 34% to 198,400 tonnes (attributable basis) following the termination of energy-intensive silica-manganese production at the Metalloys plant in South Africa and the temporary suspension of production at TEMCO in Australia during the first half of the year. TEMCO subsequently returned to full capacity during the third quarter.



02

Projects

The components of Kumba's growth include new developments, expansions at existing operations, and growth though technological advances that will allow the processing of lower grade ore.

Kumba is currently studying opportunities to expand Kolomela's production through a beneficiation process, which could add a further 6 Mtpa to its output. The project has progressed to pre-feasibility study and further decisions will be made in due course, depending on prevailing market conditions.

The SEP 1B commenced construction during the year, and is expected to be commissioned in 2013, within the $48 million capex budget.

The growth portfolio is constantly being reviewed taking into account the macroeconomic environment, the outcome of project studies and the status of the IOEC expansion study.

Construction is under way at the first phase of the 26.5 Mtpa Minas-Rio iron ore project, with optimisation to 29.8 Mtpa. Anglo American announced in December 2012 that all three injunctions that had disrupted the project in the year, contributing to the delay of first ore on ship (FOOS) to the end of 2014, had been lifted.

We announced in December 2012 that all three injunctions that had disrupted the Minas-Rio project during the year, contributing to the delay of first ore on ship to the end of 2014, had been lifted.

Construction progress is in line with the revised construction schedule announced in July 2012, namely:

- The mine and beneficiation plant are on track – 92% of the earthworks have been completed at the beneficiation plant, the first of two grinding mills has been installed and the civil works for the secondary crusher are complete;
- At the 525 kilometre slurry pipeline, almost 50% of the pipeline has been laid (approximately 247 kilometres), with 76% of the land cleared for earthworks and pipe installation to take place;
- The filtration plant is on schedule for completion by June 2013;
- The port's two stackers and reclaimer have been erected and the shiploader installation is under way.

01 At the Kumba/Kolomela rail loading facility iron ore is transferred to rail wagons for the 861 kilometre journey to the dedicated iron-ore export terminal at Saldanha Bay on South Africa's Atlantic coast.

02 The jig plant at Sishen mine is one of the biggest of its type in the world.

The primary drivers of the capital expenditure increase from the previous estimate in 2011 relate to:

- The delay in FOOS from late 2013 to late 2014;
- Scope changes, including those agreed as part of the review process and taking into consideration additional land access costs and purchases, increased earth and civil works required following access to various sites along the pipeline and the increased costs of meeting licence conditions;
- Construction inflation costs, including contract adjustments and mining equipment price increases;
- A centrally held risk contingency of $600 million to accommodate a number of potential factors to achieve the FOOS date of the end of 2014, including the potential for additional price escalation, productivity acceleration and finalisation of the extent of earth and civil works required on land that is yet to be accessed.

Following its approval in 2011, the $279 million GEEP2 project (Anglo American's 40% share: $112 million) will increase GEMCO's beneficiated product capacity from 4.2 Mtpa to 4.8 Mtpa through the introduction of a dense media circuit by-pass facility. The project is expected to be completed, on schedule and budget, in late 2013. The expansion will also address infrastructure constraints by increasing road and port capacity to 5.9 Mtpa, creating 1.1 Mtpa of latent capacity for future expansion.

The addition of a $91 million (on a 100% basis) high carbon ferro-manganese furnace at the Metalloys smelter in South Africa will add an additional 130,000 tonnes of capacity per year. Hot commissioning was completed, on schedule, in the fourth quarter of 2012, with full production expected in the second quarter of 2013.

Kolomela mine remains on track to produce 9 Mt in 2013, in line with design capacity.

Outlook

A similar level of growth in global crude steel production is expected for 2013, with China's production rising marginally to about 740 Mt, while growth in production in other developing countries is expected to be countered by a reduction in output in some of the developed markets. In 2013, Indian iron ore production is expected to remain under pressure as a result of domestic policy changes. However, new supply capacity, primarily from Australia, is expected to partially offset this reduction in Indian supply.

The start of 2013 has seen a rapid recovery in iron ore prices. The consensus view is that this rally will not be sustained throughout the year; however some positive sentiment in relation to Chinese steel consumption growth has been restored and is expected to provide support to prices throughout the year. Seaborne iron ore supply growth may lead to iron ore prices softening in the second half of 2013, but on average prices are anticipated growth to be firmer than in 2012.

The knock-on effect of the 2012 unprotected strike at Sishen mine is expected to result in lower production volumes than originally planned in 2013. Sishen mine is anticipated to produce at least 37.0 Mt in 2013. The ramp up in waste mining at Sishen mine continues and will continue to put upward pressure on the mine's cash unit costs. Kolomela mine remains on track to produce 9 Mt in 2013, in line with design capacity. Export sales volumes are expected to be in line with 2012 levels.

Due to a weaker market, a supply side response provided price support for manganese ore in the latter part of 2012. The recovery in pricing is expected to continue into 2013, however, muted demand expectations are expected to limit the rate and extent of the recovery in the near term.

Kumba Iron Ore update

Sishen supply agreement arbitration

A dispute arose between Sishen Iron Ore Company Proprietary Limited (SIOC) and ArcelorMittal South Africa Limited (AMSA) in February 2010, in relation to SIOC's contention that the contract mining agreement concluded between them in 2001 had become inoperative as a result of the fact that AMSA had failed to convert its old order mining rights. This dispute has been referred to arbitration. On 9 December 2011, SIOC and AMSA agreed to delay the arbitration proceedings in relation to the Sishen Supply Agreement until the final resolution of the mining rights dispute. This arbitration is only expected to commence in the fourth quarter of 2013, with possible resolution only expected in the third quarter of 2014 at the earliest.

An Interim Pricing Agreement (IPA2) between SIOC and AMSA was in place until 31 July 2012 and was extended to 31 December 2012.

In December 2012 a further interim agreement was concluded, after negotiations which were facilitated by the Department of Trade and Industry (DTI). The further interim agreement will govern the sale of iron ore from the Sishen mine to AMSA for the period 1 January 2013 to 31 December 2013, or until the conclusion of the legal processes in relation to the 2001 Sishen Supply agreement (whichever is sooner), at a weighted average price of $65/t. Of the total 4.8 Mt, about 1.5 Mt is anticipated to be railed to Saldanha Steel and the rest to AMSA's inland operations.

21.4% undivided share of the Sishen mine mineral rights

On 3 February 2012 both the Department of Mineral Resources (DMR) and Imperial Crown Trading 289 Proprietary Limited (ICT) submitted applications for leave to appeal against the High Court judgment. SIOC applied for leave to present a conditional cross-appeal, in order to protect its rights. The Supreme Court of Appeal (SCA) hearing will be held on 19 February 2013, and the SCA judgement is expected to be received early in the second half of 2013.

The High Court order did not affect the interim supply agreement between AMSA and SIOC, which was in place until 31 July 2012 and was extended to 31 December 2012. SIOC will continue to take the necessary steps to protect its shareholders' interests in this regard.

METALLURGICAL COAL

Seamus French
CEO

UNDERLYING OPERATING PROFIT
(2011: $1,189 m)

$405 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2011: 11%)

7%

UNDERLYING EBITDA
(2011: $1,577 m)

$877 m

01

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2012	2011
Underlying operating profit	**405**	1,189
Underlying EBITDA	**877**	1,577
Net operating assets	**5,219**	4,692
Capital expenditure	**1,028**	695
Share of Group underlying operating profit	**7%**	11%
Share of Group net operating assets	**10%**	11%

Non-financial indicators	2012	2011
Number of fatal injuries	**0**	0
Lost-time injury frequency rate	**1.75**	2.47
Total energy consumed in 1,000 GJ	**14,787**	13,695
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**3,919**	3,629
Total water used for primary activities in 1,000 m^3	**14,717**	14,385

01 Mine site officer Nicolette Martens and production supervisor Gordon Barwick inspect the conveyor near the coal handling and preparation plant at Moranbah North, in Queensland, Australia.

(1) Throughout the Metallurgical Coal commentary, all volumes are expressed on an attributable basis.

(2) CRU Metallurgical Coal Market Report (February 2013)

(3) Customs Information (Global Trade Information Services Inc.)

BUSINESS OVERVIEW

Anglo American is Australia's second largest metallurgical coal producer and third largest global exporter of metallurgical coal.(1)

Its coal operations in Australia are based on the east coast, from where the business serves a range of customers throughout Asia and the Indian sub-continent, Europe and South America. Our operation in Canada, Peace River Coal, mainly serves customers in Europe, Japan and South America.

Metallurgical Coal operates six mines in Australia and one metallurgical coal mine, Peace River Coal, in British Colombia, Canada. In Australia there is one wholly owned mine, and five in which Metallurgical Coal has a majority 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, 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 and Newcastle in New South Wales.

Moranbah North (88%) is an underground longwall mining operation with a mining lease covering 100 km^2. Coal is mined from the Goonyella Middle Seam, approximately 200 metres below the surface. The mine's annual capacity is 4.5 million tonnes (Mt) of hard coking coal for steel manufacturing.

Capcoal (70%) operates two underground mines and an open cut mine. Together, they produced around 6.0 Mt of hard coking, pulverised coal injection (PCI) and thermal coals in 2012.

Dawson (51%) is an open cut operation, with production of 4.6 Mt of coking and thermal coal in 2012.

Foxleigh (70%) is an open cut operation which produced 1.9 Mt of high quality PCI coal in 2012.

Peace River Coal (100%) is an open cut operation in Canada, with an output of 1.4 Mt of metallurgical coal in 2012, an increase of 47% over the prior year.

Metallurgical Coal owns an effective 23% interest in the Jellinbah and Lake Vermont mines in Queensland, producing 2.1 Mt of coking, PCI and thermal coals in 2012.

Anglo American has agreed to acquire a 58.9% interest in the Revuboè metallurgical coal project in Mozambique from the Talbot Estate for a total cash consideration of A$540 million (approximately US$555 million). The Revuboè project is an incorporated joint venture and includes Nippon Steel Corporation (33.3% interest) and POSCO (7.8% interest). Revuboè comprises hard coking and thermal coal suitable for open cut mining, with the potential to support the export of 6 to 9 million tonnes per annum (Mpta) on a 100% basis.

The transaction remains subject to a number of conditions and is in line with Anglo American's strategic commitment to grow the global metallurgical coal business to supply our customers from each of the key metallurgical coal supply regions of Australia, Canada and Mozambique.

Metallurgical Coal's resource base, consisting of Measured, Indicated and Inferred (in LOM) Resources additional to Coal Reserves, totals 3.8 billion tonnes on a 100% basis (2.7 billion tonnes on an attributable basis). Details of Metallurgical Coal Resources appear in the Coal Reserves and Resources section of the Annual Report, pages 200–203.

INDUSTRY OVERVIEW

Metallurgical coal, composed of coking coal and PCI coal, is an essential raw material in blast-furnace steel production, which represents approximately 70% of global crude steel output.

Global metallurgical coal supply amounts to approximately 1 billion tonnes per year. China is the biggest consumer of metallurgical coal, with total consumption of approximately 730 Mt(2) in 2012. Owing to its large domestic metallurgical coal production, China only needs to import about 7%, or 50 Mt(3), of its total metallurgical coal requirement. This, however, represents a significant portion (20%) of the total global seaborne metallurgical coal market.

Metallurgical coal, composed of coking coal and PCI coal, is an essential raw material in blast-furnace steel production.

ORGANISING

CAPCOAL OPEN CUT – AUSTRALIAN MINE OF THE YEAR

Metallurgical Coal's Capcoal Open Cut operation won the Mining Prospect Award's Australian Mine of the Year Award in 2012 owing to safety improvements, increased throughput at the coal handling and preparation plant (CHPP) and production milestones delivered over an 18 month period.

The site experienced a real step change in safety, with the total recordable case frequency rate decreasing by 75% since 2010 and the electrical maintenance workshop achieving 22 years' lost-time injury free in July 2012.

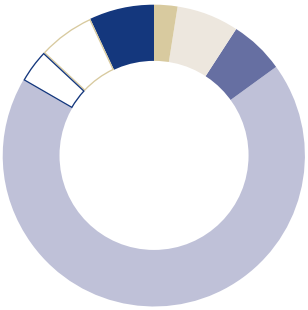
The site experienced the benefits of an upgrade to the CHPP, which increased capacity at the plant with the installation of a new 5 Mt capacity module. In June 2012, the CHPP achieved record feed tonnes with 1.4 Mt of coal processed through the plant in the month.

The introduction of a new rope shovel at Capcoal has allowed the site to take advantage of double sided loading. In the first half of 2012, the mine experienced record metallurgical coal production, delivering its highest first half of the year run of mine tonnes at 3.3 Mt, a 28% improvement on the previous best half production.

Image
Metallurgical Coal's Capcoal open cut mine in Queensland.

2012 Metallurgical coal demand

Global 1,095 Mt

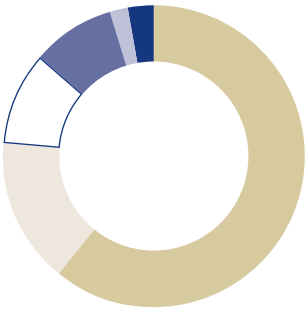


North America	29 Mt
Western Europe	73 Mt
Japan	65 Mt
China	746 Mt
India	41 Mt
CIS	66 Mt
Incorporating:	
South America	21 Mt
Other Asia	47 Mt
Rest of World	6 Mt

Source: AME, Wood Mackenzie, CRU, company reports and Anglo American Commodity Research estimates

2012 Metallurgical coal production

Global 1,095 Mt



China	669 Mt
Oceania	169 Mt
North America	109 Mt
CIS	100 Mt
Mongolia	20 Mt
Rest of World	29 Mt

Source: AME, Wood Mackenzie, CRU, company reports and Anglo American Commodity Research estimates

In 2012, the international seaborne metallurgical coal market totalled around 250 Mt[2], the major consuming regions being Japan, South Korea, Taiwan, Europe, India, China and Brazil. On average, Australia supplies roughly two-thirds of the seaborne metallurgical coal market.

Historically, annual contract pricing has predominated in the market. A shift to shorter term pricing in 2010–2012 saw the majority of contracts priced on a quarterly basis, with a growing proportion being priced on a monthly basis.

The Queensland State Budget was delivered in September 2012, with a royalty rate increase which equates to a 22% increase on the royalty rate payable per tonne of coal sold for $200/t or more, with effect from 1 October 2012.

STRATEGY

Emerging markets, particularly in the Asia-Pacific region, are likely to remain the driving force behind metallurgical coal demand. In light of this, Metallurgical Coal's strategy is to increase the value of the business by optimising existing operations and investing in growth projects in the supply regions best placed to produce the high-margin export metallurgical coals sought by our customers. To implement this strategy:

- A structured programme of asset optimisation has been designed to deliver industry-best operational performance over the existing asset base, targeting longwall performance at the underground operations and key equipment at the open cut mines;
- An attractive organic growth pipeline with the potential to triple hard coking coal production to satisfy growing market demand, including opportunities in Australia and Canada. To underpin its industry leading growth plans, Anglo American has several export port options under study in Queensland, Australia, and has secured port access for the Roman Project in Canada;

Metallurgical Coal has an attractive organic growth pipeline with the potential to triple hard coking coal production to satisfy growing market demand.

- In line with demand from the steelmaking industry in both existing and emerging markets, Metallurgical Coal is realising increased value from developing superior specialised product offerings tailored to individual customers in the steel sector.

Operating safely, sustainably and responsibly

Water management and rehabilitation are key environmental focus areas for Metallurgical Coal. Climate variability in the regions in which we operate requires water management strategies that are equally effective in periods of flood and drought. Our rehabilitation strategy requires disciplined management of disturbed land and the development of mine closure plans.

To play our part in mitigating the emissions which may contribute to climate change and reduce our exposure to the carbon pricing mechanism, we have invested more than $120 million over the past five years to abate 8 Mt of CO_2e emissions using available commercial-scale technologies.

FINANCIAL AND OPERATIONAL OVERVIEW

Metallurgical Coal recorded an underlying operating profit of $405 million, 66% lower than the 2011 record of $1,189 million. This was driven by a 29% decrease in export metallurgical coal prices, partially offset by a 25% increase in metallurgical coal sales volumes. Productivity improvements at both the open cut and underground operations and a reduction in weather related stoppages, supported by the rigorous preparation for seasonal rain, led to a significant increase in metallurgical coal production and sales.

Year-on-year FOB cash unit costs improved, with a 10% reduction at the Australian export operations, and a 20% reduction achieved in the second half of the year.

Safety and environment

There were no fatal injuries at our Metallurgical Coal operations in 2012. The lost-time injury frequency rate of 1.75 is the lowest on record and represented a 29% improvement

over 2011 and was attributable to visible and proactive leadership and accountability at all levels, a focus on contractor management, and a reduction in the number of risks associated with vehicles and machinery.

Markets

Anglo American weighted average achieved sales prices ($/tonne)	2012	2011
Export metallurgical coal (FOB)	**178**	251
Export thermal coal (FOB)	**96**	101
Domestic thermal coal	**37**	35

Attributable sales volumes ('000 tonnes)	2012	2011
Export metallurgical coal	**17,413**	13,983
Export thermal coal	**6,043**	6,274
Domestic thermal coal	**6,921**	7,455

Prices for seaborne metallurgical coal dropped sharply in the latter half of the year, resulting in the average 2012 hard coking coal price falling by 27% to $210/t from the 2011 average hard coking coal benchmark price of $289/t. Overall supply of metallurgical coal was ahead of 2011 levels, owing to increased exports from the US, while Australian hard coking coal supply remained below 2010 levels.

Hard coking coal prices fell, with lower quality PCI and semi-soft prices falling more significantly. The majority of Anglo American's metallurgical coal sales were placed against term contracts with quarterly negotiated price settlements.

Hard coking coal accounted for 67% of Metallurgical Coal's export metallurgical coal sales in 2012.

Operating performance

Attributable production ('000 tonnes)	2012	2011
Export metallurgical coal	**17,664**	14,190
Export thermal coal	**6,046**	6,064
Domestic thermal coal	**6,925**	7,362

Export metallurgical coal production increased by 24% to 17.7 Mt, with record production in the second half, and the full year, while thermal coal production was in line with the prior year at 13.0 Mt. Production improved at both underground and open cut operations by 29% and 22% respectively, with record run of mine production achieved at all of the export open cut operations. Increased production was driven by asset optimisation programmes and a reduction in rain-related stoppages, supported by rain mitigation initiatives implemented during 2011.

Record coal production was achieved at the Capcoal open cut mine, with a 28% increase over the prior year, driven by best in class rates on large capacity shovels and optimal alignment of equipment to pit conditions.

Dawson delivered a notable turnaround in performance with total production increasing by 18% to a record of 4.6 Mt. This was due to improved equipment performance and the optimisation of the terrace mine design that was implemented in 2012.

Peace River Coal in Canada significantly lifted its coal production by 47%, underpinned by productivity improvements and upgrades to the coal handling and preparation plant.

At the underground operations in Australia, production increased by 29%, driven by improved longwall performance. Moranbah delivered a 45% increase in volumes as a result of a recovery from the partial drift failure and a 47% increase in cutting hours in the second half of the year compared to the first half.

Thermal coal production was impacted by wet weather in New South Wales and industrial action in the first quarter at Drayton.

Projects

Phase 1 of our wholly owned Grosvenor project continues to be developed on schedule. All key permits and licences are in place and engineering and procurement activities are progressing to plan. Construction has commenced on site, with the access road complete and bulk earthworks well under way. Production of longwall coal is forecast to commence in 2016.

Record coal production was achieved at the Capcoal open cut mine, with a 28% increase over the prior year.

Studies for the next phase of our investment programme include Grosvenor Phase 2, a 6 Mtpa second longwall; and Moranbah South, a 12 Mtpa (on a 100% basis), 50%-owned joint venture, comprising two longwalls. Exploration and environmental approval activities to support these projects are in progress. Concept studies are also under way to develop options to further expand our operations in Australia and British Columbia. The Drayton South project is planned to replace export thermal capacity for the Drayton mine in New South Wales.

Outlook

Strong production from Australia combined with exports from the US led to oversupply into the weakened market during 2012, resulting in substantially lower spot and monthly settlement prices in the third and fourth quarters. It is anticipated that there will be a rebalancing of the market during the first half of 2013, with demand recovery from China and idling of some high cost US and Australian production. Price differentiation between premium and lower quality products is expected to remain, with continued supply of second tier products from the US.

Metallurgical Coal is positioned to take advantage of any future coal price increases as a result of the focus on delivering high margin, low cost capacity, and the demonstrated benefits of asset optimisation initiatives.

THERMAL COAL

Godfrey Gomwe
CEO

UNDERLYING OPERATING PROFIT
(2011: $1,230 m)

$793 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2011: 11%)

13%

UNDERLYING EBITDA
(2011: $1,410 m)

$972 m

01

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2012	2011
Underlying operating profit	**793**	1,230
South Africa	**482**	779
Colombia	**358**	482
Projects and corporate	**(47)**	(31)
Underlying EBITDA	**972**	1,410
Net operating assets	**1,965**	1,886
Capital expenditure	**266**	190
Share of Group underlying operating profit	**13%**	11%
Share of Group net operating assets	**4%**	4%

Non-financial indicators	2012	2011
Number of fatal injuries	**2**	2
Lost-time injury frequency rate	**0.20**	0.19
Total energy consumed in 1,000 GJ	**5,742**	5,823
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**1,620**	2,583
Total water used for primary activities in 1,000 m^3	**8,525**	8,260

01 Production geologist Elsie Phelane and drilling assistant Thabo Mdluli check core samples in October 2011 at Zibulo, now Thermal Coal's newest colliery.

BUSINESS OVERVIEW

Our Thermal Coal business operates in South Africa and Colombia. In South Africa, Thermal Coal wholly owns and operates seven mines. It also has a 73% stake in two mines, Kriel and the new Zibulo colliery, a multi-product operation which produces thermal coal for both export and Eskom, the state-owned power utility, with the balance held by Inyosi Coal, a broad-based black economic empowerment entity. In addition, Thermal Coal has a 50% interest in the Mafube colliery and Phola washing plant.

Six of the mines collectively supply 23 million tonnes per annum (Mtpa) of thermal coal to both the export and local markets. New Vaal, New Denmark and Kriel collieries are domestic product operations supplying 29 Mtpa of thermal coal to Eskom. Isibonelo mine produces 5 Mtpa of thermal coal for Sasol Synthetic Fuels, the coal-to-liquids producer, under a 20 year supply contract.

Thermal Coal's South African operations currently route all export thermal coal through the Richards Bay Coal Terminal (RBCT), in which it has a 24.2% shareholding, to customers throughout the Mediterranean-Atlantic and Asia-Pacific regions. Export production volumes are expected to increase in the future owing to yield improvements and increased production of lower calorific value coal.

In Colombia, Anglo American, BHP Billiton and Xstrata each have a one-third shareholding in Cerrejón, the country's largest thermal coal exporter. In 2011, an expansion (P40) was approved to increase this capacity by 8 Mtpa to 40 Mtpa by 2015 (13.3 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) markets.

Thermal Coal's attributable measured and indicated resources in addition to coal reserves totals some 2.6 billion tonnes as detailed in the Coal Reserves and Resources section of the Annual Report, pages 204–207.

Demand for seaborne thermal coal has increased by 73.5% since 2001.

INDUSTRY OVERVIEW

Thermal coal is the most abundant source of fossil fuel energy in the world. Exceeding known reserves of oil and gas, it accounts for more than 40% of electricity generation. Thermal coal has dominated global energy demand, accounting for 45% of primary energy demand growth from 2011–2012. The near 55% increase in coal demand over the past decade is roughly equivalent to three times US coal consumption on an energy-adjusted basis.

The bulk of coal production is used in power generation; decisions that affect the energy mix of power generation therefore influence coal demand. These include long term industry dynamics for nuclear, gas and renewable power generation and policy decisions on climate/environmental legislation.

In 2012, export seaborne thermal coal accounted for 910 Mt or 17.5% of total coal production, with a large proportion of seaborne production coming from four key basins: Indonesia, Australia, Colombia and South Africa. Demand for seaborne thermal coal has increased by 73.5% since 2001, and is expected to continue to grow for at least the next decade, driven by India and China's import requirements.

Consequently, the key risks to the medium term growth of export seaborne thermal revolve around the ability of India and China to sustain their rates of economic growth, as well as logistical constraints and cost inflation pressures.

In the last few years, the coal industry has seen growth in US exports, particularly to Europe, due to the availability of low priced US natural gas. In 2012, US exports peaked to 55 Mt from 25 Mt in 2010, driving down export coal prices. US power utilities continue to substitute coal with gas-powered generation; however the long term view is that the natural gas price will remain between $4-6/million British Thermal Unit (mmBtu), at which point most of the coal volumes currently lost to gas should revert to being economically viable.

ORGANISING

CARRYING THEIR PROPER WEIGHT

Loading of haul trucks has been identified as one of Landau's biggest opportunities for improvement.

An internal survey found that contractor operators had been consistently underloading the colliery's fleet of haul trucks. They did so to avoid the vehicles' cut-out switch being activated automatically once a truck reached its maximum permitted capacity – a practice that resulted in throughput inefficiencies at this round the clock operation.

Faced with this under-performance, the mine instigated a plan that included comparing Landau's haul truck operations with its peers, using the lessons learned to adopt best-practice operator training. This was then supplemented by systematic recalibration of truck loads with calibrated weights.

These actions resulted in a 20% improvement in truck load factor in 2012 and significant cost savings.

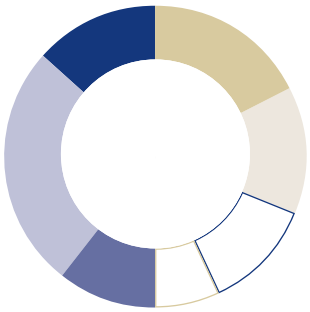
Image
A front end loader loads coal on to a conveyor belt in the open pit.

01 Engineering professionals in training Keith Roelofse and Clair Nel carrying out a routine lift-cage inspection at Zibulo.

01

2012 Thermal coal demand

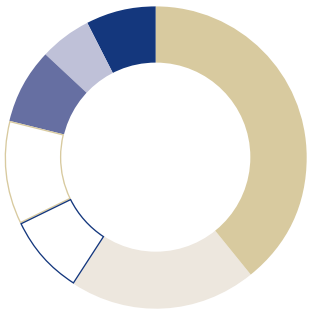
Global 910Mt



Europe	158Mt
Japan	125Mt
South Korea	107Mt
Taiwan	61Mt
India	96Mt
China	236Mt
Incorporating:	
USA	8Mt
Rest of World	119Mt

2012 Thermal coal production

Global 910Mt



Indonesia	358Mt
Australia	182Mt
Colombia	80Mt
Russia	100Mt
South Africa	74Mt
USA	50Mt
Incorporating:	
China	5Mt
Mozambique	1Mt
Rest of World	62Mt

Source: Wood Mackenzie, AME, IEA, McCloskey, and Anglo American Commodity Research estimates

STRATEGY

The business is focused on being a high margin producer of thermal coal, with a growth strategy based on participating in and expanding into the most attractive export markets, while maintaining its domestic market commitments. It aims to deliver on this ambition, in the near term, by developing its current portfolio of expansion projects. In the longer term, if appropriate, the business will consider asset purchases to supplement growth.

Thermal coal demand is being driven by Asian economic growth and its reliance on low cost, readily available supply. China and India will constitute the majority of thermal coal growth, with demand likely to exceed domestic thermal coal supply, thereby causing an upswing in seaborne thermal coal markets in future years. In South Africa, demand for new coal supply is increasing and is expected to continue to grow in order to supply Eskom's future coal requirements.

In support of its strategy to maximise the value of its portfolio of operating mines, Thermal Coal's current primary focus is on implementing a collection of asset optimisation initiatives (Project Khulisa) and integrated mine planning (Project EVO). The goal of Khulisa (meaning 'to grow') is to determine Thermal Coal's true performance potential and implement programmes to achieve these targets. In 2012, the project identified and pursued a total of 88 initiatives, ranging from operational improvements to changing mind-sets and behaviours. Project Khulisa will continue in 2013.

In addition to developing and growing operations in its existing geographies, Thermal Coal is constantly evaluating potential opportunities in new and strategic geographies.

In 2012, Thermal Coal identified and pursued a total of 88 asset optimisation initiatives as part of Project Khulisa.

Operating safely, sustainably and responsibly

Two principal risks facing Thermal Coal are water and climate change. Coal mining has the potential to affect the quality of water in catchments that are already under stress – a risk that is mitigated by careful operational water management and our leading water treatment facilities. Two carbon- and energy-related risks Thermal Coal is engaging on are the South African government's proposed energy price increases, which could double the energy bill in South Africa over the next few years, and the anticipated introduction of a long term price on carbon. In South Africa, we are participating in a fact-building exercise with the government to help shape effective carbon policy that is aligned with the country's development objectives.

FINANCIAL AND OPERATIONAL OVERVIEW

Thermal Coal generated an underlying operating profit of $793 million, a 36% decrease, mainly driven by lower average export thermal coal prices and above-inflation cost pressures. This was partly offset by the closure of high cost sections, a weaker South African rand and increased sales volumes from the full incorporation of Zibulo as an operating asset, supported by record production at Cerrejón.

Safety and environment

Sadly, two colleagues lost their lives while working at Thermal Coal operations in South Africa in 2012. Thorough incident investigations were conducted to ensure that the root causes of these incidents are understood, corrected and shared across the Group.

Thermal Coal has been on a journey of continuous improvement in safety over the past five years, reflected in the decrease in the lost-time injury frequency rate (LTIFR) from 0.31 in 2008 to the current 0.20.

Markets

Anglo American weighted average achieved sales prices ($/tonne)	2012	2011
South Africa export thermal coal (FOB)	**92**	114
South Africa domestic thermal coal	**21**	21
Colombia export thermal coal (FOB)	**89**	101

Attributable sales volumes ('000 tonnes)	2012	2011
South Africa export thermal coal[1]	**17,151**	16,532
South Africa domestic thermal coal[1] [2]	**40,110**	40,454
Colombia export thermal coal	**10,926**	10,685

(1) Includes capitalised sales from Zibulo mine of 1,580,800 (export) and 632,200 (domestic) tonnes for the year ended 31 December 2011.
(2) Includes domestic metallurgical coal of 91,800 tonnes for the year ended 31 December 2012 (year ended 31 December 2011: 318,000 tonnes).

The international seaborne market experienced an overall decline in prices during the year owing to oversupply. The average API4 index price fell by 20% to $93/t (2011: $116/t) and closed the year at $90/t (2011: $105/t).

Although international seaborne demand grew by 14% to 910 Mt, it remained below supply growth as a result of unprecedented US export volumes, strong production growth and fewer weather-related supply disruptions from the major supply regions of Indonesia, Australia, Colombia and South Africa. Cheap US natural gas displaced a significant volume of US domestic thermal coal in 2012, as utility companies switched from coal to gas.

South African thermal coal exports into Asia continued to increase, principally driven by India.

For the South African thermal coal industry, exports into Asia continued to increase, principally driven by India. Asia accounted for 66% of South African thermal coal shipments (2011: 64%). South African thermal coal exports increased by 4% to 68.3 Mt (2011: 65.7 Mt), supported by a more stable performance by Transnet Freight Rail (TFR) and drawdown from stockpiles. TFR railed 68.5 Mt to the RBCT, a 4% increase over 2011.

Operating performance

Attributable production ('000 tonnes)	2012	2011
South Africa export thermal coal[1] [2]	**17,132**	16,328
Colombia export thermal coal	**11,549**	10,752
South Africa Eskom coal[1]	**33,706**	35,296
South Africa domestic other[2]	**6,293**	5,383

(1) Includes capitalised production from Zibulo mine of 1,521,800 (export) and 633,400 (domestic) tonnes for the year ended 31 December 2011.
(2) Includes domestic metallurgical coal of 91,800 tonnes for the year ended 31 December 2012 (year ended 31 December 2011: 323,400 tonnes).

South Africa

Underlying operating profit from South African operations decreased by 38% to $482 million, driven by lower average export thermal coal prices and above-inflation cost increases in labour, power and fuel. This was partly offset by the incorporation of Zibulo as an operating asset, a weaker South African rand and higher sales volumes, supported by a more stable TFR rail performance.

Export production increased by 5% as a result of Zibulo's continued ramp up and a change to include lower calorific value coals, resulting in higher yielding products at Zibulo and Goedehoop, partly offset by the planned closure of high cost sections at Goedehoop, Greenside and pits at Kleinkopje.

Colombia

At Cerrejón, underlying operating profit of $358 million was 26% down on 2011 owing to the impact of lower thermal coal prices, compensated to some extent by a strong operational performance and drier weather conditions, with record production and sales.

Projects

Feasibility studies on the New Largo project were completed in 2012. There are two stages to the project: Stage 1 comprises a 23 kilometre overland conveyor, which will run from an existing coal processing plant to Eskom's Kusile power station, transporting a secondary product as well as other third-party coal. Stage 2 entails the construction of a new opencast colliery and associated infrastructure. The project is expected to be presented for board approval once all environmental permits have been obtained for both stages of the project and the coal supply and other commercial agreements have been concluded.

The Cerrejón expansion project (P40), to increase the port and logistics chain capacity to handle a total mine output of 40 Mtpa (currently 32 Mtpa), is being implemented and is expected to be delivered on schedule.

Outlook

The international seaborne thermal coal market is expected to remain oversupplied into 2013. Pricing pressure, therefore, is expected to remain. Thermal coal production cuts are already taking effect to some extent and producers around the globe continue to review operations and growth projects which could favourably impact prices. Global seaborne demand is expected to continue to grow in 2013, driven mainly by China and India. The Chinese domestic market price and the high US break-even price for producers should act, respectively, as a natural floor and ceiling for seaborne thermal coal prices.

COPPER

John MacKenzie
CEO

UNDERLYING OPERATING PROFIT
(2011: $2,461 m)

$1,687 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2011: 22%)

27%

UNDERLYING EBITDA
(2011: $2,750 m)

$2,179 m

01

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2012	2011
Underlying operating profit	**1,687**	2,461
Underlying EBITDA	**2,179**	2,750
Net operating assets	**8,536**	7,643
Capital expenditure	**996**	1,570
Share of Group underlying operating profit	**27%**	22%
Share of Group net operating assets	**17%**	17%

Non-financial indicators	2012	2011
Number of fatal injuries	**0**	1
Lost-time injury frequency rate	**0.20**	0.19
Total energy consumed in 1,000 GJ	**15,559**	12,887
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**1,601**	1,467
Total water used for primary activities in 1,000 m^3	**35,667**	28,701

01 José Arancibia, operator, at the Mantoverde electrowinning copper cathode plant.

Applications that make use of copper's electrical conductivity make up approximately 60% of total global demand.

BUSINESS OVERVIEW

We have interests in six copper operations in Chile. The Mantos Blancos and Mantoverde mines are wholly owned and we hold a 50.1% interest in Anglo American Sur (AA Sur), which includes the Los Bronces and El Soldado mines and the Chagres smelter. We also have a 44% shareholding in the Collahuasi mine. The mines produce a combination of copper in concentrate and copper cathode together with associated by-products such as molybdenum and silver.

In addition, we have a controlling interest in the Quellaveco (81.9%) and Michiquillay (100%) projects in Peru 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 the wiring used in buildings), cables and electrical connectors, make up approximately 60% of total global demand. The metal's corrosion-resistant properties 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.

Access to quality orebodies, located in regions providing stable political, social and regulatory support for responsible and sustainable mining, are likely to continue to be the key factor distinguishing project returns and mine profitability. However, such orebodies are scarce, and it will be increasingly necessary for mining companies to develop mines in more challenging environments. 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 early-stage industrialisation and urbanisation on a large scale continues to propel copper demand growth. Moreover, the intensity of copper consumption is still at a high level in the case of China, while in India it is on an upward trajectory. This is in contrast with the advanced economies and their much lower levels of intensity.

In spite of near term supply growth that could well be noticeably above that of the past six or seven years, constraints on the supply side are likely to prove a structural feature of the market. This will be 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 many current and prospective 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 in more challenging locations. Combined with the need to develop infrastructure in new geographies, this requires greater economies of scale if mines are to be commercially viable. Scarcity of water in some countries, such as Chile and Peru, is also necessitating the construction of capital- and energy-intensive desalination plants.

During the period 2000–2011, China increased its share of first-use refined metal consumption from 12% to an estimated 39%. Consumption continued to increase in 2012, while demand elsewhere fell in aggregate for the second year running, moving China's share of refined demand above 40%.

OPERATING

WATER MANAGEMENT IN THE ANDES

Our Copper business in Chile was faced with the challenge of increased water requirements in an already water-constrained environment. With significant demand on water by various local users, the Los Bronces operation needed to minimise its use of fresh water from the Metropolitan Region catchment area, home to more than 7 million people.

When expanding Los Bronces, we constructed a water recirculation system stretching from the Las Tórtolas tailings dam back to the Los Bronces mine. The system returns water, previously used to transport ore, back to the mine, located some 3,600 metres above sea level. Water is pumped through a pipeline 52.5 kilometres long, with a total elevation difference of 2.5 kilometres from end to end.

At a total cost of $180 million, the decision to opt for a water recirculation system went well beyond short term economic considerations. A feat of world class engineering was required – entailing a trade-off between higher energy requirements and carbon emissions on the one hand and water savings on the other – if the mine was to have the capability to adapt successfully to current and anticipated future water supply limitations.

The initiative has reduced the mine's water requirement from 0.81 to 0.52 million m^3/tonne, with more than 22 million m^3 being recirculated during 2012.

Image
Las Tórtolas tailings dam, close to the Los Bronces copper mine in Chile.

STRATEGY

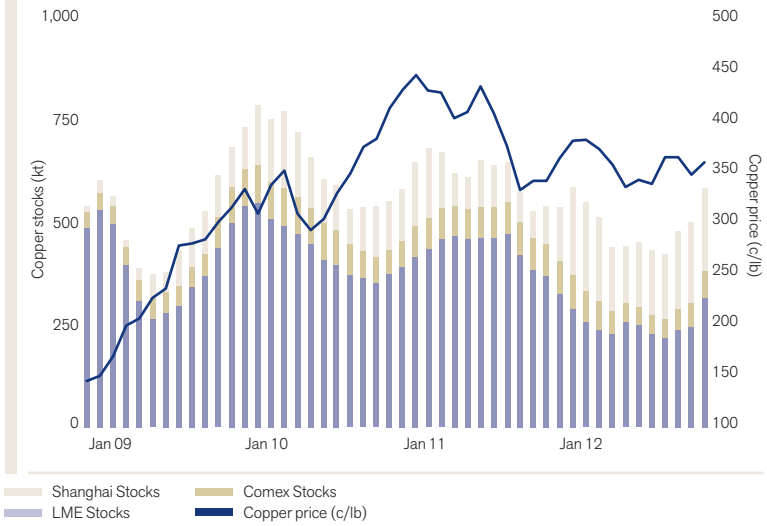
We continue to believe our Copper business has attractive long term fundamentals. Short term growth is being delivered from the successful ramp up of the Los Bronces expansion following delivery of its first production in the fourth quarter of 2011. The expansion produced a total of 196,100 tonnes of copper in 2012 and is now running at full capacity. Additional growth in the medium term is expected to come from the Quellaveco project in Peru, which is targeted to be put forward for board approval in 2013. We continue to explore for low operating cost and long life development opportunities and evaluate longer term projects, including Michiquillay, Pebble, Los Bronces District and West Wall.

On 24 August 2012, Anglo American completed the disposal of 25.4% of AA Sur, to a Codelco and Mitsui joint venture company for a cash consideration of $1.9 billion. As part of this transaction, all litigation between Anglo American and Codelco has been terminated. The agreement demonstrates our focus on delivering value to shareholders. We remain fully committed to our major inward investment programme in the Chilean business and to continuing our significant social and community investment commitments in Chile.

In September 2011, we announced our participation in a sales process to dispose of our effective 16.8% interest in Palabora Mining Company in South Africa. On 11 December 2012, we reached an agreement to sell our interest for ZAR893 million (approximately $103 million), subject to regulatory approvals in South Africa and China which are expected to take four to six months.

We continue to explore for low operating cost and long life development opportunities and evaluate longer term projects, including Michiquillay, Pebble, Los Bronces District and West Wall.

Copper stocks and price



Source: Anglo American Commodity Research

Operating safely, sustainably and responsibly

Water efficiency, re-use and recycling are a particular focus for our Copper operations, which are situated in extremely water-scarce regions. The business is implementing 11 different water projects to achieve its water reduction target.

FINANCIAL AND OPERATIONAL OVERVIEW

Copper generated an underlying operating profit of $1,687 million, a 31% decrease. Higher sales volumes from the Los Bronces expansion were more than offset by the lower average copper price and higher operating, exploration and study costs. Lower grade profiles in particular impacted production, and consequently unit costs, at Collahuasi, Los Bronces, and Mantos Blancos.

Safety and environment

Copper's lost-time injury frequency rate (LTIFR) was 0.20 (2011: 0.19), while no fatal incidents occurred at managed operations. The business' safety efforts have involved closing gaps identified in the risk and change management reviews conducted in 2011, with a particular focus on leadership, contractor management, and fighting fatigue.

Copper's energy initiatives have delivered a 3-4% reduction, if the impact of the Los Bronces expansion is excluded. A portfolio of additional energy savings programmes is under way to sustain the progress made in 2012.

Markets

Average price	2012	2011
Average market prices (c/lb)	**361**	400
Average realised prices (c/lb)	**364**	378

The copper price rose in the early part of 2012, from 343 c/lb at the start of the year to 387 c/lb by May. As Europe's sovereign debt crisis took hold and Chinese economic growth slowed, concerns grew over the outlook for the world economy and the price softened into the second half of the year. Yet despite an environment of macroeconomic uncertainty, which continues to have an impact on demand, the price recovered in September, held up on the back of supply-side shortfalls, and ended the year at 359 c/lb. For the full year, the realised price averaged 364 c/lb, a decrease of 4% compared with 2011. This included a positive provisional price adjustment for 2012 of $47 million versus a net negative adjustment in the prior year of $278 million.

Operating performance

Attributable production (tonnes)	2012	2011
Copper	**659,700**	599,000

Total copper production (including our share of the Collahuasi joint venture) of 659,700 tonnes was 10% higher than in 2011. This was mainly due to the increased contribution from the Los Bronces expansion, offset by lower production at the established Los Bronces operation and at Collahuasi and Mantos Blancos.

Production at Los Bronces was 65% higher at 365,300 tonnes, with the mine benefiting from the 196,100 tonnes (2011: 19,000 tonnes) achieved from the expansion as it ramped up to full production. The new processing plant reached throughput design capacity ahead of expectations in August 2012. This increase in output was partially offset by lower grades accessed during the year. Production at the established Los Bronces operation was impacted by reduced pit flexibility, lower stockpiles and safety driven reductions in slope angles.

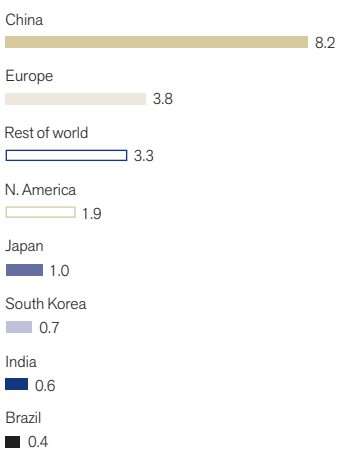
Production at El Soldado increased by 15% to 53,800 tonnes, owing to improved plant performance, expected higher ore grades and better recoveries. Production at Mantoverde also increased, by 6%, to 62,300 tonnes, driven by improved crushing performance. Mantos Blancos' production of 54,200 tonnes decreased by 25%, affected by an incident involving a loader necessitating a change in mine plan, resulting in a lower ore grade area being mined.

Our share of production at Collahuasi fell by 38% to 124,100 tonnes, partly owing to anticipated lower grades being mined during the year. This was exacerbated by lower recoveries, adverse weather conditions in the early months, safety stoppages and a ball mill failure.

In response to the performance issues at Collahuasi, the joint venture partners put in place a business improvement plan, with an Anglo American and Xstrata joint management team assuming leadership from July. The team has implemented a number of improvement plans aimed at delivering improved operating performance in 2013. A new CEO was appointed at Collahuasi with effect from 19 December 2012.

Leading copper consumers

(2012 estimated refined copper consumption)
2012 estimated world total: 19.9 Mt
Mt



Source: Brook Hunt – a Wood Mackenzie company

Projects

In Peru, the Quellaveco project received three critical permits in the fourth quarter: an amendment to the environmental impact assessment, the beneficiation concession and the key water permit. Community engagement continued through the 'dialogue table' process, where agreement was reached in July in relation to water usage, environmental responsibility and Anglo American's social contribution over the life of the mine. Anglo American is targeting submission of the project to its Board for approval in 2013. The concept level study for the Michiquillay project was completed and is under review.

Activity at the Pebble project in Alaska continues, with the focus on completing a pre-feasibility study and preparing to commence permitting. The draft Bristol Bay Watershed Assessment was released by the Environmental Protection Agency (EPA) in May 2012. The EPA has announced that it has revised the draft watershed assessment report to take account of feedback and it intends to have the revised assessment peer reviewed and commented on publicly with a view to finalising the assessment in 2013.

In Peru, the Quellaveco project received three critical permits in the fourth quarter: an amendment to the environmental impact assessment, the beneficiation concession and the key water permit.

At Collahuasi, the project to increase concentrator plant throughput to 160,000 tonnes of ore per day was reduced in scope and the pre-feasibility study on the further expansion potential was put on hold, both pending restoring operational stability of current operations.

Outlook

Production levels in 2013 are expected to benefit from the expanded Los Bronces operation running at full capacity for the full year. Mine development and improving mine flexibility will be a continued focus at Los Bronces, which will also impact costs. Increased production is also expected at Collahuasi following implementation of the improvement plans put in place during 2012, as well as the No. 3 ball mill coming back in to operation from November 2012, and planned mining of higher ore grade phases.

Challenges remain in managing continuing industry-wide input cost pressures, and this will be a key focus for the business in 2013.

Ongoing market concerns arising from uncertainties over the near term outlook for the global economy may lead to short term volatility in the copper price. The medium to long term fundamentals for copper, however, remain strong, predominantly driven by robust demand from the emerging economies and supply constraints owing to ageing mines and steadily declining average grades.

NICKEL

Walter De Simoni
CEO

UNDERLYING OPERATING PROFIT
(2011: $57 m)

$26 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2011: 1%)

0.4%

UNDERLYING EBITDA
(2011: $84 m)

$50 m

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Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2012	2011
Underlying operating profit	**26**	57
Underlying EBITDA	**50**	84
Net operating assets	**2,509**	2,535
Capital expenditure	**100**	398
Share of Group underlying operating profit	**0.4%**	1%
Share of Group net operating assets	**5%**	6%

Non-financial indicators	2012	2011
Number of fatal injuries	**1**	–
Lost-time injury frequency rate	**0.11**	0.23
Total energy consumed in 1,000 GJ	**19,154**	15,364
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**1,421**	1,423
Total water used for primary activities in 1,000 m^3	**7,090**	7,138

01 Risk engineer Renner Ferreira de Freitas on the observatory of the Barro Alto ferronickel plant, which is steadily ramping up to full capacity.

BUSINESS OVERVIEW

Our Nickel business unit comprises two Brazilian operating assets: Codemin and Barro Alto, both ferronickel producers in the state of Goiás. Within the portfolio there are also two promising growth projects, Jacaré and Morro Sem Boné, both laterite deposits which are also located in Brazil.

In Venezuela, despite attempts by Minera Loma de Níquel to obtain concession and permit renewal to enable a continuation of our operations, the application for renewal was refused and the concessions and permits granted by the government expired on 10 November 2012.

As of 10 November 2012, therefore, Anglo American's mining and production activities at Loma de Níquel ceased permanently and, in light of this, Anglo American has taken action to end its working relationship with the majority of its Loma de Níquel employees and is seeking to wind up the operations in an orderly fashion.

INDUSTRY OVERVIEW

Nickel demand is linked to the state of the stainless steel industry, which consumes two-thirds of the metal and all ferronickel production. Nickel used in the manufacture of alloy steel and other non-ferrous alloys accounts for a further 17% of output.

China is the largest stainless steel producing country, with more than 44% of world production in 2012, with 70% of the related nickel requirement produced domestically. Of this, nickel pig iron (NPI) accounted for around 60% in 2012. The next most important producer is Europe, which accounts for 22% of world output, while the US produces 6%.

Nickel can be produced from two different ore types: sulphides and laterites. This has resulted in a large number of processing technologies that have made the industry a very complex one, with high processing costs and capital intensity. Production is concentrated among the biggest five producers, which between them are responsible for almost half of global output.

The nickel industry faced a variety of challenges in 2012. Demand was affected by the European debt crisis and the slowdown in the Chinese economy, while the supply side continued to face increased capital expenditure pressure and technical issues that delayed the ramp up of many projects in the industry.

STRATEGY

Our Nickel business focuses on the safe and responsible operation of world class assets that have long life of mine and competitive production costs. We leverage our expertise in operating ferronickel plants to ensure we have optimal processes in place across our operations; our Codemin plant celebrated 30 years of operations in 2012.

Delivery of efficient production is supported by our asset optimisation initiatives which are driving improved output, reduced costs and revenue enhancements, and will extend the lives of both our operations.

At full production, both Barro Alto and Codemin are positioned in the first half of the industry's cash cost curve.

In addition to driving value from existing operations, Nickel continues to assess its portfolio of expansionary and exploration projects.

Our strategy and growth ambitions rely on attracting and retaining a suitably qualified workforce. The mining industry in Brazil continues to face a difficult labour market, with a shortage of qualified people with specific knowledge of the mining industry. Only by addressing and overcoming this challenge will we be able to deliver on our strategy. One of the ways we are doing so is through our tailored trainee programme designed to develop engineers and other professionals capable of meeting our future needs.

Our Nickel business focuses on the safe and responsible operation of world class assets that have long life of mine and competitive production costs.

EMPLOYING

TRAINING OUR FUTURE PROFESSIONALS

One of the ways we are addressing the shortage of qualified people at our Nickel operations in Brazil is through our tailored trainee programme to develop engineers into future leaders.

The selection process for the inaugural intake in 2012 took place during the preceding year, with 11,649 graduates competing for 31 vacancies. Those selected were knowledgeable in such areas as: supply chain, sustainable development, geology, production and maintenance, human resources and information management.

In early 2012, the trainees were sent to gain hands-on work experience at Barro Alto, Niquelândia, our São Paulo corporate office and Nickel's project office in Belo Horizonte. The trainees are working, on a rotation basis, at the various sites, until the programme ends in mid-2013. On successful completion of the programme, the trainees will be considered completely prepared professionals, ready to meet the challenges of their career in Anglo American.

Image
Part of the inaugural intake of graduate trainees at our Nickel business in Brazil.

01 Electricians Cesar Augusto de Lima and Antonio Milhomen Silva next to one of Barro Alto's 185 metre rotary kilns, where nickel-bearing ore is reduced prior to smelting.

Operating safely, sustainably and responsibly

Safety and sustainable development are central to our strategy. We manage safety and environment risks through our Integrated Management System, which is certified to the ISO 9001, ISO 14001 and OHSAS 18001 global standards and we continue to focus on risk identification and control, employee training and leadership commitment. Our environmental strategy includes a focus on water, energy and greenhouse gas emissions. We have made pleasing progress in these areas and incorporated what we have learned from Codemin into the design of Barro Alto.

Our opencast mining processes can have a notable impact on the landscape, and can be difficult to fully rehabilitate, particularly in sloped areas. We have partnered with biodiversity NGOs and scientific groups to develop regional specific plans for the remediation of fauna and flora in order to determine the best solutions to overcome this difficulty, while aligning them to our closure plans.

Recognising the importance of the role we play in the local community, we also have invested significantly in long term programmes related to female empowerment, sexual and reproductive health, citizenship and rural entrepreneurship. In recognition of this work, the business received the 'Sustainable Company of the Year 2012' award from *Exame* business magazine, one of the most prestigious sustainability awards in Brazil.

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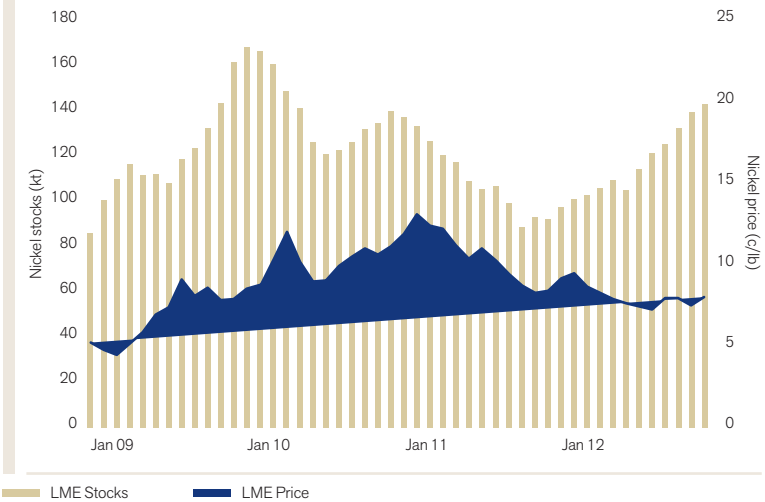
Nickel's environmental strategy includes a focus on water, energy and greenhouse gas emissions and we have incorporated what we have learned from Codemin into the design of Barro Alto.

Nickel stocks and price



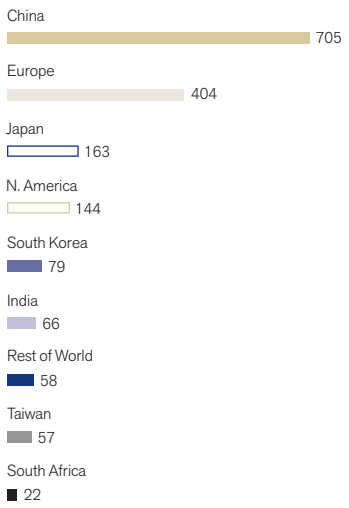
Source: Anglo American Commodity Research

FINANCIAL AND OPERATIONAL OVERVIEW

Underlying operating profit for the year was $26 million (net of $32 million project evaluation operating costs), 54% lower than in 2011. It included a self-insurance recovery of $59 million (offset at Anglo American Group) and an amount of $12 million in terms of the favourable settlement of an outstanding tax claim with the Brazilian government. The results, however, were affected significantly by a 23% decline in the London Metal Exchange (LME) nickel price and by an extended

Leading nickel consumers

(2012 estimated refined nickel consumption)
2012 estimated world total: 1,700 kt
kt



Source: Brook Hunt – a Wood Mackenzie company

export ban imposed by the Venezuelan government from the beginning of June, resulting in the cessation of production in September. The underlying operating result for Barro Alto was capitalised throughout 2012.

Safety and environment

Regrettably, a fatal incident occurred at the Barro Alto mine, ending Nickel's record five year fatality-free period. The incident has sparked renewed efforts to prevent further harm.

The business' lost-time injury frequency rate (LTIFR) improved by 52% to 0.11 (2011: 0.23).

Markets

Average nickel price (c/lb)	2012	2011
Average market price (LME, cash)	**794**	1,035
Average realised price (c/lb)	**765**	1,015

Despite LME nickel price strengthening at the start of 2012, with the nickel price reaching 983 c/lb at the end of January, prices dropped to a low of 689 c/lb in August owing to the worsening macroeconomic environment which affected stainless steel production and nickel demand.

The nickel market recorded a surplus of 50,000 tonnes for the year compared with a surplus of 32,000 tonnes in 2011. Nickel consumption increased by 4.9% to 1.7 million tonnes (Mt), but supply also rose following the ramping up of a number of new nickel plants. The growth in supply was lower than expected as a result of problems at many new operations.

Operating performance

Attributable production (tonnes)	2012	2011
Nickel	**39,300**	29,100

Nickel production increased by 35% to 39,300 tonnes, with the increasing production profile from Barro Alto offsetting the lower output from Loma de Níquel.

Barro Alto, which produced its first metal in March 2011, delivered around 21,600 tonnes of nickel in 2012.

Production and the ramp up schedule at the new operation was, however, affected by three major stoppages during the year in order to address kiln performance issues and to rebuild the sidewalls in line 1's electric furnace, following a partial collapse.

Since the end of the final stoppage, with the furnace returning to a temperature which can support normal operations in mid-December, line 1 has achieved a feed rate averaging 85% of nominal capacity.

As a preventative measure, line 2's electric furnace sidewalls are now also being rebuilt and following this, the operation is expected to complete its ramp up to nominal capacity.

Issues in the furnace hearths were discovered during the year. The situation is being closely monitored by the operation, together with the supplier, and since discovery has not worsened. With continued close monitoring this is not expected to alter the ability to reach nominal capacity.

Barro Alto, which produced its first metal in March 2011, delivered around 21,600 tonnes of nickel in 2012.

Production from Loma de Níquel totalled 8,100 tonnes in the year, 40% lower than 2011, as a result of the cessation of operations, exacerbated by the extended export ban.

Codemin's production was stable at around 9,600 tonnes, with a decline in grade being offset by a series of asset optimisation initiatives.

Projects

The unapproved projects in the pipeline at Jacaré and Morro Sem Boné have the potential to significantly increase the Group's total nickel production. The pre-feasibility study of Jacaré was completed in the year and we will focus on obtaining environmental licences during 2013.

Outlook

Production in 2013 is expected to be higher than 2012 as the increasing contribution from Barro Alto more than offsets the loss of Loma de Níquel. Barro Alto is targeting to reach full capacity during 2013.

Both demand and supply are expected to increase further in 2013 and a surplus of 13,000 tonnes is forecast. The market is expected to remain relatively challenging owing to the prevailing macroeconomic environment and ramp up of new nickel supply, including NPI – though any further underachievement in terms of the ramping up of new nickel supply could provide some upside to current forecasts.

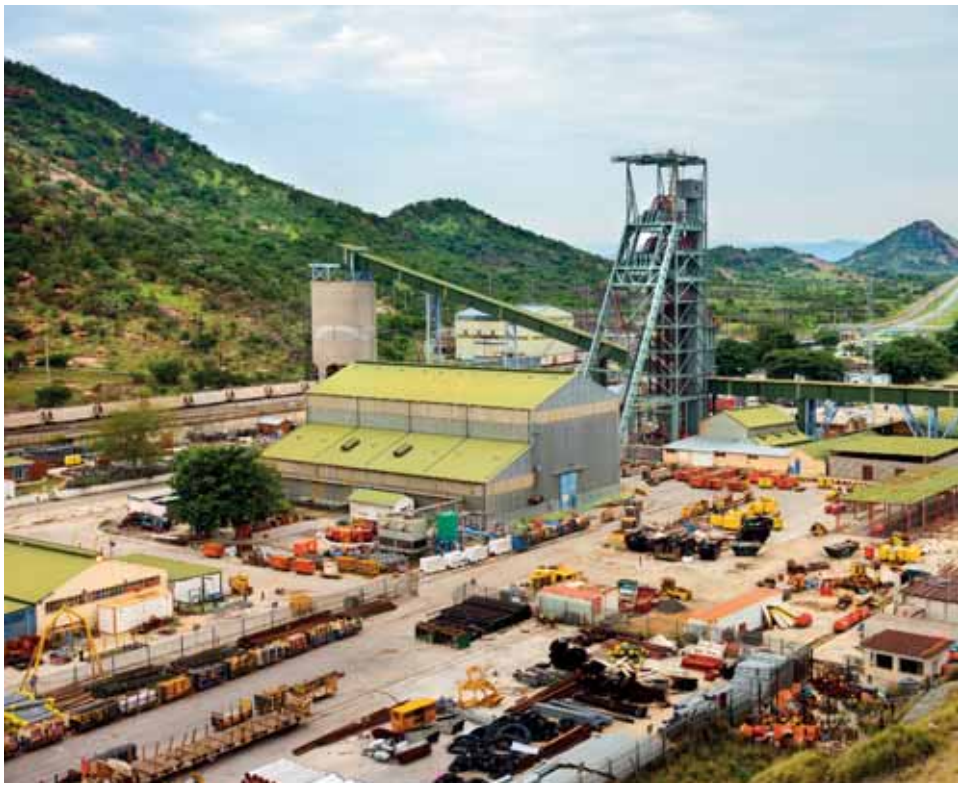
PLATINUM

Chris Griffith
CEO –
Anglo American
Platinum Limited

UNDERLYING OPERATING (LOSS)/PROFIT
(2011: $890 m)
$(120) m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2011: 8%)
(2)%

UNDERLYING EBITDA
(2011: $1,672 m)
$580 m



01

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2012	2011
Underlying operating (loss)/profit	**(120)**	890
Underlying EBITDA	**580**	1,672
Net operating assets	**10,419**	11,191
Capital expenditure	**822**	970
Share of Group underlying operating profit	**(2)%**	8%
Share of Group net operating assets	**20%**	25%

Non-financial indicator	2012	2011
Number of fatal injuries	**7**	12
Lost-time injury frequency rate	**1.15**	1.27
Total energy consumed in 1,000 GJ	**24,399**	25,168
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**5,743**	5,991
Total water used for primary activities in 1,000 m^3	**28,755**	31,248

01 No. 1 shaft at Siphumelele, one of our Platinum business' five mines at its Rustenburg section, the world's biggest producer of primary platinum.

BUSINESS OVERVIEW

Our Platinum business, based in South Africa, is the world's leading primary producer of platinum, and accounts for approximately 40% of the world's newly mined production of the metal. 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. Access to an excellent portfolio of ore reserves ensures Platinum 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. Concentrating, smelting and refining of the output are undertaken at Rustenburg Platinum Mines' (RPM) metallurgical facilities.

Platinum's 100%-owned mining operations currently 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. Union mine is 85% held, with a black economic empowerment (BEE) partner, the Bakgatla-Ba-Kgafela traditional community, holding the remainder. The Unki mine in Zimbabwe is currently wholly owned pending the implementation of the state's recently approved indigenisation plan.

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. The company owns 49% of Bokoni mine and holds, through RPM, 27% of Atlatsa Resources. Platinum is in partnership with Royal Bafokeng Resources, and has a 33% shareholding in the combined Bafokeng-Rasimone platinum mine (BRPM) and Styldrift properties. Platinum, through RPM, holds 12.6% of RB Plats' issued share capital.

Since 2000, China has been the leading platinum jewellery market, followed by Europe, Japan and North America.

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. PGMs, however, have a wide range of other applications, predominantly in the chemical, electronic, medical, glass and petroleum industries.

Our Platinum business 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 some 45% of demand, is in autocatalysts, particularly in gasoline vehicles. The metal is also used in electronic components, dental alloys and, more recently, has become an emerging jewellery metal in markets such as China.

Rhodium is an important metal in autocatalytic activity, which accounts for nearly 80% of net demand.

STRATEGIC PORTFOLIO REVIEW

On 15 January 2013, Anglo American announced the proposals of its portfolio review, the objective of which was to assess the options available to create a sustainable, competitive and profitable Anglo American Platinum. The entire value chain was reviewed, including costs, resources, mining, processing, the marketing and commercial strategy, as well as the optimal shape and size of the portfolio.

The main recommendation is to reduce Platinum's production target by around 400,000 ounces a year to between 2.1 and 2.3 million ounces per annum and to more closely align output with expected demand, while retaining the flexibility to meet potential increased demand. This recommendation may be achieved through the proposals made within the consultation process embarked upon in terms of the requirements of the Labour Relations Act 66 of 1995, i.e. the closure of Khuseleka and Khomanani mines (four shafts) and placing them on long term care and maintenance, and through consolidating Rustenburg into three operating mines. Should these proposals ultimately be implemented, production at Rustenburg mines would reduce to a sustainable level of between 320,000 and 350,000 ounces a year.

Production from high cost assets will be replaced with that from low cost, high quality assets over the next decade. The production profile indicates excess smelting and refining capacity in the short to medium term and provides an opportunity to improve capital efficiency. Options are being evaluated to fill capacity and reduce costs. The cost base will also be reduced to align with the revised production levels, with a focus on labour and organisational structure.

STRATEGY

In reformulating its strategy, Platinum has reviewed the business across the entire value chain to address structural challenges that have eroded profitability over time with the intention of creating a safe, sustainable, competitive and profitable platinum business for the long term benefit of all its stakeholders.

This will be achieved through the alignment of baseline production with long term demand expectations, focusing on a high quality portfolio of operations to produce PGMs on an economically sustainable basis. An organisational design has been developed to ensure that the operations are supported by an appropriate level of overhead, while the commercial strategy aims to ensure value and stability for Platinum and customers, while promoting new PGM applications. Operationally, the business intends to increase exposure to lower risk, higher margin, less capital intensive mines, supporting a significant reduction in the cost base and a more efficient allocation of capital. Flexibility for long term growth options will nevertheless be retained, ensuring Platinum is well positioned should demand increase above expectation.

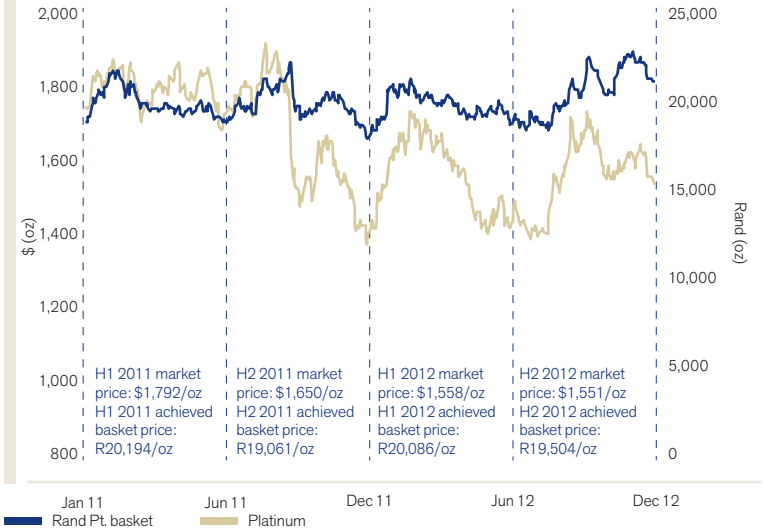
Platinum continues to take its social responsibility seriously, particularly to its employees and surrounding communities. The implementation of the strategy aims to deliver a stable, competitive and profitable business that will be best placed to sustain and create employment over the long term.

Operating safely, sustainably and responsibly

The journey to zero harm remains a key strategic objective. Although the company's safety strategy remains sound, it continues to review and adjust it in order to ensure that it specifically targets the major causes of injuries and fatalities. Platinum is also working tirelessly with its partners in government and its workforce to implement more effective means of addressing major risks and non-compliance with standards.

Platinum's implementation of its strategy aims to deliver a stable, competitive and profitable business that will be best placed to sustain and create employment over the long term.

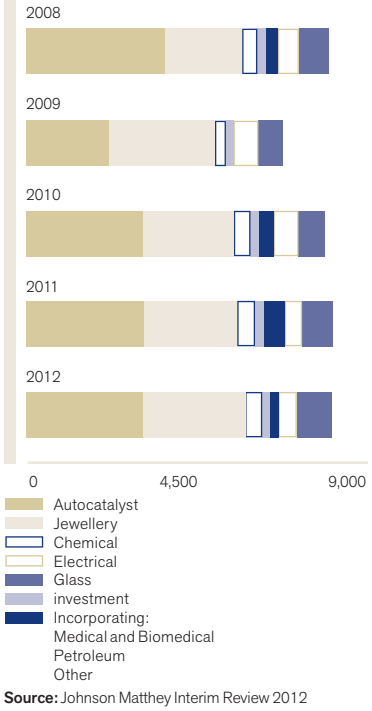
Platinum price



Source: Anglo American Commodity Research

Gross platinum demand by application

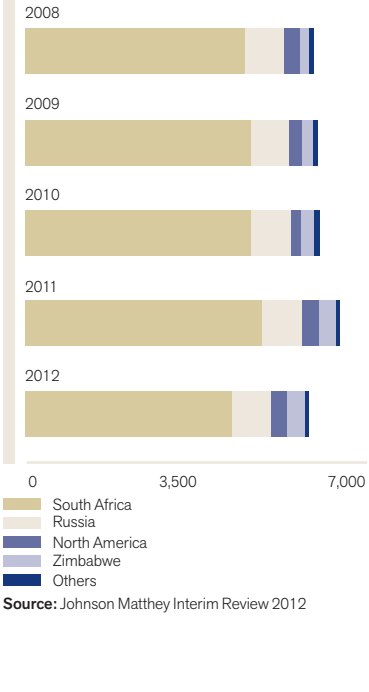
'000 oz



Source: Johnson Matthey Interim Review 2012

Gross platinum supply by country

'000 oz



Source: Johnson Matthey Interim Review 2012

FINANCIAL AND OPERATIONAL OVERVIEW

Platinum recorded an underlying operating loss of $120 million in 2012, compared with $890 million underlying operating profit in 2011. This was primarily due to lower sales volumes, the impact of higher mining inflation on costs and lower average realised prices. Platinum sales volumes for the period were lower owing to the two month illegal industrial action experienced at most of the mining operations in the fourth quarter. This was compensated in part by a weaker average rand against the dollar and a positive stock adjustment of $172 million. Cash operating costs per equivalent refined platinum ounce increased by 21% to ZAR16,364 (2011: ZAR13,552), primarily due to the impact of the strike and increases in the costs of labour, electricity, diesel and key inputs of processing operations. Productivity decreased by 4% to 6.05m^2 (2011: 6.32m^2).

Refined platinum production and sales decreased by 6% and 17% respectively.

Safety and environment

Seven employees lost their lives during the period and Platinum extends its sincere condolences to their families, friends and colleagues. The causes of the loss of life included falls of ground and transport related incidents. The company's safety performance has improved since 2007, and the fatal injury and lost-time injury frequency rates have come down by 54% and 44% respectively.

The proactive management of safety risks resulted in a decrease in the number of safety stoppages during the year. In 2012, there were 52 safety stoppages in Platinum's operations, compared with 81 in 2011. Since the safety stoppages were contained to the areas where deviations were observed, the impact on production was considerably reduced in 2012.

01 At Mogalakwena North, maintenance work takes place on a spare grizzly unit, which forms part of the mine's secondary crusher circuit. Keeping a complete spare unit in working order cuts downtime to a minimum when the original grizzly has to go in for maintenance.

Markets

Gross platinum demand declined by 140,000 ounces, or 2%, in 2012, as a result of weaker demand for autocatalyst and industrial applications more than offsetting increases in jewellery demand initiated by lower platinum pricing. Primary supply of platinum was negatively affected by labour stoppages and mine closures in South Africa. In addition, autocatalyst recycling decreased by 16% in the year, in response to lower platinum prices.

The palladium market moved from a surplus in 2011 to a significant deficit in 2012. South African output was lower for the same reasons as for platinum, while less metal was sold from Russian stockpiles. Gross demand for palladium rose by 15%, or 900,000 ounces, in 2012, following an increase in demand from the autocatalyst sector and a return of investor interest.

Following a prolonged surplus, the rhodium market moved into balance in 2012, with reductions in supply balancing increased demand from the autocatalyst and chemical sectors.

Autocatalysts

Global light vehicle sales grew by 5% in 2012 to 81 million units reflecting, for vehicles lighter than 3.5 tonnes, growth in North America, Japan and the BRIC nations (Brazil, Russia, India and China). This growth was offset by weakness in Europe and other regions. Ongoing economic uncertainty in Europe, for example, continued to impact demand for new vehicles there, with sales approximately 8% below those in 2011.

Increased substitution of palladium for platinum, together with a rise in the production of gasoline vehicles in North America and China, resulted in a 7% increase in demand for palladium. Higher output of gasoline vehicles in 2012 also underpinned a 6% increase in rhodium demand.

Supplies of PGMs from recycling of spent catalysts decreased by 12% to 2.8 million ounces.

01 Unki mine's concentrator plant in Zimbabwe.

02 Fitter assistant Moses Nyamunda and chairlift operator Sankie Mafoko working on maintaining the conveyors at Marikana No. 4 shaft decline.

Jewellery
Gross platinum demand for the fabrication of jewellery rose by 10% to 2.7 million ounces, as strong demand from China and India balanced generally weaker economic conditions across the globe. With platinum trading at a discount to gold throughout the year, manufacturers were able to receive higher margins, encouraging the use of platinum in China, while demand in India continues to grow faster than other markets in percentage terms.

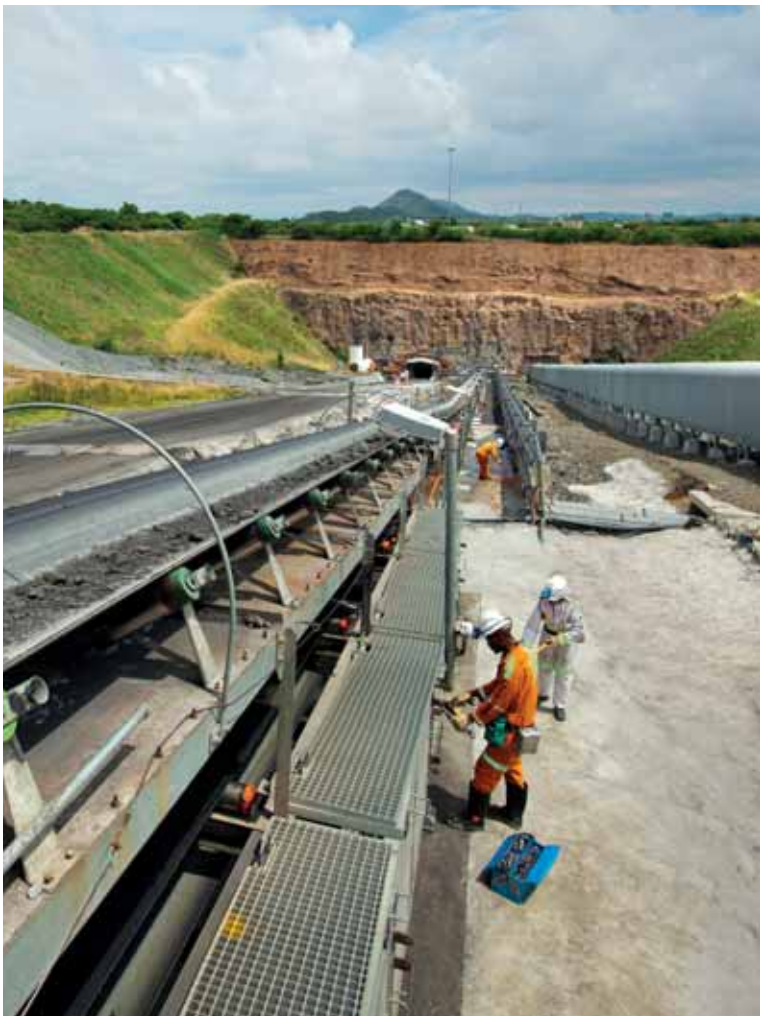
Gross demand for platinum for the fabrication of jewellery in China rose by 14% in 2012, to approximately 1.9 million ounces, of which recycled platinum jewellery represented half a million ounces. Platinum purchases by manufacturers increased by 16% to 1.4 million ounces.

Industrial
Following record demand for platinum in 2011, as purchasers addressed delayed consumption, platinum offtake for industrial applications decreased by 16% to 1.7 million ounces.

Investment
Investment demand for platinum was flat at 460,000 ounces in 2012, although the performance during the year was erratic. Japanese buyers of large bars were very active in the months when the price was lower than Yen 4,000/gram ($1,550 per ounce). The release of the Canadian Platinum Maple Leaf and the Australian Platinum Platypus bullion coins also boosted interest in demand.

After significant liquidation of palladium ETFs in 2011, positive sentiment resulted in a 16% increase in net holdings in 2012, to 2.04 million ounces.

01



02

Operating performance

Production

Platinum's own mines, including Western Limb Tailings Retreatment, produced 1.46 million of equivalent refined platinum ounces, a decrease of 9%.

The illegal strike action at our mining operations from 18 September to 15 November 2012 resulted in a loss of platinum production of 306,000 ounces, of which 82,000 ounces were lost during the subsequent ramp up period.

Equivalent refined platinum production for the year totalled 2.22 million ounces, 8% down on 2011.

Production at the Western Limb operations (Rustenburg, Union and Amandelbult mines) was negatively affected by the industrial action during the second half of 2012. Production at the Rustenburg Complex mines decreased by 43,300 ounces, or 8%, while Union and Amandelbult mines' production decreased by 13% and 23% respectively.

Mogalakwena mine output decreased by 2% to 300,200 ounces, following lower throughput at the concentrators and lower head grade. The fall in production was partly compensated by higher volumes from Unki mine. Equivalent refined platinum production at Unki increased by 20% to 62,100 ounces as the mine exceeded its ramp up schedule, reaching steady state production levels ahead of schedule.

The new nickel tank house at the Base Metal Refinery continues to experience some operational challenges and this is expected to impact production in 2013.

Refined platinum production decreased by 6% to 2.38 million ounces as the processing of pipeline stocks into refined ounces in the second half of 2012 reduced the impact of the industrial action.

Projects

Several projects were halted during the year owing to the current difficult economic and operating environment, including the Thembelani 2 shaft, Tumela 4 shaft, and slag cleaning furnace 2 projects. The subsequent write-down for Thembelani 2 shaft project was ZAR2.2 billion ($251 million) while the write-down for Tumela 4 shaft, slag cleaning furnace 2 and other projects was ZAR4.4 billion ($579 million).

Outlook

Despite the lacklustre outlook for global economic growth, Platinum believes that global platinum demand is likely to be balanced in the short term. Overall platinum demand is expected to grow marginally in 2013, despite the lack of economic growth in the European market. Tightening emissions legislation in all markets, and the overall global increase in vehicle production, especially in China and India, is expected to offset lower volumes in Japan, North American and Europe. Jewellery demand is expected to grow, primarily owing to the continuing growth in the popularity of platinum jewellery in China and India and the expansion of retail outlets in China by Hong Kong jewellers.

Primary supply challenges are expected to continue during 2013, with higher mining inflation exerting margin pressure and the increased risk of supply disruptions from industrial action in South Africa. The ongoing constraint on capital investment posed by low prices continues to limit South African output. However, supplies of metal from the recycling of spent autocatalysts are expected to rise as pipeline stocks are processed.

Palladium demand is expected to grow in 2013, supported by global vehicle production growth, particularly in China, and tightening emissions legislation. Primary supply is also expected to be constrained by the same factors as those affecting platinum production. As a result, the palladium market is expected to remain in deficit in 2013.

The rhodium market is expected to remain in balance during 2013. Modest growth in autocatalyst and new industrial demand is likely to be balanced by an increase in recycled supply.

Following the conclusion of the recent portfolio review, Platinum expects to produce between 2.1 and 2.3 million ounces of refined platinum in 2013.

Cost inflation challenges are likely to continue in 2013, with mining inflation expected to remain above the average inflation rate in South Africa. In spite of the difficult inflationary environment, Platinum aims to contain cash unit costs to between ZAR16,000 and ZAR16,500 per equivalent refined platinum ounce. The unit cost target excludes the cost of implementing the portfolio review proposals.

Platinum's project portfolio has been aligned with the proposals of the portfolio review, with the capital expenditure target reduced by 25% to ZAR100 billion over the next decade. Capital allocation will continue to focus on the highest return and lowest risk opportunities.

DIAMONDS

Philippe Mellier
CEO – De Beers Group

UNDERLYING OPERATING PROFIT
(2011: $659 m)

$496 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT

8%

UNDERLYING EBITDA
(2011: $794 m)

$711 m

01

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	Year ended 31 Dec 2012 De Beers (100%)	Year ended 31 Dec 2012 Anglo American share[1]	Year ended 31 Dec 2011 De Beers (100%)[2]	Year ended 31 Dec 2011 Anglo American share[1]
Underlying operating profit	**815**	**496**	1,491	659
Underlying EBITDA	**1,075**	**711**	1,763	794
Net operating assets	**12,944**	**12,944**		
Capital expenditure	**249**	**94**		
Share of Group underlying operating profit	**n/a**	**8%**		
Share of Group net operating assets	**n/a**	**25%**		
Group's associate investment in De Beers[3]	**n/a**	**n/a**	n/a	2,230

Non-financial indicators	2012	2011
Number of fatal injuries	**3**	7
Lost-time injury frequency rate	**0.13**	0.15

(1) Amounts based on the Group's 45% shareholding to 16 August 2012 and a 100% basis thereafter. Underlying earnings from 16 August 2012 excludes the 15% non-controlling interest.
(2) Underlying operating profit and underlying EBITDA for 2011 on a 100% basis is provided for information.
(3) Excludes outstanding loans owed by De Beers, including accrued interest of $301 million in 2011.

01 The diamond recovery process plant at Venetia, South Africa's biggest diamond mine, which produced just over 3 million carats in 2012.

BUSINESS OVERVIEW

De Beers is the world's leading diamond company. Together with its joint venture partners, De Beers produces approximately 35% of the world's rough diamonds by value, and employs more than 23,000 people around the world.

In August 2012, Anglo American completed its acquisition of the 40% shareholding in De Beers, for a total cash consideration of $5.2 billion, thereby increasing Anglo American's shareholding in De Beers to 85%. The remaining interest is held by the Government of the Republic of Botswana (GRB).

De Beers operates across key parts of the diamond value chain, including exploration, production, the selling of rough diamonds, the marketing of polished diamonds through its proprietary diamond brand, Forevermark, and retail sales through De Beers Diamond Jewellers (DBDJ), a 50:50 joint venture with LVMH Moët Hennessy Louis Vuitton SA.

De Beers' mines are located in four countries: Botswana, Canada, Namibia and South Africa. All operations are open pit with the exception of Snap Lake, an underground mine in Canada, and Namdeb Holdings' alluvial and marine mining operations in Namibia.

In Botswana, De Beers' interests are held through the Debswana Diamond Company, a 50:50 joint venture with the GRB. Debswana's operations include Jwaneng, the world's richest diamond mine; Orapa, the world's largest open-pit diamond mine; Letlhakane; and Damtshaa.

In South Africa, De Beers has a 74% interest in De Beers Consolidated Mines (DBCM), with the remaining 26% held by Ponahalo Holdings, which is a black economic empowerment consortium. DBCM's operations include Venetia, which produces about 70% of De Beers production from South Africa; Voorspoed, a source of large and exotic coloured diamonds; and Kimberley Mines, a tailings processing facility.

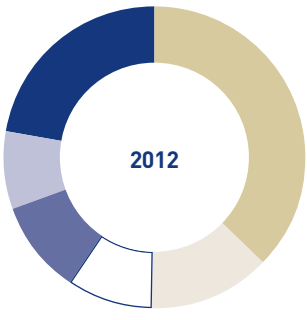
In Namibia, De Beers' interests are held through Namdeb Holdings (NH), a 50:50 joint venture with the Government of the Republic of Namibia (GRN). Diamonds are mined on land by Namdeb, and at sea by Debmarine Namibia, both of which are wholly owned by NH. Marine mining is performed by a fleet of five mining vessels.

In Canada, De Beers wholly owns its two mining operations; Victor, located in Northern Ontario; and Snap Lake, in the Northwest Territories. De Beers

De Beers' mines are located in four countries: Botswana, Canada, Namibia and South Africa.

Consumer demand forecasts

$ Polished wholesale prices

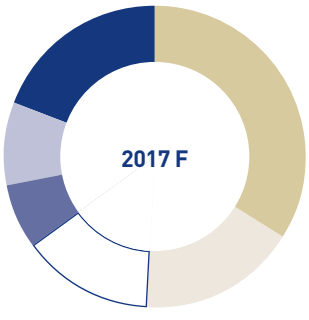


USA	37%
China/Hong Kong	13%
India	9%
Japan	10%
Gulf	8%
Rest of World	22%

Source: De Beers

Consumer demand forecasts

$ Polished wholesale prices



USA	34%
China/Hong Kong	17%
India	14%
Japan	7%
Gulf	9%
Rest of World	19%

Source: De Beers

Note: These figures provide estimates and forecasts of the size and growth of main diamond consumer markets based on pipeline and consumer research commissioned by De Beers Group Strategy. 2012 results are preliminary.

INVESTING

FOREVERMARK – A UNIQUE PROMISE

When it comes to purchasing luxury products, consumers want assurance of the superior quality and provenance of the product. De Beers Group provides this through Forevermark, our proprietary diamond brand, available in over 900 retail partners in 12 markets including the core diamond jewellery markets of China, Japan, India and the US.

Every Forevermark diamond comes with a promise of quality and integrity, symbolised by the unique inscription inside the diamond. Each one is inscribed with the Forevermark icon and a unique identification number using patented technology developed by the De Beers Group. Since the launch of Forevermark, more than 500,000 diamonds have received the Forevermark inscription as evidence that they have met the brand's high standards of quality, ethical integrity and provenance.

The rigorous standards that apply to Forevermark incorporate the De Beers Best Practice Principles Assurance Programme that provides consumers with assurance that the entire journey of their diamond has met the highest standards of ethical, social and environmental performance, and can be worn with pride.

Image
The unique Forevermark inscription.

For more information **turn to page 84**

also has a 51% shareholding in a joint venture in Gahcho Kué, a project in the vicinity of Snap Lake. The project is at an advanced permitting stage. When operational, Gahcho Kué is expected to produce approximately 4.5 million carats per annum over a life of mine of 11 years.

De Beers sells rough diamonds through two distribution channels: over 90% is sold via long term contract sales to clients (known as Sightholders), with the remainder being sold via regular auctions. De Beers is also an equal joint venture partner in DTC Botswana and in Namibia DTC with the GRB and GRN, respectively. The local companies facilitate local sales and beneficiation, and are intermediaries in the global selling function.

As part of its long term contract sales, De Beers sorts and values production into 14,000 price points. These diamonds are aggregated and sold to Sightholders at one of 10 Sights each year.

De Beers is a global leader in the use of innovative online systems to auction rough, uncut diamonds to small, mid-tier and large manufacturing, retailing and trading businesses.

De Beers participates at the polished end of the value chain through its proprietary diamond brand, Forevermark, and, at the retail end, through DBDJ.

Diamonds inscribed as Forevermark provide consumers with confidence that their diamonds are beautiful, rare and responsibly sourced. They are available in carefully selected, authorised jewellers in the major consumer markets around the world.

DBDJ's high-end retail stores are located in the most fashionable areas in the world, including New York, Beijing, Hong Kong, London, Paris, Tokyo and Dubai.

Element Six is the global leader in the design, development and production of synthetic diamond supermaterials for a range of applications. It comprises two businesses: Technologies which is wholly owned; and Abrasives, in which De Beers has a 60% interest (Umicore SA hold the remaining 40%).

In 2012, De Beers continued the migration of its London-based sales operations to Gaborone, Botswana.

INDUSTRY OVERVIEW

Around 60% of the world's diamonds, by value, originate from south and central Africa, with significant sources also found 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 retail jewellery, where aspects such as size, colour, shape and clarity have a large impact on valuation.

STRATEGY

De Beers' vision is to unlock the full economic value of its leadership position in the diamond industry.

De Beers is a demand-driven business, with a clear understanding that consumer desire is the overwhelming source of value for its diamonds. With growth in demand for diamonds expected to outstrip production growth in the medium to long term, the company aims to maximise the value of every carat mined, sorted and sold. To achieve this objective, De Beers focuses on optimising the value of its mining assets, selling to selected leading diamantaires and offering consumers the integrity and confidence of its brands.

Operating safely, sustainably and responsibly

De Beers goes beyond maintaining the company's social licence to operate, to ensure consumers can be confident in the ethical integrity of De Beers' diamonds. De Beers' activities in support of sustainable development are a core part of the company's business model and span the diamond pipeline.

Upstream, this strategy includes ensuring employee safety, health and well-being; and effective environmental stewardship. De Beers also works in partnership with host governments and other stakeholders to assist in the provision of long term and sustainable economic development, including support for local and indigenous procurement, enterprise development, social investment, and beneficiation.

Through beneficiation, De Beers supports the development of value-adding downstream activities in producer countries. In 2012, De Beers continued the migration of its London-based sales operations to Gaborone, Botswana. Agreed in 2011, as part of a 10-year sales agreement between De Beers and the GRB for the sorting, valuing and sale of Debswana's diamond production, the relocation of De Beers' international aggregation and sales activity will be completed by the end of 2013. The move will bolster De Beers' long term beneficiation activities in the region, through helping establish southern Africa as a world leading downstream diamond centre.

De Beers also supports initiatives to drive best practice throughout the diamond pipeline. These include the Kimberley Process Certification Scheme, an inter-governmental initiative that seeks to eliminate conflict diamonds from the global supply chain, as well as a bespoke ethical, environmental and social assurance programme that covers more than 300,000 diamond sector workers across the world.

FINANCIAL AND OPERATIONAL OVERVIEW

De Beers' underlying operating profit (on a 100% basis) fell by $676 million to $815 million, 45% lower, reflecting the impact of difficult trading conditions brought about predominantly by weaker demand and changing product requirements from Sightholders. Anglo American's share of underlying operating profit from De Beers totalled $496 million, a decrease of 25%, the overall reduction being partly offset by Anglo American's higher shareholding.

Safety and environment

In 2012, De Beers recorded three fatalities (2011: 7) and a lost-time injury frequency rate (LTIFR) of 0.13 (2011: 0.15). Safety remains the first priority for De Beers and the company continues to drive improvement in safety performance through the ongoing roll-out of a standardised safety management system that aims to embed a safety culture across the business. Following a slope failure and tragic loss of life at Jwaneng in June, pit operations were suspended for a period of seven weeks to allow for a comprehensive geotechnical review, ensuring that it was safe to recommence mining.

Markets

Demand for diamond jewellery in the key markets of the US, China and Japan grew, albeit at a slower pace than in 2011. This, together with higher polished stock levels, resulted in a decline in polished prices particularly in the third quarter of the year. Although rough diamond prices remained broadly stable in the first half of 2012, a combination of weaker polished prices, high levels of cutting centre stock and tightening liquidity in the mid-stream, resulted in a price correction during the third quarter. By the end of 2012, rough diamond prices stabilised, reflecting a modest improvement in consumer demand during the holiday sales season in most major diamond jewellery markets.

Operating performance

Mining and manufacturing

De Beers' full-year production declined by 11% to 27.9 million carats (2011: 31.3 million carats). In light of prevailing diamond market trends, as well as operational challenges, the company's stated strategy of producing to demand has been maintained. Operations continue to focus on maintenance and waste stripping backlogs, while a number of factors impacted production at specific sites. At Debswana, this included the Jwaneng mine slope failure in June. DBCM saw lower grades from Venetia and production was also impacted by the disposal of Finsch in September 2011. Canada's Snap Lake showed significant improvement during 2012 as work continues on optimising the mine to enable economic access to the promising, though challenging, orebody.

Debmarine Namibia's *Grand Banks* mining vessel was re-commissioned in 2012 and Namdeb's Elizabeth Bay mining area in Northern Bay was brought back into operation during the year.

Element Six experienced a challenging year, with weakness in a number of key end-markets, particularly in the second half of the year. In response, Element Six focused on cost containment and improved operational performance and made significant progress on a number of its strategic milestones, including improved customer service and innovation.

Sales

De Beers' total sales decreased to $6.1 billion (100% basis), primarily as a result of diminished demand for rough diamonds, changing product requirements from Sightholders and reduced availability of some goods.

Brands

Forevermark continued to grow strongly in 2012, particularly in the core markets of China, Japan, India and the US, and was launched in South Africa, Canada and the UAE. It is now available in more than 900 retail partners in 12 markets. Since the launch of Forevermark, more than 500,000 diamonds have been inscribed with a unique identification number showing that they have met the brand's high standards of quality, ethical integrity and provenance.

DBDJ faced the challenging market conditions experienced by most high-end jewellers in 2012, but continued to focus on expanding its store network in China, a market of significant opportunity for high-end jewellery brands. New stores were opened in Shanghai and Nanjing, giving DBDJ five stores in China, with an additional store scheduled to open in 2013. Franchise partners will open further stores in Kuala Lumpur, Baku and Vancouver in 2013. DBDJ currently has 43 stores in leading diamond consumer markets around the world.

Other

The agreement entered into by De Beers in the US in 2006 to settle all outstanding class actions against it became unconditional and effective in May. The $295 million settlement, plus interest, held in escrow since 2006 is now being distributed in accordance with the court ordered plan.

De Beers Diamond Jewellers currently has 43 stores in leading diamond consumer markets around the world.

Projects

In Botswana, construction of the infrastructure at Jwaneng's Cut-8 project is largely complete. Cut-8 will provide access to approximately 95 million carats of mainly high quality diamonds and extend the life of the world's richest diamond mine to at least 2028.

In South Africa, the Venetia underground project was approved by the De Beers and Anglo American Boards. Environmental authorisation was granted in July and the Environmental Management Plan was approved by the Department of Mineral Resources in October. The final outstanding regulatory clearances were obtained in February 2013 and the project will commence shortly. De Beers will invest approximately $2 billion to build the new underground mine, which will extend the life of the resource until 2042 and replace the open pit as South Africa's largest diamond mine.

In Canada, the Environmental Impact Review documentation for the Gahcho Kué project has been submitted for review and the Review Panel is expected to issue a decision report in 2013.

Outlook

De Beers expects moderate growth in diamond jewellery demand in 2013. This will be supported primarily by a more positive picture emerging from China and India compared to 2012. Some upside is possible in the US, while trading conditions in other markets are likely to be challenging. The rough diamond manufacturing sector closed 2012 with high levels of inventory, particularly in the higher-end categories of diamonds, and faces continued pressure in terms of liquidity. In the medium to long term, industry fundamentals are expected to strengthen as diamond production plateaus and demand continues to increase.

OTHER MINING AND INDUSTRIAL

Ruben Fernandes
CEO – Phosphates and Niobium

Duncan Wanblad
Group Director Other Mining and Industrial – Tarmac, Amapá and Scaw Metals

01

UNDERLYING OPERATING PROFIT
(2011: $315 m)

$337 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2011: 3%)

5%

UNDERLYING EBITDA
(2011: $540 m)

$485 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)[1]	2012	2011
Underlying operating profit	**337**	315
Phosphates	**91**	134
Niobium	**81**	52
Amapá	**54**	120
Tarmac	**73**	(38)
Scaw Metals	**49**	37
Zinc	**–**	20
Corporate	**(11)**	(10)
Underlying EBITDA	**485**	540
Net operating assets	**786**	3,843
Capital expenditure	**260**	225
Share of Group underlying operating profit	**5%**	3%
Share of Group net operating assets	**2%**	9%

Non-financial indicators[2]	2012	2011
Number of fatal injuries		
Phosphates and Niobium	**–**	–
Amapá, Tarmac and Scaw Metals	**1**	1
Lost-time injury frequency rate		
Phosphates and Niobium	**0.39**	0.15
Amapá, Tarmac and Scaw Metals	**0.25**	0.21
Total energy consumed in 1,000 GJ[3]	**2,710**	2,222
Total greenhouse gas emissions in 1,000 tonnes CO_2e [3]	**93**	65
Total water used for primary activities in 1,000 m^3 [3]	**8,313**	8,569

(1) In 2012, Amapá was reclassified from Iron Ore and Manganese to Non-core within the Other Mining and Industrial segment to align with internal management reporting. Financial comparatives have been reclassified to align with current presentation.
(2) In a given year, non-financial data is reported within the business unit that had management control of the operation, therefore non-financial data for Amapá is reported within OMI and Iron Ore Brazil for 2012 and 2011 respectively.
(3) Non-financial performance data given for Phosphates and Niobium only.

01 A granulator at Phosphates' Cubatão plant, where fertiliser is made into granulated form.

BUSINESS OVERVIEW

Phosphates

Our Phosphates business is the second largest integrated phosphate fertiliser producer in Brazil. Its operations are vertically integrated, covering mining of phosphate ore, beneficiation of the ore to produce phosphorus pentoxide (P_2O_5) concentrate, and processing into intermediate and final products.

Our phosphates mine at Ouvidor, in Goiás state, currently produces, on average, around 5.9 Mt of ore per annum (dry basis). It is a prime phosphate deposit, containing some of Brazil's highest grades of ore (approximately 13% P_2O_5). The company has approximately 15% of current Brazilian phosphate mineral resources and has a remaining mine life of 40 years at current production rates.

Run-of-mine phosphate ore is treated at a beneficiation facility on the same site, and approximately 1.36 million tonnes per annum (Mtpa) of final phosphate concentrate is produced at an average grade of around 35% P_2O_5. Phosphates operates two chemical processing complexes: one in Catalão in Goiás, the other at Cubatão in the state of São Paulo. The company produces a wide variety of products for the Brazilian agriculture sector, including low analysis (approximately 20% P_2O_5 content) and high analysis (40%-55% P_2O_5 content) phosphate fertilisers, dicalcium phosphate (DCP) for the animal feed industry, as well as phosphoric and sulphuric acids for the food and animal feed industries.

Niobium

Our Niobium business is located in the cities of Catalão and Ouvidor, in Goiás state, Brazil, and is one of the world's three principal niobium producers.

In operation since 1973, our Boa Vista mine produces and exports approximately 4,000 tonnes of niobium per year. Now, approaching the end of the weathered ore, the Niobium business is investing in adapting the existing plant to process fresh rock.

Our phosphates mine, containing some of Brazil's highest grades of ore has approximately 15% of current Brazilian phosphate mineral resources.

INDUSTRY OVERVIEW

Phosphates

Phosphate fertiliser demand is driven by strong fundamental trends, including expanding food needs from a growing global population, changing dietary habits in major emerging economies such as China and India, and increased demand for biofuels.

Brazil, a major agricultural nation, is the fourth largest phosphate market globally and needs to import almost 50% of its required phosphate fertilisers. Our phosphates mine, situated in Brazil's under-supplied Central-West region, gives us a competitive cash-cost advantage.

Niobium

As an alloying agent, niobium brings unique properties to high strength steel alloys (HSSA), such as increased formability, corrosion resistance, weldability and strength under tough working environments, including extreme high or low temperatures.

Around 90% of total global niobium consumption is used as an alloying element, in the form of ferroniobium (FeNb) in high strength steels, which are used in the manufacture of automobiles, ships and high pressure pipelines, as well as in the petroleum and construction industries. The product is exported to major steel plants in Europe, the US and Asia.

STRATEGY

Phosphates and Niobium's core strategy is to expand the existing operations and mineral reserves in both commodities through a rigorous focus on operational excellence, and the execution of selected low cost and high returning projects.

At Phosphates, significant brownfield expansion opportunities are currently being evaluated in order to meet the expected growing demand needs of the Brazilian agricultural market, which is strategically placed to address the global shifts in dietary habits and where the outlook for the production of fertiliser products is very positive.

At Niobium, our investment in the Boa Vista Fresh Rock project is expected to consolidate the business as the second largest producer of niobium worldwide, feeding mainly into, and increasing our market share in, the HSSA market.

ORGANISING

VALUE FROM WASTE AT PHOSPHATES

Phosphates is applying the 'reduce, re-use, recycle' philosophy on an industrial scale.

A leading Brazilian producer of phosphate fertilisers, each year Phosphates generates 7,800 tonnes of phosphate waste, with 20% being re-used at the granulation stage of production. The rest was traditionally sold as a low-value by-product or disposed of in waste lagoons.

Following laboratory and, later, industrial-scale tests, a Phosphates technical team demonstrated that phosphate waste could also be re-used in the intermediate acidulation stage. The technique was put into full-scale production in March 2012.

Phosphate waste recovered and re-used has now increased to 40% – with a target of 60%. This has led to lower production costs, with no loss of quality, and the environmental benefit of significantly reduced waste disposal.

Image
Laboratory analyst Thiago Araujo.

01 Phosphates stockpile in Cubatão.

02 Processing plant and water-treatment area at Cubatão.

01

02

FINANCIAL AND OPERATIONAL OVERVIEW

Safety and environment

In 2012, no fatalities were recorded in Phosphates and Niobium, however the LTIFR increased to 0.39 (2011: 0.15). All 14 injuries were of low potential severity and most involved injury to hands and feet. The lessons learned from the incident investigations are being used to improve risk assessment, promote safe behaviour and prevent unsafe operating conditions.

Water consumption was marginally reduced as more water was re-used, particularly at the phosphate operations. While energy consumption decreased year on year, CO_2 emissions increased due to an alignment of conversion factors with Group standards.

Brazilian fertiliser consumption has been growing faster than the global average and this performance is expected to continue in future years.

Markets

Phosphates

Fertiliser demand in Brazil rose around 4% in 2012, reflecting the strong fundamentals of the Brazilian agricultural sector. Brazilian fertiliser consumption has been growing faster than the global average and this performance is expected to continue in future years, supported by favourable weather conditions, plentiful access to water and the widespread use of advanced farming techniques by Brazilian farmers. Continued high prices of soybean and corn have also incentivised farmers to increase grain production through more intensive fertiliser application.

This favourable market scenario resulted in Phosphates reporting a record fertiliser sales performance of 1.2 Mt for the year.

Niobium

Global steel mill activity was subdued in 2012, with producers reluctant to resume idle operations, replenish stocks, and to commit to further investment in their businesses. Despite the challenging environment, however, increased production of HSSA in both emerging and developed countries, ensured that niobium demand remained strong for the year.

Operating performance

Phosphates

Despite record fertiliser sales, underlying operating profit decreased by 32% to $91 million, driven mainly by unfavourable international fertiliser prices, coupled with increased labour costs and general inflationary pressures. DCP sales were also adversely affected by difficulties in the cattle industry, which had a negative impact on the operating results.

Phosphates production increased by 5% to a record of 1.1 Mt, due to a number of asset optimisation initiatives which improved overall performance at Catalão and Cubatão.

Niobium

Niobium generated an underlying operating profit of $81 million, a 56% increase over 2011. Sales volumes of niobium rose by 15%, mainly due to an increase in production arising from a better performance at the tailings plant and improvements in the concentration process at the Boa Vista mine. Unit production costs declined owing to lower aluminium and power prices and more efficient use of consumables, combined with the impact of higher production.

Projects

Niobium

The Boa Vista Fresh Rock project continued to make progress, with additional capital expenditure approved in June 2012. The existing plant will be adapted to process new rock instead of oxide ore, leading to an increase in production capacity to approximately 6,500 tonnes of niobium per year (2012: 4,400 tonnes).

Outlook

Phosphates

Strong grain prices continue to support fertiliser demand, and fertiliser prices are expected to remain high during 2013. The market expects farmers to expand the area given over to agriculture, as the current ratio between fertiliser and grain prices remains positive.

In addition, the high level of corn prices will be a motivating factor for an aggressive 'mini crop' (a smaller secondary crop, mainly corn, grown in the first half of the year) in the first quarter of 2013.

Niobium

Demand is expected to remain subdued in Europe and in Pacific Rim/East Asian countries, such as Japan, South Korea and, to a lesser degree, China.

Production is expected to decline in 2013, owing to lower grades and recoveries as lower quality ore is extracted from Boa Vista mine as it approaches the end of the weathered ore and encounters lower grades and higher contaminants. Tailings production is also expected to decrease as a result of lower niobium grades contained in the phosphate tailings.

AMAPÁ

Amapá generated an underlying operating profit of $54 million, a decrease of $66 million on the prior year.

Production increased significantly, in line with planned ramp up and also due to higher mass recovery in the beneficiation plant as a result of the plant's improved stability. The operation is now at design production capacity. Higher sales were also achieved following fewer delays associated with transportable moisture limits. Transhipment at Trinidad and Tobago from smaller capacity Handymax to the larger capacity Capesize vessels for onward shipment to the Middle and Far East was successfully implemented in the second half of 2012.

The favourable impact of improved production and higher sales, however, was more than offset by a sharp decrease in prices during 2012, though tight cost control and improved operating efficiencies, partly compensated their effect. Underlying operating profit also benefited from the reversal of penalty provisions, which were in place at the end of 2011, as a result of contract renegotiations.

Regrettably, one fatality occurred at Amapá iron ore system in Brazil during 2012. The LTIFR has improved over the past six years, and encouragingly, the severity of injuries also continues to decline.

On 4 January 2013, Anglo American announced an agreement to sell its 70% interest in Amapá to Zamin Ferrous Ltd. The transaction is subject to regulatory approval and is expected to complete in 2013. We have always maintained that we did not envisage holding our interest in Amapá over the long term and, in July 2012, reported that we had transferred responsibility for Amapá to our Other Mining and Industrial business unit and stated that we were exploring the possibility of divesting our interest.

Anglo American has transformed the operational performance of Amapá since acquisition in 2008, increasing annual production from 1.2 Mt in 2008 to 6.1 Mt in 2012.

TARMAC

Tarmac reported an underlying operating profit of $73 million, compared with a loss of $38 million in 2011. Tarmac's underlying EBITDA was $148 million, 44% higher than in 2011.

Quarry materials

The business' profitability was at higher levels than last year, mainly as a result of the operation being treated as 'held for sale' from the end of July 2012, and the subsequent cessation of recorded depreciation. There has been a decline in asphalt volumes, with few major road schemes commencing in 2012 as a result of the UK government's austerity measures. Private-sector growth remained muted throughout the year, thus keeping pressure on ready-mix concrete prices and volumes, but was offset in part by the resilient central London market. A continued focus on maximising the use of substitute fuel and recycled asphalt materials is helping to mitigate the impact of rising hydrocarbon costs and to support margins.

On 7 January 2013, Anglo American and Lafarge announced the completion of their 50:50 joint venture which will combine their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the UK. The joint venture will be known as Lafarge Tarmac. Completion of the Lafarge Tarmac joint venture followed final clearance from the UK Competition Commission, predicated on the completed sale of a portfolio of Tarmac and Lafarge construction materials operations in the UK, which also occurred on 7 January 2013.

Building products

Performance was affected by the continued general economic downturn, compounded by disruption to building activity following unseasonal wet weather during the summer months.

The weak building products market resulted in a highly competitive pricing environment affecting sales volumes, although cost reduction projects and improvements in operating efficiencies are helping to mitigate some of the impact.

In early 2013, Anglo American and Lafarge announced the completion of their 50:50 joint venture.

A number of initiatives continue to be developed to ensure improved longer term performance, but the short term remains difficult owing to the prevailing weak market conditions.

SCAW METALS

Scaw Metals experienced a 32% increase in underlying operating profit to $49 million for the 11 months to end November 2012 compared with the full year 2011, mainly as a result of the company being treated as 'held for sale' from 24 April 2012, and the subsequent cessation of recorded depreciation.

Cast Products showed a marked improvement, owing to firm demand across all segments and a reduction in costs following the closure of a loss making foundry in the prior year. Grinding Media reported a decrease in underlying operating profit as a result of lower demand from the mining sector owing to industrial action in the second half of 2012. This business is expected to recover as mining operations revert to full production. The performance of Wire Rod Products suffered as a consequence of a decline in mining activity, but nevertheless reported stable earnings. Demand for construction products remained weak, but in spite of this the Rolled Products business, through cost containment measures and operational improvements, was able to minimise its losses.

Total production of steel products was 611,600 tonnes for the 11 months to end November 2012, a decrease of 9.7% over the full year 2011.

On 24 April 2012, Anglo American announced the sale of its interest in Scaw South Africa to an investment consortium led by the Industrial Development Corporation of South Africa and the Group's partners in Scaw South Africa, being Izingwe Holdings (Pty) Limited, Shanduka Resources (Pty) Limited and the Southern Palace Group of Companies (Pty) Limited. On 23 November, the sale of Scaw South Africa and related companies completed for a total consideration of ZAR3.4 billion ($440 million) on a cash- and debt-free basis as announced.

GOVERNANCE

Sir John Parker

"Corporate governance is a dynamic process that requires continuous review and improvement."

IN THIS SECTION

CHAIRMAN'S INTRODUCTION

In 2012 we saw both the 20th anniversary of the introduction of the UK Corporate Governance Code (the Code) and, in September, its latest incarnation as the Financial Reporting Council (FRC) published revisions aimed at enhancing corporate reporting and audit. These events serve to underline the fact that corporate governance is a dynamic process that requires continuous review and improvement. For me they also highlight the wisdom of Sir Adrian Cadbury and his committee in devising a principles-based approach that has enabled and encouraged the periodic updating of the Code to ensure it remains relevant.

At Anglo American, I am pleased to confirm once again that we complied with the Code for the period. The following section sets out how we have complied and, on our website, we provide a handy checklist that relates our corporate governance arrangements to each of the relevant principles in the Code. Nonetheless, we recognise that corporate governance arrangements are never 'complete', and must continually adapt and evolve. The following section explains how we endeavour to achieve that and I hope this is of interest to shareholders. In this introduction I will briefly draw attention to just two areas that I hope illustrate our commitment to continuous improvement.

BOARD EVALUATION

One of the ways in which we seek to adapt and improve our governance arrangements is via the annual Board evaluation. In 2012, the evaluation was conducted by an external facilitator and led to recommendations for, *inter alia*, enhancing the quality of our strategic discussions and re-programming our scheduled Board agenda somewhat to include discussions of a range of areas highlighted by directors.

I regard an external board evaluation as a very useful process although, in well-established companies, one should not expect the annual evaluation to result in revolutionary changes nor be surprised if the results often focus on the same areas. What it does provide is an independent, external perspective on the effectiveness of our Board and a valuable opportunity for directors to take the time to reflect specifically on how we are doing and where we might improve.

The following section sets out how we have complied and, on our website, we provide a handy checklist that relates our corporate governance arrangements to each of the relevant principles in the Code.

For more information visit **www.angloamerican.com**

Board and Committee meetings – frequency and attendance

	Independent	Board (six meetings)	Audit (three meetings)	S&SD (four meetings)	Remuneration (four meetings)	Nomination (five meetings)
Sir John Parker	N/a	All	–	Three	–	All
Cynthia Carroll	No	All	–	All	–	–
René Médori	No	All	–	–	–	–
David Challen	Yes	All	All	–	All	All
Sir CK Chow	Yes	All	–	–	All	All
Sir Philip Hampton	Yes	Five	All	–	All	–
Phuthuma Nhleko	Yes	All	All	–	–	–
Ray O'Rourke	Yes	All	All	All	–	–
Mamphela Ramphele[1]	Yes	1/4	–	1/3	–	1/3
Anne Stevens[2]	Yes	All	All	–	–	–
Jack Thompson	Yes	All	–	All	All	–
Peter Woicke	Yes	All	–	All	All	All

(1) Meetings attended prior to retirement.
(2) Meetings attended since appointment.

DIVERSITY

We continue to develop the mix of skills and experience on the Board. During the year, it included three female directors (achieving a 27% representation of women on the Board – excluding the chairman) and comprised individuals with engineering, banking, mining, telecoms, construction and automotive sector backgrounds, hailing from the US, UK, South Africa, France, Germany, Ireland and Hong Kong.

As the justifiable clamour for diversity on company boards intensifies, there is a risk that this comes to be seen as a mere compliance issue. It is not. Making sure we utilise all of the talent available to us, and fostering a mix of skills and backgrounds to provide challenge and different perspectives around the board table, is all about making better decisions in the interests of the Company.

As the justifiable clamour for diversity on company boards intensifies, there is a risk that this comes to be seen as a mere compliance issue. It is not.

The following sections of this report contain much information detailing our compliance with the Code. What I hope is also clear is our commitment to the spirit of the Code and our belief that good corporate governance is good business – that it is about making the best decisions we can, for the right reasons, in the long term interests of the Company.

Sir John Parker
Chairman

THE BOARD

CHAIRMAN

Sir John Parker
GBE, FREng, DSc (Eng), ScD (Hon), DSc (Hon), DUniv (Hon), FRINA

70, joined the Board as a non-executive director on 9 July 2009 and became chairman on 1 August 2009. Sir John is also chairman of the Nomination Committee and is a member of the Safety and Sustainable Development (S&SD) Committee.

He is a non-executive director of Carnival Corporation and EADS as well as deputy chairman of DP World. Sir John is also President of the Royal Academy of Engineering and a Visiting Fellow of the University of Oxford.

Sir John was previously chairman of National Grid plc, senior non-executive director and chair of the Court of the Bank of England, joint chair of Mondi and chair of BVT and P&O plc.

CHIEF EXECUTIVE

Cynthia Carroll
MSc, MBA, DSc (Hon)

56, was appointed CEO on 1 March 2007, having joined the Board on 15 January 2007. Cynthia 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 chairs Anglo American Platinum and De Beers. Cynthia is the former president and CEO of Alcan's Primary Metals Group and a former director of AngloGold Ashanti Ltd and Sara Lee Corporation.

In October 2012 Cynthia announced her decision to step down as CEO with effect from 3 April 2013. She will also step down from the Board at the AGM on 19 April 2013.

FINANCE DIRECTOR

René Médori
Doctorate in Economics

55, was appointed to the Board on 1 June 2005, becoming finance director on 1 September 2005. René is a member of GMC and ExCo and chairman of the Investment Committee. He is a non-executive director of Anglo American Platinum. René recently joined the board of Petrofac Limited as a non-executive director. He is a former finance director of The BOC Group plc and was a non-executive director of SSE plc (formerly Scottish and Southern Energy plc) until June 2012.

SENIOR INDEPENDENT DIRECTOR

David Challen
MA, MBA

69, 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 is currently chairman of the EMEA governance committee at Citigroup and senior non-executive director of Smiths Group plc. He is currently a 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.

NON-EXECUTIVE DIRECTORS

Sir CK Chow
DEng (Hon), CEng, FREng, HonFHKIE, FIChemE

62, was appointed to the Board on 15 April 2008 and is a member of the Nomination and Remuneration Committees. He is currently chairman of Hong Kong Exchanges and Clearing Limited and a non-executive director of AIA Group Limited.

Sir CK was appointed as a member of the Executive Council of the Hong Kong Special Administrative Region in July 2012. He is chairman of the Hong Kong General Chamber of Commerce, and was recently appointed chairman of the Advisory Committee on Corruption by the Hong Kong SAR Government. Between 2003 and 2011 he was CEO of the MTR Corporation in Hong Kong. Former positions include those of CEO 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
MA, ACA, MBA

59, 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 and brings to Anglo American significant financial, strategic and boardroom experience across a number of industries.

His previous appointments include chairman of J Sainsbury plc; finance director of Lloyds TSB Group plc, BT Group plc, BG Group plc, British Gas plc and British Steel plc, executive director of Lazards, and non-executive director of RMC Group plc and Belgacom SA.

Phuthuma Nhleko
BSc (Eng), MBA

52, joined the Board on 9 March 2011 and is a member of the Audit Committee. Phuthuma is also a non-executive director of BP plc and chairman of Pembani Group (Pty) Limited.

He previously served as a director on a number of boards in South Africa, including Nedbank Group, Alexander Forbes, Bidvest and Old Mutual (SA).

Ray O'Rourke
KBE, HonFREng, CEng, FICE, FIEI

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

Ray 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 is chairman and CEO.

Ray has a proven track record in delivering complex and large-scale projects around the world, mobilising large numbers of people with great success and applying leading project management practices. As a member of the S&SD Committee, he has a keen interest in safety.


Sir John Parker


Cynthia Carroll


René Médori


David Challen


Sir CK Chow


Sir Philip Hampton


Phuthuma Nhleko


Ray O'Rourke


Anne Stevens


Jack Thompson


Peter Woicke


Mark Cutifani
Incoming CEO


Byron Grote
Nominated independent non-executive director

Anne Stevens
PhD, BSc

64, joined the Board on 15 May 2012 and is a member of the Audit Committee. She has served on the board of Lockheed Martin Corporation as a non-executive director since 2002 and is also the chairman and CEO of a privately held IT services business, SA IT.

Anne's 16-year career with Ford Motor Company culminated in her appointment as chief operating officer (COO) for the Americas, a position she held until 2006.

Prior to joining Ford in 1990, Anne spent ten years in a number of engineering, product development and sales and marketing roles at Exxon Chemical Co and three years as chairman and CEO of Carpenter Technology.

Anne brings a wealth of experience from a number of global industries. Her engineering training and wide-ranging commercial acumen and experience gained across North, Central and South America has strengthened the experience of the Board.

Jack Thompson
BSc, PhD

63, joined the Board on 16 November 2009 and is a member of the Remuneration and S&SD Committees. He will become chairman of the S&SD Committee upon the retirement of Peter Woicke in April 2013. He is currently a non-executive director of Molycorp Minerals LLC and Tidewater Inc.

Jack 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., Century Aluminum Co., Phelps Dodge Corp., Rinker Group Ltd. and Stillwater Mining.

Jack brings experience gained at all levels of the mining industry and has received wide recognition as a mining executive.

Peter Woicke
MBA

70, joined the Board on 1 January 2006, is chairman of the S&SD Committee and is a member of the Nomination and Remuneration Committees.

He is currently a member of the board of 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 was executive vice president of the International Finance Corporation (IFC). Prior to joining the IFC, Peter held numerous positions for nearly 30 years with J.P. Morgan and he was also a managing director of the World Bank.

Peter has indicated that he wishes to retire from the Board this year and accordingly will not be standing for re-election at the AGM in April.

INCOMING CEO

Mark Cutifani
BE (Mining Engineering)

54, has been appointed as a director and CEO with effect from 3 April 2013. Mark is currently CEO of AngloGold Ashanti Limited, a position he has held since 2007. Before joining AngloGold Ashanti, Mark was COO at Vale Inco where he was responsible for Vale's global nickel business. Prior to this he held senior executive positions with the Normandy Group, Sons of Gwalia, Western Mining Corporation, Kalgoorlie Consolidated Gold Mines and CRA (Rio Tinto).

Mark has over 35 years' experience of the mining industry across a wide range of geographies and commodities.

NOMINATED INDEPENDENT NON-EXECUTIVE DIRECTOR

Byron Grote
PhD Quantitative Analysis

64, is a non-executive director of Unilever NV and Unilever plc and a member of the Cornell University Johnson Graduate School of Management Advisory Council.

He joined The Standard Oil Company of Ohio in 1979 and in 1985 became director of planning for its mining subsidiary, Kennecott.

In 1988 Byron was appointed as commercial vice president for BP's Alaskan North Slope production activities. In 1989 he became commercial general manager of BP exploration, based in London, and then group treasurer and CEO of BP finance in 1992. In 1994 he took up the position of regional chief executive in Latin America. In 1995 Byron became deputy CEO of BP Exploration.

Following the merger of BP and Amoco in 1999, Byron was appointed executive vice president, exploration and production. He was appointed to the BP board in 2000 and he served for two years as CEO of BP Chemicals and then as BP's chief financial officer (CFO) from 2002 until 31 December 2011. He will retire from the board of BP in April 2013.

Byron has been nominated for election as a director at the AGM on 19 April 2013.

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

Cynthia Carroll
See page 92 for biographical details.

René Médori
See page 92 for biographical details.

Brian Beamish
BSc (Mechanical Engineering)
56, is Group director, mining and technology. He is a member of the S&SD and Investment Committees and is a non-executive director of Anglo American Platinum and De Beers. He was CEO of Base Metals between 2007 and 2009 and prior to this spent 20 years at Anglo American Platinum and its forerunner, Johannesburg Consolidated Investment Company Limited, including four years as executive director of operations between 1996 and 1999. Brian has more than 30 years of mining industry experience in various commodities and geographies.

Mervyn Walker
MA
53, is Group director, HR and corporate affairs. He is a solicitor by training and joined Anglo American in 2008 from Mondi, where he was group HR and legal director. He is currently also non-executive chairman of pension schemes for AMEC plc. Mervyn previously held a series of senior roles at British Airways, including HR director, legal director, director of purchasing and director of UK airports.

David Weston
MBA, BSc (Eng)
54, is Group director, business performance and projects. He is a member of the S&SD and Investment Committees. He spent 25 years with Shell and was president of Shell Canada Products before joining Anglo American in 2006 as CEO of Industrial Minerals (Tarmac). David served as the Group's technical director between April and October 2009. He is also a non-executive director of Kumba Iron Ore Ltd. and of GDF SUEZ Energy International (formerly International Power plc).


Cynthia Carroll


René Médori


Brian Beamish


Mervyn Walker


David Weston


Peter Whitcutt


Paulo Castellari-Porchia


Walter De Simoni


Ruben Fernandes


Seamus French


Godfrey Gomwe


Chris Griffith


Khanyisile Kweyama


John MacKenzie


Norman Mbazima


Philippe Mellier


Duncan Wanblad

Peter Whitcutt
BCom (Hons), CA (SA), MBA
47, is Group director, strategy and business development. He joined Anglo American in 1990 within the corporate finance division. He worked on the merger of Minorco with Anglo American, the listing of Anglo American in 1999 and the subsequent unwinding of the cross-holding with De Beers. Peter was appointed Group head of finance in 2003, CFO of Base Metals in August 2008 and to his present position in October 2009.

EXCO MEMBERS

Paulo Castellari-Porchia
BCom, MBA
42, is CEO of Iron Ore Brazil. He was previously CEO of Anglo American's Phosphates and Niobium businesses in Brazil and served in Anglo American's former Base Metals division. Paulo's career with the Group started in 1993 and has included positions at AngloGold Ashanti and Minorco in a number of corporate finance and capital project roles.

Walter De Simoni
BSc (Mining Eng)
57, is CEO of Nickel. Walter joined Anglo American in 1978. He was appointed president of Anglo Base Metals Brazil in 2005. Walter became CEO of Anglo American Brazil in 2006, a position he held until becoming CEO of Nickel in October 2009.

Ruben Fernandes
MSc (Metallurgical Engineering), MBA
47, was appointed CEO of Niobium and Phosphates in July 2012. Ruben was head of mining at Votorantim Metals in Brazil from 2011, in charge of projects, exploration activities around the world and operations in Peru and Colombia. He was COO at Vale Fertilizers from 2009, responsible for the fertiliser operations, sales and marketing. Ruben was CEO of Kaolin Companies – Pará Pigments and Cadam – two subsidiaries of Vale, from 2007, held various analysis and marketing roles in Vale's Base Metals department from 1999 and, prior to this, worked in Votorantim's zinc business and at Eletrometal Special Metals in Brazil.

Seamus French
BEng (Chemical)
50, is CEO of Metallurgical Coal. He joined WMC Resources in Australia in 1994, initially in a strategic planning and business development role and progressed to various operational management roles, gaining extensive experience in the gold and nickel businesses before advancing to the position of executive general manager Copper-Uranium division. Seamus joined BHP Billiton as global vice president, business excellence following its takeover of WMC in 2005. He was appointed regional CEO of Anglo Coal Australia in 2007, bringing strong skills in operations, safety and business improvement to the role.

Godfrey Gomwe
BAcc, CA (Z), MBL
57, was appointed CEO of Thermal Coal with effect from 1 September 2012. Godfrey is also responsible for Anglo American's manganese interests. He is a non-executive director of Thebe Investment Corporation (Pty) Ltd. Until his appointment as CEO of Thermal Coal, he was a non-executive director of Anglo American Platinum and Kumba Iron Ore. Godfrey was previously finance director and COO of Anglo American South Africa and chairman and CEO of Anglo American Zimbabwe.

Chris Griffith
BEng (Mining) Hons, Pr Eng
47, was appointed CEO of Anglo American Platinum Limited with effect from 1 September 2012. He was previously CEO of Kumba Iron Ore from 2008. Prior to this he was Anglo American Platinum's head of operations for joint ventures. Chris has been with Anglo American for more than two decades.

Khanyisile Kweyama
BS Administration (USA), PDM, MM Human Resources
47, was appointed executive director, Anglo American South Africa Limited with effect from 1 September 2012. Khanyisile formerly served on the executive committee of Platinum, during which time she enhanced HR programmes and significantly improved relations with unions and brought wage negotiations to a successful conclusion. She gained corporate experience in a number of international companies, including BMW, Altech and Barloworld Ltd, holding executive roles incorporating human resources, industrial relations, corporate affairs, stakeholder relations and transformation.

John MacKenzie
MSc Eng, MBL
44, is CEO of Copper. He joined the Anglo American Gold and Uranium Division in 1990 and was promoted to vice president of Anglo Coal, South American Operations in 1999. In 2004, he became general manager of the Minera Loma de Níquel operation in Venezuela. John was appointed CEO of Base Metals' zinc operations in 2006, and was appointed to his current position in 2009.

Norman Mbazima
FCCA, FZICA
54, was appointed CEO of Kumba Iron Ore with effect from 1 September 2012. He joined Anglo American in 2001 at Konkola Copper Mines plc. He was subsequently appointed global CFO for Anglo Coal. He became executive director of finance at Anglo American Platinum in June 2006 and later stepped in as joint acting CEO. Prior to this, Norman was CEO of Scaw Metals from May 2008 and later CEO of Thermal Coal from October 2009, a position he held until 2012.

Philippe Mellier
Msc Eng, MBA
57, was appointed CEO of De Beers Group in July 2011. He began his career in 1980 with the Ford Motor Company, where he occupied various senior management positions over 19 years. In 1999 Philippe joined Renault as a senior vice president in charge of European sales, and was a member of the management board. In 2001 he moved to Volvo AB to become chairman and CEO of Renault Trucks, and a member of the Volvo Group executive committee. In 2003, Philippe became president of Alstom Transport and was appointed executive vice president of Alstom Group a year later.

Duncan Wanblad
BSc (Eng) Mech, GDE (Eng Management)
46, is Group director, Other Mining and Industrial businesses. He began his career at Johannesburg Consolidated Investment Company Limited in 1990. He was appointed to the board of Anglo American Platinum in 2004. Duncan was appointed joint interim CEO of Anglo American Platinum in 2007, before taking over as CEO of Anglo American's copper operations in 2008. He was appointed to his current position in October 2009.

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, budgets and material expenditure). For the full list, please see the Company's website.

Every year the Board holds a two-day strategy meeting at which the non-executive directors (NEDs) contribute their expertise and independent perspective in developing the strategy of the Company.

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

The CEO is responsible for the execution of strategy and the day-to-day management of the Group, supported by the GMC and the ExCo, both of which are currently chaired by Cynthia Carroll. The functions and membership of GMC and ExCo are set out on pages 94–95.

The Company has adopted the Institute of Chartered Secretaries and Administrators' *Statement of Division of Responsibilities between the Chairman and the CEO*.

Role of the senior independent director

David Challen is the senior independent non-executive director (SID). 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 directors and eight NEDs, all of whom are independent according to the definition contained in the Code. Full biographical details for each director are given on pages 92–93. The letters of appointment of the NEDs (as well as the executive directors' service contracts) are available for inspection at the registered office of the Company.

None of the NEDs has served concurrently with an executive director for more than nine years. As David Challen has been on the Board for over six years his re-appointment is subject to particularly rigorous review. The Board believes that through his challenging and questioning of management he continues to display all of the qualities of independence pursuant to the criteria set out in the Code.

Board evaluation

An evaluation of the Board by an external facilitator, with no prior relationship with Anglo American, was completed in February 2012. This involved a series of one- to-one interviews with board members to gather views, and attendance at a Board meeting by the facilitator.

Overall, directors felt that the Board was functioning well. The composition and balance of the Board is good, and continues to develop. The frequency of meetings is appropriate, and they are well organised and well chaired, with an inclusive style encouraging open, healthy debate. It was agreed that finance and risk management, in particular, were well covered and that the chairman was very effective at communicating with external stakeholders – for example, investors and media.

There is always room for improvement of course, and the evaluation identified a number of areas where we could do even better. As ever, directors would like to have more time for strategic discussions, and for those discussions to be informed by more detail on strategic alternatives to the relevant investment/project under review. As part of the evaluation, directors raised a number of strategic questions to be addressed. It has been agreed that these will be scheduled into the Board's agenda for discussion over the coming 12 to 18 months – in addition to the annual two-day strategy meeting. Directors also suggested a number of areas that might be programmed into the Board's agenda to allow a deeper discussion, including: business unit (BU) presentations; competitor benchmarking; succession planning; retrospective review of major project decisions to establish key learnings; and external political and market updates.

In order to facilitate openness and constructive debate between our executive directors and NEDs, dinners are arranged for the day before each Board meeting. At these, directors are encouraged to raise issues in an informal setting. These dinners provide an opportunity, *inter alia*, to discuss the performance of management and to air subjects outside the confines of the boardroom in an informal and constructive manner. At every Board meeting, time is set aside for a NEDs only discussion. The Board receives regular governance updates from the company secretary highlighting developments in company law, corporate governance and best practice. Board papers are circulated one week before meetings – both electronically, via iPads, and in paper form. Members of the GMC attend all Board meetings.

Director training

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 Financial Services Authority (FSA), the Company's Articles, the 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 was significantly updated during 2012 and will continue to be updated periodically when appropriate.

As part of the directors' formal induction process, meetings are arranged with senior executives in order to develop a full understanding of the Anglo American Group. Training and briefings are also available to directors on appointment and throughout their tenure, 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 the Company's expense, although no such advice was sought during 2012. Regular presentations are made to the Board by BU management on the activities of operations.

The company secretary facilitates board training and during the year directors attended courses on, *inter alia*, corporate governance, strategy, compliance, current audit and remuneration committee issues and general director duties and responsibilities. The directors are given the opportunity to discuss their development needs with the chairman during individual feedback meetings.

Dealing with conflicts of interest

If directors become aware that they have a direct or indirect interest in an existing or proposed transaction with Anglo American, they 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. During 2012 Mr Nhleko recused himself from a discussion on an item of business where there was a potential conflict of interest. In accordance with the Company's Articles and relevant legislation, a quorum of the Board, which does not include the director with the potential conflict of interest, can authorise potential conflicts of interest and such authorisations can be limited in scope and are reviewed on an annual basis. During the year under review, the conflicts register was updated and the conflict management procedures were adhered to and operated effectively.

BOARD VISIT TO BRAZIL: OCTOBER 2012

Directors and executives during the course of the visit to the Minas-Rio Project in October 2012.

BOARD IN ACTION

Directors undertake regular visits to operations and projects and, in 2012, operations and projects in Brazil and Alaska were visited.

BOARD VISIT TO BRAZIL

In October 2012 the Board met in Brazil. Directors took the opportunity to meet with the Governor of the State of Minas Gerais and other state politicians.

Directors then visited the project, touring the beneficiation plant and the pipeline as well as the local SENAI training centre funded by Anglo American.

During the course of the visit, the Board received detailed presentations from the management of the Minas-Rio Project.

NEDs' fact finding trips

Some of the NEDs attended meetings in Alaska with Anglo American employees, the Alaskan government and local communities involved in the Pebble Project. Some also visited the Niobium and Phosphate operations in Brazil following the Board meeting that was held there.

COMMUNICATING WITH OUR INVESTORS

The Company maintains an active engagement with its key financial audiences, including institutional shareholders and sell-side analysts, as well as potential shareholders. The Investor Relations department manages the interaction 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. A schedule of investor relations activities carried out during 2012 is shown on the following page.

Investor relations activities timeline 2012

January	23 January	**Chairman shareholder meeting**
February	17 February	**Financial results webcast and analyst roundtable**
	17 February	**Preliminary financial results**
	w/c 20 February	**Roadshow:** CFO – London & Edinburgh
	w/c 20 February	**Roadshow:** CEO & BU Heads – London, videoconference to Cape Town, Johannesburg & Boston
	27–28 February	**Broker conference:** Investor relations – Florida
March	01 March	**Roadshow:** CFO – Johannesburg
	08 March	**Broker conference:** Investor relations – London
	14 March	**Chairman shareholder meeting**
	14 & 20 March	**Roadshow:** Chairman – London
	20 March	**Chairman shareholder meeting**
	21 March	**Broker conference:** Investor relations – London
	22 March	**Sales briefing:** CFO – London
	23 March	**Broker reverse roadshow:** Investor relations – London
	26 March	**Broker reverse roadshow:** Investor relations – London
April	04 April	**Sales briefing:** Investor relations – London
	19 April	**AGM:** – London
	20 April	**Roadshow:** Investor relations – Frankfurt
	30 April	**Broker reverse roadshow:** Investor relations – London
May	10 May	**Broker conference:** Investor relations – Milan
	15–17 May	**Broker conference:** CEO – Miami
	16 May	**Sales briefing:** CFO – London
	25 May	**Roadshow:** CFO – Paris
June	06 June	**Chairman shareholder meeting**
	08 June	**Roadshow:** BU Head – Boston
	12 June	**Informal gathering:** Board & ExCo – London
	14 June	**Investor day webcast (Coal)**
	19 June	**Chairman shareholder meeting**
	19 June	**Roadshow:** Chairman – Johannesburg
	21–26 June	**Roadshow:** CFO – East & West Coast US
	27 June	**Chairman shareholder meeting**
July	02–04 July	**Roadshow: CFO – Singapore**
	27 July	**Interim financial results**
	27 July	**Interim financial results webcast and roundtable**
August		
September	06–18 September	**Roadshow:** CEO – London, Edinburgh, Boston, Cape Town, Johannesburg
	14 September	**Roadshow:** CFO – London
	17 September	**Sales briefing:** CFO – London
	19 September	**Broker conference:** Investor relations – London
	20 September	**Sales briefing:** CFO – London
	21 September	**Roadshow meetings:** Investor relations – VCs to Japan
	24 September	**Roadshow:** CEO – New York
October	01–03 October	**Roadshow:** Investor relations – Chicago & Canada
	09 October	**Sales briefing:** CEO – London
	29–30 October	**Roadshow:** Investor relations – Benelux
November	07 November	**Broker conference:** Investor relations – London
	09 November	**Chairman shareholder meeting**
	14 November	**Broker conference:** CFO – London
	15 November	**Broker reverse roadshow:** Investor relations – London
	16 November	**Roadshow:** CFO – Paris
	30 November	**Investor Day webcast (Diamonds)**

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, the US and Asia Pacific to communicate the strategy and performance of Anglo American. Executive directors as well as key executives, including business unit heads, host such presentations, which include seminars for investors and analysts and one-on-one meetings. Throughout the year, executive management also presents at industry conferences that are mainly organised by investment banks for their institutional investor base. During 2012, the chairman attended investor roadshows in London and Cape Town. David Challen, in his capacity as the SID, works closely with the chairman to maintain his understanding of the issues and concerns of major shareholders. The chairman, SID and other NEDs are also available to shareholders to discuss any matter they wish to raise. The Company's website provides the latest news and historical financial information, details about forthcoming events for shareholders and analysts, and other information regarding Anglo American.

BOARD COMMITTEES

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees – the Safety and Sustainable Development, Remuneration, Nomination 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.

SAFETY AND SUSTAINABLE DEVELOPMENT (S&SD) COMMITTEE

Peter Woicke
Chairman, S&SD Committee

Composition

- Peter Woicke – chairman
- Brian Beamish
- Cynthia Carroll
- Ray O'Rourke
- Sir John Parker
- Jack Thompson
- David Weston

In addition to the members, Committee meetings are attended by business unit CEOs, S&SD and corporate affairs functional specialists from across the Group, all of whom participate actively in the Committee's discussions.

"Since joining the S&SD Committee in 2007, I have witnessed a step change in the attitude to safety and sustainable development throughout the Group."

Peter Woicke
Chairman, S&SD Committee

Role and responsibilities

- Reviewing the development of framework policies and guidelines for the management of sustainable development and socio-political risks, including safety, health and environment
- Reviewing the performance of the Company and the progressive implementation of its S&SD and corporate affairs policies
- Receiving reports covering matters relating to material S&SD risks and liabilities
- Monitoring key indicators and learning from incidents and, where appropriate, ensuring they are communicated throughout the Group
- Considering material national and international regulatory and technical developments in the field of S&SD management.

Committee discussions in 2012

- At each meeting, the Committee reviewed and discussed a quarterly report covering the Group's performance across a range of S&SD areas, including safety, occupational health, HIV/AIDS, energy and water usage and social performance
- Sadly, 13 colleagues lost their lives in work-related incidents during the year. The Committee received a detailed account of each fatal incident from the relevant BU CEO, together with the related management response
- BU CEOs present to the Committee on all aspects of their units' S&SD performance on a rotational basis. During 2012, the Committee received reports from Kumba Iron Ore, Thermal Coal, Phosphates and Niobium, Exploration, Iron Ore Brazil and Nickel
- The Committee discussed a range of topics related to its oversight of S&SD risks, including methane and explosive dust control, slope stability, tailings risk and shaft integrity
- In recent years, the Committee has invited its NGO partners, and other third parties with S&SD expertise, to give briefings on areas of interest and to provide a valuable external perspective on the Group's performance and progress. In 2012 the Committee welcomed presentations from CARE International on its health and education work in partnership with Anglo American, and from PricewaterhouseCoopers on the results of their annual audit of the Group's sustainable development reporting.

REMUNERATION COMMITTEE

Sir Philip Hampton
Chairman,
Remuneration
Committee

Composition

In compliance with the Code, the Committee comprises only independent non-executive directors:

- Sir Philip Hampton – chairman
- David Challen
- Sir CK Chow
- Jack Thompson
- Peter Woicke

"It is the role of the Remuneration Committee to ensure that the remuneration arrangements for executive directors offer every encouragement to enhance the Company's performance and deliver our strategy – responsibly."

Sir Philip Hampton
Chairman,
Remuneration
Committee

Role 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.

Committee discussions in 2012

In February 2012, the Committee:

- Reviewed executive director personal key performance indicators for 2012 and Company financial and safety targets to ensure alignment with Company strategy
- Discussed with the Company chairman and CEO respectively, the CEO's and finance director's performance in 2011 to adjudicate on bonus outcomes
- Approved a proposal that a dividend equivalent be paid on shares vesting under Long-Term Investment Plan (LTIP) awards from the 2012 award onwards
- Reviewed executive directors' shareholdings in the Company prior to 2012 share awards being made
- Discussed the Department of Business Innovation and Skills' (BIS) proposals that were announced on 23 January.

In April 2012, the Committee:

- Formally confirmed the vesting of 2009 Bonus Share Plan (BSP) and LTIP awards and the granting of 2012 BSP and LTIP awards
- Reviewed the proposal for asset optimisation and supply chain targets for the 2012 LTIP award
- Discussed investor feedback on executive remuneration prior to the vote on the Directors' Remuneration Report
- Discussed the further consultation launched by BIS in March.

In June 2012, the Committee:

- Set the asset optimisation and supply chain targets for the 2012 LTIP award
- Reviewed corporate governance issues in the previous quarter and major issues arising from the main AGM voting season.

In December 2012, the Committee:

- Reviewed directors' salaries, taking into account the general salary review for the broader employee population
- Considered GMC and ExCo remuneration elements and performance contracts for 2013
- Discussed the early adoption of the BIS proposals and reviewed the impact of them on the Remuneration Report for 2012
- Reviewed its terms of reference
- Reviewed corporate governance issues that had arisen since the previous meeting.

NOMINATION COMMITTEE

Sir John Parker
Chairman, Nomination Committee

Composition

Compliant with the Code:
- Sir John Parker – chairman
- David Challen
- Sir CK Chow
- Peter Woicke

"The Nomination Committee's aim is to enhance the current diversity of the Board by identifying and nominating suitably qualified candidates."

Sir John Parker
Chairman, Nomination Committee

Role 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 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 directors and NEDs, with the aim of cultivating a board with the appropriate mix of skills, experience, independence and knowledge of the Company;
- Ensuring that the HR function of the Group regularly reviews and updates the succession plans of directors and senior managers.

Diversity policy

To increase the representation of women on the Board (excluding the chairman) from 20% to about 30% by 2013. In 2012 the representation of women on the Company's Board (excluding the chairman) reached 27%. With the resignation of Dr Ramphele in July 2012, this fell to 20%.

Committee discussions in 2012

- Following extensive research into potential candidates, Anne Stevens was appointed in May 2012;
- The Board received biannual presentations from the Group director, HR and corporate affairs. These presentations dealt with succession management at ExCo level and long term talent management across the Group;
- Following the October 2012 announcement that Cynthia Carroll would be standing down as CEO of the Company, the Committee immediately set in motion the process to identify a successor, resulting in the appointment of Mark Cutifani;
- The Committee initiated a search for a further non-executive director to join the Board and the Audit Committee with the intention that the appointee will succeed David Challen as chairman of the Audit Committee;
- Following an extensive search, Byron Grote was identified by the Committee and has been nominated by the Board for election at the AGM on 19 April 2013.

AUDIT COMMITTEE

David Challen
Chairman, Audit Committee

Composition

Compliant with the Code and comprises only independent non-executive directors:
- David Challen – chairman
- Sir Philip Hampton
- Phuthuma Nhleko
- Ray O'Rourke
- Anne Stevens

"The Audit Committee plays a pivotal role in ensuring high standards of corporate governance and provides assurance to the Board on its reports to shareholders."

David Challen
Chairman, Audit Committee

Role 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.

Committee discussions in 2012

At the February 2012 meeting the Committee:
- Reviewed and approved the 2011 year end results, accounting matters and press release subject to comments from the Committee to improve the disclosures;
- Reviewed the accounting treatment and disclosure in connection with the option for the Chilean state-owned entity, Codelco, to buy a stake up to 49% in Anglo American Sur. The Committee approved the accounting treatment and disclosure following the discussion with management and the external auditors;
- Discussed the external auditors' report that included comments on internal control findings, a statement on their independence and objectivity and compliance with the Audit Practices Board ethical standards and the letter of representation. The Committee noted the report;
- Reviewed a report on the Group's ore reserves and mineral resources. Significant changes in the statements from prior years were highlighted and discussed along with the three-year audit plan conducted by independent third-party auditors;
- Noted and approved the register of non-audit assignments conducted by the external auditors in 2011;

- Received a report regarding internal audit, including the results of internal audit work and whistleblowing activity in 2011;
- Reviewed and approved a paper on the Group's insurance arrangements and approach for 2012.

At the July 2012 meeting the Committee:

- Received a report from management on significant accounting issues for the six-month period ending 30 June 2012, including the accounting treatment of the Codelco option;
- Reviewed and discussed the 2012 interim results and disclosures. The Committee provided various comments on the disclosures;
- Reviewed a report from the external auditors, their management letter highlighting internal control findings from the 2011 audit and the draft letter of representation;
- Reviewed and approved the register of non-audit assignments undertaken by the external auditors in the period to 30 June 2012. The committee also approved changes to the policy covering the provision of non-audit services by the external auditors;
- Received a report on the work of the internal auditors to 30 June 2012;
- Received and discussed a report covering the key risks facing the Group and each of its business units based on the output of risk management work undertaken by management. The Committee noted and approved the report;
- Received an update on the review of the Group's insurance arrangements and noted the new structure in place for insurance of the Group's assets and business interruption exposures;
- Reviewed the process undertaken by management to assess the external auditors' independence, objectivity and effectiveness during the 2011 audit. The Committee noted that Deloitte LLP had conducted the audit effectively in an independent and objective manner.

At the December 2012 meeting the Committee:

- Reviewed the significant audit and accounting items for the 2012 year end. This included the process for reviewing the valuation of the Minas-Rio project, the accounting implications of the Platinum structure review and the accounting treatment for De Beers;
- Approved the external auditors' terms of engagement, scope of work, the process for the annual audit, the applicable levels of materiality and the audit fee for 2012. The Committee noted the key audit risks highlighted by the external auditors;
- Approved the internal audit plan for 2013 having reviewed the plan and the process of how it is generated. The Committee satisfied itself that the plan was risk-based in its design;
- Discussed and reviewed significant changes to the Group's risk profile and approved the 2013 integrated risk management plan;
- Discussed the responsibilities of the Committee arising from the changes to the Code following a review and consultation process undertaken by the FRC in 2012. The Committee reviewed its terms of reference considering changes to the Code that relate to the role of audit committees and concluded the current terms of reference were broad enough to cover the changes. No amendments were therefore made.

AUDIT COMMITTEE REPORT

ENSURING INDEPENDENCE OF THE EXTERNAL AUDITORS

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 that:

- 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 and was updated during 2012. 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

- 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. The audit engagement partner was appointed in 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, whether in their professional judgement, 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 auditors' independence.
- An annual assessment is undertaken of the auditors' effectiveness, independence and objectivity. The effectiveness assessment involves a review, with the senior finance managers in each of the business units and relevant corporate functions, of the audit process, including the planning, execution and reporting activities along with an assessment of the quality, quantity and leadership of each of the external audit teams involved in the audit. Any improvement opportunities identified are discussed with the external auditors. The independence and objectivity assessment is conducted by a review of compliance with the policies in place in the Group and within the external auditors to maintain independence and objectivity. The results of the review are shared with the Audit Committee.

Conclusions of the Audit Committee for 2012

The Audit Committee has satisfied itself that the UK 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 2012 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 152.

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 a review conducted by management, the Committee has concluded that the external auditors' independence was not impaired.

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.

Audit Committee actions in 2013

During 2013 the Audit Committee will continue its role in monitoring the integrity of the financial statements and reviewing the effectiveness of the Company's internal control and risk-management systems. An item of key interest to the Audit Committee will be to satisfy itself that the risk and audit processes within De Beers are fully integrated into Anglo American as appropriate.

Consideration given to the appointment of the external auditors

The appointment of Deloitte LLP as the Group's external auditors (incumbents since the listing of Anglo American 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 2014. Resolutions to authorise the Board to re-appoint and determine the remuneration of Deloitte LLP will be proposed at the AGM on 19 April 2013.

The role of 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 with 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 have been 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 2012, 440 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. During 2013 the internal audit resources in De Beers will be integrated into the Anglo American team and will adopt a consistent approach to internal audit work.

Assessment of the 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. Please see pages 48–53 for further information on the key risk factors Anglo American is exposed to. Where appropriate, necessary action has been or is being taken to remedy any failings or weakness identified as a result of the review of the effectiveness of the internal control system.

Obtaining assurance on the internal control environment

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.

Whistle-blowing programme

The Group has had a whistle-blowing programme in place for a number of years in all its managed operations. This facility operates in addition to a standardised Group-wide stakeholder complaints and grievance procedure that is operated at all managed operations (see the 2012 Sustainable Development Report for more details). The whistle-blowing 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 2012, 332 reports were received via the global 'Speakup' facility, covering a broad spectrum of concerns, including:

- Ethical
- Criminal
- Supplier relationships
- Health and safety
- HR 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.

Risk management at Anglo American

The Board's policy on risk management encompasses all significant business risks to the Group, including:

- Financial risk
- Operational, including safety, technical, fraud and corruption risk
- Compliance risk

that 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 2012, more than 135 separate risk assessment workshops were conducted reviewing:

- Risk in business unit strategies
- Risks to achieving mine or business plans
- Risks in capital projects
- Risks to key change programmes, including the integration of De Beers.

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, 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 48–53, 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 Audit Committee, 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 2012.

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 CEO'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 134, 136 and 137. As referred to in the directors' report, the directors have expressed their view that Anglo American's business is a going concern.

Business integrity

During 2012 we continued to implement the necessary procedures to ensure that our Business Integrity policy operates effectively across the Group and minimises the risk of bribery as far as possible. We have now trained more than 3,500 managers through workshops in the business units and developed supplementary online training. During the year we developed enhanced guidelines regarding acceptance and provision of gifts and entertainment and provided specific guidance on due diligence procedures for transactions where risks are considered higher. We updated our assessment of the risks of bribery and corruption in each of our businesses, taking into consideration external and internal factors and identified action plans for implementation based on those risk assessments. We applied a due diligence process in individual transactions to identify necessary actions that mitigate risk of bribery in those transactions.

During 2013 we will continue to develop our procedures and obtain assurance that they are being implemented as we expect across the Group.

REMUNERATION REPORT OF THE DIRECTORS

Sir Philip Hampton
Chairman of the Remuneration Committee

"It is the role of the Company's Remuneration Committee to ensure that the remuneration arrangements for executive directors offer every encouragement to enhance the Company's performance and deliver our strategy – responsibly."

IN THIS SECTION

1. INTRODUCTORY LETTER

Dear Shareholder,
It is the role of the Company's Remuneration Committee to ensure that the remuneration arrangements for executive directors and other members of the Executive Committee offer every encouragement to enhance the Company's performance and deliver our strategy – responsibly. We also need to ensure that the actual rewards received by the executive directors are proportionate to the levels of performance achieved and the returns received by you as shareholders. As a Committee, we therefore give full consideration to the Company's priorities, its performance, your interests and the interests of the wider communities we touch.

To help us clearly explain what our executive remuneration arrangements are and what rewards have been received over the past year and why, we have decided to adopt many of the changes being proposed by the UK Government to the reporting of directors' remuneration a year earlier than required. The contents of our new form of report are set out on the left and the new 'Single Figure' is shown in Figure 13 on page 119.

As the chief executive reported in her introduction to this year's Annual Report, the current volatility in commodity prices is affecting the Company's short-term earnings but the Company continues to make progress towards sustainable growth over the mid to long-term. These challenges and successes are reflected in the remuneration received by executive directors for 2012.

- The significant drop in the Company's earnings in 2012 means that no bonus was payable to executive directors in respect of earnings performance. The bonus amount that was earned reflects management action taken in weak market conditions and the successful delivery of key strategic operational priorities.

For more information **go to section 3.2**

- The drop in earnings also means that, of the Enhancement Shares initially awarded in 2010, none vested at the end of 2012, as the required three-year earnings growth was not achieved.

For more information **go to section 3.3**

- The success over the last three years of the Company's longer-term efficiency programmes means that around half the LTIP awards initially granted to executive directors in 2010 are likely to vest. The other half will not vest as the full value of these savings have yet to be returned to you as shareholders in the form of superior TSR.

For more information **go to section 3.4**

- With respect to 2012 there are two aspects of our remuneration arrangements that I would like to highlight:
  - The Committee decided to remove the opportunity for executive directors to defer future additional amounts of bonus into shares and to receive correspondingly higher awards of Enhancement Shares; and
  - The Chairman voluntarily waived the increase in his fee level that was due to take effect from August 2012. There has, therefore, been no increase to his fees taken since joining the Company in 2009.

Investors will be aware from the announcement on 8 January that Cynthia Carroll will step down from the Board at the Company's Annual General Meeting in April 2013 and will leave Anglo American at the end of that month. She will be succeeded as chief executive by Mark Cutifani whose appointment will take effect from 3 April 2013. The details of Mr Cutifani's remuneration package and Mrs Carroll's termination arrangements can be found on page 125 of this report.

With the advent of a new chief executive, the Committee intends to review the performance measures for the Company's incentive plans during 2013, to ensure that they remain aligned with Company strategy and are sufficiently stretching. We will of course consult with shareholders before making any changes.

We hope you find the new form of report helpful and look forward to your feedback.

Sir Philip Hampton
Remuneration Committee Chairman

2. POLICY ON DIRECTOR REMUNERATION

2.1 Remuneration policy

Figures 1 and 2 summarise key aspects of the Company's remuneration policy for executive and non-executive directors from 1 January 2013. This policy remains unchanged from 2012, except as highlighted below. Further details on the Company's arrangements are contained in Parts 3 and 4 of this report.

Figure 1: Key aspects of the remuneration policy for executive directors

	Purpose	Maximum opportunity	Operation
Overall remuneration	To recruit and retain high-calibre executives and encourage them to enhance the Company's performance, responsibly, in line with the Company's strategy and shareholder interests	Levels for individual pay elements are set out below Section 2.3 sets out the total opportunity levels for executive directors under different scenarios of Company performance	The Committee reviews the structure of the executive directors' arrangements every few years and otherwise as required Remuneration levels are reviewed annually to ensure they remain competitive with reference to median levels in relevant FTSE 50 and global extractive companies
Basic salary	To recruit and retain high-calibre executives	There is no prescribed maximum annual increase. The Committee is guided by the general increase for the broader UK employee population but on occasions may need to recognise, for example, development in role, change in responsibility, and/or specific retention issues	Basic salary levels are reviewed annually by the Committee, taking account of Company performance, individual performance, changes in responsibility and levels of increase for the broader UK population Reference is also made to median levels within relevant FTSE 50 and global extractive companies, as mentioned above The Committee considers the impact of any basic salary increase on the total remuneration package
Bonus Share Plan (BSP)	To encourage and reward delivery of the Company's strategic priorities To help ensure, through the share-based elements, that any resulting performance is sustained over the longer-term in line with shareholder interests	**Cash award** Maximum award: 87.5% of salary Performance measures: 50% – earnings per share (EPS) 50% – individual objectives linked to the Company's strategic priorities Safety (loss of life and Lost Time Injury Frequency Rate) Performance period: 1 year **Bonus Shares** Maximum award: 87.5% of salary Annual performance measures and period: as for the cash award Further holding period: 3 years **Enhancement Shares** Maximum award: 75% of Bonus Shares (65.6% of salary) Performance measure: Real EPS growth Performance period: 3 years	There are three elements to the BSP: • A performance-related cash element, payable after the end of the relevant financial year • A performance-related share element, in the form of a conditional award of Bonus Shares made after the end of the relevant financial year with a value equal to the cash element and vesting subject to a further three-year holding period • An additional performance-related element, in the form of Enhancement Shares granted after the end of the financial year to a face value of 75% of the Bonus Shares The Committee reviews the BSP measures annually to ensure they remain appropriate BSP targets are reviewed at the same time to ensure they are demanding yet realistic, given latest company strategy, prior performance, and external expectations Dividends are payable on the Bonus Shares during the holding period The Committee is able to claw back any unvested Bonus and Enhancement Shares in the event of a material misstatement in the Company's results Change for 2013: In response to investor views, the Committee has decided to remove the opportunity for executives to voluntarily elect to defer up to 50% of the cash element into Bonus Shares
Long-Term Incentive Plan (LTIP)	To encourage and reward significant and sustained operating efficiencies and the delivery of superior shareholder returns, in line with shareholder interests	**Maximum award** 350% of salary (received by the chief executive only) **Performance measures** 50%: Total shareholder returns (TSR) 50%: Asset Optimisation and Supply Chain (AOSC) **Performance period** 3 years	The Committee makes an annual conditional award of shares to each executive director Prior to grant the Committee reviews the performance targets for each measure to ensure they remain sufficiently stretching Dividend equivalents are paid on any shares that vest The Committee is able to claw back any unvested grant (or future grants) in the event of a material misstatement in the Company's results The LTIP performance measures will be reviewed once the new chief executive has assumed his duties. On the basis that the review is completed before the end of the financial year the Committee reserves the right to apply any new measures retrospectively to the 2013 award

	Purpose	Maximum opportunity	Operation
Pension	To offer market-competitive levels of benefit	**Company contribution:** 30% of basic salary	Executive directors participate in defined contribution pension arrangements Prior to 6 April 2011, executive directors had the option of all or part of their employer-funded defined contribution arrangements to be paid into an unregistered retirement benefits scheme (an EFRBS). Since 6 April 2011, executive directors have the option for all or part of these contributions to be treated as if paid to an unregistered unfunded retirement benefit scheme (an UURBS) The Committee is prepared to consider requests from executive directors for a pension allowance to be paid in place of defined contribution arrangements
Other benefits	To provide market-competitive benefits	Not pre-determined	The Company provides: • Car allowance • Medical insurance • Death and disability insurance • Limited personal taxation and financial advice • One club membership • Access to company car and driver, as required • Other ancillary benefits, including attendance at relevant public events Executive directors are entitled to 28 days' leave per annum and may only carry over 8 days from one leave year to the next (up to a maximum balance of 20 days). The Company buys out any accumulated leave in excess of 20 days
All-employee share plans	To offer all UK-based employees the opportunity to build a shareholding in a tax-efficient way	**Maximum SAYE saving:** £3,000 pa, with which all employees have the option to buy Company shares at a 20% discount **Maximum SIP investment:** £1,500 pa to purchase Company shares, with the potential for a 1:1 matching award from the Company and, from time to time, a limited number of free shares	UK-based executive directors are eligible to participate in the Company's Save As You Earn (SAYE) scheme and Share Incentive Plan (SIP)
Recruitment and promotion arrangements	To secure the appointment and promotion of high-calibre executives	Not pre-determined	For external appointments the Committee may offer additional cash and/or share-based elements when it considers these to be in the best interests of the Company (and therefore shareholders). Such payments would take account of remuneration relinquished when leaving the former employer and would reflect the nature, time horizons and performance requirements attaching to that remuneration. Shareholders will be informed of any such payments at the time of appointment. The Company has retained its Discretionary Option Plan to use in such circumstances, if appropriate For an internal appointment, any variable pay element awarded in respect of the prior role may be allowed to pay out according to its terms, adjusted as relevant to take into account the appointment. In addition, any other ongoing remuneration obligations existing prior to appointment may continue, provided that they are put to shareholders for approval at the earliest opportunity For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate

Figure 1: Key aspects of the remuneration policy for executive directors continued

	Purpose	Maximum opportunity	Operation
Retention arrangements	To allow the Company to retain top executive talent	Not pre-determined	The Committee may make one-off share based awards to executive directors in exceptional circumstances (such as where an acute retention risk is present) The Committee will only make such an award if it is considered to be the most effective mitigation against such a risk and if it is deemed to be in the long-term interests of the Company (and shareholders) to do so Any such awards would vest subject to continuing employment and could have performance conditions attaching to them should the Committee consider these to be appropriate The Committee has no plans to make any such awards at this time

Figure 2: Key aspects of the remuneration policy for non-executive directors

	Purpose	Maximum opportunity	Operation
Chairman – Fees	To attract and retain a high-calibre chairman by offering a market-competitive fee level	**Current fee of chairman:** £650,000	The chairman is paid a single fee for all his responsibilities The level of these fees is reviewed every two to three years by the Committee and chief executive, with reference to UK market levels (FTSE 30 companies) and a recommendation is then made to the Board (in the absence of the Chairman). The Chairman voluntarily waived the increase to his fee level that was due to take effect in August 2012 Fees are paid in cash with the flexibility to forgo all or part of the net fees in exchange for shares in the Company In 2009 (on appointment) and in 2011 the Chairman was granted shares in the Company which he committed to match with his personal funds. These shares will be released after three years subject to continued chairmanship
Chairman – Other benefits	To provide market-competitive benefits		Reasonable use of a car and driver Medical insurance
Non-executive directors – Fees	To attract and retain high-calibre non-executive directors by offering market-competitive fees	**Basic fee:** £80,000 pa **Additional fees:** Senior Independent Director: £25,000 pa **Committee chairman:** £25,000 pa (except Nomination Committee chairman: £12,500) These fees will next be reviewed in December 2013	The non-executives are paid a basic fee. The chairmen of the main board committees and the senior independent director are paid an additional fee to reflect their extra responsibilities These fee levels are reviewed every few years by the Chairman and executive directors, with reference to UK market levels, and a recommendation is then made to the Board Fees are paid in cash with the flexibility to forgo all or part of the net fees to acquire shares in the Company

2.2 Supplementary information

The Company has additional guidance for executive directors on shareholding targets and external and internal directorships.

Shareholding targets

Within five years of appointment, executive directors are expected to hold Company shares with a value of two times basic salary for the chief executive and one and a half times basic salary for other executive directors. The Committee takes into consideration achievement against these targets when making grants under the Company's various long-term incentive plans.

External directorships

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 only one such appointment.

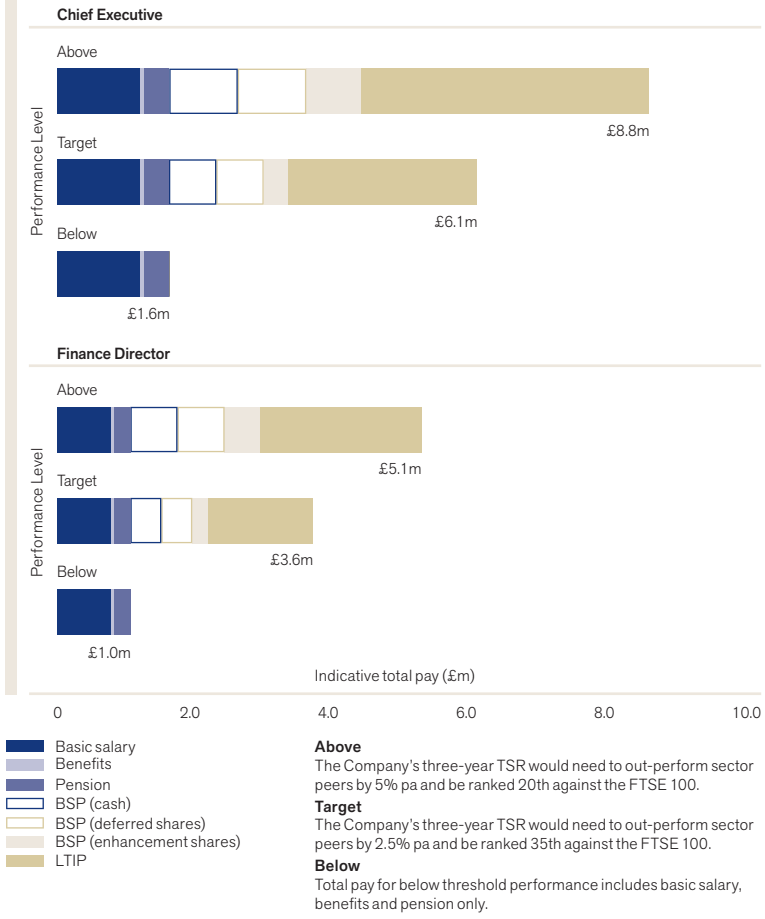
Internal directorships

Any fees earned through internal directorships must be ceded to the Company.

In addition:

- The remuneration provisions within the service contracts for Cynthia Carroll and René Médori are consistent with the policy outlined in Figure 1 above and in Figure 4 (termination provisions).
- The remuneration arrangements for the executive directors outlined in Figure 1 are consistent with those for other executives serving on the Group Management Committee and the Executive Committee, although opportunity levels vary.
- The performance conditions attaching to the longer-term incentive arrangements for executive directors were chosen to ensure alignment with the Company's strategic objective of operating efficiency (AOSC – LTIP) and with the returns being delivered to shareholders (TSR – LTIP) or the funding of those returns (real EPS growth – BSP Enhancement Shares).

Figure 3: Executive director total remuneration at different levels of performance



Above
The Company's three-year TSR would need to out-perform sector peers by 5% pa and be ranked 20th against the FTSE 100.

Target
The Company's three-year TSR would need to out-perform sector peers by 2.5% pa and be ranked 35th against the FTSE 100.

Below
Total pay for below threshold performance includes basic salary, benefits and pension only.

(1) Charts have not been included for the non-executive directors as their fees are fixed and do not vary with performance.
(2) Share price movement and dividend accrual have been excluded from all figures.
(3) Participation in the SAYE and SIP has been excluded given the relative size of the opportunity levels.
(4) Total pay for above target performance comprises basic salary, benefits, pension, 100% of maximum bonus opportunity (50% of which is deferred into Bonus Shares), a 0.75 for 1 match of Enhancement Shares (100% of maximum) and 100% of maximum LTIP opportunity. For this level of pay, three-year EPS growth would need to be RPI+15% or higher and the Company's three-year TSR would need to out-perform sector peers by 5% pa and be ranked 20th or higher against the FTSE 100.
(5) Total pay for target performance comprises basic salary, benefits, pension, 65% of maximum bonus opportunity (50% of which is deferred into Bonus Shares), a 0.5 for 1 match of Enhancement Shares (i.e. 67% of maximum) and 65% of maximum LTIP opportunity. For this level of pay, three-year EPS growth would need to be RPI+11.4%, the Company's three-year TSR would need to out-perform sector peers by 2.5% pa and be ranked 35th against the FTSE 100.
(6) Total pay for below threshold performance comprises basic salary, benefits and pension only.

2.3 Indicative total remuneration levels

The Company's policy results in a significant portion of remuneration received by executive directors being dependent on Company performance. Figure 3 illustrates how the total pay opportunities for the current chief executive and the finance director vary under three different performance scenarios: above, target and below. These charts are indicative as share price movement and dividend accrual have been excluded. All assumptions made are noted below the charts.

2.4 Service agreements and termination

2.4.1 Executive directors

Cynthia Carroll and René Médori are employed by Anglo American Services (UK) Ltd. The service agreements for both can be terminated at 12 months' notice by either party, in line with the Company's policy that the period of notice for executive directors should not exceed 12 months, except on appointment, when the Committee may agree an extended Company notice period only for the first year following appointment.

Figure 4 sets out key provisions relating to termination of employment from the executive directors' service agreements and from the incentive plan rules. It also sets out key provisions relating to change of control, where there is no termination. There are no provisions for enhanced payments in the event of a change of control of the Company.

2.4.2 Non-executive directors

All non-executive directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. The Chairman's appointment may be terminated by the Company with six months' notice. The appointment letters for the Chairman and non-executive directors provide that no compensation is payable on termination, other than accrued fees and expenses.

Figure 4: Executive director contractual provisions relating to termination of employment and change of control

Service agreement provisions relating to termination	**Salary and benefits** The period of notice for both executive directors is 12 months. Should Cynthia Carroll not be required to work her full notice, Anglo American Services is able to discharge its liability for the unexpired portion of her notice period by making a payment in lieu of her salary and other contractual benefits; in the case of René Médori, whose contract dates from 2005, the payment would also include a pro-rated bonus The contracts of executive directors do not provide for liquidated damages
Incentive plan provisions relating to termination	**Annual bonus** For 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) **Bonus Shares and Enhancement Shares** If an executive director resigns voluntarily before the end of the three-year vesting period: • Bonus Shares lapse • Enhancement Share awards are foregone If an executive 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 will be pro-rated for the proportion of the performance period for which the director served **LTIP awards** For outstanding 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 is based on the normal performance criteria at the end of the normal performance period and then pro-rated for the proportion of the performance period for which the director has served • The Committee retains flexibility to accelerate the vesting of outstanding awards on termination. In such circumstances vesting is based on the normal performance criteria at the time of leaving and then pro-rated for the proportion of the performance period served
Incentive plan provisions relating to change of control (without termination)	**Bonus Shares and Enhancement Shares** The Bonus Shares awarded under the BSP will be released 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 **LTIP awards** 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

2.5 Development of director remuneration policy

In developing and reviewing the Company's remuneration policy for executive directors and other senior executives, the Committee is receptive to the views of shareholders and sensitive to the relationship between the arrangements for executive directors and those for other employee groups.

Specifically:

- Whenever any significant changes are made to remuneration, the Committee seeks feedback from investors. The Committee also listens to and takes into consideration investor views throughout the year. For example, following investor feedback, the Committee has decided, with effect from 2013, to withdraw the ability of executive directors and other executives to defer additional amounts of bonus into shares and receive correspondingly higher awards of Enhancement Shares;
- The Committee considers the general basic salary increase for the broader UK employee population when determining the annual salary increases for the executive directors. For 2012 and 2013, the rate of basic salary increase for the chief executive and the finance director has been the same as or lower than the general increase for the UK employee population (at 4% and 0% respectively);
- Each year the Committee also reviews in detail how the arrangements for the executive directors compare to those for other members of the Group Management Committee and Executive Committee to ensure an appropriate relationship and to support career development and succession.

Figure 5: Terms of service – Executive directors

		Date of initial appointment	Next AGM re-election or election
Cynthia Carroll	Chief Executive	15 January 2007	n/a
René Médori	Finance Director	01 June 2005	April 2013

Figure 6: Terms of service – Non-executive directors

		Date of initial appointment	Next AGM re-election or election
Sir John Parker	Chairman and Chairman, Nomination Committee	09 July 2009	April 2013
David Challen	SID and Chairman, Audit Committee	09 September 2002	April 2013
Sir CK Chow		15 April 2008	April 2013
Sir Philip Hampton	Chairman, Remuneration Committee	09 November 2009	April 2013
Phuthuma Nhleko		09 March 2011	April 2013
Ray O'Rourke		11 December 2009	April 2013
Mamphela Ramphele	(resigned 2012)	25 April 2006	n/a
Anne Stevens		14 May 2012	April 2013
Jack Thompson		16 November 2009	April 2013
Peter Woicke	Chairman, S&SD Committee (retiring 2013)	01 January 2006	n/a

Given the geographic spread of the Company's workforce, the Committee does not consider that consulting with employees on the remuneration policy for directors is a viable use of resources. Many of the Company's UK-based employees are shareholders, through the SAYE and SIP schemes and they, like other shareholders, are able to express their views on director remuneration at each general meeting.

3. DIRECTOR REMUNERATION IN 2012

The information set out in this section has been subject to external audit.

3.1 Basic salary for 2012

In 2012 basic salary increases for the executive directors were limited to an inflation adjustment in line with the increase for the broader UK employee population.

Figure 7: Basic salaries for 2012
(all amounts in '000)

CYNTHIA CARROLL
(2011: £1,170 – increase of 4% in 2012)

£1,217

RENÉ MÉDORI
(2011: £736 – increase of 4% in 2012)

£765

3.2 Annual BSP outcomes for 2012

Figures 8a and 8b outline the key annual financial and strategic performance measures for the 2012 Bonus Share Plan for Cynthia Carroll and René Médori, the level of performance achieved and resulting award levels. Key aspects of their performance are also set out below Figures 8a and 8b.

Figure 9: BSP outcomes for 2012 (cash bonus and Bonus Shares)
(all amounts in '000)

CYNTHIA CARROLL
(2011: £1,925 – decrease of 61% in 2012)

£745

RENÉ MÉDORI
(2011: £1,198 – decrease of 61% in 2012)

£469

Figure 8a: BSP performance assessment for 2012 – Chief Executive

Chief Executive BSP measures	Below	Threshold	Target	Above
Cynthia Carroll				
Corporate Financial (50%)				
Earnings per Share	●			
Personal/Strategic (50%)				
Asset Optimisation				●
Operating Performance		●		
Project Execution	●			
Corporate Strategy and Portfolio Management			●	
Organisation and De Beers Integration				●
Corporate Citizenship				●
Group safety performance (deductor)		●		
Overall performance		●		

Resulting BSP award
35% of maximum bonus (50% payable in cash, 50% as Bonus Shares)

BSP KEY PERFORMANCE ASPECTS

- The weaker prices for the Company's main commodities impacted the executive directors' ability to deliver the target earnings; EPS performance was below the required threshold level.
- Cynthia Carroll oversaw strong group action to meet weak market conditions.
- Two major projects – Kolomela and Los Bronces – are due to reach full production on or ahead of schedule; Minas-Rio experienced a timetable delay and an increase in budget.
- Strong progress was achieved in the Asset Optimisation and Supply Chain programmes which encourage business improvements.
- Cynthia Carroll led key strategic acquisitions (De Beers and Revuboè).
- Implemented changes in senior management in the businesses in South Africa to continue improvements in performance and safety.
- Continued progress achieved in the drive for safety improvement.

Figure 8b: BSP performance assessment for 2012 – Finance Director

Finance Director BSP measures	Below	Threshold	Target	Above
René Médori				
Corporate Financial (50%)				
Earnings per Share	●			
Personal/Strategic (50%)				
Treasury and Tax			●	
Strategy and Portfolio Restructuring			●	
Procurement			●	
Information Management			●	
Finance Function operational targets				●
Teamwork			●	
Project Support	●			
Group safety performance (deductor)		●		
Overall performance		●		

Resulting BSP award
35% of maximum bonus (50% payable in cash, 50% as Bonus Shares)

BSP KEY PERFORMANCE ASPECTS

- The weaker prices for the Company's main commodities impacted the executive directors' ability to deliver the target earnings; EPS performance was below the required threshold level.
- René Médori oversaw the issuance of corporate bonds with a US$ equivalent value of $5.1 billion in the US, European and South African markets increasing debt headroom and extending maturity. In addition, 99% of the Group's $1.7 billion convertible bonds were converted into equity, reducing net debt and interest.
- Anglo American's divestment programme, as set out in October 2009, was successfully completed raising $4.0 billion of cumulative proceeds on a debt and cash free basis.
- Strong progress was achieved in the Supply Chain programme which drives sustained business improvement.
- Two major projects – Kolomela and Los Bronces – are due to reach full production on or ahead of schedule. Minas-Rio experienced a timetable delay and an increase in budget.
- Continued progress achieved in the drive for safety improvement.

3.3 BSP Enhancement Share outcomes for 2012

In 2010 Cynthia Carroll and René Médori were awarded Enhancement Shares under the BSP. Vesting was subject to the Company's real EPS growth over the three-year period to 31 December 2012. The fall in commodity prices in 2012 – the final year of the performance period – impacted the Company's EPS growth and as a consequence no shares will vest.

Figure 10: Enhancement Share vesting outcomes for 2012

(all amounts in '000)

CYNTHIA CARROLL
(2011: £1,570)

£0

RENÉ MÉDORI
(2011: £1,023)

£0

3.4 Long term incentive plan outcomes for 2012

In 2010 Cynthia Carroll and René Médori received LTIP grants with vesting subject to (a) the Company's TSR performance relative to (i) a weighted group of international mining companies and (ii) FTSE 100 companies over the three-year period to announcement of the 2012 results, and (b) the level of savings delivered by the Asset Optimisation and Supply Chain programmes to 31 December 2012.

Figure 11 sets out further details of the measures, the Company's performance against each and the assumed outcomes for each executive director. As the performance period for the TSR measures ends immediately after the date of this report on the announcement of the 2012 results, performance and vesting in respect of the TSR measures is based on the latest available information as at 31 December 2012.

Figure 12: LTIP vesting outcomes for 2012
(all amounts in 000)

CYNTHIA CARROLL
(2011: £3,056 – decrease of 74% in 2012)

£802

RENÉ MÉDORI
(2011: £1,921 – decrease of 74% in 2012)

£504

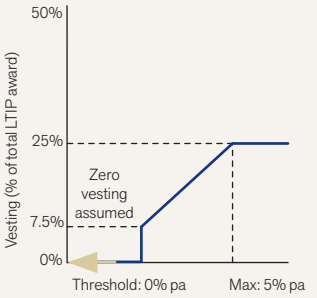
Figure 11: LTIP assessment for 2012

For more details on the measures **go to section 4.3**

SECTOR INDEX COMPARISON (25% OF TOTAL AWARD)

- The Sector Index measure compares the Company's three-year TSR performance with the weighted median of six international mining companies (94%) and four industrial mineral companies (6%).
- Vesting required the Company's TSR performance to be at least equal to the weighted median.
- As at 31 December 2012 the Company's TSR performance was below the weighted median (at -13%); it is therefore not expected that any shares will vest for this part of the award.

3-year TSR performance against weighted sector median
% per annum

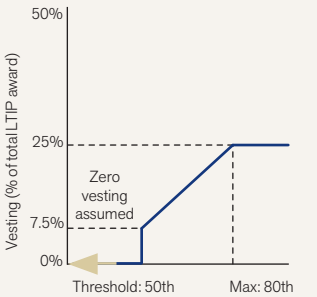


Vesting schedule and performance to 31 December 2012
Arrow represents expected vesting

FTSE 100 COMPARISON (25% OF TOTAL AWARD)

- The FTSE 100 measure compares the Company's three-year TSR performance with the constituents of the FTSE 100.
- Vesting required the Company's TSR to be at least equal to the median TSR of the FTSE 100.
- As at 31 December 2012 the Company's TSR performance was ranked below the 50th percentile of the FTSE 100; it is therefore expected that no shares for this part of the award will vest.

3-year TSR ranking vs FTSE 100 index

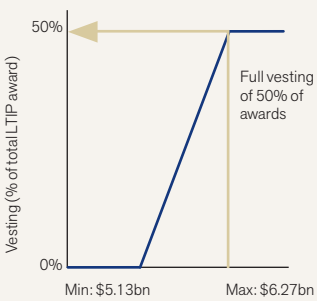


Vesting schedule and performance to 31 December 2012
Arrow represents expected vesting

AOSC (50% OF TOTAL AWARD)

- The AOSC measure rewards the delivery of additional operating profit and capital expenditure savings delivered through the Company's Asset Optimisation and Supply Chain programmes.
- Minimum vesting required cumulative savings to 31 December 2012 of $5.13bn and maximum vesting required savings of $6.27bn.
- Actual performance was above the maximum target, leading to full vesting of this part of the award.

Anglo American's AOSC efficiency
($bn)



Vesting schedule and actual performance
Arrow represents expected vesting

LTIP KEY PERFORMANCE ASPECTS

- During 2012, the Company has continued to focus on influencing behaviours necessary for delivering AOSC benefits across businesses.

  Operation reviews were performed at sites across Copper, Platinum, De Beers and Phosphates businesses to build on work done since 2010 to identify and prioritise business improvement opportunities.

  Improved relationships with suppliers have resulted in minimised lead times for major equipment delivery and supply risk to our business.

  Framework agreements are now in place with 38 of our key suppliers representing a formal alignment in our commercial relationship.

- As at 31 December 2012, the Company achieved a TSR over the 2010 LTIP performance period of -13% which would generate a nil vesting in terms of the Sector Index (against a median target of 7%) and a nil vesting against the FTSE 100 (being lower than the 50th percentile).

  The actual performance period for both TSR measures ends immediately after the date of this report.

- If the 2010 LTIP awards vest at 50%, 43,791 shares are receivable by Cynthia Carroll and 27,520 by René Médori. At a share price of £18.32 (the average for the last quarter of 2012), this results in values of £802,251 and £504,166 respectively.

3.5 Total remuneration outcomes for 2012

Figure 13 sets out the total remuneration received or receivable by the directors in respect of 2012 (or the three-year performance period ending in 2012 for each of the BSP Enhancement Shares and LTIP awards from 2010).

Figure 13: Total remuneration outcomes for 2012

	Total basic salary[1] £'000	Benefits in kind[2] £'000	Pension[3] £'000	Annual performance bonus – cash & Bonus Shares £'000	2010 Enhancement Share Award[4] £'000	2010 LTIP Award[5] £'000	**Total 2012[6] £'000**	Total 2011[6] £'000
Executive Directors	Section 3.1			Section 3.2	Section 3.3	Section 3.4		
Cynthia Carroll	**1,217**	**65**	**365**	**745**	**0**	**802**	**3,194**	
Cynthia Carroll (2011)	1,170	42	351	1,925	1,570	3,056		8,114
René Médori	**765**	**50**	**230**	**469**	**0**	**504**	**2,018**	
René Médori (2011)	736	33	221	1,198	1,023	1,921		5,132

	Total fees £'000	Benefits in kind £'000	Pension £'000	Annual performance bonus – cash & Bonus Shares £'000	2010 Enhancement Share Award £'000	Other[8] £'000	**Total 2012 £'000**	Total 2011 £'000
Non-Executive Directors								
Sir John Parker[7]	650	2	–	–	–	589	**1,241**	650
David Challen	130	–	–	–	–	–	**130**	115
Sir CK Chow	80	–	–	–	–	–	**80**	80
Sir Philip Hampton	105	–	–	–	–	–	**105**	95
Phuthuma Nhleko	80	–	–	–	–	–	**80**	65
Ray O'Rourke[7]	80	–	–	–	–	–	**80**	80
Mamphela Ramphele	46	–	–	–	–	–	**46**	80
Anne Stevens	51	–	–	–	–	–	**51**	–
Jack Thompson	80	–	–	–	–	–	**80**	80
Peter Woicke	105	–	–	–	–	–	**105**	95

(1) In addition to the basic salaries above, Cynthia Carroll and René Médori each retained fees amounting to £98,000 and £92,000 respectively in respect of external directorships (see 2.2).

(2) Each executive director receives a car allowance, a limited amount of personal taxation or financial advice and one club subscription; they also receive death and disability benefits and medical insurance, access to a company car and driver as required and other ancillary benefits. 2012 benefits also include attendance at relevant public events.

(3) The pension contribution amounts should be read in conjunction with the following information:
(a) The amount stated for Cynthia Carroll for 2011 includes a cash allowance of £8,000.
(b) The total amount of pension contributions treated as having been paid into the UURBS for 2012 was £315,000 for Cynthia Carroll (2011: £308,000) and £190,000 for René Médori (2011: £537,000).
(c) Contributions treated as being paid into the UURBS earn a return equivalent to the Company's pre-tax sterling nominal cost of debt. The total return earned in 2012 was £24,000 for Cynthia Carroll (2011: £4,000) and £33,000 for René Médori (2011: £8,000).
(d) As at 31 December 2012, the total balances due to the executive directors in relation to the UURBS were £651,000 for Cynthia Carroll (2011: £312,000) and £768,000 for René Médori (2011: £545,000).

(4) The performance condition attached to the 2010 Enhancement Share award was not met and no shares will vest.

(5) As vesting of the LTIP awards granted in 2010 is due to take place after publication of this report, vesting levels are on an 'expected' basis and a share price of £18.32 has been used to calculate the values shown.

(6) The total emoluments for 2012 (that is basic salary, cash bonuses and benefits (excluding pension)) were £1,655,000 for Cynthia Carroll (2011: £2,174,000) and £1,050,000 for René Médori (2011: £1,369,000).

(7) Sir John Parker has waived his Nomination Committee Chairman fees. Ray O'Rourke has instructed the Company that his net fees be donated to charity.

(8) Following his appointment as chairman of the Company on 1 August 2009, Sir John Parker was awarded 31,000 shares which were released in full on 2 August 2012, three years after appointment, with a share price of £19.00. The award was matched by Sir John before the release date.

(9) No person who served as a director of the Company during or before 2012 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).

(10) 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 2012.

3.6 Distribution statement for 2012

Figure 14 sets out the total spend on employee reward over 2012 compared to profit generated by the Company and the dividends received by investors.

Figure 14: Distribution statement for 2012

Distribution statement		2012	2011
Underlying Earnings (Total Group)	$m	**2,839**	6,120
	% change	**(54)%**	23%
Dividends payable for year (Total)	$m	**1,087**	898
	% change	**21%**	13%
Payroll costs for all employees	$m	**5,387**	4,946
	% change	**9%**	9%
Employee numbers	'000	**106**	100
	% change	**6%**	0%

4. OUTSTANDING SHARE INTERESTS

The information in this section has been subject to external audit.

4.1 Conditional share awards granted in 2012

Figure 15 summarises the longer-term, share-based awards granted to directors during 2012. Receipt of these awards is dependent on the Company's performance over 2012–2014, as detailed below.

4.2 Details of BSP Enhancement Shares granted in 2012

- Vesting of the BSP Enhancement Shares granted in 2012 is subject to real EPS growth, ie growth in the Company's earnings per share compared to growth in the UK Retail Price Index, over three years to 31 December 2014.
- The performance targets and vesting outcomes are illustrated in Figure 16.
- The performance targets were approved by the Committee after reviewing external expectations and performance over a number of years and have been set at a level that provides stretching performance levels for management.

Figure 16: 2012 BSP Enhancement Shares

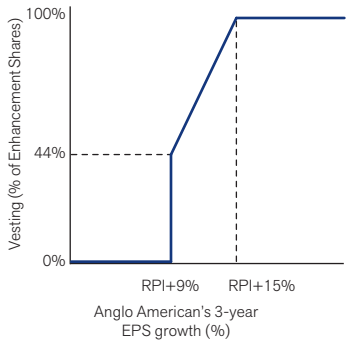


Figure 15: Summary of conditional share awards granted in 2012

Type of award	Performance measure	Vesting schedule	Performance period end[2]	Director	Basis of award	Number of shares awarded	Face value at grant[3]
BSP Enhancement Shares[1]	EPS growth → Section 4.2	44% for RPI+9% 100% for RPI+15%	31/12/2014	Cynthia Carroll	75% of 2011 Bonus Shares	26,573	£721,723
				René Médori	75% of 2011 Bonus Shares	16,538	£449,172
LTIP share awards	TSR vs. sector index (25%) → Section 4.3.1	30% for TSR equal to median 100% for median +5% pa or above	31/12/2014	Cynthia Carroll	350% of salary	157,733	£4,258,791
	TSR vs. FTSE 100 index (25%) → Section 4.3.2	30% for TSR equal to median 100% for 80th centile or above		René Médori	300% of salary	85,048	£2,296,296
	AOSC (50%) → Section 4.3.3	0% for $4.6bn 100% for $5.6bn					

(1) The BSP Enhancement Shares were awarded in March 2012. The number of shares granted was 75% of the number of deferred Bonus Shares awarded to each executive director in respect of 2011 annual performance (Cynthia Carroll: 35,431 Bonus Shares; René Médori: 22,051 Bonus Shares). The value of each Bonus Share award was 50% of the total bonus earned for 2011.

(2) The performance period for the LTIP TSR measures is three years ending on the day of the announcement of the 2014 financial results in 2015.

(3) The face value of each award has been calculated using the share price at time of grant (£27.16 for the Enhancement Share awards and £27.00 for the LTIP awards). As receipt of these awards is conditional on performance, the actual value of these awards may be £0. Vesting outcomes will be disclosed in the 2014 report.

4.3 Details of LTIP awards granted in 2012

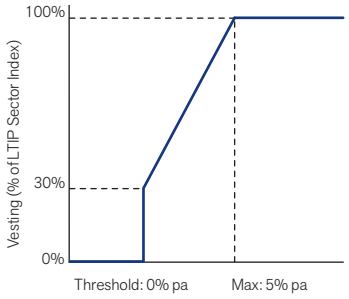
4.3.1 TSR – Sector Index comparison

- One quarter of the LTIP awards granted in 2012 vests according to the Company's three-year TSR performance relative to a weighted basket of international mining companies (the Sector Index).
- The constituent companies of the Sector Index for the 2012 awards are shown in Figure 17a.
- 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).
- The Sector Index performance targets and the vesting schedule for the 2012 LTIP awards are summarised in Figure 17b.
- Target performance for the Company requires the Company's three-year TSR to equal the weighted median TSR performance of the Sector Index.
- Maximum vesting occurs when the Company's TSR outperforms the weighted median TSR of the Sector Index by 5% pa.

Figure 17a: 2012 TSR Sector Index

	Mining
Comparator companies	BHP Billiton plc
	Rio Tinto plc
	Teck Cominco Limited
	Vale
	Vedanta Resources plc
	Xstrata plc

Figure 17b: 2012 LTIP Sector Index comparison
(25% of total LTIP award)



4.3.2 TSR – FTSE 100 comparison

- One quarter of the LTIP awards granted in 2012 vests according to the Company's three-year TSR performance compared with the TSR performance of the constituents of the FTSE 100 Index.
- The FTSE 100 performance targets and vesting schedule for the 2012 LTIP awards are outlined in Figure 18.

The performance targets for both TSR measures were calculated so that 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 a Monte Carlo model.

Total shareholder return for both the TSR measures is calculated based on average returns over the five working days immediately following announcement of the Company's annual results. It is assumed that all dividends are reinvested.

Figure 18: 2012 LTIP FTSE 100 comparison
(25% of total LTIP award)

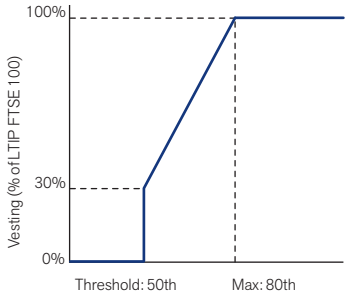
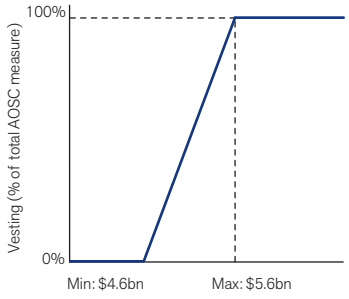


Figure 19: 2012 LTIP AOSC measure
(50% of total LTIP award)



4.3.3 Asset Optimisation and Supply Chain

- Vesting of one half of LTIP awards granted in 2012 depends on the performance of the Company's strategic Asset Optimisation and Supply Chain (AOSC) programmes over the three-year period to 31 December 2014.
- These 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.
- The AOSC performance targets represent the operating and capital expenditure savings that the programme is yielding, compared with the savings made if the programme had not been implemented. These savings are realised cumulatively over the three-year performance period.
- For 2011 LTIP awards onwards, the effect of changes in both commodity prices and exchange rates have been stripped out of the AOSC targets and results so that only directly attributable management actions are recognised.
- The AOSC targets and vesting schedule for the 2012 LTIP awards are shown in Figure 19.
- The Committee reviews the AOSC targets prior to each LTIP award to ensure they remain appropriately stretching and the benefits delivered are significant to the Company.
- At the end of each performance period, the assessment of performance against targets is reviewed by internal audit and reported to shareholders.
- Figure 20 shows an example of AOSC improvements at Metallurgical Coal.

Figure 20: Asset Optimisation and Supply Chain

At our Metallurgical Coal Business Unit, we set out to focus on improving equipment performance which is driven by rate, availability and utilisation of our fleet at open cut mines. Effective work area setup was the key to rate improvements, whilst utilisation improvements increase the productive time that equipment operates through reducing non-value adding activities.

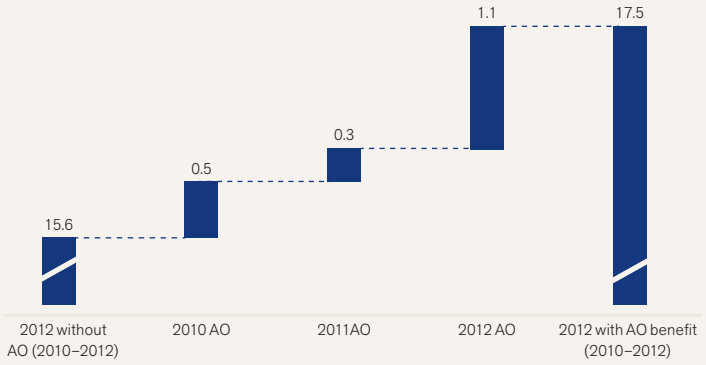
Benchmarking best practice equipment performance has supported identification of the gaps and valuing the improvement.

Improvements are 'locked in' to the Operational Management System which defines the practices and processes by which our Metallurgical Coal sites operate, both from a mine planning perspective as well as an operational perspective.

This approach was rolled out in Metallurgical Coal in 2008 and is delivering benefits.

Open cut saleable AO benefits

Mt – Anglo share



(Figures are not subject to external audit)

By improving the rate, availability and utilisation of our equipment,more tonnes are moved for processing and ultimately available for sale to our customers. Our equipment performance benefit is calculated on the improvement in controllable variables (which could be availability and/or utilisation and/or rate) against actual performance in the previous year, whilst all other variables are treated as uncontrollable and thus excluded from the benefit calculation. The additional material moved is multiplied by the strip ratio to provide additional run of mine tonnes. The run of mine tonnes are multiplied by the yield achieved in the processing plant to deliver additional saleable production. Any incremental costs are deducted from the additional revenue generated.

4.4 Total interests in shares

Figure 21 summarises the total interests of the directors in shares of Anglo American plc as 14 February 2013 (and at the end of the 2012 financial year). These include beneficial and conditional interests. As already disclosed, Cynthia Carroll is required to hold interests in shares to a value of two times basic salary and René Médori to a value of one and a half times salary. These requirements have been exceeded.

Figure 21: Shares in Anglo American plc

		Beneficial	Conditional				
Directors			BSP Bonus Shares	BSP Enhancement Shares[5]	LTIP[6]	SAYE/SIP[7]	Other
Cynthia Carroll	at 14 February 2013	200,511	101,524	90,565	373,323	494	–
	(at 31 December 2012)	**200,488**	**101,524**	**90,565**	**373,323**	**491**	**–**
René Médori[1]	at 14 February 2013	86,684	63,094	56,385	209,109	494	–
	(at 31 December 2012)	**86,662**	**63,094**	**56,385**	**209,109**	**492**	**–**
Sir John Parker[2]	at 14 February 2013	50,303	–	–	–	–	7,552
	(at 31 December 2012)	**50,303**	**–**	**–**	**–**	**–**	**7,552**
David Challen	at 14 February 2013	1,820	–	–	–	–	–
	(at 31 December 2012)	**1,820**	**–**	**–**	**–**	**–**	**–**
Sir CK Chow	at 14 February 2013	5,500	–	–	–	–	–
	(at 31 December 2012)	**5,500**	**–**	**–**	**–**	**–**	**–**
Sir Philip Hampton	at 14 February 2013	3,462	–	–	–	–	–
	(at 31 December 2012)	**3,127**	**–**	**–**	**–**	**–**	**–**
Phuthuma Nhleko	at 14 February 2013	3,151	–	–	–	–	–
	(at 31 December 2012)	**2,412**	**–**	**–**	**–**	**–**	**–**
Ray O'Rourke[3]	at 14 February 2013	76,965	–	–	–	–	–
	(at 31 December 2012)	**76,965**	**–**	**–**	**–**	**–**	**–**
Jack Thompson[3]	at 14 February 2013	7,100	–	–	–	–	–
	(at 31 December 2012)	**7,100**	**–**	**–**	**–**	**–**	**–**
Anne Stevens[4]	at 14 February 2013	1,332	–	–	–	–	–
	(at 31 December 2012)	**621**	**–**	**–**	**–**	**–**	**–**
Peter Woicke[3]	at 14 February 2013	20,806	–	–	–	–	–
	(at 31 December 2012)	**19,898**	**–**	**–**	**–**	**–**	**–**

(1) René Médori's beneficial interests in 85,613 shares held at the date of this report arise as a result of his wife's interests in shares.
(2) As previously reported, Sir John Parker was awarded 7,552 shares in the Company on 28 February 2011, which will be released in full on the third anniversary of the award date, subject to his continued chairmanship. The award will be matched by Sir John progressively over the three-year period.
(3) Included in the interests of Messrs O'Rourke, Thompson and Woicke are unsponsored ADR representing 0.5 ordinary shares of $0.54945 each.
(4) Anne Stevens was appointed to the Board on 14 May 2012.

Footnotes continue overleaf

[5] Figure 22 records in more detail the changes in conditional interests in BSP Bonus Shares and Enhancement Shares over 2012. The Enhancement Share awards that vested in 2012 related to the performance period 2009–2011. They were awarded on 18 March 2009 at a share price of £11.62. They vested on 6 March 2012 at a price of £25.42.

Figure 22: Bonus Share Plan interests

BSP interests	Total interest at 1 January 2012	Number of Bonus Shares conditionally awarded in March 2012	Number of Enhancement Shares conditionally awarded in March 2012	Number of Bonus Shares vested in March 2012	Number of Enhancement Shares vested in March 2012	Number of Enhancement Shares lapsed in March 2012	Total interest at 31 December 2012	Market price at date of 2012 award £	Date of vesting of Bonus Shares awarded during 2012	End date of performance period for Enhancement Shares awarded during 2012
Cynthia Carroll	240,420	35,431	26,573	(48,580)	(61,755)	–	192,089	27.16	01/01/2015	31/12/2014
René Médori	152,812	22,051	16,538	(31,667)	(40,255)	–	119,479	27.16	01/01/2015	31/12/2014

[6] Figure 23 records in more detail the changes in conditional interests in LTIP awards during 2012. The LTIP awards that vested in 2012 related to the performance period 2009–2011. They were awarded on 30 March 2009 at a share price of £12.61. They vested on 12 March 2012 at a price of £26.00.

Figure 23: Long Term Incentive Plan interests

LTIP interests	Total beneficial interest in LTIP at 1 January 2012	Number of shares conditionally awarded in March 2012	Number of shares vested in March 2012	Number of shares lapsed in March 2012	Total beneficial interest in LTIP at 31 December 2012	Market price at date of 2012 award £	Date of vesting of LTIP awarded during 2012
Cynthia Carroll	337,992	157,733	(117,505)	(4,897)	373,323	27.00	31/12/2014
René Médori	200,999	85,048	(73,860)	(3,078)	209,109	27.00	31/12/2014

[7] Figure 24 records in more detail the changes in conditional interests in Share Incentive Plan (SIP) interests during 2012.

Figure 24: Share Incentive Plan interests

SIP interests	Total interest at 1 January 2012	Number of Matching Shares conditionally awarded during 2012	Number of Free Shares conditionally awarded during 2012	Number of Matching Shares vested during 2012	Number of Free Shares vested during 2012	Total interest at 31 December 2012
Cynthia Carroll	696	70	116	(90)	(301)	491
René Médori	695	71	116	(89)	(301)	492

During the year, Cynthia Carroll and René Médori purchased 70 and 71 shares under the SIP respectively, in addition to the shares held by them at 1 January 2012. 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 116 free shares under the SIP in March 2012. Participants in the SIP are entitled to receive dividends on their shares.

Figure 25 records in more detail the changes in conditional interests in SAYE awards during 2012.

Figure 25: Directors' share options (SAYE)

Anglo American options	Beneficial holding at 1 January 2012	Granted	Exercised	Lapsed	Beneficial holding at 31 December 2012	Weighted average option price £	Earliest date from which exercisable	Latest expiry date
René Médori	1,587	–	–	–	1,587	20.98	01/09/2013	28/02/2019

5. CHIEF EXECUTIVE ARRANGEMENTS

5.1 Appointment of new chief executive

Mark Cutifani's remuneration package will comprise a basic salary and variable incentive arrangements which are entirely in line with Anglo American's current remuneration policy and practice.

The key elements of the package are as follows:

- Basic salary – £1.2m per annum.
- Bonus Share Plan (BSP) – Mr Cutifani will have the opportunity to participate in Anglo American's annual incentive arrangements (the BSP) for 2013 in line with the policy set out on page 110.
- Long Term Incentive Plan (LTIP) – Mr Cutifani will be eligible for an annual award under the LTIP in line with the policy set out on page 110.
- Compensation for incentives forfeited – Mr Cutifani will receive an award of restricted shares to compensate him for the loss of incentives from his previous employer AngloGold Ashanti (AGA). The Committee has decided that, so far as possible, the compensatory awards should be on a comparable basis to the foregone awards. As such, the Company commissioned a third-party valuation to determine the extent to which the performance conditions were, at the date of assessment, likely to be achieved.

  Based on the AGA share price and exchange rates at the date of this report, the total value of the compensatory award is c. £2.29m; this figure will be updated at the time of Mr Cutifani's joining Anglo American, once the value of the shares foregone under the 2013 AGA Bonus Share Plan award (based on performance during 2012) is known, using the average share price and exchange rates over the week prior to that event.

  In order to enhance alignment with the interests of Anglo American shareholders, the Committee has taken the decision to utilise Anglo American shares, rather than cash, as the medium for compensation. These restricted shares will vest over the next three years, in line with the vesting schedule of the incentives foregone. They will be subject to clawback in the event of Mr Cutifani's leaving the Company (except as a Good Leaver) or in the circumstances in which the Company's standard clawback provisions are triggered.
- Shareholding requirements – Mr Cutifani will be required to accumulate a shareholding in Anglo American to the value of two times basic salary within five years of his appointment.
- Pension – Anglo American will make an annual contribution of 30% of basic salary in respect of Mr Cutifani's pension provision which may be invested into the Company's pension arrangements or taken as a cash allowance.
- Notice Period – The notice period in Mr Cutifani's service contract will be 12 months for either party save that, should the Company serve notice before the first anniversary of his appointment, it will be 18 months.

5.2 Termination arrangements for outgoing chief executive

In terms of her leaving arrangements, Cynthia Carroll will receive phased monthly payments, comprising basic salary and benefits, for the outstanding nine months of her notice period, in line with her contractual provisions. These payments will be subject to mitigation.

The Committee has determined that Cynthia Carroll will be eligible for consideration for a BSP award for 2013 in respect of the period she will have served. However, there will be no award of Enhancement Shares or any award under the LTIP in 2013.

The Bonus Shares held by Cynthia Carroll will be released to her on termination.

With respect to the Enhancement Share and LTIP awards made in 2011 and 2012, the Committee has determined that these awards will vest on the normal vesting dates, to the extent that the performance conditions have been satisfied, and will be pro-rated for the proportion of each performance period served.

Full details of any amounts paid to Cynthia Carroll will be disclosed in the 2013 Directors' Remuneration Report.

COMMITTEE MEMBERS DURING 2012

Sir Philip Hampton

David Challen

Sir CK Chow

Jack Thompson

Peter Woicke

6. REMUNERATION COMMITTEE IN 2012

Membership

The Committee comprised the non-executive directors shown on the left during the year ended 31 December 2012.

Committee members during 2012

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 2012, 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 the table below.

Figure 25: External advisers and fees

Advisers		Other services provided to the Company	Fees for Committee assistance
Pricewaterhouse Coopers 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	£9,000
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	£5,000
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 This review was carried out on the 2011 report although will not be done going forward	Investment advisers and actuaries for various pension schemes	£11,000
Towers Watson (TW)	The Human Resources function engaged Towers Watson to assist with the preparation of the 2012 remuneration report	Human resources advisers on various reward and other matters	£25,000
Deloitte LLP (Deloitte)	In their capacity as Group auditors, Deloitte undertake an audit of sections 3 and 4 of the remuneration report annually. However, they provide no advice to the Committee		n/a

Note: 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 and TW.

Figure 26: Response to 2012 AGM shareholder voting

Vote	Number of votes For	Against	Abstain	Any issues raised and Company response
Advisory vote on 2011 remuneration report	716,506,271 (87%)	110,627,621 (13%)	14,065,303	Comments from investors at the time of the 2012 AGM have led to enhanced disclosure relating to bonuses

7. OTHER INFORMATION REQUIRED

The information included in this section has been included to ensure compliance with the Company's current disclosure obligations under the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008 (the Regulations). This information is not expected to be required under the revised version of the Regulations which will apply to the 2013 Directors' Remuneration Report.

7.1 Five-year relative TSR graphs

The top chart in Figure 27 shows the Company's TSR performance against the performance of the FTSE 100 Index from 1 December 2008 to 31 December 2012. The FTSE 100 Index was chosen as being a broad equity market index which includes companies of a comparable size and complexity to Anglo American.

The bottom chart in Figure 27 shows the Company's performance against a weighted Sector Index comparator group over the same five-year period. The Sector Index comparator group is the same as used to measure the Company's performance for the purposes of the vesting of LTIP interests conditionally awarded in 2010. 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 assumes all dividends are reinvested. 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.

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

14 February 2013

FIGURE 27: HISTORICAL COMPARATIVE TSR PERFORMANCE GRAPHS

Source: Thomson Datastream

Source: Thomson Datastream

DIRECTORS' REPORT

The directors have pleasure in submitting the statutory financial statements of the Group for the year ended 31 December 2012.

The Board considers that the Annual Report, taken as a whole, is fair, balanced and understandable and that it provides all information necessary for shareholders to assess the Company's strategy and performance.

PRINCIPAL ACTIVITIES

Anglo American 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 bulk commodities – iron ore and manganese, metallurgical coal and thermal coal; base metals – copper and nickel; and precious metals and minerals – in which it is a global leader in both platinum and diamonds. 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, extensive pipeline of growth projects and exploration activities span southern Africa, South America, Australia, North America, Asia and Europe.

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 CEO's statements on pages 2–3 and 10–11 respectively and the operating and financial review on pages 12–89. The Corporate Governance statement is on pages 90–127 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 42–47. In addition, detail is given on the Group's policy on managing credit and liquidity risk in the Principal Risks and Uncertainties section on pages 48–53, 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 2012 was $8.6 billion (2011: $1.4 billion), representing a gearing level of 16.4% (2011: 3.1%). 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 2014. 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 32 US cents per ordinary share was paid on 13 September 2012. The directors are recommending that a final dividend of 53 US cents per ordinary share be paid on 25 April 2013 to ordinary shareholders on the register on 22 March 2013, subject to shareholder approval at the AGM to be held on 19 April 2013. This would bring the total dividend in respect of 2012 to 85 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 2013.

SHARE CAPITAL

The Company's issued share capital as at 31 December 2012, together with details of share allotments and issue of treasury shares during the year, is set out in note 29 on pages 177–180.

The Company was authorised by shareholders at the AGM held on 19 April 2012 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 2012. This authority will expire at the 2013 AGM and, in accordance with usual practice, a resolution to renew it for another year will be proposed.

MATERIAL SHAREHOLDINGS

As at 31 December 2012, the Company was aware of the following interests in 3% or more of the Company's ordinary share capital:

Company	Number of shares	Percentage of voting rights
Blackrock, Inc.	63,971,090	4.60
Epoch Two Investment Holdings Limited[1]	42,166,686	3.03
Public Investment Corporation (PIC)	81,235,375	5.84
Tarl Investment Holdings Limited[1]	47,275,613	3.39

[1] Epoch Two Investment Holdings Ltd (Epoch 2) and Tarl Investment Holdings Limited (Tarl) are two of the independent companies that have purchased shares as part of Anglo American's share buy back programme. Epoch 2 and Tarl have waived their right to vote all the shares they hold or will hold in Anglo American plc.

As at the date hereof the Company has been notified of the following change to the above holdings of voting rights in the ordinary share capital of the Company: Blackrock, Inc. 64,138,546 (4.61%).

DIRECTORS

Directors' biographical details are given on pages 92–93. Details of directors' interests in shares and share options of the Company can be found in the remuneration report on pages 108–127.

Anne Stevens joined the Board on 15 May 2012. Mamphela Ramphele resigned from the Board with effect from 25 July 2012. Cynthia Carroll has resigned as CEO of the Company with effect from 3 April 2013 and as a director with effect from the closing of the AGM to be held on 19 April 2013. Mark Cutifani has been appointed CEO and a director with effect from 3 April 2013.

On 12 February 2013, the Board proposed the appointment of Dr Byron Grote as a non-executive director at the forthcoming AGM on 19 April 2013. It is intended that Dr Grote will join the Audit Committee of the Board on appointment and he will, after a period of induction, assume the role of Chairman of that committee from David Challen, who has held this position since 2003.

In addition, Peter Woicke informed the Board of his intention to retire as a non-executive director, also with effect from the AGM. Mr Woicke will be succeeded as Chairman of the Safety and Sustainable Development Committee by Jack Thompson.

In accordance with the Code, Anglo American will continue to propose the re-election of all directors on an annual basis.

SUSTAINABLE DEVELOPMENT

The Sustainable Development Report 2012 will be available in April 2013. 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 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 that 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 39 to the financial statements on page 187.

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 Business Principles*. 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
- In addition, adherence to the International Labour Organization's core labour rights, including: prohibition of child labour; prohibition of inhumane treatment of employees and any form of forced labour, physical punishment or other abuse; recognition of the right of our employees to freedom of association and the promotion of workplace equality; and the elimination of all forms of unfair discrimination
- Continual promotion of safe and healthy working practices
- Provision of opportunities for employees to enhance their work related skills and capabilities
- Adoption of fair and appropriate procedures for determining terms and conditions of employment.

It is our policy that people with disabilities should have full and fair consideration for all vacancies. Employment of disabled people is considered on merit and with regard only to the ability of any applicant to carry out the role. We endeavour to retain the employment of, and arrange suitable retraining for, any employees in the workforce who become disabled during their employment. Where possible we will adjust a person's working environment to enable them to stay in our 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 *Good Citizenship Business Principles* are supplemented by four Anglo American 'Way' documents, covering the safety, environmental, occupational health and social aspects of responsible operation and sustainable development. These set out specific standards for each of these subject areas, in line with international best practice.

Copies of the *Good Citizenship Business Principles* and the Anglo American 'Way' documents are available from the Company and may be accessed on the Company's website.

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. All senior employees, and employees in high-risk functions such as procurement, are trained to embed knowledge of the policy as well as the UK Bribery Act and how to behave in corruption-risk situations. This training is 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 *Our World*, 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 $154 million (3% of operating profit from subsidiaries and joint ventures before special items and remeasurements). Charitable donations of $1.8 million were made in the UK, of which the main categories were: education and training (5.7%) and health and welfare (22.6%). 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 2012.

POLITICAL DONATIONS

No political donations were made during 2012. 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 19 April 2013, 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 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

Since 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 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 a special resolution passed by the shareholders.

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 that 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 that 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 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 that 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 of shareholders. All transfers of shares that 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 the refusal to the allottee or the transferee within two months after the date on which the letter of allotment or transfer was lodged with the Company.

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 Code, all directors will be subject to annual re-election.

Significant agreements: Change of control
At 31 December 2012, Anglo American had committed bilateral and syndicated borrowing facilities totalling $12.2 billion with a number of relationship banks that contain change of control clauses. $7.4 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 19 April 2012, authority was given for the Company to purchase, in the market, up to 198.4 million Ordinary Shares of $54\frac{86}{91}$ US cents each. The Company did not purchase any of its own shares during 2012.

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, 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

14 February 2013

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. The directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS), 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). 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 IFRS is 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, 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 2012

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 loss 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 2012 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 39 and the balance sheet of the Company and related information in note 40. 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. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2012 and of the Group's loss and the Company'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 UK Corporate Governance 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

14 February 2013

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2012

US$ million	Note	2012 Before special items and remeasurements	2012 Special items and remeasurements (note 5)	2012 Total	2011 Before special items and remeasurements	2011 Special items and remeasurements (note 5)	2011 Total
Group revenue	2	**28,761**	**–**	**28,761**	30,580	–	30,580
Total operating costs		**(23,356)**	**(7,093)**	**(30,449)**	(20,912)	(229)	(21,141)
Operating (loss)/profit from subsidiaries and joint ventures	2, 3	**5,405**	**(7,093)**	**(1,688)**	9,668	(229)	9,439
Non-operating special items and remeasurements	5	**–**	**1,394**	**1,394**	–	183	183
Share of net income from associates	2, 17	**493**	**(61)**	**432**	978	(1)	977
Total profit from operations and associates		**5,898**	**(5,760)**	**138**	10,646	(47)	10,599
Investment income		**597**	**–**	**597**	668	–	668
Interest expense		**(798)**	**–**	**(798)**	(695)	–	(695)
Other financing (losses)/gains		**(87)**	**(89)**	**(176)**	7	203	210
Net finance (costs)/income	9	**(288)**	**(89)**	**(377)**	(20)	203	183
(Loss)/profit before tax		**5,610**	**(5,849)**	**(239)**	10,626	156	10,782
Income tax expense	11a	**(1,488)**	**1,113**	**(375)**	(2,741)	(119)	(2,860)
(Loss)/profit for the financial year		**4,122**	**(4,736)**	**(614)**	7,885	37	7,922
Attributable to:							
Non-controlling interests		**1,283**	**(404)**	**879**	1,765	(12)	1,753
Equity shareholders of the Company		**2,839**	**(4,332)**	**(1,493)**	6,120	49	6,169
(Loss)/earnings per share (US$)							
Basic	13	**2.26**	**(3.45)**	**(1.19)**	5.06	0.04	5.10
Diluted	13	**2.24**	**(3.43)**	**(1.19)**	4.85	0.04	4.89

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2012

US$ million	Note	2012	2011
(Loss)/profit for the financial year		**(614)**	7,922
Net gain on revaluation of available for sale investments		**173**	115
Net loss on cash flow hedges		**–**	(94)
Net exchange difference on translation of foreign operations (including associates)		**(747)**	(4,060)
Actuarial net gain/(loss) on post employment benefit schemes		**165**	(214)
Share of associates' expense recognised directly in equity, net of tax		**(6)**	(32)
Tax on items recognised directly in equity	11c	**(115)**	24
Net expense recognised directly in equity		**(530)**	(4,261)
Transferred to income statement: disposal of available for sale investments		**(57)**	(10)
Transferred to income statement: impairment of available for sale investments		**84**	–
Transferred to income statement: cash flow hedges		**4**	5
Transferred to initial carrying amount of hedged items: cash flow hedges		**5**	54
Transferred to income statement: net exchange difference on disposal of foreign operations		**24**	45
Share of associate's net expense transferred from equity		**(10)**	–
Tax on items transferred from equity	11c	**29**	(14)
Total transferred from equity		**79**	80
Total comprehensive (expense)/income for the financial year		**(1,065)**	3,741
Attributable to:			
Non-controlling interests		**842**	1,142
Equity shareholders of the Company		**(1,907)**	2,599

CONSOLIDATED BALANCE SHEET

as at 31 December 2012

US$ million	Note	2012	2011
ASSETS			
Non-current assets			
Intangible assets	14	**4,571**	2,322
Property, plant and equipment	15	**45,089**	40,549
Environmental rehabilitation trusts	16	**393**	360
Investments in associates	17	**3,063**	5,240
Financial asset investments	19	**2,278**	2,896
Trade and other receivables	21	**572**	437
Deferred tax assets	27	**1,223**	530
Derivative financial assets	25	**747**	668
Other non-current assets		**236**	138
Total non-current assets		**58,172**	53,140
Current assets			
Inventories	20	**5,005**	3,517
Financial asset investments	19	**102**	–
Trade and other receivables	21	**3,275**	3,674
Current tax assets		**470**	207
Derivative financial assets	25	**101**	172
Cash and cash equivalents	31b	**9,094**	11,732
Total current assets		**18,047**	19,302
Assets classified as held for sale	34	**3,150**	–
Total assets		**79,369**	72,442
LIABILITIES			
Current liabilities			
Trade and other payables	22	**(4,536)**	(5,098)
Short term borrowings	24, 31b	**(2,604)**	(1,018)
Provisions for liabilities and charges	26	**(564)**	(372)
Current tax liabilities		**(819)**	(1,528)
Derivative financial liabilities	25	**(280)**	(162)
Total current liabilities		**(8,803)**	(8,178)
Non-current liabilities			
Trade and other payables	22	**(18)**	–
Medium and long term borrowings	24, 31b	**(15,150)**	(11,855)
Retirement benefit obligations	28	**(1,409)**	(639)
Deferred tax liabilities	27	**(6,069)**	(5,730)
Derivative financial liabilities	25	**(801)**	(950)
Provisions for liabilities and charges	26	**(2,384)**	(1,830)
Other non-current liabilities		**(29)**	(71)
Total non-current liabilities		**(25,860)**	(21,075)
Liabilities directly associated with assets classified as held for sale	34	**(919)**	–
Total liabilities		**(35,582)**	(29,253)
Net assets		**43,787**	43,189
EQUITY			
Called-up share capital	29	**772**	738
Share premium account		**4,357**	2,714
Own shares		**(6,659)**	(6,985)
Other reserves		**(1,201)**	283
Retained earnings		**40,388**	42,342
Equity attributable to equity shareholders of the Company		**37,657**	39,092
Non-controlling interests		**6,130**	4,097
Total equity		**43,787**	43,189

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 14 February 2013 and signed on its behalf by:

Cynthia Carroll
Chief Executive

René Médori
Finance Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2012

US$ million	Note	2012	2011
Cash flows from operations	31a	**7,021**	11,498
Dividends from associates		**286**	344
Dividends from financial asset investments		**54**	59
Income tax paid		**(1,799)**	(2,539)
Net cash inflows from operating activities		**5,562**	9,362
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents acquired	32	**(4,816)**	–
Purchase of property, plant and equipment	2	**(5,607)**	(6,203)
Cash flows from derivatives related to capital expenditure	2	**(71)**	439
Investments in associates		**(114)**	(47)
Purchase of financial asset investments		**(16)**	(16)
Net repayment of loans granted		**81**	22
Interest received and other investment income		**279**	350
Disposal of subsidiaries, net of cash and cash equivalents disposed	33	**100**	514
Sale of interests in joint ventures	33	**–**	19
Repayment of capitalised loans by associates		**36**	4
Proceeds from disposal of property, plant and equipment		**66**	77
Net proceeds from disposal of interests in available for sale investments		**273**	–
Other investing activities		**(32)**	(12)
Net cash used in investing activities		**(9,821)**	(4,853)
Cash flows from financing activities			
Interest paid		**(775)**	(807)
Cash flows from derivatives related to financing activities		**149**	226
Dividends paid to Company shareholders		**(970)**	(818)
Dividends paid to non-controlling interests		**(1,267)**	(1,404)
Repayment of short term borrowings		**(747)**	(1,261)
Net receipt of medium and long term borrowings		**5,633**	964
Movements in non-controlling interests		**1,220**	4,964
Tax on sale of non-controlling interest in Anglo American Sur		**(1,015)**	–
Sale of shares under employee share schemes		**24**	20
Purchase of shares by subsidiaries for employee share schemes[1]		**(253)**	(367)
Other financing activities		**(49)**	(43)
Net cash inflows from financing activities		**1,950**	1,474
Net (decrease)/increase in cash and cash equivalents		**(2,309)**	5,983
Cash and cash equivalents at start of year	31c	**11,732**	6,460
Cash movements in the year		**(2,309)**	5,983
Effects of changes in foreign exchange rates		**(111)**	(711)
Cash and cash equivalents at end of year	31c	**9,312**	11,732

[1] Includes purchase of Kumba Iron Ore Limited and Anglo American Platinum Limited shares for their respective employee share schemes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2012

US$ million	Total share capital[1]	Own shares[2]	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 2011	3,451	(7,159)	34,305	476	1,474	1,692	34,239	3,732	37,971
Total comprehensive income/ (expense)	–	–	5,928	–	(3,404)	75	2,599	1,142	3,741
Dividends payable to Company shareholders	–	–	(834)	–	–	–	(834)	–	(834)
Dividends payable to non-controlling interests	–	–	–	–	–	–	–	(1,401)	(1,401)
Changes in ownership interest in subsidiaries	–	–	3,027	–	–	–	3,027	788	3,815
Issue of shares to non-controlling interests	–	–	–	–	–	–	–	16	16
Equity settled share-based payment schemes	–	174	(193)	(18)	–	–	(37)	(167)	(204)
IFRS 2 charges on black economic empowerment transactions	–	–	102	–	–	–	102	29	131
Other	1	–	7	(5)	–	(7)	(4)	(42)	(46)
Balance at 1 January 2012	**3,452**	**(6,985)**	**42,342**	**453**	**(1,930)**	**1,760**	**39,092**	**4,097**	**43,189**
Total comprehensive (expense)/ income	**–**	**–**	**(1,349)**	**–**	**(686)**	**128**	**(1,907)**	**842**	**(1,065)**
Dividends payable to Company shareholders	**–**	**–**	**(970)**	**–**	**–**	**–**	**(970)**	**–**	**(970)**
Dividends payable to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,259)**	**(1,259)**
Conversion of convertible bond	**1,677**	**–**	**185**	**–**	**–**	**(355)**	**1,507**	**–**	**1,507**
Changes in ownership interest in subsidiaries	**–**	**–**	**(231)**	**–**	**–**	**–**	**(231)**	**982**	**751**
Acquired through business combinations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,423**	**1,423**
Issue of shares to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17**	**17**
Equity settled share-based payment schemes	**–**	**326**	**(256)**	**96**	**–**	**–**	**166**	**28**	**194**
Other	**–**	**–**	**667**	**–**	**–**	**(667)**	**–**	**–**	**–**
Balance at 31 December 2012	**5,129**	**(6,659)**	**40,388**	**549**	**(2,616)**	**866**	**37,657**	**6,130**	**43,787**

[1] Includes share capital and share premium.

[2] Own shares comprise shares of Anglo American plc held by the Company (treasury shares), its subsidiaries and employee benefit trusts. Own shares have previously been aggregated with retained earnings. Comparatives have been reclassified to align with current presentation.

Dividends

	Note	2012	2011
Proposed ordinary dividend per share (US cents)	12	**53**	46
Proposed ordinary dividend (US$ million)	12	**676**	557
Ordinary dividends payable during the year per share (US cents)	12	**78**	68
Ordinary dividends payable during the year (US$ million)	12	**970**	834

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 IFRS Interpretations 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.

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.

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 128.

Changes in accounting policies and disclosures

A number of amendments to accounting standards issued by the International Accounting Standards Board (IASB) were applicable from 1 January 2012. They have not had a material impact on the accounting policies, methods of computation or presentation applied by the Group.

Changes in estimates

Due to the nature of Platinum in-process inventories being contained in weirs, pipes and other vessels, physical counts only take place annually, except in the Precious Metal Refinery which take place once every three years (the latest being in 2010). Consequently, the Platinum business runs a theoretical metal inventory system based on inputs, the results of previous physical counts and outputs. Once the results of the physical count are finalised, the variance between the theoretical count and actual count is investigated and recorded as a change in estimate.

During the year ended 31 December 2012, the change in estimate following the annual physical count has had the effect of increasing the value of inventory by $172 million (2011: $61 million), resulting in the recognition of a gain in the income statement.

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, the carrying value 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.

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, a 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.

Where a business combination is achieved in stages, the Group's previously held interests in the acquired entity are remeasured to fair value at the acquisition date and the resulting gain or loss is recognised in the income statement.

1. ACCOUNTING POLICIES continued

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the income statement, where such treatment would be appropriate if that interest were disposed of.

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. For diamond operations, depreciation calculations are based on mineral reserves and resources included in the Life of Mine Plan. 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 Mine Life, 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 the 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 Mine Life stripping ratio is recalculated annually in light of additional knowledge and changes in estimates. Changes in the Mine Life 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 Mine Life, 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. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. Intangible assets are amortised over their estimated useful lives, usually between 3 and 20 years, except goodwill and those intangible assets that are considered to have indefinite lives. For intangible assets with a finite life, the amortisation period is determined as the period over which the Group expects to obtain benefits from the asset, taking account of all relevant facts and circumstances including contractual lives and expectations about the renewal of contractual arrangements without significant incremental costs. An intangible asset is deemed to have an indefinite life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the Group. 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 CGUs to which goodwill has been allocated, is tested for impairment annually, or when events or changes in circumstances indicate that it may be impaired.

Any impairment loss is recognised immediately in the income statement as a special item. 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.

1. ACCOUNTING POLICIES continued

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 or a weighted average cost 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 pension plans for its employees as well as post employment medical plans. For defined contribution plans 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, is 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 plan 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 of 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 in that taxation authority.

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 the 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.

Non-current assets and disposal groups held for sale

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 is 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.

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.

1. ACCOUNTING POLICIES continued

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 the 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 the 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 foreign entities 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 shares at the grant date. For all share schemes with non-market 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 own shares, and the carrying value is shown as a reduction 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 principally 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.

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 of 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.

1. ACCOUNTING POLICIES continued

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, net of 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 'Derivative financial assets' or 'Derivative financial liabilities' except if they are linked to settlement and delivery of an unquoted equity instrument and the fair value cannot be measured reliably, in which case they are carried at cost. A derivative cannot be measured reliably where the range of reasonable fair value estimates is significant and the probabilities of various estimates cannot be reasonably assessed.

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. The corresponding entry, along with 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 right to receive cash flows from the asset has 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.

New IFRS accounting standards and interpretations not yet adopted

The following new or amended IFRS accounting standards and interpretations not yet adopted are expected to have a significant impact on the Group:

IFRS 9 *Financial Instruments – Classification and Measurement* reflects the first phase of the IASB's three stage project to replace IAS 39. The first phase deals with the classification and measurement of financial assets and financial liabilities. The standard applies to annual periods beginning on or after 1 January 2015.

IFRS 11 *Joint Arrangements* replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. Under IFRS 11 a joint arrangement is classified as either a joint operation or a joint venture, and the option to proportionately consolidate joint ventures has been removed. Interests in joint ventures must be equity accounted. This standard is effective for annual periods beginning on or after 1 January 2014 although early adoption is permitted.

IFRS 12 *Disclosures of Interests in Other Entities* will accompany IFRS 10 *Consolidated Financial Statements* and IFRS 11. This standard combines the disclosure requirements previously covered by IAS 27 *Consolidated and Separate Financial Statements*, related to consolidated financial statements, IAS 31 and IAS 28 *Investments in Associates*, as well as including additional disclosure requirements. This standard is effective for annual periods beginning on or after 1 January 2014 although early adoption is permitted.

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine* provides a model for accounting for costs associated with the removal of waste during the production phase of a surface mine, including guidance on the apportionment of the costs incurred for obtaining a current and future benefit and how capitalised costs are depreciated. This interpretation applies to annual periods beginning on or after 1 January 2013.

As explained above, the Group currently defers costs associated with the removal of overburden or waste material such that the cost of stripping in any period is reflective of the average stripping ratio for the orebody as a whole applied to the actual stripping costs incurred. Amounts deferred on this basis will only be carried forward under IFRIC 20 where they relate to existing components of the orebody.

1. ACCOUNTING POLICIES continued

Amounts deferred to date which do not relate to existing components of the orebody will be written off to reserves.

The following new or amended IFRS accounting standards not yet adopted are not expected to have a significant impact on the Group:

IFRS 10 replaces the portion of IAS 27 that addresses accounting for consolidated financial statements and SIC-12 *Consolidation – Special Purpose Entities*. IFRS 10 provides a single basis for consolidation with a new definition of control. The standard is effective for annual periods beginning on or after 1 January 2014 although early adoption is permitted.

IFRS 13 *Fair Value Measurement* provides a single framework for all fair value measurements and applies to annual periods beginning on or after 1 January 2013.

The amendment to IAS 1 *Presentation of Financial Statements* requires items to be grouped in other comprehensive income based on whether those items are subsequently reclassified to profit or loss. The amendment is to be applied for annual periods beginning on or after 1 July 2012.

The amendment to IAS 19 *Employee Benefits* is to be applied retrospectively for annual periods beginning on or after 1 January 2013.

Amendments have been made to IAS 27 *Consolidated and Separate Financial Statements* and it has been reissued as IAS 27 *Separate Financial Statements*. The revised standard prescribes the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates in consolidated financial statements are prescribed by IFRS 10, IFRS 11 and IFRS 12. The revised standard is to be applied for annual periods beginning on or after 1 January 2014 although early adoption is permitted.

Amendments have been made to IAS 28 *Investments in Associates* and it has been reissued as IAS 28 *Investments in Associates and Joint Ventures*. The revised standard prescribes the application of the equity method when accounting for investments in associates and joint ventures. The revised standard is to be applied for annual periods beginning on or after 1 January 2014 although early adoption is permitted.

Amendments to IFRS 1 *Government loans* and to IFRS 7 *Disclosures – Offsetting Financial Assets and Financial Liabilities* are effective for annual periods beginning on or after 1 January 2013.

The amendment to IAS 32 *Financial Instruments – Presentation* is effective for annual periods beginning on or after 1 January 2014.

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 ore reserves and useful economic lives of assets, impairment of assets, fair valuation of net assets on acquisition, restoration, rehabilitation and environmental costs, retirement benefits, financial assets and liabilities at fair value through profit and loss and contingent liabilities. 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.

Ore Reserve estimates and useful economic lives of assets

When determining Ore Reserves, which may be used to calculate depreciation on the Group's mining properties, 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 unit of production 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

For property, plant and equipment depreciated on a straight line basis over its useful economic life, management reviews the appropriateness of useful economic life at least annually and any changes could affect prospective depreciation rates and asset carrying values.

Impairment of assets

In making assessments for impairment, 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 calculation of recoverable amount. 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 and future production profile

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, see note 14.

Fair valuation of net assets on acquisition

The Group applies the acquisition method of accounting for acquisitions. This requires all identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture entity or an associate acquired on the date control is obtained, which can be measured reliably, to be recognised at their provisional fair values at the date of acquisition.

The fair value of identifiable assets and liabilities is determined using discounted cash flows or other valuation techniques using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. The assessment of assumptions used in determining the fair value of identifiable assets and liabilities is inherently subjective and the use of inaccurate valuation assumptions could result in a significant impact on financial results.

Restoration, rehabilitation and environmental costs

Costs for restoration of site damage, rehabilitation and 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.

Retirement benefits

The expected costs of providing pensions and post employment benefits under defined benefit arrangements relating to employee service during the period are determined based on financial and actuarial assumptions.

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 Group's other comprehensive income going forward.

Financial assets and liabilities at fair value through profit and loss

The fair value of the Group's financial assets and liabilities held at fair value though profit and loss represents the market value of quoted investments and other traded instruments where available. For financial assets and liabilities held at fair value through profit and loss for which market prices are not readily available, fair value is determined using discounted cash flows or other valuation techniques using assumptions considered to be reasonable and consistent with those that would be used by a market participant. The assessment of assumptions used in applying valuation techniques is inherently subjective and the use of inaccurate assumptions could result in a significant impact on financial results.

Contingent liabilities

On an ongoing basis the Group is a party to various legal disputes, the outcomes of which cannot be assessed with a high degree of certainty. A liability is recognised where, based on the Group's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. Disclosure of other contingent liabilities is made in note 35 unless the possibility of a loss arising is considered remote.

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).

Phosphates and Niobium (previously Copebrás and Catalão) are reported in the Other Mining and Industrial segment. Following a strategic review during the first half of the year, Amapá was transferred to the Other Mining and Industrial business unit, and accordingly is presented as part of the Other Mining and Industrial segment. It was previously reported as part of the Iron Ore and Manganese segment. Comparatives have been reclassified to align with current year presentation. Tarmac is not considered to be individually significant to the Group and is therefore also presented in the Other Mining and Industrial segment. Until November 2012 this reporting segment also included Scaw South Africa.

On 16 August 2012 the Group acquired a controlling interest in De Beers (Diamonds segment). Until this date De Beers was accounted for as an associate of the Group. From 16 August 2012 De Beers ceased to be an associate and has been accounted for as a subsidiary of the Group. For details of this acquisition, see note 32.

The Group's Executive Committee evaluates the financial performance of the Group and its segments principally with reference to underlying operating profit. Underlying operating profit is presented before special items and remeasurements and includes the Group's attributable share of associates' operating profit before special items and remeasurements.

Segment revenue includes the Group's attributable share of associates' revenue. Segments predominantly derive revenue as follows – Iron Ore and Manganese: iron ore, manganese ore and alloys; Metallurgical Coal: metallurgical coal; Thermal Coal: thermal coal; Copper and Nickel: base metals; Platinum: platinum group metals; Diamonds: rough and polished diamonds and diamond jewellery; and Other Mining and Industrial: phosphates, niobium, heavy building materials, iron ore, and, until November 2012, steel products.

The Exploration segment includes the cost of the Group's exploration activities across all segments.

The segment results are stated after elimination of inter-segment transactions and include an allocation of corporate costs.

Analysis by segment

Revenue and operating (loss)/profit by segment

	Revenue[1]		Underlying operating (loss)/profit[2]	
US$ million	2012	2011	2012	2011
Iron Ore and Manganese	**6,403**	7,643	**2,949**	4,400
Metallurgical Coal	**3,889**	4,347	**405**	1,189
Thermal Coal	**3,447**	3,722	**793**	1,230
Copper	**5,122**	5,144	**1,687**	2,461
Nickel	**336**	488	**26**	57
Platinum	**5,489**	7,359	**(120)**	890
Diamonds	**4,028**	3,320	**496**	659
Other Mining and Industrial	**4,066**	4,520	**337**	315
Exploration	**–**	–	**(206)**	(121)
Corporate Activities and Unallocated Costs	**5**	5	**(203)**	15
Segment measure	**32,785**	36,548	**6,164**	11,095
Reconciliation:				
Less: associates	**(4,024)**	(5,968)	**(759)**	(1,427)
Operating special items and remeasurements	**–**	–	**(7,093)**	(229)
Statutory measure	**28,761**	30,580	**(1,688)**	9,439

(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 underlying operating (loss)/profit is revenue less operating costs before special items and remeasurements, and includes the Group's attributable share of associates' operating profit before special items and remeasurements. This is reconciled to operating (loss)/profit from subsidiaries and joint ventures after special items and remeasurements as presented in the Consolidated income statement.

Associates' revenue and underlying operating profit

	Associates' revenue		Associates' underlying operating profit/(loss)[1]	
US$ million	2012	2011	2012	2011
Iron Ore and Manganese	**831**	926	**104**	165
Metallurgical Coal	**315**	372	**111**	207
Thermal Coal	**970**	1,080	**355**	482
Platinum	**231**	269	**(63)**	(86)
Diamonds	**1,675**	3,320	**252**	659
Other Mining and Industrial	**2**	1	**–**	–
	4,024	5,968	**759**	1,427
Reconciliation:				
Associates' net finance costs			**(58)**	(48)
Associates' income tax expense			**(202)**	(385)
Associates' non-controlling interests			**(6)**	(16)
Share of net income from associates (before special items and remeasurements)			**493**	978
Associates' special items and remeasurements			**(57)**	(5)
Associates' special items and remeasurements tax			**(3)**	1
Associates' non-controlling interests on special items and remeasurements			**(1)**	3
Share of net income from associates			**432**	977

(1) Associates' underlying operating profit/(loss) is the Group's attributable share of associates' revenue less operating costs before special items and remeasurements.

2. SEGMENTAL INFORMATION continued

Non-cash items

Significant non-cash items included within underlying operating profit are as follows:

	Depreciation and amortisation[1]		Other non-cash expenses[2]	
US$ million	2012	2011	2012	2011
Iron Ore and Manganese	**199**	153	**31**	95
Metallurgical Coal	**458**	375	**140**	104
Thermal Coal	**125**	128	**30**	30
Copper	**492**	289	**98**	124
Nickel	**24**	27	**25**	10
Platinum	**658**	729	**81**	76
Diamonds	**142**	–	**52**	–
Other Mining and Industrial	**148**	225	**(59)**	83
Exploration	**–**	–	**3**	3
Corporate Activities and Unallocated Costs	**43**	41	**70**	54
	2,289[3]	1,967[3]	**471**	579

(1) In addition the Group's attributable share of associates' depreciation and amortisation is $233 million (2011: $286 million). This is split by segment as follows: Iron Ore and Manganese $50 million (2011: $33 million), Metallurgical Coal $14 million (2011: $13 million), Thermal Coal $54 million (2011: $52 million), Platinum $42 million (2011: $53 million) and Diamonds $73 million (2011: $135 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.

(3) In addition $70 million (2011: $84 million) of accelerated depreciation and $41 million (2011: nil) of depreciation and amortisation charges arising due to the fair value uplift of the pre-existing 45% shareholding of De Beers have been recorded within operating special items and remeasurements (see note 5), and $81 million (2011: $39 million) of pre-commercial production depreciation has been capitalised.

Capital expenditure and net debt

	Capital expenditure[1]		Net debt[2]	
US$ million	2012	2011	2012	2011
Iron Ore and Manganese	**2,077**	1,659	**1,112**	1,277
Metallurgical Coal	**1,028**	695	**(510)**	(211)
Thermal Coal	**266**	190	**32**	81
Copper	**996**	1,570	**(775)**	(781)
Nickel	**100**	398	**477**	603
Platinum	**822**	970	**98**	20
Diamonds	**94**	–	**839**	–
Other Mining and Industrial	**260**	225	**(45)**	272
Exploration	**6**	1	**(8)**	(6)
Corporate Activities and Unallocated Costs	**29**	56	**7,608**	119
	5,678	5,764	**8,828**	1,374
Net (cash) in disposal groups[3]			**(213)**	–
			8,615	1,374
Reconciliation:				
Remove: cash flows from derivatives relating to capital expenditure	**(71)**	439		
Purchase of property, plant and equipment	**5,607**	6,203		
Interest capitalised	**280**	321		
Non-cash movements[4]	**120**	27		
Property, plant and equipment additions in disposal groups	**(50)**	(2)		
Property, plant and equipment additions[5]	**5,957**	6,549		

(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. For a reconciliation of net debt to the balance sheet, see note 31b.

(3) Previously reported within the Other Mining and Industrial segment, see note 34.

(4) Includes movements on capital expenditure accruals, movements relating to deferred stripping and the impact of realised cash flow hedges.

(5) Property, plant and equipment additions are split by segment as follows: Iron Ore and Manganese $2,143 million (2011: $2,052 million), Metallurgical Coal $980 million (2011: $681 million), Thermal Coal $277 million (2011: $231 million), Copper $1,069 million (2011: $1,877 million), Nickel $207 million (2011: $405 million), Platinum $865 million (2011: $1,014 million), Diamonds $172 million (2011: nil), Other Mining and Industrial $207 million (2011: $232 million), Exploration $6 million (2011: $1 million) and Corporate Activities and Unallocated Costs $31 million (2011: $56 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/(liabilities)	
US$ million	2012	2011	2012	2011	2012	2011
Iron Ore and Manganese	**9,837**	12,909	**(481)**	(482)	**9,356**	12,427
Metallurgical Coal	**6,078**	5,660	**(859)**	(968)	**5,219**	4,692
Thermal Coal	**2,726**	2,650	**(761)**	(764)	**1,965**	1,886
Copper	**9,662**	8,767	**(1,126)**	(1,124)	**8,536**	7,643
Nickel	**2,613**	2,655	**(104)**	(120)	**2,509**	2,535
Platinum	**11,490**	12,288	**(1,071)**	(1,097)	**10,419**	11,191
Diamonds	**14,412**	–	**(1,468)**	–	**12,944**	–
Other Mining and Industrial	**960**	4,660	**(174)**	(817)	**786**	3,843
Exploration	**8**	2	**(4)**	(3)	**4**	(1)
Corporate Activities and Unallocated Costs	**424**	375	**(709)**	(584)	**(285)**	(209)
	58,210	49,966	**(6,757)**	(5,959)	**51,453**	44,007
Other assets and liabilities						
Investments in associates[3]	**3,063**	5,240	**–**	–	**3,063**	5,240
Financial asset investments	**2,380**	2,896	**–**	–	**2,380**	2,896
Deferred tax assets/(liabilities)	**1,223**	530	**(6,069)**	(5,730)	**(4,846)**	(5,200)
Derivative financial assets/(liabilities)	**848**	840	**(1,081)**	(1,112)	**(233)**	(272)
Cash and cash equivalents	**9,094**	11,732	**–**	–	**9,094**	11,732
Other non-operating assets/(liabilities)	**1,401**	1,238	**(1,660)**	(2,715)	**(259)**	(1,477)
Borrowings	**–**	–	**(17,754)**	(12,873)	**(17,754)**	(12,873)
Other provisions for liabilities and charges	**–**	–	**(1,342)**	(864)	**(1,342)**	(864)
Assets/(liabilities) classified as held for sale[4]	**3,150**	–	**(919)**	–	**2,231**	–
Net assets	**79,369**	72,442	**(35,582)**	(29,253)	**43,787**	43,189

(1) Segment assets are operating assets and consist of intangible assets of $4,571 million (2011: $2,322 million), property, plant and equipment of $45,089 million (2011: $40,549 million), environmental rehabilitation trusts of $393 million (2011: $360 million), biological assets of $19 million (2011: $17 million), retirement benefit assets of $176 million (2011: $70 million), inventories of $5,005 million (2011: $3,517 million) and operating receivables of $2,957 million (2011: $3,131 million).

(2) Segment liabilities are operating liabilities and consist of non-interest bearing current liabilities of $3,742 million (2011: $3,982 million), environmental restoration and decommissioning provisions of $1,606 million (2011: $1,338 million) and retirement benefit obligations of $1,409 million (2011: $639 million).

(3) See note 17 for a split of investments in associates by segment.

(4) Previously reported in the Other Mining and Industrial segment, see note 34.

Revenue by product

The Group's analysis of segment revenue by product is as follows:

US$ million	2012	2011
Iron ore	**5,508**	6,830
Manganese ore and alloys	**831**	926
Metallurgical coal	**3,048**	3,444
Thermal coal	**4,287**	4,621
Copper	**5,038**	5,023
Nickel	**678**	948
Platinum	**3,441**	4,578
Palladium	**906**	1,076
Rhodium	**389**	703
Diamonds	**4,027**	3,320
Phosphates	**597**	571
Heavy building materials	**2,171**	2,347
Steel products	**798**	931
Other	**1,066**	1,230
	32,785	36,548

2. SEGMENTAL INFORMATION continued

Geographical analysis

Revenue by destination and non-current segment assets by location

The Group's geographical analysis of segment revenue 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	2012	2011	2012	2011
South Africa	**3,115**	3,589	**16,452**	15,215
Other Africa	**715**	618	**8,029**	357
Brazil	**1,093**	1,177	**8,700**	12,622
Chile	**1,241**	2,030	**7,470**	7,001
Other South America	**46**	50	**623**	655
North America	**1,274**	1,861	**2,205**	685
Australia	**340**	312	**4,673**	4,170
China	**5,927**	6,446	**–**	–
India	**2,544**	2,343	**–**	–
Japan	**4,049**	4,925	**–**	–
Other Asia	**3,595**	3,487	**31**	47
United Kingdom (Anglo American plc's country of domicile)	**3,781**	3,962	**1,325**	2,117
Other Europe	**5,065**	5,748	**152**	2
	32,785	36,548	**49,660**	42,871

[1] Non-current segment assets are non-current operating assets and consist of intangible assets and property, plant and equipment.

Revenue and underlying operating profit by origin

Segment revenue and underlying operating profit by origin are provided for information:

	Revenue		Underlying operating profit/(loss)	
US$ million	2012	2011	2012	2011
South Africa	**14,592**	17,855	**3,335**	6,059
Other Africa	**3,256**	2,763	**437**	501
Brazil	**1,274**	1,404	**200**	152
Chile	**5,122**	5,170	**1,863**	2,581
Other South America	**1,131**	1,364	**304**	512
North America	**559**	615	**(138)**	256
Australia and Asia	**4,616**	5,058	**465**	1,318
Europe	**2,235**	2,319	**(302)**	(284)
	32,785	36,548	**6,164**	11,095

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, are provided for information:

	Segment assets[1]		Segment liabilities		Net segment assets	
US$ million	2012	2011	2012	2011	2012	2011
South Africa	**20,155**	18,364	**(2,922)**	(2,620)	**17,233**	15,744
Other Africa	**8,313**	385	**(202)**	(20)	**8,111**	365
Brazil	**9,124**	13,188	**(244)**	(303)	**8,880**	12,885
Chile	**8,695**	7,950	**(1,094)**	(1,101)	**7,601**	6,849
Other South America	**717**	808	**(55)**	(48)	**662**	760
North America	**2,500**	782	**(298)**	(107)	**2,202**	675
Australia and Asia	**5,900**	5,450	**(838)**	(953)	**5,062**	4,497
Europe	**2,806**	3,039	**(1,104)**	(807)	**1,702**	2,232
	58,210	49,966	**(6,757)**	(5,959)	**51,453**	44,007

[1] Investments in associates of $3,063 million (2011: $5,240 million) 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 (LOSS)/PROFIT FROM SUBSIDIARIES AND JOINT VENTURES

US$ million	2012	2011
Group revenue	**28,761**	30,580
Cost of sales[1]	**(25,993)**	(17,343)
Gross profit	**2,768**	13,237
Selling and distribution costs	**(2,031)**	(1,788)
Administrative expenses	**(2,127)**	(2,034)
Other gains and losses (see below)	**(92)**	145
Exploration expenditure (see note 7)	**(206)**	(121)
Operating (loss)/profit from subsidiaries and joint ventures	**(1,688)**	9,439

(1) Includes operating special item charges of $6,977 million (2011: $164 million), see note 5. Operating remeasurements are included in 'Other gains and losses', see below.

US$ million	2012	2011
Operating (loss)/profit is stated after charging/(crediting):		
Depreciation of property, plant and equipment (see note 15)[1]	**2,258**	1,947
Amortisation of intangible assets (see note 14)[2]	**31**	20
Rentals under operating leases	**182**	128
Project evaluation expenditure	**525**	418
Research and development expenditure	**80**	38
Operating special items (see note 5)	**6,977**	164
Employee costs (see note 8)	**5,033**	4,707
Adjustment due to provisional pricing[3]	**(14)**	286
Royalties[4]	**554**	742
Other gains and losses comprise:		
Operating remeasurements (see note 5)	**(116)**	(65)
Other fair value gains/(losses) on derivatives – realised	**9**	(57)
Foreign exchange gains on other monetary items	**12**	256
Fair value gains on biological assets	**3**	11
Total other gains and losses	**(92)**	145

(1) In addition $70 million (2011: $84 million) of accelerated depreciation and $35 million (2011: nil) of depreciation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers have been recorded within operating special items and remeasurements (see note 5) and $81 million (2011: $39 million) of pre-commercial production depreciation has been capitalised.
(2) In addition $6 million of amortisation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers has been included within operating remeasurements.
(3) Provisionally priced contracts resulted in a total (realised and unrealised) gain in revenue of $37 million (2011: loss of $283 million) and total (realised and unrealised) loss in operating costs of $23 million (2011: $3 million).
(4) Excludes those royalties which meet the definition of income tax on profit and accordingly have been accounted for as taxes.

Auditor remuneration

	2012				2011			
	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
Paid to the Company's auditor for audit of the Anglo American plc Annual Report	**2.2**	**4.8**	**7.0**	**0.1**	1.7	4.3	6.0	0.1
Paid to the Company's auditor for other services to the Group								
Audit of the Company's subsidiaries	**1.1**	**4.8**	**5.9**	**1.1**	0.7	3.2	3.9	0.6
Total audit fees	**3.3**	**9.6**	**12.9**	**1.2**	2.4	7.5	9.9	0.7
Audit related assurance services[1]	**0.8**	**1.0**	**1.8**	**–**	0.5	0.8	1.3	0.1
Taxation compliance services	**–**	**0.2**	**0.2**	**0.3**	–	0.1	0.1	0.1
Taxation advisory services	**0.2**	**0.2**	**0.4**	**0.1**	0.4	0.3	0.7	0.2
Other assurance services[2]	**0.4**	**1.3**	**1.7**	**0.6**	0.2	1.4	1.6	0.5
Total non-audit fees	**1.4**	**2.7**	**4.1**	**1.0**	1.1	2.6	3.7	0.9

(1) Includes $1.3 million (2011: $1.3 million) for the interim review.
(2) Includes $0.1 million (2011: $0.1 million) for the audit of Group pension plans.

4. OPERATING PROFIT AND UNDERLYING EARNINGS BY SEGMENT

The following table analyses operating profit (including attributable share of associates' operating profit) by segment and reconciles it to underlying earnings by segment. In 2012 Amapá has been reclassified from the Iron Ore and Manganese segment to the Other Mining and Industrial segment to align with internal management reporting. Comparatives have been reclassified to align with current presentation.

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 net finance costs, income tax expense and non-controlling interests. For a reconciliation from '(Loss)/profit for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year', see note 13.

	2012					2011				
US$ million	Operating profit/(loss) before special items and remeasurements[1]	Operating special items and remeasurements (note 5)	Operating profit/(loss) after special items and remeasurements	Net finance costs, income tax expense and non-controlling interests	Underlying earnings	Operating profit/(loss) before special items and remeasurements[1]	Operating special items and remeasurements (note 5)	Operating profit/(loss) after special items and remeasurements	Net finance costs, income tax expense and non-controlling interests	Underlying earnings
Iron Ore and Manganese	**2,949**	**5,139**	**(2,190)**	**(1,912)**	**1,037**	4,400	79	4,321	(2,943)	1,457
Metallurgical Coal	**405**	**365**	**40**	**(130)**	**275**	1,189	–	1,189	(345)	844
Thermal Coal	**793**	**(1)**	**794**	**(270)**	**523**	1,230	(1)	1,231	(328)	902
Copper	**1,687**	**(9)**	**1,696**	**(779)**	**908**	2,461	1	2,460	(851)	1,610
Nickel	**26**	**184**	**(158)**	**(15)**	**11**	57	72	(15)	(34)	23
Platinum	**(120)**	**921**	**(1,041)**	**(105)**	**(225)**	890	6	884	(480)	410
Diamonds	**496**	**456**	**40**	**(184)**	**312**	659	18	641	(216)	443
Other Mining and Industrial	**337**	**28**	**309**	**(108)**	**229**	315	70	245	(140)	175
Exploration	**(206)**	**–**	**(206)**	**11**	**(195)**	(121)	–	(121)	3	(118)
Corporate Activities and Unallocated Costs	**(203)**	**68**	**(271)**	**167**	**(36)**	15	2	13	359	374
Total	**6,164**	**7,151**	**(987)**	**(3,325)**	**2,839**	11,095	247	10,848	(4,975)	6,120
Analysed as:										
Core operations	**5,996**	**7,127**	**(1,131)**	**(3,278)**	**2,718**	10,964	177	10,787	(4,910)	6,054
Non-core operations[2]	**168**	**24**	**144**	**(47)**	**121**	131	70	61	(65)	66

(1) Operating profit/(loss) before special items and remeasurements includes attributable share of associates' operating profit before special items and remeasurements which is reconciled to 'Share of net income from associates' in note 2.

(2) Non-core operations relate to Amapá, Tarmac and, until November 2012, Scaw South Africa.

Underlying earnings by origin

US$ million	2012	2011
South Africa	**1,449**	2,726
Other Africa	**357**	326
South America	**1,359**	2,080
North America	**(198)**	218
Australia and Asia	**336**	967
Europe	**(464)**	(197)
	2,839	6,120

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 paragraph 97. Special items that relate to the operating performance of the Group are classified as operating special items and principally include impairment charges. Non-operating special items include profits and losses on disposals of investments and businesses as well as certain adjustments 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 the year end (in respect of future transactions) and the reversal of the historical marked to market value of such instruments settled in the year. Where the underlying transaction is recorded in the income statement, the 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, for example, 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 impacts 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.
- The remeasurement and subsequent depreciation of a previously held equity interest as a result of a business combination.

5. SPECIAL ITEMS AND REMEASUREMENTS continued

US$ million	2012 Subsidiaries and joint ventures	2012 Associates[1]	2012 Total	2011 Subsidiaries and joint ventures	2011 Associates[1]	2011 Total
Impairment of Minas-Rio	(4,960)	–	(4,960)	–	–	–
Platinum operations	(860)	–	(860)	–	–	–
Cessation of Loma de Níquel	(159)	–	(159)	(84)	–	(84)
Other impairments and related charges	(168)	(62)	(230)	(70)	–	(70)
Onerous contract provisions	(386)	–	(386)	–	–	–
Reversal of De Beers inventory uplift	(421)	–	(421)	–	–	–
Restructuring costs	(23)	–	(23)	(10)	(9)	(19)
Operating special items	(6,977)	(62)	(7,039)	(164)	(9)	(173)
Operating remeasurements	(116)	4	(112)	(65)	(9)	(74)
Operating special items and remeasurements	(7,093)	(58)	(7,151)	(229)	(18)	(247)
Loss on transfer of Tarmac Quarry Materials to assets held for sale	(135)	–	(135)	–	–	–
Loss on transfer of Amapá to assets held for sale	(404)	–	(404)	–	–	–
Disposal of Scaw South Africa	(21)	–	(21)	–	–	–
Disposal of Mondi	27	–	27	–	–	–
Disposal of Lisheen and Black Mountain	–	–	–	397	–	397
Disposal of Tarmac businesses	–	–	–	(75)	–	(75)
Kumba Envision Trust	(77)	–	(77)	–	–	–
Platinum BEE transactions and related charges	–	–	–	(141)	–	(141)
Other	16	–	16	2	20	22
Non-operating special items	(594)	–	(594)	183	20	203
Non-operating remeasurement – net gain on acquisition of De Beers	1,988	–	1,988	–	–	–
Non-operating special items and remeasurements	1,394	–	1,394	183	20	203
Financing special items	–	–	–	–	(9)	(9)
Financing remeasurements	(89)	1	(88)	203	2	205
Total special items and remeasurements before tax and non-controlling interests	(5,788)	(57)	(5,845)	157	(5)	152
Special items and remeasurements tax	1,113	(3)	1,110	(119)	1	(118)
Non-controlling interests on special items and remeasurements	404	(1)	403	12	3	15
Net total special items and remeasurements attributable to equity shareholders of the Company	(4,271)	(61)	(4,332)	50	(1)	49

[1] Relates to the Iron Ore and Manganese, Platinum and, until 16 August, Diamonds segment in 2012 (2011: Diamonds only).

Operating special items

Minas-Rio

An impairment charge of $4,960 million has been recorded in relation to the Minas-Rio iron ore project (Iron Ore Brazil). Of this charge, $1,105 million has been recorded against goodwill and $3,855 million has been recorded against mining properties, with an associated deferred tax credit of $960 million. The post-tax impairment charge is $4,000 million.

Platinum operations

The impairment charge of $860 million relates to certain Platinum projects and other assets, not in use, that are not considered economically viable in the current market environment. The charge includes a write-off of fair value uplifts associated with these assets held at a Group level of $89 million.

Cessation of Loma de Níquel

A charge of $159 million has arisen at Loma de Níquel due to the cancellation of its mining concessions in November 2012. The charge comprises $70 million of accelerated depreciation (2011: $84 million) and $89 million of related closure and retrenchment costs, including inventory write-offs of $61 million.

Other impairments and related charges

Other impairments and related charges of $230 million (2011: $70 million) relate to various impairments across the Group, including an impairment of $42 million of fixed assets relating to onerous contracts at Callide (Metallurgical Coal); an impairment of $44 million relating to Wesizwe, an available for sale asset held in Platinum where the fair value has had a significant and prolonged decline; and $50 million of asset impairments recognised in Samancor, an associate investment. In 2011 the $70 million charge related to the impairment of Tarmac Building Products.

Onerous contract provisions

The charge of $386 million in relation to onerous contracts principally reflects a provision increase of $292 million for coal supply agreements inherited on acquisition of Callide in 2000. The pricing in the agreements, which extend to 2031, is significantly below market rates resulting in the unavoidable costs of meeting the obligations exceeding the economic benefit expected to be received from the contract.

The settlement of an unused inherited transhipment contract at Amapá resulted in a charge of $43 million and the settlement of unutilised energy contracts at Minas-Rio resulted in a charge of $38 million.

Reversal of De Beers inventory uplift

Inventory held by De Beers at the date of acquisition is required to be recognised at fair value under IFRS. This results in negligible margins being realised upon the subsequent sale of inventory held at the acquisition date. The reversal of fair value uplifts on inventory sold in 2012 of $421 million has been excluded from the Group's underlying earnings so as not to distort the operating margins of De Beers and to provide more useful information about the performance of the Group.

Operating remeasurements

Operating remeasurements reflect a net loss of $112 million (2011: net loss of $74 million) principally in respect of non-hedge derivatives related to capital expenditure in Iron Ore Brazil. Derivatives which have been realised during the period had a cumulative net loss since their inception of $71 million (2011: net gain of $383 million). The depreciation and amortisation charge arising due to the fair value uplift on the pre-existing 45% shareholding of De Beers, which was required on acquisition of a controlling stake, is $41 million in 2012.

5. SPECIAL ITEMS AND REMEASUREMENTS continued

Non-operating special items

In May 2012 the Competition Commission approved the formation of a 50:50 joint venture between the Group and Lafarge combining their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the UK subject to a number of conditions being met. In July 2012 the Group accepted the conditions of the Competition Commission and consequently the associated Tarmac Quarry Materials assets were classified as held for sale and recognised at fair value less costs to sell. This resulted in a loss being recognised of $135 million.

In December 2012 the Group agreed the sale of its 70% interest in the Amapá iron ore system. The net assets have been reclassified to held for sale and recognised at fair value less costs to sell. This resulted in a loss being recognised of $404 million.

The Group completed the sale of Scaw South Africa (Pty) Ltd (Scaw South Africa), an integrated steel maker, in November 2012. This resulted in a net cash inflow of $100 million, generating a loss on disposal of $21 million.

The Group sold its 5.28% shareholding in Mondi in November 2012 for net proceeds of $273 million, realising a net fair value gain recycled from reserves of $27 million.

The Kumba Envision Trust charge of $77 million relates to Kumba's broad based employee share scheme provided solely for the benefit of non-managerial Historically Disadvantaged South African employees who do not participate in other Kumba share schemes.

Non-operating remeasurement

The non-operating remeasurement of $1,988 million (2011: nil) reflects the net gain of $2,017 million, after transaction costs, resulting from the remeasurement to fair value of the Group's existing 45% shareholding held in De Beers at the date a controlling stake was acquired. This includes a $2.7 billion uplift on depreciable assets which will unwind through operating remeasurements in the current and future years.

Financing remeasurements

Financing remeasurements reflect a net loss of $88 million (2011: net gain of $205 million) and relates to an embedded interest rate derivative, non-hedge derivatives relating to debt and other financing remeasurements.

Special items and remeasurements tax

Special items and remeasurements tax amounted to a credit of $1,110 million (2011: charge of $118 million). This relates to a credit for one-off tax items of $922 million (2011: credit of $137 million), a tax remeasurement charge of $189 million (2011: charge of $230 million) and a tax credit on special items and remeasurements of $377 million (2011: charge of $25 million).

The total tax credit relating to subsidiaries and joint ventures of $1,113 million (2011: charge of $119 million) comprises a current tax charge of $8 million (2011: charge of $12 million) and a deferred tax credit of $1,121 million (2011: charge of $107 million).

The credit relating to one-off tax items of $922 million (2011: credit of $137 million) relates principally to the net deferred tax credit of $960 million relating to Minas-Rio and a net deferred tax credit of $70 million relating to the reassessment of deferred tax assets as a result of changes in tax regimes within operating segments, partially offset by the write-off of the deferred tax asset in Amapá of $108 million following the decision to sell the system.

The tax credit of $377 million on special items and remeasurements primarily arises on the impairments at Platinum and the reversal of the De Beers inventory uplift.

6. UNDERLYING EBITDA

Earnings before interest, tax, depreciation and amortisation (underlying EBITDA) is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of underlying EBITDA of associates.

US$ million	2012	2011
Iron Ore and Manganese[1]	**3,198**	4,586
Metallurgical Coal	**877**	1,577
Thermal Coal	**972**	1,410
Copper	**2,179**	2,750
Nickel	**50**	84
Platinum	**580**	1,672
Diamonds	**711**	794
Other Mining and Industrial[1]	**485**	540
Exploration	**(206)**	(121)
Corporate Activities and Unallocated Costs	**(160)**	56
Underlying EBITDA	**8,686**	13,348

(1) In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current year presentation.

Underlying 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	2012	2011
Underlying EBITDA	**8,686**	13,348
Depreciation and amortisation: subsidiaries and joint ventures	**(2,289)**	(1,967)
Depreciation and amortisation: associates	**(233)**	(286)
Operating profit, including associates, before special items and remeasurements	**6,164**	11,095
Operating special items and remeasurements	**(7,093)**	(229)
Non-operating special items and remeasurements	**1,394**	183
Associates' net special items and remeasurements	**(61)**	(1)
Share of associates' net finance costs, tax and non-controlling interests	**(266)**	(449)
Total profit from operations and associates	**138**	10,599

7. EXPLORATION EXPENDITURE

US$ million	2012	2011
By commodity		
Iron ore	**23**	5
Metallurgical coal	**18**	5
Thermal coal	**14**	9
Copper	**39**	27
Nickel	**32**	26
Platinum group metals	**4**	5
Diamonds	**23**	–
Phosphates and niobium	**2**	–
Central exploration activities	**51**	44
	206	121

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	2012	2011
By segment		
Iron Ore and Manganese[1]	**8**	7
Metallurgical Coal	**4**	3
Thermal Coal	**9**	9
Copper	**5**	5
Nickel	**2**	2
Platinum	**57**	55
Diamonds[2]	**3**	–
Other Mining and Industrial[1]	**16**	17
Corporate Activities and Unallocated Costs	**2**	2
	106	100

(1) In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current year presentation.
(2) The average number of employees in Diamonds reflects the acquisition of De Beers from 16 August 2012.

The average number of employees by principal location of employment was:

Thousand	2012	2011
South Africa	**82**	79
Other Africa	**2**	1
South America	**11**	10
North America	**1**	–
Australia and Asia	**4**	4
Europe	**6**	6
	106	100

Payroll costs in respect of the employees included in the tables above were:

US$ million	2012	2011
Wages and salaries	**4,522**	4,201
Social security costs	**166**	142
Post employment benefits[1]	**378**	343
Share-based payments (see note 29)	**321**	260
Total payroll costs	**5,387**	4,946
Reconciliation:		
Less: employee costs capitalised	**(247)**	(229)
Less: employee costs included within special items	**(107)**	(10)
Employee costs included in operating costs	**5,033**	4,707

(1) Includes contributions to defined contribution pension and medical plans, and current service costs related to defined benefit pension and medical schemes, and other benefits provided to certain employees during retirement, see note 28.

In accordance with IAS 24 *Related Party Disclosures (Amended)*, 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	2012	2011
Salaries and short term employee benefits	**24**	23
Social security costs	**3**	2
Termination benefits	**2**	–
Post employment benefits	**3**	8
Share-based payments	**25**	22
	57	55

Key management comprises 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)/INCOME

Finance costs and exchange (losses)/gains are presented net of hedges for respective interest bearing and foreign currency borrowings.

The weighted average capitalisation rate applied to qualifying capital expenditure was 4.2% (2011: 5.0%).

US$ million	2012	2011
Investment income		
Interest income from cash and cash equivalents	**155**	239
Other interest income	**195**	194
Expected return on defined benefit arrangements	**200**	199
Dividend income from financial asset investments	**54**	59
	604	691
Less: interest income capitalised	**(7)**	(23)
Total investment income	**597**	668
Interest expense		
Interest and other finance expense	**(691)**	(615)
Interest payable on convertible bond	**(25)**	(68)
Unwinding of discount on convertible bond	**(25)**	(71)
Interest cost on defined benefit arrangements	**(230)**	(205)
Unwinding of discount relating to provisions and other liabilities	**(114)**	(80)
	(1,085)	(1,039)
Less: interest expense capitalised	**287**	344
Total interest expense	**(798)**	(695)
Other financing (losses)/gains		
Net foreign exchange losses	**(90)**	(16)
Net fair value (losses)/gains on fair value hedges	**(24)**	16
Other net fair value gains	**27**	7
Total other financing (losses)/gains	**(87)**	7
Net finance costs before remeasurements	**(288)**	(20)
Remeasurements (see note 5)	**(89)**	203
Net finance (costs)/income after remeasurements	**(377)**	183

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	2012	2011
At fair value through profit and loss		
Cash flow hedge derivatives transferred from equity[1]	**(4)**	(5)
Fair value hedge derivatives	**(193)**	(263)
Fair value hedge underlying instruments	**169**	279
Foreign exchange gains/(losses)	**12**	(9)
Other fair value movements[2]	**(144)**	(205)
Loans and receivables		
Foreign exchange gains	**17**	9
Interest income at amortised cost[3]	**307**	368
Available for sale		
Net gain transferred on sale from equity	**67**	10
Dividend income	**54**	59
Impairment of available for sale investments	**(84)**	–
Foreign exchange losses	**(30)**	–
Other financial liabilities		
Foreign exchange (losses)/gains	**(106)**	240
Interest expense at amortised cost[3]	**(404)**	(345)

(1) These amounts are included in Group revenue.

(2) Includes the impact of provisional pricing, see note 3, and certain operating and financing remeasurements, see note 5.

(3) Interest income and expense at amortised cost are shown net of amounts capitalised.

11. INCOME TAX EXPENSE

a) Analysis of charge for the year

US$ million	2012	2011
United Kingdom corporation tax (credit)/charge	**(12)**	16
South Africa tax	**802**	1,307
Other overseas tax	**605**	1,067
Prior year adjustments	**61**	(92)
Current tax[1]	**1,456**	2,298
Deferred tax	**32**	443
Income tax expense before special items and remeasurements	**1,488**	2,741
Special items and remeasurements tax	**(1,113)**	119
Income tax expense	**375**	2,860

(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 (156.9)% (2011: 26.5%) is lower than (2011: same as) the applicable weighted average statutory rate of corporation tax in the United Kingdom of 24.5% (2011: 26.5%). The reconciling items, excluding the impact of associates, are:

US$ million	2012	2011
(Loss)/profit before tax	**(239)**	10,782
Less: share of net income from associates	**(432)**	(977)
(Loss)/profit before tax (excluding associates)	**(671)**	9,805
Tax on (loss)/profit (excluding associates) calculated at United Kingdom corporation tax rate of 24.5% (2011: 26.5%)	**(164)**	2,598
Tax effects of:		
Items not taxable/deductible for tax purposes		
Exploration expenditure	**43**	27
Non-taxable/deductible net foreign exchange loss	**7**	24
Non-taxable net interest income	**(25)**	(20)
Other non-deductible expenses	**51**	60
Other non-taxable income	**(63)**	(57)
Temporary difference adjustments		
Current year losses not recognised	**86**	38
Recognition of losses not previously recognised	**(69)**	(103)
Other temporary differences	**(40)**	(57)
Special items and remeasurements	**305**	77
Other adjustments		
Secondary tax on companies and dividend withholding taxes	**26**	407
Effect of differences between local and United Kingdom rates	**68**	(61)
Prior year adjustments to current tax	**61**	(92)
Other adjustments	**89**	19
Income tax expense	**375**	2,860

IAS 1 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 2012 is $205 million (2011: $384 million). Excluding special items and remeasurements this becomes $202 million (2011: $385 million).

The effective rate of tax before special items and remeasurements including attributable share of associates' tax for the year ended 31 December 2012 was 29.0%. The increase compared to the equivalent effective tax rate of 28.3% for the year ended 31 December 2011 is due to the reduced impact of certain non-recurring factors. The non-recurring factors in 2012 include further recognition of previously unrecognised tax losses and the reassessment of certain withholding tax provisions across the Group. In future periods it is expected that the effective tax rate, including associates' tax, will remain above the United Kingdom statutory tax rate.

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	2012	2011
Tax on items recognised directly in equity		
Net gain on revaluation of available for sale investments	**(79)**	(26)
Net (gain)/loss on cash flow hedges	**(1)**	20
Net exchange difference on translation of foreign operations	**(16)**	11
Actuarial net (gain)/loss on post employment benefit plans	**(19)**	19
	(115)	24
Tax on items transferred from equity		
Transferred to income statement: disposal of available for sale investments	**30**	–
Transferred to initial carrying amount of hedged items: cash flow hedges	**(1)**	(12)
Transferred to income statement: cash flow hedges	**–**	(2)
	29	(14)

d) Tax amounts recognised directly in equity

Capital gains tax of $290 million relating to the profit on sale of a 25.4% share in Anglo American Sur SA (AA Sur) in August 2012 has been charged directly to equity (2011: $1,017 million relating to the profit on sale of a 24.5% share in AA Sur in November 2011). There were no other material current tax amounts charged directly to equity in 2012 or 2011. Deferred tax of $110 million has been charged directly to equity (2011: charge of $127 million), see note 27.

12. DIVIDENDS

Dividends payable during the year are as follows:

US$ million	2012	2011
Final ordinary dividend for 2011 – 46 US cents per ordinary share (2010: 40 US cents per ordinary share)	**559**	495
Interim ordinary dividend for 2012 – 32 US cents per ordinary share (2011: 28 US cents per ordinary share)	**411**	339
	970[1]	834[1]

[1] Of this, $599 million (2011: $561 million) was recognised in the parent Company.

Total dividends paid during the year were $970 million (2011: $818 million). In 2011 the difference to dividends payable arose due to movements in exchange rates between the date of recognition and the date of payment.

The directors are proposing a final dividend in respect of the financial year ended 31 December 2012 of 53 US cents per share. Based on shares eligible for dividends at 31 December 2012, this will result in an estimated distribution of $676 million of shareholders' funds, of which $395 million will be distributed by the parent Company. 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$	2012	2011
(Loss)/profit for the financial year attributable to equity shareholders of the Company		
Basic (loss)/earnings per share	**(1.19)**	5.10
Diluted (loss)/earnings per share	**(1.19)**	4.89
Headline earnings for the financial year[1]		
Basic earnings per share	**0.95**	4.89
Diluted earnings per share	**0.95**	4.69
Underlying earnings for the financial year[1]		
Basic earnings per share	**2.26**	5.06
Diluted earnings per share	**2.24**	4.85

[1] Basic and diluted earnings per share are also 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 basic and diluted earnings per share is based on the following data:

	(Loss)/profit attributable to equity shareholders of the Company		Headline earnings		Underlying earnings	
	2012	2011	2012	2011	2012	2011
Earnings (US$ million)						
Basic (loss)/earnings	**(1,493)**	6,169	**1,197**	5,913	**2,839**	6,120
Effect of dilutive potential ordinary shares						
Interest payable on convertible bond (net of tax)[1]	**–**	50	**–**	50	**19**	50
Unwinding of discount on convertible bond (net of tax)[1]	**–**	52	**–**	52	**19**	52
Diluted earnings	**(1,493)**	6,271	**1,197**	6,015	**2,877**	6,222
Number of shares (million)						
Basic number of ordinary shares outstanding	**1,254**	1,210	**1,254**	1,210	**1,254**	1,210
Effect of dilutive potential ordinary shares						
Share options and awards	**–**	10	**5**	10	**5**	10
Convertible bond	**–**	62	**–**	62	**23**	62
Diluted number of ordinary shares outstanding	**1,254**	1,282	**1,259**	1,282	**1,282**	1,282

[1] All outstanding convertible bonds were converted or redeemed during the year, see note 24.

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. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. Consequently, in 2012 basic loss per share equals diluted loss per share and 16,325,905 (2011: 270,095) shares have been excluded from the calculation of diluted earnings per share as they are anti-dilutive as at 31 December 2012.

As at 31 December 2012, 10,339,454 (2011: 270,095) shares have been excluded from the calculation of diluted headline earnings per share and diluted underlying earnings per share as they are anti-dilutive.

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.

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	2012	2011
(Loss)/profit for the financial year attributable to equity shareholders of the Company	**(1,493)**	6,169
Operating special items	**6,050**	70
Operating special items – tax	**(1,600)**	–
Operating special items – non-controlling interests	**(123)**	–
Non-operating special items and remeasurements	**(1,492)**	(347)
Non-operating special items – tax	**35**	36
Non-operating special items – non-controlling interests	**(180)**	–
Financing special items	**–**	9
Tax special items	**–**	(24)
Headline earnings for the financial year	**1,197**	5,913
Operating special items[1]	**989**	103
Operating remeasurements	**112**	74
Non-operating special items and remeasurements[2]	**98**	144
Financing remeasurements	**88**	(205)
Special items and remeasurements tax	**455**	106
Non-controlling interests on special items and remeasurements	**(100)**	(15)
Underlying earnings for the financial year	**2,839**	6,120

(1) Includes onerous contract provisions, accelerated depreciation and the reversal of the inventory uplift on De Beers.
(2) Principally includes Kumba Envision Trust charge and transaction costs relating to the De Beers acquisition (2011: Platinum BEE transactions and related charges).

14. INTANGIBLE ASSETS

	2012			2011		
US$ million	**Brands, contracts and other intangibles[1]**	**Goodwill[2]**	**Total**	Brands, contracts and other intangibles[1]	Goodwill[2]	Total
Net book value						
At 1 January	**83**	**2,239**	**2,322**	85	2,231	2,316
Acquired through business combinations	**1,588**	**2,355**	**3,943**	–	–	–
Additions	**34**	**–**	**34**	26	–	26
Amortisation charge for the year[3]	**(37)**	**–**	**(37)**	(20)	–	(20)
Impairments and losses on assets transferred to held for sale	**(30)**	**(1,169)**	**(1,199)**	–	(15)	(15)
Disposals and transfer to assets held for sale	**(7)**	**(441)**	**(448)**	–	(25)	(25)
Adjustments relating to deferred and contingent consideration	**–**	**–**	**–**	–	81	81
Currency movements	**(14)**	**(30)**	**(44)**	(8)	(33)	(41)
At 31 December	**1,617**	**2,954**	**4,571**	83	2,239	2,322
Cost	**1,724**	**2,954**	**4,678**	182	2,239	2,421
Accumulated amortisation	**(107)**	**–**	**(107)**	(99)	–	(99)

(1) Includes $517 million (2011: nil) of assets with indefinite lives acquired through the acquisition of De Beers. Brands, contracts and other intangible assets are provided net of cumulative impairment charges of $29 million (2011: $37 million).
(2) The goodwill balances provided are net of cumulative impairment charges of $1,120 million (2011: $337 million).
(3) Includes $6 million (2011: nil) of amortisation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers. This has been included within operating remeasurements.

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. Any goodwill associated with CGUs subsumed within these segments is not significant when compared to the goodwill of the Group (2011: material components of goodwill within Iron Ore and Manganese and Other Mining and Industrial). The allocation of goodwill to CGUs or groups of CGUs is as follows:

US$ million	2012	2011
Iron Ore and Manganese		
Iron Ore Brazil	**–**	1,123
Thermal Coal	**88**	88
Copper	**124**	124
Nickel	**10**	10
Platinum	**230**	230
Diamonds	**2,324**	–
Other Mining and Industrial		
Tarmac[1]	**–**	456
Other	**178**	208
	2,954	2,239

(1) The goodwill balance in Tarmac as at 31 December 2012 relates to Tarmac Quarry Materials and has been transferred to assets held for sale, see note 34.

For the purposes of goodwill impairment testing, the recoverable amount of a CGU is determined based on a fair value less costs to sell basis, with the exception of Minas-Rio which is determined on a value in use basis.

14. INTANGIBLE ASSETS continued

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 observable market 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.

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 resources, 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 mine life plans 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 mine life 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. Underlying input cost assumptions are consistent with related output price assumptions.

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 used in fair value less costs to sell impairment models are discounted based on a real post-tax discount rate of 6.5% (2011: 6.0%). The discount rate for Minas-Rio is a real pre-tax rate of 8.5% (2011: 8.0%). Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows.

Foreign exchange rates

Foreign exchange rates are based on latest internal forecasts for foreign exchange, benchmarked with external sources of information for relevant countries of operation. Foreign exchange rates are kept constant from 2017 onwards.

Minas-Rio

The Minas-Rio iron ore project (Minas-Rio) in Brazil was acquired in two separate transactions in 2007 and 2008. Minas-Rio is expected to produce 26.5 Mtpa of high quality pellet feed in its first phase of development, with the potential to increase to 29.8 Mtpa following asset optimisation. Pre-feasibility studies for the subsequent expansion phases of Minas-Rio commenced during 2011, supported by an estimated resource base at that time of 5.77 billion tonnes, as detailed in the 2011 Ore Reserves and Mineral Resources statement. We have subsequently converted 1.45 billion tonnes to Ore Reserves.

While progress is being made, construction activities at the beneficiation plant and land access along the 525 km pipeline route have been impeded by a series of challenges, including three legal injunctions. All three injunctions were resolved during the second half of 2012 and construction activity in the affected areas has resumed.

Additional capital expenditure has been incurred as a result of, *inter alia*, the delays arising from the injunctions, scope changes and higher than expected inflation of operational costs. Management has completed a detailed review to assess the impact of these additional costs and the forecast capital expenditure for the first phase of Minas-Rio has increased from $5.8 billion to $8.8 billion, including a $0.6 billion contingency, on an attributable basis.

The delivery of the project on the revised schedule is dependent upon a number of development milestones: suppression of caves at the mine site; completion of the tailings dam before the rainy season; land release for the transmission line to the beneficiation plant and pipeline; and fulfilment of installation licences' conditions such that operating licences can be issued in due course. Subject to no further unexpected interventions and the successful completion of these key milestones in the next 12 months, first ore on ship is anticipated at the end of 2014.

The valuation of Minas-Rio at 31 December 2012 has been assessed by reference to its value in use, determined on a discounted cash flow basis (real pre-tax discount rate of 8.5%). The valuation considers the risk of further escalation in capital expenditure and of further delay to first ore on ship. It also considers the impact of further unanticipated impediments to progress. These risks reflect the history of unforeseen challenges that have affected the project to date. The valuation model employs long term iron ore prices based on detailed analysis of market fundamentals and adjusted for iron ore quality. The long term iron ore price which is used in the valuation from 2022 onwards is within the range of published analyst forecasts and is slightly above the median of $80 per tonne.

Based on this valuation, the Group has recorded an impairment charge of $4,960 million (before tax) against the carrying value of the asset. Of this charge, $1,105 million has been recorded against goodwill and $3,855 million has been recorded against mining properties, with an associated deferred tax credit of $960 million. The post-tax impairment charge is $4,000 million.

15. PROPERTY, PLANT AND EQUIPMENT

US$ million	2012 Mining properties and leases[1]	2012 Land and buildings	2012 Plant and equipment	2012 Other[2]	2012 Total	2011 Mining properties and leases[1]	2011 Land and buildings	2011 Plant and equipment	2011 Other[2]	2011 Total
Net book value										
At 1 January	**14,643**	**2,620**	**14,822**	**8,464**	**40,549**	15,376	2,004	10,839	11,591	39,810
Acquired through business combinations	**7,307**	**420**	**395**	**790**	**8,912**	–	–	–	–	–
Additions	**338**	**44**	**181**	**5,394**	**5,957**	352	76	287	5,834	6,549
Depreciation charge for the year[3]	**(559)**	**(200)**	**(1,641)**	**(44)**	**(2,444)**	(414)	(113)	(1,501)	(42)	(2,070)
Impairments and losses on transfer to assets held for sale	**(4,009)**	**(35)**	**(352)**	**(794)**	**(5,190)**	–	–	(61)	–	(61)
Disposal of assets	**(5)**	**(4)**	**(45)**	**(12)**	**(66)**	(2)	(7)	(39)	(28)	(76)
Disposal and transfer to assets held for sale	**(644)**	**(148)**	**(1,007)**	**(155)**	**(1,954)**	(39)	(4)	(13)	(1)	(57)
Reclassifications[4]	**558**	**346**	**2,149**	**(3,053)**	**–**	532	826	6,408	(7,929)	(163)
Currency movements	**(264)**	**(47)**	**(217)**	**(147)**	**(675)**	(1,162)	(162)	(1,098)	(961)	(3,383)
At 31 December	**17,365**	**2,996**	**14,285**	**10,443**	**45,089**	14,643	2,620	14,822	8,464	40,549
Cost	**25,057**	**4,001**	**23,358**	**10,628**	**63,044**	19,532	3,450	24,116	8,648	55,746
Accumulated depreciation	**(7,692)**	**(1,005)**	**(9,073)**	**(185)**	**(17,955)**	(4,889)	(830)	(9,294)	(184)	(15,197)

(1) Includes amounts in relation to deferred stripping.
(2) Includes $10,193 million (2011: $8,088 million) of assets in the course of construction, which are not depreciated.
(3) Includes $2,258 million (2011: $1,947 million) of depreciation within operating profit, $70 million (2011: $84 million) of accelerated depreciation, a $35 million (2011: nil) depreciation charge arising due to the fair value uplift on the pre-existing 45% shareholding of De Beers (see note 5) and $81 million (2011: $39 million) of pre-commercial production depreciation which has been capitalised. See note 2 for a split of depreciation, and amortisation for intangibles, by segment.
(4) Relates mainly to amounts transferred from assets in the course of construction. In 2011 the net amount of $163 million relates to federal tax credits on qualifying capital projects in Brazil. These credits have been reclassified, as appropriate, to reflect the expected realisation.

Included in the additions above is $280 million (2011: $321 million) of net interest expense incurred on borrowings funding the construction of qualifying assets which has been capitalised during the year.

Assets held under finance leases relate to plant and equipment with a net book value of $27 million (2011: $25 million). Depreciation charges in the year amounted to $7 million (2011: $9 million).

The net book value of land and buildings comprises:

US$ million	2012	2011
Freehold	**2,952**	2,604
Leasehold – long	**41**	8
Leasehold – short (less than 50 years)	**3**	8
	2,996	2,620

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 comprise the following investments:

US$ million	2012	2011
Equity	**150**	146
Bonds	**151**	130
Cash	**92**	84
	393	360

These assets are primarily rand denominated. Cash is held in short term fixed deposits or earns interest at floating inter-bank rates. Bonds earn interest at a weighted average fixed rate of 8% (2011: 6%) for an average period of five years (2011: four years). Equity investments are recorded at fair value through profit and loss while 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	2012	2011
At 1 January	**5,240**	4,900
Net income from associates	**432**	977
Dividends received	**(286)**	(344)
Share of expense recognised directly in equity, net of tax	**(6)**	(32)
Other equity movements	**(4)**	–
Investment in equity and capitalised loans	**114**	47
Interest on capitalised loans	**9**	23
Acquired through business combinations	**12**	–
Repayment of capitalised loans	**(36)**	(4)
Transfer to available for sale investments	**–**	(66)
Disposals[1]	**(2,372)**	–
Other movements	**1**	(1)
Currency movements	**(41)**	(260)
At 31 December[2]	**3,063**	5,240

(1) Represents the carrying value of the Group's pre-existing 45% shareholding in De Beers prior to the acquisition of a controlling interest on 16 August 2012, see note 32.
(2) The fair value of the Group's investment in Atlatsa Resources Corporation (previously known as Anooraq Resources Corporation) at 31 December 2012 was $18 million (2011: $51 million).

The Group's total investments in associates comprise:

US$ million	2012	2011
Equity	**2,359**	4,593
Loans[1]	**704**	647
	3,063	5,240

(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	2012	2011
Non-current assets	**2,521**	6,111
Current assets	**1,494**	2,188
Current liabilities	**(379)**	(742)
Non-current liabilities	**(573)**	(2,317)
Group's share of associates' net assets	**3,063**	5,240

Segmental information is provided as follows:

	Share of net income		Aggregate investment	
US$ million	2012	2011	2012	2011
By segment				
Iron Ore and Manganese	**31**	142	**902**	936
Metallurgical Coal	**79**	141	**277**	294
Thermal Coal	**248**	317	**1,085**	932
Platinum	**(94)**	(65)	**786**	848
Diamonds	**168**	442	**13**	2,230
	432	977	**3,063**	5,240

	Aggregate investment	
US$ million	2012	2011
By geography		
South Africa	**1,165**	1,950
Other Africa	**–**	996
South America	**1,075**	917
North America	**–**	343
Australia and Asia	**807**	794
Europe	**16**	240
	3,063	5,240

The Group's share of associates' contingent liabilities incurred jointly by investors is $33 million (2011: $112 million).

Details of principal associates are set out in note 38.

18. JOINT VENTURES

The Group's share of the summarised financial information of joint venture entities that are proportionately consolidated in the financial statements is as follows:

US$ million	2012	2011
Non-current assets	**10,407**	2,546
Current assets	**1,000**	572
Current liabilities	**(651)**	(434)
Non-current liabilities	**(1,299)**	(703)
Group's share of joint venture entities' net assets	**9,457**	1,981
Revenue	**2,394**	1,932
Operating costs	**(1,915)**	(944)
Net finance costs	**(39)**	(44)
Income tax expense	**(110)**	(230)
Group's share of joint venture entities' profit for the financial year	**330**	714

The Group's share of joint venture entities' contingent liabilities incurred jointly with other venturers is $25 million (2011: $32 million) and its share of capital commitments is $569 million (2011: $74 million).

Within the Metallurgical Coal segment, the Group also holds interests in a number of proportionately consolidated jointly controlled operations. The Group's share of net assets of such operations is $1,802 million (2011: $1,538 million) and its share of profit for the financial year is $224 million (2011: $615 million). The Group's share of these operations' contingent liabilities incurred jointly with other venturers is $32 million (2011: $19 million) and its share of capital commitments is $85 million (2011: $80 million).

Details of principal joint ventures are set out in note 38.

19. FINANCIAL ASSET INVESTMENTS

	2012			2011		
US$ million	Loans and receivables	Available for sale investments	Total	Loans and receivables	Available for sale investments	Total
At 1 January	**1,690**	**1,206**	**2,896**	1,920	1,300	3,220
Additions	**8**	**8**	**16**	4	84	88
Acquired through business combinations	**41**	**19**	**60**	–	–	–
Interest receivable	**14**	**–**	**14**	76	–	76
Net repayments	**(79)**	**–**	**(79)**	(22)	–	(22)
Transfer to assets held for sale	**(16)**	**–**	**(16)**	–	–	–
Disposals	**(314)**	**(273)**	**(587)**	–	(14)	(14)
Movements in fair value	**26**	**173**	**199**	(10)	115	105
Currency movements	**(54)**	**(69)**	**(123)**	(278)	(279)	(557)
At 31 December	**1,316**	**1,064**	**2,380**	1,690	1,206	2,896

No provision for impairment is recorded against financial assets classified as 'Loans and receivables' (2011: nil).

Maturity analysis of financial asset investments:

US$ million	2012	2011
Current	**102**	–
Non-current	**2,278**	2,896
	2,380	2,896

20. INVENTORIES

US$ million	2012	2011
Raw materials and consumables	**936**	837
Work in progress	**1,500**	1,488
Finished products	**2,569**	1,192
	5,005	3,517

The cost of inventories recognised as an expense and included in cost of sales amounted to $15,776 million (2011: $16,146 million). An additional $421 million was recognised as an expense within operating special items (2011: nil) relating to the reversal of fair value uplifts on De Beers inventory, see note 5.

Inventories held at net realisable value amounted to $352 million (2011: $285 million).

Write-down of inventories (net of revaluation of provisionally priced purchases) amounted to $145 million, including write-offs of $61 million relating to inventory at Loma de Níquel recorded in operating special items (2011: $16 million).

There were nil inventory write-downs reversed and recognised as a reduction in the inventory expense for the year (2011: nil).

21. TRADE AND OTHER RECEIVABLES

US$ million	2012 Due within one year	2012 Due after one year	2012 Total	2011 Due within one year	2011 Due after one year	2011 Total
Trade receivables	**2,520**	**204**	**2,724**	2,704	168	2,872
Other receivables	**570**	**318**	**888**	744	236	980
Prepayments and accrued income	**185**	**50**	**235**	226	33	259
	3,275	**572**	**3,847**	3,674	437	4,111

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	2012	2011
Less than one month	**29**	137
Greater than one month, less than two months	**7**	16
Greater than two months, less than three months	**2**	7
Greater than three months	**4**	19
	42	179

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	2012	2011
At 1 January	**54**	53
Charge for the year	**–**	6
Unused amounts reversed	**(6)**	–
Disposals and transfer to assets held for sale	**(25)**	(3)
Currency movements	**–**	(2)
At 31 December	**23**	54

22. TRADE AND OTHER PAYABLES

US$ million	2012	2011
Trade payables	**2,701**	3,001
Tax and social security	**105**	177
Other payables	**707**	939
Accruals and deferred income[1]	**1,041**	981
	4,554	5,098

[1] Includes $18 million (2011: nil) of deferred income recorded within non-current liabilities.

23. FINANCIAL ASSETS

The carrying amounts and fair values of financial assets are as follows:

US$ million	2012 Estimated fair value	2012 Carrying value	2011 Estimated fair value	2011 Carrying value
At fair value through profit and loss				
Trade and other receivables[1]	**581**	**581**	596	596
Derivative financial assets[2]	**848**	**848**	840	840
Loans and receivables				
Cash and cash equivalents	**9,094**	**9,094**	11,732	11,732
Trade and other receivables[1]	**3,031**	**3,031**	3,256	3,256
Financial asset investments	**1,286**	**1,316**	1,647	1,690
Available for sale investments				
Financial asset investments	**1,064**	**1,064**	1,206	1,206
Total financial assets	**15,904**	**15,934**	19,277	19,320

[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.

For financial assets which are traded on an active market, such as listed investments, fair value is determined by reference to market value. For non-traded financial assets, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, unless carrying value is considered to approximate fair value.

23. FINANCIAL ASSETS continued

Fair value hierarchy

An analysis of financial assets carried at fair value is set out below:

US$ million	2012 Level 1[1]	2012 Level 2[2]	2012 Level 3[3]	2012 Total	2011 Level 1[1]	2011 Level 2[2]	2011 Level 3[3]	2011 Total
At fair value through profit and loss								
Trade and other receivables	–	581	–	581	–	596	–	596
Derivative financial assets	1	813	34	848	–	677	163	840
Available for sale investments								
Financial asset investments	980	11	73	1,064	1,142	10	54	1,206
	981	1,405	107	2,493	1,142	1,283	217	2,642

[1] Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares.

[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, financial asset investments and certain cross currency swaps of Brazilian real denominated borrowings, whose valuation depends upon unobservable inputs.

The movements in the fair value of the level 3 financial assets are shown in the following table:

US$ million	2012	2011
At 1 January	217	96
Net (loss)/gain recorded in remeasurements	(141)	37
Net gain recorded in the statement of comprehensive income	19	9
Cash flow	–	(29)
Additions	–	9
Disposals and transfer to assets held for sale	–	(12)
Reclassification from/to level 3 financial liabilities	14	123
Currency movements	(2)	(16)
At 31 December	107	217

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, while keeping all other assumptions consistent with those used to calculate the fair value recognised in the financial statements.

US$ million	Change in assumption	2012 Increase/(decrease) in fair value of assets	2011 Increase/(decrease) in fair value of assets
Derivative financial assets	Increase of 5% in dividend forecast	5	10
	Decrease of 5% in dividend forecast	(5)	(10)
	Shift of TJLP curve[1]	n/a	n/a
Financial asset investments	Decrease of 10% in liquidity discount percentage	9	11
	Increase of 10% in liquidity discount percentage	(9)	(11)

[1] TJLP is a Brazilian domestic interest rate. The sensitivities are provided on the net liability position of such level 3 financial instruments and are disclosed in note 24.

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:

US$ million	2012 Estimated fair value	2012 Carrying value	2011 Estimated fair value	2011 Carrying value
At fair value through profit and loss				
Trade and other payables[1]	296	296	262	262
Derivative financial liabilities[2]	1,081	1,081	1,112	1,112
Designated into fair value hedge				
Borrowings	13,735	13,425	8,867	8,074
Financial liabilities at amortised cost				
Trade and other payables[1]	4,102	4,102	4,637	4,637
Borrowings	4,181	4,329	5,526[3]	4,799
Other non-current liabilities	29	29	55	55
Total financial liabilities	23,424	23,262	20,459	18,939

[1] Trade and other payables exclude tax and social security and deferred income.

[2] Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 25.

[3] The fair value of the convertible bond at 31 December 2011 represented the quoted price of the debt and therefore included the portion accounted for in equity.

24. FINANCIAL LIABILITIES continued

For financial liabilities which are traded on an active market, such as listed debt instruments, fair value is determined by reference to market value. For non-traded financial liabilities, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, unless carrying value is considered to approximate fair value.

Fair value hierarchy

An analysis of financial liabilities carried at fair value is set out below:

	2012				2011			
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	–	296	–	296	–	262	–	262
Derivative financial liabilities	–	865	216	1,081	–	924	188	1,112
	–	1,161	216	1,377	–	1,186	188	1,374

(1) Valued using unadjusted quoted prices in active markets for identical financial instruments.

(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 and certain cross currency swaps of Brazilian real denominated borrowings, whose valuation depends upon unobservable inputs and commodity sales contracts which do not meet the conditions for the 'own use' exemption under IAS 39.

The movements in the fair value of the level 3 financial liabilities are shown in the following table:

US$ million	2012	2011
At 1 January	188	60
Net gain/(loss) recorded in remeasurements	14	(5)
Cash flow	–	15
Reclassification to/from level 3 financial assets	14	123
Currency movements	–	(5)
At 31 December	216	188

For the level 3 financial liabilities, 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 liabilities at 31 December for a change in each individual assumption, as outlined below, while keeping all other assumptions consistent with those used to calculate the fair value recognised in the financial statements.

		2012	2011
US$ million	Change in assumption	Increase in fair value of liabilities	Increase in fair value of liabilities
Derivative financial liabilities	Shift of TJLP curve[1]	17	21

(1) TJLP is a Brazilian domestic interest rate. The sensitivities are provided on the net liability position of such level 3 financial instruments.

Financial liability risk exposures are set out in note 25.

Analysis of borrowings

An analysis of borrowings, as presented on the Consolidated balance sheet, is set out below:

	2012			2011		
US$ million	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Secured						
Bank loans and overdrafts[1]	5	21	26	55	276	331
Obligations under finance leases[2]	3	19	22	4	17	21
	8	40	48	59	293	352
Unsecured						
Bank loans and overdrafts	251	2,871	3,122	673	1,722	2,395
Bonds issued under EMTN programme	994	6,382	7,376	163	4,167	4,330
US bonds	767	4,628	5,395	–	3,408	3,408
Convertible bond[3]	–	–	–	–	1,504	1,504
Other loans	584	1,229	1,813	123	761	884
	2,596	15,110	17,706	959	11,562	12,521
Total	2,604	15,150	17,754	1,018	11,855	12,873

(1) Assets with a book value of $49 million (2011: $408 million) have been pledged as security, of which $35 million (2011: $170 million) are property, plant and equipment, $10 million (2011: $113 million) are financial assets and $4 million (2011: $125 million) are inventories. Related to these assets are borrowings of $26 million (2011: $331 million).

(2) Details of assets held under finance leases are provided in note 15. The minimum lease payments under finance leases fall due as follows:

US$ million	2012	2011
Within one year	5	4
Greater than one year, less than five years	14	12
Greater than five years	12	13
	31	29
Future finance charges on finance leases	(9)	(8)
Present value of finance lease liabilities	22	21

(3) All outstanding convertible bonds were converted or redeemed during the year, see below.

24. FINANCIAL LIABILITIES continued

Net additional medium and long term borrowings were $5,633 million (2011: $964 million) and net repayments of short term borrowings were $747 million (2011: $1,261 million) as disclosed in the Consolidated cash flow statement.

Corporate bonds

During 2012 the Group issued corporate bonds with a US$ equivalent value of $5.1 billion in the US, European and South African markets. These included $600 million 2.625% senior notes due 2017, $750 million 2.625% senior notes due 2017, $600 million 4.125% senior notes due 2022, €750 million 3.50% guaranteed notes due 2022, €750 million 2.75% guaranteed notes due 2019 and €750 million 2.50% guaranteed notes due 2018 issued under the Euro Medium Term Note (EMTN) programme, and R600 million floating rate notes at 3M JIBAR + 1.38% due 2017 and R1.4 billion 9.27% fixed rate notes due 2019 issued under the South African Domestic Medium Term Note programme.

Convertible bond

On 23 March 2012 Anglo American plc gave notice that it had exercised its right to redeem its $1.7 billion of convertible bonds (the Bonds) on 22 May 2012 (the optional redemption date). The Bonds were due to mature on 7 May 2014. On 13 April 2012 following the announcement of the recommended 2011 full year dividend, and in accordance with the terms and conditions of the Bonds, the conversion price was adjusted from £18.36 to £18.02.

Of the $1,700 million Bonds issued, $1,678 million were converted to equity prior to the optional redemption date, including $1 million converted in 2011, and the remaining $22 million were redeemed by the Group. As a result, 62.5 million ordinary shares were issued and the financial liability of $1,529 million, representing the notional value of the outstanding Bonds of $1,699 million less unamortised discount of $170 million, was derecognised. The balance in the convertible debt reserve of $355 million, which related to the Bonds, was transferred to share premium ($170 million) and retained earnings ($185 million).

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVES

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board approves and monitors the risk management processes, including 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 Consolidated 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, including amounts in assets held for sale, are cash, trade and other receivables, investments and derivative financial instruments. The Group's maximum exposure to credit risk primarily arises from these financial assets and is as follows:

US$ million	2012	2011
Cash and cash equivalents	**9,312**	11,732
Trade and other receivables[1]	**4,003**	3,852
Financial asset investments[2]	**1,331**	1,690
Derivative financial assets	**848**	840
Financial guarantees[3]	**33**	51
	15,527	18,165

(1) Trade and other receivables exclude prepayments and accrued income.
(2) Financial asset investments exclude available for sale investments.
(3) Financial guarantees issued by the Group in respect of third party liabilities represent an exposure to credit risk in excess of the Group's financial assets.

The Group limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of approved financial institutions. Counterparty limits are set for each financial institution with reference to credit ratings assigned by S&P, Moody's and Fitch Ratings.

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 are 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.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVES continued

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:

	2012						2011					
	Within one year			One to two years			Within one year			One to two years		
US$ million	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
Financial liabilities (excluding derivatives)	(647)	(202)	(6,981)[1]	(493)	(163)	(2,336)	(549)	(181)	(5,962)[1]	(549)	(127)	(2,433)
Net settled derivatives[2]	619	(389)	(127)	485	(253)	(27)	470	(246)	2	470	(250)	(140)
	(28)	(591)	(7,108)	(8)	(416)	(2,363)	(79)	(427)	(5,960)	(79)	(377)	(2,573)

	2012						2011					
	Two to five years			Greater than five years			Two to five years			Greater than five years		
US$ million	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
Financial liabilities (excluding derivatives)	(1,064)	(218)	(5,746)	(619)	(67)	(7,695)	(798)	(254)	(6,551)	(354)	(104)	(3,952)
Net settled derivatives[2]	1,058	(551)	(464)	616	(308)	(126)	761	(305)	(468)	350	(127)	(219)
	(6)	(769)	(6,210)	(3)	(375)	(7,821)	(37)	(559)	(7,019)	(4)	(231)	(4,171)

[1] Assumes maximum cash outflow in respect of third party guarantees issued by the Group and repayment of all short term borrowings with no refinancing.
[2] The expected maturities are not materially different from the contracted maturities.

The Group had the following undrawn committed borrowing facilities at 31 December:

US$ million	2012	2011
Expiry date		
Within one year[1]	2,923	1,781
Greater than one year, less than two years	569	1,268
Greater than two years, less than five years	5,765	5,294
Greater than five years	–	76
	9,257	8,419

[1] Includes undrawn rand facilities equivalent to $1.5 billion (2011: $1.6 billion) in respect of a series of facilities with 364 day maturities which roll automatically on a daily basis, unless notice is served.

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 approved capital expenditure 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.

The exposure of the Group's financial assets and liabilities (excluding intra-group loan balances) to currency risk is as follows:

	2012				2011			
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	9,241	(64)	808	9,985	10,639	(186)	742	11,195
Rand	3,894	64	37	3,995	5,761	186	98	6,045
Brazilian real	728	–	–	728	839	–	–	839
Sterling	123	–	1	124	467	–	–	467
Australian dollar	494	–	–	494	383	–	–	383
Euro	45	–	1	46	9	–	–	9
Other currencies	561	–	1	562	382	–	–	382
Total financial assets	15,086	–	848	15,934	18,480	–	840	19,320

	2012				2011			
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	(8,269)	(8,492)	(1,046)	(17,807)	(6,970)	(5,282)	(1,096)	(13,348)
Rand	(3,287)	(5)	(35)	(3,327)	(3,595)	(37)	(16)	(3,648)
Brazilian real	(1,597)	1,119	–	(478)	(1,608)	1,138	–	(470)
Sterling	(913)	785	–	(128)	(1,181)	740	–	(441)
Australian dollar	(422)	–	–	(422)	(564)	–	–	(564)
Euro	(6,601)	6,593	–	(8)	(3,436)	3,428	–	(8)
Other currencies	(1,092)	–	–	(1,092)	(473)	13	–	(460)
Total financial liabilities	(22,181)	–	(1,081)	(23,262)	(17,827)	–	(1,112)	(18,939)

[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.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVES continued

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. The Group's exposure to interest rate risk is particularly with reference to changes in US and South African interest rates.

The Group's 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 to maintain cash reserves 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:

	2012					2011				
	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	Total	Floating rate	Fixed rate[1]	Equity investments	Other	Total
Financial assets (excluding derivatives)[2]	9,651	508	1,062	3,865	15,086	12,623	689	1,206	3,962	18,480
Derivative assets	748	–	–	100	848	638	–	–	202	840
Financial asset exposure to interest rate risk	10,399	508	1,062	3,965	15,934	13,261	689	1,206	4,164	19,320

(1) Includes $397 million (2011: $534 million) of preference shares in BEE entities.
(2) At 31 December 2012 and 31 December 2011 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 principally of financial asset investments and cash, and have a weighted average interest rate of 11.6% (2011: 12.7%) for an average period of one year (2011: 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:

	2012				2011			
	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)	(4,296)	(13,444)	(4,441)	(22,181)	(3,254)	(9,610)	(4,963)	(17,827)
Impact of interest rate swaps[1]	(13,135)	13,135	–	–	(8,074)	8,074	–	–
Derivative liabilities	(165)	–	(916)	(1,081)	(158)	–	(954)	(1,112)
Financial liability exposure to interest rate risk	(17,596)	(309)	(5,357)	(23,262)	(11,486)	(1,536)	(5,917)	(18,939)

(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.

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 6.2% (2011: 9.3%) for an average period of three years (2011: two years). Average maturity on non-interest bearing instruments is 17 months (2011: 12 months).

Commodity price risk

The Group's earnings are principally exposed to movements in the prices of the commodities it produces.

The Group policy is generally not to hedge commodity price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group generally 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:

	2012				2011			
	Commodity price linked		Not linked to commodity price		Commodity price linked		Not linked to commodity price	
US$ million	Subject to price movements	Fixed price[1]		Total	Subject to price movements	Fixed price[1]		Total
Total net financial instruments (excluding derivatives)	304	1,087	(8,486)	(7,095)	352	945	(644)	653
Commodity derivatives (net)	(1)	–	–	(1)	(17)	–	–	(17)
Non-commodity derivatives (net)	–	–	(232)	(232)	–	–	(255)	(255)
Total financial instrument exposure to commodity risk	303	1,087	(8,718)	(7,328)	335	945	(899)	381

(1) Includes receivables and payables for commodity sales and purchases not subject to price adjustment at the balance sheet date.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVES continued

Derivatives

In accordance with IAS 32 *Financial Instruments: Presentation* and IAS 39, the fair values of derivatives are separately recorded on the balance sheet within 'Derivative financial assets' and 'Derivative financial liabilities'. Derivatives are classified as current or non-current depending on the 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 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.

Cash flow hedges

In certain cases the Group classifies its forward foreign currency and commodity price contracts, which hedge 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 at each balance sheet date to reflect the impact on its fair value of changes in market interest rates. Changes in the fair value of the hedged debt 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 for example may 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.

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 'Derivative financial assets' and 'Derivative financial liabilities' is as follows:

	Current				Non-current			
	2012		2011		2012		2011	
US$ million	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Cash flow hedge								
Forward foreign currency contracts	**3**	**–**	6	(1)	**–**	**–**	–	–
Fair value hedge								
Interest rate swaps	**31**	**–**	–	–	**687**	**(6)**	538	–
Forward commodity contracts	**1**	**(2)**	–	(5)	**–**	**–**	–	–
Non-hedge ('Held for trading')								
Forward foreign currency contracts	**35**	**(124)**	117	(121)	**–**	**(1)**	11	(33)
Cross currency swaps	**31**	**(124)**	49	–	**60**	**(781)**	55	(908)
Other	**–**	**(30)**	–	(35)	**–**	**(13)**	64	(9)
	101	**(280)**	172	(162)	**747**	**(801)**	668	(950)

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.

25. FINANCIAL RISK MANAGEMENT AND DERIVATIVES continued

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. Total capital and gearing are as follows:

US$ million	2012	2011	2010
Net assets	**43,787**	43,189	37,971
Net debt including hedges (see note 31c)	**8,615**	1,374	7,384
Total capital	**52,402**	44,563	45,355
Gearing	**16.4%**	3.1%	16.3%

The increase in gearing since 31 December 2011 reflects the $7.2 billion increase in net debt in the year. Net assets at 31 December 2012 were $0.6 billion higher than at 31 December 2011 due to net movements in equity, including the conversion of the convertible bond, offsetting the retained loss for the year. Gearing levels remain at a sustainable level given the Group's strong level of operating cash flows.

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. The Group has determined that at 31 December 2012 and 31 December 2011, based on the above assumptions, there is no significant sensitivity to changes in market interest rates.

	2012		2011	
US$ million	Income statement	Equity	Income statement	Equity
Foreign currency sensitivities[1]				
+10% US dollar to rand	**(74)**	**(73)**	(81)	(77)
–10% US dollar to rand	**74**	**73**	81	77
+10% US dollar to Brazilian real[2]	**190**	**190**	402	405
–10% US dollar to Brazilian real[2]	**(194)**	**(194)**	(279)	(282)
+10% US dollar to Australian dollar	**41**	**41**	36	36
–10% US dollar to Australian dollar	**(41)**	**(41)**	(36)	(36)
+10% US dollar to Chilean peso[2]	**29**	**29**	15	15
–10% US dollar to Chilean peso[2]	**(36)**	**(36)**	(18)	(18)
Commodity price sensitivities				
10% increase in the copper price	**63**	**63**	37	37
10% decrease in the copper price	**(63)**	**(63)**	(37)	(37)
10% increase in the platinum price	**(17)**	**(17)**	(15)	(15)
10% decrease in the platinum price	**17**	**17**	15	15

(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

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

US$ million	Environmental restoration[1]	Decommissioning[1]	Employee benefits	Other	2012 Total
At 1 January	989	349	257	607	2,202
Acquired through business combinations	83	129	118	217	547
Charged to the income statement	90	–	218	424	732
Capitalised	37	42	–	(9)	70
Unwinding of discount	60	29	1	12	102
Amounts applied	(37)	(2)	(129)	(109)	(277)
Unused amounts reversed	(34)	(1)	–	(143)	(178)
Transfer to liabilities directly associated with assets classified as held for sale	(83)	(22)	(10)	(108)	(223)
Currency movements	(16)	(7)	(16)	12	(27)
At 31 December	1,089	517	439	903	2,948

[1] The Group makes contributions to controlled funds to meet the cost of some of its environmental restoration and decommissioning liabilities, see note 16.

Maturity analysis of total provisions:

US$ million	2012	2011
Current	564	372
Non-current	2,384	1,830
	2,948	2,202

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.

Employee benefits

Provision is made for statutory or contractual employee entitlements including long service leave, annual leave, sickness pay obligations and cash settled share-based payment obligations. It is anticipated that these costs will be incurred when employees choose to take their benefits.

Other

Other provisions primarily relate to indemnities, warranties and legal claims. It is anticipated that these costs will be incurred over a five year period. Other provisions also includes obligations for certain long term contracts where the unavoidable costs of meeting the Group's obligations is expected to exceed the benefits to be received, see note 5. It is anticipated these costs will be incurred over a period in excess of 15 years.

27. DEFERRED TAX

The movement in net deferred tax liabilities during the year is as follows:

US$ million	2012	2011
At 1 January	(5,200)	(5,252)
Credited/(charged) to the income statement	1,090	(550)
(Charged)/credited to the statement of comprehensive income	(86)	10
Charged directly to equity	(110)	(127)
Acquired through business combinations	(850)	–
Transfer to assets held for sale	118	–
Disposal of businesses	–	5
Currency movements	192	714
At 31 December	(4,846)	(5,200)
Comprising:		
Deferred tax assets	1,223	530
Deferred tax liabilities	(6,069)	(5,730)

The amount of deferred tax recognised in the balance sheet is as follows:

US$ million	2012	2011
Deferred tax assets		
Tax losses	374	273
Post employment benefits	118	35
Share-based payments	9	15
Enhanced tax depreciation	560	–
Other temporary differences	162	207
	1,223	530
Deferred tax liabilities		
Capital allowances in excess of depreciation	(3,311)	(3,334)
Fair value adjustments	(2,582)	(1,806)
Tax losses	29	103
Derivatives	15	(167)
Provisions	416	393
Chilean withholding tax	(570)	(656)
Other temporary differences	(66)	(263)
	(6,069)	(5,730)

27. DEFERRED TAX continued

The amount of deferred tax credited/(charged) to the income statement is as follows:

US$ million	2012	2011
Capital allowances in excess of depreciation	**(22)**	(615)
Fair value adjustments	**(133)**	(118)
Tax losses	**11**	167
Derivatives	**99**	36
Provisions	**41**	82
Chilean withholding taxes	**86**	(137)
Other temporary differences	**1,008**[1]	35
	1,090	(550)

[1] In 2012 this principally relates to Minas-Rio ($960 million credit). This is made up of a deferred tax credit of $1,360 million in relation to the impairment of Minas-Rio and a deferred tax charge of $400 million in relation to the partial derecognition of a deferred tax asset for enhanced tax depreciation in Minas-Rio.

The current expectation regarding the maturity of deferred tax balances is as follows:

US$ million	2012	2011
Deferred tax assets		
Recoverable within one year	**131**	52
Recoverable after one year	**1,092**	478
	1,223	530
Deferred tax liabilities		
Payable within one year	**(368)**	(505)
Payable after one year	**(5,701)**	(5,225)
	(6,069)	(5,730)

The Group has the following balances in respect of which no deferred tax asset has been recognised:

	2012				2011			
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	**17**	**–**	**–**	**17**	–	–	–	–
Greater than one year, less than five years	**286**	**–**	**–**	**286**	–	–	–	–
Greater than five years	**3**	**–**	**2,997**	**3,000**	111	–	–	111
No expiry date	**4,467**	**1,097**	**1,953**	**7,517**	3,082	1,067	403	4,552
	4,773	**1,097**	**4,950**	**10,820**	3,193	1,067	403	4,663

The Group also has unused tax credits of $16 million (2011: $18 million) for which no deferred tax asset is recognised in the balance sheet. All 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 $22,442 million (2011: $25,876 million).

28. RETIREMENT BENEFITS

The Group operates a number of defined contribution and defined benefit pension plans. It also operates post employment medical arrangements, principally in southern Africa.

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 2012 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 $262 million (2011: $254 million) and for defined contribution medical plans (net of amounts capitalised) was $69 million (2011: $57 million).

Defined benefit pension plans and post employment medical plans

Following the Group's acquisition of De Beers on 16 August 2012, the Group has consolidated the defined benefit pension and post employment healthcare plans of De Beers.

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 liabilities are principally in relation to termination indemnity plans 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, and are principally in southern Africa.

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 2012.

28. RETIREMENT BENEFITS continued

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):

	2012			2011		
%	Southern Africa	The Americas	Europe	Southern Africa	The Americas	Europe
Defined benefit pension plans						
Average discount rate for plan liabilities	**8.1**	**6.9**	**4.3**	8.5	7.8	4.8
Average rate of inflation	**6.3**	**3.5**	**2.8**	6.5	3.6	2.7
Average rate of increase in salaries	**8.3**[1]	**6.2**	**2.9**[2]	7.8[1]	6.5	n/a[2]
Average rate of increase of pensions in payment	**6.3**	**3.2**	**3.1**	6.5	3.3	3.0
Average long term rate of return on plan assets[3]	**8.4**	**10.2**	**4.2**	9.2	12.8	5.0
Post employment medical plans						
Average discount rate for plan liabilities	**8.0**	**n/a**	**3.7**	8.5	n/a	n/a
Average rate of inflation	**6.3**	**n/a**	**2.3**	6.5	n/a	n/a
Expected average increase in healthcare costs	**7.7**	**n/a**	**7.0**	7.9	n/a	n/a

(1) With the exception of De Beers, plans in southern Africa have ceased future accrual of benefits but some benefits remain linked to salary increases.
(2) With the exception of De Beers, European plans have ceased future accrual of benefits.
(3) The long term expected return on plan assets has been set with reference to current market yields on government and corporate bonds, plus expected equity and corporate bond-outperformance over government bonds in the relevant jurisdictions. The expected return on cash assets has been set with reference to current bank base rates. The overall long term expected rate of return for each asset class is weighted by the asset allocation to the asset class at the balance sheet date.

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 (2011: PA90 tables) are used. The main plans in Europe use the SAPS tables with plan specific adjustments based on mortality investigations (2011: SAPS tables). The main plans in the Americas use the RV2009 and AT2000 tables (2011: RV2009 and AT2000 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	2012	2011	2012	2011
Southern Africa	**20.1**	20.9	**24.9**	25.8
The Americas	**23.3**	23.2	**27.4**	27.2
Europe	**28.5**	27.4	**30.1**	30.0

Summary of plans by geography

The Group's plans in respect of pension and post employment healthcare are summarised as follows:

	2012				2011			
US$ million	Southern Africa	The Americas	Europe	Total	Southern Africa	The Americas	Europe	Total
Assets[1]								
Defined benefit pension plans in surplus	**176**	**–**	**–**	**176**	70	–	–	70
Liabilities								
Defined benefit pension plans in deficit	**–**	**(225)**	**(603)**	**(828)**	–	(181)	(171)	(352)
Post employment medical plans in deficit	**(573)**	**–**	**(8)**	**(581)**	(287)	–	–	(287)
	(573)	**(225)**	**(611)**	**(1,409)**	(287)	(181)	(171)	(639)

(1) Amounts are included in 'Other non-current assets'.

Five year summary of plan assets and liabilities

US$ million	2012	2011	2010	2009	2008
Defined benefit pension plans					
Fair value of plan assets	**5,327**	2,583	2,732	2,731	2,073
Present value of plan liabilities	**(5,862)**	(2,792)	(2,840)	(2,975)	(2,157)
Net deficit	**(535)**	(209)	(108)	(244)	(84)
Surplus restriction	**(117)**	(73)	(59)	(106)	(61)
Net deficit after surplus restriction	**(652)**	(282)	(167)	(350)	(145)
Actuarial gain/(loss) on plan assets[1]	**151**	(32)	76	184	(392)
Actuarial gain/(loss) on plan liabilities[2]	**66**	(135)	19	(361)	208
Post employment medical plans					
Fair value of plan assets	**21**	22	25	20	17
Present value of plan liabilities	**(602)**	(309)	(337)	(322)	(241)
Net deficit	**(581)**	(287)	(312)	(302)	(224)
Actuarial gain on plan assets[3]	**–**	1	2	–	1
Actuarial (loss)/gain on plan liabilities[4]	**(35)**	(22)	(13)	(10)	16

(1) Net experience gains on pension plan assets were $151 million (2011: losses of $32 million; 2010: gains of $76 million; 2009: gains of $184 million; 2008: losses of $392 million).
(2) Net experience losses on pension plan liabilities were $123 million (2011: losses of $10 million; 2010: gains of $38 million; 2009: losses of $17 million; 2008: losses of $29 million).
(3) Net experience gains on medical plan assets were nil (2011: gains of $1 million; 2010: gains of $2 million; 2009: nil; 2008: gains of $1 million).
(4) Net experience losses on medical plan liabilities were $32 million (2011: losses of $1 million; 2010: gains of $5 million; 2009: losses of $3 million; 2008: losses of $7 million).

28. RETIREMENT BENEFITS continued

The actuarial gain recognised in the Consolidated statement of comprehensive income of $165 million (2011: loss of $214 million) includes a charge for the increase in the surplus restriction of $17 million (2011: charge for the increase of $26 million). The movement in the surplus restriction in the Consolidated statement of comprehensive income differs from that in the table above due to the exclusion of a surplus restriction on De Beers' pension plans of $30 million arising from the acquisition, and exchange differences. Cumulative net actuarial losses recognised in the Consolidated statement of comprehensive income are $427 million (2011: $592 million; 2010: $378 million; 2009: $509 million; 2008: $292 million).

Income statement

The amounts recognised in the income statement are as follows:

	2012			2011		
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	**18**	**4**	**22**	18	3	21
Effects of settlements	**9**	**–**	**9**	–	–	–
Total within operating costs	**27**	**4**	**31**	18	3	21
Analysis of the amount charged to net finance costs						
Expected return on plan assets[1]	**(199)**	**(1)**	**(200)**	(197)	(2)	(199)
Interest costs on plan liabilities[2]	**196**	**34**	**230**	181	24	205
Net charge to net finance costs	**(3)**	**33**	**30**	(16)	22	6
Total charge to the income statement	**24**	**37**	**61**	2	25	27

(1) Included in 'Investment income', see note 9.
(2) Included in 'Interest expense', see note 9.

Pension plan assets and liabilities by geography

The split of the present value of funded and unfunded obligations in defined benefit pension plans, the fair value of the pension assets and the long term expected rate of return at 31 December are as follows:

	2012							2011						
	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	**9.5**	**652**	**7.0**	**11**	**5.5**	**1,150**	**1,813**	11.5	283	14.6	13	7.0	726	1,022
Bonds	**7.8**	**1,077**	**10.5**	**133**	**3.8**	**1,605**	**2,815**	8.1	512	12.6	124	3.7	715	1,351
Other	**7.7**	**116**	**10.7**	**3**	**2.6**	**580**	**699**	6.5	42	11.8	5	1.4	163	210
Fair value of pension plan assets[1]		**1,845**		**147**		**3,335**	**5,327**		837		142		1,604	2,583
Present value of funded obligations[1]		**(1,589)**		**(163)**		**(3,895)**	**(5,647)**		(718)		(150)		(1,751)	(2,619)
Present value of unfunded obligations		**–**		**(209)**		**(6)**	**(215)**		–		(173)		–	(173)
Present value of pension plan liabilities		**(1,589)**		**(372)**		**(3,901)**	**(5,862)**		(718)		(323)		(1,751)	(2,792)
Net surplus/(deficit) in pension plans		**256**		**(225)**		**(566)**	**(535)**		119		(181)		(147)	(209)
Surplus restriction related to pension plans		**(80)**		**–**		**(37)**	**(117)**		(49)		–		(24)	(73)
Recognised pension plan assets/(liabilities)		**176**		**(225)**		**(603)**	**(652)**		70		(181)		(171)	(282)
Amounts in the balance sheet														
Pension assets		**176**		**–**		**–**	**176**		70		–		–	70
Pension liabilities		**–**		**(225)**		**(603)**	**(828)**		–		(181)		(171)	(352)
		176		**(225)**		**(603)**	**(652)**		70		(181)		(171)	(282)

(1) The fair value of assets was used to determine the funding level of the plans. The fair value of the assets of the funded plans was sufficient to cover 94% (2011: 99%) 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.

28. RETIREMENT BENEFITS continued

Movement analysis

The changes in the fair value of plan assets are as follows:

US$ million	2012 Pension plans	2012 Post employment medical plans	2012 Total	2011 Pension plans	2011 Post employment medical plans	2011 Total
At 1 January	**2,583**	**22**	**2,605**	2,732	25	2,757
Acquired through business combinations	**2,417**	**–**	**2,417**	–	–	–
Effects of settlements	**(50)**	**–**	**(50)**	(31)	–	(31)
Expected return	**199**[1]	**1**	**200**	197[1]	2	199
Actuarial gains/(losses)	**151**[1]	**–**	**151**	(32)[1]	1	(31)
Contributions paid by employer[2]	**90**	**–**	**90**	81	–	81
Benefits paid	**(151)**	**(1)**	**(152)**	(136)	(1)	(137)
Contributions paid by plan participants	**1**	**–**	**1**	1	–	1
Currency movements	**87**	**(1)**	**86**	(229)	(5)	(234)
At 31 December	**5,327**	**21**	**5,348**	2,583	22	2,605

(1) The actual return on assets in respect of pension plans was $350 million (2011: $165 million).

(2) The Group expects to contribute approximately $162 million to its pension plans and $32 million to its post employment medical plans in 2013.

The changes in the present value of defined benefit obligations are as follows:

US$ million	2012 Pension plans	2012 Post employment medical plans	2012 Total	2011 Pension plans	2011 Post employment medical plans	2011 Total
At 1 January	**(2,792)**	**(309)**	**(3,101)**	(2,840)	(337)	(3,177)
Acquired through business combinations	**(2,974)**	**(302)**	**(3,276)**	–	–	–
Current service costs	**(18)**	**(3)**[1]	**(21)**	(18)	(3)	(21)
Effects of settlements	**41**	**–**	**41**	31	–	31
Interest costs	**(196)**	**(30)**[1]	**(226)**	(181)	(24)	(205)
Actuarial gains/(losses)	**66**	**(36)**[1]	**30**	(135)	(22)	(157)
Benefits paid	**151**	**24**[1]	**175**	136	16	152
Contributions paid by plan participants	**(1)**	**–**	**(1)**	(1)	–	(1)
Transfer to liabilities directly associated with assets held for sale	**–**	**39**	**39**	–	–	–
Currency movements	**(139)**	**15**	**(124)**	216	61	277
At 31 December	**(5,862)**	**(602)**	**(6,464)**	(2,792)	(309)	(3,101)

(1) Movements in post employment medical plans exclude movements within the obligations transferred to held for sale.

Healthcare sensitivity analysis

Amounts recognised in the Consolidated income statement in respect of post employment medical plans are sensitive to assumed healthcare cost trend rates. A 1% change in assumed healthcare cost trend rates would have the following effects:

US$ million	1% increase 2012	1% increase 2011	1% decrease 2012	1% decrease 2011
Effect on the sum of service costs and interest costs	**8**	4	**(5)**	(3)
Effect on defined benefit obligations	**78**	35	**(63)**	(28)

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS

Called-up share capital

	2012 Number of shares	2012 US$ million	2011 Number of shares	2011 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	**1,342,967,458**	**738**	1,342,932,714	738
Allotted during the year	**62,492,295**	**34**	34,744	–
At 31 December	**1,405,459,753**	**772**	1,342,967,458	738

During 2012, 8,354 ordinary shares of 54 86/91 US cents each were allotted to certain non-executive directors by subscription of their post-tax directors' fees (2011: 5,487 ordinary shares). In addition, 62,483,941 ordinary shares of 54 86/91 US cents each were allotted upon the conversion of Anglo American plc convertible bonds due 2014 (2011: 29,257), see note 24.

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 2012 was 1,390,954,633 and $764 million (2011: 1,323,428,547; $727 million).

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.

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

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 (2011: nil).

Own shares

Number of ordinary shares of 54 86/91 US cents	2012	2011
Own shares		
Treasury shares	**14,505,120**	19,538,911
Own shares held by subsidiaries and employee benefit trusts	**115,970,790**	115,226,079
Total own shares	**130,475,910**	134,764,990

The movement in treasury shares during the year is as follows:

Number of ordinary shares of 54 86/91 US cents	2012	2011
Treasury shares		
At 1 January	**19,538,911**	22,880,468
Transferred to employees in settlement of share awards	**(5,033,791)**	(3,341,557)
At 31 December	**14,505,120**	19,538,911

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 Investment 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 $6.41 per share to Epoch, $9.96 per share to Epoch Two and $8.27 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 Consolidated 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 2012 the Investment Companies together held 112,300,129 (2011: 112,300,129) Anglo American plc shares, which represented 8.1% (2011: 8.5%) of the ordinary shares in issue (excluding treasury shares) with a market value of $3,455 million (2011: $4,125 million). 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.

Employee benefit trust

The provision of shares to certain of the Company's share option and share incentive schemes may be facilitated by an employee benefit trust or settled by the issue of treasury shares. During 2012 no shares (2011: nil) from the trust were transferred to employees in settlement of share awards. The employee benefit trust has waived the right to receive dividends on these shares.

The market value of the 985 shares (2011: 985 shares) held by the trust at 31 December 2012 was $30,000 (2011: $36,000).

The costs of operating the trust are borne by the Group but are not material.

Share-based payments

During the year ended 31 December 2012 the Group had 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 Company schemes are equity settled, either by award of ordinary shares (BSP, LTIP and SIP) or award of options to acquire ordinary shares (ESOS, DOP and SAYE). 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 options have been granted under the DOP.

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

The total share-based payment charge relating to Anglo American plc shares for the year is split as follows:

US$ million	2012	2011
BSP	**103**	92
LTIP	**46**	36
Other schemes	**8**	15
Share-based payment charge relating to Anglo American plc shares[1]	**157**	143

(1) In addition, there are equity settled employee share-based payment charges of $89 million (2011: $47 million) relating to Kumba Iron Ore Limited shares and $72 million (2011: $72 million) relating to Anglo American Platinum Limited shares. Certain business units also operate cash settled employee share-based payment schemes. These schemes had a net charge of $3 million (2011: credit of $2 million).

Schemes settled by award of ordinary shares

The fair value of ordinary shares awarded under the BSP, LTIP and LTIP – AOSC, 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 are set out below:

	2012				2011			
Arrangement[1]	BSP	LTIP	LTIP – AOSC	LTIP – TSR	BSP	LTIP	LTIP – AOSC	LTIP – TSR
Date of grant	**02/03/12**	**02/03/12**	**02/03/12**	**02/03/12**	04/03/11	04/03/11	04/03/11	04/03/11
Number of instruments	**4,579,741**	**1,044,808**	**329,665**	**329,665**	3,364,610	879,630	267,407	267,407
Share price at the date of grant (£)	**26.41**	**26.41**	**26.41**	**26.41**	32.08	31.99	31.99	31.99
Contractual life (years)	**3**	**3**	**3**	**3**	3	3	3	3
Vesting conditions	[2]	[3]	[4]	[5]	[2]	[3]	[4]	[5]
Expected volatility	**40%**	**40%**	**40%**	**40%**	40%	40%	40%	40%
Risk free interest rate	**0.5%**	**0.5%**	**0.5%**	**0.5%**	1.9%	1.9%	1.9%	1.9%
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**	100%	100%	100%	n/a
Fair value at date of grant (weighted average) (£)	**25.78**	**26.41**	**26.41**	**15.24**	33.25	33.25	33.25	21.80

(1) The number of instruments used in the fair value models may differ 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) Three years of continuous employment with enhancement shares having variable vesting based on non-market based performance conditions.
(3) Three years of continuous employment.
(4) Variable vesting dependent on three years of continuous employment and Group AOSC target being achieved.
(5) Variable vesting dependent on three years of continuous employment and market based performance conditions being achieved.

The expected volatility is based on historic volatility over the last five years. The risk free interest rate is the yield on zero-coupon UK government bonds with a term similar to the expected life of the award.

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.

The movements in the number of shares for the more significant share-based payment arrangements are as follows:

Bonus Share Plan[1]

Ordinary shares of 54$^{86}/_{91}$ US cents may be awarded under the terms of this scheme for no consideration.

	2012	2011
Outstanding at 1 January	**10,106,373**	9,020,260
Conditionally awarded in year	**4,579,239**	3,366,076
Vested in year	**(4,264,598)**	(1,052,193)
Forfeited in year	**(764,181)**	(1,227,770)
Outstanding at 31 December	**9,656,833**	10,106,373

(1) 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.

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.

	2012	2011
Outstanding at 1 January	**3,720,535**	4,012,568
Conditionally awarded in year	**1,704,138**	1,414,444
Vested in year	**(1,060,822)**	(730,807)
Forfeited in year	**(378,080)**	(975,670)
Outstanding at 31 December	**3,985,771**	3,720,535

(1) The early vesting of share awards 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.

Share Incentive Plan

Ordinary shares of 54$^{86}/_{91}$ US cents may be awarded under the terms of this scheme for no consideration.

	Awards outstanding at 31 December 2012	Awards outstanding at 31 December 2011	Latest release date
Share Incentive Plan	**1,115,426**	1,016,074	7 December 2015

29. CALLED-UP SHARE CAPITAL AND SHARE-BASED PAYMENTS continued

Schemes settled by award of options

The fair value of options granted under the SAYE scheme, being the only material option scheme, was calculated using a Black Scholes model. The assumptions used in these calculations for the current and prior years are set out in the table below:

Arrangement[1]	2012 SAYE	2011 SAYE
Date of grant	**20/04/12**	20/04/11
Number of instruments	**245,790**	115,026
Exercise price (£)	**19.68**	25.47
Share price at the date of grant (£)	**24.60**	31.85
Contractual life (years)	**3.5-7.5**	3.5-7.5
Vesting conditions[2]	**3-7**	3-7
Expected volatility	**40%**	40%
Expected option life (years)	**3.5-7.5**	3.5-7.5
Risk free interest rate (weighted average)	**0.9%**	2.3%
Expected departures	**5% pa**	5% pa
Fair value per option granted (weighted average) (£)	**6.14**	11.77

(1) The number of instruments used in the fair value models may differ 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.

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.

A reconciliation of option movements for the more significant share-based payment arrangements over the year to 31 December 2012 and the prior year is shown below. All options outstanding at 31 December 2012 with an exercise date on or prior to 31 December 2012 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2012 was £21.43 (2011: £27.96).

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:

	2012		2011	
	Number	**Weighted average exercise price £**	Number	Weighted average exercise price £
Outstanding at 1 January	**2,500,107**	**11.42**	3,488,329	11.22
Exercised in year	**(809,259)**	**10.83**	(949,341)	10.75
Forfeited in year	**(56,051)**	**13.42**	(38,881)	10.09
Outstanding at 31 December	**1,634,797**	**11.64**	2,500,107	11.42

(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.

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:

	2012		2011	
	Number	**Weighted average exercise price £**	Number	Weighted average exercise price £
Outstanding at 1 January	**1,520,677**	**12.91**	1,669,812	12.33
Granted in year	**245,790**	**24.60**	115,026	25.47
Exercised in year	**(589,299)**	**10.11**	(125,333)	14.99
Forfeited in year	**(128,664)**	**20.86**	(138,828)	14.47
Outstanding at 31 December	**1,048,504**	**16.26**	1,520,677	12.91

(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.

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 2011	355	468	38	831	1,692
Total comprehensive income/(expense)	–	108	(33)	–	75
Other	–	–	–	(7)	(7)
Balance at 1 January 2012	**355**	**576**	**5**	**824**	**1,760**
Total comprehensive income	**–**	**118**	**10**	**–**	**128**
Conversion of convertible bond	**(355)**	**–**	**–**	**–**	**(355)**
Other	**–**	**–**	**–**	**(667)**	**(667)**
Balance at 31 December 2012	**–**	**694**	**15**	**157**	**866**

(1) Following a capital reduction in the Corporate segment, $667 million has been transferred from the legal reserve to retained earnings, reducing the legal reserve from $675 million to $8 million. Other reserves also comprise a revaluation reserve of $34 million (2011: $34 million) and a capital redemption reserve of $115 million (2011: $115 million).

31. CONSOLIDATED CASH FLOW ANALYSIS

a) Reconciliation of (loss)/profit before tax to cash flows from operations

US$ million	2012	2011
(Loss)/profit before tax	**(239)**	10,782
Depreciation and amortisation	**2,289**	1,967
Share-based payment charges	**233**	254
Non-operating special items and remeasurements	**(1,394)**	(183)
Operating and financing remeasurements	**205**	(138)
Non-cash element of operating special items	**6,913**	105
Net finance costs before remeasurements	**288**	20
Share of net income from associates	**(432)**	(977)
Provisions	**(127)**	6
Increase in inventories	**(330)**	(352)
Increase in operating receivables	**(31)**	(264)
(Decrease)/increase in operating payables	**(166)**	457
Deferred stripping	**(148)**	(171)
Other adjustments	**(40)**	(8)
Cash flows from operations	**7,021**	11,498

b) Reconciliation to the balance sheet

	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
US$ million	2012	2011	2012	2011	2012	2011
Balance sheet	**9,094**	11,732	**(2,604)**	(1,018)	**(15,150)**	(11,855)
Balance sheet – disposal groups[1]	**227**	–	**(14)**	–	**–**	–
Bank overdrafts	**(9)**	–	**9**	–	**–**	–
Net debt classifications	**9,312**	11,732	**(2,609)**	(1,018)	**(15,150)**	(11,855)

[1] 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.

c) Movement in net debt

US$ million	Cash and cash equivalents[1]	Debt due within one year	Debt due after one year	Net debt excluding hedges	Hedges[2]	Net debt including hedges
Balance at 1 January 2011	6,460	(1,535)	(11,904)	(6,979)	(405)	(7,384)
Cash flow	5,983	1,261	(964)	6,280	(226)	6,054
Unwinding of discount on convertible bond	–	–	(71)	(71)	–	(71)
Disposal of businesses	–	5	–	5	–	5
Reclassifications	–	(777)	777	–	–	–
Movement in fair value	–	–	(264)	(264)	404	140
Other non-cash movements	–	(18)	(38)	(56)	–	(56)
Currency movements	(711)	46	609	(56)	(6)	(62)
Balance at 1 January 2012	**11,732**	**(1,018)**	**(11,855)**	**(1,141)**	**(233)**	**(1,374)**
Cash flow	**(2,309)**	**747**	**(5,633)**	**(7,195)**	**(149)**	**(7,344)**
Unwinding of discount on convertible bond	**–**	**–**	**(25)**	**(25)**	**–**	**(25)**
Conversion of convertible bond	**–**	**–**	**1,507**	**1,507**	**–**	**1,507**
Acquired through business combinations	**–**	**(3)**	**(1,578)**	**(1,581)**	**(15)**	**(1,596)**
Disposal of businesses	**–**	**53**	**228**	**281**	**–**	**281**
Reclassifications	**–**	**(2,396)**	**2,396**	**–**	**–**	**–**
Movement in fair value	**–**	**2**	**(198)**	**(196)**	**229**	**33**
Other non-cash movements	**–**	**(14)**	**(21)**	**(35)**	**–**	**(35)**
Currency movements	**(111)**	**20**	**29**	**(62)**	**–**	**(62)**
Balance at 31 December 2012	**9,312**	**(2,609)**	**(15,150)**	**(8,447)**	**(168)**	**(8,615)**

[1] The Group operates in certain countries where the existence of exchange controls may restrict the use of certain cash balances (principally South Africa and Venezuela). 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 liabilities of $116 million (2011: assets of $82 million) and net non-current derivative liabilities of $52 million (2011: $315 million) which are classified within 'Derivative financial assets' and 'Derivative financial liabilities' on the balance sheet.

32. ACQUISITIONS

De Beers

On 16 August 2012 Anglo American plc acquired an additional 40% of the share capital of De Beers Société Anonyme (De Beers) to bring its total shareholding to 85%. De Beers is a leading diamond company with expertise in the exploration, mining and marketing of diamonds.

The Group funded the acquisition by way of cash consideration of $5.2 billion, less cash acquired of $0.4 billion. The acquisition has been accounted for as a business combination using the acquisition method of accounting with an effective date of 16 August 2012, being the date the Group gained control of De Beers.

The provisional fair values of identifiable assets and liabilities of De Beers as at the date of acquisition were:

US$ million	2012
Assets	
Intangible assets	1,588
Property, plant and equipment (including mineral properties and projects)	8,912
Investments in associates	12
Deferred tax assets	247
Inventory	2,133
Other assets[1]	328
Total assets	13,220
Liabilities	
Provisions for liabilities and charges (including contingent liabilities[2] and retirement benefit obligations)	(1,487)
Deferred tax liabilities	(1,097)
Loans and borrowings	(1,581)
Other liabilities	(468)
Total liabilities	(4,633)
Net assets acquired	8,587
Non-controlling interests[3]	(1,423)
Net attributable assets acquired	7,164
Goodwill	2,355
Net attributable assets including goodwill	9,519
Consideration	
Cash	5,223
Net cash acquired with the subsidiary	(407)
Book value of existing shareholding	2,686
Fair value gain on existing 45% shareholding[4]	2,017
Total consideration	9,519

(1) The fair value of other assets includes receivables of $202 million.
(2) Contingent liabilities of $185 million relating to legal claims in various jurisdictions.
(3) Non-controlling interests have been measured at their proportionate share of De Beers' identifiable net assets.
(4) Recognised as a non-operating remeasurement, see note 5.

Goodwill recognised arises principally from the significant synergies associated with the Group having control of De Beers, the value associated with the De Beers' workforce and the requirement to recognise a deferred tax liability calculated as the difference between the tax effect of the fair value of the assets acquired and their tax bases. No goodwill is expected to be deductible for tax purposes. Intangible assets acquired relate to brand names, customer relationships and contracts.

From the acquisition date, De Beers has contributed $2,353 million of revenue and $159 million of underlying earnings to the Group. If the acquisition had completed on 1 January 2012, De Beers would have contributed revenue of $6,074 million for 2012 (an increase of $3,721 million) and underlying earnings of $399 million (an increase of $87 million).

The Group's attributable share of De Beers' earnings from the acquisition date after special items and remeasurements (including special items and remeasurements charges of $319 million (after tax) relating to the reversal of fair value uplifts of inventory and depreciation and amortisation on fair value uplifts of the Group's pre-existing 45% shareholding) amounted to a $160 million loss. If the acquisition of De Beers had been completed on 1 January 2012, the Group's attributable share of De Beers' earnings (including special items and remeasurements charges of $485 million (after tax) relating to the reversal of fair value uplifts of inventory and depreciation and amortisation on fair value uplifts of the Group's pre-existing 45% shareholding) would have amounted to a $80 million loss (increasing the Group's loss attributable to equity shareholders by $76 million to $1,569 million).

Other

On 20 July 2012 Anglo American plc increased its shareholding in Kumba Iron Ore Limited by 4.5% through the exercise of options acquired in 2011 and 2012. This increased the Group's shareholding from 65.2% to 69.7%, for a total cost of $948 million.

The Group made no material acquisitions in 2011.

33. DISPOSALS OF SUBSIDIARIES AND JOINT VENTURES

US$ million	2012	2011
Net assets disposed		
Property, plant and equipment	**208**	167
Other non-current assets	**65**	79
Current assets	**347**	461
Current liabilities	**(187)**	(55)
Non-current liabilities	**(273)**	(108)
Net assets	**160**	544
Non-controlling interests	**(5)**	(42)
Net assets disposed	**155**	502
Cumulative translation (gain)/loss recycled from reserves	**(6)**	45
Other charges	**2**	–
Net (loss)/gain on disposals[1]	**(21)**	337
Net sales proceeds	**130**	884
Net cash and cash equivalents disposed	**(38)**	(358)
Accrued transaction costs and similar items	**8**	3
Net cash inflow from disposals[2]	**100**	529

(1) Included in non-operating special items, see note 5.

(2) Net cash inflow in the year ended 31 December 2012 was nil in respect of disposals in 2011 (2011: $4 million in respect of disposals in 2010). Total net cash inflow from disposals in 2012 was $100 million (2011: $533 million). Of this, a net cash inflow of $100 million (2011: $514 million) related to disposals of subsidiaries and nil (2011: $19 million) related to the sale of interests in joint ventures.

Disposal in 2012

On 24 April 2012 the Group announced the sale of Scaw South Africa and related companies to an investment consortium led by the Industrial Development Corporation of South Africa (IDC) and Anglo American's partners in Scaw South Africa, being Izingwe Holdings (Pty) Limited, Shanduka Resources (Pty) Limited and the Southern Palace Group of Companies (Pty) Limited, for a total consideration of $440 million on a cash and debt free basis. Following this announcement, Scaw South Africa was transferred to assets held for sale.

The completion of the sale took place on 23 November 2012 for a combined net cash inflow of $100 million.

Disposals in 2011

Disposals of subsidiaries during 2011 mainly related to the disposal of Lisheen and a 74% interest in Black Mountain (the Group's remaining zinc operations) and disposals of Tarmac businesses (China, Turkey and Romania) in the Other Mining and Industrial segment.

34. ASSETS AND LIABILITIES HELD FOR SALE

The following assets and liabilities were classified as held for sale at 31 December 2012. The Group expects to complete the sale of these businesses within 12 months of the reporting date. There were no assets or liabilities classified as held for sale at 31 December 2011.

			2012
US$ million	Amapá	Tarmac Quarry Materials	Total[1]
Intangible assets	**1**	**418**	**419**
Property, plant and equipment	**171**	**1,655**	**1,826**
Other non-current assets[2]	**4**	**11**	**15**
Total non-current assets	**176**	**2,084**	**2,260**
Inventories	**103**	**111**	**214**
Trade and other receivables	**157**	**292**	**449**
Cash and cash equivalents	**26**	**201**	**227**
Total current assets	**286**	**604**	**890**
Total assets classified as held for sale	**462**	**2,688**	**3,150**
Trade and other payables	**(149)**	**(406)**	**(555)**
Short term borrowings	**(11)**	**(3)**	**(14)**
Provisions for liabilities and charges	**(3)**	**(24)**	**(27)**
Total current liabilities	**(163)**	**(433)**	**(596)**
Deferred tax liabilities	**–**	**(150)**	**(150)**
Provisions for liabilities and charges	**(59)**	**(97)**	**(156)**
Other non-current liabilities[2]	**–**	**(17)**	**(17)**
Total non-current liabilities	**(59)**	**(264)**	**(323)**
Total liabilities associated with assets classified as held for sale	**(222)**	**(697)**	**(919)**
Net assets	**240**	**1,991**	**2,231**

(1) The Group's investments in Amapá and Tarmac Quarry Materials are included in the Other Mining and Industrial segment.

(2) Other non-current assets relate to loans and receivables and investments in associates. Other non-current liabilities relate to government grants received.

A loss on transfer to assets held for sale of $404 million for Amapá and $135 million for Tarmac Quarry Materials have been recognised in non-operating special items, see note 5.

35. 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. Anglo American has also provided Mitsubishi Corporation LLC with indemnities against certain liabilities as part of the sale of a 24.5% interest in AA Sur. Having taken appropriate legal advice, the Group believes that a material liability arising from the indemnities provided is unlikely.

The Group is required to provide guarantees in several jurisdictions in respect of environmental restoration and decommissioning obligations. The Group has provided for the estimated cost of these activities.

No contingent liabilities were secured on the assets of the Group at 31 December 2012 or 31 December 2011.

Other

Kumba Iron Ore (Kumba)

Sishen Supply Agreement Arbitration

A dispute arose between Sishen Iron Ore Company Proprietary Limited (SIOC) and ArcelorMittal South Africa Limited (AMSA) in February 2010, in relation to SIOC's contention that the contract mining agreement concluded between them in 2001 had become inoperative as a result of the fact that AMSA had failed to convert its old order mining rights. This dispute has been referred to arbitration. On 9 December 2011 SIOC and AMSA agreed to delay the arbitration proceedings in relation to the Sishen Supply Agreement until the final resolution of the mining rights dispute. This arbitration is only expected to commence in the fourth quarter of 2013, with possible resolution only expected in the third quarter of 2014 at the earliest.

An Interim Pricing Agreement (IPA 2) between SIOC and AMSA was in place until 31 July 2012 and was extended to 31 December 2012.

In December 2012 a further interim agreement was concluded, after negotiations which were facilitated by the Department of Trade and Industry (DTI). The further interim agreement will govern the sale of iron ore from the Sishen mine to AMSA for the period 1 January 2013 to 31 December 2013, or until the conclusion of the legal processes in relation to the 2001 Sishen Supply Agreement (whichever is the sooner), at a weighted average price of $65 per tonne. Of the total 4.8 Mt, about 1.5 Mt is anticipated to be railed to Saldanha Steel and the rest to AMSA's inland operations.

21.4% undivided share of the Sishen mine mineral rights

On 3 February 2012 both the Department of Mineral Resources (DMR) and Imperial Crown Trading 289 Proprietary Limited (ICT) submitted applications for leave to appeal against the High Court judgment. SIOC applied for leave to present a conditional cross-appeal, in order to protect its rights. The Supreme Court of Appeal (SCA) hearing will be held on 19 February 2013, and the SCA judgment is expected to be received early in the second half of 2013.

The High Court order did not affect the interim supply agreement between AMSA and SIOC. 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 24 separate lawsuits in South Africa 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. In addition, AASA is a defendant in one lawsuit filed in the High Court in London, England on behalf of 19 former mineworkers or their dependents, a second lawsuit filed there on behalf of 1,106 named former mineworkers or their dependents and also as a "representative claim" on behalf of all black underground miners in "Anglo gold mines" who have been certified as suffering from silicosis and related diseases, a third lawsuit filed there on behalf of 630 named former mineworkers or their dependents and a fourth lawsuit filed there on behalf of 1,232 former mineworkers or their dependents. AASA is also named as one of 30 defendants in a class certification application filed in South Africa purportedly on behalf of 17,000 claimants.

The aggregate amount of claims in the 24 South African lawsuits is less than $5 million. No specific amount of damages has been specified in the claims filed in England or the class certification application filed in South Africa.

If the individual claims are determined adversely to AASA there are a substantial number of additional former mineworkers (or their dependents or survivors) who may seek to bring similar claims or whose claims could become part of the representative claim filed in England or the class action claim in South Africa. The arbitration hearing for 11 of the individual South African claims is expected to begin in October 2013.

AASA is contesting the jurisdiction of the English courts to hear the claims filed against it in that jurisdiction and will oppose the application for class certification in South Africa.

Platinum

At 31 December 2012 Platinum has certain unresolved tax matters that are currently under dispute with the South African Revenue Service (SARS). Platinum management has consulted with external tax and legal advisers, who support the positions taken. Nonetheless, Platinum management are actively discussing the issue with SARS with a view to seeking resolution and believe that the accounting for these matters is appropriate in the results for the year ended 31 December 2012.

36. COMMITMENTS

At 31 December the Group had the following outstanding capital commitments:

US$ million	2012	2011
Contracted but not provided	**2,792**	2,131

In addition, Anglo American Marketing Limited had outstanding commitments under contracts relating to shipping services of $1,033 million. In 2011 these commitments of $1,186 million were met by Kumba Iron Ore Limited.

At 31 December the Group had the following commitments under non-cancellable operating leases:

US$ million	2012	2011
Expiry date		
Within one year	**154**	161
Greater than one year, less than two years	**122**	112
Greater than two years, less than five years	**200**	185
Greater than five years	**277**	347
	753	805

Operating leases relate principally to land and buildings, vehicles and shipping vessels.

37. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, joint ventures and associates, see note 38.

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, other than purchases from De Beers' joint ventures which amounted to $1,049 million in the period from 16 August 2012 (the date the Group obtained control of De Beers, see note 32) to 31 December 2012.

The Group had the following amounts receivable from joint ventures and associates:

	Joint ventures		Associates	
US$ million	2012	2011	2012	2011
Loans receivable[1]	**261**	263	**305**	572
Dividends received	**–**	–	**286**	344

[1] These loans are included in 'Financial asset investments'.

At 31 December 2012 the directors of the Company and their immediate relatives controlled 0.1% (2011: 0.1%) of the voting shares of the Company.

Remuneration and benefits received by directors are disclosed in the 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.

Other related party transactions in relation to De Beers

The Group has in prior years entered into various transactions with DB Investments SA and De Beers SA (together 'De Beers') which were considered to be related party transactions for the purposes of the United Kingdom Listing Authority's Listing Rules as a result of the interest in De Beers held by CHL Holdings Limited (CHL) and certain of its subsidiaries in which Mr N. F. Oppenheimer, a director of the Company at the time of these transactions, had a relevant interest for the purpose of the rules.

The related party transactions entered into and which continued to be relevant in the year ended 31 December 2012 are detailed below.

On 4 November 2011 Anglo American announced it had entered into an agreement with CHL and Centhold International Limited ('CHL Sellers'), together representing the Oppenheimer family interests in De Beers, to acquire their 40% interest in De Beers for a total cash consideration of $5.1 billion, subject to adjustment and conditions as provided for in the agreement (the 'Transaction').

In view of the fact that the CHL Sellers were ultimately controlled through intermediary companies by trusts (the 'Seller Trusts') of which Mr N. F. Oppenheimer is a potential discretionary beneficiary and Mr N. F. Oppenheimer had been a director of Anglo American within the 12 months preceding agreement of the Transaction, the Transaction was categorised as a related party transaction requiring the approval of Anglo American shareholders (other than Mr N. F. Oppenheimer and his associates). This approval was obtained at a general meeting of the Company held on 6 January 2012. Further information in relation to the Transaction was set out in the circular posted to the Company's shareholders in December 2011.

The Government of the Republic of Botswana elected not to exercise its pre-emption rights to participate in the Transaction on a proportionate basis and accordingly Anglo American's interest in De Beers increased to 85% on completion of the Transaction on 16 August 2012, following the obtaining of certain specified regulatory and government approvals to which the Transaction was subject. Anglo American paid a total cash consideration of $5.2 billion, comprising the adjusted purchase price under the Transaction.

At 31 December 2012 the amount of outstanding loans owed to the Group by De Beers was $599 million (2011: $301 million), which includes loans acquired from the CHL Sellers at the closing of the Transaction of $277 million.

38. GROUP COMPANIES

The principal subsidiaries, joint ventures, associates and proportionately consolidated joint arrangements of the Group 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	**2012**	2011
Iron Ore and Manganese				
Kumba Iron Ore Limited (see note 32)	South Africa	Iron ore	**69.7%**	65.2%
Anglo Ferrous Brazil SA	Brazil	Iron ore	**100%**	100%
Anglo American Minério de Ferro Brasil SA[2]	Brazil	Iron ore project	**100%**	100%
Metallurgical Coal				
Anglo American Metallurgical Coal Holdings Limited	Australia	Coal	**100%**	100%
Peace River Coal Inc.	Canada	Coal	**100%**	100%
Thermal Coal				
Anglo Coal[3]	South Africa	Coal	**100%**	100%
Copper				
Anglo American Sur SA	Chile	Copper	**50.1%**	75.5%
Anglo American Norte SA[4]	Chile	Copper	**100%**	100%
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%
Platinum				
Anglo American Platinum Limited	South Africa	Platinum	**79.9%**	79.8%
Diamonds				
De Beers Société Anonyme	Luxembourg	Diamonds	**85%**	45%
Other Mining and Industrial				
Anglo American Fosfatos Brasil Limitada[5]	Brazil	Fertilisers and acid	**100%**	100%
Anglo American Nióbio Brasil Limitada[6]	Brazil	Niobium	**100%**	100%
Anglo Ferrous Amapá Mineração Limitada[7]	Brazil	Iron ore system	**70%**	70%
Tarmac Group Limited	UK	Construction materials	**100%**	100%
Tarmac Building Products Limited	UK	Construction materials	**100%**	100%
Scaw South Africa Proprietary Limited[8]	South Africa	Steel, engineering works and grinding media	**–**	74%

See page 187 for footnotes.

38. GROUP COMPANIES continued

Joint ventures	Country of incorporation	Business	Percentage of equity owned[9] 2012	2011
LLX Minas-Rio Logística Comercial Exportadora SA	Brazil	Port	**49%**	49%
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	**44%**	44%
Debswana[10]	Botswana	Diamonds	**50%**	–
Namdeb Holdings	Namibia	Diamonds	**50%**	–
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[9] 2012	2011
Samancor Holdings Proprietary Limited[11]	South Africa	Manganese	**40%**	40%
Groote Eylandt Mining Company Pty Limited (GEMCO)[11]	Australia	Manganese	**40%**	40%
Tasmanian Electro Metallurgical Company Pty Limited (TEMCO)[11]	Australia	Manganese	**40%**	40%
Jellinbah Group Pty Limited[12]	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[13]	Location	Business	Percentage owned 2012	2011
Drayton	Australia	Coal	**88.2%**	88.2%
Moranbah North	Australia	Coal	**88%**	88%
German Creek[14]	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.
(2) Anglo Ferrous Minas-Rio Mineração SA changed its name to Anglo American Minério de Ferro Brasil SA in 2012.
(3) A division of Anglo Operations Limited, a wholly owned subsidiary.
(4) Non-controlling interest of 0.018%.
(5) Copebrás Limitada changed its name to Anglo American Fosfatos Brasil Limitada in 2012.
(6) Mineração Catalão de Goiás Limitada changed its name to Anglo American Nióbio Brasil Limitada in 2012.
(7) Anglo Ferrous Amapá Mineração Limitada has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting.
(8) On 23 November 2012 the Group disposed of Scaw South Africa and related companies, see note 33.
(9) All equity interests shown are ordinary shares.
(10) Consolidated on a 19.2% proportionate basis, reflecting economic interest.
(11) These entities have a 30 June year end.
(12) The Group's effective interest in the Jellinbah operation is 23.3%.
(13) The wholly owned subsidiary Anglo American Metallurgical Coal Holdings Limited holds the proportionately consolidated jointly controlled operations.
(14) The German Creek operation includes both Capcoal Open Cut and Underground operations.

Changes in ownership interests in subsidiaries

In July 2012 the Group increased its shareholding in Kumba Iron Ore Limited by 4.5% through the exercise of options acquired in 2011 and 2012, thereby increasing its shareholding from 65.2% to 69.7%.

In August 2012 the Group sold a 25.4% interest in Anglo American Sur to a Corporación Nacional del Cobre de Chile (Codelco) and Mitsui & Co., Ltd. joint venture company controlled by Codelco, for proceeds of $1.9 billion. As disclosed in note 11d, capital gains tax of $290 million relating to the profit on sale has been charged directly to equity.

In August 2012 the Group acquired an additional 40% of the share capital of De Beers Société Anonyme, see note 32.

39. EVENTS OCCURRING AFTER END OF YEAR

Platinum

On 15 January 2013 the Group announced the outcome of its review of the Anglo American Platinum business to create a sustainable, competitive and profitable platinum business for the long term benefit of all stakeholders. The key proposals from the review were to place the Khuseleka and Khomanani mines on care and maintenance, reconfigure the Rustenburg operations into three operating mines, close the Union Mine North declines and place other processing assets on long term care and maintenance. Anglo American Platinum is engaging with the South African government, organised labour and other stakeholders and would pursue the consultation process in terms of the requirements of South African law prior to implementing these proposals.

As a result, if the Group is not expected to receive future economic benefits from these mines, property, plant and equipment, a post-tax impairment of up to $0.6 billion could be recognised as an operating special item in the income statement in 2013.

The gross cash costs associated with the implementation of the Portfolio Review and overhead review, which is expected to be approximately $0.3 billion (after tax: $0.2 billion), would be expensed as incurred as an operating special item in the income statement during the course of 2013.

Other

On 7 January 2013 the Group announced the completion of the 50:50 joint venture with Lafarge, which combined their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the United Kingdom. The joint venture will be known as Lafarge Tarmac.

On 4 January 2013 the Group announced the sale of its 70% interest in the Amapá iron ore system in Brazil to Zamin Ferrous Ltd. The transaction is subject to state regulatory approval.

With the exception of the above and the proposed final dividend for 2012, see note 12, there have been no material reportable events since 31 December 2012.

40. FINANCIAL STATEMENTS OF THE PARENT COMPANY

a) Balance sheet of the Company, Anglo American plc, as at 31 December 2012

US$ million	Note	2012	2011
Fixed assets			
Fixed asset investments	40c	**12,361**	13,046
Current assets			
Amounts due from subsidiaries		**14,950**	13,496
Prepayments and other debtors		**4**	4
Cash at bank and in hand		**41**	23
		14,995	13,523
Creditors due within one year			
Amounts owed to group undertakings		**(448)**	(395)
Other creditors		**(4)**	(12)
		(452)	(407)
Net current assets		**14,543**	13,116
Total assets less current liabilities		**26,904**	26,162
Liabilities due after more than one year			
Convertible bond	40d	**–**	(1,504)
Net assets		**26,904**	24,658
Capital and reserves			
Called-up share capital	40b	**772**	738
Share premium account	40b	**4,357**	2,714
Capital redemption reserve	40b	**115**	115
Other reserves	40b	**1,955**	1,955
Share-based payment reserve	40b	**1**	1
Convertible debt reserve	40b	**–**	355
Profit and loss account	40b	**19,704**	18,780
Total shareholders' funds (equity)		**26,904**	24,658

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 14 February 2013 and signed on its behalf by:

Cynthia Carroll
Chief Executive

René Médori
Finance Director

40. 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 2011	738	2,713	115	1,955	6	355	12,650	18,532
Profit for the financial year	–	–	–	–	–	–	6,520	6,520
Dividends paid[3]	–	–	–	–	–	–	(561)	(561)
Issue of treasury shares under employee share schemes	–	–	–	–	–	–	18	18
Share-based payments	–	–	–	–	1	–	–	1
Capital contribution to Group undertakings	–	–	–	–	–	–	147	147
Shares issued on conversion of bond	–	1	–	–	–	–	–	1
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(6)	–	6	–
Balance at 1 January 2012	**738**	**2,714**	**115**	**1,955**	**1**	**355**	**18,780**	**24,658**
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**–**	**1,152**	**1,152**
Dividends paid[3]	**–**	**–**	**–**	**–**	**–**	**–**	**(599)**	**(599)**
Issue of treasury shares under employee share schemes	**–**	**–**	**–**	**–**	**–**	**–**	**24**	**24**
Share-based payments	**–**	**–**	**–**	**–**	**1**	**–**	**–**	**1**
Capital contribution to Group undertakings	**–**	**–**	**–**	**–**	**–**	**–**	**161**	**161**
Shares issued on conversion of bond	**34**	**1,643**	**–**	**–**	**–**	**(355)**	**185**	**1,507**
Transfer between share-based payment reserve and profit and loss account	**–**	**–**	**–**	**–**	**(1)**	**–**	**1**	**–**
Balance at 31 December 2012	**772**	**4,357**	**115**	**1,955**	**1**	**–**	**19,704**	**26,904**

(1) At 31 December 2012 other reserves of $1,955 million (2011: $1,955 million) were not distributable under the Companies Act 2006.
(2) At 31 December 2012 $2,685 million (2011: $2,685 million) of the Company profit and loss account of $19,704 million (2011: $18,780 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 2012 of 53 US cents per share, see note 12.

The audit fee in respect of the parent company was $7,792 (2011: $7,156). 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

US$ million	Investment in subsidiaries 2012	2011
Cost		
At 1 January	**13,374**	13,232
Capital contributions[1]	**147**	140
Additions	**2,776**	2
Capital reduction	**(823)**	–
Transfer to subsidiary	**(3,096)**	–
At 31 December	**12,378**	13,374
Provisions for impairment		
At 1 January	**(328)**	(328)
Impairment charge	**(9)**	–
Transfer to subsidiary	**320**	–
At 31 December	**(17)**	(328)
Net book value	**12,361**	13,046

(1) This amount is net of $14 million (2011: $7 million) of intra-group recharges.

During 2012 Anglo Coal Holdings Limited undertook a capital reduction and repayment of share premium to Anglo American plc to the value of $823 million. This resulted in a $9 million impairment of the remaining investment in Anglo Coal Holdings Limited.

During 2012 the Company transferred its holding in Anglo American Finance (UK) Limited to another subsidiary, Anglo American Services (UK) Limited, in exchange for shares in Anglo American Services (UK) Limited. This additional investment in Anglo American Services (UK) Limited was recognised at the net carrying value of the Company's previous investment in Anglo American Finance (UK) Limited.

d) Convertible bond

On 23 March 2012 Anglo American plc gave notice that it had exercised its right to redeem its $1.7 billion of 4% senior convertible bonds (the Bonds) on 22 May 2012 (the optional redemption date). The Bonds were due to mature on 7 May 2014. On 13 April 2012 following the announcement of the recommended 2011 full year dividend, and in accordance with the terms and conditions of the Bonds, the conversion price was adjusted from £18.36 to £18.02.

Of the $1,700 million Bonds issued, $1,678 million were converted to equity prior to the optional redemption date, including $1 million converted in 2011, and the remaining $22 million were redeemed by the Group. As a result, 62.5 million ordinary shares were issued and the financial liability of $1,529 million, representing the notional value of the outstanding Bonds of $1,699 million less unamortised discount of $170 million, was derecognised. The balance in the convertible debt reserve of $355 million, which related to the Bonds, was transferred to share premium ($170 million) and retained earnings ($185 million).

40. FINANCIAL STATEMENTS OF THE PARENT COMPANY continued

e) 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. 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 $1,152 million (2011: $6,520 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.

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 a Monte Carlo model at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using a Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the grant date. For all share schemes with non-market 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 2012.

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.

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 Edition as amended July 2009) 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 Reserves are dynamic and are more likely to be affected by fluctuations in the prices of commodities, uncertainties in production costs, processing costs and other mining, legal, environmental, social and governmental factors which may impact the financial condition and prospects of the Group. 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.

To accommodate the various factors that are important in the development of a classified Mineral Resource estimate, a scorecard approach can be used. Mineral Resource classification defines the confidence associated with different parts of the Mineral Resource. The confidence that is assigned refers collectively to the reliability of the Grade and Tonnage estimates. This reliability includes consideration for the fidelity of the base data, the geological continuity predicated by the level of understanding of the geology, the likely precision of the estimated grades and understanding of grade variability, as well as various other factors that may influence the confidence that can be placed on the Mineral Resource. Platinum, Nickel and Kumba Iron Ore have developed and applied their own scorecard approaches to the classification of Mineral Resources.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2012. 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, minor differences with stated results could occur. Ore Reserves in the context of this Annual Report have the same meaning as 'Mineral Reserves' as defined by the SAMREC Code and the CIM (Canadian Institute of Mining and Metallurgy) Definition Standards on Mineral Resources and Mineral Reserves.

It is accepted that mine design and planning may include a portion of Inferred Mineral Resources. Inferred Mineral Resources in the Life of Mine Plan (LOM Plan) are described as 'Inferred (in LOM Plan)' separately from the remaining Inferred Mineral Resources described as 'Inferred (ex. LOM Plan)', as required. These resources are declared without application of any modifying factors.

The direct legal ownership that Anglo American holds in each operation and project is presented as the Attributable Percentage beside the name of each entity. Operations and projects which fall below the internal threshold for reporting (25% attributable interest) are excluded from the Ore Reserves and Mineral Resources estimates. Operations and projects which were disposed of or for which mining concessions expired during 2012 and hence not reported in 2012 are: Loma de Níquel.

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 Ore Reserves and Mineral 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 Mineral Resources have been included in the statement (any associated comments appear in the footnotes).

ESTIMATED ORE RESERVES[1] (PROVED + PROBABLE)

as at 31 December 2012

Detailed Proved and Probable figures appear on the referenced pages

KUMBA IRON ORE (See page 196 for details)	Attributable %	Mine Life	Mining Method	Total Saleable Tonnes	Grade
Kolomela	51.5	24	OP	209 Mt	64.4 %Fe
Sishen	51.5	17	OP	686 Mt	65.2 %Fe
Thabazimbi	51.5	6	OP	7 Mt	62.9 %Fe

IRON ORE BRAZIL (See page 197 for details)		Attributable %	Mine Life	Mining Method	Total Saleable Tonnes[2]	Grade
Serra do Sapo	Friable Itabirite and Hematite	100	27	OP	685 Mt	67.5 %Fe

SAMANCOR MANGANESE (See page 199 for details)	Attributable %	Mine Life	Mining Method	Total ROM Tonnes	Grade
GEMCO[3]	40.0	14	OP	97.4 Mt	45.0 %Mn
Mamatwan[4]	29.6	20	OP	72.8 Mt	37.1 %Mn
Wessels	29.6	45	UG	68.8 Mt	43.0 %Mn

METALLURGICAL COAL (See page 200 for details)		Attributable %	Mine Life	Mining Method	Total Saleable Tonnes[5]	Saleable Quality
Callide	Thermal – Domestic	100	24	OC	239.2 Mt	4,350 kcal/kg
Capcoal (OC)	Metallurgical – Coking	76.8	23	OC	26.7 Mt	7.0 CSN
	Metallurgical – Other				68.7 Mt	6,980 kcal/kg
	Thermal – Export				3.7 Mt	7,050 kcal/kg
Capcoal (UG)	Metallurgical – Coking	70.0	11	UG	39.7 Mt	9.0 CSN
Dawson	Metallurgical – Coking	51.0	35	OC	93.8 Mt	7.5 CSN
	Thermal – Export				221.1 Mt	5,380 kcal/kg
Drayton	Thermal – Export	88.2	2	OC	9.2 Mt	6,630 kcal/kg
Foxleigh	Metallurgical – Other	70.0	3	OC	12.1 Mt	6,810 kcal/kg
Moranbah North	Metallurgical – Coking	88.0	17	UG	97.2 Mt	8.0 CSN
Trend	Metallurgical – Coking	100	10	OC	14.0 Mt	7.0 CSN
	Thermal – Export				0.2 Mt	5,070 kcal/kg

THERMAL COAL (See page 204 for details)		Attributable %	Mine Life	Mining Method	Total Saleable Tonnes[5]	Saleable Quality
Cerrejón	Thermal – Export	33.3	19	OC	743.1 Mt	6,170 kcal/kg
Goedehoop	Thermal – Export	100	8	UG & OC	38.3 Mt	6,200 kcal/kg
Greenside	Thermal – Export	100	11	UG	27.5 Mt	6,190 kcal/kg
Isibonelo	Synfuel	100	15	OC	70.5 Mt	4,520 kcal/kg
Kleinkopje	Thermal – Export	100	11	OC	17.4 Mt	6,190 kcal/kg
	Thermal – Domestic				19.6 Mt	4,580 kcal/kg
Kriel	Thermal – Domestic	73.0	13	UG & OC	104.1 Mt	4,580 kcal/kg
Landau	Thermal – Export	100	6	OC	20.2 Mt	6,210 kcal/kg
	Thermal – Domestic				5.9 Mt	4,170 kcal/kg
Mafube	Thermal – Export	50.0	14	OC	30.0 Mt	6,260 kcal/kg
	Thermal – Domestic				23.6 Mt	5,010 kcal/kg
New Denmark	Thermal – Domestic	100	26	UG	112.0 Mt	5,000 kcal/kg
New Vaal	Thermal – Domestic	100	19	OC	323.8 Mt	3,560 kcal/kg
Zibulo	Thermal – Export	73.0	18	UG & OC	56.0 Mt	6,100 kcal/kg
	Thermal – Domestic				32.4 Mt	4,900 kcal/kg

COPPER (See page 208 for details)		Attributable %	Mine Life	Mining Method	Total Contained Copper	Tonnes	Grade
Collahuasi	Heap Leach	44.0	70	OP	274 kt	44.1 Mt	0.62 %TCu
	Flotation – direct feed				20,402 kt	2,074.2 Mt	0.98 %TCu
	Flotation – stockpile				5,219 kt	1,069.2 Mt	0.49 %TCu
El Soldado	Flotation	50.1	23	OP	1,371 kt	170.3 Mt	0.80 %TCu
	Heap Leach				14 kt	3.0 Mt	0.45 %TCu
Los Bronces	Flotation	50.1	36	OP	9,240 kt	1,509.3 Mt	0.61 %TCu
	Dump Leach				1,891 kt	607.6 Mt	0.31 %TCu
Mantos Blancos	Flotation	100	8	OP	286 kt	35.6 Mt	0.80 %ICu
	Vat and Heap Leach				62 kt	15.4 Mt	0.41 %ASCu
	Dump Leach				84 kt	36.8 Mt	0.23 %ASCu
Mantoverde	Heap Leach	100	5	OP	229 kt	42.3 Mt	0.54 %ASCu
	Dump Leach				112 kt	44.2 Mt	0.25 %ASCu

NICKEL (See page 213 for details)	Attributable %	Mine Life	Mining Method	Total Contained Nickel	Tonnes	Grade
Barro Alto	100	17	OP	754 kt	46.8 Mt	1.61 %Ni
Niquelândia	100	22	OP	66 kt	4.9 Mt	1.34 %Ni

PLATINUM[6] (See page 214 for details)	Attributable %	Mine Life	Mining Method	Total Contained PGE	Tonnes	Grade (4E)
Main Sulphide Zone	79.9	n/a	UG	6.5 Moz (4E)	53.7 Mt	3.76 g/t
Merensky Reef			UG	12.5 Moz (4E)	82.3 Mt	4.71 g/t
Platreef			OP	89.1 Moz (4E)	1,008.9 Mt	2.75 g/t
UG2 Reef			UG	69.2 Moz (4E)	518.4 Mt	4.15 g/t

DIAMONDS[7] (See pages 217–221 for details)	Attributable %	LOM[8]	Mining Method	Saleable Carats
DBCi – Snap Lake	85.0	18	UG	2.0 M¢
DBCi – Victor	85.0	6	OP	2.3 M¢
DBCM – Venetia (OP)	62.9	9	OP	32.8 M¢
DBCM – Venetia (UG)	62.9	27	UG	70.0 M¢
Debswana – Damtshaa	42.5	17	OP	4.1 M¢
Debswana – Jwaneng	42.5	20	OP	88.3 M¢
Debswana – Letlhakane	42.5	4	OP	0.8 M¢
Debswana – Orapa	42.5	21	OP	85.7 M¢
Namdeb – Elizabeth Bay	42.5	7	OC	231 k¢
Namdeb – Mining Area 1	42.5	7	OC	74 k¢
Namdeb – Orange River	42.5	7	OC	359 k¢
Namdeb – Atlantic 1	42.5	15	MM	4,935 k¢

PHOSPHATE PRODUCTS (See page 222 for details)	Attributable %	Mine Life	Mining Method	Total ROM Tonnes	Grade
Ouvidor	100	40	OP	234.0 Mt	13.4 %P_2O_5

NIOBIUM (See page 223 for details)		Attributable %	Mine Life	Mining Method	Total Contained Product	Tonnes	Grade
Boa Vista	Oxide	100	4	OP	40 kt	3.9 Mt	1.03 %Nb_2O_5
	Phosphate Tailings				14 kt	2.0 Mt	0.73 %Nb_2O_5

Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
LOM = Life of Mine (years) is based on scheduled Probable Reserves including Indicated and some Inferred Resources considered for life of mine planning.
Mining method: OP = Open Pit, UG = Underground, OC = Open Cut, MM = Marine Mining.

(1) Estimated Total Ore Reserves are the sum of Proved and Probable Ore Reserves (on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves). Please refer to the detailed Business Units/Commodities Ore Reserve estimates tables for the individual Proved and Probable estimates. The Ore Reserve 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. Ore Reserve estimates for operations in South Africa were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007 Edition as amended July 2009).
The figures reported represent 100% of the Ore Reserves, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.
(2) Tonnes are reported on a wet basis. Assays are on a dry basis.
(3) GEMCO Manganese grades are given as per washed ore samples and should be read together with their respective yields.
(4) Mamatwan tonnages stated as wet metric tonnes.
(5) Total Saleable Tonnes represents the product tonnes produced quoted as metric tonnes on a Product moisture basis. The coal quality for 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). CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index. Coal quality parameters for the Coal Reserves for Metallurgical – Coking, Metallurgical – Other and Thermal – Export collieries meet the contractual specifications for Coking Coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Thermal – Domestic and Synfuels collieries meet the specifications of the individual supply contracts.
Metallurgical – Coking: High-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in the steel industry.
Metallurgical – Other: 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.
Thermal – Export: Low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Thermal – Domestic: Low- to high-volatile thermal coal primarily for domestic consumption for power generation.
Synfuel: Coal specifically for the domestic production of synthetic fuel and chemicals.
(6) Details of the individual operations appear in the Anglo American Platinum Annual Report.
The figures reported represent 100% of the Ore Reserves attributable to Anglo American Platinum unless otherwise noted.
4E is the sum of Platinum, Palladium, Rhodium and Gold in grammes per tonne (g/t).
(7) DBCi = De Beers Canada, DBCM = De Beers Consolidates Mines, Debswana = Debswana Diamond Company, Namdeb = Namdeb Holdings
k¢ = thousand carats. M¢ = million carats.
Reported Diamond Reserves are based on a Bottom Cut Off (BCO) which refers to the bottom screen size aperture and varies between 1.00mm and 3.00mm (nominal square mesh).
(8) LOM is quoted as Diamonds are reported on an inclusive basis.

ESTIMATED MINERAL RESOURCES[1] (MEASURED + INDICATED)

as at 31 December 2012

Detailed Measured, Indicated and Inferred figures appear on the referenced pages

KUMBA IRON ORE (See page 196 for details)	Attributable %	Mining Method	In-situ Tonnes	Grade
Kolomela	51.5	OP	60.3 Mt	65.0 %Fe
Sishen	51.5	OP	452.4 Mt	60.2 %Fe
Thabazimbi	51.5	OP	10.7 Mt	62.5 %Fe

IRON ORE BRAZIL (See page 197 for details)		Attributable %	Mining Method	In-situ Tonnes[2]	Grade
Itapanhoacanga	Friable Itabirite and Hematite	100	–	154.5 Mt	41.1 %Fe
	Compact Itabirite		–	96.8 Mt	34.3 %Fe
Serra do Sapo	Friable Itabirite and Hematite	100	OP	385.4 Mt	32.9 %Fe
	Compact Itabirite		–	2,811.2 Mt	31.1 %Fe
Serro	Friable Itabirite and Hematite	100	–	9.5 Mt	63.6 %Fe

OMI (Non-core) (See page 198 for details)		Attributable %	Mining Method	In-situ Tonnes[2]	Grade
Amapá	Canga	70.0	OP	8.0 Mt	48.7 %Fe
	Colluvium		OP	61.6 Mt	38.8 %Fe
	Friable Itabirite and Hematite		OP	137.7 Mt	41.1 %Fe

SAMANCOR MANGANESE (See page 199 for details)	Attributable %	Mining Method	In-situ Tonnes	Grade
GEMCO[3]	40.0	OP	107.1 Mt	46.7 %Mn
Mamatwan[4]	29.6	OP	116.7 Mt	35.0 %Mn
Wessels	29.6	UG	137.8 Mt	43.8 %Mn

METALLURGICAL COAL (See page 201 for details)	Attributable %	Mining Method	In-situ Tonnes[5]	Coal Quality
Callide	100	OC	525.7 Mt	4,870 kcal/kg
Capcoal (OC)	76.8	OC	41.7 Mt	7,080 kcal/kg
Capcoal (UG)	70.0	UG	144.3 Mt	6,680 kcal/kg
Dawson	51.0	OC	311.1 Mt	6,660 kcal/kg
Drayton	88.2	OC	11.8 Mt	6,550 kcal/kg
Foxleigh	70.0	OC	33.3 Mt	7,110 kcal/kg
Moranbah North	88.0	UG	76.9 Mt	6,640 kcal/kg
Trend	100	OC	21.2 Mt	6,500 kcal/kg

THERMAL COAL (See page 206 for details)	Attributable %	Mining Method	In-situ Tonnes[5]	Coal Quality
Cerrejón	33.3	OC	1,063.6 Mt	6,440 kcal/kg
Goedehoop	100	UG&OC	158.8 Mt	5,490 kcal/kg
Greenside	100	UG	19.6 Mt	5,590 kcal/kg
Isibonelo	100	OC	16.3 Mt	5,250 kcal/kg
Kleinkopje	100	OC	30.4 Mt	5,040 kcal/kg
Kriel	73.0	UG&OC	18.8 Mt	5,060 kcal/kg
Landau	100	OC	94.8 Mt	4,960 kcal/kg
Mafube	50.0	OC	69.7 Mt	5,150 kcal/kg
Zibulo	73.0	UG&OC	349.0 Mt	4,920 kcal/kg

COPPER (See pages 210–211 for details)		Attributable %	Mining Method	Contained Copper	Tonnes	Grade
Collahuasi	Heap Leach	44.0	OP	3 kt	0.5 Mt	0.70 %TCu
	Flotation – direct feed			10,856 kt	1,153.6 Mt	0.94 %TCu
	Flotation – stockpile			1,263 kt	272.1 Mt	0.46 %TCu
El Soldado	Flotation	50.1	OP	248 kt	32.4 Mt	0.77 %TCu
	Heap Leach			0 kt	0.0 Mt	0.66 %TCu
Los Bronces	Flotation	50.1	OP	3,972 kt	982.4 Mt	0.40 %TCu
Mantos Blancos	Flotation	100	OP	734 kt	95.0 Mt	0.77 %ICu
	Vat and Heap Leach			67 kt	14.6 Mt	0.46 %ASCu
	Dump Leach			15 kt	8.8 Mt	0.17 %ASCu
Mantoverde	Heap Leach	100	OP	57 kt	11.8 Mt	0.48 %ASCu

NICKEL (See page 213 for details)		Attributable %	Mining Method	Contained Nickel	Tonnes	Grade
Barro Alto	Direct Feed	100	OP	193 kt	14.0 Mt	1.38 %Ni
	Stockpile			85 kt	7.1 Mt	1.19 %Ni
Niquelândia		100	OP	70 kt	5.7 Mt	1.24 %Ni

PLATINUM[6] (See page 215 for details)	Attributable %	Mining Method	Contained PGE	Tonnes	Grade (4E)
Main Sulphide Zone	79.9	UG	15.4 Moz (4E)	113.6 Mt	4.21 g/t
Merensky Reef		UG	85.7 Moz (4E)	479.9 Mt	5.55 g/t
Platreef		OP	62.8 Moz (4E)	891.8 Mt	2.19 g/t
UG2 Reef		UG	186.8 Moz (4E)	1,131.6 Mt	5.13 g/t

DIAMONDS[7] (See pages 217–221 for details)	Attributable %	Mining Method	Carats	Tonnes/Area	Grade
DBCi – Snap Lake	85.0	UG	4.7 M¢	2.5 Mt	189.27 cpht
DBCi – Victor	85.0	OP	2.5 M¢	12.9 Mt	19.34 cpht
DBCM – Namaqualand	62.9	OC	2.1 M¢	19.3 Mt	10.87 cpht
DBCM – Venetia (OP)	62.9	OP	35.4 M¢	34.2 Mt	103.46 cpht
DBCM – Venetia (UG)	62.9	UG	95.5 M¢	109.9 Mt	86.93 cpht
Debswana – Damtshaa	42.5	OP	6.3 M¢	29.3 Mt	21.46 cpht
Debswana – Jwaneng	42.5	OP	84.3 M¢	70.1 Mt	120.35 cpht
Debswana – Letlhakane	42.5	OP	7.8 M¢	27.4 Mt	28.62 cpht
Debswana – Orapa	42.5	OP	119.1 M¢	167.3 Mt	71.20 cpht
Namdeb – Douglas Bay	42.5	OC	111 k¢	1,502 kt	7.39 cpht
Namdeb – Elizabeth Bay	42.5	OC	548 k¢	4,718 kt	11.62 cpht
Namdeb – Mining Area 1	42.5	OC	178 k¢	17,597 kt	1.01 cpht
Namdeb – Orange River	42.5	OC	544 k¢	109,725 kt	0.50 cpht
Namdeb – Atlantic 1	42.5	MM	10,773 k¢	114,190 k m^2	0.09 cpm^2
Namdeb – Midwater	42.5	MM	330 k¢	1,339 k m^2	0.25 cpm^2

PHOSPHATE PRODUCTS (See page 222 for details)	Attributable %	Mining Method	Tonnes	Grade
Ouvidor	100	OP	64.1 Mt	11.9 %P_2O_5

NIOBIUM (See page 223 for details)		Attributable %	Mining Method	Contained Product	Tonnes	Grade
Boa Vista	Oxide	100	OP	42 kt	3.4 Mt	1.22 %Nb_2O_5

Mining method: OP = Open Pit, UG = Underground, OC = Open Cut, MM = Marine Mining.

(1) Estimated Measured plus Indicated Resources are the sum of the Measured and Indicated Mineral Resources (on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves). Please refer to the detailed Business Units/Commodities Mineral Resource estimates tables for the individual Measured, Indicated and Inferred estimates. 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 Mineral Resource estimates for operations in South Africa were compiled in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007 Edition as amended July 2009).
The figures reported represent 100% of the Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

(2) Tonnes are reported on a wet basis. Assays are on a dry basis.

(3) GEMCO Manganese grades are given as per washed ore samples and should be read together with their respective yields.

(4) Mamatwan tonnages stated as wet metric tonnes.

(5) Coal Resources are quoted on a Mineable Tonnes 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. 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.

(6) Details of the individual operations appear in the Anglo American Platinum Annual Report. Merensky Reef and UG2 Reef Mineral Resources are estimated over a practical minimum mining width suitable for the deposit known as the 'Resource Cut'. The minimum mining width over which Mineral Resources are declared is 110cm. The 'Resource Cut' width takes cognisance of the mining method and geotechnical aspects in the hanging wall or footwall of the reef. The figures reported represent 100% of the Ore Reserves attributable to Anglo American Platinum unless otherwise noted. 4E is the sum of Platinum, Palladium, Rhodium and Gold in grammes per tonne (g/t).

(7) DBCi = De Beers Canada, DBCM = De Beers Consolidates Mines, Debswana = Debswana Diamond Company, Namdeb = Namdeb Holdings
k¢ = thousand carats. M¢ = million carats. k m^2 = thousand square metres. Grade is quoted as carats per hundred metric tonnes (cpht) or as carats per square meter (cpm^2).
Reported Diamond Resources are based on a Bottom Cut Off (BCO) which refers to the bottom screen size aperture and varies between 1.00mm and 3.00mm (nominal square mesh).
Diamond Resources are quoted as inclusive of those used to calculate Diamond Reserves and must not be added to the Diamond Reserves.

IRON ORE

estimates as at 31 December 2012

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 Edition as amended July 2009). The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Anglo American plc's interest in Kumba Iron Ore Limited is 69.7%. Rounding of figures may cause computational discrepancies.

Kumba Iron Ore – Operations ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Saleable Product 2012 Mt	Saleable Product 2012 %Fe	Saleable Product 2011 Mt	Saleable Product 2011 %Fe
Kolomela (OP)[1]	51.5	24		Mt	Mt	%Fe	%Fe	Mt	%Fe	Mt	%Fe
Hematite			Proved	107.6	109.7	64.8	64.9	107	64.8	110	65.0
			Probable	102.0	93.7	64.0	64.3	102	64.0	94	64.4
			Total	**209.5**	**203.4**	**64.4**	**64.6**	**209**	**64.4**	**203**	**64.7**
Sishen (OP)[2]	51.5	17				%Fe	%Fe				
Hematite			Proved	642.9	525.8	59.4	58.9	485	65.3	393	65.0
			Probable	276.0	458.1	58.8	59.3	201	65.0	351	65.1
			Total	**918.9**	**983.9**	**59.2**	**59.1**	**686**	**65.2**	**744**	**65.0**
Thabazimbi (OP)[3]	51.5	6				%Fe	%Fe				
Hematite			Proved	0.4	2.7	61.1	61.4	0	62.9	2	63.2
			Probable	9.0	7.7	60.6	60.4	7	62.9	6	63.0
			Total	**9.5**	**10.4**	**60.6**	**60.7**	**7**	**62.9**	**8**	**63.1**

Kumba Iron Ore – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011
Kolomela (OP)[4]	51.5		Mt	Mt	%Fe	%Fe
Hematite		Measured	43.3	46.6	64.9	65.0
		Indicated	17.0	16.1	65.2	65.1
		Measured and Indicated	**60.3**	**62.7**	**65.0**	**65.0**
		Inferred (in LOM Plan)	50.5	45.9	64.2	64.3
		Inferred (ex. LOM Plan)	55.7	53.7	62.8	62.7
		Total Inferred	**106.2**	**99.6**	**63.5**	**63.4**
Sishen (OP)[5]	51.5				%Fe	%Fe
Hematite		Measured	315.1	111.1	61.0	61.3
		Indicated	137.3	274.8	58.4	61.6
		Measured and Indicated	**452.4**	**385.9**	**60.2**	**61.5**
		Inferred (in LOM Plan)	24.7	173.4	56.0	49.1
		Inferred (ex. LOM Plan)	67.7	217.2	55.0	53.8
		Total Inferred	**92.5**	**390.6**	**55.3**	**51.7**
Thabazimbi (OP)[6]	51.5				%Fe	%Fe
Hematite		Measured	0.2	1.1	62.5	61.1
		Indicated	10.4	7.2	62.5	62.0
		Measured and Indicated	**10.7**	**8.3**	**62.5**	**61.9**
		Inferred (in LOM Plan)	2.8	3.0	60.7	61.8
		Inferred (ex. LOM Plan)	8.2	3.9	62.8	61.8
		Total Inferred	**11.1**	**6.9**	**62.3**	**61.8**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Kumba Iron Ore – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011
Zandrivierspoort[7]	25.8		Mt	Mt	%Fe	%Fe
Magnetite and Hematite		Measured	132.9	128.5	35.0	34.9
		Indicated	177.9	182.3	34.5	34.5
		Measured and Indicated	**310.8**	**310.8**	**34.7**	**34.7**
		Inferred	64.5	64.5	34.2	34.2

Mining method: OP = Open Pit. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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 Phoenix Project is not reported in 2012; the previously declared Mineral Resource are being re-evaluated to consider different beneficiation options and will have to be re-submitted for project approval.

(1) **Kolomela – Ore Reserves:** Ore Reserves are reported above a cut-off of 42.0 %Fe including dilution. The effect of production is offset by the increase resulting from a life-of-mine plan update, which included a pit optimisation with updated economic assumptions.
(2) **Sishen – Ore Reserves:** Ore Reserves are reported above a cut-off of 40.0 %Fe including dilution. The decrease is primarily due to production and a lower conversion rate of Mineral Resources to Ore Reserves.
(3) **Thabazimbi – Ore Reserves:** Ore Reserves are reported above a cut-off of 54.6 %Fe including dilution. The decrease is primarily due to production and some Ore Reserves being re-allocated to Inferred Mineral Resources.
(4) **Kolomela – Mineral Resources:** Mineral Resources are reported above a cut-off of 50.0 %Fe. The increase is due to changes in the resource shell as a result of pit a optimisation conducted based on updated economic assumptions.
(5) **Sishen – Mineral Resources:** Mineral Resources are reported above a cut-off of 40.0 %Fe. The overall decrease is a result of a geological model update, revised estimation methods combined with new borehole information which resulted in a decrease of primarily BIF material.
Stockpile Resource estimates (Measured: 52.2 Mt at 58.1 %Fe; Indicated: 11.9 Mt at 57.7 %Fe; Inferred: 3.2 Mt at 56.7 %Fe) are excluded from the table.
(6) **Thabazimbi – Mineral Resources:** Mineral Resources are reported above a cut-off of 55.0 %Fe. The increase is due to changes in the resource shell as a result of updated economic assumptions.
(7) **Zandrivierspoort:** The Zandrivierspoort Project Mineral Resources are reported above a cut-off of 23.0 %Fe. A minor update to the resource classification was undertaken in 2012.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at Kolomela Mine.

Assumption with respect to Mineral Tenure

Sishen: In December 2011 judgment was delivered by the High Court regarding the status of the mining rights at the Sishen mine. The High Court held that, upon the conversion of SIOC's old order Mining Right relating to the Sishen mine properties in 2008, SIOC became the exclusive holder of a converted mining right for iron ore and quartzite in respect of the Sishen mine properties. The High Court held further that as a consequence, any decision taken by the Department: Mineral Resources (DMR) after such conversion in 2008 to accept or grant any further rights to iron ore at the Sishen mine properties was void. Finally, the High Court reviewed and set aside the decision of the DMR to grant a prospecting right to ICT relating to iron ore as to a 21.4% share in respect of the Sishen mine properties. Both the DMR and Imperial Crown Trading have lodged an appeal against the ruling by the High Court, which appeal is enrolled for hearing by the Supreme Court of Appeal on 19 February 2013.

IRON ORE

estimates as at 31 December 2012

IRON ORE BRAZIL

The Ore Reserves 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.

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 material is being considered for Phase 1 of the project. The planned annual capacity of Phase 1 is 26.5 Mtpa of iron ore pellet feed (wet tonnes).

Iron Ore Brazil – Projects ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Saleable Product 2012		Saleable Product 2011	
Serra do Sapo (OP)[1]	100	27		Mt	Mt	%Fe	%Fe	Mt	%Fe	Mt	%Fe
Friable Itabirite and Hematite			Proved	–	–	–	–	–	–	–	–
			Probable	1,452.8	–	38.8	–	685	67.5	–	–
			Total	**1,452.8**	**–**	**38.8**	**–**	**685**	**67.5**	**–**	**–**

Iron Ore Brazil – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011
Itapanhoacanga[1][2]	100		Mt	Mt	%Fe	%Fe
Friable Itabirite and Hematite		Measured	32.3	25.0	40.6	42.5
		Indicated	122.3	219.2	41.3	41.6
		Measured and Indicated	**154.5**	**244.2**	**41.1**	**41.7**
		Inferred	119.1	74.7	40.9	41.7
Compact Itabirite		Measured	23.2	10.9	33.6	33.2
		Indicated	73.6	95.8	34.5	33.8
		Measured and Indicated	**96.8**	**106.7**	**34.3**	**33.7**
		Inferred	57.2	43.9	34.5	33.2
Serra do Sapo (OP)[1][3]	100				%Fe	%Fe
Friable Itabirite and Hematite		Measured	148.7	561.3	31.6	35.3
		Indicated	236.7	1,278.5	33.7	38.5
		Measured and Indicated	**385.4**	**1,839.8**	**32.9**	**37.5**
		Inferred (in LOM Plan)	108.5	–	38.3	–
		Inferred (ex. LOM Plan)	58.7	165.1	32.9	36.3
		Total Inferred	**167.1**	**165.1**	**36.4**	**36.3**
Compact Itabirite		Measured	559.9	565.0	31.0	31.0
		Indicated	2,251.3	2,253.9	31.1	31.1
		Measured and Indicated	**2,811.2**	**2,818.9**	**31.1**	**31.1**
		Inferred	476.8	477.3	31.1	31.1
Serro[4]	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

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.

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) **Minas-Rio Project:** 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 4.2 wt% for Friable ore. Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, High Alumina Friable Itabirite, Soft Hematite and Canga.
The Minas-Rio Project comprises the following sub-areas: Itapanhoacanga and Serra do Sapo. Execution of this project remains subject to the normal regulatory processes of the Brazilian authorities.

(2) **Itapanhoacanga:** Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, Soft Hematite and Hard Hematite. The decrease is as a result of the exclusion of the Quartz-X mineral area (Licence No. 832.666\2001) which is partially off-set by an increase due to new information obtained during the year.

(3) **Serra do Sapo:** Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, High Alumina Friable Itabirite, Soft Hematite and Canga. The Mineral Resources decrease is primarily due to conversion of Mineral Resources to Ore Reserves.

(4) **Serro:** The cut-off grade used is 25% Fe. Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite and Hard Hematite (9.5 Mt @ 63.6% Fe). Tonnages are reported on a wet basis with an average moisture content of 4.7 wt%.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at Serra do Sapo.

IRON ORE

estimates as at 31 December 2012

OTHER MINING AND INDUSTRIAL

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, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

OMI (Non-core) – Operations

MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011
			Mt	Mt	%Fe	%Fe
Amapá (OP)[1][2]	70.0					
Canga		Measured	–	2.6	–	54.2
		Indicated	8.0	10.5	48.7	48.5
		Measured and Indicated	**8.0**	**13.1**	**48.7**	**49.6**
		Inferred	6.3	1.3	46.1	41.5
Colluvium		Measured	10.0	12.0	39.2	40.4
		Indicated	51.6	56.0	38.7	38.3
		Measured and Indicated	**61.6**	**68.0**	**38.8**	**38.7**
		Inferred	14.2	18.6	35.1	34.7
Friable Itabirite and Hematite		Measured	34.0	33.5	39.8	40.5
		Indicated	103.8	112.0	41.5	41.7
		Measured and Indicated	**137.7**	**145.5**	**41.1**	**41.4**
		Inferred	16.1	26.0	43.7	40.1

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 11 wt% for Canga, 10 wt% for Colluvium and 9 wt% for Friable Itabirite and Hematite ore. The decrease is as a result of depletion and new information along with a revised geological modelling methodology.

(2) **Amapá:** 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, Vila do Meio Leste and Dragão areas.

MANGANESE

estimates as at 31 December 2012

SAMANCOR MANGANESE

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) and The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2007 Edition as amended July 2009) as applicable. The figures reported represent 100% of the Ore Reserves and Mineral Resources (source: BHP Billiton), the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Samancor Manganese – Operations ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Yield 2012	Yield 2011
GEMCO (OP)[1]	40.0	14		Mt	Mt	%Mn	%Mn	%	%
			Proved	72.5	79.4	45.0	46.5	55.1	54.8
			Probable	24.9	25.9	45.0	45.6	55.1	54.2
			Total	**97.4**	**105.3**	**45.0**	**46.3**	**55.1**	**54.7**
Hotazel Manganese Mines	29.6					%Mn	%Mn		
Mamatwan (OP)[2]		20	Proved	41.4	43.9	37.2	37.3		
			Probable	31.4	30.5	37.1	37.1		
			Total	**72.8**	**74.4**	**37.1**	**37.2**		
Wessels (UG)[3]		45	Proved	3.9	4.1	44.8	44.0		
			Probable	64.9	67.7	42.9	43.0		
			Total	**68.8**	**71.8**	**43.0**	**43.1**		

Samancor Manganese – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Yield 2012	Yield 2011
GEMCO (OP)[4]	40.0		Mt	Mt	%Mn	%Mn	%	%
		Measured	78.9	87.0	46.9	47.1	47.5	47.4
		Indicated	28.2	28.7	46.0	46.0	47.4	47.6
		Measured and Indicated	**107.1**	**115.8**	**46.7**	**46.8**	**47.5**	**47.4**
		Inferred	49.4	49.4	43.9	43.9	47.8	47.8
Hotazel Manganese Mines	29.6				%Mn	%Mn		
Mamatwan (OP)[5]		Measured	62.0	64.8	35.5	35.7		
		Indicated	54.7	54.7	34.5	34.5		
		Measured and Indicated	**116.7**	**119.5**	**35.0**	**35.2**		
		Inferred	4.3	4.2	34.5	34.4		
Wessels (UG)[6]		Measured	11.4	13.8	45.7	46.0		
		Indicated	126.4	129.5	43.6	44.2		
		Measured and Indicated	**137.8**	**143.3**	**43.8**	**44.4**		
		Inferred	–	–	–	–		

MINERAL RESOURCES INCLUDE ORE RESERVES

Samancor Gabon – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Yield 2012	Yield 2011
Franceville Project – Beniomi[7]	40.0		Mt	Mt	%Mn	%Mn	%	%
Plaquette Ore		Measured	11.0	11.0	36.1	36.1	72.0	72.0
		Indicated	6.6	6.6	36.1	36.1	74.4	74.4
		Measured and Indicated	**17.5**	**17.5**	**36.1**	**36.1**	**72.9**	**72.9**
		Inferred	2.9	2.9	36.1	36.1	71.8	71.8
Transition Ore		Measured	4.1	4.1	24.3	24.3	73.1	73.1
		Indicated	2.4	2.4	24.5	24.5	75.1	75.1
		Measured and Indicated	**6.5**	**6.5**	**24.4**	**24.4**	**73.8**	**73.8**
		Inferred	5.0	5.0	24.2	24.2	68.4	68.4
Franceville Project – Bordeaux[7]	40.0				%Mn	%Mn		
Plaquette Ore		Measured	4.6	4.6	36.4	36.4	72.0	72.0
		Indicated	0.8	0.8	36.1	36.1	67.8	67.8
		Measured and Indicated	**5.4**	**5.4**	**36.4**	**36.4**	**71.4**	**71.4**
		Inferred	0.8	0.8	36.8	36.8	69.5	69.5
Transition Ore		Measured	2.3	2.3	24.7	24.7	74.0	74.0
		Indicated	0.5	0.5	24.1	24.1	70.3	70.3
		Measured and Indicated	**2.8**	**2.8**	**24.6**	**24.6**	**73.3**	**73.3**
		Inferred	1.8	1.8	25.1	25.1	67.1	67.1

Mining method: OP = Open Pit, UG = Underground. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
Mamatwan tonnages stated as wet metric tonnes. Wessels and GEMCO tonnages stated as dry metric tonnes.
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. The change is due to depletion from mining.
(2) **Mamatwan – Ore Reserves:** The change is due to depletion from mining.
(3) **Wessels – Ore Reserves:** The decrease is mainly due to the re-delineation of the suboutcrop positions of the orebodies, based on new borehole information
(4) **GEMCO – Mineral Resources:** The change is due to depletion from mining.
(5) **Mamatwan – Mineral Resources:** A cut-off grade of 35% Mn is used to declare Mineral Resources within the M, C and N Zones at Mamatwan. Mineral Resources have also been declared from the X Zone, using a cut-off of 35% Mn, however, the Top Cut Resources comprising a total of 43.1 Mt are declared above a cut-off of 28% Mn. The change is due to depletion from mining and re-running the geological model.
(6) **Wessels – Mineral Resources:** The decrease is mainly due to the re-delineation of the suboutcrop positions of the orebodies, based on new borehole information.
(7) **Beniomi and Bordeaux:** Mn grades are for +0.15mm screen size fraction and should be read together with their respective tonnage yields. The Gabon Mining Concession and Mining Convention remain subject to ongoing negotiation. No Ore Reserves are yet reportable.

COAL

estimates as at 31 December 2012

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 and Canada.

Metallurgical Coal – Australia Operations

COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	ROM Tonnes[3] 2012	ROM Tonnes[3] 2011	Yield[4] 2012	Yield[4] 2011	Saleable Tonnes[3] 2012	Saleable Tonnes[3] 2011	Saleable Quality[5] 2012	Saleable Quality[5] 2011
Callide (OC)	100	24		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Domestic			Proved	192.2	199.9	97.9	98.0	188.2	195.8	4,380	4,380
			Probable	52.0	52.0	98.0	98.0	51.0	51.0	4,250	4,250
			Total	**244.2**	**251.9**	**97.9**	**98.0**	**239.2**	**246.8**	**4,350**	**4,350**
Capcoal (OC)	76.8	23								CSN	CSN
Metallurgical – Coking			Proved	69.9	77.1	19.8	20.4	14.4	16.3	7.0	7.0
			Probable	72.5	72.5	16.4	16.4	12.3	12.3	6.5	6.5
			Total	**142.4**	**149.5**	**18.0**	**18.5**	**26.7**	**28.6**	**7.0**	**7.0**
										kcal/kg	kcal/kg
Metallurgical – Other			Proved			46.3	46.3	33.6	37.0	6,970	6,970
			Probable			46.5	46.5	35.0	35.0	6,990	6,990
			Total			**46.4**	**46.4**	**68.7**	**72.1**	**6,980**	**6,980**
										kcal/kg	kcal/kg
Thermal – Export			Proved			2.7	2.8	2.0	2.3	7,070	7,060
			Probable			2.3	2.3	1.7	1.7	7,030	7,030
			Total			**2.5**	**2.6**	**3.7**	**4.0**	**7,050**	**7,050**
Capcoal (UG)	70.0	11								CSN	CSN
Metallurgical – Coking			Proved	36.0	40.6	75.1	73.7	28.5	31.6	9.0	9.0
			Probable	14.7	14.7	72.0	72.0	11.2	11.2	9.0	9.0
			Total	**50.7**	**55.3**	**74.2**	**73.2**	**39.7**	**42.7**	**9.0**	**9.0**
Dawson (OC)	51.0	35								CSN	CSN
Metallurgical – Coking			Proved	180.7	15.0	24.0	19.9	44.7	3.1	7.5	7.5
			Probable	227.2	149.0	21.0	16.0	49.1	24.5	7.5	7.5
			Total	**407.9**	**163.9**	**22.4**	**16.4**	**93.8**	**27.5**	**7.5**	**7.5**
										kcal/kg	kcal/kg
Thermal – Export			Proved			51.6	65.2	95.8	10.0	5,440	6,500
			Probable			53.6	59.4	125.3	90.9	5,340	6,500
			Total			**52.7**	**59.9**	**221.1**	**101.0**	**5,380**	**6,500**
Drayton (OC)	88.2	2								kcal/kg	kcal/kg
Thermal – Export			Proved	7.9	3.2	76.0	75.3	6.0	2.4	6,650	6,260
			Probable	4.2	19.7	76.0	75.6	3.2	14.9	6,600	6,260
			Total	**12.0**	**22.9**	**76.0**	**75.6**	**9.2**	**17.3**	**6,630**	**6,260**
Foxleigh (OC)	70.0	3								kcal/kg	kcal/kg
Metallurgical – Other			Proved	1.9	4.1	83.0	79.3	1.7	3.5	6,870	6,940
			Probable	12.6	13.7	77.7	77.2	10.4	11.3	6,800	6,810
			Total	**14.5**	**17.8**	**78.4**	**77.7**	**12.1**	**14.8**	**6,810**	**6,840**
Moranbah North (UG)	88.0	17								CSN	CSN
Metallurgical – Coking			Proved	109.5	114.8	76.6	76.4	88.5	92.6	8.0	8.0
			Probable	11.3	11.3	72.7	72.7	8.7	8.7	8.0	8.0
			Total	**120.8**	**126.1**	**76.2**	**76.1**	**97.2**	**101.3**	**8.0**	**8.0**
Australia Metallurgical – Coking	70.6			Mt	Mt	Plant %	Plant %	Mt	Mt	CSN	CSN
			Proved	598.0	454.6	58.4	68.2	176.0	143.5	8.0	8.0
			Probable	394.4	332.8	32.9	35.8	81.3	56.6	7.5	7.5
			Total	**992.5**	**787.4**	**50.3**	**59.0**	**257.3**	**200.1**	**8.0**	**8.0**
Australia Metallurgical – Other	75.8									kcal/kg	kcal/kg
			Proved			48.1	49.1	35.3	40.5	6,970	6,970
			Probable			53.7	54.0	45.5	46.3	6,940	6,940
			Total			**51.2**	**51.7**	**80.8**	**86.8**	**6,950**	**6,960**
Australia Thermal – Export	52.9									kcal/kg	kcal/kg
			Proved			52.0	57.3	103.8	14.7	5,540	6,550
			Probable			53.5	60.7	130.2	107.5	5,390	6,480
			Total			**52.9**	**60.3**	**233.9**	**122.2**	**5,460**	**6,480**
Australia Thermal – Domestic	100									kcal/kg	kcal/kg
			Proved			97.9	98.0	188.2	195.8	4,380	4,380
			Probable			98.0	98.0	51.0	51.0	4,250	4,250
			Total			**97.9**	**98.0**	**239.2**	**246.8**	**4,350**	**4,350**

Metallurgical Coal – Canada Operations

COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	ROM Tonnes[3] 2012	ROM Tonnes[3] 2011	Yield[4] 2012	Yield[4] 2011	Saleable Tonnes[3] 2012	Saleable Tonnes[3] 2011	Saleable Quality[5] 2012	Saleable Quality[5] 2011
Trend (OC)	100	10		Mt	Mt	ROM %	ROM %	Mt	Mt	CSN	CSN
Metallurgical – Coking			Proved	17.9	20.3	66.3	65.0	12.4	13.9	7.0	7.0
			Probable	2.3	2.3	61.7	61.7	1.5	1.5	7.0	7.0
			Total	**20.2**	**22.6**	**65.8**	**64.7**	**14.0**	**15.4**	**7.0**	**7.0**
										kcal/kg	kcal/kg
Thermal – Export			Proved			0.7	0.7	0.1	0.1	5,070	5,070
			Probable			0.8	1.1	0.0	0.0	5,070	5,070
			Total			**0.7**	**0.7**	**0.2**	**0.2**	**5,070**	**5,070**

Mining method: OC = Open Cut, UG = Underground. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
For the multi-product operations, the ROM tonnes apply to each product.
The Saleable tonnes cannot be calculated directly from the ROM reserve tonnes 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 tonnes.
Footnotes appear at the end of the section.

Metallurgical – Coking refers to a high-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in the steel industry; quality measured as Crucible Swell Number (CSN).
Metallurgical – Other 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; quality measured by calorific value (CV).
Thermal – Export refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Thermal – Domestic refers to low- to high-volatile thermal coal primarily for domestic consumption for power generation; quality measured by calorific value (CV).

COAL

estimates as at 31 December 2012

Metallurgical Coal – Operations TOTAL COAL RESERVES[1]	Attributable %[2]	Classification	ROM Tonnes[3] 2012	ROM Tonnes[3] 2011	Yield[4] 2012	Yield[4] 2011	Saleable Tonnes[3] 2012	Saleable Tonnes[3] 2011	Saleable Quality[5] 2012	Saleable Quality[5] 2011
Metallurgical – Coking	72.1		Mt	Mt	Plant %	Plant %	Mt	Mt	CSN	CSN
		Proved	615.9	474.9	58.9	68.0	188.5	157.4	8.0	8.0
		Probable	396.8	335.1	33.4	36.5	82.8	58.1	7.5	7.5
		Total	**1,012.7**	**810.0**	**51.1**	**59.5**	**271.3**	**215.5**	**8.0**	**8.0**
Metallurgical – Other	75.8								kcal/kg	kcal/kg
		Proved			48.1	49.1	35.3	40.5	6,970	6,970
		Probable			53.7	54.0	45.5	46.3	6,940	6,950
		Total			**51.2**	**51.7**	**80.8**	**86.8**	**6,950**	**6,960**
Thermal – Export	52.9								kcal/kg	kcal/kg
		Proved			52.0	56.7	103.9	14.8	5,540	6,530
		Probable			53.5	60.7	130.2	107.6	5,390	6,470
		Total			**52.8**	**60.2**	**234.1**	**122.4**	**5,460**	**6,480**
Thermal – Domestic	100								kcal/kg	kcal/kg
		Proved			97.9	98.0	188.2	195.8	4,380	4,380
		Probable			98.0	98.0	51.0	51.0	4,250	4,250
		Total			**97.9**	**98.0**	**239.2**	**246.8**	**4,350**	**4,350**

Metallurgical Coal – Australia Operations COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2012	Tonnes 2011	Coal Quality 2012	Coal Quality 2011
			MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
Callide (OC)	100	Measured	260.7	260.7	4,940	4,940
		Indicated	265.1	265.1	4,810	4,810
		Measured and Indicated	**525.7**	**525.7**	**4,870**	**4,870**
		Inferred (in LOM Plan)[8]	15.3	15.3	4,240	4,240
Capcoal (OC)	76.8	Measured	13.8	13.8	7,080	7,080
		Indicated	27.9	27.9	7,080	7,080
		Measured and Indicated	**41.7**	**41.7**	**7,080**	**7,080**
		Inferred (in LOM Plan)[8]	36.6	36.6	6,710	6,710
Capcoal (UG)	70.0	Measured	76.3	76.3	6,730	6,730
		Indicated	68.0	68.0	6,620	6,620
		Measured and Indicated	**144.3**	**144.3**	**6,680**	**6,680**
		Inferred (in LOM Plan)[8]	0.3	0.3	6,630	6,630
Dawson (OC)	51.0	Measured	134.2	163.1	6,630	6,670
		Indicated	177.0	278.6	6,680	6,660
		Measured and Indicated	**311.1**	**441.7**	**6,660**	**6,660**
		Inferred (in LOM Plan)[8]	97.1	103.5	6,750	6,870
Drayton (OC)	88.2	Measured	3.7	2.4	6,490	6,870
		Indicated	8.0	12.3	6,580	6,850
		Measured and Indicated	**11.8**	**14.7**	**6,550**	**6,850**
		Inferred (in LOM Plan)[8]	0.0	0.4	5,820	6,050
Foxleigh (OC)	70.0	Measured	17.3	17.3	7,130	7,130
		Indicated	16.1	16.1	7,090	7,090
		Measured and Indicated	**33.3**	**33.3**	**7,110**	**7,110**
		Inferred (in LOM Plan)[8]	7.0	7.0	6,830	6,830
Moranbah North (UG)	88.0	Measured	55.7	55.7	6,670	6,670
		Indicated	21.3	21.3	6,570	6,570
		Measured and Indicated	**76.9**	**76.9**	**6,640**	**6,640**
		Inferred (in LOM Plan)[8]	0.1	0.1	6,980	6,980
Australia – Mine Leases	80.3	Measured	561.6	589.2	5,890	5,940
		Indicated	583.3	689.2	5,850	5,970
		Measured and Indicated	**1,144.9**	**1,278.4**	**5,870**	**5,960**
		Inferred (in LOM Plan)[8]	156.4	163.3	6,500	6,580

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Metallurgical Coal – Canada Operations COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2012	Tonnes 2011	Coal Quality 2012	Coal Quality 2011
			MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
Trend (OC)	100	Measured	15.9	15.9	6,500	6,500
		Indicated	5.3	5.3	6,500	6,500
		Measured and Indicated	**21.2**	**21.2**	**6,500**	**6,500**
		Inferred (in LOM Plan)[8]	1.4	1.4	6,500	6,500

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Metallurgical Coal – Operations COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2012	Tonnes 2011	Coal Quality 2012	Coal Quality 2011
			MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
TOTAL	80.6	Measured	577.5	605.1	5,910	5,950
		Indicated	588.6	694.5	5,850	5,980
		Measured and Indicated	**1,166.1**	**1,299.6**	**5,880**	**5,960**
		Inferred (in LOM Plan)[8]	157.8	164.7	6,500	6,580

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Footnotes appear at the end of the section.

COAL

estimates as at 31 December 2012

Metallurgical Coal – Australia Projects COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	ROM Tonnes[3] 2012	ROM Tonnes[3] 2011	Yield[4] 2012	Yield[4] 2011	Saleable Tonnes[3] 2012	Saleable Tonnes[3] 2011	Saleable Quality[5] 2012	Saleable Quality[5] 2011
Grosvenor	100	21		Mt	Mt	ROM %	ROM %	Mt	Mt	CSN	CSN
Metallurgical – Coking			Proved	76.1	76.1	66.2	66.2	53.2	53.2	8.5	8.5
			Probable	62.6	62.6	65.2	65.2	43.1	43.1	8.0	8.0
			Total	**138.7**	**138.7**	**65.7**	**65.7**	**96.3**	**96.3**	**8.5**	**8.5**

Metallurgical Coal – Australia Projects COAL RESOURCES[6][8]	Attributable %[2]	Classification	Tonnes 2012	Tonnes 2011	Coal Quality 2012	Coal Quality 2011
			MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
Dartbrook	83.3	Measured	386.1	386.1	5,720	5,720
		Indicated	24.8	24.8	5,460	5,460
		Measured and Indicated	**410.9**	**410.9**	**5,700**	**5,700**
Drayton South	88.2	Measured	492.1	405.7	6,240	6,580
		Indicated	189.0	173.4	6,260	6,540
		Measured and Indicated	**681.1**	**579.2**	**6,250**	**6,570**
Grosvenor	100	Measured	145.1	145.1	6,420	6,420
		Indicated	72.5	72.5	6,550	6,550
		Measured and Indicated	**217.6**	**217.6**	**6,460**	**6,460**
		Inferred (in LOM Plan)[8]	9.5	9.5	6,330	6,330
Moranbah South	50.0	Measured	349.6	191.5	6,180	6,050
		Indicated	302.3	307.1	6,410	6,350
		Measured and Indicated	**651.8**	**498.6**	**6,290**	**6,230**
Theodore	51.0	Measured	–	–	–	–
		Indicated	258.5	258.5	6,260	6,260
		Measured and Indicated	**258.5**	**258.5**	**6,260**	**6,260**
Australia – Projects	72.9	Measured	1,372.9	1,128.4	6,100	6,180
		Indicated	847.0	836.3	6,310	6,350
		Measured and Indicated	**2,219.9**	**1,964.7**	**6,180**	**6,250**
		Inferred (in LOM Plan)[8]	9.5	9.5	6,330	6,330

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Metallurgical Coal – Canada Projects COAL RESOURCES[6][8]	Attributable %[2]	Classification	Tonnes 2012	Tonnes 2011	Coal Quality 2012	Coal Quality 2011
			MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
Belcourt Saxon	50.0	Measured	166.7	166.7	6,500	6,500
		Indicated	4.3	4.3	6,500	6,500
		Measured and Indicated	**171.0**	**171.0**	**6,500**	**6,500**
Roman Mountain	100	Measured	30.6	20.0	6,290	6,640
		Indicated	6.4	6.8	6,300	6,660
		Measured and Indicated	**37.0**	**26.7**	**6,290**	**6,650**
Canada – Projects	58.9	Measured	197.3	186.7	6,470	6,510
		Indicated	10.7	11.0	6,380	6,600
		Measured and Indicated	**208.0**	**197.7**	**6,460**	**6,520**

Footnotes appear at the end of the section.

COAL

estimates as at 31 December 2012

(1) Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnes basis, which represents the tonnes delivered to the plant. Saleable reserve tonnes represents the product tonnes produced. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.
(2) Attributable (%) refers to 2012 only. For the 2011 Reported and Attributable figures, please refer to the 2011 Annual Report.
(3) ROM tonnes quoted on an As Delivered moisture basis, and Saleable tonnes 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 Tonnes In-Situ (MTIS) basis in million tonnes, which are in addition to those resources that 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 Plan) 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 Life of Mine 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.

Jellinbah is not reported as Anglo American's shareholding is below the internal threshold for reporting.

Estimates for the following operations were updated by depletion and new geological models and revised Life of Mine Plans are scheduled for 2013:
Callide, Capcoal OC, Capcoal UG, Foxleigh, Moranbah North and Trend.

Summary of material changes (±10%) in estimates at reporting level

Dawson:	Coal Reserves – The increase is primarily due to the conversion of resources to reserves as a result of additional exploration drilling, a revised mine plan with an extended geographical area and extraction schedule as well as revised economic parameters. Coal Resources – The decrease is a result of the exploration programme and the subsequent resource model update. The increased resource confidence enabled additional resources to be converted to reserves. The extended geographical area resulted in replacement of Inferred due to the additional drilling.
Drayton:	Coal Reserves – Estimates from first principles using a revised mine plan results in a material decrease in reserves due to revised economic assumptions and additional exploration data. Coal Resources – The material decrease is due to conversion of Coal Reserves and revised economic assumptions.
Drayton South:	Coal Resources – The increase is primarily due to model refinement (combination of plies into working sections for underground and open cut seams) as well as additional exploration drilling and changes in geotechnical, environmental and resource utilisation considerations.
Moranbah South:	Coal Resources – The increase is due to additional exploration drilling and changed resource classification methodology to be consistent with Moranbah North and Grosvenor areas.
Roman Mountain:	Coal Resources – The increase is due to reinterpretation of the geological model and model refinement.

Assumption with respect to Mineral Tenure

Callide:	A Mining Lease Application has been lodged for the southern and eastern part of the Boundary Hill area and Metallurgical Coal has reasonable expectation that it will be granted.
Foxleigh:	Mining Lease Applications have been submitted for part of the Plains and Eagles Nest areas, and Metallurgical Coal has reasonable expectation that they will be granted.

Audits related to the generation of the Coal Resource estimates were carried out by independent consultants during 2012 at the following operations and projects:
Capcoal OC, Capcoal UG, Dawson and Foxleigh.

COAL

estimates as at 31 December 2012

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 Edition as amended July 2009) 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]	Mine Life	Classification	ROM Tonnes[3] 2012	ROM Tonnes[3] 2011	Yield[4] 2012	Yield[4] 2011	Saleable Tonnes[3] 2012	Saleable Tonnes[3] 2011	Saleable Quality[5] 2012	Saleable Quality[5] 2011
Cerrejón (OC)	33.3	19		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Export			Proved	675.0	718.8	96.7	96.8	652.7	695.5	6,180	6,300
			Probable	93.2	86.0	97.0	96.8	90.4	83.2	6,110	6,240
			Total	**768.2**	**804.8**	**96.7**	**96.8**	**743.1**	**778.7**	**6,170**	**6,290**

Thermal Coal – South Africa Operations COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	ROM Tonnes[3] 2012	ROM Tonnes[3] 2011	Yield[4] 2012	Yield[4] 2011	Saleable Tonnes[3] 2012	Saleable Tonnes[3] 2011	Saleable Quality[5] 2012	Saleable Quality[5] 2011
Goedehoop (UG&OC)	100	8		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Export			Proved	30.0	37.4	54.9	53.0	16.8	20.2	6,190	6,230
			Probable	40.9	48.6	51.6	51.7	21.5	25.6	6,200	6,210
			Total	**70.9**	**86.0**	**53.0**	**52.3**	**38.3**	**45.9**	**6,200**	**6,220**
Greenside (UG)	100	11								kcal/kg	kcal/kg
Thermal – Export			Proved	21.3	25.8	57.4	58.1	12.7	15.5	6,200	6,200
			Probable	26.4	21.9	54.0	53.9	14.8	12.3	6,190	6,190
			Total	**47.7**	**47.8**	**55.5**	**56.2**	**27.5**	**27.8**	**6,190**	**6,200**
Isibonelo (OC)	100	15								kcal/kg	kcal/kg
Synfuel			Proved	70.5	69.9	100	100	70.5	69.9	4,520	4,590
			Probable	–	–	–	–	–	–	–	–
			Total	**70.5**	**69.9**	**100**	**100**	**70.5**	**69.9**	**4,520**	**4,590**
Kleinkopje (OC)	100	11								kcal/kg	kcal/kg
Thermal – Export			Proved	50.8	64.5	33.2	35.9	17.4	23.7	6,190	6,170
			Probable	–	12.0	–	45.9	–	5.6	–	6,180
			Total	**50.8**	**76.4**	**33.2**	**37.5**	**17.4**	**29.3**	**6,190**	**6,170**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			38.5	33.8	19.6	21.8	4,580	4,550
			Probable			–	–	–	–	–	–
			Total			**38.5**	**28.5**	**19.6**	**21.8**	**4,580**	**4,550**
Kriel (UG&OC)	73.0	13								kcal/kg	kcal/kg
Thermal – Domestic			Proved	40.3	46.0	100	100	40.3	46.0	4,830	4,790
			Probable	63.8	67.5	100	100	63.8	67.5	4,430	4,430
			Total	**104.1**	**113.5**	**100**	**100**	**104.1**	**113.5**	**4,580**	**4,580**
Landau (OC)	100	6								kcal/kg	kcal/kg
Thermal – Export			Proved	29.6	36.4	48.4	48.5	14.5	17.8	6,210	6,240
			Probable	12.1	24.4	46.0	48.5	5.7	11.9	6,210	6,230
			Total	**41.7**	**60.7**	**47.7**	**48.5**	**20.2**	**29.8**	**6,210**	**6,240**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			12.3	8.8	3.7	3.2	4,040	4,550
			Probable			18.5	7.3	2.3	1.8	4,370	3,970
			Total			**14.1**	**8.2**	**5.9**	**5.0**	**4,170**	**4,340**
Mafube (OC)	50.0	14								kcal/kg	kcal/kg
Thermal – Export			Proved	12.1	24.8	47.5	46.5	5.8	11.6	6,270	6,220
			Probable	70.7	66.6	33.9	33.1	24.2	22.2	6,260	6,210
			Total	**82.8**	**91.3**	**35.9**	**36.7**	**30.0**	**33.8**	**6,260**	**6,210**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			19.7	27.1	2.4	6.8	5,360	5,460
			Probable			29.1	37.3	21.2	25.0	4,970	5,010
			Total			**27.7**	**34.5**	**23.6**	**31.8**	**5,010**	**5,110**
New Denmark (UG)	100	26								kcal/kg	kcal/kg
Thermal – Domestic			Proved	30.8	30.2	100	100	30.8	30.2	4,950	4,880
			Probable	81.2	80.9	100	100	81.2	80.9	5,020	5,120
			Total	**112.0**	**111.1**	**100**	**100**	**112.0**	**111.1**	**5,000**	**5,050**
New Vaal (OC)	100	19								kcal/kg	kcal/kg
Thermal – Domestic			Proved	348.1	371.8	89.6	93.4	323.8	359.8	3,560	3,490
			Probable	–	–	–	–	–	–	–	–
			Total	**348.1**	**371.8**	**89.6**	**93.4**	**323.8**	**359.8**	**3,560**	**3,490**
Zibulo (UG&OC)	73.0	18								kcal/kg	kcal/kg
Thermal – Export			Proved	91.3	86.1	49.4	49.4	45.6	43.0	6,100	6,090
			Probable	23.5	28.6	43.9	46.1	10.4	13.3	6,110	6,070
			Total	**114.9**	**114.7**	**48.3**	**48.6**	**56.0**	**56.3**	**6,100**	**6,090**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			26.6	29.8	25.1	26.4	4,930	4,820
			Probable			30.4	30.4	7.3	8.9	4,780	4,640
			Total			**27.4**	**29.9**	**32.4**	**35.4**	**4,900**	**4,770**

Footnotes appear at the end of the section.

COAL

estimates as at 31 December 2012

Thermal Coal – South Africa Operations

continued

COAL RESERVES[1]	Attributable %[2]	Mine Life	Classification	ROM Tonnes[3] 2012	ROM Tonnes[3] 2011	Yield[4] 2012	Yield[4] 2011	Saleable Tonnes[3] 2012	Saleable Tonnes[3] 2011	Saleable Quality[5] 2012	Saleable Quality[5] 2011
				Mt	Mt	Plant %	Plant %	Mt	Mt	kcal/kg	kcal/kg
South Africa Thermal – Export	84.1										
			Proved	724.9	792.9	52.9	48.2	112.8	131.8	6,160	6,170
			Probable	318.7	350.5	45.6	45.9	76.5	90.9	6,210	6,190
			Total	**1,043.6**	**1,143.3**	**49.9**	**47.0**	**189.3**	**222.7**	**6,180**	**6,180**
										kcal/kg	kcal/kg
South Africa Thermal – Domestic	92.2										
			Proved			87.7	86.9	445.7	494.2	3,910	3,850
			Probable			88.2	87.2	175.7	184.1	4,780	4,820
			Total			**87.8**	**86.8**	**621.4**	**678.4**	**4,150**	**4,110**
										kcal/kg	kcal/kg
South Africa Synfuel	100										
			Proved			100	100	70.5	69.9	4,520	4,590
			Probable			–	–	–	–	–	–
			Total			**100**	**100**	**70.5**	**69.9**	**4,520**	**4,590**

Thermal Coal – Operations

TOTAL COAL RESERVES[1]	Attributable %[2]	Classification	ROM Tonnes[3] 2012	ROM Tonnes[3] 2011	Yield[4] 2012	Yield[4] 2011	Saleable Tonnes[3] 2012	Saleable Tonnes[3] 2011	Saleable Quality[5] 2012	Saleable Quality[5] 2011
			Mt	Mt	Plant %	Plant %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Export	43.6									
		Proved	1,399.9	1,511.7	90.2	89.1	765.5	827.3	6,180	6,280
		Probable	411.9	436.5	73.4	70.2	166.9	174.2	6,160	6,210
		Total	**1,811.8**	**1,948.2**	**87.2**	**85.7**	**932.4**	**1,001.4**	**6,170**	**6,270**
									kcal/kg	kcal/kg
Thermal – Domestic	92.2									
		Proved			87.7	86.9	445.7	494.2	3,910	3,850
		Probable			88.2	87.2	175.7	184.1	4,780	4,820
		Total			**87.8**	**86.8**	**621.4**	**678.4**	**4,150**	**4,110**
									kcal/kg	kcal/kg
Synfuel	100									
		Proved			100	100	70.5	69.9	4,520	4,590
		Probable			–	–	–	–	–	–
		Total			**100**	**100**	**70.5**	**69.9**	**4,520**	**4,590**

Mining method: OC = Open Cut, UG = Underground. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
For the multi-product operations, the ROM tonnage figures apply to each product.
The Saleable tonnes cannot be calculated directly from the ROM reserve tonnes 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 tonnes.
Footnotes appear at the end of the section.

Thermal – Export refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Thermal – Domestic refers to low- to high-volatile thermal 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).

COAL

estimates as at 31 December 2012

Thermal Coal – Colombia Operations COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2012	Tonnes 2011	Coal Quality 2012	Coal Quality 2011
			MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
Cerrejón (OC)	33.3	Measured	903.6	907.2	6,450	6,460
		Indicated	160.0	173.9	6,360	6,370
		Measured and Indicated	**1,063.6**	**1,081.1**	**6,440**	**6,450**
		Inferred (in LOM Plan)[8]	73.8	69.2	6,720	6,750

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Thermal Coal – South Africa Operations COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2012	Tonnes 2011	Coal Quality 2012	Coal Quality 2011
			MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
Goedehoop (UG&OC)	100	Measured	83.1	79.8	5,510	5,470
		Indicated	75.7	75.6	5,470	5,480
		Measured and Indicated	**158.8**	**155.4**	**5,490**	**5,470**
		Inferred (in LOM Plan)[8]	1.6	–	5,740	–
Greenside (UG)	100	Measured	18.2	11.4	5,590	5,700
		Indicated	1.4	2.8	5,610	5,430
		Measured and Indicated	**19.6**	**14.2**	**5,590**	**5,650**
		Inferred (in LOM Plan)[8]	8.3	–	5,790	–
Isibonelo (OC)	100	Measured	–	–	–	–
		Indicated	16.3	20.9	5,250	5,210
		Measured and Indicated	**16.3**	**20.9**	**5,250**	**5,210**
		Inferred (in LOM Plan)[8]	–	–	–	–
Kleinkopje (OC)	100	Measured	30.4	28.5	5,040	4,970
		Indicated	–	–	–	–
		Measured and Indicated	**30.4**	**28.5**	**5,040**	**4,970**
		Inferred (in LOM Plan)[8]	–	–	–	–
Kriel (UG&OC)	73.0	Measured	8.7	9.0	5,290	5,290
		Indicated	10.2	10.2	4,860	4,860
		Measured and Indicated	**18.8**	**19.3**	**5,060**	**5,060**
		Inferred (in LOM Plan)[8]	–	–	–	–
Landau (OC)	100	Measured	52.0	26.5	5,190	4,810
		Indicated	42.8	34.3	4,680	5,180
		Measured and Indicated	**94.8**	**60.8**	**4,960**	**5,020**
		Inferred (in LOM Plan)[8]	–	–	–	–
Mafube (OC)	50.0	Measured	56.5	2.5	5,300	5,090
		Indicated	13.2	7.4	4,530	5,250
		Measured and Indicated	**69.7**	**9.9**	**5,150**	**5,210**
		Inferred (in LOM Plan)[8]	7.3	17.0	5,150	5,170
New Denmark (UG)	100	Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred (in LOM Plan)[8]	16.2	17.0	5,270	5,310
New Vaal (OC)	100	Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**
		Inferred (in LOM Plan)[8]	–	–	–	–
Zibulo (UG&OC)	73.0	Measured	147.3	136.3	4,960	4,950
		Indicated	201.7	184.2	4,900	4,880
		Measured and Indicated	**349.0**	**320.6**	**4,920**	**4,910**
		Inferred (in LOM Plan)[8]	20.4	29.3	5,460	5,470
South Africa – Mine Leases	82.3	Measured	396.2	294.0	5,200	5,120
		Indicated	361.2	335.4	5,000	5,080
		Measured and Indicated	**757.4**	**629.4**	**5,100**	**5,100**
		Inferred (in LOM Plan)[8]	53.9	63.3	5,420	5,350

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Thermal Coal – Operations COAL RESOURCES[6]	Attributable %[2]	Classification	Tonnes 2012	Tonnes 2011	Coal Quality 2012	Coal Quality 2011
			MTIS[6]	MTIS[6]	kcal/kg[7]	kcal/kg[7]
Total	53.7	Measured	1,299.7	1,201.2	6,070	6,130
		Indicated	521.2	509.3	5,410	5,520
		Measured and Indicated	**1,821.0**	**1,710.6**	**5,880**	**5,950**
		Inferred (in LOM Plan)[8]	127.7	132.4	6,170	6,080

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Footnotes appear at the end of the section.

COAL

estimates as at 31 December 2012

Thermal Coal – South Africa Projects COAL RESOURCES[6][8]	Attributable %[2]	Classification	Tonnes 2012 MTIS[6]	Tonnes 2011 MTIS[6]	Coal Quality 2012 kcal/kg[7]	Coal Quality 2011 kcal/kg[7]
Elders	73.0					
		Measured	224.3	218.1	5,140	5,110
		Indicated	107.6	107.9	5,410	5,400
		Measured and Indicated	**331.8**	**326.0**	**5,230**	**5,210**
Kriel Block F	100	Measured	36.1	–	5,270	–
		Indicated	27.3	62.8	5,410	5,310
		Measured and Indicated	**63.4**	**62.8**	**5,330**	**5,310**
Kriel East	73.0	Measured	100.1	81.5	4,940	4,940
		Indicated	31.4	36.0	4,890	4,950
		Measured and Indicated	**131.5**	**117.5**	**4,930**	**4,940**
New Largo	73.0	Measured	429.5	484.9	4,290	4,300
		Indicated	178.5	159.3	3,970	3,920
		Measured and Indicated	**608.0**	**644.3**	**4,190**	**4,210**
Nooitgedacht	100	Measured	36.4	35.8	5,360	5,310
		Indicated	10.6	10.6	5,450	5,450
		Measured and Indicated	**46.9**	**46.4**	**5,380**	**5,340**
South Rand	73.0	Measured	78.6	78.6	4,850	4,850
		Indicated	168.1	168.1	4,770	4,770
		Measured and Indicated	**246.7**	**246.7**	**4,800**	**4,800**
Vaal Basin	100	Measured	375.2	208.2	4,330	3,980
		Indicated	220.4	362.5	4,210	4,140
		Measured and Indicated	**595.6**	**570.7**	**4,290**	**4,080**
South Africa – Projects	82.4	Measured	1,280.2	1,107.1	4,590	4,520
		Indicated	743.8	907.2	4,540	4,500
		Measured and Indicated	**2,024.0**	**2,014.3**	**4,570**	**4,510**

Attributable percentages for country totals are weighted by Measured and Indicated MTIS.

(1) Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnes basis, which represents the tonnes delivered to the plant. Saleable reserve tonnes represents the product tonnes produced. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.
(2) Attributable (%) refers to 2012 only. For the 2011 Reported and Attributable figures, please refer to the 2011 Annual Report.
(3) ROM tonnes quoted on an As Delivered moisture basis, and Saleable tonnes 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.
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 in the short-term and studies are underway to ensure long term compliance.
CV is rounded to the nearest 10 kcal/kg.
(6) Coal Resources are quoted on a Mineable Tonnes In-Situ (MTIS) basis in million tonnes, which are in addition to those resources that 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 Plan) 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 Life of Mine 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%) in estimates at reporting level

Greenside: Coal Resources – Increase due to the inclusion of boreholes from Landau in the geological model resulted in seam thickness changes. The AATC standard software package was also implemented. Increase in Inferred in Mine Plan resulting from the conversion of the Clydesdale Pan from Inferred in Mine Lease to Mine Plan after the environmental approval was granted.

Isibonelo: Coal Resources – Decrease due to the transfer and conversion of underground resources to opencast reserves.

Kleinkopje: Coal Reserves – Decrease due to the transfer between Kleinkopje and Greenside following a mining boundary rationalisation exercise.
Coal Resources – Increase due to seam thickness adjustments resulting from additional drilling and interpretation, adjustments to 5 seam remnants, and reclassification in Pit 2A layout following the reconfiguration exercise.

Landau: Coal Reserves – Decrease due to the downgrade of Schoonie West S2S to resource as the Pre-Feasibility study is not yet approved.
Coal Resources – Increase due to transfer of Greenside Resources into the Landau Lifex Project as well as an increase to the resource footprint as a result of Pre-Feasibility option analyses.

Mafube: Coal Resources – Increase results from additional drilling, the upgrade of S4 due to the viability of a lower quality product, re-classification of the Pan 2 area in Springboklaagte pending the granting of the environmental approvals and removal of the Rooipan area.

Nooitgedacht: Coal Resources – Increase due to planned shaft closure and the re-allocation of the reserves to resources.
Coal Resources for 2 + 4 Seam and 5 Seam have been combined and reported under South Africa Coal Projects.

Kriel East: Coal Resources – Increase resulting from additional drilling information.

Vaal Basin: Coal Resources – Increase resulting from additional drilling information offset by a decrease resulting from downgrade of all resources within the Wetland area.

Assumption with respect to Mineral Tenure

Cerrejón: Reserves are estimated for the area defined by the current approved Mining Right, which expires in 2033. In order to exploit the Coal Resources, a renewal will be applied for at the appropriate time, Anglo American Thermal Coal has reasonable expectation that such renewal will not be withheld.

Mafube: Application for conversion to a Mining Right has been submitted in November 2011; in addition the environmental permitting applications have been submitted in 2012 as per legislative requirements. There is a reasonable expectation that such conversion will not be withheld.

New Largo: The New Largo Mining Right Application was submitted in April 2011. The relevant South African Departments responsible for approvals, as well as key stakeholders, have been actively engaged with regards to the Colliery's potential impacts on wetlands. There is a reasonable expectation that such conversion will not be withheld.

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.

Audits related to the generation of the Coal Reserve and Coal Resource estimates were carried out by independent consultants during 2012 at the following operations and projects: Goedehoop, Greenside, Isibonelo, Kleinkopje, Mafube, Elders and Vaal Basin.

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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 – Operations ORE RESERVES[1]	Attributable %	Mine Life	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Metal 2012	Contained Metal 2011
Collahuasi (OP)[2]	44.0	70		Mt	Mt	%TCu	%TCu	kt	kt
Oxide and Mixed Heap Leach	Copper		Proved	31.0	0.0	0.58	0.60	181	0
			Probable	13.0	35.4	0.71	0.63	93	224
			Total	**44.1**	**35.4**	**0.62**	**0.63**	**274**	**224**
						%TCu	%TCu		
Sulphide Flotation – direct feed	Copper		Proved	419.1	285.0	1.00	1.07	4,200	3,042
			Probable	1,655.1	1,640.3	0.98	0.93	16,202	15,177
			Total	**2,074.2**	**1,925.3**	**0.98**	**0.95**	**20,402**	**18,219**
						%Mo	%Mo		
	Molybdenum		Proved			0.024	–	98	–
			Probable			0.024	–	398	–
			Total			**0.024**	**–**	**496**	**–**
						%TCu	%TCu		
Low Grade Sulphide Flotation – stockpile	Copper		Proved	–	–	–	–	–	–
			Probable	1,069.2	935.2	0.49	0.49	5,219	4,596
			Total	**1,069.2**	**935.2**	**0.49**	**0.49**	**5,219**	**4,596**
						%Mo	%Mo		
	Molybdenum		Proved			–	–	–	–
			Probable			0.010	–	105	–
			Total			**0.010**	**–**	**105**	**–**
El Soldado (OP)	50.1	23				%TCu	%TCu		
Sulphide Flotation[3]			Proved	125.7	95.4	0.81	0.96	1,018	915
			Probable	44.6	67.3	0.79	0.79	352	533
			Total	**170.3**	**162.7**	**0.80**	**0.89**	**1,371**	**1,448**
Oxide Heap Leach			Proved	–	–	–	–	–	–
			Probable	3.0	3.5	0.45	0.46	14	16
			Total	**3.0**	**3.5**	**0.45**	**0.46**	**14**	**16**
Los Bronces (OP)	50.1	36				%TCu	%TCu		
Sulphide Flotation	Copper		Proved	729.9	899.6	0.70	0.69	5,109	6,208
			Probable	779.4	598.8	0.53	0.51	4,131	3,054
			Total	**1,509.3**	**1,498.4**	**0.61**	**0.62**	**9,240**	**9,261**
						%Mo	%Mo		
	Molybdenum		Proved			0.016	–	117	–
			Probable			0.013	–	101	–
			Total			**0.014**	**–**	**218**	**–**
						%TCu	%TCu		
Sulphide Dump Leach[4]	Copper		Proved	428.6	486.6	0.32	0.35	1,371	1,703
			Probable	179.0	197.1	0.29	0.27	519	532
			Total	**607.6**	**683.7**	**0.31**	**0.33**	**1,891**	**2,235**
						%Mo	%Mo		
	Molybdenum		Proved			0.007	–	30	–
			Probable			0.006	–	11	–
			Total			**0.007**	**–**	**41**	**–**
Mantos Blancos (OP)	100	8				%ICu	%ICu		
Sulphide Flotation[5]			Proved	14.1	26.3	0.82	0.83	115	218
			Probable	21.6	19.7	0.79	0.80	170	157
			Total	**35.6**	**46.0**	**0.80**	**0.82**	**286**	**376**
						%ASCu	%ASCu		
Oxide Vat and Heap Leach[6]			Proved	2.7	8.3	0.55	0.54	15	45
			Probable	12.7	16.3	0.38	0.33	47	54
			Total	**15.4**	**24.7**	**0.41**	**0.40**	**62**	**99**
						%ASCu	%ASCu		
Oxide Dump Leach[7]			Proved	–	2.1	–	0.18	–	4
			Probable	36.8	49.6	0.23	0.23	84	115
			Total	**36.8**	**51.7**	**0.23**	**0.23**	**84**	**119**
Mantoverde (OP)	100	5				%ASCu	%ASCu		
Oxide Heap Leach[8]			Proved	22.2	33.3	0.56	0.59	124	196
			Probable	20.2	9.5	0.52	0.55	105	52
			Total	**42.3**	**42.7**	**0.54**	**0.58**	**229**	**248**
						%ASCu	%ASCu		
Oxide Dump Leach[9]			Proved	18.4	27.2	0.23	0.24	42	65
			Probable	25.7	18.2	0.27	0.28	70	51
			Total	**44.2**	**45.4**	**0.25**	**0.26**	**112**	**116**

Mining method: OP = Open Pit. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
TCu = total copper, ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper.

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(1) **Copper Reserves:** A variable cut-off from 0.20% up to 0.50% (CuT, ICu or ASCu) is applied as cut-offs to determine Ore Reserves on operations.
(2) **Collahuasi:** The increases in Ore Reserves is due to the completion of a drilling campaign at Rosario Oeste enabling conversion of additional Mineral Resources to Ore Reserves. Ujina also has additional Ore Reserves due to a change in economic assumptions (increase in long term metal price) and an updated geological model.
(3) **El Soldado – Sulphide (Flotation):** The decrease in Ore Reserves is due to production and a change in the block modelling methodology to take into account a change in the mine design (bench height) offset by increases due to a change in economic assumptions (increase in long term metal price) and new drilling information.
(4) **Los Bronces – Sulphide (Dump Leach):** The decrease in Ore Reserves is due to a combination of production, changes to the mine plan, a new classification methodology (which resulted in re-allocation of probable reserves to inferred resources) offset by an increase due to a change in economic assumptions (increase in long term metal price).
(5) **Mantos Blancos – Sulphide (Flotation):** The decrease in Ore Reserves is primarily due to an updated mine planning schedule offset by a small increase due to new information from within the pit.
(6) **Mantos Blancos – Oxide (Vat and Heap Leach):** The decrease in Ore Reserves is primarily due to transfer of material to the Dump Leaching process along with production.
(7) **Mantos Blancos – Oxide (Dump Leach):** The decrease in Ore Reserves is primarily due to production along with transfer of material to the Vat Leach Process which is offset by Vat Leach Tailings which will now be put through the Dump Leach Process.
(8) **Mantoverde – Oxide (Heap Leach):** The decrease in Ore Reserves is due to production offset by conversion of Mineral Resources to Ore Reserves enabled by new drilling information.
(9) **Mantoverde – Oxide (Dump Leach):** The decrease in Ore Reserves is due to production offset by an increase of Dump Material within the Montecristo, Quisco and Pto 62 areas as a result of continued drilling.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at the following operations:
El Soldado, Los Bronces, Mantos Blanco and Mantoverde.

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Copper – Operations MINERAL RESOURCES[1]	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Metal 2012	Contained Metal 2011
Collahuasi (OP)	44.0		Mt	Mt	%TCu	%TCu	kt	kt
Oxide and Mixed Heap Leach		Measured	–	–	–	–	–	–
		Indicated	0.5	15.1	0.70	0.60	3	90
	Copper	**Measured and Indicated**	**0.5**	**15.1**	**0.70**	**0.60**	**3**	**90**
		Inferred (in LOM Plan)	2.8	3.9	0.37	0.62	11	24
		Inferred (ex. LOM Plan)	8.5	0.3	0.62	0.61	53	2
		Total Inferred	**11.3**	**4.2**	**0.56**	**0.62**	**63**	**26**
					%TCu	%TCu		
Sulphide[2] Flotation – direct feed		Measured	4.6	1.2	0.75	0.78	35	9
		Indicated	1,148.9	628.9	0.94	0.91	10,821	5,694
	Copper	**Measured and Indicated**	**1,153.6**	**630.1**	**0.94**	**0.91**	**10,856**	**5,704**
		Inferred (in LOM Plan)	486.1	660.6	1.03	0.99	5,017	6,532
		Inferred (ex. LOM Plan)	2,654.9	1,944.6	0.92	0.91	24,441	17,676
		Total Inferred	**3,141.0**	**2,605.3**	**0.94**	**0.93**	**29,458**	**24,208**
					%Mo	%Mo		
		Measured			0.005	–	0	–
		Indicated			0.047	–	368	–
	Molybdenum	**Measured and Indicated**			**0.047**	**–**	**368**	**–**
		Inferred (in LOM Plan)			0.016	–	76	–
		Inferred (ex. LOM Plan)			0.022	–	584	–
		Total Inferred			**0.021**	**–**	**660**	**–**
					%TCu	%TCu		
Low Grade Sulphide[2] Flotation – stockpile		Measured	6.2	1.2	0.48	0.44	30	5
		Indicated	265.9	152.5	0.46	0.46	1,233	698
	Copper	**Measured and Indicated**	**272.1**	**153.7**	**0.46**	**0.46**	**1,263**	**704**
		Inferred (in LOM Plan)	361.6	579.0	0.45	0.44	1,616	2,564
		Inferred (ex. LOM Plan)	945.4	736.8	0.47	0.46	4,419	3,414
		Total Inferred	**1,307.0**	**1,315.8**	**0.46**	**0.45**	**6,036**	**5,978**
					%Mo	%Mo		
		Measured			0.012	–	1	–
		Indicated			0.021	–	25	–
	Molybdenum	**Measured and Indicated**			**0.021**	**–**	**26**	**–**
		Inferred (in LOM Plan)			0.004	–	14	–
		Inferred (ex. LOM Plan)			0.005	–	44	–
		Total Inferred			**0.005**	**–**	**58**	**–**
El Soldado (OP)	50.1				%TCu	%TCu		
Sulphide Flotation[3]		Measured	24.7	21.9	0.78	0.82	193	180
		Indicated	7.7	18.8	0.72	0.72	55	135
		Measured and Indicated	**32.4**	**40.7**	**0.77**	**0.77**	**248**	**315**
		Inferred (in LOM Plan)	7.7	20.9	0.58	0.81	45	169
		Inferred (ex. LOM Plan)	6.4	12.7	0.53	0.71	34	90
		Total Inferred	**14.1**	**33.6**	**0.56**	**0.77**	**79**	**260**
Oxide Heap Leach		Measured	0.0	0.1	0.68	0.75	0	1
		Indicated	0.0	0.1	0.62	0.69	0	1
		Measured and Indicated	**0.0**	**0.2**	**0.66**	**0.71**	**0**	**1**
		Inferred (in LOM Plan)	–	–	–	–	–	–
		Inferred (ex. LOM Plan)	0.0	0.1	0.57	0.69	0	0
		Total Inferred	**0.0**	**0.1**	**0.57**	**0.69**	**0**	**0**
Los Bronces (OP)	50.1				%TCu	%TCu		
Sulphide Flotation[4]		Measured	84.8	211.1	0.45	0.45	382	950
		Indicated	897.6	922.9	0.40	0.43	3,590	3,968
	Copper	**Measured and Indicated**	**982.4**	**1,133.9**	**0.40**	**0.43**	**3,972**	**4,918**
		Inferred (in LOM Plan)	212.0	83.7	0.48	0.58	1,018	485
		Inferred (ex. LOM Plan)	3,311.1	3,115.6	0.36	0.39	11,920	12,151
		Total Inferred	**3,523.1**	**3,199.3**	**0.37**	**0.39**	**12,938**	**12,636**
					%Mo	%Mo		
		Measured			0.005	–	4	–
		Indicated			0.009	–	81	–
	Molybdenum	**Measured and Indicated**			**0.009**	**–**	**85**	**–**
		Inferred (in LOM Plan)			0.013	–	28	–
		Inferred (ex. LOM Plan)			0.008	–	265	–
		Total Inferred			**0.008**	**–**	**293**	**–**
					%TCu	%TCu		
Sulphide Dump Leach[5]		Measured	–	–	–	–	–	–
		Indicated	–	–	–	–	–	–
	Copper	**Measured and Indicated**	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred (in LOM Plan)	173.2	114.4	0.28	0.26	485	298
		Inferred (ex. LOM Plan)	–	–	–	–	–	–
		Total Inferred	**173.2**	**114.4**	**0.28**	**0.26**	**485**	**298**
					%Mo	%Mo		
		Measured			–	–	–	–
		Indicated			–	–	–	–
	Molybdenum	**Measured and Indicated**			**–**	**–**	**–**	**–**
		Inferred (in LOM Plan)			0.006	–	10	–
		Inferred (ex. LOM Plan)			–	–	–	–
		Total Inferred			**0.006**	**–**	**10**	**–**

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Copper – Operations continued MINERAL RESOURCES[1]	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Metal 2012	Contained Metal 2011
Mantos Blancos (OP)	100		Mt	Mt	%ICu	%ICu	kt	kt
Sulphide		Measured	30.2	47.8	0.95	0.75	286	359
Flotation[6]		Indicated	64.8	68.1	0.69	0.56	447	379
		Measured and Indicated	**95.0**	**116.0**	**0.77**	**0.64**	**734**	**738**
		Inferred (in LOM Plan)	9.4	2.7	0.46	0.57	43	16
		Inferred (ex. LOM Plan)	23.8	27.8	0.66	0.55	157	153
		Total Inferred	**33.2**	**30.5**	**0.60**	**0.55**	**201**	**168**
					%ASCu	%ASCu		
Oxide		Measured	3.5	14.1	0.50	0.47	17	66
Vat and Heap Leach[7]		Indicated	11.1	10.5	0.45	0.43	50	45
		Measured and Indicated	**14.6**	**24.5**	**0.46**	**0.45**	**67**	**111**
		Inferred (in LOM Plan)	17.6	1.9	0.26	0.53	46	10
		Inferred (ex. LOM Plan)	7.4	3.3	0.46	0.47	34	16
		Total Inferred	**25.0**	**5.2**	**0.32**	**0.49**	**80**	**26**
					%ASCu	%ASCu		
Oxide		Measured	0.4	–	0.18	–	1	–
Dump Leach[8]		Indicated	8.4	8.3	0.17	0.20	14	17
		Measured and Indicated	**8.8**	**8.3**	**0.17**	**0.20**	**15**	**17**
		Inferred (in LOM Plan)	91.4	65.8	0.23	0.23	210	154
		Inferred (ex. LOM Plan)	4.3	–	0.17	–	7	–
		Total Inferred	**95.7**	**65.8**	**0.23**	**0.23**	**218**	**154**
Mantoverde (OP)	100				%ASCu	%ASCu		
Oxide		Measured	5.1	21.1	0.42	0.36	22	76
Heap Leach[9]		Indicated	6.7	13.1	0.53	0.42	35	55
		Measured and Indicated	**11.8**	**34.2**	**0.48**	**0.38**	**57**	**131**
		Inferred (in LOM Plan)	3.3	0.6	0.69	0.53	23	3
		Inferred (ex. LOM Plan)	0.1	0.9	0.30	0.29	0	3
		Total Inferred	**3.4**	**1.5**	**0.68**	**0.38**	**23**	**6**
					%ASCu	%ASCu		
Oxide		Measured	–	–	–	–	–	–
Dump Leach		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred (in LOM Plan)	0.6	0.9	0.24	0.22	1	2
		Inferred (ex. LOM Plan)	–	–	–	–	–	–
		Total Inferred	**0.6**	**0.9**	**0.24**	**0.22**	**1**	**2**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

(1) **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 not included in the Mineral Resource statement. Mineral Resources are quoted above a 0.2% TCu cut-off.
(2) **Collahuasi – Sulphide and Low Grade Sulphide (Flotation):** The increase in Mineral Resources is primarily due to Economic Assumptions (increase in long term metal price) and new drilling information which identified and delineated new resources.
(3) **El Soldado – Sulphide (Flotation):** The decrease in Mineral Resources is primarily due to conversion of Mineral Resources to Ore Reserves (increase in long term metal price) and greater dilution effect as a result of a change in bench height and ore/waste contact modelling methodology.
(4) **Los Bronces – Sulphide (Flotation):** The decrease in Measured and Indicated Mineral Resources is due to a change in the estimation methodology and new classification. The overall increase in Mineral Resources is due to a change in economic assumptions (increase in long term metal price).
(5) **Los Bronces – Sulphide (Dump Leach):** The Mineral Resources increase due to the re-allocation of Probable Reserves to Inferred Resources, which is offset by a decrease due to changes in the cut-off grade strategy applied to material sent to the flotation plant.
(6) **Mantos Blancos – Sulphide (Flotation):** The increase in Mineral Resources is due to new drilling information which identified and delineated new resources offset by a refinement in the estimation methodology.
(7) **Mantos Blancos – Oxide (Vat and Heap Leach):** The increase in Mineral Resources is due to increased feed from the Mercedes Dump offset by a change in the estimation methodology.
(8) **Mantos Blancos – Oxide (Dump Leach):** The Mineral Resources increase due to additional material from Phase II of Mercedes Dump and Botadero B zones.
(9) **Mantoverde – Oxide (Heap Leach):** The decrease in Mineral Resources is due to conversion to Ore Reserves enabled by new drilling information.

COPPER

estimates as at 31 December 2012

Copper – Projects ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Metal 2012	Contained Metal 2011
Quellaveco (OP)[1]	81.9	28		Mt	Mt	%TCu	%TCu	kt	kt
Sulphide Flotation	Copper		Proved	701.8	701.8	0.65	0.65	4,562	4,562
			Probable	214.6	214.6	0.63	0.63	1,352	1,352
			Total	**916.4**	**916.4**	**0.65**	**0.65**	**5,914**	**5,914**
						%Mo	%Mo		
	Molybdenum		Proved			0.019	–	133	–
			Probable			0.021	–	45	–
			Total			**0.019**	**–**	**178**	**–**

Copper – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Metal 2012	Contained Metal 2011
Quellaveco (OP)[1]	81.9		Mt	Mt	%TCu	%TCu	kt	kt
Sulphide Flotation	Copper	Measured	284.2	196.8	0.35	0.40	990	787
		Indicated	807.9	627.0	0.41	0.45	3,290	2,822
		Measured and Indicated	**1,092.0**	**823.8**	**0.39**	**0.44**	**4,280**	**3,609**
		Inferred (in LOM Plan)	6.9	8.1	0.79	0.72	54	58
		Inferred (ex. LOM Plan)	877.9	174.9	0.33	0.44	2,893	770
		Total Inferred	**884.8**	**183.0**	**0.33**	**0.45**	**2,947**	**828**
					%Mo	%Mo		
	Molybdenum	Measured			0.015	–	43	–
		Indicated			0.015	–	121	–
		Measured and Indicated			**0.015**	**–**	**164**	**–**
		Inferred (in LOM Plan)			–	–	–	–
		Inferred (ex. LOM Plan)			0.015	–	132	–
		Total Inferred			**0.015**	**–**	**132**	**–**
Mantoverde Sulphide Project[2]	100				%TCu	%TCu		
Sulphide Flotation		Measured	106.6	109.8	0.68	0.67	725	736
		Indicated	41.5	34.2	0.66	0.63	274	216
		Measured and Indicated	**148.1**	**144.0**	**0.67**	**0.66**	**999**	**951**
		Inferred	78.0	44.3	0.68	0.65	530	288
Pebble (OP/UG)[3][4][5]	50.0				%TCu	%TCu		
Sulphide		Measured[4]	507.9	507.9	0.34	0.34	1,715	1,715
		Indicated[5]	4,761.0	4,761.0	0.46	0.46	21,739	21,739
		Measured and Indicated	**5,268.8**	**5,268.8**	**0.45**	**0.45**	**23,454**	**23,454**
		Inferred[6]	2,709.5	2,709.5	0.32	0.32	8,587	8,587
Los Sulfatos[6]	50.1				%TCu	%TCu		
Sulphide		Inferred	1,200	1,200	1.46	1.46	17,520	17,520
San Enrique Monolito[7]	50.1				%TCu	%TCu		
Sulphide		Inferred	900	900	0.81	0.81	7,290	7,290
West Wall[8]	50.0				%TCu	%TCu		
Sulphide		Inferred	750	750	0.54	0.54	4,050	4,050

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit, UG = Underground. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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:** Mineral Resources are quoted above a 0.2 %TCu cut-off. The increase in the Mineral Resources is due to a change in economic assumptions (increase in long term metal price), a change in the cut-off grade strategy and the addition of low-grade stockpile material.

(2) **Mantoverde Sulphide Project:** Mineral Resources are quoted above a 0.35 %TCu cut-off. The increase in Mineral Resources is primarily due to new drilling information.
There is a possibility to consider Oxides together with the Sulphides. Oxide Mineral Resource estimates are as follows:
Measured 53.2 Mt at 0.40 %ASCu; Indicated 4.0 Mt at 0.39 %ASCu; Inferred 10.1 Mt at 0.40 %ASCu.

(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 278 Mt at 0.40% Cu, 0.42 g/t Au, 0.020% Mo while the estimate of Indicated Resources is 3,319 Mt at 0.55% Cu, 0.42 g/t Au, 0.030% Mo.

(4) **Pebble co-product estimated grades:**
Measured – Gold 0.36g/t, Molybdenum 0.018%, CuEq average grade 0.66%
Indicated – Gold 0.37g/t, Molybdenum 0.027%, CuEq average grade 0.85%.
Inferred – Gold 0.31g/t, Molybdenum 0.026%, CuEq average grade 0.67%.

(5) **Pebble:** The property comprises 2,042 located Alaska State mineral claims which total 209,996 acres (84,982 hectares) and which are currently valid.

(6) **Los Sulfatos:** The reported resources include mineralisation inside a 1% nominal copper grade cut-off envelope down to the current drillhole depths of 1,000 metres below surface. The test for reasonable prospects of eventual economic extraction is based on an underground operation.

(7) **San Enrique Monolito:** The test for reasonable prospects of eventual economic extraction is based on an underground operation.

(8) **West Wall:** 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 estimates were carried out by independent consultants during 2012 at the following projects:
Quellaveco and Mantoverde Sulphide Project.

NICKEL

estimates as at 31 December 2012

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 %	Mine Life	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Metal 2012	Contained Metal 2011
Barro Alto (OP)[1]	100	17		Mt	Mt	%Ni	%Ni	kt	kt
Saprolite			Proved	23.4	21.2	1.71	1.66	401	352
			Probable	23.4	31.0	1.51	1.55	353	481
			Total	**46.8**	**52.2**	**1.61**	**1.60**	**754**	**833**
Niquelândia (OP)[2]	100	22				%Ni	%Ni		
Saprolite			Proved	3.9	3.7	1.35	1.35	52	50
			Probable	1.0	0.9	1.32	1.33	14	12
			Total	**4.9**	**4.6**	**1.34**	**1.35**	**66**	**63**

Nickel – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Metal 2012	Contained Metal 2011
Barro Alto (OP)	100		Mt	Mt	%Ni	%Ni	kt	kt
Saprolite		Measured	9.0	5.5	1.43	1.47	129	80
Direct Feed[3]		Indicated	5.0	1.7	1.30	1.17	65	20
		Measured and Indicated	**14.0**	**7.2**	**1.38**	**1.40**	**193**	**100**
		Inferred (in LOM Plan)	36.6	45.4	1.52	1.51	556	686
		Inferred (ex. LOM Plan)	13.1	14.8	1.18	1.21	155	179
		Total Inferred	**49.7**	**60.2**	**1.43**	**1.44**	**710**	**865**
Ferruginous Laterite		Measured	3.3	2.4	1.28	1.31	42	31
Stockpile[4]		Indicated	3.8	3.6	1.10	1.09	42	40
		Measured and Indicated	**7.1**	**6.0**	**1.19**	**1.18**	**85**	**71**
		Inferred (in LOM Plan)	1.5	–	1.07	–	16	–
		Inferred (ex. LOM Plan)	0.0	1.5	1.00	1.05	0	16
		Total Inferred	**1.6**	**1.5**	**1.07**	**1.05**	**17**	**16**
Niquelândia (OP)[5]	100				%Ni	%Ni		
Saprolite		Measured	2.8	2.9	1.25	1.26	35	37
		Indicated	2.9	3.1	1.23	1.24	35	39
		Measured and Indicated	**5.7**	**6.0**	**1.24**	**1.25**	**70**	**75**
		Inferred (in LOM Plan)	–	–	–	–	–	–
		Inferred (ex. LOM Plan)	–	–	–	–	–	–
		Total Inferred	**–**	**–**	**–**	**–**	**–**	**–**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Nickel – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Metal 2012	Contained Metal 2011
Jacaré[6]	100		Mt	Mt	%Ni	%Ni	kt	kt
Ferruginous Laterite		Measured	6.3	6.3	1.15	1.15	72	72
		Indicated	53.8	53.8	1.21	1.21	653	653
		Measured and Indicated	**60.1**	**60.1**	**1.21**	**1.21**	**726**	**726**
		Inferred	125.0	125.0	1.17	1.17	1,468	1,468
Saprolite		Measured	–	–	–	–	–	–
		Indicated	39.6	39.6	1.49	1.49	589	589
		Measured and Indicated	**39.6**	**39.6**	**1.49**	**1.49**	**589**	**589**
		Inferred	81.9	81.9	1.39	1.39	1,138	1,138

Mining method: OP = Open Pit. Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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.

Loma de Níquel is not reported as the mining concessions expired in November 2012 and have not been renewed.

(1) **Barro Alto – Ore Reserves:** The decrease is due to a change in evaluation methodology resulting in re-allocation to Mineral Resources. The decrease is partially offset by increases due to updated economic assumptions and new information enabling conversion of Mineral Resources to Ore Reserves. In 2011 the reported Mine Life considered reserves plus Inferred (in LOM Plan), however, in 2012 correctly considers only the scheduled Ore Reserves.

(2) **Niquelândia – Ore Reserves:** The increase is due to revised economic assumptions which are partially offset by a change in evaluation methodology resulting in re-allocation to Mineral Resources. Niquelândia Mine is adjacent to the Codemin Ferro-Nickel smelter which is fed with ore from Barro Alto which is blended with Niquelândia ore to achieve an appropriate smelter feed chemistry.

(3) **Barro Alto – Direct Feed:** Mineral Resources are quoted above a 0.9 %Ni cut-off, below an iron content of 30 %Fe and between a $SiO_2/(MgO+CaO)$ ratio of 1.72 to 1.8. The decrease is due to downgrading of Mineral Resources to Mineralised Inventory due to a change in resource classification which is partially offset by the change in evaluation methodology resulting in re-allocation to Mineral Resource. A surface stockpile of 5.2 Mt at 1.48 %Ni is included in the Saprolite Mineral Resources.

(4) **Barro Alto – Stockpile:** Material that is scheduled for stockpiling or has already been mined and stockpiled. A surface stockpile of 0.6 Mt at 1.19 %Ni is included in the Ferruginous Laterite Mineral Resources.

(5) **Niquelândia – Mineral Resources:** Mineral Resources are quoted above a 0.9 %Ni cut-off, below an Iron content of 30% Fe and between a $SiO_2/(MgO+CaO)$ ratio of 1.72 to 1.8. A change in the economic assumptions enabled conversion of Mineral Resources to Ore Reserves which was partially offset by a change in evaluation methodology resulting in re-allocation to Mineral Resources.

(6) **Jacaré:** The Mineral Resources are reported within a pit shell developed for the Concept Study with a cut-off of 1.3 %Ni. A minimum mineralised width of 1m must be present to allow material to be categorised as higher-grade Saprolite Mineral Resource. The Saprolite Resources 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 hydrometallurgical treatment of the Ferruginous Laterite material while still recovering Nickel in the process. The Plano de Aproveitamento Economico (PAE) is under consideration by Brazil's Departamento Nacional de Produção Mineral (DNPM).

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at the following operations:
Barro Alto and Niquelândia.

PLATINUM GROUP METALS

estimates as at 31 December 2012

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 Edition as amended July 2009). 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 Anglo American Platinum's 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 American Platinum Limited unless otherwise noted. Rounding of figures may cause computational discrepancies.

The Mineral Resource and Ore Reserve tables reflect estimates prior to the strategic announcement in January 2013. Changes associated with the strategic review will most probably result in a reallocation of reported Ore Reserves to Mineral Resources in the Rustenburg and Union areas and the impact thereof will only be reflected in the 2013 Annual Report.

Anglo American plc's interest in Anglo American Platinum Limited is 79.9%.

Platinum – South Africa Operations		Tonnes[1]		Grade[2]		Contained Metal[3]		Contained Metal[3]	
ORE RESERVES	Classification	2012	2011	2012	2011	2012	2011	2012	2011
Merensky Reef[4][5]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Proved	59.8	63.9	4.79	5.05	286.5	322.7	9.2	10.4
	Probable	22.5	49.1	4.49	5.16	100.9	253.4	3.2	8.1
	Total	**82.3**	**113.0**	**4.71**	**5.10**	**387.4**	**576.2**	**12.5**	**18.5**
UG2 Reef[4][6]	Proved	389.8	390.7	4.05	4.10	1,578.7	1,600.7	50.8	51.5
	Probable	128.6	250.0	4.46	4.78	573.6	1,194.1	18.4	38.4
	Total	**518.4**	**640.7**	**4.15**	**4.36**	**2,152.3**	**2,794.8**	**69.2**	**89.9**
Platreef[7]	Proved	587.5	538.8	2.75	2.84	1,617.3	1,532.3	52.0	49.3
	Proved primary ore stockpile[8]	26.7	20.0	1.72	1.71	46.0	34.3	1.5	1.1
	Probable	394.6	166.5	2.81	3.24	1,108.2	539.9	35.6	17.4
	Total	**1,008.9**	**725.4**	**2.75**	**2.90**	**2,771.5**	**2,106.6**	**89.1**	**67.7**
All Reefs	Proved	1,063.9	1,013.4	3.32	3.44	3,528.5	3,490.1	113.4	112.2
	Probable	545.7	465.7	3.27	4.27	1,782.7	1,987.4	57.3	63.9
	Total[9]	**1,609.6**	**1,479.1**	**3.30**	**3.70**	**5,311.2**	**5,477.5**	**170.8**	**176.1**
Tailings[10]	Proved	–	–	–	–	–	–	–	–
	Probable	15.9	18.9	1.02	0.86	16.1	16.2	0.5	0.5
	Total	**15.9**	**18.9**	**1.02**	**0.86**	**16.1**	**16.2**	**0.5**	**0.5**

Platinum – Zimbabwe Operations		Tonnes[1]		Grade[2]		Contained Metal[3]		Contained Metal[3]	
ORE RESERVES	Classification	2012	2011	2012	2011	2012	2011	2012	2011
Main Sulphide Zone[11][12][13]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Proved	13.9	15.0	3.85	3.68	53.4	55.2	1.7	1.8
	Probable	39.8	23.7	3.73	3.85	148.5	91.2	4.8	2.9
	Total	**53.7**	**38.7**	**3.76**	**3.79**	**201.9**	**146.5**	**6.5**	**4.7**

(1) **Tonnes:** 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). The reported grades are as delivered for treatment. Concentrator recoveries for Merensky Reef range from 84% to 89%, UG2 Reef from 82% to 87%, Platreef from 64% to 74% and Main Sulphide Zone from 70% to 78%.
(3) **Contained Metal:** Contained Metal is presented in metric tonnes and million troy ounces (Moz).
(4) **Merensky Reef and UG2 Reef:** The pay limits built into the basic mining equation are directly linked to the 2013 Business plan prior to the strategic review announcement made in January 2013. 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 reserve pay-limit varies across all operations between 2.0g/t and 5.6g/t (4E PGE). The range is a function of various factors including depth of the ore body, geological complexity, infrastructure and economic parameters.
(5) **Merensky Reef:** The global Ore Reserve tonnage and 4E ounce content decreased, mainly in response to economic assumptions resulting in reallocation of Ore Reserves to Mineral Resources at Tumela Mine and Siphumelele 1 Mine. These decreases were partially offset by the increase in Ore Reserves mainly from Khuseleka Mine and Union South Mine where additional Mineral Resources have been converted to Ore Reserves. The global Ore Reserve grade decreased following the increase of the minimum resource cut from 90cm to 110cm due to improved rock support measures.
(6) **UG2 Reef:** The global Ore Reserve tonnage and 4E ounce content decreased largely due to economic assumptions and the resulting reallocation of Ore Reserves to Mineral Resources at Tumela Mine, Twickenham Mine and Siphumelele 2 Mine. These decreases were partially offset by the increase in Ore Reserves from Union South Mine, Siphumelele 1 Mine, Kroondal Mine, Marikana Mine and Modikwa Mine where Mineral Resources have been converted to Ore Reserves. The global Ore Reserve grade decreased following the increase of the minimum resource cut from 90cm to 110cm due to an improved rock support measures.
(7) **Platreef:** The Ore Reserves tonnage and 4E ounce content increased as a result of a revised pit design. Geotechnical study will commence in 2013 to validate the optimum pit design and increased mining depth. For Mogalakwena North, Central and South the 4E pay limit is 1.0 g/t. For Sandsloot and Zwartfontein South the pay limit is 1.7 g/t.
(8) **Platreef stockpiles:** Mined ore retained for future treatment. These are reported separately as Proved Ore Reserves and aggregated into the summation tabulations.
(9) **Alternative units – All Reefs Total:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2012 is:
Total – 1,774.3 Mton (2011: 1,630.4 Mton)
Total – 0.096 oz/ton (2011: 0.108 oz/ton)
(10) **Tailings:** Operating tailings dams are not evaluated and therefore not reported as part of the Ore Reserves. At Rustenburg mines and at Union mines dormant tailings dams have been evaluated and are separately reported as tailings Ore Reserves.
(11) **Main Sulphide Zone:** The Ore Reserve tonnage and 4E ounce content increased after the conversion of Mineral Resources to Ore Reserves, which followed an increase in resource confidence based on new drilling information.
(12) **Main Sulphide Zone:** Anglo American Platinum currently has an effective 100% interest in Unki Mine, subject to the finalisation of the indigenisation agreement.
(13) **Alternative units – Main Sulphide Zone:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2012 is:
Total – 59.2 Mton (2011: 42.6 Mton)
Total – 0.110 oz/ton (2011: 0.110 oz/ton)

PLATINUM GROUP METALS

estimates as at 31 December 2012

Platinum – South Africa Operations MINERAL RESOURCES	Classification	Tonnes[1] 2012	Tonnes[1] 2011	Grade[2] 2012	Grade[2] 2011	Contained Metal[3] 2012	Contained Metal[3] 2011	Contained Metal[3] 2012	Contained Metal[3] 2011
Merensky Reef[4][5]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Measured	189.3	162.1	5.63	5.57	1,065.1	903.7	34.2	29.1
	Indicated	290.6	273.5	5.51	5.54	1,600.1	1,515.4	51.4	48.7
	Measured and Indicated	**479.9**	**435.6**	**5.55**	**5.55**	**2,665.2**	**2,419.1**	**85.7**	**77.8**
	Inferred (in LOM Plan)	9.8	22.7	6.33	8.05	62.1	182.7	2.0	5.9
	Inferred (ex. LOM Plan)	563.8	547.1	5.11	5.08	2,879.5	2,778.8	92.6	89.3
	Total Inferred	**573.6**	**569.8**	**5.13**	**5.20**	**2,941.6**	**2,961.5**	**94.6**	**95.2**
UG2 Reef[4][6]	Measured	475.2	391.9	5.14	5.33	2,441.0	2,090.5	78.5	67.2
	Indicated	656.4	547.2	5.13	5.21	3,367.8	2,849.6	108.3	91.6
	Measured and Indicated	**1,131.6**	**939.1**	**5.13**	**5.26**	**5,808.8**	**4,940.1**	**186.8**	**158.8**
	Inferred (in LOM Plan)	7.3	9.0	5.23	4.97	38.3	44.9	1.2	1.4
	Inferred (ex. LOM Plan)	604.8	660.1	5.36	5.23	3,239.5	3,449.4	104.2	110.9
	Total Inferred	**612.1**	**669.1**	**5.35**	**5.22**	**3,277.8**	**3,494.3**	**105.4**	**112.3**
Platreef[7]	Measured	151.2	219.1	2.59	2.38	391.3	522.0	12.6	16.8
	Indicated	740.7	980.9	2.11	2.20	1,560.9	2,158.3	50.2	69.4
	Measured and Indicated	**891.8**	**1,199.9**	**2.19**	**2.23**	**1,952.2**	**2,680.3**	**62.8**	**86.2**
	Inferred (in LOM Plan)	25.8	10.0	4.05	4.15	104.5	41.3	3.4	1.3
	Inferred (ex. LOM Plan)	1,560.5	1,575.5	2.10	2.12	3,284.1	3,344.8	105.6	107.5
	Total Inferred	**1,586.3**	**1,585.5**	**2.14**	**2.14**	**3,388.6**	**3,386.0**	**108.9**	**108.9**
All Reefs	Measured	815.7	773.1	4.78	4.55	3,897.4	3,516.2	125.3	113.0
	Indicated	1,687.7	1,801.5	3.87	3.62	6,528.8	6,523.3	209.9	209.7
	Measured and Indicated[8]	**2,503.4**	**2,574.7**	**4.16**	**3.90**	**10,426.2**	**10,039.5**	**335.2**	**322.8**
	Inferred (in LOM Plan)	43.0	41.7	4.77	6.45	204.9	268.9	6.6	8.6
	Inferred (ex. LOM Plan)	2,729.1	2,782.7	3.45	3.44	9,403.1	9,572.9	302.3	307.8
	Total Inferred	**2,772.1**	**2,824.4**	**3.47**	**3.48**	**9,608.0**	**9,841.8**	**308.9**	**316.4**
Tailings[9]	Measured	87.6	87.6	1.08	1.08	94.3	94.3	3.0	3.0
	Indicated	15.1	17.9	1.13	1.13	17.0	20.2	0.5	0.6
	Measured and Indicated	**102.7**	**105.5**	**1.08**	**1.09**	**111.3**	**114.5**	**3.6**	**3.7**
	Inferred (in LOM Plan)	–	–	–	–	–	–	–	–
	Inferred (ex. LOM Plan)	–	–	–	–	–	–	–	–
	Total Inferred	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Platinum – Zimbabwe Operations MINERAL RESOURCES	Classification	Tonnes[1] 2012	Tonnes[1] 2011	Grade[2] 2012	Grade[2] 2011	Contained Metal[3] 2012	Contained Metal[3] 2011	Contained Metal[3] 2012	Contained Metal[3] 2011
Main Sulphide Zone[10][11][12]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Measured	9.5	8.7	4.04	4.15	38.5	36.0	1.2	1.2
	Indicated	104.1	21.2	4.23	4.13	439.7	87.5	14.1	2.8
	Measured and Indicated	**113.6**	**29.8**	**4.21**	**4.14**	**478.2**	**123.5**	**15.4**	**4.0**
	Inferred (in LOM Plan)	0.3	14.2	3.32	4.19	1.0	59.5	0.0	1.9
	Inferred (ex. LOM Plan)	72.3	35.5	4.58	4.09	330.8	144.9	10.6	4.7
	Total Inferred	**72.6**	**49.6**	**4.57**	**4.12**	**331.8**	**204.4**	**10.7**	**6.6**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO 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) **Tonnes:** 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:** The Mineral Resources are estimated over a practical minimum mining width suitable for the deposit known as the 'Resource Cut'. The minimum resource cut increased from 90cm to 110cm due to the introduction of an improved support system. As a result of the increased minimum resource cut the overall Merensky Reef and UG2 Reef tonnage increased and the overall grade decreased. The 'Resource Cut' width takes cognisance of the mining method and geotechnical aspects in the hanging wall or footwall of the reef.
(5) **Merensky Reef:** The Mineral Resource tonnage and 4E ounce content increased in response to the re-allocation of Ore Reserve back to Mineral Resources following economic assumptions at Tumela and Siphumelele mines. The increase in the minimum mining cut (change in mine layout) and new information contribute to the increase.
(6) **UG2 Reef:** The Mineral Resource tonnage and 4E ounce content increased due to re-allocation of Ore Reserve to Mineral Resources after application of revised economic assumptions at Tumela, Twickenham and Siphumelele mines. New information at Pandora Mine decreased the geological loss resulting in increased Mineral Resources. A decrease of Mineral Resource occurred at Union South mine where additional Mineral Resources were converted to Ore Reserves.
(7) **Platreef:** A 1.0g/t (4E PGE) cut-off has been used to define Mineral Resources. During 2012 pit design test work confirmed that Mineral Resources reported in 2011 can be mined via open pit. Additional Mineral Resources were converted to Ore Reserves, decreasing the Platreef Resources. No Mineral Resources applicable to underground mining have been included. However, stockpile material is included which comprises calc-silicate and oxidised material with a cut-off grade of greater than 3g/t (5.5 Mt / 0.6 Moz).
(8) **Alternative units – All Reefs Measured and Indicated:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2012 is:
Measured and Indicated – 2759.5 Mton (2011: 2,838.1 Mton)
Measured and Indicated – 0.121 oz/ton (2011: 0.114 oz/ton)
(9) **Tailings:** Operating tailings dams are not evaluated and therefore not reported as part of the Mineral Resources. At Rustenburg and Union mines dormant dams have been evaluated and the tailing forms part of the Mineral Resource statement.
(10) **Main Sulphide Zone:** A new resource evaluation was completed covering Unki South, Helvetia, Paarl, KV and SR projects (contained within the special mining lease held by Southridge Limited). All projects are now incorporated in the Mineral Resources. As a consequence the Mineral Resources tonnage and 4E ounce content increased significantly.
The bulk of the resources have been evaluated using a 120cm resource cut. Unki East and West have been evaluated on a 180cm resource cut to support trackless mining. The increase in tonnage and content is offset by the decrease of Mineral Resource due to additional conversion of Mineral Resources to Ore Reserves at the Unki East Mine. Oxidised material is not considered.
(11) **Main Sulphide Zone:** Anglo American Platinum currently has an effective 100% interest in Southridge Limited, subject to the finalisation of the indigenisation agreement.
(12) **Alternative units – Main Sulphide Zone Measured and Indicated:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2012 is:
Total – 205.3 Mton (2011: 87.6 Mton)
Total – 0.127 oz/ton (2011: 0.120 oz/ton)

PLATINUM GROUP METALS

estimates as at 31 December 2012

Platinum – Other Projects MINERAL RESOURCES	Classification	Tonnes[1] 2012	Tonnes[1] 2011	Grade[2] 2012	Grade[2] 2011	Contained Metal[3] 2012	Contained Metal[3] 2011	Contained Metal[3] 2012	Contained Metal[3] 2011
South Africa		Mt	Mt	3E PGE	3E PGE	3E tonnes	3E tonnes	3E Moz	3E Moz
Boikgantsho[4]	Measured	–	–	–	–	–	–	–	–
Platreef	Indicated	37.0	37.0	1.30	1.30	47.9	47.9	1.5	1.5
	Measured and Indicated	**37.0**	**37.0**	**1.30**	**1.30**	**47.9**	**47.9**	**1.5**	**1.5**
	Inferred	1.8	1.8	1.14	1.14	2.1	2.1	0.1	0.1
				3E PGE	3E PGE				
Sheba's Ridge[5]	Measured	28.0	28.0	0.88	0.88	24.6	24.6	0.8	0.8
	Indicated	34.0	34.0	0.85	0.85	29.1	29.1	0.9	0.9
	Measured and Indicated	**62.0**	**62.0**	**0.87**	**0.87**	**53.6**	**53.6**	**1.7**	**1.7**
	Inferred	149.9	149.9	0.96	0.96	144.5	144.5	4.6	4.6
Brazil				3E PGE	3E PGE				
Pedra Branca[6]	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) **Tonnes:** Quoted as dry metric tonnes.
(2) **Grade:** 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) **Boikgantsho:** Anglo American Platinum holds an attributable interest of 49% of the Joint Venture between Anglo American Platinum and Atlatsa Resources. A cut-off grade of 1g/t (3E PGE) is applied for resource definition.
(5) **Sheba's Ridge:** Anglo American Platinum holds an attributable interest of 35% of the Joint Venture between Anglo American Platinum, Aquarius Platinum and the South African Industrial Development Corporation (IDC). A cut-off grade of 0.5g/t (3E PGE) is applied for resource definition.
(6) **Pedra Branca:** Anglo American Platinum holds an attributable interest of 51% of the Joint Venture between Anglo American Platinum and Solitario Resources & Royalty. A cut-off of 0.7g/t (3E PGE) is applied for resource definition.

The following operations and projects contributed to the combined 2012 Ore Reserve and Mineral Resource estimates stated per reef (excluding Other Projects):

Operations:	Resource Types	%	Mine Life
Bafokeng Rasimone Platinum Mine (BRPM)	MR/UG2	33%	24
Bathopele Mine	UG2	100%	14
Bokoni Platinum Mine	MR/UG2	49%	30
Dishaba Mine	MR/UG2	100%	30
Khomanani Mine	MR/UG2	100%	15
Khuseleka Mine	MR/UG2	100%	24
Kroondal Platinum Mine	UG2	50%	6
Marikana Platinum Mine	UG2	50%	6
Modikwa Platinum Mine	MR/UG2	50%	29
Mogalakwena Mine	PR	100%	30
Mototolo Platinum Mine	UG2	50%	5*
Pandora	UG2	42.5%	26
Siphumelele 1 Mine	MR/UG2	100%	18
Siphumelele 2 Mine (School of Mines)	MR/UG2	100%	3
Thembelani Mine	MR/UG2	100%	25
Tumela Mine	MR/UG2	100%	22
Twickenham Platinum Mine	MR/UG2	100%	30
Union North Mine	MR/UG2	85%	18
Union South Mine	MR/UG2	85%	22
Unki Mine	MSZ	100%	30

Projects:		%
Der Brochen Project	MR/UG2	100%
Ga-Phasha PGM Project	MR/UG2	49%
Magazynskraal Project	MR/UG2	20%
Other Exploration Projects (portions of Driekop/Rustenburg)	MR/UG2	37.5% to 100%
Rustenburg – Non-Mine Projects	MR/UG2	100%

MR = Merensky Reef, UG2 = UG2 Reef, PR = Platreef, MSZ = Main Sulphide Zone;
% = Anglo American Platinum Limited attributable interest;
Mine Life = The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only considering the combined MR and UG2 production where applicable;
* Only 5 years of Ore Reserves are declared as per Xstrata policy.

Information was provided by the Joint Venture partners for the following operations and projects:
Operations – BRPM, Bokoni, Kroondal, Marikana, Modikwa, Mototolo, Pandora (only Ore Reserve information for BRPM and Modikwa)
3E Projects – Pedra Branca, Sheba's Ridge
4E Projects – Ga-Phasha, Magazynskraal

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at the following operations:
Dishaba, Mogalakwena, Tumela, Union North, Union South and Unki.

DIAMONDS

estimates as at 31 December 2012

DE BEERS CANADA

The Diamond Reserve and Diamond Resource estimates were compiled in accordance with Canadian National Instrument 43-101 – Standards of Disclosure for Mineral Projects (NI 43-101). The figures reported represent 100% of the Diamond Reserves and Diamond Resources. Diamond Resources are quoted as inclusive of those used to calculate Diamond Reserves and must not be added to the Diamond Reserves. Rounding of figures may cause computational discrepancies.

De Beers Canada – Operations DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Saleable Carats 2012	Saleable Carats 2011
Snap Lake (UG)[1]	85.0	18	1.14		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite				Proved	–	–	–	–	–	–
				Probable	1.6	–	123.07	–	2.0	–
				Total	**1.6**	**–**	**123.07**	**–**	**2.0**	**–**
Victor (OP)	85.0	6	1.50				cpht	cpht		
Kimberlite				Proved	–	–	–	–	–	–
				Probable	12.1	–	19.42	–	2.3	–
				Total	**12.1**	**–**	**19.42**	**–**	**2.3**	**–**
De Beers Canada Inc.	85.0		multiple				cpht	cpht		
TOTAL				Proved	–	–	–	–	–	–
				Probable	13.7	–	31.68	–	4.3	–
				Total	**13.7**	**–**	**31.68**	**–**	**4.3**	**–**

De Beers Canada – Operations DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Carats 2012	Carats 2011
Snap Lake (UG)[1]	85.0	1.14		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	2.5	–	189.27	–	4.7	–
			Measured and Indicated	**2.5**	**–**	**189.27**	**–**	**4.7**	**–**
			Inferred	23.1	–	176.54	–	40.9	–
Victor (OP)	85.0	1.50				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	12.9	–	19.34	–	2.5	–
			Measured and Indicated	**12.9**	**–**	**19.34**	**–**	**2.5**	**–**
			Inferred	17.9	–	22.17	–	4.0	–
De Beers Canada Inc.	85.0	multiple				cpht	cpht		
TOTAL			Measured	–	–	–	–	–	–
			Indicated	15.4	–	46.87	–	7.2	–
			Measured and Indicated	**15.4**	**–**	**46.87**	**–**	**7.2**	**–**
			Inferred	41.1	–	109.16	–	44.8	–

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES

De Beers Canada – Projects DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Saleable Carats 2012	Saleable Carats 2011
Gahcho Kué (OP)[2]	43.4	11	1.00		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite				Proved	–	–	–	–	–	–
				Probable	31.0	–	153.71	–	47.6	–
				Total	**31.0**	**–**	**153.71**	**–**	**47.6**	**–**

De Beers Canada – Projects DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Carats 2012	Carats 2011
Gahcho Kué (OP)[2]	43.4	1.00		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	30.2	–	163.87	–	49.6	–
			Measured and Indicated	**30.2**	**–**	**163.87**	**–**	**49.6**	**–**
			Inferred	6.0	–	168.86	–	10.1	–

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES

Mining method: OP = Open Pit, UG = Underground.
LOM = Life of Mine (years) is based on scheduled Probable Reserves including Indicated and some Inferred Resources considered for Life of Mine planning.
Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
Reported Diamond Reserves/Resources are based on a Bottom Cut Off (BCO) which refers to the bottom screen size aperture and varies between 1.00mm and 3.00mm (nominal square mesh).
Grade is quoted as carats per hundred metric tonnes (cpht).
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) **Snap Lake:** Due to the high costs associated with resource development, Indicated Resources are continuously developed from underground infrastructure ahead of the mining face, resulting in an 18 month rolling reserve.
(2) **Gahcho Kué:** The project approval is subject to the successful conclusion of permitting and regulatory approvals. Gahcho Kué is a Joint Venture between De Beers Canada Inc. and Mountain Province Diamonds Inc.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at the following operations:
Snap Lake and Victor.

DIAMONDS

estimates as at 31 December 2012

DE BEERS CONSOLIDATED MINES

The Diamond Reserve and Diamond 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 Edition as amended July 2009). The figures reported represent 100% of the Diamond Reserves and Diamond Resources. Diamond Resources are quoted as inclusive of those used to calculate Diamond Reserves and must not be added to the Diamond Reserves. Rounding of figures may cause computational discrepancies. De Beers Consolidated Mines is a Joint Venture with Ponahalo Investments (Pty) Ltd.

De Beers Consolidated Mines – Operations DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Saleable Carats 2012	Saleable Carats 2011
Venetia (OP)	62.9	9	1.00		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite				Proved	–	–	–	–	–	–
				Probable	33.6	–	97.50	–	32.8	–
				Total	**33.6**	**–**	**97.50**	**–**	**32.8**	**–**
Venetia (UG)[1]	62.9	27	1.00				cpht	cpht		
Kimberlite				Proved	–	–	–	–	–	–
				Probable	91.4	–	76.53	–	70.0	–
				Total	**91.4**	**–**	**76.53**	**–**	**70.0**	**–**
De Beers Consolidated Mines	62.9		1.00				cpht	cpht		
TOTAL				Proved	–	–	–	–	–	–
				Probable	125.0	–	82.17	–	102.7	–
				Total	**125.0**	**–**	**82.17**	**–**	**102.7**	**–**

De Beers Consolidated Mines – Operations DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Carats 2012	Carats 2011
Kimberley (OC)[2]	62.9	1.15		Mt	Mt	cpht	cpht	M¢	M¢
Tailings			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
			Inferred	38.2	–	12.16	–	4.7	–
Namaqualand (OC)[3]	62.9	multiple[3]				cpht	cpht		
Beach and Fluvial Placers			Measured	–	–	–	–	–	–
			Indicated	19.3	–	10.87	–	2.1	–
			Measured and Indicated	**19.3**	**–**	**10.87**	**–**	**2.1**	**–**
			Inferred	70.8	–	4.79	–	3.4	–
Venetia (OP)[4]	62.9	1.00				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	34.2	–	103.46	–	35.4	–
			Measured and Indicated	**34.2**	**–**	**103.46**	**–**	**35.4**	**–**
			Inferred	29.6	–	18.12	–	5.4	–
Venetia (UG)	62.9	1.00				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	109.9	–	86.93	–	95.5	–
			Measured and Indicated	**109.9**	**–**	**86.93**	**–**	**95.5**	**–**
			Inferred	70.1	–	88.10	–	61.8	–
Voorspoed (OP)[5]	62.9	1.47				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
			Inferred	37.9	–	21.58	–	8.2	–
De Beers Consolidated Mines	62.9	multiple				cpht	cpht		
TOTAL			Measured	–	–	–	–	–	–
			Indicated	163.3	–	81.40	–	133.0	–
			Measured and Indicated	**163.3**	**–**	**81.40**	**–**	**133.0**	**–**
			Inferred	246.7	–	33.79	–	83.4	–

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES

Mining method: OP = Open Pit, UG = Underground.
LOM = Life of Mine (years) is based on scheduled Probable Reserves including Indicated and some Inferred Resources considered for Life of Mine planning.
Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
Reported Diamond Reserves/Resources are based on a Bottom Cut Off (BCO) which refers to the bottom screen size aperture and varies between 1.00mm and 3.00mm (nominal square mesh).
Grade is quoted as carats per hundred metric tonnes (cpht).
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) **Venetia (UG):** The LOM is stated as 27 years which reflects the extent of the current Mining Right at Venetia.
(2) **Kimberley:** Kimberley Mines Central Treatment Plant (CTP) was initially established to treat ore from both tailings resources and underground mines. Subsequent to the conclusion of the sale of the underground operations to Petra Diamonds in May 2010, only tailings resources from various locations are being treated.
(3) **Namaqualand:** Bottom screen cut off details for Indicated and Inferred Resource estimates are as follows:
1.00 mm BCO: Indicated: 5.3 Mt, 20.86 cpht, 1.1 M¢; Inferred: 28.7 Mt, 7.56 cpht, 2.2 M¢;
1.15 mm BCO: Indicated: 13.9 Mt, 7.04 cpht, 1.0 M¢; Inferred: 41.6 Mt, 2.26 cpht, 0.9 M¢
1.47 mm BCO: Indicated: 0.2 Mt, 13.03 cpht, 20 k¢. Inferred: 0.5 Mt, 60.22 cpht, 0.3 M¢.
The sale of the Namaqualand Mines to the Trans Hex Group is in progress and expected to conclude in 2013.
(4) **Venetia (OP):** The Old Recovery Tailings Inferred Resource estimate at 1.00mm BCO, consisting of 0.1 Mt, 3844.62 cpht, 2.5 M¢ is excluded from the table.
(5) **Voorspoed:** The Mining License was approved on 10 October 2006 and construction commenced in the same month after the mine being dormant for 9 decades. Mining is entirely based on Inferred Resources due to the uncertainty associated with current geoscientific knowledge. Studies are in progress to improve resource confidence and upgrade some Inferred Resources to Indicated Resources.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at the following operations:
Venetia (OP) and Voorspoed.

DIAMONDS

estimates as at 31 December 2012

DEBSWANA DIAMOND COMPANY

The Diamond Reserve and Diamond 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 Edition as amended July 2009). The figures reported represent 100% of the Diamond Reserves and Diamond Resources. Diamond Resources are quoted as inclusive of those used to calculate Diamond Reserves and must not be added to the Diamond Reserves. Rounding of figures may cause computational discrepancies. Debswana Diamond Company is a Joint Venture with the government of the Republic of Botswana.

Debswana – Operations DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Saleable Carats 2012	Saleable Carats 2011
Damtshaa (OP)[1]	42.5	17	1.65		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite				Proved	–	–	–	–	–	–
				Probable	25.0	–	16.60	–	4.1	–
				Total	**25.0**	**–**	**16.60**	**–**	**4.1**	**–**
Jwaneng (OP)	42.5	20	1.47				cpht	cpht		
Kimberlite				Proved	–	–	–	–	–	–
				Probable	70.1	–	126.05	–	88.3	–
				Total	**70.1**	**–**	**126.05**	**–**	**88.3**	**–**
Letlhakane (OP)	42.5	4	1.65				cpht	cpht		
Kimberlite				Proved	–	–	–	–	–	–
				Probable	4.7	–	16.93	–	0.8	–
				Total	**4.7**	**–**	**16.93**	**–**	**0.8**	**–**
Orapa (OP)	42.5	21	1.65				cpht	cpht		
Kimberlite				Proved	–	–	–	–	–	–
				Probable	146.1	–	58.69	–	85.7	–
				Total	**146.1**	**–**	**58.69**	**–**	**85.7**	**–**
Debswana Diamond Company	42.5		multiple				cpht	cpht		
TOTAL				Proved	–	–	–	–	–	–
				Probable	245.8	–	72.81	–	179.0	–
				Total	**245.8**	**–**	**72.81**	**–**	**179.0**	**–**

Debswana – Operations DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Carats 2012	Carats 2011
Damtshaa (OP)[1]	42.5	1.65		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	29.3	–	21.46	–	6.3	–
			Measured and Indicated	**29.3**	**–**	**21.46**	**–**	**6.3**	**–**
			Inferred	20.5	–	23.60	–	4.8	–
Jwaneng (OP)[2]	42.5	1.47				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	70.1	–	120.35	–	84.3	–
			Measured and Indicated	**70.1**	**–**	**120.35**	**–**	**84.3**	**–**
			Inferred	259.9	–	103.55	–	269.1	–
Letlhakane (OP)[3]	42.5	1.65				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	27.4	–	28.62	–	7.8	–
			Measured and Indicated	**27.4**	**–**	**28.62**	**–**	**7.8**	**–**
			Inferred	8.3	–	27.17	–	2.2	–
Orapa (OP)[4]	42.5	1.65				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	167.3	–	71.20	–	119.1	–
			Measured and Indicated	**167.3**	**–**	**71.20**	**–**	**119.1**	**–**
			Inferred	349.8	–	72.48	–	253.5	–
Debswana Diamond Company	42.5	multiple				cpht	cpht		
TOTAL			Measured	–	–	–	–	–	–
			Indicated	294.1	–	74.00	–	217.6	–
			Measured and Indicated	**294.1**	**–**	**74.00**	**–**	**217.6**	**–**
			Inferred	638.5	–	82.97	–	529.7	–

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES

Mining method: OP = Open Pit, UG = Underground.
LOM = Life of Mine (years) is based on scheduled Probable Reserves including Indicated and some Inferred Resources considered for Life of Mine planning.
Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
Reported Diamond Reserves/Resources are based on a Bottom Cut Off (BCO) which refers to the bottom screen size aperture and varies between 1.00mm and 3.00mm (nominal square mesh).
Grade is quoted as carats per hundred metric tonnes (cpht).
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) **Damtshaa:** Higher grade Inferred Resources from the B/K 12 Kimberlite is mined for the first five years before including Probable Reserves from BK/9. The B/K 9 and B/K 12 Stockpile Inferred Resource estimates at 1.65mm BCO consisting of 2.0 Mt, 13.10 cpht, 0.3 M¢, are excluded from the table.
(2) **Jwaneng:** The Jwaneng Resource Extension Project scheduled to conclude in 2014 is expected to increase the resource confidence at depth and upgrade a significant portion of Inferred Resources to Indicated. The D/K2 Stockpile Inferred Mineral Resource estimates at 1.47mm BCO, consisting of 8.5 Mt, 46.74 cpht, 4.0 M¢ as well as the Tailings Inferred Mineral Resource estimates at 1.47mm BCO, consisting of 36.9 Mt, 45.90 cpht, 17.0 M¢, are excluded from the table.
(3) **Letlhakane:** Mining studies are underway to investigate the conversion of resources to reserves at depth. D/K1 and DK/2 Stockpile Inferred Resource estimates at 1.65mm BCO, consisting of 4.2 Mt, 18.34 cpht, 0.8 M¢ as well as the Tailings Inferred Mineral Resource estimates at 1.72mm BCO, consisting of 77.7 Mt, 16.00 cpht, 12.4 M¢, are excluded from the table.
(4) **Orapa:** The A/K1 Stockpile Inferred Resource estimates at 1.65mm BCO, consisting of 12.4 Mt, 45.39 cpht, 5.6 M¢ as well as the Tailings Inferred Mineral Resource estimates at 1.47mm BCO, consisting of 155.4 Mt, 52.83 cpht, 82.1 M¢, are excluded from the table.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at the following operations: Jwaneng and Orapa.

DIAMONDS

estimates as at 31 December 2012

NAMDEB HOLDINGS

The Diamond Reserve and Diamond 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 Edition as amended July 2009). The figures reported represent 100% of the Diamond Reserves and Diamond Resources. Diamond Resources are quoted as inclusive of those used to calculate Diamond Reserves and must not be added to the Diamond Reserves. Rounding of figures may cause computational discrepancies. Namdeb Holdings is a Joint Venture with the government of the Republic of Namibia.

Namdeb Holdings – Operations (Terrestrial) DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Saleable Carats 2012	Saleable Carats 2011
					kt	kt	cpht	cpht	k¢	k¢
Elizabeth Bay (OC)	42.5	7	1.40							
Aeolian and Marine				Proved	–	–	–	–	–	–
				Probable	1,808	–	12.78	–	231	–
				Total	**1,808**	**–**	**12.78**	**–**	**231**	**–**
Mining Area 1 (OC)	42.5	7	2.00				cpht	cpht		
Beaches				Proved	–	–	–	–	–	–
				Probable	1,023	–	7.26	–	74	–
				Total	**1,023**	**–**	**7.26**	**–**	**74**	**–**
Orange River (OC)[1]	42.5	7	3.00				cpht	cpht		
Fluvial Placers				Proved	–	–	–	–	–	–
				Probable	34,994	–	1.03	–	359	–
				Total	**34,994**	**–**	**1.03**	**–**	**359**	**–**
Namdeb Holdings (Terrestrial)	42.5		multiple				cpht	cpht		
TOTAL				Proved	–	–	–	–	–	–
				Probable	37,825	–	1.76	–	664	–
				Total	**37,825**	**–**	**1.76**	**–**	**664**	**–**

Namdeb Holdings – Operations (Offshore) DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Area 2012	Area 2011	Grade 2012	Grade 2011	Saleable Carats 2012	Saleable Carats 2011
					k m^2	k m^2	cpm^2	cpm^2	k¢	k¢
Atlantic 1 (MM)[2]	42.5	15	1.47							
Marine Placer				Proved	–	–	–	–	–	–
				Probable	57,033	–	0.09	–	4,935	–
				Total	**57,033**	**–**	**0.09**	**–**	**4,935**	**–**

Namdeb Holdings – Operations (Terrestrial) DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Carats 2012	Carats 2011
				kt	kt	cpht	cpht	k¢	k¢
Bogenfels (OC)[3]	42.5	multiple[2]							
Pocket Beach and Deflation			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
			Inferred	10,955	–	6.75	–	740	–
Douglas Bay (OC)	42.5	1.40				cpht	cpht		
Aeolian and Deflation			Measured	–	–	–	–	–	–
			Indicated	1,502	–	7.39	–	111	–
			Measured and Indicated	**1,502**	**–**	**7.39**	**–**	**111**	**–**
			Inferred	1,959	–	2.40	–	47	–
Elizabeth Bay (OC)	42.5	1.40				cpht	cpht		
Aeolian, Marine and Deflation			Measured	–	–	–	–	–	–
			Indicated	4,718	–	11.62	–	548	–
			Measured and Indicated	**4,718**	**–**	**11.62**	**–**	**548**	**–**
			Inferred	54,034	–	4.12	–	2,224	–
Mining Area 1 (OC)[4]	42.5	2.00				cpht	cpht		
Beaches			Measured	–	–	–	–	–	–
			Indicated	17,597	–	1.01	–	178	–
			Measured and Indicated	**17,597**	**–**	**1.01**	**–**	**178**	**–**
			Inferred	281,564	–	1.09	–	3,082	–
Orange River (OC)	42.5	3.00				cpht	cpht		
Fluvial Placers			Measured	–	–	–	–	–	–
			Indicated	109,725	–	0.50	–	544	–
			Measured and Indicated	**109,725**	**–**	**0.50**	**–**	**544**	**–**
			Inferred	44,997	–	0.35	–	157	–
Namdeb Holdings (Terrestrial)	42.5	multiple				cpht	cpht		
TOTAL			Measured	–	–	–	–	–	–
			Indicated	133,542	–	1.03	–	1,381	–
			Measured and Indicated	**133,542**	**–**	**1.03**	**–**	**1,381**	**–**
			Inferred	393,509	–	1.59	–	6,250	–

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES

Footnotes appear at the end of the section.

Namdeb Holdings – Operations (Offshore) DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Area 2012	Area 2011	Grade 2012	Grade 2011	Carats 2012	Carats 2011
Atlantic 1 (MM)[2]	42.5	1.47		k m²	k m²	cpm²	cpm²	k¢	k¢
Marine			Measured	–	–	–	–	–	–
			Indicated	114,190	–	0.09	–	10,773	–
			Measured and Indicated	**114,190**	**–**	**0.09**	**–**	**10,773**	**–**
			Inferred	1,028,119	–	0.09	–	89,637	–
Midwater (MM)[5]	42.5	2.00				cpm²	cpm²		
Aeolian, Fluvial and Marine			Measured	–	–	–	–	–	–
			Indicated	1,339	–	0.25	–	330	–
			Measured and Indicated	**1,339**	**–**	**0.25**	**–**	**330**	**–**
			Inferred	11,336	–	0.09	–	1,031	–
Namdeb Holdings (Offshore)	42.5	multiple				cpm²	cpm²		
TOTAL			Measured	–	–	–	–	–	–
			Indicated	115,529	–	0.10	–	11,103	–
			Measured and Indicated	**115,529**	**–**	**0.10**	**–**	**11,103**	**–**
			Inferred	1,039,455	–	0.09	–	90,668	–

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES

Mining method: OC = Open Cast, MM = Marine Mining.
LOM = Life of Mine (years) is based on scheduled Probable Reserves including Indicated and some Inferred Resources considered for Life of Mine planning.
Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
Reported Diamond Reserves/Resources are based on a Bottom Cut Off (BCO) which refers to the bottom screen size aperture and varies between 1.00mm and 3.00mm (nominal square mesh).
Grade is quoted as carats per hundred metric tonnes (cpht) or as carats per square meter (cpm²). k m² = thousand square metres.
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) **Orange River:** The mining transition from Daberas to Sendelingsdrif will be completed within the next 3 years.
(2) **Atlantic 1:** Due to the high costs associated with resource development, Indicated Resources are developed on an annual basis, resulting in a 24 month rolling reserve.
(3) **Bogenfels:** Bottom screen cut off details for Inferred Resource estimates are as follows:
1.40 mm BCO: Inferred: 7,910 kt, 6.47 cpht, 510 k¢;
2.00 mm BCO: Inferred: 3,040 kt, 7.50 cpht, 230 k¢.
(4) **Mining Area 1:** Incremental Inferred Resource development is dependent on operations and dredging creating beach accretion for drilling and sampling. Beach accretion is a process through which an existing beach is built seaward to extend into areas previously submerged by sea water. The accretion is accomplished by sand buildup derived from current mining activities.
The Overburden Stockpile Inferred Resource estimates at 2.00mm BCO, consisting of 24,750 kt, 0.41 cpht, 100 k¢ and the DMS Tailings Inferred Resource estimates at 2.00mm BCO, consisting of 6,6830 kt, 1.10 cpht, 740 k¢, as well as the Recovery Tailings Inferred Resource estimates at 1.40mm BCO, consisting of 340 kt, 13.26 cpht, 50 k¢, are excluded from the table.
(5) **Midwater:** That part of the offshore component of the Diamond Area No. 1 (DA1) mining license covered by water depths of 30m and more below mean sea-level.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2012 at the following operations:
Elizabeth Bay and Atlantic 1.

PHOSPHATE PRODUCTS

estimates as at 31 December 2012

ANGLO AMERICAN FOSFATOS BRASIL LIMITADA

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.

Phosphates – Operations ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011
Ouvidor (OP)[1]	100	40		Mt	Mt	$\%P_2O_5$	$\%P_2O_5$
Carbonatite Complex Oxide			Proved	83.1	87.9	14.1	14.0
			Probable	151.0	151.3	13.0	13.0
			Total	**234.0**	**239.2**	**13.4**	**13.4**

Phosphates – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011
Ouvidor (OP)[2]	100		Mt	Mt	$\%P_2O_5$	$\%P_2O_5$
Carbonatite Complex Oxide		Measured	3.9	3.9	13.4	13.4
		Indicated	60.2	60.2	11.8	11.8
		Measured and Indicated	**64.1**	**64.2**	**11.9**	**11.9**
		Inferred (in LOM Plan)	7.5	7.6	13.2	13.2
		Inferred (ex. LOM Plan)	50.4	50.7	10.9	10.9
		Total Inferred	**57.9**	**58.2**	**11.2**	**11.2**

Phosphates – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011
Coqueiros (OP)[3]	100		Mt	Mt	$\%P_2O_5$	$\%P_2O_5$
Carbonatite Complex Oxide		Measured	1.8	1.8	10.5	10.5
		Indicated	16.5	16.5	12.9	12.9
		Measured and Indicated	**18.3**	**18.3**	**12.6**	**12.6**
		Inferred	26.2	26.2	11.2	11.2
Carbonatite Complex Fresh Rock		Measured	1.2	1.2	7.3	7.3
		Indicated	34.0	34.0	8.5	8.5
		Measured and Indicated	**35.2**	**35.2**	**8.5**	**8.5**
		Inferred	16.2	16.2	7.6	7.6

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit. Mine Life = the extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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) **Ouvidor – Oxide Ore Reserves:** The decrease is due to production. Reported as Copebrás in 2011.
(2) **Ouvidor – 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. Inferred (ex. LOM Plan) material includes 29.8Mt at 11.64% P_2O_5 Oxide in the MCG01 tenement. Currently Anglo American owns the mineral rights but not the surface rights for the area within MCG01 overlying the Inferred (ex. LOM Plan) material. Reported as Copebrás in 2011.
(3) **Coqueiros:** 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. An updated exploration drilling report has been submitted to Brazil's Departamento Nacional de Produção Mineral (DNPM) and is awaiting approval.

NIOBIUM

estimates as at 31 December 2012

ANGLO AMERICAN NIÓBIO BRASIL LIMITADA

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 %	Mine Life	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Product 2012	Contained Product 2011
Boa Vista (OP)	100	4		Mt	Mt	$\%Nb_2O_5$	$\%Nb_2O_5$	kt	kt
Carbonatite Complex Oxide[1]			Proved	2.9	3.4	0.98	1.03	29	35
			Probable	1.0	1.0	1.18	1.04	11	10
			Total	**3.9**	**4.3**	**1.03**	**1.03**	**40**	**45**
Carbonatite Complex Phosphate Tailings[2]			Proved	–	–	–	–	–	–
			Probable	2.0	–	0.73	–	14	–
			Total	**2.0**	**–**	**0.73**	**–**	**14**	**–**

Niobium – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Product 2012	Contained Product 2011
Boa Vista (OP)	100		Mt	Mt	$\%Nb_2O_5$	$\%Nb_2O_5$	kt	kt
Carbonatite Complex Oxide[3]		Measured	2.6	2.0	1.29	1.30	34	26
		Indicated	0.8	0.8	1.02	1.04	8	8
		Measured and Indicated	**3.4**	**2.8**	**1.22**	**1.22**	**42**	**35**
		Inferred (in LOM Plan)	0.2	0.3	0.90	0.95	2	3
		Inferred (ex. LOM Plan)	0.7	0.8	0.82	0.87	5	7
		Total Inferred	**0.8**	**1.1**	**0.83**	**0.89**	**7**	**9**

Niobium – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2012	Tonnes 2011	Grade 2012	Grade 2011	Contained Product 2012	Contained Product 2011
Catalão I & II Complex (OP)	100		Mt	Mt	$\%Nb_2O_5$	$\%Nb_2O_5$	kt	kt
Carbonatite Complex Fresh Rock[4]		Measured	14.3	13.7	1.23	1.24	175	170
		Indicated	36.8	19.5	1.01	1.24	373	243
		Measured and Indicated	**51.1**	**33.2**	**1.07**	**1.24**	**548**	**413**
		Inferred	20.2	18.1	1.27	1.37	255	248

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit. Mine Life = the extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
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) **Boa Vista – Oxide Ore Reserves:** The decrease is primarily due to production. Reported as Catalão in 2011.
(2) **Boa Vista – Phosphate Tailings Ore Reserves:** The fines portion of the Phosphate tailings from Ouvidor are processed in the Niobium Tailings Plant to recover Niobium.
(3) **Boa Vista – Oxide Mineral Resources:** The Oxide Resources are reported above a 0.5% Nb_2O_5 cut-off. The Mineral Resources are split into Oxide and Fresh Rock due to the recognition of distinct differences in mineralogical characteristics. The increase is due to improved grade control and new drilling information. Reported as Catalão in 2011.
(4) **Catalão I & II Complex – Fresh Rock Mineral Resources:** The Fresh Rock Resources are reported above a 0.5 $\%Nb_2O_5$ cut-off for Boa Vista Mine. For Area Leste, Mina II and Morro do Padre the cut-off grade is 0.7 $\%Nb_2O_5$. The increase is a result of the completion of a drilling campaign enabling the geological model to be updated along with a lowering in the cut-off grade. Studies are in progress to convert resources to reserves. The Fresh Rock Resources are a combination of 4 project areas:
Area Leste: Measured 8.2 Mt at 1.24 $\%Nb_2O_5$; Indicated 4.7 Mt at 1.20 $\%Nb_2O_5$; Inferred 1.3 Mt at 1.12 $\%Nb_2O_5$
Boa Vista: Measured 0.6 Mt at 0.97 $\%Nb_2O_5$; Indicated 28.6 Mt at 0.95 $\%Nb_2O_5$; Inferred 9.2 Mt at 1.03 $\%Nb_2O_5$
Mina II: Measured 5.5 Mt at 1.24 $\%Nb_2O_5$; Indicated 0.9 Mt at 1.17 $\%Nb_2O_5$; Inferred 0.8 Mt at 1.19 $\%Nb_2O_5$
Morro do Padre: Indicated 2.6 Mt at 1.27 $\%Nb_2O_5$; Inferred 8.9 Mt at 1.54 $\%Nb_2O_5$

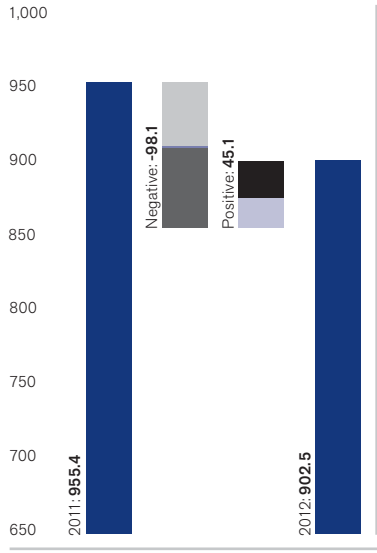
RESERVE AND RESOURCE RECONCILIATION OVERVIEW[1][2]

2011–2012

Detailed 2011 and 2012 information appears pages 196–223

2011–2012 Kumba Iron Ore Ore Reserves reconciliation

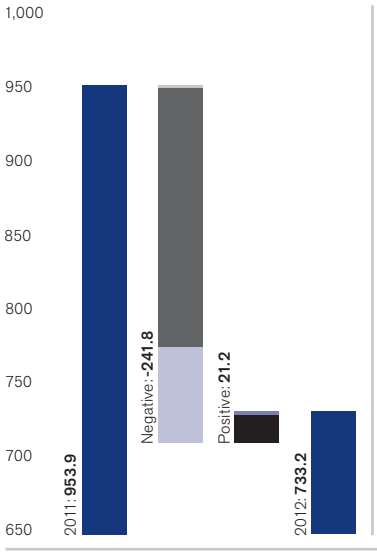
Saleable Product (Mt) – Operations (100% basis)



	2012	2011
Total (Mt)	902.5	955.4
	–	+
Production	43.3	0
Conversion	1.0	0
Economic assumptions	0	25.0
New information	53.8	0
Other	0	20.1
Acquisitions/ Disposals	0	0

2011–2012 Kumba Iron Ore Mineral Resources reconciliation

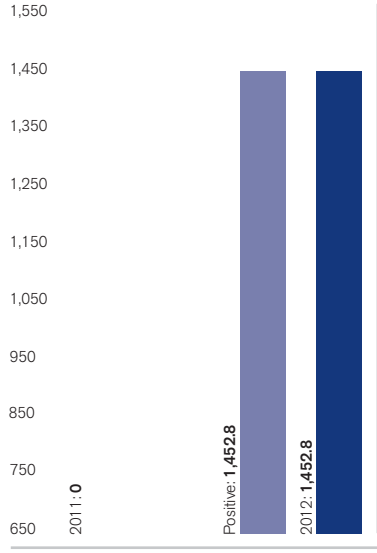
Tonnes (Mt) – Operations (100% basis)



	2012	2011
Total (Mt)	733.2	953.9
	–	+
Depletion	2.0	0
Conversion	0	2.8
Economic assumptions	0	18.4
New information	175.3	0
Other	64.5	0
Acquisitions/ Disposals	0	0

2011–2012 Minas-Rio Ore Reserves reconciliation

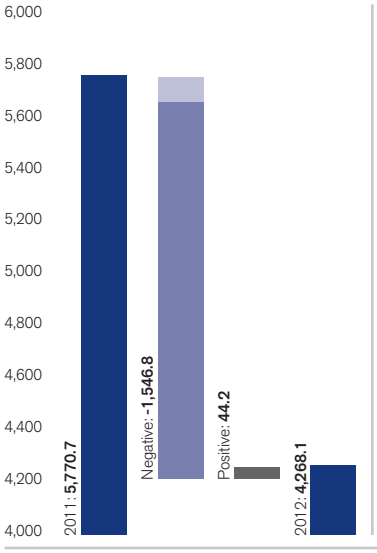
Tonnes (Mt) – Project (100% basis)



	2012	2011
Total (Mt)	1,452.8	0
	–	+
Production	0	0
Conversion	0	1,452.8
Economic assumptions	0	0
New information	0	0
Other	0	0
Acquisitions/ Disposals	0	0

2011–2012 Minas-Rio Mineral Resources reconciliation

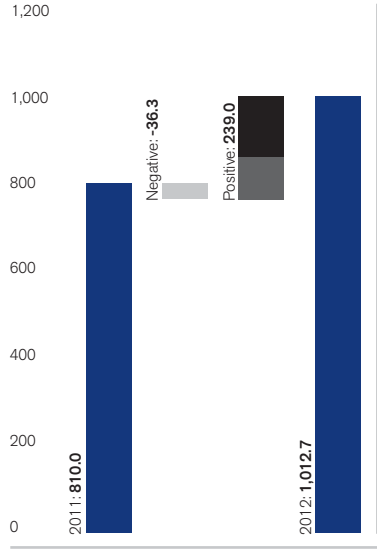
Tonnes (Mt) – Project (100% basis)



	2012	2011
Total (Mt)	4,268.1	5,770.7
	–	+
Depletion	0	0
Conversion	1,452.8	0
Economic assumptions	0	0
New information	0	44.2
Other	94.0	0
Acquisitions/ Disposals	0	0

2011–2012 Metallurgical Coal Reserves reconciliation

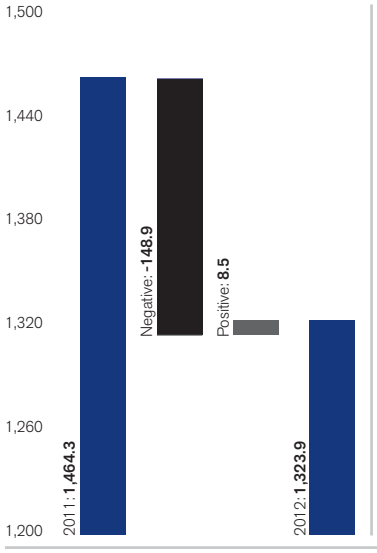
ROM Tonnes (Mt) – Operations (100% basis)



	2012	2011
Total (Mt)	1,012.7	810.0
	–	+
Production	36.3	0
Conversion	0	1.1
Economic assumptions	0	139.7
New information	0	98.2
Other	0	0
Acquisitions/ Disposals	0	0

2011–2012 Metallurgical Coal Resources reconciliation

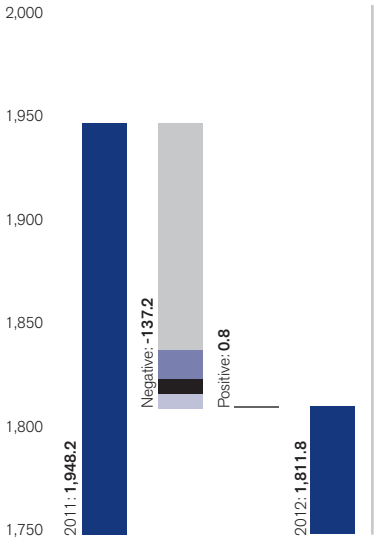
Tonnes (MTIS) – Operations (100% basis)



	2012	2011
Total (MTIS)	1,323.9	1,464.3
	–	+
Depletion	0	0
Conversion	1.1	0
Economic assumptions	147.8	0
New information	0	8.5
Other	0	0
Acquisitions/ Disposals	0	0

2011–2012 Thermal Coal Reserves reconciliation

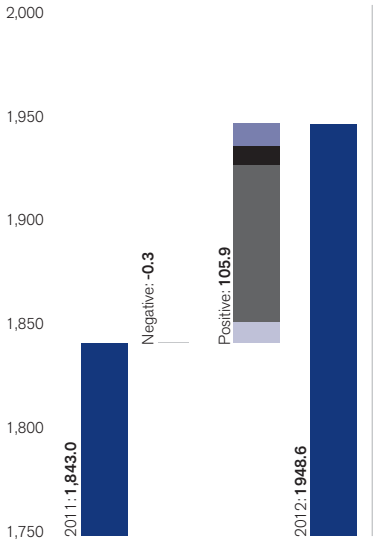
ROM Tonnes (Mt) – Operations (100% basis)



Total (Mt)	2012	2011
	1,811.8	1,948.2
	–	+
Production	109.5	0
Conversion	2.5	0
Economic assumptions	6.8	0
New information	0	0.8
Other	18.4	0
Acquisitions/ Disposals	0	0

2011–2012 Thermal Coal Resources reconciliation

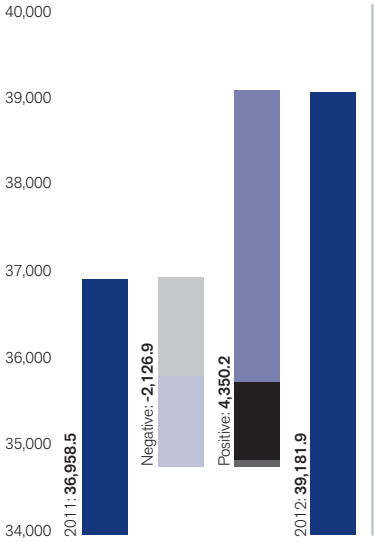
Tonnes (MTIS) – Operations (100% basis)



Total (MTIS)	2012	2011
	1,948.6	1,843.0
	–	+
Depletion	0.3	0
Conversion	0	11.1
Economic assumptions	0	9.0
New information	0	75.8
Other	0	10.0
Acquisitions/ Disposals	0	0

2011–2012 Copper Ore Reserves reconciliation

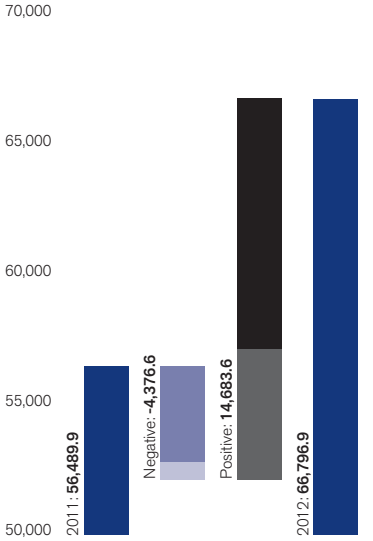
Contained Copper (kt) – Operations (100% basis)



Total (kt)	2012	2011
	39,181.9	36,958.5
	–	+
Production	1,151.5	0
Conversion	0	3,370.2
Economic assumptions	0	900.1
New information	0	79.9
Other	975.4	0
Acquisitions/ Disposals	0	0

2011–2012 Copper Mineral Resources reconciliation

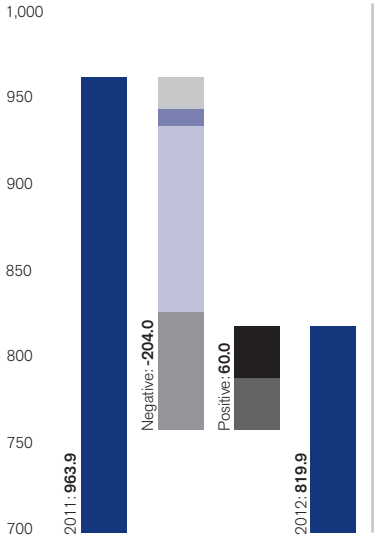
Contained Copper (kt) – Operations (100% basis)



Total (kt)	2012	2011
	66,796.9	56,489.9
	–	+
Depletion	6.9	0
Conversion	3,702.9	0
Economic assumptions	0	9,650.2
New information	0	5,033.4
Other	666.8	0
Acquisitions/ Disposals	0	0

2011–2012 Nickel Ore Reserves reconciliation

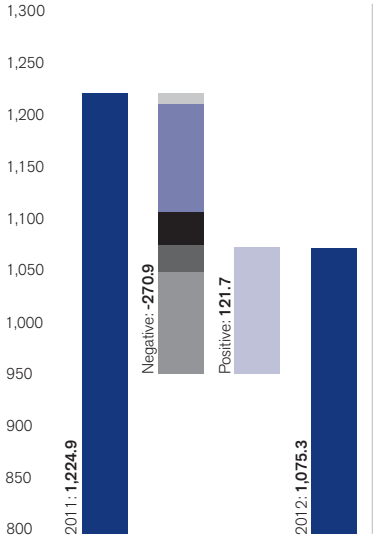
Contained Nickel (kt) – Operations (100% basis)



Total (kt)	2012	2011
	819.9	963.9
	–	+
Production	18.3	0
Conversion	9.8	0
Economic assumptions	0	30.1
New information	0	29.9
Other	107.9	0
Acquisitions/ Disposals	68.0	0

2011–2012 Nickel Mineral Resources reconciliation

Contained Nickel (kt) – Operations (100% basis)



Total (kt)	2012	2011
	1,075.3	1,224.9
	–	+
Depletion	11.2	0
Conversion	103.5	0
Economic assumptions	32.3	0
New information	25.9	0
Other	0	121.7
Acquisitions/ Disposals	98.1	0

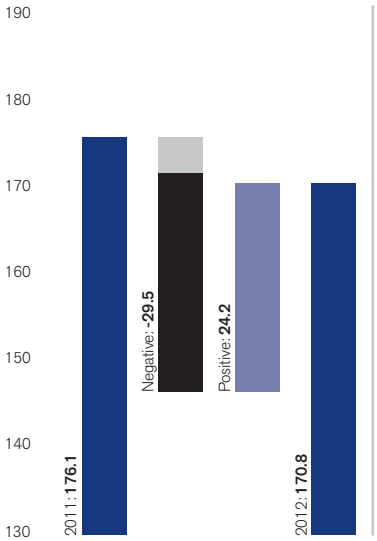
RESERVE AND RESOURCE RECONCILIATION OVERVIEW[1][2]

2011–2012

Detailed 2011 and 2012 information appears on pages 196–223

2011–2012 Platinum Ore Reserves reconciliation

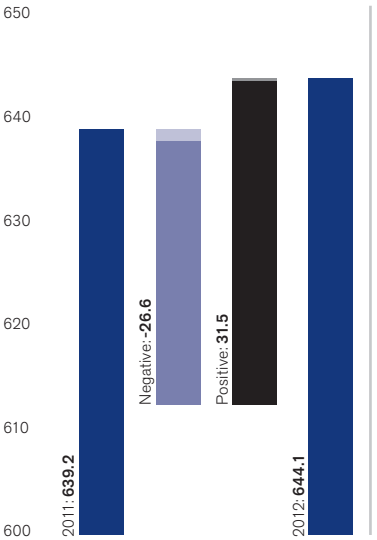
Contained PGE (Moz) – All Reefs (South Africa)



Total (Moz)	2012 170.8	2011 176.1
	–	+
Production	4.1	0
Conversion	0	24.2
Economic assumptions	25.4	0
New information	0	0
Other	0	0
Acquisitions/ Disposals	0	0

2011–2012 Platinum Mineral Resources reconciliation

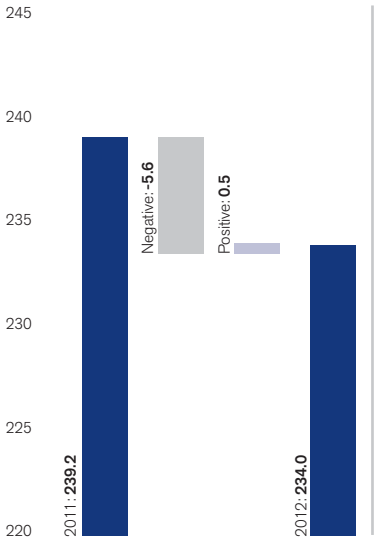
Contained PGE (Moz) – All Reefs (South Africa)



Total (Moz)	2012 644.1	2011 639.2
	–	+
Depletion	0	0
Conversion	25.4	0
Economic assumptions	0	31.2
New information	0	0
Other	1.2	0
Acquisitions/ Disposals	0	0.3

2011–2012 Phosphate Products Ore Reserves reconciliation

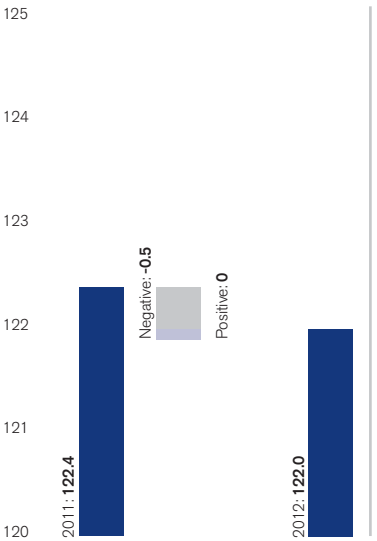
Tonnes (Mt) – Operations (100% basis)



Total (Mt)	2012 234.0	2011 239.2
	–	+
Production	5.6	0
Conversion	0	0
Economic assumptions	0	0
New information	0	0
Other	0	0.5
Acquisitions/ Disposals	0	0

2011–2012 Phosphate Products Mineral Resources reconciliation

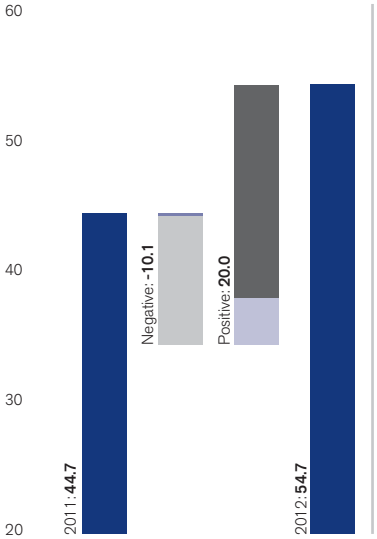
Tonnes (Mt) – Operations (100% basis)



Total (Mt)	2012 122.0	2011 122.4
	–	+
Depletion	0.4	0
Conversion	0	0
Economic assumptions	0	0
New information	0	0
Other	0.1	0
Acquisitions/ Disposals	0	0

2011–2012 Niobium Ore Reserves reconciliation

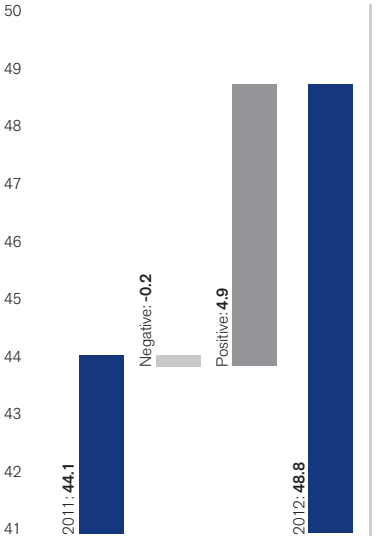
Contained Product (kt) – Operations (100% basis)



Total (kt)	2012 54.7	2011 44.7
	–	+
Production	9.9	0
Conversion	0.2	0
Economic assumptions	0	0
New information	0	16.4
Other	0	3.6
Acquisitions/ Disposals	0	0

2011–2012 Niobium Mineral Resources reconciliation

Contained Product (kt) – Operations (100% basis)



Total (kt)	2012 48.8	2011 44.1
	–	+
Depletion	0.2	0
Conversion	0	0
Economic assumptions	0	0
New information	0	4.9
Other	0	0
Acquisitions/ Disposals	0	0

(1) **Ore Reserve and Mineral Resource reconciliation categories**

Tonnage and content change categories	Definition and explanation	
Opening Balance	as at 31 December – previous reporting year	
Production* (from Reserve Model)	The amount of material (expressed in terms of tonnage or content as applicable) removed by planned mining from the scheduled Ore Reserves i.e. the areas actually mined during the reporting period which are removed from the reserve model/s.	
Depletion* (from Resource Model)	The amount of material (expressed in terms of tonnage or content as applicable) removed by mining from the Mineral Resources i.e. the areas actually mined during the reporting period which are removed from the resource model/s. Material removed from the 'Inferred in Mine Plan' category should be reported as Depletion.	
Conversion	The effect of applying updated 'Modifying Factors' to Ore Reserves and Mineral Resources which include geo-technical, mining, metallurgical, marketing, legal, environmental, social and governmental considerations including infrastructure. Includes changes to the mining method, mine plan and/or layout changes e.g. changes in pit slope angles or mineable cut due to geo-technical reasons. The change can be positive or negative year-on-year. Sub-Categories: • Conversion is the process of up-grading Mineral Resources to Ore Reserves based on a change in confidence levels and/or modifying factors. • Re-allocation is the process of down-grading of Ore Reserves to Mineral Resources or Mineral Resources to Mineralised Inventory based on a change in confidence levels and/or modifying factors. • Sterilisation is the process of removing material from Ore Reserves and/or Mineral Resources that no longer has reasonable and realistic prospects for eventual economic extraction.	
Economic Assumptions	The effect of assumptions based on the current or future price of a commodity and exchange rate estimates as determined by the corporate centre (Global Assumptions) which has a direct impact on the Mineral Resources or Ore Reserves particularly the cut-off grade (which can be affected by changes in costs).	
New Information	The effect of additional resource definition information (with QA/QC information) which initiates an update to the geological models (facies, structural, grade, geo-technical) and results in an updated (re-classified) resource model and subsequent determination of new Ore Reserve estimates. Includes ore bodies (or portions of current orebodies) within the same project/operation not previously reported.	
Other	Model Refinement	No additional resource definition drilling has been undertaken but the interpretation (geometry) of the orebody has been refined or internal mine/lease boundaries changed e.g. based on mapping information obtained during mining or a different structural model being applied. Changes to in-situ tonnages as a result of new geological losses being applied or a change to the definition of the boundary of the Mineral Resources due to an updated 'economically mineable cut' being applied.
	Methodology	Only valid for changes in the estimation or classification methodologies applied to the resource model evaluation i.e. no new information available or model refinement taken place.
	Transfer	Movement of Mineral Resources and/or Ore Reserves from one type of product/ore type to another or from one mining/project area to another.
	Stockpiles	Changes to stockpiles.
	New Technology	Changes to Mineral Resources or Ore Reserves in response to the application of new or improved mining and/or processing methods.
	Reconciliation Adjustment	Changes which cannot be allocated to a defined category or an adjustment necessary to mitigate inaccurate production/depletion estimates of the previous year.*
Acquisitions	Additional Mineral Resources and Ore Reserves due to acquisitions of assets or increased attributable interests in JV agreements/associate companies.	
Disposals	Reduction in Mineral Resources and Ore Reserves due to disposals of assets or reduced attributable interests in JV agreements/associate companies, refusal/withdrawal of Mining/Prospecting Rights or related permits e.g. due to environmental issues, changes in policy.	
Closing Balance	as at 31 December – current reporting year	

* The Production/Depletion figures may be estimated for these last three months of the reporting period based on the monthly average of the previous nine months.

(2) **Ore Reserves:** Includes Proved and Probable
Mineral Resources: Includes Measured, Indicated and Inferred [for Coal only Inferred (in LOM Plan) is considered]

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.

Rounding of figures may cause computational discrepancies.

DEFINITIONS

ORE RESERVES

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.

MINERAL RESOURCES

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.

COMMON TERMINOLOGY

Deposit
A deposit is a concentration (or occurrence) of material of possible economic interest, in or on the earth's crust, that may include mineralized material that cannot be estimated with sufficient confidence to be classified in the Inferred category. Portions of a deposit that do not have reasonable and realistic prospects for eventual economic extraction are not included in a Mineral Resource.

Grade
The relative quantity, percentage or quality, of a metal or mineral/diamond content estimated to be contained within a deposit.

Cut-off (grade)
A grade (see grade units) above which the Mineral Resource or Ore Reserve is reported as being potentially economic.

Run of Mine (ROM)
The mined material delivered from the mine to the processing plant is called run-of-mine, or ROM. This is the raw unprocessed mineralised material and includes mineralised rock and varying amounts of internal and external contamination (either unmineralised rock or mineralised material below the cut-off grade). Contamination is usually introduced by the mining process to ensure all the mineralised material is mined or to provide a minimum mining height. ROM material can have highly variable moisture content and maximum particle size.

Inferred (in LOM Plan)/Inferred (ex. LOM Plan)
Inferred (in LOM Plan): Inferred Resources within the scheduled Life of Mine Plan (LOM Plan).
Inferred (ex. LOM Plan): The portion of Inferred Resources with reasonable prospects for eventual economic extraction not considered in the Life of Mine Plan (LOM Plan).

Mine Life
The extraction period in years for scheduled Ore Reserves comprising Proved and Probable Reserves only.
This is the current view of the period of production based on current Ore Reserve tonnes and average annual planned production rate.

Life of Mine Plan
A design and costing study of an existing operation in which appropriate assessments have been made of realistically assumed geological, mining, metallurgical, economic, marketing, legal, environmental, social, governmental, engineering, operational and all other modifying factors, which are considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified.

GLOSSARY

MASS UNITS

carat: carat is a unit of mass equal to 0.2g
kt: kilotonne; metric system unit of mass equal to 1,000 metric tonnes
Moz: million troy ounces (a kilogram is equal to 32.1507 ounces; a troy ounce is equal to 31.1035 grams)
Mt: million tonnes, metric system unit of mass equal to 1,000 kilotonnes
MTIS: Mineable Tonnage In-Situ; quoted in million tonnes
mtpa: million tonnes per annum
Tonnes: metric system unit of mass equal to 1,000 kilograms

GRADE UNITS (expressed on a moisture-free basis)

ASCu: Acid soluble copper (%)
Au: Gold (g/t)
cpht: carats per hundred metric tonnes
cpm^2: carats per square metre
CSN: Crucible Swell Number (CSN is rounded to the nearest 0.5 index)
CuEq: Copper equivalent based on long term metal prices taking into consideration the recovery of Copper, Gold and Molybdenum (%)
CV: Calorific Value (CV is rounded to the nearest 10 kcal/kg)
ICu: Insoluble copper, total copper less acid soluble copper (%)
kcal/kg: kilocalories per kilogram
g/t: grams per tonne
k¢: Thousand carats
M¢: Million carats
TCu: Total Copper (%)
4E PGE: The sum of Platinum, Palladium, Rhodium and Gold grades in grammes per tonne (g/t)
3E PGE: The sum of Platinum, Palladium and Gold grades in grammes per tonne (g/t)
% Cu: weight percent Copper
% Fe: weight percent Iron
% Mn: weight percent Manganese
% Mo: weight percent Molybdenum
% Ni: weight percent Nickel
% Nb_2O_5: weight percent Niobium pentoxide
% P_2O_5: weight percent Phosphorus pentoxide

MINING TERMINOLOGY

MM: Marine Mining – Mining diamonds deposited on the continental shelf using mining vessels equipped with specialised underwater mining tools such as suction drills and crawlers.
OC: Open Cut – A surface mining method performed on orebodies with shallow-dipping tabular geometries.
OP: Open Pit – A surface mining method in which both ore and waste are removed during the excavation of a pit. The pit geometry is related to the orebody shape, but tends to have a conical form, closing with depth.
UG: Underground – A class of subsurface mining methods, where the ore is accessed either through a vertical shaft or decline. Ore and waste are moved within subsurface excavations, which may be located on several different elevations. The nature of the underground excavations is dependent on the geometry and size of the mineralisation.

PROCESSING TERMINOLOGY

Dump Leach: A process similar to Heap Leaching, but usually applied to lower grade material. Rather than constructing a heap of material with a controlled grain size, the material grain sizes are as mined, similar to the situation found within a waste rock dump. This material is then irrigated with a leach solution that dissolves the valuable minerals, allowing recovery from the drained leach solution.
Flotation: A process for concentrating minerals based on their surface properties. Finely ground mineral is slurried with water and specific reagents that increase the water repellent nature of the valuable mineral and agitated with air. The water repellent mineral grains cling to froth bubbles that concentrate the mineral at the top of the flotation cell, from where it is mechanically removed.
Heap Leach: A process in which mineral-bearing rock is crushed and built into a designed heap. The heap is irrigated with a leach solution that dissolves the desirable mineral and carries it into a drain system from which solution is pumped and the mineral/elements of interest are recovered.
Vat Leach: A process whereby crushed rock containing valuable minerals is placed within vats. The vats are filled with a leach solution and the valuable mineral(s) dissolve. The leach solution is pumped to a recovery circuit and the vats are drained and emptied of the spent ore and recharged.

GLOSSARY

RESOURCE TYPES

Aeolian: Diamond deposits created and enriched during transport of sediment through wind action (aeolian processes) resulting in the formation of wind blown dunes, ripples and sand sheets within which localised enrichment of diamonds may occur.

Banded Iron Formation: A chemical sedimentary rock consisting of silica and iron oxide. The rock texture is characteristically laminated or banded.

Beaches: Diamond deposits enriched through marine processes and preserved along the marine shoreline within a series of fossil terraces.

Canga: An iron rich rock formed where material weathered from an original iron ore deposit has been cemented by iron minerals.

Carbonatite Complex: A group of overlapping igneous intrusions of alkaline rocks including magmatic carbonate (sövite) rock. These complexes are frequently host to phosphate, niobium and rare-earth element deposits.

Colluvium: Loose, unconsolidated material that accumulates above the weathering iron ore bodies.

Deflation: Diamond deposits enriched through wind driven removal of light particles resulting in concentration of diamonds.

Ferruginous Laterite: An especially iron-rich laterite.

Fluvial Placer: Diamond deposits formed and preserved within fossil sand and gravel terraces located adjacent to contemporary fluvial (river) systems.

Fresh Rock: Mineable material that has not been significantly modified by surface weathering processes.

Hematite: An iron oxide mineral with the chemical formula Fe_2O_3.

Itabirite (Friable/Compact): Itabirite is a banded quartz hematite schist, very similar to banded iron formation in appearance and composition. Friable Itabirite is extensively weathered leading to disaggregation of the individual mineral grains comprising the rock. Compact Itabirite, previously known as Hard Itabirite, is the unweathered equivalent.

Kimberlite: A potassic ultrabasic volcanic rock, emplaced as either pipes, dykes or sills, which sometimes contain diamonds.

Laterite: A claylike soil horizon rich in iron and aluminium oxides that formed by weathering of igneous rocks under tropical conditions.

Magnetite: An iron oxide mineral with the chemical formula Fe_3O_4.

Main Sulphide Zone (MSZ): The Main Sulphide Zone is the principal host of Platinum Group Metals within the Great Dyke of Zimbabwe. The Main Sulphide Zone is a tabular zone of sulphide-bearing rock within the uppermost P1 Pyroxenite.

Marine: Submerged diamond deposits enriched through fluvial (river), beach and marine reworking processes.

Merensky Reef (MR): One of the three major Platinum Group Metals bearing units within the Bushveld Complex. The Merensky Reef is located within the Upper Critical Zone of the Bushveld Complex and ranges in width from 0.8m to 4m. The Merensky Reef occurs at the interface between the Merensky Pyroxenite and the underlying anorthosite to norite. The Merensky Reef is characterised by the occurrence of one or more narrow chromitite stringers and frequently includes a coarse-grained pegmatoidal pyroxenite.

Oxide: Oxide ores are those found within close proximity to surface and whose mineralogy is dominated by oxidised species, including oxides and sulphates. Frequently, silicate minerals have broken down partially or completely to clay-rich species.

Platreef (PR): The Platreef is only present within the Northern Limb of the Bushveld Complex, in the vicinity of Polokwane, South Africa. The Platreef is a heterogenous unit dominated by felspathic pyroxenite, but including serpentinised pyroxenites and xenoliths of footwall rock. The Platreef dips steeply to the west and ranges in thickness between 60m and 200m. Platinum Group Metal mineralisation occurs disseminated within the Platreef and in frequent association with base-metal sulphides.

Pocket Beach: Diamond deposits formed due to interactions of ocean (longshore) currents with specific shoreline topographic features that facilitate the concentration of diamonds.

Porphyry (Copper): Large copper deposits hosted by intermediate felsic rocks. These deposits form close to large-scale subduction zones.

Saprolite: Clay-rich rock formed by decomposition of pre-existing rocks within a surface weathering environment.

Stockpile: Stockpiles resources comprise material that is mined together with the principal ore, but for economic or technical reasons is not processed. This material is stockpiled in preparation for processing when economic or technical conditions are more favourable.

Sulphide: Sulphide ores contain sulphide minerals that have not been subjected to surface oxidation.

Tailings: Material left over after the process of separating the valuable fraction of the mineralised material from the uneconomic fraction (gangue) of the run-of-mine. In some cases tailings can be re-treated to extract by-products.

UG2 Reef (UG2): The UG2 Reef is located between 20m and 400m below the Merensky Reef and is the second chromitite unit within the Upper Group. The UG2 is typically a massive chromitite unit ranging in thickness from 0.6m to 1.2m. The hangingwall of the UG2 is a felspathic pyroxenite unit that may include several narrow chromitite stringers. The footwall of the UG2 is a coarse-grained pegmatoidal pyroxenite.

COAL PRODUCTS

Metallurgical – Coking: High-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in the steel industry; quality measured as Crucible Swell Number (CSN).

Metallurgical – Other: 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; quality measured by calorific value (CV).

Thermal – Export: Low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).

Thermal – Domestic: Low- to high-volatile thermal coal primarily for domestic consumption for power generation; quality measured by calorific value (CV).

Synfuel: Coal specifically for the domestic production of synthetic fuel and chemicals; quality measured by calorific value (CV).

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.

	2012	2011
Iron Ore and Manganese segment (tonnes)		
Kumba Iron Ore[1][2]		
Lump	**26,580,500**	25,445,100
Fines	**16,484,600**	15,822,500
Total iron ore production	**43,065,100**	41,267,600
Samancor[3]		
Manganese ore	**3,347,800**	2,786,800
Manganese alloys[4]	**198,400**	300,500
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Metallurgical – Coking	**10,484,700**	9,290,400
Metallurgical – Other (PCI)	**5,802,700**	3,963,000
Thermal	**12,970,500**	13,426,500
	29,257,900	26,679,900
Canada		
Metallurgical – Coking	**1,376,900**	936,300
Total Metallurgical Coal segment coal production	**30,634,800**	27,616,200
Thermal Coal segment		
South Africa		
Thermal – Export	**17,132,100**	16,328,400
Thermal – Domestic (Eskom)	**33,706,400**	35,296,000
Thermal – Domestic (non-Eskom)	**6,219,100**	5,059,700
Metallurgical – Domestic	**74,100**	323,400
	57,131,700	57,007,500
Colombia		
Thermal – Export	**11,548,800**	10,751,700
Total Thermal Coal segment coal production	**68,680,500**	67,759,200
Total coal production	**99,315,300**	95,375,400
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Callide	**7,464,000**	8,038,700
Capcoal	**6,022,400**	5,047,900
Dawson	**4,593,500**	3,904,600
Drayton	**3,663,300**	3,991,900
Foxleigh	**1,896,000**	1,417,100
Jellinbah	**2,073,200**	1,829,600
Moranbah North	**3,545,500**	2,450,100
	29,257,900	26,679,900
Canada		
Peace River Coal	**1,376,900**	936,300
Total Metallurgical Coal segment coal production	**30,634,800**	27,616,200
Thermal Coal segment		
South Africa		
Greenside	**2,883,200**	2,853,100
Goedehoop	**4,859,900**	5,200,800
Isibonelo	**5,399,200**	4,338,200
Kriel	**8,096,900**	8,151,700
Kleinkopje	**3,765,500**	4,400,600
Landau	**4,272,300**	4,171,200
New Denmark	**3,401,200**	4,812,600
New Vaal	**17,623,300**	17,399,700
Mafube	**1,804,100**	2,313,100
Zibulo[5]	**5,026,100**	3,366,500
	57,131,700	57,007,500

(1) Kolomela commenced commercial production on 1 December 2011. Revenue and related costs associated with 984,700 tonnes of production were capitalised for the year ended 31 December 2011.

(2) In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current presentation.

(3) Saleable production.

(4) Production includes Medium Carbon Ferro Manganese.

(5) Zibulo commenced commercial production on 1 October 2011. Revenue and related costs associated with 2,155,200 tonnes of production were capitalised before commercial production was reached in 2011. This included Eskom coal production of 633,400 tonnes and export thermal coal production of 1,521,800 tonnes.

			2012	2011
Coal (tonnes) (continued)				
Thermal Coal segment (continued)				
Colombia				
Carbones del Cerrejón			**11,548,800**	10,751,700
Total Thermal Coal segment coal production			**68,680,500**	67,759,200
Total coal production			**99,315,300**	95,375,400
Total coal production by commodity (tonnes)				
Metallurgical				
South Africa			**74,100**	323,400
Australia – Export			**16,287,400**	13,253,400
Canada – Export			**1,376,900**	936,300
Total metallurgical coal production			**17,738,400**	14,513,100
Thermal				
South Africa – Thermal (non-Eskom)			**23,351,200**	21,388,100
South Africa – Eskom			**33,706,400**	35,296,000
Australia			**12,970,500**	13,426,500
South America			**11,548,800**	10,751,700
Total thermal coal production			**81,576,900**	80,862,300
Total coal production			**99,315,300**	95,375,400
Copper segment				
Collahuasi				
100% basis (Anglo American share 44%)				
Ore mined	Oxide	tonnes	**2,733,600**	906,800
	Sulphide	tonnes	**17,293,800**	32,535,900
Marginal ore mined		tonnes	**54,370,100**	11,797,300
Ore processed	Oxide	tonnes	**8,081,400**	8,075,800
	Sulphide	tonnes	**43,618,600**	47,747,400
Ore grade processed	Oxide	% Cu	**0.88**	0.72
	Sulphide	% Cu	**0.76**	1.02
Production	Copper concentrate	dry metric tonnes	**934,800**	1,535,800
	Copper cathode	tonnes	**36,800**	36,000
	Copper in concentrate	tonnes	**245,300**	417,300
Total copper production for Collahuasi		tonnes	**282,100**	453,300
Anglo American's share of copper production for Collahuasi		tonnes	**124,100**	199,500
Anglo American Sur				
Los Bronces mine				
Ore mined		tonnes	**49,766,500**	26,587,500
Marginal ore mined		tonnes	**17,854,200**	30,515,600
Las Tortolas concentrator	Ore processed	tonnes	**17,970,600**	20,595,700
	Ore grade processed	% Cu	**0.83**	0.90
	Average recovery	%	**84.0**	85.8
Confluencia concentrator	Ore processed	tonnes	**27,884,300**	3,329,400
	Ore grade processed	% Cu	**0.84**	0.74
	Average recovery	%	**84.0**	84.3
Production	Copper concentrate	dry metric tonnes	**1,195,500**	658,300
	Copper cathode	tonnes	**40,800**	38,400
	Copper in sulphate	tonnes	**2,500**	4,600
	Copper in concentrate	tonnes	**322,000**	178,800
	Total	tonnes	**365,300**	221,800
El Soldado mine				
Ore mined	Open pit – ore mined	tonnes	**8,544,500**	10,197,700
Ore processed	Oxide	tonnes	**1,091,900**	1,887,000
	Sulphide	tonnes	**7,782,300**	7,209,100
Ore grade processed	Oxide	% Cu	**0.46**	0.68
	Sulphide	% Cu	**0.83**	0.82
Production	Copper concentrate	dry metric tonnes	**190,400**	171,900
	Copper cathode	tonnes	**2,000**	5,000
	Copper in concentrate	tonnes	**51,800**	41,900
	Total	tonnes	**53,800**	46,900
Chagres smelter				
	Copper concentrate smelted	tonnes	**142,900**	143,000
Production	Copper blister/anode	tonnes	**138,700**	138,200
	Acid	tonnes	**461,400**	487,500
Total copper production for Anglo American Sur[1]		tonnes	**419,100**	268,700

[1] Includes copper cathode, copper in sulphate and copper in concentrate production.

			2012	2011
Copper segment (continued)				
Anglo American Norte				
Mantos Blancos mine				
Ore mined		tonnes	**6,527,100**	7,624,300
Ore processed	Oxide	tonnes	**4,512,100**	4,563,400
	Sulphide	tonnes	**4,393,200**	4,186,600
	Marginal ore	tonnes	**5,900,200**	5,109,400
Ore grade processed	Oxide	% Cu (soluble)	**0.40**	0.59
	Sulphide	% Cu (insoluble)	**0.64**	0.95
	Marginal ore	% Cu (soluble)	**0.23**	0.23
Production	Copper concentrate	dry metric tonnes	**83,000**	119,000
	Copper cathode	tonnes	**29,200**	36,000
	Copper in concentrate	tonnes	**25,000**	36,100
	Total	tonnes	**54,200**	72,100
Mantoverde mine				
Ore mined		tonnes	**10,642,500**	10,060,100
Ore processed	Oxide	tonnes	**10,460,400**	10,012,200
	Marginal ore	tonnes	**8,671,700**	8,025,300
Ore grade processed	Oxide	% Cu (soluble)	**0.63**	0.62
	Marginal ore	% Cu (soluble)	**0.25**	0.27
Production	Copper cathode	tonnes	**62,300**	58,700
Total copper production for Anglo American Norte[1]		tonnes	**116,500**	130,800
Total Copper segment copper production[1]		tonnes	**659,700**	599,000
Platinum copper production		tonnes	**11,400**	12,800
Black Mountain copper production		tonnes	**–**	300
Total attributable copper production[1]		tonnes	**671,100**	612,100
Nickel segment				
Codemin				
Ore mined[2]		tonnes	**612,600**	549,900
Ore processed		tonnes	**581,100**	562,900
Ore grade processed		% Ni	**1.81**	1.89
Production		tonnes	**9,600**	9,500
Loma de Níquel				
Ore mined		tonnes	**432,900**	1,302,600
Ore processed		tonnes	**767,400**	1,014,200
Ore grade processed		% Ni	**1.40**	1.45
Production		tonnes	**8,100**	13,400
Barro Alto[3]				
Ore mined		tonnes	**1,231,700**	978,000
Ore processed		tonnes	**1,422,100**	456,500
Ore grade processed		% Ni	**1.94**	1.96
Production		tonnes	**21,600**	6,200
Total Nickel segment nickel production		tonnes	**39,300**	29,100
Platinum nickel production		tonnes	**17,700**	20,300
Total attributable nickel production		tonnes	**57,000**	49,400
Platinum segment[4]				
Platinum		troy ounces	**2,378,600**	2,530,100
Palladium		troy ounces	**1,395,900**	1,430,700
Rhodium		troy ounces	**310,700**	337,600
Copper[5]		tonnes	**11,400**	12,800
Nickel[5]		tonnes	**17,700**	20,300
Gold		troy ounces	**105,200**	105,100
Equivalent refined platinum		troy ounces	**2,219,100**	2,410,100
4E Built-up head grade		g/tonne milled	**3.20**	3.24
Diamonds segment (De Beers) (diamonds recovered – carats)[6]				
100% basis				
Debswana			**20,216,000**	22,890,000
Namdeb			**1,667,000**	1,335,000
De Beers Consolidated Mines			**4,432,000**	5,443,000
De Beers Canada			**1,560,000**	1,660,000
Total diamonds production for De Beers			**27,875,000**	31,328,000

(1) Includes copper cathode, copper in sulphate and copper in concentrate production.
(2) Represents ore mined at Barro Alto for processing at Codemin.
(3) Barro Alto is currently not in commercial production and therefore all revenue and related costs associated with 21,600 tonnes (2011: 6,200 tonnes) of production have been capitalised.
(4) See the published results of Anglo American Platinum Limited for further analysis of production information.
(5) Also disclosed within total attributable copper and nickel production.
(6) On 16 August 2012 Anglo American completed its acquisition of an additional 40% interest in De Beers increasing Anglo American's total shareholding to 85%. Production data is disclosed on a 100% basis. Post completion of the acquisition, De Beers Consolidated Mines and De Beers Canada are fully consolidated subsidiaries and Debswana and Namdeb are joint ventures proportionately consolidated at 19.2% and 50% respectively. Global Sightholder Sales sells a significant portion of total production on behalf of operations based on contractual agreements in place.

			2012	2011
Other Mining and Industrial segment[1]				
Phosphates				
Fertilisers produced		tonnes	**1,113,000**	1,060,900
Niobium				
Ore mined		tonnes	**933,200**	866,600
Ore processed		tonnes	**973,500**	902,600
Ore grade processed		Kg Nb/tonne	**8.5**	8.1
Production		tonnes	**4,400**	3,900
Amapá				
Sinter feed		tonnes	**2,100,000**	1,401,000
Pellet feed		tonnes	**2,223,200**	1,948,300
Spiral concentrates		tonnes	**1,749,100**	1,472,200
			6,072,300	4,821,500
Tarmac				
Aggregates		tonnes	**37,570,800**	42,878,400
Lime products		tonnes	**1,316,900**	1,264,000
Concrete		m^3	**3,119,300**	3,285,700
Scaw Metals[2]				
South Africa Steel Products		tonnes	**611,600**	677,400
Zinc and lead				
Lisheen[3]				
Ore mined		tonnes	–	152,800
Ore processed		tonnes	–	156,200
Ore grade processed	Zinc	% Zn	–	13.4
	Lead	% Pb	–	2.7
Production	Zinc in concentrate	tonnes	–	19,200
	Lead in concentrate	tonnes	–	2,900
Black Mountain[3]				
Ore mined		tonnes	–	132,800
Ore processed		tonnes	–	126,200
Ore grade processed	Zinc	% Zn	–	3.4
	Lead	% Pb	–	4.5
	Copper	% Cu	–	0.4
Production	Zinc in concentrate	tonnes	–	3,300
	Lead in concentrate	tonnes	–	5,400
	Copper in concentrate	tonnes	–	300
Total attributable zinc production		tonnes	–	22,500
Total attributable lead production		tonnes	–	8,300

(1) In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current presentation.
(2) The Group sold its interest in Scaw Metals in November 2012.
(3) The Group sold its interest in Lisheen and Black Mountain in February 2011.

QUARTERLY PRODUCTION STATISTICS

	Quarter ended					% Change (Quarter ended)	
	31 December 2012	30 September 2012	30 June 2012	31 March 2012	31 December 2011	31 December 2012 v 30 September 2012	31 December 2012 v 31 December 2011
Iron Ore and Manganese segment (tonnes)							
Iron ore[1][2]	9,012,500	12,496,900	11,449,200	10,106,500	11,160,200	(28)%	(19)%
Manganese ore[3]	846,800	858,400	826,400	816,200	722,500	(1)%	17%
Manganese alloys[3][4]	61,200	52,000	30,200	55,000	78,000	18%	(22)%
Metallurgical Coal segment (tonnes)							
Metallurgical – Export	4,580,000	4,495,700	4,845,600	3,743,000	4,060,600	2%	13%
Thermal	3,714,700	3,398,900	3,286,300	2,570,600	3,358,700	9%	11%
Thermal Coal segment (tonnes)[5]							
Thermal – Export (RSA)	4,659,100	4,555,300	4,223,500	3,694,200	4,455,900	2%	5%
Thermal – Domestic (Eskom)	8,560,600	9,056,900	8,326,200	7,762,700	9,487,000	(5)%	(10)%
Thermal – Domestic (non-Eskom)	1,594,500	1,530,500	1,560,900	1,533,200	1,390,100	4%	15%
Metallurgical – Domestic	–	–	15,700	58,400	84,500	–	(100)%
Thermal – Export (Colombia)	2,661,700	2,829,400	3,104,700	2,953,000	2,752,700	(6)%	(3)%
Copper segment (tonnes)[6]	172,900	157,300	161,100	168,400	170,000	10%	2%
Nickel segment (tonnes)[7][8]	7,400	9,000	10,900	12,000	9,900	(18)%	(25)%
Platinum segment							
Platinum (troy ounces)	703,800	649,000	623,000	402,800	710,000	8%	(1)%
Palladium (troy ounces)	413,300	392,100	355,500	235,000	392,700	5%	5%
Rhodium (troy ounces)	91,200	90,500	75,100	53,900	96,800	1%	(6)%
Copper (tonnes)	2,500	2,700	3,300	2,900	2,900	(7)%	(14)%
Nickel (tonnes)	3,900	3,700	5,400	4,700	5,100	5%	(24)%
Gold (troy ounces)	18,600	38,500	24,100	24,000	28,000	(52)%	(34)%
Equivalent refined platinum (troy ounces)	416,000	626,300	583,600	593,200	583,200	(34)%	(29)%
Diamonds segment (De Beers) (diamonds recovered – carats)							
100% basis							
Diamonds[9]	8,051,000	6,375,000	7,241,000	6,208,000	6,491,000	26%	24%
Other Mining and Industrial segment (tonnes)[10]							
Phosphates	302,300	292,300	271,500	246,900	274,900	3%	10%
Niobium	1,000	1,100	1,200	1,100	1,000	(9)%	–
Iron ore[2]	1,498,000	1,534,300	1,468,000	1,572,000	1,267,100	(2)%	18%
Coal production by commodity (tonnes)							
Metallurgical	4,580,000	4,495,700	4,861,300	3,801,400	4,145,100	2%	10%
Thermal (excluding RSA domestic)	11,035,500	10,783,600	10,614,500	9,217,800	10,567,300	2%	4%
RSA domestic thermal	10,155,100	10,587,400	9,887,100	9,295,900	10,877,100	(4)%	(7)%

(1) Kolomela commenced commercial production on 1 December 2011. Revenue and related costs associated with 984,700 tonnes of production were capitalised for the year ended 31 December 2011.

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(3) Saleable production.

(4) Production includes Medium Carbon Ferro Manganese.

(5) Zibulo commenced commercial production on 1 October 2011. Revenue and related costs associated with 2,155,200 tonnes of production were capitalised before commercial production was reached in 2011. This included Eskom coal production of 633,400 tonnes and export thermal coal production of 1,521,800 tonnes.

(6) Excludes Platinum copper production.

(7) Excludes Platinum nickel production.

(8) Includes Barro Alto which is currently not in commercial production and therefore all revenue and related costs associated with 21,600 tonnes (2011: 6,200 tonnes) of production have been capitalised.

(9) On 16 August 2012 Anglo American completed its acquisition of an additional 40% interest in De Beers increasing Anglo American's total shareholding to 85%. Production data is disclosed on a 100% basis. Post completion of the acquisition, De Beers Consolidated Mines and De Beers Canada are fully consolidated subsidiaries and Debswana and Namdeb are joint ventures proportionately consolidated at 19.2% and 50% respectively. Global Sightholder Sales sells a significant portion of total production on behalf of operations based on contractual agreements in place.

(10) Excludes Tarmac and Scaw Metals.

EXCHANGE RATES AND COMMODITY PRICES

US$ exchange rates	2012	2011
Year end spot prices		
Rand	**8.47**	8.11
Brazilian real	**2.05**	1.87
Sterling	**0.62**	0.65
Australian dollar	**0.96**	0.98
Euro	**0.76**	0.77
Chilean peso	**479**	520
Botswana pula	**7.79**	7.49
Average prices for the year		
Rand	**8.21**	7.26
Brazilian real	**1.95**	1.67
Sterling	**0.63**	0.62
Australian dollar	**0.97**	0.97
Euro	**0.78**	0.72
Chilean peso	**486**	484
Botswana pula	**7.61**	6.82

Commodity prices		2012	2011
Year end spot prices			
Iron ore (FOB Australia)[1]	US$/tonne	**138**	127
Thermal coal (FOB South Africa)[2]	US$/tonne	**89**	105
Thermal coal (FOB Australia)[2]	US$/tonne	**91**	112
Hard coking coal (FOB Australia)[3]	US$/tonne	**170**	285
Copper[4]	US cents/lb	**359**	343
Nickel[4]	US cents/lb	**771**	829
Platinum[5]	US$/oz	**1,533**	1,388
Palladium[5]	US$/oz	**705**	636
Rhodium[5]	US$/oz	**1,080**	1,400
Average market prices for the year			
Iron ore (FOB Australia)[1]	US$/tonne	**122**	160
Thermal coal (FOB South Africa)[2]	US$/tonne	**93**	116
Thermal coal (FOB Australia)[2]	US$/tonne	**94**	121
Hard coking coal (FOB Australia)[6]	US$/tonne	**210**	289
Copper[4]	US cents/lb	**361**	400
Nickel[4]	US cents/lb	**794**	1,035
Platinum[5]	US$/oz	**1,555**	1,725
Palladium[5]	US$/oz	**647**	736
Rhodium[5]	US$/oz	**1,275**	2,022

(1) Source: Platts.
(2) Source: McCloskey.
(3) Source: Represents the quarter four benchmark.
(4) Source: LME daily prices.
(5) Source: Johnson Matthey.
(6) Source: Represents the average quarterly benchmark.

SUMMARY BY BUSINESS OPERATION

US$ million	Revenue[1] 2012	Revenue[1] 2011	Underlying EBITDA[2] 2012	Underlying EBITDA[2] 2011[4]	Underlying operating profit/(loss)[3] 2012	Underlying operating profit/(loss)[3] 2011[4]	Underlying earnings 2012	Underlying earnings 2011[4]
Iron Ore and Manganese	**6,403**	7,643	**3,198**	4,586	**2,949**	4,400	**1,037**	1,457
Kumba Iron Ore	**5,572**	6,717	**3,175**	4,640	**2,980**	4,491	**1,085**[6]	1,534[6]
Iron Ore Brazil[5]	**–**	–	**(1)**	(137)	**(5)**	(141)	**(30)**	(130)
Samancor	**831**	926	**153**	198	**103**	165	**83**	144
Projects and corporate	**–**	–	**(129)**	(115)	**(129)**	(115)	**(101)**[6]	(91)[6]
Metallurgical Coal	**3,889**	4,347	**877**	1,577	**405**	1,189	**275**	844
Australia	**3,657**	4,068	**940**	1,553	**519**	1,188	**365**	850
Canada	**232**	279	**13**	85	**(38)**	62	**(27)**	46
Projects and corporate	**–**	–	**(76)**	(61)	**(76)**	(61)	**(63)**	(52)
Thermal Coal	**3,447**	3,722	**972**	1,410	**793**	1,230	**523**	902
South Africa	**2,477**	2,642	**607**	906	**482**	779	**312**	613
Colombia	**970**	1,080	**412**	535	**358**	482	**251**	318
Projects and corporate	**–**	–	**(47)**	(31)	**(47)**	(31)	**(40)**	(29)
Copper	**5,122**	5,144	**2,179**	2,750	**1,687**	2,461	**908**	1,610
Anglo American Sur	**3,186**	2,320	**1,686**	1,283	**1,369**	1,126	**675**	784
Anglo American Norte	**934**	1,136	**336**	665	**288**	629	**237**	470
Collahuasi	**1,002**	1,688	**451**	1,071	**324**	975	**230**	601
Projects and corporate	**–**	–	**(294)**	(269)	**(294)**	(269)	**(234)**	(245)
Nickel	**336**	488	**50**	84	**26**	57	**11**	23
Codemin	**176**	203	**53**	46	**47**	40	**31**	35
Loma de Níquel	**160**	285	**46**	86	**29**	66	**18**	29
Barro Alto	**–**	–	**(7)**	(12)	**(8)**	(13)	**(5)**	(8)
Projects and corporate	**–**	–	**(42)**	(36)	**(42)**	(36)	**(33)**	(33)
Platinum	**5,489**	7,359	**580**	1,672	**(120)**	890	**(225)**	410
Operations	**5,489**	7,359	**656**	1,734	**(44)**	952	**(155)**	469
Projects and corporate	**–**	–	**(76)**	(62)	**(76)**	(62)	**(70)**	(59)
Diamonds[7]	**4,028**	3,320	**711**	794	**496**	659	**312**	443
Other Mining and Industrial	**4,066**	4,520	**485**	540	**337**	315	**229**	175
Core	**770**	720	**196**	211	**169**	184	**108**	109
Phosphates	**597**	571	**114**	158	**91**	134	**64**	78
Niobium	**173**	149	**85**	55	**81**	52	**47**	33
Projects and corporate	**–**	–	**(3)**	(2)	**(3)**	(2)	**(3)**	(2)
Non-core	**3,296**	3,800	**289**	329	**168**	131	**121**	66
Amapá[5]	**327**	481	**89**	147	**54**	120	**27**	68
Tarmac[8]	**2,171**	2,347	**148**	103	**73**	(38)	**65**	(34)
Scaw Metals[9]	**798**	931	**60**	67	**49**	37	**37**	25
Lisheen[10]	**–**	36	**–**	17	**–**	17	**–**	14
Black Mountain[10]	**–**	5	**–**	3	**–**	3	**–**	1
Projects and corporate	**–**	–	**(8)**	(8)	**(8)**	(8)	**(8)**	(8)
Exploration	**–**	–	**(206)**	(121)	**(206)**	(121)	**(195)**	(118)
Corporate Activities and Unallocated Costs	**5**	5	**(160)**	56	**(203)**	15	**(36)**	374
	32,785	36,548	**8,686**	13,348	**6,164**	11,095	**2,839**	6,120

(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 (underlying EBITDA) is operating profit/(loss) before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of underlying EBITDA of associates.

(3) Underlying operating profit/(loss) is revenue less operating costs before special items and remeasurements, and includes the Group's attributable share of associates' operating profit before special items and remeasurements.

(4) Projects and corporate has been revised to align with internal management reporting. Comparatives have been reclassified to align with current presentation.

(5) In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current presentation.

(6) Of the projects and corporate expense, $67 million (2011: $72 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is $1,018 million (2011: $1,462 million) as reported in the external earnings reconciliation, see page 240.

(7) On 16 August 2012 the Group acquired a controlling interest in De Beers (Diamonds segment). Until this date De Beers was accounted for as an associate of the Group. From 16 August 2012 De Beers ceased to be an associate and has been accounted for as a subsidiary of the Group.

(8) In 2011 the Group sold Tarmac's businesses in China, Turkey and Romania.

(9) In November 2012, the Group sold its interest in Scaw Metals.

(10) In 2011 the Group sold its interests in Lisheen and Black Mountain, which comprised the remainder of the Group's portfolio of zinc operations.

KEY FINANCIAL DATA

US$ million (unless otherwise stated)	2012	2011	2010	2009	2008	2007	2006[1]	2005[1]	2004[1]
Group revenue including associates	**32,785**	36,548	32,929	24,637	32,964	30,559	29,404	24,872	22,610
Less: Share of associates' revenue	**(4,024)**	(5,968)	(4,969)	(3,779)	(6,653)	(5,089)	(4,413)	(4,740)	(5,429)
Group revenue	**28,761**	30,580	27,960	20,858	26,311	25,470	24,991	20,132	17,181
Underlying operating profit including associates before special items and remeasurements	**6,164**	11,095	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)	**(5,757)**	(44)	1,727	(208)	(330)	(227)	24	16	556
Net finance costs (including financing special items and remeasurements), tax and non-controlling interests of associates	**(269)**	(452)	(423)	(313)	(783)	(434)	(398)	(315)	(391)
Total profit from operations and associates	**138**	10,599	11,067	4,436	8,972	8,929	8,514	5,250	3,997
Net finance (costs)/income (including financing special items and remeasurements)	**(377)**	183	(139)	(407)	(401)	(108)	(71)	(220)	(385)
(Loss)/profit before tax	**(239)**	10,782	10,928	4,029	8,571	8,821	8,443	5,030	3,612
Income tax expense (including special items and remeasurements)	**(375)**	(2,860)	(2,809)	(1,117)	(2,451)	(2,693)	(2,518)	(1,208)	(765)
(Loss)/profit for the financial year – continuing operations	**(614)**	7,922	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
(Loss)/profit for the financial year – total Group	**(614)**	7,922	8,119	2,912	6,120	8,172	6,922	3,933	3,941
Non-controlling interests	**(879)**	(1,753)	(1,575)	(487)	(905)	(868)	(736)	(412)	(440)
(Loss)/profit attributable to equity shareholders of the Company	**(1,493)**	6,169	6,544	2,425	5,215	7,304	6,186	3,521	3,501
Underlying earnings[2] – continuing operations	**2,839**	6,120	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	**2,839**	6,120	4,976	2,569	5,237	5,761	5,471	3,736	2,684
(Loss)/earnings per share (US$) – continuing operations	**(1.19)**	5.10	5.43	2.02	4.34	4.04	3.51	2.35	1.84
Earnings per share (US$) – discontinued operations	**–**	–	–	–	–	1.54	0.70	0.08	0.60
(Loss)/earnings per share (US$) – total Group	**(1.19)**	5.10	5.43	2.02	4.34	5.58	4.21	2.43	2.44
Underlying earnings per share (US$) – continuing operations	**2.26**	5.06	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	**2.26**	5.06	4.13	2.14	4.36	4.40	3.73	2.58	1.87
Ordinary dividend per share (US cents)	**85.0**	74.0	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)	**1,254**	1,210	1,206	1,202	1,202	1,309	1,468	1,447	1,434
Underlying EBITDA[3] – continuing operations	**8,686**	13,348	11,983	6,930	11,847	11,171	10,431	7,172	5,359
Underlying EBITDA[3] – discontinued operations	**–**	–	–	–	–	961	1,766	1,787	1,672
Underlying EBITDA[3] – total Group	**8,686**	13,348	11,983	6,930	11,847	12,132	12,197	8,959	7,031
Underlying EBITDA interest cover[4] – total Group	**61.2**	n/a	42.0	27.4	28.3	42.0	45.5	20.0	18.5
Operating margin (before special items and remeasurements) – total Group	**18.8%**	30.4%	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	**2.7**	6.8	6.4	–	9.9	3.5	3.5	2.9	2.7
Balance sheet									
Intangible assets and property, plant and equipment	**49,660**	42,871	42,126	37,974	32,551	25,090	25,632	33,368	35,816
Other non-current assets and investments[5]	**8,512**	10,269	9,852	7,303	7,607	9,271	8,258	5,585	5,547
Working capital	**3,744**	2,093	2,385	2,168	861	1,966	3,096	3,538	3,543
Other net current liabilities[5]	**(990)**	(1,683)	(785)	(272)	(840)	(911)	(1,430)	(1,429)	(611)
Other non-current liabilities and obligations[5]	**(10,710)**	(9,220)	(8,757)	(8,487)	(7,567)	(6,387)	(5,826)	(8,491)	(8,339)
Cash and cash equivalents and borrowings[6]	**(8,660)**	(1,141)	(7,038)	(11,046)	(11,051)	(5,170)	(3,244)	(4,993)	(8,243)
Net assets classified as held for sale	**2,231**	–	188	429	195	471	641	–	–
Net assets	**43,787**	43,189	37,971	28,069	21,756	24,330	27,127	27,578	27,713
Non-controlling interests	**(6,130)**	(4,097)	(3,732)	(1,948)	(1,535)	(1,869)	(2,856)	(3,957)	(4,588)
Equity attributable to equity shareholders of the Company	**37,657**	39,092	34,239	26,121	20,221	22,461	24,271	23,621	23,125
Total capital[7]	**52,402**	44,563	45,355	39,349	33,096	29,181	30,258	32,558	35,806
Cash flows from operations – continuing operations	**7,021**	11,498	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	**7,021**	11,498	9,924	4,904	9,579	9,845	10,057	7,265	5,291
Dividends received from associates and financial asset investments – continuing operations	**340**	403	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	**340**	403	285	639	659	363	288	470	396
Return on capital employed[8] – total Group	**13.3%**	26.5%	24.8%	14.4%	36.9%	38.0%	32.6%	18.8%	16.9%
EBITDA/average total capital[7] – total Group	**17.9%**	29.7%	28.3%	19.1%	38.0%	40.8%	38.8%	26.2%	21.3%
Net debt to total capital (gearing)[9]	**16.4%**	3.1%	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 profit attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after net finance costs, income tax and non-controlling interests.

(3) Underlying 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.

(4) Underlying EBITDA interest cover is underlying 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 liabilities, financing special items and remeasurements, and including attributable share of associates' net interest expense, which in 2011 resulted in a net finance income and therefore the ratio is not applicable.

(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 (2012: $213 million; 2011: nil; 2010: $59 million; 2009: $48 million; 2008: $8 million; 2007: $(69) million; 2006: $(80) million; 2005: nil; 2004: nil) and excludes related hedges (2012: net liabilities of $168 million; 2011: net liabilities of $233 million; 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). See note 31 to the financial statements.

(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.

NON-FINANCIAL DATA

	2012	2011	2010	2009	2008
Safety[1]					
Work-related fatalities	**13**	17	15	20	28
Fatal-injury frequency rate (FIFR)[2]	**0.008**	0.009	0.008	0.010	0.015
Total recordable case frequency rate (TRCFR)[3]	**1.29**	2.01	1.44	1.81	2.27
Lost time injury frequency rate (LTIFR)[4]	**0.60**	0.64	0.64	0.76	1.04
Lost time injury severity rate (LTISR)[5]	**223**	220	229	226	240
Occupational health[1]					
New cases of occupational disease (NCOD)[6]	**170**	197	268	489	132
Occupational disease incidence rate (per 200,000 hours) (ODIR)	**0.189**	0.205	0.284	0.483	0.126
Environment[1]					
Total CO_2 emissions (Mt CO_2e)	**18**	19	20	19	19
Total energy consumed (million GJ)[7]	**108**	102	100	106	102
Water used for primary activities (million m^3)[8]	**122**	115	115	125	124
Human Resources[1][9]					
Women in management (%)[10]	**23**	22	21	19	17
Historically Disadvantaged South Africans in management (%)[11]	**62**	51	46	46	45
Resignations (%)[12]	**2.4**	2.7	2.4	2.4	3.8
Redundancies (%)[13]	**0.6**	1.4	2.1	3.8	0.6
Dismissals (%)[14]	**1.4**	1.1	1.3	2.0	2.6
Other reasons for leaving (%)[15]	**2.4**	0.3	2.8	4.9	2.0
Social[1]					
CSI spend (total in US$ million)[16]	**154**	129	112	83	76
CSI spend (% of pre-tax profit)	**3**	1	1	2	1
Procurement: BEE spend (rand billion)	**25.8**	23.3	20.9	23.5	24.6
Businesses supported through enterprise development initiatives	**17,598**	38,681	9,392	3,720	3,012
Jobs created/maintained through enterprise development programmes	**64,927**	47,070	17,200	12,982	13,431

(1) With the exception of Social, which includes the results of De Beers from the date of acquisition, the data includes wholly owned subsidiaries and joint ventures over which Anglo American has management control, and does not include De Beers or other non-managed operations such as Collahuasi, Carbones del Cerrejón and Samancor.
(2) FIFR is calculated as the number of fatal injuries to employees or contractors per 200,000 hours worked.
(3) TRCFR is the number of fatal injuries, lost time injuries and medical treatment cases for employees or contractors per 200,000 hours.
(4) LTIFR is 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 regular duties for one full shift or more, the day after the injury was incurred, whether a scheduled workday or not.
(5) LTISR is the number of lost days and restricted workdays per 200,000 hours worked.
(6) NCOD is the sum of occupational diseases due to asbestosis, NIHL, silicosis, coal-workers' pneumoconiosis, pneumoconiosis due to other fibrogenic diseases, chronic obstructive airways disease, occupational tuberculosis, occupational asthma, HAVs, musculoskeletal disorders, dermatitis, occupational cancers and other occupational diseases.
(7) Total amount of energy consumed is the sum of total energy from electricity purchased, total energy from fossil fuels and total energy from renewable fuels.
(8) Total amount of water used for primary activities is the total new or make-up water entering the operation and used for the operation's primary operational activities.
(9) Excludes Other Mining and Industrial Non-core operations.
(10) Women in management is the percentage of female managers as a percentage of all females in the workforce excluding contractors.
(11) Historically Disadvantaged South Africans in management is the percentage of managers at Anglo American in South Africa who are 'Historically Disadvantaged South Africans'.
(12) The number of people who resigned as a percentage of the total workforce excluding contractors.
(13) The number of people who have been retrenched as a percentage of total workforce excluding contractors.
(14) The number of people who have been dismissed or have resigned to avoid dismissal, as a percentage of total workforce excluding contractors.
(15) The number of people who left for reasons other than those shown above, for example retirement, ill health and death, as a percentage of total workforce excluding contractors.
(16) CSI spend is the sum of donations for charitable purposes and community investment (which includes cash and in-kind donations and staff time) as well as investments in commercial initiatives with public benefit (such as enterprise development).

RECONCILIATION OF SUBSIDIARIES' REPORTED EARNINGS TO THE UNDERLYING EARNINGS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2012

Note only key reported lines are reconciled.

Kumba Iron Ore Limited

US$ million	2012	2011
IFRS headline earnings	**1,499**	2,366
Exploration	**16**	4
Kumba Envision Trust[1]	**53**	–
Other adjustments	**3**	3
	1,571	2,373
Non-controlling interests[2]	**(500)**	(826)
Elimination of intercompany interest	**4**	(27)
Depreciation on assets fair valued on acquisition (net of tax)	**(8)**	(9)
Corporate cost allocation	**(49)**	(49)
Contribution to Anglo American underlying earnings	**1,018**	1,462

[1] The Kumba Envision Trust charge is included in IFRS headline earnings but is an operating special item so is excluded from underlying earnings.

[2] On 20 July 2012 Anglo American increased its shareholding in Kumba Iron Ore Limited by 4.5% through the exercise of options acquired in 2011 and 2012, thereby increasing its shareholding from 65.2% to 69.7% for a total cost of $948 million.

Anglo American Platinum Limited

US$ million	2012	2011
IFRS headline (loss)/earnings	**(170)**	527
Exploration	**4**	5
Operating and financing remeasurements (net of tax)	**2**	(27)
Restructuring costs included in headline earnings (net of tax)	**–**	6
BEE transactions and related charges	**–**	141
	(164)	652
Non-controlling interests	**33**	(132)
Elimination of intercompany interest	**10**	(1)
Depreciation on assets fair valued on acquisition (net of tax)	**(41)**	(55)
Corporate cost allocation	**(63)**	(54)
Contribution to Anglo American underlying earnings	**(225)**	410

RECONCILIATION OF DE BEERS' REPORTED EARNINGS TO THE AMOUNTS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2012

On 16 August 2012 the Group acquired an additional 40% interest in De Beers, increasing its shareholding to 85%, and has consolidated 100% of the assets and liabilities of De Beers from this date. In accordance with IFRS the Group is required to fair value 100% of the assets and liabilities acquired based on the purchase consideration for the 40% acquired. As a result the Group has:

- Recognised a fair value uplift of $2,017 million relating to its existing 45% shareholding, with a corresponding special item (remeasurement) gain in the income statement. The additional depreciation arising as a result of the fair value uplifts on the Group's existing 45% shareholding has also been recognised as a special item (remeasurement) and amounted to $41 million in 2012 and is estimated to be $125 million in 2013.
- Recognised fair value uplifts associated with the additional 55% to be consolidated, including the Government of Botswana's 15% non-controlling interest. The additional depreciation and amortisation charge reduced operating profit by $50 million in 2012 and is estimated to be $150 million in 2013. The additional depreciation and amortisation charge reduced underlying earnings by $32 million in 2012 and is estimated to reduce underlying earnings by $100 million in 2013.

The following tables reconcile the earnings and capital expenditure of De Beers to the amounts included in the Group's Consolidated financial statements and illustrate the earnings impact of the requirement to fair value assets and liabilities acquired.

	2012		2011	
US$ million	De Beers (100%)	Anglo American share[1]	De Beers (100%)	Anglo American share[1]
Underlying EBITDA (including associates)	**1,075**	**711**	1,763	794
Underlying operating profit	**815**	**496**	1,491	659
Underlying earnings[2]	**506**	**312**	993	443
Capital expenditure	**249**	**94**	260	–

(1) Amounts based on the Group's 45% shareholding to 16 August 2012 and a 100% basis thereafter. Underlying earnings from 16 August 2012 excludes the 15% non-controlling interest.
(2) See reconciliation below.

US$ million	2012	2011
Underlying earnings[1]		
De Beers underlying earnings	**506**	993
Anglo American share (45% prior to 16 August 2012)	**153**	447
Anglo American share (100% from 16 August 2012)	**166**	–
Fair value adjustments on acquisition[2]	**18**	–
Depreciation on assets fair valued on acquisition[3]	**(44)**	–
Exploration	**23**	–
	163	–
Non-controlling interest	**(18)**	–
Intercompany interest	**14**	–
Corporate cost allocation	**(7)**	–
Other	**7**	(4)
	159	(4)
Contribution to Anglo American underlying earnings	**312**	443
Operating special items		
Depreciation of fair value uplifts on existing assets[4]	**41**	–
Reversal of uplift on inventory[5]	**421**	–

(1) Debswana is a joint venture between De Beers and the Government of Botswana in which each shareholder has a 50% equity share. The joint venture arrangements provide De Beers with an economic interest in Debswana that is based on 19.2% of profits before deducting taxes and royalties paid by the joint venture. Consistent with these arrangements, De Beers proportionately consolidates 19.2% of Debswana's earnings (before taxes and royalties) in line with the Group's policy on accounting for joint ventures. As De Beers' share of earnings is based on profits before taxes and royalties, an effective tax rate of nil arises on the earnings of the joint venture in the Group's Consolidated financial statements.
(2) Relates to assets fair valued on acquisition where the treatment in De Beers' underlying financial statements post-acquisition is already reflected in the Group's financial statements.
(3) Excludes the depreciation of fair value uplifts on the Group's previously held 45% equity interest.
(4) Relates to the depreciation of fair value uplifts on the Group's previously held 45% equity interest upon obtaining a controlling interest.
(5) Inventory held by De Beers at the date of the acquisition is required to be recognised at fair value under IFRS. This results in negligible margins upon the subsequent sale of inventory held at the date of the acquisition. The impact of fair value uplifts on inventory has been excluded from the Group's underlying earnings so as not to distort the operating margins of De Beers and to provide more useful information about the performance of the Group.

THE BUSINESS – AN OVERVIEW

as at 31 December 2012

Iron Ore and Manganese

Kumba Iron Ore (South Africa)	69.7%
Minas-Rio (Brazil)	100%
LLX Minas-Rio (Brazil)[1]	49%
Samancor (South Africa and Australia)	40%

Metallurgical Coal

Overall ownership: **100%**

100% owned	Other interests	
Australia	**Australia**	
Callide	Drayton	88.2%
	Moranbah North	88%
Australia – other	Dartbrook	83.3%
Monash Energy Holdings Ltd	German Creek[2]	70%
	Foxleigh	70%
Canada	Dawson	51%
Peace River Coal	Jellinbah	23.3%
	Australia – other	
	Dalrymple Bay Coal Terminal Pty Ltd	25.4%
	Newcastle Coal Shippers Pty Ltd	17.6%
	MBD Energy Ltd	19.2%

Thermal Coal

Overall ownership: **100%**

100% owned	Other interests	
South Africa	**South Africa**	
Goedehoop	Mafube	50%
Greenside	Phola plant	50%
Isibonelo	Kriel[3]	73%
Kleinkopje	Zibulo[3]	73%
Landau		
New Denmark	**South Africa – other**	
New Vaal	Richards Bay Coal Terminal	24.2%
	Colombia	
	Carbones del Cerrejón	33.3%

Copper

Overall ownership: **100%**

100% owned	Other interests	
Peru	**Chile**	
Michiquillay	Chagres	50.1%
	El Soldado	50.1%
Chile	Los Bronces	50.1%
Mantos Blancos[4]	Collahuasi	44%
Mantoverde[4]		
	South Africa	
	Palabora	16.8%
	Peru	
	Quellaveco	81.9%
	US	
	Pebble	50%

Nickel

Overall ownership: **100%**

100% owned	Other interests	
Brazil	**Venezuela**	
Codemin	Loma de Níquel	91.4%
Barro Alto		

(1) Owns the port of Açu (currently under construction).
(2) The German Creek operation includes both Capcoal Open Cut and Underground operations.
(3) Kriel and Zibulo form part of the Anglo American Inyosi Coal black economic empowerment (BEE) company of which Anglo American owns 73%.
(4) Non-controlling interest of 0.018%.

Platinum

Overall ownership: **79.9%**

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%
Masa Chrome Company	74%
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%
Associates	
Bokoni	49%
Pandora	42.5%
Bafokeng-Rasimone	33%
Atlatsa Resources Corporation[1]	27%
Johnson Matthey Fuel Cells	17.5%
South Africa – other	
Wesizwe Platinum Limited	13%
Royal Bafokeng Platinum Limited	12.6%

De Beers

Overall ownership: **85%**

100% owned

South Africa

- De Beers Group Services (Exploration and Services)
- De Beers Marine

Synthetic Diamond Supermaterials

- Element Six Technologies

Canada

- De Beers Canada
  - Snap Lake
  - Victor

Sales

- Global Sightholder Sales
- Auction Sales

Brands

- Forevermark

Other interests

South Africa	
De Beers Consolidated Mines	74%[2]
Venetia	
Voorspoed	
Namaqualand Mines[3]	
Kimberley Mines	
Botswana	
Debswana	50%
Damtshaa	
Jwaneng	
Orapa	
Letlhakane	
Namibia	
Namdeb Holdings[4]	50%
Namdeb Diamond Corporation	
Mining Area 1	
Orange River	
Elizabeth Bay	
Alluvial Contractors	
Debmarine Namibia	
Atlantic 1	
Sales	
DTC Botswana	50%
Namibia DTC	50%
Synthetic Diamond Supermaterials	
Element Six Abrasives	60%
Brands	
De Beers Diamond Jewellers	50%

Other Mining and Industrial

100% owned

Phosphates

- Anglo American Fosfatos Brasil Limitada

Niobium

- Anglo American Nióbio Brasil Limitada

Aggregates and Building Materials

- Tarmac Quarry Materials
- Tarmac Building Products

Other interests

Iron ore	
Amapá (Brazil)	70%
Aggregates and Building Materials	
Tarmac Middle East	50%

Other[5]

100% owned

- Vergelegen (South Africa)

Other interests

Exxaro Resources (southern Africa and Australia)	9.8%

(1) Anooraq Resources Corporation changed its name to Atlatsa Resources Corporation in 2012.

(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 BEE entity which holds the remaining 26% after providing certain financial guarantees on its behalf during 2010.

(3) In May 2011 De Beers announced that it had entered into an agreement to sell Namaqualand Mines.

(4) In November 2011 the Government of the Republic of Namibia and De Beers restructured their mining partnership, creating a 50:50 holding company, Namdeb Holdings (Pty) Limited, with full ownership of Namdeb Diamond Corporation (Pty) Limited and De Beers Marine Namibia (Pty) Limited (now trading as Debmarine Namibia). All mining licences were transferred to the newly formed company.

(5) Included within Corporate Activities and Unallocated Costs segment.

SHAREHOLDER INFORMATION

Annual General Meeting

Will be held at 2:00pm on Friday 19 April 2013, at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

Shareholders' diary 2013/14

Interim results announcement	July 2013
Annual results announcement	February 2014
Annual Report	March 2014
Annual General Meeting	April 2014

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
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein 2001, South Africa
(PO Box 4844, Johannesburg, 2000)
Telephone: +27 (0) 11 713 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
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 plus network extras. Lines are open 8:30am to 5:30pm Monday to Friday.

OTHER ANGLO AMERICAN PUBLICATIONS

- 2012/13 Fact Book
- Notice of 2013 AGM and Shareholder Information Booklet
- Sustainable Development Report 2012
- Business Unit Sustainable Development Reports (2012)
- Optima – Anglo American's current affairs journal
- Good Citizenship: Business Principles
- The Environment Way
- The Occupational Health Way
- The Projects Way
- The Safety Way
- The Social Way
- The People Development Way
- www.facebook.com/angloamerican
- https://twitter.com/angloamerican
- www.youtube.com/angloamerican
- www.flickr.com/angloamerican
- www.slideshare.com/angloamerican

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 and sustainable development reports may be found at: www.angloamerican.com/reportingcentre

However, the 2012 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/siteservices/requestreport

Charitable partners

This is just a selection of the charities which Anglo American, Anglo American Chairman's Fund and the Anglo American Group Foundation have worked with in 2012:

Leonard Cheshire Disability
KIDSCOMPANY
NTATAISE To lead a young child by the hand
care Defending dignity. Fighting poverty.
engineers without borders uk
Sparrow SCHOOLS
Plan Be a part of it.
Children of the Andes
pro mujer Giving Women Credit
Headstart EDT
CENTRE FOR DEVELOPMENT AND ENTERPRISE Informing South African Policy
GAVI ALLIANCE
VULA PROGRAMME @ HILTON COLLEGE

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