ANNUAL REPORT 2013

FOCUSED ON DELIVERY

AngloAmerican

Real Mining. Real People. Real Difference.

FOCUSED ON DELIVERY

In a world where people want to build a better life for themselves and their families, but where resources are limited, Anglo American seeks to generate sustainable value from a country's mineral resources for the benefit of its people.

We will deliver an attractive and differentiated value proposition to our shareholders, business partners and other stakeholders by having the right assets and technical expertise, the right people working with our partners, and a commitment to responsible mining that will support us in delivering the products that make our world work.

We are focused on delivering our targeted returns to shareholders while creating value for all our partners and stakeholders.

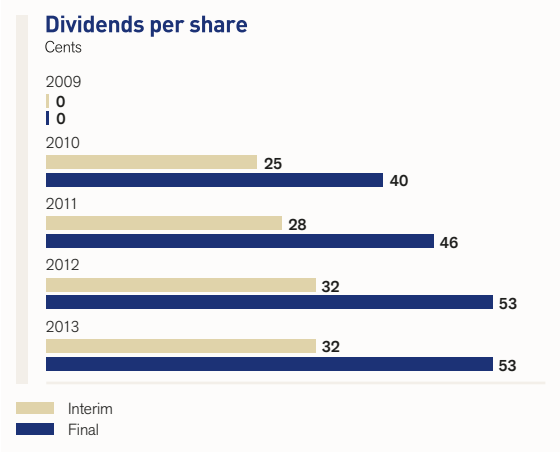
Other sources of information

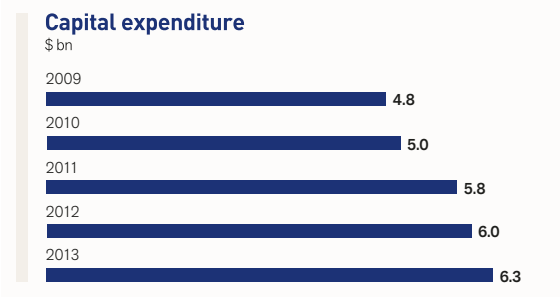
You can find this report and additional information about Anglo American on our corporate website.

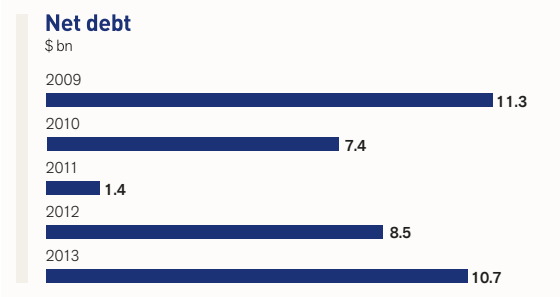
Although we have chosen not to produce an 'integrated report', we have included a comprehensive overview of our non-financial performance in this report. More detailed information on our sustainability performance is provided in our Sustainable Development Report. This can be found on our corporate website.

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

FINANCIAL PERFORMANCE







UNDERLYING OPERATING PROFIT
(2012: $6.3 bn)

$6.6 bn

UNDERLYING EARNINGS
(2012: $2.9 bn)

$2.7 bn

UNDERLYING EARNINGS PER SHARE
(2012: $2.28)

$2.09

LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS
(2012: $(1.5) bn)

$(1.0) bn

Underlying operating profit is presented before special items and remeasurements and includes the Group's attributable associates' and joint ventures' operating profit before special items and remeasurements, unless otherwise stated. See notes 3 and 5 to the financial statements for underlying operating profit. For definition of special items and remeasurements, see note 6 to the financial statements. See note 9 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 24 to the financial statements.

Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 to the financial statements for details.

Throughout the Strategic report, attributable ROCE, shown in terms of historical performance, reflects the realised prices and foreign exchange during the period, and in line with commitments made as part of *Driving Value*. For more detail on this calculation and its methodology, please refer to page 250.

Cover Image
Laboratory technician David Tlaka (back cover); maintenance planner Pieter Grobler and shift leader Silas Mongwe at the Eastern Bushveld Research Laboratory control room at Anglo American Platinum's Polokwane smelter in South Africa.

Opposite
At Polokwane, concentrate is smelted to produce furnace matte before being sent for further processing at the Waterval Smelter in Rustenburg.

CHAIRMAN'S STATEMENT

INDUSTRY BACKDROP

In 2013, the world economy experienced a flat growth rate of 3%, the same as in 2012. This led to weak activity in the first six months of the year in Western Europe, China and other emerging economies.

Sir John Parker

The global mining industry encountered considerable challenges, and for much of the year it experienced lacklustre demand and falling prices for most commodities – exacerbated by persistent above-inflation cost pressures, labour disputes and low productivity.

The Board has recommended a final dividend of 53 cents per share, to maintain a dividend of 85 cents for the year.

ANGLO AMERICAN'S STRATEGIC RESPONSE

Against this backdrop, Anglo American faced its share of operational challenges as we continued to restructure our Platinum business, pursue the turnarounds of copper in Chile, the Sishen iron ore mine in South Africa and the flagship Jwaneng diamond mine in Botswana. A recovery plan was also put in place at Nickel following the need to rebuild the two new furnaces at Barro Alto.

April saw a smooth and professional transition from Cynthia Carroll to Mark Cutifani as our new chief executive. Since that time, Mark and his new top management team have worked closely with our Board in finalising an agreed Group strategy and clear targets – *Driving Value*. At its heart we aim to shift the Group to achieve at least a 15% attributable return on capital employed by 2016, and place it on a sounder footing to deliver sustainable returns into the future. It will involve cost reductions on a range of fronts, controlled expenditure on our pipeline of new projects, withdrawing from some longer-term future projects (as we have done with Pebble in Alaska), and being ready to exit those businesses that cannot achieve the target returns. Mark, as the industry recognises, is a 'miner's miner' who brings his decades-long experience of mining at the sharp end with a relentless focus on improving the operational performance of all our assets, while also redesigning the organisation to be more effective and efficient.

The Board is heartened by the improving trend in operational performance during the second half, which has contributed to the delivery of a creditable financial performance, ahead of budget.

SAFETY

I have long admired the commitment of our people at Anglo American and the considerable changes they have implemented to help us achieve 'zero harm' across the entire organisation. I am therefore personally saddened when I am told of our people losing their lives at our operations. In 2013, 14 people lost their lives on company business, four of whom died following a major geological event at the now-divested Amapá iron ore operation in Brazil, with a further two still missing. With a rigorous eye on the progress to zero harm, a further decline in lost-time injuries was achieved, while the great majority of our sites remain fatality-free. I speak for the whole Board in expressing our sympathy for those who have been bereaved and I wish to reassure all our stakeholders that we will strive unremittingly to achieve our goal of an incident-free workplace.

CAPITAL PROJECTS

As we enter 2014, the Minas-Rio iron ore project is now 84% complete and, while risk remains in such a vast project, I am pleased to report that it remains on target for first ore on ship at the end of 2014, and within the expected capital budget. Its completion will ease our capital commitments from 2015 onwards and should also enhance our free cash flow. The Board continues to exercise discipline and scrutiny of costs around capital expenditures – be it 'stay in business' or 'expansionary'.

DIVIDEND

The focus on increasing free cash flow from operational efficiency and cash-saving initiatives is a measure of the Board's determination to protect our dividend to shareholders until higher sustainable free cash flow is generated.

The Board has recommended a final dividend of 53 cents per share, to maintain a total dividend of 85 cents for the year. That we were able to do so during a period when substantial expenditure was being incurred on major capital projects underlines our confidence in the business and its ability to keep returns to our shareholders competitive with those of our peer group.

A COMPANY THAT LIVES OUT ITS VALUES

One of the things that attracted me to Anglo American some 4½ years ago was that it was known as a company that has always had a social conscience, which endeavours to live out its values. Within the ranks of natural resource companies, Anglo American has invariably been at the forefront in engaging with stakeholders and with civil society more broadly.

Our chief executive, Mark Cutifani, is totally committed to living out Anglo American's social values. He has recently played a major role in engaging with the Catholic Church and the Kellogg Innovation Network to look at how mining companies, which can be key development players, can come together with their stakeholders in focusing on the shared purpose of creating sustainable value long after a mine's gates close for the last time. I am also proud that Anglo American's sustainable development performance has been recognised by both the Dow Jones Sustainability Index 2013 and the Carbon Disclosure Project's Global 500 Climate Performance Leadership Index. Furthermore, our dedicated corporate social investment (CSI) arm in South Africa, the Chairman's Fund, was recognised by Trialogue, a knowledge leader in the CSI field, for the ninth consecutive time, for its excellence in being a true partner in development.

BOARD RENEWAL

I regard it as a prime responsibility of a chairman to be looking continually to refresh and strengthen the Board of directors. During the period from August 2009, when I became chairman, and the AGM in April 2014, there will have been a complete change in non-executive directors. I consider our current Board to have the right mix of talent, with the appropriate bandwidth of skills and experience. This necessarily extends beyond mining experience on the Board and in our Group Management Committee to encompass such fields as major project management, engineering, finance, healthcare, corporate leadership and global business experience.

As well as the change of chief executive leadership, several changes took place within the ranks of the non-executive directors. At the AGM in April 2013, Peter Woicke stood down from the Board and Jack Thompson replaced him as chairman of the Safety and Sustainable Development (S&SD) Committee.

Byron Grote, who has spent more than 30 years in the extractives industry, also joined the Board at the last AGM, and he will take over the chairmanship of the Audit Committee from David Challen who is standing down at the forthcoming AGM. I would like to take this opportunity to thank David for his utmost professionalism in this demanding role and his exceptional and dedicated service to the Board in general.

Sir CK Chow also retires as a director at the 2014 AGM and I wish to acknowledge the important contribution he has made to our deliberations, particularly as a member of the Remuneration and Nomination committees.

In July, we appointed Mphu Ramatlapeng to the Board and to the S&SD Committee. Mphu brings to our team a great deal of international board and governmental experience in both the public and private health sectors.

Jim Rutherford joined the Board in November and has been appointed to the S&SD Committee. He has more than 25 years' experience in investment management and investment banking, both as an institutional investor and analyst. He brings to the Board considerable knowledge of the capital markets as well as a deep strategic understanding of the mining industry.

Most recently, in January 2014, Judy Dlamini, a former medical practitioner and occupational-health specialist who now chairs a leading South African pharmaceuticals company, became a director and a member of the Audit Committee. Judy has been a non-executive director on a major South African platinum board for nine years and has extensive South African business experience.

I am pleased to report that by the end of this year's AGM 25% of our Board will be female, which is ahead, in time, of the aspirational 2015 targets of the Davies Report.

BOARD SUPPORT OF THE EXECUTIVE

Although 2013 was a testing year for management, I believe that the strategic debate between the Board and the executive following the appointment of Mark Cutifani as chief executive is helping to lay the foundations for a real transformation in the performance of our Group. We have turned the spotlight on enhancing the efficiency of our operations, with the focus on improving day-to-day performance, stringent cost control and capital discipline. On the back of Mark's *Driving Value* recovery programme, a number of assets are already showing performance improvements.

Anglo American is now on a journey to emerge as a revitalised company over the next two to three years. The Board has lent its full support to *Driving Value* and the initiatives and changes Mark Cutifani has put in place to bring this about.

OUR PEOPLE

Despite the challenges of change that *Driving Value* inevitably brings, I sense our people are enthused and up for the challenge of returning Anglo American to being a company that is respected for its performance, along with its values.

I want to express my sincere appreciation to all employees for their daily commitment to constant improvement.

OUR STRATEGIC REPORT

Our 2013 Strategic report, from pages 2–91, was reviewed and approved by the Board of directors on 13 February 2014.

Sir John Parker
Chairman

OUR BUSINESS AROUND THE WORLD

Anglo American's portfolio of mining businesses meets our customers' changing needs, and spans: **bulk commodities** – iron ore and manganese, metallurgical coal and thermal coal; **base metals and minerals** – copper, nickel, niobium and phosphates; 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
Luxembourg
Maputo, Mozambique
New Delhi, India
Rio de Janeiro, Brazil
Santiago, Chile
São Paulo, Brazil
Singapore
Ulaanbaatar, Mongolia

North America

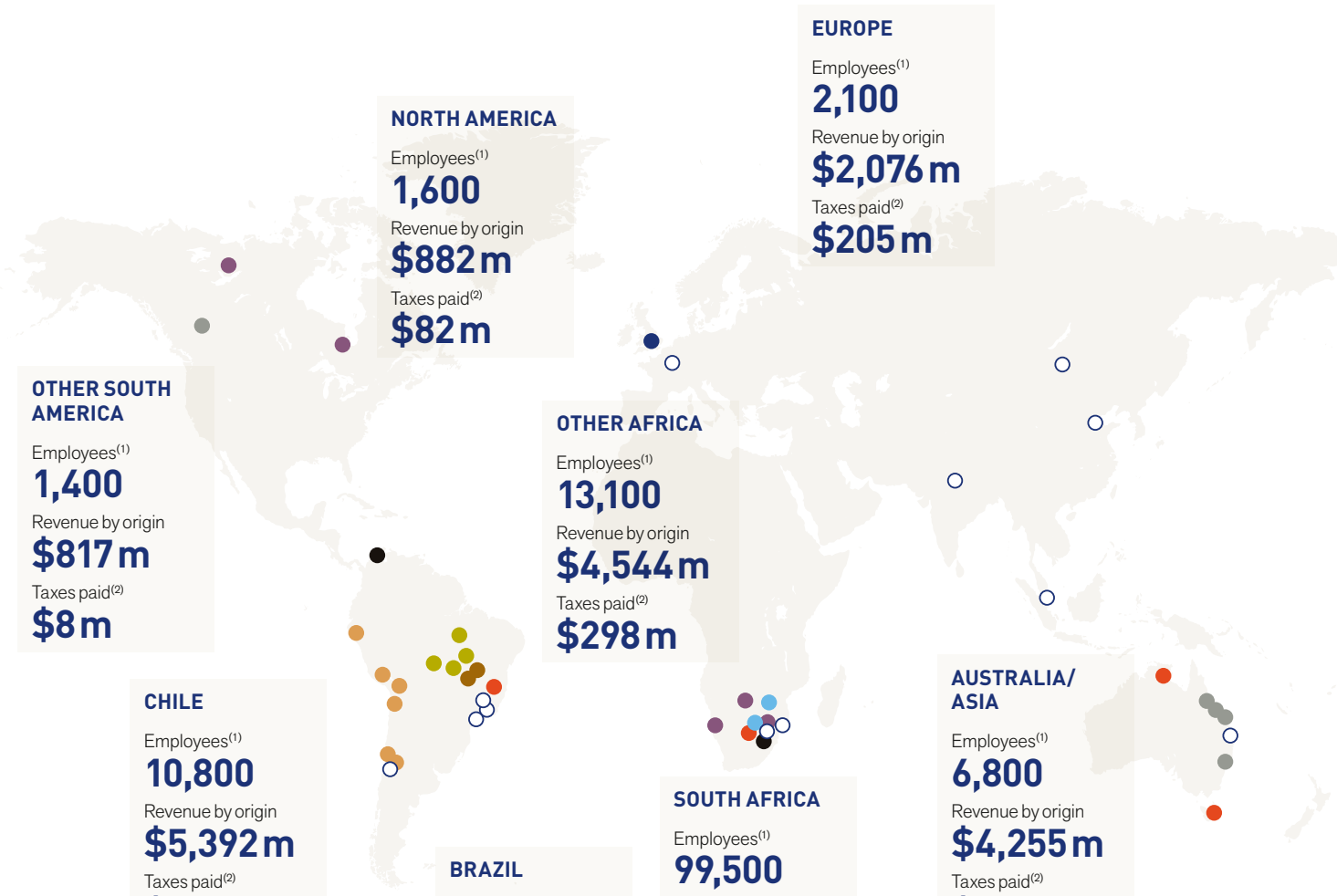
South America

Africa

Australia and Asia

Business units

- Iron Ore and Manganese
- Metallurgical Coal
- Thermal Coal
- Copper
- Nickel
- Niobium and Phosphates
- Platinum
- Diamonds



EUROPE

Employees[1]
2,100
Revenue by origin
$2,076 m
Taxes paid[2]
$205 m

NORTH AMERICA

Employees[1]
1,600
Revenue by origin
$882 m
Taxes paid[2]
$82 m

OTHER SOUTH AMERICA

Employees[1]
1,400
Revenue by origin
$817 m
Taxes paid[2]
$8 m

OTHER AFRICA

Employees[1]
13,100
Revenue by origin
$4,544 m
Taxes paid[2]
$298 m

CHILE

Employees[1]
10,800
Revenue by origin
$5,392 m
Taxes paid[2]
$1,056 m

AUSTRALIA/ ASIA

Employees[1]
6,800
Revenue by origin
$4,255 m
Taxes paid[2]
$541 m

SOUTH AFRICA

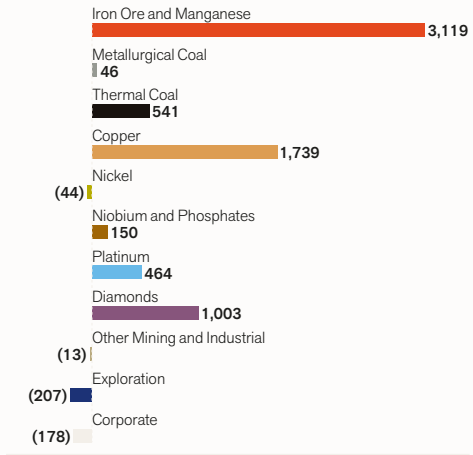
Employees[1]
99,500
Revenue by origin
$14,132 m
Taxes paid[2]
$1,953 m

BRAZIL

Employees[1]
23,600
Revenue by origin
$965 m
Taxes paid[2]
$384 m

Underlying operating profit

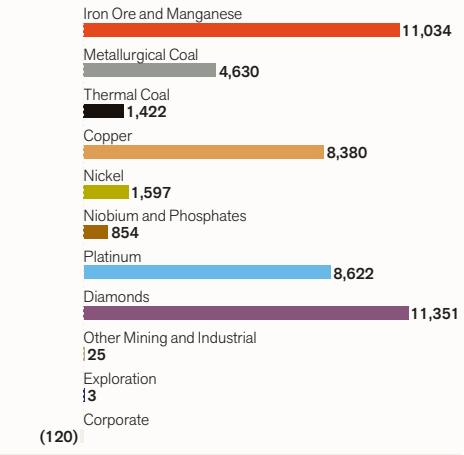
$ m



Total: $6,620 m

Net segment assets

$ m



Total: $47,798 m

Bulk

IRON ORE AND MANGANESE

34,600 employees[1]

- Anglo American has a unique iron ore profile, with extensive, high quality resource bases in South Africa and Brazil.
- Iron ore is a key component in steel, the most widely used of all metals.

For more information
See page 54

METALLURGICAL COAL

6,300 employees[1]

- Metallurgical Coal is Australia's No. 2 metallurgical coal producer and the world's third biggest exporter of metallurgical coal.
- It operates six mines in Australia and Peace River Coal in Canada.
- Metallurgical coal is the key raw material for around 70% of the world's steel industry.

For more information
See page 60

THERMAL COAL

19,000 employees[1]

- In South Africa, Thermal Coal wholly owns and operates seven mines, with a 73% interest in the Kriel and Zibulo collieries. In Colombia, Anglo American has a one-third shareholding in Cerrejón, the country's biggest thermal coal exporter.
- Around 40% of all electricity generated globally is powered by thermal coal.

For more information
See page 64

Base metals and minerals

COPPER

12,100 employees[1]

- Copper has interests in six operations in Chile, producing copper in concentrate, copper cathode and associated by-products such as molybdenum and silver.
- Copper is used mainly in wire and cable, brass, tubing and pipes, air conditioning and refrigeration.

For more information
See page 68

NICKEL

2,500 employees[1]

- Nickel has two operating assets, both in Brazil, which produce ferronickel: Barro Alto and Codemin.
- Around two-thirds of nickel is used in the production of stainless steel.

For more information
See page 72

NIOBIUM AND PHOSPHATES

4,300 employees[1]

- Our Brazilian-based Niobium unit owns two niobium mines, while the Phosphates business comprises a mine and two chemical-processing facilities.
- Niobium's principal application is as an alloying agent in high-strength steel alloys; phosphates are a principal ingredient of fertilisers.

For more information
See page 76

Precious metals and minerals

PLATINUM

55,900 employees[1]

- Platinum, principally based in South Africa, is the leading primary producer of PGMs, accounting for ~40% of the world's newly mined platinum.
- Platinum and other platinum group metals (PGMs) are primarily used in autocatalysts for both diesel and petrol vehicles, and in jewellery.

For more information
See page 80

DIAMONDS

20,800 employees[1]

- De Beers is the world's leading diamond company.
- Together with its joint venture partners, it produces about one-third of global rough diamonds by value from operations in Botswana, South Africa, Namibia and Canada.
- The largest diamond jewellery market is the US, followed by China, Japan and India.

For more information
See page 86

Other Mining and Industrial

OTHER MINING AND INDUSTRIAL

1,700 employees[1]

- Consists of our Tarmac Building Products and Middle East businesses, and our share in the Lafarge Tarmac joint venture.
- We disposed of our interest in the Amapá iron ore system in November 2013.

For more information
See page 90

(1) Average number of employees and contractors excluding employees and contractors from non-managed operations.
(2) Taxes paid relates to payments to government, borne and collected by Anglo American managed entities, and are included in various places within the consolidated income statement.

MARKETPLACE REVIEW

THE ECONOMY

GROWTH DISAPPOINTMENT

According to the IMF, global GDP growth was 3% in 2013, unchanged from 2012. Activity was particularly weak in the first half of the year, especially in Europe, China and other major emerging economies. But there were more encouraging signs of stabilisation in the second half. The IMF estimates that real GDP growth in the advanced economies declined to 1¼% in 2013 from 1½% in 2012. In emerging market and developing economies, real GDP growth dropped to 4¾% from 5%, its slowest rate since the global recession in 2008–09. The growth in world trade was unchanged at 2¾% in 2013.

After robust growth of close to 3% in 2012, the US economy slowed appreciably in 2013, with GDP growth of just 2%, principally reflecting the negative effects of a significant fiscal tightening. With the administration and Congress unable to agree on a programme to reduce the federal budget deficit, temporary tax cuts expired in January 2013 and automatic spending cuts ('sequestration') took effect in March. This represented an aggregate tightening of around 2% of GDP, offsetting the steady improvement in private demand during the year. In the spring, the Federal Reserve hinted that it might start to scale back its asset buying programme, which triggered a sharp rise in market interest rates. The consequent tightening of financial conditions appeared to dampen activity in the late summer and early autumn.

After the turmoil of its debt crisis in 2011–12, the European economy stabilised in 2013. The European Central Bank's commitment to 'back stop' government bond markets calmed fears of a possible fragmentation of the euro. In addition, the European Commission and the German government adopted a more pragmatic approach to fiscal consolidation in the troubled economies. After falling back into recession in late 2012 and early 2013, the euro zone has recovered in recent quarters. While Germany has led the improvement, there are also encouraging signs the worst is over in the crisis-hit 'peripheral' economies.

China's economy slowed abruptly in the first half of 2013, causing some concern that growth might fall below the government's 7½% objective. Apparent disagreement among policymakers added to the uncertainty. But in the summer, the authorities signalled their determination to support economic growth. The subsequent 'mini-stimulus' brought forward some infrastructure projects and pushed economic growth above 7½% for the year. In November, the Third Plenum of the Chinese Communist Party's 18th Central Committee laid out a comprehensive programme of reform to encourage rebalancing and restructuring in the economy. The programme is the most ambitious since Deng Xiaoping's reforms in the late 1970s and, if implemented, it could transform the economy's longer term growth potential.

There was considerable turbulence in other major emerging economies in 2013. Following the Federal Reserve's hint about scaling back its asset buying programme, US interest rates and the dollar spiked higher in the summer. This triggered a significant reversal of capital flows to emerging economies and their currencies fell sharply. Brazil, India, Indonesia and South Africa experienced intense financial volatility given their perceived macro-economic vulnerability: slow growth, stubborn inflation, and persistent budget and trade deficits. The turbulence eased in the autumn though financial markets remained nervous.

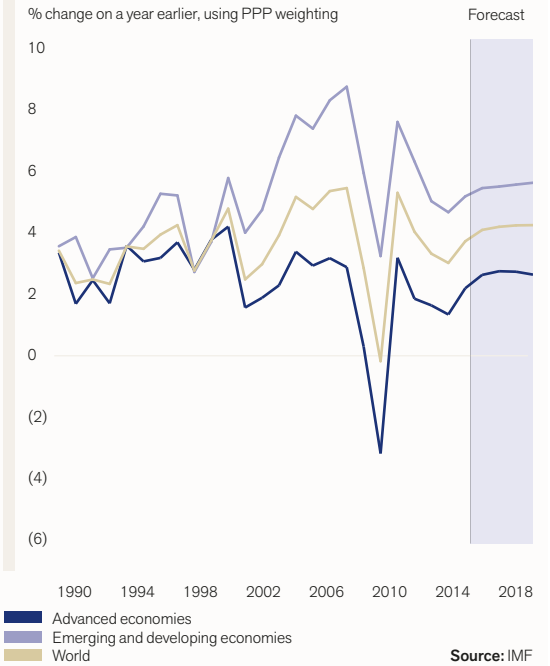
PROSPECTS

The world economy should strengthen in 2014 and 2015, with real GDP growth picking up to around 3½-4%, close to its historical average. In the US and Europe, the diminishing effects of fiscal tightening should support a solid recovery. In Japan, the new government's 'Abenomics' should also contribute to stronger growth. After the sharp slowdown in late 2012 and 2013, the major emerging economies should grow in line with their underlying or 'potential' growth rates.

Beyond the short term cyclical rebound, there is some uncertainty around medium term trends in economic growth. Most economists believe the US economy should grow at around 3% a year, though there are concerns that sluggish investment might depress productivity growth for some considerable time. In Europe and Japan, there are still significant concerns around the overhang of government debt and the fragility of the banking system.

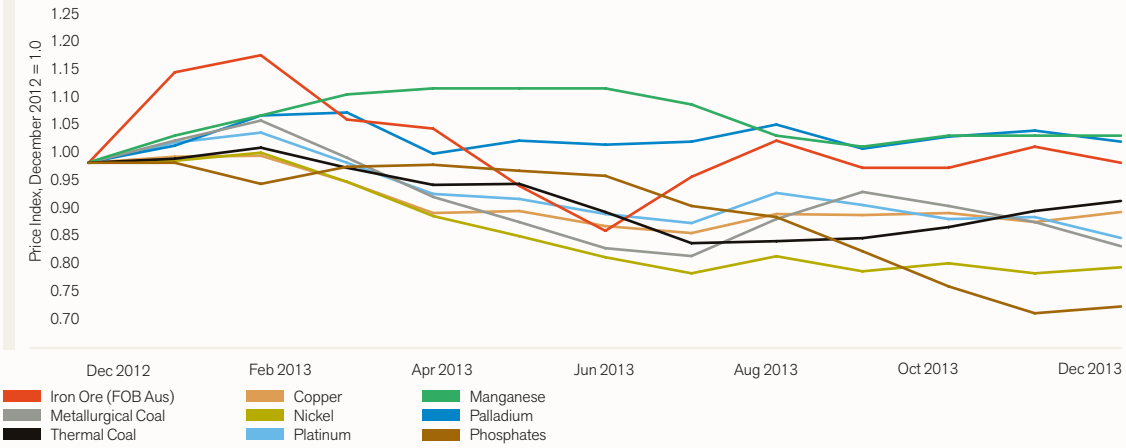
The turbulence in emerging economies has led to a more cautious assessment of their medium term growth prospects. With a less favourable external environment and increasing domestic challenges, the IMF recently revised down its forecasts for growth. Still, the powerful logic of convergence in living standards suggests there is considerable growth potential. But there is a great onus on domestic policymakers to implement much-needed reforms to unlock this potential.

Real GDP



Source: IMF

Indexed 2013 commodity prices[1]



(1) Monthly average prices

Source: Anglo American Commodity Research

COMMODITY MARKETS

From a commodity price perspective, 2013 was characterised by its lack of homogeneity, with our core commodities showing varied price trends in line with the structural fundamentals of each market. Iron ore and palladium prices, for example, were robust in the context of supportive market conditions, while annual average prices for thermal coal, hard coking coal (HCC), nickel and platinum weakened materially. Although there were steep declines in the prices of a number of commodities in the year, the global economic situation, and hence the prospects for commodities, appeared to stabilise and even showed some improvement during the final months of the year.

The monthly average **copper** price declined by 9% over the year. After falling through the first half, driven by concerns over the global macro-economic outlook, prices then stabilised for most of the rest of the year, underpinned by falling inventories on the three principal metal exchanges. But, against a backdrop of reasonable global demand growth, mine output increased at its fastest rate for nine years, pushing the underlying metal market into modest surplus, with inventories being built up either off-exchange, downstream or in Chinese bonded warehouses.

The monthly average **nickel** price fell by 20% over the year. After a marked decline during the first half, driven by a growing market surplus and more general economic uncertainty, prices then stabilised at a depressed level. There was a rapid increase in finished nickel production and, particularly, a surge in the output of nickel pig iron in China. Strong growth in global demand was insufficient to prevent LME inventories climbing to record highs. Prices during the second half were at a level at which, according to some estimates, around one-third of the global nickel industry was cash negative.

Platinum group metals experienced contrasting fortunes during 2013, with the monthly average platinum price weakening by 14%, while the monthly average palladium price rose by 4%. For platinum, this price fall came despite market tightness, as supply was broadly flat. Gross demand, however, grew by around 6%, with significant incremental demand generated by the launch of a South African ETF. Macro-economic developments, and in particular the weakening of the South African rand, combined with the calming of tension among platinum producers, government and unions, reduced the support for dollar-denominated prices. In contrast, the palladium price was robust during the year, as continuing market tightness was driven by strong demand, especially from the Chinese autocatalyst sector, and a marginal decrease in primary supply.

Robust steel production growth in China supported strong growth in global demand for **steelmaking raw materials** in 2013, but despite similar growth drivers, price trends differed. For iron ore, low cost seaborne supply has expanded, though not sufficiently to entirely displace the need for high cost supply from China's mines. Iron ore prices averaged 4% higher during the year with a notably stronger performance during the second half than many analysts expected. Manganese ore prices, too, were higher (10% on an average annual basis), as relatively strong growth in seaborne supply was offset by a restocking cycle in China. By contrast, HCC benchmark prices fell by 24%. Supply side dynamics played a critical role, with a focus on productivity leading to lower costs and increased production from key Australian suppliers, while US miners also maintained exports close to historical highs despite the lower price environment, as a result of the very high fixed-cost structures in the industry.

Thermal coal prices also softened owing to excessive supply, despite opportunistic Chinese buying. Supply growth outstripped demand growth as a result of producers hoping to spread fixed costs over greater volumes. This resulted in prices appearing to find a floor well below some producers' cash cost levels at $77/t in the third quarter, though they subsequently recorded steady improvement during the final three months of the year.

In early 2013, **phosphates** prices were under pressure from weak US demand, while more recently, a reduction in input costs (ammonia and sulphur) has made lower price levels more sustainable. Combined, this has deepened the recent drop in prices from the usual end of year seasonal lull. **Niobium** prices also declined slightly over the year, following the steel market. Recent improvements in the ferrovanadium market are expected to filter through to ferroniobium.

Over the next few years, a stabilising global economy should provide a solid foundation for demand across Anglo American's suite of commodities. On the supply side, the prices of some commodities are likely to be impacted by the delivery of large projects in the short to medium term. The consensus outlook reflects this view, showing price improvements in 2014 and 2015, compared with 2013, for most of Anglo American's core commodities, except iron ore and copper.

FOCUSED ON DELIVERY

2013 – A TESTING YEAR

The year under review was an extremely testing one for the mining industry. Against a backdrop of weaker growth in the world economy, particularly in the emerging economies, commodity demand remained soft with a decline in average realised prices for most of the commodities the Group produces. The material exception was iron ore.

Mark Cutifani

For Anglo American, the effects of such a difficult macro-economic environment were exacerbated by operating challenges at key operations and adversarial labour relations in South Africa. Despite the challenges, significant operating improvements in Copper, Metallurgical Coal and Diamonds in the second half of the year, and the sharp fall in the South African rand in the final quarter, drove a 6% increase in underlying operating profit to $6.6 billion, with underlying EBITDA increasing to $9.5 billion, up by 7%. After deducting tax and profits attributable to non-controlling interests (including Diamonds, Platinum and Copper), which represented a greater proportion of profit than in 2012, underlying earnings decreased by 7% to $2.7 billion.

PRODUCTION IMPROVEMENT AT OUR METALLURGICAL COAL UNDERGROUND MINES

30%

For more information
See page 60

COMPLETION AT THE MINAS-RIO IRON ORE PROJECT

84%

For more information
See page 54

While the Group continued to make progress on the broader safety front, the loss of 14 colleagues overshadowed improvements to lost-time and total accident frequency rates. The most significant event was the loss of four colleagues, with a further two still missing, at the now-divested Amapá iron ore operation in Brazil, where a major geological event following heavy rainfall led to the loss of the port operation. Although the lost-time and total injury rates improved, we are deeply distressed that people are still being killed and injured while on company business and I am determined that we elevate our focus on achieving zero harm.

AROUND THE OPERATIONS

As the year progressed we continued to make solid progress at several of our major operations. At Los Bronces and Collahuasi, our two biggest copper interests in Chile, operational improvements in waste stripping volumes and process tonnages supported a significant increase in copper production.

At the Sishen iron ore mine in South Africa, which is currently constrained by waste material, resulting in insufficient exposed ore and a consequent fall-off in iron ore output, a redesign of the pit and changes to core operating processes should result in consistently higher production from 2015 onwards. The Sishen challenges have been partially offset by an impressive performance from Kolomela, which is now operating at well above nameplate capacity. Meanwhile, in Brazil, the 26.5 Mtpa Minas-Rio iron ore project was 84% complete by the end of the year and remains on track to ship its first iron ore by the end of 2014.

At our underground metallurgical coal mines, production improved by 30%, with Moranbah North lifting longwall output by 39% on the back of an improvement in cutting hours, an increase in automated cutting rates and reduced unplanned downtime. Continued focus on discretionary costs and productivity has resulted in FOB cash unit costs at the Australian operations reducing by 8%. In South Africa, the priority is to implement a range of business improvement initiatives aimed at driving value at our Thermal Coal mines and expansion projects.

Ahead of the furnace rebuilds at Barro Alto in Brazil, which will take place from 2014-2016, our Nickel business has put in place a series of initiatives to improve output, reduce costs and optimise value. At our Niobium unit, the Boa Vista Fresh Rock expansion project, which will raise niobium output by around 50%, is due to be commissioned later this year. On the Phosphates side of the business, margins are improving with more efficient sales pricing initiatives, and expansion opportunities are being evaluated in order to meet the agriculture market's growing demand for fertilisers.

In 2013, our Platinum business faced significant challenges. Cost pressures in the older, deep-level operations have been driven by double-digit increases in power rates, declining productivity and labour unrest. If we add continuing price pressure exerted by declining automotive demand, this was a severely challenging year for the Platinum business. We finalised a 'root-and-branch' review of the business to address the changed fundamentals of the platinum industry and to understand the primary drivers of the dramatic reduction in profitability across the sector. Following an extensive but

01

02

01 Dr Nkosazana Dlamini Zuma, Chairperson of the African Union Commission, with Mark Cutifani at the Anglo American corporate office in Johannesburg.

02 Mark Cutifani in conversation with finance director René Médori.

constructive process of engagement with government and the unions, our labour force is being aligned with operational requirements. We are putting the review's proposals into action across the business and concentrating on those assets with sustained profitability potential, while adjusting production more closely with current product demand.

De Beers had a good year and was able to increase output against a background of rising demand. In Botswana, flagship mine Jwaneng drove higher production as it recovered from a slope failure in mid-2012, while Orapa recorded slightly higher output. In Canada, Snap Lake lifted the number of carats recovered by around 50% as it revised mining methods and operating practices.

OUR STRATEGY IS ALL ABOUT DELIVERY

We are making headway on our strategy, which builds off three key elements: investing in high quality, competitively positioned assets to create a portfolio of businesses that meet our customers' changing needs; delivering sustainable value by organising our business, our people and the way we work to outperform across the value chain, while mining safely and responsibly; and treating all of our stakeholders with care and respect and partnering with them to reach their potential, starting with our employees.

In the short to medium term, we are doing so through a change programme called *Driving Value*, which focuses on the immediate challenges of revitalising our business while laying the foundation for success over the longer term. We have set demanding but achievable targets and we are determined to meet them by working efficiently and effectively to drive significantly greater value from our asset base. We are seeing early progress, including in our Platinum and Metallurgical Coal businesses, across our Commercial initiatives and in reducing early stage project evaluation costs by $200 million in 2013 alone. Our pathway to increase margins and returns by 2016 is clear.

What is very apparent to me, after visiting as many operations as I could during my first nine months in the job, is that Anglo American has several assets of the highest quality. Sishen and Kolomela in iron ore; Los Bronces and Collahuasi in copper; Jwaneng, Orapa and Venetia in diamonds; Mogalakwena in platinum; and Moranbah North in metallurgical coal are all world-class assets in a quality, diversified commodity portfolio. These assets will be augmented as major developing projects such as Minas-Rio and the Metallurgical Coal development at Grosvenor in Australia come on stream over the next three years.

Just as importantly, we now know what we need to do to realise the value potential from such an attractive asset base. Following the comprehensive asset review we put in train, as part of *Driving Value*, we have identified a range of opportunities which will enable us to better utilise the installed capital across our operations, further driving improved margins and returns.

Overall, our assets are in reasonable shape, but, crucially, we need to lift returns by focusing on both capital deployment and operating performance. During the downturn we have seen the mining industry's return on capital employed (ROCE) plummet from around 24% to about 10%. Anglo American's attributable ROCE fell to 11% in 2012 and 2013. Considering the Company's cost of capital, that rate of return is not good enough for us, nor our shareholders, and we have set a target for Anglo American to reach a sustainable minimum 15% attributable ROCE by 2016.

Strikingly, more than 80% of our earnings are derived from assets in the bottom half of the cost curve and, unsurprisingly, we have put the spotlight on those that do not stack up in terms of expected ROCE, or which, in our view, do not have the potential to deliver material improvements.

During September, following a thorough assessment of our extensive pipeline of long-dated project options, we also took the decision to withdraw from the Pebble copper project in Alaska. Our focus for the future is to prioritise capital for projects with the highest value and lowest risk profiles within our portfolio, and to reduce the capital required to sustain such projects during the pre-approval phases of development as part of a more effective, value-driven capital allocation model. In 2013, this resulted in a reduction in exploration and evaluation costs from $731 million in 2012, to $533 million.

Driving Value includes managing our assets more efficiently and effectively. To achieve that objective, we need to have the right people in the right roles. We are now making progress on a far-reaching restructuring programme from top to bottom of the organisation. We aim to strip out extraneous layers of management in order to enable more direct reporting and clearer responsibilities, and have already reshaped the senior management team. We have also partly remodelled the business units by integrating our two Coal businesses and by combining Niobium and Phosphates with our Nickel business. Across our Commercial unit – which now has two hubs, in Singapore and London, to be close to our major markets – we are also making significant changes to the way we manage our marketing, sales and logistics

Snap Lake, Canada
Exploration activities at the Snap Lake diamond mine, located in the Northwest Territories.

Zibulo, South Africa
Mark Cutifani visited Thermal Coal's Zibulo colliery on Anglo American's Global Safety Day – 4 November 2013.

Minas-Rio, Brazil
Filtration tanks at the Port of Açu, from where the first iron ore from Minas-Rio is scheduled to be exported by the end of 2014.

Collahuasi, Chile
An operator working at the casting wheel, where molten copper is poured into moulds to form copper cathodes.

Moranbah North, Australia
Monitoring longwall underground mining operations on a 'smart board'.

OPERATIONS VISITED

During his first week in the role, new chief executive, Mark Cutifani, met a hundred senior managers based in London and across the businesses. In the first eight months, he also met and spoke with a significant portion of the Group's top 400 managers, as well as several hundred employees, corporate office staff and mine operators. In 2013, he visited all business units' major operations and projects, including:

- **Los Bronces** – Chile
- **Collahuasi** – Chile
- **Quellaveco project** – Peru
- **Cerrejón** – Colombia
- **Minas-Rio project** – Brazil
- **Barro Alto** – Brazil
- **Codemin** – Brazil
- **Niobium mining and processing operations** – Brazil
- **Boa Vista project** – Brazil
- **Phosphates mine and fertiliser plant** – Brazil
- **Moranbah North** – Australia
- **Grosvenor project** – Australia
- **Dawson** – Australia
- **Peace River Coal** – Canada
- **Snap Lake** – Canada
- **Jwaneng** – Botswana
- **Venetia** – South Africa
- **Sishen** – South Africa
- **Bathopele** – South Africa
- **Mogalakwena** – South Africa
- **Zibulo** – South Africa
- **Singapore Commercial office**
- **Beijing representative office**

activities. These are already enhancing margins and are expected to deliver an additional $400 million a year of operating profit by 2016 (on an attributable basis).

We have identified approximately 85% of the incremental EBIT necessary to achieve the level of return we expect from the business and we are working on the areas where we see additional potential. Our capital allocation process, for example, has been rebuilt to enforce more stringent criteria and controls. This is expected to lead to a $400 million per annum cash flow improvement in 2014 by recalibrating our project pipeline. In 2013, we realised proceeds of almost $400 million from non-core asset sales and we expect to make further savings of $500 million through a reduction in overheads as well as supply chain savings of $100 million. Preserving our resource optionality for the future also remains a priority within our project development pipeline and capital allocation analyses. For example, following our recent stage-gate analysis of the Quellaveco copper project in Peru, we are re-scoping a larger scale project to enhance the economic case beyond our return criteria, while retaining government and community support.

We have identified approximately 85% of the incremental EBIT necessary to achieve the level of return we expect from the business.

On the environmental front, the implementation of our water programme, WETT, has once again had a material impact on improving our water efficiency across the Group. We are trending ahead of the target set (a 14% reduction against projected consumption in 2020) and delivered a calculated saving of more than $85 million in 2013. In addition, around 67% of our total water needs are met by recycled water. The implementation of 206 energy- and carbon-saving projects since 2011, as part of our ECO_2MAN programme, delivered savings of 4.3 million GJ of energy and 3.5 million tonnes of carbon dioxide equivalent emissions in 2013. The resulting avoided energy cost is estimated at $95.5 million.

THE BIGGER PICTURE

Beyond our own Group, however, there is a bigger picture, of which we are all a part. We are among seven billion people who share this planet and in 10 years' time we are likely to be a billion more. Yet the mining industry is not supplying the resources in sufficient quantities to support the world's growth. Declining productivity, spiralling costs, community activism, government intervention, deepening pits and lower ore grades, infrastructure challenges and the industry's poor image are hampering our projects and preventing us from delivering on society's needs.

For one thing, we will have to change the way we mine. We cannot carry on doing 'business as usual' if we are to supply the world's needs in a responsible and sustainable way. Many of our business practices and operating models are years behind other industries'; we have much to learn from them. All mining companies will have to invest much more strategically in innovation simply to stay in business.

Furthermore, while many mining companies have made good progress in securing and retaining their social licences to operate, becoming pivotal partners in building long term social and physical infrastructure that creates a positive benefit for local and regional economies is becoming a mission-critical imperative.

We must apply our minds to how we can reallocate our resources to deliver better outcomes for stakeholders. Mining companies with communities need to take a far more active role in reshaping our future – to accept that our long term prosperity depends on the strength of our relationships with all of our stakeholders, to recognise that we have a responsibility to work collaboratively to realise our shared purpose. We need to put aside our sometimes short term competitive issues and concerns and assist each other in rebuilding our relationship with our most important stakeholders. It is only through greater cohesiveness and co-operation on our part, and the support of our stakeholders, that we will be able to provide sustainable financial returns to shareholders. We believe the focus on partnerships is consistent with delivering sustainable improvements to our shareholders.

OUTLOOK

The world economy should strengthen in 2014 and 2015 as we continue to emerge from the challenges of the global financial crisis. China should continue to grow by around 7% and the diminishing effects of fiscal tightening should support a firmer recovery in the US and beyond.

The turbulence in emerging economies in 2013 has led to a more cautious assessment of their medium term growth prospects. Still, there are fundamental trends that indicate support for continuing growth, particularly with the scope for further significant catch-up in living standards. But we cannot be complacent about this growth given the current challenges in many economies. There is an imperative for domestic policymakers to implement much-needed reforms to unlock this potential.

While I expect headwinds to continue in 2014 as we reset the business, the benefits of much-improved operational processes and performance will flow through largely in 2015 and 2016. In the immediate term, we have already delivered significant sustainable improvements, including early operational improvements, overhead reduction and reducing early-stage project expenditure.

ACKNOWLEDGEMENT

I would like to thank our employees and contractors, as well as our many and varied stakeholders, for their dedication and support through a challenging year. I know I can count on you all as we continue to pursue our opportunities to deliver on our potential. Together, we are making a real difference.

Finally, I wish to acknowledge the support and wise counsel of our chairman Sir John Parker and all members of the Board during this period of dynamic change, the pursuit of great opportunities and delivering on our potential.

Mark Cutifani
Chief Executive

OUR WORLD, OUR ROLE

The story of mining, and of Anglo American, is about people and how we live every day. The smartphone that wakes you, the coffee machine you've just switched on, your journey to work – none of those could happen without the products from mining.

MINING TODAY AND TOMORROW

Today, there are 7 billion people in the world, most with the hope of enjoying a lifestyle that those in the developed world take for granted. And by 2025 there will be another billion, with more of us choosing to live in cities than ever before. It is clear that our need for the products from mining will continue to grow well into the future. Mining not only enables the modern world to function and develop, it enables innovation, with minerals and metals the starting point for a variety of vital industries – from chemicals and electronics, to fertilisers and pharmaceuticals. Every day we learn of more uses for metals and minerals in our daily lives.

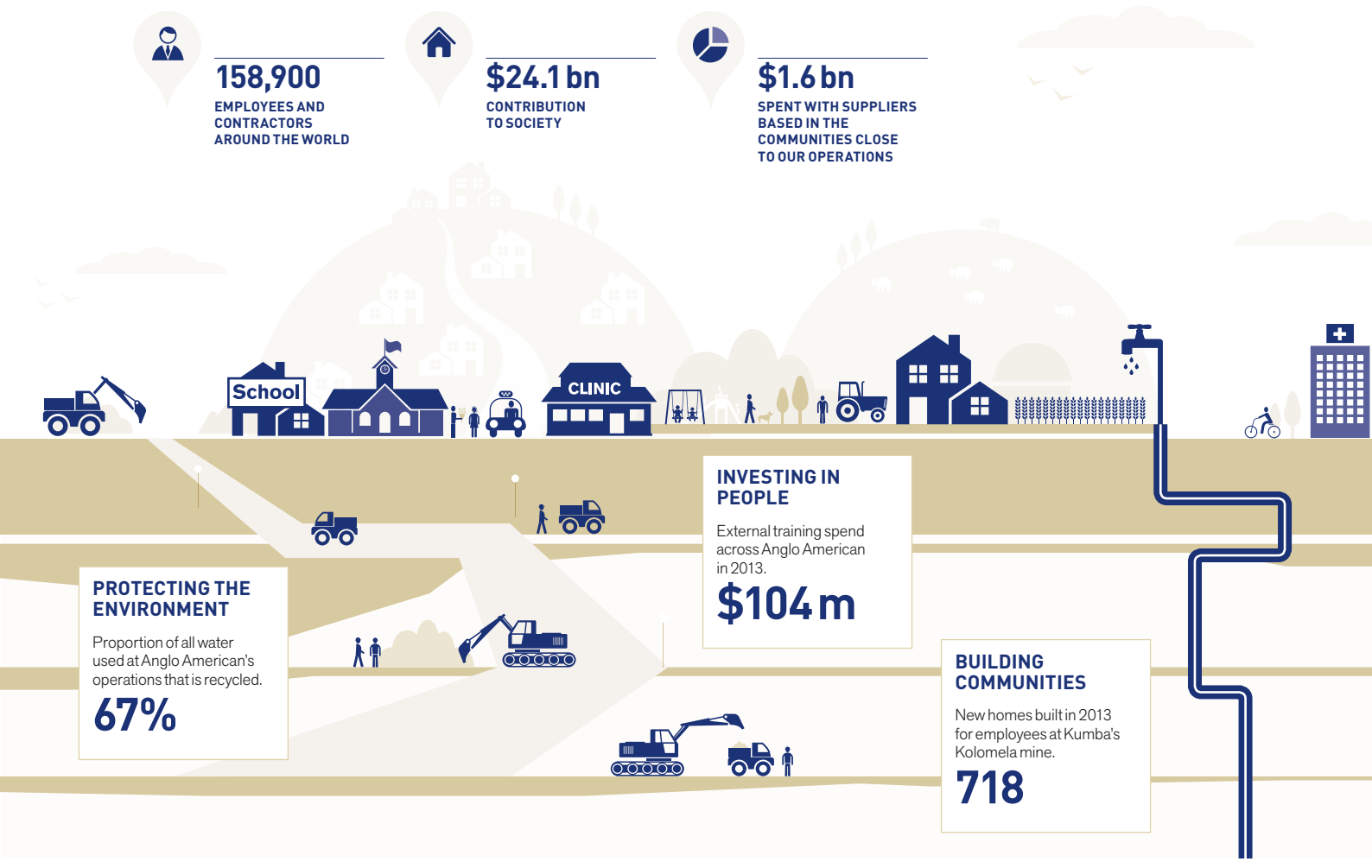
Yet we cannot take the earth's minerals for granted. The supply is finite and it is becoming more difficult and more costly to access these essential commodities. Mining companies, and their shareholders, invest billions of dollars to find, develop and deliver the materials that help our economies grow.

At Anglo American we are proud of doing this for almost a century. We mine a range of diverse commodities, because each is needed in different ways by people in countries around the globe. For example, we mine iron ore and metallurgical coal, both of which are used to make steel – a product essential for the creation of emerging urban environments. We mine copper – a key component in the electrical and electronics revolution. We mine phosphates – delivering fertiliser products that help farmers maximise the crops they grow. The precious metals we mine are required in car catalytic converters and help improve the quality of the air we breathe.

158,900
EMPLOYEES AND CONTRACTORS AROUND THE WORLD

$24.1 bn
CONTRIBUTION TO SOCIETY

$1.6 bn
SPENT WITH SUPPLIERS BASED IN THE COMMUNITIES CLOSE TO OUR OPERATIONS



We mine a range of diverse commodities, because each is needed in different ways by people in countries around the globe.

We believe that by mining such a wide range of metals and minerals we spread our risk, increase the opportunities available to us, and can transfer experience and best practice across commodities and geographies.

But mining is not just about delivering products to customers. Mining creates jobs and helps communities develop new skills and improve education; it builds infrastructure such as electricity, piped water, telecommunications, roads; mining can also bring improved healthcare and environmental stewardship; and mining brings innovation and development.

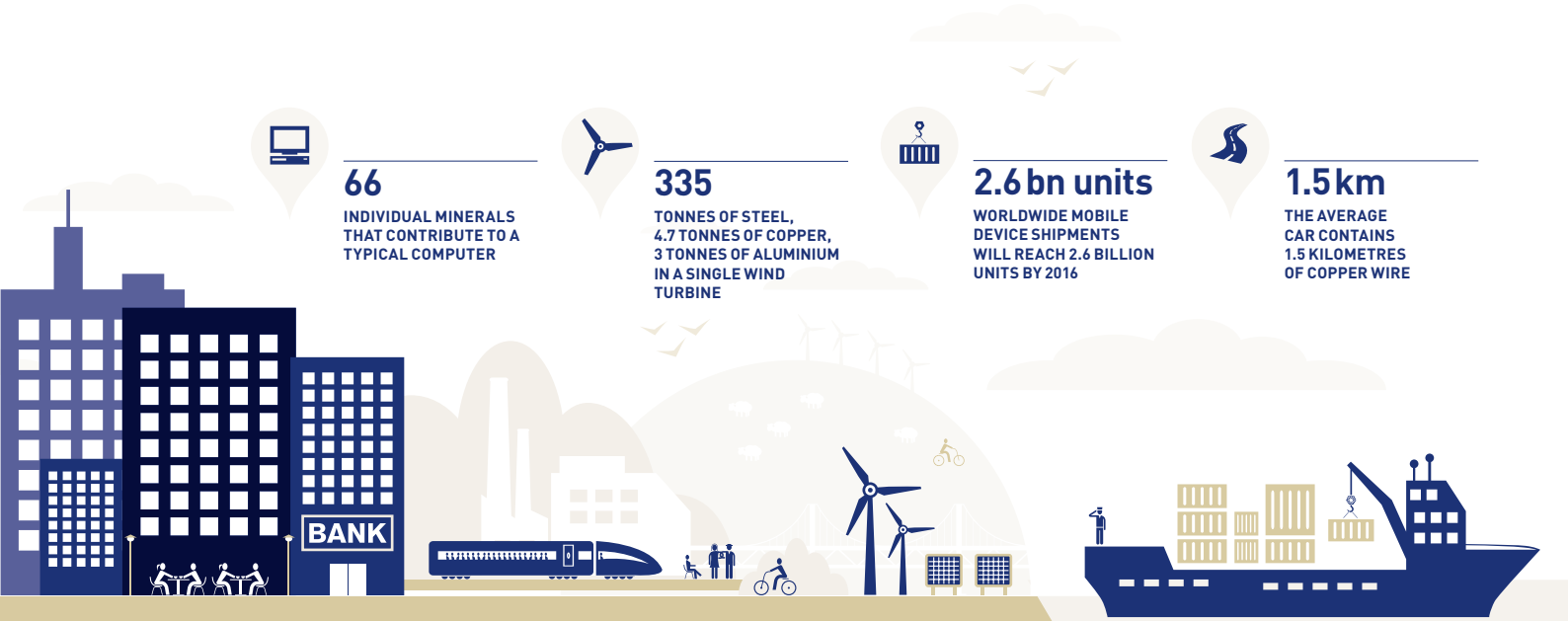
We use our scale and reach to ensure a fairer distribution of the opportunities mining brings. For example, in 2013, almost 80% of the $24.1 billion Anglo American spent on suppliers, employees, and in taxes and royalties to governments, was spent in developing countries, with the positive economic effects extending well beyond those direct impacts.

We believe that to be a force for good in a changing world, we must maximise our contribution to sustainable development globally and act to the benefit of our host communities, both during and beyond the lives of our operations.

We have to work hard to make a positive and welcome impact in the communities and ecosystems around our mines. We work with our host communities to help improve healthcare, education, and skills development, protect scarce resources like land and water, and we use our supply chain to develop local economies.

We will continue to explore and invest in new technologies to ensure more efficient operations, to reduce our impact on the environment and realise greater value for our customers and shareholders.

Most importantly, we will endeavour to work in partnership with our key stakeholders in seeking the best way to deliver the resources the world needs.



66
INDIVIDUAL MINERALS THAT CONTRIBUTE TO A TYPICAL COMPUTER

335
TONNES OF STEEL, 4.7 TONNES OF COPPER, 3 TONNES OF ALUMINIUM IN A SINGLE WIND TURBINE

2.6 bn units
WORLDWIDE MOBILE DEVICE SHIPMENTS WILL REACH 2.6 BILLION UNITS BY 2016

1.5 km
THE AVERAGE CAR CONTAINS 1.5 KILOMETRES OF COPPER WIRE

CREATING SHARED VALUE

Percentage of government revenues in low to middle income economies generated by mining.

3–20%

INNOVATING NEW TECHNOLOGY

The target date for most major automakers for first commercial sales of their fuel cell vehicles. Most fuel cells contain platinum catalysts.

2015

BUILDING PARTNERSHIPS

Jobs created or maintained through our enterprise development initiatives.

76,500

Source: ICMM, NMA, geology.com, Canalys Research, Johnson Matthey

DESIGNED TO DELIVER VALUE FOR ALL OUR STAKEHOLDERS

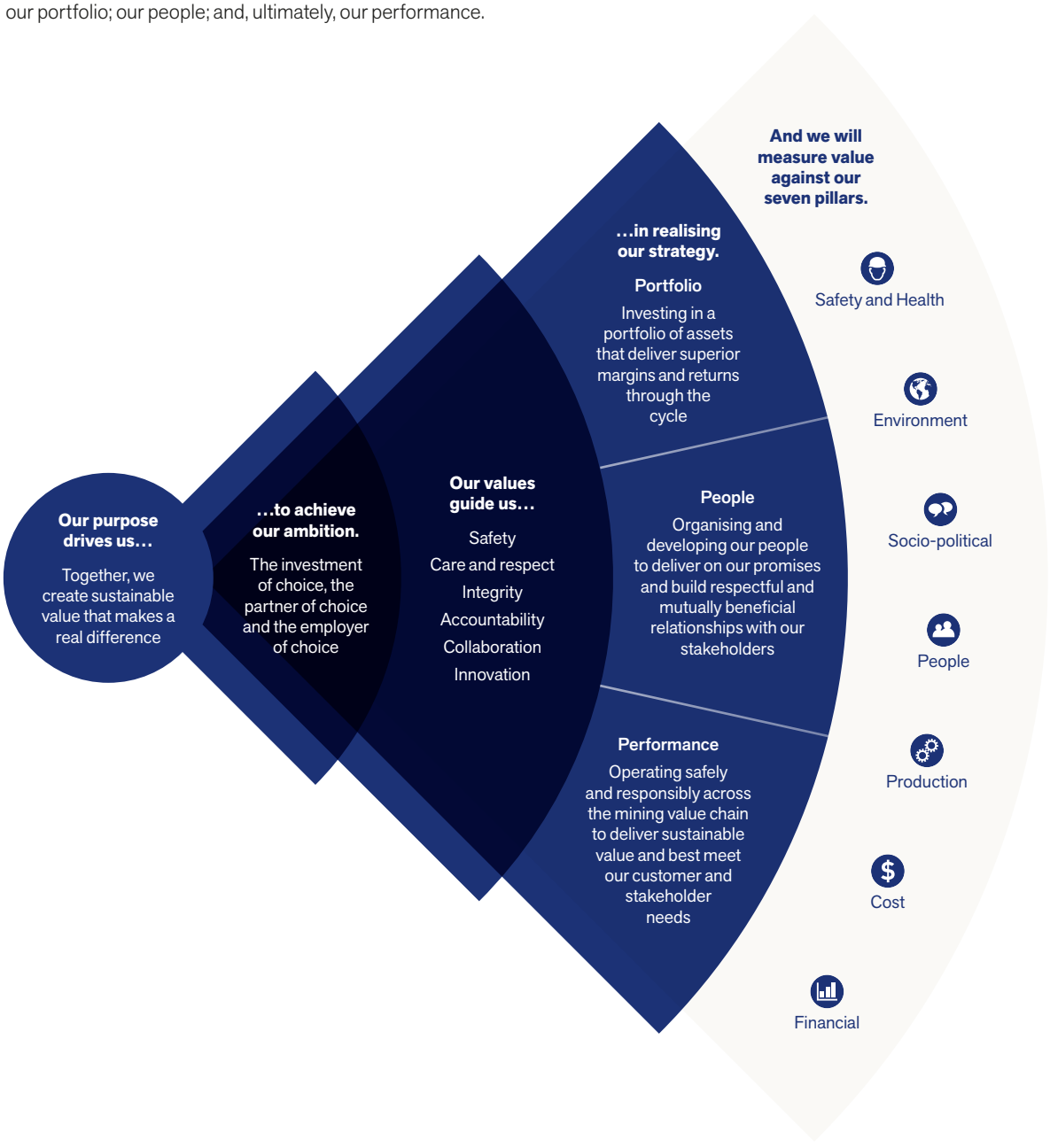
At Anglo American, we recognise that we must continually adapt and improve if we are to achieve our ambition to become the investment of choice, the partner of choice and the employer of choice.

We are clear about our purpose: 'Together, we create sustainable value that makes a real difference', and this means we need to deliver our promised returns to shareholders, as well as work with our stakeholders to find mutually beneficial solutions to our shared challenges. Our strategy to achieve this hinges on three key elements: our portfolio; our people; and, ultimately, our performance.

Our shareholders own the business and are entitled to attractive returns, reflecting the risk they take in funding the business.

Our employees are the business and must be treated with care and respect and compensated fairly for their work. Our stakeholders are partners in the business and are entitled to fair compensation for their contributions to business success.

Although we do not have all the answers, we can start the conversation about what better mining looks like from both a shareholder and a stakeholder perspective.



OUR SEVEN PILLARS OF VALUE

Delivering on our commitments to shareholders while creating an attractive and differentiated value proposition for our partners and stakeholders is the very essence of delivering 'sustainable long term value'.

OUR STAKEHOLDERS

Continuously improving and maintaining positive relationships with our many stakeholders is one of our principal priorities. We believe that establishing relationships built on trust is fundamental to our ability to create sustainable value. Our main stakeholder groups are:

- trade unions
- governments
- communities
- suppliers and contractors
- non-governmental organisations (NGOs) and civil society bodies
- joint venture and other strategic business partners
- customers
- business peers.

We will use a business scorecard to measure the Group, business unit and asset performance against our objective of sustainable value creation. The design is still evolving; however, it will consider seven areas or 'value pillars'.

Safety and Health
to do no harm to our employees and contractors

Environment
to do no lasting harm to the environment

Socio-political
to partner in the benefits of mining with local communities and governments

People
to resource the organisation with an engaged, productive workforce

Production
to extract our resources in a sustainable way to create value

Cost
to be competitive by operating as efficiently as possible

Financial
to deliver sustainable value for our shareholders.

Read about our KPIs
See page 18

OUR DELIVERY ROADMAP

IMMEDIATE FOCUS

15%

Effective and efficient
Our strategy sets out the path for sustainable success towards our ambition. We must, however, address some immediate strategic issues if we are to deliver long term sustainable value in the future.

We are doing this through *Driving Value*, a change programme that sets us on a path to recovery to 2016, and sets our business up for long term success.

Driving Value initiatives are under way to support our ambition to achieve at least a 15% attributable return on capital employed (ROCE) by 2016.

THE LONGER TERM

SUSTAINABLE RETURNS

Building on the foundations
As we have defined, 2016 is simply a date by which we intend to deliver a minimum acceptable return for our shareholders. Based on this foundation, we aim to continue to grow our financial performance to deliver a longer term sustainable return of greater than 15% through the business cycle.

DESIGNED TO DELIVER NOW

ADDRESSING OUR IMMEDIATE PRIORITIES

As part of our *Driving Value* change programme we have completed the review of our asset portfolio and now understand what has to be done to achieve both our short term targets and long term ambitions. We have focused on four strategic priority areas to help us deliver now.

CAPITAL ALLOCATION

We have set ourselves a realistic financial target of delivering at least a 15% attributable ROCE by 2016. Achieving this target will require a renewed focus on capital discipline, our capital deployment to be directed towards high value, low risk projects, and ensuring we manage the balance between growth and shareholder returns.

For more information
See page 20

BUSINESS EXECUTION

We have a high quality asset base with the potential to deliver better margins and returns. The asset review process has identified operational improvement opportunities and we are working towards executing against our plans while remaining committed to the highest standards of safe and sustainable mining.

For more information
See page 34

STAKEHOLDER ENGAGEMENT

We understand that we must work together with our stakeholders to partner with them to reach their potential. Our ability to build effective and mutually beneficial partnerships with host communities and governments is of particular importance to us and is a prerequisite for investment.

For more information
See page 26

ORGANISATION STRUCTURE

We believe that having the right people in the right roles doing the right work is critical to achieving our ambition, and so, we are redesigning our organisation to enable our people and our business to be successful.

For more information
See page 26

HOW WE CREATE VALUE

Anglo American finds, develops, mines, processes and markets a range of commodities that meet our customers' changing needs. We have a diverse portfolio of high quality assets, with many having significant scalability potential. We are committed to running our business all the way from discovery to market in a safe and responsible way, to deliver long term sustainable value to all our stakeholders.

OUR OPERATIONAL MODEL

We are developing a new approach to drive and support change across our value chain. Starting with clear and realistic expectations, we will plan appropriately and then put those plans into action, rigorously measuring and analysing successes and failures to learn from both.

1. EXPECTATION SETTING AND OPERATIONAL PLANNING

The first step in understanding how to optimise each of our assets is to determine the gap between the current capabilities of the assets versus budgeted expectations.

2. PERFORMANCE ANALYSIS

We then analyse data and key performance indicators (KPIs) generated by the asset to confirm average performance levels, assuming no changes to the current process.

3. CONTINUOUS IMPROVEMENT

Incremental changes are made to the operation of the assets to deliver a positive and sustainable shift in performance with minimal capital outlay.

ORGANISATIONAL MODEL

We want to create a more effective and efficient organisation, where we only carry out the necessary work – the right work – to achieve our strategy. We aim to reduce duplication, eliminate tasks that do not add value, and ensure that the work required is carried out by people with the right capabilities, resources and tools. We are clear who makes decisions across the Group and, therefore, who is accountable for the outcomes of these decisions.

OUR KEY RESOURCES AND RELATIONSHIPS

OUR RESERVES AND RESOURCES

The quality and extent of its mineral resource base is the lifeblood of any mining company, providing it with a range of development and other value creating options for the future. At Anglo American, we have an extensive ore reserve and mineral resource base across all of the commodities in our portfolio and across our wide geographic footprint, providing us with a suite of options for delivering value through different commodities' economic cycles. The efficient extraction of metals and minerals from these orebodies underpins our ongoing profitability.

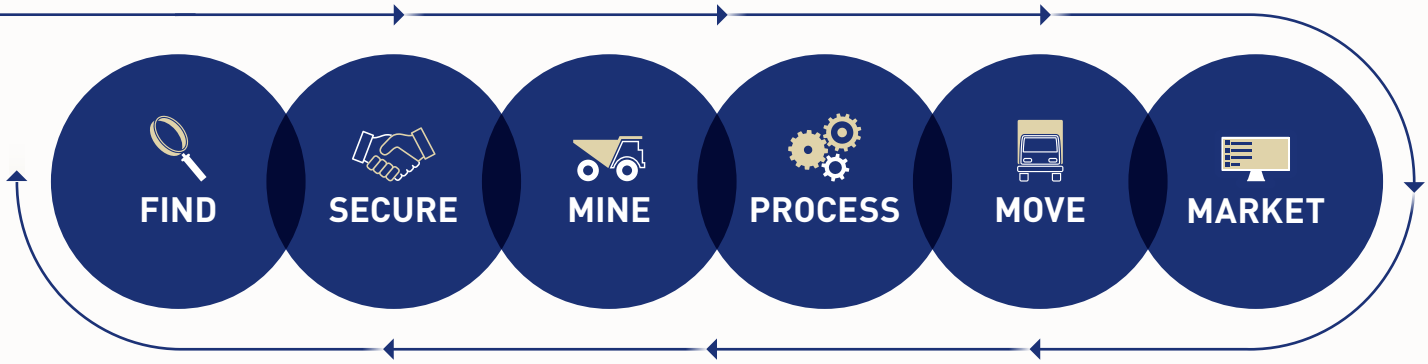
COMMUNITIES AND GOVERNMENTS

Governments, as custodians, own the resources we develop and set the tax and regulatory frameworks within which we operate. Our host communities are major providers of employees and suppliers, and without their support we cannot succeed.

Both governments and communities expect us to run safe and environmentally responsible operations, and to contribute to the long term development of our host communities and countries.

OUR EMPLOYEES

Our employees are the business. We can build our mines and our operations, but if we do not have an engaged and committed workforce we will never achieve our true potential. We must participate in every individual's personal development, to support them to succeed in return for their commitment to give us their best. We believe we can be the Employer of Choice by rewarding our people at market-competitive rates while providing them the opportunity to realise their personal potential.



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

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.

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.

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

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

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

ORGANISATIONAL STRUCTURE

We believe that the role of our business units is to carry out core 'operational work' and that the role of the Group corporate functions is to provide support to enable this to happen. A basic principle of our new organisation model is that all work should be done at the operations unless there is a clear reason for it to be done elsewhere.

OPERATIONAL WORK

Operational work is the core value-generating work of our business. For Anglo American, this includes finding, mining, processing, and moving and marketing our metals and minerals. We also believe that building relationships with our stakeholders is core to operating effectively. The work of Commercial is considered 'core operational' because it is a fundamental part of our value chain and is critical to our ability to deliver value to our shareholders and stakeholders.

FUNCTIONAL SUPPORT

Our mining operations and commercial business cannot achieve the Group's strategic objectives alone; they require value-adding specialist support and services by the Group functions at the corporate centre. These provide expert advice to our operational managers that helps improve business performance across the Group.

DESIGNED TO BE MEASURED

PILLARS OF VALUE[1]	KEY PERFORMANCE INDICATORS (KPIs)	
Safety and Health To do no harm to our employees For more information see **People on page 26**	**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 **New cases of occupational disease (NCOD)** Number of new cases of occupational disease diagnosed among employees during the reporting period	**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 the routine functions of his/her job for one full shift or more the day after the injury was incurred, whether a scheduled workday or not
Environment To do no lasting harm to the environment For more information see **Performance on page 34**	**Energy consumption** Measured in million gigajoules (GJ) **Greenhouse gas (GHG) emissions** Measured in million tonnes of CO_2 equivalent emissions	**Total water consumed** Total water consumed includes water used for primary and non-primary activities, measured in million m^3
Socio-political To partner in the benefits of mining with local communities and governments For more information see **People on page 26**	**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	**Enterprise development** Number of companies supported, and number of jobs sustained, by companies supported by Anglo American enterprise development initiatives
People To resource the organisation with an engaged, productive workforce For more information see **People on page 26**	**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
Production To extract our mineral resources in a sustainable way to create value For more information see **Performance on page 34**	**Production volumes** Production volumes for the year are discussed at a commodity level within each Business Unit section of the annual report (see pages 54–91). Quarterly production figures are shown on page 254	
Cost To be competitive by operating as efficiently as possible For more information see **Portfolio on page 20** **Performance on page 34**	**Unit costs of production** Unit costs of production are discussed at a commodity level within each Business Unit section of the annual report (see pages 54–91). Other factors that impact costs across the Group are discussed in the Performance section of the annual report (see pages 34–45)	
Financial To deliver sustainable returns for our shareholders For more information see **Portfolio on page 20** **Performance on page 34**	**Attributable return on capital employed** The return on adjusted capital employed attributable to equity shareholders of Anglo American. It excludes the portion of the return and capital employed attributable to non-controlling interests in operations where Anglo American has control but does not hold 100% of the equity. It is calculated as annualised underlying operating profit divided by adjusted capital employed	**Underlying earnings per share** Underlying earnings are net profit attributable to equity shareholders, before special items and remeasurements

[1] The table above reflects historically reported KPIs against our seven pillars. It does not represent our new business scorecard.

RESULTS AND TARGETS[2]

Work-related fatal injury frequency rate (FIFR)
Target: Zero fatal incidents

2013: **14** fatalities, 0.008 FIFR
2012: **13** fatalities, 0.007 FIFR

Lost-time injury frequency rate (LTIFR)
Target: Zero incidents.
The ultimate goal of zero harm remains

2013: **0.49**
2012: **0.58**

New cases of occupational disease (NCOD)
Target: Zero (long term)

2013: **209**
2012: **174**

Energy consumption
Million GJ total energy used
Target: 7% saving against 2015 business as usual (BAU)
Performance: 5% saving against 2013 BAU

2013: **106**
2012: **113**

GHG emissions
Mt CO_2 equivalent
Target: 19% saving against 2015 projected BAU.
Performance: 19% saving against 2013 BAU.

2013: **17**
2012: **18**

Total water use
Target: 14% saving against 2020 projected BAU
Performance: 22% saving against 2013 BAU

2013: **201 Mm³**
2012: **156 Mm³**

Corporate social investment[3]
2013: 2.2% of profit before tax
2012: 2.8% of profit before tax

2013: **$127 m**
2012: **$146 m**

Enterprise development
Businesses supported

2013: **48,111**
2012: **40,217**

Enterprise development
Jobs sustained

2013: **76,543**
2012: **64,927**

Voluntary labour turnover

2013: **2.0%**
2012: **2.4%**

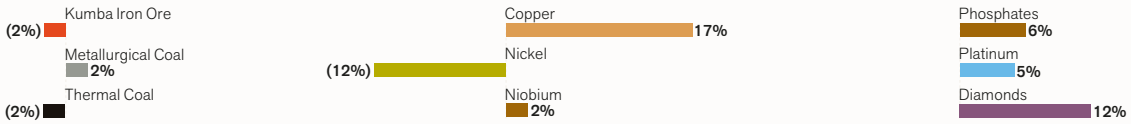
Gender diversity
Managers who are female

2013: **23%**
2012: **23%**

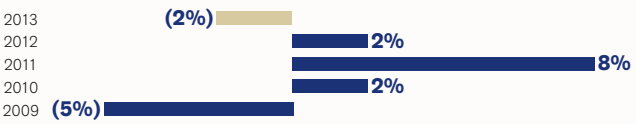
Gender diversity
Women as a percentage of total workforce

2013: **16%**
2012: **15%**

Production change
% change versus 2012



Group real cash cost movements 2009–2013



Real cash costs are the annual increase/decrease in the Group's operating cash costs versus the prior year, excluding depreciation, the impact of CPI and foreign exchange, and is after capitalisation of stripping costs

Group attributable ROCE

2013: **11%**
2012: **11%**

Underlying EPS

2013: **$2.09**
2012: **$2.28**

[2] The results and targets in the KPI table above include wholly owned subsidiaries and joint operations over which Anglo American has management control. Data reported in 2012 includes results from De Beers from the date of acquisition.
[3] CSI data from 2012 has been restated owing to a change request made by De Beers subsequent to the publication of the 2012 Annual Report.

Chris Griffith
CEO, Platinum

"Mogalakwena is an asset of rare scale and quality – the largest open-pit platinum mine in the world and our largest reserve base, with the highest-value contribution from nickel and copper. Mogalakwena provides us with an enviable range of development options."

MOGALAKWENA – A WORLD-CLASS PLATINUM RESOURCE PROVIDING FLEXIBLE GROWTH OPTIONS

The Platreef, in South Africa's Limpopo province, is one of the world's largest precious-metal deposits and the location of our Mogalakwena platinum mine. The mine currently produces around 300,000 ounces of platinum a year, and a similar by-product value contribution from palladium, rhodium, nickel, copper and gold. Its open-pit mining method and significant by-product credits result in it being the lowest operating cost, and highest cash margin, platinum operation in our portfolio, and positions Mogalakwena comfortably in the lowest operating cost quartile of the platinum industry.

Mogalakwena is an excellent example of an asset where we feel we can expand production without entering into significant capital commitments. Based on our early-stage analysis, we believe the potential is there to reach 400,000 ounces of platinum by 2017, at low capital intensity – a real opportunity to deliver superior returns on our invested capital.

Image
(Left to right) Wi-Fi technician Lerato Rakobela and technical specialists Mzu Hlebo and Tikoane Sonopo with ground stability radar equipment at Mogalakwena's open pit.

DISCIPLINED INVESTMENT TO DELIVER IMPROVING RETURNS

MINE LIFE[1]

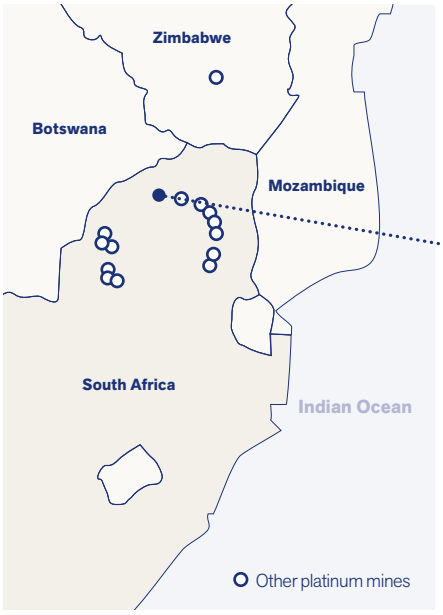
27 years

RESERVES (4E)

141.6 Moz

MINING RATE POTENTIAL BY 2017

400 koz/pa



Location

Mogalakwena is situated 30 kilometres north-west of the town of Mokopane in the province of Limpopo and is the only operating platinum mine on the Northern Limb.

Mogalakwena mine

Mogalakwena mines Platreef ore and consists of five open pits. The mining method is open-pit truck and shovel and the current pit depths vary from 45 metres (Mogalakwena North) to 245 metres (Sandsloot). The ore is milled at the new, fully operational North Concentrator and the older South Concentrator.

Pillars of value:

- Cost
- Financial

For more on pillars of value and our KPIs
See pages 14–15 and 18–19

(1) Mine Life limited to the current Mining Right period.

INVESTING TO DELIVER SUPERIOR MARGINS AND RETURNS THROUGH THE CYCLE

At Anglo American, we believe that being a global diversified mining company provides a natural hedge against price volatility and geographic pressures, giving us flexibility to meet the world's changing needs.

Our portfolio of mining and processing assets is chosen for the low cost and competitive position of such assets in their given market, designed to deliver attractive returns through normal commodity price cycles. We have had operations in Africa, Australia, and North and South America for many years, but we are also building strong commercial relationships in Europe and across Asia, including in India, China, South Korea and Japan, to strengthen our positions now and in the future.

We are widely recognised as industry leaders in discovering new assets in addition to investing in existing ones, ensuring that we balance the need to grow as a business while delivering improving returns to shareholders. We take a long term view to managing our assets, continually stress-testing our portfolio against investment and sustainability criteria to ensure it delivers value and that it continues to meet our customers' needs today, tomorrow and into the future.

OUR TARGET FOR 2016

Mining industry returns (return on capital employed, or ROCE) have dropped significantly from around 24% in 2006 to 10% in 2012, despite a relatively positive commodity pricing environment over much of the period. Although there are many reasons for capital employed increasing at a faster rate than earnings, there are some common themes across the industry, including: over-capitalisation of assets in an attempt to grow production at any cost; an active merger and acquisition environment when asset prices have been at all-time highs; and significant overspend in projects as companies try to bring production on stream as fast as possible.

Anglo American has not been immune to these challenges, with the result that our attributable ROCE fell from a pre-financial crisis high of over 30%, to as low as 11% in 2012, a situation that is acceptable neither to ourselves nor our shareholders. We have, therefore, set ourselves a clear target of delivering a minimum attributable ROCE of 15% by 2016, and have defined a new approach and rigour to our capital-allocation process in order to help achieve our target.

FOCUSED CAPITAL ALLOCATION

Across the Group, we have applied a stringent capital allocation model that will result in a more disciplined approach to sustaining and growing our production with less capital investment.

Our investment priorities have changed, such that our primary scrutiny is on the quality and return profile of individual assets within attractive commodity industries, where previously our focus was directed more towards building a greater presence in those commodities that we believed to be most attractive.

When it comes to development of our existing assets, building new projects or acquiring assets, we will only pursue an opportunity if the returns are attractive, we are confident in our delivery of the value, and that it is the best place to commit our capital when compared against all other options, including returning capital to our shareholders.

We have improved our investment review and approval processes to support this approach, building greater confidence in our assessment of the pipeline of options. We will continue to review this pipeline to optimise its value by prioritising opportunities based on their expected returns and risk profiles, and we will seek new options at the lowest cost, supported by our industry-leading exploration capability.

Consistent with this approach, in 2013 we withdrew from the Pebble copper project in Alaska; reduced capital expenditure at Platinum, reflecting the industry challenges and our review of the assets; and reduced spend on longer-dated projects within the Nickel and Iron Ore business units. In Peru, the Quellaveco copper project was evaluated as part of the Group asset review, which resulted in a decision to reconfigure the project so that its economic returns are more robust. A final review of the project is expected during 2015. During the intervening period, work will continue on the project site, aimed mainly at progressing the Asana river diversion tunnel, along with various social and community programmes, thereby solidifying the already high social support for the project.

The concept study for the Michiquillay copper project in northern Peru was also evaluated within the broader context of the Group asset review. Options are currently being considered for this project.

As a result of these and other actions, we have identified $300 million of savings on an attributable basis in exploration and evaluation costs to be delivered by the end of 2016, in addition to $252 million of cash from non-core asset sales.

THE PATHWAY TO 15% ATTRIBUTABLE ROCE

Over the past eight months we have completed a review of our asset portfolio and have set out a clear path to achieve our targeted 15% attributable ROCE. The chart below shows the steps identified to lift attributable ROCE (at 30 June 2013 prices and foreign exchange rates) from 9% in 2012, to in excess of 15% by 2016.

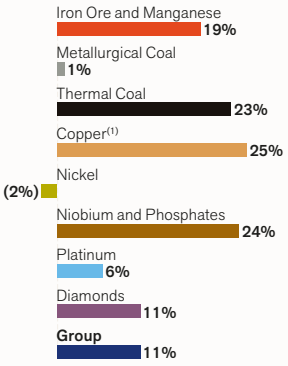
The impact of our approved major projects coming on stream, the operational improvement plans resulting from the recent asset review, and our *Driving Value* programme (including the benefits from overhead reduction, commercial and supply chain initiatives, and our review of the project pipeline) are discussed in more detail on pages 34–45, within the 'Performance' section of this report.

Capital structure and balance sheet

Net assets of the Company totalled $37.4 billion at 31 December 2013 (31 December 2012: $43.7 billion). This decrease resulted from impairments of $2.5 billion, the impact of the weaker South African rand and Australian dollar of $4.0 billion and depreciation of $2.6 billion, partially offset by capital expenditure for the year of $6.3 billion, including capitalised interest of $0.3 billion.

Attributable ROCE remained flat at 11% as a consequence of a higher proportion of operating profit coming from our non-wholly owned businesses: Anglo American Platinum; De Beers; Anglo American Sur (AA Sur); and Kumba Iron Ore. Average attributable capital employed increased to $39 billion (2012: $38 billion), due to capital expenditure in 2013, partially offset by the weakening of the rand, in which 29% of our balance sheet is denominated. With the exception of Foxleigh, Peace River Coal and the Barro Alto impairment, all impairments and losses on disposal or exit have been taken as a reduction to capital employed.

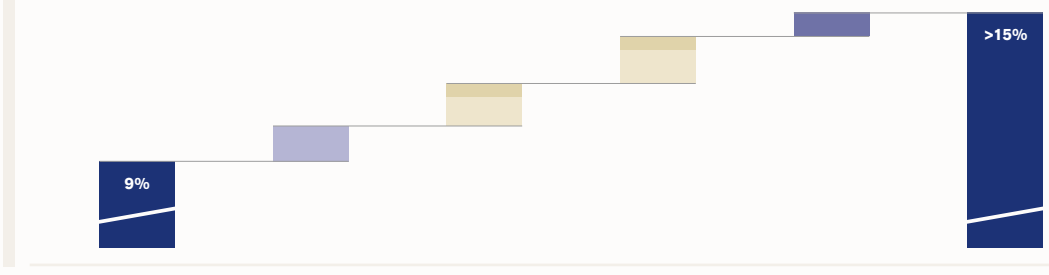
Attributable ROCE by business unit



(1) Removing outstanding tax liability balances relating to the AA Sur divestment, Copper attributable ROCE would drop to 24%.

The pathway to 15% attributable ROCE

ROCE (%) / EBIT impact ($ bn) (1) (2)



$3.3bn 2012(2)	$0.9bn Projects	$1.2bn Improvement plans (asset review) net of headwinds	$1.3bn *Driving Value*	Further benefits to be identified	2016 target

2012 and 2016 targets
Minas-Rio, Boa Vista Fresh Rock, Barro Alto, Cerrejón
Identified upside
Defined plans
Ongoing LoM strategy review

(1) Attributable ROCE defined as operating profit attributable to Anglo American plc shareholders divided by attributable average capital employed.
(2) ROCE and EBIT impact based on commodity prices and exchange rates at 30 June 2013 and including structural changes to portfolio.

Net debt

$ million	2013	2012[1]
Opening net debt	**(8,510)**	(1,278)
EBITDA[2]	**8,806**	7,867
Working capital movements	**(1,121)**	(526)
Other cash flows from operations	**44**	29
Cash flows from operations	**7,729**	7,370
Capital expenditure including related derivatives	**(6,261)**	(6,030)
Cash tax paid	**(1,201)**	(1,799)
Dividends from associates, joint ventures and financial asset investments	**264**	348
Net interest	**(533)**	(348)
Dividends paid to non-controlling interests	**(1,159)**	(1,267)
Attributable free cash flow	**(1,161)**	(1,726)
Dividends paid to Company shareholders	**(1,078)**	(970)
Tax on sale of non-controlling interest in Anglo American Sur	**(395)**	(1,015)
Acquisitions of subsidiaries	**–**	(4,816)
Disposals	**252**	439
Movements in non-controlling interests	**71**	1,220
Purchase of shares by subsidiaries for employee share schemes	**(92)**	(253)
Other net debt movements	**261**	(111)
Total movement in net debt	**(2,142)**	(7,232)
Closing net debt	**(10,652)**	(8,510)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.
(2) EBITDA is underlying EBITDA, as described in note 3 of the financial statements, less associates and joint ventures.

Liquidity and funding

At 31 December 2013, the Group had undrawn committed bank facilities of $9.3 billion and cash of $7.7 billion.

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.

Net debt

Net debt is a measure of the Group's financial position. The Group uses net debt to monitor the sources and uses of financial resources, the availability of capital to invest or return to shareholders, and the resilience of the balance sheet. 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).

The reconciliation in the table above is the method by which management reviews movements in net debt and comprises key movements in cash and any significant non-cash movements on net debt items.

Net debt increased by $2,142 million to $10,652 million (2012: $8,510 million) and net debt to total capital at 31 December 2013 was 22.2%, compared with 16.3% at 31 December 2012. An analysis of key movements in net debt in the year is detailed on page 24–25.

Cash flow from operations

A reconciliation of underlying EBITDA to underlying operating profit is provided in note 3 to the financial statements. The factors driving the operating results of the Group are discussed in the Performance section of the annual report on pages 34–45.

The working capital increase of $1,121 million (2012: increase of $526 million) represents investment in stock of $562 million (2012: increase of $329 million), increase in debtors of $541 million (2012: increase of $32 million) and a decrease in creditors of $18 million (2012: decrease of $165 million).

Within the investment in stock movement, $395 million relates to increases in platinum stock owing to the growth in precious metal stock holdings to manage business risk and an increase in the average stock valuation due to higher production costs.

The majority of the remaining stock increases reflect strong production performance in the closing months of the year at both Kumba Iron Ore and Copper.

The strong production performance in the closing months of the year at Kumba Iron Ore and Copper also resulted in increased sales, with a resultant increase in debtors of $373 million.

Attributable free cash flow
Attributable free cash flow, as defined in the reconciliation of net debt, is a measure of the amount of cash generated by the Group's operations once all disbursements of tax, interest and dividends to minority interests have been taken into account.

Cash tax paid has decreased to $1,201 million from $1,799 million, owing to tax rebates at both Copper and Metallurgical Coal. Copper received a $191 million rebate owing to overpayment in the prior tax year, while Metallurgical Coal received a net tax refund in 2013 of $43 million (compared to a net payment in 2012 of $330 million) following a reassessment by the Australian Tax Office of the tax instalment rate.

Net interest represents interest income less interest expense and includes cash flows on financing derivatives. The increase was driven by higher interest paid of $907 million (2012: $775 million) due to the timing of the issue and redemption of corporate bonds as well as the acquisition, on 16 August 2012, of $1,581 million of debt in De Beers which, even when refinanced by the Group, resulted in higher overall debt in 2013.

The majority of dividends paid to non-controlling interests of $1,159 million (2012: $1,267 million) were to minority shareholders of Copper and Kumba Iron Ore, where external dividends of $474 million and $663 million were paid respectively (2012: $100 million and $1,120 million).

Other movements
Tax on sale of AA Sur of $395 million (2012: $1,015 million) relates to the profit on sale of the 25.4% share in AA Sur.

Disposals relate mainly to proceeds received in the year following the disposal of Palabora, certain De Beers investment properties, the formation of the Lafarge Tarmac joint venture and Amapá, net of funding provided by the Group.

Other net debt movements mainly relate to the Main Street preference share structure, which was established to provide funding via preference shares for a black economic empowerment (BEE) company relating to Sishen Iron Ore Company. In November 2013, the preference shares held by Anglo American in the company were redeemed for $279 million and a mezzanine debt facility of $85 million repaid. This resulted in the Group reducing net debt by $364 million on the unwinding of the structure.

Evaluation expenditure
Evaluation expenditure decreased by 38% to $326 million, driven by reductions in Copper and Nickel, partly offset by increases in De Beers following the acquisition of the additional interest in August 2012.

Divestment update
On 4 January 2013, Anglo American announced that it had reached an agreement to sell its 70% interest in Amapá to Zamin Ferrous Ltd (Zamin). Following the 28 March 2013 major geological event which resulted in the loss of four lives, with a further two people still missing, as well as the loss of the Santana port operation of Amapá and the suspension of all export shipments, Anglo American entered into further discussions with its partner Cliffs Natural Resources (Cliffs) and Zamin. Anglo American subsequently entered into an agreement with Cliffs to acquire its 30% interest in Amapá, subject to certain conditions, and entered into an amended sale agreement with Zamin to reflect Anglo American's disposal of a 100% interest in Amapá to Zamin.

On 1 November 2013, Anglo American completed the acquisition from Cliffs and simultaneously completed the sale of the 100% interest in Amapá to Zamin for an initial total consideration of approximately $134 million, net of certain completion adjustments. In addition, Zamin will pay Anglo American conditional deferred consideration of up to a maximum of $130 million in total, payable over a five year period and calculated on the basis of the market price for iron ore. As part of the transaction, Anglo American has assumed responsibility for, and the risks and rewards of, certain insurance claims including those relating to the Santana port incident, through the purchase of the claims from Amapá at the full claim value.

Dividends
Anglo American's dividend policy is to provide a base dividend that will be maintained or increased through the cycle. Consistent with the policy, the Board has recommended to maintain the final dividend of 53 US cents per share, giving a total dividend of 85 US cents per share for the year (2012: 85 US cents per share), subject to shareholder approval at the Annual General Meeting to be held on 24 April 2014. The maintenance of the level of the dividend reflects the Board's confidence in the underlying business. 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.

Outlook
Cash capital expenditure is expected to be between $7.0 billion and $7.5 billion in 2014. Net debt is expected to continue to rise in 2014, as expenditure on the Group's projects more than offsets cash generated from operations.

ORGANISED TO REALISE OUR POTENTIAL

Mervyn Walker, Group Director
Human Resources and Corporate Affairs

"Our new organisation aims to create an environment in which we are all able to work more effectively and efficiently. By creating a meritocracy in which each and every employee is encouraged to strive to reach their potential, we hope to unlock significant value."

REDESIGNING OUR ORGANISATION

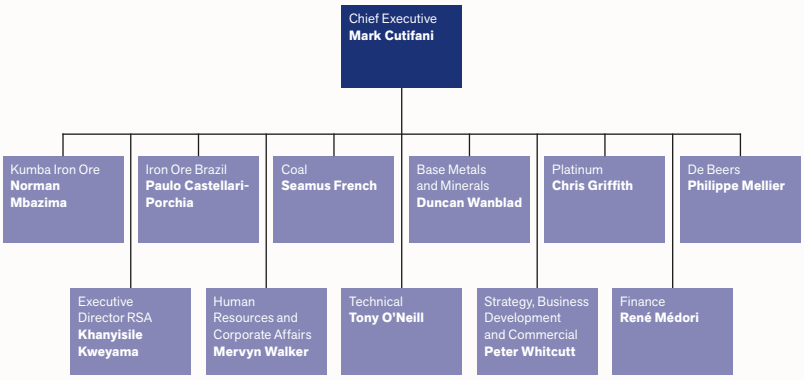
The aim of the new organisation design is to ensure we have the right people in the right roles doing the right work. The resulting structure will be more effective, allowing greater clarity on roles and accountabilities while also removing unnecessary work and duplication.

The first aspect of the new organisation was announced in July 2013, with the creation of two new commodity groups; Base Metals and Minerals – made up of the newly integrated Nickel, Niobium and Phosphates business, and Copper; and Coal – comprising Thermal Coal and Metallurgical Coal. These businesses have been brought together to realise the synergies available from having either geographical or operational similarities.

We reduced the number of direct reports to the chief executive from 15 to 11. The new Group Management Committee (GMC) was expanded to incorporate the chief executive and his direct reports. The GMC is supported by two sub-committees (Corporate and Operating) with delegated authorities.

By the end of 2013, we had appointed senior management roles across the corporate centres and have been designing proposals for the remaining structures and roles. We plan to complete the design implementation in 2014.

Group Management Committee



Operations visited

In his first eight months in the role, new chief executive Mark Cutifani met and spoke with most of Anglo American's top 400 managers, as well as several hundred employees, corporate office staff and mine operators. During the year, he visited all of our major operations and projects, travelling to Australia, Brazil, Chile, Peru, Botswana, South Africa, Canada, Singapore and China.

Pillars of value:

- Safety and Health
- Socio-political
- People

For more on Pillars of value and our KPIs
See pages 14–15 and 18–19

Image
Mark Cutifani meets Quellaveco community relations manager Francisco Raunelli during a recent visit to the Quellaveco copper project in southern Peru.

PROVIDING OPPORTUNITIES

Assets alone do not generate value. It is our people who are inspired to deliver sustainable value that makes a real difference.

Guided by our values – safety, care and respect, integrity, accountability, collaboration, innovation – our people apply their skills, knowledge and expertise to ensure we operate successfully and responsibly. They develop trusting and respectful relationships with communities, governments, suppliers, partners and peers to ensure that we deliver on our promises.

In return, we reward and recognise our people, supporting them in their careers and providing opportunities to help them develop and grow.

THE RIGHT PEOPLE IN THE RIGHT JOBS

A key enabler in the implementation of our business strategy is the design of organisational structures, roles and systems that support our business objectives.

We have for some time been reviewing our organisational model and structures. Following the arrival of Mark Cutifani as chief executive in April 2013, this work culminated in:

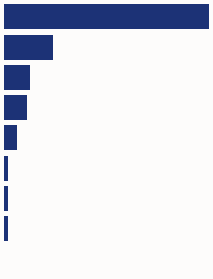
- bringing Business Unit CEOs into the Group Management Committee (GMC), previously comprised only of the Group Directors of functions, and so collapsing the two-tier executive governance structure that preceded it;
- the decision to bring together our Thermal and Metallurgical Coal businesses to realise further technical synergies;
- the move to integrate our Nickel, and Niobium and Phosphates businesses in Brazil and to locate their head office in Belo Horizonte, seeking to realise performance and efficiency improvements for these businesses;
- the grouping of our Copper, Nickel, and Niobium and Phosphates businesses to form Base Metals and Minerals – a regional grouping of commodities aimed at transforming the performance of the underlying businesses;
- centralising, and further advancing, our Commercial activity; and
- the decision to redesign our Group and business unit corporate centres.[1]

The aim of our redesign is to increase the organisation's effectiveness by prioritising work that adds value, removing any duplication of work and implementing an organisation design that creates clarity as to our business priorities, the work and authorities of each role, and the requirements of role incumbents. The resultant organisation provides the minimum amount of structure needed to support productive work and so, by placing the right employees in the right roles, empowers them to help reach their full potential.

Number of permanent employees and contractors by region 2013[2]

Annual average

		%
South Africa	99,500	63
Brazil	23,600	15
Other Africa	13,100	8
Chile	10,800	7
Australia/Asia	6,800	4
Europe	2,100	1
North America	1,600	1
Other South America	1,400	1
Total	**158,900**	**100**



Our approach to the organisation redesign began with a team of organisational design experts conducting over 350 reviews to understand the current nature and extent of work being done across the business – hearing first hand what our employees feel impedes their ability to contribute to our overall business effectiveness. Establishing this 'as is' inventory has informed GMC debate on the work that is important to us, and where this work is best carried out – this forms the cornerstone of our organisational model.

With the model agreed, organisation structures have been aligned with this, as well as with our organisation design principles – an approach that is grounded in stratified systems theory and other proven frameworks and models.

We aim to implement the majority of proposed changes to structures and roles for the in-scope areas in 2014.

Talent management and skills development

To attract and retain the best talent, we seek to offer safe, worthwhile and stimulating work, provide opportunities for personal development, pay people competitively, recognise and reward excellence, encourage diversity and protect employee rights. Our approach is underpinned by our human resources (HR) standards, management systems and processes.

During the year, voluntary turnover accounted for 2.0% of the total workforce, in comparison with 2.4% in 2012.

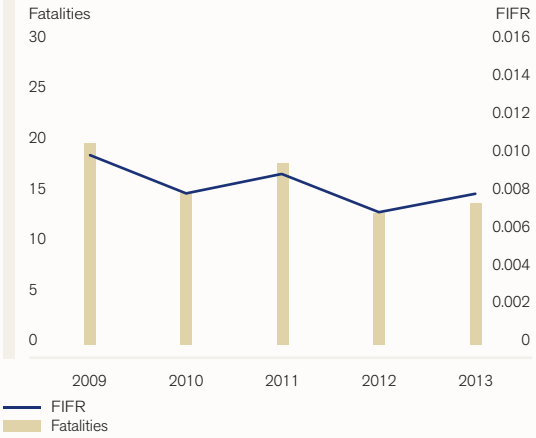
Our Group-wide performance management process and system aligns individual objectives with the company's strategy. We continue to embed the People Development Way, our global capability framework detailing the behaviours, knowledge, skills and experience required of our employees to achieve our strategic objectives. In conjunction with this, a range of functional 'People Ways' have been introduced, to outline the specific capabilities required in different specialisms across the organisation.

Providing high quality training is a key attraction and retention tool. During the year we supported 2,974 graduates, bursars, apprentices and other trainees (2012: 2,845).

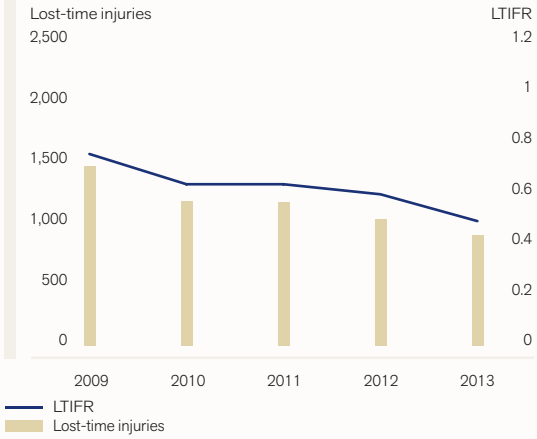
[1] With the exception of De Beers (given its integration into the Anglo American Group in 2013), Iron Ore Brazil (for its project structure), and Platinum (following the portfolio restructuring conducted in 2013).

[2] Average number of employees and contractors, excluding employees and contractors from non-managed operations and our Other Mining and Industrial business unit.

Total number of fatal injuries and fatal injury frequency rate 2009–2013



Total number of lost-time injuries and lost-time injury frequency rate 2009–2013



Formal learning is delivered at both business unit and Group level, with external training expenditure across Anglo American amounting to $104 million, 2% of total employee costs in 2013 (2012: $98 million, 3% of total employee costs).

We focus on and continuously review high quality leadership development and have a range of more than 200 external and internal development programmes currently in use across the Group. Our flagship development programmes, the 'Advanced Management Programme' and 'Leaders in Anglo American', were refreshed in 2013 to incorporate latest leadership thinking. We have made significant progress in providing basic literacy and numeracy to our employees, contractors and community members through adult basic education and training programmes. In addition, we provide skills training that is transferable to industries outside of mining.

A diverse workforce

By year end, 23% of managers were women (2012: 23%), with 16% of our overall workforce being female (2012: 15%). 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, 64% of our management were 'historically disadvantaged South Africans' (HDSAs) (2012: 62%).

Fostering sound industrial relations

Approximately 91% of our permanent workforce is represented by work councils, trade unions or other similar bodies and covered by collective bargaining agreements.

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

- a culture of inclusivity and 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 within the organisation before they become the subject of disputes; and,
- our appreciation that many of the issues of concern to our employees also affect the mining sector generally and, sometimes, society as a whole.

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 under-age or forced labour. No incidents of employing under-age or forced labour were reported in 2013.

Health and safety

Managing mine safety risks has always been challenging. Our main priority is to prevent loss of life and serious injuries by creating safe and healthy work environments. Our safety strategy and management approach focus on improving our ability to anticipate and prevent harm to our people, and reduce safety-related stoppages at operations.

In 2013, eight employees and six contractors lost their lives while working for Anglo American. This includes two employees and two contractors who lost their lives at the Santana port of Amapá in Brazil following the destruction of a seaborne iron ore loading platform as a result of a geological incident.[1] The Group fatal-injury frequency rate at the end of 2013 was 0.008, (2012: 0.007). Our total recordable case frequency rate improved by 16% year on year to 1.08 in 2013, and by 40% since 2009. At 0.49, the Group's annual lost-time injury frequency rate is at its lowest since listing on the London Stock Exchange, reflecting considerable progress at the Platinum, Metallurgical Coal and De Beers businesses.

Our occupational health strategy and management approach is governed through a series of standards, guidelines and assurance processes aimed at preventing harm to our workforce. Our principal health risks relate to noise, inhalable hazards and fatigue. Our health and wellness programmes include the provision of care and treatment for HIV/AIDS and TB, as well as support against obesity, substance abuse, and for general well-being. Another strategic focus is strengthening healthcare systems in under-serviced rural areas and building partnerships to improve access to quality healthcare.

Most regrettably, during 2013, 63 employees died from TB (2012: 59). We also diagnosed 734 new TB infections (2012: 677 cases), giving an annual incidence rate of 1,066 per 100,000 population, though this rate is in line with the national average and below the industry average. In southern Africa, the percentage of estimated HIV-positive employees enrolled on our treatment programme has increased steadily from 61% in 2011 to 75% in 2013. Since 2011, the estimated prevalence of HIV infection in our workforce in southern Africa has remained steady at around 17%, indicating that about 11,200 of our employees there are HIV-positive. The annual voluntary counselling and testing (VCT) rate dropped from 82% in 2012 to 75% in 2013, reflecting the impact of labour unrest in the year.

The reduction in the number of new cases of occupational disease recorded over the past few years reversed in 2013, owing to an increase in cases of noise-induced hearing loss (NIHL) reported at Platinum in South Africa and Metallurgical Coal in Australia. The total of new cases of occupational diseases in 2013 was 209 (2012: 174). A major focus for the business continues to be the elimination of exposure to noise.

In South Africa, we continue to work with the provincial health departments in the Eastern Cape, Mpumalanga, Northern Cape and North West provinces, which are associated with our operations or are labour-sending areas, in order to improve health services. In Brazil, we have a highly effective partnership with the NGO Reprolatina in providing sexual and reproductive health counselling to several communities.

MANAGING SLOPE STABILITY RISK

Effective management of slope stability related risks is a fundamental part of a successful mining operation. Predicting potential slope failure in open pit mines is integral to maintaining safety and mine productivity. Anglo American's open pit mines implement best practice slope monitoring programmes that are linked to mine operational and emergency procedures.

In June 2012, a slope collapse at Debswana's* Jwaneng diamond mine in Botswana tragically claimed the life of an employee. The company suspended mining activities for seven weeks to ensure the safety of all employees and to allow the Department of Mines to carry out an investigation. All investigations were concluded in 2013, and subsequently, Jwaneng mine extensively reviewed and strengthened its approach to managing slope stability related risks.

The enhanced risk management approach ensured that the mine picked up the first signs of slope instability at the beginning of October 2013. Monitoring systems accurately predicted the time of failure and approximately 700,000 tonnes of waste came down. The failure occurred without any safety incidents, with all personnel and equipment safely evacuated four hours earlier. In 2013, a Group open pit slope monitoring strategy was developed and all our open pit operations are reviewing their slope monitoring programmes to ensure compliance.

* Debswana is a 50:50 joint operation between De Beers and the Government of the Republic of Botswana.

Image
A ground stability radar unit deployed at Jwaneng diamond mine in Botswana.

Pillars of value:

For more on Pillars of value and our KPIs
See pages 14–15 and 18–19

[1] An additional two employees involved in the incident remain unaccounted for and have not, at this stage, been formally declared deceased by the local authorities.

WORKING WITH STAKEHOLDERS

Our ability to create a sustainable business is inextricably linked to our stakeholders – most directly with our employees and the communities around our operations, but, equally, with the stakeholders who indirectly affect, or are affected by, what we do, including governments and shareholders, as well as partners and suppliers. To create shared value for all our stakeholders, we must understand their needs, concerns and aspirations, as well as the sustainability risks affecting our business, and consider them in our decision-making processes as we develop new mines and continue to improve our existing operations.

Our overarching aim is to mitigate the negative impacts of our activities and to take advantage of opportunities that deliver long term benefits to our stakeholders.

Our thorough internal understanding of operational risks has been strengthened by research into issues that are most important to our stakeholders. This includes collating the results of our regular engagements with stakeholders and conducting selected surveys to establish the perspectives of governments, communities and investors.

We are committed to working with government, business and civil society to promote good governance and the responsible use of mineral wealth, and to prevent corruption.

Finding solutions to increasingly complex societal challenges requires meaningful collaboration between business, government, civil society, labour and research bodies. We place a strong emphasis, therefore, on developing partnerships with a broad range of stakeholders.

Social investment output indicators	
Total number of community development projects delivering benefits to communities in 2013	1,447
Total number of businesses supported	48,111
Jobs created/maintained through enterprise development initiatives	76,543
Beneficiaries of education projects	2,697,933
Beneficiaries of sports, arts, culture and heritage projects	340,015
Beneficiaries of community development projects	2,628,455
Beneficiaries of disaster and emergency relief projects	6,966
Beneficiaries with improved livelihood	259,050

INTEGRATING EMPLOYEE HOUSING INTO THE COMMUNITY

Kumba Iron Ore's Kolomela mine at Postmasburg in Northern Cape province, South Africa, was completed at the end of 2011, reaching full capacity in 2013, with 840 permanent employees. The mine's integration within the existing community is fundamental in delivering a long term positive impact and legacy after mine closure.

In designing the new mine, we took the opportunity to lead by example with our housing programme for employees. We engaged with the local authorities and were allocated land for housing development in three residential areas of Postmasburg. In return, the company committed to investing in building much-needed bulk infrastructure services to support the upliftment of the impoverished community and boost socio-economic development.

The housing project is designed to ensure that both management and lower level employees have access to similar housing and are not living in separate areas of the new accommodation complex as often incurred in older mines with segregated mining towns. By the end of 2013, 718 homes for Kolomela employees had been completed, with close to half of these employees coming from the local area. The houses differ in size, but are uniform in quality and finish. The average age of the employees is 30 and most are first-time house occupants. The houses remain assets of the mine, with each employee receiving a housing benefit and paying rates and taxes.

Image
Rebaone and Caroline Matloko live in one of the new houses in Postmasburg built for Kolomela iron ore mine. Rebaone is a haul truck operator at the mine.

Pillars of value:

For more on Pillars of value and our KPIs
See pages 14–15 and 18–19

Engaging with stakeholders

Continuously improving and maintaining positive relationships with our stakeholders is one of our principal priorities. We believe that establishing relationships built on trust is fundamental to our ability to create value, but recognise that many stakeholders currently have low levels of trust in business generally.

We rely on various channels of engagement with each of our main stakeholder groups, in order to facilitate open dialogue and identify principal concerns and interests. Our principal external stakeholder groups are governments, shareholders, trade unions, suppliers, joint venture and other strategic business partners, customers, investors, and our host communities. Other important groups include business partners, multilateral organisations, NGOs, our business peers and academia.

Our engagement with governments include face-to-face meetings with government representatives, open dialogue and ongoing advocacy work through industry bodies, as well as participation in inter-governmental and multilateral processes.

With our host communities, our industry-leading Socio-Economic Assessment Toolbox (SEAT) is our primary means to improve operations' understanding of their socio-economic impacts (both positive and negative), enhance stakeholder dialogue and the management of social issues, build our ability to support local socio-economic development, and foster greater transparency and accountability. We update SEAT as our social performance capability improves and stakeholder expectations evolve.

While the specific interests and concerns of our stakeholders typically vary by stakeholder group and region, an issue that received particular attention during the year concerned reinforcing our relationship with the South African government following the industrial unrest in 2012. In turn, we have enhanced our involvement with communities around our Rustenburg mines as well as those in Limpopo. We are also engaging more closely with investors, under the leadership of chief executive Mark Cutifani, on the progressive business turnaround.

Managing our social performance

Our most significant social risks and opportunities fall into two categories: our impact on host communities and society more broadly; and the risks to our business that arise from wider societal expectations and social tension in communities.

Our approach

Anglo American's social performance strategy focuses on observing human rights, proactive engagement with our stakeholders and leveraging our core business to support long term socio-economic development.

We place considerable emphasis on integrating social considerations into each stage of the mining life cycle, as well as on enhancing the expertise of our social and community development specialists and the social awareness of line managers. All operations are required to develop Social Management Plans to manage risks and impacts. Human rights requirements are integrated into the Social Way and all other relevant policies, systems and tools throughout the business. Our approach is aligned with the 'Protect, Respect and Remedy' framework provided in the UN Guiding Principles on Business and Human Rights.

Our businesses measure compliance against the requirements of the Social Way through annual self-assessment. Social incidents are reported centrally, investigated, and corrective actions are completed where appropriate. In 2013, 98% of sites complied with, or exceeded, the requirements of Anglo American standards. There were no serious non-compliances.

Complaints and grievances

Our mandatory Group-wide complaints and grievances mechanism is designed to ensure openness, accountability and respectfulness in our handling of any stakeholder complaints. The facility is a confidential and secure means for our local communities and other external stakeholders to raise concerns. All submissions are reviewed and responses provided and, where necessary, mitigating actions are implemented.

In addition, at Group level we run an anonymous tip-off procedure, called 'Speak Up'. Speak Up allows communities, employees, contractors, suppliers, business partners and other stakeholders to report concerns about conduct that is contrary to our Business Principles, corporate values and Business Integrity standards. Disciplinary proceedings, including termination, are instituted where employees are found to have behaved contrary to our principles. In 2013, there were no criminal cases regarding bribery brought against Anglo American or any of its employees.

Responsible supply chain management

Our supplier sustainable development assurance programme addresses adherence to local legislative requirements and best practices in areas including safety, the environment, business integrity, human rights and HIV management. Since the scheme commenced in 2009, we have conducted a series of audits on high risk suppliers identified across the world. A risk based approach is followed to identify suppliers to be audited, with a focus on small and medium enterprises, and we conduct follow-up audits to assess progress against improvement plans.

Community development

Our community development activities prioritise extending benefits associated with our core activities to those associated with our operations. This includes local workforce development, local procurement and supplier development, enterprise development, the beneficial use of mine infrastructure and building the capacity of local partners such as municipalities. Critical needs that are not linked to core business activities and infrastructure, such as health, education and community housing, are addressed through our social investment programme.

Local procurement

Our local procurement initiatives are a principal value driver for the business and for communities around our operations. These initiatives aim to create opportunities for local suppliers to provide high quality goods and services to support our mining activities. The inclusion of small, medium and micro enterprises in our value chain is a critical priority as this serves to create thriving and fulfilled communities. In 2013, expenditure with suppliers based in the communities close to our operations was $1.63 billion (2012: $1.54 billion). This represented 12.3% of total supplier expenditure (2012: 11.3%), against a Group target of 12.5%.

Economic transformation 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 (BEE). In 2013, Anglo American managed businesses spent $3.9 billion (2012: $3.1 billion) with HDSA businesses (excluding goods and services procured from the public sector and public enterprises).

Enterprise development

Enterprise development is one of the most effective means of ensuring that the benefits for host communities arising out of mining activities will be sustainable. Our enterprise development programmes are designed to support communities in identifying business opportunities, developing them, with the aim of their ultimately becoming independent. They aim to create more stable host communities and a more robust and competitive supply chain. Over the past five years, our existing schemes in South Africa and Chile have supported more than 75,000 jobs. In 2013, we launched new schemes in Botswana and Brazil and early in 2014 we launched a scheme in Peru.

Infrastructure development

Working with partners to provide infrastructure that can be put to use during and after mining activities are completed is an important way in which we create sustainable value for our host communities. Our mines are often situated in areas that are underdeveloped and remote, where we can share infrastructure – such as roads, health facilities and water – with local communities.

In South Africa, where there is a shortage of affordable housing and long waiting lists for units being built, we are helping to alleviate this problem in partnership with local and provincial government.

Global expenditure by type

	$'000	%
Community development	47,719	37
Education and training	31,178	24
Health and welfare	13,773	11
Other	11,936	9
Sports, arts, culture and heritage	6,596	5
Institutional capacity development	6,268	5
Water and sanitation	5,708	4
Environment	3,378	3
Employee match giving	735	1
Disaster and emergency relief	166	0
Energy and climate change	17	0
Total	**127,474**	**100**

Global expenditure by country

	$'000	%
South Africa	76,529	60
Chile	17,162	13
Peru	10,164	8
Brazil	6,904	5
Canada	6,665	5
Rest of World	3,394	3
Nambia	2,880	2
Australia	1,169	1
Zimbabwe	1,107	1
United Kingdom	847	1
Botswana	653	1
Total	**127,474**	**100**

Building local capacity

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. This included spending $3.1 million towards institutional capacity development in 2013 (2012: $1.9 million), often partnering with local municipalities on projects. In South Africa, limited or low capacity in municipalities potentially jeopardises our ability to deliver on social and labour plan commitments and promote broader social stability.

Corporate social investment

Anglo American's corporate social investment (CSI) expenditure in local communities totalled $127.5 million (2012: $145.7 million). This figure represents 2.2% of operating profit from subsidiaries and joint ventures, before tax.

OPTIMISING EVERY ASPECT OF OUR PERFORMANCE

Seamus French
CEO, Metallurgical Coal

"The outstanding efforts of the Moranbah North longwall team are a great indicator of the potential to drive business value. The results speak for themselves and are a demonstration of what can be achieved when we understand what world class performance looks like, and apply it to our equipment. Our Grosvenor longwall mine is currently under construction next to Moranbah North and these improvements augur well for its capabilities."

SHARING PERFORMANCE IMPROVEMENT LESSONS AT METALLURGICAL COAL

Moranbah North, our metallurgical coal mine situated in Australia's Bowen Basin, is an early adopter of the business process changes we are currently driving across the Group.

Following a period of underperformance at the mine, management implemented a number of processes to address the operational issues that were impacting longwall cutting hours and, consequently, production.

Critical to turning around production was the careful planning of work schedules, ensuring every mine employee knew what work was required of them and that they were accountable for delivering to plan. By continually monitoring performance against plan and implementing incremental operational improvements, the team at Moranbah North have raised longwall cutting hours from 57 hours per week in 2008 to an average of over 85 hours per week in 2013, and it continues to improve in 2014.

Process improvements at Moranbah North are now being replicated at Metallurgical Coal's Grasstree mine.

Image
Operations scheduler Larnie Mackay, operations manager Andy Morris and engineering maintenance manager Paul Stephen monitor longwall operations on a 'smart board' at Moranbah North.

OWNERSHIP (% ANGLO AMERICAN)

88%

MINE LIFE

19 years

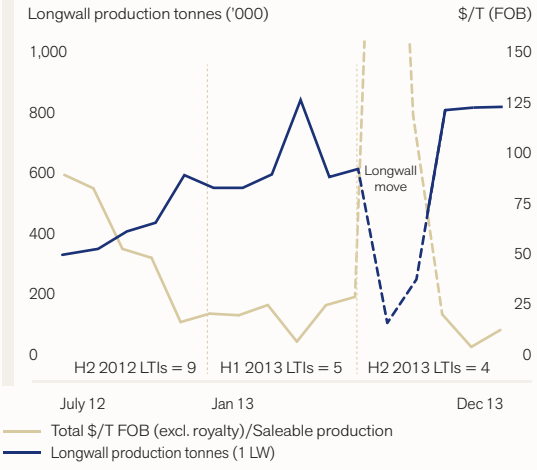
REDUCTION IN LTIs IN 2013 VS 2012

61%

INCREASE IN SALEABLE PRODUCTION IN 2013 VS 2012

39%

Moranbah North mine safety, production and FOB costs 2012–2013



At Anglo American, we are resolute in our belief that a safe operation is a productive operation, as demonstrated by the significant safety, productivity and cost improvements at Moranbah North. Since 2010, lost-time injuries have fallen by 86%, while FOB unit costs decreased by 34%.

Pillars of value:

- Environmental
- Production
- Cost
- Financial

For more on Pillars of value and our KPIs
See pages 14–15 and 18–19

OPERATING SAFELY AND RESPONSIBLY TO DELIVER SUSTAINABLE VALUE

Ultimately, it is our ability to deliver value at every stage from discovery to market in a safe and responsible way that will determine the sustainability of our business.

Safety remains our first priority and we strive every day to achieve zero harm in the workplace and beyond.

We recognise our responsibility to preserve and, where possible, enhance, the natural resources we use at our operations, such as land, water and energy.

We are disciplined in how we run our business, with a focus on consistent delivery and strong financial returns. Starting with clear and realistic expectations, we plan appropriately and then rigorously put those plans into action, measuring and analysing successes and failures to learn from both.

The Group's technical mining expertise, allied to the ability to tailor products to customers' exacting requirements, provides a foundation to deliver financially stable business outcomes.

DELIVERING ON OUR POTENTIAL

At Anglo American, we have set ourselves a demanding but achievable target of delivering at least a 15% attributable return on capital employed (ROCE) by 2016. We have initiated a change programme, *Driving Value*, across the Group that will help us identify the opportunities to realise significant further value from our assets.

Over the past nine months, we have conducted a thorough and comprehensive review of each of our operating assets. As a result, we now have a clear understanding of what improvements need to be made to ensure we can deliver a more stable operational performance and, hence, drive improved margins and returns, across the portfolio.

The business improvement opportunities and individual elements to *Driving Value* we have identified to support the required EBIT uplift include:

- existing projects – the delivery of planned projects should result in a $0.9 billion attributable EBIT improvement by 2016. The major projects underpinning this improvement are the Minas-Rio iron ore project, the Boa Vista Fresh Rock project at our Niobium business and the rebuilding of the Barro Alto furnaces at our Nickel business;
- operations initiatives – through the asset review process, we have identified a range of operational improvements we believe can deliver $1.2 billion attributable EBIT by 2016, after taking into account material risks and negative operating conditions that may be experienced. The improvements include: increasing extraction rates and plant throughput at Los Bronces; redesigning the pit at Sishen to optimise ore extraction; continuing the longwall performance improvements at Moranbah North and applying what we have learned there at other coal longwall operations;
- commercial opportunities – the adoption of a more commercial approach to marketing our products, while reducing our delivery and associated operating costs, will help improve our margins and should deliver $400 million attributable EBIT improvements by 2016;
- supply chain opportunities – we continue to identify benefits from our procurement function and estimate we can reduce our costs by a further $100 million on an attributable basis by 2016;
- overheads – we have reviewed our individual businesses and corporate centres and have identified sustainable cost reductions that would support $500 million attributable EBIT improvement by 2016;
- project pipeline – we have refined our capital allocation process and the way we manage early stage projects through the pipeline. Consequently, we see an opportunity to reduce costs by $300 million per year on an attributable basis. Further details on our capital allocation and project approval process can be found in the Portfolio section of this annual report on pages 20–25.

FINANCIAL AND OPERATIONAL PERFORMANCE IN THE YEAR

Group results

Anglo American reported underlying earnings of $2.7 billion (2012: $2.9 billion), with underlying operating profit increasing by 6% to $6.6 billion.

Underlying operating profit increased owing to De Beers contributing for a full year as a subsidiary, improved sales at both Copper and Platinum and the weakening of the South African rand, partially offset by lower prices across the majority of our commodities.

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 rand and the Australian dollar resulted in a $1,700 million positive exchange variance in underlying operating profit compared with 2012. CPI inflation had a negative $595 million impact on underlying operating profit compared with the prior year.

Sales volumes were relatively flat compared with 2012, with the exception of Copper, where sales increased by 124,600 tonnes to 768,200 tonnes.

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

Group underlying earnings were 7% lower at $2,673 million, despite the increase in operating profit, owing to the increased contribution from our non-100% owned operations, i.e. De Beers, Kumba Iron Ore, AA Sur and Anglo American Platinum.

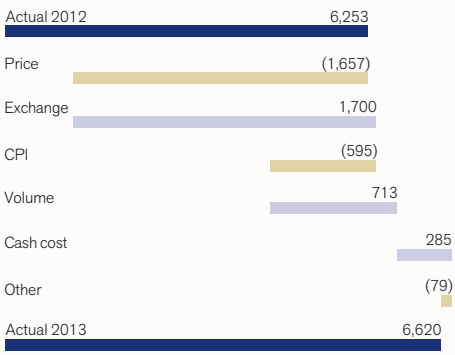
Summary income statement

$ million	Year ended 31 Dec 2013	Year ended 31 Dec 2012 restated[1]
Operating profit from subsidiaries and joint operations before special items and remeasurements	**6,168**	5,493
Operating special items	**(3,211)**	(6,977)
Operating remeasurements	**(550)**	(116)
Operating profit/(loss) from subsidiaries and joint operations	**2,407**	(1,600)
Non-operating special items and remeasurements	**(469)**	1,396
Share of net income from associates and joint ventures (see reconciliation below)	**168**	421
Total profit from operations, associates and joint ventures	**2,106**	217
Net finance costs before remeasurements	**(276)**	(299)
Financing remeasurements	**(130)**	(89)
Profit/(loss) before tax	**1,700**	(171)
Income tax expense	**(1,274)**	(393)
Profit/(loss) for the financial year	**426**	(564)
(Profit)/loss to non-controlling interests	**(1,387)**	(906)
Loss for the financial period attributable to equity shareholders of the Company	**(961)**	(1,470)
Basic earnings per share ($)	**(0.75)**	(1.17)
Group operating profit including associates and joint ventures before special items and remeasurements[2]	**6,620**	6,253
Operating profit from associates and joint ventures before special items and remeasurements	**452**	760
Special items and remeasurements	**(80)**	(57)
Net finance costs (before special items and remeasurements)	**(36)**	(75)
Income tax expense (after special items and remeasurements)	**(155)**	(200)
Non-controlling interests (after special items and remeasurements)	**(13)**	(7)
Share of net income from associates and joint ventures	**168**	421

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Operating profit before special items and remeasurements from subsidiaries and joint operations was $6,168 million (2012: $5,493 million) and attributable share from associates was $452 million (2012: $760 million). For special items and remeasurements, see note 6 to the financial statements.

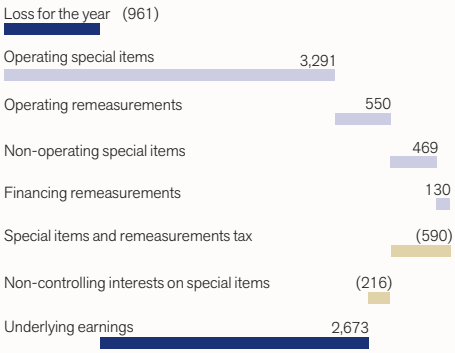
Underlying operating profit – Group

$ m



Reconciliation of loss for the year to underlying earnings

$ m



Special items and remeasurements, after tax and non-controlling interests, include: impairments relating to Barro Alto ($0.7 billion), Michiquillay ($0.3 billion) and Foxleigh ($0.2 billion); loss on disposal of Amapá ($0.1 billion) and exit from Pebble ($0.3 billion); and increased onerous contract provisions at Callide ($0.3 billion). Full details of the special items and remeasurements charges are in note 6 to the financial statements.

Net finance costs, before remeasurements, and excluding associates and joint ventures, were $276 million (2012: $299 million), lower than 2012, owing to increased capitalised interest and a gain on fair value hedges, partly offset by increased net debt levels in the year.

The effective rate of tax, before special items and remeasurements and including attributable share of associates' and joint ventures' tax, increased from 29% in 2012 to 32%. The increase is due to the impact of various prior year adjustments and the remeasurement of certain withholding tax provisions across the Group. In future periods the effective tax rate is expected to remain above the United Kingdom statutory tax rate.

Group underlying earnings per share were $2.09 compared with $2.28 in 2012.

BUSINESS UNIT RESULTS

Iron Ore and Manganese generated an underlying operating profit of $3,119 million, a 4% increase. Kumba Iron Ore's underlying operating profit of $3,047 million closely matched the previous year's owing to slightly higher average prices and the impact of the weaker rand, partially offset by a decrease in export sales volumes. Samancor reported a more than doubling in underlying operating profit of $210 million, driven by higher manganese ore prices.

Metallurgical Coal generated an underlying operating profit of $46 million, an 89% decrease, primarily owing to lower realised export selling prices, partly offset by increased production and sales volumes, the weaker Australian dollar, and cost-cutting initiatives.

Thermal Coal generated an underlying operating profit of $541 million, a 32% decrease, mainly as a result of lower average export thermal coal prices, partly offset by the impact of the weaker rand. Business performance was also affected by a 32 day strike at Cerrejón in the first quarter.

Copper delivered an underlying operating profit of $1,739 million, in line with 2012, as a result of lower realised sales prices, offset by increased production and sales volumes.

Nickel reported an underlying operating loss of $44 million, a $70 million decrease, owing to lower realised prices, a reduction in sales volumes, as well as the non-recurrence of the insurance receivable that benefited the business in 2012.

Niobium and Phosphates delivered a combined underlying operating profit of $150 million, a decrease of 11%, mainly driven by lower phosphate prices.

Platinum generated an underlying operating profit of $464 million (2012: loss of $120 million) as a result of increased production and sales and a weaker rand, partly offset by weaker prices.

Diamonds generated an underlying operating profit of $1,003 million, a 112% increase, reflecting the Group's increased shareholding, together with improved prices, largely owing to the product mix, and a weaker rand.

Other Mining and Industrial reported an underlying operating loss of $13 million, a $181 million decrease, owing to a nil contribution from Scaw South Africa (which was divested in November 2012), a weaker market at the Lafarge Tarmac joint venture, and the Amapá operation not benefiting from the reversal of penalty provisions, as it had in 2012.

Corporate costs 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. Corporate costs decreased by 12%, partly driven by the positive impact of the weaker rand.

Underlying operating profit

$ million	Year ended 31 Dec 2013	Year ended 31 Dec 2012[1]
Iron Ore and Manganese	**3,119**	3,011
Metallurgical Coal	**46**	405
Thermal Coal	**541**	793
Copper	**1,739**	1,736
Nickel	**(44)**	26
Niobium and Phosphates	**150**	169
Platinum	**464**	(120)
Diamonds	**1,003**	474
Other Mining and Industrial	**(13)**	168
Exploration	**(207)**	(206)
Corporate activities and unallocated costs	**(178)**	(203)
Operating profit including associates and joint ventures before special items and remeasurements	**6,620**	6,253

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

PRODUCTION

Metallurgical Coal, Copper, Platinum and Diamonds all reported production increases for 2013.

Iron Ore and Manganese – production of iron ore decreased by 2% to 42.4 million tonnes (Mt), with higher production from Kolomela offset by a weaker performance from Sishen as a result of Section 54 safety stoppages and ongoing pit constraints. Manganese ore production was flat, though alloy output increased.

Metallurgical Coal – production increased by 2% to 31.2 Mt, with record metallurgical coal production of 18.7 Mt, benefiting from the longwall improvement programmes at Moranbah North and Capcoal's underground operation, as well as operational improvements at Peace River Coal, partly offset by the impact of flooding at Dawson.

Thermal Coal – production decreased by 2% to 67.6 Mt, with improved machine rates and waste treatment at Greenside offset by lower than expected production at New Vaal and Cerrejón. The decrease at New Vaal was attributable to wet weather interruptions and reduced demand from Eskom, while Cerrejón was as a result of the 32 day strike in the first quarter of the year, which was partly mitigated by an effective recovery plan.

Copper – production increased by 17% to 774,800 tonnes, benefiting at Los Bronces from the fully ramped up Confluencia plant and improved ore characteristics, and from higher grades and recoveries at Collahuasi.

Nickel – production decreased by 12% to 34,400 tonnes following the cessation of production at Loma de Níquel from September 2012, partly offset by increased production at Barro Alto.

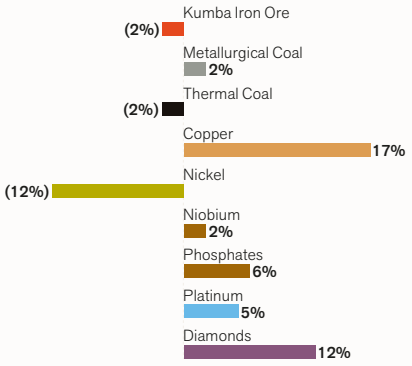
Niobium – production increased by 2% to 4,500 tonnes, as throughput and recovery improvements offset the decline in ore quality.

Phosphates – fertiliser production increased by 6% to 1,199,000 tonnes owing to improved performance following optimised maintenance scheduling, increased plant availability and improved performance at the acidulation and granulation plants.

Platinum – equivalent refined platinum production increased by 5% to 2,320,400 ounces as the company recovered from the impact of the strike in the fourth quarter of 2012, partially offset by the production lost from Khuseleka 2, Khomanani and Union North declines shaft being put on to long term care and maintenance from mid-August as a result of the business restructuring.

Diamonds – production increased by 12% to 31.2 million carats, largely owing to the full restoration of operations at Jwaneng in the third quarter following a slope failure incident in June 2012. Production from Canada also increased following further increases in mining volumes and improved grades at Snap Lake.

Production change
% change versus 2012



EXPLORATION

Global exploration activity for 2013 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. Exploration expenditure for the year amounted to $207 million (2012: $206 million) and covered 19 countries.

Iron ore exploration expenditure of $24 million was concentrated around operations in South Africa and greenfield projects in Australia, Brazil and Liberia. In South Africa, exploration was undertaken to support Kumba's Sishen, Kolomela and Thabazimbi mines. The high priority targets defined in 2012 were further drilled in 2013, and the economic potential of these targets is currently being investigated. Drilling will continue in 2014 to further investigate the potential.

Expenditure on metallurgical coal exploration was $19 million and included drilling, seismic surveys and coal-quality analysis. In Australia, the focus was on opportunities near existing operations with the main aim of improving the definition of additional coking coal resources. In Canada, emphasis was placed on the tenements surrounding the Peace River Coal Trend Mine and Roman Project, in order to help define additional open cut coking coal resources.

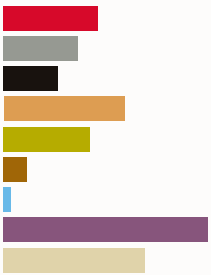
Expenditure on thermal coal exploration totalled $14 million. This was incurred primarily on coal (82%) as well as on coal bed methane (CBM) drilling and analysis (18%) in South Africa and Botswana. Exploration drilling was undertaken in 10 coal project areas, with the objectives of meeting both statutory work programme requirements and providing geological evaluation information to enable further project advancement. In South Africa, CBM exploration was conducted on the Waterberg CBM project.

Copper exploration expenditure of $31 million consisted mainly of near-mine and greenfield exploration drilling in Chile, where key activities included drilling and drilling logistics at El Soldado and Los Bronces, respectively. Greenfield exploration was also conducted in Argentina, Brazil, Chile, Colombia, Greenland, Indonesia, Peru, the US and Zambia.

Exploration expenditure by commodity in 2013

$ m

		%
Iron ore	24	12
Metallurgical coal	19	9
Thermal coal	14	7
Copper	31	15
Nickel	22	11
Niobium and phosphates	6	3
Platinum	2	1
Diamonds	53	25
Central exploration activities	36	17
Total	**207**	**100**



Polymetallic (copper-nickel-platinum group elements) exploration expenditure (included within the Nickel commodity line as disclosed in note 4 to the financial statements), amounted to $20 million and concentrated on our Sakatti project in northern Finland. Exploration at this advanced project aimed to define the limits of the orebody and to test other surrounding targets. Greenfield polymetallic exploration was also conducted in the Musgraves region of Western Australia and the Canadian Arctic.

Nickel exploration expenditure amounted to $2 million and related mainly to nickel laterite exploration in the Morro Sem Boné district in Brazil. Near-mine exploration was undertaken at Niquelândia (Codemin), also in Brazil.

Niobium and Phosphates exploration expenditure totalled $6 million and was directed towards greenfield projects in central Brazil, near-mine exploration at Boa Vista (niobium) and further definition drilling of the Morro Preto phosphates prospect.

Platinum exploration accounted for $2 million and was mainly incurred on investigating new opportunities within South Africa's Bushveld Complex and on fulfilling the statutory work programme requirements to keep tenure in good standing. This included a drilling programme to examine the potential for shallow resources to be mined using opencast methods. Prospecting for platinum group metals continued around our Unki platinum mine in Zimbabwe.

Diamond exploration spend was $53 million and related to diamond exploration programmes in Angola, Botswana, Canada, India, Namibia and South Africa. The exploration team continued to provide technical services to the resource extension programmes for Jwaneng and Orapa mines in Botswana and Victor mine in Canada.

PROJECTS

The Group has a number of projects in the execution phase, as summarised below, and is progressing with the development of other growth projects, including the greenfield Quellaveco copper project in Peru.

Minas-Rio

Minas-Rio is expected to produce 26.5 Mt (wet basis) of iron ore per annum and to capture a significant part of the global pellet feed market, with its premium product featuring high iron content and low contaminants. Construction of the project continues in line with the revised plan announced in 2012. By the end of 2013, the project was 84% complete overall and is on schedule to deliver first ore on ship at the end of 2014.

Attributable capital expenditure at the Minas-Rio project is on track at $8.8 billion, with cash unit costs in a competitive position in the lower half of the global seaborne iron ore cost curve.

The main schedule risks identified at the end of 2012 have been resolved, and over the past year, significant construction and operational progress was made.

Grosvenor

The wholly owned greenfield Grosvenor metallurgical coal project is situated immediately to the south of our highly productive Moranbah North metallurgical coal mine in the Bowen Basin of Queensland, Australia. Grosvenor is expected to produce 5.0 Mtpa of high quality metallurgical coal from its underground longwall operation over a projected mine life of 31 years and to benefit from operating costs in the lower half of the cost curve.

The project remains on target for first longwall production in 2016. All key permits and licences are in place. Critical engineering and procurement activities have been completed and the majority of the project budget has been contracted and committed. Surface construction is well advanced; earthworks and concrete are essentially complete; structural, mechanical and piping works are advancing well; and electrical works have commenced. The drift portal works are complete and underground development has commenced with the commissioning of a tunnel boring machine.

SELECTED MAJOR PROJECTS

Approved

Sector	Project	Country	Greenfield (G)/ Brownfield (B)	First production date	Full production date	Capital expenditure $bn[1]	Production volume[2]
Iron Ore and Manganese	Minas-Rio	Brazil	G	2014	2016	8.8[3]	26.5 Mtpa iron ore pellet feed[4]
Metallurgical Coal	Grosvenor	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
Platinum	Twickenham	South Africa	G	2013	2024	<2	202 kozpa refined platinum
	Bathopele Phase 5	South Africa	B	2013	2017	<1	replace 128 kozpa refined platinum
Diamonds	Jwaneng – Cut-8	Botswana	B	2016	2018[5]	3[6]	approx. 10 million carats pa
	Venetia U/G	South Africa	B	2021	2024	~2	approx. 4 million carats pa
Niobium and Phosphates	Boa Vista Fresh Rock	Brazil	B	2014	2015	<1[7]	6.5 ktpa total niobium production

(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) Iron ore pellet feed on wet tonnes basis at 8% moisture.
(5) 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.
(6) 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 an estimated 113 million carats over the life of the mine.
(7) An extension to mine life by mining the unweathered ore after oxides have been depleted. New processing plant (from crushing to leaching) required.

Venetia

In South Africa, the first blast took place in September 2013 for the construction of an underground mine beneath the open pit at Venetia. With capital investment of $2 billion, the underground expansion represents De Beers' largest ever investment in South Africa. Production is expected to commence from the underground mine in 2021 and will extend the life of the mine to beyond 2040. The projected life of mine plan will treat approximately 129 million tonnes of ore, containing an estimated 94 million carats[1].

Boa Vista Fresh Rock

The Boa Vista Fresh Rock project in Brazil continued to progress during 2013 and is expected to start production later in 2014. The project includes the construction of a new upstream plant that will enable continuity of the Catalão site through processing the fresh rock orebody. Production capacity will increase to approximately 6,500 tonnes of niobium per year (2013: 4,500 tonnes), allowing use of the full plant capacity.

Capital expenditure

Total capital spend increased from $6,030 million in 2012 to $6,261 million, predominantly as a result of the increased expansionary expenditure at Minas-Rio and Grosvenor, as well as the increased holding in De Beers.

Capital expenditure

$ million	Year ended 31 Dec 2013	Year ended 31 Dec 2012
Expansionary	**3,258**	2,956
Stay in business	**2,242**	2,290
Development and stripping	**761**	784
Total	**6,261**	6,030

(1) Scheduled Inferred Resources constitute 28% (26.3 Mct) of the estimated carats.

CREATING VALUE THROUGH OUR COMMERCIAL ACTIVITIES

As commodity markets have evolved over recent years, becoming more dynamic and competitive, we have been developing our strategy to take advantage of these changes to improve returns from our commercial activities.

At Anglo American, 'commercial' refers to the whole value chain from the mine gate to the end-customer. Since 2012, we have been making significant changes across this area to become more proactive, globally co-ordinated and customer-centric in our approach, and to enable us to realise the full value potential of our asset portfolio.

We have moved from a highly decentralised commercial organisation built around nine export marketing offices across the world, to a single global commercial function with two hubs, in London and Singapore. This brings us closer to our customers in the respective European and Asia-Pacific markets and is facilitating knowledge sharing and collaboration across our marketing and sales teams.

Combining our commercial activities under a single leadership team is also enabling us to enhance commercial capabilities across the organisation and better manage our talent pool and pipeline, as well as ensuring an integrated approach to value delivery across the commodity portfolio.

Further benefits are being realised through improved efficiencies, including harmonised processes and systems and the use of shared services in areas such as commercial finance and information technology.

During 2012 and early 2013, we established centres of excellence to drive best practice in key commercial disciplines such as market intelligence and logistics. We have also developed, and are in the process of implementing, new commercial risk- and performance-management systems to measure value creation and manage risk exposure more effectively.

In addition, we have brought all our shipping activities together within a single shipping division, and plan to significantly increase the proportion of business we do on a delivered basis over the coming years, with a target freight book of 50 million tonnes by 2016. Consolidating all our shipping into a single portfolio enables us to leverage our global scale and fully optimise our freight network to reduce costs and cargo turnaround times. It also gives us more control and flexibility in this part of the commercial value chain.

Overall, the changes we have been making across commercial provide the platform to deliver a $400 million a year improvement in EBIT from 2016.

This value will be created through more than 40 specific commercial initiatives which have been fully scoped and assessed. They include strategies to realise higher prices by changing our product mix to respond to market developments and customer needs, as well as improving returns by diversifying our customer base, establishing more direct customer relationships, and eliminating discounts or fees previously given to fabricators and other intermediaries.

Some 60% of the $400 million of value identified will come from projects that are at an advanced stage of implementation, with resources already committed to delivery.

SUPPLY CHAIN

An important aspect of the *Driving Value* programme is Supply Chain's commitment to deliver $100 million of sustainable savings to the Group by 2016 through the focused implementation of a number of key initiatives.

Optimisation of contracted services

The initial focus is in Chile, where current contractor costs at our operations account for 55% of total expenditure. Contracted service costs have increased significantly owing to escalating labour costs, a lack of skilled labour and a strengthening Chilean peso. A comprehensive review of these services has identified significant opportunities to deliver savings. Lessons learned from this initiative will be transferred to all business units once implemented.

Extending global tyre contracts and effective tyre management

Anglo American currently spends $220 million on off-road tyres. With competitive new long term contracts in place to provide commercial benefit and ensure security of supply, the focus is now on implementing multiple initiatives, targeting a 30% improvement in tyre life. This is expected to be achieved through tyre pressure monitoring, driver awareness, road maintenance and improved maintenance practices.

Implementing fuel management and efficiency systems to reduce diesel consumption

Anglo American's current annual fuel expenditure is in excess of $1.1 billion. In addition to ensuring we have attractive commercial agreements in place, we are also reducing fuel consumption through a range of efficiency and technology initiatives. Focal points include additional price and volume discounts, better fuel management, including the use of fuel-flow optimisation technology, and cleaner performance-enhancing fuels.

Using Chinese suppliers to reduce procurement costs

With the assistance of its China-based procurement office, Anglo American has successfully used pre-qualified Chinese suppliers to reduce total life cycle costs. Targeted sourcing from China offers cost advantages and improved lead times which have significant value impact potential at our operations. The introduction of alternative supply possibilities has the benefit of driving competitive pricing in the market.

A further $47 million of 'one-off' savings has also been identified. This will come from the implementation of a common strategy across the business units for the disposal of surplus mining equipment so that the value returned to the business from the disposal of such assets is maximised, along with greater control of the sale process.

MANAGING OUR IMPACT ON THE ENVIRONMENT

Growing regulatory and social pressure, increasing demands for limited natural resources, and the rising 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 and climate change. In our Sustainable Development Report we also report on land management, biodiversity, waste and air quality as other important issues that require specific management attention.

We also see tremendous opportunity. The metals we mine are increasingly applied in innovative environmental technologies; communities without access to water and sanitation can benefit from our mine infrastructure, and some of the land under our management control has yet to be used to its fullest potential. In some of our waste facilities lies the opportunity to re-mine, while for others we research and trial novel applications for by-products.

We continue to make progress towards our environmental goals and internal targets, achieving tangible improvements in resource efficiency and associated cost savings and productivity.

Strategy and management approach

We seek to manage our environmental risks by minimising our impacts and by taking advantage of opportunities that deliver long term benefits to our stakeholders. We do this by driving operational excellence, investing in technology, and engaging and partnering with our stakeholders. The Anglo American Environment Way, which includes performance standards covering all our environmental aspects, guides our approach to responsible environmental management. In 2013, we placed particular emphasis on water quality, legacy issues, and improving environmental incident management and reporting.

Our internal Safety and Sustainable Development risk and assurance function conducts reviews of our most material sustainability and technical risks on a rotational basis. During 2013, 15 environmental reviews were conducted, focusing on water quality, environmental legacy issues and tailings-disposal facilities. The results of such reviews are discussed and addressed on site and with business unit leadership teams and reported to relevant oversight bodies, including committees of the Board. We also received external certification on our environmental management systems via 53 external audits.

Anglo American reports environmental incidents according to five levels of severity. In 2013, 30 level 3 (medium impact) environmental incidents were reported. All incidents are addressed on site and the root causes determined and mitigated in order to prevent repeats. Remedial action has been completed for half of these incidents and is in progress at the rest. No level 4 or 5 (high impact) incidents were reported.

WATER

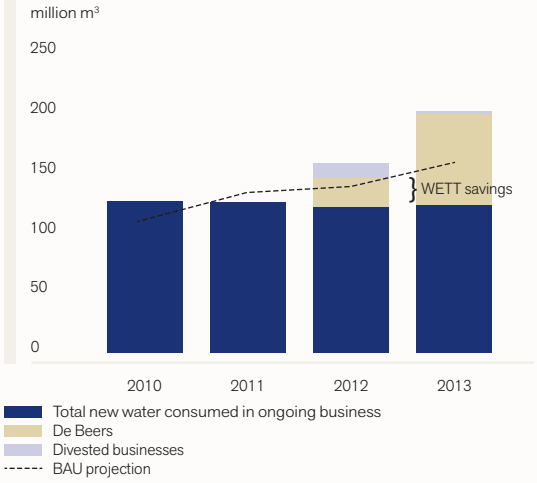
Water is fundamental to our business, particularly as more than 70% of our mines are in water-stressed areas. To maintain our licence to operate, we cannot degrade water quality, or compromise the access rights of other users. We also have an opportunity to play a leadership role in our water catchments through partnerships and by increasing the shared benefits of our water-related mining activities and infrastructure development.

Strategy and management approach

Our 10 year water strategy, launched in 2010, reflects our aspiration to demonstrate leadership in water stewardship. Most of our operations now go beyond compliance, using technology to reduce our dependence and impact on water resources, and engagement that becomes part of broader, catchment level water management solutions.

Our water management programme is supported by a mandatory water standard and delivered via operational water action plans. Every Anglo American operation works towards a water reduction target that was determined in 2011, using our water efficiency target tool (WETT), which forecasts the projected business as usual (BAU) demand of individual operations and registers water saving projects. Operational targets are aggregated at business unit level, where they are included in business unit CEO performance contracts. These make up our Group target of a 14% reduction from our projected water consumption by 2020. De Beers' targets will be established and included in 2014.

Total water consumed against business as usual (BAU) 2010–2013



Total water required by use in 2013

	%
Water re-used/recycled	67
Water used for primary activities	30
Water used for non-primary activities	3
Total	**100**

Our performance

Anglo American's total water consumption increased from 156 million m^3 of water in 2012, to 201 million m^3 in 2013. Of this total, De Beers accounted for 75 million m^3. Nearly 40% of De Beers' consumption is sea water abstracted by Namdeb operations in Namibia. The increase was partially offset by divestments and savings from the implementation of our WETT programme. This once again had a material impact on improving our water efficiency such that we have already exceeded our 2020 water savings target of 14%. Water saving projects implemented include more effective dust suppression, dewatering of tailings and more efficient ore separation. Water cost savings exceeded $85 million in 2013.

Water re-use/recycling levels dropped from 70% in 2012 to 67% in 2013. Excluding De Beers, which does not yet fully account for all water recycled, this figure would have been 73%.

Where operations face high risks related to water, we develop specific risk-management action plans. These include plans to manage the tight water supply balance at Los Bronces, the rain-immunisation programme at Metallurgical Coal in Australia aimed at protecting operations from extreme weather, and Sishen iron ore mine's surface flooding and water management programme.

CLIMATE CHANGE AND ENERGY

The key climate change risks we face are: increasing energy and compliance costs associated with new policy measures, including carbon pricing; changing demand for our products; and increased risks associated with the physical impacts of climate change on our operations and neighbouring communities.

Governments in our countries of operation continue to develop climate change policies. In South Africa, the government's proposed carbon tax, if implemented in 2015, would introduce a higher carbon cost for our business. In Chile, there is increased focus on climate risks, particularly around potential impacts on glaciers, and Brazil is investigating options for a cap-and-trade scheme. In Australia, our Metallurgical Coal business expects to benefit from the new government's intention to replace the existing carbon pricing scheme in July 2014 with a Direct Action Plan, the details of which are still to be confirmed.

Strategy and management approach

Improving operational energy and carbon management is driven through our industry-leading programme, ECO_2MAN. In 2011, energy- and carbon-reduction targets were agreed for every Anglo American operation. These are aggregated into business unit targets and form part of business unit CEO performance contracts. Our overall targets for greenhouse gas (GHG) emission and energy consumption reductions are 19% and 7% respectively, against the projected BAU levels in 2015.

Our performance

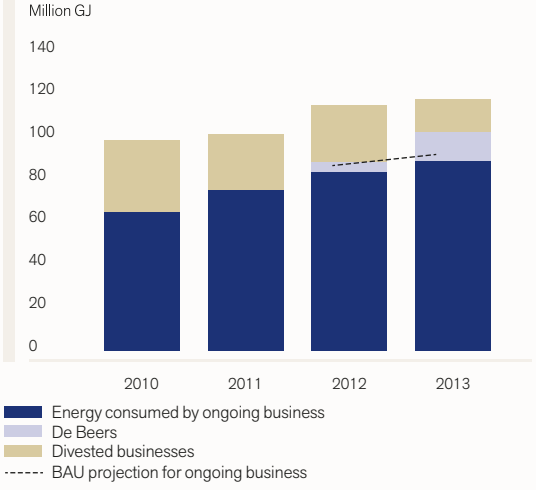
By year end, we had achieved reductions of 3.5 million tonnes (Mt) of greenhouse gas (GHG) emissions and 4.3 million GJ in energy consumption against the 2015 BAU projections.

During 2013, Anglo American consumed 106 million GJ of energy (2012: 113 million GJ). The 6% year-on-year decrease, despite the inclusion of an additional 9 million GJ of energy use at De Beers, was attributable to the divestment of assets in our Other Mining and Industrial, and Nickel businesses as well as the implementation of energy- and carbon-saving projects as part of the ECO_2MAN programme, where we added 61 new projects. The total of 260 completed projects accounted for a 5% reduction against our BAU consumption target of 7% by 2015. The resultant avoided-energy cost is estimated at $95.5 million.

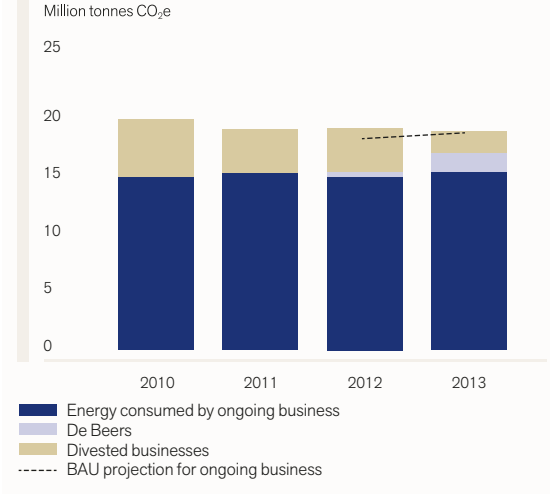
The Group's total Scope 1 and Scope 2 greenhouse gas (GHG) emissions declined to 17 Mt of carbon dioxide equivalent emissions (CO_2e) (2012: 18 Mt CO_2e). The inclusion of De Beers' relatively modest GHG emission profile (2 Mt CO_2e) was countered by the divestment of the energy-intensive Scaw South Africa business at the end of 2012, as well as the cessation of operations at Loma de Níquel towards the end of that year. The sale of Tarmac Quarry Materials, which now forms part of the Lafarge Tarmac joint venture and is not included in Anglo American figures, as well as the divestment of Amapá at the end of 2013, have further contributed to the reduction. Largely as a result of Metallurgical Coal's management of underground methane, Anglo American is on track towards achieving its carbon-saving target level of 19% by 2015.

Within the current business, GHG emissions for 2013 increased by 14% at Kumba, mainly owing to increased use of diesel for waste stripping, and at Iron Ore Brazil, where emissions were 50% higher as a consequence of the ramping up of construction at the Minas-Rio iron ore project.

Total energy consumed against BAU 2010–2013



Total GHG emissions against BAU 2010–2013



EFFECTIVE RISK MANAGEMENT

"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."

David Challen
Chairman, Audit 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:

- Portfolio – investing in a portfolio of assets that deliver superior margins and returns through the cycle.
- People – organising and developing our people to deliver on our promises and build respectful and mutually beneficial relationships with our stakeholders.
- Performance – operating safely and responsibly across the mining value chain to deliver sustainable value to best meet our customer and stakeholder needs.

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. The commentary provided on each risk is intended to highlight significant changes in the profile of individual risks or describe our experience of the risk over the course of 2013.

For more information on the S&SD Committee
See page 103

For more information on the Audit Committee
See page 106

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

1. Identifying risks
A robust methodology is used to identify key risks across the Group; at business units, operations and projects. This is being applied consistently through the development 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.

KEY RISKS AT A GLANCE

	EXTERNAL Pages 48–49	OPERATIONAL Pages 50–53	
Increased risk	• Political, legal and regulatory • Information and cyber security	• None	
No change in risk	• Commodity prices • Currency risk • Liquidity risk	• Community relations • Employees • Environmental • Event risk	• Infrastructure • Operational risk and project delivery • Safety and health
Decreased risk	• Inflation	• None	

The risks defined in this report are those we believe are our principal risks. In previous years we have reported risks relating to climate change, counterparty, exploration, supply chain, contractors, Ore Reserves and Mineral Resources, bribery and corruption, joint ventures and acquisitions and divestments, all of which we remain exposed to, though we do not consider them to be our principal risks. Therefore, such risks are not discussed in the report.

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 or production 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 above-mentioned 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

POLITICAL, LEGAL AND REGULATORY

Pillars of value:

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.

Increased risk

Commentary: During 2013, we announced the restructuring of our Platinum business in South Africa and have worked closely with government and the trade unions to minimise the potential for damaging strike action or social unrest.

This matter, which is further explained on pages 80–85, is indicative of the need to understand and manage an increasingly complex global political, legal and regulatory environment.

INFORMATION AND CYBER SECURITY

Pillars of value:

The Group is exposed to risk of attack by third parties on our information systems.

Impact: Attacks on our information systems may result in loss of sensitive or proprietary information and fraud. Damage is possible to equipment that is critical to mining or processing of ore, resulting in interruption to production.

Root cause: Cyber risk arises from criminal activity to cause disruption or attempts by third parties to access sensitive information. The pace of technological development makes it challenging for any organisation to prevent increasingly sophisticated methods of attacking information technology systems.

Mitigation: Anti-virus software and general computer controls provide a level of protection. In addition, monitoring of networks is undertaken to identify suspicious activity in order that appropriate action can be taken. We receive information on threats through security consultants and agencies on an ongoing basis. The Group also has an Information Security policy that introduces the measures expected of employees in handling sensitive information.

Increased risk

Commentary: The risk is increased as we recognise the threat is continually developing on a global basis.

CURRENCY RISK

Pillars of value:

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 our Group's diversified nature, our 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

Commentary: Further description of currency risk and analysis of sensitivity to foreign exchange movement is provided on pages 203–204.

COMMODITY PRICES

Pillars of value:

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 compromised 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.

No change in risk

Commentary: During 2013, prices in most of the commodities we mine remained relatively weak as a result of lacklustre economic conditions in many of our key markets. Further detail of price movements is provided on page 7.

INFLATION

Pillars of value:

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 business improvement and supply chain initiatives and, where necessary, through adjusting employee and contractor numbers.

Decrease in risk

Commentary: The *Driving Value* programme has identified opportunities for cost reduction in operations and corporate costs. External cost pressures will continue (e.g. labour costs) but are expected to be managed through the initiatives announced.

LIQUIDITY RISK

Pillars of value:

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 meet ongoing financing needs, develop projects, compete for new projects requiring significant capital expenditure, or fund acquisitions. As a result, our revenues, operating results, cash flows or financial position may be adversely affected.

If commodity prices remain weak for a sustained period, our ability to deliver growth in future years may be compromised 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: Liquidity risk arises from uncertainty or volatility in the capital or credit markets owing to perceived weaknesses in 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. 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

Commentary: All financing needs have been met, though capital availability for project development or acquisition is likely to be low until existing commitments are fulfilled or a stronger pricing environment exists.

OPERATIONAL RISKS

COMMUNITY RELATIONS

Pillars of value:

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 affected by our operations.

No change in risk

Commentary: Further description of our work during 2013 to maintain and improve relationships with our stakeholders is provided on pages 31–33.

EMPLOYEES

Pillars of value:

The ability to recruit, develop and retain appropriate skills for the Group. Strikes or other industrial relations disputes may occur.

Impact: Failure to retain skilled employees or to recruit new staff may lead to increased costs, interruptions to existing operations and delay in new projects. Industrial disputes 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: One of Anglo American's objectives 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.

No change in risk

Commentary: During 2013, we began a review of our organisational model and structures. The aim of the redesign is to increase the effectiveness and efficiency of work performed by placing the right employees in the right roles. This is expected to reduce pressure on recruitment and retention of skills in the short term. Further details of the changes is provided on pages 28–30.

ENVIRONMENT

Pillars of value:

Some of our operations create environmental risk in the form of dust, noise or leakage of polluting substances as well as uncontrolled breaches of tailings dam facilities. These can generate harm to our employees, contractors and the communities near our operations, leading to a deterioration in air quality and water purity and contamination of land.

Impact: Potential impacts include fines and penalties for past, current or future events, 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

Commentary: Our environmental performance during 2013 is detailed on pages 43–45.

EVENT RISK

Pillars of value:

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, underground shafts 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

Commentary: Unfortunately, we witnessed this risk materialise at the Amapá iron ore system in Brazil during 2013, resulting in four deaths, with a further two people still missing, and loss of the port operation. The Amapá operation has since been sold and an insurance claim is being pursued. Lessons from this event are being shared with other port operations across the Group.

OPERATIONAL RISKS continued

INFRASTRUCTURE

Pillars of value:

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, lost revenue, and a worsening 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 we face in a number of countries. Our operations and projects can be located in areas 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

Commentary: Details of programmes to manage water consumption and power usage are provided on pages 43–45.

OPERATIONAL RISK AND PROJECT DELIVERY

Pillars of value:

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, incur contractual penalties, 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 business improvement programme, and consistent application of the company's methodology for new projects, are vital aspects in managing this risk.

No change in risk

Commentary: The Minas-Rio project in Brazil remains the key risk from a project-delivery perspective. The risk has lessened during 2013, with most of the permit delays resolved and construction progressing (refer to commentary on pages 58–59). Production performance and status of key projects is provided on pages 39–41.

SAFETY AND HEALTH

Pillars of value:

Failure to maintain 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 for past, current or future issues, 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 free 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

Commentary: Details of safety performance and our approach to health management are provided on pages 29–30.

IRON ORE AND MANGANESE

Norman Mbazima
CEO – Kumba

Paulo Castellari-Porchia
CEO – Iron Ore Brazil

UNDERLYING OPERATING PROFIT
(2012: $3,011 m)

$3,119 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2012: 48%)

47%

UNDERLYING EBITDA
(2012: $3,262 m)

$3,390 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2013	2012[1]
Underlying operating profit	**3,119**	3,011
Kumba Iron Ore	**3,047**	3,042
Iron Ore Brazil	**(31)**	(5)
Samancor	**210**	103
Projects and Corporate	**(107)**	(129)
Underlying EBITDA	**3,390**	3,262
Capital expenditure	**2,517**	2,139
Share of Group underlying operating profit	**47%**	48%
Attributable return on capital employed	**19%**	21%
Non-financial indicators[2]	**2013**	**2012**
Number of fatal injuries		
Kumba Iron Ore	**0**	2
Iron Ore Brazil	**0**	0
Lost-time injury frequency rate		
Kumba Iron Ore	**0.18**	0.10
Iron Ore Brazil	**0.005**	0.01
Total energy consumed in 1,000 GJ		
Kumba Iron Ore	**9,340**	7,607
Iron Ore Brazil	**1,062**	713
Total greenhouse gas emissions in 1,000 tonnes CO_2e		
Kumba Iron Ore	**1,084**	945
Iron Ore Brazil	**78**	52
Total water used consumed in 1,000 m^3		
Kumba Iron Ore	**10,648**	10,038
Iron Ore Brazil	**1,461**	895

Image
Shovel operator Petrus Skhungweni scooping up overburden at Kumba Iron Ore's giant Sishen open pit.

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.
(2) Certain non-financial indicators relating to 2012 have been revised due to change requests made by the operations subsequent to the publication of the 2012 annual report.

BUSINESS OVERVIEW

Our Iron Ore portfolio is based in South Africa and Brazil.

In South Africa, we have a 69.7% shareholding in Kumba Iron Ore Limited, a leading supplier of seaborne iron ore.

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 63:37. Kumba holds a 73.9% interest in and manages Sishen Iron Ore Company (Pty) Ltd (SIOC) which, in turn, has three mining operations – Sishen mine in the Northern Cape Province, which produced 30.9 million tonnes (Mt) of iron ore in 2013; Kolomela mine, situated close to Sishen mine, which produced 10.8 Mt; and Thabazimbi mine in Limpopo province, with an output of 0.6 Mt.

Export ore is transported via the Sishen/Kolomela-Saldanha iron ore export channel to the Port of Saldanha Bay. The rail and port operations are owned and operated by the South African parastatal, Transnet Freight Rail.

Kumba is well positioned to supply the growing Asia-Pacific and European steel markets. In 2013, the company exported 89% of its total iron ore sales volumes of 43.7 Mt, with 68% of these exports destined for China and the remainder for Europe, Japan and South Korea.

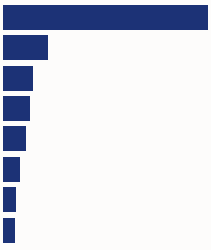
In Brazil, we are developing the Minas-Rio project (composed of Iron Ore Brazil's 100% share in Anglo American Minerío de Ferro Brasil, and its 49% holding in LLX Minas-Rio, which owns the iron ore facility currently under construction at the port of Açu. On 8 January 2014, an additional 1% of LLX Minas-Rio was acquired, in line with contract rights resulting from the partner's change of control). The project is located in the states of Minas Gerais and Rio de Janeiro and will include an open pit mine and beneficiation plant in Minas Gerais, producing high grade pellet feed. The ore will be transported through a 525 kilometre slurry pipeline to the port of Açu in Rio de Janeiro state. The current mine plan is to produce 26.5 Mtpa (wet basis) of saleable product for 28 years, at an average quality of 67.5% Fe.

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.

2013 Iron ore demand

Global 1,149 Mt (62% Fe, dry basis)

		%
China	644	56
Japan and Rest of Asia	138	12
Europe	92	8
CIS	83	7
India	69	6
North America	50	5
South America	38	3
Rest of World	35	3
Total	**1,149**	**100**

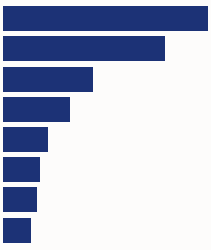


Source: Anglo American Commodity Research

2013 Iron ore production

Global 1,149 Mt (62% Fe, dry basis)

		%
Australia	357	31
South America	278	24
China	153	13
CIS	114	10
India	77	7
North America	63	6
Rest of World	59	5
Europe	48	4
Total	**1,149**	**100**



Source: Anglo American Commodity Research

INDUSTRY OVERVIEW

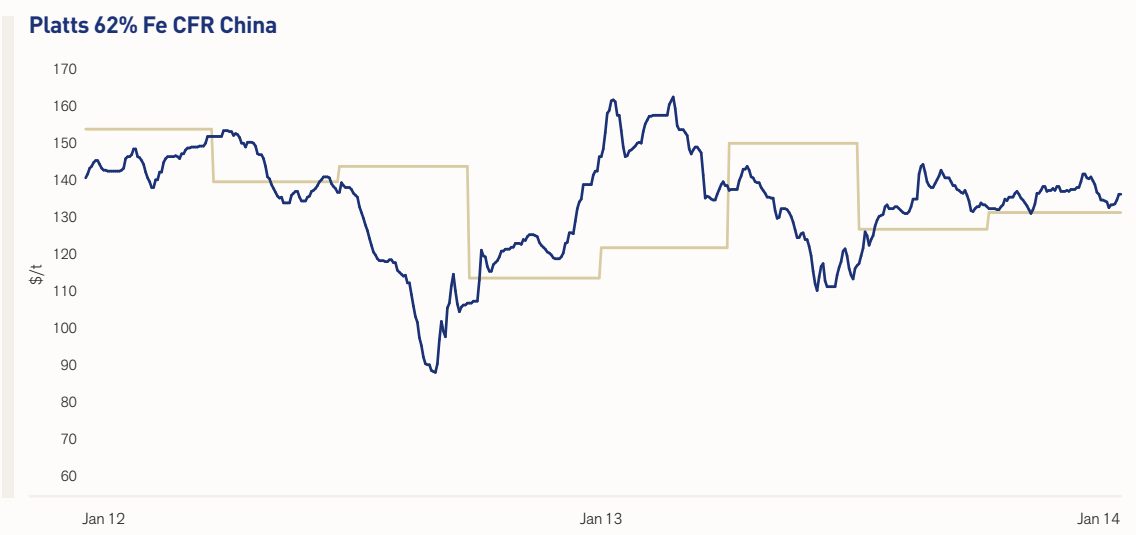
Global demand for iron ore is linked primarily to the state of the global steel industry and, more specifically, to the steel manufacturing sector in China. The country is the largest steel producer and consumer in the world and accounts for more than two-thirds of global seaborne iron ore imports.

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

Anglo American's strategy is 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 the efficiency of its processes and business improvement programmes. The company captures value across the value chain through its commercial and logistics strategies and by executing its growth projects efficiently, while continuing to deliver on its organisational responsibilities, capabilities and societal obligations.



Source: Anglo American Commodity Research

The company plans to grow its business organically in the short to medium term within the present logistical constraints and, in the longer term, evaluating the possibility of establishing a second footprint in West and Central Africa.

Minas-Rio will capture a significant part of the pellet feed market, with its premium product featuring high iron content and low contaminants. It will produce 26.5 million tonnes per annum (Mtpa), and is scheduled to begin its ramp up at the end of 2014.

Attributable capital expenditure for the Minas-Rio project is $8.8 billion, with cash unit costs in a competitive position in the lower half of the global seaborne iron ore cost curve.

Operating safely, sustainably and responsibly

Kumba Iron Ore

The safety and well-being of everyone in its organisation remains a priority and is a non-negotiable value at Kumba. The company has placed renewed emphasis on its safety improvement plans during the year, complemented by a greater focus on mindsets and behaviours aimed at enhancing a safety culture, and by management stressing the primary duty of each employee to concentrate on his or her safety in every task in the workplace.

Kumba aims to maintain a healthy and productive workforce through management of occupational health and has succeeded in reducing noise and dust levels at all its operations. It is continually improving its HIV/AIDS management programmes, and addressing prevention and treatment. Kumba has relatively low prevalence rates and participation in its disease management programmes reached 86% in 2013.

Kumba faces a number of material issues in its current operating environment. At the forefront is meeting rising expectations and demands from stakeholders – principally, shareholders, government, employees, communities and NGOs – in a financially and resource-constrained economic and social environment.

The attraction, retention and development of skilled people remains a critical priority. The company addresses these issues through a considered and proactive approach to talent management and retention, as well as to workplace health and safety, responsible environmental management, and the application of leading social performance standards and management systems.

Iron Ore Brazil

Minas-Rio faces a number of issues that impact its ability to obtain both the formal and the social licences to operate. In this regard, Minas-Rio has intensified its efforts to strengthen and structure its engagement and relationships with governmental and environmental stakeholders.

The approach is based on a detailed understanding of required permits and associated conditions, which is overseen by a dedicated Environmental Licensing Office (ELO). The ELO is backed-up by a structured approach to engaging government, community and civil society stakeholders that identifies expectations and concerns and formulates appropriate responses. In 2013, Anglo American also strengthened its government relations capability in Brazil.

FINANCIAL AND OPERATIONAL OVERVIEW

Underlying operating profit increased by 4% from $3,011 million to $3,119 million, principally as a result of stronger average export iron ore prices at Kumba and higher prices, reduced costs and improved volumes at Samancor. This was partly offset by a decrease in export iron ore and increased costs at Kumba.

Safety and environment

Kumba Iron Ore

Kumba completed the year without loss of life. The overall safety performance, however, suffered some setbacks, which were reflected in a worsening lost-time injury frequency rate (LTIFR) of 0.18 (2012: 0.10). Kumba has

Image
Construction work at the mine site of the Minas-Rio iron ore project. By year end, the project was 84% complete overall, with the beneficiation plant 83% complete and the 525-kilometre pipeline almost fully assembled.

renewed its focus on entrenching individual responsibility and behaviour, while various processes are under way to improve employee engagement through regular and visible interaction with leadership, as well as hazard identification.

Environmental compliance is important to Kumba. To that extent, all environmental management plans were approved by South Africa's Department of Mineral Resources (DMR). Kumba's targeted savings for 2013 were 271,834 GJ of energy and 39,549 tonnes of CO_2e greenhouse gases. Kumba continues to implement energy and water savings projects, some of which have already delivered quantifiable gains. Several savings projects are still at a conceptual stage, but actual savings in 2013 are estimated to be 133,394 GJ of energy and 30,574 tonnes CO_2e greenhouse gases.

Iron Ore Brazil

The Minas-Rio project continues to be developed in a safe and responsible way, with no loss of life recorded during the year and more than 33 million man-hours worked without any lost-time injuries.

Markets

The global steel and iron ore markets have generally been stable in 2013, and better than anticipated. An increase in global steel production of 3% to 1,582 Mt (2012: 1,529 Mt), supported demand for iron ore. Sustained government infrastructure expenditure in East Asia, as well as steel mill restocking prior to the winter season, assisted this rise. China, the main producer of steel worldwide, increased its production by an unexpectedly strong 7% to 779 Mt (2012: 731 Mt). Growth in Japan and South Korea was also above expectations, and Europe stabilised during the year, which supported global demand.

Seaborne iron ore supplies increased by 10% to 1,324 Mt (2012: 1,208 Mt), as the increase from Australia more than compensated for lower supplies from India and flat exports from Brazil.

Iron ore prices were strong and averaged 4% higher at $135/tonne (Platts 62% Fe CFR China) (2012: $130/tonne). Index prices reached a high of $160/tonne in February 2013, but fell to a low of $110/tonne in May 2013, before stabilising at around $135/tonne towards the end of the year. Kumba's pricing mechanism continued to evolve, with prices in China now mostly based on index values around the discharge date. In other markets, Kumba largely continues to use a quarterly pricing mechanism.

Operating performance

Kumba Iron Ore

Underlying operating profit increased slightly from $3,042 million to $3,047 million, principally as a result of 1% stronger average export iron ore prices and the impact of the weaker South African rand, partly offset by a 1% decrease in export sales volumes. Total operating costs rose by 20% in local currency terms, driven primarily by above-inflation cost increases and the mining of 47.5 Mt of additional waste at Sishen and Kolomela mines.

Total iron ore output decreased by 2% to 42.4 Mt, mainly owing to production losses at Sishen mine, partially offset by the strong performance at Kolomela. Total tonnes mined at Sishen rose by 22% to 208.8 Mt (2012: 171.6 Mt), of which waste mined amounted to 167.8 Mt, an increase of 26% (2012: 133.5 Mt) as the planned waste ramp up continues to alleviate the current pit constraints. The mine's iron ore production, however, decreased by 8% to 30.9 Mt (2012: 33.7 Mt). Production from the DMS plant was mainly impacted by availability of material from the pit and resulted in 12% lower output for the year. At the Jig plant, production was in line with the prior year although still below design capacity owing to feedstock quality constraints. The mine was hampered further by several Section 54 safety stoppages relating to the operation of trackless mobile machinery in August 2013, and the subsequent gradual ramp up of the mine. The Sishen mine pit is currently constrained, resulting in insufficient exposed ore. A production recovery plan to address the current pit constraints and a longer term operational optimisation strategy are being implemented.

Kolomela continued its strong performance in 2013, increasing production by 26% to 10.8 Mt (2012: 8.5 Mt). Production exceeded monthly design capacity for most of the year, and reached a new record level of 1.04 Mt for the month during October 2013. Kolomela's total tonnage mined increased by 38% to 59.9 Mt (2012: 43.5 Mt), of which waste mined amounted to 46.7 Mt (2012: 33.5 Mt), an increase of 39%.

Production at Thabazimbi mine was 24% lower at 0.6 Mt (2012: 0.8 Mt), mainly as a result of partial plant shutdowns towards the end of 2013. An agreement regulating the sale and purchase of iron ore between SIOC and ArcelorMittal South Africa Limited (ArcelorMittal S.A.), which became effective on 1 January 2014, may enable Thabazimbi life of mine to be extended through the introduction of low-grade beneficiation technologies.

Kumba's total sales volumes were 1% lower at 43.7 Mt (2012: 44.4 Mt) as both export and domestic sales volumes decreased by 1% to 39.1 Mt (2012: 39.7 Mt) and 4.6 Mt (2012: 4.7 Mt), respectively. The lower export sales volumes were mainly the result of production losses at Sishen, which reduced export stock levels across the value chain, but were mostly offset by the performance from Kolomela. Export sales volumes to China accounted for 68% of the company's total export volumes for the year, compared to 69% in 2012. Sales volumes to Japan and South Korea rose by 13% to 8.3 Mt and represented 21% of total export sales, with the remaining 11% going to Europe. In 2014, this mix is expected to change slightly as more iron ore is shipped to China and less to Europe.

Total finished product stockpiles amounted to 2.8 Mt at the end of the year, compared to 3.7 Mt at the end of 2012.

Kumba spent $455 million on stay-in-business capital (2012: $383 million), mainly on heavy mining equipment such as haul trucks and shovels for Sishen and Kolomela mines in support of the waste mining ramp-up.

Iron Ore Brazil
Iron Ore Brazil generated an underlying operating loss of $31 million, reflecting the pre-operational state of the Minas-Rio project.

Samancor
Underlying operating profit more than doubled to $210 million (2012: $103 million), driven by higher prices and focused cost control, supported by strong volumes.

Production of ore was flat at 3.3 Mt (attributable basis) owing to a consistently strong operating performance and improved plant productivity at both GEMCO in Australia and Hotazel in South Africa. Alloy production increased by 27% to 251,100 tonnes (attributable basis) as production was restored at TEMCO in Australia following a production suspension in 2012.

Projects

Kumba Iron Ore
Kumba aims to capitalise on its current mining right holdings and existing infrastructure to develop and sustain a project pipeline that enables a return to optimal levels of production, maintenance of these levels and growth in accordance with the needs of the market.

Kumba is focused on restoring Sishen mine to its full capacity but is also looking to facilitate the expansion of Sishen mine to the west. A comprehensive feasibility study has been completed for the relocation of the Dingleton community and the company has engaged in an extensive consultation process with interested and affected parties, the community and the relevant government departments. The plan to resettle the community in the town of Kathu in the Northern Cape Province is expected to cost an estimated $457 million (nominal) over a four to six year period.

At Kolomela, technical studies have confirmed the mine's capacity at 10 Mtpa, 1 Mtpa above its original design capacity. Kumba is currently studying opportunities for further incremental expansion of Kolomela's production.

Significant progress has been made in the progression of the Sishen Western Expansion Project (SWEP). Project development remains within budget, and construction activities have been completed. A major milestone in the development of the project was the relocation of the Transnet railway line from its previous position to the west of the current Sishen pit, to the far western extent of the SIOC property. The relocation of the railway line was completed in May 2013.

As a consequence of Transnet having previously held the surface rights over the SWEP rail properties, the rail properties were excluded from the Sishen Mining Right area. SIOC applied to the DMR to obtain the necessary rights in relation to the rail properties, which were granted by the DMR on 11 February 2014. The granting of the mining right gives SIOC access to approximately 33% of the Sishen reserve included in SIOC's Life of Mine plan which is located on either side of the affected area. This portion of the reserve, which had been classified as probable, can now be reclassified as proven. SIOC will accordingly proceed with the implementation of its mining plan and will start waste stripping in the affected area from the second half of 2014.

Iron Ore Brazil
Construction of the 26.5 Mtpa Minas-Rio iron ore project continues in line with the revised plan announced in 2012. By the end of 2013, the project was 84% complete overall and is on schedule to deliver first ore on ship at the end of 2014.

The main schedule risks identified at the end of 2012 have been resolved and over the past year significant construction and operational progress has been made.

Highlights during 2013 include:

- the mine's cave suppression permit was granted in March and mine access approved in May, allowing stripping of surface overburden to be completed;
- land release for the 230 kV transmission line was obtained, and the transmission line has been completed, ahead of schedule;
- closure of the tailings dam was achieved in April, as planned, and the dam is near completion;
- the pipeline and land-access permits were obtained on schedule and 481 kilometres of pipe (representing 91% of the total 525 kilometre length) had been installed by the end of 2013;
- no outstanding permits or licences now impede the construction process, while good progress is being made in converting the installation permits to operating licences;
- the beneficiation plant is 83% complete. Civil engineering work has finished on the first ball mill and primary crusher, while the long-distance conveyor belt is almost assembled;
- assembly of the shiploader at Açu is 96% complete and caissons are being placed in position for the 2,624 metre-long breakwater.

Potential risks for 2014 are being addressed and mainly relate to manpower availability to complete construction activities at the beneficiation plant and the completion of the breakwater.

Capital expenditure remains in line with the previously announced cost of $8.8 billion, including a centrally held contingency of $600 million. To date, $5.6 billion has been spent on the project and it is envisaged that $3.2 billion (inclusive of the $600 million contingency) will need to be spent in order to deliver the project.

Samancor
The $279 million GEEP2 project (Anglo American's 40% share: $112 million) was delivered, on schedule and budget, in the third quarter of 2013. The project 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 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 $91 million (100% basis) high carbon ferromanganese furnace at the Metalloys smelter in South Africa was delivered, on schedule and budget, in the first quarter of 2013. The project will add an additional 130,000 tonnes of capacity per year.

Outlook

In 2014, it is anticipated that global crude steel demand will grow by 3%, with China's production rising to approximately 806 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. It is anticipated, however, that the supply and demand balance will shift in the second half of 2014, owing to more supply from Australia and Brazil and as demand growth begins to slow. This is expected to put some pressure on the iron ore price in the second half of the year.

The Sishen mine recovery and optimisation plan expects a phased production increase from 30.9 Mt in 2013, to approximately 35 Mt in 2014. As the orebody dips and thins out towards the west, waste stripping of up to 270 Mtpa will be required for the production of 37 Mtpa at current marketing specifications, planned for 2016.

Kumba anticipates total iron ore production, excluding Thabazimbi, of between 44 and 46 Mt in 2014. Export sales volumes are expected to be in line with 2013 levels.

The recovery in manganese ore pricing continued 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

21.4% undivided share of the Sishen mine mineral rights

On 28 March 2013, the Supreme Court of Appeal (SCA) dismissed the appeals of the DMR and Imperial Crown Trading 289 (Pty) Ltd (ICT) against the decision of the North Gauteng High Court, which, *inter alia*, confirmed that Sishen Iron Ore Company (Pty) Ltd (SIOC) became the exclusive holder of the mining rights at the Sishen mine in 2008 when the DMR converted SIOC's old order rights, and further set aside the grant of a prospecting right to ICT by the DMR. The SCA held that as a matter of law and as at midnight on 30 April 2009, SIOC became the sole holder of the mining right to iron ore in respect of the Sishen mine, after ArcelorMittal S.A. failed to convert its undivided share of the old order mining right.

Both ICT and the DMR lodged applications for leave to appeal against the SCA to the Constitutional Court. The Constitutional Court hearing was held on 3 September 2013.

On 12 December 2013, the Constitutional Court granted the DMR's appeal in part against the SCA judgment. In a detailed judgment, the Constitutional Court clarified that SIOC, when it lodged its application for conversion of its old order right, converted only the right it held at that time (being a 78.6% undivided share in the Sishen mining right). The Constitutional Court further held that ArcelorMittal S.A. retained the right to lodge its old order right (21.4% undivided share) for conversion before midnight on 30 April 2009, but failed to do so. As a consequence of such failure by ArcelorMittal S.A., the 21.4% undivided right remained available for allocation by the DMR.

The Constitutional Court ruled further that, based on the provisions of the Mineral and Petroleum Resources Development Act (MPRDA), only SIOC can apply for the residual 21.4% undivided share of the Sishen mining right. The grant of the mining right may be made subject to such conditions considered by the Minister to be appropriate, provided that the proposed conditions are permissible under the MPRDA. SIOC had previously applied for this 21.4%, and continues to account for 100% of what is mined from the reserves at Sishen mine. SIOC has however, in compliance with the Constitutional Court order, submitted a further application to be granted this right.

As a further consequence of this finding, the High Court's ruling setting aside the prospecting right granted by the DMR to ICT also stands.

The findings made by the Constitutional Court are favourable to both SIOC and the DMR. SIOC's position as the only competent applicant for the residual right protects SIOC's interests. The DMR's position as custodian of the mineral resources on behalf of the nation, and the authority of the DMR to allocate rights, has also been ratified by the Court.

ArcelorMittal S.A. supply agreement

The dispute between SIOC and ArcelorMittal S.A. regarding the contract mining agreement had been referred to arbitration in 2010. In December 2011, the parties agreed to delay the arbitration proceedings until the final resolution of the mining rights dispute (see above). Interim Pricing Agreements were implemented to 31 December 2013.

In November 2013, SIOC and ArcelorMittal S.A. entered into a new Supply Agreement regulating the sale and purchase of iron ore between the parties which became effective from 1 January 2014. This agreement, subject to certain express conditions, is contemplated to endure until the end of Life of Mine for the Sishen mine.

The conclusion of this agreement settled the arbitration and the various other disputes between the companies.

Following the Constitutional Court ruling (see above), the sale of iron ore from SIOC to ArcelorMittal S.A. will remain regulated by the recently concluded Supply Agreement.

METALLURGICAL COAL

Seamus French
CEO

UNDERLYING OPERATING PROFIT
(2012: $405 m)

$46 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2012: 6%)

0.7%

UNDERLYING EBITDA
(2012: $877 m)

$612 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2013[1]	2012[2]
Underlying operating profit	**46**	405
Underlying EBITDA	**612**	877
Capital expenditure	**1,050**	1,028
Share of Group underlying operating profit	**0.7%**	6%
Attributable return on capital employed	**1%**	9%

Non-financial indicators	2013	2012
Number of fatal injuries	**0**	0
Lost-time injury frequency rate	**1.00**	1.75
Total energy consumed in 1,000 GJ	**14,706**	14,787
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**3,770**	3,919
Total water consumed in 1,000 m^3	**14,306**	15,552

(1) Throughout the Metallurgical Coal commentary, all volumes are expressed on an attributable basis.
(2) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.

Image
Joy Mining site manager Manie Swanepoel and Metallurgical Coal's head of operations Dieter Haage underground at the Moranbah North longwall.

BUSINESS OVERVIEW

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

Our 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. Metallurgical Coal operates six mines in Australia, one wholly owned and five in which the company 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 at Newcastle in New South Wales.

Image
Arrival of the new tunnel-boring machine (TBM) at the Grosvenor project in October 2013 – the first time a TBM has been deployed at a coal mine in Queensland.

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. In 2013, with two planned longwall moves, the mine produced 4.9 million tonnes (Mt) of hard coking coal (HCC).

Capcoal (70%) operates an underground and an open cut mine, with a second underground mine put into care and maintenance in July 2013. Capcoal produced 6.1 Mt of hard coking, pulverised coal injection (PCI) and thermal coals for the year.

Dawson (51%) is an open cut operation, which produced 4.0 Mt of coking and thermal coals in 2013.

Foxleigh (70%) is an open cut operation, with 2013 output of 2.0 Mt of high quality PCI coal.

Metallurgical Coal owns an effective 23% interest in the Jellinbah and Lake Vermont mines in Queensland, with combined (attributable) production of 2.5 Mt of coking, PCI and thermal coals in 2013.

In Canada, Peace River Coal (100%) open cut metallurgical coal mine in British Columbia mainly serves customers in Europe, Japan and South America. In 2013, Peace River Coal produced 1.7 Mt of metallurgical coal, an increase of 22% over the prior year.

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 1.1 billion tonnes per year. China is the biggest consumer of metallurgical coal, with total consumption of approximately 754 Mt in 2013. Owing to its large domestic metallurgical coal production, China only needs to import about 10%, or 74 Mt, of its total metallurgical coal requirement. This, however, represents a significant proportion (26%) of the total global seaborne metallurgical coal market.

In 2013, the international seaborne metallurgical coal market totalled around 285 Mt, the major consuming regions being China, Japan, Europe, India, South Korea, Brazil and Taiwan. On average, Australia supplies roughly 60% of the seaborne metallurgical coal market.

Metallurgical coal contracts are predominantly priced on a quarterly basis relative to the market benchmark price, with a growing proportion being priced on a monthly or index basis.

2013 Metallurgical coal demand

Global 1,116 Mt

		%
China	754	68
Europe	75	7
CIS	70	6
Japan	66	6
India	44	4
Other Asia	41	4
North America	29	2
South America	23	2
Rest of World	14	1
Total	**1,116**	**100**

Source: CRU, Metallurgical Coal Market Outlook, published in February 2014

2013 Metallurgical coal production

Global 1,116 Mt

		%
China	675	60
Oceania	174	16
North America	118	11
CIS	85	8
Rest of the World	64	5
Total	**1,116**	**100**

Source: CRU, Metallurgical Coal Market Outlook, published in February 2014

STRATEGY

Emerging markets, particularly in the Asia-Pacific region, are expected to remain the driving force behind metallurgical coal demand owing to their continuing need for steel for infrastructure, housing and consumer goods. 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 its customers. In order to implement this strategy:

- A structured programme of business improvement 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;
- Metallurgical Coal continues to progress its attractive organic growth pipeline in Australia and Canada, which has the potential to increase HCC production in line with growing market demand.

Operating safely, sustainably and responsibly

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

FINANCIAL AND OPERATIONAL OVERVIEW

Metallurgical Coal recorded an underlying operating profit of $46 million, 89% lower than the 2012 figure of $405 million. This was attributable to a 24% decrease in the average quarterly HCC benchmark coal price, partially offset by the implementation of significant cost reductions initiated in 2012, a 9% increase in metallurgical coal sales volumes, and favourable exchange rate movements in the Australian dollar.

A focus on high margin products has resulted in a favourable product mix towards higher quality coking coal, with the proportion of sales of HCC to PCI increasing by 3% to 70%.

Metallurgical Coal continues to focus on cost reductions, with Australian and Canadian export FOB cash unit costs reducing by 8% and 15%, respectively.

Safety and environment

There were no fatal injuries at Metallurgical Coal's operations in 2013. The lost-time injury frequency and total recordable frequency rates of 1.00 and 1.48 were the lowest on record and represent a respective improvement of 43% and 36% over 2012. These results were attributable to visible and proactive leadership presence in the field, increased accountability and specific monitoring of supervisor safety performance. A reduction in the overall high level risk profile was achieved through formal contractor management improvements and increased focus on the management of high level risks, such as those associated with vehicles and machinery.

To assist in mitigating the emissions that may contribute to climate change and to reduce exposure to the carbon pricing mechanism, Metallurgical Coal has expanded the German Creek Power Station by more than 12 MW per annum and, in doing so, is reducing CO_2e emissions by capturing methane that would otherwise be vented, and producing electricity. Metallurgical Coal has also implemented a number of business improvement projects that enhance heavy mining equipment efficiency in order to reduce fuel usage.

Markets

Anglo American weighted average achieved sales prices ($/tonne)	2013	2012
Export metallurgical coal (FOB)	**140**	178
Export thermal coal (FOB Australia)	**84**	96
Domestic thermal coal	**39**	37

Attributable sales volumes ('000 tonnes)	2013	2012
Export metallurgical coal	**19,045**	17,413
Export thermal coal	**6,372**	6,043
Domestic thermal coal	**6,125**	6,921

Australian metallurgical coal production continued at record levels in the second half of 2013, with seaborne exports reaching an all-time high of 16.3 Mt in October 2013 (194 Mt annualised), and totalling 169.7 Mt for the year (2012: 144.5 Mt). This increased production, combined with sustained high export levels from the US and Canada, created an oversupply of seaborne metallurgical coal for the year.

Quarterly benchmark prices for seaborne metallurgical coal dropped sharply in the latter half of the year, reaching a four-year low of $145/tonne in the third quarter. The average 2013 HCC quarterly price fell by 24% to $159/tonne from the 2012 average of $210/tonne.

Around 75% of Anglo American's metallurgical coal sales were placed against term contracts with quarterly negotiated price settlements, while the balance of sales comprised short term priced transactions. HCC accounted for 70% of Metallurgical Coal's export metallurgical coal sales in 2013, an increase of 3%, as a result of the focus on high margin production.

Operating performance

Attributable production ('000 tonnes)	2013	2012
Export metallurgical coal	**18,656**	17,664
Export thermal coal	**6,264**	6,046
Domestic thermal coal	**6,239**	6,925

Export metallurgical coal production increased by 6% to a record 18.7 Mt, while export thermal coal production increased 4% to 6.3 Mt. Production improved by 30% at the underground operations owing to a significant step-change in performance over the past 18 months. Production at the open cut operations decreased by 5%, mainly as a result of excessive rainfall causing flooding and rail disruptions in the first quarter, and planned capacity reductions. Metallurgical Coal's sustained focus on costs reduced FOB costs by 10%, despite export volumes increasing by 5%.

Moranbah North's underground operations delivered record production. Output rose by 39% following best practice longwall performance, driven in turn by a 45% year on year improvement in cutting hours, an increase in automated cutting, and a reduction in unplanned downtime.

Performance improved by 16% year on year at Capcoal's underground operation, through increased reliability of the longwall, with a 15% improvement in cutting hours and improved coal clearance system uptime.

Record coal production was achieved at Foxleigh open cut mine, with a 4% increase over the prior year, on the back of productivity improvements arising from increased equipment availability and optimal alignment of equipment to pit conditions.

In Canada, Peace River Coal increased coal production by 22%, reflecting improvements in mining design, greater productivity in mining operations as well as yield and throughput enhancements in the coal preparation plant.

Export thermal coal production was 4% higher for the year following productivity improvements.

Projects

The wholly owned Grosvenor project remains on target for first longwall production in 2016. All key permits and licences are in place. Critical engineering and procurement activities have been completed and the majority of the project budget has been contracted and committed. Surface construction is well advanced; earthworks and concrete are essentially complete; structural, mechanical and piping works are advancing well; and electrical works have commenced. The drift portal works are complete and underground development has commenced with the commissioning of a tunnel boring machine.

As announced in July 2013, the capital costs to develop the Grosvenor project increased by $250 million to $1.95 billion owing to scope changes resulting from an investigation into the drift failure at Moranbah North in 2011 that led to a complete redesign of the Grosvenor drift and its construction method. Costs have also been impacted by adverse exchange rate movements during the construction phase.

Outlook

An oversupply of metallurgical coal has been generated by strong metallurgical production from Australia and high US exports, with metallurgical coal prices expected to remain subdued into 2014.

US exports are starting to reduce in response to lower prices; however, record Australian production has more than offset any reductions. Capacity increases from Australian greenfield supply in the second half of 2014 will continue to limit any significant price improvement.

Seaborne metallurgical coal demand is expected to increase to around 305 Mt in 2014, approximately 8% higher than 2013.

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

ADAPTIVE WATER MANAGEMENT

A critical water-related challenge facing our Metallurgical Coal operations in Australia is significant variability in rainfall, with conditions often oscillating between severe drought and flood. In response, over the last two years, the business has proactively improved its ability to manage the risks associated with too much, or not enough water.

Our Capcoal, Dawson and Moranbah North mines in the Bowen Basin, Queensland, have invested a combined $110 million in better on-site water management, including extensive pump and piping works, improved flood protection infrastructure, road-sheeting works, and upgrades to underground mines, drainage network, storage and dewatering capacity.

The potential benefits include: reducing the risk of mine pits being flooded; lessening the risk to staff, roads and machinery from flood damage; and storing water for future use on site, while providing storage capacity for excess water when high rainfall events occur.

The environmental benefits include reducing the volume of flood waters entering pits and ensuring that, when water is released, there is sufficient dilution of brackish mine water to reduce the risks to river animal and plant life and downstream water users.

Image
Environmental graduate Jessie Penton checking dam pump valves at Moranbah North.

Pillars of value:

For more on Pillars of value and our KPIs
See pages 14–15 and 18–19

THERMAL COAL

Godfrey Gomwe
CEO

UNDERLYING OPERATING PROFIT
(2012: $793 m)

$541 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2012: 13%)

8%

UNDERLYING EBITDA
(2012: $972 m)

$735 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2013	2012[1]
Underlying operating profit	**541**	793
South Africa	**356**	482
Colombia	**228**	358
Projects and Corporate	**(43)**	(47)
Underlying EBITDA	**735**	972
Capital expenditure	**217**	266
Share of Group underlying operating profit	**8%**	13%
Attributable return on capital employed	**23%**	35%

Non-financial indicators	2013	2012
Number of fatal injuries	**3**	2
Lost-time injury frequency rate	**0.18**	0.20
Total energy consumed in 1,000 GJ	**5,935**	5,742
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**1,583**	1,620
Total water consumed in 1,000 m^3	**11,044**	10,398

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.

Image
Anglo American Inyosi Coal (73% held by Thermal Coal) has a 50% interest in the Phola washing plant. Here, coal from Thermal Coal's new Zibulo colliery is being washed at the plant in preparation for export.

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 Anglo American Inyosi Coal (AAIC), a broad-based black economic empowerment entity. AAIC wholly owns two mines, Kriel and Zibulo, and has a 50% interest in the Phola washing plant, a joint operation with BHP Billiton. In addition, Thermal Coal has a 50% interest in the Mafube colliery, a joint operation with Exxaro.

The South African mines supply both the export and domestic markets, delivering thermal coal domestically to Eskom, the state-owned power utility and Sasol, a coal-to-liquids producer. Exports are currently routed through the Richards Bay Coal Terminal (RBCT), in which it has a 24.2% shareholding, to customers throughout the Atlantic, Mediterranean and Asia-Pacific regions.

In Colombia, Anglo American, BHP Billiton and GlencoreXstrata each have a one-third shareholding in Cerrejón, the country's largest thermal coal exporter. In 2011, an expansion (the P40 project) 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 markets.

INDUSTRY OVERVIEW

Coal is the world's most abundant source of fossil fuel energy. Exceeding known reserves of oil and gas, it accounts for approximately 41% of global electricity generation. Thermal coal is a significant component of global energy consumption, accounting for an estimated 29% of primary energy demand in 2012.

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 and environmental legislation.

In 2013, export seaborne thermal coal accounted for approximately 950 Mt or 13% of global thermal coal demand, with a large proportion of production coming from four key basins: Indonesia, Australia, Colombia and South Africa. Demand for seaborne traded thermal coal has increased by 53% since 2008, and is expected to continue to grow over the long term, driven by India and China's growing reliance on imported thermal coal. The IEA World Energy Outlook 2013 forecasts coal consumption for electricity generation to grow by 1.2% per year (cumulative annual average growth rate) under its New Policies Scenario from 2011 to 2035, with growth slowing after 2020 owing to the effect of environmental regulation.

In developed economies, demand is expected to steadily decline as environmental regulation hastens the retirement of older coal-fired power stations and reduces the incentive for new coal-fired capacity. The major risks to the medium term growth of export seaborne thermal coal revolve around the ability of India and China to sustain their rates of economic growth, as well as logistical constraints and cost-inflation pressures.

US thermal coal continues to be exported into the seaborne market; however the US domestic gas price (Henry Hub spot prices) has increased, thereby improving the competitiveness of coal within the domestic market and reducing the overhang of US thermal coal that made its way into thermal markets in 2012.

GENERATING POWER FROM THE SUN

Mining is an energy-intensive business. However, we are committed to developing and investing in projects that optimise our energy use, benefit our operations and reduce our environmental impact.

In South Africa, our Thermal Coal business is capitalising on its abundance of sunshine to develop solar energy farms that will generate electricity in the eMalahleni (Witbank) region of Mpumalanga province. Our Greenside colliery has commissioned a solar farm that will meet 25% of the power requirements at its main office complex. The plant cost $280,000 to build and is expected to generate 166 MWh every year, enough to power 23 average-sized households. The anticipated annual emissions reduction is the equivalent of planting 1,049 trees.

In the longer term, solar plants are expected to compare favourably from a cost perspective with utility grid power and, while they will only supplement some of Thermal Coal's energy needs, we expect to realise net cost savings.

Image
As part of Anglo American's ECO$_2$MAN programme, Thermal Coal has constructed this solar-energy farm which is designed to meet a quarter of the power requirements of the mine's main office complex.

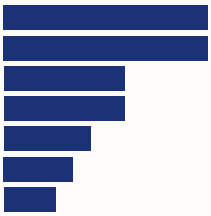
Pillars of value:

For more on Pillars of value and our KPIs
See pages 14–15 and 18–19

2013 Seaborne thermal coal demand

Global 961 Mt

		%
Rest of World	235	24
China	226	24
Japan	133	14
India	131	14
South Korea	102	10
Europe	78	8
Taiwan	56	6
Total	**961**	**100**

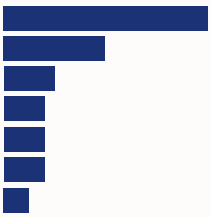


Source: Wood Mackenzie, Thermal coal supply and demand overview, January 2014

2013 Seaborne thermal coal production

Global 961 Mt

		%
Indonesia	390	41
Australia	194	20
Russia	98	10
Rest of the World	82	8
Colombia	79	8
South Africa	74	8
United States	44	5
Total	**961**	**100**



Source: Wood Mackenzie, Thermal coal supply and demand overview, January 2014

STRATEGY

Thermal Coal's strategic vision is to be a safe, material, high margin, thermal coal producer with a global footprint that participates in the most attractive seaborne thermal coal markets, while maintaining its domestic market commitments.

Thermal coal demand is being driven by Asia's economic growth and its reliance on low cost, readily available supply. Although the export thermal coal market is currently in oversupply, it is expected to recover in the medium term as sustained lower pricing begins to erode high cost supply and as demand recovers. 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 for its existing and future power stations.

To maximise its asset value, Thermal Coal has implemented various business improvement initiatives based on understanding benchmark performance and aimed at driving value within its portfolio of operating mines.

The business improvement initiatives collectively form Project Khulisa, meaning to grow to full potential, and are designed to realise Thermal Coal's full production and profit potential and implement cross-mine programmes to achieve these targets. Project Khulisa continued in 2013, and its targets are entrenched in Thermal Coal's business processes. Thermal Coal also realised significant value by implementing an integrated mine planning process through its Enterprise Value Optimisation project, ensuring the highest possible margin is achieved given the available rail capacity, based on recent and expected Transnet Freight Rail (TFR) performance, market demand for varying coal products and price.

OPERATING SAFELY, SUSTAINABLY AND RESPONSIBLY

Thermal Coal faces risks from water management 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 the business's leading water treatment facilities. Two carbon- and energy-related risks are the South African government's proposed energy price increases, which could double Thermal Coal's 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. Energy security continues to be a risk for operations as Eskom strives to meet current and future electricity demand and keep its ageing power stations in good running condition.

FINANCIAL AND OPERATIONAL OVERVIEW

Thermal Coal generated an underlying operating profit of $541 million, a 32% decrease over the prior year, primarily driven by lower average export thermal coal prices, partly offset by the impact of the weaker South African rand. Business performance was also affected by a 32 day strike at Cerrejón in the first quarter.

Safety and environment

Sadly, three colleagues lost their lives while working at Thermal Coal operations in South Africa. One contractor was also fatally injured at Cerrejón, in Colombia. Thorough incident investigations were conducted to ensure that the root causes of these incidents are understood, addressed and shared across the Group.

Over the past five years, Thermal Coal has continued to improve its performance in relation to injuries, which is reflected in the 42% reduction in lost-time injury frequency rate (LTIFR) from 0.31 in 2008 to the current 0.18. Cerrejón achieved an LTIFR of 0.16, the lowest in the operation's history.

Thermal Coal's energy, greenhouse gas (GHG) and water footprints are managed through the implementation of Anglo American's WETT and ECO_2MAN programmes, and energy and GHG levels are trending well below business as usual projections.

Markets

Anglo American weighted average achieved sales prices ($/tonne)	2013	2012
South Africa export thermal coal (FOB)	**77**	92
South Africa domestic thermal coal	**19**	21
Colombia export thermal coal (FOB)	**73**	89

Attributable sales volumes ('000 tonnes)	2013	2012
South Africa export thermal coal	**17,502**	17,151
South Africa domestic thermal coal[1]	**39,044**	40,110
Colombia export thermal coal	**11,152**	10,926

[1] Includes domestic metallurgical coal of 91,800 tonnes in 2012.

International seaborne demand continues to grow (7% to 961 Mt); however the supply response to date has kept pace with demand. In 2013, the international thermal coal seaborne market remained in oversupply, despite supply disruptions that included the effects of industrial action in Colombia. This has kept prices suppressed and discouraged investment.

Thermal coal prices generally continued their declining trend over the year, although with some volatility. Delivered prices into Europe (API2) fell below $75/tonne in June, their lowest in three years, before regaining some lost ground with a fourth quarter average price of $84.3/tonne. The average API2 price index was $81.5/tonne for the year. The average API4 (FOB, Richards Bay) index price also fell below $75/tonne in June, while the average for the year fell by approximately 14% to $80/tonne (2012: $93/tonne) to close at $85/tonne (2012: $89/tonne).

Generally, the lower prices have forced producers to seek productivity gains and ramp up volumes in order to reduce unit costs. In conjunction with newly commissioned infrastructure projects, this has resulted in strong supply-side performance from various export countries. Depreciation of the Australian dollar and South African rand, which declined by 6% and 18% respectively against the US dollar, provided some relief for producers.

Asia accounted for 75% of South African thermal coal shipments, 3% lower than 2012. South African thermal coal shipments out of RBCT reached a record high of 70.2 Mt, an increase of 3% over the prior year (2012: 68.3 Mt), bolstered by TFR's improved performance. TFR also had a record calendar year with 70.5 Mt railed to RBCT, a 3% improvement over 2012 (68.5 Mt).

Operating performance

Attributable production ('000 tonnes)	2013	2012
South Africa export thermal coal	**17,031**	17,132
Colombia export thermal coal	**11,002**	11,549
South Africa Eskom coal	**33,567**	33,706
South Africa domestic other[1]	**5,992**	6,293

[1] Includes domestic metallurgical coal of 74,100 tonnes for 2012.

South Africa

Underlying operating profit from South African operations decreased by 26% to $356 million, driven by 16% lower average export thermal coal prices, partially offset by the impact of the weaker South African rand (2013: $/ZAR 9.65, 2012: $/ZAR 8.21). However, the continuation of cost control measures has contained cost increases in line with CPI in local currency terms, despite above-CPI increases for several major cost components.

Export production at 17.0 Mt was in line with the prior year with a 13% improvement in performance at Greenside offset by lower production at Goedehoop, owing to challenging mining conditions, and Landau following the slower than anticipated plant ramp-up following maintenance.

Colombia

At Cerrejón, underlying operating profit of $228 million was 36% down on 2012, owing to the impact of lower thermal coal prices, partly offset by significant cost efficiencies (8% lower than 2012) and marginally higher sales volumes of 11.2 Mt, as the operation recovered strongly from the 32-day strike in the first quarter.

Projects

In South Africa, the 11 Mtpa New Largo project is in feasibility and engagement with Eskom to finalise the coal supply agreement continues. The project is expected to be presented for board approval once the necessary permits have been obtained and the coal supply agreement concluded.

The Cerrejón P40 expansion project, to increase the port and logistics chain capacity to handle a total mine output of 40 Mtpa (an additional 8.0 Mtpa), is progressing on schedule and budget.

Outlook

Demand for seaborne thermal coal is forecast to remain strong, driven mainly by growth in Asia, with China and India remaining the key markets. Atlantic demand is likely to be steady in the short term as new coal-fired capacity is being offset by the closure, in certain cases at the insistence of regulators, of older power stations.

The significant tonnages of domestic coal produced by China and India, the two largest thermal coal import markets, will continue to act as a restraint on imported coal prices, a situation likely to be exacerbated as domestic producers adjust their prices to stay competitive against imported coal.

BASE METALS AND MINERALS – COPPER

Duncan Wanblad
CEO: Base Metals and Minerals

Hennie Faul
CEO: Copper

UNDERLYING OPERATING PROFIT
(2012: $1,736 m)

$1,739 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2012: 28%)

26%

UNDERLYING EBITDA
(2012: $2,288 m)

$2,402 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2013	2012[1]
Underlying operating profit	**1,739**	1,736
Underlying EBITDA	**2,402**	2,288
Capital expenditure	**1,011**	1,214
Share of Group underlying operating profit	**26%**	28%
Attributable return on capital employed[2]	**25%**	29%

Non-financial indicators[3]	2013	2012
Number of fatal injuries	**1**	0
Lost-time injury frequency rate	**0.20**	0.20
Total energy consumed in 1,000 GJ	**16,070**	15,485
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**1,694**	1,640
Total water consumed in 1,000 m^3	**38,525**	35,667

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.
(2) Removing outstanding tax liability balances relating to the AA Sur divestment in 2012 and 2013, Copper attributable ROCE would fall to 24% in 2012, and 24% in 2013.
(3) Certain non-financial indicators relating to 2012 have been revised due to change requests made by the operations subsequent to the publication of the 2012 annual report.

Image
In the tankhouse at the Chagres smelter, molten copper is poured into moulds to form copper cathodes.

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 hold a 44% shareholding in the Collahuasi mine. The mines produce a combination of copper in concentrate and copper cathodes together with associated by-products such as molybdenum and silver.

In Peru, we have an 81.9% interest in the Quellaveco project and we wholly own the Michiquillay project.

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 in the construction industry, particularly plumbing pipe and roof sheeting, 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, is likely to continue to be the key factor distinguishing project returns and mine profitability. Such orebodies are scarce, however, and it will be increasingly necessary for mining companies to develop assets in more challenging environments.

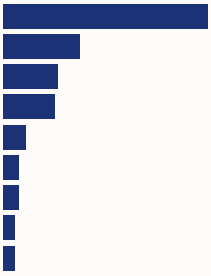
With no fundamental technological shifts expected in the short to medium term, forecast long term demand is likely to be underpinned by growth in copper's electrical uses, particularly wire and cable in construction, automobiles and electricity infrastructure. The key growth area will continue to be the developing world, led by China and, in the longer term, other Asian economies including India, where industrialisation and urbanisation on a large scale continue to propel copper demand growth. 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 may well be higher than that of the past six or seven years, constraints on the supply side are likely to prove a structural feature of the market. Such constraints will be driven by continuing declines in ore grades at maturing existing operations, a lack of capital investment and under-exploration in new projects, as well as political and environmental challenges in many current and prospective copper areas.

Leading copper consumers

(2013 estimated refined copper consumption)
2013 estimated world total: 20.7 Mt

	Mt
China	9.2
Europe	3.4
Rest of World	2.4
North America	2.3
Japan	1.0
South Korea	0.7
Russia	0.7
India	0.5
Brazil	0.5



Source: Wood Mackenzie – Global copper short term outlook, January 2014

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, greater economies of scale will be required if mines are to be commercially viable. Scarcity of water in some countries, such as Chile and Peru, are also likely to necessitate the construction of capital- and energy-intensive desalination plants.

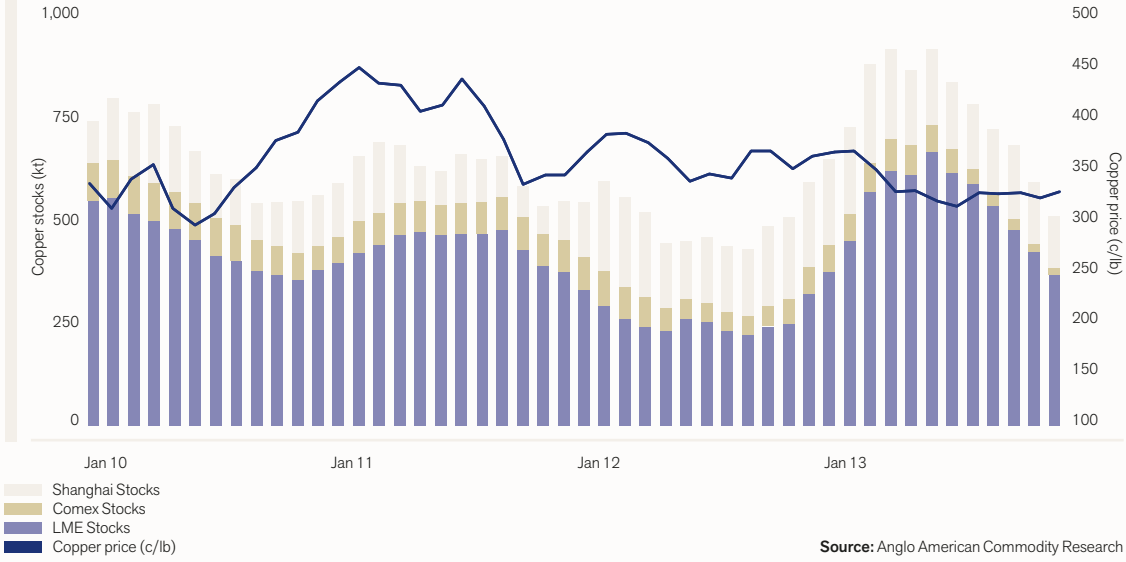
During the period 2000-2012, China increased its share of first-use refined metal consumption from 12% to an estimated 41%. Demand growth there continued to increase faster than in the rest of the world, so that in 2013, China's share of refined demand was estimated to have reached 44%.

STRATEGY

Copper's strategy is to generate industry-leading returns by safely and sustainably creating value for all stakeholders through operational excellence, disciplined growth and an optimised portfolio. The business continues to explore for low operating cost and long life development opportunities and to evaluate the longer term project options in its portfolio, including Quellaveco and the Los Bronces District.

In September 2013, Anglo American gave notice of its decision to withdraw from the Pebble copper project in Alaska. As a result, the investment in Pebble was written off in full, resulting in a charge of $311 million, including exit costs.

Copper stocks and price



Source: Anglo American Commodity Research

FINANCIAL AND OPERATIONAL OVERVIEW

Copper generated an underlying operating profit of $1,739 million, in line with the prior year. Higher sales volumes from Los Bronces and Collahuasi, leading to lower unit costs were offset by the decline in the average realised copper price. Operating profit also benefited from lower power prices, exploration and study costs.

Safety and environment

During the year, Copper recorded a single loss of life arising from a height-related incident at its Mantos Blancos operation. The lost-time injury frequency rate was unchanged at 0.20. The business's safety endeavours continue to concentrate on risk and change management, learning from incidents and contractor management processes.

Water supply is one of the major challenges for our operations and process optimisation continues in order to minimise water consumption. The recirculation system at Los Bronces is now recycling 100% of processed water and several new water supply projects at Los Bronces were implemented during the year. Significant progress has also been made on the Mantoverde desalination plant, which is expected to start delivering water to the operation in the first quarter of 2014. As a result of the initiatives, water savings of 44% have been delivered compared to business as usual.

Ongoing reviews by our operations have highlighted challenges from an environmental standpoint where we are evaluating potential environmental impacts generated by our operations, or where we have not sufficiently implemented compensatory measures. These are primarily centred around mine-affected water quality and backlogs in reforestation programmes as per original permit conditions. These anomalies are being addressed in conjunction with the environmental agencies.

Copper's social development strategy aims to deliver a lasting, net-positive benefit to its host communities, notably in the fields of education and local economic development. One notable programme is the Emerge enterprise development programme, for which the government of Chile awarded Copper the prestigious 'More for Chile' award. This initiative, begun in 2006, has supported more than 40,000 entrepreneurs, of whom more than 80% are women. In Peru, the business has made a substantial contribution to early education through its programme of working with children aged nought to three, as well as with their mothers and fathers in order to improve parenting skills.

Markets

Average price	2013	2012
Average market prices (c/lb)	**332**	361
Average realised prices (c/lb)	**326**	364

The copper price rose at the start of 2013 to a high of 374 c/lb, buoyed by Chinese buying ahead of the Lunar New Year and a temporary resolution to the fiscal stalemate in the US. Underwhelming macro-economic data releases and a sharp rise in LME inventories followed, which resulted in prices retreating to 301 c/lb by the end of June. A hot summer in China, increasing financial demand and tightness in the scrap market then underpinned a modest recovery. However, strong mine supply and surging concentrate imports began to weigh on sentiment by November, with prices falling back to 314 c/lb, before ending the year at 335 c/lb. For the full year, the realised price averaged 326 c/lb, a decrease of 10% compared with 2012. This included a negative provisional price adjustment of $92 million versus a positive adjustment of $47 million for 2012.

Operating performance

Attributable production (tonnes)	2013	2012
Copper	**774,800**	659,700

Attributable copper production of 774,800 tonnes was 17% higher than in 2012, driven by improved operating performance at Los Bronces and Collahuasi.

Production at Los Bronces was 14% higher at 416,300 tonnes, owing to continued strong throughput performance. Reduced mine congestion and de-bottlenecking at the primary crushers has improved continuity of ore supply and throughput at both processing plants. Improvements implemented in the Confluencia milling and flotation processes have also resulted in higher recoveries. Mine development continues, with the initial opening of the next two phases of ore supply completed during the period. Large scale mining equipment is now in place in these phases, with development stripping accelerating in the second half of 2013.

At Collahuasi, production increased by 58%, with Anglo American's attributable output climbing to 195,600 tonnes. Following the SAG 3 stator motor replacement and repowering in the second quarter of the year, plant stability and mill throughput performance have improved significantly. Production also benefited from higher than planned grades.

Production at El Soldado decreased by 4% to 51,500 tonnes, owing to lower grades. The development of the next major phase of ore supply has slowed as mining activities intersected a geological fault, impacting ore availability in the last quarter of the year. The lack of ore has been partially mitigated by the processing of slag from the nearby Chagres smelter.

Production at Mantoverde decreased by 9% owing to lower grades, while output at Mantos Blancos was in line with the prior year.

During 2013, Copper undertook a full review of its contracted services processes, identifying a number of improvements which are now being implemented. Cost savings have already started to be realised and the benefits are expected to increase.

Projects

In Peru, the Quellaveco copper project was evaluated as part of the Group asset review, which resulted in a decision to reconfigure the project so that its economic returns are more robust. A final review of the project is expected during 2015. During the intervening period, work will continue on the project site, aimed mainly at progressing the Asana river diversion tunnel, along with various social and community programmes, thereby solidifying the already high social support for the project.

In the Los Bronces District, the conceptual study of the Los Sulfatos deposit has commenced and the permits required to start sub-surface hydrogeological drilling were received in the final quarter of 2013.

Outlook

Production levels in 2014 are expected to be impacted by lower ore grades at Los Bronces and Collahuasi. At Los Bronces, costs are expected to rise as a result of ongoing mine development, along with restoring mine flexibility. At El Soldado, the lack of ore availability is expected to result in a decrease in production over the next two years, before recovering in 2016.

Challenges remain in managing continuing industry-wide input cost pressures; however the contracted services review conducted in 2013 is expected to alleviate some of this pressure. Ongoing market concerns arising from uncertainties over the near term outlook for the global economy and new supply coming on line may lead to short term volatility in the copper price. The 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.

BASE METALS AND MINERALS – NICKEL

Duncan Wanblad
CEO: Base Metals and Minerals

Ruben Fernandes
CEO: Nickel, Niobium and Phosphates

UNDERLYING OPERATING (LOSS)/PROFIT
(2012: $26 m)

$(44) m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2012: 0.4%)

(0.7)%

UNDERLYING EBITDA
(2012: $50 m)

$(37) m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2013	2012[1]
Underlying operating (loss)/profit	**(44)**	26
Underlying EBITDA	**(37)**	50
Capital expenditure[2]	**(28)**	100
Share of Group underlying operating profit	**(0.7)%**	0.4%
Attributable return on capital employed	**(2)%**	1%

Non-financial indicators	2013	2012
Number of fatal injuries	**0**	1
Lost-time injury frequency rate	**0.17**	0.11
Total energy consumed in 1,000 GJ	**15,577**	19,154
Total greenhouse gas emissions in 1,000 tonnes CO_2e[3]	**884**	1,423
Total water used for primary activities in 1,000 m^3	**4,175**	7,262

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.
(2) Cash capital expenditure at Nickel of $76 million is offset by the capitalisation of $104 million of net operating cash generated by Barro Alto which has not yet reached commercial production.
(3) Greenhouse gas emissions data for 2012 has been revised due to system corrections applied subsequent to the publication of the 2012 annual report.

Image
Production operator Edineia Liberato Pereira takes notes during an inspection of the crusher at Barro Alto's ore preparation plant.

BUSINESS OVERVIEW

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

Operations at Loma de Níquel in Venezuela ceased permanently in November 2012.

INDUSTRY OVERVIEW

Nickel demand is closely linked to that of the stainless steel industry, which consumes two-thirds of the metal and virtually all ferronickel production. Nickel used in the manufacture of alloy steel and other non-ferrous alloys accounts for a further 23% of output.

China is the largest stainless steel producing country, with close to 50% of world production in 2013. Nearly 80% of China's nickel requirements is produced domestically. Of this, nickel pig iron (NPI) accounted for around 69% in 2013.

The next significant stainless steel producing regions are Europe, with 19% of world output, India (9%), Japan (8%), other Asia (8%) and the US accounting for 5%.

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.

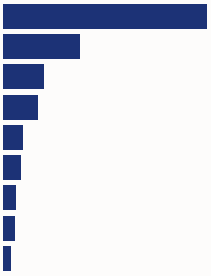
The nickel industry faced a variety of challenges in 2013. Demand was negatively affected by macro-economic uncertainty, including at various points through the year, concerns surrounding the US Federal Reserve's 'tapering' policies, the state of the euro zone economy, and a slowdown in China.

Nickel producers are going through a challenging period as the price of nickel remains depressed, largely owing to increased NPI output from Chinese smelters, which left the market in surplus in 2013. Chinese NPI production depends on high grade, low iron content ore imported from Indonesia; however, owing to shifts in Indonesian government policy, there is uncertainty around the sustainability of Indonesian ore supply.

Leading nickel consumers

(2013 estimated refined nickel consumption)
2013 estimated world total: 1,852 kt

	kt
China	890
Europe	336
Japan	177
North America	150
Rest of World	84
South Korea	78
India	56
Taiwan	49
Russia and Caspian	32



Source: Wood Mackenzie – Global nickel short term outlook, January 2014

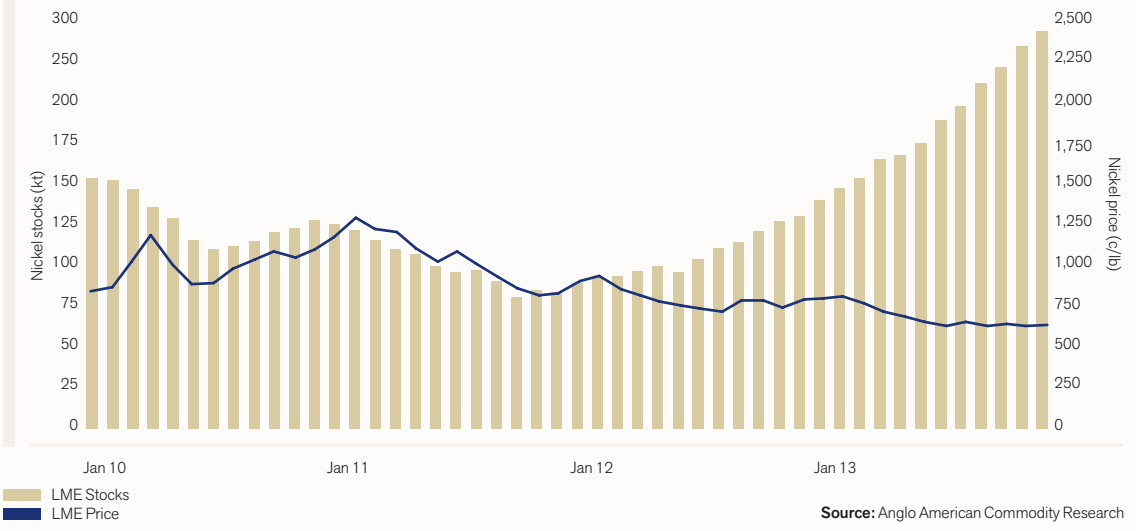
STRATEGY

Nickel's strategy is currently operationally focused, concentrating on stabilising Barro Alto's production while the nickel price is low, so as to achieve nominal capacity in time to benefit from the next cyclical price increase. Management is currently implementing strategic short term initiatives to deliver an optimised operation ahead of the furnaces rebuild at Barro Alto. Delivery of efficient production is supported by business improvement initiatives which are driving improved output and reduced costs and will extend the lives of both Barro Alto and Codemin. At full production, both operations will be positioned in the first half of the industry's cash-cost curve.

Our Nickel business continues to assess its portfolio of expansionary and exploration projects. In 2013, progress was made on environmental licensing for both Jacaré and Morro Sem Boné.

Nickel has identified that a key driver for operational efficiency is to attract and retain a suitably qualified workforce. The business has focused on recognising high performance through competitive remuneration and employee development programmes and, during 2013, was recognised as one of Brazil's "Top 35" companies to start a career with, and as one of its 150 best companies to work for.

Nickel stocks and price



Source: Anglo American Commodity Research

Operating safely, sustainably and responsibly

Safety and sustainable development are central to Nickel's strategy. The main focus of Nickel's environmental strategy is on water, energy and greenhouse gas emissions.

Opencast mining processes can have a notable impact on the landscape, and full rehabilitation can be challenging. In order to overcome this, Nickel has partnered with biodiversity NGOs and universities to develop regional land and biodiversity management plans that are aligned with mine closure plans.

Recognising the importance of the role our Nickel business plays in the local community, significant investment has been made in long term programmes relating to female empowerment, sexual and reproductive health, citizenship, rural entrepreneurship and local government. In recognition of this work, and for the sixth consecutive year, *Exame* business magazine gave Nickel one of the most prestigious sustainability awards in Brazil for being a role model company in sustainable development.

FINANCIAL AND OPERATIONAL OVERVIEW

Nickel reported an underlying operating loss of $44 million. The 2012 underlying operating profit of $26 million included a self-insurance recovery of $57 million, in addition to which underlying operating profit in 2013 was affected by a 14% decline in the LME nickel price and increased discounts arising from weaker market conditions, compensated in part by reductions in corporate and project spend. The underlying operating result for Barro Alto continues to be capitalised.

A more challenging market outlook, the need for furnace rebuilding and updated operational planning have led to a reduced valuation for Barro Alto, for which an impairment, post- tax, of $529 million (relating to a value-in-use carrying value assessment) and a write-off of $195 million (relating to existing furnace equipment which is to be rebuilt) were recognised in 2013.

Safety and environment

Nickel operated without any loss of life in 2013, but recorded a 55% deterioration in lost-time injury frequency rate (LTIFR) to 0.17 (2012: 0.11). This prompted an increased focus on risk and change management, on preventing incidents during the upcoming furnaces rebuild, and on maintenance stoppages.

There has been good progress towards the business's 2015 environmental targets, with initiatives delivering water savings of 2.6 million m^3, energy savings of 3.3 million GJ and CO_2 savings of 37,000 tonnes since 2011.

Markets

Average nickel price (c/lb)	2013	2012
Average market price (c/lb)	680	794
Average realised price (c/lb)[1]	646	771

[1] Realised prices are now reported inclusive of Barro Alto sales. This has led to the restatement of the 2012 realised price from 765 c/lb to 771 c/lb.

After increasing moderately to 804 c/lb, LME nickel prices fell to a low of 622 c/lb in July as a result of economic concerns. These price declines led to a reduction in demand owing to the way in which stainless steel producers pass on raw material costs to their buyers with a one month lag. Further pressure came from the impact of increasing new nickel supply, most notably NPI in China.

The nickel market recorded a surplus of 102,000 tonnes for the year compared with a surplus of 48,000 tonnes in 2012. Nickel consumption increased by 9.1% to 1.9 million tonnes, but supply also rose following the ramping up of a number of new nickel plants. The growth in conventional supply was lower than expected as a result of problems at a number of new operations.

Image
Environmental engineers Hamanda Jansen (left) and Anita Marques take water-height readings at the dam at Barro Alto mine.

Operating performance

Attributable nickel production (tonnes)	2013	2012
Nickel	34,400	39,300

Nickel production decreased by 12% to 34,400 tonnes, primarily as a consequence of the cessation of mining and production activities at Loma de Níquel.

Barro Alto produced 25,100 tonnes of nickel in 2013, 16% higher than 2012. This increase reflects improved operational stability in the second half of the year, following the planned Line 2 sidewall rebuild and subsequent metal run-out in the first half.

Despite this improvement, equipment sensitivities remain. Barro Alto's furnace rebuild was a focus in the second half of the year, with evaluation of the optimal design and construction scenario, as well as early engineering activities now well progressed.

Codemin produced 9,300 tonnes of nickel in 2013, slightly lower than 2012, as a result of a planned decline in grade.

Outlook

Production in 2014 is expected to be similar to 2013, as close monitoring of Barro Alto facilitates greater operational stability in advance of the furnace rebuilds. The first rebuild is expected to commence in late 2014, and the second in late 2015, with the rebuilds and associated ramp-ups fully completed during 2016. We currently expect production at Barro Alto and Codemin to be between 20,000 and 25,000 tonnes in 2015, and between 35,000 and 38,000 tonnes in 2016, although this forecast may be revised as the Barro Alto rebuild timetable is finalised.

Short term prices are expected to remain under pressure owing to the prevailing macro-economic environment and ramp up of new nickel supply. If the change in Indonesian government policy (announced in early 2014) to ban nickel ore exports is sustained, this will tighten the nickel market and support strengthening prices. In any event, medium to longer term nickel prices are expected to improve owing to forecast demand growth outstripping that of supply.

BASE METALS AND MINERALS – NIOBIUM AND PHOSPHATES

Duncan Wanblad
CEO: Base Metals and Minerals

Ruben Fernandes
CEO: Nickel, Niobium and Phosphates

UNDERLYING OPERATING PROFIT
(2012: $169 m)

$150 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2012: 3%)

2%

UNDERLYING EBITDA
(2012: $196 m)

$176 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2013	2012[1]
Underlying operating profit	**150**	169
Niobium	**89**	81
Phosphates	**79**	91
Projects and Corporate	**(18)**	(3)
Underlying EBITDA	**176**	196
Capital expenditure	**237**	94
Share of Group underlying operating profit	**2%**	3%
Attributable return on capital employed	**24%**	32%

Non-financial indicators[2]	2013	2012
Number of fatal injuries	**0**	0
Lost-time injury frequency rate	**0.31**	0.39
Total energy consumed in 1,000 GJ	**2,808**	2,711
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**110**	94
Total water consumed in 1,000 m^3	**8,382**	8,498

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.
(2) Certain non-financial indicators relating to 2012 have been revised due to change requests made by the operations subsequent to the publication of the 2012 annual report.

Image
Construction at the Boa Vista Fresh Rock Project, which will boost annual niobium production capacity from a current 4,500 tonnes to approximately 6,500 tonnes.

BUSINESS OVERVIEW

Niobium

Our Niobium business, located in the cities of Catalão and Ouvidor, in Brazil's Goiás state, accounts for about 10% of the country's production (and 8-9% of global production) of the metal. In operation since 1973, the Boa Vista mine produces and exports approximately 4,500 tonnes of niobium per year. With the end of its weathered ore reserves approaching, Niobium is investing in adapting the existing plant to process fresh rock.

Phosphates

Our Phosphates business is the second largest phosphate fertiliser producer in Brazil. Its operations are vertically integrated, covering the mining of phosphate ore, beneficiation of the ore to produce phosphorus pentoxide (P_2O_5) concentrate, and further processing into intermediate and final products.

The Phosphates business has approximately 15% of Brazil's known phosphate mineral resources. The Ouvidor mine currently produces, on average, around 5.8 Mt of ore per annum (on a dry basis). It is a prime deposit, containing some of Brazil's highest grades of phosphate ore (approximately 13% P_2O_5), and has a remaining mine life of 20 years at current production rates.

Phosphate ore is treated at a beneficiation facility on the same site, with approximately 1.4 million tonnes per annum (Mtpa) of phosphate concentrate being produced at an average grade of around 35% P_2O_5. Phosphates operates two chemical processing complexes: one in Catalão, 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.

INDUSTRY OVERVIEW

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 (principally China, South Korea and Japan).

Phosphates

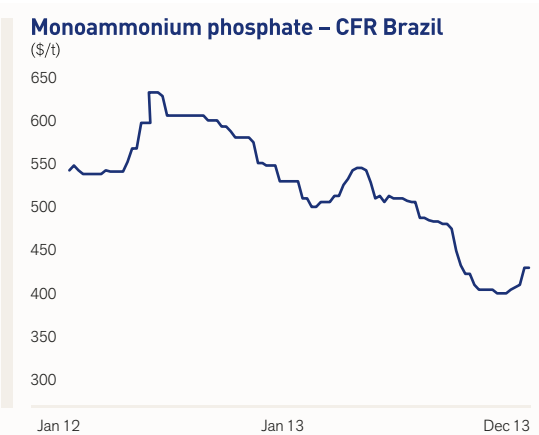
Phosphate fertiliser demand is driven by strong fundamental trends, including expanding food needs from a growing global population, changing dietary habits in major emerging economies such as China and India, and increased demand for biofuels.

Brazil, a major agricultural nation, is the fourth largest phosphate market globally and needs to import almost 50% of its phosphate fertilisers. Anglo American's phosphates' assets are situated in the centre of Brazil's major agricultural region and thus benefit from lower inland transportation costs and import taxes compared with competitors, in addition to being well placed to respond quickly to customer requirements.

Brazilian niobium exports 2012 – 2013

Source: Alice web/Statcan and Anglo American analysis

Monoammonium phosphate – CFR Brazil



Source: Fertilizer Week/CRU; ANDA.

STRATEGY

Niobium and Phosphates' core strategy is to expand existing operations and mineral resources in both commodities through a focus on operational excellence, and the execution of selected low cost, high return projects.

At Niobium, the $325 million investment in the Boa Vista Fresh Rock project is expected to consolidate the business as the second largest producer of niobium worldwide. It will do so by increasing production so that plant capacity is fully utilised, as well as replacing existing production, allowing the company to gain an increased market share in the HSSA market. Commissioning will start in the second half of 2014.

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 benefit from global shifts in dietary habits, and where the outlook for the production of fertiliser products is very positive.

Operating safely, sustainably and responsibly

Niobium and Phosphates takes a risk-based approach to achieving our vision of zero harm to people and the environment. Focus areas for the business include reducing water and energy consumption, as well as greenhouse gas emissions. Health and wellness programmes are in place to improve the well-being of our workforce and increase productivity.

FINANCIAL AND OPERATIONAL OVERVIEW

Underlying operating profit decreased by 11% to $150 million, with lower realised sales prices at both Niobium and Phosphates and higher study costs in the year, partly offset by lower cash costs and the positive impact of the weaker Brazilian real on operating costs.

Safety and environment

During 2013, no fatal incidents were recorded in our Niobium and Phosphates business, which also saw an improvement in the lost time injury frequency rate to 0.31(2012: 0.39).

Detailed investigations of these incidents revealed that the root causes related largely to inadequate risk assessment and change management processes. The outcomes of these investigations, coupled with those conducted for medium- and high-potential incidents and existing safety priorities, resulted in a renewed focus on risk management training, a refinement of operational risk management procedures, and specific initiatives to address transportation risks, improve learning from incidents and increase safety communications.

Greenhouse gas emissions and energy consumption were higher in the year, mainly owing to changes in the Brazilian energy matrix. Consumption volumes remained approximately level with 2012, but the CO_2 conversion factor, as advised by the Ministry of Mines and Energy, was increased in the year. Specific initiatives to reduce natural gas consumption at Cubatão's dicalcium phosphate unit resulted in a 31,135 GJ saving, while the phosphoric acid plants in Cubatão and Catalão achieved a combined 14,300 GJ reduction in electricity consumption.

Water consumption was marginally reduced owing to increased recycling, from 8.30 Mm^3 in 2012 to 8.27 Mm^3 in 2013.

Markets

Niobium

In 2013, our Niobium business exported 4,675 tonnes of niobium, representing an increase of 11% over the previous year. However, the average realised price was $39 per kg of niobium, a reduction of 5% compared with the $41 per kg achieved in 2012.

Demand for niobium decreased by 5% owing to the lacklustre pace of recovery in European markets and tighter economic policies in China. In response to strong competition from producers in Brazil and Canada, putting downward pressure on prices, the Niobium business developed a more diversified geographical sales portfolio in order to capitalise on spot supply opportunities in other countries such as South Korea, Turkey, India, the UAE and Taiwan.

Phosphates

Global demand for phosphates decreased during 2013, mainly as a result of high inventories, adverse weather conditions in the US which affected the timing of crop planting, exchange rate fluctuations, and a reduction in the phosphates subsidy offered to farmers in India. Although some major phosphate suppliers reduced their output in response to the weaker demand environment, prices for the year as a whole were subdued, with an average monoammonium phosphate (MAP) price of $494/tonne, a 16% reduction over 2012.

Demand for phosphate fertilisers in Brazil totalled approximately 11.8 Mt in 2013, a 7% increase, mainly owing to increased production of soybean and corn crops. Domestic production of phosphate fertiliser products was 1% lower at 7.3 Mt, resulting in the levels of imported intermediate fertilisers reaching 5 Mt, an increase of approximately 20%. Brazil is running a high inventory position following a strong import programme in the first half of 2013, with stocks at year end of 1.9 Mt estimated to be approximately 27% higher than the prior year.

Operating performance

Niobium

Underlying operating profit of $89 million was 10% higher than in 2012, with higher sales volumes, lower cash costs and the positive impact of the weaker Brazilian currency on operating costs, partly offset by lower realised sales prices and increased study costs.

Production of 4,500 tonnes was 2% higher, as throughput and recovery improvements offset the decline in ore quality.

Phosphates

Underlying operating profit decreased by 13% to $79 million, with lower selling prices and higher study costs only partly offset by lower labour and sulphur costs and the positive impact of the weaker Brazilian real on operating costs.

Fertiliser production increased by 6% to 1,199,000 tonnes, owing to improved performance following optimised maintenance scheduling, increased plant availability and enhanced performance at the acidulation and granulation plants.

01

02

01 At this metallurgical facility in Ouvidor, leached concentrate is reduced by an aluminothermic process to form ferroniobium.

02 Phosphate and acid plants and granulation building at the Cubatão fertiliser plant.

03 At Catalão, this waste-management plant controls the amount of phosphate allowed to be sent to waste.

03

Projects

Niobium

The Boa Vista Fresh Rock project continued to progress and is expected to start production later in 2014. The project includes the construction of a new upstream plant that will enable continuity of the Catalão site through processing the Fresh Rock orebody. Production capacity will increase to approximately 6,500 tonnes of niobium per year (2013: 4,500 tonnes), allowing use of the full plant capacity. Both Niobium and Phosphates have a series of smaller optimisation projects to improve plant capacity and productivity and to release the full potential of the reserve base, including upstream and downstream de-bottlenecking projects and tailings initiatives. The upstream project is expected to contribute to production in 2014, while the downstream projects will deliver additional volumes in 2016. The tailings initiatives will increase niobium production through the recovery of waste from Goiás II.

Phosphates

Goiás II is a brownfield project that aims to double the production of phosphate concentrate at the same site through the doubling of plant capacity and is expected to increase the production of fertilisers by 725 ktpa by 2018. Goiás II represents an opportunity to capture market share that is currently supplied by imports. A conceptual study for the project was developed towards the end of 2012, and is expected to enter the feasibility stage in 2014.

Outlook

Niobium

The three main niobium producers have all announced brownfield expansion plans, though none is expected to be producing at full capacity in 2014. Demand for niobium is expected to increase by around 5%, in line with the expected increase in production of crude steel and niobium-bearing alloys in the final product mix of steel.

The outlook for 2014 is expected to be more positive owing to continued gradual recovery in the major economies, with growth still driven by China and India and a moderate recovery in the US and Japan.

Phosphates

The fertiliser market is expected to show some improvement in both demand and prices in 2014, driven by a return to more normal levels of demand following adverse weather conditions in the US which affected the timing of crop planting, and a reduction in the phosphates subsidy offered to farmers in India in 2013.

PLATINUM

Chris Griffith
CEO: Anglo American Platinum Limited

UNDERLYING OPERATING PROFIT/(LOSS)
(2012: $(120) m)

$464 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2012: (2)%)

7%

UNDERLYING EBITDA
(2012: $580 m)

$1,048 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2013	2012[1]
Underlying operating profit/(loss)	**464**	(120)
Underlying EBITDA	**1,048**	580
Capital expenditure	**608**	822
Share of Group underlying operating profit	**7%**	(2)%
Attributable return on capital employed	**6%**	(2)%

Non-financial indicators[2]	2013	2012
Number of fatal injuries	**6**	7
Lost-time injury frequency rate	**1.05**	1.15
Total energy consumed in 1,000 GJ	**24,942**	24,393
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**5,936**	5,743
Total water consumed in 1,000 m^3	**33,412**	34,911

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.
(2) The energy consumed data from 2012 has been revised due to an error detected subsequent to the publication of the 2012 annual report.

Image
New tankhouse under construction at the Rustenburg Base Metals Refinery

BUSINESS OVERVIEW

Anglo American Platinum Limited is the leading primary producer of Platinum Group Metals (PGMs) and accounts for approximately 40% of the world's newly mined platinum. It mines an area called the Bushveld Complex in South Africa, which contains PGM-bearing Merensky, UG2 and Platreef ores, and the Great Dyke in Zimbabwe. Access to an extensive portfolio of ore reserves ensures Platinum is well placed to be a major PGM producer for many years to come.

Following Platinum's announcement of its portfolio review on 15 January 2013, and extensive engagement with the South African government, unions and other stakeholders in the subsequent months, the company began to implement the restructuring of its operations. This led to the consolidation and optimisation of five Rustenburg mines into three. The consolidation of Rustenburg was completed in the third quarter of 2013 through the integration of the Khuseleka 2 shaft and Khomanani mine into surrounding mines. The Khuseleka 1 shaft remains operational in the medium term and has been integrated into Thembelani mine. The 'own mines' division of Platinum consists of operations based in the Rustenburg mining area, which has been reduced to the Bathopele, Siphumelele and Thembelani mines; two mines in the Amandelbult Section, Tumela Mine and Dishaba Mine; as well as the open pit Mogalakwena mine and Twickenham Platinum mine project. Union mine is 85% held, with a black economic empowerment (BEE) partner, the Bakgatla-Ba-Kgafela traditional community, holding the remainder. During 2013, Union North and Union South mines were consolidated as part of the business review, the strategy being to prepare for the entity's sale in the medium term. Platinum also operates the Unki mine in Zimbabwe, which is currently wholly owned.

Platinum also has two 50:50 joint operations: one with a BEE consortium, led by African Rainbow Minerals, at Modikwa Platinum mine; and another with the Glencore Kagiso Tiso Platinum Partnership in respect of Mototolo mine. In addition, Platinum has a 50:50 pooling and sharing agreement with Aquarius Platinum covering the shallow reserves of the Kroondal mine. The company also owns 49% of Bokoni mine and holds, through Rustenburg Platinum Mines' (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 and Styldrift properties. Through RPM, Platinum holds 12.6% of RB Plats' issued share capital.

In association with its mining operations, Platinum operates a tailings re-treatment facility, three smelters, a base metals refinery and a precious metals refinery.

INDUSTRY OVERVIEW

PGMs have a wide range of industrial and high-technology applications. Demand for platinum is dominated by its use in autocatalysts to control emissions from both gasoline- and diesel-engine vehicles, and in jewellery. These uses are responsible for 66% of total gross annual platinum demand. PGMs also have a wide range of other applications, in the chemical, electronic, medical, glass and petroleum industries.

Our Platinum business is the major funder of Platinum Guild International (PGI), which plays a key role in encouraging demand for platinum jewellery 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. The increasing stringency of emissions legislation continues to drive growth in PGM demand.

Palladium's principal application, accounting for 72% of total palladium demand, is in autocatalysts, particularly in gasoline vehicles. The metal is also used in electronic components, dental alloys and jewellery.

Rhodium is an important metal in autocatalytic activity, which accounts for nearly 80% of total gross annual rhodium demand.

STRATEGY

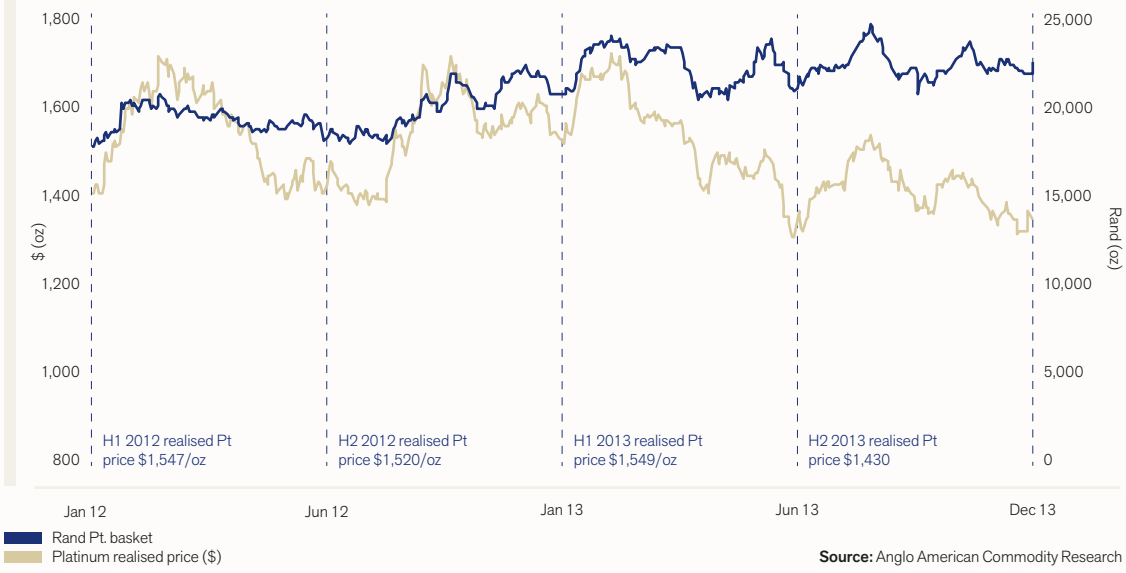
For Anglo American Platinum, the objective of the portfolio review announced in January 2013 was to assess the options available in order to create a sustainable, competitive and profitable business for the long term benefit of all its stakeholders. Platinum's strategy is being built on five levers of priority: projects; commercial; people; operational; and sustainability excellence.

The result of the restructuring was to align baseline production with long term demand expectations, focusing on a high quality portfolio of operations to produce PGMs on an economically sustainable basis.

Operationally, the company intends to change the composition of its portfolio to concentrate on more opencast and shallow, lower risk, lower cost, higher margin and more mechanised mining, supporting a significant reduction in its cost base and achieving a more efficient allocation of capital.

The major reconfiguration of Platinum is now under way and significant progress has been made in implementing the first stages of the review. Baseline production has been maintained at 2.3-2.4 million ounces per annum, with 250,000 annualised low margin, high cost, and unprofitable ounces no longer in production.

Platinum price



Source: Anglo American Commodity Research

As a result of the consolidation of the Rustenburg mines from five to three and the consolidation of Union mines, 7,450 roles were eliminated in 2013, though there were no forced retrenchments. Of that total, some 5,100 employees had left the organisation by year end, while 2,300 employees had been redeployed to other parts of the business. In addition, the decision was made to continue to operate the reconfigured Khuseleka 1 shaft at Khuseleka mine, as it makes a positive contribution to cash flow.

Following the substantial changes being made to the business to ensure its sustainability, a number of social-mitigation plans have been implemented, including the company continuing to contribute to the welfare of employees affected by the restructuring. The programme includes employee assistance in the form of bursaries, healthcare and retraining; support for local economic development and a number of suppliers; and investment, together with local government, in housing development in the Rustenburg region.

A new organisational design and operating model has been implemented to ensure that the operations are appropriately supported by the various support service functions. In addition, Platinum's commercial strategy aims to ensure value and stability for the company and its customers, while promoting new applications for PGMs.

We continue to evaluate and develop a number of projects, including the Twickenham platinum mine project and a number of low capital intensity projects to increase production potential at Mogalakwena. The flexibility for long term growth options will therefore be retained, ensuring Platinum is well positioned in future to make use of opportunities arising from an increase in demand for PGMs.

Platinum continues to take its social responsibilities seriously, particularly to its employees and surrounding communities. The implementation of the strategy aims to deliver a sustainable, competitive and profitable business that will be best placed to sustain employment over the long term.

Operating safely, sustainably and responsibly

Operating safely, sustainably and responsibly is a fundamental part of Platinum's business strategy. Specifically, Platinum aims to improve and grow its relationships with all its stakeholders, and to create a sustainable business and sustainable communities and environments in and around its operations to the benefit of all stakeholders. Critical areas of performance are:

- Employee health and safety – doing everything possible to ensure zero harm to employees at work, and supporting employee and community health and well-being;
- Environmental management – complying with legislation and permits, and having no significant environmental incidents;
- Community development – making a positive contribution to sustainable socio-economic development in the areas in which we operate;
- Stakeholder engagement – ensuring regular and ongoing engagement with a broad range of stakeholders who affect, and are affected by, Platinum's business, with the appropriate relationships and mechanisms in place to amicably resolve conflict.

FINANCIAL AND OPERATIONAL OVERVIEW

Platinum recorded an underlying operating profit of $464 million in 2013, compared with an underlying operating loss of $120 million in 2012. This was primarily due to a weaker average South African rand against the dollar and an increase in sales volumes, which were partly offset by lower realised basket prices, and cost increases.

Cash operating costs per equivalent refined platinum ounce increased by 4% to ZAR17,053 (2012: ZAR16,364), primarily owing to increases in the costs of labour, electricity, diesel and key inputs of processing operations, partly offset by higher production and cost savings. Productivity, however, increased by 9% to 6.57m^2 (2012: 6.05m^2).

Safety and environment

Platinum recorded its best ever safety performance; however, six employees sadly lost their lives on company operations during 2013. The company extends its sincere condolences to their families, friends and colleagues. Four fatal injuries were due to falls of ground and one involved moving machinery. The final incident is still under investigation to determine whether this was work-related or not. The company's safety performance has shown very encouraging progress since 2007, with fatal injury and lost-time injury frequency rates declining by 60% and 49%, respectively.

The proactive management of safety risks has resulted in a continued fall in safety stoppages from the high in 2011, though the number of Section 54 stoppages remained level with 2012, at 72. In addition, 46,261 ounces of production were lost as a result of safety stoppages (2012: 17,000 ounces), though this was well below the 138,000 ounces lost in 2011.

Potable water used for primary and non-primary activities decreased by 6% to 17.3 million m^3 (2012: 18.4 million m^3). The decrease in potable water consumption was influenced mainly by the consistent use of treated sewage water at Rustenburg operations to offset the use of potable water. Platinum remains committed to striving towards zero use of potable water for industrial purposes.

There was one material environmental incident in 2013, with the occurrence of a tailings spillage from the Blinkwater tailings dam at Mogalakwena mine. The incident, which is now contained and at an advanced stage of clean-up, affected the Mohlosane river for 2.5 kilometres. The incident was caused by void tunnelling in the tailings dam starter wall, and solutions have been put in place to prevent a recurrence.

Markets

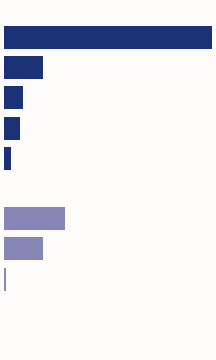
In 2013, gross global platinum demand increased by 507,000 ounces, or 6.3%, as increases in industrial and investment demand more than offset declines from the autocatalyst and jewellery sectors. Primary platinum supply grew by 60,000 ounces, or 1%, as increased supply from South Africa and Zimbabwe exceeded declines in Russia and North America. Secondary supplies from recycled autocatalyst, jewellery and industrial scrap decreased by 29,000 ounces, or 1%, resulting in a 0.4% increase in gross global platinum supply of 31,000 ounces. The resultant platinum deficit of 856,000 ounces was satisfied by cumulative above-ground stocks at market prices during the course of the year.

Gross global palladium demand decreased by 437,000 ounces, or 4%, as reduced demand from the jewellery, industrial and investment sectors far exceeded the increase in autocatalyst demand. Primary palladium supply reduced by 160,000 ounces, or 3%, as the reduction in supply from Russia and the rest of world more than offset the increases from South Africa, Zimbabwe and North America. Secondary supplies from recycled autocatalyst, jewellery and industrial scrap increased by 179,000 ounces, or 8%, resulting in flat gross global palladium supply. The resultant palladium deficit for the year of 621,000 ounces was also satisfied by cumulative above-ground stocks at market prices during the year.

In 2013, gross global rhodium demand increased by 19,000 ounces, or 2%. Although autocatalyst demand remained flat, this was more than compensated by increases in industrial and investment demand. Primary supply decreased by 3% and secondary supply increased by 9%, keeping gross supply flat and with a resultant market deficit of 9,000 ounces.

Platinum supply

	'000 oz
South Africa	4,168
Russia	780
Zimbabwe	363
North America	308
Other	124
Total primary supply	**5,743**
Autocat recycle	1,224
Jewellery recycle	773
Industrial recycle	10
Secondary supply	**2,007**
Gross supply	**7,750**



Platinum demand

	'000 oz
Autocatalyst – gross	2,933
Jewellery – gross	2,747
Industrial – gross	2,020
Investment	906
Gross demand	**8,606**

Source: Anglo American Platinum and Johnson Matthey

Autocatalysts

Global light vehicle sales grew by 3.8% in 2013, to 84.2 million units, driven by growth in China and North America, offset by declines in India, Russia and Europe. Gross demand for platinum in autocatalysis declined by 5%, owing largely to lower vehicle production in the diesel-dominant Indian and European markets. Palladium use in autocatalysis increased by 3%, in line with global growth in gasoline vehicle production, with an increase in palladium purchases for autocatalysis in China offsetting weakness in other markets. Gross rhodium use in autocatalysis was flat in 2013, as the increase in Chinese demand was offset by weakness in other markets.

Jewellery

The Chinese platinum jewellery market accounted for 67% of gross global jewellery demand in 2013, and is positioned to grow as disposable income increases and the effective market development by PGI continues. Platinum jewellery sales in China continued to benefit from the narrow price premium to gold; gross demand, however, decreased by 5%. The weak platinum price also reduced the volume of jewellery recycled, resulting in flat net demand. The much smaller markets of Europe, North America and India all increased in 2013, and this, combined with lower Japanese recycled volumes, saw net global platinum jewellery demand increase by 86,000 ounces, or 5%.

Industrial

In 2013, platinum use in industrial applications increased by 250,000 ounces, or 14%, owing to growth in electrical and glass applications.

Palladium industrial use declined by 146,000 ounces as increased substitution by base metals in electronic capacitors and by ceramics in dentistry exceeded palladium's increased use in polyester manufacture.

In 2013, industrial use for rhodium increased by 9,000 ounces, or 6%, following inventory changes in glass manufacture and capacity increases in oxo-alcohol and acetic acid manufacture.

Investment

Platinum investment demand increased by 457,000 ounces, or 102%, owing to the rand-denominated platinum ETF launched in April 2013. Palladium investment demand declined by 451,000 ounces, or 98%, as a result of ETF disinvestment. Rhodium investment demand increased by 8,000 ounces, or 20%.

OPERATING PERFORMANCE

Production

Equivalent refined platinum production totalled 2.32 million ounces, up 5% on 2012. Platinum's own mines, including Western Limb Tailings Retreatment, produced 1.5 million of equivalent refined platinum ounces, which was 2% higher year on year but in line with the company's strategy.

Production at Khomanani mine, Khuseleka 2 shaft and Union North decline was suspended in August 2013, in line with the proposed restructuring plans. The resources from these mines have now been integrated into the surrounding operations. As a result of these initiatives, 250,000 ounces of annualised unprofitable production have been removed.

The industrial action at Platinum's mining operations from 27 September 2013 to 10 October 2013, resulted in a loss of platinum production of 44,000 ounces. The company quickly ramped up to full production following the strike, with little further loss of production.

Production at the Western Limb operations (Rustenburg, Union and Amandelbult mines) was affected by the industrial action during the second half of 2013. In addition, platinum production at Tumela and Dishaba mines decreased by 2% year on year owing to shortages of production crews and supervisors. The redeployment of labour programme following the placement of mines on care and maintenance was completed in the final quarter of the year and benefits arising from the resulting productivity improvements should be seen in 2014.

Production at the Rustenburg mines increased by 12,700 ounces, or 3%, while output from Union mines declined by 9%. At Mogalakwena mine, output increased by 12% to a record 335,800 ounces[1] following higher throughput at the concentrators and improved head grade. Equivalent refined platinum production at Unki increased by 2% to 63,200 ounces as the mine bettered its ramp-up schedule, reaching steady state production levels ahead of expectations.

Refined platinum production, at 2.4 million ounces, remained constant year on year, primarily due to increased feed from mining operations and improved performance at the Anglo American Platinum Converting Process (ACP) plant which has been operating at a steady state level since production issues caused by a high-pressure leak were resolved at the end of the second quarter of 2013. Refined production of palladium was relatively flat year on year, decreasing by 1%, while rhodium output decreased by 5%. Palladium and rhodium variances are a result of a different source mix from operations and different pipeline processing times for each metal. Nickel production saw a 28% increase as technical challenges in the new nickel tank house are being resolved and as ramp up continues.

[1] Includes 16,000 ounces produced at the Messina Baobab plant as part of a one-off toll concentrating agreement.

01

02

03

01 Survey assistant Lennox Mxathule and surveyor Zack Moatshe carry out an underground survey of Bathopele mine.

02 Metallurgist Sithi Moribuko and supervisor Deis Ngale discuss density readings at the ISA mills at Mogalakwena North Concentrators.

03 Human resources development trainer Lefa Sedumedi locking out the centralised blasting system ('Safeblast') prior to entry of a section at Tumela mine.

Projects

In an environment of capital austerity, careful consideration is taken to determine how projects are prioritised in line with the company's strategy to increase scrutiny over capital allocation. Projects, including the development of Twickenham and expansion of production capacity at Mogalakwena mine, are in line with the longer term strategy of increasing shallow, mechanised and lower cost production and continue to be progressed.

Outlook

The global platinum market is expected to remain balanced in the short term, with increasing deficits over the medium term as steady demand growth in autocatalyst, jewellery and industrial applications exceeds growth in supply from secondary recycled sources and capital-constrained mining supply. The platinum price remains below sustainable incentive levels despite significant reductions in cumulative above-ground stocks in 2012 and 2013. The record high in platinum investment demand from ETFs, bars and coins in 2013 is unlikely to be repeated and some disinvestment from the greater than 850,000 ounce holding in the South Africa-based ETF should not be ruled out.

Continued deficits in the palladium market are likely in the short and medium term owing to increased production of gasoline vehicles and supply growth being limited by platinum supply constraints. Above-ground stocks of palladium are estimated to be far higher than those of platinum; however, demand growth is expected to more than offset the negative price sentiment associated with elevated stock levels.

Following the implementation of the portfolio, Platinum is expected to keep baseline production flat at 2.3 to 2.4 million platinum ounces in 2014, with production lost from the mines closed in 2013, offset by production from higher margin operations through the implementation of various operational improvement plans. Platinum continues to aim to align output with expected demand, and to maintain flexibility to meet potential improvements in demand.

Cost inflation will remain a challenge in 2014, as the inflationary pressures from above-inflation wage increases and electricity increases in particular, offset the cost reductions realised following the Platinum restructuring. As of 11 December 2013, Platinum settled on a two year wage agreement with NUM and UASA at an average wage increase of 8.1% for the period. Negotiations with AMCU and NUMSA are continuing, with the related current strike impacting production. Cash unit costs are estimated to increase to around R18,000-R19,000 per equivalent refined platinum ounce for 2014.

Platinum's project portfolio has been aligned with the proposals of the business restructuring, and capital expenditure guidance will be ZAR6 billion to ZAR7.3 billion for 2014, excluding pre-production costs, capitalised waste stripping and interest.

DIAMONDS

Philippe Mellier
CEO – De Beers Group

UNDERLYING OPERATING PROFIT
(2012: $474 m)

$1,003 m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2012: 8%)

15%

UNDERLYING EBITDA
(2012: $712 m)

$1,451 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2013	2012[1][2]
Underlying operating profit	**1,003**	474
Underlying EBITDA	**1,451**	712
Capital expenditure	**551**	161
Share of Group underlying operating profit	**15%**	8%
Attributable return on capital employed[3]	**11%**	10%

Non-financial indicators[4]	2013	2012
Number of fatal injuries	**–**	–
Lost-time injury frequency rate	**0.19**	0.32
Total energy consumed in 1,000 GJ	**14,124**	4,658
Total greenhouse gas emissions in 1,000 tonnes CO_2e	**1,781**	564
Total water consumed in 1,000 m^3	**74,788**	23,568

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.
(2) Amounts based on the Group's 45% shareholding to 16 August 2012 (except for capital expenditure as defined) and a 100% basis thereafter.
(3) De Beers' 2012 attributable ROCE contains eight months with De Beers as an associate at 45% shareholding, and four months as a fully consolidated entity with shareholding at 85%.
(4) Historical non-financial data is reported from the date of acquisition.

Image
Safety representative Richmond Lutendo Tshimenze is working in the mining section of Venetia diamond mine. He is pictured inside the pit between shifts inspecting a blast area.

BUSINESS OVERVIEW

De Beers is 85% owned by Anglo American, with the remaining 15% interest held by the Government of the Republic of Botswana (GRB).

De Beers is the world's leading diamond company. Together with its joint venture partners, De Beers produces approximately one-third of the world's rough diamonds, by value, and employs more than 23,000 people (including contractors) around the world.

De Beers operates across key parts of the diamond value chain, including exploration, production, sorting, valuing and selling of rough diamonds. It markets polished diamonds through its proprietary diamond brand, Forevermark. It also has a 50:50 retail joint operation with LVMH Moët Hennessy-Louis Vuitton.

Mines

De Beers' mines are located in four countries: Botswana, Canada, Namibia and South Africa. All operations are open pit with the exception of an underground mine in Canada, and alluvial and marine mining operations in Namibia.

In Botswana, De Beers' interests are held through Debswana Diamond Company, a 50:50 joint operation with the GRB. Debswana's operations include Jwaneng, one of the world's richest diamond mines; Orapa, among the largest open-pit diamond mines; 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, a black economic empowerment consortium. DBCM's operations include Venetia, which produces approximately 70% of De Beers' South African diamond production; 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 operation with the Government of the Republic of Namibia (GRN). Diamonds are mined on land by Namdeb and at sea by Debmarine Namibia, both 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 also has a 51% interest in the Gahcho Kué project near Snap Lake (with Mountain Province Diamonds holding the other 49%). The project is at an advanced permitting stage. With a mine life of approximately 11 years, Gahcho Kué is expected to mine around 31 million tonnes of ore containing an estimated 48 million carats.[1]

Rough diamond sales

De Beers sells rough diamonds through two distribution channels: around 90% are sold via long term contract sales to clients (known as Sightholders), with the remainder being sold via regular auctions to the broader industry.

De Beers is also an equal joint operation partner in DTC Botswana (a sorting and valuing business) and in Namibia DTC (a sorting, valuing and sales business) with the GRB and GRN, respectively. These 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 around 12,000 different price points. These diamonds are aggregated and sold at 10 Sights (or selling events) each year.

De Beers is a global leader in the use of innovative online systems to auction rough diamonds to small, mid-tier and large manufacturing, retailing and trading businesses.

Brands

De Beers participates at the consumer end of the value chain through its proprietary diamond brand, Forevermark, and through De Beers Diamond Jewellers.

Diamonds inscribed as Forevermark diamonds 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, and are supported by a marketing programme which reinforces the 'diamond dream'.

De Beers Diamond Jewellers' high-end retail stores are located in key luxury shopping destinations around the world, including New York, Beijing, Shanghai, Hong Kong, London, Paris, Tokyo and Dubai.

Supermaterials

Element Six is the global leader in the design, development and production of synthetic diamond supermaterials for a range of industrial applications. It comprises two businesses: Technologies, which is 100% owned by De Beers; and Abrasives, in which De Beers has a 59.8% interest (Umicore SA holds the remaining 40.2%).

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 and marine deposits formed by the weathering of primary kimberlites and the subsequent deposition of released diamonds in rivers and beach gravels.

Rough diamonds are broadly classified either as gem or industrial quality, with gem being overwhelmingly (approximately 99%) the larger of the two markets, by value. Retail jewellery accounts for the majority of the world market for gem diamonds, where aspects such as size, colour, shape and clarity have a large impact on valuation.

[1] For further details please see the Diamonds Reserves and Resources section of the Annual Report, pages 244–249.

STRATEGY

De Beers' strategic vision is to unlock the full economic value of its leadership position across the diamond pipeline in a safe and sustainable manner.

De Beers is a demand-driven business, with a clear understanding that consumer desire is the primary 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 Sightholders and offering consumers the integrity and confidence of its brands.

Safety and sustainable development strategy

Safety remains the top priority for De Beers, and the company continues to strive for enhanced safety performance through the roll-out of an integrated improvement plan. Its emphasis is on leadership and engagement, operational risk, and incident and performance management.

De Beers' sustainable development activities span the diamond pipeline, and are an integral part of the company's business model. Upstream (exploration and mining), this includes ensuring that it does no harm to either employees or communities, minimising the impact on the environment, and contributing to conservation.

De Beers also works in partnership with host governments and other stakeholders to support long term and sustainable economic development through local and indigenous procurement, enterprise development, social investment and beneficiation.

De Beers supports the development of value-adding downstream activities in producer countries. In late 2013, De Beers completed the migration of its London-based sales operations to Gaborone, Botswana. Agreed in 2011, it forms 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 will bolster De Beers' long term beneficiation activities in southern Africa, helping establish the region as a world-leading midstream (rough diamond sorting, valuing and sales) 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. It also includes the De Beers Best Practice Principles, a bespoke ethical, environmental and social assurance programme that covers more than 300,000 diamond sector workers across the world. In addition, the Forevermark brand offers consumers a clear, responsible sourcing promise.

FINANCIAL AND OPERATIONAL OVERVIEW

De Beers' operating profit totalled $1,003 million, an increase of 112% compared with 2012, driven by the Group's increased shareholding and a greater than 35% improvement in the underlying results of the business. The improvement reflected higher sales revenues and tight cost control, which benefited from favourable exchange rate movements.

Safety, health and environment

De Beers operated without any loss of life in 2013 and improved its lost-time injury frequency rate (LTIFR) considerably from 0.32 in 2012, to 0.19. The company continues to improve its monitoring of leading indicators to ensure an increasingly proactive response to emerging risks.

In 2013, 14 new cases of occupational disease were reported. The occupational disease incidence rate remains well below the target of 1 per 200,000 man-hours worked, with the biggest issue being noise-induced hearing loss. The company continues to focus on occupational hygiene management, as well as on efforts to ensure fitness to work, occupational exposure control, incident reporting and reducing absenteeism arising from illness.

Markets

Despite global macro-economic uncertainty, diamond jewellery sales increased in local currency terms in all major diamond markets, except India. In India, challenging economic conditions and a devaluation of the rupee resulted in a decline in demand. The US market posted positive growth, with a generally strong holiday season in the fourth quarter. China continued to show positive growth rates, but at levels consistent with slower economic development.

Although the De Beers rough price index increased slightly in the first half of the year, a combination of weaker polished prices, high levels of stock in the cutting centres and tightening liquidity resulted in some of this increase being reversed in the second half. The price decrease, together with an increase in polished sales, saw the rough market stabilise and start to improve toward the end of the year.

Operating performance

Mining and manufacturing

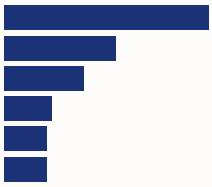
De Beers' full-year production increased by 12% to 31.2 million carats (2012: 27.9 million carats), with improvements across all regions, particularly in Botswana and Canada.

In Botswana, higher production was driven by Jwaneng's recovery from the slope failure in June 2012, which followed completion of the remediation programme in the third quarter. Production at Orapa was slightly higher than 2012, despite unplanned maintenance on plant No. 1, which returned to full operation in October.

In South Africa, full production was restored at Venetia after the mine was impacted by very heavy flooding in the Limpopo province at the start of the year. Shortfalls in ore mined were mitigated by the processing of ore stockpiles. Production improved steadily in the third quarter, with full recovery by the fourth quarter.

Consumer demand forecasts 2013
$ Polished wholesale value

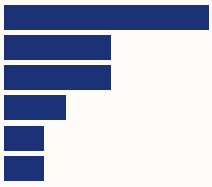
	%
US	39
Rest of the world	21
China/Hong Kong	15
Japan	9
Gulf	8
India	8
Total	100



Source: De Beers

Consumer demand forecasts 2018
$ Polished wholesale value

	%
US	37
Rest of the world	19
China/Hong Kong	19
India	11
Gulf	7
Japan	7
Total	100



Source: De Beers

In Canada, performance at Snap Lake improved significantly, with carats recovered up approximately 50% as a result of a focus on throughput and mining efficiency. At Victor, carat recovery exceeded expectations and was broadly in line with the prior year.

In Namibia, Debmarine Namibia performed strongly, largely due to the contribution of the *MV Mafuta* following its production upgrade in early 2013. Namdeb also performed well, with carat recovery higher than in 2012.

While Element Six experienced a challenging start to the year, performance improved in the second half, driven by the introduction of new products and a continued focus on cost control. In July, Element Six opened its Global Innovation Centre in the UK. The centre is the world's largest and most sophisticated synthetic diamond research and development facility, and will be a key enabler for growth in 2014 and beyond.

Sales

Sales increased slightly to $6.4 billion in 2013 (2012: $6.1 billion on a comparable basis). De Beers' rough diamond price index has increased 2% since the start of the year, while average realised rough diamond prices were 5% higher, driven by the product mix. Following the migration of its sales activities from London to Botswana, De Beers hosted international Sights in Gaborone in November and December.

Brands

Forevermark saw strong growth in 2013, with door numbers up by 39% on 2012. This growth was driven primarily by the core markets of the US, China, Japan and India. The brand is now available at more than 1,200 retail partners in 12 markets. Since the launch of Forevermark, more than 870,000 diamonds have received the Forevermark inscription and unique identification number. The inscription is a promise that each diamond has met the brand's high standards of quality, ethical integrity and provenance.

De Beers Diamond Jewellers opened new directly operated stores in Shanghai and Hong Kong's Times Square. Through franchise partnerships, it also opened stores in Kuala Lumpur, Baku, Vancouver and Kiev.

Projects

In Botswana, infrastructure construction at Debswana's Jwaneng Cut-8 project is complete. Cut-8 will provide access to an estimated 96 million tonnes of ore to be treated, containing approximately 113 million carats of mainly high quality diamonds, and extend the life of one of the world's richest diamond mines to at least 2028.[2]

In South Africa, the first blast took place in September 2013 for the construction of an underground mine beneath the open pit at Venetia. With capital investment of $2 billion, this represents De Beers' largest ever investment in South Africa. Underground mine production is expected to start in 2021 and will extend the life of the mine to beyond 2040. The life of mine plan will treat approximately 129 million tonnes of ore, containing an estimated 94 million carats.[3]

In Canada, the Mackenzie Valley Land and Water Board approved a pioneer Land Use Permit for Gahcho Kué, which allows land-based site works to commence in preparation for deliveries planned for the 2014 winter road season.

Outlook

De Beers expects a slight strengthening in growth in diamond jewellery demand in 2014, driven by continued gradual improvements in the global economic outlook. The US and China are expected to continue to be the main engines of growth for polished diamonds, while most other markets are expected to show positive growth in local currency, with final dollar-denominated results being partly dependent on currency fluctuations. Rough diamond manufacturers, in India in particular, face continued pressures regarding levels of bank financing. In India, further volatility of the rupee may potentially affect rough diamond sales. In the medium to long term, industry fundamentals are expected to strengthen as diamond production plateaus and demand continues to increase.

[2] Scheduled Inferred Resources (below 401 metres) included in the Cut-8 estimates constitute 77% (86.7 Mct) of the estimated carats. Not all Inferred Resources may be upgraded to Ore Reserves, even after additional drilling. The numbers given are scheduled tonnes and carats as per the 2013 Life-of-Mine plan.

[3] The current mining rights expire in 2038; Venetia mine will apply to extend the mining rights at the appropriate time in the future. Scheduled Inferred Resources constitute 28% (26.3 Mct) of the estimated carats. Not all Inferred Resources may be upgraded to Ore Reserves, even after additional drilling. The numbers given are scheduled tonnes and carats as per the 2013 Life-of-Mine plan.

OTHER MINING AND INDUSTRIAL

Duncan Wanblad
CEO: Base Metals and Minerals

UNDERLYING OPERATING (LOSS)/PROFIT
(2012: $168 m)

$(13) m

SHARE OF GROUP UNDERLYING OPERATING PROFIT
(2012: 3%)

(0.2)%

UNDERLYING EBITDA
(2012: $289 m)

$81 m

Key financial and non-financial performance indicators

$ million (unless otherwise stated)	2013	2012[1]
Underlying operating (loss)/profit	**(13)**	168
Underlying EBITDA	**81**	289
Capital expenditure	**53**	171
Share of Group underlying operating profit	**(0.2)%**	3%

Non-financial indicators[2]	2013	2012
Number of fatal injuries	**4**	1
Lost-time injury frequency rate	**0.23**	0.25

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the financial statements for details.
(2) Non-financial indicators are reported until point of divestment.

Image
A Tarmac national contracting team during a major night time road resurfacing operation in the UK.

AMAPÁ

Amapá recorded a nil underlying operating profit for the 10 months to the completion of the divestment of the operation on 1 November 2013. All profits and losses generated by Amapá from the signing of the sale agreement at the end of 2012 to completion were for the account of the purchaser and therefore the underlying operating loss of $7 million incurred in the period has been excluded from the Group results. The loss of $7 million (2012: $54 million profit) was mainly due to the suspension of export shipments following the event on 28 March 2013 (see below). The reversal of penalty provisions, as a result of contract renegotiations, which had a beneficial impact on 2012 underlying operating profit, was not repeated in 2013.

On 28 March 2013, a major geological event occurred which resulted in the tragic loss of four lives, with a further two people still missing, as well as the loss of the Santana port operation of Amapá and the suspension of all export shipments. A detailed and independent technical investigation was conducted and a report was shared with the authorities and the investigation commissions in September 2013. The independent investigation report indicates that the incident was not caused by operational factors, but was a result of an unpredictable combination of factors, including geotechnical factors.

On 4 January 2013, Anglo American announced that it had reached an agreement to sell its 70% interest in Amapá to Zamin Ferrous Ltd (Zamin). Following the 28 March event, Anglo American entered into further discussions with its partner Cliffs Natural Resources (Cliffs) and Zamin. Anglo American subsequently entered into an agreement with Cliffs to acquire its 30% interest in Amapá, subject to certain conditions, and entered into an amended sale agreement with Zamin to reflect Anglo American's disposal of a 100% interest in Amapá to Zamin.

On 1 November 2013, Anglo American completed the acquisition from Cliffs and simultaneously completed the sale of the 100% interest in Amapá to Zamin for an initial total consideration of approximately $134 million, net of certain completion adjustments. In addition, Zamin will pay Anglo American conditional deferred consideration of up to a maximum of $130 million in total, payable over a five year period and calculated on the basis of the market price for iron ore. As part of the transaction, Anglo American has assumed responsibility for, and the risks and rewards of, certain insurance claims including those relating to the Santana port incident, through the purchase of the claims from Amapá at the full claim value.

TARMAC

Tarmac reported an underlying operating loss of $6 million, compared with a profit of $73 million in 2012. Tarmac's underlying EBITDA was $88 million, 41% lower than in 2012. The results of 2012 included 100% of the contribution from Tarmac Quarry Materials, which formed part of the Lafarge Tarmac joint venture with effect from 7 January 2013.

Building products

A significant improvement in trading performance was driven by higher sales volumes and continued focus on managing the cost base in order to enhance margins and reduce operating costs. Unlike in 2012, there was minimal disruption from poor weather, which enabled building activity to continue throughout the year. During 2013, the market improved in certain sectors, particularly housing, and forecasts indicate that this improvement will continue in 2014.

Middle East

The Middle East business experienced a lull in activity levels and profitability in 2013, following the completion of three major projects in 2012 and early 2013. The road building market remains extremely competitive due to new entrants over the past two to three years, while some customers are becoming competitors through developing their own in-house asphalt and surfacing capability. The outlook for 2014, however, is now more positive, as several major schemes have been approved across the region and the forward order book is strengthening. The business has continued to focus on managing down key costs by improved raw material procurement, productivity and energy consumption initiatives and rationalisation of the workforce.

Lafarge Tarmac joint venture

On 7 January 2013, following final clearance from the UK Competition Commission, Anglo American and Lafarge announced the completion of the transaction to create an incorporated joint venture known as Lafarge Tarmac.

The Group's share in the underlying operating profit for the newly formed joint venture was $9 million, but cannot be validly compared to 2012 due to the separations and combinations of the merger. Despite weaker markets and no surplus carbon credit sales, revenue from the continuing operations contributing to the joint venture increased as a result of higher year-on-year volumes across all key product lines. Although cement prices declined during the year, largely as a result of the entry of a new competitor, excellent progress has been made with the integration process, with synergy delivery of $38 million (100%), which was 23% above original expectations. Although selected market indicators are pointing towards an improvement in 2014, Lafarge Tarmac remains cautious about the underlying strength of recovery within the construction sector.

On 14 January 2014, the UK Competition Commission (CC) published its final report relating to the investigation into the aggregates, cement and ready mix concrete (RMX) markets. In this report the CC concluded that there were aspects of the cement markets that had adverse effects on competition. Accordingly it has determined that, amongst other remedies, Lafarge Tarmac is required to divest of a cement plant (either the Cauldon or Tunstead cement plants, plus relevant depots), and (if required by a prospective purchaser) a number of RMX plants. The CC has determined that the prospective purchaser cannot be one of the existing cement producers in Great Britain. Lafarge Tarmac disputes the conclusions of the CC and is reviewing its options taking into account the best interests of its employees, contractors, customers and shareholders.

GOVERNANCE

"My role is to ensure the Board has the breadth of skills and experience to drive our strategy."

Sir John Parker
Chairman

IN THIS SECTION

CHAIRMAN'S INTRODUCTION

I am pleased to introduce our 2013 governance report in which I will outline my approach to leadership of the Board to ensure it performs effectively and is accountable to shareholders.

During the year, the Board discussed a wide range of topics and these are outlined in a new section on page 101. We welcomed a number of new directors in 2013 and made changes to our committee structure by expanding the membership of the Group Management Committee (GMC), disbanding the Executive Committee and introducing the Corporate (CorpCo) and Operational (OpCo) Committees, to facilitate more streamlined management of matters delegated to them. For more information on our committees, please refer to pages 97–117.

STRATEGY

With the arrival of Mark Cutifani as chief executive in April, came an important change in our approach to management of the Group and a comprehensive review of the Group's strategy – *'Driving Value'*, the aim of which is to spend within our means and to deliver attractive capital returns. My role is to ensure the Board has the breadth of skills and experience to drive this and to encourage open and honest debate and challenge. I believe that the foundation of good returns is good governance.

As a board we are responsible for promoting the long term success of the Company by focusing on returns, improving productivity, exiting non-core assets that cannot deliver satisfactory returns and ensuring discipline around capital allocation. Our seven pillars of value: Safety and Health; Environment; Socio-political; People; Production; Cost; and Financial, will allow the Board to control and measure our performance. To achieve this we must have the right people and processes in place. For more information on our seven pillars please see pages 14–15.

Examples of activities reviewed and actions implemented by the Board as part of the revised strategy include the ongoing organisational changes, focus on capital returns, asset reviews leading to identification of opportunities for optimisation and the recent withdrawal from the Pebble project.

For more information on our seven pillars
see pages 14–15

For more information, visit
www.angloamerican.com/sustainabledevelopment

DIVERSITY

Diversity is a core part of Anglo American's values and our business units around the Group regularly share best practice in this area. We have set internal targets to support gender diversity and seek to nurture the pipeline of women throughout the organisation. We believe a more diverse workforce is beneficial for any business.

In April, at the close of the AGM, 25% of the Board will be women and we have also enhanced ethnic diversity. Initiatives relating to other aspects of diversity are frequently introduced. More information on diversity can be found in the Strategic report on pages 18–19 and 29 and in the S&SD report on our website.

BOARD REFRESHMENT

During 2013, we continued our process of board refreshment. Mark Cutifani replaced Cynthia Carroll as CEO, Byron Grote, Mphu Ramatlapeng and Jim Rutherford were appointed as non-executive directors and Peter Woicke retired from the Board. Judy Dlamini joined the Board on 1 January 2014. Sir CK Chow and David Challen will step down at the close of the AGM. This means that since becoming chairman in August 2009 there will be, following the AGM, a 100% change in our non-executive directors.

The Company will still be able to benefit from David Challen's wisdom and experience as he has agreed to act as an advisor to Anglo American for at least a further year. His remuneration as an advisor will be the same as that for a non-executive director. His role will be to provide advice to the chairman and the executives on corporate activity and major structural changes as well as maintaining a watching brief over certain aspects of the Company's Singapore-based trading operation. Byron Grote will be appointed as chairman of the Audit Committee upon David Challen's retirement as a non-executive director, and his extensive financial experience, in particular as CFO of BP, will be invaluable to the Company. In addition, Sir Philip Hampton will become the senior independent non-executive director upon David Challen's retirement.

Details of site visits and directors' training can be found on pages 102–104 in the Board in action and Effectiveness sections of this report.

BOARD EVALUATION

As your chairman I am responsible for the leadership of the Board and for its effectiveness. We undertake Board evaluations annually, with an external evaluation every three years. The Board is polled individually and confidentially about issues such as strategy, risk management, board management, agenda topics and project management etc. The results of this exercise are then translated into an action plan for debate with the Board, and goals are set around those actions. The results of the achievements against the action plan followed in 2013, are detailed on page 104. Board evaluations encourage honesty and openness and provide an opportunity for the Company to improve the functioning and effectiveness of the Board by empowering directors to question and comment on the workings of the Group.

GOVERNANCE DEVELOPMENTS

During 2013, the government introduced new requirements for companies to produce a strategic report and remove other less meaningful disclosures. This allows us to communicate more concisely to our shareholders. Reporting standards have recently placed emphasis on human rights and gender representation. Anglo American was an early adopter of the strategic report style and this year's can be found on pages 2–91.

We welcome the recently implemented binding vote on remuneration and seek to maintain a fair and transparent remuneration policy linked to company performance and shareholder value. The Directors' remuneration report can be found on pages 118–143. There has been much recent interest in improving stewardship of companies by investors and we will embrace the opportunity for better engagement. For more information on our approach, and our comprehensive programme of meetings with investors throughout the year, including the Annual General Meeting and global road shows, please see the Engagement section on pages 105–106.

UK CORPORATE GOVERNANCE CODE

I confirm that during the period, applying the relevant transitional guidance regarding audit tendering, we have complied with the UK Corporate Governance Code. Recognising that it would not be practical to expect all companies to adopt immediately the newly introduced provisions on audit tendering, the FRC published transitional guidance providing for a phased introduction of audit tendering. In compliance with this guidance, and in light of proposed UK legislation and ongoing discussions at the EU, Anglo American proposes not to tender during the current audit partner's tenure. More detail on our approach to this is set out in the report of the Audit Committee on page 112. As in previous years, we have provided a checklist on our website detailing how we have complied with the provisions of the Code.

Sir John Parker
Chairman

LEADERSHIP


Sir John Parker


Mark Cutifani


René Médori


David Challen

THE BOARD

CHAIRMAN

Sir John Parker
GBE, FREng, DSc (Eng), ScD (Hon), DSc (Hon), DUniv (Hon), FRINA

71, 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. Sir John is recognised as a highly experienced and independent chairman and brings a wealth of leadership experience across a range of industries in many countries, including in South Africa.

He is a non-executive director of Carnival Corporation and Airbus Group 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

Mark Cutifani
BE (Mining Engineering)

55, was appointed as a director and CEO with effect from 3 April 2013, and is chairman of the Group Management Committee (GMC) and a member of the Corporate Committee (CorpCo) and the S&SD Committee. Mark has over 37 years' experience of the mining industry across a wide range of geographies and commodities.

He is a non-executive director of Anglo American Platinum Limited and was previously CEO of AngloGold Ashanti Limited. 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).

FINANCE DIRECTOR

René Médori
Doctorate in Economics

56, was appointed to the Board on 1 June 2005, becoming finance director on 1 September 2005. René is a member of the GMC and chairman of CorpCo and the Investment Committee. René brings significant financial and commercial expertise from capital intensive businesses, supplying products to the oil refining, steel and mining industries and experience in international finance in the UK, Europe and the United States.

He is a non-executive director of Anglo American Platinum Limited and Petrofac Limited. René 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).

SENIOR INDEPENDENT DIRECTOR

David Challen
MA, MBA

70, joined the Board on 9 September 2002 and was appointed as the senior independent non-executive director (SID) in April 2008. He is chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. David brings an in-depth understanding of capital markets and key insights on financial matters.

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.

David will step down from the Board at the forthcoming AGM.


Sir CK Chow


Judy Dlamini


Byron Grote


Sir Philip Hampton


Phuthuma Nhleko

NON-EXECUTIVE DIRECTORS

Sir CK Chow
DEng (Hon), CEng, FREng, HonFHKIE, FIChemE

63, 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 contributes broad business and board experience.

Sir CK is a member of the Executive Council of the Hong Kong Special Administrative Region, chairman of the Hong Kong General Chamber of Commerce and chairman of the Advisory Committee on Corruption for 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 CK will step down from the Board at the forthcoming AGM.

Judy Dlamini
MBChB, DOH, MBA

54, was appointed to the Board on 1 January 2014 and is a member of the Audit Committee. She will be appointed as a member of the Remuneration Committee at the conclusion of the AGM. Judy is a successful businesswoman with longstanding public company board experience across a range of geographies and sectors, including mining.

She is the chairman of Aspen Pharmacare and founder and chairman of Mbekani Group, a South African healthcare investment company. Judy served as a non-executive director of Northam Platinum between 2004 and 2013, and as a member of that company's committees on: health; safety and environmental; investment; and social, ethics and human resources. She started her career as a medical practitioner and after spending two years at HSBC, she began to develop her entrepreneurial interests. Judy is also a founder and trustee of Mkhiwa Trust, a family vehicle for social responsibility initiatives, and has served as a non-executive director on the boards of Discovery Holdings and Woolworths Holdings.

Byron Grote
PhD Quantitative Analysis

65, was appointed to the Board on 19 April 2013 and is a member of the Audit and Remuneration Committees. Byron contributes broad business, financial and board experience in numerous geographies.

He is a non-executive director of Unilever NV and Unilever plc. Byron has extensive management experience across the oil and gas industry. He served on the BP plc board from 2000 until 2013 and was BP's chief financial officer during much of that period.

Byron will succeed David Challen as chairman of the Audit Committee.

Sir Philip Hampton
MA, ACA, MBA

60, 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.

Sir Philip will succeed David Challen as the senior independent director at the conclusion of the AGM.

Phuthuma Nhleko
BSc (Eng), MBA

53, joined the Board on 9 March 2011 and is a member of the Audit and Nomination Committees. Phuthuma is also chairman of Pembani Group (Pty) Limited and Afrisam South Africa (Pty) Limited and a non-executive director of BP plc. He is chairman of MTN Group Ltd, having formerly been the President and CEO from 2002 to 2011. He brings broad business experience and previously served as a director on a number of boards in South Africa: Nedbank Group; Alexander Forbes; Bidvest; and Old Mutual (SA).


Ray O'Rourke


Mphu Ramatlapeng


Jim Rutherford


Anne Stevens


Jack Thompson

Ray O'Rourke
KBE, HonFREng, CEng, FIEI, FICE

67, joined the Board on 11 December 2009. He is a member of the Nomination, Remuneration and S&SD Committees. 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.

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.

Mphu Ramatlapeng
MD, MHSc

61, was appointed to the Board on 8 July 2013 and is a member of the S&SD Committee. Mphu is a highly experienced leader who brings a broad range of South African and international health expertise at board level across both the public and private sectors. She has a clear vision and deep understanding of the social benefits of effective healthcare programmes and capacity building through partnership.

Mphu is the Executive Vice President of HIV/AIDS and Tuberculosis programmes for the Clinton Health Access Initiative and also the Vice Chair of the Global Fund to Fight AIDS, TB and Malaria. She served as Minister of Health and Social Welfare of Lesotho between 2007 and 2012. In this role, she championed Lesotho's significant achievements in reducing the transmission of HIV from mother to child. Across her career, she has also been a leading advocate for women in business, including serving as founding board member of Women in Business in Lesotho.

Jim Rutherford
BSc (Econ), MA (Econ)

54, joined the Board on 4 November 2013. Jim is a member of the S&SD Committee and will be appointed as a member of the Audit Committee at the conclusion of the AGM. He has extensive experience in investment management and investment banking, both as an institutional investor and analyst. He brings to the Board considerable financial insight from the perspective of the capital markets and a deep strategic understanding of the mining industry.

Between 1997 and 2013, he was a Senior Vice President of Capital International Investors, and had responsibility for investments in the mining and metals industry with a broad geographic focus that included Europe, Emerging Markets and Australasia. Prior to joining Capital Group, Jim was an investment analyst covering the South American mining and metals industry for HSBC James Capel in New York.

Anne Stevens
BSc, PhD

65, joined the Board on 14 May 2012 and is a member of the Audit and Nomination Committees. Anne brings a wealth of experience and wide-ranging commercial acumen from a number of global industries including engineering. She has experience gained across North, Central and South America.

Anne has served on the board of Lockheed Martin Corporation as a non-executive director since 2002, and is also the chairman of a privately held IT services business, SA IT. Anne's 16-year career with the 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 10 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.

Jack Thompson
BSc, PhD

63, joined the Board on 16 November 2009, is chairman of the S&SD Committee and a member of the Remuneration Committee. Jack brings experience gained at all levels of the mining industry and has received wide recognition as a mining executive. He is currently a non-executive director of 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., Molycorp Inc., Phelps Dodge Corp., Rinker Group Ltd. and Stillwater Mining.


Mark Cutifani


René Médori


Khanyisile Kweyama


Tony O'Neill


Mervyn Walker


Peter Whitcutt

EXECUTIVE MANAGEMENT

The Company has one principal executive committee – the Group Management Committee (GMC) (which meets monthly) is responsible for formulating Group strategy for consideration and approval by the Board, setting budget and performance targets, talent management and managing the Group's portfolio. The GMC is supported by a Corporate sub- committee (CorpCo), an Operational sub-committee (OpCo) and an Investment sub-committee (InvestCo). CorpCo meets at least monthly and is principally responsible for reviewing corporate policies and processes, as well as reviewing financial performance and budgets at a Business Unit level. OpCo meets quarterly. Its responsibilities include driving operational best practices across the Group and the setting of technical standards. Investco meets at least monthly and is principally responsible for making recommendations to the GMC on capital investment proposals.

GMC AND CORPORATE COMMITTEE MEMBERS

Mark Cutifani
See page 94 for biographical details.

René Médori
See page 94 for biographical details.

Khanyisile Kweyama
BS Administration (USA), PDM (Wits), MM Human Resources (Wits)

48, is Executive director, Anglo American South Africa Limited and a non-executive director of Anglo American Platinum Limited. Khanyisile formerly served on the executive committee of Anglo American Platinum Limited, during which time she was successful in building a cohesive management team, driving performance and improving relationships with unions. 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. She has also been elected as the vice president of the South African Chamber of Mines. She has served as a non-executive director at various companies, including the boards of Sovereign Foods Ltd, IAC and Key Mix Investments, and currently serves on the boards of Business Leadership South Africa (BLSA), Telkom, New Partnership for Africa's Development (NEPAD) business forum and the International Geology Forum (IGF).

Tony O'Neill
MBA, BASc (Eng)

55, is Group director, technical, and joined Anglo American in 2013. He is a member of the S&SD and Investment Committees. He is also a non-executive director of Kumba Iron Ore and Anglo American Platinum Limited.

Tony joined AngloGold Ashanti in July 2008 as Executive Vice President – Business and Technical Development and served as Joint Acting CEO until July 2013. His 35-year career in the mining industry has spanned iron ore, copper, nickel and gold, and includes his roles as operations executive at Newcrest Mining and as the head of the gold business at Western Mining Corporation. Tony is a mining engineer with an MBA from the University of Melbourne.

Mervyn Walker
MA (Oxon)

54, 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.

Peter Whitcutt
BCom (Hons), CA (SA), MBA

48, is Group director, strategy, business development and commercial. 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, which was expanded to include Commercial in 2013.


Paulo Castellari-Porchia


Seamus French


Chris Griffith


Norman Mbazima


Philippe Mellier


Duncan Wanblad

GMC MEMBERS

Paulo Castellari-Porchia
Bcom, MBA

43, 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.

Seamus French
B Eng (Chemical)

51, is CEO of 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. He was CEO of Metallurgical Coal between 2009 and 2013.

Chris Griffith
B Eng (Mining) Hons, Pr Eng

48, 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 24 years.

Norman Mbazima
FCCA, FZICA

55, 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 Limited 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 (Mechanical Engineering), MBA

58, 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)

47, is CEO of Base Metals and Minerals. He began his career at Johannesburg Consolidated Investment Company Limited in 1990. Between 2009 and 2013, Duncan held the position of group director, Other Mining and Industrial businesses. He was appointed to the board of Anglo American Platinum Limited in 2004 and was appointed joint interim CEO of Anglo American Platinum in 2007, before taking over as CEO of Anglo American's copper operations in 2008.

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.

Our Board Charter sets out, *inter alia*, the mandate of the Board and those powers that it does not delegate to its committees, such as approval of business plans, budgets and material expenditure. It serves to ensure that board members acting on behalf of Anglo American are aware of their main roles, duties and responsibilities, and to ensure that the highest principles of corporate governance are applied in all their dealings in respect of, and on behalf of, the Company. It also covers the appointment and removal of directors, the establishment of Board committees, Board procedures, director and Board evaluation and the delegation of authority to the executive management.

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 GMC and CorpCo, which are currently chaired by Mark Cutifani and René Médori respectively. The functions and membership of GMC and CorpCo are set out on pages 97–98.

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). The SID 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. Sir Philip Hampton will assume the role of SID upon Mr Challen's retirement on 24 April 2014.

Company secretary

The company secretary works closely with the chairman in providing guidance on governance issues. During our recent board and committee evaluations, the company secretary encouraged open feedback from directors and follow up of actions resulting from these reviews as part of the ongoing process of improvement. For more information please see the Board evaluation action plan on page 104.

OUR GOVERNANCE STRUCTURE

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees – the Safety and Sustainable Development (S&SD), Remuneration, Nomination and Audit Committees. These committees are made up of a majority of non-executive directors who contribute an independent, external perspective and who make recommendations to the wider Board on issues discussed. The minutes of these committees are reviewed at each board meeting and the chairmen of each committee reports, at each board meeting, on the activities of the relevant committee. The Company and directors expect high levels of attendance at meetings and those for 2013 are shown in the table below. Pages 107–110 and 117 set out the activities of these committees throughout the year.

The Board also delegates certain responsibilities to the Group Management Committee (GMC) which is made up of executives. For more information on the executive committees, please see pages 97–98.

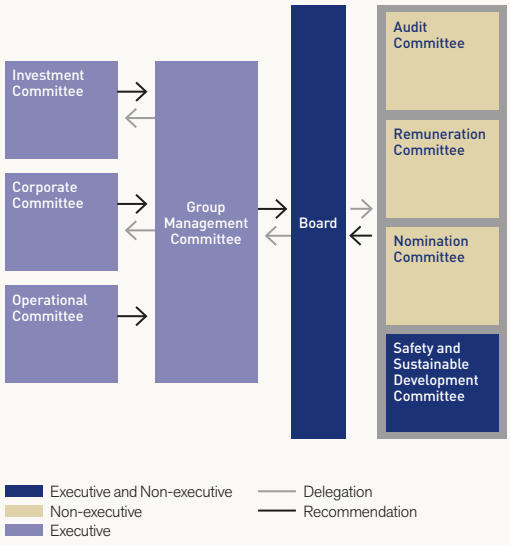
In addition to the above committees, the Investment Committee, Corporate Committee and Operational Committee provide advice to, and have certain authorities delegated to them, by the GMC.

The members of these committees are as follows:

- Corporate Committee – please see page 97
- Operational Committee – Tony O'Neill (chairman), Mark Cutifani, Paulo Castellari-Porchia, Seamus French, Chris Griffith, Norman Mbazima, Philippe Mellier and Duncan Wanblad
- Investment Committee – René Médori (chairman), Tony O'Neill, Nimesh Patel and Peter Whitcutt.

The terms of reference for the principal committees and a schedule of matters reserved for the Board's decision are published on the Company's website.

Board and committee structure



Board and Committee meetings 2013 – frequency and attendance

	Independent	Board (seven meetings)	Audit (four meetings)	S&SD (four meetings)	Remuneration (four meetings)	Nomination (four meetings)
Sir John Parker	n/a	All	–	All	–	All
Cynthia Carroll[1]	No	Two	–	One	–	–
Mark Cutifani[2]	No	All	–	All	–	–
René Médori	No	All	–	–	–	–
David Challen	Yes	All	All	–	All	All
Sir CK Chow	Yes	Six[3]	–	–	All	All
Byron Grote[2]	Yes	All	All	–	All	–
Sir Philip Hampton	Yes	Six[3]	Three	–	All	–
Phuthuma Nhleko	Yes	Six	All	–	–	All
Ray O'Rourke	Yes	All	All	All	All	All
Mphu Ramatlapeng[2]	Yes	All	–	All	–	–
Jim Rutherford[2]	Yes	All	–	All	–	–
Anne Stevens[2]	Yes	Six[3]	Three	–	–	All
Jack Thompson	Yes	All	–	All	All	–
Peter Woicke[1]	Yes	Two[3]	–	All	All	All

(1) Meetings attended prior to retirement.
(2) Meetings attended since appointment.
(3) Not able to attend unscheduled meeting held in January.

KEY BOARD DISCUSSIONS 2013

The standing agenda sets the framework for board meetings throughout the year and includes items such as safety and health, environment, people and organisation, production, projects and exploration, finance and commercial, strategy and business development, external relations and progress on critical tasks. In addition, specific items are dealt with as and when necessary.

Examples of these specific items are set out below.

January
The Board reviewed the proceedings of the Audit Committee held immediately prior to the board meeting and noted and agreed with its recommendations for the Minas-Rio project concerning revised capital expenditure, an accounting impairment and the related press release.

February
The Board discussed a recommendation for the 2012 final dividend which the shareholders subsequently approved at the AGM. The Board was updated on visits made by Cynthia Carroll, Brian Beamish and René Médori to China and India in mid-January. The Board also held a thorough review of Anglo American Platinum.

April
Mark Cutifani was welcomed to his first meeting as CEO and the Board discussed the new CEO's agenda. It also reviewed a Commercial Operating Model update.

June
The Board agreed certain changes to committee compositions and received a detailed progress report on Minas-Rio. The Board held a two-day strategy meeting as detailed below.

July
The Board approved the 2013 interim dividend. Mr Cutifani led a discussion on key challenges for the Group including strategies to improve return on capital employed (ROCE) and manage business execution, capital allocation and stakeholder engagement. The Board also discussed the Pebble Project in Alaska which the Group subsequently exited later in the year.

October
The Board discussed proposed organisation changes and the Kumba Iron Ore/Arcelor Mittal dispute.

December
Tony O'Neill presented a technical overview and report on findings regarding Sishen, Los Bronces, Quellaveco and Minas-Rio. The Board reviewed the presentation for the Analyst and Investor Strategy event held in December and the Thermal Coal Trading Pilot. The Board approved the budget and plan for 2014–2016.

STRATEGY

In June, the Board spent two days challenging and developing the Anglo American strategy with the new CEO Mark Cutifani. The Board received presentations from executives and agreed to focus on the key challenges as detailed below. These were communicated in the Interim Results presentation in July, namely: Anglo American Platinum restructure; Kumba revitalisation; social complexity and industrial threats in South Africa; Copper production delivery – Collahuasi/Los Bronces recovery; Barro Alto furnace recovery and rebuild programme; Minas-Rio project; De Beers delivery; and Metallurgical Coal cost management.

The strategy was further communicated at the Investor Day in December which set out goals for the Group's performance and action plans to achieve them. This included an improved target ROCE of at least 15%, focus on capital allocation and optimisation of the portfolio. The Board played a key part in strategic decisions such as the exit from the Pebble Project after a thorough assessment of the extensive pipeline of long-dated project options. The Board agreed to prioritise capital to projects with the highest value and lowest risks, and reduce the capital required as part of a more effective, value-driven capital allocation model.

For more information on the Group's strategy see pages 14 and 15.

BOARD IN ACTION

As part of directors' induction and ongoing training programme, as well as being an opportunity to review independently the Company's business, board members made a number of visits to the Group's operations throughout the year. Site visits allow greater insight into challenges faced in the field, and facilitate better decision making by the Board.

NEDs' fact finding trips

Jack Thompson, Ray O'Rourke and Jim Rutherford made site visits and gave feedback on their findings as summarised in the table below.

Board visit to South Africa

The Board travelled to South Africa for the October meeting. Certain directors participated in a mining course and others in a site visit to the De Beers Venetia mine. During the mine visit, directors met management and employees, toured the operation and received an overview of De Beers and the diamond industry. Judy Dlamini, Byron Grote, Phuthuma Nhleko, Mphu Ramatlapeng and Anne Stevens attended the mining course covering items such as geosciences, mining and processing. Those attending found that the session was most valuable and recommended that all future NEDs attend such a course to inform them further on the complex nature of mining.

01 Mogalakwena mine visit – from right to left: Mark Cutifani, Jim Rutherford, Chris Griffith and Mogalakwena mine production manager David Malunga

02 Mining course for non-executive directors – Phuthuma Nhleko

03 Mining course for non-executive directors – Judy Dlamini

04 Mining course for non-executive directors – from left to right: Mphu Ramatlapeng and Anne Stevens

01

02

04

03

"Site visits allow greater insight into challenges faced in the field, and facilitate better decision making by the Board"

Jack Thompson
Non-executive director

Board site visits

Location	Topics discussed	Key results/findings
Cerrejón – Thermal Coal, Colombia	P40 expansion and its implementation including relocation of communities.	Familiarised with country and local situation. High quality of the staff on site. Cerrejón's S&SD programmes are commendable.
Peace River – Metallurgical Coal, Canada	Expansion of the operation to world class status and review of environmental management.	Confirmation of operation's potential. The ambitious strategy and vision for the unit was very good.
Snap Lake – De Beers Diamonds, Canada	Observation of joint AA and De Beers internal S&SD audit. Water quality and community engagement.	The mine and plant are first rate and well run. Good work being carried out by the community affairs group.
Dishaba – Platinum, South Africa	Review of working conditions for narrow reef mining and potential for mechanisation at the mine face.	Greater appreciation of the challenges faced including migrant labour and housing issues.

EFFECTIVENESS

"The board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed."

The FRC's Guidance on board effectiveness states that, "the board's role is to provide entrepreneurial leadership of the company within a framework of prudent and effective controls which enables risk to be assessed and managed."

For a board to be effective it must be composed of the right people, led by a strong (but not dominant) chairman and maintain independence with a majority of the Board composed of non-executive directors. The Board must evaluate its performance and seek to continually improve its approach to promoting the success of the company for the benefit of its stakeholders. The directors must be sufficiently educated in the operation of the company in order to make informed decisions. The Board should delegate certain matters to committees which afford specialist discussion outside the board environment. We seek to do our utmost to promote a high performing board and some of the ways we do this are detailed below.

Independence of directors

The Board has a strong independent element and currently comprises, in addition to the chairman, two executive directors and eleven NEDs, all of whom are independent according to the definition contained in the Code. Full biographical details for each director are given on pages 94–96. 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.

Sir Philip Hampton will assume the role of senior independent director upon David Challen's retirement on 24 April 2014.

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 Conduct Authority (FCA), 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 is 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. During 2013, Byron Grote, Mphu Ramatlapeng and Jim Rutherford participated over a number of days in meetings with GMC members, business unit (BU) heads and members of the Board. Judy Dlamini attended briefings in early 2014.

Training and briefings are also available to directors 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 2013. 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*, finance, corporate governance, strategy, compliance, regulatory developments, audit 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.

Board evaluation

Please see the table overleaf for the results of our externally facilitated evaluation which took place in 2012 and the achievements against goals, set around it during 2013. In our last annual report, we disclosed our intention to include comments from the external board evaluation in the board agendas for the proceeding 12-18 month period. The Board was described as "balanced", with a "wide range of depth and breadth of skills and experience". The induction programme offered to new NEDs which included site visits was received positively and "deepened the understanding of the business". The overall board dynamics were described as "respectful challenge, without any cosiness".

A further internal evaluation was conducted in late 2013 with goals set for 2014 which will be reported against in next year's annual report.

Board Evaluation Action Plan 2013

	2012/2013 board action plan	Achievements against action plan
Strategy and strategy process	More frequent strategy discussion required with focus on growth in earnings strategy	Strategy included as regular item at board meetings and June 2013 strategy meeting. Focus on longer term including +10 years outlook
Audit Committee	More stress testing (and fantail forecasting) in key areas	Areas reviewed included: commodity pricing volatility; cash flow; China economic impact; inflation changes; impact on mining costs; ROCE scenarios
Investments, acquisitions and disposals	Allocate more time to discuss strategic implications of acquisitions and organisational changes	More time allocated in board meetings
Project management	More assurance on key learnings from challenging projects	Presentations prepared accordingly
Executive remuneration	Review of how we incentivise the right behaviours in creating long term shareholder value	Review carried out, draft proposals drawn up and discussed with major shareholders, after which the Remuneration Committee agreed the final changes
Improving board meeting effectiveness	Improve the structure of the board agenda to facilitate informed debate and focus on important issues.	Priority decisions clearly flagged on the agenda and priority topics scheduled at the beginning of the agenda. Agenda colour coded to differentiate between items for noting, approval and for information
Board and NED knowledge development	NEDs requested more site visit opportunities	The Board holds one meeting a year overseas to incorporate a mine visit. In addition, arrangements were made for NEDs to visit various operations during the year. See 'Board in action'

ENGAGEMENT

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 2013 is shown on the following page.

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.

Annual General Meeting

The AGM gives an opportunity to shareholders to pose questions to the directors and senior executives of the Company. Business to be discussed at the meeting is notified in advance to shareholders in the Notice of Meeting and covers matters such as the annual election of directors, appointment of auditors and dividend declaration. The financial statements and the report of the directors and auditors are laid before the shareholders for approval. Due to the enactment of the Enterprise and Regulatory Reform Act 2013, changes have been made to the way shareholders approve the Directors' remuneration report. In 2014, shareholders will be asked to vote on the remuneration policy and implementation report and the vote on the remuneration policy will be binding.

At the Company's AGM in 2013, the chairman and CEO answered questions on: the Company's operations and the communities impacted by them; dividends; governance; silicosis; and the Pebble project.

A special resolution relating to the disapplication of pre-emption rights, did not achieve the necessary 75% majority and thus was not passed. Although this is a routine resolution for public companies in the UK, South Africa based shareholders oppose such resolutions by UK companies listed on the Johannesburg Stock Exchange as a matter of course.

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 2013, the chairman attended investor roadshows in Johannesburg and Cape Town. The senior independent director (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.

Investor relations activities timeline 2013

January 2013	08 January	**Call with Investors** – Sir John Parker and Mark Cutifani regarding appointment
February 2013	15 February	**Anglo American full year 2012 results**
	19 – 21 February	**NY and Boston Roadshow** – Cynthia Carroll and Paulo Castellari-Porchia
	25 February	**London Roadshow** – René Médori
	25 – 26 February	**SA Roadshow** – Peter Whitcutt
	27 February – 01 March	**SA Roadshow** – René Médori
March 2013	04 – 05 March	**London Roadshow** – Peter Whitcutt
	07 March	**Citi Global Resources Conference** – Investor Relations
	21 March	**London Roadshow** – René Médori
April 2013	03 April	**Investor Day meeting** – Investor Relations
	04 – 05 April	**SA Roadshow** – Sir John Parker
	12 April	**JP Morgan Cazenove Nordic Mining and Steel day Conference** – Investor Relations
	19 April	**AGM**
May 2013	01 May	**UBS London Mining trip** – Investor Relations
	14 – 16 May	**Bank of America Merrill Lynch Global Mining Conference** – Mark Cutifani
June 2013	05 June	**Investor group meeting** – Investor Relations
	11 June	**Analyst and Investor Summer drinks hosted by Board, GMC and Exco**
	18 June	**SRI Analyst presentation**
	19 June	**RBC Conference Boston** – René Médori
	20 – 21 June	**NY, New Jersey, Baltimore, Philadelphia Roadshow** – René Médori
July 2013	26 July	**Interim results presentation**
	31 July – 01 August	**SA Roadshow** – Mark Cutifani and René Médori
	31 July	**Sell-Side dinner** – Mark Cutifani and René Médori
August 2013		
September 2013	03 – 04 September	**London Roadshow** – Mark Cutifani and René Médori
	05 September	**Edinburgh Roadshow** – Mark Cutifani and René Médori
	09 – 10 September	**London Roadshow** – Mark Cutifani and René Médori
	12 September	**Macquarie's Iron Ore Corporate Day** – Investor Relations
	16 – 20 September	**Boston, New York, Baltimore Roadshows** – Mark Cutifani and René Médori
October 2013	07 October	**Investor Group meeting** – Mark Cutifani
	08 October	**Investor Group meeting** – Investor Relations
	22 – 23 October	**SA Roadshow** – Paul Galloway (Head of Investor Relations)
	30 October	**London Roadshow** – Paul Galloway
November 2013	05 November	**Deutsche Bank BRICS conference** – Investor Relations
	06 November	**Goldman Sachs Natural resources conference** – Mark Cutifani
	12 November	**London Roadshow** – Paul Galloway
	14 November	**Chicago Roadshow** – Mark Cutifani
December 2013	12 December	**Analyst and Investor Strategy Day**
	17 December	**Edinburgh Roadshow** – Paul Galloway

SAFETY AND SUSTAINABLE DEVELOPMENT COMMITTEE

Jack Thompson
Chairman, Safety and Sustainable Development Committee

Composition

- Jack Thompson – chairman
- Mark Cutifani
- Tony O'Neill
- Ray O'Rourke
- Sir John Parker
- Mphu Ramatlapeng
- Jim Rutherford

In addition to the members, committee meetings are attended by business unit (BU) CEOs and Safety and Sustainable Development (S&SD) and corporate affairs functional specialists from across the Group, all of whom participate actively in the Committee's discussions.

"At Anglo American, sustainability is part of our everyday business. How we build relationships with people inside and outside the business, keep our workforce safe and healthy and take care of the environment is at the core of our values and delivers considerable benefits to the Company."

Jack Thompson
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 sustainability 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 2013

At each meeting, the Committee reviewed and discussed a quarterly report covering the Group's performance across a range of sustainability areas including: safety; occupational health and wellness; community health; climate change; energy and water usage; and social performance. Very sadly, 14 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.

In February, the Committee:

- received a presentation from the CEO of Copper on the sustainability strategy and performance of that business, followed by the standing risk and assurance item, which focused on resource nationalism. Further updates included employee and community health and environmental targets for the year. The Committee welcomed representatives of the International Women's Health Coalition for a discussion on the role of mining in supporting local wellness and healthcare programmes.

In April, the Committee:

- was joined by the CEO of Platinum for a presentation on its sustainability strategy and performance. An overview of the Group Sustainability Risk Register was presented, followed by a discussion on water quality risk and the status of actions identified during the 2012 audits on water quality. The annual sustainable development regulatory review was presented by the legal department, followed by updates on responsible supply chain management and the Group's social performance.

In July, the Committee:

- received an overview of the operational performance in relation to key sustainability risks and opportunities from the CEO of Metallurgical Coal. This was followed by a review on risks related to methane and explosive dust. The Committee was presented with a plan to achieve a step change throughout the business in sustainable development, as part of the CEO's *'Driving Value'* programme. The meeting concluded with presentations from PwC on the results of their annual audit of the Group's sustainable development reporting and from the UK charity – Business in the Community – on corporate responsibility.

In October, the Committee:

- received a presentation from De Beers on its sustainability performance, after which the meeting focused on technical risks and controls related to slope stability, tailings risk, underground ground stability and shaft integrity. This was followed by a comprehensive overview of sustainability communications and engagement, and a discussion on conflict management with peace-building NGO, International Alert.

NOMINATION COMMITTEE

Sir John Parker
Chairman, Nomination Committee

Composition

Compliant with the Code:
- Sir John Parker – chairman
- David Challen
- Sir CK Chow
- Phuthuma Nhleko
- Ray O'Rourke
- Anne Stevens

"The Nomination Committee has enhanced 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. With the assistance of external consultants, identifying and reviewing in detail each potential candidate available in the market and agreeing a 'long list' of candidates for each directorship. Following further discussion and research deciding upon a shortlist of candidates for interview. Interviewing of shortlisted candidates 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 non-executive directors (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 for subsequent debate with the NEDs and chief executive.

Diversity policy

To increase diversity, in particular the representation of women and ethnicity on the Board. With the appointment of Judy Dlamini and the retirement of David Challen and Sir CK Chow, the percentage of women on the Board, will revert to 25% in April 2014.

Committee discussions in 2013

In February, the Committee:
- discussed the appointment of Jack Thompson as chairman of the S&SD Committee
- recommended the appointment of Byron Grote to the Board and the Audit Committee
- discussed succession planning.

In April, the Committee:
- discussed the search for more female NEDs and those with South African and/or sustainable and international development experience.

In June, the Committee:
- agreed to recommend the appointment of Mphu Ramatlapeng to the Board
- discussed changes to committee memberships
- discussed candidates for appointments as NEDs with South African business experience.

In July, the Committee:
- recommended Judy Dlamini's appointment as a NED
- discussed the need for the Board to have investor/capital markets experience.

In October 2013, the Committee members recommended the appointment of Jim Rutherford as a NED.

During the year Spencer Stuart and Buchanan Harvey were used as external search consultants in the recruitment of non-executive directors.

AUDIT COMMITTEE

David Challen
Chairman, Audit Committee

Composition

Compliant with the Code:
- David Challen – chairman
- Judy Dlamini
- Byron Grote
- Sir Philip Hampton
- Phuthuma Nhleko
- Anne Stevens

"The Audit Committee plays a critical role in ensuring high quality financial reporting and providing assurance to the Board on the effectiveness of the internal control environment."

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 including assessment of independence and effectiveness of the external auditor.
- Making recommendations to the Board on the appointment, retention and removal of the external auditors and tendering of external audit services.
- 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. Further details of such risks are provided on pages 46–53.

Fair, Balanced and Understandable

A key requirement of our financial statements is for the report and accounts to be fair, balanced and understandable. The Audit Committee and the Board are satisfied that the Annual Report and Accounts meet this requirement as appropriate weight has been given to both positive and negative developments in the year.

In justifying this statement the Audit Committee has considered the robust process which operates in creating the report and accounts, including:

- clear guidance and instruction is given to all contributors
- revisions to regulatory requirements, including the UK Corporate Governance Code, are monitored on an ongoing basis
- early warning meetings are conducted between business unit management and the auditors in advance of the year end reporting process
- input is provided by senior management and corporate functions
- a thorough process of review, evaluation and verification of the inputs from business units is undertaken to ensure accuracy and consistency
- further reviews are conducted by senior management
- a review is conducted by external advisors appointed to advise management on best practice with regard to creation of the report and accounts
- a meeting of the Audit Committee is held to review and consider the draft annual report and accounts in advance of the final sign-off
- final sign-off is provided by the Board of directors.

Committee discussions in 2013

The Audit Committee held four meetings in 2013.

In January, the Committee**:**
- received an update on the status of the Minas-Rio project and discussed the impairment to be recommended to the Board, together with the proposed disclosure in the financial statements
- received a report from management on the Minas-Rio project status, in addition to a report provided by consultants appointed by the Board to give an independent assessment of the project, including recommendations for expediting its completion. Based on these presentations that included robust challenges to management and detailed discussion of project risks, the Audit Committee agreed to recommend to the Board revised capital spend and the proposed impairment. The Committee sought input from the external auditor over the impairment number in reaching its conclusion.

In February, the Committee**:**
- reviewed in detail the significant accounting issues and the press release for the 2012 year end results. A number of proposed impairments were presented by management and questioned by the Committee prior to reaching agreement on the proposals. The Committee sought input from the external auditor in reaching its position
- received a presentation from management on the internal control environment within the newly established commercial operating model. The Committee satisfied itself that the internal control environment for the new Singapore marketing and commercial function was designed appropriately and operating effectively

- reviewed the Ore Reserve and Mineral Resource report, focusing on the significant changes from the previous year's report and understanding the third party audit coverage plan for the three year period between 2012 and 2015
- noted the status of actions in connection with control improvements recommended by the external auditor from the 2011 audit
- noted and approved the register of non-audit assignments conducted by the external auditors in 2012
- reviewed a report on completion of the 2012 internal audit plan and discussed the significant findings, while noting the internal control environment was judged to be effective based on an overall assessment of risk and assurance work, and met with the internal and external auditors without the presence of management.

In July, the Committee:

- received and discussed in detail an update of discussions with the South African tax authorities over matters relating to Anglo American Platinum. Following discussion the Audit Committee approved the level of provisioning and proposed disclosure, having sought assurance from the external auditor that both were appropriate
- evaluated management's proposed accounting treatment and disclosure relating to various matters including: Amapá mine, following the tragic incident at the port of Santana and the proposed sale; creation of the Lafarge Tarmac joint venture; and Anglo American Platinum restructuring. The audit committee provided comments to management on the draft interim results press release
- reviewed the assumptions underpinning the going concern assessment including forecast solvency and liquidity to enable it to approve the 2013 interim financial statements on a going concern basis
- satisfied itself that the external auditor was in agreement with the accounting treatment and judgement proposed by management on the significant accounting items
- considered and approved the register of non-audit assignments undertaken by the external auditor in the first half of 2013
- received a report on the progress of the internal audit plan for 2013 and discussed in detail the more significant items identified for management attention and results of matters that the internal audit team had been asked to investigate, requesting an update at the next meeting
- reviewed the risk profile of Anglo American and each of its business units based on a paper prepared by management. The Committee challenged the relative priority of the risks and evaluated the potential impact of the key risks, including potentially catastrophic risks, noting the controls in place to mitigate such risks and additional actions where required
- The Committee reviewed the process and results emerging from the annual review performed to evaluate the independence and objectivity of the external auditor. The Committee agreed with the conclusion that the 2012 audit had been conducted effectively.

In December, the Committee:

- received a presentation from management on a proposed trading initiative for Thermal Coal. The Committee focused on the risks, governance and controls associated with the proposal and requested assurance that the controls operate as intended at a future meeting
- received a presentation from management on the De Beers business, its risks, internal control matters and the enhancement to internal controls arising from its integration into Anglo American. The Committee questioned aspects of the business and its complexities to ensure a deeper understanding of the key issues that affect the risk profile and performance of the business
- reviewed the detailed analysis presented by management on the significant accounting issues that would impact the 2013 financial results. The Committee probed management on the assumptions made and conclusions reached, requesting input from the external auditor. Principal issues included the proposed impairments and provisions for the Anglo American Platinum portfolio review, Barro Alto, Foxleigh, Michiquillay, Platinum tax matters, accounting for the disposal of Amapá, and accounting for the exit from the Pebble project. The Committee also received an update on the Minas-Rio project, challenging the assumptions used in the latest valuation. The Audit Committee approved the 2013 audit fee, having reviewed the factors generating changes from 2012
- discussed the UK Corporate Governance Code requirement to put the audit contract out to tender at least every 10 years, and the outcome of the UK Competition Commission final report and likely changes in law from October 2014. In the context of the current UK regulatory guidance, the Committee agreed to make a recommendation to the Board on the approach to audit tendering, as explained in more detail on page 112
- approved the external audit plan for the 2013 audit and external auditor's view on the key audit risks. The Committee discussed these risks and satisfied itself they were aligned with management's view on audit risks
- noted the status of recommendations provided by the external auditor in respect of control matters highlighted in the 2012 audit
- approved the proposed 2014 internal audit plan after evaluation of the process by which the plan was generated and satisfying itself that the key areas of risk were covered by the plan
- received an update on the Anglo American risk profile, focusing on changes in external conditions and progress with mitigation. The Committee also received the updated risk profiles for the business units and plans for risk assessment work in 2014
- reviewed its Terms of Reference and concluded no changes were necessary, and met the internal and external auditors without the presence of management.

The Audit Committee report is set out on pages 111–116.

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
- creates a mutuality of interest between the auditors and the Group.

Anglo American addresses this issue through three primary measures, namely:

- disclosure of the extent and nature of non-audit services
- the prohibition of selected services – this includes the undertaking of internal audit services
- prior approval by the Audit Committee chairman of non-audit services where the cost of the proposed assignment is likely to exceed $50,000.

Anglo American's policy on the provision of non-audit services is regularly reviewed. The definition of prohibited non-audit services corresponds with the European Commission's recommendations on auditors' independence and with the Ethical Standards issued by the Audit Practices Board in the UK.

Other safeguards

- 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 2013

The 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 Committee considered information pertaining to the balance between fees for audit and non-audit work for the Group in 2013 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 198.

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 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.

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 predecessor audit firms. 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 24 April 2014.

Audit Tender

Anglo American recognises the current requirements of the UK Corporate Governance Code (the 'Code') and transitional guidance in relation to audit tendering, and also notes the proposed European Union text on Audit Regulation and Directive and the UK Competition Commission response to conduct further consultation on auditor tendering.

In light of these ongoing discussions, the significant organisational, systems and process change currently being undertaken in the business and the critical priorities for management in delivering a step change in operating performance, the Committee has agreed to recommend to the Board that we follow the current transitional guidance of the Code and do not tender during the current audit partner's rotational period. The Audit Committee will reconsider the timing of audit tendering once the broader regulatory situation is confirmed.

Audit Committee actions in 2014

In addition to its role in monitoring the integrity of the financial statements, the Committee will seek assurance that the internal controls over trading activity are operating as intended, the internal control environment remains effective through the restructuring programme and that the risks associated with the Minas-Rio project as it progresses into its operational phase are understood and managed.

Byron Grote will be appointed as chairman of the Audit Committee to replace David Challen who retires as a non-executive director at the forthcoming AGM.

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 2013, 780 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 were integrated into the Anglo American team and have adopted a consistent approach to internal audit work.

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 2013 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 2013, 372 (2012: 332) reports were received via the global 'Speak Up' facility, including De Beers, 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.

During 2014 Anglo American expects to consolidate all whistle-blowing services with one service provider across all business units and functions.

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 2013, more than 160 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.

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, the Audit Committee and the Board.

Some of the headline risk areas, which have been elaborated upon in the financial review set out on pages 46–53, are:

- commodity price risk
- political, legal and regulatory risk
- currency risk
- infrastructure and operational performance risks
- safety and health 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. The Audit and Safety and Sustainable Development committees will also receive reports on those risks that are deemed to be potentially catastrophic and will review mitigation and status of controls in relation to those risks. Further discussion of such risks is provided on pages 46–53.

For more information on risk
See page 46–53

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 2013.

Business integrity

During 2013 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 7,000 managers through workshops in the business units and developed supplementary online training. During the year we developed enhanced guidelines regarding use of intermediaries and sponsorship. 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.

During 2014 we will continue to develop our procedures and obtain assurance that they are being implemented, as we expect, across the Group.

REMUNERATION COMMITTEE

Sir Philip Hampton
Chairman, Remuneration Committee

Composition

Compliant with the Code:
- Sir Philip Hampton – chairman
- David Challen
- Sir CK Chow
- Byron Grote
- Ray O'Rourke
- Jack Thompson

"The role of the Remuneration Committee remains to ensure that the remuneration arrangements for executive directors offer every encouragement to enhance the Company's performance and deliver our strategy in a responsible manner."

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 2013

In February, the Committee:
- reviewed executive director personal key performance indicators for 2013 and Company financial and safety targets to ensure alignment with Company strategy
- discussed the outgoing CEO's and finance director's performance in 2012 to adjudicate on bonus outcomes
- reviewed executive directors' shareholdings in the Company prior to 2013 share awards being made
- reviewed the forecast vesting of 2010 Bonus Share Plan (BSP) and Long Term Incentive Plan (LTIP) awards
- reviewed the 2012 Directors' remuneration report ahead of publication.

In April, the Committee:
- confirmed the vesting of 2010 BSP and LTIP awards and the granting of 2013 BSP and LTIP awards
- confirmed the one-off share award to the incoming CEO in respect of forgone incentives
- reviewed and approved the proposal for asset optimisation and supply chain targets for the 2013 LTIP award
- discussed investor feedback on executive remuneration prior to the vote on the Directors' remuneration report
- discussed a number of proposals relating to a redesign of executive incentive arrangements.

In July, the Committee:
- discussed the final proposed design of executive incentive arrangements ahead of the shareholder consultation process
- formally reviewed the incoming CEO's personal key performance indicators for 2013
- reviewed corporate governance issues in the previous quarter and major issues arising from the main AGM voting season
- reviewed the Company chairman's fee.

In December, the Committee:
- reviewed directors' salaries, taking into account the general salary review for the broader employee population
- considered GMC remuneration elements and performance contracts for 2014
- discussed the feedback received during the shareholder consultation over changes to the structure of executive pay
- discussed a draft of the Directors' remuneration report for 2013
- reviewed and updated its terms of reference
- determined the correct treatment of the LTIP TSR comparator group, following changes in the composition of the group during the year
- reviewed corporate governance issues that had arisen since the previous meeting.

The remuneration report of the directors is set out on pages 118–143.

REMUNERATION REPORT OF THE DIRECTORS

"The role of the Company's Remuneration Committee remains to ensure that the remuneration arrangements for executive directors offer every encouragement to enhance the Company's performance and deliver our strategy in a responsible manner."

Sir Philip Hampton
Chairman of the
Remuneration Committee

IN THIS SECTION

1. INTRODUCTORY LETTER

Dear Shareholder,
It has been a year of change for Anglo American. We have a new chief executive and an updated strategy and have refined the remuneration arrangements for our executive directors as a consequence. In this respect we are setting out these policy decisions for you, our shareholders, who for the first time have a binding vote on them.

The role of the Company's Remuneration Committee remains to ensure that the remuneration arrangements for executive directors and other members of the Group Management Committee offer them every encouragement to enhance the Company's performance and deliver our strategy in a responsible manner. We also need to ensure that the 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 have to give full consideration to the Company's strategy, its performance, your interests and the interests of the wider communities we affect.

Following the appointment of Mark Cutifani as chief executive, a comprehensive review of the Company's strategy was conducted, as explained in the opening pages of this year's annual report. The Committee has therefore reviewed the incentive arrangements for our most senior executives to ensure these remain aligned with the revised strategy. In addition, the Committee has been mindful of general investor calls for greater simplicity, higher shareholding requirements and longer time-horizons for incentive awards. The Committee therefore consulted with leading investors over a number of proposed changes to our remuneration arrangements. The Committee refined these in response to investor feedback and believes that the changes set out opposite are appropriate.

Key changes

Bonus Share Plan (BSP)

- **Structure:** the removal of the share matching aspect (Enhancement Shares) from the BSP arrangements and the introduction of a five year deferral period for a portion of bonus.
- **Maximum award:** an increase in the maximum potential award level for executive directors from 175% of salary to 210% to maintain the expected value of their BSP arrangements following the removal of Enhancement Shares.
- **Effective date:** as there will be no award of Enhancement Awards in 2014 in respect of bonus deferred from 2013, the Committee determined that the 2013 BSP maximum for the current executive directors should be 210% of salary with payment partially deferred for five years.

Long-Term Incentive Plan (LTIP)

- **Performance measures:** replacement of the Asset Optimisation and Supply Chain measure (50% of award) with an attributable Return on Capital Employed (ROCE) measure to reflect the Board's commitment to a rigorous approach to capital allocation.
- **Performance measures:** replacement of the bespoke mining peer group for the relative TSR sector measure (25% of award) with the HSBC Global Mining Index to overcome increasing difficulty in building a bespoke peer group; a decrease in the threshold vesting level for both the sector and FTSE 100 TSR measures from 30% to 25%; and a change in the TSR performance period for each TSR measure to align with the Company's financial year rather than the announcement of results.
- **Holding period:** introduction of an additional two year holding period for vested LTIP awards to increase alignment.
- **Effective date:** to apply to 2014 LTIP awards onwards (except for the change in the TSR performance period which applies to 2013 LTIP awards onwards).

Clawback strengthening

- The circumstances under which the Committee could, in future, reduce unvested awards, vested awards subject to a deferral or holding period or future awards have been strengthened to include misconduct and a material failing in risk management processes that has given, or could potentially give, rise to significant and lasting value destruction for the Company.

Shareholding guideline increases

- Increased from 200% of salary to 300% for the chief executive and from 150% of salary to 200% for the finance director, with effect from the 2014 AGM.

In addition, an updated set of BSP rules will be presented to shareholders for approval at the 2014 AGM, as the current rules expire on 21 April 2014.

The fee levels for committee chairmen and the senior independent director increased with effect from 1 January 2014, as explained in Section 5.

As the chief executive reported in his introduction to this year's Annual Report, although 2013 was another year of difficult macro-economic conditions and challenges, the Company has put in place steps to improve returns to shareholders by increasing its focus on capital deployment and operating performance, with some of the benefits coming through in the second half of the year. These are reflected in the remuneration received by executive directors in 2013. Specifically:

- underlying earnings were ahead of the targets set at the start of the year. However, the Committee, together with the Chief Executive, felt that, in light of the fact that meaningful impairments were being taken again this year, it would be appropriate to make a reduction in the bonuses of executives which would otherwise have been payable. A reduction of 30% in the quantum of these bonuses has thus been applied
- the relatively low level of earnings over the last three years means that, of the Enhancement Shares initially awarded in 2011, none vested at the end of 2013, as the required three year earnings growth was not achieved
- the results of the Company's longer-term efficiency programmes mean that around a quarter of the LTIP awards initially granted to executive directors in 2011 are likely to vest. The remainder will not vest as the full value of these savings has yet to be returned to you, as shareholders, in the form of superior TSR.

Finally, in last year's report we set out the terms of Mark Cutifani's remuneration package as chief executive, including compensation for the incentives he forfeited in leaving his former role. The value of, and final details about, this compensation are set out in Figure 12. Likewise in last year's report we set out the broad terms of Cynthia Carroll's termination arrangements. Further details are disclosed in Figure 12 and in Section 6.

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. This policy and the policy on termination set out in Figure 4 take effect for the purposes of S226D of the Companies Act on approval by shareholders at the Annual General Meeting to be held on 24 April 2014. The Company has been operating these policies since 1 January 2014 and intends that these policies should apply until the Company's 2017 Annual General Meeting, subject to any unforeseen developments. It is the Committee's intention that commitments entered into before these policies take formal effect and which are inconsistent with them should be met, as explained further below.

Figure 1 reflects the changes outlined in Sir Philip Hampton's introductory letter.

Figure 1: Key aspects of the remuneration policy for executive directors

	Purpose	Maximum opportunity	Operation
Basic salary	To recruit and retain high-calibre executives	**Standard maximum increase** 5% of salary (the Committee retains the discretion to exceed this in certain situations as explained under Operation)	Basic salary levels are reviewed annually by the Committee, taking account of Company performance, individual performance, levels of increase for the broader UK population and inflation Reference may also be made to median levels within relevant FTSE 50 and global extractive companies The Committee also considers the impact of any basic salary increase on the total remuneration package Annual increases are typically within the standard maximum given However, there may be occasions when the Committee needs to recognise, for example, development in role, change in responsibility and/or specific retention issues. In these circumstances, the Committee may offer a higher annual increase, the rationale for which will be explained to shareholders in the relevant remuneration report Maximum levels will be reviewed to take account of any significant rise in inflation levels Salary levels on recruitment and promotion to the Board are covered below
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	**Maximum (threshold)** 210% of salary (0% of salary) **Performance measures** At least 50% – underlying earnings per share (EPS) Up to 50% – individual objectives linked to the Company's strategic priorities A deduction to the above is applied if safety targets are not met **Form and timing of payment** 40%: cash award at end of year 40%: Bonus Shares vesting three years after end of bonus year 20%: Bonus Shares as above but subject to a further two year deferral period	Each year executive directors participate in the BSP which rewards EPS and individual performance The EPS measure has been chosen as it is one of the Company's key measures of performance. As EPS performance in our sector can be highly volatile owing to external factors, the individual objectives measure was chosen to provide a balance, reflecting management's underlying activity towards delivering the company's strategy regardless of volatility The EPS targets are set each year to ensure they are demanding yet realistic. They primarily reflect internal budgets and price expectations for the year. Consideration is also given to prior performance and external expectations. The individual objectives are based on the Company's strategic priorities for the year Dividends are payable on Bonus Shares during any deferral period The Committee is able to reduce any unvested Bonus Share awards, vested awards subject to a deferral period or future awards in the event of a material misstatement in the Company's results or, for 2014 awards onwards, misconduct or a material failing in risk management processes that has given, or is likely to give, rise to significant and lasting value destruction for the Company

Figure 1: Key aspects of the remuneration policy for executive directors

	Purpose	Maximum opportunity	Operation
Bonus Share Plan (BSP) continued			**Discretions** Given the volatility mentioned above, the Committee does not intend to make adjustments to BSP outcomes to reflect either positive or negative short-term fluctuations in EPS performance driven by external factors such as commodity prices. It reserves the discretion to make adjustments to outcomes in very exceptional circumstances whether related to internal or external factors (for example, on a sequestration of assets during the year). Shareholders will be given details of any adjustments in the following remuneration report Under the BSP Rules, the Company also has the standard discretion to take appropriate action in the event of unforeseen events which affect the Bonus Shares (for example, on a variation in share capital) and to settle the Bonus Shares in cash (for example, on a termination)
Long-Term Incentive Plan (LTIP)	To encourage and reward disciplined capital allocation and the generation of long-term sustainable shareholder returns	**Maximum award** 350% of salary **Performance measures** 50%: Attributable Return on Capital Employed (ROCE) 50%: Total shareholder returns (TSR) relative to sector and leading UK comparator companies **Performance period** Three years **Additional holding period** Two years **Vesting at threshold** ROCE: 25% of award portion TSR: 25% of award portion	The Committee makes an annual conditional award of shares to each executive director The ROCE measure has been selected to reflect the strategic focus on disciplined capital allocation and the TSR measures to reflect the extent to which value is being delivered to shareholders Each year, the Committee reviews the performance targets prior to grant to ensure they remain sufficiently stretching. The initial ROCE targets have been informed by the Company's stated 2016 attributable ROCE aspiration and each year will be set with reference to current budgets. The relative TSR targets are set such that only a quarter of the award is payable for median performance whilst maximum vesting requires exceptional relative performance Dividend equivalents are paid on any shares that vest The Committee is able to reduce any unvested awards, vested awards subject to a holding period or future grants in the event of a material misstatement in the Company's results or, for 2014 awards onwards, misconduct or a material failing in risk management processes that has given, or is likely to give, rise to significant and lasting value destruction for the Company **Discretions** As is the case for the BSP, the Committee does not intend to make adjustments to LTIP outcomes to reflect either positive or negative short-term fluctuations in performance driven by external factors such as commodity prices. It reserves the discretion to make adjustments to outcomes in very exceptional circumstances whether related to internal or external factors (for example, on a sequestration of assets). Shareholders will be given details of any adjustments in the following remuneration report Under the LTIP Rules, the Company also has the standard discretion to take appropriate action in the event of unforeseen events during an award cycle (for example, on a variation in share capital)

Figure 1: Key aspects of the remuneration policy for executive directors

	Purpose	Maximum opportunity	Operation
Outstanding BSP and LTIP awards	To allow vesting of awards made under a previously approved policy	**2012 & 2013 BSP Enhancement Share awards** **Maximum award:** 65.6% of salary **Performance measure:** Real EPS growth **Performance period:** Three years **2012 & 2013 LTIP awards** **Maximum award and performance terms** As for LTIP above, except subject to an Asset Optimisation Supply Chain (AOSC) measure instead of a ROCE measure	It is the Committee's intention that these outstanding awards should be paid out according to the terms on grant Further details are contained in the remuneration report for the year of grant and will be contained in the remuneration report for the final year of the performance period
Pension	To offer market-competitive levels of benefit	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 contributions which cannot be paid to a UK registered pension scheme as a result of HMRC limits (either annual allowance or lifetime allowance) 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	**Ongoing benefit maximum** 10% of salary **Exceptional situations** The Committee reserves the discretion to exceed the ongoing maximum level for certain situation-specific benefits, such as relocation. Full details of the exercise of any such discretion will be provided to shareholders in the following remuneration report	The Company provides the following ongoing benefits: • 28 days' leave and encashment of any accumulated leave in excess of 20 days • car-related benefits • medical insurance • death and disability insurance • limited personal taxation and financial advice • club membership • other ancillary benefits, including attendance at relevant public events. In addition, the Company pays additional benefits when specific business circumstances require it, including costs and allowances related to relocation and international assignments UK-based executive directors, as UK employees, are eligible to participate in the Company's Save As You Earn (SAYE) scheme and Share Incentive Plan (SIP). Under HMRC rules these plans do not have performance conditions The Company reimburses all reasonable and necessary business expenses

Figure 1: Key aspects of the remuneration policy for executive directors

	Purpose	Maximum opportunity	Operation
Recruitment and promotion arrangements	To secure the appointment and promotion of high-calibre executives	**Maximum annual award** (for ongoing arrangements) BSP: 210% of salary LTIP: 350% of salary	The ongoing remuneration arrangements for a newly recruited or promoted executive director will reflect the remuneration policy in place for executive directors at the time of the appointment. The ongoing components will therefore comprise basic salary, BSP awards, LTIP awards, benefits, pension and SAYE/SIP on the bases set out above The initial basic salary level for a newly recruited or promoted executive director will be set to reflect the individual's experience, salary levels within the Company and market levels. Where base salary is set below the level that might be expected, given the executive's relative inexperience, and the executive then develops successfully into the role, the Committee has the discretion to give a salary increase in the year(s) after appointment above the standard maximum level of 5% For external appointments, the Committee may also offer additional cash and/or share-based elements to replace any remuneration forfeited, when it considers these to be in the best interests of the Company and its shareholders. The terms of any share-based elements offered will reflect the nature, time horizons and performance requirements of remuneration forfeited and will have performance conditions attached. 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. If necessary the Company can go outside of existing plans as currently permitted under the Listing Rules It is the Committee's intention that the restricted awards granted to Mark Cutifani on appointment will be released in accordance with the terms on grant. These awards were made under the approved policy at the time, as disclosed in the 2012 Report For internal appointments, any commitments made before appointment and not relating to appointment are allowed to pay out according to their terms For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate

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	**Maximum increase** Equivalent to annual increase of 5% of fee level	The Chairman is paid a single fee for all his responsibilities The level of this fee 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) Fees are paid in cash with the flexibility to forgo all or part of the net fees to acquire shares in the Company It is the Committee's intention that the shares granted to the Chairman in 2011, which he committed to match with his personal funds, will be released in accordance with the terms on grant
Chairman – Benefits	To provide market-competitive benefits	**Maximum benefits** £30,000	Reasonable use of a car and driver Medical insurance Reimbursement of reasonable and necessary expenses
Non-executive directors – Fees	To attract and retain high-calibre non-executive directors by offering market-competitive fees	**Maximum increase for each type of fee** Equivalent to annual increase of 5% of fee level	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 Reimbursement of reasonable and necessary expenses
Other fees/ payments	To have the flexibility to provide additional fees/ benefits if required	**Maximum additional fee** £30,000	The Company has the discretion to pay an additional fee, up to the equivalent of the committee chairmanship fee (currently £30,000), to a non-executive director should the Company require significant additional time commitment from the non-executive director in exceptional or unforeseen circumstances The Company has no current intention to use this discretion

2.2 Supplementary information

Shareholding targets

Within five years of appointment, executive directors are expected to hold Company shares with a value of three times basic salary for the chief executive and two 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.

Executive director contractual commitments

The remuneration provisions within the service contracts for Mark Cutifani and René Médori are consistent with the policies outlined in Figure 1 and in Figure 4 (termination provisions).

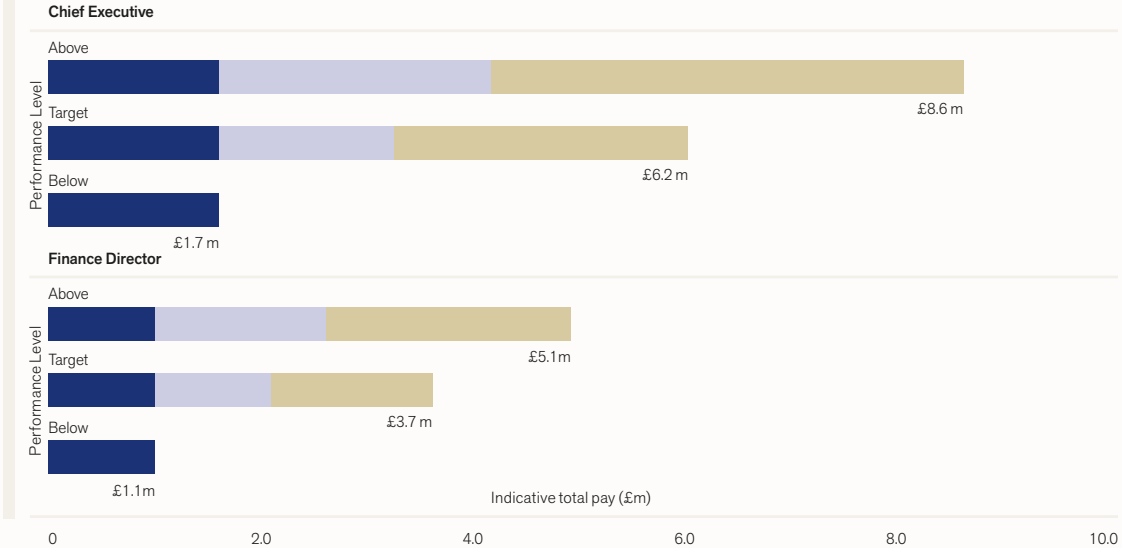
Policy in rest of company

The remuneration arrangements for the executive directors outlined in Figure 1 are consistent with those for other executives serving on the Group Management Committee, although opportunity levels vary. The majority of our employees are located in South Africa and South America, and the remuneration arrangements of these employees are aligned to local market practices and levels.

Past directors

In addition to retirement benefits, the Company continues to provide seven former executive directors with private medical insurance arrangements. The annual cost to the Company is minimal. The Committee continues to meet these longstanding commitments but no new commitments have been made recently or will be made in future.

Figure 3: Executive director total remuneration at different levels of performance



Above
The Company's three-year TSR would need to outperform sector peers by 6% pa and be ranked 20th or higher in the FTSE 100.

Target
The Company's three-year TSR would need to outperform sector peers by 3.2% pa and be ranked 35th in the FTSE 100.

Below
Total pay for below threshold performance includes basic salary, benefits and pension only.

(1) Estimates of £75,000 and £35,000 have been used for ongoing non-pension benefits for the chief executive and finance director respectively.
(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 (60% of which is deferred into Bonus Shares) and 100% of maximum LTIP opportunity. For this level of pay, the Company's attributable ROCE would need to be 16% and the Company's three-year TSR would need to outperform sector peers by 6% 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 (60% of which is deferred into Bonus Shares) and 65% of maximum LTIP opportunity. For this level of pay, the Company's attributable ROCE would need to be 14.1% and the Company's three-year TSR would need to outperform sector peers by 3.2% pa and be ranked 35th against the FTSE 100.
(6) Total pay for below threshold performance comprises basic salary, benefits and pension only.
(7) Charts have not been included for the non-executive directors as their fees are fixed and do not vary with performance.

2.3 Indicative total remuneration levels

The Company's policy for executive directors results in a significant portion of the 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 Policy on termination and change in control

2.4.1 Executive directors

Figure 4 sets out the Company's policy on termination. This policy is consistent with provisions relating to termination of employment in the executive directors' service agreements and with provisions in the incentive plan rules with one exception. René Médori's service agreement contains a longstanding provision under which the Company may pay a lump sum in lieu of any notice period, comprising salary, bonus and pension contributions in respect of the unexpired notice period, with the bonus element calculated based on the average bonus percentage paid over the last three years and prorated based on the time employed during the bonus year. The Committee intends, if required, to meet this obligation but does not intend to include such a clause in any future service agreements.

Figure 5 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 any accrued fees and expenses.

Figure 4: Principles of determining payments for loss of office

Notice periods	Notice periods do not exceed 12 months Upon appointment the Committee can agree an extended Company notice period for the first year following appointment		
	'Good Leaver'	Voluntary Resignation	'Bad Leaver'
Payments on departure of executive directors	Typical reasons include retirement, redundancy, death, ill-health, injury, disability or as defined by the Committee Where departure is on mutually agreed terms, the Committee may treat the departing executive as a Good Leaver in terms of one or more elements of remuneration. The Committee uses this discretion judiciously and shareholders will be notified of any exercise as soon as reasonable		Typically termination for cause
Salary and benefits for notice period	Salary and benefits continue to be paid to the date of termination of employment, including any notice period and/or garden leave period The Company may terminate employment with immediate effect and, in lieu of the unexpired portion of any 12-month notice period, make a series of monthly payments based on salary and benefits (or make a lump sum payment based on salary only). Any monthly payments will be reduced to take account of any salary received from alternative employment	Salary and benefits continue to be paid to the date of termination of employment, including any notice period and/or garden leave period The Company may terminate employment with immediate effect and, in lieu of the unexpired portion of any 12-month notice period, make a series of monthly payments based on salary and benefits (or make a lump sum payment based on salary only). Any monthly payments will be reduced to take account of any amounts received from alternative employment	Immediate termination with no notice period
Bonus accrued prior to termination	A time pro-rated bonus award may be made by the Company, with the Committee's approval, and can be paid wholly in cash	No accrued bonus is payable	No accrued bonus is payable

Figure 4: Principles of determining payments for loss of office

	'Good Leaver'	Voluntary Resignation	'Bad Leaver'
Unvested Bonus Shares and Enhancement Shares	**Normal circumstances** Bonus Shares are released in full on the normal release date (ie awards will not be released early) Enhancement Shares vest subject to the performance condition at the end of the normal performance period and any award is time pro-rated. **Exceptional circumstances** (eg death or other compassionate grounds) Bonus Shares are released in full, and eligible for immediate release. Enhancement Shares vest subject to testing of the performance condition at the date of departure and any award is time pro-rated, except on death	Forfeit	Forfeit
Vested Bonus Shares subject to holding period	**Normal circumstances** Released in full to the employee at the end of the holding period. **Exceptional circumstances** (eg death or other compassionate grounds) Bonus Shares are released in full, and eligible for immediate release	If an employee resigns to join a competitor (as defined by the Committee) then even those vested Bonus Shares that remain subject only to the holding period will be forfeit Outside of these circumstances, such awards are released to the employee at the end of the holding period	Forfeit
Unvested LTIP awards	**Normal circumstances** LTIP awards will vest subject to the performance condition at the end of the normal performance period and, if applicable, released at the end of the holding period All awards are time pro-rated **Exceptional circumstances** (eg death or other compassionate grounds) LTIP awards may be released on departure, subject to assessment of the performance conditions at that time. All awards are time prorated	Forfeit	Forfeit
Vested LTIP awards subject to a holding period	**Normal circumstances** Vested LTIP awards that are subject only to a holding period are released in full to the employee at the end of the holding period **Exceptional circumstances** (eg death or other compassionate grounds) Vested LTIP awards subject to a holding period may be released on departure	If an employee resigns to join a competitor (as defined by the Committee) then even those vested LTIP awards that remain subject only to the holding period will be forfeit Outside of these circumstances, such awards are released to the employee at the end of the holding period	Forfeit

Figure 4: Principles of determining payments for loss of office

	'Good Leaver'	Voluntary Resignation	'Bad Leaver'
Unvested Restricted Shares	There is no standard policy in respect of the treatment of any restricted share awards to executive directors. Terms are set on a case by case basis For the restricted shares currently held by the chief executive, if he leaves as a 'Good Leaver' before the designated release dates, any unvested shares would be released on the earlier of the remaining release dates or one year from the date of the chief executive ceasing to be the Company's chief executive	Generally Forfeit	Forfeit
Other	Limited disbursements (for example, legal costs, relocation costs, untaken holiday)	None	None

Figure 5: Policy on change in control

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 **Vested Bonus Shares and LTIP awards subject to holding period** The Bonus Shares and LTIP awards will be released

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, the changes described in the Committee Chairman's introductory letter reflect, in part, recent investor concerns and the Company consulted with its leading investors on these changes before finalising them
- the Committee considers the general basic salary increase for the broader UK employee population when determining the annual salary increases for the executive directors. The rate of basic salary increase for the chief executive and the finance director, at 0% of salary for 2013 and 3% for 2014, has been lower than (in 2013) and the same as (in 2014) the general increase for the UK employee population
- 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 to ensure an appropriate relationship and to support career development and succession.

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.

2.6 Payments under previous policies

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed (i) before the policy or the relevant legislation came into effect or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes 'payments' includes the satisfaction of awards of variable remuneration and, in relation to awards of shares, the terms of the payment which are agreed at the time the award is granted.

3. DIRECTOR REMUNERATION IN 2013

The information set out in this section has been subject to external audit.

3.1 Basic salary for 2013

Mark Cutifani was appointed chief executive with effect from 3 April 2013. His annual salary level on appointment was £1,200,000. Figure 6 sets out the amount actually received in 2013.

René Médori received no salary increase in 2013.

Figure 6: Basic salaries for 2013
(all amounts in '000)

MARK CUTIFANI
(2012: not applicable)

£891

RENÉ MÉDORI
(2012: £765)

£765

3.2 Annual BSP outcomes for 2013

Figure 7 shows the BSP outcomes for 2013. Figures 8a and 8b summarise the annual financial and personal strategic measures for the 2013 BSP for Mark Cutifani and René Médori, along with the performance targets, where relevant, the level of performance achieved and the resulting award levels. Key details of the performance delivered over 2013 are set out under BSP Key Performance Aspects.

The EPS performance range for 2013 was relatively wide (threshold $1.25, target $1.58 and maximum $2.05). This range was informed by the Company's commodity price forecasts at the start of the year. At the time, the Committee acknowledged that analysts' EPS projections were towards the higher end of the range but these projections were lowered once analysts were in receipt of similar information as the Committee were when setting the targets.

The individual objectives were set at the start of the year and reflect the Company's strategic priorities for the year. Each category contained between one and five specific objectives. Some of these are reflected under BSP Key Performance Aspects. Given the non-financial nature of these, specific quantitative targets were not set but, at the end of the year, the Committee made a detailed assessment of performance against each leading to the evaluations shown in Figures 8a and 8b. The overall outcome for each executive director was then adjusted by the safety deductor (based on loss of life, Lost Time Injury Frequency Rate and a risk and change management rating).

Figure 7: BSP outcomes for 2013 (cash bonus and Bonus Shares)
(all amounts in '000)

MARK CUTIFANI
(2012: not applicable)

£1,218

RENÉ MÉDORI
(2012: £469)

£979

Figure 8a: BSP performance assessment for 2013 – Chief Executive

Mark Cutifani

Corporate Financial (50% of award)	Below	Threshold $1.25 = 0% of award	Target $1.58 = 20% of award	Above	Maximum $2.05 = 50% of award
Earnings per Share					●

Personal/Strategic (50% of award)	Below	Threshold	Target	Above	Maximum
Strategy (25%)				●	
Stakeholder engagement (10%)				●	
Business performance and project execution (15%)				●	
Overall personal performance				●	
Group safety performance (deductor)				●	
Overall performance *– before discretionary reduction*				●	
Overall performance – after discretionary reduction			●		

Resulting BSP award
65.1% of maximum bonus award (137% of salary) (40% payable in cash, 60% as Bonus Shares)

BSP KEY PERFORMANCE ASPECTS

- Strong year on year production performance across all businesses, except Sishen; notably Copper (+17%), Metallurgical Coal (+6%) and Diamonds (+12%).
- Minas-Rio 84% complete, on track to ship first iron ore by end of 2014.
- Real unit costs down across all businesses except Sishen, with increased production, cost savings at Metallurgical Coal and Platinum and decreasing commodity input costs, partially offset by labour and logistics costs increases, notably in South Africa.
- Engagement with South African stakeholders and subsequent implementation of Platinum restructuring.
- Review and update of capital allocation process, with consequent withdrawal from the Pebble project.
- Significant progress made with regard to organisational restructure.
- Formation of Commercial business, merger of Nickel, Niobium and Phosphates and creation of Base Metals structure; merger of Thermal and Metallurgical Coal into a single Coal business unit underway.
- Continued progress achieved in the drive for safety improvement – reductions in lost-time and total injury rates.

Figure 8b: BSP performance assessment for 2013 – Finance Director

René Médori

Corporate Financial (50% of award)	Below	Threshold $1.25 = 0% of award	Target $1.58 = 20% of award	Above	Maximum $2.05 = 50% of award
Earnings per Share					●

Personal/Strategic (50% of award)	Below	Threshold	Target	Above	Maximum
Strategy and Portfolio Restructuring (13%)				●	
Treasury (6%)					●
Tax (8%)					●
Procurement (6%)				●	
Information Management (4%)			●		
Finance Function operational targets (4%)					●
Teamwork and project support (9%)				●	
Overall personal performance				●	
Group safety performance (deductor)				●	
Overall performance *– before discretionary reduction*				●	
Overall performance – after discretionary reduction			●		

Resulting BSP award
60.9% of maximum bonus award (128% of salary) (40% payable in cash, 60% as Bonus Shares)

BSP KEY PERFORMANCE ASPECTS

- Strong year on year production performance across all businesses, except Sishen; notably Copper (+17%), Metallurgical Coal (+6%) and Diamonds (+12%).
- Minas-Rio 84% complete, on track to ship first iron ore by end of 2014.
- Real unit costs down across all businesses except Sishen, with increased production, cost savings at Metallurgical Coal and Platinum and decreasing commodity input costs, partially offset by labour and logistics costs increases, notably in South Africa.
- Engagement with South African stakeholders and subsequent implementation of Platinum restructuring.
- Strong progress made in the Supply Chain programme which drives sustained business improvement.
- Review and update of capital allocation process, with consequent withdrawal from the Pebble project.
- Significant decrease in Study Costs driven by lower feasibility study expenses.
- Issuance of corporate bonds with a US$ equivalent value of $3.6 billion in the European and Australian markets increasing debt headroom and extending maturity.
- Divestment of Amapá completed in November 2013.
- Formation of Lafarge/Tarmac joint venture and successful completion of the De Beers integration.
- Continued progress achieved in the drive for safety improvement – reductions in lost-time and total injury rates.

3.3 BSP Enhancement Share outcomes for 2013

In 2011, René Médori was awarded 17,737 Enhancement Shares under the BSP. Vesting was subject to the Company's real EPS growth over the three-year period to 31 December 2013. The growth targets set on award were RPI + 9% for threshold performance (resulting in 44% of the award vesting) and RPI +15% for maximum performance (resulting in 100% of award vesting). Threshold performance was not achieved over the three-year period resulting in no vesting of the shares.

Figure 9: Enhancement Share vesting outcomes for 2013
(all amounts in '000)

RENÉ MÉDORI
(2012: £0)

£0

3.4 Long-Term Incentive Plan outcomes for 2013

In 2011, René Médori received an LTIP grant of 69,021 conditional shares 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 2013 results, and (b) the level of savings delivered by the Asset Optimisation and Supply Chain programmes to 31 December 2013.

Figure 10 sets out further details of the measures and the Company's expected performance against each. Figure 11 sets out the assumed outcome for René Médori, including accrued dividend equivalents. As the performance period for the TSR measures ends immediately after the date of this report on the announcement of the 2013 results, performance and vesting in respect of the TSR measures is based on the latest available information as at 31 December 2013.

Figure 10: LTIP assessment for 2013

For more details on the measures
Go to section 4.2

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.
- Vesting required the Company's TSR performance to be at least equal to the weighted median.
- As at 31 December 2013, the Company's TSR performance was below the weighted median; it is therefore not expected that any shares will vest for this part of the award.

FTSE 100 COMPARISON (25% OF TOTAL AWARD)

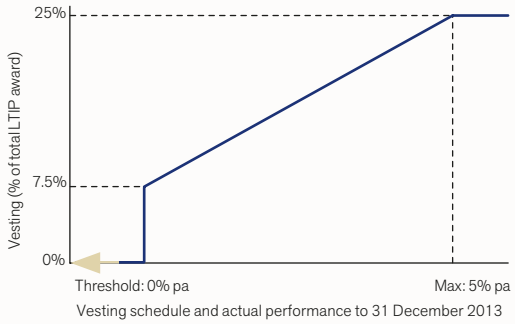
- The FTSE 100 measure compares the Company's three-year TSR performance with the constituents of the FTSE 100.
- Vesting required the Company's TSR performance to be at least equal to the median TSR of the FTSE 100.
- As at 31 December 2013, the Company's TSR performance was ranked below the 50th percentile of the FTSE 100; it is therefore expected that no shares for this part of the award will vest.

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 2013 of just over $7.9bn and maximum vesting required cumulative savings of $9.66bn.
- Actual performance was $8.9bn, leading to 56% vesting of this part of the award (28% of the overall award).

3-year TSR performance against Sector Index

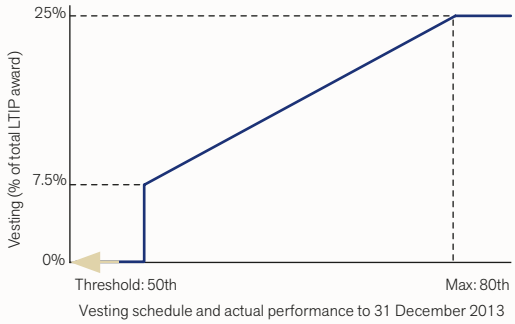
% per annum



Vesting schedule and actual performance to 31 December 2013

Arrow represents expected vesting

3-year TSR ranking vs FTSE 100 index

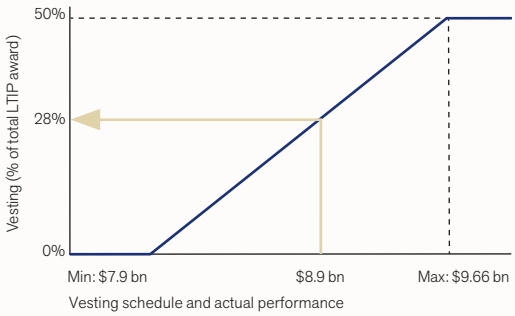


Vesting schedule and actual performance to 31 December 2013

Arrow represents expected vesting

Anglo American's AOSC efficiency

($ bn)



Vesting schedule and actual performance

Arrow represents actual vesting

Figure 11: LTIP vesting outcomes for 2013
(all amounts in '000)

RENÉ MÉDORI
(2012: £510)

£301

LTIP KEY PERFORMANCE ASPECTS

- During 2013, the Company undertook an extensive asset review process, focused on identifying potential operational improvements, which will, among other benefits, assist in delivering AOSC benefits across all businesses.
- Specific AO highlights include improvements in Longwall cutting hours at Moranbah and Grasstree (Met Coal), increased average throughput at Los Bronces SAG Mill (Copper), increased life of furnace parts at Mogalakwena North (Platinum) and improved carat recovery at Snap Lake (De Beers).
- Specific SC highlights include increased rail capacity and reduced rail rates in Kumba and Met Coal, more effective drill consumables at Kumba and improvements in supplier maintenance processes at Thermal Coal.
- Improved relationships with suppliers have reduced both the lead time for major equipment delivery and the supply risk to our business.
- Framework agreements are now in place with 44 of our key suppliers, representing a formal alignment in our commercial relationships.
- Should the 2011 LTIP awards vest at 28%, 19,325 shares are receivable by René Médori. At a share price of £14.12 (the average for the last quarter of 2013), this results in a value of £272,869. Dividend equivalents over the vesting period will also be payable at vesting, estimated to be £28,218.

Figure 12: Total remuneration outcomes for 2013

	Total basic salary[1] £'000	Benefits in kind[2] £'000	Pension[3] £'000	Annual performance bonus – cash and Bonus Shares[4] £'000	2011 Enhancement Share Award[5] £'000	2011 LTIP Award[6] £'000	Other[7] £'000	**Total 2013 £'000**	Total 2012 £'000
Executive Directors	Section 3.1			Section 3.2	Section 3.3	Section 3.4			
Mark Cutifani	**891**	**860**	**267**	**1,218**	**–**	**–**	**2,069**	**5,305**	
René Médori	**765**	**53**	**230**	**979**	**0**	**301**	**0**	**2,328**	
René Médori (2012)	765	50	230	469	0	510	0		2,024
Former Executive Directors									
Cynthia Carroll[8]	**406**	**25**	**122**	**472**	**0**	**434**	**0**	**1,459**	
Cynthia Carroll (2012)	1,217	65	365	745	0	811	0		3,203

	Total fees £'000	Benefits in kind £'000	Other £'000	**Total 2013 £'000**	Total 2012 £'000
Non-Executive Directors					
Sir John Parker[9][10]	675	2	–	**677**	1,241
David Challen	130	–	–	**130**	130
Sir CK Chow	80	–	–	**80**	80
Byron Grote	56	–	–	**56**	–
Sir Philip Hampton	105	–	–	**105**	105
Phuthuma Nhleko	80	–	–	**80**	80
Ray O'Rourke[10]	80	–	–	**80**	80
Mphu Ramatlapeng	38	–	–	**38**	–
Jim Rutherford	13	–	–	**13**	–
Anne Stevens	80	–	–	**80**	51
Jack Thompson	97	–	–	**97**	80
Peter Woicke	32	–	–	**32**	105

(1) In addition to the basic salaries above, René Médori and Cynthia Carroll each retained fees amounting to £66,000 and £37,000 respectively in respect of external directorships (see Section 2.2).

(2) Benefits for executive directors with a value over £5,000 are set out below. The executive directors also receive a limited amount of financial advice, club subscriptions, death and disability benefits and medical insurance and other ancillary benefits. In addition, in 2013, Mark Cutifani received benefits relating to his relocation from South Africa to London on appointment as chief executive. These included reimbursement of relocation agent costs, moving costs, temporary accommodation costs, indirect costs of purchasing a home in London and a relocation allowance. As Mark Cutifani will be liable for tax on these benefits, the Company, in line with normal practice, will reimburse Mark Cutifani for the tax paid except on the relocation allowance. The tax-related amounts involved will be disclosed in subsequent reports.

	Car-related benefits	Club membership	Untaken holiday reimbursement	Relocation
Mark Cutifani	20,788	–	–	835,931
René Médori	27,310	–	19,136	–
Cynthia Carroll	9,330	7,673	–	–

(3) The pension contribution amounts should be read in conjunction with the following information:
(a) The amount stated for Mark Cutifani for 2013 includes a cash allowance of £202,000.
(b) The total amount of pension contributions treated as having been paid into the UURBS for 2013 was £218,000 for Cynthia Carroll (2012: £677,000) and £221,000 for René Médori (2012: £190,000). This includes £96,000 (2012: £362,000) representing the contractual agreements made by Cynthia Carroll with the Company that supplementary contributions be treated as having been paid into the UURBS in return for a reduction in her future basic salary and the cash element payable under the BSP for performance in 2012 and 2011.
(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 2013 was £48,000 for Cynthia Carroll (2012: £32,000) and £45,000 for René Médori (2012: £33,000).
(d) As at 31 December 2013, the total balances due to the executive directors in relation to the UURBS were £644,000 for Cynthia Carroll (2012: £1,021,000) and £1,034,000 for René Médori (2012: £768,000). Retirement benefits can only be drawn from the UURBS if a member has attained age 55 and has left Group service.
Cynthia Carroll's 2012 amounts have been restated due to her US tax status.

(4) 60% of the amount shown for 2013 annual bonus will be paid in Bonus Shares with deferred receipt. For 40%, vesting will occur after a further three years, subject to continued employment; for 20%, there is a further two year holding period in addition to the three year vesting period.

(5) The performance condition attached to the 2011 Enhancement Share award was not met and no shares will vest.

(6) As vesting of the LTIP awards granted in 2011 is due to take place after publication of this report, vesting levels are on an 'expected' basis and a share price of £14.12 has been used to calculate the values shown. The values shown include dividend equivalent amounts of £40,705 for Cynthia Carroll and £28,218 for René Médori. The LTIP amounts shown in last year's report in respect of the LTIPs awarded in 2010 were also calculated on an 'expected' vesting levels basis with an assumed share price of £18.32. The actual vesting levels were as expected but the actual share price at vesting was £18.52 leading to the following increases in value: Cynthia Carroll – estimated value £802,000, actual value £811,000 (increase of £9,000); René Médori – estimated value £504,000, actual value £510,000 (increase of £6,000).

(7) The amount stated for Mark Cutifani relates to the value on grant of the restricted shares awarded to him as compensation for the incentives forfeited on leaving his previous employer AngloGold Ashanti. On 1 May 2013 132,208 restricted shares in the Company were awarded to him with a share price on grant of £15.65. Although the regulations require disclosure of the full value of grant in Figure 12, the shares will be released to him in the following tranches to reflect the vesting schedule of the foregone incentives: February 2014 – 51,680 shares; May 2014 – 9,983 shares; February 2015 – 67,475 shares and February 2016 – 3,070 shares. The Committee has the discretion to reduce the number of shares being released in the event of a material misstatement of results. The Committee determined that there should be no performance conditions attaching to these awards, other than service, as the compensation amount calculated in respect of the forfeited awards had already been discounted for performance.

(8) Cynthia Carroll ceased to be chief executive on 3 April 2013, stepped down as a director on 19 April 2013 and ceased to be employed by the Company on 30 April 2013. The salary, benefits, pension, and bonus amounts shown for Cynthia Carroll relate to the period from 1 January 2013 to 30 April 2013. Amounts have been included for the period for 19 April to 30 April 2013, although Cynthia Carroll was not a director at the time, as the amounts earned related to her completing activities linked to her time as a director.

Cynthia Carroll's maximum bonus opportunity for the period 1 January to 30 April 2013 was £710,000 (175% of her pro-rated salary), with 50% based on EPS performance and 50% on individual objectives subject to a deductor for safety performance. The EPS performance targets are detailed under Section 3.3. EPS performance was at maximum resulting in a provisional award of 50% of the total award. Cynthia Carroll's personal objectives related to a smooth and effective handover, responsible stewardship of the business and specific operational matters. The Committee assessed her performance against these to be above target, resulting in a provisional award of 48% of the total award. A safety deductor of 3% was then applied to the combined EPS and personal outcomes, leading to a provisional total award of 95%. The reduction by the Committee resulted in a final amount of 66.5% of the total award being payable (£472,000).

In 2011 Cynthia Carroll was awarded 28,816 Enhancement Shares, none of which vested, as set out in Section 3.3.

In 2011 Cynthia Carroll received an LTIP grant of 128,008 shares relating to performance primarily over the three-year period to 31 December 2013. Full details of the performance measures and targets attaching to the grant are set out in Section 3.4, along with details of performance delivered and vesting levels. Ms Carroll's award was pro-rated to 99,561 shares as she did not serve the last eight months of the performance period. If the award vests at 28%, 27,877 shares are receivable by Ms Carroll.

(9) 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 through share purchases by Sir John before the release date.

(10) 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.

(11) Other than in respect of Cynthia Carroll, no payment has been made to a past director of the Company.

3.5 Change in the chief executive's remuneration in 2013 relative to London employees

Figure 13 sets out the chief executive's base salary, benefits and BSP amounts for 2013. As the chief executive was appointed during the year, no year on year change can be reported. We show the average change in each element for London employees, the most relevant employee comparator group.

3.6 Distribution statement for 2013

Figure 14 sets out the total spend on employee reward over 2013, compared to profit generated by the Company and the dividends received by investors.

Figure 13: Change in chief executive's remuneration compared to UK employees

		Salary	Benefits	Bonus
Chief Executive	£'000	891	860	1,218
	% change	–	–	–
London employees[1]	Average % change (per capita)	2.8	2.8	28.3

[1] Benefits for London employees comprise pension and car allowances (where applicable), these being the most material.

Figure 14: Distribution statement for 2013

Distribution statement		2013	2012[1]
Underlying Earnings (Total Group)	$m	**2,673**	2,860
	% change	**(6.5)%**	(54)%
Dividends payable for year (Total)	$m	**1,084**	1,083
	% change	**0.1%**	20.6%
Payroll costs for all employees	$m	**5,255**	5,374
	% change	**(2.2)%**	8.6%
Employee numbers	£'000	**98**	105
	% change	**(6.7)%**	6%

[1] Figures for 2012 have been restated to reflect the adoption of new accounting pronouncements. Please see note 2 of the consolidated financial statements for details.

4. OUTSTANDING SHARE INTERESTS

The information in this section has been subject to external audit.

4.1 Conditional share awards granted in 2013

Figure 15 summarises the longer-term, conditional share awards granted to directors during 2013. Receipt of these awards is dependent on the Company's performance over 2013–15, as detailed below.

4.2 Further details of LTIP awards granted in 2013

4.2.1 TSR – Sector Index comparison

- One quarter of the LTIP awards granted in 2013 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 2013 awards are shown in Figure 16.
- 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 threshold for vesting is the Company's three-year TSR being equal to 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.
- Between threshold and maximum, vesting is based on a straight line.

Figure 15: Summary of conditional share awards granted in 2013

Type of award	Performance measure	Vesting schedule	Performance period end	Director	Basis of award	Number of shares awarded	Face value at grant[2]
BSP Enhancement Shares[1]	EPS growth	44% for RPI+9% 100% for RPI+15%	31/12/2015	René Médori	75% of 2012 Bonus Shares	8,808	£175,807
LTIP share awards	TSR vs. sector index (25%) Section 4.2.1	30% for TSR equal to median 100% for median +5% pa or above	31/12/2015	Mark Cutifani	350% of salary	244, 328	£4,199,998
	TSR vs. FTSE 100 index (25%) Section 4.2.2	30% for TSR equal to median 100% for 80th percentile or above		René Médori	300% of salary	117,218	£2,296,300
	AOSC (50%) Section 4.2.3	0% for $5.853bn 100% for $7.153bn					

[1] The BSP Enhancement Shares were awarded in March 2013. The number of shares granted was 75% of the number of deferred Bonus Shares awarded to René Médori in respect of 2012 annual performance (René Médori: 11,744 Bonus Shares). The value of the Bonus Share award was 50% of the total bonus earned for 2012.

[2] The face value of each award has been calculated using the share price at time of grant (£19.96 for the Enhancement Share awards and £19.59 for René Médori's LTIP awards and £17.19 for Mark Cutifani's 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 2015 report.

Figure 16: 2013 TSR Sector Index

	Mining
Comparator companies	BHP Billiton plc
	Rio Tinto plc
	Teck Resources Limited
	Vale
	Vedanta Resources plc
	Xstrata/GlencoreXstrata[1]

[1] The Committee has determined that Xstrata's performance will be measured to the date of merger and GlencoreXstrata's performance from that date to the end of the performance period. It noted that there was no bid premium to be taken into account.

4.2.2 TSR – FTSE 100 comparison

- One quarter of the LTIP awards granted in 2013 vests according to the Company's three-year TSR performance compared with the TSR performance of the constituents of the FTSE 100 Index.
- Threshold vesting occurs when the Company's three-year TSR is equal to the median TSR of the FTSE 100 constituents.
- Maximum vesting occurs when the Company's TSR is equal to or exceeds the TSR of the FTSE 100 company whose TSR performance is ranked at the 80th percentile.
- Between target and maximum, vesting is based on a straight line basis.

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 three months prior to the end of the financial year. It is assumed that all dividends are reinvested.

4.2.3 Asset Optimisation and Supply Chain

- Vesting of one half of LTIP awards granted in 2013 depends on the performance of the Company's strategic Asset Optimisation and Supply Chain (AOSC) programmes over the three-year period to 31 December 2015.
- 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 profit improvements, capital expenditure savings and working capital 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.

4.3 Total interests in shares

Figure 17 summarises the total interests of the directors in shares of Anglo American plc as at 13 February 2014 (and at the end of the 2013 financial year). These include beneficial and conditional interests. As already disclosed, from the 2014 AGM Mark Cutifani is required to hold interests in shares to a value of three times basic salary (built up over five years) and René Médori to a value of two times salary. The vesting schedule of Mark Cutifani's one-off share award means that he is expected to have a net shareholding of beneficial shares equal to one-third times basic salary by mid-2014; this should rise to three-quarters' times basic salary by the 2015 AGM. Incentives awarded under the Company's share plans from 2013 will start to vest, subject to the satisfaction of performance conditions, from 2016 onwards. The requirements for René Médori have been exceeded.

Figure 17: Shares in Anglo American plc

Directors		Beneficial	Conditional (with performance conditions)			Conditional (no performance conditions)		Total
			BSP Bonus Shares	BSP Enhancement Shares	LTIP	SAYE/SIP	Other	
Mark Cutifani[1]	at 13 February 2014	–	–	–	244,328	–	132,208	376,536
	(at 31 December 2013)	**–**	**–**	**–**	**244,328**	**–**	**132,208**	**376,536**
René Médori[2]	at 13 February 2014	117,547	57,445	43,083	271,287	2,186	–	491,548
	(at 31 December 2013)	**117,521**	**57,445**	**43,083**	**271,287**	**2,176**	**–**	**491,512**
Sir John Parker[3]	at 13 February 2014	50,303	–	–	–	–	7,552	57,855
	(at 31 December 2013)	**50,303**	**–**	**–**	**–**	**–**	**7,552**	**57,855**
David Challen	at 13 February 2014	1,820	–	–	–	–	–	1,820
	(at 31 December 2013)	**1,820**	**–**	**–**	**–**	**–**	**–**	**1,820**
Sir CK Chow	at 13 February 2014	5,500	–	–	–	–	–	5,500
	(at 31 December 2013)	**5,500**	**–**	**–**	**–**	**–**	**–**	**5,500**
Byron Grote[4] [5]	at 13 February 2014	10,000	–	–	–	–	–	10,000
	(at 31 December 2013)	**10,000**	**–**	**–**	**–**	**–**	**–**	**10,000**
Sir Philip Hampton	at 13 February 2014	5,259	–	–	–	–	–	5,259
	(at 31 December 2013)	**4,709**	**–**	**–**	**–**	**–**	**–**	**4,709**
Phuthuma Nhleko	at 13 February 2014	6,870	–	–	–	–	–	6,870
	(at 31 December 2013)	**5,771**	**–**	**–**	**–**	**–**	**–**	**5,771**
Ray O'Rourke[5]	at 13 February 2014	76,965	–	–	–	–	–	76,965
	(at 31 December 2013)	**76,965**	**–**	**–**	**–**	**–**	**–**	**76,965**
Mphu Ramatlapeng[4]	at 13 February 2014	357	–	–	–	–	–	357
	(at 31 December 2013)	**156**	**–**	**–**	**–**	**–**	**–**	**156**
Jim Rutherford[4]	at 13 February 2014	658	–	–	–	–	–	658
	(at 31 December 2013)	**–**	**–**	**–**	**–**	**–**	**–**	–
Anne Stevens	at 13 February 2014	2,122	–	–	–	–	–	2,122
	(at 31 December 2013)	**2,122**	**–**	**–**	**–**	**–**	**–**	**2,122**
Jack Thompson[5]	at 13 February 2014	11,450	–	–	–	–	–	11,450
	(at 31 December 2013)	**11,450**	**–**	**–**	**–**	**–**	**–**	**11,450**
Former directors[6]								
Cynthia Carroll	*(at 19 April 2013)*	**298,365**	**–**	**34,222**	**169,664**	**552**	**–**	**502,803**
Peter Woicke[5]	*(at 19 April 2013)*	**21,760**	**–**	**–**	**–**	**–**	**–**	**21,760**

(1) Mark Cutifani was appointed to the Board as chief executive with effect from 3 April 2013. 'Other' interests above comprise 132,208 shares in the Company which will vest, subject to Mr Cutifani's continued appointment as chief executive, in four tranches, as follows: 51,680 shares in February 2014, 9,983 shares in May 2014, 67,475 shares in February 2015 and 3,070 shares in February 2016.

(2) René Médori's beneficial interests in 116,215 shares held at the date of this report arise as a result of his wife's interests in shares.

(3) 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 has been matched by Sir John progressively over the three-year period.

(4) Byron Grote was appointed to the Board on 19 April 2013, Mphu Ramatlapeng on 8 July 2013 and Jim Rutherford on 4 November 2013.

(5) Included in the interests of Messrs Grote, O'Rourke, Thompson and Woicke are unsponsored ADRs representing 0.5 ordinary shares of $0.54945 each.

(6) Interests are shown as at date of resignation.

5. REMUNERATION IN 2014

The changes to the Company's policy on executive director remuneration for 2014 are summarised in the Remuneration Committee Chairman's introductory letter and are reflected in the policy statements in Figure 1. Figure 18 summarises how that policy will be implemented in 2014. The EPS performance range will be disclosed in the 2014 remuneration report.

In December 2013, the Board approved an increase in the fee levels for committee chairmen and the senior independent director with effect from 1 January 2014. The previous increase was in January 2012. Details of the new fee levels are set out in Figure 19.

6. TERMINATION ARRANGEMENTS

Figure 12 sets out the remuneration received by Cynthia Carroll for the first four months of 2013 when she was still an employee of the Company. For the remaining eight months of 2013, and for January 2014, she received monthly payments comprising basic salary and benefits, representing her outstanding notice period, in line with her contractual provisions (total: £1,207,373) and the continuation of non-cash benefits (total: £15,249). Cynthia Carroll also received £117,000 in respect of accrued but untaken holiday. In accordance with the rules of the plan, £643,000, representing a partial distribution of Cynthia Carroll's UURBS account balance, was paid out to her in November 2013. The remaining balance, £654,000, is due to be paid out in April 2014.

Figure 12 also sets out the value of the Enhancement Shares and LTIP award made in 2011, which the Committee has determined will vest on the normal vesting dates in March 2014, pro-rated for the performance period served (28 months out of the 36 months) and to the extent the performance conditions have been satisfied.

With respect to the Enhancement Shares and LTIP award made in 2012, the Committee has likewise determined that these awards will vest on the normal vesting dates in March 2015, subject to performance and pro-rating. The provisional value of these awards on vesting will be disclosed in the 2014 remuneration report.

The Bonus Shares already held by Cynthia Carroll were released to her on termination.

Figure 18: Summary of key remuneration aspects in 2014

Element	Performance measure 1, weighting and vesting schedule	Performance measure 2, weighting and vesting schedule	Director	Level
Base Salary	–	–	Mark Cutifani	£1,236,000 (3% increase)
			René Médori	£788,000 (3% increase)
BSP	**EPS (50%)**	**Personal strategic measures (50%)**	Mark Cutifani	210% of salary
		Personal and strategic objectives supporting the Company's delivery on projects, business improvement, capital allocation, commercial activities, employee development and stakeholder engagement.	René Médori	210% of salary
LTIP share awards	**ROCE (50%)**	**TSR vs HSBC Mining Index (25%)**	Mark Cutifani	350% of salary
	25% for 12%	25% for TSR equal to index	René Médori	300% of salary
	100% for 16%	100% for index +6% pa or above		
		TSR vs FTSE 100 (25%)		
		25% for TSR equal to median		
		100% for 80th percentile or above		

Figure 19: Summary of key non-executive director remuneration in 2014

Element	2013	2014
Basic Fee	£80,000	£80,000
Committee chairman fees:		
Audit, Remuneration and S&SD Committees	£25,000	£30,000
Nomination Committee[1]	£12,500	£15,000
Additional fee for senior independent director	£25,000	£30,000

[1] The current chairman of this committee waives this fee.

Sir Philip Hampton

David Challen

Sir CK Chow

Byron Grote (from 12 June 2013)

Ray O'Rourke (from 12 June 2013)

Jack Thompson

Peter Woicke (to 19 April 2013)

COMMITTEE MEMBERS DURING 2013

7. REMUNERATION COMMITTEE IN 2013

Membership

The Committee comprised the non-executive directors shown above during the year ended 31 December 2013.

Remuneration report voting results

The Committee considered the results of the shareholders' vote on the 2012 remuneration report. As mentioned earlier in this report, feedback from investors at the time of the 2013 AGM, and more generally, helped shape the changes to the remuneration policy for 2014 onwards.

Figure 20: 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 support and advise on the review of the Company's incentive arrangements, in addition to the provision of 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	£113,800
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	£13,500
Towers Watson (TW)	The Human Resources function engaged Towers Watson to assist with the preparation of the 2013 remuneration report and to provide briefing sessions to Committee members on the new reporting regulations	Human resources advisers on various reward and other matters	£38,000
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 TW.

Figure 21: Response to 2013 AGM shareholder voting

	Number of votes			
Vote	For	Against	Abstain	Company response to issues raised
Advisory vote on 2012 remuneration report	**629,554,600 (79%)**	**167,304,694 (21%)**	**74,048,974**	In response to investor concerns relating to Mark Cutifani's restricted share grant, the Company has changed its policy for newly hired executive directors so that performance conditions will attach to any share-based award made by the Company relating to remuneration forfeited on leaving the previous employer In response to general investor calls for greater simplicity, better alignment and longer-time horizons of incentive plans, the Company has removed Enhancement Shares in the BSP, replaced AOSC with ROCE as an LTIP measure and introduced additional holding periods for both the BSP and LTIP

8. FIVE-YEAR REMUNERATION AND RETURNS

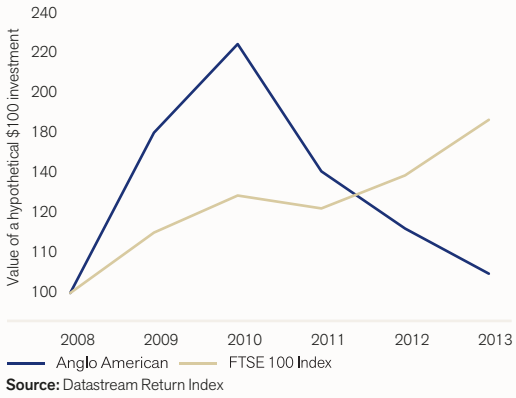
Figure 22a shows the Company's TSR performance against the performance of the FTSE 100 Index from 1 January 2009 to 31 December 2013. The FTSE 100 Index was chosen as being a broad equity market index which includes companies of a comparable size and complexity to Anglo American.

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.

Figure 22b shows the total remuneration earned by the incumbent chief executive over the same five-year period, along with the proportion of maximum opportunity earned in relation to each type of incentive. The total amounts are based on the same methodology as for Figure 12 (Total Remuneration Outcomes for 2013).

For the period 2009–10, the TSR performance of the Company, and the remuneration received by Cynthia Carroll as chief executive, reflects that this was a period of strong operational performance and high commodity prices. These led to a doubling of profits and almost a doubling of underlying EPS in 2010. Cynthia Carroll's 2011 remuneration levels also reflect record profits and strong EPS performance for the year as well as the increase in value of the LTIP awards that vested at the end of 2011 – when granted the Company's share price was £12.61; the share price at vesting was £26.00. Incentive outcomes have been much lower in recent years reflecting, in part, the impact of the fall in commodity prices on our earnings and the returns being delivered to shareholders.

Figure 22a: Five year TSR performance



Source: Datastream Return Index

Figure 22b: CEO remuneration

Financial year ending	31 December 2009	31 December 2010	31 December 2011	31 December 2012	31 December 2013
Cynthia Carroll					
Total Remuneration (single figure, £'000)	4,379	4,235	8,113	3,203	**1,459**
BSP (% of maximum)	99%	88%	94%	35%	**67%**
LTIP (% of maximum)	61%	50%	96%	50%	**28%**
BSP Enhancement Shares (% of maximum)	0%	0%	100%	0%	**0%**
Mark Cutifani					
Total Remuneration (single figure, £'000)	–	–	–	–	**5,305**
BSP (% of maximum)	–	–	–	–	**65%**

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

13 February 2014

DIRECTORS' REPORT

The directors have pleasure in submitting the statutory financial statements of the Group for the year ended 31 December 2013.

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. Our portfolio of mining businesses meets our customers' changing needs and spans bulk commodities – iron ore and manganese, metallurgical coal and thermal coal; base metals and minerals – copper, nickel, niobium and phosphates; and precious metals and minerals – in which we are a global leader in both platinum and diamonds. At Anglo American, we are committed to working together with our stakeholders – our investors, our partners and our employees – to create sustainable value that makes a real difference, while upholding the highest standards of safety and responsibility across all our businesses and geographies. The Company's mining operations, 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 8–11 respectively.

The Strategic report and Corporate governance statement are on pages 2–91 and 92–150 respectively and are incorporated in this Directors' report by reference. The Strategic report includes, *inter alia*, disclosures on greenhouse gas emissions, diversity and human rights.

GOING CONCERN

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group performance section on pages 34–45. In addition, detail is given on the Group's policy on managing credit and liquidity risk in the Risk section on pages 46–53, 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 2013 was $10.7 billion (2012: $8.5 billion), representing a gearing level of 22.2% (2012: 16.3%). Details of borrowings and facilities are set out in note 25 and net debt is set out in note 24.

The directors have considered the Group's cash flow forecasts for the period to the end of March 2015. 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 12 September 2013. The directors are recommending that a final dividend of 53 US cents per ordinary share be paid on 29 April 2014 to ordinary shareholders on the register at the close of business on 21 March 2014, subject to shareholder approval at the AGM to be held on 24 April 2014. Due to a public holiday in South Africa, the effective record date to qualify for the dividend in South Africa is 20 March 2014. This would bring the total dividend in respect of 2013 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 2014.

SHARE CAPITAL

The Company's issued share capital as at 31 December 2013, together with details of share allotments and issue of treasury shares during the year, is set out in note 33 on pages 197–198.

The Company was authorised by shareholders at the AGM held on 19 April 2013, 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 2013. This authority will expire at the 2014 AGM and, in accordance with usual practice, a resolution to renew it for another year will be proposed.

MATERIAL SHAREHOLDINGS

As at 31 December 2013, 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
Public Investment Corporation (PIC)	116,355,956	8.35
Coronation Asset Management (PTY) Ltd	75,411,187	5.41
Blackrock, Inc.	63,318,019	4.54
Genesis Asset Managers, LLP	55,426,734	3.98
Tarl Investment Holdings Limited[1]	47,275,613	3.39
Epoch Two Investment Holdings Limited[1]	42,166,686	3.02

[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.

During the period between 31 December 2013 and 13 February 2014, no changes to the substantial shareholdings were disclosed to the Company in accordance with Disclosure and Transparency Rule 5.

DIRECTORS

Directors' biographical details are given on pages 94–96. Details of directors' interests in shares and share options of the Company can be found in the Directors' remuneration report on pages 118–143.

Mark Cutifani was appointed CEO and a director with effect from 3 April 2013. Byron Grote joined the Board on 19 April 2013, Mphu Ramatlapeng was appointed on 8 July 2013 and Jim Rutherford joined on 4 November 2013. Judy Dlamini was appointed to the Board with effect from 1 January 2014.

Cynthia Carroll resigned as CEO of the Company with effect from 3 April 2013, and as a director with effect from the closing of the AGM held on 19 April 2013. Peter Woicke also resigned from the Board on 19 April 2013.

David Challen and Sir CK Chow are due to step down at the 2014 AGM, as mentioned on page 93. Byron Grote will be appointed as the chairman of the Audit Committee to replace David Challen. Byron's financial experience is set out in his biography on page 95. Sir Philip Hampton will assume the role of senior independent director upon the retirement of David Challen.

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 2013 will be available in March 2014. 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 37 to the financial statements on page 200.

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 Organisation'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 may be accessed on the Company's website.

In addition, all Anglo American suppliers must commit to adhering to the requirements set out in the 'Sustainable Development in Supply Chain Policy', which is available on the company's website.

The Business Integrity Policy and its 11 Performance Standards support our anti-corruption commitment by making it clear that we will neither give, nor accept, bribes, nor permit others to do so in our name, either in our dealings with public officials or with our suppliers and customers. The Policy sets out the standards of conduct required at every level of Anglo American, including our subsidiaries, joint ventures and associates, in combating corrupt behaviour of all types. It also sets out the requirements of those with whom we do business and those who work on our behalf.

The Business Integrity Policy and Performance Standards have been translated into all the main languages that we use at our operations. Two dedicated business integrity managers, who operate within a broader risk management and business assurance team, oversee implementation of the policy by working with senior managers in our business units and corporate functions and assisting them to put in place adequate procedures for managing corruption risks (including extensive face-to-face training of employees in high-risk roles).

Our internal audit team provide assurance on anti-corruption controls on an annual basis and all stakeholders are able to confidentially report breaches, or potential breaches, of the Business Integrity Policy through our independently-managed Speak Up facility.

The Group has a new social intranet called Eureka! which helps employees to connect, communicate and collaborate more effectively. 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 $127.5 million (2.2% of profit before tax from subsidiaries and joint operations, before special items and remeasurements). Charitable donations of $0.8 million were made in the UK, of which the main categories were: education and training (47.7%) and health and welfare (41.5%). 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 2013.

POLITICAL DONATIONS

No political donations were made during 2013. 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 24 April 2014, 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, after the meeting.

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. For more information, please see the Company's Notice of Annual General Meeting 2014.

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 therefore, 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 10 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 2013, Anglo American had committed bilateral and syndicated borrowing facilities totalling $12.3 billion with a number of relationship banks that contain change of control clauses. $6.0 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 2013, authority was given for the Company to purchase, in the market, up to 208.5 million Ordinary Shares of 54$^{86}/_{91}$ US cents each. The Company did not purchase any of its own shares during 2013.

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

13 February 2014

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, IAS 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.

RESPONSIBILITY STATEMENT

for the year ended 31 December 2013

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

(b) the management report 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

(c) the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Mark Cutifani
Chief Executive

René Médori
Finance Director

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Anglo American plc financial reporting is of the highest quality; to continue to achieve this we have changed the format of our consolidated financial statements in order to make them clearer and easier to follow.

We have changed the grouping and structure of the notes to the financial statements to help the user to understand our business better. Individual notes have been reorganised to highlight their most material items, certain items that are no longer considered to be material have been removed and accounting policy references have been included in the relevant note.

Unaudited financial information has been brought into the end of this section to make it easier to navigate to all financial information.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN PLC

Opinion on financial statements of Anglo American plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent company's affairs as at 31 December 2013 and of the Group's profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union;
- the parent 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.

The financial statements 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 1 to 41 and the balance sheet of the Company and related information.

The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRS as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Going concern

As required by the Listing Rules we have reviewed the directors' statement on page 150 that the Group is a going concern. We confirm that:

- we have not identified material uncertainties related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern which we believe would need to be disclosed in accordance with IFRS as adopted by the European Union; and
- we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team.

Risk	How the scope of our audit responded to the risk
Impairments Assessment of the recoverable amount of operating assets and development projects, including specifically the Minas-Rio project within the Iron Ore Brazil business unit and the Barro Alto project within the Nickel business unit.	We challenged management's assessment as to whether indicators of impairment exist for specific assets, specifically, in relation to the Minas-Rio and Barro Alto projects. Where such indicators were identified we obtained copies of the valuation models used to determine the value in use or fair value less costs of disposal of the relevant asset. We challenged the assumptions made by management in relation to these models, including the discount rate used, the commodity price, capital expenditure and operating cost forecasts and the expected production profiles, by reference to third party documentation where available and consultation with operational management. We ensured that assumptions had been determined and applied on a consistent basis across the Group.
Platinum portfolio review Assessment of the accounting impact arising from the finalisation of the portfolio review carried out by Anglo American Platinum and the related impairments and provisions recorded within the financial statements.	We assessed the status and recoverability of all Anglo American Platinum operating assets and projects in the context of the results of the portfolio review, and analysed management's estimates for restructuring costs, giving particular consideration to the timing of key decisions made by management and hence the timing of the recognition of any provisions.
Amapá disposal Assessment of the loss on disposal of Amapá, taking into account the fair value of consideration received and the insurance claims, including those relating to the port incident in March 2013, which were acquired by the Group as part of the sales agreement.	We audited the disposal calculations in respect of the sale to Zamin Ferrous Limited with a particular focus on challenging the fair value of the insurance claim asset acquired (through consultation with the Group's external legal advisors and review of the related agreements and expert insurance reports), as well as the valuation of the deferred consideration receivable which is linked to future iron ore prices.
Taxation Assessment of the Group's taxation exposures in all jurisdictions, including transfer pricing arrangements and recognition of deferred taxation assets and liabilities.	We reviewed all significant potential taxation exposures within the Group and, through discussions with the Group's taxation department, the tax specialists within the audit team and review of relevant documentation, we assessed the appropriateness of the provisions raised. We considered, in the context of our tax specialists' prior experience of similar issues, the Group's transfer pricing arrangements and deferred taxation assets and liabilities recognised, to confirm that they were reasonable.
Special items and remeasurements Assessment of the appropriateness of items accounted for within 'Special items and remeasurements'.	We considered each item accounted for within 'Special items and remeasurements' as defined in note 6 to the financial statements. We determined, through examination of the audit evidence obtained relating to the underlying transactions and discussion with management, whether such categorisation is appropriate and consistent with the Group's stated policy and past practice for recognition of such items, and whether, taken as a whole, the income statement is fair and balanced in its presentation.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

The Audit Committee's consideration of these risks is set out on page 115.

Our application of materiality

We determined planning materiality for the Group to be $250 million, which is approximately 4.1% of pre-tax profit before special items and remeasurements, and below 1% of equity. Pre-tax profit is normalised for the materiality calculation to exclude impairments, remeasurements and other one off items that are audited separately and would, if included, significantly distort the materiality calculation year on year.

We agreed with the Audit Committee that we would report to the Committee all audit differences in excess of $10 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

An overview of the scope of our audit

All business units were subject to a full scope audit with the exception of Manganese. The principal operation within Manganese, part of the Iron Ore and Manganese segment, is Samancor Holdings Proprietary Limited (Samancor), an associate of the Group, which is subject to a separate audit engagement. We have received a reporting pack from the Samancor auditor and have performed specific procedures on the remaining balances within Manganese.

The Senior Statutory Auditor visits the principal location of each significant business unit at least once every year and key operational assets on a rotating basis.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and 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

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit;
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. Under the Listing Rules we are required to review certain elements of the Directors' Remuneration Report. We have nothing to report arising from these matters or our review.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with nine provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements;
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether:

- we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable; and
- whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 Ethical Standards for Auditors.

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.

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 parent 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 and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Carl D. Hughes MA, FCA (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
13 February 2014

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2013

US$ million	Note	2013 Before special items and remeasurements	2013 Special items and remeasurements (note 6)	2013 Total	2012 restated[1] Before special items and remeasurements	2012 restated[1] Special items and remeasurements (note 6)	2012 restated[1] Total
Group revenue	3	**29,342**	**–**	**29,342**	28,680	–	28,680
Operating costs		**(23,174)**	**(3,761)**	**(26,935)**	(23,187)	(7,093)	(30,280)
Operating profit/(loss) from subsidiaries and joint operations	3, 4	**6,168**	**(3,761)**	**2,407**	5,493	(7,093)	(1,600)
Non-operating special items and remeasurements	6	**–**	**(469)**	**(469)**	–	1,396	1,396
Share of net income from associates and joint ventures	3, 13	**243**	**(75)**	**168**	482	(61)	421
Profit from operations, associates and joint ventures		**6,411**	**(4,305)**	**2,106**	5,975	(5,758)	217
Investment income		**271**	**–**	**271**	418	–	418
Interest expense		**(584)**	**–**	**(584)**	(630)	–	(630)
Other financing (losses)/gains		**37**	**(130)**	**(93)**	(87)	(89)	(176)
Net finance costs	7	**(276)**	**(130)**	**(406)**	(299)	(89)	(388)
Profit/(loss) before tax		**6,135**	**(4,435)**	**1,700**	5,676	(5,847)	(171)
Income tax expense	8a	**(1,861)**	**587**	**(1,274)**	(1,506)	1,113	(393)
Profit/(loss) for the financial year		**4,274**	**(3,848)**	**426**	4,170	(4,734)	(564)
Attributable to:							
Non-controlling interests	32	**1,601**	**(214)**	**1,387**	1,310	(404)	906
Equity shareholders of the Company		**2,673**	**(3,634)**	**(961)**	2,860	(4,330)	(1,470)
Earnings/(loss) per share (US$)							
Basic	9	**2.09**	**(2.84)**	**(0.75)**	2.28	(3.45)	(1.17)
Diluted	9	**2.08**	**(2.83)**	**(0.75)**	2.26	(3.43)	(1.17)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2013

US$ million	Note	2013	2012 restated[1]
Profit/(loss) for the financial year		**426**	(564)
Items that may subsequently be reclassified to the income statement			
Net (loss)/gain on revaluation of available for sale investments		**(69)**	173
Net loss on cash flow hedges		**(16)**	–
Net exchange difference on translation of foreign operations (including associates and joint ventures)		**(4,872)**	(750)
Share of associates' and joint ventures' expense recognised directly in equity, net of tax		**–**	(17)
Tax on items recognised directly in equity that may be reclassified	8c	**173**	(96)
Items that will not be reclassified to the income statement			
Remeasurement of net retirement benefit obligation		**97**	190
Share of associates' and joint ventures' income recognised directly in equity, net of tax		**–**	14
Tax on items recognised directly in equity that will not be reclassified	8c	**(37)**	(25)
Net expense recognised directly in equity		**(4,724)**	(511)
Transferred to the income statement			
Disposal of available for sale investments		**(89)**	(57)
Impairment of available for sale investments		**14**	84
Net exchange difference on disposal of foreign operations		**73**	24
Cash flow hedges		**–**	4
Transferred to initial carrying amount of hedged items: cash flow hedges		**4**	5
Share of associates' and joint ventures' net expense transferred from equity		**–**	(10)
Tax on items transferred from equity	8c	**12**	29
Total transferred from equity		**14**	79
Total comprehensive expense for the financial year		**(4,284)**	(996)
Attributable to:			
Non-controlling interests		**769**	867
Equity shareholders of the Company		**(5,053)**	(1,863)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

CONSOLIDATED BALANCE SHEET

US$ million	Note	31 December 2013	31 December 2012 restated[1]	1 January 2012 restated[1]
ASSETS				
Non-current assets				
Intangible assets	11	**4,083**	4,569	2,320
Property, plant and equipment	12	**41,505**	44,731	40,082
Environmental rehabilitation trusts	20	**348**	392	360
Investments in associates and joint ventures	13	**4,612**	3,162	5,352
Financial asset investments	14	**1,446**	2,389	3,003
Trade and other receivables	16	**797**	560	434
Deferred tax assets	21	**1,364**	1,204	515
Derivative financial assets	19	**604**	747	668
Other non-current assets		**247**	235	138
Total non-current assets		**55,006**	57,989	52,872
Current assets				
Inventories	15	**4,789**	5,002	3,514
Financial asset investments	14	**19**	102	–
Trade and other receivables	16	**3,351**	3,243	3,639
Current tax assets		**226**	470	207
Derivative financial assets	19	**70**	101	172
Cash and cash equivalents	24a	**7,704**	9,080	11,712
Total current assets		**16,159**	17,998	19,244
Assets classified as held for sale	22	**–**	3,150	–
Total assets		**71,165**	79,137	72,116
LIABILITIES				
Current liabilities				
Trade and other payables	17	**(4,369)**	(4,494)	(5,047)
Short term borrowings	24a, 25	**(2,108)**	(2,485)	(902)
Provisions for liabilities and charges	20	**(768)**	(560)	(369)
Current tax liabilities		**(734)**	(819)	(1,528)
Derivative financial liabilities	19	**(372)**	(280)	(162)
Total current liabilities		**(8,351)**	(8,638)	(8,008)
Non-current liabilities				
Trade and other payables	17	**(22)**	(18)	–
Medium and long term borrowings	24a, 25	**(15,740)**	(15,150)	(11,855)
Retirement benefit obligations	28	**(1,204)**	(1,409)	(639)
Deferred tax liabilities	21	**(4,657)**	(6,051)	(5,693)
Derivative financial liabilities	19	**(1,139)**	(801)	(950)
Provisions for liabilities and charges	20	**(2,688)**	(2,384)	(1,829)
Other non-current liabilities		**–**	(29)	(71)
Total non-current liabilities		**(25,450)**	(25,842)	(21,037)
Liabilities directly associated with assets classified as held for sale	22	**–**	(919)	–
Total liabilities		**(33,801)**	(35,399)	(29,045)
Net assets		**37,364**	43,738	43,071
EQUITY				
Called-up share capital	33	**772**	772	738
Share premium account		**4,358**	4,357	2,714
Own shares		**(6,463)**	(6,659)	(6,985)
Other reserves		**(5,372)**	(1,202)	283
Retained earnings		**38,376**	40,343	42,240
Equity attributable to equity shareholders of the Company		**31,671**	37,611	38,990
Non-controlling interests	32	**5,693**	6,127	4,081
Total equity		**37,364**	43,738	43,071

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 13 February 2014 and signed on its behalf by:

Mark Cutifani
Chief Executive

René Médori
Finance Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2013

US$ million	Note	2013	2012 restated[1]
Cash flows from operating activities			
Total profit/(loss) before tax		**1,700**	(171)
Net finance costs		**406**	388
Share of net income from associates and joint ventures		**(168)**	(421)
Non-operating special items and remeasurements	6	**469**	(1,396)
Total operating profit/(loss) from subsidiaries and joint operations	4	**2,407**	(1,600)
Depreciation and amortisation	3	**2,638**	2,374
Share-based payment charges		**201**	233
Operating remeasurements	6	**550**	116
Non-cash element of operating special items		**3,065**	6,913
Decrease in provisions		**(56)**	(127)
Increase in inventories		**(562)**	(329)
Increase in operating receivables		**(541)**	(32)
Decrease in operating payables		**(18)**	(165)
Other adjustments		**45**	(13)
Cash flows from operations		**7,729**	7,370
Dividends from associates and joint ventures	13	**246**	294
Dividends from financial asset investments		**18**	54
Income tax paid		**(1,201)**	(1,799)
Net cash inflows from operating activities		**6,792**	5,919
Cash flows from investing activities			
Expenditure on property, plant and equipment	23	**(6,125)**	(5,959)
Cash flows from derivatives related to capital expenditure	23	**(136)**	(71)
Proceeds from disposal of property, plant and equipment		**140**	66
Investments in associates and joint ventures	13	**(221)**	(114)
Purchase of financial asset investments	14	**–**	(16)
Net repayment of loans granted		**301**	81
Interest received and other investment income		**193**	278
Acquisition of subsidiaries, net of cash and cash equivalents acquired		**–**	(4,816)
Disposal of subsidiaries, net of cash and cash equivalents disposed	31	**13**	100
Repayment of capitalised loans by associates	13	**108**	36
Net proceeds from disposal of interests in available for sale investments	14	**99**	273
Other investing activities		**3**	(32)
Net cash used in investing activities		**(5,625)**	(10,174)
Cash flows from financing activities			
Interest paid		**(907)**	(775)
Cash flows from derivatives related to financing activities	24b	**181**	149
Dividends paid to Company shareholders		**(1,078)**	(970)
Dividends paid to non-controlling interests		**(1,159)**	(1,267)
Net repayment of short term borrowings	24b	**(2,307)**	(747)
Net receipt of medium and long term borrowings	24b	**3,279**	5,633
Movements in non-controlling interests		**71**	1,220
Tax on sale of non-controlling interest in Anglo American Sur		**(395)**	(1,015)
Sale of shares under employee share schemes		**14**	24
Purchase of shares by subsidiaries for employee share schemes[2]		**(92)**	(253)
Other financing activities		**(9)**	(48)
Net cash (used in)/inflows from financing activities		**(2,402)**	1,951
Net decrease in cash and cash equivalents		**(1,235)**	(2,304)
Cash and cash equivalents at start of year	24b	**9,298**	11,712
Cash movements in the year		**(1,235)**	(2,304)
Effects of changes in foreign exchange rates		**(361)**	(110)
Cash and cash equivalents at end of year	24b	**7,702**	9,298

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

(2) 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 2013

US$ million	Total share capital[1]	Own shares[2]	Retained earnings	Share-based payment reserve	Cumulative translation adjustment reserve	Fair value and other reserves[3]	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
At 1 January 2012	3,452	(6,985)	42,342	453	(1,930)	1,760	39,092	4,097	43,189
Adoption of new standards[4]	–	–	(102)	–	–	–	(102)	(16)	(118)
At 1 January 2012 (restated)	3,452	(6,985)	42,240	453	(1,930)	1,760	38,990	4,081	43,071
Total comprehensive (expense)/ income	–	–	(1,304)	–	(687)	128	(1,863)	867	(996)
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	–	–	(219)	–	–	–	(219)	970	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)	–	–	–
At 31 December 2012 (restated)	**5,129**	**(6,659)**	**40,343**	**549**	**(2,617)**	**866**	**37,611**	**6,127**	**43,738**
Total comprehensive (expense)/ income	**–**	**–**	**(901)**	**–**	**(4,023)**	**(129)**	**(5,053)**	**769**	**(4,284)**
Dividends payable to Company shareholders	**–**	**–**	**(1,078)**	**–**	**–**	**–**	**(1,078)**	**–**	**(1,078)**
Dividends payable to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,273)**	**(1,273)**
Changes in ownership interest in subsidiaries	**–**	**–**	**38**	**–**	**–**	**–**	**38**	**(14)**	**24**
Issue of shares to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**47**	**47**
Equity settled share-based payment schemes	**–**	**196**	**(43)**	**(1)**	**–**	**–**	**152**	**37**	**189**
Other	**1**	**–**	**17**	**–**	**–**	**(17)**	**1**	**–**	**1**
At 31 December 2013	**5,130**	**(6,463)**	**38,376**	**548**	**(6,640)**	**720**	**31,671**	**5,693**	**37,364**

(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.
(3) See note 33 for breakdown of fair value and other reserves.
(4) Certain balances and changes in equity related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Dividends

	Note	2013	2012
Proposed ordinary dividend per share (US cents)	10	**53**	53
Proposed ordinary dividend (US$ million)	10	**678**	676
Ordinary dividends payable during the year per share (US cents)	10	**85**	78
Ordinary dividends payable during the year (US$ million)	10	**1,078**	970

NOTES TO THE FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION 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 Ore Reserves, assessment of fair value, impairment of assets, restoration, rehabilitation and environmental costs, deferred stripping, taxation, retirement benefits, contingent liabilities and the classification of joint arrangements. The use of inaccurate assumptions in assessments made for any of these estimates could result in a significant impact on financial results.

Ore Reserve estimates

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 Proved and Probable Ore Reserves.

Factors which could impact useful economic lives of assets and Ore Reserve estimates include:

- changes to Proved and Probable Ore 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 Ore 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 Ore Reserves.

For further information refer to the Ore Reserves and Mineral Resources section of the Annual Report.

Assessment of fair value

The assessment of fair value is principally used in accounting for business combinations, impairment testing, and the valuation of certain financial assets and liabilities.

Fair value is determined based on observable market data (in the case of listed subsidiaries, market share price at 31 December of the respective entity) or discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results.

In particular, expected future cash flows, which are used in discounted cash flow models, 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 production costs and future capital expenditure.

Cash flow projections

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.
- Commodity and product prices
  Commodity and product prices are based on latest internal forecasts, 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, capital expenditure and other operating factors
  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. Other operating factors, such as the timelines of granting licences and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date.
- Discount rates
  Cash flow projections used in fair value less costs of disposal impairment models are discounted based on a real post-tax discount rate of 6.5% (2012: 6.5%). 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 (on a real basis) from 2017 onwards.

Impairment of assets

In making assessments for impairment, management necessarily applies its judgement in allocating assets, including goodwill, that do not generate independent cash flows to appropriate cash generating units (CGU), and also in estimating the timing and value of underlying cash flows within the calculation of recoverable amount.

The calculation of recoverable amount is based either on fair value less costs of disposal or on value in use. The cash flow projections used in assessments of fair value less costs of disposal or value in use are subject to the areas of judgement outlined above.

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

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.

Deferred stripping

The Group defers stripping costs onto the balance sheet where they are considered to improve access to ore in future periods. Where the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's pit design and Life of Mine Plan and therefore changes to the pit design or Life of Mine Plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the Life of Mine Plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Taxation

The Group's tax affairs are governed by complex domestic tax legislations interlaced with the override of international tax treaties between countries and the interpretation of both by tax authorities and courts. In addition, in arriving at the tax charge in the financial statements a degree of judgement is required by management about the future taxable profits and repatriation of retained earnings. These judgements in turn are influenced, *inter alia*, by factors such as estimates of future production, commodity lines, operating costs, future capital expenditure, and dividend policies. Given the many uncertainties that could arise from any or all of these factors and judgements, future adjustments to the tax charge already recorded could occur. Where management is aware of potential uncertainties around these factors and judgements, provision is made and reviewed on a regular basis. These are subject to risk and changes may be required to the amount provided in respect of historic or future tax costs.

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.

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.

Classification of joint arrangements

Joint arrangements are classified as joint operations or joint ventures according to the rights and obligations of the parties, as described in note 40k. When a joint arrangement has been structured through a separate vehicle, consideration has been given to the legal form of the separate vehicle, the terms of the contractual arrangement and when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties and the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates that the parties to the arrangement have rights to the assets and obligations for the liabilities. Certain joint arrangements that are structured through separate vehicles including Collahuasi, Debswana and Namdeb are accounted for as joint operations. These arrangements are primarily designed for the provision of output to the parties sharing joint control, indicating that the parties have rights to substantially all the economic benefits of the assets. The liabilities of the arrangements are in substance satisfied by cash flows received from the parties; this dependence indicates that the parties effectively have obligations for the liabilities. It is primarily these facts and circumstances that give rise to the classification as joint operations.

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 where counts take place once every three years (the latest being in 2010, the planned stock count in 2013 having been deferred until 2014 due to disruption caused by industrial action). 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 2013, the change in estimate following the annual physical count has had the effect of increasing the value of inventory by $38 million (2012: $172 million), resulting in the recognition of a post-tax gain of $28 million (2012: $124 million) in the period.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2012, except for changes arising from the adoption of new accounting pronouncements detailed below.

The following accounting amendments, standard and interpretation became effective in the current reporting period:

- Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*
- IAS 19 *Employee Benefits* revised 2011
- IFRS 13 *Fair Value Measurement*
- IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

In addition, the Group has early adopted the following standards and amendments, which are endorsed by the EU but not effective until 1 January 2014:

- IFRS 10 *Consolidated Financial Statements*
- IAS 27 *Separate Financial Statements*
- IFRS 11 *Joint Arrangements*
- IAS 28 *Investments in Associates and Joint Ventures*
- IFRS 12 *Disclosure of Interests in Other Entities*

The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

The nature and impact of each of the new amendments, standards or interpretations is described below:

Amendments to IAS 1 *Presentation of Financial Statements: Presentation of Items of Other Comprehensive Income*

The amendments to IAS 1 introduced the grouping of items presented in other comprehensive income. Items that may be reclassified (or recycled) to the income statement at a future point in time are now presented separately from items that will not be reclassified. The amendment affected presentation only and had no impact on the Group's financial position or performance.

IAS 19 *Employee Benefits* revised 2011 (IAS 19R)

IAS 19R includes a number of amendments to the accounting for defined benefit plans. The principal impact for the Group arises from the requirement to replace the interest cost on the defined benefit obligation and the expected return on plan assets, with a net interest cost/income based on the net defined benefit liability/asset, calculated using the discount rate used to measure the defined benefit obligation. This has increased the income statement charge as the discount rate now applied to the assets is lower than the expected return on plan assets. There is no effect on total comprehensive income as the increased charge in the income statement is offset by a credit in other comprehensive income.

The Group has applied the standard retrospectively in accordance with the transitional provisions, and the 2012 results have been restated accordingly. Further detail of the impact on the Group financial statements for the year ended 31 December 2012 is set out in note 41.

IAS 19R introduces more extensive disclosure requirements particularly relating to the characteristics, risks and amounts in the financial statements related to defined benefit plans. The additional disclosure requirements are reflected in note 28 to the Group financial statements.

IFRS 13 *Fair Value Measurement*

IFRS 13 establishes a single framework for measuring fair value when such measurements are required or permitted by other standards. The application of IFRS 13 has not materially affected the fair value measurements carried out by the Group. IFRS 13 also requires specific disclosures on fair values, some of which replace existing disclosure requirements in other standards, including IFRS 7 *Financial Instruments: Disclosures*. The additional disclosure requirements are reflected within the relevant notes to the Group financial statements.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES continued

IFRIC 20 *Stripping Costs in the Production Phase of a Surface Mine*

IFRIC 20 specifies the accounting for costs associated with waste removal (stripping) during the production phase of a surface mine. When the benefit from the stripping activity is realised in the current period, the stripping costs are accounted for as the cost of inventory. When the benefit is the improved access to ore in future periods, the costs are recognised as a non-current asset, if certain criteria are met. After initial recognition, the stripping activity asset is depreciated on a systematic basis (unit of production method) over the expected useful life of the identified component of the orebody that becomes more accessible as a result of the stripping activity.

There are two key changes to the Group's previous accounting policy as a result of the adoption of IFRIC 20. Firstly, the initial recognition of the stripping asset and subsequent depreciation is determined by reference to components of the orebody rather than by reference to the entire operation. Secondly, the subsequent remeasurement of the asset is recognised as depreciation on a unit of production basis, rather than as a charge to operating costs based on the expected strip ratio.

The Group has applied IFRIC 20 retrospectively in accordance with the transitional provisions, and the 2012 results have been restated accordingly. Upon adoption of IFRIC 20, the stripping assets on the balance sheet at 1 January 2012 were assessed and it was determined that elements of the assets did not relate to identifiable components of the orebodies. These elements of the assets have been derecognised and recorded against opening retained earnings at 1 January 2012.

The adoption of IFRIC 20 has resulted in increased capitalisation of waste stripping costs and a reduction in cost of sales in 2012. Further detail of the impact on the Group financial statements for the year ended 31 December 2012 is set out in note 41.

IFRS 10 *Consolidated Financial Statements* and IAS 27 *Separate Financial Statements*

IFRS 10 replaces the parts of the previously existing IAS 27 that dealt with consolidated financial statements. The new standard changes the definition of control such that an investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to control those returns through its power over the investee. The adoption of IFRS 10 has had no impact on the consolidation of investments held by the Group.

IFRS 11 *Joint Arrangements* and IAS 28 *Investments in Associates and Joint Ventures*

IFRS 11 replaces IAS 31 *Interests in Joint Ventures* and SIC-13 *Jointly-controlled Entities – Non-monetary Contributions by Venturers*. The new standard changes the classifications for joint arrangements and removes the option to account for joint ventures using proportionate consolidation. Under IFRS 11, investments in joint arrangements are classified as either joint ventures or joint operations based on the rights and obligations of the parties to the arrangement. In a joint venture, the parties sharing joint control of the arrangement have rights to the net assets and must account for their interests in the arrangement using the equity method. In a joint operation, the parties have rights to the assets and obligations for the liabilities and must account for the assets and liabilities, revenues and expenses for which they have rights or obligations including their share of such items held or incurred jointly.

The application of this standard has resulted in the newly formed joint venture, Lafarge Tarmac Holdings Limited, and the existing joint venture in Brazil, LLX Minas-Rio Logística Comercial Exportadora SA, being accounted for under the equity method. No other material joint arrangements within the Group were affected.

The Group has applied IFRS 11 retrospectively in accordance with the transitional provisions, and the 2012 results have been restated accordingly. There is no impact on the net assets or underlying earnings of the Group. Further detail of the impact on the Group financial statements for the year ended 31 December 2012 is set out in note 41.

IFRS 12 *Disclosure of Interests in Other Entities*

IFRS 12 sets out the requirements for disclosures relating to an entity's interests in subsidiaries (including related non-controlling interests), joint arrangements, associates and structured entities. These disclosures are reflected within the relevant notes to the Group financial statements.

A number of other amendments to accounting standards issued by the International Accounting Standards Board also apply for the first time in 2013. These do not have a significant impact on the accounting policies, methods of computation or presentation applied by the Group.

New IFRS accounting standards, amendments and interpretations not yet adopted

The following new IFRS accounting standard not yet adopted is expected to have a significant impact on the Group:

- IFRS 9 *Financial Instruments* will replace IAS 39 *Financial Instruments: Recognition and Measurement*. The first and third phases of the new standard, *Classification and Measurement* and *Hedge Accounting*, have been published. These relate to the classification and measurement of financial assets and liabilities, and replace the rule-based hedge accounting requirements in IAS 39 to align the accounting more closely with risk management activities, respectively. The second phase of the standard, covering impairment, is not yet published. The effective date of the new standard has been removed pending the completion of all phases of IFRS 9 (previously 1 January 2015).

The following new or amended IFRS accounting standards, amendments and interpretations not yet adopted are not expected to have a significant impact on the Group:

- Amendments to IAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets* revise disclosure requirements related to the measurement of the recoverable amount and are effective for annual reporting periods beginning on or after 1 January 2014.
- Amendments to IAS 39 *Financial Instruments: Recognition and Measurement: Novation of Derivatives and Continuation of Hedge Accounting* are effective for annual reporting periods beginning on or after 1 January 2014.
- Amendments to IAS 32 *Financial Instruments: Presentation: Offsetting Financial Assets and Financial Liabilities* are effective for annual reporting periods beginning on or after 1 January 2014.
- Amendments to IFRS 10, IFRS 12 and IAS 27 *Separate Financial Statements: Investment Entities* are effective for annual reporting periods beginning on or after 1 January 2014.
- IFRIC 21 *Levies* provides guidance on when to recognise a liability for a levy imposed by a government. The interpretation applies to annual periods beginning on or after 1 January 2014.
- Amendments to IAS 19 *Employee Benefits: Defined Benefit Plans – Employee Contributions* provides additional guidance on the accounting for contributions from employees or third parties set out in the formal terms of a defined benefit plan. The amendment is effective for annual periods beginning on or after 1 July 2014.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. 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. In the instance of Copper, Nickel and Niobium and Phosphates, the same management team is responsible for the management of all three business units.

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).

The Other Mining and Industrial segment includes the Lafarge Tarmac joint venture and other Tarmac businesses, and also included Amapá until it was disposed of in November 2013. Until November 2012, this segment also included Scaw South Africa. Following a Group reorganisation in the second half of 2013, and to align to the way the businesses are now managed, the Niobium and Phosphates business is reported as a separate segment, having previously been reported in the Other Mining and Industrial segment. Comparatives have been reclassified to align with current year presentation.

On 16 August 2012, the Group acquired a controlling interest in De Beers Société Anonyme (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. For details of this acquisition see note 30.

The Group Management Committee evaluates the financial performance of the Group and its segments principally with reference to underlying operating profit. Underlying operating profit is operating profit before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' operating profit before special items and remeasurements. Underlying EBITDA is underlying operating profit before depreciation and amortisation in subsidiaries and joint operations and includes attributable share of underlying operating profit before depreciation and amortisation of associates and joint ventures.

Segment revenue includes the Group's attributable share of associates' and joint ventures' 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; Niobium and Phosphates: niobium and phosphates; Platinum: platinum group metals; Diamonds: rough and polished diamonds; and Other Mining and Industrial: heavy building materials, until November 2013, 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.

Segment results

See note 40a for the Group's accounting policy on revenue recognition.

	Revenue		Underlying operating profit/(loss)	
US$ million	2013	2012 restated[1]	2013	2012 restated[1]
Iron Ore and Manganese	**6,517**	6,403	**3,119**	3,011
Metallurgical Coal	**3,396**	3,889	**46**	405
Thermal Coal	**3,004**	3,447	**541**	793
Copper	**5,392**	5,122	**1,739**	1,736
Nickel	**136**	336	**(44)**	26
Niobium and Phosphates	**726**	770	**150**	169
Platinum	**5,688**	5,489	**464**	(120)
Diamonds	**6,404**	4,028	**1,003**	474
Other Mining and Industrial	**1,795**	3,296	**(13)**	168
Exploration	**–**	–	**(207)**	(206)
Corporate Activities and Unallocated Costs	**5**	5	**(178)**	(203)
Segment measure	**33,063**	32,785	**6,620**	6,253
Reconciliation:				
Less: associates and joint ventures	**(3,721)**	(4,105)	**(452)**	(760)
Include: operating special items and remeasurements	**–**	–	**(3,761)**	(7,093)
Statutory measure	**29,342**	28,680	**2,407**	(1,600)

	Depreciation and amortisation		Underlying EBITDA	
US$ million	2013	2012 restated[1]	2013	2012 restated[1]
Iron Ore and Manganese	**271**	251	**3,390**	3,262
Metallurgical Coal	**566**	472	**612**	877
Thermal Coal	**194**	179	**735**	972
Copper	**663**	552	**2,402**	2,288
Nickel	**7**	24	**(37)**	50
Niobium and Phosphates	**26**	27	**176**	196
Platinum	**584**	700	**1,048**	580
Diamonds	**448**	238	**1,451**	712
Other Mining and Industrial	**94**	121	**81**	289
Exploration	**2**	–	**(205)**	(206)
Corporate Activities and Unallocated Costs	**45**	43	**(133)**	(160)
	2,900[2]	2,607[2]	**9,520**	8,860
Less: associates and joint ventures	**(262)**	(233)	**(714)**	(993)
	2,638	2,374	**8,806**	7,867

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

(2) In addition $131 million (2012: $41 million) of depreciation and amortisation charges arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers and nil (2012: $70 million) of accelerated depreciation arising from the cessation of Loma de Níquel have been recorded within operating special items and remeasurements (see note 6), and $100 million (2012: $81 million) of pre-commercial production depreciation has been capitalised.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION continued

Associates' and joint ventures' results by segment

US$ million	Associates' and joint ventures' revenue 2013	Associates' and joint ventures' revenue 2012 restated[2]	Associates' and joint ventures' underlying operating profit/(loss)[1] 2013	Associates' and joint ventures' underlying operating profit/(loss)[1] 2012 restated[2]	Share of net income/(loss) 2013	Share of net income/(loss) 2012 restated[2]
Iron Ore and Manganese	**874**	831	**205**	103	**91**	20
Metallurgical Coal	**319**	315	**44**	111	**27**	80
Thermal Coal	**817**	970	**231**	355	**135**	248
Platinum	**228**	231	**(19)**	(63)	**(30)**	(94)
Diamonds	**89**	1,675	**(21)**	249	**(35)**	163
Other Mining and Industrial	**1,394**	83	**12**	5	**(20)**	4
	3,721	4,105	**452**	760	**168**	421

US$ million	Associates' and joint ventures' depreciation and amortisation 2013	Associates' and joint ventures' depreciation and amortisation 2012 restated[2]	Associates' and joint ventures' underlying EBITDA 2013	Associates' and joint ventures' underlying EBITDA 2012 restated[2]
Iron Ore and Manganese	**48**	50	**253**	153
Metallurgical Coal	**15**	14	**59**	125
Thermal Coal	**71**	54	**302**	409
Platinum	**35**	42	**16**	(21)
Diamonds	**5**	68	**(16)**	317
Other Mining and Industrial	**88**	5	**100**	10
	262	233	**714**	993

[1] Associates' and joint ventures' underlying operating profit/(loss) is the Group's attributable share of associates' and joint ventures' revenue less operating costs before special items and remeasurements.

[2] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The reconciliation of associates' and joint ventures' underlying operating profit to 'Share of net income from associates and joint ventures' is as follows:

US$ million	2013	2012 restated[1]
Associates' and joint ventures' underlying operating profit	**452**	760
Net finance costs	**(36)**	(75)
Income tax expense	**(158)**	(197)
Non-controlling interests	**(15)**	(6)
Share of net income from associates and joint ventures (before special items and remeasurements)	**243**	482
Special items and remeasurements	**(80)**	(57)
Special items and remeasurements tax	**3**	(3)
Non-controlling interests on special items and remeasurements	**2**	(1)
Share of net income from associates and joint ventures	**168**	421

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Underlying EBITDA is reconciled to underlying operating profit and to 'Profit from operations, associates and joint ventures' as follows:

US$ million	2013	2012 restated[1]
Underlying EBITDA	**9,520**	8,860
Depreciation and amortisation: subsidiaries and joint operations	**(2,638)**	(2,374)
Depreciation and amortisation: associates and joint ventures	**(262)**	(233)
Underlying operating profit	**6,620**	6,253
Operating special items and remeasurements	**(3,761)**	(7,093)
Non-operating special items and remeasurements	**(469)**	1,396
Associates' and joint ventures' net special items and remeasurements	**(75)**	(61)
Share of associates' and joint ventures' net finance costs, tax and non-controlling interests	**(209)**	(278)
Profit from operations, associates and joint ventures	**2,106**	217

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION continued

Other non-cash expenses

In addition to depreciation and amortisation, other non-cash expenses include equity settled share-based payment charges and amounts in respect of provisions, excluding amounts recorded within special items. Significant other non-cash expenses included within underlying operating profit are as follows:

US$ million	2013	2012
Iron Ore and Manganese	**73**	31
Metallurgical Coal	**149**	140
Thermal Coal	**65**	30
Copper	**142**	98
Nickel	**16**	25
Niobium and Phosphates	**6**	(3)
Platinum	**56**	81
Diamonds	**42**	52
Other Mining and Industrial	**5**	(56)
Exploration	**1**	3
Corporate Activities and Unallocated Costs	**70**	70
	625	471

Segment assets and liabilities

	Segment assets[1]		Segment liabilities[2]		Net segment assets/(liabilities)	
US$ million	2013	2012 restated[3]	2013	2012 restated[3]	2013	2012 restated[3]
Iron Ore and Manganese	**11,502**	9,603	**(468)**	(465)	**11,034**	9,138
Metallurgical Coal	**5,335**	6,078	**(705)**	(859)	**4,630**	5,219
Thermal Coal	**2,148**	2,726	**(726)**	(761)	**1,422**	1,965
Copper	**9,549**	9,557	**(1,169)**	(1,126)	**8,380**	8,431
Nickel	**1,695**	2,613	**(98)**	(104)	**1,597**	2,509
Niobium and Phosphates	**955**	806	**(101)**	(115)	**854**	691
Platinum	**9,579**	11,490	**(957)**	(1,071)	**8,622**	10,419
Diamonds	**12,688**	14,392	**(1,337)**	(1,468)	**11,351**	12,924
Other Mining and Industrial	**86**	105	**(61)**	(40)	**25**	65
Exploration	**8**	8	**(5)**	(4)	**3**	4
Corporate Activities and Unallocated Costs	**492**	424	**(612)**	(709)	**(120)**	(285)
	54,037	57,802	**(6,239)**	(6,722)	**47,798**	51,080
Other assets and liabilities						
Investments in associates and joint ventures	**4,612**	3,162	**–**	–	**4,612**	3,162
Financial asset investments	**1,465**	2,491	**–**	–	**1,465**	2,491
Deferred tax assets/(liabilities)	**1,364**	1,204	**(4,657)**	(6,051)	**(3,293)**	(4,847)
Derivative financial assets/(liabilities)	**674**	848	**(1,511)**	(1,081)	**(837)**	(233)
Cash and cash equivalents	**7,704**	9,080	**–**	–	**7,704**	9,080
Other non-operating assets/(liabilities)	**1,309**	1,400	**(1,733)**	(1,651)	**(424)**	(251)
Borrowings	**–**	–	**(17,848)**	(17,635)	**(17,848)**	(17,635)
Other provisions for liabilities and charges	**–**	–	**(1,813)**	(1,340)	**(1,813)**	(1,340)
Assets/(liabilities) classified as held for sale	**–**	3,150[4]	**–**	(919)[4]	**–**	2,231[4]
	71,165	79,137	**(33,801)**	(35,399)	**37,364**	43,738

(1) Segment assets are operating assets and consist of intangible assets of $4,083 million (2012: $4,569 million), property, plant and equipment of $41,505 million (2012: $44,731 million), biological assets of $16 million (2012: $19 million), environmental rehabilitation trusts of $348 million (2012: $392 million), retirement benefit assets of $191 million (2012: $176 million), inventories of $4,789 million (2012: $5,002 million) and operating receivables of $3,105 million (2012: $2,913 million).

(2) Segment liabilities are operating liabilities and consist of non-interest bearing current liabilities of $3,392 million (2012: $3,709 million), environmental restoration and decommissioning provisions of $1,643 million (2012: $1,604 million) and retirement benefit obligations of $1,204 million (2012: $1,409 million).

(3) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

(4) Balances for 2012 relate to Amapá and Tarmac Quarry Materials.

Product analysis

Revenue by product

US$ million	2013	2012
Iron ore	**5,365**	5,508
Manganese ore and alloys	**874**	831
Metallurgical coal	**2,610**	3,048
Thermal coal	**3,802**	4,287
Copper	**5,253**	5,038
Nickel	**461**	678
Niobium	**182**	173
Phosphates	**544**	597
Platinum	**3,586**	3,441
Palladium	**1,052**	906
Rhodium	**316**	389
Diamonds	**6,391**	4,027
Heavy building materials	**1,695**	2,171
Steel products	**–**	798
Other	**932**	893
	33,063	32,785

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION continued

Geographical analysis

Revenue by destination

The Group's geographical analysis of segment revenue allocated based on the country in which the customer is located is as follows:

US$ million	2013	2012
South Africa	**2,474**	3,115
Other Africa	**1,201**	715
Brazil	**1,019**	1,093
Chile	**1,692**	1,241
Other South America	**32**	46
North America	**1,084**	1,274
Australia	**277**	340
China	**6,469**	5,927
India	**2,505**	2,544
Japan	**3,769**	4,049
Other Asia	**3,252**	3,595
United Kingdom (Anglo American plc's country of domicile)	**3,697**	3,781
Other Europe	**5,592**	5,065
	33,063	32,785

Revenue and underlying operating profit by origin

The origin of the revenue and underlying operating profit is the location of the operation generating the revenue and operating profit.

	Revenue		Underlying operating profit/(loss)	
US$ million	2013	2012	2013	2012 restated[1]
South Africa	**14,132**	14,592	**4,189**	3,374
Other Africa	**4,544**	3,256	**532**	437
Brazil	**965**	1,274	**75**	200
Chile	**5,392**	5,122	**1,849**	1,913
Other South America	**817**	1,131	**185**	304
North America	**882**	559	**(129)**	(138)
Australia and Asia	**4,255**	4,616	**238**	465
Europe	**2,076**	2,235	**(319)**	(302)
	33,063	32,785	**6,620**	6,253

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Segment assets and liabilities by location

	Segment assets		Segment liabilities		Net segment assets	
US$ million	2013	2012 restated[1]	2013	2012 restated[1]	2013	2012 restated[1]
South Africa	**17,092**	20,194	**(2,654)**	(2,922)	**14,438**	17,272
Other Africa	**7,783**	8,313	**(221)**	(202)	**7,562**	8,111
Brazil	**9,964**	8,833	**(216)**	(228)	**9,748**	8,605
Chile	**8,847**	8,589	**(1,131)**	(1,094)	**7,716**	7,495
Other South America	**653**	717	**(55)**	(55)	**598**	662
North America	**1,954**	2,500	**(262)**	(298)	**1,692**	2,202
Australia and Asia	**5,534**	5,850	**(724)**	(819)	**4,810**	5,031
Europe	**2,210**	2,806	**(976)**	(1,104)	**1,234**	1,702
	54,037	57,802	**(6,239)**	(6,722)	**47,798**	51,080

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Non-current segment assets by location

Non-current segment assets are non-current operating assets and consist of intangible assets and property, plant and equipment.

US$ million	2013	2012 restated[1]
South Africa	**13,542**	16,492
Other Africa	**6,945**	8,029
Brazil	**9,650**	8,424
Chile	**7,472**	7,364
Other South America	**556**	623
North America	**1,764**	2,205
Australia and Asia	**4,260**	4,687
United Kingdom (Anglo American plc's country of domicile)	**1,257**	1,325
Other Europe	**142**	151
	45,588	49,300

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4. OPERATING PROFIT/(LOSS) FROM SUBSIDIARIES AND JOINT OPERATIONS

US$ million	2013	2012 restated[1]
Group revenue	**29,342**	28,680
Cost of sales	**(22,336)**	(25,835)
Gross profit	**7,006**	2,845
Selling and distribution costs	**(1,780)**	(2,023)
Administrative expenses	**(2,214)**	(2,124)
Other gains and losses (see below)	**(398)**	(92)
Exploration expenditure	**(207)**	(206)
Operating profit/(loss) from subsidiaries and joint operations	**2,407**	(1,600)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

US$ million	2013	2012 restated[1]
Operating profit/(loss) is stated after charging/(crediting):		
Depreciation of property, plant and equipment (note 12)[2]	**2,579**	2,343
Amortisation of intangible assets (note 11)[3]	**59**	31
Rentals under operating leases	**142**	181
Exploration expenditure	**207**	206
Evaluation expenditure	**326**	525
Research and development expenditure	**103**	80
Operating special items (note 6)	**3,211**	6,977
Employee costs (note 27)	**4,834**	5,021
Adjustment due to provisional pricing[4]	**88**	(14)
Royalties[5]	**629**	554
Other gains and losses comprise:		
Operating remeasurements (note 6)	**(550)**	(116)
Other fair value (losses)/gains on derivatives – realised	**(21)**	9
Foreign exchange gains on other monetary items	**182**	12
Other	**(9)**	3
Total other gains and losses	**(398)**	(92)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) In addition $111 million (2012: $35 million) of depreciation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers and nil (2012: $70 million) of accelerated depreciation have been recorded within operating special items and remeasurements (see note 6) and $100 million (2012: $81 million) of pre-commercial production depreciation has been capitalised.
(3) In addition $20 million (2012: $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.
(4) Provisionally priced contracts resulted in a total (realised and unrealised) loss in revenue of $76 million (2012: gain $37 million) and total (realised and unrealised) loss in operating costs of $12 million (2012: $23 million).
(5) Excludes those royalties which meet the definition of income tax on profit and accordingly have been accounted for as taxes.

Exploration and evaluation expenditure

See note 40j for the Group's accounting policy on exploration and evaluation expenditure.

	Exploration expenditure[1]		Evaluation expenditure[2]	
US$ million	2013	2012	2013	2012
By commodity				
Iron ore	**24**	23	**69**	89
Metallurgical coal	**19**	18	**39**	68
Thermal coal	**14**	14	**21**	33
Copper	**31**	39	**112**	263
Nickel	**22**	32	**8**	32
Niobium and phosphates	**6**	2	**16**	1
Platinum group metals	**2**	4	**15**	24
Diamonds	**53**	23	**46**	15
Central exploration activities	**36**	51	**–**	–
	207	206	**326**	525

(1) Exploration for mineral resources other than that occurring at existing operations and projects.
(2) Evaluation of mineral resources relating to projects in the conceptual or pre-feasibility stage or further evaluation of mineral resources at existing operations.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

5. OPERATING PROFIT AND UNDERLYING EARNINGS BY SEGMENT

The following table analyses operating profit (including attributable share of associates' and joint ventures' operating profit) by segment and reconciles it to underlying earnings by segment.

Following a Group reorganisation in the second half of 2013, and to align to the way the businesses are now managed, the Niobium and Phosphates business is reported as a separate segment, having previously been reported in the Other Mining and Industrial segment. Comparatives have been reclassified to align with current year presentation.

Operating profit/(loss) before special items and remeasurements includes attributable share of associates' and joint ventures' operating profit before special items and remeasurements which is reconciled to 'Share of net income from associates and joint ventures' in note 3.

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 for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year', see note 9.

	2013					2012 restated[1]				
US$ million	**Operating profit/(loss) before special items and remeasurements**	**Operating special items and remeasurements (note 6)**	**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	Operating special items and remeasurements (note 6)	Operating profit/(loss) after special items and remeasurements	Net finance costs, income tax expense and non-controlling interests	Underlying earnings
Iron Ore and Manganese	**3,119**	**435**	**2,684**	**(1,994)**	**1,125**	3,011	5,139	(2,128)	(1,965)	1,046
Metallurgical Coal	**46**	**771**	**(725)**	**14**	**60**	405	365	40	(130)	275
Thermal Coal	**541**	**244**	**297**	**(144)**	**397**	793	(1)	794	(270)	523
Copper	**1,739**	**337**	**1,402**	**(936)**	**803**	1,736	(9)	1,745	(795)	941
Nickel	**(44)**	**1,028**	**(1,072)**	**(10)**	**(54)**	26	184	(158)	(16)	10
Niobium and Phosphates	**150**	**6**	**144**	**(58)**	**92**	169	4	165	(62)	107
Platinum	**464**	**522**	**(58)**	**(177)**	**287**	(120)	921	(1,041)	(105)	(225)
Diamonds	**1,003**	**330**	**673**	**(471)**	**532**	474	456	18	(185)	289
Other Mining and Industrial	**(13)**	**162**	**(175)**	**11**	**(2)**	168	24	144	(47)	121
Exploration	**(207)**	**–**	**(207)**	**17**	**(190)**	(206)	–	(206)	11	(195)
Corporate Activities and Unallocated Costs	**(178)**	**6**	**(184)**	**(199)**	**(377)**	(203)	68	(271)	171	(32)
	6,620	**3,841**	**2,779**	**(3,947)**	**2,673**	6,253	7,151	(898)	(3,393)	2,860

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

6. 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 comprise 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.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6. SPECIAL ITEMS AND REMEASUREMENTS continued

US$ million	2013 Subsidiaries and joint operations	2013 Associates and joint ventures[2]	2013 Total	2012 restated[1] Subsidiaries and joint operations	2012 restated[1] Associates and joint ventures[2]	2012 restated[1] Total
Impairment of Minas-Rio	–	–	–	(4,960)	–	(4,960)
Impairment of Barro Alto	(1,012)	–	(1,012)	–	–	–
Platinum operations	(379)	–	(379)	(860)	–	(860)
Impairment of Foxleigh	(331)	–	(331)	–	–	–
Impairment of Michiquillay	(337)	–	(337)	–	–	–
Impairment of Thermal Coal operations	(243)	–	(243)	–	–	–
Cessation of Loma de Níquel	–	–	–	(159)	–	(159)
Other impairments and related charges	(172)	–	(172)	(168)	(62)	(230)
Onerous contract provisions	(434)	–	(434)	(386)	–	(386)
Reversal of De Beers inventory uplift	(126)	–	(126)	(421)	–	(421)
Restructuring costs	(177)	(80)	(257)	(23)	–	(23)
Operating special items	(3,211)	(80)	(3,291)	(6,977)	(62)	(7,039)
Operating remeasurements	(550)	–	(550)	(116)	4	(112)
Operating special items and remeasurements	(3,761)	(80)	(3,841)	(7,093)	(58)	(7,151)
Disposal of Amapá	(175)	–	(175)	(404)	–	(404)
Exit from Pebble	(311)	–	(311)	–	–	–
Loss on formation of Lafarge Tarmac joint venture	(55)	–	(55)	(135)	–	(135)
Atlatsa refinancing (note 36)	(37)	–	(37)	–	–	–
Kumba Envision Trust	(54)	–	(54)	(77)	–	(77)
Other	163	–	163	22	–	22
Non-operating special items	(469)	–	(469)	(594)	–	(594)
Non-operating remeasurement – net gain on acquisition of De Beers	–	–	–	1,990	–	1,990
Non-operating special items and remeasurements	(469)	–	(469)	1,396	–	1,396
Financing remeasurements	(130)	–	(130)	(89)	1	(88)
Total special items and remeasurements before tax and non-controlling interests	(4,360)	(80)	(4,440)	(5,786)	(57)	(5,843)
Special items and remeasurements tax	587	3	590	1,113	(3)	1,110
Non-controlling interests on special items and remeasurements	214	2	216	404	(1)	403
Net total special items and remeasurements attributable to equity shareholders of the Company	(3,559)	(75)	(3,634)	(4,269)	(61)	(4,330)

(1) The non-operating remeasurement related to the net gain on acquisition of De Beers has been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Relates to the Diamonds, Other Mining and Industrial and Thermal Coal segments (2012: Iron Ore and Manganese, Platinum and, until 16 August, Diamonds).

Operating special items

Barro Alto

The Barro Alto nickel project produced first metal in 2011 but its ramp-up has been significantly affected by issues in the kilns and furnaces. In order to eliminate uncertainties, most notably as a result of furnace design flaws, and enable attainment of the nominal capacity of the operation, a redesign and rebuild of the furnaces is planned to take place. The cost of the existing furnaces of $211 million has been written-off and the impact of lost production during the rebuild process (together with the associated capital expenditure) as well as a decline in nickel prices and updated operational planning has resulted in a further impairment of $801 million to the asset's carrying value. Consequently a total impairment charge of $1,012 million has been recorded. The post-tax impairment charge is $724 million.

Platinum portfolio review

Platinum announced in August 2013 that it had completed the section 189 consultations on its proposals to create a sustainable, competitive and profitable platinum business for the long term benefit of all its stakeholders. Following the conclusion of these consultations, the proposals became effective. As a result, Khuseleka 2 shaft and Khomanani 1 and 2 shafts have been placed on long term care and maintenance as part of the consolidation of the Rustenburg operations into three operating mines, and the Union Mine North declines have been closed. As the Group no longer expects to receive future economic benefits from these operations they have been fully impaired, resulting in a charge of $379 million. The charge after tax and non-controlling interests is $232 million. In 2012 an impairment charge of $860 million was recognised in relation to certain Platinum projects and other assets not in use, that were not considered economically viable.

Foxleigh

An impairment charge of $331 million has been recorded in relation to Foxleigh (Metallurgical Coal), principally driven by a decline in metallurgical coal prices. The post-tax impairment charge is $232 million.

Michiquillay

The Group acquired the Michiquillay copper project in northern Peru in 2007. To date, $337 million in costs have been capitalised, primarily representing the costs of acquisition. In 2013, following a review of the concept level study, the Group decided not to progress the study to the pre-feasibility stage in its existing form, and engaged with the Peruvian government to agree a temporary suspension of acquisition payments to allow for a full review of the conceptual study. In view of the uncertainty in relation to the implementation of the project and its outcome, costs capitalised to date are no longer considered recoverable and have been fully impaired, resulting in a charge of $337 million. No tax arises on the impairment.

Thermal Coal

This relates to an impairment of $143 million in relation to the Isibonelo operation, reflecting management's revised expectation of the operation's future profitability under a long term coal supply contract, and an impairment of $100 million at the Kleinkopje operation, driven primarily by a decline in export thermal coal prices. The total post-tax impairment charge is $177 million.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6. SPECIAL ITEMS AND REMEASUREMENTS continued

Onerous contract provisions

The charge of $434 million in relation to onerous contracts principally reflects a provision increase of $393 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 increased provision reflects higher forecast operating expenditure. The post-tax charge in relation to onerous contract provisions is $341 million.

Reversal of De Beers inventory uplift

Inventory held by De Beers at the date of acquisition (16 August 2012) was required to be recognised at fair value under IFRS. This resulted in negligible margins being realised upon the subsequent sale of inventory held at the acquisition date. The reversal of fair value uplifts on the remaining inventory sold in 2013 of $126 million (2012: $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.

Restructuring costs

Restructuring costs principally comprise charges of $146 million relating to the implementation of the Platinum portfolio review and $64 million related to integration costs incurred by the Lafarge Tarmac joint venture following its formation. Restructuring costs after tax and non-controlling interests is $167 million.

2012

In 2012, significant operating special items included the impairment of the Minas-Rio iron ore project (Iron Ore Brazil), impairments of certain Platinum projects and other Platinum assets not in use, a charge arising at Loma de Níquel due to the cancellation of its mining concessions in November 2012, charges relating to onerous contract provisions, principally in relation to Callide, and the reversal of fair value uplifts on inventory sold by De Beers.

Operating remeasurements

Operating remeasurements reflect a net loss of $550 million (2012: $112 million) principally in respect of derivatives related to capital expenditure in Iron Ore Brazil. Derivatives which have been realised during the period had a cumulative net operating remeasurement loss since their inception of $137 million (2012: loss of $71 million).

In addition, operating remeasurements includes a $131 million depreciation and amortisation charge (2012: $41 million) 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.

Non-operating special items

A loss of $175 million ($124 million after non-controlling interests) has been recognised in the year relating to the sale of Amapá in November 2013 (Other Mining and Industrial). In December 2012, Amapá was reclassified to held for sale and recognised at fair value less costs to sell, resulting in a loss of $404 million being recognised. For further details see note 31.

In December 2013, the Group withdrew from the Pebble copper project in Alaska. The Group's 50% interest in the project was written-off in full, resulting in a charge of $311 million, including exit costs. No tax arises on the exit from Pebble.

A loss of $55 million has been recognised on the formation of the Lafarge Tarmac joint venture in January 2013 (Other Mining and Industrial) (2012: $135 million). The loss in the current year primarily relates to the transfer to the income statement of $62 million cumulative exchange losses previously recognised in equity, partially offset by a net gain of $7 million arising on the formation of the joint venture and the associated sale of certain of Tarmac Quarry Materials' operations. For further details see note 30.

The Kumba Envision Trust charge of $54 million (2012: $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.

Other non-operating special items principally comprise a gain of $44 million on deferred proceeds following payment received in the year in respect of undeveloped coal assets in Australia (Metallurgical Coal) which the Group disposed of in 2010, and a gain on disposal of the Group's 16.79% effective interest in Palabora Mining Company Limited, a company listed on the Johannesburg Stock Exchange (JSE), in July 2013. Other non-operating special items, after tax and non-controlling interests, are a gain of $154 million.

Financing remeasurements

Financing remeasurements reflect a net loss of $130 million (2012: net loss of $88 million) and relate to an embedded interest rate derivative, derivatives relating to debt and other financing remeasurements.

Special items and remeasurements tax

Special items and remeasurements tax amounted to a credit of $590 million (2012: credit of $1,110 million). This includes a one-off tax charge of $188 million offset by a tax credit on special items and remeasurements of $923 million (2012: credit of $377 million) and a tax remeasurement charge of $145 million (2012: charge of $189 million). The tax charge of $188 million relates principally to a settlement reached in the current year between the South African Revenue Service and Rustenburg Platinum Mines Limited in respect of certain previously unresolved historical tax matters. The total amount payable in terms of the settlement agreement is $324 million and has been fully provided for.

The total tax credit relating to subsidiaries and joint operations of $587 million (2012: credit of $1,113 million) comprises a current tax charge of $159 million (2012: charge of $8 million) offset by a deferred tax credit of $746 million (2012: credit of $1,121 million).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

7. NET FINANCE COSTS

See note 40b for the Group's accounting policy on borrowing costs.

Net finance costs are presented net of hedges for respective interest bearing and foreign currency borrowings.

The weighted average capitalisation rate applied to qualifying capital expenditure was 4.79% (2012: 4.10%).

US$ million	2013	2012 restated[1]
Investment income		
Interest income from cash and cash equivalents	**113**	153
Other interest income	**134**	208
Net interest income on defined benefit arrangements	**13**	9
Dividend income from financial asset investments	**18**	54
	278	424
Less: interest income capitalised	**(7)**	(6)
Total investment income	**271**	418
Interest expense		
Interest and other finance expense	**(731)**	(675)
Interest payable on convertible bond	**–**	(25)
Unwinding of discount on convertible bond	**–**	(25)
Net interest cost on defined benefit arrangements	**(74)**	(63)
Unwinding of discount relating to provisions and other liabilities	**(106)**	(114)
	(911)	(902)
Less: interest expense capitalised	**327**	272
Total interest expense	**(584)**	(630)
Other financing gains/(losses)		
Net foreign exchange losses	**(21)**	(90)
Net fair value gains/(losses) on fair value hedges	**81**	(24)
Other net fair value (losses)/gains	**(23)**	27
Total other financing gains/(losses)	**37**	(87)
Net finance costs before remeasurements	**(276)**	(299)
Remeasurements (note 6)	**(130)**	(89)
Net finance costs after remeasurements	**(406)**	(388)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

8. INCOME TAX EXPENSE

See note 40c for the Group's accounting policy on tax.

a) Analysis of charge for the year

US$ million	2013	2012 restated[1]
United Kingdom corporation tax credit	**(1)**	(12)
South Africa tax	**863**	802
Other overseas tax	**692**	605
Prior year adjustments	**32**	61
Current tax[2]	**1,586**	1,456
Deferred tax	**275**	50
Income tax expense before special items and remeasurements	**1,861**	1,506
Special items and remeasurements tax (note 6)	**(587)**	(1,113)
Income tax expense	**1,274**	393

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
[2] Includes royalties which meet the definition of income tax and are in addition to royalties recorded in operating costs.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

8. INCOME TAX EXPENSE continued

b) Factors affecting tax charge for the year

The effective tax rate for the year of 74.9% (2012: (229.8)%) is higher (2012: lower) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 23.25% (2012: 24.5%). The reconciling items, excluding the impact of associates and joint ventures, are:

US$ million	2013	2012 restated[1]
Profit/(loss) before tax	**1,700**	(171)
Less: share of net income from associates and joint ventures	**(168)**	(421)
Profit/(loss) before tax (excluding associates and joint ventures)	**1,532**	(592)
Tax on profit/(loss) (excluding associates and joint ventures) calculated at United Kingdom corporation tax rate of 23.25% (2012: 24.5%)	**356**	(145)
Tax effects of:		
Items non-taxable/deductible for tax purposes		
Exploration expenditure	**22**	43
Non-taxable/deductible net foreign exchange (gains)/losses	**(16)**	7
Non-taxable net interest income	**(9)**	(26)
Other non-deductible expenses	**110**	53
Other non-taxable income	**(105)**	(61)
Temporary difference adjustments		
Current year losses not recognised	**25**	86
Recognition of losses not previously recognised	**(6)**	(69)
Utilisation of losses not previously recognised	**(8)**	–
Write-off of losses previously recognised	**29**	–
Adjustment in deferred tax due to change in tax rate	**14**	37
Other temporary differences	**(28)**	(77)
Special items and remeasurements	**427**	305
Other adjustments		
Secondary tax on companies and dividend withholding taxes	**242**	23
Effect of differences between local and United Kingdom tax rates	**173**	70
Prior year adjustments to current tax	**31**	61
Other adjustments	**17**	86
Income tax expense	**1,274**	393

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

IAS 1 requires income from associates and joint ventures to be presented net of tax on the face of the income statement. Associates' and joint ventures' tax is therefore not included within the Group's income tax expense. Associates' and joint ventures' tax included within 'Share of net income from associates and joint ventures' for the year ended 31 December 2013 is $155 million (2012: $200 million). Excluding special items and remeasurements this becomes $158 million (2012: $197 million).

The effective tax rate before special items and remeasurements including attributable share of associates' and joint ventures' tax for the year ended 31 December 2013 was 32.0%. This is higher than the equivalent effective tax rate of 29.0% for the year ended 31 December 2012 due to the impact of various prior year adjustments and the remeasurement of certain withholding tax provisions across the Group. In future periods it is expected that the effective tax rate 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	2013	2012 restated[1]
Tax credit/(charge) on items recognised directly in equity that may subsequently be reclassified to the income statement		
Net loss/(gain) on revaluation of available for sale investments	**13**	(79)
Net loss/(gain) on cash flow hedges	**4**	(1)
Net exchange differences on translation of foreign operations	**156**	(16)
Tax charge on items recognised directly in equity that will not be reclassified to the income statement		
Remeasurement of net retirement benefit obligation	**(37)**	(25)
	136	(121)
Tax credit/(charge) on items transferred from equity		
Transferred to income statement: disposal of available for sale investments	**12**	30
Transferred to initial carrying amount of hedged items: cash flow hedges	**–**	(1)
	12	29

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

d) Tax amounts recognised directly in equity

A deferred tax credit of $106 million and current tax charge of $106 million have been recognised directly in equity in relation to the disposal of a 24.5% interest in Anglo American Sur SA in 2011 (2012: no material current tax amounts, deferred tax charge of $110 million), see note 21. No capital gains tax has been charged directly to equity (2012: charge of $290 million relating to the profit on sale of a 25.4% share in Anglo American Sur SA).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9. EARNINGS PER SHARE

US$	2013	2012 restated[1]
Loss for the financial year attributable to equity shareholders of the Company		
Basic loss per share[2]	**(0.75)**	(1.17)
Diluted loss per share[2]	**(0.75)**	(1.17)
Headline earnings for the financial year[3]		
Basic earnings per share	**1.02**	0.97
Diluted earnings per share	**1.02**	0.97
Underlying earnings for the financial year[3]		
Basic earnings per share	**2.09**	2.28
Diluted earnings per share	**2.08**	2.26

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Basic loss per share equals diluted loss per share as all potential ordinary shares are anti-dilutive.
(3) Basic and diluted earnings per share are shown based on headline earnings, a Johannesburg Stock Exchange (JSE) 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 attributable to equity shareholders of the Company		Headline earnings		Underlying earnings	
	2013	2012 restated[1]	2013	2012 restated[1]	2013	2012 restated[1]
Earnings (US$ million)						
Basic (loss)/earnings	**(961)**	(1,470)	**1,312**	1,218	**2,673**	2,860
Effect of dilutive potential ordinary shares						
Interest payable on convertible bond (net of tax)[2]	**–**	–	**–**	–	**–**	19
Unwinding of discount on convertible bond (net of tax)[2]	**–**	–	**–**	–	**–**	19
Diluted earnings (US$ million)	**(961)**	(1,470)	**1,312**	1,218	**2,673**	2,898
Number of shares (million)						
Basic number of ordinary shares outstanding	**1,281**	1,254	**1,281**	1,254	**1,281**	1,254
Effect of dilutive potential ordinary shares						
Share options and awards	**–**	–	**4**	5	**4**	5
Convertible bond[2]	**–**	–	**–**	–	**–**	23
Diluted number of ordinary shares outstanding (million)	**1,281**	1,254	**1,285**	1,259	**1,285**	1,282

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) All outstanding convertible bonds were converted or redeemed in 2012.

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.

Basic loss per share is equal to diluted loss per share as all 16,688,080 (2012: 16,325,905) potential ordinary shares are anti-dilutive and 134,679 (2012: 10,339,454) 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.

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 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	2013	2012 restated[1]
Loss for the financial year attributable to equity shareholders of the Company	**(961)**	(1,470)
Operating special items	**2,491**	6,050
Operating special items – tax	**(569)**	(1,600)
Operating special items – non-controlling interests	**(53)**	(123)
Non-operating special items and remeasurements	**456**	(1,494)
Non-operating special items – tax	**10**	35
Non-operating special items – non-controlling interests	**(62)**	(180)
Headline earnings for the financial year	**1,312**	1,218
Operating special items[2]	**800**	989
Operating remeasurements	**550**	112
Non-operating special items[3]	**13**	98
Financing remeasurements	**130**	88
Tax special item	**188**	–
Special items and remeasurements tax	**(219)**	455
Non-controlling interests on special items and remeasurements	**(101)**	(100)
Underlying earnings for the financial year	**2,673**	2,860

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Includes onerous contract provisions, restructuring costs and the reversal of the inventory uplift on De Beers.
(3) Principally relates to the Kumba Envision Trust and elements of the Atlatsa refinancing (2012: Kumba Envision Trust and transaction costs related to the De Beers acquisition).

NOTES TO THE CONSOLIDATED BALANCE SHEET

10. DIVIDENDS

Dividends payable during the year are as follows:

US$ million	2013	2012
Final ordinary dividend for 2012 – 53 US cents per ordinary share (2011: 46 US cents per ordinary share)	**672**	559
Interim ordinary dividend for 2013 – 32 US cents per ordinary share (2012: 32 US cents per ordinary share)	**406**	411
	1,078[1]	970[1]

[1] Of this, $618 million (2012: $599 million) was recognised in the parent company.

Total dividends paid during the year were $1,078 million (2012: $970 million).

The directors are proposing a final dividend in respect of the financial year ended 31 December 2013 of 53 US cents per share. Based on shares eligible for dividends at 31 December 2013, this will result in an estimated distribution of $678 million of shareholders' funds, of which $374 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 33, the employee benefit trust has waived the right to receive dividends on the shares it holds.

11. INTANGIBLE ASSETS

See notes 40d, 40e and 40i for the Group's accounting policy on intangible assets.

	2013			2012 restated[1]		
US$ million	**Brands, contracts and other intangibles[2]**	**Goodwill[3]**	**Total**	Brands, contracts and other intangibles[2]	Goodwill[3]	Total
Net book value						
At 1 January	**1,615**	**2,954**	**4,569**	83	2,239	2,322
Adoption of new standards[1]	**–**	**–**	**–**	(2)	–	(2)
At 1 January (restated)	**1,615**	**2,954**	**4,569**	81	2,239	2,320
Acquired through business combinations	**–**	**–**	**–**	1,588	2,355	3,943
Additions	**15**	**–**	**15**	34	–	34
Amortisation charge for the year[4]	**(79)**	**–**	**(79)**	(37)	–	(37)
Impairments and losses on assets transferred to held for sale	**(2)**	**–**	**(2)**	(30)	(1,169)	(1,199)
Disposals and transfer to assets held for sale	**–**	**–**	**–**	(7)	(441)	(448)
Remeasurements	**–**	**(18)**	**(18)**	–	–	–
Currency movements	**(134)**	**(268)**	**(402)**	(14)	(30)	(44)
At 31 December	**1,415**	**2,668**	**4,083**	1,615	2,954	4,569
Cost	**1,599**	**2,668**	**4,267**	1,722	2,954	4,676
Accumulated amortisation	**(184)**	**–**	**(184)**	(107)	–	(107)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
[2] Includes $517 million (2012: $517 million) of assets with indefinite lives. Brands, contracts and other intangible assets are provided net of cumulative impairment charges of $31 million (2012: $29 million).
[3] The goodwill balances provided are net of cumulative impairment charges of $1,105 million (2012: $1,105 million).
[4] Includes $20 million (2012: $6 million) 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.

In December 2012 an impairment of $1,105 million was recorded against goodwill related to Minas-Rio. The valuation of Minas-Rio was determined on a value in use basis using a real pre-tax discount rate of 8.5%. The total impairment charge of $4,960 million (before tax) was recorded against the carrying value of goodwill and mining properties, with an associated deferred tax credit of $960 million.

Impairment tests for goodwill

See note 40f for the Group's accounting policy on impairment of 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 included within these segments is not significant when compared to the goodwill of the Group. The allocation of goodwill to CGUs or groups of CGUs is as follows:

US$ million	2013	2012
Thermal Coal	**88**	88
Copper	**124**	124
Nickel	**10**	10
Platinum	**230**	230
Diamonds	**2,056**	2,324
Other	**160**	178
	2,668	2,954

For the purposes of goodwill impairment testing, the recoverable amount of a CGU is determined based on a fair value less costs of disposal basis. The key assumptions used in determining fair value less costs of disposal are set out in note 1. 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.

NOTES TO THE CONSOLIDATED BALANCE SHEET

12. PROPERTY, PLANT AND EQUIPMENT

See notes 40g to 40j for the Group's accounting policies on property, plant and equipment.

	2013					2012 restated[1]				
US$ million	Mining properties and leases[2]	Land and buildings	Plant and equipment	Capital works in progress	Total	Mining properties and leases[2]	Land and buildings	Plant and equipment	Capital works in progress[3]	Total
Net book value										
At 1 January	**17,301**	**2,996**	**14,268**	**10,166**	**44,731**	14,643	2,620	14,822	8,464	40,549
Adoption of new standards[1]	**–**	**–**	**–**	**–**	**–**	(155)	–	(20)	(292)	(467)
At 1 January (restated)	**17,301**	**2,996**	**14,268**	**10,166**	**44,731**	14,488	2,620	14,802	8,172	40,082
Acquired through business combinations	**–**	**–**	**–**	**–**	**–**	7,307	420	395	790	8,912
Additions	**827**	**43**	**209**	**5,818**	**6,897**	519	44	179	5,384	6,126
Depreciation charge for the year[4]	**(1,125)**	**(135)**	**(1,530)**	**–**	**(2,790)**	(648)	(200)	(1,637)	(44)	(2,529)
Impairments and losses on transfer to assets held for sale	**(959)**	**(147)**	**(817)**	**(401)**	**(2,324)**	(4,009)	(35)	(352)	(794)	(5,190)
Disposal of assets	**(286)**	**(10)**	**(52)**	**(106)**	**(454)**	(5)	(4)	(45)	(12)	(66)
Disposal and transfer to assets held for sale	**–**	**–**	**–**	**–**	**–**	(644)	(148)	(1,007)	(155)	(1,954)
Reclassifications[5]	**1,432**	**599**	**780**	**(2,811)**	**–**	558	346	2,149	(3,053)	–
Currency movements	**(2,194)**	**(316)**	**(1,328)**	**(717)**	**(4,555)**	(265)	(47)	(216)	(122)	(650)
At 31 December	**14,996**	**3,030**	**11,530**	**11,949**	**41,505**	17,301	2,996	14,268	10,166	44,731
Cost	**24,334**	**4,191**	**21,263**	**12,279**	**62,067**	25,047	4,001	23,312	10,348	62,708
Accumulated depreciation	**(9,338)**	**(1,161)**	**(9,733)**	**(330)**	**(20,562)**	(7,746)	(1,005)	(9,044)	(182)	(17,977)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details. The adoption of IFRIC 20 has resulted in the write-off of previously capitalised deferred stripping costs of $155 million to retained earnings as they were not associated with an existing component of an operating mine. The adoption of IFRS 11 has resulted in $312 million of property, plant and equipment being reclassified to investments in equity accounted joint ventures.

(2) Additions to mining properties and leases include amounts of $382 million in relation to deferred stripping production stage Ore Reserves development. Before the adoption of IFRIC 20, a net deferral of production stage stripping costs of $147 million in 2012 was included in additions to mining properties and leases. The treatment of production stage Ore Reserves development has not changed.

(3) 2012 includes $196 million of other assets, all of which have been disposed of or transferred into other categories in 2013.

(4) Includes $2,579 million (2012: $2,343 million) of depreciation within operating profit, $111 million (2012: $35 million) of depreciation arising due to the fair value uplift on the pre-existing 45% shareholding of De Beers and nil (2012: $70 million) of accelerated depreciation, both of which have been recorded within operating special items and remeasurements (see note 6), and $100 million (2012: $81 million) of pre-commercial production depreciation which has been capitalised. See note 3 for a split of depreciation and amortisation by segment.

(5) Relates mainly to amounts transferred from capital works in progress.

The impairments recorded in the year are detailed in note 6. Fair value less costs of disposal has been used as the basis for determining the recoverable amount. The fair value depends principally on unobservable inputs and is classified as level 3 in the fair value hierarchy. Where the recoverable amount is estimated to be less than the carrying amount an impairment has been recorded.

Included in the additions is $320 million (2012: $266 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 $50 million (2012: $27 million), depreciation charges in the year amounted to $13 million (2012: $7 million).

The net book value of land and buildings comprises:

US$ million	2013	2012
Freehold	**2,966**	2,952
Leasehold – long	**62**	41
Leasehold – short (less than 50 years)	**2**	3
	3,030	2,996

NOTES TO THE CONSOLIDATED BALANCE SHEET

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

See note 40k for the Group's accounting policy on associates and joint arrangements, which includes joint ventures. Prior to the adoption of IFRS 11 joint ventures were accounted for using proportionate consolidation. These arrangements are now accounted for using the equity method.

Details of principal associates and joint ventures are set out in note 38.

	2013			2012 restated[1]		
US$ million	Associates	Joint ventures	Total	Associates	Joint ventures	Total
At 1 January	**3,063**	**99**	**3,162**	5,240	n/a[2]	5,240
Adoption of new standards[1]	**–**	**–**	**–**	(1)	113	112
At 1 January (restated)	**3,063**	**99**	**3,162**	5,239	113	5,352
Share of net income/(loss) from associates and joint ventures	**238**	**(70)**	**168**	428	(7)	421
Dividends received	**(242)**	**(4)**	**(246)**	(286)	(8)	(294)
Interest on capitalised loans	**–**	**–**	**–**	9	–	9
Share of expense recognised directly in equity, net of tax	**–**	**–**	**–**	(3)	–	(3)
Other equity movements	**–**	**–**	**–**	(4)	–	(4)
Investment in equity and capitalised loans	**175**	**46**	**221**	114	–	114
Repayment of capitalised loans	**(108)**	**–**	**(108)**	(36)	–	(36)
Acquired through formation of joint ventures (note 30)	**–**	**1,658**	**1,658**	12	–	12
Disposals	**–**	**–**	**–**	(2,370)[3]	–	(2,370)
Impairment	**–**	**(98)**	**(98)**	–	–	–
Other movements	**–**	**–**	**–**	1	–	1
Currency movements	**(190)**	**45**	**(145)**	(41)	1	(40)
At 31 December[4]	**2,936**	**1,676**	**4,612**	3,063	99	3,162

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Prior to the adoption of IFRS 11, equity accounted balances comprised only associates.
(3) 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 30.
(4) The fair value of the Group's investment in its associate Atlatsa Resources Corporation at 31 December 2013 was $64 million (2012: $18 million).

The Group's total investments in associates and joint ventures comprise:

	2013			2012 restated[1]		
US$ million	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Equity	**2,553**	**1,676**	**4,229**	2,359	99	2,458
Loans[2]	**383**	**–**	**383**	704	–	704
	2,936	**1,676**	**4,612**	3,063	99	3,162

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) The Group's total investments in associates include long term loans which in substance form part of the Group's net investment. These loans are not repayable in the foreseeable future.

Associates and joint ventures

None of the Group's associates or joint ventures are considered to be individually material to the Group, and therefore the financial information of associates and joint ventures is provided on an aggregated basis.

	2013			2012 restated[1]		
US$ million	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Non-current assets	**2,900**	**2,049**	**4,949**	2,521	320	2,841
Current assets	**1,234**	**725**	**1,959**	1,494	61	1,555
Current liabilities	**(451)**	**(785)**	**(1,236)**	(379)	(170)	(549)
Non-current liabilities	**(747)**	**(313)**	**(1,060)**	(573)	(112)	(685)
Net assets	**2,936**	**1,676**	**4,612**	3,063	99	3,162
Revenue	**2,238**	**1,483**	**3,721**	4,024	81	4,105
Share of net income/(loss) from associates and joint ventures	**238**	**(70)**	**168**	428	(7)	421
Other comprehensive expense	**–**	**–**	**–**	(25)	–	(25)
Total comprehensive income/(expense)	**238**	**(70)**	**168**	403	(7)	396

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Segmental information is provided in aggregate for associates and joint ventures as follows:

	Aggregate investment	
US$ million	2013	2012 restated[1]
Iron Ore and Manganese	**907**	965
Metallurgical Coal	**235**	277
Thermal Coal	**1,182**	1,085
Platinum	**648**	786
Diamonds	**29**	13
Other Mining and Industrial	**1,611**	36
	4,612	3,162

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The Group's share of joint ventures' capital commitments relating to its interests in joint ventures, including its share of commitments made jointly with other investors, is $364 million (2012: $462 million).

NOTES TO THE CONSOLIDATED BALANCE SHEET

14. FINANCIAL ASSET INVESTMENTS

See notes 40l and 40m for the Group's accounting policy on financial asset investments.

US$ million	2013 Loans and receivables	2013 Available for sale investments	2013 Total	2012 restated[1] Loans and receivables	2012 restated[1] Available for sale investments	2012 restated[1] Total
At 1 January	**1,427**	**1,064**	**2,491**	1,690	1,206	2,896
Adoption of new standards[1]	**–**	**–**	**–**	107	–	107
At 1 January (restated)	**1,427**	**1,064**	**2,491**	1,797	1,206	3,003
Additions	**–**	**–**	**–**	8	8	16
Acquired through business combinations	**–**	**–**	**–**	41	19	60
Interest receivable	**37**	**–**	**37**	27	–	27
Net repayments	**(424)**[2]	**–**	**(424)**	(79)	–	(79)
Transfer to assets held for sale	**–**	**–**	**–**	(16)	–	(16)
Disposals	**(9)**	**(99)**	**(108)**	(314)	(273)	(587)
Movements in fair value	**(37)**	**(69)**	**(106)**	26	173	199
Currency movements	**(235)**	**(190)**	**(425)**	(63)	(69)	(132)
At 31 December	**759**	**706**	**1,465**	1,427	1,064	2,491

(1) Certain balances related to 2012 have been restated to reflect the adoption of the new accounting pronouncements. See note 2 for details.
(2) Includes non-cash settlements relating to the refinancing of Atlatsa Resources Corporation. See note 6.

No provision for impairment is recorded against financial assets classified as 'Loans and receivables' (2012: nil).

Maturity analysis of financial asset investments is as follows:

US$ million	2013	2012 restated[1]
Current	**19**	102
Non-current	**1,446**	2,389
	1,465	2,491

(1) Certain balances related to 2012 have been restated to reflect the adoption of the new accounting pronouncements. See note 2 for details.

15. INVENTORIES

See note 40q for the Group's accounting policy on inventories.

US$ million	2013	2012 restated[1]
Raw materials and consumables	**915**	934
Work in progress	**1,496**	1,500
Finished products	**2,378**	2,568
	4,789	5,002

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The cost of inventories recognised as an expense and included in cost of sales amounted to $17,929 million (2012: $15,709 million). An additional $126 million was recognised as an expense within operating special items (2012: $421 million) relating to the reversal of fair value uplifts on De Beers inventory, see note 6.

Inventories held at net realisable value amounted to $308 million (2012: $352 million).

Write-down of inventories (net of revaluation of provisionally priced purchases) amounted to $58 million (2012: $145 million).

The value of inventory write-downs reversed and recognised as a reduction in the inventory expense for the year was $4 million (2012: nil).

16. TRADE AND OTHER 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, see note 40a), net of appropriate provision for estimated irrecoverable amounts. Such provisions are raised based on an assessment of debtor ageing, past experience or known customer circumstances.

US$ million	2013 Due within one year	2013 Due after one year	2013 Total	2012 restated[1] Due within one year	2012 restated[1] Due after one year	2012 restated[1] Total
Trade receivables	**2,596**	**235**	**2,831**	2,491	193	2,684
Other receivables	**541**	**502**	**1,043**	572	318	890
Prepayments and accrued income	**214**	**60**	**274**	180	49	229
	3,351	**797**	**4,148**	3,243	560	3,803

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The historical level of customer default is minimal and as a result the credit quality of year end trade receivables is considered to be high. Of the year end trade receivables balance, $65 million (2012: $36 million) were past due at 31 December, stated after an associated impairment provision of $19 million (2012: $11 million). The overdue debtor ageing profile 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.

NOTES TO THE CONSOLIDATED BALANCE SHEET

17. TRADE AND OTHER 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.

US$ million	2013	2012 restated[1]
Trade payables	**2,364**	2,683
Tax and social security	**100**	103
Other payables	**903**	700
Accruals and deferred income[2]	**1,024**	1,026
	4,391	4,512

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Includes $22 million (2012: $18 million) of deferred income recorded within non-current liabilities.

18. FINANCIAL INSTRUMENTS

See notes 40m and 40n for the Group's accounting policies on impairment of financial assets, derivative financial instruments and hedge accounting.

The carrying amounts of financial assets and financial liabilities are as shown below. Where the carrying amount of a financial asset or liability does not approximate its fair value, this is also disclosed.

For financial assets and liabilities which are traded on an active market, such as listed investments or listed debt instruments, fair value is determined by reference to market value. For non-traded financial assets and 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, and based on observable market data where available, unless carrying value is considered to approximate fair value.

US$ million	2013	2012 restated[1]
Financial assets		
At fair value through profit and loss		
Trade and other receivables[2]	**1,652**	581
Derivative financial assets[3]	**674**	848
Loans and receivables		
Cash and cash equivalents	**7,704**	9,080
Trade and other receivables[2]	**2,222**	2,993
Financial asset investments[4]	**759**	1,427
Available for sale investments		
Financial asset investments	**706**	1,064
	13,717	15,993
Financial liabilities		
At fair value through profit and loss		
Trade and other payables[2]	**(279)**	(296)
Derivative financial liabilities[3]	**(1,511)**	(1,081)
Designated into fair value hedges		
Borrowings[5]	**(14,619)**	(13,425)
Financial liabilities at amortised cost		
Trade and other payables[2]	**(3,923)**	(4,075)
Borrowings[6]	**(3,229)**	(4,210)
Other non-current liabilities	**–**	(29)
	(23,561)	(23,116)
Net financial liabilities	**(9,844)**	(7,123)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Trade and other receivables exclude prepayments and accrued income. Trade and other payables exclude tax and social security and deferred income.
(3) Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 19.
(4) The carrying value of financial asset investments within loans and receivables is considered to approximate fair value (2012: fair value of $1,397 million including investments categorised as level 3 in the fair value hierarchy).
(5) Borrowings designated in fair value hedges represent listed debt. The fair value of these borrowings is $14,907 million (2012: $13,735 million), which is based on the quoted market price and consequently categorised as level 1 in the fair value hierarchy.
(6) For the majority of borrowings at amortised cost the carrying value is considered to approximate the fair value. In certain circumstances the fair value of borrowings is based on management's estimates of future cash flows and consequently the valuation is categorised as level 3 in the fair value hierarchy. The total fair value of borrowings at amortised cost is $3,269 million (2012: $4,062 million).

NOTES TO THE CONSOLIDATED BALANCE SHEET

18. FINANCIAL INSTRUMENTS continued

Fair value hierarchy

An analysis of financial assets and liabilities carried at fair value is set out below:

	2013				2012			
US$ million	Level 1[1]	Level 2[2]	Level 3[3]	Total	Level 1[1]	Level 2[2]	Level 3[3]	Total
Financial assets								
At fair value through profit and loss								
Provisionally priced trade receivables	–	1,510	–	1,510	–	581	–	581
Other receivables	–	–	142	142	–	–	–	–
Derivatives hedging net debt	–	628	24	652	–	777	34	811
Other derivatives	–	22	–	22	1	36	–	37
Available for sale investments								
Financial asset investments	647	–	59	706	980	11	73	1,064
	647	2,160	225	3,032	981	1,405	107	2,493
Financial liabilities								
At fair value through profit and loss								
Provisionally priced trade payables	–	(279)	–	(279)	–	(296)	–	(296)
Derivatives hedging net debt	–	(714)	(446)	(1,160)	–	(784)	(195)	(979)
Other derivatives	(3)	(338)	(10)	(351)	–	(81)	(21)	(102)
	(3)	(1,331)	(456)	(1,790)	–	(1,161)	(216)	(1,377)
Net assets/(liabilities) carried at fair value	644	829	(231)	1,242	981	244	(109)	1,116

(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 and liabilities included within level 3 primarily consist of contingent proceeds and related receivables relating to disposals, embedded derivatives, unlisted equity investments, 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 assets and liabilities are shown as follows:

	Assets		Liabilities	
US$ million	2013	2012	2013	2012
At 1 January	107	217	(216)	(188)
Net gain/(loss) recorded in the income statement[1]	134	(141)	(195)	(14)
Net gain recorded in the statement of comprehensive income	2	19	–	–
Reclassification from/to level 3 financial liabilities	–	14	–	(14)
Currency movements	(18)	(2)	(45)	–
At 31 December	225	107	(456)	(216)

(1) The majority of this is recorded in remeasurements.

For the level 3 financial assets and liabilities, changing certain inputs to reasonably possible alternative assumptions does not change the fair value significantly.

The net gains and losses recorded in the Consolidated income statement in respect of financial instruments were as follows:

US$ million	2013	2012 restated[1]
At fair value through profit and loss		
Cash flow hedge derivatives transferred from equity	–	(4)
Fair value hedge: hedged items	555	(193)
Fair value hedge: hedging instruments	(474)	169
Foreign exchange gains	4	12
Other fair value movements[2]	(643)	(144)
Loans and receivables		
Foreign exchange gains	141	17
Interest income at amortised cost[3]	172	321
Available for sale		
Net gain transferred on sale from equity	89	67
Dividend income	18	54
Impairment of available for sale investments	(14)	(84)
Foreign exchange losses	–	(30)
Other financial liabilities		
Foreign exchange gains/(losses)	16	(106)
Interest expense at amortised cost[3]	(324)	(404)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Includes the impact of provisional pricing, see note 4, and certain operating and financing remeasurements, see note 6.
(3) Interest income and expense at amortised cost are shown net of amounts capitalised.

NOTES TO THE CONSOLIDATED BALANCE SHEET

19. DERIVATIVES

See note 40n for the Group's accounting policy on derivatives.

The fair values of derivatives are separately recorded on the Consolidated balance sheet within 'Derivative financial assets' and 'Derivative financial liabilities'. Derivatives are classified as current or non-current depending on the date of expected settlement of the derivative.

The Group utilises derivative instruments to manage certain market risk exposures. 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 Consolidated income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Cash flow hedges

In certain cases the Group classifies its forward foreign currency 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 Consolidated income statement (or hedged balance sheet item).

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 Consolidated income statement.

Held for trading

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 Consolidated income statement, as is the case for certain cross currency swaps of non-US dollar debt. Where these derivatives have not been designated as hedges, fair value changes are recognised in the Consolidated income statement as remeasurements and are classified as financing or operating depending on the nature of the associated hedged risk.

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.

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			
	2013		2012		2013		2012	
US$ million	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Derivatives hedging net debt								
Fair value hedge								
Interest rate swaps	**8**	**–**	30	–	**354**	**(138)**	687	(6)
Held for trading								
Forward foreign currency contracts	**18**	**(86)**	2	(54)	**–**	**–**	–	–
Cross currency swaps	**24**	**(15)**	32	(125)	**248**	**(919)**	60	(781)
Interest rate swaps	**–**	**–**	–	–	**–**	**(2)**	–	(13)
	50	**(101)**	64	(179)	**602**	**(1,059)**	747	(800)
Other derivatives								
Cash flow hedge								
Forward foreign currency contracts	**–**	**(6)**	3	–	**–**	**(3)**	–	–
Fair value hedge								
Forward commodity contracts	**–**	**(3)**	1	(2)	**–**	**–**	–	–
Held for trading								
Forward foreign currency contracts	**20**	**(249)**	33	(70)	**2**	**(73)**	–	(1)
Other	**–**	**(13)**	–	(29)	**–**	**(4)**	–	–
	20	**(271)**	37	(101)	**2**	**(80)**	–	(1)
Total derivatives	**70**	**(372)**	101	(280)	**604**	**(1,139)**	747	(801)

These marked to market valuations are not 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.

The Group is exposed in varying degrees to a variety of financial instrument related risks. For more information about these risks and the ways in which the Group manages them see notes 25 and 39.

NOTES TO THE CONSOLIDATED BALANCE SHEET

20. PROVISIONS FOR LIABILITIES AND CHARGES

See note 40r for the Group's accounting policy on environmental restoration and decommissioning obligations.

US$ million	Environmental restoration	Decommissioning	Employee benefits	Onerous contracts	Other	Total
At 1 January 2013	1,089	517	439	350	553	2,948
Adoption of new standards[1]	(2)	–	(2)	–	–	(4)
At 1 January 2013 (restated)	1,087	517	437	350	553	2,944
Charged to the income statement	177	–	214	439	322	1,152
Capitalised	51	24	–	–	6	81
Unwinding of discount	60	30	1	20	10	121
Amounts applied	(33)	(1)	(175)	(32)	(164)	(405)
Unused amounts reversed	(26)	(14)	(21)	–	(7)	(68)
Currency movements	(161)	(68)	(38)	(75)	(27)	(369)
At 31 December 2013	1,155	488	418	702	693	3,456

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Maturity analysis of total provisions:

US$ million	2013	2012 restated[1]
Current	768	560
Non-current	2,688	2,384
	3,456	2,944

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

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. Contributions to controlled funds are made to meet the cost of some of the Group's environmental restoration and decommissioning liabilities, see environmental rehabilitation trusts below.

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.

Onerous contracts

Provision is made for the present value of certain long term contracts where the unavoidable cost of meeting the Group's obligations is expected to exceed the benefits to be received. It is anticipated these costs will be incurred over a period of up to 17 years.

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.

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	2013	2012 restated[1]
Equity	149	150
Bonds	134	151
Cash	65	91
	348	392

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

These assets are primarily denominated in South African rand. 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 8.2% (2012: 8.4%) for an average period of five years (2012: five years). Equity investments are recorded at fair value through profit and loss and bonds are recorded at amortised cost.

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 stated above.

NOTES TO THE CONSOLIDATED BALANCE SHEET

21. DEFERRED TAX

See note 40c for the Group's accounting policy on tax.

The movement in net deferred tax liabilities during the year is as follows:

US$ million	2013	2012 restated[1]
At 1 January	**(4,847)**	(5,200)
Adoption of new standards[1]	**–**	22
At 1 January (restated)	**(4,847)**	(5,178)
Credited to the income statement	**471**	1,071
Credited/(charged) to the statement of comprehensive income	**148**	(92)
Credited/(charged) directly to equity	**106**	(110)
Acquired through business combinations	**–**	(850)
Transfer to assets held for sale	**–**	118
Currency movements	**829**	194
At 31 December	**(3,293)**	(4,847)
Comprising:		
Deferred tax assets	**1,364**	1,204
Deferred tax liabilities	**(4,657)**	(6,051)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The amount of deferred tax recognised in the Consolidated balance sheet is as follows:

US$ million	2013	2012 restated[1]
Deferred tax assets		
Tax losses	**593**	358
Post employment benefits	**71**	118
Share-based payments	**5**	9
Enhanced tax depreciation	**414**	560
Other temporary differences	**281**	159
	1,364	1,204
Deferred tax liabilities		
Capital allowances in excess of depreciation	**(2,871)**	(3,321)
Fair value adjustments	**(1,476)**	(2,582)
Tax losses	**29**	29
Derivatives	**4**	15
Provisions	**436**	416
Chilean withholding tax	**(570)**	(567)
Other temporary differences	**(209)**	(41)
	(4,657)	(6,051)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The amount of deferred tax credited/(charged) to the Consolidated income statement is as follows:

US$ million	2013	2012 restated[1]
Capital allowances in excess of depreciation	**(238)**	(34)
Fair value adjustments	**73**	(133)
Tax losses	**187**	7
Derivatives	**220**	99
Provisions	**134**	41
Chilean withholding tax	**(3)**	89
Other temporary differences	**98**	1,002[2]
	471	1,071

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

[2] In 2012 this principally related 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	2013	2012 restated[1]
Deferred tax assets		
Recoverable within one year	**123**	131
Recoverable after one year	**1,241**	1,073
	1,364	1,204
Deferred tax liabilities		
Payable within one year	**(315)**	(340)
Payable after one year	**(4,342)**	(5,711)
	(4,657)	(6,051)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

NOTES TO THE CONSOLIDATED BALANCE SHEET

21. DEFERRED TAX continued

The Group has the following balances in respect of which no deferred tax asset has been recognised:

	2013				2012			
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	**16**	**–**	**–**	**16**	17	–	–	17
Greater than one year, less than five years	**294**	**–**	**–**	**294**	286	–	–	286
Greater than five years	**3**	**–**	**4,370**	**4,373**	3	–	2,997	3,000
No expiry date	**4,858**	**753**	**2,077**	**7,688**	4,467	1,097	1,953	7,517
	5,171	**753**	**6,447**	**12,371**	4,773	1,097	4,950	10,820

The Group also has unused tax credits of $17 million (2012: $16 million) for which no deferred tax asset is recognised in the Consolidated balance sheet. All of these credits expire within three years.

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries, branches, associates and interests in joint arrangements 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, associates and interests in joint arrangements is represented by the contribution of those investments to the Group's retained earnings and amounted to $19,117 million (2012: $21,846 million).

22. ASSETS AND LIABILITIES HELD FOR SALE

See note 40s for the Group's accounting policy on non-current assets and disposal groups held for sale.

There are no assets and liabilities classified as held for sale at 31 December 2013.

	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	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	–	(17)	(17)
Total non-current liabilities	(59)	(264)	(323)
Total liabilities directly 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 were included in the Other Mining and Industrial segment.

23. CAPITAL EXPENDITURE

Expenditure on property, plant and equipment

Capital expenditure is segmented on a cash basis and includes cash flows on related derivatives.

US$ million	2013	2012 restated[1]
Iron Ore and Manganese	**2,517**	2,139
Metallurgical Coal	**1,050**	1,028
Thermal Coal	**217**	266
Copper	**1,011**	1,214
Nickel	**(28)**[2]	100
Niobium and Phosphates	**237**	94
Platinum	**608**	822
Diamonds	**551**	161
Other Mining and Industrial	**53**	171
Exploration	**1**	6
Corporate Activities and Unallocated Costs	**44**	29
	6,261	6,030
Less: cash outflows from derivatives relating to capital expenditure	**(136)**	(71)
Expenditure on property, plant and equipment	**6,125**	5,959

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

(2) Cash capital expenditure for Nickel of $76 million is offset by the capitalisation of $104 million of net operating cash inflows generated by Barro Alto which has not yet reached commercial production.

Capital expenditure by category including associated derivatives

US$ million	2013	2012 restated[1]
Expansionary[2]	**3,258**	2,956
Stay-in-business	**2,242**	2,290
Stripping and development	**761**	784
Expenditure on property, plant and equipment	**6,261**	6,030

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

(2) Cash flows from derivatives relating to capital expenditure relate to expansionary capital expenditure.

24. NET DEBT

See note 40o for the Group's accounting policy on cash and debt.

Net debt is a measure of the Group's financial position. The Group uses net debt to monitor the sources and uses of financial resources, the availability of capital to invest or return to shareholders, and the resilience of the balance sheet. 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).

a) Reconciliation to the balance sheet

	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
US$ million	2013	2012 restated[1]	2013	2012 restated[1]	2013	2012
Balance sheet	**7,704**	9,080	**(2,108)**	(2,485)	**(15,740)**	(15,150)
Balance sheet – disposal groups[2]	**–**	227	**–**	(14)	**–**	–
Bank overdrafts	**(2)**	(9)	**2**	9	**–**	–
Net debt classifications	**7,702**	9,298	**(2,106)**	(2,490)	**(15,740)**	(15,150)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

(2) 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.

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

24. NET DEBT continued

b) Movement in net debt

US$ million	Cash and cash equivalents	Short term borrowings	Medium and long term borrowings	Net debt excluding derivatives	Derivatives hedging net debt	Net debt including derivatives
At 1 January 2012	11,732	(1,018)	(11,855)	(1,141)	(233)	(1,374)
Adoption of new standards[1]	(20)	116	–	96	–	96
At 1 January 2012 (restated)	11,712	(902)	(11,855)	(1,045)	(233)	(1,278)
Cash flow	(2,304)	747	(5,633)	(7,190)	(149)	(7,339)
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	–	–	(21)	(21)	–	(21)
Currency movements	(110)	9	29	(72)	–	(72)
At 31 December 2012 (restated)	**9,298**	**(2,490)**	**(15,150)**	**(8,342)**	**(168)**	**(8,510)**
Cash flow	**(1,235)**	**2,307**	**(3,279)**	**(2,207)**	**(181)**	**(2,388)**
Disposal of businesses	**–**	**69**	**–**	**69**	**–**	**69**
Reclassifications	**–**	**(2,084)**	**2,084**	**–**	**–**	**–**
Movement in fair value	**–**	**24**	**521**	**545**	**(155)**	**390**
Other non-cash movements	**–**	**(5)**	**(39)**	**(44)**	**–**	**(44)**
Currency movements	**(361)**	**73**	**123**	**(165)**	**(4)**	**(169)**
At 31 December 2013	**7,702**	**(2,106)**	**(15,740)**	**(10,144)**	**(508)**	**(10,652)**

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

c) Net debt by segment

The Group's policy is to hold the majority of its cash and borrowings at the corporate centre. Business units may from time to time raise borrowings in connection with specific capital projects, and subsidiaries with non-controlling interests have borrowings which are without recourse to the Group. Other than the impact of South African exchange controls (see note 24d below), there are no significant restrictions over the Group's ability to access these cash balances or repay these borrowings. Net debt by segment is stated after elimination of inter-segment balances and includes related hedges. Net debt in disposal groups is part of total net debt but not allocated to segments.

US$ million	2013	2012 restated[1]
Iron Ore and Manganese	**(1,413)**	(996)
Metallurgical Coal	**218**	510
Thermal Coal	**(49)**	(32)
Copper	**531**	775
Nickel	**(398)**	(477)
Niobium and Phosphates	**68**	18
Platinum	**(50)**	(98)
Diamonds	**(311)**	(839)
Other Mining and Industrial	**33**	16
Exploration	**4**	8
Corporate Activities and Unallocated Costs	**(9,285)**	(7,608)
	(10,652)	(8,723)
Net cash in disposal groups	**–**	213
	(10,652)	(8,510)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

d) South Africa net debt

The Group operates in South Africa where the existence of exchange controls may restrict the use of certain cash balances. The Group therefore monitors the cash and debt associated with these operations separately. These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations. Below is a breakdown of net debt in South Africa.

US$ million	2013	2012
Cash and cash equivalents	**2,247**	1,893
Short term borrowings	**(512)**	(373)
Medium and long term borrowings	**(1,000)**	(1,754)
Net cash/(debt) excluding derivatives	**735**	(234)
Derivatives hedging net debt	**4**	31
Net cash/(debt) including derivatives	**739**	(203)

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

25. BORROWINGS

See note 40o for the Group's accounting policy on convertible debt and bank borrowings.

The Group accesses borrowings mostly in capital markets through bonds issued under the Euro Medium Term Note (EMTN) programme, the South African Domestic Medium Term Note (DMTN) programme, through accessing the United States (US) bond markets, and this year through bonds issued under the Australian Medium Term Note (AMTN) programme. The Group uses interest rate and cross currency swaps to ensure that the majority of the Group's borrowings are floating rate US dollar denominated.

During 2013, the Group issued corporate bonds with a US$ equivalent value of $3.5 billion. These included €750 million 2.5% guaranteed notes due 2021, €900 million 1.75% guaranteed notes due 2017, and €600 million 2.875% guaranteed notes due 2020 issued under the EMTN programme, and AUD500 million 5.75% guaranteed notes due 2018 issued under the AMTN programme.

An analysis of borrowings, as presented on the Consolidated balance sheet, is set out below:

	2013				2012 restated[1]			
US$ million	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates
Secured								
Bank loans and overdrafts[2]	**9**	**32**	**41**	**41**	5	21	26	26
Obligations under finance leases[3]	**7**	**49**	**56**	**56**	3	19	22	22
	16	**81**	**97**	**97**	8	40	48	48
Unsecured								
Bank loans and overdrafts	**433**	**2,003**	**2,436**	**2,467**	251	2,871	3,122	3,141
Bonds issued under EMTN programme								
4.25% €750m bond due September 2013	**–**	**–**	**–**	**–**	994	–	994	1,109
5.875% €1,000m bond due April 2015	**–**	**1,445**	**1,445**	**1,577**	–	1,432	1,432	1,577
4.375% €750m bond due December 2016	**–**	**1,098**	**1,098**	**1,122**	–	1,080	1,080	1,122
1.75% €900m bond due November 2017	**–**	**1,206**	**1,206**	**1,211**	–	–	–	–
6.875% £400m bond due May 2018	**–**	**747**	**747**	**793**	–	785	785	793
2.5% €750m bond due September 2018	**–**	**1,029**	**1,029**	**959**	–	1,002	1,002	959
1.028% JPY10,000m bond due December 2018	**–**	**95**	**95**	**97**	–	–	–	–
2.75% €750m bond due June 2019	**–**	**1,039**	**1,039**	**941**	–	1,018	1,018	941
2.875% €600m bond due November 2020	**–**	**787**	**787**	**807**	–	–	–	–
2.5% €750m bond due April 2021	**–**	**987**	**987**	**977**	–	–	–	–
3.5% €750m bond due March 2022	**–**	**1,065**	**1,065**	**992**	–	1,065	1,065	992
US bonds								
2.15% $750m bond due September 2013	**–**	**–**	**–**	**–**	767	–	767	750
9.375% $1,250m bond due April 2014	**1,256**	**–**	**1,256**	**1,250**	–	1,279	1,279	1,250
2.625% $600m bond due April 2017	**–**	**605**	**605**	**600**	–	614	614	600
2.625% $750m bond due September 2017	**–**	**733**	**733**	**750**	–	739	739	750
9.375% $750m bond due April 2019	**–**	**807**	**807**	**750**	–	853	853	750
4.45% $500m bond due September 2020	**–**	**509**	**509**	**500**	–	547	547	500
4.125% $600m bond due September 2022	**–**	**540**	**540**	**600**	–	596	596	600
Bonds issued under AMTN programme								
5.75% AUD500m bond due November 2018	**–**	**440**	**440**	**470**	–	–	–	–
Bonds issued under DMTN programme								
9.77% R1,000m bond due May 2015	**–**	**98**	**98**	**95**	–	126	126	118
JIBAR +0.5% R200m bond due March 2016	**–**	**19**	**19**	**19**	–	24	24	24
JIBAR +1.38% R600m bond due March 2017	**–**	**57**	**57**	**57**	–	71	71	71
9.27% R1,400m bond due March 2019	**–**	**133**	**133**	**133**	–	177	177	165
Other loans	**403**	**217**	**620**	**621**	465	831	1,296	1,282
	2,092	**15,659**	**17,751**	**17,788**	2,477	15,110	17,587	17,494
Total borrowings	**2,108**	**15,740**	**17,848**	**17,885**	2,485	15,150	17,635	17,542

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

(2) Assets with a book value of $56 million (2012: $49 million) have been pledged as security, of which $30 million (2012: $35 million) are property, plant and equipment, $22 million (2012: $10 million) are financial assets and $4 million (2012: $4 million) are inventories. Related to these assets are borrowings of $41 million (2012: $26 million).

(3) Details of assets held under finance leases are provided in note 12.

25. BORROWINGS continued

Liquidity risk

The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any Group distribution restrictions that exist. In addition, certain projects are financed by means of limited recourse project finance, if appropriate.

The expected undiscounted cash flows of the Group's net debt related and other financial liabilities, by remaining contractual maturity, based on conditions existing at the balance sheet date are as follows:

	2013				
	Net debt related financial liabilities				
US$ million	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	Total
Amount due for repayment within one year	**(2,098)**	**(762)**	**245**	**(4,204)**	**(6,819)**
Greater than one year, less than two years	**(1,903)**	**(720)**	**19**	**–**	**(2,604)**
Greater than two years, less than three years	**(1,532)**	**(540)**	**67**	**–**	**(2,005)**
Greater than three years, less than four years	**(2,872)**	**(470)**	**165**	**–**	**(3,177)**
Greater than four years, less than five years	**(2,642)**	**(417)**	**58**	**–**	**(3,001)**
Greater than five years	**(6,580)**	**(581)**	**476**	**–**	**(6,685)**
Total due for repayment after more than one year	**(15,529)**	**(2,728)**	**785**	**–**	**(17,472)**
Total	**(17,627)**	**(3,490)**	**1,030**	**(4,204)**	**(24,291)**

	2012 restated[1]				
	Net debt related financial liabilities				
US$ million	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	Total
Amount due for repayment within one year	(2,467)	(807)	103	(4,410)	(7,581)
Greater than one year, less than two years	(2,336)	(656)	205	–	(2,787)
Greater than two years, less than three years	(2,798)	(540)	(66)	–	(3,404)
Greater than three years, less than four years	(1,376)	(406)	–	–	(1,782)
Greater than four years, less than five years	(1,572)	(336)	109	–	(1,799)
Greater than five years	(7,695)	(686)	182	–	(8,199)
Total due for repayment after more than one year	(15,777)	(2,624)	430	–	(17,971)
Total	(18,244)	(3,431)	533	(4,410)	(25,552)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The Group had the following undrawn committed borrowing facilities at 31 December:

US$ million	2013	2012
Expiry date		
Within one year[1]	**1,318**	2,923
Greater than one year, less than two years	**637**	569
Greater than two years, less than three years	**1,449**	3,612
Greater than three years, less than four years	**–**	2,153
Greater than four years, less than five years	**5,847**	–
Greater than five years	**–**	–
	9,251	9,257

[1] Includes undrawn rand facilities equivalent to $1.2 billion (2012: $1.5 billion) in respect of facilities with 364 day maturity which roll automatically on a daily basis, unless notice is served.

In March 2013 the Group replaced a $3.5 billion credit facility maturing in July 2015 with a $5 billion credit facility maturing in March 2018. At the same time the $2 billion multi-currency credit facility within the Diamond segment was repaid and cancelled.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to reduce the cost of capital.

In order to manage the short and long term capital structure, the Group adjusts the amount of ordinary dividends paid to shareholders, returns capital to shareholders (via, for example, share buybacks and special dividends), arranges debt to fund new acquisitions and may also sell non-core assets to reduce debt.

The Group monitors capital on the basis of the ratio of net debt to total capital (gearing). Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of debt and the net debt of disposal groups). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt. Total capital and gearing are as follows:

US$ million	2013	2012 restated[1]
Net assets	**37,364**	43,738
Net debt including related derivatives (note 24)	**10,652**	8,510
Total capital	**48,016**	52,248
Gearing	**22.2%**	16.3%

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

The increase in gearing since 31 December 2012 reflects the $2.1 billion increase in net debt in the year. Net assets at 31 December 2013 were $6.4 billion lower than at 31 December 2012 due to net movements in equity including currency translation adjustments, dividends and retained earnings in the year. Management believes that gearing levels remain at a sustainable level given the Group's strong level of operating cash flows.

25. BORROWINGS continued

Market risk

Market risk is the risk that financial instrument fair values will fluctuate due to changes in market prices. The Group uses net debt to manage the Group's interest rate risks and foreign exchange risks on borrowings and cash. In relation to net debt, the Group manages its exposure with the use of cross currency swaps and interest rate swaps in order to ensure that the majority of borrowings are floating rate US dollar denominated. The Group does not hedge foreign exchange exposures on rand denominated borrowings in South Africa. For more information regarding the Group's financial risk management see note 39.

The Group's exposure to foreign exchange and interest rate risks has been re-presented to match more closely the way in which the Group manages its exposure to these risks. Comparatives have been reclassified to align with current year presentation.

The table below reflects the exposure of the Group's net debt to currency and interest rate risk.

								2013
US$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings	Derivatives hedging net debt	Net debt in disposal groups	Impact of currency derivatives	Total
US dollar	5,460	(942)	(4,477)	–	(510)	–	(11,257)	(11,726)
Euro	22	–	(8,656)	–	–	–	8,656	22
Rand	1,225	(890)	(231)	(7)	2	–	–	99
Brazilian real	716	(1,319)	(2)	–	–	–	1,319	714
Australian dollar	103	–	(440)	–	–	–	440	103
Sterling	41	–	(747)	–	–	–	747	41
Other	135	(25)	(106)	(4)	–	–	95	95
Impact of interest derivatives	–	(14,468)	14,468	–	–	–	–	–
Total	7,702	(17,644)	(191)	(11)	(508)	–	–	(10,652)

								2012 restated[1]
US$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Non-interest bearing borrowings	Derivatives hedging net debt	Net debt in disposal groups	Impact of currency derivatives	Total
US dollar	7,588	(1,910)	(5,412)	–	(191)	4	(8,448)	(8,369)
Euro	27	–	(6,591)	–	–	–	6,591	27
Rand	942	(1,096)	(654)	(10)	23	–	–	(795)
Brazilian real	108	(1,072)	(2)	–	–	11	1,072	117
Australian dollar	220	–	–	–	–	–	–	220
Sterling	18	–	(785)	–	–	198	785	216
Other	168	(94)	–	–	–	–	–	74
Impact of interest derivatives	–	(13,135)	13,135	–	–	–	–	–
Total	9,071	(17,307)	(309)	(10)	(168)	213	–	(8,510)

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

26. COMMITMENTS

See note 40x for the Group's accounting policy on leases.

At 31 December the Group had the following outstanding capital commitments:

US$ million	2013	2012
Contracted but not provided[1]	3,391	2,330

[1] Excludes commitments relating to joint ventures. See note 13 for details.

In addition, the Group had outstanding commitments under contracts relating to shipping services of $1,168 million (2012: $1,033 million).

At 31 December the Group had the following commitments under non-cancellable operating leases:

US$ million	2013	2012
Expiry date		
Within one year	104	154
Greater than one year, less than two years	83	122
Greater than two years, less than five years	145	200
Greater than five years	145	277
	477	753

Operating leases relate principally to land and buildings, vehicles and shipping vessels.

EMPLOYEE REMUNERATION

27. EMPLOYEE NUMBERS AND COSTS

The average number of employees, excluding contractors and associates' and joint ventures' employees, and including a proportionate share of employees within joint operations, was:

Thousand	2013	2012 restated[1]
By segment		
Iron Ore and Manganese	**8**	8
Metallurgical Coal	**3**	4
Thermal Coal	**8**	9
Copper	**6**	5
Nickel	**2**	2
Niobium and Phosphates	**2**	2
Platinum	**55**	57
Diamonds	**10**	3[2]
Other Mining and Industrial	**2**	13
Corporate Activities and Unallocated Costs	**2**	2
	98	105

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(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	2013	2012 restated[1]
South Africa	**75**	82
Other Africa	**4**	2
South America	**11**	11
North America	**2**	1
Australia and Asia	**4**	3
Europe	**2**	6
	98	105

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

Payroll costs in respect of the employees included in the tables above were:

US$ million	2013	2012 restated[1]
Wages and salaries	**4,439**	4,511
Social security costs	**160**	165
Post employment benefits[2]	**395**	377
Share-based payments (note 29)	**261**	321
Total payroll costs	**5,255**	5,374
Reconciliation:		
Less: employee costs capitalised	**(265)**	(246)
Less: employee costs included within special items	**(156)**	(107)
Employee costs included in operating costs	**4,834**	5,021

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Includes contributions to defined contribution pension and medical plans, current and past service costs related to defined benefit pension and medical plans 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	2013	2012
Salaries and short term employee benefits	**30**	24
Social security costs	**5**	3
Termination benefits	**11**	2
Post employment benefits	**4**	3
Share-based payments	**21**	25
	71	57

Key management comprises members of the Board and the Group Management 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.

EMPLOYEE REMUNERATION

28. RETIREMENT BENEFITS

See note 40t for the Group's accounting policy on retirement benefits.

The Group operates a number of defined contribution and defined benefit pension plans. It also operates post employment medical plans, principally in South 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 2013 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 $261 million (2012: $262 million) and for defined contribution medical plans (net of amounts capitalised) was $88 million (2012: $69 million).

Defined benefit pension plans and post employment medical plans

The Group operates defined benefit pension and medical plans across a number of segments. The most significant plans are in South Africa and the United Kingdom.

A summary of the movements in the net pension plan assets and retirement benefit obligations on the Consolidated balance sheet is as follows:

US$ million	2013	2012 restated[1]
Net liability recognised at 1 January	**(1,233)**	(569)
Acquired through business combinations	**–**	(889)
Net income statement charge	**(88)**	(80)
Remeasurement of net defined benefit obligation	**97**	190
Employer contributions	**151**	90
Other	**(10)**	39
Currency movements	**70**	(14)
Net liability recognised at 31 December	**(1,013)**	(1,233)
Amounts recognised as:		
Defined benefit pension plans in surplus[2]	**191**	176
Retirement benefit obligation – pension plans	**(727)**	(828)
Retirement benefit obligation – medical plans	**(477)**	(581)
	(1,013)	(1,233)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Amounts included in 'Other non-current assets' on the Consolidated balance sheet.

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 in the relevant jurisdiction. The unfunded liabilities are principally in relation to termination indemnity plans in Chile.

The post employment medical plans 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 South Africa.

Independent qualified actuaries carry out full valuations at least every three years using the projected unit credit method. The actuaries have updated the valuations to 31 December 2013. Assumptions are set after consultation with the qualified actuaries. While management believe the assumptions used are appropriate, a change in the assumptions used would impact the Group's other comprehensive income.

Characteristics and risks of plans

The defined benefit plans expose the Group to actuarial risks such as longevity, investment risk, inflation risk, interest rate risk as well as foreign exchange risk.

The maturity profile of each plan will vary. The weighted average duration of the South African plans is 12 years (2012: 12 years), United Kingdom plans is 19 years (2012: 19 years) and plans in other regions is 14 years (2012: 14 years). This represents the average period over which future benefit payments are expected to be made.

Employer contributions are made in accordance with the terms of each plan and vary each year. Employer contributions made in the year were $151 million to pension plans and in addition $28 million of benefits were paid in relation to post employment medical plans. The Group expects to contribute $152 million to its pension plans and $28 million to its post employment medical plans in 2014.

South Africa

The pension plans in South Africa are in surplus, with the asset recognised on the balance sheet restricted to the amount in the Employer Surplus Account, being plan assets less plan liabilities less any contingency reserves as recommended by the funds' actuaries.

The Employer Surplus Account is the amount that the Group is entitled to by way of refund. All pension plans in South Africa are now closed to new members and the majority of plans are closed to future benefit accrual. As the plans are in surplus no employer contributions are currently being made.

The Group's provision of anti-retroviral therapy to HIV positive staff has not significantly impacted the post employment medical plan liability.

United Kingdom

The Group operates funded pension plans in the United Kingdom. These plans are now closed to new members and the majority of plans are closed to future benefit accrual.

Certain assets held by the main plans in the United Kingdom are structured to closely match the characteristics of the liabilities through a variety of investment strategies, including the use of interest rate swaps and inflation swaps to hedge exposure to interest rate risk and inflation rate risk respectively.

The Group is committed to make payments to certain United Kingdom pension plans under deficit funding plans agreed with the respective Trustees. Where the present value of the agreed funding payments exceeds the liability in respect of the plans as measured under IFRS, and would therefore, when paid, give rise to a surplus as measured under IFRS, a provision is recognised for any part of that surplus that would not be recoverable. Any resulting surplus has been assessed to be fully recoverable and as such no provision has been recognised.

28. RETIREMENT BENEFITS continued

Other

Other pension and post employment medical plans primarily comprise obligations in Chile where legislation requires employers to provide for a termination indemnity, entitling employees to a cash payment made on the termination of an employment contract. The features of this provision meet the definition of a defined benefit pension obligation under IAS 19R and consequently an unfunded liability is recognised on the Consolidated balance sheet. Other plans are in Brazil, Canada and mainland Europe and consist of funded and unfunded pension plans and unfunded medical aid plans. These plans are not considered to be significant to the Group.

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits under IAS 19R are detailed below (shown as weighted averages):

	2013			2012		
	South Africa	**United Kingdom**	**Other**	South Africa	United Kingdom	Other
Defined benefit pension plans						
Average discount rate for plan liabilities	**8.8%**	**4.4%**	**7.3%**	8.1%	4.3%	6.8%
Average rate of inflation	**6.4%**	**3.4%**	**3.5%**	6.3%	2.8%	1.9%
Average rate of increase in salaries	**8.3%**[1]	**3.4%**[2]	**6.6%**	8.3%[1]	2.8%[2]	3.9%
Average rate of increase of pensions in payment	**6.4%**	**3.3%**	**3.4%**	6.3%	3.0%	0.4%
Post employment medical plans						
Average discount rate for plan liabilities	**8.8%**	**4.3%**	**8.1%**	8.0%	4.5%	5.7%
Average rate of inflation	**6.4%**	**3.4%**	**5.7%**	6.4%	2.7%	3.9%
Expected average increase in healthcare costs	**8.2%**	**8.1%**	**8.1%**	7.7%	7.5%	7.6%

(1) With the exception of De Beers, plans in South Africa have ceased future accrual of benefits.
(2) With the exception of De Beers, plans in the United Kingdom have ceased future accrual of benefits but some benefits remain linked to salary increases.

Mortality assumptions are determined based on standard mortality tables with adjustments, as appropriate, to reflect experience of conditions locally. In South Africa, the PA90 tables (2012: PA90 tables) are used. The main plans in the United Kingdom use either SAPS tables or Club Vita models with plan specific adjustments based on mortality investigations (2012: SAPS tables and Club Vita models). 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	**2013**	2012	**2013**	2012
South Africa	**19.8**	20.1	**24.6**	24.9
United Kingdom	**28.7**	28.5	**30.2**	30.1
Other	**22.7**	23.4	**27.0**	27.4

Sensitivity analysis

Significant actuarial assumptions for the determination of pension and medical plan liabilities are the discount rate, inflation rate and mortality. The sensitivity analysis below has been provided by local actuaries on an approximate basis based on changes in the assumptions occurring at the end of the year assuming that all other assumptions are held constant and the effect of interrelationships is excluded. The effect on plan liabilities is as follows:

	2013			
US$ million	**South Africa**	**United Kingdom**	**Other**	**Total**
Discount rate – 0.5% decrease	**(84)**	**(392)**	**(20)**	**(496)**
Inflation rate[1] – 0.5% increase	**(81)**	**(199)**	**(13)**	**(293)**
Life expectancy – increase by 1 year	**(67)**	**(121)**	**(6)**	**(194)**

(1) Salary, pension and expected increases in healthcare costs are all functions of inflation.

Income statement

The amounts recognised in the Consolidated income statement are as follows:

	2013			2012 restated[1]		
US$ million	**Pension plans**	**Post employment medical plans**	**Total**	Pension plans	Post employment medical plans	Total
Amount charged within operating costs	**23**	**4**	**27**	27	4	31
Net charge to net finance costs	**25**	**36**	**61**	21	33	54
Total charge to the income statement	**48**	**40**	**88**	48	37	85

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.

28. RETIREMENT BENEFITS continued

Comprehensive income

The amounts recognised in the Consolidated statement of comprehensive income are as follows:

US$ million	2013 Pension plans	2013 Post employment medical plans	2013 Total	2012 restated[1] Pension plans	2012 restated[1] Post employment medical plans	2012 restated[1] Total
Return on plan assets, excluding interest income	**146**	**–**	**146**	176	–	176
Actuarial gains/(losses) on plan liabilities[2]	**8**	**17**	**25**	66	(35)	31
Movement in surplus restriction	**(74)**	**–**	**(74)**	(17)	–	(17)
Remeasurement of net defined benefit obligation	**80**	**17**	**97**	225	(35)	190

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Actuarial gains/(losses) on plan liabilities comprise gains/(losses) from changes in financial and demographic assumptions as well as experience on plan liabilities, none of which are individually material.

Pension plan assets and liabilities by geography

The split of the present value of funded and unfunded obligations in defined benefit pension plans and the fair value of pension assets at 31 December is as follows:

US$ million	2013 South Africa	2013 United Kingdom	2013 Other	2013 Total	2012 restated[1] South Africa	2012 restated[1] United Kingdom	2012 restated[1] Other	2012 restated[1] Total
Equity	**515**	**1,232**	**14**	**1,761**	652	1,150	11	1,813
Corporate bonds	**–**	**817**	**51**	**868**	262	616	34	912
Government bonds	**936**	**1,189**	**62**	**2,187**	815	989	99	1,903
Cash	**74**	**211**	**1**	**286**	66	385	1	452
Other	**41**	**166**	**6**	**213**	50	194	3	247
Fair value of pension plan assets[2]	**1,566**	**3,615**	**134**	**5,315**	1,845	3,334	148	5,327
Active members	**(11)**	**(252)**	**(38)**	**(301)**	(14)	(226)	(45)	(285)
Deferred members	**(36)**	**(1,494)**	**(16)**	**(1,546)**	(53)	(1,395)	(7)	(1,455)
Pensioners	**(1,183)**	**(2,334)**	**(93)**	**(3,610)**	(1,522)	(2,273)	(112)	(3,907)
Present value of funded obligations	**(1,230)**	**(4,080)**	**(147)**	**(5,457)**	(1,589)	(3,894)	(164)	(5,647)
Present value of unfunded obligations[3]	**–**	**–**	**(217)**	**(217)**	–	–	(215)	(215)
Net surplus/(deficit) in pension plans	**336**	**(465)**	**(230)**	**(359)**	256	(560)	(231)	(535)
Surplus restriction	**(177)**	**–**	**–**	**(177)**	(80)	(37)	–	(117)
Recognised retirement benefit assets/(liabilities)	**159**	**(465)**	**(230)**	**(536)**	176	(597)	(231)	(652)
Amounts in the Consolidated balance sheet								
Defined benefit pension plans in surplus	**159**	**32**	**–**	**191**	176	–	–	176
Retirement benefit obligation – pension plans	**–**	**(497)**	**(230)**	**(727)**	–	(597)	(231)	(828)
	159	**(465)**	**(230)**	**(536)**	176	(597)	(231)	(652)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) The fair value of assets is used to determine the funding level of the plans. The fair value of the assets of the funded plans was sufficient to cover 97% (2012: 94%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions.
(3) Includes $200 million (2012: $196 million) relating to active members.

All investments have been fair valued based on quoted market prices.

Movement analysis

The changes in the fair value of plan assets are as follows:

US$ million	2013 Pension plans	2013 Post employment medical plans	2013 Total	2012 restated[1] Pension plans	2012 restated[1] Post employment medical plans	2012 restated[1] Total
At 1 January	**5,327**	**21**	**5,348**	2,583	22	2,605
Acquired through business combinations[2]	**–**	**–**	**–**	2,417	–	2,417
Effects of settlements	**(3)**	**–**	**(3)**	(50)	–	(50)
Interest income	**269[3]**	**1**	**270**	175[3]	1	176
Return on plan assets, excluding interest income	**146[3]**	**–**	**146**	176[3]	–	176
Contributions paid by employer	**151**	**–**	**151**	90	–	90
Benefits paid	**(253)[4]**	**(1)**	**(254)**	(151)	(1)	(152)
Contributions paid by plan participants	**2**	**–**	**2**	1	–	1
Refund of surplus[5]	**(26)**	**–**	**(26)**	–	–	–
Currency movements	**(298)**	**(4)**	**(302)**	86	(1)	85
At 31 December	**5,315**	**17**	**5,332**	5,327	21	5,348

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Following the Group's acquisition of De Beers on 16 August 2012, the Group consolidated the defined benefit pension and post employment medical plans of De Beers.
(3) The actual return on assets in respect of pension plans was $415 million (2012: $351 million).
(4) Includes $11 million of benefits paid to defined contribution plans.
(5) The refund of $26 million represents a refund of surplus plan assets as agreed with the pension plan Trustees. These funds relate to plans in South Africa and will be used to make future contributions to post employment medical plans. The refund is included within 'Other non-current assets' on the Consolidated balance sheet.

28. RETIREMENT BENEFITS continued

The changes in the present value of defined benefit obligations are as follows:

	2013			2012 restated[1]		
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
At 1 January	(5,862)	(602)	(6,464)	(2,792)	(309)	(3,101)
Acquired through business combinations[2]	–	–	–	(2,974)	(302)	(3,276)
Current service costs	(23)	(4)	(27)	(18)	(3)[3]	(21)
Effects of settlements	3	–	3	41	–	41
Interest cost	(294)	(37)	(331)	(196)	(30)[3]	(226)
Actuarial gains/(losses)	8	17	25	66	(35)[3]	31
Benefits paid	242	28	270	151	24[3]	175
Contributions paid by plan participants	(2)	–	(2)	(1)	–	(1)
Transfer to liabilities directly associated with assets held for sale	–	–	–	–	39	39
Currency movements	254	104	358	(139)	14	(125)
At 31 December	(5,674)	(494)	(6,168)	(5,862)	(602)	(6,464)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Following the Group's acquisition of De Beers on 16 August 2012, the Group consolidated the defined benefit pension and post employment medical plans of De Beers.
(3) Movements in post employment medical plans exclude movements within the obligations transferred to held for sale.

29. SHARE-BASED PAYMENTS

See note 40u for the Group's accounting policies on share-based payments.

During the year ended 31 December 2013 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. No options have been granted under the DOP.

The total share-based payment charge relating to Anglo American plc shares for the year is split as follows:

US$ million	2013	2012
BSP	82	103
LTIP	52	46
Other schemes	10	8
Share-based payment charge relating to Anglo American plc shares[1]	144	157

(1) In addition, there are equity settled share-based payment charges of $65 million (2012: $89 million) relating to Kumba Iron Ore Limited shares and $52 million (2012: $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 nil (2012: charge of $3 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:

	2013				2012			
Arrangement[1]	BSP	LTIP	LTIP – AOSC	LTIP – TSR	BSP	LTIP	LTIP – AOSC	LTIP – TSR
Date of grant	01/03/13	01/03/13	01/03/13	01/03/13	02/03/12	02/03/12	02/03/12	02/03/12
Number of instruments	4,830,179	1,285,634	470,561	470,561	4,579,741	1,044,808	329,665	329,665
Share price at the date of grant (£)	19.00	19.00	19.00	19.00	26.41	26.41	26.41	26.41
Contractual life (years)	3	3	3	3	3	3	3	3
Vesting conditions	(2)	(3)	(4)	(5)	(2)	(3)	(4)	(5)
Expected volatility	35%	35%	35%	35%	40%	40%	40%	40%
Risk free interest rate	0.3%	0.3%	0.3%	0.3%	0.5%	0.5%	0.5%	0.5%
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) (£)	18.55	19.00	19.00	9.31	25.78	26.41	26.41	15.24

(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.

29. SHARE-BASED PAYMENTS continued

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.

Number of awards	2013	2012
Outstanding at 1 January	**9,656,833**	10,106,373
Conditionally awarded in year	**4,830,179**	4,579,239
Vested in year	**(2,234,189)**	(4,264,598)
Forfeited in year	**(1,381,353)**	(764,181)
Outstanding at 31 December	**10,871,470**	9,656,833

(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.

Number of awards	2013	2012
Outstanding at 1 January	**3,985,771**	3,720,535
Conditionally awarded in year	**2,226,755**	1,704,138
Vested in year	**(901,610)**	(1,060,822)
Forfeited in year	**(548,705)**	(378,080)
Outstanding at 31 December	**4,762,211**	3,985,771

(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.

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 year are set out in the table below:

Arrangement[1]	2013 SAYE	2012 SAYE
Date of grant	**19/04/13**	20/04/12
Number of instruments	**87,224**	245,790
Exercise price (£)	**13.84**	19.68
Share price at the date of grant (£)	**15.97**	23.49
Contractual life (years)	**3.5-5.5**	3.5-7.5
Vesting conditions[2]	**3-5**	3-7
Expected volatility	**35%**	40%
Expected option life (years)	**3.5-5.5**	3.5-7.5
Risk free interest rate (weighted average)	**0.5%**	0.9%
Expected departures	**5% pa**	5% pa
Fair value per option granted (weighted average) (£)	**4.53**	6.14

(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 2013 and the prior year is shown below. All options outstanding at 31 December 2013 with an exercise date on or prior to 31 December 2013 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2013 was £15.79 (2012: £21.43).

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:

	2013		2012	
	Number of options	**Weighted average exercise price £**	Number of options	Weighted average exercise price £
Outstanding at 1 January	**1,048,504**	**16.26**	1,520,677	12.91
Granted in year	**87,224**	**13.84**	245,790	24.60
Exercised in year	**(366,319)**	**9.88**	(589,299)	10.11
Forfeited in year	**(560,693)**	**20.76**	(128,664)	20.86
Outstanding at 31 December	**208,716**	**14.36**	1,048,504	16.26

(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.

Options outstanding at 31 December 2013 have a weighted average remaining contractual life of 1.9 years (2012: 1.8 years) and an exercise price range of £9.56 – £25.47 (2012: £9.56 – £25.47).

29. SHARE-BASED PAYMENTS continued

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:

	2013		2012	
	Number of options	Weighted average exercise price £	Number of options	Weighted average exercise price £
Outstanding at 1 January	1,634,797	11.64	2,500,107	11.42
Exercised in year	(760,114)	9.72	(809,259)	10.83
Forfeited in year	(29,000)	11.07	(56,051)	13.42
Outstanding at 31 December	845,683	13.39	1,634,797	11.64

(1) Closed to new participants. The early exercise of share options is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death.

Options outstanding at 31 December 2013 have a weighted average remaining contractual life of 0.2 years (2012: 0.7 years) and an exercise price range of £11.52 – £13.43 (2012: £9.28 – £13.43).

30. BUSINESS COMBINATIONS AND FORMATION OF JOINT VENTURES

See note 40d for the Group's accounting policy on business combinations and goodwill arising thereon.

2013

Lafarge Tarmac transaction

On 18 February 2011 the Group announced an agreement with Lafarge SA (Lafarge) to combine their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services and waste services businesses in the United Kingdom, forming a 50:50 joint venture.

In May 2012 the Competition Commission approved the formation of the joint venture 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 measured at fair value less costs to sell.

On 7 January 2013 the Group announced the completion of the 50:50 joint venture. At the same time, and pursuant to the Competition Commission's conditions precedent to the formation of the joint venture, the Group completed the sale of certain of Tarmac Quarry Materials' operations for consideration of $196 million to Mittal Investments. The agreed sale of Tarmac Quarry Materials' 50% ownership interest in Midland Quarry Products was subject to a right of pre-emption in favour of Hanson Quarry Products Europe Limited (Hanson), who exercised their right in April 2013.

The main accounting effects of the transaction are set out below:

- At 31 December 2012 the assets and liabilities of Tarmac Quarry Materials were presented separately in the Consolidated balance sheet, within 'Assets held for sale' and 'Liabilities directly associated with assets held for sale'.
- During the first half of 2013 the Group disposed of its interests in Tarmac Quarry Materials in exchange for a 50% interest in the newly formed joint venture, plus cash, deferred consideration and contingent consideration receivable for the operations that were sold to Mittal Investments and Hanson.

This resulted in derecognition of all assets and liabilities relating to the Tarmac Quarry Materials operations and recognition of an investment in the Lafarge Tarmac joint venture (included in 'Investments in associates and joint ventures' on the Consolidated balance sheet). The Group's retained interest in the assets and liabilities of Tarmac Quarry Materials was included at the pre-transaction carrying amount. The Group's share of the Lafarge business, acquired through its new interest in the Lafarge Tarmac joint venture, was accounted for at fair value. The difference between the fair value of the acquired share of the Lafarge business and the fair value of the acquired share of its identifiable net assets was recognised as goodwill.

The fair values of the Lafarge identifiable net assets acquired and of the Lafarge Tarmac joint venture as a whole, were determined primarily by reference to the present value of future income streams expected to be generated by the assets, and to market prices achieved for comparable assets. Where appropriate, certain assets were valued using a depreciated replacement cost approach. Fair values recognised on acquisition were provisional at 30 June 2013 and are final at 31 December 2013.

The net assets derecognised, the proceeds and the resulting loss on disposal were as follows:

US$ million	2013
Intangible assets	417
Property, plant and equipment	1,642
Other non-current assets	11
Current assets excluding cash	400
Total assets classified as held for sale	2,470
Current liabilities	(400)
Non-current liabilities	(262)
Total liabilities directly associated with assets classified as held for sale	(662)
Net assets derecognised	1,808
Exchanged for:	
50% interest in Lafarge Tarmac joint venture	1,658
Cash (net of cash derecognised[1])	70
Deferred and contingent consideration	87
	1,815
Net gain arising	7
Less: cumulative translation loss recycled from reserves	(62)
Net loss on disposal	(55)

(1) Cash derecognised in the transaction was $39 million. In addition, transaction costs of $22 million, accrued in 2012, were paid in the year, resulting in a net cash inflow of $48 million.

30. BUSINESS COMBINATIONS AND FORMATION OF JOINT VENTURES continued

The Group's share of the net assets of the joint venture (included in 'Investments in associates and joint ventures' on the Consolidated balance sheet), based on final fair values at the date of acquisition, was as follows:

			2013
US$ million	Retained share in Tarmac Quarry Materials Book values	Acquired share of Lafarge business Fair values	Joint venture net assets Total
Property, plant and equipment	721	560	1,281
Other non-current assets	6	8	14
Current assets	247	246	493
Net assets classified as held for sale	28	–	28
Current liabilities	(266)	(239)	(505)
Non-current liabilities	(120)	(81)	(201)
Net identifiable assets	616	494	1,110
Goodwill	202	346	548
Investment in joint venture[1]	818	840	1,658

[1] Included within the Other Mining and Industrial segment.

Goodwill of $548 million within the investment comprised $202 million of pre-existing goodwill relating to the retained interest in the Tarmac Quarry Materials business, and $346 million of goodwill relating to the formation of the new joint venture. The latter portion relates in part to synergies expected to be realised through the combination of the two businesses, and also includes $26 million associated with the requirement to recognise a deferred tax liability based on the difference between the fair value of the assets acquired and their tax bases.

2012

De Beers

On 16 August 2012 Anglo American 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.

Goodwill recognised on acquisition, of $2,355 million, arose 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.

GROUP STRUCTURE AND TRANSACTIONS

31. DISPOSALS OF SUBSIDIARIES

US$ million	2013	2012
Net assets disposed		
Property, plant and equipment	**214**	208
Other non-current assets	**5**	65
Current assets	**323**	347
Current liabilities	**(296)**	(187)
Non-current liabilities	**(61)**	(273)
Net assets prior to completion[1]	**185**	160
Fair value of indemnities provided and risks retained by Anglo American on sale	**100**	–
Non-controlling interests	**–**	(5)
Net assets disposed	**285**	155
Cumulative translation loss/(gain) recycled from reserves	**11**	(6)
Other (credits)/charges	**(3)**	2
Net loss on disposal[2]	**(129)**	(21)
Net consideration for equity interest	**164**	130
Less:		
Net cash and cash equivalents disposed	**(11)**	(38)
Purchase of insurance claims for cash	**(168)**	–
Deferred contingent consideration at fair value	**(30)**	–
Accrued transaction fees and similar items	**–**	8
Net cash (outflow)/inflow from disposals	**(45)**	100

(1) These net assets were included within 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale'. In 2013 current liabilities included intercompany debt due to Anglo American. The net assets do not include the insurance claims which were purchased by the Group for cash consideration of $168 million.

(2) Included in non-operating special items, see note 6. The total net loss on disposal of Amapá of $175 million also includes a $46 million impairment recognised in the six months ending 30 June 2013.

Disposal of Amapá

On 28 December 2012 Anglo American and Cliffs Natural Resources (Cliffs) agreed to sell their respective 70% and 30% interests in the Amapá iron ore system, including the mine, the rail infrastructure and the port of Santana, to Zamin Ferrous Limited (Zamin). Amapá was classified as held for sale as at 31 December 2012.

On 28 March 2013 an incident occurred which resulted in the tragic loss of four lives with a further two people still missing, as well as the total loss of the port operation. A detailed investigation into the causes of the incident has been undertaken and the results have been passed on to Amapá's insurers.

In light of the incident at the port, Anglo American entered into further discussions with Cliffs and Zamin. On 25 September 2013 the Group announced that it had entered into an agreement with Cliffs to acquire its 30% interest in Amapá and had agreed to amend its sale agreement with Zamin to reflect, *inter alia*, Anglo American's disposal of a 100% interest in Amapá to Zamin. These transactions completed on 1 November 2013.

Consideration of $164 million from Zamin comprised:

- $134 million in cash (net of certain adjustments at completion). A potential adjustment of up to an additional $25 million is subject to the outcome of certain rulings in respect of the port reconstruction; and
- conditional deferred consideration of up to a maximum of $130 million in total, payable over a five year period and calculated on the basis of the market price for iron ore. The estimated fair value of this consideration was $30 million.

Anglo American assumed responsibility for, and the risks and rewards of, certain insurance claims including those relating to the port incident, through the purchase of the claims from Amapá at the full claim value of $168 million.

After the transaction the Group continued to recognise a deferred consideration asset, an insurance receivable and certain retained liabilities.

The valuation of the amounts receivable and the retained liabilities incorporates estimates, particularly in relation to the likely value of conditional deferred consideration receivable and the fair value of the insurance claims acquired from Amapá. These estimates are based on assumptions about future events and conditions which are considered appropriate based on the information available. Reasonable changes in these assumptions would not result in a material change in the loss on disposal.

Disposal proceeds in 2013

In addition to the net cash outflow of $45 million on disposal of Amapá, there was a net cash inflow of $48 million in respect of the formation of the Lafarge Tarmac joint venture (Other Mining and Industrial segment, see note 30), a cash inflow of $44 million relating to deferred proceeds in respect of undeveloped coal assets in Australia which the Group disposed of in 2010 (Metallurgical Coal segment), a further $30 million cash payment in respect of liabilities assumed as part of the Amapá disposal and payments of $4 million in respect of transaction fees accrued in prior years. This resulted in a net cash inflow on disposal of subsidiaries, net of cash disposed, of $13 million for the year ended 31 December 2013.

Disposals in 2012

Disposals during 2012 relate to the disposal of Scaw South Africa and related companies in the Other Mining and Industrial segment.

32. NON-CONTROLLING INTERESTS

Non-controlling interests that are material to the Group relate to the following subsidiaries:

- Kumba Iron Ore Limited (Kumba Iron Ore), which is a company incorporated in South Africa and listed on the JSE. Its principal mining operations are the Sishen, Kolomela and Thabazimbi iron ore mines which are located in South Africa. Non-controlling interests hold an effective 46.3% interest in the operations of Kumba Iron Ore, comprising the 30.3% interest held by other shareholders in Kumba Iron Ore and the 23% of Kumba Iron Ore's principal operating subsidiary, Sishen Iron Ore Company Proprietary Limited that is held by shareholders outside the Group.
- Anglo American Sur SA (Anglo American Sur), which is a company incorporated in Chile. Its principal operations are the Los Bronces and El Soldado copper mines and the Chagres smelting plant, which are located in Chile. Non-controlling interests hold a 49.9% interest in Anglo American Sur.

	2013				2012			
US$ million	Kumba Iron Ore	Anglo American Sur	Other[1]	Total	Kumba Iron Ore	Anglo American Sur[2]	Other[1]	Total
Profit attributable to non-controlling interests	**991**	**439**	**(43)**	**1,387**	975	317	(386)	906
Equity attributable to non-controlling interests	**1,185**	**2,060**	**2,448**	**5,693**	1,049	2,194	2,884	6,127
Dividends paid to non-controlling interests	**(663)**	**(474)**	**(22)**	**(1,159)**	(1,120)	(100)	(47)	(1,267)

(1) Other consists of remaining individually immaterial non-controlling interests.
(2) At 1 January 2012 the Group held 75.5% of Anglo American Sur. In August 2012 the Group sold a further 24.5% of its interest in this company.

Summarised financial information on a 100% basis and before inter-company eliminations for Kumba Iron Ore and Anglo American Sur is as follows:

	2013		2012	
US$ million	Kumba Iron Ore	Anglo American Sur	Kumba Iron Ore	Anglo American Sur
Non-current assets	**3,200**	**4,854**	3,419	4,962
Current assets	**1,233**	**1,111**	1,204	1,552
Current liabilities	**(516)**	**(1,004)**	(698)	(832)
Non-current liabilities	**(1,190)**	**(832)**	(1,423)	(1,285)
Net assets	**2,727**	**4,129**	2,502	4,397
Revenue	**5,643**	**3,296**	5,571	3,186
Profit for the financial year	**2,103**	**880**	2,017	957
Total comprehensive income	**1,626**	**880**	2,028	957
Net cash inflow from operating activities	**2,501**	**1,306**	2,421	1,442

Changes in ownership interests in subsidiaries

The effect of changes in ownership interests on equity attributable to shareholders of the Company that did not result in a change in control is as follows:

	2013			2012		
US$ million	Equity attributable to shareholders of the Company	Non-controlling interests	Total	Equity attributable to shareholders of the Company	Non-controlling interests	Total
Sale of non-controlling interest in Anglo American Sur	**–**	**–**	**–**	420	1,034	1,454
Purchase of additional shares in Kumba Iron Ore	**–**	**–**	**–**	(631)	(59)	(690)
Other	**38**	**(14)**	**24**	(8)	(5)	(13)
Total	**38**	**(14)**	**24**	(219)	970	751

ADDITIONAL DISCLOSURES

33. CALLED-UP SHARE CAPITAL AND CONSOLIDATED EQUITY ANALYSIS

Called-up share capital

	2013		2012	
	Number of shares	US$ million	Number of shares	US$ million
Called-up, allotted and fully paid:				
5% cumulative preference shares of £1 each	**50,000**	**–**	50,000	–
Ordinary shares of 54 86/91 US cents each:				
At 1 January	**1,405,459,753**	**772**	1,342,967,458	738
Allotted during the year	**5,579**	**–**	62,492,295	34
At 31 December	**1,405,465,332**	**772**	1,405,459,753	772

During 2013, 5,579 ordinary shares of 54 86/91 US cents each were allotted to certain non-executive directors by subscription of their post-tax directors' fees (2012: 8,354 ordinary shares). In 2012, 62,483,941 ordinary shares of 54 86/91 US cents each were allotted upon the conversion of Anglo American plc convertible bonds.

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 2013 was 1,394,149,340 and $766 million (2012: 1,390,954,633 and $764 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.

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 (2012: nil).

Own shares

	2013		2012	
	Number of shares	US$ million	Number of shares	US$ million
Own shares				
Treasury shares	**11,315,992**	**599**	14,505,120	801
Own shares held by subsidiaries and employee benefit trusts	**115,691,282**	**5,864**	115,970,790	5,858
Total	**127,007,274**	**6,463**	130,475,910	6,659

The movement in treasury shares during the year is as follows:

	2013		2012	
	Number of shares	US$ million	Number of shares	US$ million
Treasury shares				
At 1 January	**14,505,120**	**801**	19,538,911	1,126
Transferred to employees in settlement of share awards	**(3,189,128)**	**(202)**	(5,033,791)	(325)
At 31 December	**11,315,992**	**599**	14,505,120	801

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 $5.16 per share to Epoch, $8.03 per share to Epoch Two and $6.66 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 2013 the Investment Companies together held 112,300,129 (2012: 112,300,129) Anglo American plc shares, which represented 8.1% (2012: 8.1%) of the ordinary shares in issue (excluding treasury shares) with a market value of $2,451 million (2012: $3,455 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.

The Investment Companies are considered to be structured entities. 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 IFRS 10, and as a result are consolidated by the Group.

33. CALLED-UP SHARE CAPITAL AND CONSOLIDATED EQUITY ANALYSIS continued

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. Shares held by the trust are recorded as own shares, and the carrying value is shown as a reduction within shareholders' equity. During 2013 no shares (2012: 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 (2012: 985 shares) held by the trust at 31 December 2013 was $21,000 (2012: $30,000).

The costs of operating the trust are borne by the Group but are not material.

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
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)
At 1 January 2013	**–**	**694**	**15**	**157**	**866**
Total comprehensive expense	**–**	**(123)**	**(6)**	**–**	**(129)**
Other	**–**	**–**	**–**	**(17)**	**(17)**
At 31 December 2013	**–**	**571**	**9**	**140**	**720**

[1] In 2012, following a capital reduction in the Corporate segment, $667 million was transferred from the legal reserve to retained earnings, reducing the legal reserve from $675 million to $8 million. Other reserves comprise a capital redemption reserve of $115 million (2012: $115 million), a revaluation reserve of $17 million (2012: $34 million) and a legal reserve of $8 million (2012: $8 million).

34. AUDITOR'S REMUNERATION

	2013				2012			
	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	**1.4**	**3.1**	**4.5**	**–**	2.2	4.8	7.0	0.1
Paid to the Company's auditor for other services to the Group								
Audit of the Company's subsidiaries	**0.9**	**6.3**	**7.2**	**0.1**	1.1	4.8	5.9	1.1
Total audit fees	**2.3**	**9.4**	**11.7**	**0.1**	3.3	9.6	12.9	1.2
Audit related assurance services[1]	**0.5**	**1.4**	**1.9**	**–**	0.8	1.0	1.8	–
Taxation compliance services	**–**	**0.4**	**0.4**	**–**	–	0.2	0.2	0.3
Taxation advisory services	**0.1**	**1.2**	**1.3**	**–**	0.2	0.2	0.4	0.1
Other assurance services[2]	**0.5**	**0.8**	**1.3**	**–**	0.4	1.3	1.7	0.6
Other non-audit services	**–**	**1.6**	**1.6**	**–**	–	–	–	–
Total non-audit fees	**1.1**	**5.4**	**6.5**	**–**	1.4	2.7	4.1	1.0

[1] Includes $1.5 million (2012: $1.3 million) for the interim review.

[2] Includes $0.1 million (2012: $0.1 million) for the audit of Group pension plans.

ADDITIONAL DISCLOSURES

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 to Mitsubishi of a 24.5% interest in Anglo American Sur SA in 2011. 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 2013 or 31 December 2012.

Other

Kumba Iron Ore (Kumba)

21.4% undivided share of the Sishen mine mineral rights

On 28 March 2013 the Supreme Court of Appeal (SCA) dismissed the appeals of the Department of Mineral Resources (DMR) and Imperial Crown Trading 289 (Pty) Ltd (ICT) against the decision of the North Gauteng High Court, which, *inter alia*, confirmed that Sishen Iron Ore Company (Pty) Ltd (SIOC) became the exclusive holder of the mining rights at the Sishen mine in 2008 when the DMR converted SIOC's old order rights, and further set aside the grant of a prospecting right to ICT by the DMR. The SCA held that as a matter of law and as at midnight on 30 April 2009, SIOC became the sole holder of the mining right to iron ore in respect of the Sishen mine, after ArcelorMittal South Africa Limited (ArcelorMittal S.A.) failed to convert its undivided share of the old order mining right.

Both ICT and the DMR lodged applications for leave to appeal against the SCA to the Constitutional Court. The Constitutional Court hearing was held on 3 September 2013.

On 12 December 2013 the Constitutional Court granted the DMR's appeal in part against the SCA judgment. In a detailed judgment, the Constitutional Court clarified that SIOC, when it lodged its application for conversion of its old order right, converted only the right it held at that time (being a 78.6% undivided share in the Sishen mining right). The Constitutional Court further held that ArcelorMittal S.A. retained the right to lodge its old order right (21.4% undivided share) for conversion before midnight on 30 April 2009, but failed to do so. As a consequence of such failure by ArcelorMittal S.A., the 21.4% undivided right remained available for allocation by the DMR.

The Constitutional Court ruled further that, based on the provisions of the Mineral and Petroleum Resources Development Act (MPRDA), only SIOC can apply for the residual 21.4% undivided share of the Sishen mining right. The grant of the mining right may be made subject to such conditions considered by the Minister to be appropriate, provided that the proposed conditions are permissible under the MPRDA. SIOC had previously applied for this 21.4%, and continues to account for 100% of what is mined from the reserves at Sishen mine. SIOC has however, in compliance with the Constitutional Court order, submitted a further application to be granted this right.

As a further consequence of this finding, the High Court's ruling setting aside the prospecting right granted by the DMR to ICT also stands.

The findings made by the Constitutional Court are favourable to both SIOC and the DMR. SIOC's position as the only competent applicant for the residual right protects SIOC's interests. The DMR's position as custodian of the mineral resources on behalf of the nation, and the authority of the DMR to allocate rights, has also been ratified by the Court.

ArcelorMittal S.A. supply agreement

The dispute between SIOC and ArcelorMittal S.A. regarding the contract mining agreement had been referred to arbitration in 2010. In December 2011 the parties agreed to delay the arbitration proceedings until the final resolution of the mining rights dispute (see above).

Interim Pricing Agreements were implemented to 31 December 2013.

In November 2013 SIOC and ArcelorMittal S.A. entered into a new Supply Agreement regulating the sale and purchase of iron ore between the parties which became effective from 1 January 2014. This agreement, subject to certain express conditions, is contemplated to endure until the end of Life of Mine for the Sishen mine.

The conclusion of this agreement settled the arbitration and the various other disputes between the companies.

Following the Constitutional Court ruling (see above), the sale of iron ore from SIOC to ArcelorMittal S.A. will remain regulated by the recently concluded Supply Agreement.

Anglo American South Africa Limited (AASA)

AASA, a wholly owned subsidiary of the Company, is a defendant in a number of lawsuits filed in England and South Africa on behalf of former mineworkers (or their dependants 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 England: AASA is a defendant in five lawsuits filed in the High Court in London on behalf of approximately 6,000 named former mineworkers or their dependants. One of the lawsuits is also 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.

In South Africa: (i) AASA is a defendant in approximately 100 separate lawsuits filed in the North Gauteng High Court (Pretoria) which have been referred to arbitration. (ii) AASA is named as one of 32 defendants in a consolidated class certification application filed in South Africa. (iii) On 19 September 2013 AASA concluded a settlement agreement in terms of which 23 claims (filed in South Africa between 2004 and 2009) were settled, without admission of liability by AASA. The terms of the agreement and the settlement amount (which is not material to AASA) are confidential.

The aggregate amount of the individual South African claims is less than $15 million (excluding claims for interests and costs). No specific amount of damages has been specified in the claims filed in England or in the consolidated class certification application filed in South Africa.

AASA successfully contested the jurisdiction of the English courts to hear the claims filed against it in that jurisdiction. That ruling has been appealed. AASA is defending the separate lawsuits filed in South Africa and will oppose the application for consolidated class certification in South Africa.

ADDITIONAL DISCLOSURES

36. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, joint operations, associates and joint ventures, see note 38. Members of the Board and the Group Management Committee are considered to be related parties.

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with joint operations, associates and joint ventures 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 by De Beers from its joint operations in excess of its attributable share of their production, which amounted to $3,064 million (2012: $1,049 million, representing purchases from 16 August 2012, the date the Group obtained control of De Beers).

US$ million	2013	2012 restated[1]
Loans receivable[2]		
Associates	**164**	305
Joint ventures	**265**	242
	429	547

[1] Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
[2] These loans are included in 'Financial asset investments'.

At 31 December 2013 the directors of the Company and their immediate relatives controlled 0.1% (2012: 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 27.

Information relating to pension fund arrangements is disclosed in note 28.

Refinancing of Atlatsa

In 2009, Platinum sold a 51% interest in Bokoni Platinum Mines Proprietary Limited (Bokoni) and a 1% interest in certain undeveloped projects to Atlatsa Resources Corporation (Atlatsa) in a BEE transaction. Platinum retained 49% of Bokoni, and in addition acquired an effective 27% interest in Atlatsa as part of the sale consideration. Both Atlatsa and Bokoni are associates of the Group.

Between 2009 and December 2013 Platinum has provided Atlatsa and its subsidiaries, including Bokoni, with additional debt and equity funding and in 2012, Platinum and Atlatsa agreed to restructure, recapitalise and refinance both Atlatsa and Bokoni. The first phase of the refinancing transaction completed in December 2013, whereby Platinum acquired certain properties from Bokoni and in return the level of debt outstanding from Atlatsa was reduced. A charge of $37 million has been recorded within non-operating special items relating to this transaction, see note 6.

Related party transaction with Mitsubishi

During the year the Group entered into a transaction with a related party of the Company for the purposes of the United Kingdom Listing Authority Listing Rules.

An Anglo American subsidiary entered into a Shareholder Agreement (SHA) with a subsidiary of Mitsubishi Corporation (Mitsubishi) in relation to Anglo American Quellaveco SA, which owns Anglo American's Quellaveco copper project. Mitsubishi is a related party to Anglo American because its wholly owned subsidiary is a substantial shareholder in Anglo American Sur SA, a significant subsidiary of the Company. Anglo American Sur SA owns and operates copper mines and metallurgical plants in Chile and has no ownership interest in Quellaveco.

Anglo American has a controlling 81.9% interest in Anglo American Quellaveco SA. Mitsubishi purchased its 18.1% shareholding in this company in 2011 from an unrelated third party. The entry into the SHA provides a formal contractual relationship with a minority shareholder to give more certainty to the way in which the shareholding relationship in Anglo American Quellaveco SA is managed. It is primarily focused on the governance aspects of the relationship, information rights, the transferability of shares, arrangements for future funding and entitlement to production from the Quellaveco project. The entry into the SHA did not involve a purchase or sale of an asset and no value is ascribed to this transaction.

37. EVENTS OCCURRING AFTER END OF YEAR

With the exception of the proposed final dividend for 2013, see note 10, there have been no reportable events since 31 December 2013.

ADDITIONAL DISCLOSURES

38. GROUP COMPANIES

The Group consists of the parent company, Anglo American plc, incorporated in the United Kingdom and its subsidiaries, joint operations, joint ventures and associates. For information on the Group's policies and the nature of any significant judgements in relation to the basis of accounting for interests in other entities, see note 1. Further information on interests in associates and joint ventures is provided in note 13.

The Group holds certain interests in both consolidated and unconsolidated structured entities. Further details on consolidated structured entities can be found in note 33. Unconsolidated structured entities consist of employee benefit trusts and community investment vehicles, principally in South Africa. Financial support provided to these entities by the Group is not material.

The principal subsidiaries, joint operations, joint ventures and associates of the Group and the Group percentage of equity capital and joint arrangements 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[2]	
Subsidiary undertakings	Country of incorporation[1]	Business	2013	2012
Iron Ore and Manganese				
Kumba Iron Ore Limited	South Africa	Iron ore	**69.7%**	69.7%
Sishen Iron Ore Company[3]	South Africa	Iron ore	**73.9%**	73.9%
Anglo Ferrous Brazil SA	Brazil	Iron ore	**100%**	100%
Anglo American Minério de Ferro Brasil SA	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[4]	South Africa	Coal	**100%**	100%
Copper				
Anglo American Sur SA	Chile	Copper	**50.1%**	50.1%
Anglo American Norte SA[5]	Chile	Copper	**100%**	100%
Anglo American Quellaveco SA	Peru	Copper project	**81.9%**	81.9%
Nickel				
Anglo American Níquel Brasil Limitada (Barro Alto)	Brazil	Nickel project	**100%**	100%
Anglo American Níquel Brasil Limitada (Codemin)	Brazil	Nickel	**100%**	100%
Niobium and Phosphates				
Anglo American Nióbio Brasil Limitada	Brazil	Niobium	**100%**	100%
Anglo American Fosfatos Brasil Limitada	Brazil	Phosphates	**100%**	100%
Platinum				
Anglo American Platinum Limited[6]	South Africa	Platinum	**78%**	78%
Diamonds				
De Beers Société Anonyme	Luxembourg	Diamonds	**85%**	85%
De Beers Consolidated Mines[7]	South Africa	Diamonds	**74%**	74%
Other Mining and Industrial				
Anglo Ferrous Amapá Mineração Limitada[8]	Brazil	Iron ore system	**–**	70%
Tarmac Building Products Limited	United Kingdom	Heavy building materials	**100%**	100%

See page 202 for footnotes.

ADDITIONAL DISCLOSURES

38. GROUP COMPANIES continued

Proportionately consolidated joint operations	Country of incorporation[1]	Business	Percentage of equity owned[13] 2013	2012
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	**44%**	44%
Debswana Diamond Company (Proprietary) Limited[9]	Botswana	Diamonds	**50%**	50%
Namdeb Holdings (Proprietary) Limited[10]	Namibia	Diamonds	**50%**	50%
Capcoal[11]	Australia	Coal	**70%**	70%
Dawson[11]	Australia	Coal	**51%**	51%
Drayton[11]	Australia	Coal	**88.2%**	88.2%
Foxleigh[11]	Australia	Coal	**70%**	70%
Moranbah North[11]	Australia	Coal	**88%**	88%

Joint ventures	Country of incorporation[1]	Business	Percentage of equity owned[13] 2013	2012
LLX Minas-Rio Logística Comercial Exportadora SA	Brazil	Port	**49%**	49%
Lafarge Tarmac Holdings Limited[12]	United Kingdom	Heavy building materials	**50%**	–
Al Futtain Tarmac Quarry Products Limited	Dubai	Heavy building materials	**49%**	49%
Tarmac Oman Limited	Hong Kong	Heavy building materials	**50%**	50%
Midmac Tarmac Qatar LLC	Qatar	Heavy building materials	**50%**	50%

Associates	Country of incorporation[1]	Business	Percentage of equity owned[13] 2013	2012
Samancor Holdings Proprietary Limited[14]	South Africa	Manganese	**40%**	40%
Groote Eylandt Mining Company Pty Limited (GEMCO)[14]	Australia	Manganese	**40%**	40%
Tasmanian Electro Metallurgical Company Pty Limited (TEMCO)[14]	Australia	Manganese	**40%**	40%
Jellinbah Group Pty Limited[15]	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%

(1) The principal country of operation is the same as the country of incorporation for all entities with the exception of De Beers Société Anonyme (De Beers), which has worldwide operations.
(2) The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of equity owned.
(3) The 73.9% interest in Sishen Iron Ore Company (SIOC) is held indirectly through Kumba Iron Ore, in which the Group has a 69.7% interest. A further 3.1% interest in SIOC is held by the Kumba Envision Trust for the benefit of participants in Kumba's broad based employee share scheme for non-managerial Historically Disadvantaged South African employees. The Trust meets the definition of a subsidiary under IFRS, and is therefore consolidated by Kumba Iron Ore. Consequently the effective interest in SIOC included in the Group's results is 53.7%.
(4) A division of Anglo Operations Proprietary Limited, a wholly owned subsidiary.
(5) Non-controlling interest of 0.018%.
(6) The Group's effective interest in Anglo American Platinum Limited is 79.9%, which includes shares issued as part of a community empowerment deal.
(7) The 74% interest in De Beers Consolidated Mines (DBCM) is held indirectly through De Beers. The 74% interest represents De Beers' legal ownership share in 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 in 2010. The Group's effective interest in DBCM is 85%.
(8) On 4 January 2013, Anglo American announced that it had reached an agreement to sell its 70% interest in Anglo Ferrous Amapá Mineração Limitada (Amapá) to Zamin Ferrous Ltd (Zamin). Subsequently Anglo American entered into an agreement with Cliffs Natural Resources to acquire its 30% interest in Amapá and entered into an amended sale agreement with Zamin to reflect Anglo American's disposal of a 100% interest in Amapá to Zamin. On 1 November 2013 these transactions completed. See note 31.
(9) The 50% interest in Debswana is held indirectly through De Beers and is consolidated on a 19.2% proportionate basis, reflecting economic interest. The Group's effective interest in Debswana is 16.3%.
(10) The 50% interest in Namdeb Holdings is held indirectly through De Beers. The Group's effective interest in Namdeb Holdings is 42.5%.
(11) The wholly owned subsidiary Anglo American Metallurgical Coal Holdings Limited holds the proportionately consolidated joint operations, these operations are unincorporated and jointly controlled.
(12) Lafarge Tarmac Holdings Limited was formed during 2013. See note 30.
(13) All equity interests shown are ordinary shares.
(14) These entities have a 30 June year end.
(15) The Group's effective interest in the Jellinbah operation is 23.3%. The entity has a 30 June year end.

ADDITIONAL DISCLOSURES

39. FINANCIAL RISK MANAGEMENT

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 31 December is provided as follows (subcategorised into credit risk, commodity price risk, foreign exchange risk and interest rate risk). See note 25 for liquidity risk.

Market risks

a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a loss to Anglo American by failing to pay for its obligation. The Group's principal financial assets, including amounts in assets held for sale that are susceptible to credit risks, 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	2013	2012 restated[1]
Cash and cash equivalents	**7,702**	9,298
Trade and other receivables[2]	**3,874**	3,966
Financial asset investments[3]	**759**	1,441
Derivative financial assets	**674**	848
Financial guarantees[4]	**12**	33
	13,021	15,586

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Trade and other receivables exclude prepayments and accrued income.
(3) Financial asset investments exclude available for sale investments.
(4) 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 Standard & Poor's, 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.

A provision 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 16.

b) Commodity price risk

The Group's earnings are exposed to movements in the prices of the commodities it produces.

The Group's policy is to sell its products at prevailing market prices and 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, meaning that the selling price is determined normally 30 to 180 days after delivery to the customer, based on quoted market prices stipulated in the contract, 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:

	2013				2012 restated[1]			
	Commodity price linked				Commodity price linked			
US$ million	Subject to price movements[2]	Fixed price[3]	Not linked to commodity price	Total	Subject to price movements[2]	Fixed price[3]	Not linked to commodity price	Total
Total net financial instruments (excluding derivatives)	**1,261**	**678**	**(10,946)**	**(9,007)**	304	1,087	(8,281)	(6,890)
Commodity derivatives (net)	**(3)**	**–**	**–**	**(3)**	(1)	–	–	(1)
Non-commodity derivatives (net)	**–**	**–**	**(834)**	**(834)**	–	–	(232)	(232)
Total financial instrument exposure to commodity risk	**1,258**	**678**	**(11,780)**	**(9,844)**	303	1,087	(8,513)	(7,123)

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 for details.
(2) Includes provisionally priced trade receivables and trade payables.
(3) Includes receivables and payables for commodity sales and purchases not subject to price adjustment at the balance sheet date.

Commodity based contracts that 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 and are not marked to market.

c) 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 revenue. The Brazilian real and South African rand are the most significant non-US dollar currencies influencing costs. A strengthening of the US dollar against the currencies to which the Group is exposed has a positive effect on Anglo American's underlying earnings. 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.

Analysis of foreign exchange risk associated with net debt balances and the impact of derivatives to hedge against this risk is included within note 25. Of net other financial assets (excluding net debt related balances) of $811 million, $278 million are denominated in US dollar and $443 million in South African rand.

39. FINANCIAL RISK MANAGEMENT continued

d) 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.

Analysis of interest rate risk associated with net debt balances and the impact of derivatives to hedge against this risk is included within note 25. Of net other financial assets (excluding net debt related balances) of $811 million, the majority are non-interest bearing.

e) Financial instrument sensitivities

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. The following analysis 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 2013 and 31 December 2012, based on the above assumptions, there is no significant sensitivity to changes in market interest rates.

	2013		2012	
US$ million	Income	Equity	Income	Equity
Foreign currency sensitivities[1]				
+10% US dollar to rand	**16**	**16**	(74)	(73)
–10% US dollar to rand	**(16)**	**(16)**	74	73
+10% US dollar to Brazilian real[2]	**87**	**87**	190	190
–10% US dollar to Brazilian real[2]	**(99)**	**(99)**	(194)	(194)
+10% US dollar to Australian dollar	**37**	**37**	41	41
–10% US dollar to Australian dollar	**(37)**	**(37)**	(41)	(41)
+10% US dollar to Chilean peso	**30**	**30**	29	29
–10% US dollar to Chilean peso	**(32)**	**(32)**	(36)	(36)
Commodity price sensitivities				
10% increase in the copper price	**109**	**109**	63	63
10% decrease in the copper price	**(109)**	**(109)**	(63)	(63)
10% increase in the platinum price	**(15)**	**(15)**	(17)	(17)
10% decrease in the platinum price	**15**	**15**	17	17

(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.

ADDITIONAL DISCLOSURES

40. 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 Conduct 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.

As permitted by UK company law, the Group's results are presented in US dollars, the currency in which its business is primarily conducted.

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 144.

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 is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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 arrangements 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, non-controlling interests are presented in equity separately from the equity attributable to shareholders of the Company. Profit or loss and other comprehensive income are attributed to the shareholders of the Company and to the non-controlling interest even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest in subsidiaries that do not result in a change in control are accounted for in equity. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recorded directly in equity and attributed to the shareholders of the Company.

40a. 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.

40b. 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.

40c. 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 arrangements 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.

40. ACCOUNTING POLICIES continued

40d. Business combinations and goodwill arising thereon

The identifiable assets, liabilities and contingent liabilities of a subsidiary, a joint arrangement 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 acquiree are remeasured to fair value at the acquisition date and the resulting gain or loss is recognised in the income statement.

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 operations is included within intangible assets. Goodwill relating to associates and joint ventures is included within the carrying value of the investment.

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.

40e. 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.

40f. Impairment of goodwill

Goodwill arising on business combinations is allocated to the group of cash generating units (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.

40g. 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 Proved 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 Diamond 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.

Capital works in progress 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.

40h. Deferred stripping

The removal of overburden and other mine waste materials is often necessary during the initial development of a mine site, in order to access the mineral ore deposit. The directly attributable cost of this activity is capitalised in full within mining properties and leases, until the point at which the mine is considered to be capable of commercial production. This is classified as expansionary capital expenditure, within investing cash flows.

The removal of waste material after the point at which a mine is capable of commercial production is referred to as production stripping.

When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are charged to the income statement as operating costs in accordance with the principles of IAS 2 *Inventories*.

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion which benefits future ore extraction is capitalised within stripping and development capital expenditure. If the amount to be capitalised cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. Components are specific volumes of a mine's orebody that are determined by reference to the Life of Mine Plan.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production. This may occur at both open pit and underground mines, for example longwall development. The cost of this waste removal is capitalised in full.

All amounts capitalised in respect of waste removal are depreciated using the unit of production method based on Proved and Probable Ore Reserves of the component of the orebody to which they relate.

The effects of changes to the Life of Mine Plan on the expected cost of waste removal or remaining reserves for a component are accounted for prospectively as a change in estimate.

40. ACCOUNTING POLICIES continued

40i. 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 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 of disposal) 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.

40j. 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.

40k. Associates and joint arrangements

Associates are investments over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but without the ability to exercise control or joint control. Typically the Group owns between 20% and 50% of the voting equity of its associates.

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the activities that significantly affect the arrangements returns require the unanimous consent of the parties sharing control.

Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement.

Joint arrangements that are not structured through a separate vehicle are always joint operations. Joint arrangements that are structured through a separate vehicle may be either joint operations or joint ventures depending on the substance of the arrangement. In these cases, consideration is given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties and the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates the parties to the arrangements have rights to the assets and obligations for the liabilities.

The Group accounts for joint operations by recognising the assets, liabilities, revenue and expenses for which it has rights or obligations, including its share of such items held or incurred jointly.

Investments in associates and joint ventures are accounted for using the equity method of accounting except when classified as held for sale. The Group's share of associates' and joint ventures' 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 and joint ventures 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 and joint ventures are reviewed on a regular basis and if there is objective evidence that an impairment in value has occurred as a result of one or more events during the period, the investment is impaired.

The Group's share of an associate's or joint venture's losses in excess of its interest in that associate or joint venture is not recognised unless the Group has an obligation to fund such losses. Unrealised gains arising from transactions with associates and joint ventures 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.

40l. Financial asset investments

Investments, other than investments in subsidiaries, joint arrangements 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 recycled to 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.

40m. 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.

40. ACCOUNTING POLICIES continued

40n. 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 (own use) 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 (within 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 recycled to 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 recycled to 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 (operating costs) 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.

40o. Cash and debt

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.

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.

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.

40p. 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.

40q. Inventories

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 basis:

- 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.

40r. 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.

ADDITIONAL DISCLOSURES

40. ACCOUNTING POLICIES continued

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.

40s. 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.

40t. 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 at least 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.

Remeasurements comprising actuarial gains and losses, movements in asset surplus restrictions and the return on scheme assets (excluding interest income) are recognised immediately in the statement of comprehensive income and are not recycled to the income statement. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit. The net interest income or cost on the net defined benefit asset or liability is 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 amortised on a straight line basis over the average period until the benefits vest.

The retirement benefit obligation recognised on the balance sheet represents the present value of the deficit or surplus of the defined benefit plans. Any recognised surplus is limited to the present value of available refunds or reductions in future contributions to the plan.

40u. 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.

40v. 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.

40w. 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.

40x. 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.

ADDITIONAL DISCLOSURES

41. ACCOUNTING POLICY CHANGES – RESTATEMENTS

As discussed in note 2, the Group has restated the financial performance and position of the Group for the year ended 31 December 2012 to reflect the adoption of IFRS 11, IFRIC 20 and IAS 19R. The quantitative impact of adopting these standards on the prior year consolidated financial statements is set out in the tables below.

Adjustments to the Consolidated income statement

US$ million	Year ended 31.12.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	Year ended 31.12.12 restated
Group revenue	28,761	(81)	–	–	28,680
Total operating costs[1]	(30,449)	78	91	–	(30,280)
Share of net income from associates and joint ventures	432	(7)	(1)	(3)	421
Non-operating special items and remeasurements	1,394	–	2	–	1,396
Net finance (costs)/income	(377)	14	–	(25)	(388)
Income tax expense	(375)	(4)	(20)	6	(393)
Non-controlling interests	(879)	–	(27)	–	(906)
Loss for the financial year attributable to equity shareholders of the Company	(1,493)	–	45	(22)	(1,470)

[1] Restatements to operating costs include a decrease in depreciation of $5 million due to IFRS 11 and an increase in depreciation of $90 million due to IFRIC 20.

Adjustments to the Consolidated statement of comprehensive income

US$ million	Year ended 31.12.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	Year ended 31.12.12 restated
Loss for the financial year	(614)	–	72	(22)	(564)
Items that may subsequently be reclassified to the income statement					
Net exchange difference on translation of foreign operations (including associates and joint ventures)	(747)	–	(3)	–	(750)
Other comprehensive income that may be reclassified	60	–	–	–	60
Items that will not be reclassified to the income statement					
Remeasurement of net retirement benefit obligation	165	–	–	25	190
Share of associates' and joint ventures' income recognised directly in equity, net of tax	11	–	–	3	14
Tax on items recognised directly in equity that will not be reclassified	(19)	–	–	(6)	(25)
Items transferred from equity	79	–	–	–	79
Total comprehensive expense for the financial year	(1,065)	–	69	–	(996)

Adjustments to the Consolidated balance sheet

At 31 December 2012

US$ million	31.12.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	31.12.12 restated
Property, plant and equipment[1]	45,089	(292)	(66)	–	44,731
Investments in associates and joint ventures	3,063	99	–	–	3,162
Financial asset investments (non-current)	2,278	111	–	–	2,389
Short term borrowings	(2,604)	119	–	–	(2,485)
Deferred tax liabilities	(6,069)	–	18	–	(6,051)
Retained earnings	(40,388)	–	45	–	(40,343)
Non-controlling interests	(6,130)	–	3	–	(6,127)
Other assets, liabilities and equity[2]	4,761	(37)	–	–	4,724

[1] The adjustment to property, plant and equipment in relation to IFRIC 20 includes the $155 million write-off of opening stripping assets which do not relate to identifiable components of orebodies and depreciation of $34 million in excess of amounts previously charged to operating costs, offset by $123 million of net additional capitalisation.

[2] Restatements of the balance sheet at 31 December 2012 also had an immaterial impact on intangible assets, environmental rehabilitation trusts, trade and other receivables (non-current), deferred tax assets, other non-current assets, inventories, trade and other receivables (current), cash and cash equivalents, trade and other payables (current), provisions for liabilities and charges (current) and other reserves.

At 1 January 2012

US$ million	01.01.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	01.01.12 restated
Property, plant and equipment	40,549	(312)	(155)	–	40,082
Investments in associates and joint ventures	5,240	113	(1)	–	5,352
Financial asset investments (non-current)	2,896	107	–	–	3,003
Short term borrowings	(1,018)	116	–	–	(902)
Deferred tax liabilities	(5,730)	–	37	–	(5,693)
Retained earnings	(42,342)	–	102	–	(42,240)
Non-controlling interests	(4,097)	–	16	–	(4,081)
Other assets, liabilities and equity[1]	4,502	(24)	1	–	4,479

[1] Restatements of the balance sheet at 1 January 2012 also had an immaterial impact on intangible assets, environmental rehabilitation trusts, trade and other receivables (non-current), deferred tax assets, other non-current assets, inventories, trade and other receivables (current), cash and cash equivalents, trade and other payables (current), provisions for liabilities and charges (current) and other reserves.

41. ACCOUNTING POLICY CHANGES – RESTATEMENTS continued

Adjustments to the Consolidated cash flow statement

US$ million	Year ended 31.12.12 as previously stated	IFRS 11	IFRIC 20[1]	IAS 19R	Year ended 31.12.12 restated
Cash flows from operations	7,021	(7)	356	–	7,370
Dividends from associates and joint ventures	286	8	–	–	294
Expenditure on property, plant and equipment	(5,607)	4	(356)	–	(5,959)
Other investing and financing cash flows	(4,009)	–	–	–	(4,009)
Net (decrease)/increase in cash and cash equivalents	(2,309)	5	–	–	(2,304)

[1] The adjustment is due to a re-presentation of cash flows to better reflect internal management reporting following the adoption of IFRIC 20.

Non-GAAP data

US$ million	Year ended 31.12.12 as previously stated	IFRS 11	IFRIC 20	IAS 19R	Year ended 31.12.12 restated
Underlying EBITDA	8,686	–	174	–	8,860
Depreciation and amortisation[1]	2,522	–	85	–	2,607
Underlying operating profit	6,164	–	89	–	6,253
Underlying earnings	2,839	–	43	(22)	2,860
Net debt	(8,615)	105	–	–	(8,510)

[1] Includes attributable share of depreciation and amortisation in associates and joint ventures. Depreciation and amortisation excluding associates and joint ventures increased by $90 million in 2012 due to the adoption of IFRIC 20.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

Balance sheet of the Company, Anglo American plc, as at 31 December 2013

US$ million	Note	2013	2012
Fixed assets			
Fixed asset investments	1	**13,278**	12,361
Current assets			
Amounts due from subsidiaries		**14,238**	14,950
Prepayments and other debtors		**6**	4
Cash at bank and in hand		**33**	41
		14,277	14,995
Creditors due within one year			
Amounts owed to group undertakings		**(408)**	(448)
Other creditors		**(5)**	(4)
		(413)	(452)
Net current assets		**13,864**	14,543
Total assets less current liabilities		**27,142**	26,904
Net assets		**27,142**	26,904
Capital and reserves			
Called-up share capital	2	**772**	772
Share premium account	2	**4,358**	4,357
Capital redemption reserve	2	**115**	115
Other reserves	2	**1,955**	1,955
Share-based payment reserve	2	**1**	1
Profit and loss account	2	**19,941**	19,704
Total shareholders' funds (equity)		**27,142**	26,904

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 13 February 2014 and signed on its behalf by:

Mark Cutifani
Chief Executive

René Médori
Finance Director

1) Fixed asset investments

US$ million	Investment in subsidiaries 2013	2012
Cost		
At 1 January	**12,378**	13,374
Capital contributions[1]	**110**	147
Additions	**807**	2,776
Capital reduction	**–**	(823)
Transfer to subsidiary	**–**	(3,096)
At 31 December	**13,295**	12,378
Provisions for impairment		
At 1 January	**(17)**	(328)
Impairment charge	**–**	(9)
Transfer to subsidiary	**–**	320
At 31 December	**(17)**	(17)
Net book value	**13,278**	12,361

[1] This amount is net of $30 million (2012: $14 million) of intra-group recharges.

During 2013 Anglo American plc (the Company) increased its investment in Anglo American Services (UK) Limited by $807 million in return for 4,935 additional shares.

2) 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 2012	738	2,714	115	1,955	1	355	18,780	24,658
Profit for the financial year	–	–	–	–	–	–	1,152	1,152
Dividends payable to Company shareholders[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 1 January 2013	**772**	**4,357**	**115**	**1,955**	**1**	**–**	**19,704**	**26,904**
Profit for the financial year	**–**	**–**	**–**	**–**	**–**	**–**	**700**	**700**
Dividends payable to Company shareholders[3]	**–**	**–**	**–**	**–**	**–**	**–**	**(618)**	**(618)**
Issue of treasury shares under employee share schemes	**–**	**–**	**–**	**–**	**–**	**–**	**15**	**15**
Capital contribution to Group undertakings	**–**	**–**	**–**	**–**	**–**	**–**	**140**	**140**
Other	**–**	**1**	**–**	**–**	**–**	**–**	**–**	**1**
Balance at 31 December 2013	**772**	**4,358**	**115**	**1,955**	**1**	**–**	**19,941**	**27,142**

[1] At 31 December 2013 other reserves of $1,955 million (2012: $1,955 million) were not distributable under the Companies Act 2006.

[2] At 31 December 2013 $2,685 million (2012: $2,685 million) of the Company profit and loss account of $19,941 million (2012: $19,704 million) was not distributable under the Companies Act 2006.

[3] Dividends payable 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 2013 of 53 US cents per share, see note 10 of the Consolidated financial statements.

The audit fee in respect of the Company was $8,133 (2012: $7,792). 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 34.

3) Accounting policies: Anglo American plc, the Company

The Company balance sheet and related notes have been prepared in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (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 $700 million (2012: $1,152 million).

Significant accounting policies

Investments

Investments represent equity holdings in subsidiaries and are held at cost less provision for impairment.

Share-based payments

The Company has applied the requirements of FRS 20 *Share-based Payment*.

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 2013.

SUMMARY BY BUSINESS OPERATION

US$ million	Revenue[1] 2013	Revenue[1] 2012	Underlying EBITDA[2] 2013	Underlying EBITDA[2] 2012 restated[4]	Underlying operating profit/(loss)[3] 2013	Underlying operating profit/(loss)[3] 2012 restated[4]	Underlying earnings 2013	Underlying earnings 2012 restated[4]
Iron Ore and Manganese	**6,517**	6,403	**3,390**	3,262	**3,119**	3,011	**1,125**	1,046
Kumba Iron Ore	**5,643**	5,572	**3,266**	3,239	**3,047**	3,042	**1,171**[5]	1,107
Iron Ore Brazil	**–**	–	**(27)**	(1)	**(31)**	(5)	**(51)**	(43)
Samancor	**874**	831	**258**	153	**210**	103	**92**	83
Projects and corporate	**–**	–	**(107)**	(129)	**(107)**	(129)	**(87)**[5]	(101)
Metallurgical Coal	**3,396**	3,889	**612**	877	**46**	405	**60**	275
Australia	**3,138**	3,657	**665**	940	**176**	519	**132**	365
Canada	**258**	232	**7**	13	**(70)**	(38)	**(21)**	(27)
Projects and corporate	**–**	–	**(60)**	(76)	**(60)**	(76)	**(51)**	(63)
Thermal Coal	**3,004**	3,447	**735**	972	**541**	793	**397**	523
South Africa	**2,187**	2,477	**479**	607	**356**	482	**283**	312
Colombia	**817**	970	**299**	412	**228**	358	**151**	251
Projects and corporate	**–**	–	**(43)**	(47)	**(43)**	(47)	**(37)**	(40)
Copper	**5,392**	5,122	**2,402**	2,288	**1,739**	1,736	**803**	941
Anglo American Sur	**3,300**	3,186	**1,642**	1,762	**1,220**	1,402	**464**	695
Anglo American Norte	**778**	934	**191**	336	**135**	288	**85**	237
Collahuasi	**1,314**	1,002	**718**	484	**533**	340	**386**	243
Projects and corporate	**–**	–	**(149)**	(294)	**(149)**	(294)	**(132)**	(234)
Nickel	**136**	336	**(37)**	50	**(44)**	26	**(54)**	10
Codemin	**136**	176	**23**	53	**17**	47	**5**	31
Loma de Níquel	**–**	160	**(5)**	46	**(5)**	29	**(7)**	17
Barro Alto	**–**	–	**(38)**	(7)	**(39)**	(8)	**(38)**	(5)
Projects and corporate	**–**	–	**(17)**	(42)	**(17)**	(42)	**(14)**	(33)
Niobium and Phosphates	**726**	770	**176**	196	**150**	169	**92**	107
Niobium	**182**	173	**94**	85	**89**	81	**48**	47
Phosphates	**544**	597	**100**	114	**79**	91	**57**	63
Projects and corporate	**–**	–	**(18)**	(3)	**(18)**	(3)	**(13)**	(3)
Platinum	**5,688**	5,489	**1,048**	580	**464**	(120)	**287**	(225)
Operations	**5,688**	5,489	**1,121**	656	**537**	(44)	**356**	(155)
Projects and corporate	**–**	–	**(73)**	(76)	**(73)**	(76)	**(69)**	(70)
Diamonds[6]	**6,404**	4,028	**1,451**	712	**1,003**	474	**532**	289
Operations	**6,404**	4,028	**1,516**	734	**1,068**	496	**591**	309
Projects and corporate	**–**	–	**(65)**	(22)	**(65)**	(22)	**(59)**	(20)
Other Mining and Industrial	**1,795**	3,296	**81**	289	**(13)**	168	**(2)**	121
Amapá[7]	**100**	327	**–**	89	**–**	54	**–**	27
Tarmac	**1,695**	2,171	**88**	148	**(6)**	73	**5**	65
Scaw Metals[8]	**–**	798	**–**	60	**–**	49	**–**	37
Projects and corporate	**–**	–	**(7)**	(8)	**(7)**	(8)	**(7)**	(8)
Exploration	**–**	–	**(205)**	(206)	**(207)**	(206)	**(190)**	(195)
Corporate Activities and Unallocated Costs	**5**	5	**(133)**	(160)	**(178)**	(203)	**(377)**	(32)
	33,063	32,785	**9,520**	8,860	**6,620**	6,253	**2,673**	2,860

(1) Revenue includes the Group's attributable share of revenue of associates and joint ventures. Revenue for copper is shown after deduction of treatment and refining charges (TC/RCs).
(2) Underlying EBITDA is underlying operating profit before depreciation and amortisation in subsidiaries and joint operations and includes attributable share of underlying operating profit before depreciation and amortisation of associates and joint ventures.
(3) Underlying operating profit/(loss) is operating profit/(loss) before special items and remeasurements, and includes the Group's attributable share of associates' and joint ventures' operating profit/(loss) before special items and remeasurements.
(4) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the Consolidated financial statements for details.
(5) Of the projects and corporate expense, which includes a corporate cost allocation, $63 million (2012: $67 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is $1,108 million (2012: $1,040 million) as reported in the external earnings reconciliation, see page 217.
(6) On 16 August 2012 the Group acquired a controlling interest in De Beers (Diamonds segment). De Beers ceased to be an associate of the Group and has been accounted for as a subsidiary since this date.
(7) The Group disposed of its interest in Amapá in November 2013.
(8) The Group disposed of its interest in Scaw Metals in November 2012.

Marketing activities are allocated to the underlying operation to which they relate.

KEY FINANCIAL DATA

US$ million (unless otherwise stated)	2013	2012 restated[1]	2011	2010	2009	2008	2007	2006[2]	2005[2]	2004[2]
Group revenue including associates and joint ventures	**33,063**	32,785	36,548	32,929	24,637	32,964	30,559	29,404	24,872	22,610
Less: share of associates' and joint ventures' revenue	**(3,721)**	(4,105)	(5,968)	(4,969)	(3,779)	(6,653)	(5,089)	(4,413)	(4,740)	(5,429)
Group revenue	**29,342**	28,680	30,580	27,960	20,858	26,311	25,470	24,991	20,132	17,181
Underlying operating profit including associates and joint ventures before special items and remeasurements	**6,620**	6,253	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)	**(4,310)**	(5,755)	(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 and joint ventures	**(204)**	(281)	(452)	(423)	(313)	(783)	(434)	(398)	(315)	(391)
Total profit from operations, associates and joint ventures	**2,106**	217	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)	**(406)**	(388)	183	(139)	(407)	(401)	(108)	(71)	(220)	(385)
Profit/(loss) before tax	**1,700**	(171)	10,782	10,928	4,029	8,571	8,821	8,443	5,030	3,612
Income tax expense (including special items and remeasurements)	**(1,274)**	(393)	(2,860)	(2,809)	(1,117)	(2,451)	(2,693)	(2,518)	(1,208)	(765)
Profit/(loss) for the financial year – continuing operations	**426**	(564)	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
Profit/(loss) for the financial year – total Group	**426**	(564)	7,922	8,119	2,912	6,120	8,172	6,922	3,933	3,941
Non-controlling interests	**(1,387)**	(906)	(1,753)	(1,575)	(487)	(905)	(868)	(736)	(412)	(440)
(Loss)/profit attributable to equity shareholders of the Company	**(961)**	(1,470)	6,169	6,544	2,425	5,215	7,304	6,186	3,521	3,501
Underlying earnings[3] – continuing operations	**2,673**	2,860	6,120	4,976	2,569	5,237	5,477	5,019	3,335	2,178
Underlying earnings[3] – discontinued operations	**–**	–	–	–	–	–	284	452	401	506
Underlying earnings[3] – total Group	**2,673**	2,860	6,120	4,976	2,569	5,237	5,761	5,471	3,736	2,684
(Loss)/earnings per share (US$) – continuing operations	**(0.75)**	(1.17)	5.10	5.43	2.02	4.34	4.04	3.51	2.35	1.84
Earnings per share (US$) – discontinued operations	**–**	–	–	–	–	–	1.54	0.70	0.08	0.60
(Loss)/earnings per share (US$) – total Group	**(0.75)**	(1.17)	5.10	5.43	2.02	4.34	5.58	4.21	2.43	2.44
Underlying earnings per share (US$) – continuing operations	**2.09**	2.28	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	**2.09**	2.28	5.06	4.13	2.14	4.36	4.40	3.73	2.58	1.87
Ordinary dividend per share (US cents)	**85.0**	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)	**1,281**	1,254	1,210	1,206	1,202	1,202	1,309	1,468	1,447	1,434
Underlying EBITDA[4] – continuing operations	**9,520**	8,860	13,348	11,983	6,930	11,847	11,171	10,431	7,172	5,359
Underlying EBITDA[4] – discontinued operations	**–**	–	–	–	–	–	961	1,766	1,787	1,672
Underlying EBITDA[4] – total Group	**9,520**	8,860	13,348	11,983	6,930	11,847	12,132	12,197	8,959	7,031
Underlying EBITDA interest cover[5] – total Group	**51.5**	52.1	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	**20.0%**	19.1%	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	**2.5**	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	**45,588**	49,300	42,871	42,126	37,974	32,551	25,090	25,632	33,368	35,816
Other non-current assets and investments[6]	**9,418**	8,689	10,269	9,852	7,303	7,607	9,271	8,258	5,585	5,547
Working capital	**3,771**	3,751	2,093	2,385	2,168	861	1,966	3,096	3,538	3,543
Other net current liabilities[6]	**(1,559)**	(986)	(1,683)	(785)	(272)	(840)	(911)	(1,430)	(1,429)	(611)
Other non-current liabilities and obligations[6]	**(9,710)**	(10,692)	(9,220)	(8,757)	(8,487)	(7,567)	(6,387)	(5,826)	(8,491)	(8,339)
Cash and cash equivalents and borrowings[7]	**(10,144)**	(8,555)	(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	**37,364**	43,738	43,189	37,971	28,069	21,756	24,330	27,127	27,578	27,713
Non-controlling interests	**(5,693)**	(6,127)	(4,097)	(3,732)	(1,948)	(1,535)	(1,869)	(2,856)	(3,957)	(4,588)
Equity attributable to equity shareholders of the Company	**31,671**	37,611	39,092	34,239	26,121	20,221	22,461	24,271	23,621	23,125
Total capital[8]	**48,016**	52,248	44,563	45,355	39,349	33,096	29,181	30,258	32,558	35,806
Cash flows from operations – continuing operations	**7,729**	7,370	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	**7,729**	7,370	11,498	9,924	4,904	9,579	9,845	10,057	7,265	5,291
Dividends received from associates, joint ventures and financial asset investments – continuing operations	**264**	348	403	285	639	659	311	251	468	380
Dividends received from associates, joint ventures and financial asset investments – discontinued operations	**–**	–	–	–	–	–	52	37	2	16
Dividends received from associates, joint ventures and financial asset investments – total Group	**264**	348	403	285	639	659	363	288	470	396
EBITDA/average total capital[8] – total Group	**19.0%**	18.3%	29.7%	28.3%	19.1%	38.0%	40.8%	38.8%	26.2%	21.3%
Net debt to total capital (gearing)[9]	**22.2%**	16.3%	3.1%	16.3%	28.7%	34.3%	16.6%	10.3%	15.3%	22.6%

(1) Certain balances related to 2012 have been restated to reflect the adoption of new accounting pronouncements. See note 2 of the Consolidated financial statements for details.

(2) Comparatives for 2006, 2005 and 2004 were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.

(3) 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.

(4) Underlying EBITDA is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint operations and includes attributable share of EBITDA of associates and joint ventures.

(5) 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' and joint ventures' net interest expense, which in 2011 resulted in a net finance income and therefore the ratio is not applicable.

(6) 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.

(7) This differs from the Group's measure of 'Net debt' as it excludes the net cash/(debt) of disposal groups (2013: nil; 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 (2013: net liabilities of $508 million; 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 24 of the Consolidated financial statements for further details.

(8) Total capital is net assets excluding net debt.

(9) Net debt to total capital is calculated as net debt (including related hedges and net debt in disposal groups) divided by total capital. Comparatives are presented on a consistent basis.

RECONCILIATION OF SUBSIDIARIES' REPORTED EARNINGS TO THE UNDERLYING EARNINGS INCLUDED IN THE CONSOLIDATED FINANCIAL STATEMENTS

for the year ended 31 December 2013

Note only key reported lines are reconciled.

Kumba Iron Ore Limited

US$ million	2013	2012 restated[1]
IFRS headline earnings	**1,604**	1,534
Exploration	**14**	16
Kumba Envision Trust[2]	**33**	53
Other adjustments	**2**	3
	1,653	1,606
Non-controlling interests	**(501)**	(513)
Elimination of intercompany interest	**12**	4
Depreciation on assets fair valued on acquisition (net of tax)	**(6)**	(8)
Corporate cost allocation	**(50)**	(49)
Contribution to Anglo American underlying earnings	**1,108**	1,040

(1) Headline and underlying earnings have been restated to reflect the adoption of new accounting pronouncements.
(2) The Kumba Envision Trust charge is included in IFRS headline earnings but is a non-operating special item so is excluded from underlying earnings.

Anglo American Platinum Limited

US$ million	2013	2012
IFRS headline earnings/(loss)	**152**	(170)
Exploration	**2**	4
Operating and financing remeasurements (net of tax)	**(8)**	2
Restructuring costs included in headline earnings (net of tax)	**105**	–
BEE transactions and related charges	**(44)**	–
Tax special item included in headline earnings	**188**	–
Other adjustments	**5**	–
	400	(164)
Non-controlling interests	**(80)**	33
Elimination of intercompany interest	**67**	10
Depreciation on assets fair valued on acquisition (net of tax)	**(36)**	(41)
Corporate cost allocation	**(64)**	(63)
Contribution to Anglo American underlying earnings/(loss)	**287**	(225)

EXCHANGE RATES AND COMMODITY PRICES

US$ exchange rates	2013	2012
Year end spot rates		
Rand	**10.51**	8.47
Brazilian real	**2.36**	2.05
Sterling	**0.60**	0.62
Australian dollar	**1.12**	0.96
Euro	**0.73**	0.76
Chilean peso	**526**	479
Botswana pula	**8.76**	7.79
Average rates for the year		
Rand	**9.65**	8.21
Brazilian real	**2.16**	1.95
Sterling	**0.64**	0.63
Australian dollar	**1.03**	0.97
Euro	**0.75**	0.78
Chilean peso	**495**	486
Botswana pula	**8.39**	7.61

Commodity prices		2013	2012
Year end spot prices			
Iron ore (FOB Australia)[1]	US$/tonne	**123**	138
Thermal coal (FOB South Africa)[2]	US$/tonne	**85**	89
Thermal coal (FOB Australia)[2]	US$/tonne	**85**	91
Hard coking coal (FOB Australia)[3]	US$/tonne	**132**	170
Copper[4]	US cents/lb	**335**	359
Nickel[4]	US cents/lb	**663**	771
Platinum[5]	US$/oz	**1,357**	1,523
Palladium[5]	US$/oz	**716**	699
Rhodium[5]	US$/oz	**975**	1,080
Average market prices for the year			
Iron ore (FOB Australia)[1]	US$/tonne	**127**	122
Thermal coal (FOB South Africa)[2]	US$/tonne	**80**	93
Thermal coal (FOB Australia)[2]	US$/tonne	**84**	94
Hard coking coal (FOB Australia)[6]	US$/tonne	**159**	210
Copper[4]	US cents/lb	**332**	361
Nickel[4]	US cents/lb	**680**	794
Platinum[5]	US$/oz	**1,485**	1,551
Palladium[5]	US$/oz	**725**	644
Rhodium[5]	US$/oz	**1,066**	1,275

(1) Source: Platts.
(2) Source: McCloskey.
(3) Source: Represents the quarter four benchmark.
(4) Source: London Metal Exchange (LME) daily prices.
(5) Source: London Platinum and Palladium Market (LPPM).
(6) Source: Represents the average quarterly benchmark.

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 2012 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 (2012) 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.

The appropriate Mineral Resource classification is determined by the appointed Competent (or Qualified) Persons. The choice of appropriate category of Mineral Resource depends upon the quantity, distribution and quality of geoscientific information available and the level of confidence in these data.

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. Most business units have developed commodity-specific scorecard-based approaches to the classification of their Mineral Resources.

The summary of Estimated Ore Reserves and Mineral Resources, Reserve and Resource Reconciliation Overview, Definitions and Glossary are contained in the separate Ore Reserve and Mineral Resource Report 2013 which is available in the Reporting Centre on the Anglo American website.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2013. Unless otherwise stated, Mineral Resources are additional to (exclusive of) those resources converted to 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.

This section of the Annual Report presenting the Ore Reserve and Mineral Resource estimates, should be considered the only valid source of Ore Reserve and Mineral Resource information for the Anglo American group exclusive of Kumba Iron Ore and Anglo American Platinum which publish their own independent annual reports.

It is accepted that mine design and planning may include some 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 2013 and hence not reported are: Amapá and Pebble.

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.

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).

IRON ORE

estimates as at 31 December 2013

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%. Detailed information appears in the Kumba Iron Ore Limited Annual Report. Rounding of figures may cause computational discrepancies.

Kumba Iron Ore – Operations ORE RESERVES	Attributable %	Mine Life	Classification	ROM Tonnes 2013	ROM Tonnes 2012	Grade 2013	Grade 2012	Saleable Product 2013 Mt	Saleable Product 2013 %Fe	Saleable Product 2012 Mt	Saleable Product 2012 %Fe
Kolomela (OP)[1]	51.5	20		Mt	Mt	%Fe	%Fe	Mt	%Fe	Mt	%Fe
Hematite			Proved	101.3	107.6	64.4	64.8	101	64.4	107	64.8
			Probable	98.7	102.0	64.5	64.0	99	64.5	102	64.0
			Total	**200.0**	**209.5**	**64.4**	**64.4**	**200**	**64.4**	**209**	**64.4**
Sishen (OP)[2]	40.5	19				%Fe	%Fe				
Hematite			Proved	428.9	642.9	59.2	59.4	311	65.4	485	65.3
			Probable	435.1	276.0	59.1	58.8	311	65.1	201	65.0
			Total	**864.1**	**918.9**	**59.1**	**59.2**	**622**	**65.3**	**686**	**65.2**
Thabazimbi (OP)[3]	51.5	9				%Fe	%Fe				
Hematite			Proved	0.5	0.4	62.2	61.1	0	64.4	0	62.9
			Probable	10.8	9.0	60.4	60.6	8	62.9	7	62.9
			Total	**11.3**	**9.5**	**60.5**	**60.6**	**9**	**63.0**	**7**	**62.9**

Kumba Iron Ore – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012
Kolomela (OP)[4]	51.5		Mt	Mt	%Fe	%Fe
Hematite		Measured	21.9	43.3	64.9	64.9
		Indicated	42.0	17.0	63.4	65.2
		Measured and Indicated	**64.0**	**60.3**	**63.9**	**65.0**
		Inferred (in LOM Plan)	50.1	50.5	64.2	64.2
		Inferred (ex. LOM Plan)	45.0	55.7	63.3	62.8
		Total Inferred	**95.2**	**106.2**	**63.8**	**63.5**
Sishen (OP)[5]	40.5				%Fe	%Fe
Hematite		Measured	295.2	315.1	62.1	61.0
		Indicated	143.7	137.3	58.1	58.4
		Measured and Indicated	**438.9**	**452.4**	**60.8**	**60.2**
		Inferred (in LOM Plan)	21.6	24.7	53.1	56.0
		Inferred (ex. LOM Plan)	51.8	67.7	55.7	55.0
		Total Inferred	**73.5**	**92.5**	**54.9**	**55.3**
Stockpile		Measured	7.3	52.2	53.1	58.1
		Indicated	22.8	11.9	50.8	57.7
		Measured and Indicated	**30.1**	**64.2**	**51.4**	**58.0**
		Inferred	–	3.2	–	56.7
Thabazimbi (OP)[6]	51.5				%Fe	%Fe
Hematite		Measured	0.3	0.2	64.0	62.5
		Indicated	9.8	10.4	62.8	62.5
		Measured and Indicated	**10.1**	**10.7**	**62.8**	**62.5**
		Inferred (in LOM Plan)	1.6	2.8	59.7	60.7
		Inferred (ex. LOM Plan)	4.6	8.2	62.9	62.8
		Total Inferred	**6.2**	**11.1**	**62.1**	**62.3**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Kumba Iron Ore – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Grade 2013	Grade 2012
Zandrivierspoort[7]	25.8		Mt	Mt	%Fe	%Fe	$\%Fe_3O_4$	$\%Fe_3O_4$
Magnetite and Hematite		Measured	107.0	132.9	34.7	35.0	41.5	31.9
		Indicated	206.4	177.9	34.4	34.5	42.5	27.5
		Measured and Indicated	**313.4**	**310.8**	**34.5**	**34.7**	**42.2**	**29.4**
		Inferred	162.7	64.5	34.5	34.2	38.1	23.6

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.
Stockpile material is required to be blended to achieve suitable product specifications.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2013 at Sishen and Zandrivierspoort.

IRON ORE

estimates as at 31 December 2013

(1) **Kolomela – Ore Reserves:** Ore Reserves are reported above a cut-off of 42.0 %Fe inclusive of dilution. The decrease is primarily due to production. The Mine Life decreases due to a higher planned annual production rate.

(2) **Sishen – Ore Reserves:** Ore Reserves are reported above a cut-off of 40.0 %Fe inclusive of dilution. The decrease is primarily due to production as well as a decrease in the JIG reserve (ferruginised Shale material occurring in the hanging wall of the main Hematite ore zone) due to revised resource estimation methods. The decrease in JIG reserves is offset by geological model updates following additional infill drilling. Re-classification of Proved to Probable Ore Reserves took place pending grant of the Mining Right (applied for in 2013) beneath the Railway Properties potentially impacting Ore Reserves underneath and West of the Railway Properties.

(3) **Thabazimbi – Ore Reserves:** Ore Reserves are reported above a cut-off of 54.3 %Fe inclusive of dilution. The increase is due to the conversion of additional Measured and Indicated Mineral Resources to Ore Reserves as a result of additional drilling information which offsets production. The Mine Life increases due to a lower planned annual production rate as well as the increase in Ore Reserves.

(4) **Kolomela – Mineral Resources:** Mineral Resources are reported above a cut-off of 50.0 %Fe. The decrease is due to additional drilling which was used to refine the geological model of the Ploegfontein orebody. The re-classification of Measured to Indicated Resources is the result of a refined classification methodology which places more weight on sample representivity.

(5) **Sishen – Mineral Resources:** Mineral Resources are reported above a cut-off of 40.0 %Fe. The decrease is mainly due to a revision of the Shale and Flagstone Mineral Resource estimation and classification.
Stockpile material is considered as eventually economically extractable as local grade variations not identified by the grade estimation may result in this material becoming part of the run-of-mine blend to be converted into Saleable Product. The Stockpile Resource estimates decrease due to a portion of this material now included in the Life of Mine Plan.

(6) **Thabazimbi – Mineral Resources:** Mineral Resources are reported above a cut-off of 55.0 %Fe. The decrease can primarily be attributed to the revision of estimation methods applied at Donkerpoort Nek, where excessive extrapolation beyond borehole data has been addressed.

(7) **Zandrivierspoort:** The Zandrivierspoort Project Mineral Resources are reported above a cut-off of 21.7 %Fe. The increase is due to updated long-term forward looking price assumptions which aligns the Zandrivierspoort Project with the Kumba mining operations.

Assumption with respect to Mineral Tenure

Sishen: On 21 December 2011, the South African High Court ruled that Sishen Iron Ore Company (SIOC), the operating company of Kumba Iron Ore, was the exclusive holder of mineral rights for iron ore and quartzite on the mining rights area where the Sishen Mine is situated. The High Court accordingly set aside the grant of the prospecting right granted by the Department of Mineral Rights (DMR) to Imperial Crown Trading 289 (Pty) Ltd (ICT). Both the DMR and ICT lodged an appeal to the Supreme Court of Appeal (SCA) against the ruling by the High Court, which appeal was heard by the SCA on 19 February 2013.

On 28 March 2013 the SCA dismissed the appeals as lodged by the DMR and ICT. The SCA held that, as a matter of law and as at midnight on 30 April 2009, SIOC became the sole holder of the mining right to iron ore in respect of the Sishen Mine, after AMSA failed to convert its undivided share of the old order mining right. On 23 April 2013, both ICT and the DMR had lodged applications for leave to appeal against the SCA judgment to the Constitutional Court (CC). The CC hearing was held on 3 September 2013.

On 12 December 2013, the CC granted the DMR's appeal in part against the SCA judgment. In a detailed judgment, the CC clarified that SIOC, when it lodged its application for conversion of its old order right, converted only the right it held at that time (being a 78.6% undivided share in the Sishen mining right). The CC further held that AMSA retained the right to lodge its old order right (21.4% undivided share) for conversion before midnight on 30 April 2009, but failed to do so. As a consequence of such failure by AMSA, the 21.4% undivided right remained available for allocation by the DMR.

The Constitutional Court ruled further that, based on the provisions of the Mineral and Petroleum Resources Development Act (the MPRDA), SIOC is the only party competent to apply for and be granted the residual (21.4%) mining right. SIOC therefore has a legitimate expectation for the grant of the 21.4% mining right, based on the finding by the Constitutional Court that SIOC is the only entity capable of applying for, and being granted, the residual right, however, at the time of reporting the right has not yet been granted and therefore the reduction in SIOC's attributable shareholding from 100% to 78.6% thus reducing the AA plc attributable interest to 40.5%.

IRON ORE

estimates as at 31 December 2013

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, 2012) 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 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 at Serra do Sapo is being considered for Phase 1 of the Minas-Rio project. The planned annual capacity of Phase 1 is 26.5 Mtpa of iron ore pellet feed (wet tonnes). Execution of this project remains subject to the normal regulatory processes of the Brazilian authorities.

Iron Ore Brazil – Projects ORE RESERVES	Attributable %	Mine Life	Classification	ROM Tonnes 2013	ROM Tonnes 2012	Grade 2013	Grade 2012	Saleable Product 2013		Saleable Product 2012	
				Mt	Mt	%Fe	%Fe	Mt	%Fe	Mt	%Fe
Serra do Sapo (OP)[1][2]	100	28									
Friable Itabirite and Hematite			Proved	–	–	–	–	–	–	–	–
			Probable	1,385.3	1,452.8	38.8	38.8	686	67.5	685	67.5
			Total	**1,385.3**	**1,452.8**	**38.8**	**38.8**	**686**	**67.5**	**685**	**67.5**

Iron Ore Brazil – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012
			Mt	Mt	%Fe	%Fe
Itapanhoacanga[1][3]	100					
Friable Itabirite and Hematite		Measured	31.0	32.3	40.6	40.6
		Indicated	117.5	122.3	41.3	41.3
		Measured and Indicated	**148.6**	**154.5**	**41.1**	**41.1**
		Inferred	114.5	119.1	40.4	40.9
Compact Itabirite		Measured	23.2	23.2	33.6	33.6
		Indicated	73.4	73.6	34.5	34.5
		Measured and Indicated	**96.6**	**96.8**	**34.3**	**34.3**
		Inferred	57.0	57.2	34.5	34.5
Serra do Sapo (OP)[1][4]	100				%Fe	%Fe
Friable Itabirite and Hematite		Measured	187.7	148.7	31.8	31.6
		Indicated	229.4	236.7	33.3	33.7
		Measured and Indicated	**417.1**	**385.4**	**32.6**	**32.9**
		Inferred (in LOM Plan)	50.4	108.5	38.4	38.3
		Inferred (ex. LOM Plan)	21.8	58.7	32.3	32.9
		Total Inferred	**72.1**	**167.1**	**36.5**	**36.4**
Compact Itabirite		Measured	737.7	559.9	30.5	31.0
		Indicated	2,092.9	2,251.3	31.2	31.1
		Measured and Indicated	**2,830.5**	**2,811.2**	**31.0**	**31.1**
		Inferred	201.1	476.8	31.2	31.1
Serro[5]	100				%Fe	%Fe
Friable Itabirite and Hematite		Measured	4.7	–	44.7	–
		Indicated	87.3	9.5	41.0	63.6
		Measured and Indicated	**92.0**	**9.5**	**41.2**	**63.6**
		Inferred	32.8	74.2	41.0	35.3
Compact Itabirite		Measured	7.3	–	33.0	–
		Indicated	274.4	–	32.1	–
		Measured and Indicated	**281.7**	**–**	**32.1**	**–**
		Inferred	111.1	308.2	34.6	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 Minas-Rio Project comprises the following sub-areas: Itapanhoacanga and Serra do Sapo. The cut-off grade is 25.0 %Fe.
At Itapanhoacanga, Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, Soft Hematite and Hard Hematite.
At Serra do Sapo Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, High Alumina Friable Itabirite, Soft Hematite and Canga.
Metallurgical test work indicates that the Compact Itabirite at Serra do Sapo is softer than Compact Itabirite mined in the Carajás and Iron Quadrangle areas.
From 2014 onwards at Serra do Sapo, Compact Itabirite will be referred to as Itabirite and Semi-Compact Itabirite as Semi-Friable Itabirite.

(2) **Serra do Sapo – Ore Reserves:** ROM Tonnes and grades are on a dry basis. In 2012 tonnages were reported on a wet basis with an average moisture content of 4.2 wt% for Friable ore. Saleable Product tonnes are on a wet basis (average moisture content is 8.0 wt% of the wet mass) with quality stated on a dry basis. The decrease is primarily due to a change in reporting basis from wet to dry tonnage, with updated pit slope angles and increased costs also contributing to the decrease. This is partially offset by an update of the block model as a result of additional drilling and new pit optimisation undertaken.
The Ore Reserves include 2.5Mt (at 48.8 %Fe) of material stockpiled during pre-stripping operations.

(3) **Itapanhoacanga – Mineral Resources:** In-situ tonnes and grade are on a dry basis. In 2012 in-situ tonnes were reported with a moisture content 3.9 wt% for the friable material and 0.2 wt% for the compact material. The decrease in Mineral Resources is as a result of a change in reporting basis from wet to dry tonnage.

(4) **Serra do Sapo – Mineral Resources:** In-situ tonnes and grade are on a dry basis. In 2012 in-situ tonnes were reported with a moisture content 4.2 wt% for the friable material and 0.1 wt% for the compact material. The decrease in Friable and Compact Itabirite Mineral Resources is primarily due to updated reasonable prospects for eventual economic extraction assumptions for the resource shell, the application of updated geotechnical parameters and a change in reporting basis from wet to dry tonnage also contributing to the decrease. Additional infill drilling partially offset the decrease.

(5) **Serro:** In-situ tonnes and grade are on a dry basis. In 2012 the in-situ tonnes were reported with an average moisture content of 4.7 wt%.
Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite and Hard Hematite (15.4 Mt at 64.6 %Fe). The cut-off grade is 25.0 %Fe.
The increase in Mineral Resources is due to an update of the block model as a result of additional drilling which is partially offset by a change in reporting basis from wet to dry tonnage.

MANGANESE

estimates as at 31 December 2013

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, 2012) 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 2013	Tonnes 2012	Grade 2013	Grade 2012	Yield 2013	Yield 2012
GEMCO (OP)[1]	40.0	12		Mt	Mt	%Mn	%Mn	%	%
			Proved	68.9	72.5	44.4	45.0	59.1	55.1
			Probable	27.6	24.9	44.7	45.0	58.7	55.1
			Total	**96.5**	**97.4**	**44.5**	**45.0**	**59.0**	**55.1**
Hotazel Manganese Mines	29.6					%Mn	%Mn		
Mamatwan (OP)[2]		20	Proved	38.3	41.4	37.1	37.2		
			Probable	30.5	31.4	36.9	37.1		
			Total	**68.8**	**72.8**	**37.0**	**37.1**		
Wessels (UG)[3]		46	Proved	4.2	3.9	44.5	44.8		
			Probable	63.9	64.9	42.3	42.9		
			Total	**68.1**	**68.8**	**42.4**	**43.0**		

Samancor Manganese – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Yield 2013	Yield 2012
GEMCO (OP)[4]	40.0		Mt	Mt	%Mn	%Mn	%	%
		Measured	79.8	78.9	46.3	46.9	48.2	47.5
		Indicated	55.4	28.2	44.5	46.0	46.8	47.4
		Measured and Indicated	**135.2**	**107.1**	**45.6**	**46.7**	**47.6**	**47.5**
		Inferred	35.4	49.4	43.2	43.9	48.6	47.8
Hotazel Manganese Mines	29.6				%Mn	%Mn		
Mamatwan (OP)[5]		Measured	58.6	62.0	35.5	35.5		
		Indicated	54.5	54.7	34.5	34.5		
		Measured and Indicated	**113.1**	**116.7**	**35.0**	**35.0**		
		Inferred	4.3	4.3	34.5	34.5		
Wessels (UG)[6]		Measured	16.4	11.4	44.2	45.7		
		Indicated	125.1	126.4	42.1	43.6		
		Measured and Indicated	**141.5**	**137.8**	**42.4**	**43.8**		
		Inferred	–	–	–	–		

MINERAL RESOURCES INCLUDE 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. 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.

During 2013 Samancor withdrew from the Franceville project in Gabon following the completion of the feasibility study and is therefore not reported. Divestment of Beniomi and Bordeaux was completed in April 2013.

(1) **GEMCO – Ore Reserves:** Manganese grades are given as per washed ore samples and should be read together with their respective yields. Production depletion is partially offset by increased density values based on reconciliations supported by grade control diamond drilling results.

(2) **Mamatwan – Ore Reserves:** The change is due to depletion from mining and re-running of the model using the FY13 LOA optimised Mine Plan.

(3) **Wessels – Ore Reserves:** The change is due to depletion from mining which is offset by the use of the new 2012 geological block model being used for the 2013 declaration.

(4) **GEMCO – Mineral Resources:** The adjustment of density values on the basis of grade control diamond drilling and additional drillhole information incorporated into the resource model in both the mining and exploration areas resulted in increased tonnages and resource confidence. The areas of key change are the exploration leases which are now predominantly Indicated Resource (previously Inferred).
The Premium Sands (PC-02) Project Mineral Resource estimates above a zero cut-off grade (Indicated: 12.8 Mt at 20.8 %Mn, Inferred: 2.3 Mt at 20.0 %Mn) are excluded from the table.

(5) **Mamatwan – Mineral Resources:** A cut-off grade of 35.0 %Mn is used to declare Mineral Resources within the M, C and N Zones as well as within the X Zone. The Top Cut Resources are declared above a cut-off of 28.0 %Mn. The change, after depletion from mining, is due to re-running the 2010 geological model using Micromine software.

(6) **Wessels – Mineral Resources:** A cut-off grade of 45.0 %Mn is used to declare Mineral Resources within the Lower Body-HG ore type and 37.5 %Mn in the Lower Body-LG and Upper Body ore types. The increase, after depletion from mining, is mainly due to the new 2012 geological block model being used for the 2013 declaration.

COAL

estimates as at 31 December 2013

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, 2012) 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				ROM Tonnes[2]		Yield[3]		Saleable Tonnes[2]		Saleable Quality[4]	
COAL RESERVES[1]	Attributable %	Mine Life	Classification	2013	2012	2013	2012	2013	2012	2013	2012
Callide (OC)	100	23		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Domestic			Proved	185.5	192.2	97.9	97.9	181.6	188.2	4,380	4,380
			Probable	52.0	52.0	98.0	98.0	51.0	51.0	4,250	4,250
			Total	**237.5**	**244.2**	**97.9**	**97.9**	**232.6**	**239.2**	**4,350**	**4,350**
Capcoal (OC)	77.5	23								CSN	CSN
Metallurgical – Coking			Proved	73.4	69.9	27.5	19.8	21.0	14.4	6.0	7.0
			Probable	69.5	72.5	27.4	16.4	19.8	12.3	5.5	6.5
			Total	**142.9**	**142.4**	**27.5**	**18.0**	**40.8**	**26.7**	**6.0**	**7.0**
										kcal/kg	kcal/kg
Metallurgical – Other			Proved			36.2	46.3	27.6	33.6	6,850	6,970
			Probable			36.0	46.5	26.0	35.0	6,850	6,990
			Total			**36.1**	**46.4**	**53.6**	**68.7**	**6,850**	**6,980**
										kcal/kg	kcal/kg
Thermal – Export			Proved			5.0	2.7	3.8	2.0	6,160	7,070
			Probable			4.5	2.3	3.2	1.7	6,290	7,030
			Total			**4.8**	**2.5**	**7.1**	**3.7**	**6,220**	**7,050**
Capcoal (UG)	70.0	11								CSN	CSN
Metallurgical – Coking			Proved	43.4	36.0	72.5	75.1	32.9	28.5	9.0	9.0
			Probable	6.8	14.7	75.0	72.0	5.3	11.2	8.5	9.0
			Total	**50.2**	**50.7**	**72.8**	**74.2**	**38.2**	**39.7**	**9.0**	**9.0**
Dawson (OC)	51.0	26								CSN	CSN
Metallurgical – Coking			Proved	171.9	180.7	24.0	24.0	42.4	44.7	7.0	7.5
			Probable	225.9	227.2	20.9	21.0	48.5	49.1	7.0	7.5
			Total	**397.8**	**407.9**	**22.2**	**22.4**	**90.9**	**93.8**	**7.0**	**7.5**
										kcal/kg	kcal/kg
Thermal – Export			Proved			51.7	51.6	91.3	95.8	5,170	5,440
			Probable			53.7	53.6	124.8	125.3	5,100	5,340
			Total			**52.8**	**52.7**	**216.1**	**221.1**	**5,130**	**5,380**
Drayton (OC)	88.2	2								kcal/kg	kcal/kg
Thermal – Export			Proved	4.6	7.9	74.3	76.0	3.4	6.0	6,600	6,650
			Probable	2.2	4.2	73.8	76.0	1.7	3.2	6,540	6,600
			Total	**6.8**	**12.0**	**74.1**	**76.0**	**5.1**	**9.2**	**6,580**	**6,630**
Foxleigh (OC)	70.0	6								kcal/kg	kcal/kg
Metallurgical – Other			Proved	0.7	1.9	79.9	83.0	0.6	1.7	7,190	6,870
			Probable	23.4	12.6	70.6	77.7	17.4	10.4	7,050	6,800
			Total	**24.1**	**14.5**	**70.9**	**78.4**	**18.0**	**12.1**	**7,050**	**6,810**
Moranbah North (UG)	88.0	19								CSN	CSN
Metallurgical – Coking			Proved	114.8	109.5	73.5	76.6	89.1	88.5	8.0	8.0
			Probable	20.4	11.3	67.3	72.7	14.5	8.7	8.0	8.0
			Total	**135.2**	**120.8**	**72.6**	**76.2**	**103.6**	**97.2**	**8.0**	**8.0**
Australia Metallurgical – Coking	71.6			Mt	Mt	Plant %	Plant %	Mt	Mt	CSN	CSN
			Proved	594.3	598.0	56.8	58.4	185.4	176.0	7.5	8.0
			Probable	400.3	394.4	33.3	32.9	88.2	81.3	7.0	7.5
			Total	**994.6**	**992.5**	**49.2**	**50.3**	**273.5**	**257.3**	**7.5**	**8.0**
Australia Metallurgical – Other	75.6									kcal/kg	kcal/kg
			Proved			37.1	48.1	28.2	35.3	6,860	6,970
			Probable			49.9	53.7	43.4	45.5	6,930	6,940
			Total			**44.9**	**51.2**	**71.6**	**80.8**	**6,900**	**6,950**
Australia Thermal – Export	52.7									kcal/kg	kcal/kg
			Proved			50.7	52.0	98.6	103.8	5,260	5,540
			Probable			52.7	53.5	129.7	130.2	5,150	5,390
			Total			**51.8**	**52.9**	**228.3**	**233.9**	**5,200**	**5,460**
Australia Thermal – Domestic	100									kcal/kg	kcal/kg
			Proved			97.9	97.9	181.6	188.2	4,380	4,380
			Probable			98.0	98.0	51.0	51.0	4,250	4,250
			Total			**97.9**	**97.9**	**232.6**	**239.2**	**4,350**	**4,350**

Metallurgical Coal – Canada Operations				ROM Tonnes[2]		Yield[3]		Saleable Tonnes[2]		Saleable Quality[4]	
COAL RESERVES[1]	Attributable %	Mine Life	Classification	2013	2012	2013	2012	2013	2012	2013	2012
Trend (OC)	100	7		Mt	Mt	ROM %	ROM %	Mt	Mt	CSN	CSN
Metallurgical – Coking			Proved	10.5	17.9	75.1	66.3	8.1	12.4	7.0	7.0
			Probable	2.3	2.3	76.8	61.7	1.9	1.5	7.0	7.0
			Total	**12.8**	**20.2**	**75.4**	**65.8**	**10.0**	**14.0**	**7.0**	**7.0**
										kcal/kg	kcal/kg
Thermal – Export			Proved			–	0.7	–	0.1	–	5,070
			Probable			–	0.8	–	0.0	–	5,070
			Total			**–**	**0.7**	**–**	**0.2**	**–**	**5,070**

Mining method: OC = Open Cast/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 2013

Metallurgical Coal – Operations TOTAL COAL RESERVES[1]	Attributable %	Classification	ROM Tonnes[2] 2013	ROM Tonnes[2] 2012	Yield[3] 2013	Yield[3] 2012	Saleable Tonnes[2] 2013	Saleable Tonnes[2] 2012	Saleable Quality[4] 2013	Saleable Quality[4] 2012
Metallurgical – Coking	72.6		Mt	Mt	Plant %	Plant %	Mt	Mt	CSN	CSN
		Proved	604.8	615.9	57.6	58.9	193.5	188.5	7.5	8.0
		Probable	402.6	396.8	34.2	33.4	90.0	82.8	7.0	7.5
		Total	**1,007.4**	**1,012.7**	**50.1**	**51.1**	**283.5**	**271.3**	**7.5**	**8.0**
Metallurgical – Other	75.6								kcal/kg	kcal/kg
		Proved			37.1	48.1	28.2	35.3	6,860	6,970
		Probable			49.9	53.7	43.4	45.5	6,930	6,940
		Total			**44.9**	**51.2**	**71.6**	**80.8**	**6,900**	**6,950**
Thermal – Export	52.7								kcal/kg	kcal/kg
		Proved			50.7	52.0	98.6	103.9	5,260	5,540
		Probable			52.7	53.5	129.7	130.2	5,150	5,390
		Total			**51.8**	**52.8**	**228.3**	**234.1**	**5,200**	**5,460**
Thermal – Domestic	100								kcal/kg	kcal/kg
		Proved			97.9	97.9	181.6	188.2	4,380	4,380
		Probable			98.0	98.0	51.0	51.0	4,250	4,250
		Total			**97.9**	**97.9**	**232.6**	**239.2**	**4,350**	**4,350**

Metallurgical Coal – Australia Operations COAL RESOURCES[5]	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Coal Quality 2013	Coal Quality 2012
			MTIS[5]	MTIS[5]	kcal/kg[6]	kcal/kg[6]
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)[7]	15.3	15.3	4,240	4,240
		Inferred (ex. LOM Plan)[8]	64.0	64.0	4,540	4,540
		Total Inferred	**79.3**	**79.3**	**4,480**	**4,480**
Capcoal (OC)	77.5	Measured	29.4	13.8	6,890	7,080
		Indicated	42.6	27.9	6,900	7,080
		Measured and Indicated	**72.0**	**41.7**	**6,900**	**7,080**
		Inferred (in LOM Plan)[7]	53.5	36.6	6,630	6,710
		Inferred (ex. LOM Plan)[8]	91.7	60.7	6,930	7,120
		Total Inferred	**145.2**	**97.4**	**6,820**	**6,970**
Capcoal (UG)	70.0	Measured	51.5	76.3	6,820	6,730
		Indicated	23.5	68.0	6,640	6,620
		Measured and Indicated	**75.0**	**144.3**	**6,760**	**6,680**
		Inferred (in LOM Plan)[7]	–	0.3	–	6,630
		Inferred (ex. LOM Plan)[8]	10.1	13.6	6,340	6,340
		Total Inferred	**10.1**	**13.9**	**6,340**	**6,350**
Dawson (OC)	51.0	Measured	134.2	134.2	6,630	6,630
		Indicated	177.0	177.0	6,680	6,680
		Measured and Indicated	**311.1**	**311.1**	**6,660**	**6,660**
		Inferred (in LOM Plan)[7]	97.1	97.1	6,750	6,750
		Inferred (ex. LOM Plan)[8]	228.5	228.5	6,770	6,770
		Total Inferred	**325.5**	**325.5**	**6,760**	**6,760**
Drayton (OC)	88.2	Measured	1.5	3.7	6,950	6,490
		Indicated	2.4	8.0	6,970	6,580
		Measured and Indicated	**3.8**	**11.8**	**6,960**	**6,550**
		Inferred (in LOM Plan)[7]	0.0	0.0	5,600	5,820
		Inferred (ex. LOM Plan)[8]	0.0	0.8	7,160	7,110
		Total Inferred	**0.0**	**0.8**	**6,050**	**7,090**
Foxleigh (OC)	70.0	Measured	1.2	17.3	7,330	7,130
		Indicated	5.6	16.1	7,200	7,090
		Measured and Indicated	**6.7**	**33.3**	**7,220**	**7,110**
		Inferred (in LOM Plan)[7]	19.2	7.0	7,100	6,830
		Inferred (ex. LOM Plan)[8]	15.9	32.1	7,180	7,100
		Total Inferred	**35.1**	**39.1**	**7,140**	**7,050**
Moranbah North (UG)	88.0	Measured	45.9	55.7	6,660	6,670
		Indicated	16.9	21.3	6,630	6,570
		Measured and Indicated	**62.8**	**76.9**	**6,650**	**6,640**
		Inferred (in LOM Plan)[7]	0.3	0.1	6,620	6,980
		Inferred (ex. LOM Plan)[8]	1.5	1.8	6,650	6,760
		Total Inferred	**1.8**	**1.9**	**6,650**	**6,770**
Australia – Mine Leases	75.4	Measured	524.2	561.6	5,830	5,890
		Indicated	532.9	583.3	5,770	5,850
		Measured and Indicated	**1,057.1**	**1,144.9**	**5,800**	**5,870**
		Inferred (in LOM Plan)[7]	185.4	156.4	6,540	6,500
		Inferred (ex. LOM Plan)[8]	411.6	401.5	6,460	6,480
		Total Inferred	**597.0**	**557.9**	**6,490**	**6,490**

Metallurgical Coal – Canada Operations COAL RESOURCES[5]	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Coal Quality 2013	Coal Quality 2012
			MTIS[5]	MTIS[5]	kcal/kg[6]	kcal/kg[6]
Trend (OC)	100	Measured	21.0	15.9	7,030	6,500
		Indicated	6.7	5.3	6,910	6,500
		Measured and Indicated	**27.7**	**21.2**	**7,000**	**6,500**
		Inferred (in LOM Plan)[7]	0.0	1.4	7,320	6,500
		Inferred (ex. LOM Plan)[8]	2.7	0.4	6,390	6,500
		Total Inferred	**2.7**	**1.7**	**6,390**	**6,500**

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

COAL

estimates as at 31 December 2013

Metallurgical Coal – Operations

COAL RESOURCES[5]	Attributable %	Classification	Tonnes 2013 MTIS[5]	Tonnes 2012 MTIS[5]	Coal Quality 2013 kcal/kg[6]	Coal Quality 2012 kcal/kg[6]
TOTAL	75.8					
		Measured	545.2	577.5	5,870	5,910
		Indicated	539.6	588.6	5,780	5,850
		Measured and Indicated	**1,084.8**	**1,166.1**	**5,830**	**5,880**
		Inferred (in LOM Plan)[7]	185.4	157.8	6,540	6,500
		Inferred (ex. LOM Plan)[8]	414.3	401.8	6,460	6,480
		Total Inferred	**599.7**	**559.6**	**6,490**	**6,490**

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Metallurgical Coal – Australia Projects

COAL RESERVES[1]	Attributable %	Mine Life	Classification	ROM Tonnes[2] 2013	ROM Tonnes[2] 2012	Yield[3] 2013	Yield[3] 2012	Saleable Tonnes[2] 2013	Saleable Tonnes[2] 2012	Saleable Quality[4] 2013	Saleable Quality[4] 2012
Capcoal (UG) – Aquila	70.0	13		Mt	Mt	ROM %	ROM %	Mt	Mt	CSN	CSN
Metallurgical – Coking			Proved	26.3	–	69.2	–	19.2	–	9.0	–
			Probable	19.2	–	66.4	–	13.5	–	9.0	–
			Total	**45.5**	**–**	**68.0**	**–**	**32.7**	**–**	**9.0**	**–**
Grosvenor	100	31								CSN	CSN
Metallurgical – Coking			Proved	115.0	76.1	65.5	66.2	79.6	53.2	8.5	8.5
			Probable	78.7	62.6	61.9	65.2	51.4	43.1	8.0	8.0
			Total	**193.7**	**138.7**	**64.0**	**65.7**	**130.9**	**96.3**	**8.5**	**8.5**
Australia – Projects	94.0			Mt	Mt	Plant %	Plant %	Mt	Mt	CSN	CSN
Metallurgical – Coking			Proved	141.3	76.1	66.2	66.2	98.8	53.2	8.5	8.5
			Probable	97.9	62.6	62.8	65.2	64.9	43.1	8.0	8.0
			Total	**239.2**	**138.7**	**64.8**	**65.7**	**163.6**	**96.3**	**8.5**	**8.5**

Metallurgical Coal – Canada Projects

COAL RESERVES[1]	Attributable %	Mine Life	Classification	ROM Tonnes[2] 2013	ROM Tonnes[2] 2012	Yield[3] 2013	Yield[3] 2012	Saleable Tonnes[2] 2013	Saleable Tonnes[2] 2012	Saleable Quality[4] 2013	Saleable Quality[4] 2012
Roman Mountain	100	14		Mt	Mt	ROM %	ROM %	Mt	Mt	CSN	CSN
Metallurgical – Coking			Proved	32.6	–	71.2	–	24.3	–	7.0	–
			Probable	2.9	–	73.3	–	2.3	–	7.0	–
			Total	**35.5**	**–**	**71.4**	**–**	**26.6**	**–**	**7.0**	**–**

Metallurgical Coal – Australia Projects

COAL RESOURCES[5]	Attributable %	Classification	Tonnes 2013 MTIS[5]	Tonnes 2012 MTIS[5]	Coal Quality 2013 kcal/kg[6]	Coal Quality 2012 kcal/kg[6]
Capcoal (UG) – Aquila	70.0					
		Measured	13.5	–	6,750	–
		Indicated	19.3	–	6,390	–
		Measured and Indicated	**32.8**	**–**	**6,540**	**–**
		Inferred (in LOM Plan)[7]	0.0	–	6,570	–
		Inferred (ex. LOM Plan)[8]	6.7	–	6,190	–
		Total Inferred	**6.8**	**–**	**6,190**	**–**
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**
		Inferred	1.3	1.3	5,080	5,080
Drayton South	88.2	Measured	492.1	492.1	6,240	6,240
		Indicated	189.0	189.0	6,260	6,260
		Measured and Indicated	**681.1**	**681.1**	**6,250**	**6,250**
		Inferred	90.7	90.7	5,950	5,950
Grosvenor	100	Measured	110.8	145.1	6,510	6,420
		Indicated	62.0	72.5	6,600	6,550
		Measured and Indicated	**172.9**	**217.6**	**6,540**	**6,460**
		Inferred (in LOM Plan)[7]	10.4	9.5	6,330	6,330
		Inferred (ex. LOM Plan)[8]	18.9	21.2	6,740	6,770
		Total Inferred	**29.3**	**30.7**	**6,600**	**6,630**
Moranbah South	50.0	Measured	487.1	349.6	6,300	6,180
		Indicated	208.1	302.3	6,470	6,410
		Measured and Indicated	**695.2**	**651.8**	**6,350**	**6,290**
		Inferred	30.3	50.8	6,800	6,540
Teviot Brook	100	Measured	3.2	–	6,760	–
		Indicated	138.4	–	6,610	–
		Measured and Indicated	**141.6**	**–**	**6,610**	**–**
		Inferred	34.1	–	6,540	–
Theodore	51.0	Measured	–	–	–	–
		Indicated	258.5	258.5	6,260	6,260
		Measured and Indicated	**258.5**	**258.5**	**6,260**	**6,260**
		Inferred	106.0	106.0	6,160	6,160
Australia – Projects	73.5	Measured	1,492.8	1,372.9	6,150	6,100
		Indicated	900.2	847.0	6,370	6,310
		Measured and Indicated	**2,393.0**	**2,219.9**	**6,230**	**6,180**
		Inferred (in LOM Plan)[7]	10.4	9.5	6,330	6,330
		Inferred (ex. LOM Plan)[8]	288.1	269.9	6,240	6,200
		Total Inferred	**298.5**	**279.5**	**6,240**	**6,210**

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Attributable percentages for country totals are weighted by Total MTIS.

Due to the uncertainty that may be attached to some Inferred Coal Resources, it cannot be assumed that all or part of an Inferred Coal Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

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Metallurgical Coal – Canada Projects COAL RESOURCES[5]	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Coal Quality 2013	Coal Quality 2012
			MTIS[5]	MTIS[5]	kcal/kg[6]	kcal/kg[6]
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**
		Inferred	0.2	0.2	6,500	6,500
Roman Mountain	100	Measured	1.6	30.6	7,930	6,290
		Indicated	2.7	6.4	7,960	6,300
		Measured and Indicated	**4.2**	**37.0**	**7,950**	**6,290**
		Inferred (in LOM Plan)[7]	0.3	–	7,960	–
		Inferred (ex. LOM Plan)[8]	0.7	0.4	7,960	6,260
		Total Inferred	**1.0**	**0.4**	**7,960**	**6,260**
Canada – Projects	51.5	Measured	168.3	197.3	6,510	6,470
		Indicated	7.0	10.7	7,060	6,380
		Measured and Indicated	**175.2**	**208.0**	**6,540**	**6,460**
		Inferred (in LOM Plan)[7]	0.3	–	7,960	–
		Inferred (ex. LOM Plan)[8]	0.9	0.6	7,640	6,340
		Total Inferred	**1.2**	**0.6**	**7,710**	**6,340**

(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 estimated product tonnes. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.
(2) ROM tonnes quoted on an As Delivered moisture basis, and Saleable tonnes on a Product moisture basis.
(3) 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.
(4) The coal quality for Coal Reserves is quoted as either kilo-calories per kilogram (kcal/kg) or Crucible Swell Number (CSN). Kilo-calories per kilogram represent Calorific Value (CV) 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. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.
(5) 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.
(6) The coal quality for Coal Resources is quoted on an in-situ heat content as kilo-calories per kilogram (kcal/kg), representing Calorific Value (CV) on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.
(7) 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.
(8) Inferred (ex. LOM Plan) refers to Inferred Coal Resources outside the Life of Mine Plan but within the mine lease area.

Capcoal mine comprises open cast operations at Lake Lindsay and Oak Park and an underground longwall operation at Grasstree.
Trend mine and the Belcourt Saxon and Roman Mountain projects are part of Peace River Coal.
Jellinbah is not reported as Anglo American's shareholding is below the internal threshold for reporting.
Aquila was put on care and maintenance in July 2013 pending introduction of a longwall mine plan.

Estimates for the following operations were updated by depletion: Callide and Dawson.

Summary of material changes (±10%) in estimates – Operations
Capcoal (OC): Coal Resources increase due to reduced geological losses and updated economic assumptions.
Capcoal (UG): Coal Resources decrease due to transfer of Aquila Seam resources as a separate project which are offset by gains from exploration drilling and reduced geological losses.
Dawson: In 2012 the reported Mine Life considered reserves plus Inferred (in LOM Plan), however for 2013, correctly considers only the scheduled Coal Reserves.
Drayton: Coal Reserves decrease due to production and updated economic assumptions. Coal Resources decrease due to updated economic assumptions.
Foxleigh: Coal Reserves increase due to updated economic assumptions, exploration drilling and subsequent revision of geological models.
Coal Resources decrease due to refinement of the geological model and updated economic assumptions partially offset by exploration drilling.
Moranbah North: Coal Reserves increase due to an increase in cut height and extension of the mine design to accommodate Teviot Brook. Coal Resources decrease due to conversion of Coal Resources to Coal Reserves.
Trend: Export – Thermal Coal Reserves are no longer reported, due to current economic conditions. Coal Resources increase is due to reallocation of the Gething Formation from Coal Reserves to Coal Resources.

Summary of material changes (±10%) in estimates – Projects
Capcoal (UG) – Aquila Seam: Coal Reserves are reported for the first time as a discrete entity. Coal Resources show a net decrease is due to exploration drilling, reduced geological losses and conversion of Coal Resources to Coal Reserves.
Grosvenor: Coal Reserves increase due to additional longwall panels in the mine design. Coal Resources increase is due to exploration drilling.
Roman Mountain: Coal Reserves are reported for the first time following conversion from Coal Resources to Coal Reserves, and represent the life extension for the Trend operation. Coal Resources decrease due to conversion of Coal Resources to Coal Reserves and the upgrading of Inferred Resources to Measured Resources as a result of exploration drilling.

Assumption with respect to Mineral Tenure
Callide: Mining Leases ML80121 and ML80186, and Mining Development Leases MDL 203 and 241 are currently pending grant and Anglo American has reasonable expectation that such rights will not be withheld.
Dawson: Exploration Permits for Coal EPC989 and EPC1068 will expire in 2014, and Anglo American Metallurgical Coal will apply for renewal timeously, and has reasonable expectation that such rights will not be withheld.
Drayton: Authority A173 has been recommended for renewal. Anglo American has reasonable expectation that this renewal will be shortly granted by the NSW Minister for Resources and Energy.
Drayton South: The New South Wales Planning Assessment Commission's (PAC) report into the Drayton South project recommended significant changes to the mine plan, and Anglo American will now work through the PAC's recommendations to better understand their implications and consider the options moving forward.
Foxleigh: Grant of Mining Leases ML70310, ML70429, ML70430 and ML70431 are currently pending and Anglo American has reasonable expectation that such rights will not be withheld.
Teviot Brook: Future additional reserves identified for extraction by Moranbah North starting approximately 2020 are contained in the adjacent Teviot Brook (EPC 706), which is actively under exploration, contains sufficient identified resources for the purposes of the current Moranbah North mine plan and will be reported once a Mining Lease Application has been submitted.

Audits related to the generation of the Coal Reserve and/or Coal Resource estimates were carried out by independent consultants during 2013 at the following operations and projects: Callide (Trap Gully), Capcoal OC, Capcoal UG (Grasstree & Aquila), Dawson (Pits 3-8,13-19, 20-24), Foxleigh, Roman Mountain and Trend.

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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, 2012) 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				ROM Tonnes[2]		Yield[3]		Saleable Tonnes[2]		Saleable Quality[4]	
COAL RESERVES[1]	Attributable %	Mine Life	Classification	2013	2012	2013	2012	2013	2012	2013	2012
Cerrejón (OC)	33.3	18		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Export			Proved	645.1	675.0	96.0	96.7	626.6	652.7	6,150	6,180
			Probable	96.2	93.2	95.7	97.0	93.9	90.4	6,130	6,110
			Total	**741.3**	**768.2**	**96.0**	**96.7**	**720.4**	**743.1**	**6,150**	**6,170**

Thermal Coal – South Africa Operations				ROM Tonnes[2]		Yield[3]		Saleable Tonnes[2]		Saleable Quality[4]	
COAL RESERVES[1]	Attributable %	Mine Life	Classification	2013	2012	2013	2012	2013	2012	2013	2012
Goedehoop (UG&OC)	100	7		Mt	Mt	ROM %	ROM %	Mt	Mt	kcal/kg	kcal/kg
Thermal – Export			Proved	29.5	30.0	52.5	54.9	15.8	16.8	6,200	6,190
			Probable	29.9	40.9	58.5	51.6	17.8	21.5	5,930	6,200
			Total	**59.4**	**70.9**	**55.5**	**53.0**	**33.6**	**38.3**	**6,060**	**6,200**
Greenside (UG)	100	14								kcal/kg	kcal/kg
Thermal – Export			Proved	23.0	21.3	68.4	57.4	16.2	12.7	6,080	6,200
			Probable	36.8	26.4	68.6	54.0	26.2	14.8	5,840	6,190
			Total	**59.8**	**47.7**	**68.5**	**55.5**	**42.5**	**27.5**	**5,930**	**6,190**
Isibonelo (OC)	100	14								kcal/kg	kcal/kg
Synfuel			Proved	65.2	70.5	100	100	65.2	70.5	4,690	4,520
			Probable	–	–	–	–	–	–	–	–
			Total	**65.2**	**70.5**	**100**	**100**	**65.2**	**70.5**	**4,690**	**4,520**
Kleinkopje (OC)	100	12								kcal/kg	kcal/kg
Thermal – Export			Proved	38.9	50.8	38.2	33.2	15.4	17.4	6,190	6,190
			Probable	–	–	–	–	–	–	–	–
			Total	**38.9**	**50.8**	**38.2**	**33.2**	**15.4**	**17.4**	**6,190**	**6,190**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			30.7	38.5	11.9	19.6	4,580	4,580
			Probable			–	–	–	–	–	–
			Total			**30.7**	**38.5**	**11.9**	**19.6**	**4,580**	**4,580**
Kriel (UG&OC)	73.0	12								kcal/kg	kcal/kg
Thermal – Domestic			Proved	36.1	40.3	100	100	36.1	40.3	4,860	4,830
			Probable	10.0	63.8	100	100	10.0	63.8	4,280	4,430
			Total	**46.1**	**104.1**	**100**	**100**	**46.1**	**104.1**	**4,730**	**4,580**
Landau (OC)	100	6								kcal/kg	kcal/kg
Thermal – Export			Proved	22.0	29.6	47.8	48.4	10.7	14.5	6,230	6,210
			Probable	12.2	12.1	46.6	46.0	5.8	5.7	6,250	6,210
			Total	**34.2**	**41.7**	**47.4**	**47.7**	**16.5**	**20.2**	**6,240**	**6,210**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			15.6	12.3	3.5	3.7	4,390	4,040
			Probable			21.1	18.5	2.6	2.3	4,530	4,370
			Total			**17.6**	**14.1**	**6.1**	**5.9**	**4,450**	**4,170**
Mafube (OC)	50.0	18								kcal/kg	kcal/kg
Thermal – Export			Proved	10.2	12.1	51.2	47.5	5.3	5.8	6,260	6,270
			Probable	113.0	70.7	42.8	33.9	48.4	24.2	6,040	6,260
			Total	**123.2**	**82.8**	**43.5**	**35.9**	**53.7**	**30.0**	**6,060**	**6,260**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			24.5	19.7	2.6	2.4	5,240	5,360
			Probable			18.4	29.1	21.1	21.2	5,050	4,970
			Total			**18.9**	**27.7**	**23.7**	**23.6**	**5,070**	**5,010**
New Denmark (UG)	100	25								kcal/kg	kcal/kg
Thermal – Domestic			Proved	25.8	30.8	100	100	25.8	30.8	5,040	4,950
			Probable	82.7	81.2	100	100	82.7	81.2	5,150	5,020
			Total	**108.6**	**112.0**	**100**	**100**	**108.6**	**112.0**	**5,120**	**5,000**
New Vaal (OC)	100	17								kcal/kg	kcal/kg
Thermal – Domestic			Proved	296.3	348.1	93.4	89.6	286.6	323.8	3,510	3,560
			Probable	–	–	–	–	–	–	–	–
			Total	**296.3**	**348.1**	**93.4**	**89.6**	**286.6**	**323.8**	**3,510**	**3,560**
Zibulo (UG&OC)	73.0	19								kcal/kg	kcal/kg
Thermal – Export			Proved	84.1	91.3	58.0	49.4	49.0	45.6	6,110	6,100
			Probable	34.2	23.5	46.8	43.9	16.1	10.4	6,110	6,110
			Total	**118.2**	**114.9**	**54.8**	**48.3**	**65.1**	**56.0**	**6,110**	**6,100**
										kcal/kg	kcal/kg
Thermal – Domestic			Proved			14.6	26.6	12.2	25.1	4,840	4,930
			Probable			20.7	30.4	7.1	7.3	4,830	4,780
			Total			**16.4**	**27.4**	**19.3**	**32.4**	**4,840**	**4,900**

Mining method: OC = Open Cast/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).

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Thermal Coal – South Africa Operations			ROM Tonnes[2]		Yield[3]		Saleable Tonnes[2]		Saleable Quality[4]	
COAL RESERVES[1]	Attributable %	Classification	2013	2012	2013	2012	2013	2012	2013	2012
South Africa Thermal – Export	80.4		Mt	Mt	Plant %	Plant %	Mt	Mt	kcal/kg	kcal/kg
		Proved	631.1	724.9	57.8	52.9	112.5	112.8	6,150	6,160
		Probable	318.8	318.7	53.3	45.6	114.3	76.5	6,000	6,210
		Total	**949.9**	**1,043.6**	**55.5**	**49.9**	**226.8**	**189.3**	**6,070**	**6,180**
South Africa Thermal – Domestic	94.1								kcal/kg	kcal/kg
		Proved			91.3	87.7	378.7	445.7	3,840	3,910
		Probable			81.5	88.2	123.6	175.7	5,030	4,780
		Total			**88.9**	**87.8**	**502.3**	**621.4**	**4,130**	**4,150**
South Africa Synfuel	100								kcal/kg	kcal/kg
		Proved			100	100	65.2	70.5	4,690	4,520
		Probable			–	–	–	–	–	–
		Total			**100**	**100**	**65.2**	**70.5**	**4,690**	**4,520**

Thermal Coal – Operations			ROM Tonnes[2]		Yield[3]		Saleable Tonnes[2]		Saleable Quality[4]	
TOTAL COAL RESERVES[1]	Attributable %	Classification	2013	2012	2013	2012	2013	2012	2013	2012
Thermal – Export	44.6		Mt	Mt	Plant %	Plant %	Mt	Mt	kcal/kg	kcal/kg
		Proved	1,276.2	1,399.9	90.2	90.2	739.0	765.5	6,150	6,180
		Probable	415.0	411.9	72.4	73.4	208.2	166.9	6,060	6,160
		Total	**1,691.2**	**1,811.8**	**86.3**	**87.2**	**947.2**	**932.4**	**6,130**	**6,170**
Thermal – Domestic	94.1								kcal/kg	kcal/kg
		Proved			91.3	87.7	378.7	445.7	3,840	3,910
		Probable			81.5	88.2	123.6	175.7	5,030	4,780
		Total			**88.9**	**87.8**	**502.3**	**621.4**	**4,130**	**4,150**
Synfuel	100								kcal/kg	kcal/kg
		Proved			100	100	65.2	70.5	4,690	4,520
		Probable			–	–	–	–	–	–
		Total			**100**	**100**	**65.2**	**70.5**	**4,690**	**4,520**

Thermal Coal – Colombia Operations			Tonnes		Coal Quality	
COAL RESOURCES[5]	Attributable %	Classification	2013	2012	2013	2012
Cerrejón (OC)	33.3		MTIS[5]	MTIS[5]	kcal/kg[6]	kcal/kg[6]
		Measured	911.3	903.6	6,410	6,450
		Indicated	162.9	160.0	6,340	6,360
		Measured and Indicated	**1,074.2**	**1,063.6**	**6,400**	**6,440**
		Inferred (in LOM Plan)[7]	68.0	73.8	6,770	6,720
		Inferred (ex. LOM Plan)[8]	29.5	25.1	6,580	6,460
		Total Inferred	**97.5**	**98.8**	**6,710**	**6,650**

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Thermal Coal – South Africa Operations COAL RESOURCES[5]	Attributable %	Classification	Tonnes 2013 MTIS[5]	Tonnes 2012 MTIS[5]	Coal Quality 2013 kcal/kg[6]	Coal Quality 2012 kcal/kg[6]
Goedehoop (UG&OC)	100	Measured	205.6	83.1	5,260	5,510
		Indicated	29.0	75.7	4,910	5,470
		Measured and Indicated	**234.6**	**158.8**	**5,210**	**5,490**
		Inferred (in LOM Plan)[7]	1.6	1.6	5,300	5,740
		Inferred (ex. LOM Plan)[8]	11.2	5.8	4,810	5,250
		Total Inferred	**12.8**	**7.4**	**4,870**	**5,360**
Greenside (UG)	100	Measured	18.4	18.2	5,680	5,590
		Indicated	1.7	1.4	5,140	5,610
		Measured and Indicated	**20.1**	**19.6**	**5,630**	**5,590**
		Inferred (in LOM Plan)[7]	1.9	8.3	5,730	5,790
		Inferred (ex. LOM Plan)[8]	0.8	–	6,050	–
		Total Inferred	**2.8**	**8.3**	**5,830**	**5,790**
Isibonelo (OC)	100	Measured	–	–	–	–
		Indicated	16.3	16.3	5,390	5,250
		Measured and Indicated	**16.3**	**16.3**	**5,390**	**5,250**
		Inferred (in LOM Plan)[7]	–	–	–	–
		Inferred (ex. LOM Plan)[8]	–	–	–	–
		Total Inferred	**–**	**–**	**–**	**–**
Kleinkopje (OC)	100	Measured	28.0	30.4	5,020	5,040
		Indicated	–	–	–	–
		Measured and Indicated	**28.0**	**30.4**	**5,020**	**5,040**
		Inferred (in LOM Plan)[7]	–	–	–	–
		Inferred (ex. LOM Plan)[8]	–	–	–	–
		Total Inferred	**–**	**–**	**–**	**–**
Kriel (UG&OC)	73.0	Measured	73.4	8.7	4,870	5,290
		Indicated	10.2	10.2	4,860	4,860
		Measured and Indicated	**83.5**	**18.8**	**4,870**	**5,060**
		Inferred (in LOM Plan)[7]	–	–	–	–
		Inferred (ex. LOM Plan)[8]	18.8	18.8	4,950	4,950
		Total Inferred	**18.8**	**18.8**	**4,950**	**4,950**
Landau (OC)	100	Measured	50.1	52.0	5,230	5,190
		Indicated	34.4	42.8	5,250	4,680
		Measured and Indicated	**84.5**	**94.8**	**5,240**	**4,960**
		Inferred (in LOM Plan)[7]	–	–	–	–
		Inferred (ex. LOM Plan)[8]	18.1	13.8	5,500	5,760
		Total Inferred	**18.1**	**13.8**	**5,500**	**5,760**
Mafube (OC)	50.0	Measured	53.9	56.5	5,300	5,300
		Indicated	4.3	13.2	4,370	4,530
		Measured and Indicated	**58.2**	**69.7**	**5,230**	**5,150**
		Inferred (in LOM Plan)[7]	0.9	7.3	4,040	5,150
		Inferred (ex. LOM Plan)[8]	1.2	30.2	5,360	3.890
		Total Inferred	**2.1**	**37.5**	**4,770**	**4,130**
New Denmark (UG)	100	Measured	65.8	–	5,800	–
		Indicated	2.9	–	5,850	–
		Measured and Indicated	**68.7**	**–**	**5,800**	**–**
		Inferred (in LOM Plan)[7]	14.4	16.2	5,270	5,270
		Inferred (ex. LOM Plan)[8]	1.2	–	5,390	–
		Total Inferred	**15.6**	**16.2**	**5,280**	**5,270**
Zibulo (UG&OC)	73.0	Measured	173.9	147.3	4,900	4,960
		Indicated	201.0	201.7	4,870	4,900
		Measured and Indicated	**375.0**	**349.0**	**4,890**	**4,920**
		Inferred (in LOM Plan)[7]	20.8	20.4	5,320	5,460
		Inferred (ex. LOM Plan)[8]	132.8	157.8	4,820	4,780
		Total Inferred	**153.6**	**178.2**	**4,890**	**4,860**
South Africa – Mine Leases	83.2	Measured	669.1	396.2	5,180	5,200
		Indicated	299.8	361.2	4,950	5,000
		Measured and Indicated	**968.9**	**757.4**	**5,110**	**5,100**
		Inferred (in LOM Plan)[7]	39.7	53.9	5,290	5,420
		Inferred (ex. LOM Plan)[8]	184.1	226.5	4,910	4,750
		Total Inferred	**223.8**	**280.3**	**4,980**	**4,880**

Thermal Coal – Operations COAL RESOURCES[5]	Attributable %	Classification	Tonnes 2013 MTIS[5]	Tonnes 2012 MTIS[5]	Coal Quality 2013 kcal/kg[6]	Coal Quality 2012 kcal/kg[6]
Total	58.5	Measured	1,580.4	1,299.7	5,890	6,070
		Indicated	462.6	521.2	5,440	5,410
		Measured and Indicated	**2,043.0**	**1,821.0**	**5,790**	**5,880**
		Inferred (in LOM Plan)[7]	107.7	127.7	6,230	6,170
		Inferred (ex. LOM Plan)[8]	213.6	251.5	5,140	4,920
		Total Inferred	**321.3**	**379.2**	**5,510**	**5,340**

COAL RESOURCES ARE REPORTED AS ADDITIONAL TO COAL RESERVES.

Due to the uncertainty that may be attached to some Inferred Coal Resources, it cannot be assumed that all or part of an Inferred Coal Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

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Thermal Coal – South Africa Projects COAL RESOURCES[5]	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Coal Quality 2013	Coal Quality 2012
			MTIS[5]	MTIS[5]	kcal/kg[6]	kcal/kg[6]
Elders	73.0	Measured	176.4	224.3	4,970	5,140
		Indicated	9.6	107.6	4,700	5,410
		Measured and Indicated	**186.0**	**331.8**	**4,950**	**5,230**
		Inferred	22.4	109.1	4,750	5,320
Elders UG Extension	73.0	Measured	66.2	–	5,520	–
		Indicated	85.3	–	5,550	–
		Measured and Indicated	**151.5**	**–**	**5,540**	**–**
		Inferred	90.0	–	5,460	–
Kriel Block F	100	Measured	49.0	36.1	5,310	5,270
		Indicated	13.8	27.3	5,360	5,410
		Measured and Indicated	**62.8**	**63.4**	**5,320**	**5,330**
		Inferred	–	–	–	–
Kriel East	73.0	Measured	114.6	100.1	4,950	4,940
		Indicated	18.1	31.4	4,990	4,890
		Measured and Indicated	**132.7**	**131.5**	**4,960**	**4,930**
		Inferred	6.6	8.0	4,880	4,840
New Largo	73.0	Measured	412.1	429.5	4,410	4,290
		Indicated	161.8	178.5	4,270	3,970
		Measured and Indicated	**573.9**	**608.0**	**4,370**	**4,190**
		Inferred	13.4	13.9	5,300	5,270
Nooitgedacht	100	Measured	34.5	36.4	5,330	5,360
		Indicated	10.2	10.6	5,410	5,450
		Measured and Indicated	**44.7**	**46.9**	**5,350**	**5,380**
		Inferred	10.8	10.8	5,280	5,300
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**	**4,790**	**4,790**
		Inferred	157.2	157.2	4,780	4,780
Vaal Basin	100	Measured	378.8	375.2	4,330	4,330
		Indicated	223.6	220.4	4,220	4,210
		Measured and Indicated	**602.4**	**595.6**	**4,290**	**4,290**
		Inferred	92.0	88.9	4,250	4,210
South Africa – Projects	82.2	Measured	1,310.2	1,280.2	4,650	4,590
		Indicated	690.6	743.8	4,600	4,540
		Measured and Indicated	**2,000.8**	**2,024.0**	**4,630**	**4,570**
		Inferred	392.4	388.0	4,840	4,830

Attributable percentages for country totals are weighted by Total 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 estimated product tonnes. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.
(2) ROM tonnes quoted on an As Delivered moisture basis, and Saleable tonnes on a Product moisture basis.
(3) 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.
(4) The coal quality for Coal Reserves is quoted as either kilo-calories per kilogram (kcal/kg) or Crucible Swell Number (CSN). Kilo-calories per kilogram represent Calorific Value (CV) 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.
(5) 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.
(6) The coal quality for Coal Resources is quoted on an in-situ heat content as kilo-calories per kilogram (kcal/kg), representing Calorific Value (CV) on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.
(7) 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.
(8) Inferred (ex. LOM Plan) refers to Inferred Coal Resources outside the Life of Mine Plan but within the mine lease area.

Summary of material changes (±10%) in estimates – Operations

Goedehoop: In 2012 only the Seam 2 Select and Seam 4 Select sub-seams (in the Anglo Operations Limited portion of the Elders project area) were reported as resources. In 2013 all sub-seams are reported as Coal Resources due to the maturity of the Elders project study.
Greenside: Coal Reserves and Mine Life increase due to the re-evaluation and conversion of the southern portion of the Clydesdale Pan from Inferred in LOM Plan to Probable Reserves, the conversion of the Greenside East block transferred from Kleinkopje and adjustments to the mining height to include roof coal when producing higher yielding products (5850 and 5500 kcal/kg).
Kriel: Coal Reserves decrease due to the reallocation of Block F, Block Z, Pit 11, Pit 13 and Mini-pit 3 to resources as a result of delays in the Pre-Feasibility studies.
Mafube: Coal Reserves and Mine Life increase due to the inclusion of Seam 4 into the LOM Plan following feasibility studies which also optimised the mine plan, increasing the mining footprint of Seam 1 and Seam 2.
New Denmark: Coal Resources increase due to refinement of resource polygons around mine layouts to include resources previously not considered.

Summary of material changes (±10%) in estimates – Projects

Elders: In 2013 the previously reported Elders projects has been split into Elders and Elders Underground Extension due to the progress in the project studies.
Nooitgedacht: Coal Resources decrease due to the closure of the Seam 5 operation.

Assumption with respect to Mineral Tenure

Cerrejón: Coal 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. There is a reasonable expectation that such renewal will not be withheld.
Mafube: Application for conversion to a Mining Right has been granted and executed in 2013.
New Largo: The New Largo Mining Right Application has been granted in August 2013; Anglo American awaits execution of the Mining Right.

Audits related to the generation of the Coal Reserve and/or Coal Resource estimates were carried out by independent consultants during 2013 at the following operations and projects: Isibonelo, Kleinkopje, Kriel, Kriel East, Landau and Zibulo.

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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, 2012) 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 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Metal 2013	Contained Metal 2012
Collahuasi (OP)	44.0	70		Mt	Mt	%TCu	%TCu	kt	kt
Oxide and Mixed[2]			Proved	–	31.0	–	0.58	–	181
Heap Leach			Probable	7.0	13.0	0.57	0.71	40	93
			Total	**7.0**	**44.1**	**0.57**	**0.62**	**40**	**274**
						%TCu	%TCu		
Sulphide			Proved	422.4	419.1	1.03	1.00	4,351	4,200
Flotation – direct feed	Copper		Probable	1,683.0	1,655.1	0.98	0.98	16,494	16,202
			Total	**2,105.4**	**2,074.2**	**0.99**	**0.98**	**20,845**	**20,402**
						%Mo	%Mo		
			Proved			0.023	0.024	97	98
	Molybdenum		Probable			0.023	0.024	387	398
			Total			**0.023**	**0.024**	**484**	**496**
						%TCu	%TCu		
Low Grade Sulphide[3]			Proved	28.2	–	0.53	–	150	–
Flotation – stockpile	Copper		Probable	1,137.8	1,069.2	0.48	0.49	5,427	5,219
			Total	**1,166.0**	**1,069.2**	**0.48**	**0.49**	**5,576**	**5,219**
						%Mo	%Mo		
			Proved			0.013	–	4	–
	Molybdenum		Probable			0.010	0.010	109	105
			Total			**0.010**	**0.010**	**113**	**105**
El Soldado (OP)	50.1	23				%TCu	%TCu		
Sulphide			Proved	48.1	125.7	0.94	0.81	452	1,018
Flotation[4]			Probable	39.1	44.6	0.82	0.79	321	352
			Total	**87.2**	**170.3**	**0.89**	**0.80**	**773**	**1,371**
Oxide			Proved	–	–	–	–	–	–
Heap Leach			Probable	2.3	3.0	0.33	0.45	8	14
			Total	**2.3**	**3.0**	**0.33**	**0.45**	**8**	**14**
Los Bronces (OP)	50.1	36				%TCu	%TCu		
Sulphide			Proved	721.4	729.9	0.69	0.70	4,977	5,109
Flotation	Copper		Probable	724.1	779.4	0.53	0.53	3,838	4,131
			Total	**1,445.4**	**1,509.3**	**0.61**	**0.61**	**8,815**	**9,240**
						%Mo	%Mo		
			Proved			0.015	0.016	108	117
	Molybdenum		Probable			0.013	0.013	94	101
			Total			**0.014**	**0.014**	**202**	**218**
						%TCu	%TCu		
Sulphide			Proved	439.1	428.6	0.32	0.32	1,405	1,371
Dump Leach			Probable	158.5	179.0	0.29	0.29	460	519
			Total	**597.6**	**607.6**	**0.31**	**0.31**	**1,865**	**1,891**
Mantos Blancos (OP)	100	8				%ICu	%ICu		
Sulphide			Proved	19.2	14.1	0.86	0.82	165	115
Flotation[5]			Probable	29.3	21.6	0.72	0.79	211	170
			Total	**48.5**	**35.6**	**0.78**	**0.80**	**376**	**286**
						%ASCu	%ASCu		
Oxide			Proved	3.7	2.7	0.48	0.55	18	15
Vat and Heap Leach[6]			Probable	12.0	12.7	0.44	0.38	53	47
			Total	**15.7**	**15.4**	**0.45**	**0.41**	**71**	**62**
						%ASCu	%ASCu		
Oxide			Proved	–	–	–	–	–	–
Dump Leach			Probable	36.2	36.8	0.23	0.23	83	84
			Total	**36.2**	**36.8**	**0.23**	**0.23**	**83**	**84**
Mantoverde (OP)	100	5				%ASCu	%ASCu		
Oxide			Proved	38.9	22.2	0.53	0.56	206	124
Heap Leach[7]			Probable	9.3	20.2	0.52	0.52	48	105
			Total	**48.1**	**42.3**	**0.53**	**0.54**	**254**	**229**
						%ASCu	%ASCu		
Oxide			Proved	20.1	18.4	0.22	0.23	44	42
Dump Leach[8]			Probable	13.4	25.7	0.23	0.27	31	70
			Total	**33.4**	**44.2**	**0.22**	**0.25**	**75**	**112**

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.

El Soldado and Los Bronces are part of Anglo American Sur.
Mantos Blancos and Mantoverde are part of Anglo American Norte.

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(1) **Copper Reserves:** A minimum cut-off of 0.20% (TCu, ICu or ASCu) is applied to determine Ore Reserves on operations.
(2) **Collahuasi – Oxide and Mixed:** The decrease is due to reallocated of Ore Reserves to Mineral Resources due to changes in economic assumptions.
(3) **Collahuasi – Low Grade Sulphide:** The increase is primarily due to new information and changes in the economic assumptions.
(4) **El Soldado – Sulphide (Flotation):** In addition to production, the decrease in Ore Reserves is due to a change in economic assumptions (increase in operational costs) and a refinement of the grade calculation methodology in the block model.
(5) **Mantos Blancos – Sulphide (Flotation):** The increase in Ore Reserves is primarily due to conversion of Mineral Resources to Ore Reserves within the updated mine plan which now includes Phase 20 (Argentina) and uses a modified cut-off grade strategy.
(6) **Mantos Blancos – Oxide (Vat and Heap Leach):** The increase in Ore Reserves is primarily due to the inclusion of Phase 21 in the mine plan and conversion of additional ore from Phases 13,14 and 17.
(7) **Mantoverde – Oxide (Heap Leach):** The increase in Ore Reserves is due to the inclusion in the mine plan of Phase 4 of Mantoverde North and South pits, a new pit design at Franko North and the transfer of high-carbonate Dump Leach ore to the Heap Leach process.
(8) **Mantoverde – Oxide (Dump Leach):** The decrease in Ore Reserves is primarily due to production and the transfer of high-carbonate Dump Leach ore to the Heap Leach process which is offset by the inclusion in the mine plan of Phase 4 of Mantoverde North and South pits and a new pit design at Franko North.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2013 at the following operations: Collahuasi, El Soldado, Los Bronces and Mantos Blancos.

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Copper – Operations MINERAL RESOURCES [1]	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Metal 2013	Contained Metal 2012
Collahuasi (OP)	44.0		Mt	Mt	%TCu	%TCu	kt	kt
Oxide and Mixed[2]		Measured	25.6	–	0.64	–	164	–
Heap Leach		Indicated	17.5	0.5	0.67	0.70	117	3
		Measured and Indicated	**43.0**	**0.5**	**0.65**	**0.70**	**281**	**3**
		Inferred (in LOM Plan)	17.0	2.8	0.57	0.37	97	11
		Inferred (ex. LOM Plan)	17.5	8.5	0.72	0.62	126	53
		Total Inferred	**34.5**	**11.3**	**0.65**	**0.56**	**223**	**63**
					%TCu	%TCu		
Sulphide[2]		Measured	9.0	4.6	0.76	0.75	68	35
Flotation – direct feed		Indicated	1,162.6	1,148.9	0.96	0.94	11,161	10,821
	Copper	**Measured and Indicated**	**1,171.6**	**1,153.6**	**0.96**	**0.94**	**11,229**	**10,856**
		Inferred (in LOM Plan)	460.4	486.1	1.05	1.03	4,834	5,017
		Inferred (ex. LOM Plan)	3,017.5	2,654.9	0.95	0.92	28,666	24,441
		Total Inferred	**3,477.8**	**3,141.0**	**0.96**	**0.94**	**33,500**	**29,458**
					%Mo	%Mo		
		Measured			0.005	0.005	0	0
		Indicated			0.052	0.047	605	368
	Molybdenum	**Measured and Indicated**			**0.052**	**0.047**	**605**	**368**
		Inferred (in LOM Plan)			0.011	0.016	51	76
		Inferred (ex. LOM Plan)			0.023	0.022	694	584
		Total Inferred			**0.021**	**0.021**	**745**	**660**
					%TCu	%TCu		
Low Grade Sulphide[2]		Measured	11.2	6.2	0.47	0.48	53	30
Flotation – stockpile		Indicated	295.1	265.9	0.46	0.46	1,358	1,233
	Copper	**Measured and Indicated**	**306.4**	**272.1**	**0.46**	**0.46**	**1,410**	**1,263**
		Inferred (in LOM Plan)	399.2	361.6	0.45	0.45	1,796	1,616
		Inferred (ex. LOM Plan)	1,065.0	945.4	0.46	0.47	4,899	4,419
		Total Inferred	**1,464.2**	**1,307.0**	**0.46**	**0.46**	**6,695**	**6,036**
					%Mo	%Mo		
		Measured			0.014	0.012	2	1
		Indicated			0.023	0.021	68	25
	Molybdenum	**Measured and Indicated**			**0.023**	**0.021**	**69**	**26**
		Inferred (in LOM Plan)			0.003	0.004	12	14
		Inferred (ex. LOM Plan)			0.005	0.005	53	44
		Total Inferred			**0.004**	**0.005**	**65**	**58**
El Soldado (OP)	50.1				%TCu	%TCu		
Sulphide		Measured	71.7	24.7	0.72	0.78	516	193
Flotation[3]		Indicated	26.0	7.7	0.66	0.72	173	55
		Measured and Indicated	**97.8**	**32.4**	**0.70**	**0.77**	**689**	**248**
		Inferred (in LOM Plan)	7.4	7.7	0.68	0.58	50	45
		Inferred (ex. LOM Plan)	20.5	6.4	0.54	0.53	111	34
		Total Inferred	**27.9**	**14.1**	**0.58**	**0.56**	**161**	**79**
Los Bronces (OP)	50.1				%TCu	%TCu		
Sulphide		Measured	156.4	84.8	0.41	0.45	641	382
Flotation[4]		Indicated	1,054.7	897.6	0.40	0.40	4,219	3,590
	Copper	**Measured and Indicated**	**1,211.1**	**982.4**	**0.40**	**0.40**	**4,860**	**3,972**
		Inferred (in LOM Plan)	187.0	212.0	0.48	0.48	898	1,018
		Inferred (ex. LOM Plan)	3,389.9	3,311.1	0.36	0.36	12,204	11,920
		Total Inferred	**3,576.9**	**3,523.1**	**0.37**	**0.37**	**13,101**	**12,938**
					%Mo	%Mo		
		Measured			0.005	0.005	8	4
		Indicated			0.008	0.009	84	81
	Molybdenum	**Measured and Indicated**			**0.008**	**0.009**	**92**	**85**
		Inferred (in LOM Plan)			0.011	0.013	21	28
		Inferred (ex. LOM Plan)			0.010	0.008	339	265
		Total Inferred			**0.010**	**0.008**	**360**	**293**
					%TCu	%TCu		
Sulphide		Measured	–	–	–	–	–	–
Dump Leach		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred (in LOM Plan)	175.0	173.2	0.28	0.28	490	485
		Inferred (ex. LOM Plan)	–	–	–	–	–	–
		Total Inferred	**175.0**	**173.2**	**0.28**	**0.28**	**490**	**485**

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

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Copper – Operations continued MINERAL RESOURCES [1]	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Metal 2013	Contained Metal 2012
Mantos Blancos (OP)	100		Mt	Mt	%ICu	%ICu	kt	kt
Sulphide		Measured	28.0	30.2	0.75	0.95	210	286
Flotation[5]		Indicated	58.8	64.8	0.61	0.69	359	447
		Measured and Indicated	**86.8**	**95.0**	**0.66**	**0.77**	**569**	**734**
		Inferred (in LOM Plan)	4.3	9.4	0.52	0.46	22	43
		Inferred (ex. LOM Plan)	29.2	23.8	0.54	0.66	158	157
		Total Inferred	**33.5**	**33.2**	**0.54**	**0.60**	**180**	**201**
					%ASCu	%ASCu		
Oxide		Measured	4.6	3.5	0.46	0.50	21	17
Vat and Heap Leach[6]		Indicated	13.6	11.1	0.40	0.45	55	50
		Measured and Indicated	**18.2**	**14.6**	**0.42**	**0.46**	**76**	**67**
		Inferred (in LOM Plan)	18.2	17.6	0.25	0.26	45	46
		Inferred (ex. LOM Plan)	12.5	7.4	0.40	0.46	50	34
		Total Inferred	**30.7**	**25.0**	**0.31**	**0.32**	**95**	**80**
					%ASCu	%ASCu		
Oxide		Measured	1.3	0.4	0.18	0.18	2	1
Dump Leach[7]		Indicated	10.9	8.4	0.17	0.17	19	14
		Measured and Indicated	**12.2**	**8.8**	**0.17**	**0.17**	**21**	**15**
		Inferred (in LOM Plan)	123.1	91.4	0.21	0.23	259	210
		Inferred (ex. LOM Plan)	16.2	4.3	0.16	0.17	26	7
		Total Inferred	**139.3**	**95.7**	**0.20**	**0.23**	**284**	**218**
Mantoverde (OP)	100				%ASCu	%ASCu		
Oxide		Measured	27.0	5.1	0.39	0.42	105	22
Heap Leach[8]		Indicated	13.5	6.7	0.40	0.53	54	35
		Measured and Indicated	**40.5**	**11.8**	**0.39**	**0.48**	**159**	**57**
		Inferred (in LOM Plan)	0.8	3.3	0.53	0.69	4	23
		Inferred (ex. LOM Plan)	1.8	0.1	0.33	0.30	6	0
		Total Inferred	**2.6**	**3.4**	**0.39**	**0.68**	**10**	**23**
					%ASCu	%ASCu		
Oxide		Measured	–	–	–	–	–	–
Dump Leach		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred (in LOM Plan)	0.9	0.6	0.22	0.24	2	1
		Inferred (ex. LOM Plan)	–	–	–	–	–	–
		Total Inferred	**0.9**	**0.6**	**0.22**	**0.24**	**2**	**1**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Mining method: OP = Open Pit
TCu = total copper, ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper.

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.

El Soldado and Los Bronces are part of Anglo American Sur.
Mantos Blancos and Mantoverde are part of Anglo American Norte.

(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 – Oxide and Mixed, Sulphide and Low Grade Sulphide:** The increase in Mineral Resources is primarily due to new drilling information which identified and delineated new resources.
(3) **El Soldado – Sulphide (Flotation):** The increase in Mineral Resources is primarily due to reallocation from Ore Reserves as a result of a change in economic assumptions (increase in operational costs) as well as a refinement of the grade calculation methodology in the block model.
(4) **Los Bronces – Sulphide (Flotation):** The increase in Mineral Resources is primarily due to a change in economic assumptions (increase in long-term metal price).
(5) **Mantos Blancos – Sulphide (Flotation):** The decrease in Mineral Resources is due to a conversion to Ore Reserves in Phase 20 (Argentina) following a change in economic assumptions and adoption of a revised open pit mine plan.
(6) **Mantos Blancos – Oxide (Vat and Heap Leach):** The increase in Mineral Resources is due to new drilling information and a change in economic assumptions (increase in long-term metal price).
(7) **Mantos Blancos – Oxide (Dump Leach):** The Mineral Resources increase due to the inclusion of additional secondary leaching material from Dump Este, Old Concentrator Course Tailings and the Mercedes stockpile.
(8) **Mantoverde – Oxide (Heap Leach):** The increase in Mineral Resources at Mantoverde North and South pits (Phase 4 mine plan) is a result of updated economic assumptions and new drilling information.

COPPER

estimates as at 31 December 2013

Copper – Projects ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Metal 2013	Contained Metal 2012
Quellaveco (OP)[1]	81.9	28		Mt	Mt	%TCu	%TCu	kt	kt
Sulphide			Proved	701.8	701.8	0.65	0.65	4,562	4,562
Flotation	Copper		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		
			Proved			0.019	0.019	133	133
	Molybdenum		Probable			0.021	0.021	45	45
			Total			**0.019**	**0.019**	**178**	**178**

Copper – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Metal 2013	Contained Metal 2012
Quellaveco (OP)[1]	81.9		Mt	Mt	%TCu	%TCu	kt	kt
Sulphide		Measured	285.1	284.2	0.35	0.35	998	990
Flotation		Indicated	807.5	807.9	0.41	0.41	3,311	3,290
	Copper	**Measured and Indicated**	**1,092.7**	**1,092.0**	**0.39**	**0.39**	**4,309**	**4,280**
		Inferred (in LOM Plan)	6.9	6.9	0.79	0.79	54	54
		Inferred (ex. LOM Plan)	858.0	877.9	0.33	0.33	2,831	2,893
		Total Inferred	**864.9**	**884.8**	**0.33**	**0.33**	**2,886**	**2,947**
					%Mo	%Mo		
		Measured			0.010	0.015	29	43
		Indicated			0.015	0.015	121	121
	Molybdenum	**Measured and Indicated**			**0.014**	**0.015**	**150**	**164**
		Inferred (in LOM Plan)			0.010	–	1	–
		Inferred (ex. LOM Plan)			0.011	0.015	93	132
		Total Inferred			**0.011**	**0.015**	**93**	**132**
Mantoverde Development Project[2]	100				%TCu	%TCu		
Sulphide		Measured	118.2	106.6	0.71	0.68	839	725
Flotation		Indicated	54.6	41.5	0.64	0.66	349	274
		Measured and Indicated	**172.8**	**148.1**	**0.69**	**0.67**	**1,189**	**999**
		Inferred	147.9	78.0	0.61	0.68	902	530
Los Sulfatos[3]	50.1				%TCu	%TCu		
Sulphide		Inferred	1,200.0	1,200.0	1.46	1.46	17,520	17,520
San Enrique Monolito[4]	50.1				%TCu	%TCu		
Sulphide		Inferred	900.0	900.0	0.81	0.81	7,290	7,290
West Wall (OP)[5]	50.0				%TCu	%TCu		
Sulphide		Measured	–	–	–	–	–	–
		Indicated	495.0	–	0.55	–	2,723	–
		Measured and Indicated	**495.0**	**–**	**0.55**	**–**	**2,723**	**–**
		Inferred	970.0	750.0	0.48	0.54	4,656	4,050

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.

Los Sulfatos and San Enrique Monolito are part of Anglo American Sur.
Mantoverde Development Project is part of Anglo American Norte.
West Wall is a Joint Venture with GlencoreXstrata.
The Pebble project is not reported in 2013 as Anglo American has elected to withdraw from the project.

(1) **Quellaveco:** Mineral Resources are quoted above a 0.2 %TCu cut-off within an optimised pit shell. The slight change is due to updated economic assumptions used to define the resource shell.
(2) **Mantoverde Development Project:** Mineral Resources are quoted above a 0.35 %TCu cut-off. The increase in Mineral Resources is due to a change in economic assumptions (increase in long-term metal price) and pit optimisation parameters. Reported as Mantoverde Sulphide Project in 2012. Mineral Resource estimates for oxide material planned to be exposed during pre-stripping operations for the sulphides are as follows: Measured 48.0 Mt at 0.40 %ASCu; Indicated 5.7 Mt at 0.34 %ASCu; Inferred 3.4 Mt at 0.32 %ASCu.
(3) **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.
(4) **San Enrique Monolito:** The test for reasonable prospects of eventual economic extraction is based on an underground operation.
(5) **West Wall:** Mineral Resources are quoted above a 0.3 %TCu cut-off within an optimised pit shell. The increase in Mineral Resources is due to new drilling information leading to an update of the geological model.

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2013 at the following projects:
Los Sulfatos.

NICKEL

estimates as at 31 December 2013

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 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Metal 2013	Contained Metal 2012
Barro Alto (OP)[1]	100	17		Mt	Mt	%Ni	%Ni	kt	kt
Saprolite			Proved	20.0	23.4	1.71	1.71	342	401
			Probable	25.2	23.4	1.42	1.51	358	353
			Total	**45.3**	**46.8**	**1.55**	**1.61**	**700**	**754**
Niquelândia (OP)[2]	100	23				%Ni	%Ni		
Saprolite			Proved	4.5	3.9	1.31	1.35	59	52
			Probable	1.1	1.0	1.25	1.32	14	14
			Total	**5.6**	**4.9**	**1.30**	**1.34**	**73**	**66**

Nickel – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Metal 2013	Contained Metal 2012
Barro Alto (OP)	100		Mt	Mt	%Ni	%Ni	kt	kt
Saprolite		Measured	8.5	9.0	1.34	1.43	114	129
Direct Feed[3]		Indicated	7.7	5.0	1.31	1.30	101	65
		Measured and Indicated	**16.3**	**14.0**	**1.32**	**1.38**	**215**	**193**
		Inferred (in LOM Plan)	32.5	36.6	1.51	1.52	491	556
		Inferred (ex. LOM Plan)	14.7	13.1	1.22	1.18	179	155
		Total Inferred	**47.2**	**49.7**	**1.42**	**1.43**	**670**	**710**
Ferruginous Laterite		Measured	2.4	3.3	1.25	1.28	30	42
Stockpile[4]		Indicated	5.6	3.8	1.17	1.10	65	42
		Measured and Indicated	**7.9**	**7.1**	**1.19**	**1.19**	**95**	**85**
		Inferred (in LOM Plan)	1.2	1.5	1.08	1.07	13	16
		Inferred (ex. LOM Plan)	0.0	0.0	1.06	1.00	0	0
		Total Inferred	**1.2**	**1.6**	**1.08**	**1.07**	**13**	**17**
Niquelândia (OP)[5]	100				%Ni	%Ni		
Saprolite		Measured	2.5	2.8	1.21	1.25	31	35
		Indicated	2.4	2.9	1.20	1.23	28	35
		Measured and Indicated	**4.9**	**5.7**	**1.21**	**1.24**	**59**	**70**
		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 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Metal 2013	Contained Metal 2012
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.

(1) **Barro Alto – Ore Reserves:** The decrease is primarily due to production along with reallocation of Ore Reserves to Mineral Resources. The decrease is partially offset by increases due to updated economic assumptions and refinement of the geological model to take into account additional drilling and more detailed ore-waste contacts captured from pit mapping.

(2) **Niquelândia – Ore Reserves:** The increase is due to updated economic assumptions which are partially offset by reallocation of Ore Reserves 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 a SiO_2/MgO ratio of less than or equal to 1.80. A surface stockpile of 5.4 Mt at 1.31 %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 0.7 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 a SiO_2/MgO ratio of less than or equal to 1.75. The decrease is due to updated economic assumptions which are partially offset by reallocation of Ore Reserves 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).

NIOBIUM

estimates as at 31 December 2013

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, 2012) 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 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Product 2013	Contained Product 2012
Boa Vista (OP)	100	1		Mt	Mt	%Nb_2O_5	%Nb_2O_5	kt	kt
Catalão II Carbonatite Complex Oxide[1]			Proved	0.8	0.8	1.21	1.31	10	10
			Probable	0.4	0.3	1.03	1.01	5	3
			Total	**1.3**	**1.0**	**1.15**	**1.24**	**14**	**13**
Mina II (OP)	100	1				%Nb_2O_5	%Nb_2O_5		
Catalão I Carbonatite Complex Oxide			Proved	0.4	0.4	1.16	1.13	4	4
			Probable	–	–	–	–	–	–
			Total	**0.4**	**0.4**	**1.16**	**1.13**	**4**	**4**
Tailings	100	18				%Nb_2O_5	%Nb_2O_5		
Catalão I Carbonatite Complex Phosphate Tailings[2]			Proved	–	–	–	–	–	–
			Probable	14.5	2.0	0.69	0.73	100	14
			Total	**14.5**	**2.0**	**0.69**	**0.73**	**100**	**14**

Niobium – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Product 2013	Contained Product 2012
Boa Vista (OP)	100		Mt	Mt	%Nb_2O_5	%Nb_2O_5	kt	kt
Catalão II Carbonatite Complex Oxide[3]		Measured	0.2	0.8	1.56	1.21	3	9
		Indicated	0.4	0.3	1.18	0.86	5	3
		Measured and Indicated	**0.6**	**1.0**	**1.30**	**1.11**	**8**	**12**
		Inferred (in LOM Plan)	0.2	0.2	0.91	0.91	2	1
		Inferred (ex. LOM Plan)	0.5	0.7	0.79	0.82	4	5
		Total Inferred	**0.7**	**0.8**	**0.83**	**0.84**	**6**	**7**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Niobium – Projects ORE RESERVES	Attributable %	Mine Life	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Product 2013	Contained Product 2012
Boa Vista	100	18		Mt	Mt	%Nb_2O_5	%Nb_2O_5	kt	kt
Catalão II Carbonatite Complex Fresh Rock (OP)[4]			Proved	0.2	–	1.24	–	3	–
			Probable	23.8	–	0.95	–	226	–
			Total	**24.0**	**–**	**0.95**	**–**	**229**	**–**

Niobium – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Product 2013	Contained Product 2012
Area Leste	100		Mt	Mt	%Nb_2O_5	%Nb_2O_5	kt	kt
Catalão I Carbonatite Complex Oxide (OP)[5]		Measured	–	1.8	–	1.32	–	24
		Indicated	–	0.5	–	1.13	–	6
		Measured and Indicated	**–**	**2.3**	**–**	**1.28**	**–**	**30**
		Inferred	2.9	0.0	1.25	0.74	37	0
Catalão I Carbonatite Complex Fresh Rock (UG)[6]		Measured	–	8.2	–	1.24	–	101
		Indicated	–	4.7	–	1.20	–	57
		Measured and Indicated	**–**	**12.9**	**–**	**1.23**	**–**	**158**
		Inferred	11.8	1.3	1.17	1.12	138	14
Boa Vista	100				%Nb_2O_5	%Nb_2O_5		
Catalão II Carbonatite Complex Fresh Rock (OP)[7]		Measured	–	0.6	–	0.97	–	5
		Indicated	4.8	28.6	0.98	0.95	47	273
		Measured and Indicated	**4.8**	**29.2**	**0.98**	**0.95**	**47**	**278**
		Inferred (in LOM Plan)	1.3	–	0.86	–	11	–
		Inferred (ex. LOM Plan)	9.2	9.2	1.11	1.03	102	94
		Total Inferred	**10.5**	**9.2**	**1.08**	**1.03**	**113**	**94**
Catalão II Carbonatite Complex Fresh Rock (UG)[8]		Measured	–	–	–	–	–	–
		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred	10.7	–	0.99	–	106	–
Mina I	100				%Nb_2O_5	%Nb_2O_5		
Catalão I Carbonatite Complex Oxide (OP)[9]		Measured	–	–	–	–	–	–
		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred	1.7	–	0.79	–	13	–
Mina II	100				%Nb_2O_5	%Nb_2O_5		
Catalão I Carbonatite Complex Fresh Rock (OP)[10]		Measured	–	–	–	–	–	–
		Indicated	–	–	–	–	–	–
		Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
		Inferred	5.1	–	1.17	–	60	–
Catalão I Carbonatite Complex Fresh Rock (UG)[11]		Measured	–	5.5	–	1.24	–	69
		Indicated	–	0.9	–	1.17	–	11
		Measured and Indicated	**–**	**6.4**	**–**	**1.23**	**–**	**79**
		Inferred	1.4	0.8	1.08	1.19	15	10
Morro do Padre	100				%Nb_2O_5	%Nb_2O_5		
Catalão II Carbonatite Complex Fresh Rock (UG)[12]		Measured	–	–	–	–	–	–
		Indicated	–	2.6	–	1.27	–	33
		Measured and Indicated	**–**	**2.6**	**–**	**1.27**	**–**	**33**
		Inferred	8.3	8.9	1.26	1.54	104	138

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.

NIOBIUM

estimates as at 31 December 2013

(1) **Boa Vista – Oxide Ore Reserves (OP):** The increase is primarily due to ongoing grade control and a new drilling campaign identifying additional ore.
(2) **Phosphate Tailings Ore Reserves:** The fines portion of the Phosphate tailings from Chapadão are processed in the Niobium Tailings Plant to recover Niobium. The increase is a result of the approval of the Boa Vista Fresh Rock project enabling the tailings plant to continue operating once the Oxide Reserves are depleted.
(3) **Boa Vista – Oxide Mineral Resources (OP):** The Oxide Resources are reported above a 0.5% Nb_2O_5 cut-off. The decrease is due to the introduction of a new mine plan which allows additional Mineral Resources to be converted to Ore Reserves.
(4) **Boa Vista – Fresh Rock Ore Reserves (OP):** Approval of the Boa Vista Fresh Rock project permits the declaration of Ore Reserves.
(5) **Area Leste – Oxide Mineral Resources (OP):** The Oxide Resources are reported above a 0.5% Nb_2O_5 cut-off. The increase is due to reallocation of Ore Reserves to Mineral Resource following a reclassification of historical estimates to the Inferred category.
(6) **Area Leste – Fresh Rock Mineral Resources (UG):** The Fresh Rock Resources are reported above a 0.7 %Nb_2O_5 cut-off. The difference is attributable to the application of underground mining as the basis for reasonable prospects for eventual economic extraction.
(7) **Boa Vista – Fresh Rock Mineral Resources (OP):** The Fresh Rock Resources are reported above a 0.5 %Nb_2O_5 cut-off. The decrease is the result of Mineral Resources conversion to Ore Reserves which is partially offset by a change in the slope angle of the pit allowing more Mineral Resources to be declared.
(8) **Boa Vista – Fresh Rock Mineral Resources (UG):** The Fresh Rock Resources are reported above a 0.5 %Nb_2O_5 cut-off. The application of underground mining as the basis for reasonable prospects for eventual economic extraction allows for declaration of this resource for the first time.
(9) **Mina I – Oxide Mineral Resources (OP):** The Oxide Resources are reported above a 0.5% Nb_2O_5 cut-off. The Mina I Ore Reserves (previously declared as part of Boa Vista – Oxides) were reallocated to Mineral Resource following re-classification of historical estimates to Inferred.
(10) **Mina II – Fresh Rock Mineral Resources (OP):** The Fresh Rock Resources are reported above a 0.7 %Nb_2O_5 cut-off. The application of an open pit mining method is the basis for reasonable prospect for eventual economic extraction of this material, formerly considered for underground extraction and reclassification of historical estimates to the Inferred category has also been applied.
(11) **Mina II – Fresh Rock Mineral Resources (UG):** The Fresh Rock Resources are reported above a 0.7 %Nb_2O_5 cut-off. Application of underground mining method is the basis for defining reasonable prospects for eventual economic extraction for this material and the declaration of a Mineral Resource.
(12) **Morro do Padre – Fresh Rock Mineral Resources (UG):** The Fresh Rock Resources are reported above a 0.7 %Nb_2O_5 cut-off. Application of underground mining method is the basis for defining reasonable prospects for eventual economic extraction of this material and reclassification of historical estimates to the Inferred category has also been applied.

Following the reclassification of historical estimates to the Inferred category in order to ensure compliance with Anglo American standards, a systematic programme of re-analysis of historical samples and additional drilling is underway to upgrade the confidence in the project resources.

PHOSPHATES

estimates as at 31 December 2013

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, 2012) 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 2013	Tonnes 2012	Grade 2013	Grade 2012
Chapadão (OP)[1]	100	20		Mt	Mt	$\%P_2O_5$	$\%P_2O_5$
Carbonatite Complex			Proved	41.0	83.1	12.5	14.1
Oxide			Probable	77.0	151.0	13.0	13.0
			Total	**118.1**	**234.0**	**12.8**	**13.4**

Phosphates – Operations MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012
Chapadão (OP)[2]	100		Mt	Mt	$\%P_2O_5$	$\%P_2O_5$
Carbonatite Complex		Measured	–	3.9	–	13.4
Oxide		Indicated	0.1	60.2	13.2	11.8
		Measured and Indicated	**0.1**	**64.1**	**13.2**	**11.9**
		Inferred (in LOM Plan)	19.5	7.5	13.6	13.2
		Inferred (ex. LOM Plan)	165.7	50.4	12.1	10.9
		Total Inferred	**185.2**	**57.9**	**12.3**	**11.2**

Phosphates – Projects MINERAL RESOURCES	Attributable %	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012
Coqueiros (OP)[3]	100		Mt	Mt	$\%P_2O_5$	$\%P_2O_5$
Carbonatite Complex		Measured	1.8	1.8	10.5	10.5
Oxide		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		Measured	1.2	1.2	7.3	7.3
Fresh Rock		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.

Chapadão Mine is the formal name of the Anglo American Fosfatos Brasil Limitada Phosphate mining operation near Ouvidor (reported as Ouvidor in 2012).

(1) **Chapadão – Oxide Ore Reserves:** The decrease is primarily due to reallocation of Ore Reserves to Mineral Resources which occurred when the new resource classification methodology (balanced scorecard) was applied resulting in the downgrade of confidence of portions of the reserve. The Mine Life is also reduced as a result. The decrease is offset by the inclusion of new drilling information in the updated geological model and a re-assay and drilling program is planned to upgrade confidence in future model updates.

(2) **Chapadão – Oxide Mineral Resources:** Mineral Resources are quoted above a 6 $\%P_2O_5$ cut-off and a CaO/P_2O_5 ratio between 1 and 1.5. The increase and downgrading of the Mineral Resources is as a result of the application of the new resource classification methodology (balanced scorecard) which resulted in reallocation of Ore Reserves to Mineral Resources.

(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. The exploration drilling report submitted to Brazil's Departamento Nacional de Produção Mineral (DNPM) was approved late in 2013 and the updated estimates will be published in 2015.

PLATINUM GROUP METALS

estimates as at 31 December 2013

ANGLO AMERICAN PLATINUM LIMITED

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, 2012) 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.

Anglo American plc's interest in Anglo American Platinum Limited is 78.0%.

Platinum – South Africa Operations		Tonnes		Grade		Contained Metal		Contained Metal	
ORE RESERVES	Classification	2013	2012	2013	2012	2013	2012	2013	2012
Merensky Reef[1][2]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Proved	55.0	59.8	4.79	4.79	263.3	286.5	8.5	9.2
	Probable	17.3	22.5	4.52	4.49	78.2	100.9	2.5	3.2
	Total	**72.3**	**82.3**	**4.72**	**4.71**	**341.5**	**387.4**	**11.0**	**12.5**
UG2 Reef[1][3]	Proved	316.2	389.8	4.13	4.05	1,306.8	1,578.7	42.0	50.8
	Probable	91.0	128.6	4.20	4.46	381.7	573.6	12.3	18.4
	Total	**407.2**	**518.4**	**4.15**	**4.15**	**1,688.5**	**2,152.3**	**54.3**	**69.2**
Platreef[4]	Proved	705.8	587.5	2.73	2.75	1,925.2	1,617.3	61.9	52.0
	Proved primary ore stockpile[5]	28.7	26.7	1.59	1.72	45.7	46.0	1.5	1.5
	Probable	901.4	394.6	2.70	2.81	2,433.7	1,108.2	78.2	35.6
	Total	**1,635.9**	**1,008.9**	**2.69**	**2.75**	**4,404.6**	**2,771.5**	**141.6**	**89.1**
All Reefs	Proved	1,105.7	1,063.9	3.20	3.32	3,541.0	3,528.5	113.8	113.4
Merensky, UG2 & Platreef	Probable	1,009.6	545.7	2.87	3.27	2,893.6	1,782.7	93.0	57.3
	Total[6]	**2,115.3**	**1,609.6**	**3.04**	**3.30**	**6,434.6**	**5,311.2**	**206.9**	**170.8**
Tailings[7]	Proved	–	–	–	–	–	–	–	–
	Probable	23.7	15.9	1.08	1.02	25.5	16.1	0.8	0.5
	Total	**23.7**	**15.9**	**1.08**	**1.02**	**25.5**	**16.1**	**0.8**	**0.5**

Platinum – Zimbabwe Operations		Tonnes		Grade		Contained Metal		Contained Metal	
ORE RESERVES	Classification	2013	2012	2013	2012	2013	2012	2013	2012
Main Sulphide Zone[8]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Proved	14.1	13.9	3.72	3.85	52.3	53.4	1.7	1.7
	Probable	36.6	39.8	3.68	3.73	134.6	148.5	4.3	4.8
	Total[9]	**50.7**	**53.7**	**3.69**	**3.76**	**186.9**	**201.9**	**6.0**	**6.5**

Tonnes are quoted as dry metric tonnes.
4E PGE is the sum of Platinum, Palladium, Rhodium and Gold grades in grammes per tonne (g/t).
Contained Metal is presented in metric tonnes and million troy ounces (Moz).
Concentrator recoveries for Merensky Reef range from 86% to 89%, UG2 Reef from 82% to 87%, Platreef from 70% to 80% and Main Sulphide Zone from 70% to 78%.
Tailings reprocessing recoveries range from 30 to 40%.

(1) **Merensky Reef and UG2 Reef:** The pay limits built into the basic mining equation are directly linked to the 2014 Business plan. The pay limit is based on Cost 4 which consists of 'Direct Cash Cost' (on and off mine), 'Other Indirect Costs' and 'Stay in Business Capital' (on and off mine). The reserve pay-limit varies across all operations between 2.5g/t and 4.8g/t (4E PGE). The range is a function of various factors including depth of the orebody, geological complexity, infrastructure and economic parameters. Changes associated with the strategic review resulted in a reallocation of reported Ore Reserves to Mineral Resources mainly in the Rustenburg area and the impact thereof are reflected in the 2013 figures.

(2) **Merensky Reef:** The Ore Reserve tonnage and 4E ounce content decreased, mainly in response to economic assumptions resulting in reallocation of Ore Reserves to Mineral Resources at Rustenburg's Khomanani, Khuseleka and Thembelani mines. These decreases were partially offset by the increase in Ore Reserves mainly from Dishaba, Union and Bokoni mines where additional Mineral Resources have been converted to Ore Reserves.

(3) **UG2 Reef:** The Ore Reserve tonnage and 4E ounce content decreased largely due to economic assumptions and the resulting reallocation of Ore Reserves to Mineral Resources at the Rustenburg mines (Khuseleka, Thembelani, Khomanani, Siphumelele 1 and Siphumelele 2 – School of Mines) as well as at Tumela and Union mines. These decreases were partially offset by the increase in Ore Reserves mainly from Siphumelele 3, Dishaba and Bathopele mines where Mineral Resources have been converted to Ore Reserves.

(4) **Platreef:** For Mogalakwena North, Central and South the 4E pay limit is 1.0 g/t. For Zwartfontein South the pay limit is 1.7 g/t.
The Ore Reserves tonnage and 4E ounce content increased materially due to new drilling information allowing an upgrade in the resource confidence and hence conversion of more Mineral Resources to Ore Reserves as well as changes to the structural interpretation in the updated geological model. A revised pit design was also introduced (due to the Atlatsa refinancing transaction) which now incorporates the southern portion of the Boikgantsho project and allows deeper Mogalakwena resources to be extracted with two additional benches.

(5) **Platreef stockpiles:** Mined ore retained for future treatment and reported separately as Proved Ore Reserves but included in the Total Platreef Ore Reserves.

(6) **Alternative units – All Reefs Total:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2013 is:
Total – 2,331.7 Mton (2012: 1,774.3 Mton)
Total – 0.089 oz/ton (2012: 0.096 oz/ton)

(7) **Tailings:** Operating tailings dams are not evaluated and therefore not reported as part of the Ore Reserves. At Rustenburg mine and at Union mines, dormant tailings dams have been evaluated and are separately reported as tailings Ore Reserves.

(8) **Main Sulphide Zone:** The Ore Reserve tonnage and 4E ounce content decreased mainly due to production. Anglo American Platinum Limited currently has an effective 100% interest in Unki Mine, subject to the finalisation of the indigenisation agreement.

(9) **Alternative units – Main Sulphide Zone:** Tonnage in million short tons (Mton) and associated grade in troy ounces per short ton (oz/ton) for 2013 is:
Total – 55.8 Mton (2012: 59.2 Mton)
Total – 0.108 oz/ton (2012: 0.110 oz/ton)

PLATINUM GROUP METALS

estimates as at 31 December 2013

Platinum – South Africa Operations		Tonnes		Grade		Contained Metal		Contained Metal	
MINERAL RESOURCES	Classification	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Merensky Reef[1][2]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Measured	238.5	189.3	5.47	5.63	1,305.2	1,065.1	42.0	34.2
	Indicated	326.4	290.6	5.41	5.51	1,766.2	1,600.1	56.8	51.4
	Measured and Indicated	**564.9**	**479.9**	**5.44**	**5.55**	**3,071.4**	**2,665.2**	**98.8**	**85.7**
	Inferred (in LOM Plan)	6.6	9.8	6.47	6.33	43.0	62.1	1.4	2.0
	Inferred (ex. LOM Plan)	564.1	563.8	5.06	5.11	2,853.9	2,879.5	91.8	92.6
	Total Inferred	**570.7**	**573.6**	**5.08**	**5.13**	**2,896.9**	**2,941.6**	**93.1**	**94.6**
UG2 Reef[1][3]	Measured	656.5	475.2	5.19	5.14	3,409.5	2,441.0	109.6	78.5
	Indicated	681.4	656.4	5.16	5.13	3,516.4	3,367.8	113.1	108.3
	Measured and Indicated	**1,338.0**	**1,131.6**	**5.18**	**5.13**	**6,925.9**	**5,808.8**	**222.7**	**186.8**
	Inferred (in LOM Plan)	4.3	7.3	4.79	5.23	20.4	38.3	0.7	1.2
	Inferred (ex. LOM Plan)	596.4	604.8	5.35	5.36	3,189.4	3,239.5	102.5	104.2
	Total Inferred	**600.6**	**612.1**	**5.34**	**5.35**	**3,209.8**	**3,277.8**	**103.2**	**105.4**
Platreef[4]	Measured	155.1	151.2	2.62	2.59	406.1	391.3	13.1	12.6
	Indicated	740.9	740.7	2.17	2.11	1,605.0	1,560.9	51.6	50.2
	Measured and Indicated	**896.0**	**891.8**	**2.24**	**2.19**	**2,011.1**	**1,952.2**	**64.7**	**62.8**
	Inferred (in LOM Plan)	72.9	25.8	2.61	4.05	190.2	104.5	6.1	3.4
	Inferred (ex. LOM Plan)	1,101.9	1,560.5	1.81	2.10	1,997.5	3,284.1	64.2	105.6
	Total Inferred	**1,174.8**	**1,586.3**	**1.86**	**2.14**	**2,187.7**	**3,388.6**	**70.3**	**108.9**
All Reefs	Measured	1,050.1	815.7	4.88	4.78	5,120.8	3,897.4	164.6	125.3
Merensky, UG2 & Platreef	Indicated	1,748.8	1,687.7	3.94	3.87	6,887.6	6,528.8	221.4	209.9
	Measured and Indicated[5]	**2,798.9**	**2,503.4**	**4.29**	**4.16**	**12,008.4**	**10,426.2**	**386.1**	**335.2**
	Inferred (in LOM Plan)	83.8	43.0	3.02	4.77	253.6	204.9	8.2	6.6
	Inferred (ex. LOM Plan)	2,262.3	2,729.1	3.55	3.45	8,040.8	9,403.1	258.5	302.3
	Total Inferred	**2,346.2**	**2,772.1**	**3.54**	**3.47**	**8,294.4**	**9,608.0**	**266.7**	**308.9**
Tailings[6]	Measured	137.5	87.6	0.95	1.08	130.1	94.3	4.2	3.0
	Indicated	22.8	15.1	1.02	1.13	23.4	17.0	0.8	0.5
	Measured and Indicated	**160.3**	**102.7**	**0.96**	**1.08**	**153.5**	**111.3**	**4.9**	**3.6**
	Inferred (in LOM Plan)	–	–	–	–	–	–	–	–
	Inferred (ex. LOM Plan)	1.2	–	0.90	–	1.1	–	0.0	–
	Total Inferred	**1.2**	**–**	**0.90**	**–**	**1.1**	**–**	**0.0**	**–**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Platinum – Zimbabwe Operations		Tonnes		Grade		Contained Metal		Contained Metal	
MINERAL RESOURCES	Classification	**2013**	2012	**2013**	2012	**2013**	2012	**2013**	2012
Main Sulphide Zone[7]		Mt	Mt	4E PGE	4E PGE	4E tonnes	4E tonnes	4E Moz	4E Moz
	Measured	23.4	9.5	3.83	4.04	89.6	38.5	2.9	1.2
	Indicated	114.6	104.1	4.35	4.23	498.2	439.7	16.0	14.1
	Measured and Indicated[8]	**138.1**	**113.6**	**4.26**	**4.21**	**587.8**	**478.2**	**18.9**	**15.4**
	Inferred (in LOM Plan)	0.0	0.3	3.48	3.32	0.1	1.0	0.0	0.0
	Inferred (ex. LOM Plan)	45.1	72.3	4.64	4.58	208.9	330.8	6.7	10.6
	Total Inferred	**45.1**	**72.6**	**4.64**	**4.57**	**209.0**	**331.8**	**6.7**	**10.7**

MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

Tonnes are quoted as dry metric tonnes.
4E PGE is the sum of Platinum, Palladium, Rhodium and Gold grades in grammes per tonne (g/t).
Contained Metal is presented in metric tonnes and million troy ounces (Moz).

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) **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 'Resource Cut' width takes cognisance of the mining method and geotechnical aspects in the hanging wall or footwall of the reef.
The Mineral Resource tonnage and 4E ounce content increased due to the incorporation of the eastern part of the Ga-Phasha project (100% attributable to AAPL for 2013) into Twickenham Mine as a result of the execution of the Atlatsa refinancing transaction.
A decrease of Mineral Resources occurred at Magazynskraal due to disposal of this project.

(2) **Merensky Reef:** Additionally at Twickenham an advanced 'Resource Cut' evaluation strategy has been applied, together with new drilling information resulted in an increase in Mineral Resources. Due to economic assumptions previously reported Ore Reserves at some Rustenburg mines (Khuseleka, Thembelani, Khomanani) have been reallocated back to Mineral Resources.

(3) **UG2 Reef:** Due to economic assumptions previously reported Ore Reserves at the Rustenburg mines (Khuseleka, Thembelani, Khomanani, Siphumelele 1 and Siphumelele 2 – School of Mines) as well as at Tumela and Union mines have been reallocated back to Mineral Resources.

(4) **Platreef:** A 1.0g/t (4E PGE) cut-off is used to define Platreef Mineral Resources. As a result of conversion of Mineral Resources to Ore Reserves, the Platreef Resources decreased. 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 (5.9 Mt / 0.6 Moz). Due to the successful execution of the Atlatsa refinancing transaction, 100% of Boikgantsho is now attributable to Anglo American Platinum Limited (AAPL) and the southern portion of the Boikgantsho project has now been incorporated into the latest Mogalakwena pit design.
Remaining Boikgantsho Mineral Resources are separately tabulated and reported under Platinum – Other 3E Projects.

(5) **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 2013 is:
Measured and Indicated – 3,085.2 Mton (2012: 2,759.5 Mton)
Measured and Indicated – 0.125 oz/ton (2012: 0.121 oz/ton)

(6) **Tailings:** Operating tailings dams are not evaluated and therefore not reported as part of the Mineral Resources. At Rustenburg, Amandelbult and Union mines, dormant dams have been evaluated and the tailing forms part of the Mineral Resource statement.

(7) **Main Sulphide Zone:** The Mineral Resources tonnage and 4E ounce content decreases slightly due to new information. Oxidised material is not considered. Anglo American Platinum currently has an effective 100% interest in Southridge Limited, subject to the finalisation of the indigenisation agreement.

(8) **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 2013 is:
Measured and Indicated – 152.2 Mton (2012: 125.2 Mton)
Measured and Indicated – 0.124 oz/ton (2012: 0.123 oz/ton)

PLATINUM GROUP METALS

estimates as at 31 December 2013

Platinum – Other 3E Projects MINERAL RESOURCES	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Contained Metal 2013	Contained Metal 2012	Contained Metal 2013	Contained Metal 2012
South Africa		Mt	Mt	3E PGE	3E PGE	3E tonnes	3E tonnes	3E Moz	3E Moz
Boikgantsho[1]	Measured	–	–	–	–	–	–	–	–
Platreef	Indicated	45.5	37.0	1.22	1.30	55.4	47.9	1.8	1.5
	Measured and Indicated	**45.5**	**37.0**	**1.22**	**1.30**	**55.4**	**47.9**	**1.8**	**1.5**
	Inferred	3.3	1.8	1.14	1.14	3.8	2.1	0.1	0.1
				3E PGE	3E PGE				
Sheba's Ridge[2]	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[3]	Inferred	6.6	6.6	2.27	2.27	15.0	15.0	0.5	0.5

Tonnes are quoted as dry metric tonnes.
3E PGE is the sum of Platinum, Palladium and Gold grades in grammes per tonne (g/t).
Contained Metal is presented in metric tonnes and million troy ounces (Moz).

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) **Boikgantsho:** Anglo American Platinum Limited now holds an attributable interest of 100% of the Boikgantsho project. The increase in Mineral Resources is therefore due to the acquisition of Atlatsa's attributable interest in the project.
A cut-off grade of 1g/t (3E PGE) is applied for resource definition.

(2) **Sheba's Ridge:** Anglo American Platinum Limited holds an attributable interest of 35% of the Joint Venture between Anglo American Platinum Limited, 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.

(3) **Pedra Branca:** Anglo American Platinum Limited holds an attributable interest of 51% of the Joint Venture with 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 2013 Ore Reserve and Mineral Resource estimates stated per reef (excluding Other 3E Projects):

Operations:	Reef Types	Mining Method	AAPL %	Mine Life	Total Ore Reserves (4E Moz)
Bafokeng Rasimone Platinum Mine (BRPM)	MR/UG2	UG	33%	27	5.2
Bathopele Mine▪	UG2	UG	100%	14	3.8
Bokoni Platinum Mine	MR/UG2	UG	49%	26+	5.7
Dishaba Mine	MR/UG2	UG	100%	27+	16.3
Khuseleka Mine▪	MR/UG2	UG	100%	4	0.8
Kroondal and Marikana Platinum Mine	UG2	UG & OC	50%	9	3.5
Modikwa Platinum Mine	MR/UG2	UG	50%	21	4.4
Mogalakwena Mine	PR	OP	100%	27+	141.6
Mototolo Platinum Mine	UG2	UG	50%	5*	0.9
Pandora	UG2	UG	42.5%	26	1.0
Siphumelele 1, 2 (School of Mines) and 3 Mines▪	MR/UG2	UG	100%	28+	2.9
Thembelani Mine▪	MR/UG2	UG	100%	16	2.7
Tumela Mine	MR/UG2	UG	100%	15	6.2
Twickenham Platinum Mine	MR/UG2	UG	100%	20	4.9
Union North Mine	MR/UG2	UG	85%	18	2.5
Union South Mine	MR/UG2	UG	85%	26	4.4
Unki Mine	MSZ	UG	100%	30	6.0

Projects:	Reef Types	%
Der Brochen Project	MR/UG2	100%
Other Exploration Projects (portions of Driekop and at Rustenburg)	MR/UG2	37.5% to 100%
Rustenburg – Non-Mine Projects	MR/UG2	100%

Reef Types: MR = Merensky Reef, UG2 = UG2 Reef, PR = Platreef, MSZ = Main Sulphide Zone
Mining method: OC = Open Cut, OP = Open Pit, UG = Underground
AAPL % = 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 within the current Mining Right plus any anticipated extension to the Mining Right for which an application has been submitted and where there is reasonable expectation that this extension to be granted.
+Mine Life truncated to the last year of current Mining Right
* Only five years of Ore Reserves are declared as per Glencore-Xstrata policy
▪ Rustenburg Mines

Ga-Phasha project previously reported has now been split and incorporated into Bokoni and Twickenham mines.
Khomanani excluded from Operations table as no Ore Reserves are reported for 2013.
Anglo American Platinum Limited attributable portion of Magazynskraal project has been fully disposed of during 2013.

Changes in the Mine Life are due to AAPL conforming to the AA plc Mine Life calculation methodology, changes in economic assumptions and AAPL strategic review.

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 – Boikgantsho, Pedra Branca, Sheba's Ridge
4E Projects – Der Brochen, Other Exploration Projects, Rustenburg – Non-Mine Projects

Audits related to the generation of the Ore Reserve and Mineral Resource estimates were carried out by independent consultants during 2013 at the following operations:
Bathopele, Dishaba, Mogalakwena, Siphumelele 1, Thembelani, Twickenham and Unki mines.

DIAMONDS

estimates as at 31 December 2013

DE BEERS CANADA

The Diamond Reserve and Diamond Resource estimates were compiled in accordance with the CIM Definition Standards on Mineral Resources and Mineral Reserves. 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. The mines, located in Canada, are operated under De Beers Canada Incorporated.

De Beers Canada – Operations DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Treated Tonnes 2013	Treated Tonnes 2012	Recovered Grade 2013	Recovered Grade 2012	Saleable Carats 2013	Saleable Carats 2012
Snap Lake (UG)[1]	85.0	15	1.14		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite				Proved	–	–	–	–	–	–
				Probable	5.6	1.6	119.8	123.1	6.7	2.0
				Total	**5.6**	**1.6**	**119.8**	**123.1**	**6.7**	**2.0**
Victor (OP)[2]	85.0	5	1.50				cpht	cpht		
Kimberlite				Proved	–	–	–	–	–	–
				Probable	9.3	12.1	18.3	19.4	1.7	2.3
				Total	**9.3**	**12.1**	**18.3**	**19.4**	**1.7**	**2.3**
De Beers Canada	85.0		multiple				cpht	cpht		
TOTAL Kimerberlite				Proved	–	–	–	–	–	–
				Probable	14.9	13.7	56.4	31.7	8.4	4.3
				Total	**14.9**	**13.7**	**56.4**	**31.7**	**8.4**	**4.3**

De Beers Canada – Operations DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Carats 2013	Carats 2012
Snap Lake (UG)[1]	85.0	1.14		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	9.0	2.5	178.9	189.3	16.1	4.7
			Measured and Indicated	**9.0**	**2.5**	**178.9**	**189.3**	**16.1**	**4.7**
			Inferred	15.8	23.1	173.3	176.5	27.3	40.9
Victor (OP)[2]	85.0	1.50				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	9.7	12.9	18.7	19.3	1.8	2.5
			Measured and Indicated	**9.7**	**12.9**	**18.7**	**19.3**	**1.8**	**2.5**
			Inferred	17.3	17.9	22.6	22.2	3.9	4.0
De Beers Canada	85.0	multiple				cpht	cpht		
TOTAL Kimerberlite			Measured	–	–	–	–	–	–
			Indicated	18.7	15.4	96.1	46.9	17.9	7.2
			Measured and Indicated	**18.7**	**15.4**	**96.1**	**46.9**	**17.9**	**7.2**
			Inferred	33.0	41.1	94.5	109.2	31.2	44.8

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES

De Beers Canada – Projects DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Treated Tonnes 2013	Treated Tonnes 2012	Recovered Grade 2013	Recovered Grade 2012	Saleable Carats 2013	Saleable Carats 2012
Gahcho Kué (OP)[3]	43.4	11	1.00		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite				Proved	–	–	–	–	–	–
				Probable	31.0	31.0	153.7	153.7	47.6	47.6
				Total	**31.0**	**31.0**	**153.7**	**153.7**	**47.6**	**47.6**

De Beers Canada – Projects DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Carats 2013	Carats 2012
Gahcho Kué (OP)[3]	43.4	1.00		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	34.2	30.2	162.3	163.9	55.6	49.6
			Measured and Indicated	**34.2**	**30.2**	**162.3**	**163.9**	**55.6**	**49.6**
			Inferred	11.5	6.0	142.5	168.9	16.3	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.
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).
Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
Recovered 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:** The increase in reserves is due to reclassification of a portion of Inferred Resources to Indicated Resources based on additional information from mining and underground drilling. The decrease in LOM is due to the mining rate increasing and a re-assessment of the economic outline of the ore body that resulted in the exclusion of blocks which are no longer economic. Indicated Resources are continuously developed from information gained from underground footwall drilling ahead of the mining face, resulting in an at least 18-month rolling Probable Reserve. Reserve development beyond 18 months is considered impractical due to technical and cost considerations.

(2) **Victor:** The decrease is primarily due to production as well as refinement of the geological model.
The Stockpile Resource estimates at a 1.50 mm BCO of 25 k¢ (0.2 Mt at 13.2 cpht) Indicated Resource are excluded from the table.
Tango Extension Pipe is reported as part of the Victor Resource and comprises 3.0M¢ in 13.4 Mt at a grade of 22.9 cpht (BCO is 1.50mm).

(3) **Gahcho Kué:** The increase in resources is due to completion of a deep drilling campaign at the Tuzo pipe.
The project approval is subject to the successful conclusion of permitting and regulatory approvals.
Gahcho Kué is a 51:49% Joint Venture between De Beers Canada Inc. and Mountain Province Diamonds Inc.

DIAMONDS

estimates as at 31 December 2013

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. The mines, located in South Africa, are operated under De Beers Consolidated Mines Proprietary Limited (DBCM). DBCM is indirectly owned, through DBCM Holdings, by De Beers Société Anonyme (74%) and its broad based black economic empowerment partner Ponahalo Investments Proprietary Limited (26%).

De Beers Consolidated Mines – Operations DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Treated Tonnes 2013	Treated Tonnes 2012	Recovered Grade 2013	Recovered Grade 2012	Saleable Carats 2013	Saleable Carats 2012
Venetia[1]	62.9	31	1.00		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite (OP)[2]				Proved	–	–	–	–	–	–
				Probable	31.3	33.6	96.3	97.5	30.1	32.8
				Total	**31.3**	**33.6**	**96.3**	**97.5**	**30.1**	**32.8**
Kimberlite (UG)[3]				Proved	–	–	–	–	–	–
Life Extension Project				Probable	91.3	91.4	74.2	76.5	67.7	70.0
				Total	**91.3**	**91.4**	**74.2**	**76.5**	**67.7**	**70.0**
De Beers Consolidated Mines	62.9		1.00				cpht	cpht		
TOTAL Kimberlite				Proved	–	–	–	–	–	–
				Probable	122.6	125.0	79.8	82.2	97.9	102.7
				Total	**122.6**	**125.0**	**79.8**	**82.2**	**97.9**	**102.7**

De Beers Consolidated Mines – Operations DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Carats 2013	Carats 2012
Namaqualand (OC)[4]	62.9	multiple[3]		Mt	Mt	cpht	cpht	M¢	M¢
Beach and Fluvial Placers			Measured	–	–	–	–	–	–
			Indicated	19.3	19.3	10.9	10.9	2.1	2.1
			Measured and Indicated	**19.3**	**19.3**	**10.9**	**10.9**	**2.1**	**2.1**
			Inferred	70.8	70.8	4.8	4.8	3.4	3.4
Venetia	62.9	1.00				cpht	cpht		
Kimberlite (OP)[2]			Measured	–	–	–	–	–	–
			Indicated	32.3	34.2	103.4	103.5	33.4	35.4
			Measured and Indicated	**32.3**	**34.2**	**103.4**	**103.5**	**33.4**	**35.4**
			Inferred	27.9	29.6	17.5	18.1	4.9	5.4
Kimberlite (UG)			Measured	–	–	–	–	–	–
Life Extension Project			Indicated	108.0	109.9	87.8	86.9	94.8	95.5
			Measured and Indicated	**108.0**	**109.9**	**87.8**	**86.9**	**94.8**	**95.5**
			Inferred	69.9	70.1	85.5	88.1	59.8	61.8
Voorspoed (OP)[5]	62.9	1.47				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
			Inferred	33.0	37.9	21.9	21.6	7.2	8.2
De Beers Consolidated Mines	62.9	multiple				cpht	cpht		
TOTAL Kimberlite, Beach and Placer			Measured	–	–	–	–	–	–
			Indicated	159.5	163.3	81.7	81.4	130.3	133.0
			Measured and Indicated	**159.5**	**163.3**	**81.7**	**81.4**	**130.3**	**133.0**
			Inferred	201.6	208.4	37.3	37.8	75.3	78.7

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES.

De Beers Consolidated Mines – Tailings Operations DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Carats 2013	Carats 2012
Kimberley Mines[6]	62.9	1.15		Mt	Mt	cpht	cpht	M¢	M¢
Tailings Mineral Resource			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
			Inferred	32.1	38.2	12.1	12.2	3.9	4.7

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.
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).
Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
Recovered 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:** The LOM is stated as 31 years which reflects the full duration of the current Venetia consolidated OP and UG Life of Mine Plan.
(2) **Venetia (OP):** The Life of Mine plan includes the K01, K02 and K03 pipes. The 2014 mine plan includes a significant portion of Inferred Resources. The Old Recovery Tailings Resource estimate at a 1.00 mm BCO of 2.5 M¢ (0.1 Mt at 3844.6 cpht) Inferred Resource is excluded from the table.
(3) **Venetia (UG):** The reserves decrease due to a change in the mine design for the K02 pipe which transfers material to the open pit portion of the mine.
(4) **Namaqualand:** Bottom screen cut off details for Indicated and Inferred Resource estimates are as follows:
1.00 mm BCO: Indicated – 1.1 M¢ (5.3 Mt at 20.9 cpht); Inferred – 2.2 M¢ (28.7 Mt at 7.6 cpht)
1.15 mm BCO: Indicated – 1.0 M¢ (13.9 Mt at 7.0 cpht); Inferred – 0.9 M¢ (41.6 Mt at 2.3 cpht)
1.47 mm BCO: Indicated – 20 k¢ (0.2 Mt at 13.0 cpht); Inferred – 0.3 M¢ (0.5 Mt at 60.2 cpht)
The sale of the Namaqualand Mines to the Trans Hex Group is in progress and expected to conclude in 2014.
(5) **Voorspoed:** The change is due to production. The Mining License was approved on 10 October 2006 and construction commenced in the same month after the mine being dormant for nine decades. Mining is entirely based on Inferred Resources due to the uncertainty associated with current geoscientific knowledge. Some studies to improve resource confidence were completed late in 2013.
(6) **Kimberley Mines:** 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 are being treated. The Stockpile estimates at a 1.15mm BCO of 37 k¢ (299 kt at 12.4 cpht) Inferred Resource are excluded from the table.

DIAMONDS

estimates as at 31 December 2013

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. In Botswana the mines are owned in equal share by De Beers Société Anonyme and the Government of the Republic of Botswana through the Debswana Diamond Company joint venture.

Debswana – Operations DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Treated Tonnes 2013	Treated Tonnes 2012	Recovered Grade 2013	Recovered Grade 2012	Saleable Carats 2013	Saleable Carats 2012
Damtshaa (OP)[1]	42.5	19	1.65		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite				Proved	–	–	–	–	–	–
				Probable	25.0	25.0	16.6	16.6	4.1	4.1
				Total	**25.0**	**25.0**	**16.6**	**16.6**	**4.1**	**4.1**
Jwaneng (OP)[2]	42.5	18	1.47				cpht	cpht		
Kimberlite				Proved	–	–	–	–	–	–
				Probable	61.8	70.1	125.2	126.0	77.3	88.3
				Total	**61.8**	**70.1**	**125.2**	**126.0**	**77.3**	**88.3**
Letlhakane (OP)[3]	42.5	4	1.65				cpht	cpht		
Kimberlite				Proved	–	–	–	–	–	–
				Probable	3.2	4.7	19.9	16.9	0.6	0.8
				Total	**3.2**	**4.7**	**19.9**	**16.9**	**0.6**	**0.8**
Orapa (OP)[4]	42.5	16	1.65				cpht	cpht		
Kimberlite				Proved	–	–	–	–	–	–
				Probable	140.3	146.1	63.8	58.7	89.6	85.7
				Total	**140.3**	**146.1**	**63.8**	**58.7**	**89.6**	**85.7**
Debswana Diamond Company	42.5		multiple				cpht	cpht		
TOTAL Kimberlite				Proved	–	–	–	–	–	–
				Probable	230.3	245.8	74.6	72.8	171.7	179.0
				Total	**230.3**	**245.8**	**74.6**	**72.8**	**171.7**	**179.0**

Debswana – Operations DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Carats 2013	Carats 2012
Damtshaa (OP)[1]	42.5	1.65		Mt	Mt	cpht	cpht	M¢	M¢
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	29.3	29.3	21.5	21.5	6.3	6.3
			Measured and Indicated	**29.3**	**29.3**	**21.5**	**21.5**	**6.3**	**6.3**
			Inferred	20.2	20.5	24.3	23.6	4.9	4.8
Jwaneng (OP)[2]	42.5	1.47				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	61.8	70.1	119.5	120.4	73.8	84.3
			Measured and Indicated	**61.8**	**70.1**	**119.5**	**120.4**	**73.8**	**84.3**
			Inferred	258.6	259.9	104.1	103.5	269.3	269.1
Letlhakane (OP)[3]	42.5	1.65				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	15.3	27.4	28.4	28.6	4.3	7.8
			Measured and Indicated	**15.3**	**27.4**	**28.4**	**28.6**	**4.3**	**7.8**
			Inferred	3.2	8.3	17.0	27.2	0.6	2.2
Orapa (OP)[4]	42.5	1.65				cpht	cpht		
Kimberlite			Measured	–	–	–	–	–	–
			Indicated	155.5	167.3	70.9	71.2	110.3	119.1
			Measured and Indicated	**155.5**	**167.3**	**70.9**	**71.2**	**110.3**	**119.1**
			Inferred	349.7	349.8	72.5	72.5	253.4	253.5
Debswana Diamond Company	42.5	multiple				cpht	cpht		
TOTAL Kimberlite			Measured	–	–	–	–	–	–
			Indicated	261.9	294.1	74.4	74.0	194.8	217.6
			Measured and Indicated	**261.9**	**294.1**	**74.4**	**74.0**	**194.8**	**217.6**
			Inferred	631.7	638.5	83.6	83.0	528.2	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.
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).
Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
Recovered 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:** The increase in the Life of Mine is due to the inclusion of additional Inferred Resources in the mine plan. Higher grade Inferred Resources from the BK/12 Kimberlite are mined for the first five years before including Probable Reserves from BK/9. The BK/9 and BK/12 Stockpile Inferred Resource estimates at a 1.65mm BCO of 0.3 M¢ (1.9 Mt at13.4 cpht) are excluded from the table.

(2) **Jwaneng:** The decrease is primarily due to production. The 2013 Life of Mine Plan includes the Cut 8 estimates of 96 Mt of ore to be treated containing an estimated 113 M¢ (North, Centre and South pipes excluding the 4th pipe which is mined as part of waste stripping and stockpiled). Scheduled Inferred Resources (below 401m) included in the Cut 8 estimates constitute 77% (86.7 M¢) of the estimated carats. The Jwaneng Resource Extension Project (JREP) is expected to increase the resource confidence at depth and upgrade a significant portion of Inferred Resources to Indicated. The DK/2 Stockpile estimates at a 1.47mm BCO, consisting of 1.1 M¢ (0.8 Mt at 138.6 cpht) Indicated Resources and 4.4 M¢ (10.0 Mt at 43.7 cpht) Inferred Resources are excluded from the table.

(3) **Letlhakane:** The decrease in the Kimberlite resources is due to depletion. Higher anticipated plant recoveries result in the slightly higher TMR reserve grade than resource grade. DK/1 and DK/2 Stockpile estimates at a 1.65mm BCO of 0.6 M¢ (3.5 Mt at 16.9 cpht) Inferred Resource are excluded from the table.

(4) **Orapa:** The decrease in treated tonnes is due to production. The decrease in LOM tonnes reflects the temporary exclusion of Cut 3 pending further studies incorporating additional information from the Orapa Resource Extension Program (OREP) which is expected to increase resource confidence at depth resulting in an upgrade of a large portion of Inferred Resources to Indicated. The increase in saleable carats is due to reduced plant losses (improved plant factors) and mine design changes. The AK/1 Stockpile estimates at a1.65mm BCO of 6.2 M¢ (13.6 Mt at 45.7 cpht) Inferred Resource 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 2013 at the following operations: Orapa.

DIAMONDS

estimates as at 31 December 2013

Debswana – Operations DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Carats 2013	Carats 2012
Jwaneng	42.5	1.47		Mt	Mt	cpht	cpht	M¢	M¢
Tailings Mineral Resource			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
			Inferred	37.0	–	45.9	–	17.0	–
Orapa	42.5	1.65				cpht	cpht		
Tailings Mineral Resource			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
			Inferred	147.8	–	58.2	–	86.1	–
Debswana Diamond Company	42.5	multiple				cpht	cpht		
TOTAL Tailings Mineral Resource			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
			Inferred	184.9	–	55.8	–	103.1	–

Debswana – Projects DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	Treated Tonnes 2013	Treated Tonnes 2012	Recovered Grade 2013	Recovered Grade 2012	Saleable Carats 2013	Saleable Carats 2012
Letlhakane[3]	42.5	27	1.15		Mt	Mt	cpht	cpht	M¢	M¢
Tailings Mineral Resources				Proved	–	–	–	–	–	–
				Probable	34.9	–	25.4	–	8.9	–
				Total	**34.9**	**–**	**25.4**	**–**	**8.9**	**–**

Debswana – Projects DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Tonnes 2013	Tonnes 2012	Grade 2013	Grade 2012	Carats 2013	Carats 2012
Letlhakane[3]	42.5	1.15		Mt	Mt	cpht	cpht	M¢	M¢
Tailings Mineral Resources			Measured	–	–	–	–	–	–
			Indicated	34.9	–	24.8	–	8.6	–
			Measured and Indicated	**34.9**	**–**	**24.8**	**–**	**8.6**	**–**
			Inferred	49.6	–	27.1	–	13.4	–

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES.

LOM = Life of Mine (years) is based on scheduled Probable Reserves including Indicated and some Inferred Resources considered for Life of Mine planning.
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).
Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
Recovered 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.

DIAMONDS

estimates as at 31 December 2013

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. As of 1 October 2011 Namdeb Holdings (Pty) Ltd (NDBH), a 50/50 joint venture between De Beers Société Anonyme and the Government of the Republic of Namibia, holds the licences for both the land and sea operations. In addition, NDBH holds 100% ownership of the operating companies, Namdeb Diamond Corporation (Pty) Ltd and De Beers Marine Namibia (Pty) Ltd.

Namdeb Holdings – Terrestrial Operations					Treated Tonnes		Recovered Grade		Saleable Carats	
DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	**2013**	2012	**2013**	2012	**2013**	2012
Elizabeth Bay (OC)[1]	42.5	5	1.40		kt	kt	cpht	cpht	k¢	k¢
Aeolian and Marine				Proved	–	–	–	–	–	–
				Probable	1,076	1,808	13.01	12.78	140	231
				Total	**1,076**	**1,808**	**13.01**	**12.78**	**140**	**231**
Mining Area 1 (OC)[2]	42.5	10	2.00				cpht	cpht		
Beaches				Proved	–	–	–	–	–	–
				Probable	3,124	1,023	0.51	7.26	16	74
				Total	**3,124**	**1,023**	**0.51**	**7.26**	**16**	**74**
Orange River (OC)[3]	42.5	10	3.00				cpht	cpht		
Fluvial Placers				Proved	–	–	–	–	–	–
				Probable	36,711	34,994	0.95	1.03	349	359
				Total	**36,711**	**34,994**	**0.95**	**1.03**	**349**	**359**
Namdeb Holdings	42.5		multiple				cpht	cpht		
TOTAL Terrestrial				Proved	–	–	–	–	–	–
				Probable	40,911	37,825	1.23	1.76	505	664
				Total	**40,911**	**37,825**	**1.23**	**1.76**	**505**	**664**

Namdeb Holdings – Offshore Operations					Area		Recovered Grade		Saleable Carats	
DIAMOND RESERVES	Attributable %	LOM	BCO (mm)	Classification	**2013**	2012	**2013**	2012	**2013**	2012
Atlantic 1 (MM)[4]	42.5	15	1.47		k m^2	k m^2	cpm^2	cpm^2	k¢	k¢
Marine Placer				Proved	–	–	–	–	–	–
				Probable	69,642	57,033	0.08	0.09	5,504	4,935
				Total	**69,642**	**57,033**	**0.08**	**0.09**	**5,504**	**4,935**

Namdeb Holdings – Terrestrial Operations				Tonnes		Grade		Carats	
DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	**2013**	2012	**2013**	2012	**2013**	2012
Bogenfels (OC)[5]	42.5	multiple[2]		kt	kt	cpht	cpht	k¢	k¢
Pocket Beach and Deflation			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	**–**	**–**	**–**	**–**	**–**	**–**
			Inferred	10,955	10,955	6.75	6.75	740	740
Douglas Bay (OC)	42.5	1.40				cpht	cpht		
Aeolian and Deflation			Measured	–	–	–	–	–	–
			Indicated	2,269	1,502	7.05	7.39	160	111
			Measured and Indicated	**2,269**	**1,502**	**7.05**	**7.39**	**160**	**111**
			Inferred	127	1,959	0.79	2.40	1	47
Elizabeth Bay (OC)	42.5	1.40				cpht	cpht		
Aeolian, Marine and Deflation			Measured	–	–	–	–	–	–
			Indicated	2,491	4,718	11.20	11.62	279	548
			Measured and Indicated	**2,491**	**4,718**	**11.20**	**11.62**	**279**	**548**
			Inferred	29,032	54,034	7.88	4.12	2,289	2,224
Mining Area 1 (OC)[2]	42.5	2.00				cpht	cpht		
Beaches			Measured	–	–	–	–	–	–
			Indicated	21,270	17,597	0.81	1.01	172	178
			Measured and Indicated	**21,270**	**17,597**	**0.81**	**1.01**	**172**	**178**
			Inferred	283,369	281,564	1.18	1.09	3,344	3,082
Orange River (OC)	42.5	3.00				cpht	cpht		
Fluvial Placers			Measured	–	–	–	–	–	–
			Indicated	93,347	109,725	0.54	0.50	503	544
			Measured and Indicated	**93,347**	**109,725**	**0.54**	**0.50**	**503**	**544**
			Inferred	45,658	44,997	0.35	0.35	162	157
Namdeb Holdings	42.5	multiple				cpht	cpht		
TOTAL Terrestrial			Measured	–	–	–	–	–	–
			Indicated	119,377	133,542	0.93	1.03	1,114	1,381
			Measured and Indicated	**119,377**	**133,542**	**0.93**	**1.03**	**1,114**	**1,381**
			Inferred	369,141	393,509	1.77	1.59	6,536	6,250

DIAMOND RESOURCES INCLUDE DIAMOND RESERVES.

DIAMONDS

estimates as at 31 December 2013

Namdeb Holdings – Offshore Operations DIAMOND RESOURCES	Attributable %	BCO (mm)	Classification	Area 2013	Area 2012	Grade 2013	Grade 2012	Carats 2013	Carats 2012
Atlantic 1 (MM)[4]	42.5	1.47		k m²	k m²	cpm²	cpm²	k¢	k¢
Marine			Measured	–	–	–	–	–	–
			Indicated	126,801	114,190	0.09	0.09	11,349	10,773
			Measured and Indicated	**126,801**	**114,190**	**0.09**	**0.09**	**11,349**	**10,773**
			Inferred	1,042,516	1,028,119	0.09	0.09	90,044	89,637
Midwater (MM)[6]	42.5	2.00				cpm²	cpm²		
Aeolian, Fluvial and Marine			Measured	–	–	–	–	–	–
			Indicated	2,533	1,339	0.19	0.25	492	330
			Measured and Indicated	**2,533**	**1,339**	**0.19**	**0.25**	**492**	**330**
			Inferred	12,720	11,336	0.07	0.09	930	1,031
Namdeb Holdings	42.5	multiple				cpm²	cpm²		
TOTAL Offshore			Measured	–	–	–	–	–	–
			Indicated	129,334	115,529	0.09	0.10	11,841	11,103
			Measured and Indicated	**129,334**	**115,529**	**0.09**	**0.10**	**11,841**	**11,103**
			Inferred	1,055,236	1,039,455	0.09	0.09	90,974	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.
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).
Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
Recovered 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) **Elizabeth Bay:** The decrease is primarily due to production.

(2) **Mining Area 1:** The increase in treated tonnes is due to inclusion of lower grade material included in the 2013 Life of Mine Plan as a result of geological contact changes and a resource model update. The decrease in grade (and carats) is due to depletion of high grade material, the inclusion of the lower grade material and the exclusion of high grade material currently situated under mine infrastructure.
Incremental Inferred Resource development is dependent on 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 build-up derived from current mining and dredging activities. The Overburden Stockpile estimates at a 2.00mm BCO of 33 k¢ (9,227 kt at 0.36 cpht) Inferred Resource, the DMS and Recovery Tailings Resource estimates at a 2.00mm BCO of 751 k¢ (64,427 kt at 1.17 cpht) Inferred Resource are excluded from the table.

(3) **Orange River:** The mining transition from Daberas to Sendelingsdrif will be completed within the next three years.

(4) **Atlantic 1:** The increase in reserve carats is due to new information allowing conversion of additional resources to reserves and a faster mining rate which allows a lowering of the cut-off grade. Due to the high costs associated with resource development, Indicated Resources are developed on an annual basis, resulting in a 24 month rolling reserve.

(5) **Bogenfels:** Bottom screen cut off details for Inferred Resource estimates are as follows:
1.40 mm BCO: 510 k¢ (7,910 kt at 6.47 cpht);
2.00 mm BCO: 230 k¢ (3,040 kt at 7.50 cpht).

(6) **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.

Operations	LOM Plan (years)	LOM Plan Final Year	Mining Licence Last Year	% Inferred carats in LOM Plan
DBCi – Snap Lake	15	2028	2021 / 2023	66%
DBCi – Victor	5	2018	2024	31%
DBCM – Venetia	31	2044	2038	22%
DBCM – Voorspoed	8	2021	2023	100%
DBCM – Kimberly Mines	5	2018	2040	100%
Debswana – Damtshaa	19	2032	2029	43%
Debswana – Jwaneng	18	2031	2029	64%
Debswana – Letlhakane (Kimberlite)	4	2017	2029	59%
Debswana – Orapa	16	2029	2029	49%
Namdeb Terrestrial – Elizabeth Bay	5	2018	2020	50%*
Namdeb Terrestrial – Mining Area 1	10	2023	2020	50%*
Namdeb Terrestrial – Orange River	10	2023	2020	50%*
Namdeb Offshore – Atlantic 1	15	2028	2020	87%**

* Elizabeth Bay, Mining Area 1 and Orange River are integrated into a single mine plan.
** Assumes that pre-production sampling will upgrade Inferred Resources to Indicated Resources prior to mining.

ATTRIBUTABLE RETURN ON CAPITAL EMPLOYED (ROCE) DEFINITION

Attributable ROCE Definitions:

- Return on capital employed is a ratio that measures the efficiency and profitability of a company's capital investments. It displays how effectively assets are generating profit for the size of invested capital.
- ROCE is calculated as underlying operating profit divided by capital employed.
- Adjusted ROCE calculation is underlying operating profit divided by adjusted capital employed. Adjusted capital employed is net assets excluding net debt and financial asset investments, adjusted for remeasurements of a previously held equity interest as a result of business combinations and impairments incurred in the current year and reported since 10 December 2013.
- Attributable ROCE is the return on the adjusted capital employed attributable to equity shareholders of Anglo American, and therefore excludes the portion of underlying operating profit and capital employed attributable to non-controlling interests in operations where Anglo American has control but does not hold 100% of the equity. Joint ventures, joint operations and associates are included in their proportionate interest and in line with appropriate accounting treatment.

Adjustments

- Structural adjustments for the De Beers acquisition assuming ownership of 85% of De Beers for 1 January 2012 and disposals from Anglo American Sur assuming ownership of 50.1% from the start of 2012 will be included;
- The De Beers fair value uplift which resulted from the revaluing upward of Anglo American plc's existing 45% share of De Beers will be removed from opening 2012 capital employed onwards;
- Impairments announced after 10 December 2013 are not removed from total capital employed;
- The impairments and disposals which will be removed from opening capital employed from 2012 and onwards, on a post-tax basis, are:
  - Pebble loss on exit
  - Michiquillay impairment
  - Barro Alto furnace write-down consequent on the rebuild of both furnaces (not the impairment)
  - Khomanani, Khuseleka 2 and Union Mine North declines, plus 2012 Platinum project asset scrappings
  - Isibonelo and Kleinkopje impairments.

In 2012, Anglo American took an impairment on Minas-Rio and asset scrappings in Platinum. These have been removed from the 2012 opening capital employed balance, on a post-tax basis, for consistency.

Attributable ROCE is based on realised prices and foreign exchange rates, and includes the above adjustments to capital employed.

The 2013 attributable operating profit of $4,369 million is the underlying operating profit attributable to equity shareholders of Anglo American plc.

Reconciliation of total capital employed to Average Attributable Capital Employed

US$ billion	31 December 2013	31 December 2012	1 January 2012
Net assets	**37**	44	43
Less: financial asset investments	**(2)**	(2)	(3)
Add: net debt	**11**	9	1
Less: De Beers fair value adjustment on 45% pre-existing stake[1]	**(1)**	(2)	–
Total capital employed	**45**	48	41
Less:			
Impairments taken in 2012[2]	**–**	–	(5)
Impairments taken in 2013 that had been announced before 10 December 2013[3]	**–**	(1)	(1)
Add:			
2013 impairment where no benefit taken for attributable ROCE purposes[4]	**1**	–	–
Structural assumptions – De Beers increase holding to a subsidiary[5]	**–**	–	8
Total capital employed	**46**	46	43
Less: non-controlling interest capital employed	**(7)**	(7)	(4)
Structural assumptions – Remove non-controlling interest relating to De Beers consolidation[5]	**–**	–	(1)
Structural assumptions – Remove non-controlling interest relating to Anglo American Sur disposal[6]	**–**	–	(1)
Closing attributable non-controlling interest adjustment	**(7)**	(7)	(6)
Closing attributable capital employed	**39**	40	37
Average attributable capital employed	**39**	38	–

(1) Removal of the accounting fair value uplift adjustment on the Group's existing 45% holding following acquisition of control on 16 August 2012.
(2) 2012 impairments (post-tax): Minas-Rio ($4.0 billion) and Platinum operations impairment ($0.6 billion).
(3) 2013 impairments and disposals (post-tax) reducing capital employed: Barro Alto furnace ($0.2 billion), Platinum portfolio review ($0.3 billion), Michiquillay ($0.3 billion), Isibonelo and Kleinkopje ($0.2 billion), disposal of Amapá ($0.2 billion) and Pebble ($0.3 billion).
(4) 2013 impairments (post-tax) not removed from capital employed: Barro Alto impairment ($0.5 billion) and Foxleigh ($0.2 billion).
(5) De Beers has been consolidated into the Group's results since its acquisition on 16 August 2012. An adjustment has been made to the 2012 capital employed total to increase to 100% of De Beers for the full year (net of fair value uplift) and the non-controlling interest of 15% stripped out within NCI capital employed, so that 2012 and 2013 ROCE figures are comparable.
(6) The disposal of 25.4% of Anglo American Sur in 2012. An adjustment has been made to the 2012 non-controlling interest capital employed to reduce the holding in Anglo American Sur to 50.1% for the full year, so that 2012 and 2013 ROCE figures are comparable.

PRODUCTION STATISTICS

The figures below include the entire output of consolidated entities and the Group's attributable share of joint arrangements and associates where applicable, except for Collahuasi in the Copper segment and De Beers which are quoted on a 100% basis.

	2013	2012
Iron Ore and Manganese segment (tonnes)		
Kumba Iron Ore		
Lump	**25,496,000**	26,580,500
Fines	**16,877,100**	16,484,600
Total Kumba production	**42,373,100**	43,065,100
Sishen	**30,938,500**	33,696,700
Kolomela	**10,808,700**	8,544,900
Thabazimbi	**625,900**	823,500
Total Kumba production	**42,373,100**	43,065,100
Kumba sales volume		
RSA export iron ore	**39,076,000**	39,657,000
RSA domestic iron ore	**4,631,400**	4,683,000
Samancor		
Manganese ore[1]	**3,301,700**	3,347,800
Manganese alloys[1][2]	**251,100**	198,400
Samancor sales volume		
Manganese ore	**3,262,100**	3,212,400
Manganese alloys	**248,700**	236,000
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Metallurgical – Export Coking	**11,711,600**	10,484,700
Metallurgical – Export PCI	**5,260,200**	5,802,700
Thermal – Export	**6,264,000**	6,045,900
Thermal – Domestic	**6,239,400**	6,924,600
Total Australian Metallurgical Coal segment coal production	**29,475,200**	29,257,900
Canada		
Metallurgical – Export Coking	**1,663,800**	1,376,900
Metallurgical – Export PCI	**20,000**	–
Total Metallurgical Coal segment coal production	**31,159,000**	30,634,800
Australia		
Callide	**6,317,800**	7,464,000
Capcoal	**6,061,400**	6,022,400
Dawson	**3,985,700**	4,593,500
Drayton	**3,710,700**	3,663,300
Foxleigh	**1,966,600**	1,896,000
Jellinbah	**2,516,500**	2,073,200
Moranbah North	**4,916,500**	3,545,500
Total Australian Metallurgical Coal segment coal production	**29,475,200**	29,257,900
Canada		
Peace River Coal	**1,683,800**	1,376,900
Total Metallurgical Coal segment coal production	**31,159,000**	30,634,800
Weighted average achieved FOB prices		
Metallurgical – Export[3] US$/tonne	**140**	178
Thermal – Export US$/tonne	**84**	96
Thermal – Domestic US$/tonne	**39**	37
Sales volumes		
Metallurgical – Export[4]	**19,044,500**	17,413,000
Thermal – Export	**6,371,600**	6,042,600
Thermal – Domestic	**6,125,400**	6,920,900
Thermal Coal segment		
South Africa		
Thermal – Export	**17,031,300**	17,132,100
Thermal – Domestic (Eskom)	**33,567,400**	33,706,400
Thermal – Domestic (Other)	**5,992,000**	6,219,100
Metallurgical – Domestic	**–**	74,100
Total South African Thermal Coal production	**56,590,700**	57,131,700
Colombia		
Thermal – Export	**11,001,500**	11,548,800
Total Thermal Coal segment coal production	**67,592,200**	68,680,500

(1) Saleable production.
(2) Production includes medium carbon ferro-manganese.
(3) Within export coking and export PCI coals there are different grades of coal with different weighted average prices compared to benchmark.
(4) Includes both hard coking coal and PCI sales volumes.

			2013	2012
Coal (tonnes) (continued)				
Thermal Coal segment (continued)				
South Africa				
Goedehoop			**4,680,800**	4,859,900
Greenside			**3,269,500**	2,883,200
Isibonelo			**5,066,800**	5,399,200
Kleinkopje			**3,997,200**	3,765,500
Kriel			**8,102,700**	8,096,900
Landau			**4,084,000**	4,272,300
Mafube			**1,825,400**	1,804,100
New Denmark			**3,586,900**	3,401,200
New Vaal			**17,105,700**	17,623,300
Zibulo			**4,871,700**	5,026,100
Total South African Thermal Coal production			**56,590,700**	57,131,700
Colombia				
Carbones del Cerrejón			**11,001,500**	11,548,800
Total Thermal Coal segment coal production			**67,592,200**	68,680,500
Weighted average achieved FOB prices				
South Africa				
Thermal – Export US$/tonne			**77**	92
Thermal – Domestic US$/tonne			**19**	21
Colombia				
Thermal – Export US$/tonne			**73**	89
Sales volumes				
South Africa				
Thermal – Export			**17,501,800**	17,150,600
Thermal – Domestic			**39,044,100**	40,018,000
Colombia				
Thermal – Export			**11,152,500**	10,925,600
Total Thermal Coal sales			**67,698,400**	68,094,200
Copper segment[1]				
Collahuasi				
100% basis (Anglo American share 44%)				
Ore mined		tonnes	**80,955,500**	74,647,600
Ore processed	Oxide	tonnes	**7,028,900**	8,081,400
	Sulphide	tonnes	**47,559,000**	43,618,600
Ore grade processed	Oxide	% ASCu[2]	**0.81**	0.88
	Sulphide	% TCu[3]	**1.07**	0.76
Production	Copper cathode	tonnes	**28,400**	36,800
	Copper in concentrate	tonnes	**416,100**	245,300
Total copper production for Collahuasi		tonnes	**444,500**	282,100
Anglo American's share of copper production for Collahuasi[4]		tonnes	**195,600**	124,100
Anglo American Sur				
Los Bronces mine[5]				
Ore mined		tonnes	**56,938,200**	49,766,500
Marginal ore mined		tonnes	**17,221,300**	17,854,200
Ore processed	Sulphide	tonnes	**51,960,500**	45,854,800
Ore grade processed	Sulphide	% TCu	**0.83**	0.84
Production	Copper cathode	tonnes	**37,700**	40,800
	Copper in sulphate	tonnes	**600**	2,500
	Copper in concentrate	tonnes	**378,000**	322,000
Production total		tonnes	**416,300**	365,300
El Soldado mine[5]				
Ore mined		tonnes	**8,576,700**	8,544,500
Ore processed	Sulphide	tonnes	**7,312,500**	7,782,300
Ore grade processed	Sulphide	% TCu	**0.88**	0.83
Production	Copper cathode	tonnes	**1,100**	2,000
	Copper in concentrate	tonnes	**50,400**	51,800
Production total		tonnes	**51,500**	53,800
Chagres smelter[5]				
Ore smelted		tonnes	**149,800**	142,900
Production		tonnes	**145,200**	138,700
Total copper production for Anglo American Sur		tonnes	**467,800**	419,100

(1) Excludes Anglo American Platinum's copper production.
(2) ASCu = acid soluble copper.
(3) TCu = total copper.
(4) Anglo American's share of Collahuasi production is 44%.
(5) Anglo American previously held 74.5% of Anglo American Sur; as from 24 August 2012, it held 50.1%. Production is stated at 100% as Anglo American continues to consolidate Anglo American Sur.

			2013	2012
Copper segment (continued)				
Anglo American Norte				
Mantos Blancos mine				
Ore processed	Sulphide	tonnes	**4,329,600**	4,393,200
Ore grade processed	Sulphide	% ICu[1]	**0.65**	0.64
Production	Copper cathode	tonnes	**29,500**	29,200
	Copper in concentrate	tonnes	**25,100**	25,000
Production total		tonnes	**54,600**	54,200
Mantoverde mine				
Ore processed	Oxide	tonnes	**10,385,200**	10,460,400
	Marginal ore	tonnes	**8,280,400**	8,671,700
Ore grade processed	Oxide	% ASCu[2]	**0.57**	0.63
	Marginal ore	% ASCu[2]	**0.25**	0.25
Production	Copper cathode	tonnes	**56,800**	62,300
Total copper production for Anglo American Norte		tonnes	**111,400**	116,500
Total Copper segment copper production		tonnes	**1,023,700**	817,700
Total attributable copper production[3]		tonnes	**774,800**	659,700
Attributable sales volumes		tonnes	**768,200**	643,600
Nickel segment				
Barro Alto				
Ore mined		tonnes	**1,999,000**	1,844,400
Ore processed		tonnes	**1,616,300**	1,422,100
Ore grade processed		% Ni	**1.82**	1.94
Production		tonnes	**25,100**	21,600
Codemin				
Ore mined		tonnes	**6,800**	–
Ore processed		tonnes	**602,400**	581,100
Ore grade processed		% Ni	**1.71**	1.81
Production		tonnes	**9,300**	9,600
Loma de Níquel				
Ore mined		tonnes	**–**	432,900
Ore processed		tonnes	**–**	767,400
Ore grade processed		% Ni	**–**	1.40
Production		tonnes	**–**	8,100
Total Nickel segment nickel production[4]		tonnes	**34,400**	39,300
Sales volumes		tonnes	**33,800**	40,000
Niobium and Phosphates segment				
Niobium				
Ore mined		tonnes	**1,228,809**	933,203
Ore processed		tonnes	**963,118**	973,484
Ore grade processed		% Nb	**1.16**	1.21
Production		tonnes	**4,500**	4,400
Phosphates				
Concentrate		tonnes	**1,406,300**	1,357,100
Phosphoric acid		tonnes	**317,100**	299,800
Fertiliser[5]		tonnes	**1,199,000**	1,127,600
Dicalcium phosphate (DCP)		tonnes	**159,600**	150,000
Platinum segment				
Refined production				
Platinum		troy ounces	**2,379,500**	2,378,600
Palladium		troy ounces	**1,380,800**	1,395,900
Rhodium		troy ounces	**294,700**	310,700
Copper refined[6]		tonnes	**8,300**	11,400
Copper matte[6]		tonnes	**5,800**	–
Nickel refined[6]		tonnes	**16,800**	17,700
Nickel matte[6]		tonnes	**5,800**	–
Gold		troy ounces	**100,000**	105,200
Equivalent refined				
Platinum		troy ounces	**2,320,400**	2,219,100
4E Built-up head grade[7]		gram/tonne milled	**3.26**	3.20
Diamonds segment (De Beers)				
Carats recovered 100% basis				
Debswana			**22,707,000**	20,216,000
Namdeb Holdings			**1,762,000**	1,667,000
De Beers Consolidated Mines			**4,724,000**	4,432,000
De Beers Canada			**1,966,000**	1,560,000
Total carats recovered			**31,159,000**	27,875,000

(1) ICu = insoluble copper (total copper less acid soluble copper).
(2) ASCu = acid soluble copper.
(3) Difference between total copper production and attributable copper production arises from Anglo American's 44% interest in Collahuasi.
(4) Excludes Anglo American Platinum's nickel production.
(5) 2012 fertiliser production restated to reflect the change in production quantification methodology in the acidulation plant at Cubatão.
(6) Nickel and copper refined through third parties is now shown as production of nickel matte and copper matte. Nickel and copper matte, per the table, reflect matte sold to a third party in Q4 2013 from 2012 and 2013 production stockpiles.
(7) 4E: the grade measured as the combined content of the four most valuable precious metals: platinum, palladium, rhodium and gold.

QUARTERLY PRODUCTION STATISTICS

	Quarter ended					% Change (Quarter ended)	
	31 December 2013	30 September 2013	30 June 2013	31 March 2013	31 December 2012	31 December 2013 v 30 September 2013	31 December 2013 v 31 December 2012
Iron Ore and Manganese segment (tonnes)							
Iron ore	**11,285,700**	**9,474,600**	**11,277,800**	**10,335,000**	9,012,500	19%	25%
Manganese ore[1]	**846,000**	**788,100**	**864,200**	**803,400**	846,800	7%	–
Manganese alloys[1][2]	**66,200**	**54,800**	**72,800**	**57,300**	61,200	21%	8%
Metallurgical Coal segment (tonnes)							
Metallurgical – Export coking coal	**3,473,200**	**3,465,500**	**3,111,900**	**3,324,800**	3,387,000	–	3%
Metallurgical – Export PCI	**1,260,200**	**1,446,400**	**1,283,800**	**1,289,800**	1,193,000	(13)%	6%
Thermal – Export	**1,584,700**	**1,672,400**	**1,513,100**	**1,493,800**	1,689,400	(5)%	(6)%
Thermal – Domestic	**1,688,800**	**1,752,300**	**1,725,300**	**1,073,000**	2,025,300	(4)%	(17)%
Thermal Coal segment (tonnes)							
Thermal – Export (RSA)	**4,602,000**	**4,504,900**	**4,015,200**	**3,909,200**	4,659,100	2%	(1)%
Thermal – Domestic Eskom	**7,617,800**	**9,053,200**	**8,766,600**	**8,129,800**	8,560,600	(16)%	(11)%
Thermal – Domestic other	**1,234,100**	**1,665,300**	**1,573,800**	**1,518,800**	1,594,500	(26)%	(23)%
Thermal – Export (Colombia)	**3,290,300**	**3,184,900**	**3,014,300**	**1,512,000**	2,661,700	3%	24%
Copper segment (tonnes)[3][4]	**214,400**	**207,100**	**182,900**	**170,400**	172,900	4%	24%
Nickel segment (tonnes)[5]	**10,200**	**9,500**	**8,500**	**6,200**	7,400	7%	38%
Niobium and Phosphates segment (tonnes)							
Niobium	**1,200**	**1,100**	**1,100**	**1,100**	1,000	9%	20%
Phosphates (fertiliser)[6]	**299,000**	**326,300**	**300,500**	**273,200**	294,200	(8)%	2%
Platinum segment							
Platinum (troy ounces)	**692,100**	**666,400**	**581,800**	**439,200**	703,800	4%	(2)%
Palladium (troy ounces)	**428,200**	**369,300**	**319,700**	**263,600**	413,300	16%	4%
Rhodium (troy ounces)	**83,500**	**84,900**	**69,800**	**56,500**	91,200	(2)%	(8)%
Copper refined (tonnes)	**1,800**	**2,600**	**1,900**	**2,000**	2,500	(31)%	(28)%
Copper matte (tonnes)	**1,400**	**300**	**4,100**	**–**	–	367%	–
Nickel refined (tonnes)	**5,200**	**4,900**	**3,400**	**3,300**	3,900	6%	33%
Nickel matte (tonnes)	**100**	**300**	**5,400**	**–**	–	(67)%	–
Gold (troy ounces)	**26,700**	**33,700**	**16,300**	**23,300**	18,600	(21)%	44%
Equivalent refined platinum (troy ounces)	**520,300**	**622,600**	**594,500**	**583,000**	416,000	(16)%	25%
Diamonds segment (De Beers) (diamonds recovered – carats)							
100% basis							
Diamonds	**9,132,000**	**7,732,000**	**7,931,000**	**6,364,000**	8,051,000	18%	13%

(1) Saleable production.
(2) Production includes medium carbon ferro-manganese.
(3) Excludes Platinum copper production.
(4) Copper segment attributable production.
(5) Excludes Platinum nickel production.
(6) 2012 fertiliser production restated to reflect the change in production quantification methodology in the acidulation plant at Cubatão.

NON-FINANCIAL DATA

	2013	2012	2011	2010	2009
Safety[1]					
Work-related fatalities	**14**	13	17	15	20
Fatal-injury frequency rate (FIFR)[2]	**0.008**	0.007	0.009	0.008	0.010
Total recordable case frequency rate (TRCFR)[3]	**1.08**	1.29	2.01	1.44	1.81
Lost time injury frequency rate (LTIFR)[4]	**0.49**	0.58	0.64	0.64	0.76
Lost time injury severity rate (LTISR)[5]	**177**	214	220	229	226
Occupational health[1]					
New cases of occupational disease (NCOD)[6]	**209**	174	197	268	489
Occupational disease incidence rate (per 200,000 hours) (ODIR)	**0.217**	0.171	0.205	0.284	0.483
Environment[1]					
Total CO_2 emissions (Mt CO_2e)[7]	**17**	18	19	20	19
Total energy consumed (million GJ)[8]	**106**	113	102	100	106
Total water consumed (million m^3)[9]	**201**	156	124	125	137
Human Resources[1][10]					
Women in management (%)[11]	**23**	23	22	21	19
Historically Disadvantaged South Africans in management (%)[12]	**64**	62	51	46	46
Resignations (%)[13]	**2.0**	2.4	2.7	2.4	2.4
Redundancies (%)[14]	**4.1**	0.6	1.4	2.1	3.8
Dismissals (%)[15]	**1.5**	1.4	1.1	1.3	2.0
Other reasons for leaving (%)[16]	**2.7**	2.4	0.3	2.8	4.9
Social[1]					
CSI spend (total in US$ million)[17]	**127**	146	129	112	83
CSI spend (% of pre-tax profit)	**2**	3	1	1	2
Procurement: BEE spend (rand billion)	**37.6**	25.8	23.3	20.9	23.5
Businesses supported through enterprise development initiatives	**48,111**	40,217	38,681	9,392	3,720
Jobs created/maintained through enterprise development programmes	**76,543**	64,927	47,070	17,200	12,982

(1) The data include wholly owned subsidiaries and joint ventures over which Anglo American has management control, and does not include independently managed operations such as Collahuasi, Carbones del Cerrejón and Samancor. De Beers data are included from September 2012. Divested businesses are included up until the point of divestment.

(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 the routine functions of his/her job, on the next calendar day after the day of the injury, whether a scheduled workday or not.

(5) LTISR is the number of days lost due to lost-time injuries per 200,000 hours worked.

(6) NCOD is the sum of occupational diseases due to asbestosis, NIHL, silicosis, coal-workers' pneumoconiosis, chronic obstructive airways disease, occupational tuberculosis, occupational asthma, HAVs, musculoskeletal disorders, dermatitis, occupational cancers, platinosis, malaria, venous thrombo-embolism and other occupational diseases.

(7) CO_2e emissions data published in 2012 has been revised due to change requests made by Kumba Iron Ore, Copper, and Niobium and Phosphates subsequent to publication of the 2012 annual report.

(8) 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. 2012 data revised due to change requests made by Kumba Iron Ore, Copper, and Niobium and Phosphates subsequent to publication of the 2012 annual report.

(9) 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. 2012 data revised due to change requests made by Kumba Iron Ore and Niobium and Phosphates subsequent to publication of the 2012 annual report.

(10) Excludes Other Mining and Industrial.

(11) Women in management is the percentage of female managers as a percentage of all managers in the workforce excluding contractors.

(12) Historically Disadvantaged South Africans in management is the percentage of managers at Anglo American in South Africa who are 'Historically Disadvantaged South Africans'.

(13) The number of people who resigned as a percentage of the total workforce excluding contractors.

(14) The number of people who have been retrenched as a percentage of total workforce excluding contractors.

(15) The number of people who have been dismissed or have resigned to avoid dismissal, as a percentage of total workforce excluding contractors.

(16) 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.

(17) 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).

THE BUSINESS – AN OVERVIEW

as at 31 December 2013

Iron Ore and Manganese

Kumba Iron Ore (South Africa)	69.7%
Sishen Iron Ore Company[1]	73.9%
Minas-Rio (Brazil)	100%
LLX Minas-Rio (Brazil)[2]	49%
Samancor (South Africa and Australia)	40%

Metallurgical Coal

Overall ownership: **100%**

100% owned
Australia
Callide
Canada
Peace River Coal

Other interests	
Australia	
Capcoal	70%
Dartbrook	83.3%
Dawson	51%
Drayton	88.2%
Foxleigh	70%
Moranbah North	88%
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
South Africa
Goedehoop
Greenside
Isibonelo
Kleinkopje
Landau
New Denmark
New Vaal

Other interests	
South Africa	
Mafube	50%
Phola plant	50%
Kriel[3]	73%
Zibulo[3]	73%
South Africa – other	
Richards Bay Coal Terminal	24.2%
Colombia	
Carbones del Cerrejón	33.3%

Copper

Overall ownership: **100%**

100% owned
Peru
Michiquillay
Chile
Mantos Blancos[4]
Mantoverde[4]

Other interests	
Chile	
Chagres	50.1%
El Soldado	50.1%
Los Bronces	50.1%
Collahuasi	44%
Peru	
Quellaveco	81.9%

Nickel

Overall ownership: **100%**

100% owned
Brazil
Codemin
Barro Alto

Niobium and Phosphates

Overall ownership: **100%**

100% owned
Niobium
Anglo American Nióbio Brasil Limitada
Phosphates
Anglo American Fosfatos Brasil Limitada

(1) The 73.9% interest in Sishen Iron Ore Company (SIOC) is held indirectly through Kumba Iron Ore, in which the Group has a 69.7% interest. A further 3.1% interest in SIOC is held by the Kumba Envision Trust for the benefit of participants in Kumba's broad based employee share scheme for non-managerial Historically Disadvantaged South African employees. The Trust meets the definition of a subsidiary under IFRS, and is therefore consolidated by Kumba Iron Ore. Consequently the effective interest in SIOC included in the Group's results is 53.7%.

(2) Owns the port of Açu currently under construction.

(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: **78%**[1]

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	50.1%
Joint operations or sharing agreements	
Modikwa Platinum Joint Operation	50%
Kroondal Pooling and Sharing Agreement	50%
Marikana Pooling and Sharing Agreement	50%
Mototolo Joint Operation	50%
Associates	
Bokoni	49%
Pandora	42.5%
Bafokeng-Rasimone	33%
Atlatsa Resources Corporation	27%
Johnson Matthey Fuel Cells	17.5%
South Africa – other	
Wesizwe Platinum Limited	13%
Royal Bafokeng Platinum Limited	12.6%

Diamonds

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[4]
  - Kimberley Mines

Botswana
- Debswana[5] 50%
  - Damtshaa
  - Jwaneng
  - Orapa
  - Letlhakane

Namibia
- Namdeb Holdings[3] 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

Building materials
- Tarmac Building Products

Other interests

Aggregates and building materials

Lafarge Tarmac Holdings Limited[6]	50%
Tarmac Middle East	50%

Other[7]

100% owned

- Vergelegen (South Africa)

Other interests

Exxaro Resources (southern Africa and Australia)	9.8%

(1) The Group's effective interest in Anglo American Platinum is 79.9%, which includes shares issued as part of a community empowerment deal.

(2) The 74% interest in De Beers Consolidated Mines (DBCM) is held indirectly through De Beers Société Anonyme (De Beers). The 74% interest represents De Beers' legal ownership share in 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. The Group's effective interest in DBCM is 85%.

(3) The 50% interest in Namdeb Holdings is held indirectly through De Beers. 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. The Group's effective interest in Namdeb Holdings is 42.5%.

(4) In May 2011 De Beers announced that it had entered into an agreement to sell Namaqualand Mines.

(5) The 50% interest in Debswana is held indirectly through De Beers. The Group's effective interest in Debswana is 16.3%.

(6) Lafarge Tarmac Holdings Limited was formed during 2013. See note 30 of the Consolidated financial statements.

(7) Included within the Corporate segment.

SHAREHOLDER INFORMATION

Annual General Meeting

Will be held at 14:30 on Thursday 24 April 2014, at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

Shareholders' diary 2014–15

Interim results announcement	July 2014
Annual results announcement	February 2015
Annual Report	March 2015
Annual General Meeting	April 2015

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 08:30 to 17:30 Monday to Friday.

OTHER ANGLO AMERICAN PUBLICATIONS

- 2013/14 Fact Book
- Notice of 2014 AGM and Shareholder Information Booklet
- Sustainable Development Report 2013
- Business Unit Sustainable Development Reports (2013)
- 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
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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 2013 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 2013:

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