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Annual Report 2009



A strategy for unlocking value

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

Find out more

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

For more information within this report

For more information online

Cover photo

Mantos Blancos in the Atacama Desert in Chile has been in operation for nearly 50 years. In 2009 the mine produced more than 90 kt of copper.

This page

Load haul trucks in the open pit at Los Bronces in Chile. The mine which lies at 3 000-3 500 metres above sea level and has extensive reserves produced more than 238 kt of copper in 2009.

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For more information visit
www.angloamerican.co.uk

Key

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

In addition to its operations, Anglo American's exploration activities and projects cover many parts of the globe

Since 2002...

2002 Anglo Base Metals acquires the Disputada copper operations in Chile from Exxon Mobil

2006 Restructuring of Kumba Resources to separately list Kumba Iron Ore (with Anglo American holding 64%) and Exxaro, which became South Africa's largest black economic empowered (BEE) natural resource company

2007 Demerger of Mondi sees Anglo American's former paper and packaging business become a dual-listed company in London and Johannesburg

2003 Anglo American acquires a major stake in Kumba Resources

2006 Shareholding in AngloGold Ashanti reduced from 51% to 42%

2007 Cynthia Carroll appointed chief executive in March

Precious

Platinum

Business profile

The world's leading primary producer of platinum, accounting for around 40% of newly mined platinum output. Operations based in South Africa.

Product details

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

Diamonds

Business profile

Anglo American owns 45% of De Beers. De Beers produces about 40% of the world's diamonds by value and is the world's largest supplier and marketer of rough gem diamonds.

Product details

The most important diamond jewellery market is the United States, followed by China and Japan. Some stones are used for industrial purposes such as cutting and drilling.

Base

Copper

Business profile

Six operations in Chile account for the majority of current copper output. Significant future growth from approved expansion at Los Bronces.

Product details

Used mainly in wire and cable, brass, tubing and pipes. Copper's thermal conductivity also makes it suitable for use in heat transfer applications such as air conditioning and refrigeration.

Nickel

Business profile

Major operations in Brazil and Venezuela. Barro Alto project in Brazil is expected to more than double nickel production by 2012.

Product details

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

Bulk

Iron Ore and Manganese

Business profile

Comprises operations in South Africa, Brazil and Australia. Minas Rio project to begin production of high grade pellet feed in 2012.

Product details

Key component in steel, the most widely used of all metals. Global steel consumption forecast to grow in excess of 5% pa over the next 3 years.

Metallurgical Coal

Business profile

Metallurgical Coal operations managed out of Australia. Project pipeline includes more than 20 mining prospects.

Product details

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

Thermal Coal

Business profile

Thermal Coal operations managed out of South Africa. Coal is exported from South Africa, South America and Australia throughout the Med-Atlantic and Indo-Pacific markets.

Product details

About 40% of all electricity generated globally is powered by thermal coal. About 5.8 billion tonnes of hard coal are produced globally each year.

Other Mining and Industrial

Business profile

Assets include Tarmac, the Group's portfolio of zinc assets, Scaw Metals, Copebrás, Catafão, Peace River Coal and the Group's share in the Carbones del Guasare coal assets. Accounted for approximately 13% of 2009 Group EBITDA. Preparatory work for the separation of these businesses has commenced.

2007 Purchase of a 49% stake in the Minas Rio iron ore project in Brazil

2007 Acquisition of the Michiquillay copper project in northern Peru

2008 Anglo American acquires control of the Minas Rio iron ore project

2009 Major restructuring of the Group to further focus on core commodities and improve operational delivery

2007 Disposal of remaining 29% holding in Highveld Steel and Vanadium

2008 Acquisition of a 70% interest in the Foxleigh coal mine in Australia

2009 Anglo American sells its remaining shareholding in AngloGold Ashanti

2009 Anglo American achieves record safety performance

A strategy for unlocking value

For more information see page 12

> Delivering operational efficiencies

- > Asset optimisation and procurement delivered more than \$1.6 billion of benefits in 2009 (\$1.4 billion from core operations), exceeding target
- > Asset optimisation and procurement target of \$2 billion now to be delivered from core businesses alone by 2011
- > Anglo Platinum – significant restructuring achieved, flat cash operating costs target met, 3 high cost shafts on care and maintenance, labour productivity up 21% in 2 years
- > Significant cash cost reduction of \$712 million (5%) and productivity improvements achieved across the Group – headcount reduced by 23,400

> Creating a more effective, focused business

- > Major Group reorganisation completed, creating new generation of leadership within a leaner, more effective structure
- > Board strengthened and refreshed – new chairman and 3 new non-executive directors to bring further mining, commercial and financial expertise
- > Divestment programme under way – running businesses to maximise value, sales of Tarmac's European aggregates and Polish concrete products businesses agreed with expected proceeds of approximately \$400 million, Zinc sale process initiated with significant buyer interest

> Clear strategy driving targeted, high quality growth of selected commodities

- > \$17 billion of approved projects in most attractive commodities to drive organic production growth of more than one third by 2013 – copper to grow by 33%, iron ore by 82%, nickel by 139%
- > Development of four key strategic projects on track – Minas Rio, Los Bronces, Barro Alto and Kolomela (Sishen South)
- > New growth projects Quellaveco (copper) and Grosvenor (metallurgical coal) – first stage approvals expected in 2010

Operating profit

\$5.0 bn

Underlying earnings

\$2.6 bn

Underlying earnings per share

\$2.14

About Anglo American

Delivering on our commitments



**We are committed
to key projects
to maximise our
long term returns.**

Sir John Parker

Chairman, appointed August 2009

Career in brief

- | | |
|---|---|
| 1964 Joins the ship design team at Harland & Wolff as a naval architect and engineer | 2002 Appointed chairman of National Grid Transco when the Lattice Group and National Grid merge |
| 1978 Joins the board of British Shipbuilders Corporation | Becomes chairman of RMC Group, Aggregates and Cement. He is also knighted for services to the defence and shipbuilding industries |
| 1983 Returns to Harland & Wolff as chairman and chief executive, leading a transfer from the public to the private sector | 2004 Appointed Chair of the Court of the Bank of England |
| 1986 Joins British Coal Corporation as a non-executive director | 2005 Appointed chairman of P&O, leading the sale to Dubai's DP World |
| 1993 Joins Babcock International as CEO (becoming chairman the following year) | 2009 Joins Anglo American as chairman |
| 1997 Becomes a non-executive director of British Gas, which leads to him becoming chairman of the Lattice Group when it demerges from BG Group | |

A world class combination of resources and people

In this my first year as chairman of Anglo American, I am pleased to report on a very creditable overall performance during an extremely volatile year in our markets. Your company is in very good shape to meet the challenges ahead. We have a formidable portfolio of top quality assets and projects, we are a more fit for purpose and lean organisation, our business is adequately funded, our Board has been refreshed and we are enthusiastically executing our clear strategy for delivering value.

In my first few months, I have travelled extensively around the Group. I have been impressed not only by Anglo American's asset quality but also by the professionalism of its people. We have a top class team, with an unparalleled record of innovation and leadership in exploration, in engineering, and in mining operations.

A clear strategy for delivering value

In 2009, we increasingly reaped the benefit from initiatives we put in place to create greater shareholder value. An important element is our asset optimisation programme, which aims to unlock value from existing assets and achieve operational excellence through ongoing cost and productivity improvements.

Another significant initiative is a streamlined supply chain in order to capitalise on the scale of the Group and to deliver cost savings by forming strategic global partnerships with key suppliers.

Furthermore, a far-reaching and bold restructuring of the Group has enabled it to become a more effective organisation. The new operating model is designed to make Anglo American nimble, lean and fit to execute our business strategy.

All these actions in combination have led to a new sense of purpose for our Group. We are now very clear on our strategic priorities. We are focused on those commodities we consider will give Anglo American the best mix for the future, we know where we are headed, and we are well positioned for the next commodity upcycle and beyond.

Safety

No company can ever be ranked as truly great if it has an unsatisfactory safety record. As your new chairman, I would like to state categorically that safety will have my unremitting attention as it has always been my number one agenda item. My philosophy is that the people who come to work for you each day have the right to return home safe to their families each night.

It is encouraging to report that Anglo American is making further inroads in improving its safety performance. In 2009, there was another significant decline in the number of people who lost their lives on company business, accompanied by a similar downward trend in lost-time injuries. Over the past three years, under Cynthia Carroll's leadership, the number of fatalities has been reduced by nearly 60% – a most encouraging development – but we remain intent on a zero-injuries objective.

Sustainable development

Operating our businesses in a socially and environmentally responsible way, and earning and deserving trust, are fundamental to our licence to operate and to delivering long term value to our investors.

Our commitment to excellence in this field is not a function of the economic cycle. Indeed, in difficult economic times the responsibility on us to demonstrate that we are a consistent, supportive partner for sustainable development is all the greater.

We continued to integrate sustainable development into our business processes in 2009. We launched two major policies: the Anglo Environment Way, and the Anglo Social Way, which establish demanding environmental and social management standards. We assessed our social performance against the standards in the Social Way at the end of 2009, identifying many examples of best practice but also some gaps which we aim to close in 2010.

We also launched a new version of our Good Citizenship Business Principles – our corporate code of conduct. Alongside a greater focus on environmental issues, this emphasises an increased commitment to our already extensive programmes on HIV/AIDS treatment as well as to diversity and family life.

It also strengthens our stance against corruption. In 2009 we developed a comprehensive Business Integrity Policy, accompanied by detailed anti-corruption Performance Standards. This will be rolled out through the business in 2010.

Climate change took centre stage at the end of 2009. Although the Copenhagen Accord fell short of expectations, we remain committed – as both a major consumer of energy and a major coal producer – to minimise our own carbon emissions, play a proactive role in the ongoing international debate, and work to develop our technological response. An example of this is our investment in methane capture in Australia, where we have helped develop two mine gas power stations, which together will reduce carbon dioxide emissions by around 2.3 Mtpa.

More broadly, Anglo American continues to support leading international initiatives to promote responsible corporate activity. We remain committed to the United Nations Global Compact and the Extractives Industry Transparency Initiative, and have been pleased to see the latter steadily gain traction. We continue to support the Investment Climate Facility for Africa, to which we have contributed \$1.5 million to date. We are also actively engaged in discussions around the review of the OECD Guidelines for Multinational Enterprises, and continue to play an active role in support of the Voluntary Principles on Security and Human Rights.

Outlook

The world economy has recovered after the severe recession of late 2008 and early 2009. Unprecedented policy stimulus and, more recently, a turn in the inventory cycle have contributed to the upturn. In the major advanced economies there are some significant headwinds that will probably restrain growth in 2010 and 2011. Financial systems are fragile, households and companies are rebuilding balance sheets, and policymakers are under pressure to withdraw extreme stimulus measures. Prospects are much brighter in the major emerging economies. China and India are growing strongly as increases in infrastructure spending have offset the weakness of export markets. While policymakers will probably seek to curb overheating risks, longer term economic fundamentals remain sound. Economic growth in the emerging economies will continue to outpace that in the advanced economies over the next decade.

Refreshing the Board

I believe it is the Board's job to set the drumbeat for the business by owning the strategy, empowering management to execute it, and hold them accountable for delivery. Thus, the Board needs to be fit for purpose, with the right range of skill sets to be capable of tackling any issue that comes through the boardroom door.

It is against that background that I welcome Sir Philip Hampton, with his wealth of financial, strategic and boardroom experience, Jack Thompson, a lifelong successful mining executive, and Ray O'Rourke, who has spent a lifetime of achievement in large scale complex construction projects.

I would also like to take this opportunity to thank Sir Rob Margetts, Chris Fay and Fred Phaswana for the valuable contributions they have made over the years to the success of Anglo American. I also wish to pay tribute to Karel Van Miert, who passed away in June last year. He is greatly missed.

My final words go to my predecessor, Sir Mark Moody-Stuart. He achieved so much in his nearly seven years as chairman to embed sustainability and good corporate governance, both in our own business and in the global arena.

On behalf of the Board, I wish all of those stepping down a long and active retirement. I also wish to thank all our employees and pay tribute to their dedication and their loyalty to Anglo American.

Dividend

The resumption of the dividend at the earliest possible time remains a key priority for the Board. Assuming that the commodity price environment and outlook continue to improve and the business performance remains robust, the Board would expect to be able to announce the resumption of a dividend in respect of the current financial year.

Sir John Parker
Chairman

Aligning the organisation with our strategy

Financial performance

2009 was another extraordinary year for the mining industry and one of great change and significant delivery for Anglo American. The early part of the year saw a continuation of the very considerable global economic uncertainty that engulfed the world in late 2008, though I am pleased to report that the decisive measures we put in place to position the Group through the downturn were certainly effective. As the year progressed, varying degrees of confidence returned to the world markets and the prices of many commodities increased steadily in line with demand recovery, continuing to be driven principally by the emerging economies of China and India.

Against what has been an unpredictable economic background, Anglo American delivered a solid operating performance, with operating profit of \$5.0 billion and underlying earnings of \$2.6 billion, with strong performances across our businesses.

Profit attributable to equity shareholders at \$2.4 billion was 55% lower, reflecting our trading performance, and includes the \$1.1 billion gain on the disposal of our residual shares in AngloGold Ashanti and the \$1.5 billion (after tax and minority interest) impairment of Amapá.

Delivering value through operational excellence

Anglo American is now a more focused and performance oriented international mining company. We have a clear strategy in place and are driving harder than ever in pursuit of our ambition of being the investment, partner and employer of choice in the mining industry.

In 2009, we made significant progress on several fronts, delivering on and exceeding our targets – achieving a step change in safety performance, restructuring the Group and laying the foundation for significant cultural change, while continuing our highly successful cost and efficiency initiatives, taking Anglo American into a new, more dynamic era of value delivery.

In October, we announced a major corporate reorganisation to ensure delivery of a clear corporate strategy, to create a more streamlined and efficient management structure and further focus the Group on its core mining businesses. Through our redesign of the Group's structure, we have created seven focused commodity businesses, with their management teams located in the area of core geographic focus for each commodity, responsible for operational performance and project delivery. The rationalised corporate centre will be responsible for providing strategic support to the businesses and will be focused on delivering synergies, technology and business performance. We have worked quickly to implement these new structures and we expect full implementation by the end of the first quarter of 2010, with associated annualised cost savings of approximately \$120 million. Taken together with our overall Group restructuring and efficiency initiatives, this has resulted in a reduction of our total headcount of 23,400* during 2009.

Two areas of synergy where we are continuing to deliver clear and substantial value are in our asset optimisation and global procurement programmes. We are now well advanced towards delivering our stated combined target of \$2 billion of uplift in 2011, generating more than \$1.6 billion in 2009, ahead of expectations. Based on our excellent progress to date, we now expect to achieve our \$2 billion asset optimisation and procurement targets from our core businesses alone on the same timeline.

Cost control continues to be a major focus for Anglo American. Anglo Platinum has a clear strategy to move the cost position of its operations to the first and second quartile while, in 2009, it achieved flat cash operating unit costs and significant further productivity improvements. Furthermore, following a full restructuring of the operations at Rustenburg and Amandelbult to enable greater operational control and flexibility, the company has removed 140 koz (annualised) of high cost production by placing three shafts on care and maintenance. We have delivered cost reductions across the Group, most notably at our Diamonds and Metallurgical Coal businesses.

* Headcount reduction includes contractors and 100% of De Beers.

Delivering operational efficiencies

Cash cost reduction in 2009

\$712 million

Asset optimisation and procurement target to be delivered by 2011 from core operations alone

\$2 billion



Anglo American is now a more focused and performance oriented international mining company.

Anglo American has provided strong support to the recapitalisations of both Anglo Platinum and De Beers, positioning them to take full advantage of economic recovery and the delivery of their long term growth prospects as respective industry leaders

We also made excellent progress during 2009 disposing of other interests. As we reported at the half year, Anglo American disposed of its residual shareholding in AngloGold Ashanti in the first quarter and in Hulam and Tongaat Hulett in July and August respectively, generating total proceeds of \$2.4 billion

During the first quarter of 2010, Anglo American agreed the sale of Tarmac's aggregates businesses in France, Germany, Poland and the Czech Republic and its Polish concrete products business, with expected total proceeds of approximately \$400 million

Driving targeted, high quality growth

Anglo American has a clear strategy of deploying capital in those commodities that deliver long term, through-the-cycle returns for our shareholders, which have strong fundamentals and have the most attractive risk-return profiles. We have developed a portfolio of world class, low cost, long life operating assets and growth projects focused on those most structurally attractive commodities

Our decision to continue the development of several of our key strategic growth projects during the economic downturn positions us to capitalise on the next phase of global economic growth and to deliver our projected organic production growth of over one third by 2013

Four major projects – the Minas Rio iron ore project and the Barro Alto nickel project, both in Brazil, the Los Bronces copper expansion project in Chile and the Kolomela (previously Sishen South) iron ore project in South Africa – are all well placed on their respective industry cost curves, have long resource lives, further expansion potential and are on track to enter production, some from next year onwards, in what we expect to be a growing commodity demand environment

We will be driving forward these and other projects during 2010, investing \$4.2 billion in projects out of a total planned capital expenditure investment of \$6.0 billion for the year. We are also modernising our project management processes and standards to ensure they not only capture lessons from previous projects but that they provide us with world class tools for the future allocation of capital and control of major projects

Safety

We have continued to deliver further reductions in lost time injuries and fatalities by taking a more focused, risk based approach and driving implementation and compliance with the Fatal Risk Standards for the top five safety risks across the business

Anglo American's safety record when I joined the Group was unacceptable. Our lost time injury frequency rate (LTIFR) is now 27% lower than in 2008 and shows a 52% like-for-like improvement since 2006. We are also encouraged by the continuing reduction in fatalities and, while still unacceptable until we reach zero, these are now 32% fewer than 2008 and nearly 60% fewer than 2006. Regrettably, however, 19 people lost their lives while on company business in 2009. The majority of our sites operate without any fatalities – 92% during 2009 and we have many examples of exceptional safety performance. At Kumba Iron Ore, for example, Thabazimbi has achieved two years LTI-free, our base metals businesses were fatality free for the first time since 2005 and Iron Ore Brazil delivered a 98% improvement in its LTIFR. In January 2010, Anglo Platinum also achieved a significant milestone of operating for four consecutive months without a fatal incident – a first for the company

Sustainable development

Our sustainable development agenda progressed on several fronts during the year, including ensuring that our foundations for effective water management are aligned and in place across all of our operations. These systems, processes and tools are essential for the delivery of our Group's water strategy and to identify opportunities for managing and utilising water more effectively in the communities and catchment areas where we operate

We launched the Anglo Environment Way (AEW) in March 2009, which sets out a consistent approach to responsible environmental management supporting our vision for minimising harm to the environment by designing, operating and closing all of our operations in an environmentally responsible manner. Our Mine Closure Toolbox, a world leading approach, supports delivery against the AEW standards and is currently being used in more than 30 operations in South America, South Africa, Namibia and Europe

There were 13 biodiversity peer reviews conducted during 2009, four in conjunction with Flora and Fauna International as part of our global strategic partnership. Given the increasingly energy intensive nature of our operations, our efforts to improve energy efficiency continue to be a major focus

Health

We have been dedicated to the issue of HIV and AIDS since the 1990s – 94% of permanent workers have been tested for HIV since the programme began – and in 2008 we extended our policy commitment to include the dependants of all our employees. Our pioneering work was recognised in 2009 by the Global Business Coalition on HIV/AIDS, Tuberculosis and Malaria, awarding the Business Excellence Award for Best Workplace Programme to our South African coal business for their ground breaking work

Outlook

The medium and long term outlook for the mining industry remains strong. Demand for commodities is expected to remain robust with the continuing shift in the pattern of economic growth towards fast-growing emerging economies. In order to sustain its growth potential, we anticipate that China will continue to upgrade and develop its infrastructure, while the longer term potential of India and Brazil is expected to provide further support. These economies also have the greatest scope for strong consumer spending growth, the principal long term demand driver for platinum group metals and diamonds

In 2009, huge policy stimulus and a turn in the inventory cycle drove the rebound in industrial activity. In 2010, the positive effects of these factors are likely to start to fade. The economic headwinds are most noticeable in the advanced economies, where continuing balance sheet repair will constrain demand prospects. However, the outlook for the emerging economies is much brighter. China and India are likely to grow strongly, though the potential for setbacks remains as a weak external environment combines with intensifying domestic inflation pressures

Cynthia Carroll
Chief executive

“

In 2009, we achieved a year on year reduction of 27% in the lost time injury frequency rate at our operations.

LTIFR
(2008 1.04)

0.76

Percentage of employees
undertaking voluntary counselling
and testing for HIV/AIDS
(2008 77%)

82%

Clear strategic priorities

Anglo American is one of the world's largest diversified mining groups, producing precious, base and bulk commodities and operating predominantly in southern Africa, Australia, Brazil and Chile

Anglo American's ambition is 'to be the leading global mining company' – the investment, partner and employer of choice

The most attractive commodities

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

The Company has identified copper, diamonds, iron ore, metallurgical coal, nickel, platinum and thermal coal as having the most attractive fundamentals

In many of these commodities, Anglo American has a leading position, such as in platinum and diamonds, where the Group is the clear world leader, and iron ore and metallurgical coal, in which it is expanding its market share

Anglo American is also focused on those commodities most leveraged to demand growth in the emerging economies, in particular China, Brazil and India

China, which continues to be the great driver of growth in mining and metals, still has relatively low per capita consumption levels, as well as a structural deficit in such commodities, particularly iron ore, copper and the platinum group metals – while in 2009 the country became a net importer of both thermal and metallurgical coal for the first time. Meanwhile, India, the world's second most populous nation, is likely to have a growth rate approaching double digits in 2010 as manufacturing industries and infrastructure investment become major parts of its expanding economy, thus boosting demand for natural resources

A world class asset portfolio

Anglo American has a world class asset portfolio with an extensive resource base that is complemented by brownfield expansions and a strong pipeline of approved projects

- > It owns many Tier 1* assets, being among the largest and highest quality producing mines of their respective commodities, characterised by economies of scale, expandable resource bases and attractive industry cost positions
- > Anglo American's extensive resource base is expected to continue to deliver attractive growth options from mine life extensions, brownfield expansions and greenfield projects. Across its core mining portfolio, the Group's mines have sufficient resources to support current production levels for at least 20 years
- > Many of Anglo American's operations produce high quality products. For example, Sishen produces one of the best quality iron ore lump products globally. Minas Rio's high iron content (>68%) and low levels of impurities mean that it will produce the highest quality pellet feed ore in the market. Anglo American also has a strong presence in all major seaborne metallurgical coal products, with more than 60% of production being premium hard coking coal
- > Furthermore, Anglo American's attractive cost curve position allows for more stable production and sustainable margins, thus enhancing Anglo American's profitability through the cycle in its core commodity markets

* A Tier 1 asset is defined as a large, expandable, long life (>20 years) mine with favourable mineralogy and geographic location and in the lower half of the cost curve

Anglo American has a leading position in attractive commodities.

Unlocking further value from the portfolio

In 2009, further initiatives were put in train to drive shareholder value. An important element is the Group's asset optimisation programme which aims to unlock value from existing assets and achieve project delivery excellence through ongoing cost and productivity improvements.

Another significant initiative has been the formation of a streamlined supply chain in order to capitalise on the scale of the Group and to deliver cost savings by forming strategic global partnerships with key suppliers. Already in 2009, the Group's asset optimisation and procurement programmes have delivered more than \$1.6 billion (\$1.4 billion from core operations) of benefits, ahead of expectations. The \$2 billion asset optimisation and procurement targets are expected to be reached from core operations alone by 2011.

To ensure delivery of the sustainable growth required from Anglo American's portfolio and to achieve the efficiencies and performance required to outperform its competitors, a far-reaching restructuring of the Group was announced at the end of 2009. This has enabled it to become a more effective, efficient and agile organisation, with increased clarity over decision making and greater speed of implementation.

The new structure creates a focus on operational performance and project delivery through seven business units focused on the core commodities in the portfolio and located in the areas of key geographic focus for each commodity. These are: Anglo Platinum (South Africa), Iron Ore Brazil, Kumba Iron Ore (South Africa), Copper (Chile), Nickel (Brazil), Metallurgical Coal (Australia) and Thermal Coal (South Africa).

The reorganisation has resulted in a lean corporate centre focused on activities that increase shareholder value beyond that which the commodity business units could achieve alone. These include providing overall strategic direction and governance, establishing and maintaining common processes and standards, and helping to transfer best practice, capturing economies of scale and facilitating synergies in key value driving functions, such as procurement, asset optimisation, project management and logistics.

Towards the end of 2009, Anglo American announced its intention to divest of the following assets: international steel products manufacturer Scaw Metals, Brazilian phosphates producer Copebrás and ferroniobium producer Catalão, as well as the Group's portfolio of zinc assets. Together with Tarmac, already identified for divestment, these assets accounted for approximately 13% of 2009 Group EBITDA. The proceeds of these divestments, which will be timed to maximise value, will help to strengthen the balance sheet and to deliver the Group's world class projects.

In 2009, four major bond transactions raising a total of \$5.9 billion refinanced the Group's short term debt position. Simultaneously, capital expenditure for 2009 was cut by more than half, though not at the expense of the Group's most important growth projects.

Further progress continues to be made to focus the Group on its core mining portfolio. During 2009, Anglo American disposed of investments considered as not being core to the Company's strategy for the future, including its residual 16.2% shareholding in AngloGold Ashanti for \$1.8 billion, realising a total of \$2.4 billion.

During the first quarter of 2010, Anglo American agreed the sale of Tarmac's aggregates businesses in France, Germany, Poland and the Czech Republic and its Polish concrete products business, with expected total proceeds of approximately \$400 million.

Developing four world class projects

Anglo American's \$17 billion pipeline of approved projects spans the most structurally attractive commodities of platinum, iron ore, copper and nickel. The decision to preserve the development of its four key near term strategic growth projects – the Minas Rio and Kolomela (formerly Sishen South) iron ore projects in Brazil and South Africa respectively, the Barro Alto nickel development in Brazil and the Los Bronces copper expansion in Chile – during the economic downturn positions the Group to capitalise on the next phase of global economic growth. The four projects are all well placed on their respective industry cost curves, have long lives, and are on track to enter production from 2011 onwards, in what is expected to be a growing commodity demand environment.

Anglo American's Los Bronces copper expansion project is on schedule, with first production planned in the fourth quarter of 2011 and output expected to increase from the fourth quarter of 2012 to an average of 490 ktpa over the first three years of full production (an average of over 400 ktpa over the first 10 years). At peak production levels, Los Bronces is expected to be the fifth largest copper mine in the world, with reserves that support a mine life of 30 years. Resource and mineralisation studies carried out by Anglo American's technical teams support further potential expansion. Two very significant high quality discoveries have been made at Los Sulfatos and San Enrique Monolito, close to Los Bronces, which together have increased the Group's copper resources (excluding reserves) by approximately 50%.

The Barro Alto nickel project is also on schedule towards start-up in early 2011, with the overall development almost 80% complete at the year end. This project, which has further potential from an extensive resource base, leverages an existing operation and proven technology and

will produce an average 36 ktpa of nickel in full production with a cost position in the lower half of the curve.

Kumba Iron Ore's Kolomela project, previously known as the Sishen South project, is on track and progressing well towards first production during the first half of 2012. Kolomela is situated 80 km to the south of Kumba's world class Sishen mine and, when full production is achieved in 2013, will produce 9 Mtpa of high quality iron ore, with further potential for expansion.

The acquisition of the Minas Rio iron ore project represented a unique opportunity to gain control of a multi-billion tonne resource in the highly attractive seaborne iron ore market, with the benefit of an integrated logistics system. Anglo American obtained a series of important licences for the first phase of the project during 2009, most notably the first part of the Installation Licence for the mine and beneficiation plant, awarded in December, following the earlier award of the federal permit for land clearance at the mine. The second part of the Installation Licence is expected to be approved during the early part of 2010. Construction of the port at Açú is well advanced and the earthworks for the beneficiation plant and pipeline are progressing towards first production in the second half of 2012, with ramp up to annual iron ore production of 26.5 Mtpa in 2013.

The size of the Minas Rio orebody and the project's dedicated logistics infrastructure means that it has considerable expansion potential, with studies under way for the expansion of the project to up to 80 Mtpa. Anglo American acquired the Minas Rio project in two transactions in 2007 and 2008 and at the end of 2007 declared a resource of 476 Mt (Measured and Indicated) and an additional 770 Mt of Inferred resource. After considerable geological work, this total resource has increased fourfold since 2007 to 5.0 billion tonnes, including 843 Mt of Inferred resource.

Anglo American's forecast attributable share of the post-acquisition capital expenditure for the first phase of the project has increased by \$1.1 billion, from \$2.7 billion to \$3.8 billion, owing to scoping changes at the mine, pipeline and port as well as foreign exchange movements.

These four major expansion projects are the key components in driving the Group's organic production growth by more than one third by 2013. By that time, the Group's production of copper will have increased by 33%, iron ore by 82% and nickel by 139%.

In addition, Anglo American expects to make first stage approval decisions in relation to the development of two further high quality growth projects during 2010 – the 225 ktpa Quellaveco copper project in Peru and the 4.3 Mtpa Grosvenor metallurgical coal project in Australia.

Key performance indicators (KPIs)

Anglo American uses KPIs to help measure its performance. The KPIs are aligned to the three key strategic aims of the Group

Anglo American's strategy is to become the leading global mining company. During 2008, three key aims that should underpin this ambition were identified

- > investment of choice,
- > partner of choice, and
- > employer of choice

In implementing its strategy, Anglo American measures performance with reference to the KPIs set out in the adjacent table. These KPIs are aligned to its key aims and are employed across the Group. The KPIs encompass both financial and non-financial indicators as well as quantitative and qualitative measures. While these KPIs are helpful in measuring the Group's performance, it is recognised that they are not exhaustive and many additional performance measures are also used to monitor progress.

Strategic aims

Investment of choice

Anglo American seeks to outperform its competitors in delivering value to shareholders. Everything that the Group hopes to achieve for all other stakeholders – particularly host governments, communities and employees – must be built on a platform of sector leading financial performance.

Strategic focus

Asset optimisation and financial performance

New capital investments

Sustainable development

Partner of choice

Anglo American has a history of successful collaboration with its stakeholders, including governments, communities, and non-governmental organisations (NGOs). The Group understands that it can only thrive if it is welcomed and respected in the countries and communities in which it operates.

Employer of choice

Becoming the employer of choice for Anglo American begins with an aim to provide a safe and supportive working environment for everyone who works for the organisation. The Group's commitment to zero harm remains its primary focus. The organisation offers a range of career paths for both technical and professional people. With its global footprint and growth aspirations, Anglo American can offer both an exciting and a fulfilling employment proposition.

Safety

People

*Reflects managed operations

KPI	Description	Results and target (if applicable)
Total shareholder return (TSR)	Share price growth plus dividends reinvested over the performance period. A performance period of three years is used and TSR is calculated annually.	Please refer to the Remuneration report on pages 80 to 90
Return on capital employed (ROCE)	Total operating profit before impairments for the year divided by the average total capital less other investments and adjusted for impairments	2008 36.8% 2009 14.6%
Asset optimisation (AO)	Sustainable operating profit benefit from optimised performance of the asset base of the core businesses	2009 \$749 million Target \$1 billion by 2011
One Anglo Supply Chain (OASC)	Cost savings to the Group resulting from centralised procurement from core businesses	2009 \$445 million Target \$1 billion by 2011
Underlying earnings per share	Underlying earnings are net profit attributable to equity shareholders, adjusted for the effect of special items and remeasurements and any related tax and minority interests	2008 \$4.36 2009 \$2.14
Capital projects and investment	Optimise the pipeline of projects and ensure that new capital is only committed to projects that deliver the best value to the Group on a risk adjusted net present value basis	A summary of the Group's capital projects and investments is on pages 20 to 21
Energy efficiency*	Improvements in energy efficiency are measured from a 2004 baseline	2008 105 million GJ total energy used 2009 105 million GJ total energy used Target A 15% improvement by 2014
Total water use*	Total water use includes only water used for primary activities	2008 124.8 million m ³ 2009 125.3 million m ³ Target Business units are currently setting operational targets
CO ₂ emission intensity*	Reduction in CO ₂ emissions per unit of production is measured from a 2004 baseline	2008 19.7 Mt CO ₂ equivalent 2009 19.0 Mt CO ₂ equivalent Target A 10% reduction by 2014
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	2008 Spend – \$76.2 million, 1.11% of profit before tax 2009 Spend – \$82.5 million, 2.23% of profit before tax
Enterprise development	Number of companies supported and number of jobs sustained by companies supported by Anglo American enterprise development initiatives	2008 Number of businesses supported 3,012, number of jobs sustained 13,431 2009 Number of businesses supported 3,720, number of jobs sustained 12,982 Target Number of businesses supported 3,500, number of jobs sustained 18,000
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	2008 28 fatalities, 0.015 FIFR 2009 19 fatalities, 0.010 FIFR 2010 target zero incidents
Lost time injury frequency rate (LTIFR)	The number of lost time injuries (LTIs) per 200,000 hours worked. An LTI is an occupational injury which renders the person unable to perform his/her duties for one full shift or more the day after the injury was incurred, whether a scheduled workday or not	2008 1.04 2009 0.76 2010 target zero incidents The ultimate goal of zero harm remains
Voluntary labour turnover	Number of permanent employee resignations as a percentage of total permanent employees	2008 3.9% 2009 6.8%
Gender diversity	Percentage of women and female managers employed by the Group	2008 12% females, 17% female managers 2009 12% females, 19% female managers
Voluntary counselling and testing (VCT) for HIV/AIDS	Percentage of employees undertaking voluntary annual HIV tests with compulsory counselling support	2008 77% 2009 82% 2010 target 100% VCT in high disease burden countries (100% is the long term goal)

KPIs are employed across the Group to assess how well the strategic aims are being met

Investment of choice

Financial performance

The Group's financial performance in the year and the KPIs used to measure it are discussed on pages 30 to 33

Asset optimisation

The Company's structured approach to optimise business operations, known as asset optimisation (AO), is now a well established process across the Group and is yielding significant value

A clear framework financial reporting policy has been developed and deployed Group-wide to ensure that AO targets and value delivery are measured, monitored and audited consistently. Anglo American's Internal Audit team provides independent assurance on the AO value reported

During the first half of 2008, Anglo American announced a Group-wide delivery target for the AO programme of \$1 billion operating profit from sustainable projects by the end of 2011. Following the reorganisation of the Group's assets announced in the fourth quarter of 2009, this target has been retained and has now been set as a stretch target for the Group's identified core asset portfolio alone

In terms of the Group's core assets, \$749 million of operating profit had been delivered from sustainable projects by the end of 2009. A further amount of \$201 million was delivered during the year from one-off projects that had been identified as a result of the AO programme

The total value of \$950 million from the core businesses was derived from both revenue enhancing (46%) and direct cost reduction activities (54%)

In respect of the Other Mining and Industrial asset portfolio (excluding Tarmac), \$114 million of benefit from sustainable projects and \$9 million of one-off benefits had been delivered by end-2009

AO sustainable operating profit benefit contributions by business unit

Business unit	\$m
Anglo Platinum	233
Copper	157
Nickel	1
Kumba Iron Ore	128
Metallurgical Coal	171
Thermal Coal	59
Total core assets	749
Other Mining and Industrial*	114
Total	863

*Excluding Tarmac

A portfolio in excess of 500 projects has now been developed. These projects are prioritised for resourcing and implementation on a value adding basis and currently 90% of the value delivered is contained in the top 10 projects per business unit

Projects that are delivering significant value

- > Platinum Smelter Capacity Increase aims to improve installed smelting capacity and reduce unit smelting cost. A number of different actions, from a comprehensive programme, have been instituted and benefits of \$82 million have already been delivered
- > The Dawson coal loss improvement project in Australia is an example of AO in action. The project involves reducing the amount of coal lost during mining by applying innovative blasting techniques and best practice during the mining operation to improve recovery. The return on every dollar invested in exposing and mining the coal is therefore optimised. Coal loss has been substantially reduced since the project commenced, delivering in excess of \$42 million during 2009
- > Copper Los Bronces – Changes made to the equipment configuration in the milling discharge pebble circuits aim to significantly increase circuit availability, thus eliminating a bottleneck and, as a result, increasing throughput by 115 kt of ore per month. The additional throughput resulted in a benefit of \$38 million during 2009
- > Kumba Iron Ore – Improving the overall equipment effectiveness of the truck and shovels fleet through a series of deliberate actions, including changes to work patterns and improved maintenance procedures, yielded benefits of \$8 million in 2009

Supply Chain Cost savings from centralised procurement

In February 2008, the Group set out a programme aimed at transforming Anglo American's procurement and supply chain operations globally, with the ambitious, though achievable, target to become the industry leader and global benchmark for supply chain value creation. At the heart of this strategy is working more closely together as a single, integrated organisation

Asset optimisation in action

Copper Los Bronces – SELE (Selective Electrode position Enhancement) aims to improve the efficiency of the electrowinning plant through the use of innovative technology. The project has increased current density in the electrowinning operation, yielding an additional 3.8 kt of copper in 2009 at a value of \$17 million

Supply Chain aims to create \$1 billion of additional value by 2011 through more effective management of purchased materials and services, working with cross-functional teams, implementing best practice policies, developing processes that can be consistently applied across the Group, and improving internal capability through better teamwork and individual competencies

In 2009, \$445 million from core operations (\$510 million total Group excluding Tarmac) of supply chain benefits were delivered against a target of \$330 million. The progress made implementing initiatives across the Group over the past year has been the result of effective collaboration between global strategic sourcing teams, cross-functional representatives from asset optimisation and engineering, and mine site personnel across all business unit operations. Collaboration between the business unit and central teams that make up Supply Chain has been fundamental in the successful implementation of initiatives.

Mobilisation of the centralised operating model has meant approximately 80% of Anglo American's annual addressable spend figure is now managed through 21 materials and services categories by strategic sourcing teams. These teams are responsible for developing the most effective value creating strategy for Anglo American globally, driving global sourcing savings opportunities and supporting local business unit initiatives. This centralised procurement model has proved to be a strong contributor towards the savings delivered by Supply Chain.

Initiatives have ranged from tactical – delivering consolidation and efficiency improvements, to strategic – focused on longer term value creating partnerships with suppliers. Rationalising the Group's supply base has helped in developing better relationships with selected suppliers. This has yielded practical advantages such as Anglo American's demands of suppliers that they become more transparent and reducing the number of contracts to be administered. With their global approach, strategic sourcing teams have been able to develop a deeper understanding of the materials and services purchased by the Group, this has identified cost levers and opportunities for waste avoidance and total cost of ownership improvements.

Improvements to supply chain processes and systems have also been delivered, aimed at engaging suppliers more effectively through:

- > **Standardisation** through adoption of common policies, practices and methodologies to create a simpler way of doing business with Anglo American
- > **Efficiency** by enhancing the Group's sourcing processes, from tendering through to transaction and payments
- > **Transparency** making clearer the link between supplier performance and the award of new business

Fuels and lubricants

With Anglo American spending more than \$800 million each year in the fuels and lubricants (F&L) category, improvement opportunities and value initiatives are a high priority for Supply Chain. Instead of going out to tender globally or regionally, however, the F&L category team turned to aligning with particular suppliers on a global basis. Most of the value identified came not from price reduction, but in the technical expertise that potential suppliers could bring to Group operations.

From a list of about 10 suppliers, some 80% of the Group's current spend is now with two companies, Shell and BP. These two global suppliers demonstrated the ability to offer the added value that was needed at the operations. After months of negotiations with the companies, global framework agreements were set up, giving Anglo American preferred supplier status to them.

A project team dedicated to delivering standardised policies, processes and systems to improve management of contracts and efficiency of transactions has made excellent progress. In September 2009, a web-based solution was implemented for Supply Chain to engage suppliers and conduct sourcing events online. This solution provides the link between sourcing, contract and business systems for the Group and is a key element in improving efficiency.

Supply Chain Sustainable Development (SCSD) is a core aspect of the way in which the Group works and is aligned to Anglo American's ambition of being a partner of choice. The aim of SCSD is to buy from suppliers that follow the sound principles and practices outlined in the Group's SCSD policy and code. The benefits include mitigation of risk for customers, suppliers and

As preferred suppliers, the companies are able to have their supply agreement terms extended if they achieve the value targets agreed in the global framework agreements. Under the agreements, Shell and BP are now allocating more technical resources to the Group's operations and are providing Anglo American with technical expertise. They are working with Anglo American mine teams to ensure optimal lubricants and lubrication practices are used in order to extend equipment life. Fuel additives are now being employed to increase the energy efficiency of fuels, which reduces the amount of fuel used to do the same work.

In turn, Shell and BP have given Anglo American 'customer of choice' status, meaning that they will accord the Company the highest level of recognition given to customers of similar size with global agreements in place. This means enhanced security of supply, and improvements in commercial arrangements, innovation and global collaboration at the business units being supplied by these companies.

the communities close to Group operations while also supporting Anglo American's safety target of zero harm.

Sustainable Development (SD) criteria are now part of the Group's supplier assessment process. On-site audits have been completed at supplier factories across China, South Africa, Brazil and Australia, while improvement plans have been developed to address issues identified as an SD risk.

2009 has set a high benchmark for value delivery. Initiatives implemented during the year have delivered immediate benefits, while others have been instrumental in establishing longer term partnerships that will support the Group's overall target of creating \$1 billion of additional annual value from core operations alone by 2011.

New capital investments

Anglo American's \$17 billion pipeline of approved projects spans its core commodities and is expected to deliver organic production growth of more than one third by 2013

The Company's decision to preserve the development of its key near term strategic growth projects during the economic downturn positions the Group to capitalise on the next phase of global economic growth. For the longer term, the Group has an array of projects under active consideration at the pre-feasibility or feasibility stages. This pipeline of projects stretches well into the future, ensuring the Group maintains a high degree of flexibility with regards to its organic growth potential

Anglo American's Los Bronces copper mine is well advanced with its expansion project with first production scheduled for the fourth quarter of 2011 and is expected to increase from the fourth quarter of 2012 to an average exceeding 490 ktpa over the first three years of full production (an average of more than 400 ktpa over the first 10 years). At peak production levels, Los Bronces is expected to be the fifth largest copper mine in the world, with reserves that support a mine life of 30 years. Resource and mineralisation studies carried out by Anglo American's technical teams support further potential expansion. Anglo American has also announced two very significant and high quality new discoveries at Los Sulfatos and San Enrique Monolito close to the Los Bronces mine in Chile. These two new prospects together increase the Group's copper resources (excluding reserves) by approximately 50%. The phased expansion of the Collahuasi copper mine continues with the first phase expansion to 150 ktpd due for completion early in 2011, while significant potential for subsequent phased expansions continues to be evaluated. Outside Chile, several unapproved projects provide significant scope for future organic growth. In Peru, Anglo American expects to make a decision regarding the approval and development of the 225 ktpa Quellaveco copper project during 2010. An exploration and a conceptual study are also now under way at the 155 ktpa Michiquillay project. In Alaska, the pre-feasibility study for the Pebble copper project, in which the Group has a 50% stake, is ongoing.

The Barro Alto nickel project in Brazil is on track towards start-up in early 2011, with overall development almost 80% complete at the year end. This project, which has further potential from an extensive resource base, leverages an existing operation and proven technology and will produce an average 36 ktpa of nickel in full production with a position in the lower half of the cost curve. The Jacaré and Morro Sem Bone projects, also in Brazil, provide Anglo American with significant nickel production expansion options from 2015 onwards.

At Anglo Platinum, the major restructuring of the Rustenburg and Amandelbult section into smaller new mining entities during 2009 has provided the flexibility in its production system to react to short term market changes in demand for platinum, while retaining options to expand production should demand for platinum increase. The \$922 million Mogalakwena North project, expected to deliver 350-400 kozpa refined platinum in the first quartile of the cost curve, is progressing on schedule and within budget with ramp up to full production continuing from the second quarter of 2010. The \$224 million Dishaba (formerly Amandelbult) East Upper UG2 expansion project is on track to raise the mine's platinum output by 100 kozpa by 2012. Over the longer term, a range of major projects, including Styldrift Merensky phase 1, will provide Anglo Platinum with organic growth options in excess of 650 kozpa of refined platinum.

The Minas Rio iron ore project in Brazil is a multi billion tonne resource, with the benefit of an integrated logistics system, that will supply the highly attractive seaborne iron ore market. Anglo American obtained a series of important licences for the first phase of the project during 2009, most notably the first part of the Installation Licence for the mine and beneficiation plant, awarded in December, following the earlier award of the federal permit for land clearance at the mine. The second part of the Installation Licence is expected to be approved during the early part of 2010. The construction of the port at Açu is well advanced and the earthworks for the beneficiation plant and pipeline are progressing towards first production in the second half of 2012, with ramp up to annual iron ore production of 26.5 Mtpa in 2013.

The large size of the Minas Rio orebody and the project's dedicated logistics infrastructure means that it has considerable expansion potential, with studies under way for the expansion of the project to up to 80 Mtpa. Anglo American acquired the Minas Rio project in two transactions in 2007 and 2008 and at the end of 2007 declared a resource of 476 Mt (Measured and Indicated) and an additional 770 Mt of Inferred resource. After considerable geological work, this resource has increased fourfold since 2007 to 5.0 billion tonnes including 843 Mt of Inferred resource. The anticipated final product Fe grade over the life of the mine is particularly high compared to other products on the market, expected to be above 68%, and benefits from extremely low alumina, silica and phosphorus contaminants.

Kumba Iron Ore's Kolomela project, previously known as Sishen South, is progressing well towards first production in the first half of 2012. Kolomela is situated 80 km to the south of Kumba's world class Sishen mine and, when full production is achieved in early 2013, will produce 9 Mtpa of high quality iron ore, with further potential for expansion. Across Anglo American's iron ore interests in Brazil and South Africa, the Group has the potential to increase iron ore production to in excess of 150 Mtpa within 10 years.

In Australia, the \$726 million Lake Lindsay coking and thermal coal project reached implementation phase and will be optimised ahead of achieving full production in 2012. A decision is expected in relation to the first stage approval of the 4.3 Mtpa Grosvenor metallurgical coal project in Australia in 2010, the first step in potentially creating a large scale operational cluster around the existing Moranbah North operation.

Mining commenced during the third quarter of 2009 at the \$512 million Zibulo (formerly Zondagsfontein) thermal coal project, which includes a 50/50 joint venture plant with BHP Billiton Energy Coal South Africa. Full production of 6.6 Mtpa of thermal coal is expected from 2012. The Mafube project was completed on schedule and marginally below budget in the third quarter of 2009. The MacWest and Landau Navigation West projects reached full production of 2.7 Mtpa and 1.2 Mtpa respectively in the first half of the year. In Colombia, full production capacity of 32 Mtpa of thermal coal was achieved for the \$42 million expansion at Cerrejón during 2009. Feasibility studies to expand the operation to around 40 Mtpa by 2014 continue.

In late 2009, the shareholders of Debswana (the Government of the Republic of Botswana and De Beers), approved a major extension project at Jwaneng, the world's flagship diamond mine. The project, also known as Cut-8, will ensure profitable and continuous production at the mine until at least 2025 and is the largest ever single capital commitment in the private sector in Botswana. Debswana will provide \$500 million of the \$3 billion project investment over the next 15 years.

Selected major projects

Completed in 2009

Sector	Project	Country	Completion date	Capex \$ m ⁽¹⁾	Production volume ⁽²⁾
Iron Ore and Manganese	Sishen expansion	South Africa	Q4 2009	657	13.0 Mtpa iron ore
Metallurgical Coal	Lake Lindsay	Australia	Q1 2009	726	4.0 Mtpa
Thermal Coal	MaFube	South Africa	Q3 2009	230	5.4 Mtpa
	Goedehoop Fines	South Africa	Q4 2008	20	0.4 Mtpa
	MacWest	South Africa	Q1 2009	49	2.7 Mtpa
	Navigation West	South Africa	Q2 2009	32	1.2 Mtpa
	Cerrejón	Colombia	Q1 2009	130	3.0 Mtpa (2nd stage)

Approved

Sector	Project	Country	First production date	Full production date	Capex \$ m ⁽¹⁾	Production volume ⁽²⁾
Platinum	MC Plant Capacity Expansion – phase 1	South Africa	Q3 2009	Q1 2010	80	11 ktpa waterval converter matte
	Mogalakwena North	South Africa	Q4 2007	2012	922	350–400 kozpa refined platinum
	Mainstream inert grind projects	South Africa	Q4 2009	Q3 2010	188	Improve process recoveries
	Bokoni (Lebowa Brakfontein Merensky)	South Africa	Q1 2009	Q1 2011	179	Replace 108 kozpa refined platinum
	Base metals refinery expansion	South Africa	Q4 2011	Q1 2012	279	11 ktpa nickel
	Dishaba (Amandelbult) East Upper UG2	South Africa	Q3 2007	Q4 2012	224	100 kozpa refined platinum
	Thembelani 2 Shaft (Paardekraal)	South Africa	Q3 2011	Q2 2015	316	Replace 120 kozpa refined platinum
	Twickenham	South Africa	Q4 2011	Q4 2018	800	180 kozpa refined platinum
	Styldrift Merensky phase 1	South Africa	Q2 2017	Q2 2018	1 621	245 kozpa refined platinum
Diamonds	Unki Mine	Zimbabwe	Q3 2010	Q4 2013	457	65 kozpa refined platinum
	Jwaneng – Cut-8	Botswana	2010	2024	3 000 ⁽³⁾	95 million carats
Copper	Los Bronces expansion	Chile	Q4 2011	Q4 2012	2 300–2 500	200 ktpa copper ⁽⁴⁾
	Collahuasi 150 ktpd	Chile	Q1 2011	Q2 2011	92	Expansion to 150 ktpd capacity
Nickel	Barro Alto	Brazil	Q1 2011	Q3 2012	1,800–1 900	36 ktpa nickel
Iron Ore and Manganese	Minas Rio phase 1	Brazil	H2 2012	Q3 2013	3 796 ⁽⁴⁾	26.5 Mtpa iron ore pellet feed (wet basis)
	Kolomela (previously Sishen South)	South Africa	Q2 2012	Q1 2013	1 022	9.0 Mtpa iron ore
Thermal Coal	Zibulo (previously Zondagsfontein)	South Africa	Q3 2009	Q4 2012	512	6.6 Mtpa thermal

Future unapproved

Sector	Project	Country	First production date	Full production date	Production volume ⁽²⁾
Copper	Quellaveco	Peru	2014	2015	225 ktpa copper ⁽⁴⁾
	Collahuasi expansion phase 1	Chile	2012	2012	510 ktpa copper ⁽⁴⁾⁽⁷⁾
	Michiquillay	Peru	2017	2018	155 ktpa copper ⁽⁴⁾⁽⁸⁾
	Pebble	United States	TBD	TBD	350 ktpa copper ⁽⁴⁾
Nickel	Jacare phase 1	Brazil	2015	2016	34 ktpa nickel
	Morro Sem Bone	Brazil	2015	2016	32 ktpa nickel
Iron Ore and Manganese	Sishen Expansion Project phase 1B	South Africa	2011	2012	0.7 Mtpa iron ore
	Sishen Expansion Project 2	South Africa	2017	2019	10.0 Mtpa iron ore
	Sishen Concentrate	South Africa	2017	2018	2.0 Mtpa iron ore pellets
	Minas Rio expansion	Brazil	TBD	TBD	Up to 53 Mtpa iron ore pellet feed (wet basis)
Metallurgical Coal	Grosvenor	Australia	2013	2016	4.3 Mtpa metallurgical
Thermal Coal	Heidelberg underground	South Africa	2013	2017	4.2 Mtpa thermal
	Elders opencast	South Africa	2013	2013	6.4 Mtpa thermal
	Elders underground	South Africa	2013	2017	3.2 Mtpa thermal
	New Largo	South Africa	2012	2016	14.7 Mtpa thermal
	Cerrejón P40	Colombia	2012	2014	8.0 Mtpa thermal

⁽¹⁾ Capital expenditure shown on 100% basis in nominal terms. Anglo Platinum projects reflect approved capital expenditure.

⁽²⁾ Represents 100% of average incremental or replacement production at full production unless otherwise stated.

⁽³⁾ Debswana will provide \$500 million of the \$3 billion project investment over the next 15 years (\$225 million attributable).

⁽⁴⁾ Pebble will produce molybdenum and gold by-products. Michiquillay will produce molybdenum, gold and silver by-products and other projects will produce molybdenum and silver by-products.

⁽⁵⁾ Production represents average over first 10 years of the project. Production over the first three years of the project will average 278 ktpa.

⁽⁶⁾ Capital expenditure post acquisition of Anglo American's shareholding in Minas Rio for 100% of the mine and pipeline and 49% share of the port. The aggregate cost of 100% of the mine pipeline and port – and capital expenditure incurred both before and after Anglo American's shareholding in Minas Rio – has increased from \$3.6 billion to \$5 billion.

⁽⁷⁾ Total production of mine when project has ramped up to full production. Further phased expansions have the potential to increase production to 1 Mtpa.

⁽⁸⁾ Expansion potential to 300 ktpa.

Partner of choice

Sustainable development

Anglo American's sustainable development performance is fundamental to its investment, partner and employer of choice agenda

The Company is committed to operating safely, sustainably and responsibly and embeds this into every part of the business. It fulfils this commitment by respecting the environment through effective stewardship of land and resources, supporting the development of communities where it operates and ensuring the safety of employees, contractors and local communities.

Behaving in this way is essential for earning and maintaining trust with stakeholders – governments, communities, customers, suppliers and employees – and creates value which is fundamental to Anglo American's ability to deliver long term sustainable returns to shareholders.

A revised version of Anglo American's Good Citizenship Business Principles was launched at the end of the year. These apply to every business and to every employee and are integral to the way Anglo American operates. They include a greater focus on environmental issues such as water conservation, climate change and biodiversity, a reinforced stance against corruption, an increased commitment on HIV/AIDS treatment, the importance of family life and work life balance, and the promotion of diversity.

The Business Principles are embedded in policies, projects and commitments and reflect the Company's determination to live by its core values. In addition, the Company has strong governance, systems and risk management processes in place to implement its commitment to sustainable development. During 2009, considerable progress was made on embedding global standards for environment, safety, health and social issues that are designed to drive performance improvement.

Energy

Anglo American's overall objective is to secure affordable, reliable and sustainable supplies of energy. In 2009, the Group undertook a detailed review of its exposure to energy security risks and costs, after related concerns arose the previous year, particularly in South Africa and Brazil. In response to these key risks, Anglo American will continue to optimise energy consumption efficiencies, develop projects which offer cost effective and sustainable sources of energy, while ensuring availability of emergency power supplies for the safety of the workforce as well as critical operational needs.

Energy consumption

During 2009, Anglo American consumed 105 million gigajoules (GJ) of energy (2008 103 million GJ⁽¹⁾). This 2.0 million GJ increase is almost wholly attributable to Anglo American's Iron Ore Brazil business reporting on its energy use for the first time since acquisition.

Energy efficiency

Improving energy efficiency has an economic, security of supply and environmental context and is a core element of the Company's climate change strategy. In 2004, Anglo American set a target to reduce its energy intensity by 15% by 2014, based on a 2004 baseline.

The majority of Anglo American's electrical power consumption is coal fired, which is why it is seeking efficiency gains in electrical power usage through asset optimisation and continuous improvement programmes.

Climate change

Anglo American recognises its responsibility to take meaningful action towards mitigating the effects of climate change, and to help protect its employees and assets, as well as the communities and environments linked to its operations, against its potential impacts.

There are a number of strategic principles that underpin Anglo American's approach to climate change. These include a focus on energy efficiency through asset optimisation, carbon reducing 'synergy' projects, low carbon technologies and adaptation to climate change. Climate change also represents a commercial opportunity and, guided by these principles, the Company is looking to leverage its knowledge and assets into generating additional value for stakeholders.

Carbon dioxide emissions

Over the decade to 2014, the Group is aiming for a 10% reduction in emissions per unit of production. During 2009, Anglo American emitted 19.0 Mt of carbon dioxide equivalents (CO₂e) (2008 19.1 Mt)⁽²⁾.

Carbon abatement

Anglo American's goal to reduce CO₂ emissions extends beyond improving energy consumption efficiencies to implementing carbon abatement projects, in particular those that have synergies with operational activities.

Such projects include Anglo American's coal-seam methane-fired power stations at Moranbah North and Capcoal in Queensland, Australia. Powered by mine waste gas, these facilities currently generate a combined 77 megawatts (MW) of power – equalling a reduction of approximately 2.3 Mt of CO₂e annually, which is the equivalent of planting 3.6 million trees or taking 580,000 cars off the road. Similar opportunities for the Group's South African coal operations are limited.

owing to the significantly lower inherent methane content of Highveld coal seams. The Company, however, has started on a smaller scale methane flaring project at New Denmark colliery, which is expected to reduce its CO₂e emissions by an estimated 100 ktpa.

Low carbon technology

Advancing low carbon technologies, which affect Anglo American's operational and product related CO₂ emissions performance, is critical to the Group's success in the long term. In this regard, the Company participates in a number of downstream related carbon research and advocacy initiatives.

Adaptation

Anglo American is keenly aware of the risks climate change pose to the business, as well as its potential to undermine corporate socio-economic development efforts. The Company's focus will be on developing regional climate change impact models to provide a better understanding of business and societal exposure to climate change and associated adaptation requirements. The Group also has an enormous opportunity to combine carbon reduction initiatives with its socio-economic development activities, thus achieving dual benefits.

Exposure to climate policy

The Group's most immediate focus is on Australia, which during the second half of 2008 released its green and white papers on an emissions trading scheme entitled the Carbon Pollution Reduction Scheme (CPRS). It will come into force in 2011 if the federal government is able to pass legislation through the Senate, but the likelihood of this is currently uncertain. If the legislation is passed it could have significant financial implications for all Australian coal companies. Anglo American is holding discussions with the government on the design of the CPRS, as well as the possibility of co-ordinated research and development opportunities and clean coal technologies. Metallurgical Coal has established a team to ensure that the business is prepared for the introduction of the scheme and to identify further opportunities to implement carbon reduction measures.

Water

Security of water supply is of vital importance to the Company and the communities and countries in which it operates. The threat posed by climate change is also requiring the Group to look at new approaches to managing water at its operations, many of them located in some of the most water stressed regions of the world.

Water consumption

In 2009, Anglo American consumed 125.3 million cubic metres (m³) of water for primary activities. While this represents a relatively small year-on-year increase (2008: 122.7⁽¹⁾ million m³), it includes 3.8 million m³ of water from the Brazilian iron ore operations that have begun reporting for the first time since acquisition, as well as an additional 5.7 million m³ of harvested rainfall that Anglo Platinum had not previously reported in its consumption figures. On a like-for-like basis, Anglo American achieved a 6% water saving between 2008 and 2009.

Although the Group's overall water use has remained largely unchanged despite acquisitions, Anglo American aims to improve its performance through the continued implementation of its WaterWays programme.

The WaterWays programme has provided the Group with a water vision and framework that outlines Anglo American's approach to managing water. These are supported by a water performance standard, which was formally launched in 2009 as part of the global Anglo Environment Way roll-out. A common set of water reporting definitions has been implemented, and models for determining the true value of water, and understanding water balances, have been developed.

The water balance journey model is an operational tool for understanding water balances and the quality of water management systems. The information is used in conjunction with the outcomes of social and environmental impact assessments and the Socio-Economic Assessment Toolbox (SEAT, the Group's principal social impact assessment and management tool for existing operations) to identify improvement opportunities and to understand how any changes may affect operations and other parties that share common water resources.

The 'true value of water' model is designed to help operations calculate their own unique value of water. The model takes into account the actual unit cost of water, as well as an extended set of environmental and socio-economic considerations. Testing will continue during 2010, after which it is envisaged that this 'true' value of water will be used to support decision making related to water efficiency/reduction initiatives and the design of new projects.

A Group water guideline, due for release in early 2010, will link in to the water performance standard and provide clarity on the various elements of water management at an operational level. The inclusion of measures to adapt to the potential impacts of climate change will also be required in this process.

⁽¹⁾ Including Namakwa Sands and Tarmac Iberia, which were divested in 2008. Total energy consumed during 2008 was 105 million GJ.

⁽²⁾ Including Namakwa Sands and Tarmac Iberia, which were divested in 2008. Total CO₂e emissions were 19.7 Mt.

⁽³⁾ 124.8 million m³ was reported in 2008, which includes Namakwa Sands and Tarmac Iberia, whose numbers were included up until the point of divestment. Not including these, water used for primary activities during 2008 was 122.7 million m³.

Performance against KPIs continued

Social and community

Anglo American's ability to manage community issues to a high standard continues to be an important factor in delivering on its growth projects. The Company continues to win numerous awards for its community development programmes and is maintaining its investment in raising standards across the Group.

During 2009, the Company's new social management standards were approved and were published in the Anglo Social Way. The Social Way completes the suite of four 'Way' documents (including the Safety, Occupational Health and Environment Ways) to form a comprehensive suite of sustainable development standards. The Social Way sets out demanding minimum standards across more than 20 dimensions of social performance. Through implementation of the Social Way, Anglo American will meet or exceed a number of best practice benchmarks, including the International Finance Corporation's environmental and social Performance Standards and the recommendations for companies arising from the UN Special Representative on Business and Human Rights' work. A self-assessment process was completed across all current mining operations at the end of 2009, a process that will be repeated for exploration and development projects during 2010. At the end of 2009, the performance against the Social Way requirements was assessed as 10% significant gaps to close, 21% minor gaps to close, 42% fully compliant, 17% good practice, and 10% best practice. During 2010, the objective is to eliminate all non-compliances.

The Company continues to invest heavily in training and education on social performance issues, both for community relations staff and for other senior managers. During 2009, the number of managers trained in the use of SEAT exceeded 500. The Company also supported the establishment of a new postgraduate diploma for site based practitioners at the University of Cape Town's Graduate School of Business. In partnership with the University of Cambridge and the University of Queensland, a unique senior management programme was developed that was delivered to 36 senior staff from Anglo American and an NGO partner during 2009.

Implementation of the second version of SEAT has continued, with several sites completing their reports during 2010. The Company remains on track to finalise the roll-out of SEAT2 in 2011.

Corporate social investment

Anglo American and its managed subsidiaries and joint ventures contributed \$82.5 million (2.23% of pre-tax profit) to charitable causes and community development initiatives in 2009 compared with \$76.2 million (1.11% of pre-tax profit) in 2008. These figures include cash donations, gifts in kind and staff time spent delivering community benefit programmes.

In 2009, the geographical distribution of social investment was 76% in Africa, 20% in the Americas, 3% in the UK and Europe and 1% in Australia, Asia and other countries.

The majority of the Company's social investment is undertaken at site level and is informed by stakeholder inputs through the implementation of the SEAT process.

National foundations or funds have been established to support community development and other charitable causes in Brazil, Chile, Namibia and South Africa. A new foundation will also be established in Peru in 2010. In South Africa, the Anglo American Chairman's Fund has implemented a new strategy and is refocusing its giving to projects with national impact, including large projects and innovative demonstration projects. Contributions to the Chairman's Fund totalled \$9.5 million in 2009.

Anglo American has also established the Anglo American Group Foundation, which distributes grants to charities around the world where Anglo American has a presence. The purpose of the Foundation is to develop sustainable livelihoods through the projects that it supports, with particular areas of interest being education, health, HIV/AIDS, local community, international development and the environment.

Enterprise development

A cornerstone of Anglo American's approach to delivering sustainable development is to build the capacities and life chances of the communities where the Company operates. Experience shows that one of the most effective and durable ways of achieving this is through targeted enterprise development programmes.

Enterprise development can involve potential suppliers and companies outside the mining value chain. Anglo American established a small and medium enterprise (SME) development and empowerment initiative, known as Anglo Zimele, in South Africa 20 years ago to empower black entrepreneurs through the creation and transformation of SMEs.

Anglo Zimele is divided into three separate funds – the Supply Chain Fund, the Anglo Khula Mining Fund and the Small Business Start-up Fund. The funds operate on a commercial basis, albeit with the social purpose of creating sustainable and economically viable enterprises by providing equity/loans, mentoring and access to value enhancing opportunities.

Anglo Zimele management services provides hands on support to all three funds and delivers strategic input in areas such as corporate governance, management, legal, accounting, company secretarial, public relations, safety, health and the environment.

In 2009, the 509 businesses in Anglo American's various enterprise development initiatives in South Africa were collectively responsible for employing 9,570 staff members. Turnover for the year reached R1 6 billion (\$186 million) – a 23% growth from R1 3 billion (\$157 million) in 2008. Anglo Zimele, invested R318 million (\$38 million) in these businesses.

Inspired by Anglo Zimele, Anglo American's Emerge programme was launched in 2006 to contribute to economic development and the well-being of communities near the Company's operations in Chile.

The Emerge programme has developed a two tiered approach – it helps medium sized enterprises to grow their businesses by offering training, technical support, financial assistance and mentoring, and it has entered into an alliance with Fondo Esperanza, an institution that grants micro-credit and business education to small businesses.

More than 100 medium sized business entrepreneurs have already completed the Emerge programme and obtained their certificate from Universidad Adolfo Ibáñez, and over 4,000 small business entrepreneurs are taking part in the programme. Anglo American's goal is to support 7,000 entrepreneurs by 2010.

Anglo American's Barro Alto project in Brazil has completed the first year of a three year social improvement plan with NGO, CARE Brazil. The partnership, established in October 2008, was developed with the aim of enhancing local economic flows, improving the quality of public education and strengthening social capital in the communities surrounding the operation in the state of Goiás.

Through CARE Brazil, local residents have been encouraged to take part in a free entrepreneurial management course in an effort to develop business ideas and opportunities in the region. The first group of small business owners has now completed the course and CARE has supported 249 businesses and associations in the area, ranging from agribusiness and the production of milk and honey, to the sale of bread and providing access to internet radio in rural areas (see case study opposite).

Barro Alto Project Social Programme

Located in rural Goiás state in Brazil, the Barro Alto nickel project is one of Anglo American's four strategic growth projects.

The development of the project poses both challenges to the local community as the local population and economy grows rapidly, but also unprecedented opportunities to build lasting capacity for self-sustainability.

Supporting the development of host communities has been a key priority for the Barro Alto team. A comprehensive package of assistance to the town of Barro Alto is being implemented. Much of the support focuses on improving the infrastructure of the town, so that it becomes a safe and attractive community. Anglo American has made major investments in upgrading roads, building a technical training institute, improving water and sanitation, schools and providing a new hospital.

To complement these infrastructure improvements, Anglo American has worked with government and NGOs, including the Company's global partner CARE, to deliver refresher training for teachers, micro-credit loans, capacity building for the local municipality and support to hundreds of local entrepreneurs.

The programme is a long term one, but early results are already encouraging. To date, more than 260 entrepreneurs have been trained both in rural and urban areas through CARE's support programmes and hundreds of schoolchildren have been given additional help with reading skills and supported to take part in cultural activities.

In addition to this partnership, Anglo American is also working with other NGOs in helping the municipality to build public sector capacity using a methodology known as 'School of Government', and also to share a strategic plan for meeting the United Nations Millennium Development Goals together with the community.

Employer of choice

Safety

Safety remains Anglo American's number one priority. Everyone who works at Anglo American has the right to return home injury free and the Company's role is to make this a consistent reality. The Group's vision is to eliminate fatal and other injuries in the workplace, thus achieving zero harm.

Certain mining activities are of significantly higher risk than others, while many on-site employees work under challenging conditions. Anglo American has worked consistently to understand these risks, learn from previous incidents and implement risk mitigating strategies, including systems, processes, infrastructure and behaviour.

During 2009, 19 people lost their lives on Company business⁽¹⁾. While any loss of life is unacceptable, this nevertheless represents an encouraging 32% improvement on 2008 (28)⁽²⁾. The Group's fatal injury frequency rate (FIFR) also showed a 33% improvement from 0.015 in 2008 to 0.010 in 2009.

In 2009, there were longer periods of safe operation throughout the Group. The Copper, Nickel, Metallurgical Coal, Kumba Iron Ore and Exploration business units remained fatality free, fatalities at the Thermal Coal business dropped by 50% year-on-year, and Anglo Platinum recorded its first ever fatality free four months from October 2009 to January 2010.

Despite reductions in the total number of all leading causes of deaths, transportation (six, 32%) and falls of ground (five, 26%) were once again the primary causes of most fatal injuries. Both these high risk areas are receiving priority attention.

During the year, Anglo American conducted a global transportation safety audit at 13 mines across all business units in order to gain a detailed understanding of the related challenges. The findings and recommendations from the audit have provided a clear understanding and definition of the nature and scale of the attendant risks. A task force is being established with the aim of achieving lasting improvements to the overall management of transport risks.

Anglo Platinum has identified falls of ground management as a major strategic focus and a system has been developed to integrate and refine existing efforts to eliminate falls of ground. The system is supported by a 'no rock will fall uncontrolled' policy and consists of six pillars designed to cater for the different aspects and phases of risks associated with falls of ground.

Anglo American's 2009 lost time injury frequency rate (LTIFR) of 0.76 has continued its downward trend, showing a 27% year-on-year improvement (2008: 1.04). The most frequent risks associated with LTIs vary from operation

to operation, and are addressed through operational safety improvement plans.

The Anglo Safety Way details the Company's safety vision, principles, policy, and safety management system standards. It is complemented by a concise set of safety golden rules and fatal risk standards and outlines what is expected of the Group's leadership and its operations. Each site implements operation-specific safety improvement plans with progress tracked via, inter alia, the Group safety and sustainable development assurance programme. During 2009, some 2,300 people received training on the Company's award winning safety risk management programme, bringing the total since inception to 3,600.

Anglo American will continue to drive further standardisation and consistency of systems, processes and procedures with the aim of consolidating them all into a single integrated global safety, health and environment management system by the end of 2010. To check the effectiveness of management controls put in place to reduce safety risks, the Group sustainable development risk and assurance team will conduct audits throughout 2010 across all business units on falls of ground, contractor management, and electricity isolation.

⁽¹⁾ In addition to the 19 recorded fatalities, a further incident was recorded at Kumba Iron Ore's Sishen Mine and is pending final classification.

⁽²⁾ In 2008, Anglo American reported 27 fatal incidents and indicated that one security-related fatality was still pending investigation at the time of going to print. That incident has since been formally recorded, bringing the 2008 total to 28 and the FIFR to 0.015.

People

In an early response to the global economic downturn, the Group conducted a global review of its operations in late 2008 and initiated a substantial rationalisation programme with the anticipated reduction of 19,000 employees through to the end of 2009.

In addition, in early 2009, the Group commenced an extensive operating model review to optimise the effectiveness and efficiency of its organisational structure to deliver its strategic objectives.

The operational headcount reductions, together with the organisational restructures and the decision to divest a number of assets constituted a primary focus for the Group's Human Resource activities during the year.

Organisational development

The operating model review was completed in October 2009 and resulted in an organisational simplification and delayering across the Group, with the divisional co-ordinating level across Base Metals, Coal and Ferrous Metals being removed. This has resulted in a leaner organisation with shorter lines of communication and clearer accountabilities. Profit accountable business units are complemented by a lean corporate centre focused on essential governance activities.

and the capture of synergies across the Group through collaborative working and best practice sharing in the areas of asset optimisation, project management, procurement and supply chain and shared services

As part of the operating model review, an overall 25% reduction in overhead support headcount was targeted at the corporate centre and in the business units. By the end of December, almost 60% of the targeted reduction had already been achieved

Maintaining progress towards the ambition of becoming the employer of choice by 'living' and being seen by employees to 'live the values' was critical. Continuing to motivate and engage the Company's people throughout the change programmes, with a positive and motivational environment for those who remained was a key objective. Further progress on transformation was another key requirement

Accordingly, extensive employee consultation, regular communication and individual support were a consistent feature throughout the restructuring and employee downsizing programmes

The vast majority of the targeted reductions were progressed through voluntary severance, but where additional reductions beyond those achieved through voluntary means was necessary, a thorough, fair and transparent assessment and selection process was undertaken

The organisational delayering that was announced towards the end of October impacted directly upon more than 300 employees within the divisional layers and the Group functions, mainly based in Johannesburg and London, with extensive redeployment and outplacement support provided for those adversely affected

Talent management

During 2009, the talent audit and Group-wide collaborative development processes continued in parallel with change activities and refreshed assessment tools and processes, which played an important role in preparing employees for new responsibilities and in informing decisions around staffing the new organisation. Upgrading and retaining key talent remained a major focus during the change initiatives

Reward and performance

The Group's comprehensive reward strategies have assisted in attracting and retaining talented and skilled employees in specific sectors of the specialist labour market that has remained competitive despite the economic downturn. The Group-wide reward and evaluation framework has also enabled the calibration and integration of new roles and facilitated the departure of employees through the recent downsizing and restructuring programmes, largely through a successful voluntary separation process

Fixed costs have been tightly controlled through the exercise of general pay restraint appropriate to the economic climate prevailing across different geographies. As a result of the restructuring activities, the Group delayed the introduction of a new performance measurement and management system during 2009, this will now be tailored to the new organisation structure and implemented in 2010

Transformation

2009 marked a year of continued steady progress in terms of transformation. The composition of the management ranks within South Africa with respect to the historically disadvantaged sector grew to 46% (2008: 45%)

The number of women in management rose to 19% (2008: 17%). The Group continues to grow in strength and diversity as it supports initiatives such as 'Women in Mining' and the overall proportion of females increased to 13% (against 10% Mining Charter target, which was raised from 8% in 2005)

Anglo American as a Group has achieved good success with respect to the Mining Charter. Targets were achieved in seven of the eight pillars of the Mining Charter except in the area of beneficiation where this was not clearly defined by the Department of Mineral Resources in terms of measurement

Health

Health in Anglo American has a broad focus and, depending on the country of operation, ranges from complete medical care (hospitals and medical insurance) through to engineering and design of the workplace. At all operations there are wellness programmes aimed at keeping people healthy and improving health

Occupational health

Anglo American's occupational health programmes cover all employees and are aimed at preventing occupational disease through prevention of exposure at source. This involves input from a number of experts, including occupational hygienists, engineers and medical doctors. Despite a declining trend in occupational disease statistics, Anglo American continues to report cases of noise induced hearing loss and occupational lung disease each year. A new approach is thus required. As occupational disease mostly has a long latent period, the use of current statistics to measure the effectiveness of the prevention control strategy is questionable. For this reason, a new system of monitoring based on the effectiveness and availability of controls is being introduced

The system is based on intensive monitoring of the working environment by all levels of employee and the reporting of incidents. All incidents will be followed up and the control measure that has failed reinstated. The objective is to ensure that exposure to health hazards does not exceed the target level. The definition of an incident ranges from employee observations, through to medical and occupational hygiene measurements. This is part of a wider approach to occupational health risk management so that consistent standards for hazard management are rolled out and audited across the Group

HIV/AIDS

Anglo American continues to be a leader on the HIV/AIDS front. During 2009, the Global Business Coalition on HIV/AIDS, Tuberculosis (TB) and Malaria recognised Anglo Thermal Coal's South African mines with a business excellence award for the best workplace HIV/AIDS programme

The thrust of the Company's HIV/AIDS response continues to be early diagnosis and early access to treatment, coupled with intensive HIV-prevention campaigns and, in many instances, compulsory individual HIV counselling. Anglo American exceeded its target of 80% of employees undergoing voluntary HIV testing in southern Africa during 2009, a significant achievement

The challenges remain in converting early diagnosis to early treatment uptake, ensuring long term adherence to anti-retroviral therapy, preventing new HIV infections and encouraging employees to bring their spouses or partners to participate in the Company's HIV/AIDS prevention, care and treatment programmes. At the end of 2009, more than 3,000 employees were receiving anti-retroviral therapy and nearly all of them were able to continue with their normal work

The escalating TB epidemic in South Africa, as a direct consequence of the high burden of HIV disease in the country, is a source of ongoing concern at all Anglo American operations there. The Group's TB control programmes, based on similar principles to the HIV/AIDS programmes, are being stepped up to ensure that this emerging threat is actively managed and properly controlled

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

- **Knowledge and expertise**
- **Proved and probable reserves**

Full details of the Group's Ore Reserves and Mineral Resources estimates are found on pages 148 to 170

Knowledge and expertise

Technology capability

Anglo American's strong in-house technology capability continues to provide world class solutions to the Group and its operations globally. Mining and Technology is the custodian of specialised engineering skills employed throughout the Group, while Anglo Research identifies and develops emerging technologies. Anglo American's technology strategy is regularly reviewed to meet the Group's changing needs, with the focus on safety, sustainable development, asset optimisation, the development of value adding technologies and on nurturing technical talent.

Mining and Technology has developed the Anglo Fatal Risk Standards and Guidelines and provides technical support to Group operations to ensure their optimal application and implementation. Anglo Major Risk Standards and Guidelines are currently being finalised to address high consequence, low probability risks for diverse areas such as shafts, flooding and structures. The quality of the organisation's technical support is exemplified by Mining and Technology becoming a leader in the field of roll-over protection structures (ROPS) through numerical crash simulation and physical testing, and it has developed the first ROPS standard for light vehicles employed in mining operations globally.

Mining and Technology plays an integral role in sustainable development related work within the Group, having developed the Anglo Environmental Way with its associated guidelines and performance standards. The technical team played a key role in the formation of a partnership with the NGO, Fauna and Flora International, and in its participation in Anglo American's Biodiversity Action Plan Peer Review programme, which serves to assist operations to identify key biodiversity risks and opportunities. In addition, Mining and Technology developed the Mine Closure Toolbox, which focuses on the long term planning and management of environmental and closure liabilities, thus influencing and guiding the way operations are designed, planned and managed. The toolbox is being implemented at more than 30 operations across the globe.

The organisation is equipped with a world class measurement and testing laboratory as well as highly skilled engineers to support the Group on failure analysis and vibration issues, which include structural and human vibration matters. The measured data is used, inter alia, for the prediction or anticipation of failures of critical machines, for process optimisations and to measure and address exposure limits to prevent operator fatigue, which contributes to safer and more effective operations. Input is also provided to original equipment manufacturers in order to address certain design issues, thus enhancing the final product.

Mining and Technology has developed and implemented a comprehensive and industry leading structural inspection and maintenance management programme (SIMM) to ensure employee safety and prevent asset value destruction. SIMM accurately assesses the condition of critical structures (including shaft steelwork) and recommends appropriate intervention strategies. This is of particular importance to long life assets.

The novel metallurgical process developed for the Skorpion Zinc refinery in Namibia is just one example in Anglo American's long history of taking new ideas and developing them into working solutions. Currently, Anglo Research is developing a process for atmospheric leaching of nickel laterite ores. The concept has been refined, tested at laboratory scale and piloted at mini-plant scale. A fully integrated pilot plant is currently under construction and will be in operation towards the end of 2010. A demonstration plant will be developed based on the outcome of a successful pilot campaign.

The state-of-the-art Anglo American developed Spectrem airborne electromagnetic system is being deployed in Australia following a series of successful surveys in Canada and Alaska.

Mining and Technology continues to improve other technologies aimed at ensuring the safety of vertical transport through the development of significantly improved digital electronic and detection algorithms in order to identify defects in steel wire ropes, and through the adaptation of leading edge non-destructive testing technologies for shaft winding systems. An underground rail inspection system has also been developed and implemented, aimed at improving the safety and efficiency of such facilities.

The Mining and Technology developed best practice guideline for shaft design, based on the experience and expertise built up over decades in Group design offices and operations, is aimed at enhancing the effectiveness of future shafts and at optimising their life cycle cost and effectiveness. The document will assist designers by means of guidelines, specifications, examples and checklists.

The focus on optimising Anglo American's project structures and processes is continuing with the implementation of the Group Asset Development Standard and associated guidelines and tools.

Exploration

Anglo American continued its exploration activities in a range of frontier areas to more mature greenfield locations globally as well as in brownfield environments in close proximity to the Group's existing operations. The Company's exploration geoscientists are also involved in the identification and evaluation of properties for potential acquisition or alliance opportunities.

Anglo American teams continued to advance exploration on recent discoveries, sole funded projects and alliances with other companies. Through 2009, the Group, excluding De Beers, spent \$172 million (2008: \$212 million) on exploration in 21 countries. De Beers' own exploration expenditure amounted to \$48 million (2008: \$96 million).

Anglo Platinum exploration costs of \$17 million were incurred during 2009, with a specific focus on supplying geological information and mitigating resource risk on current operations. Although partly curtailed owing to the current economic downturn, exploration activities included considerable surface diamond drilling. 3D seismic surveys continue to provide exceptional detail on the structural deformation of the orebodies, which is not discernible from borehole data alone. Aeromagnetic surveys, geophysical logging and borehole radar are also used to supplement geological knowledge. Foreign exploration continued in 2009, with projects in Brazil, Canada, Russia and Zimbabwe. Exploration operations in China were shut down during 2009, while options to dispose of the organisation's interest in the Canadian projects were being reviewed at year end. Extensive exploration continues on the Great Dyke in Zimbabwe to supply resource information especially in the Unki area.

Copper exploration across the Group totalled \$43 million with focused exploration around its Chilean copper mines. Advanced project work further evaluated the West Wall and Michiquillay copper projects in Chile and Peru respectively. Near mine exploration efforts centred on the San Enrique-Monolito and Los Sulfatos copper projects in Chile as well as other near mine opportunities.

Nickel exploration of \$22 million was incurred strengthening the project pipeline, with continued work around a nickel-copper discovery in Finland, while advanced project works further evaluated the Jacaré project in Brazil and West Raglan in Canada.

Iron Ore exploration expenditure was principally at the Minas Rio project in Brazil and the Kumba Iron Ore projects in South Africa. In Brazil, programmes tested iron ore targets close to the principal resources as well as evaluation targets within the project's infrastructure corridor.

In South Africa, pre-feasibility resource evaluation drilling of the Zandriverspoort project in the Limpopo Province was completed and exploration activities for the Kolomela

An integrated geospatial solution

Mining and metals professionals strive to shorten project schedules and lower operating costs through improved access to mission-critical information. Effectively managing and controlling the costs of a 20 Mtpa coal mining operation requires statistical evaluation of multiple databases.

Thermal Coal's New Vaal colliery required a system to link spatial information to various databases to allow analysis of possible outcomes based on changing variables. Because most of this information is inextricably linked to the Survey Department, an integrated geospatial solution that encompassed the entire mining

cycle was created by a team comprising mine and Mining and Technology experts as well as a software solutions provider. An information repository and manipulation tool with a primary focus on linking production data with spatial referencing was identified and tested. Thereafter, fixed and dynamic reporting was integrated with a web publisher to web-enable the solution.

The tool will be expanded to other functional areas in due course. The integrated geospatial solution will ultimately enable management to have immediate access through the web to multiple databases and imagery which would otherwise have been inaccessible.

(formerly Sishen South) project in the Northern Cape Province were concluded, with mine construction commencing in 2009. A number of brownfield targets between the Sishen and Kolomela mines were explored as part of the Falcon/Sibelo project. Pre-feasibility drilling and exploration activities on the Phoenix project at the Thabazimbi Mine in the North West Province commenced at the end of the third quarter of 2009. Greenfield exploration activities on the project in Guinea ceased in early 2009 and the project was terminated.

Coal exploration expenditure of \$35 million was concentrated on evaluating, assessing and extending resources for export thermal and coking coal, domestic thermal coal and coal bed methane (CBM).

In South Africa, further exploration was undertaken on the South Rand, Standerton East and Kriel East projects, with new project drilling commencing on the Elders Underground Extension and Vaal Basin projects. Feasibility related drilling was carried out on the New Largo resource, planned to supply Eskom's Kusile power station. Exploration drilling was also intensified in Thermal Coal's Limpopo area for coking coal, as well as in the Waterberg Coal project area. The Lephalale CBM resource continued to be evaluated utilising results

from gas yield testing and regional exploration drilling. The project is currently generating approximately 140 kW of electricity from a fuel cell pilot project, which represents a clean energy technology initiative between Thermal Coal and Anglo Platinum. CBM exploration activities in Botswana continued to evaluate the prospectivity of the Eastern Karoo Basin through a reconnaissance drilling programme which has identified areas for future exploration.

In Australia, exploration targeted coking coal and export thermal coal in the Drayton South (Saddlers Creek), Moranbah South, Grosvenor, Rolfe and Carlo Creek Projects.

In Canada, Peace River Coal remained focused on defining hard coking coal in the Roman Mountain project adjacent to the existing Trend colliery. Additional resource definition exploration was carried out on the Belsax project south east of the colliery.

Zinc exploration expenditure of \$10 million related to exploration conducted on a recent discovery in Namibia as well as works adjacent to operations in Ireland and advanced project works at the Gamsberg East zinc project in South Africa.

Other activity included exploration around the Brazilian phosphate mines.

Group operating profit was \$4,957 million, with operating profit from core operations of \$4,451 million

Financial review of Group results

Group operating profit was \$4,957 million, with operating profit from core operations of \$4,451 million, 51% lower than 2008. This decline in operating profit was driven by significant decreases in realised prices of all commodities, with the exception of copper. Price decreases included a 38% reduction in the platinum basket, an average 40% reduction in benchmark export iron ore, a 30% decline in average nickel and a more than 20% decline in export metallurgical coal.

Copper operating profit was 6% higher than for 2008, with record production and a 2% increase in the realised price of copper, partially due to favourable final settlements of sales into a rising market. Nickel profits declined due to a combination of the lower price, with destocking in the stainless steel sector and a 25% inflation rate in Venezuela. Platinum was impacted by significantly lower average prices compared with 2008. Kumba Iron Ore maintained a strong operating profit margin despite a 40% decline in average benchmark export iron ore prices, achieved through increased volumes, principally sold to China. Samancor's profit declined due to the decrease in global steel demand. Metallurgical Coal and Thermal Coal profits were impacted by the decline in export demand and prices, partially offset by cost reduction programmes. Diamonds saw Diamond Trading Company (DTC) revenues fall by \$2.7 billion and, through production holidays and restructuring, De Beers cut its production and operating costs by \$900 million. However, despite these measures operating profit fell by 87%.

Other Mining and Industrial's operating profit increased in the zinc and niobium businesses, with growth in sales volumes. This was more than offset by lower profits from Tarmac due to the housing market decline in Europe and significant volume decline for Scaw Metals'

products. Other Mining and Industrial's operating profit in 2009 relative to 2008 was lower following the sale of Tongaat Hulett and Hulam in the third quarter of 2009 and also the sale of Namakwa Sands in October 2008.

Group underlying earnings were \$2,569 million, 51% lower than 2008, which reflected the operational results discussed above. The net finance costs charge, before remeasurements of \$273 million, was \$179 million lower than 2008. The effective tax rate, before special items and remeasurements and including attributable share of associates' tax, reduced in the year from 33.4% to 33.1%.

Group underlying earnings per share were \$2.14 compared with \$4.36 in 2008, a 51% reduction.

The Group's results are influenced by a variety of currencies owing to the geographic diversity of the Group. In 2009, there was a negative exchange variance in underlying earnings of \$68 million. The Group's results benefited from the weaker Australian dollar, Chilean peso and Brazilian real. Despite the average rand rate in 2009 being 2% weaker than 2008, there was a negative rand exchange impact on underlying earnings. This reflected a significantly stronger rand in the second half of the year when operating activities increased with stronger demand. There was a negative impact on underlying earnings from a significant decline in prices amounting to \$2,290 million, reflecting lower prices across almost all commodities.

Special items and remeasurements

Operating special items and remeasurements, including associates, amounted to a charge of \$1,840 million. Included in operating special items, including associates, were impairments totalling \$2,130 million. This included an impairment charge against the Amapá iron ore system. Amapá was acquired in 2008 as an operating asset as part of the acquisition of

Underlying earnings

\$ million	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Profit for the financial year attributable to equity shareholders of the Company	2,425	5,215
Operating special items including associates	2,574	477
Operating remeasurements including associates	(734)	880
Net profit on disposals including associates	(1,632)	(1,027)
Financing special items including associates	7	–
Financing remeasurements including associates		
Exchange loss/(gain) on De Beers preference shares	21	(28)
Unrealised net losses/(gains) on non-hedge derivatives related to net debt	94	(8)
Other financing remeasurements	13	–
Tax special items including associates	152	–
Tax remeasurements	(469)	153
Tax on special items and remeasurements including associates	180	(264)
Minority interests on special items and remeasurements including associates	(62)	(161)
Underlying earnings	2,569	5,237
Underlying earnings per share (\$)	2.14	4.36

the Minas Rio project. During 2009, Amapá experienced significant operational challenges across its mine, plant and logistics chain, producing 2.7 Mt compared with the design capacity of 6.5 Mtpa. Management's focus has been, and remains, on seeking to markedly improve performance from the existing operations, rather than investing to expand the operation. The Amapá system is currently believed to have capacity to increase production to 5 Mtpa without significant further capital expenditure. Due to the focus on improving operational performance and preserving cash, limited exploration drilling was undertaken in 2009 and the anticipated growth potential of surrounding licence areas remains untested. Given these operational difficulties and delays in increasing production, the Group recorded an impairment charge of \$1.5 billion (after tax and minority interest) against the carrying value of the asset.

In January 2008, the Venezuelan Ministry of Basic Industries and Mining (MIBAM) published a resolution cancelling 13 of Minera Loma de Niquel's (MLdN) 16 exploration and exploitation concessions due to MLdN's alleged failure to fulfil certain conditions of the concessions. The current mining and metallurgical facilities are located on the three concessions that have not been cancelled. MLdN believes that it has complied with the conditions of these concessions and has lodged administrative appeals against the notices of termination and is waiting for a response from MIBAM. MLdN may in the future undertake further appeals, including with Venezuela's Supreme Court, if the MIBAM's ruling does not adequately protect its interests.

An impairment and associated adjustments of \$114 million have been recorded due to increased uncertainty over the renewal of the three concessions that have not been cancelled but that expire in 2012 and over the restoration of the 13 concessions that were cancelled.

At 31 December 2009, Anglo American's interest in the book value of MLdN, including its mineral rights, was \$285 million (as included in the Group's balance sheet). In the 12 months to December 2009, MLdN's production and contribution to Group operating profit were respectively 10,400 tonnes of nickel in ferronickel and a \$7 million loss. The average price of nickel in 2009 was 667 c/lb. As of 17 February 2010, the price of nickel was 910 c/lb.

Due to the nature of the assets, the effects of the strengthening Canadian dollar and the impact of the global recession on pricing and production levels, De Beers recorded an impairment of \$595 million (attributable share \$267 million) in respect of its Canadian asset portfolio and has written off \$101 million (attributable share \$45 million) of Canadian deferred tax assets.

Also included in special items and remeasurements were one-off redundancy costs at the corporate centre of \$47 million,

Summary income statement

\$ million	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Operating profit before special items and remeasurements	4,377	7,981
Operating special items	(2,275)	(352)
Operating remeasurements	638	(779)
Operating profit from subsidiaries and joint ventures	2,740	6,850
Net profit on disposals	1,612	1,009
Share of net income from associates ⁽¹⁾	84	1,113
Total profit from operations and associates	4,436	8,972
Net finance costs before remeasurements	(273)	(452)
Financing remeasurements	(134)	51
Profit before tax	4,029	8,571
Income tax expense	(1,117)	(2,451)
Profit for the financial year	2,912	6,120
Minority interests	(487)	(905)
Profit for the financial year attributable to equity shareholders	2,425	5,215
Basic earnings per share (\$)	2.02	4.34
Group operating profit including associates before special items and remeasurements ⁽²⁾	4,957	10,085

⁽¹⁾ Operating profit from associates before special items and remeasurements

Operating special items and remeasurements	580	2,104
Net profit on disposals	(203)	(226)
Net profit on disposals	20	18
Net finance costs (before special items and remeasurements)	(28)	(147)
Financing special items	(7)	-
Financing remeasurements	6	(15)
Income tax expense (after special items and remeasurements)	(286)	(606)
Minority interests (after special items and remeasurements)	2	(15)
Share of net income from associates	84	1,113

⁽²⁾ Operating profit before special items and remeasurements from subsidiaries and joint ventures was \$4,377 million and attributable share from associates was \$580 million.

For special items and remeasurements see note 7 to the Financial statements.

Special items and remeasurements

\$ million	Year ended 31 Dec 2009			Year ended 31 Dec 2008		
	Excluding associates	Associates	Total	Excluding associates	Associates	Total
Operating special items	(2,275)	(299)	(2,574)	(352)	(125)	(477)
Operating remeasurements	638	96	734	(779)	(101)	(880)
Operating special items and remeasurements	(1,637)	(203)	(1,840)	(1,131)	(226)	(1,357)

Operating profit by business unit

\$ million	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Platinum	32	2,169
Diamonds	64	508
Copper	2,010	1,892
Nickel	2	123
Iron Ore and Manganese	1,489	2,554
Metallurgical Coal	451	1,110
Thermal Coal	721	1,078
Exploration	(172)	(212)
Corporate activities and unallocated costs	(146)	(219)
Operating profit including associates before special items and remeasurements – core operations	4,451	9,003
Other Mining and Industrial	506	1,082
Operating profit including associates before special items and remeasurements	4,957	10,085
Underlying earnings – core operations ⁽¹⁾	2,166	4,503

⁽¹⁾ See note 3 to the Financial statements.

Group financial performance

continued

Taxation

\$ million (unless otherwise stated)	Year ended 31 Dec 2009			Year ended 31 Dec 2008		
	Before special items and remeasurements	Associates' tax and minority interests	Including associates	Before special items and remeasurements	Associates' tax and minority interests	Including associates
Profit before tax	4,422	234	4,656	8,832	654	9,486
Tax	(1,305)	(235)	(1,540)	(2,545)	(623)	(3,168)
Profit for the financial year	3,117	(1)	3,116	6,287	31	6,318
Effective tax rate including associates (%)			33.1			33.4

and within Anglo Platinum, Metallurgical Coal and Thermal Coal of \$136 million. There were operating remeasurement gains of \$734 million, which principally related to net gains on non-hedge capital expenditure derivatives held by Iron Ore Brazil and Los Bronces, and an unrealised gain on an embedded derivative at MLdN.

Net profit on disposals of \$1 632 million, including associates, comprised a profit on the disposal of the residual shareholdings in AngloGold Ashanti of \$1,139 million, \$247 million on Anglo Platinum's disposal of its 50% share in Booyssendal and \$69 million relating to the disposal of 51% of Anglo Platinum's 100% share in Lebowa Platinum Mines.

Financing remeasurements including associates were made up of an unrealised net loss of \$94 million on non-hedge derivatives and a \$21 million foreign exchange loss on retranslating De Beers US dollar preference shares held by a rand denominated entity.

Tax remeasurements amounted to a gain of \$469 million related to foreign currency translation of deferred tax balances.

Net finance costs

Net finance costs, excluding a net remeasurement loss of \$134 million (2008: gain of \$51 million), decreased to \$273 million (2008: \$452 million). This was due to a \$70 million reduction in the total interest expense and a \$184 million reduction in other financing losses (principally exchange losses), partially offset by a \$75 million reduction in total investment income.

Taxation

IAS 1 *Presentation of Financial Statements* requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's income tax expense. Associates' tax included within 'Share of net income from associates' for the year ended 31 December 2009 was \$286 million (2008: \$606 million). Excluding special items and remeasurements, this amounted to \$235 million (2008: \$623 million).

The effective rate of tax before special items and remeasurements, including attributable share of associates' tax for the year ended 31 December 2009, was 33.1%. This was broadly in line with

the equivalent effective rate of 33.4% for the year ended 31 December 2008. In future periods, it is expected that the effective tax rate, including associates' tax, will remain above the United Kingdom statutory tax rate.

Balance sheet

Equity attributable to equity shareholders of the Company was \$26 121 million compared with \$20,221 million at 31 December 2008. This increase reflected additional tangible assets of \$5,653 million with capital investment, principally in the Group's core commodity assets. Cash at the end of 2009 was \$498 million higher than 2008, which included a \$316 million benefit of a weak dollar on non-US cash holdings. A weaker dollar, higher commodity prices than at 31 December 2008 as well as a stronger trading performance in the later stages of 2009 compared with the prior year have contributed to a \$929 million increase to inventories and current receivables.

This was offset by an increase in short, medium and long term borrowings, which were \$320 million greater than 2008, reflecting refinancing in 2009 and the impact of a stronger rand on rand denominated debt. Deferred tax liabilities also increased in the year by \$637 million. Investments in associates were \$300 million lower as a result of De Beers impairing its Canadian assets, a demand driven decline in earnings at Samancor and the disposal of Tongaat Hulett and Hulamini.

Cash flow

Net cash inflows from operating activities were \$4,087 million compared with \$8,065 million in 2008. EBITDA was \$6,930 million, a decrease of 42% from \$11,847 million in 2008.

Proceeds from the sale of financial asset investments totalled \$2,041 million, including net cash inflows on the sale of the Group's residual interest in the shares of AngloGold Ashanti and proceeds received on the sale of preference shares as part of the disposal of the Booyssendal joint venture.

Purchases of tangible assets amounted to \$4,607 million, a decrease of \$539 million. This spend was focused on the four key near term strategic growth projects (Los Bronces, Barro Alto, Minas Rio and Kolomela). The overall

reduction reflected the planned reduction on capital investment outside these key projects

Net cash used in financing activities was \$1 605 million compared with net cash inflows in 2008 of \$3,542 million. During the year the Group used cash to repay \$6,624 million of short term borrowings and the payment of \$741 million of interest. This was partially offset by the proceeds from four bond issuances completed in the year totalling \$5,892 million.

Liquidity and funding

Net debt, excluding hedges, was \$10,995 million, a decrease of \$48 million from 31 December 2008. Cash and cash equivalents, excluding the impact of exchange, increased by \$259 million. This reflected operating cash flows, the sale of financial asset investments and investment in associates, purchase of tangible assets and movement in financing activities as detailed in the cash flow section.

Net debt at 31 December 2009 comprised \$14,317 million of debt, partly offset by \$3,319 million of cash and cash equivalents (net of bank overdrafts) and \$3 million current financial asset investments. As a result of refinancing activities outlined below the debt aging profile changed, with 90% of the total debt being due after more than one year, compared with 52% at 31 December 2008. Net debt to total capital⁽¹⁾ at 31 December 2009 was 30.8%, compared with 37.8% at 31 December 2008.

In 2009, Anglo American conducted four major bond transactions, raising a total of \$5.9 billion, which refinanced the Group's short term debt position. In April, \$2 billion was raised in a dual tranche issuance, with \$1.25 billion maturing in 2014 and \$0.75 billion in 2019. In May, a convertible bond was issued, maturing in 2014, which raised \$1.7 billion. In September and December, two separate Eurobonds were issued, each raising €750 million (\$1.1 billion), maturing in 2013 and 2016 respectively.

At 31 December 2009, Anglo American had undrawn bank facilities of \$9.5 billion, cash deposits of \$3.3 billion and commercial paper maturing throughout 2010 of \$67 million. Anglo American's only significant facilities maturing in 2010 are a £300 million (\$500 million) Eurobond which matures in December 2010 as well as the Amapá facilities of \$538 million. In addition the Group has undrawn rand facilities equivalent to \$1.9 billion with 364 day maturities which roll automatically on a daily basis unless notice is served.

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

Dividends

The resumption of the dividend at the earliest possible time remains a key priority for the Board. Assuming that the commodity price environment and outlook continue to improve and the business performance remains robust, the Board would expect to be able to announce the resumption of a dividend in respect of the current financial year.

Return on capital employed (ROCE)

ROCE in 2009 was 14.6% compared with 36.8% in 2008. The decrease was mainly due to the operating results discussed in this financial review of Group results and in the business unit overviews on pages 34 to 63.

Group corporate cost allocation

As a result of the Group announcement on 22 October 2009 to streamline its management structure and remove a layer of global management, certain activities previously performed within the divisions are now to be undertaken at the corporate centre, certain will be undertaken in the new business units and the remainder will no longer be performed. At the same time, it has been decided that the figure presented externally as Group corporate costs will only comprise costs associated with parental or direct shareholder related activities and that costs associated with activities which are value adding to the business units will be reported within the business units. As a result, a proportion of corporate costs which are believed to be value adding to the business units will be allocated to each business unit. The Group corporate costs, as included within the notes to the accounts, can be reconciled to the historical basis for presentation as in the table below.

Corporate costs (on a consistent basis with those reported in the 2008 Annual Report) of \$272 million (2008: \$345 million) were incurred in 2009, a reduction of \$73 million. The reduction was due in part to the strengthening dollar but principally resulted from stringent cost reduction measures across the corporate offices.

Group corporate costs

\$ million	2009	2008
Corporate costs as previously reported	272	345
Costs previously reported within divisional results	76	102
Corporate costs allocated to business units	(202)	(228)
Corporate costs as reported under new structure	146	219

Analysis of depreciation and amortisation by segment (subsidiaries and joint ventures)

\$ million	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Platinum	636	507
Copper	244	212
Nickel	26	27
Iron Ore and Manganese	81	52
Metallurgical Coal	249	205
Thermal Coal	107	78
Other Mining and Industrial	360	404
Exploration	—	—
Corporate activities and unallocated costs	22	24
	1,725	1,509

Analysis of capital expenditure on a cash flow basis by segment (subsidiaries and joint ventures)⁽¹⁾

\$ million	Year ended 31 Dec 2009	Year ended 31 Dec 2008
Platinum	1,150	1,563
Copper	1,068	808
Nickel	554	530
Iron Ore and Manganese	1,044	783
Metallurgical Coal	96	467
Thermal Coal	400	365
Other Mining and Industrial	268	603
Exploration	—	1
Corporate activities and unallocated costs	27	26
	4,607	5,146

⁽¹⁾ Cash capital expenditure excludes cash flow on related derivatives.

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

No 1primary producer
of platinum in
the world**9**wholly owned
mining operations
in South Africa, with
three smelters and
two refineries**2.5m**platinum ounces
production target
for 2010**Financial highlights Platinum**
\$ million (unless otherwise stated)

	2009	2008
Operating profit	32	2,169
EBITDA	677	2,675
Net operating assets	12,141	9,045
Capital expenditure	1,150	1,563
Share of Group operating profit	1%	22%
Share of Group net operating assets	31%	27%

Operating profit
(2008 \$2,169 m)

\$32 m

Share of Group operating profit
(2008 22%)

1%

EBITDA
(2008 \$2,675 m)

\$677 m

Business overview

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

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

Anglo Platinum wholly owns nine mining operations currently in production, a tailings re-treatment facility, three smelters, a base metals refinery and a precious metals refinery. It also has 100% ownership of the Unki project in Zimbabwe. Each of its mines operates its own concentrator facilities, with smelting and refining of the output being undertaken at Rustenburg Platinum Mines' metallurgical facilities.

A restructuring of mining operations into more efficient, stand-alone units involved the splitting of the largest mines into smaller new mining entities so as to ensure a sustainable reduction in the unit cost of production and to extract maximum value from the assets employed. Rustenburg Section was divided into five new mines – Khomanani, Bathopele, Siphumelele, Thembelani and Khuseleka – while Amandelbult Section was split into the Tumela and Dishaba mines. Three high cost shafts, namely Siphumelele 3 and 2 shafts (formerly known as Bleskop and Brakspruit) and Khuseleka 2 shaft (formerly known as Boschfontein), were also placed on care and maintenance. The company's 100% owned mining operations now consist of the five mines at Rustenburg Section and the two mines at Amandelbult Section, as well as Mogalakwena and Twickenham mines. Union Mine is 85% held, with a black economic empowerment (BEE) partner, the Bakgatla-Ba-Kgafela traditional community holding the remainder.

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

During 2009, Anglo Platinum successfully completed three BEE transactions.

Mvela All of the conditions precedent in respect of the disposal of Anglo Platinum's 50% interest in the Booyendal project and of its 22.4% interest in Northam Platinum Limited to Mvela, for a total consideration of R3.7 billion, were fulfilled, with the final part of the transaction becoming effective in June 2009.

Anooraq All of the conditions precedent to the acquisition by Anooraq of an effective 51% interest in Lebowa Platinum Mine and 1% interest in the Ga Phasha, Boikgantsho and Kwanda projects have been fulfilled and the transaction became effective on 30 June 2009. The transaction facilitated Anooraq's strategy of becoming a major historically disadvantaged South African (HDSA) managed and controlled PGM producer and illustrates Anglo Platinum's commitment to broad based BEE as a strategic transformation initiative. Anooraq now controls the third largest PGM resource base in South Africa, with a combination of high quality exploration, development and production mineral properties.

Royal Bafokeng Resources (RBR) The transaction whereby RBR obtained a majority interest in the Bafokeng-Rasimone Platinum Mine Joint Venture became unconditional and therefore, effective 7 December 2009.

Industry overview

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

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

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

Palladium's principal application is in autocatalysts (around 45% of net demand). It is also used in electronic components, in dental alloys and, more recently, as an emerging jewellery metal in markets such as China. Palladium demand is expected to rebound in 2010, together with supply that is expected to increase from recycling of spent autocatalysts.

Rhodium is an important metal in autocatalytic activity, which accounts for nearly 80% of net demand. With the global economic slowdown depressing production of new vehicles, demand for rhodium declined in 2009. Declining demand in the autocatalyst sector, coupled with increased supplies from South Africa, are likely to keep the market in surplus in the short to medium term.

Strategy and growth

Anglo Platinum's objective is to maintain its position as the leading primary producer of platinum. In order to do this, the company aims to be a highly cost effective producer to develop the market for PGMs and to expand production into that growth opportunity.

In the second half of 2008 and in 2009, in response to the unprecedented rapid decline in PGM prices caused chiefly by rapidly slowing vehicle sales in North America, Europe and Japan, the company implemented a number of initiatives to reduce costs and improve operational productivity and also undertook a critical examination of capital expenditure. Project capital spend is now directly related to Anglo Platinum's long term ounce requirements and the reduction in the rate of spend resulted in a number of projects being delayed, including Tumela (Amandelbult) 4 Shaft, Twickenham Platinum Mine and the Styldrift Merensky phase 1 project. However, the Thembelani 2 Shaft (formerly Paardekraal 2), Dishaba (formerly Amandelbult) East Upper UG2 and Khuseleka 1 Shaft (formerly Townlands Ore Replacement) projects are all progressing without delay.

Anglo Platinum is involved in developing mining activity for PGMs on the Great Dyke of Zimbabwe, the second largest known repository of platinum after the Bushveld Complex. Development and exploration work is focused on new projects in the area, including Unki, as well as establishing extensions to the resource base for future projects.

In February 2010, Anglo Platinum announced a rights offer of R12.5 billion (approximately \$1.6 billion) which will be used to repay long term debt, therefore securing future financial and operational flexibility and creating capacity for growth. Anglo American announced its intention to subscribe in full to its entitlement to the rights offer.

Financial overview

Anglo Platinum generated an operating profit of \$32 million, a 99% decrease compared with 2008. Key contributory factors included a 38% reduction in the dollar price realised on the basket of metals sold, offset by higher sales volumes and proceeds received from a business interruption insurance claim at Amandelbult.

The average dollar price achieved for platinum was \$1,199 per ounce for the year, a 24% decrease compared with \$1,570 in 2008. The average prices achieved for palladium and rhodium sales for the year were \$257 per ounce (2008: \$355) and \$1,509 per ounce (2008: \$5,174) respectively. The average price achieved on nickel sales for 2009 was \$6.54 per pound (2008: \$9.79). The overall basket price achieved for the year of \$1,715 per platinum ounce sold compared with \$2,764 achieved in 2008.

Markets

Average market prices (\$/oz)	2009	2008
Platinum	1,211	1,585
Palladium	266	355
Rhodium	1,592	6,564

The unprecedented volatility in platinum demand and price experienced in 2008 was followed by a period of consolidation in 2009. The inherent strength in the structure of the platinum business saw the platinum market return to balance during 2009, as jewellery and investment demand increased, reacting to lower price levels in the first half of the year, and as investor sentiment improved. These increases offset lower demand for use in autocatalysts and from the industrial sector.

Developments in 2009 again highlight the importance of Anglo Platinum's continued commitment to market development which supports the maintenance of existing, and the development of new industrial (including autocatalyst) applications, and the maintenance of healthy jewellery markets. Market development for by-product metals, most specifically palladium and rhodium, maximises the contribution to the total revenue from the basket of metals sold.

Autocatalysts

Demand for PGMs in the autocatalyst industry declined in 2009 due to lower levels of automobile production. The reduction in metal purchased by auto manufacturers was exacerbated, in the first half of the year, by their need to decrease vehicle inventory levels, therefore restricting production and selling from available stock. Some rebuilding of these inventories, together with widespread government incentive schemes, saw a firming in PGM demand in the second half of 2009. Incentive schemes resulted in an increase in

the sale of smaller gasoline vehicles and a consequent reduction in diesel vehicle demand in Europe.

Industrial

Demand for platinum in the industrial sector reduced in line with the global economic decline in 2009. Low utilisation rates in the chemical and petroleum sectors further reduced demand for new metal as companies reduced inventory levels. Glass demand was negatively affected by excess capacity and a return of metal from decommissioned plants.

Jewellery

As expected, demand for platinum jewellery fabrication responded quickly and strongly to the lower platinum prices in the latter part of 2008 and the first half of 2009. The increased demand was most notable in the unsaturated Chinese market. Total demand for jewellery in 2009 was 70% higher than in 2008.

Investment

Investor inflow into the platinum and palladium Exchange Traded Funds (ETFs) continued strongly throughout the year. Platinum holdings increased by just over 380 koz to 680 koz and palladium by just over 500 koz to 1,170 koz in 2009. The expected launch of the US based ETFs supported firm investment demand towards the end of 2009.

Anglo Platinum makes use of its extensive knowledge of the PGM market to form the basis of its operating strategy, thereby enhancing the company's ability to forecast the market's needs and, consequently, the level of production required to ensure long term market sustainability.

Operating performance

Anglo Platinum achieved a significant milestone in January 2010 when it recorded four consecutive months without a fatal incident at its operations, including the entire fourth quarter of 2009. Anglo Platinum's continued focus on safety also resulted in a further 21% improvement in its lost time injury frequency rate to 1.37, from 1.74 in 2008. Despite these improvements, sadly 13 employees lost their lives at Anglo Platinum's managed operations during the year.

The major restructuring of mining operations announced early in 2009 was completed by the end of the year. The two largest operations, Rustenburg and Amandelbult, were split into more efficient stand-alone units, of five and two mines respectively. This new structure ensures a sustainable reduction in the unit cost of production and underpins the commitment to extracting maximum value from the assets. As part of the restructuring process, the source of ounces across the portfolio was optimised, including placing three high cost shafts on to care and maintenance indefinitely. Siphumelele 3 shaft

and Siphumelele 2 shaft in April and August respectively, and Khuseleka 2 shaft at Khuseleka Mine in August. Union and Mogalakwena remain untouched by these changes.

Production

Refined platinum production for the year was 3% higher at 2.45 million ounces, in line with the company's 2009 target. Equivalent refined platinum production (equivalent ounces are mined ounces expressed as refined ounces) was 2.46 million ounces. Sales of refined platinum for the year were 2.57 million ounces compared with 2.22 million ounces in 2008, an increase of 16%. This increase was due to unsold metal at the end of 2008 being available for sale in 2009 and the achievement of higher refined production volumes.

Costs

Costs were tightly controlled during 2009. The focus on cost management, inbound supply chain projects and asset optimisation initiatives began to bear fruit and resulted in the cash operating cost per equivalent refined platinum ounce remaining flat at R11,236. This was achieved despite upward inflationary pressure caused by wage and electricity tariff increases in excess of consumer price inflation.

Cost increases were curbed through improved productivity and numerous cost management initiatives, including:

- > Placing the high cost Siphumelele 3 (Bleskop), Siphumelele 2 (Brakspruit) and Khuseleka 2 (Boschfontein) shafts on to care and maintenance,
- > Early renegotiation with suppliers for reduced prices on key input commodities such as diesel, steel, tyres and reagents,
- > Changing Mogalakwena's mining production levels without sacrificing concentrator throughput,
- > Completing the restructuring processes at the Rustenburg and Amandelbult mines, and
- > Reducing overhead costs at the corporate and regional offices.

Anglo Platinum reduced its head office and regional office headcount by 724 people in 2009, bringing the total reduction since July 2008 to 1,150. Overall headcount was reduced by 15,752 during the year, and by 18,786 since October 2008. Productivity levels increased by 13% compared with 2008, to 6.33 m² per total operating employee on average per month.

Projects

Capital expenditure for 2009, excluding capitalised interest, was 26% lower at \$1,150 million, of which \$708 million was spent on projects and \$442 million on stay-in-business capital.

Total expected capital expenditure for 2010 has been reduced to approximately \$1 billion, excluding capitalised interest.

The 65 kozpa Unki platinum project in Zimbabwe is progressing towards the commissioning of its concentrator in the fourth quarter of 2010. The development of the underground declines is 64% complete and the supporting infrastructure is 80% complete.

Outlook

Anglo Platinum expects the platinum market in 2010 to return to a position of deficit as a result of a moderate increase in supply but a significant recovery in demand. South African production is expected to remain constrained as producers adapt to a safer working environment and because lower rand metal prices resulted in production in 2009 being restricted at high cost operations across the industry.

Vehicle sales in 2010 are expected to be similar to those seen in 2009, though production is likely to increase as fewer sales from stock are expected in 2010. Higher sales of larger sedan vehicles are expected as diesel fleet purchases recover.

While demand for industrial products is expected to recover slowly, platinum demand is expected to be enhanced by a substantial element of restocking.

Another good year is expected from the investment segment, particularly following the launch of the US ETF.

Jewellery demand is expected to decrease in 2010 in the absence of the extra demand that rebuilt supply chain inventory levels in 2009. While the higher price may discourage new jewellery demand in mature markets, the Chinese jewellery market continues to react positively to gradual price increases and remains the largest market for platinum jewellery.

The platinum price in 2010 is expected to remain above \$1,500 per ounce on average as improvements in the global economic recovery and restocking are likely to further increase the expected demand recovery in 2010.

Firm investment demand for palladium and the strong reliance by gasoline engines, more typical in smaller engines and in the growing Chinese market, are likely to see the price of metal strengthen. Rhodium remains in demand for its particular catalytic properties, but suffered a reduction in demand owing to thrifting at the very high prices during 2008.

Given the prevailing market conditions, the company has targeted 2010 production of 2.5 million ounces of refined platinum and to produce this volume at a unit cost marginally above R11,000 per platinum ounce, the same level as in the preceding two years.

No 1name in the world
diamond industry**17**mining operations
in three southern
African countries
and in Canada**15**years – mine
life extension
at Jwaneng, the
world's flagship
diamond mine**Financial highlights Diamonds**

\$ million (unless otherwise stated)

	2009	2008
Share of associate's operating profit	64	508
EBITDA	215	665
Group's associate investment in De Beers ⁽¹⁾	1,353	1,623
Share of Group operating profit	1%	5%

⁽¹⁾ Excludes shareholder loans of \$367 million and preference shares of \$88 million (2008: \$118 million and \$88 million respectively)

Share of associate's operating profit
(2008 \$508 m)

\$64 m

Share of Group operating profit
(2008 5%)

1%

EBITDA
(2008 \$665 m)

\$215 m

Business overview

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

De Beers is the world's leading diamond business and with its joint venture partners operates in more than 20 countries across five continents, employing over 15,000 people. De Beers produces around 40% of the world's rough diamonds by value from its mines in Botswana, Canada, Namibia and South Africa.

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

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

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

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

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

Industry overview

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

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

Strategy and growth

During 2009, De Beers, in order to withstand the most severe and prolonged downturn in the diamond industry for decades, took bold action to remain profitable at a far lower level of sales, and to place itself in a robust position to benefit from the eventual recovery. The strategy focused on lowering production levels to match sharply reduced sightholder demand, identifying cost savings and operating efficiencies across the business, and seeking ways to stimulate consumer demand.

In consequence, diamond production was reduced by 49%, or 23.5 million carats, in comparison with 2008. This reduction was achieved through a series of production holidays and extended maintenance shifts at the company's mines in Botswana, South Africa and Canada through the first half of the year.

De Beers continued to drive demand in 2009 through its highly regarded marketing campaigns in the US and Asia. In the US, De Beers developed its latest *Big Idea* concept, creating a new model in which it launched the *Everlon Diamond Knot Collection*, along with a full scale integrated marketing campaign. For the first time with such a programme, funding is also being undertaken with a select set of participating sightholders and retailers.

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



Rough demand and market sentiment began to improve during the year.

Financial overview

Anglo American's share of operating profit from De Beers decreased by 87% to \$64 million

DTC sales totalled \$3.23 billion, significantly below the previous year (2008: \$5.93 billion) owing to the impact of the global economic downturn. The DTC employed a flexible approach in response to the volatile levels of client demand for rough diamonds during the year. This agility enabled the DTC to continue making sales, albeit at a reduced level, throughout the year and to steadily increase levels of supply as rough demand and market sentiment began to improve during the year.

Markets

In line with most products in the luxury sector, the diamond industry was severely affected in 2009 by the global recession. The impact of high stock levels throughout the diamond pipeline constricted liquidity in the cutting centres and lower consumer demand led to lower demand for rough diamonds from the DTC Sightholders. The market was hit most acutely in the first quarter and, as the year progressed, industry sentiment improved, which allowed the DTC to increase prices and sales volumes throughout the second half of the year.

At the retail level, the 2009 holiday period took place amidst continued economic weakness, with American consumers continuing to spend less than previous years. The luxury goods and high-end jewellery sector appeared to perform slightly above expectations, outperforming other categories. In the emerging markets of India and China, demand for diamond jewellery remained positive in the face of a weaker economic climate.

In accordance with the strategy to stimulate demand, the *Forevermark* programme continued to expand in China, Hong Kong, Japan and Macau. The brand is now available in 245 stores across Asia and achieved over \$100 million in retail sales in its first 12 months.

In the US, De Beers partnered with Sightholders and retailers to roll out an integrated marketing campaign for the holiday shopping season. The *Everlon Diamond Knot Collection* was marketed by leading major retailers and over 300 independent outlets in the US. Although sales figures have yet to be released, anecdotal reports from participating retailers and Sightholders described the campaign as being one of the few successes in an otherwise difficult marketplace.

Operating performance

At the beginning of 2009 and in response to reduced demand from DTC Sightholders, De Beers reduced production across its portfolio of mines. Through production holidays and extended maintenance shifts, output was significantly reduced in the first quarter, resulting in a 91% reduction in carats produced compared with the same period in 2008. As Sightholder demand increased gradually in the second quarter, which continued throughout the rest of the year, De Beers increased production to 18.0 million carats in the second half (2008: 23.9 million carats), an increase of 173% compared with the first six months and a reduction of 49% year on year. For 2009 as a whole, De Beers produced 24.6 million carats (2008: 48.1 million carats). Production from Debswana totalled 17.7 million carats (2008: 32.3 million carats), Namdeb produced 0.9 million carats from land and sea operations (2008: 2.1 million carats), while the output from South African operations also decreased to 4.8 million carats (2008: 12.0 million carats). The Canadian mines produced 1.1 million carats (2008: 1.6 million carats).

De Beers tackled costs aggressively, achieving a \$1.1 billion reduction in operating and capital expenditure, a 45% reduction in production and operating costs and a 23% reduction in its global workforce.

The effects of the strengthening Canadian dollar, the impact of global recession on pricing and production levels at Snap Lake have led to a non-cash impairment charge of \$595 million (attributable: \$267 million) against the value of De Beers' Canadian assets and written off \$101 million (attributable: \$45 million) of deferred tax assets.

Projects

At the end of 2009, Debswana announced a major expansion project at Jwaneng, the world's flagship diamond mine in Botswana. This project, also known as Cut-8, will extend the mine life to 2025. Debswana will invest \$500 million in capital expenditure, while the estimated project investment is likely to total \$3 billion over the next 15 years. At its peak, the project will create more than 1,000 jobs and create access to a further 95 million carats, which could be worth in excess of \$15 billion over the life of the mine.

Outlook

De Beers will continue to take a cautious approach to production, sales and cost management in 2010, whilst anticipating a steady recovery of the industry.

As the world economy recovers, the global market for polished diamonds has stabilised and is also recovering. De Beers is encouraged by initial stronger levels of demand compared with those it witnessed at the same stage in 2009, and history has shown that demand generally rebounds strongly in post-recessionary periods as manufacturers and retailers look to rebuild their inventories. De Beers remains cautious as the global consumer demand for luxury goods is yet to fully recover to pre-crisis levels and will continue, therefore, to take a prudent approach to production during 2010. While production is planned to increase above 2009 levels, it is not expected to return to historical highs for the foreseeable future. De Beers will continue to focus on cost and capital management, further increasing efficiencies and reducing costs.

China and India are the two priority growth markets for diamonds and are expected to collectively account for one-third of global demand by the middle of the decade. De Beers launched the *Forevermark* programme in both the Chinese and Indian markets to support its partners in driving demand for diamonds. In the US, consumers were particularly hard hit by the economic downturn. However, the fourth quarter *Everlon* marketing initiative was received well and trends indicate the downturn has bottomed out, with growth over the Christmas season providing encouragement for the world's largest diamond consumer market.

670

kt – record
attributable copper
production in 2009

6

copper operations
(five wholly owned)
in Chile

400

ktpa copper
from an expanded
Los BroncesFinancial highlights Copper
\$ million (unless otherwise stated)

	2009	2008
Operating profit	2,010	1,892
EBITDA	2,254	2,104
Net operating assets	4,763	3,148
Capital expenditure	1,068	808
Share of Group operating profit	41%	19%
Share of Group net operating assets	12%	10%

Operating profit
(2008 \$1,892 m)

\$2,010 m

Share of Group operating profit
(2008 19%)

41%

EBITDA
(2008 \$2,104 m)

\$2,254 m

Business overview

Copper has interests in six operations in Chile. These operations comprise the wholly owned Los Bronces, El Soldado, Mantos Blancos and Mantoverde mines, the Chagres smelter and a 44% interest in the Collahuasi mine. The mines also produce associated by-products such as molybdenum and silver. In addition, the business unit has controlling interests in two projects in Peru (Quellaveco and Michiquillay) and a 50% interest in the Pebble project in Alaska.

Industry overview

The majority of copper produced is used by the wire and cable markets on account of the metal's electrical conductivity and corrosion resistance. Applications that make use of copper's electrical conductivity, such as wires (including wiring used in buildings), cables and electrical connectors, make up around 60% of total demand. About 20% of demand comes principally from the construction industry which uses copper to produce plumbing pipe and roof sheeting, owing to the metal's corrosion resistance qualities. Copper's thermal conductivity also makes it suitable for use in heat transfer applications such as air conditioning and refrigeration, which constitute some 10% of total demand. Other applications include structural and aesthetic uses.

Copper is an attractive industry, with moderate concentration of customers and suppliers, relatively high barriers to entry and a track record of good average profitability over the long term. The approximate global market share of the five largest copper producers is 38%. Producers are price-takers and there are relatively few opportunities for product differentiation. No fundamental technological shifts are expected in the short to medium term, with access to quality orebodies continuing to be the key distinguishing factor. Forecast long term demand is underpinned by robust growth in copper's electrical uses, particularly wire and cable in construction, automobiles and electricity infrastructure. The key growth area will continue to be the developing world, led by China and India with their massive industrialisation and urbanisation programmes, and where per capita copper consumption remains substantially lower than that of the advanced economies of the US, Japan and Europe.

Copper's tightening fundamentals are also defined by perennial constraints on the supply side, driven by continuing declines in ore grades at both maturing existing operations and new projects in the pipeline, a lack of capital investment and under-exploration in the industry and political and environmental challenges in new copper areas. The industry is capital intensive and is likely to become more so as high grade surface deposits are exhausted and deeper and/or lower grade deposits are developed, requiring greater economies of scale

in order to be commercially viable. Scarcity of water in some geographies is also enforcing the construction of capital- and energy-intensive desalination plants.

China has increased its share of first use refined metal consumption from 12% in 2000 to an estimated 35% in 2009.

Copper prices increased very strongly through 2009 – even as refined metal inventories trended higher and global demand looked weak. However, speculative and investment funds moved aggressively into commodities, thereby propelling prices higher and this was further supported by a cautious but growing confidence in the second half of the year that the global economy was showing signs of recovery. Strong Chinese imports also played a powerful role, while the numerous incidents of industrial action and technical difficulties leading to output losses also helped support the price.

Strategy and growth

Copper's strategy is to find or acquire, develop and operate long life, low cost mines in a socially and environmentally responsible manner, with a strong focus on efficient resource allocation, continuous improvement and capital and operating excellence.

The business is constantly developing and evaluating growth options from a combination of sources, including greenfield and brownfield projects, acquisitions, exploration, technology development and asset optimisation programmes. Significant future growth will come from approved expansions at Los Bronces, while studies are at an advanced stage into further growth potential at Quellaveco in Peru and Collahuasi in Chile. In addition, work continues on evaluating the potential and development options for the resources acquired in 2007 at Michiquillay in Peru and Pebble in Alaska.

In August 2009, Anglo American announced the discoveries of two high quality copper prospects at Los Sulfatos and San Enrique Monolito in Chile. These two prospects together increase the Group's copper resources (excluding reserves) by approximately 50%.



Record total copper production of 669.8 kt was achieved in 2009.

Financial overview

Copper generated an operating profit of \$2,010 million, an increase of 6%, underpinned principally by record production and lower operating costs, as well as the benefit of a marginally higher realised copper price and the weaker Chilean peso. This was partly offset by the impact of a lower molybdenum price.

Markets

Average market price (c/lb)	2009	2008
Copper	234	315

Copper prices rose steadily during the year, reflecting improving global economic conditions, and ended the year at a high of 333 c/lb. This price increase was driven initially by speculative and investment fund inflows and Chinese stock building, before gaining further ground in the second half as a number of operating incidents and industrial action impacted global supply.

Despite the price increase from 132 c/lb at the end of 2008, the average price for the year was 26% lower than in 2008, although 2% higher on a realised price basis, partially due to the favourable final settlements of sales prices into a rising market.

Operating performance

Attributable production (tonnes)	2009	2008
Copper	669,800	639,800

Record total copper production of 669.8 kt was achieved in the year, an increase of 5%, driven by annual production records at both Los Bronces and Collahuasi. Los Bronces production was affected in the first half by lower sulphide grades and recoveries, before improved operating efficiencies and ore grades in the second half lifted full year production to a record high. At Collahuasi, despite production having been impacted for 44 days following the failure of a conveyor electrical control centre, attributable production rose by 15% to 235.8 kt.

Operating costs benefited from improved operational efficiencies and price reductions achieved for key consumable items such as sulphuric acid, diesel and power. Lower freight costs were offset by higher concentrate treatment and refining charges.

Projects

Construction of the Los Bronces expansion project is progressing according to schedule, with its target date for commissioning in late 2011. Engineering design was substantially completed by the end of 2009 and construction work on the various sites is on schedule. A significant milestone, the opening of the Los Bronces section of the conveyor tunnel from the mine through to the grinding plant at Confluencia, was achieved in November 2009. Production at Los Bronces is scheduled to increase to 490 ktpa over the first three years of full production (an average of over 400 ktpa over the first 10 years). At peak production levels, Los Bronces is expected to be the fifth largest producing copper mine in the world, with highly attractive cash operating costs and reserves that support a mine life of 30 years. Resource and mineralisation studies carried out by Anglo American's technical teams support further potential expansion.

At Collahuasi, an expansion project is under way to increase sulphide processing capacity to 150 kt per day by early 2011, while the significant potential for subsequent phased expansions continues to be evaluated.

At Mantoverde, pre-feasibility studies are currently under way for a sulphide ore life extension.

In Peru, good progress was made in the year on a revised feasibility study for the 225 ktpa Quellaveco project. This study is targeted for completion during 2010.

The focus at the Michiquillay project, also in Peru, has been on building relationships with the local communities and, in this respect, land access negotiations were completed in June 2009. The geological exploration programme that began in July had completed 16,000 metres of drilling by the end of the year. Drilling was suspended in late 2009 pending resolution of issues currently under discussion with local communities. Baseline environmental and hydrological studies also commenced during the second half of the year. Conceptual engineering studies have been completed and a decision to award the pre-feasibility engineering studies will be taken during 2010.

Activities at the Pebble project in Alaska advanced on all fronts during 2009. In 2010, the project team will work towards finalising the engineering design, completing the environmental baseline document and carry out additional exploration drilling within the claim area.

Outlook

Increased throughput is not expected to fully compensate for lower ore grades putting pressure on production levels in 2010 prior to the commissioning of the Los Bronces expansion project, which together with targeted throughput improvements at Collahuasi and El Soldado, will deliver a step increase in attributable copper production in 2011. While a continued strong copper price through 2010 would put pressure on the Chilean peso and labour costs, further cost and operating efficiency benefits are expected to be delivered through the Group's global supply chain and asset optimisation initiatives.

Demand for copper from China is expected to continue growing at a healthy rate, while demand in North America and Europe is also showing signs of recovery. On the supply side, production is anticipated to continue to be constrained by industrial action, declining grades, increasing social and environmental demands and other political risks. Notwithstanding Chinese government measures to restrict short term credit and the high level of restocking in 2009 giving rise to potential price volatility in 2010, the strong long term fundamentals for copper remain in place.

19.9kt total nickel
production
(excluding
Anglo Platinum)**2**ferronickel
operations and
one approved
ferronickel project**36**ktpa average
nickel output
of Barro Alto
from 2012**Financial highlights Nickel**
\$ million (unless otherwise stated)

	2009	2008
Operating profit	2	123
EBITDA	28	150
Net operating assets	1,787	1,401
Capital expenditure	554	530
Share of Group operating profit	0.04%	1%
Share of Group net operating assets	5%	4%

Operating profit
(2008 \$123 m)

\$2 m

Share of Group operating profit
(2008 1%)

0.04%

EBITDA
(2008 \$150 m)

\$28 m

Business overview

Nickel comprises two ferronickel operations Codemin in Brazil and Loma de Niquel in Venezuela as well as the world class Barro Alto ferronickel project in Brazil. In addition, within the business unit's portfolio, there are two promising projects, both in Brazil, at the unapproved stage Jacaré and Morro Sem Bone. These have the potential to significantly strengthen Anglo American's position in the worldwide nickel market, adding at least 66 ktpa to the Group's present annual total nickel production (including Anglo Platinum's nickel output) of 39.4 kt.

Industry overview

Nickel is the fifth most common element found on earth. It is found in about 20 countries, with known reserves estimated to last around 100 years at the present mining rate. The metal occurs as two main deposits: sulphides that are found underground, and laterites that can be mined by open pit methods.

Nickel is a hard, ductile metal with high resistance to corrosion and oxidation. Nickel's main use is as an alloying metal, along with chromium and other metals, in the production of stainless and heat resisting steel. About 60% of nickel is used to manufacture stainless steel and 25% in other steel and non-ferrous alloys. In a more recent development, the Chinese stainless steel industry, which has been absorbing growing volumes of nickel pig iron (NPI), is looking to a potential annual offtake of 100 kt of nickel in NPI form. Primary nickel is used in the form of pure nickel metal, ferronickel, nickel oxide and other chemicals. Nickel is also recycled in many of its applications and large volumes of scrap nickel are used to supply the steel industry.

Over the past decade, nickel usage has grown as developing nations have increased the pace of their industrialisation and urbanisation programmes. Demand has risen from about 1.1 Mt in 1999 to about 1.3 Mt in 2009, a compound average growth rate of 2% per annum.

This growth, however, has not been uniform, with short-lived peaks typically being followed by extended periods of relative weakness. The nickel market experienced its highest offtake in recent years in 2006 when demand reached in the order of 1.4 Mt, thereafter, demand declined every year up to and including 2009 when it was an estimated 1.3 Mt. A recovery in the nickel market is expected in 2010 and forecasts are that consumption could reach approximately 1.4 Mt.

On the production side, primary refined nickel output in recent years has been broadly in line with the strong growth of the world economy, with around 1.4 Mt of the metal being produced in 2007. The economic crisis in 2008 led to a production decline to just below 1.4 Mt, with output falling further in 2009 to an estimated 1.3 Mt.

In spite of the overall fall in world production in 2009, China, Norway and the European Union achieved modest increases in output, though declines were experienced in Russia, Australia and New Caledonia.

The supply/demand balance has been affected by the very high levels of Chinese imports during the year and also by strikes at Vale-Inco in Canada. Despite continuing strike action, demand from the stainless steel sector has started to weaken and London Metal Exchange (LME) stocks had risen significantly to a forecast level of around nine weeks' consumption by the end of 2009.

Strategy and growth

Nickel's strategy is in line with the Group's overall strategy of finding or acquiring, developing and operating world class, low cost mines in a socially and environmentally responsible manner, with an increasing focus on safety and asset optimisation.

Although prone to its own price volatility and metal cycle movements generally, nickel's medium and long term demand fundamentals are being driven by the ongoing development of the so-called BRIC nations (Brazil, Russia, India and China).

The restructuring of the Anglo American Group has brought with it the opportunity to have a new management team dedicated to the nickel business. With this team now in place, there is a sharpened focus on optimisation initiatives at the operations as well as on the successful execution of the Barro Alto project. Beyond Barro Alto, the business unit has significant optionality to develop the Jacaré and Morro Sem Bone projects, which would make Anglo American a growing player in the nickel market and one that is well positioned on the lower half of the industry cost curve.



The Barro Alto project in Brazil was nearly 80% complete at the year end and is on schedule.

Financial overview

Nickel generated an operating profit of \$2 million, strongly impacted by the 30% decrease in average nickel prices for the year and Venezuelan inflation of approximately 25%. Sales volumes of 23,635 tonnes were 32% higher, mainly due to the drawing down of stockpiles at Loma de Níquel and Codemin following the weakening in the nickel market in the fourth quarter of 2008.

Markets

Average market price (c/lb)	2009	2008
Nickel	667	953

Nickel demand increased during the second half of the year, mainly due to higher Chinese stainless steel output and imports, after being negatively affected in the first half by price-led substitution, destocking in the stainless steel sector and weak global economic conditions. The nickel price reached a low of 427 c/lb during March, increased to 956 c/lb in August and ended the year at 838 c/lb.

Operating performance

Attributable production (tonnes) ⁽¹⁾	2009	2008
Nickel	19,900	20,000

⁽¹⁾ Excludes Anglo Platinum nickel production

Nickel production decreased marginally to 19,900 tonnes owing to lower production at Loma de Níquel, partially offset by higher production at Codemin.

Loma de Níquel produced 10,400 tonnes of nickel, a decrease of 5%. Production was impacted in January by the non-renewal of the environmental permit to dispose of slag from the smelting process while studies were finalised to find disposal alternatives, an estimated impact of 1,100 tonnes. In May, a metal run-out from the EF2 furnace resulted in its closure for the rest of the year, with a loss of approximately 4,500 tonnes of production during 2009. Reconstruction of the furnace was completed in January 2010 and full production is expected during the second quarter. While only 50% of smelting capacity was available between June and December, production achieved 59% of budget through optimisation of the remaining plant processes.

Operating costs were kept under tight control despite Venezuelan inflation and the artificially pegged exchange rate. Port congestion difficulties faced in the first half were overcome through the use of an alternative port and shipping route.

In January 2008, the Venezuelan Ministry of Basic Industries and Mining (MIBAM) published a resolution cancelling 13 of Minera Loma de Níquel's (MLdN) 16 exploration and exploitation concessions due to MLdN's alleged failure to fulfil certain conditions of the concessions. The current mining and metallurgical facilities are located on the three concessions that have not been cancelled. MLdN believes that it has complied with the conditions of these concessions and has lodged administrative appeals against the notices of termination and is waiting for a response from MIBAM. MLdN may in the future undertake further appeals, including with Venezuela's Supreme Court, if the MIBAM's ruling does not adequately protect its interests.

An impairment and associated adjustments of \$114 million have been recorded due to increased uncertainty over the renewal of the three concessions that have not been cancelled but that expire in 2012 and over the restoration of the 13 concessions that were cancelled.

At 31 December 2009, Anglo American's interest in the book value of MLdN, including its mineral rights, was \$285 million (as included in the Group's balance sheet). In the 12 months to December 2009, MLdN's production and contribution to Group operating profits were respectively 10,400 tonnes of nickel in ferronickel and a \$7 million loss. The average price of nickel in 2009 was 667 c/lb. As of 17 February 2010, the price of nickel was 910 c/lb.

Codemin's production increased by 4% to 9,500 tonnes, primarily as a result of improved equipment availability. Cash operating costs were reduced by 11%, aided by higher production and lower fuel oil prices.

Projects

The Barro Alto project was nearly 80% complete at the year end and is on schedule towards producing its first metal in early 2011 and full production in the second half of 2012. This project makes use of an existing operation and proven technology and will produce an average 36 ktpa of nickel in full production (41 ktpa over the first five years), with a cost position in the lower half of the curve. Further asset optimisation initiatives are under way which are expected to improve its cost positioning further. When Barro Alto reaches full production in 2012, Anglo American's nickel production (excluding nickel production from Anglo Platinum) will reach 61 ktpa, while additional potentially world class projects in the pipeline could increase production to 120 ktpa, with further upside potential, leveraging the Group's considerable nickel laterite technical expertise. Barro Alto has an approved life of mine of more than 25 years from its extensive resource base.

The unapproved Jacaré and Morro Sem Bone projects submitted their PAE (Economic Exploitation Plan) to the Brazilian mining authorities during 2009.

Outlook

In 2010, Loma de Niquel's production is expected to substantially increase following the start-up of the rebuilt EF2 furnace and the implementation of various process improvements. Production at Codemin is expected to decrease to approximately 8,400 tonnes (12%) due to its planned furnace relining.

The long term outlook for nickel is for robust growth, underpinned by stainless steel uses for applications where corrosion resistance, hygiene and strength are required, such as in the automotive and construction industries, nickel alloys for the energy and electronic (batteries) sectors and the broader industrialisation of the emerging economies, led by China.

42Mt – iron ore
output at Kumba
in 2009**>80%**Proportion of
iron ore for export
at Kumba**5.0**Mt – Measured,
Indicated and
Inferred resources
for Minas Rio
phase 1**Financial highlights Iron Ore and Manganese**
\$ million (unless otherwise stated)

	2009	2008
Operating profit	1,489	2,554
Kumba Iron Ore	1,487	1,583
Iron Ore Brazil	(141)	(9)
Samancor	143	980
EBITDA	1,593	2,625
Net operating assets	10,370	10,457
Capital expenditure	1,044	783
Share of Group operating profit	30%	25%
Share of Group net operating assets	27%	32%

Operating profit
(2008 \$2,554 m)

\$1,489 m

Share of Group operating profit
(2008 25%)

30%

EBITDA
(2008 \$2,625 m)

\$1,593 m

Business overview

Iron Ore includes a 62.76% shareholding in Kumba Iron Ore in South Africa. Iron Ore Brazil has a 100% interest in the Minas Rio iron ore project, a 49% shareholding in LLX Minas Rio, which owns the port of Açú (currently under construction) from which iron ore from the Minas Rio project will be exported, and a 70% interest in the Amapá iron ore system.

Kumba, listed on the Johannesburg Stock Exchange, operates two mines – Sishen in the Northern Cape, which produced 39.3 Mt of iron ore in 2009, and Thabazimbi in Limpopo, which had a production of 2.6 Mt in 2009. Kumba is a leading supplier of seaborne iron ore, and exported more than 80% of its total iron ore sales volumes in 2009, with 75% of these exports destined for China and the remainder to Europe, Japan and South Korea.

The Minas Rio iron ore project is located in the states of Minas Gerais and Rio de Janeiro and will include open pit mines and a beneficiation plant in Minas Gerais producing high grade pellet feed. The completion of phase 1 will see transportation of ore through a slurry pipeline more than 500 kilometres to the port of Açú in Rio de Janeiro state. Amapá, located in Amapá state in northern Brazil, is in the process of ramping up its pellet feed and sinter feed production and expects to produce 4.0 Mt in 2010. Amapá production could increase to 6.5 Mtpa with further capital investment.

Manganese comprises a 40% shareholding in Samancor Holdings, which owns Hotazel Manganese Mines and Metalloys, both situated in South Africa, and a 40% shareholding in each of the Australian-based operations Groote Eylandt Mining Company (GEMCO) and Tasmanian Electro Metallurgical Company (TEMCO), with BHP Billiton owning 60% and having management control. Samancor is the world's largest producer of seaborne manganese ore and is among the top three global producers of manganese alloy. Its operations produce a combination of ores, alloys and metal from sites in South Africa and Australia. In July 2009, Samancor sold 26% of Hotazel Manganese Mines in a series of transactions designed to comply with South Africa's black economic empowerment requirements.

Industry overview

Steel is the most widely used of all metals. In 2009, despite the world economic slowdown, world crude steel production reached 1.2 billion tonnes, a decrease of only 8% on 2008, as China, the world's principal steelmaker, ratcheted up crude steel production on the back of the Chinese government's substantial fiscal stimulus package. Chinese crude steel output for 2009 was 567.8 Mt, an increase of 67.5 Mt or 13.5% year on year.

In response to returning demand, steel producers across the industry began bringing dormant production capacity online, with multiple blast furnace restarts being reported in the second half of the year. Global steel capacity utilisation reflected these trends, rising from a low of 58.3% in December 2008 to 71.5% in December 2009 – though still significantly below the peaks of over 90% recorded in early 2008.

In 2009, total seaborne iron ore supply increased by 3% from 797 Mt to 819 Mt, largely driven by strong Chinese steel production, with Chinese imports showing a 41% year-on-year rise to 628 Mt. In the early part of the year, Chinese domestic steel production dropped off drastically for a time when spot prices were insufficient to support the high cost, low quality output, but recovered in the second half of the year on the back of higher iron ore prices.

Spot iron ore fines prices recovered from their lows of late 2008 and early 2009. Prices reached their highest 2009 levels in December 2009 of \$112/t (for cost and freight (CFR) 63.5% Fe delivered China), thus applying upward pressure on the pending 2010 benchmark price negotiations.

As 96% of manganese ore is smelted to produce manganese ferroalloys (such as ferromanganese and silicomanganese), which are used in steel alloying applications, the performance of the manganese alloy industry is the key determinant of ore demand. The early part of 2009 was characterised by significant demand contraction with underlying demand trends masked by stocking and destocking activities across the value chain. Market conditions progressively recovered during the third quarter and continued to improve as global steel production maintained an upward trend. Manganese ore and alloy prices declined significantly during the first half of the year, but increased progressively in the third and fourth quarter owing to improved market conditions, allied with the restocking phase. Manganese alloy prices, however, will be influenced by supply responses resulting from latent capacity in the industry, and both ore and alloy prices will be influenced by steel production trends and the stocking and destocking cycles.

Strategy and growth

The core strategy of the business is to grow Anglo American's position in iron ore and to supply premium, high quality iron ore products in the face of the declining quality of global iron ore supplies. Anglo American has a unique iron ore resource footprint, with large, high quality resource bases in South Africa and Brazil.

Kumba produces a leading quality lump and is well positioned to supply the high growth Asia-Pacific and Middle East markets. It is also geographically well positioned to supply European steel markets in the light of an expected decline in lump supplies from other sources. Minas Rio will capture a significant part of the high growth pellet feed market with its premium product featuring high iron content and low impurities.

Significant future growth will come from the expansion projects at Minas Rio and Kolomela (previously Sishen South). Minas Rio phase 1 will produce 26.5 Mtpa, with first production scheduled for the second half of 2012, and has the potential to be expanded to up to 80 Mtpa. Resources have increased from 1.2 billion tonnes in 2007 to 5.0 billion tonnes (Measured, Indicated and Inferred) in 2009, with further resource potential. Studies for the expansion of the project have continued to be evaluated during 2009. The Kolomela project is expected to produce 9 Mtpa of iron ore, with initial production scheduled for the first half of 2012 and ramping up to full capacity in 2013.

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

Financial overview

Iron Ore and Manganese generated an operating profit of \$1,489 million, some 42% lower than 2008. This was as a result of lower iron ore prices, partly offset by higher iron ore sales volumes, and lower manganese ore and alloy volumes and prices.

Markets

World crude steel production continued to increase during the second half of 2009 compared with both the first half of 2009 and the second half of 2008, with most major steel producing countries posting an increase in output. World crude steel production of 1.2 billion tonnes was, however, markedly lower than the 1.3 billion tonnes produced in 2008. Steel production in China in 2009 increased by 13.5% to 568 Mt. China's economic growth continues to be robust on the back of strong domestic focused consumption and infrastructure-based stimulus spending. The increase in steel production, coupled with lower Chinese domestic iron ore production, resulted in record seaborne iron ore imports into China. In the second half of 2009, the European, Japanese and South Korean markets saw a tentative recovery, with an improvement in iron ore demand following some production increases and restocking by the steel industry.

The manganese ore and alloy market reflected the decline in world crude steel production. The market was characterised by uncertainty in ore and alloy demand, masked by stocking and destocking activities and, consequently, prices for ore and alloy declined significantly during the year. Supply cutbacks swept the manganese sector in an effort to match the reduced levels of demand, which were maintained into the third quarter of 2009. Demand began to improve during the second half of the year, when producers responded to the improved order levels by announcing furnace restarts.

Operating performance

Kumba Iron Ore's strong financial performance for the year was underpinned by a solid operational performance. The company reported operating profit of \$1,487 million, a decrease of 6%, mainly as a result of lower average export sales prices, mostly offset by higher export sales volumes. Despite lower benchmark iron ore export prices, which decreased on average by 40% for the 2009-10 iron ore year, Kumba maintained a strong operating profit margin of 53%. Total sales volumes increased by 21% from 33.0 Mt to 40.0 Mt. Export sales volumes from Sishen Mine increased by 37% from 24.9 Mt to 34.2 Mt as volumes ramped up from the jig plant (Sishen expansion), the successful introduction of a new blended fines product and an increase in demand from China. Total domestic sales volumes decreased by 28%, or 2.3 Mt, owing to lower demand from ArcelorMittal SA.

Total production at Sishen Mine increased by 16% from 34.0 Mt to 39.4 Mt, principally as a result of the continued ramp up of the jig plant which achieved production of 10.4 Mt in 2009 and remains on schedule to achieve approximately 13 Mt during 2010.

The Amapá iron ore system produced 2.7 Mt during the year, compared with 1.2 Mt in 2008 (of which 712 kt was produced after the Group's acquisition in August 2008). The production rate ramped up during the second half of the year and, in the fourth quarter, monthly average production was 314 kt.

Amapá was acquired in 2008 as an operating asset as part of the acquisition of the Minas Rio project. During 2009, Amapá experienced significant operational challenges across its mine, plant and logistics chain, producing 2.7 Mt compared with the design capacity of 6.5 Mtpa. Management's focus has been, and remains, on seeking to markedly improve performance from the existing operations, rather than investing to expand the operation. The Amapá system is currently believed to have capacity to increase production to 5 Mtpa without significant further capital expenditure. Due to the focus on improving operational performance and preserving cash, limited exploration drilling has been undertaken in 2009 and the anticipated growth potential of surrounding licence areas remains untested. Given these operational difficulties and delays in increasing production, the Group has recorded an impairment charge of \$1.5 billion (after tax and minority interest) against the carrying value of the asset.

Samancor achieved an operating profit of \$143 million, an 85% decrease, due to lower manganese ore and alloy sales volumes and prices following the decline in global steel demand.

Projects

The development of the 9 Mtpa Kolomela mine continues and remains on budget and on schedule to deliver first production during the first half of 2012, ramping up to full capacity in 2013. Mining operations commenced during the year, with the first blast carried out on 17 September 2009. To date, 4 Mt of material has been moved. Since the start of construction activities on the project in 2008, capital expenditure has totalled \$367 million, of which \$290 million was incurred during 2009.

The pace of construction and project expenditure at Minas Rio is, in large part, dependent upon receiving a number of environmental licences and other permits. A total of 21 licences and permits were granted in the year, key among these were the first part of the Mine and Beneficiation Plant Installation Licence (granted in December), the federal permit for land clearance at the mine and the approvals of specific permits for the port road modifications. The second part of the Installation Licence is expected to be approved during the early part of 2010. Anglo American continues to work with local, state and federal authorities and landowners to ensure that the timing of licence and permit receipts and land acquisitions does not further impact the overall timing of the project.

Project development on the plant and pipeline in 2009 has been focused on the areas of earthworks and civil works. Filtration plant ground improvement works were commenced. At the port, offshore works have continued with the construction of the main trestle, now 2.5 km in length, and dredging works, while the temporary jetty for breakwater construction is nearing completion. Onshore, the quarry for production of the breakwater rock is operational and the quarry-to-port road modifications and construction are progressing. First iron ore production is scheduled for the second half of 2012 with a planned annual capacity in the first phase of 26.5 Mtpa of iron ore pellet feed.

Anglo American's forecast attributable share of the post-acquisition capital expenditure for the first phase of the project has increased by \$1.1 billion, from \$2.7 billion to \$3.8 billion owing to scoping changes at the mine, pipeline and port, as well as foreign exchange movements.

Studies for the expansion of the Minas Rio project continued during 2009. The latest resource statement resulting from geological work, provides a total resource volume (Measured, Indicated and Inferred) of 5.0 billion tonnes, with further upside potential supporting the envisaged expansion of the project.

Outlook

Analyst forecasts indicate that global steel consumption should grow in excess of 5% per annum over the next three years, which would lead to increasing iron ore demand. Chinese demand for iron ore is expected to grow by at least 5% during 2010. With recovery beyond China expected during 2010, the supply pressures on seaborne iron ore continue to increase. Overall, the global seaborne iron ore market remains structurally tight.

Kumba expects to further increase production volumes during 2010. Export sales volumes into China are expected to normalise at around 60% of the geographical sales mix. Although global steel demand is expected to return to growth in 2010, this is likely to be moderate and the sustainability of the increase in demand from developed countries remains uncertain. Domestic sales volumes remain dependent upon ArcelorMittal SA's offtake requirements, which declined in 2009.

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

26.7Mt – Metallurgical
Coal attributable
production in 2009**6**mines in Australia
(all majority owned)**14%**increase in coal
production in
2010 following
asset optimisation
and productivity
improvements**Financial highlights Metallurgical Coal**
\$ million (unless otherwise stated)

	2009	2008
Operating profit	451	1,110
Australia	474	1,144
Projects and corporate	(23)	(34)
EBITDA	706	1,319
Net operating assets	3,407	2,669
Capital expenditure	96	467
Share of Group operating profit	9%	11%
Share of Group net operating assets	9%	8%

Operating profit
(2008 \$1,110 m)

\$451 m

Share of Group operating profit
(2008 11%)

9%

EBITDA
(2008 \$1,319 m)

\$706 m

Business overview

Metallurgical Coal is Australia's fourth biggest producer of coal and its number three exporter of metallurgical coal

The company's operations are based relatively close to the country's east coast, from where it serves a range of customers throughout Asia and as far as Europe and South America

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

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

Moranbah North is an underground longwall mining operation with a mining lease covering 100 square kilometres. Coal is mined from the Goonyella Middle Seam, approximately 200 metres below the surface. The mine produced 2.6 Mt (attributable) of high fluidity, hard coking coal for steel manufacturers in 2009. Metallurgical Coal recently commissioned a coal seam methane power station at Moranbah North that will reduce its carbon dioxide (CO₂) emissions by around 1.3 Mtpa.

Capcoal operates two longwall underground mines and an open cut mine. Together, these mines produce around 4.6 Mt (attributable) annually of prime quality hard coking coal, pulverised coal injection (PCI) and thermal coal. Capcoal supplies methane-rich seam gas to Energy Developments Limited's waste coal mine gas power station, eliminating 1 Mt of CO₂ emissions per annum.

Foxleigh is an open cut operation with an annual output exceeding 1.6 Mt (attributable) of high quality PCI coal. Its operations will be debottlenecked to increase production to 2.2 Mtpa over the next three years.

Dawson is an open cut operation that produced 7.4 Mt in total (3.8 Mt attributable) of hard and soft coking coal and thermal coal in 2009.

Metallurgical Coal owns an effective 23% interest in the Jellinbah mine in Queensland which produces metallurgical coal.

In 2009, excluding Jellinbah, Metallurgical Coal's mines produced 12.6 Mt (attributable) of metallurgical coal, all of which was exported, and 14.1 Mt (attributable) of thermal coal, of which 42% was exported.

Metallurgical Coal's resource base totals some 3.4 billion tonnes of coal. These include high quality greenfield metallurgical coal reserves that are close to existing infrastructure.

Industry overview

Metallurgical coal is a key raw material for 70% of the world's steel industry.

Each year, the world produces over 5 billion tonnes of hard coal, most of which is used in the country of origin. A small volume is traded across land borders such as those between the US and Canada or between the countries of the former Soviet Union. The international seaborne metallurgical coal market comprises some 200 Mt of metallurgical coal.

Produced in a relatively limited number of countries, metallurgical coal is primarily used in the steelmaking industry and includes hard coking coal, semi-soft coking coal and PCI coal. The chemical composition of the coal is fundamental to the steel producers' raw material mix and product quality. The market for metallurgical coal has a bigger proportion of longer term, annually priced contracts, though increasingly some steel companies are using short term contracts to meet the balance of their requirements. Demand in the sector is fundamentally driven by economic, industrial and steel demand growth. Price negotiations between Australian suppliers and Japanese steel producers have traditionally, though not always, set the trend that influences settlements throughout the market. Metallurgical Coal is a significant supplier to virtually all the world's major steel producing groups.

Strategy and growth

Metallurgical Coal's strategy is to be a large, low cost, reliable exporter of quality coal to steel producers worldwide from Queensland's well established Bowen Basin.

Operational excellence is driven through a structured programme of asset optimisation that benchmarks performance for key activities to drive performance across the business to best practice standards.

Growth is driven both from optimising output from existing mines and from the ongoing development of a project pipeline underpinned by a comprehensive exploration and planning process.

Key to securing Metallurgical Coal's future is the development of long term relationships with major customers in order to cultivate a stable market for its products. These relationships proved their worth during a period of uncertain demand in early 2009 when Metallurgical Coal's product continued to be ordered in preference to that of a number of other producers.

Anglo American is committed to reducing the Group's carbon emissions by supporting world leading technologies. As an example of this, Metallurgical Coal recently became a cornerstone investor in Australian based MBD Energy, acquiring a 29% shareholding in the business. MBD Energy will soon commence trials of its leading-edge carbon capture and conversion technology, using algal synthesisers at three of Australia's largest greenhouse gas emitting, coal fired power plants.

Metallurgical Coal

continued



The second half of the year saw a significant increase in demand.

Financial overview

Metallurgical Coal delivered an operating profit of \$451 million, a 59% decrease, primarily due to lower prices as a result of weaker demand conditions, partially offset by lower mining costs

Markets

Anglo American weighted average achieved FOB prices (\$/tonne)	2009	2008
Export metallurgical	141.04	187.36
Export thermal	73.82	83.22
Domestic thermal	26.75	20.75

Attributable sales volumes (thousand tonnes)	2009	2008
Export metallurgical	11,542	13,147
Export thermal	6,239	5,780
Domestic thermal	8,604	9,682

Following a year of tight market conditions and record prices in 2008, demand for coal was severely constrained in the first quarter as steelmaker inventories were wound down, particularly impacting the PCI coal market. Benchmark metallurgical coal prices retreated from their c. \$300 per tonne peak in 2008 by up to 60%, reducing the average selling price for the year by 22%.

Metallurgical coal markets improved in the second quarter owing to significant buying from China, initially of hard coking coal and subsequently a wider range of metallurgical coals, including PCI, thereby underpinning traditional benchmark prices at levels second only to those seen in 2008. The second half of the year saw a significant increase in demand from traditional customers in Japan, South Korea, India and Europe as steel industry production units ramped up.

Operating performance

Attributable production (thousand tonnes)	2009	2008
Export metallurgical	12,623	13,145
Thermal	14,052	14,696

Metallurgical coal production of 12.6 Mt was 4% lower than in 2008 in response to weaker demand from steel customers. However, the business was well positioned to weather the volatile market due to its diversified product positioning across all market segments and its strong long term relationships with key customers, enabling market share to be gained during the period. Total attributable coal production was 26.7 Mt, a 4% decrease.

In response to the market downturn in late 2008, Metallurgical Coal acted swiftly to restructure its operations and reduce its cost base while continuing development of key strategic projects. Marginal activities were closed, headcount was reduced by 20%, a new streamlined organisational model was implemented and significant reductions were made in maintenance and supply costs. These initiatives resulted in significantly lower unit costs, by more than \$10 per tonne, compared with the cost base in the second half of 2008, and a 24% productivity increase over 2008.

In recent years, logistics constraints in the rail to port chain have hindered business performance. The co-ordinated three year programme to expand system capacity at Dalrymple Bay Coal Terminal has proceeded well, with the port expansion complete, the track expansion to be completed by March 2010 and the last of the rolling stock to be delivered by mid-2010. This action has improved capacity in the logistics system. Metallurgical Coal continues to manage the port queuing challenges by building flexibility into its logistics planning.

The initiatives taken across the business, including through asset optimisation and a 50% reduction in required stay in business capital, resulted in a more competitive cost position for the business and position it well to capitalise on the more buoyant market conditions expected in 2010

Projects

Production from the brownfield expansion projects at Dawson and Capcoal (Lake Lindsay) mines will continue to increase over the next two to three years as equipment productivity is raised to benchmark standards

Significant greenfield projects continue to be studied at Grosvenor, Moranbah South and Dartbrook to meet expectations for growing demand for both metallurgical and thermal coal over the next decade

It is expected that a first stage approval decision in relation to the approval and development of the 4.3 Mtpa Grosvenor metallurgical coal project in Australia will be taken during 2010

Outlook

The positive trend seen from the steel industry in both China and the traditional markets during the second half of 2009 is expected to continue in 2010, with a return to 2008 steel production levels providing positive momentum for metallurgical coal prices

69.3Mt 2009 production
from Thermal Coal**9**wholly owned mines
in South Africa**512**\$ m – cost of Zibulo
project due to come
fully on stream in 2012**Financial highlights Thermal Coal**

\$ million (unless otherwise stated)

	2009	2008
Operating profit	721	1,078
South Africa	442	736
South America	305	375
Projects and corporate	(26)	(33)
EBITDA	875	1,200
Net operating assets	1,707	1,018
Capital expenditure	400	365
Share of Group operating profit	15%	11%
Share of Group net operating assets	4%	3%

Operating profit
(2008 \$1,078 m)

\$721 m

Share of Group operating profit
(2008 11%)

15%

EBITDA
(2008 \$1,200 m)

\$875 m

Business overview

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

Anglo Inyosi Coal, a broad-based black economic empowerment (BBBEE) company valued at approximately \$1 billion, is 73% held by Anglo American, with the remaining 27% held by Inyosi, a BEE consortium led by the Pamodzi and Lithemba consortia (66%), with the Women's Development Bank and a community trust holding the remaining equity. Anglo Inyosi Coal, in turn, holds Kriel colliery, the new Zibulo multi-product project (previously known as the Zondagsfontein project) and the greenfield projects of Elders, New Largo and Heidelberg. The outstanding conditions precedent to the Anglo Inyosi Coal transaction are expected to be fulfilled in the first half of 2010, following which the transaction will complete.

Thermal Coal's South African operations currently route all export thermal coal through the Richards Bay Coal Terminal (RBCT), in which it has a 27% shareholding, to customers throughout the Med-Atlantic and Asia-Pacific regions. Within South Africa, 61% of total sales are made to Eskom on long term (i.e. life of mine) cost-plus contracts. A further 9% is sold to Sasol and 3% to industrial sector consumers. The remaining 27% is exported through RBCT.

In South America, Anglo American has a 33.3% shareholding in Cerrejón, a 32 Mtpa capacity (10.7 Mtpa attributable) opencast operation in Colombia. Cerrejón owns and operates its own rail and deep water port facilities and sells into the export thermal and PCI coal markets.

Industry overview

Coal is the most abundant source of fossil fuel energy in the world, considerably exceeding known reserves of oil and gas. The bulk of coal produced worldwide is thermal coal, which is used as a fuel for power generation and other industries, notably the cement sector. The seaborne thermal coal market comprises nearly 700 Mt and is supplied from a large number of countries, with coal producers operating in a highly competitive global marketplace.

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

Strategy and growth

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

Thermal Coal is focused on expanding its strong standing in the export market, while maintaining a significant position in the domestic market in South Africa. This strategy will be delivered through its extensive portfolio of expansion projects, supported by targeted acquisitions. In addition, it has substantially completed a major programme of investment, which includes expansions at Cerrejón and the development of Zibulo. The business unit is in the process of completing its pre-feasibility study on New Largo, which has been identified by Eskom as a primary coal supplier to its Kusile power station which is under construction. Kusile's first units are scheduled to be operating in 2013 and Thermal Coal is confident that it will be able to deliver coal on time.

India is an ever growing market for South African-sourced coal, with 2009 showing a pronounced swing from the Med-Atlantic to the Asia-Pacific market. For the year as a whole, 29% of South Africa's coal exports, and a similar proportion of Thermal Coal's own exports, through the RBCT were destined for India. Thermal Coal is evaluating opportunities to increase its exports to India by producing lower quality products suitable for the Indian market to supplement the higher grade product currently being sold to the country.

At Cerrejón, the growth strategy encompasses multiple options based on the capital investment for expansion that will be required by the port and logistics chain and thereafter for pit expansion and reserve access. Expansions such as the P40 (targeting 40 Mtpa) and P500 (targeting 50-60 Mtpa) projects are currently under consideration by the operation's shareholders.

Although Thermal Coal continues to develop operations in its existing geographies, it is also continually evaluating potential opportunities in new regions. Following the establishment of an office in Gaborone to manage its coal bed methane (CBM) exploration programme in Botswana in 2008, the business unit spent \$20 million in 2009 on exploration and new business development activities, investigating thermal and coking coal and CBM resources mainly in southern Africa.

Thermal Coal continues to pursue business development opportunities on a range of projects that offer potential exposure to the broader energy markets while building on the business's core capability in coal, namely CBM exploration in South Africa and Botswana. Although these projects remain at an early stage and have demanding economics, they ensure that Thermal Coal is equipped with a diverse range of options to meet changing market demands over the long term.

Thermal Coal

continued



Underlying demand remains relatively strong, supported by economic growth in the Asia-Pacific region.

Financial overview

Thermal Coal generated an operating profit of \$721 million, a 33% decrease, predominantly as a result of lower thermal coal prices, mitigated in part by the benefits of tighter cost discipline across the business

Markets

Anglo American weighted average achieved FOB prices (\$/tonne)	2009	2008
RSA export thermal	64.46	84.54
RSA domestic thermal	18.48	20.41
South American export thermal	72.98	81.33

Attributable sales volumes (thousand tonnes)	2009	2008
RSA export thermal	15,857	15,916
RSA domestic thermal	6,251	7,046
South American export thermal	10,854	11,568

2009 saw considerable price and market trend changes compared with 2008. The average 2009 FOB index price for South African thermal coal exports (API4) was \$65 per tonne, compared with \$120 per tonne in 2008.

Driven by a suppressed industrial sector, European power demand in 2009 decreased significantly. The softer oil price and an abundance of cheap gas contributed to lower demand for imported coal, resulting in increased stockpiles. In contrast, the Pacific market continued to see growth, with increasing demand for imported thermal coal. As China was able to accommodate large volumes of Indonesian and Australian exports, India turned to South Africa to meet its escalating demand for thermal coal. The proportion of South African coal exports shipped to Asia in 2009

was 41%, compared with 18% in 2008, with 29% going to India. In the absence of European demand, this ability to deploy coal eastwards gave support to both South African export volumes and prices. With the Pacific market driving the API4 price as 2009 progressed, the flow of coal away from the Atlantic became increasingly evident. Colombian and US exports were generally not as competitive in the Asian markets as in the Atlantic market due to comparatively higher freight costs during the year.

Operating performance

South Africa

Attributable production (thousand tonnes)	2009	2008
RSA thermal	22,186	22,287
RSA Eskom	36,225	36,158

Operating profit from South African sourced coal decreased by 40% to \$442 million, mainly due to the 24% decrease in export prices coupled with lower sales volumes and rand strength. Domestic sales prices were 2% lower. Despite the economic downturn, annual production remained steady at some 59 Mt, driven mainly by higher output at Mafube as it reached full capacity during 2009, offset by lower production at New Denmark, where major geological challenges suspended the longwall operations. A new longwall has been commissioned during the first quarter of 2010 and is ramping up.

South America

Attributable production (thousand tonnes)	2009	2008
South American export thermal	10,190	10,410

Operating profit from Cerrejón decreased by 19% to \$305 million, driven primarily by less favourable market conditions as average sales prices decreased by 8% and total sales volumes by 4%. The impact of the \$98 million decrease in turnover was partly offset by reduced input costs arising from lower fuel prices and price associated royalties, as well as cost control measures. Although significant improvements in 2009 coal recovery rates continued to reflect positively in all aspects of the operation, saleable production was reduced in response to Cerrejón's perception of a weaker market.

Projects

In South Africa, the \$512 million, 6.6 Mtpa Zibulo project is under construction, including the building of a 50/50 joint venture coal washing plant with BHP Billiton Energy Coal South Africa. The project is on schedule, with first coal produced during the third quarter of 2009 and it will continue to ramp up during the course of 2010, reaching full production in 2012.

In Colombia, the \$130 million expansion at Cerrejón to 32 Mtpa was completed and full production was achieved early in 2009. Feasibility studies are under way to expand the operation to around 40 Mtpa.

Outlook

Underlying demand remains relatively strong, supported by economic growth in the Asia-Pacific region, in particular from India and China, the steady increase in the oil price and the cold European and Asian winter. A significant portion of 2010 sales is exposed to market pricing. Potential exists for market prices to increase during the first quarter and for the remainder of 2010, with current forward prices trending significantly above those seen in 2009.

150.4kt of zinc from
Skorpion – a record
production year**350**kt Group total
zinc production
in 2009**1.4**Mt – output of steel
products at Scaw
Metals in 2009**Financial highlights Other Mining and Industrial**
\$ million (unless otherwise stated)

	2009	2008
Operating profit	506	1,082
Tarmac	101	229
Zinc	175	136
Scaw Metals	131	274
Copebrás	(40)	217
Catalão	106	78
Coal – Americas	(8)	29
Other	41	119
EBITDA	878	1,513
Net operating assets	5,029	5,231
Capital expenditure	268	603
Share of Group operating profit	10%	11%
Share of Group net operating assets	13%	16%

Operating profit
(2008 \$1,082 m)

\$506 m

Share of Group operating profit
(2008 11%)

10%

EBITDA
(2008 \$1,513 m)

\$878 m

Tarmac

Tarmac generated an operating profit of \$101 million, a 56% decrease, reflecting a \$1.5 billion, or 35%, decrease in turnover resulting from both a fall in demand and the weaker sterling exchange rate, mitigated by significant cost reductions. Volumes showed a further significant decline in the year, with overall demand 20% lower, although Tarmac's leading market positions were maintained. Capacity was mothballed and production curtailed to align with falling demand, which resulted in considerable reductions in fixed costs. In addition, improvements in operating efficiency and a programme of overhead reductions were deepened and accelerated, helping to maintain the EBITDA margin at 11%. Total fixed and support costs were reduced by \$464 million, or 29%. Despite the substantial decline in turnover, Tarmac generated net cash inflow from operating activities after capital expenditure of \$88 million, compared with \$97 million in 2008.

2009 saw a deepening of the difficult market conditions faced by the construction industry in the UK. Driven by the wider economic issues, industrial and commercial construction spending decreased significantly. Continental Europe did not suffer as severely as the UK in 2008, but in 2009 saw declines in construction activity comparable with those in the UK.

Significantly lower demand in the housing and commercial sectors resulted in UK volumes declining by 24%, including asphalt volumes, which had shown more resilience in 2008 than other products. On a like-for-like basis, UK operating profits decreased by 71%.

On a like-for-like basis, Tarmac International's underlying operating profits were 52% lower, with worsening market conditions in France, Poland and the Czech Republic offsetting resilience in Germany and cost savings of \$9 million.

Total cost savings of \$82 million were achieved by Tarmac in 2009, including headcount reductions of more than 1,200 made across Tarmac during the year, representing a reduction of 11%.

During the first quarter of 2010, Anglo American agreed the sale of Tarmac's aggregates businesses in France, Germany, Poland and the Czech Republic and its Polish concrete products business, with expected total proceeds of approximately \$400 million.

Zinc

Average market price (c/lb)	2009	2008
Zinc	75	85
Lead	78	95

Attributable production (tonnes)	2009	2008
Zinc	350,400	340,500
Lead	68,300	62,900

Zinc generated a 29% increase in operating profit to \$175 million, despite lower zinc and lead prices during the year, largely as a result of improved production and sales, as well as lower costs. Production at Skorpion increased by 3% to 150.4 kt, a record production year, where nameplate production was exceeded. While electricity constraints, cathode crane failure and cell repairs were again experienced, the combined impact was negated by various asset optimisation initiatives. Tight cost control and record production resulted in mine operating unit costs being 9% lower than 2008.

At Lisheen, zinc production increased by 3% to 171.8 kt due to higher grades and tonnage mined, while lead output increased by 21% due to higher grades, improved recoveries and tonnes mined. Asset optimisation initiatives in the mine and mill resulted in a record production year.

At Black Mountain, tonnes milled increased by 7% as a result of increased ore production from the Deeps mine. Zinc production was 1% higher at 28.2 kt, while lead production increased by 5% to 49.1 kt with the higher tonnes milled being offset by lower feed grades. Zinc and lead metallurgical recoveries, however, improved by 1% and 3% respectively.

Scaw Metals

Despite the tough operating conditions in the steel industry during the year, Scaw Metals generated an operating profit of \$131 million. The 52% decrease in operating profit was due to the difficult economic environment across all operations, with reduced demand in some key markets resulting in downward pressure on prices. Lower steel prices and the impact of high input and consumable costs resulted in pressure on margins. However, the integrated nature of Scaw Metals enabled the rolling mills to continue to supply the downstream businesses with product, at a time when most major steel mills were curtailing capacity and running at losses. In addition, the careful management of working capital and capital expenditure resulted in strong cash generation. Total production of steel products was 1,411 kt, with the South African operations producing 693 kt and the balance of 718 kt from the international operations.

Copebrás

Copebrás delivered an operating loss of \$40 million, due principally to reduced fertiliser prices, partially offset by a 30% increase in sales volumes to 1.06 Mt following good weather conditions in the second half and the depressed fertiliser prices, leading farmers to either restock or increase consumption.

Catalão

Catalão generated an operating profit of \$106 million, 36% higher than the previous year, with sales volumes of 5.2 kt, a 12% increase, resulting from increased capacity at the tailings operation.

Coal – Americas

Canada

Peace River Coal generated an operating profit of \$13 million for the year, having successfully completed its \$102 million transition to owner-operated mining, resulting in a 16% improvement in mined waste volumes, part of which constituted overburden waste pre-stripping for 2010 and 2011. Metallurgical coal sales increased by 14%, though lower average realised prices, arising from generally weaker market conditions, offset the tonnage increase. Drilling, definitional modelling and environmental approval work were substantially progressed on the Roman Mountain project, which targets the construction of the 4 Mtpa brownfield operation adjacent to the existing Trend Mine.

Venezuela

Carbones del Guasare (CdG) was subject to further economic uncertainty and delivered an operating loss of \$21 million in 2009. Sales and production volumes of 0.7 Mt were 30% lower than 2008 and significantly below the performance potential of the mine.

Understanding its key risks and developing appropriate responses to those risks is crucial to Anglo American's success

Anglo American is exposed to a variety of risks and uncertainties which can have a financial, operational or reputational impact on the Group and which may also impact the achievement of social, economic and environmental objectives. The principal risks and uncertainties facing the Group have been categorised into headline risk areas. The Group's approach to risk management is set out in the corporate governance section on pages 75 to 79.

Key headline risks

Commodity prices

Commodity prices are determined primarily by international markets and global supply and demand. Fluctuations in commodity prices give rise to commodity price risk across the Group. Historically, such prices have been subject to substantial variation as illustrated by the volatility of prices in key commodities over the last two years shown below.

The impact of such volatility can result in material and adverse movement in the Group's operating results, asset values, revenues and cash flows. If the global economic environment remains weak for the medium to long term, the ability of the Group to deliver growth in future years may be adversely affected.

Falling commodity prices could prevent the Group from carrying out certain transactions that are important to the Group's business which may have an adverse effect on the Group's financial condition. An example would be the inability to find buyers for businesses or assets the Group may wish to sell.

Leveraging the diversified nature of the Group, the general policy is not to engage in commodity price hedging. The Group manages this risk through constant monitoring of the markets

in which it operates and continuous review of capital expenditure programmes to ensure they reflect market conditions. A continuous focus on operating expenditure is also an important method of mitigating this risk.

Liquidity and counterparty risk

The Group is exposed to liquidity risk arising from the need to finance its ongoing operations and growth. If the Group is unable to obtain sufficient credit due to capital market conditions, the Group may not be able to raise sufficient funds to develop new projects, fund acquisitions or meet the Group's ongoing financing needs and, as a result, revenues, operating results, cash flows or financial position may be adversely affected.

The Group is also exposed to counterparty risk from customers or holders of cash that could result in financial losses should those counterparties become unable to meet their obligations to the Group. Cash deposits and other financial instruments, including trade receivables due from third parties, give rise to counterparty credit risk.

The Group has an experienced Treasury team who are responsible for managing the funding requirements of the Group and managing liquidity risk. Treasury also has a role to play in managing counterparty risk, particularly with banks where Anglo American places cash deposits. The Treasury operations of joint ventures and associates, including De Beers, are independently managed and may expose the Group to liquidity and other financial risks.

Currency risk

Because of the global nature of its business, the Group is exposed to currency risk where transactions are not conducted in US dollars or where assets and liabilities are not US dollar denominated. Fluctuations in the exchange rates of the most important currencies influencing operating costs and asset valuations (the South African rand, Chilean peso, Brazilian real, Australian dollar, euro and pound sterling) may adversely affect financial results to a material extent. Foreign exchange hedging is limited to debt instruments and capital expenditure on major projects.

Inflation

As the Group is unable to control the market price at which the commodities it produces are sold (except for any forward sales or derivative contracts), it is possible that significantly higher future inflation in the countries in which Anglo American operates may result in an increase in future operational costs without a concurrent depreciation of the local currency against the dollar or an increase in the dollar price of the applicable commodities. Cost inflation in the mining sector is more apparent during periods of high commodity prices as demand can exceed supply. In addition, any lag in the reduction of

Average commodity prices and currency sensitivity analysis in respect of currency and commodity prices

Commodity	Average price ⁽¹⁾		10% sensitivity US\$ million ⁽²⁾
	2008	2009	
Platinum ⁽²⁾	\$1 585/oz	\$1,211/oz	137
Metallurgical Coal ⁽³⁾	\$190/t	\$142/t	103
Thermal Coal ⁽³⁾	\$79/t	\$68/t	147
Copper ⁽⁴⁾	315 c/lb	234 c/lb	222
Nickel ⁽⁴⁾	953 c/lb	667 c/lb	39
Iron Ore ⁽⁵⁾	\$88/t	\$65/t	80
Palladium ⁽²⁾	\$355/oz	\$266/oz	17
ZAR/USD	8.27	8.41	293
AUD/USD	1.17	1.26	110
CLP/USD	524	559	29
GBP/USD	0.54	0.64	32

⁽¹⁾ oz denotes ounces, t denotes tonnes, c denotes US cents, lb denotes pounds

⁽²⁾ Source: Johnson Matthey plc

⁽³⁾ Group average realised FOB price of metallurgical coal and thermal coal

⁽⁴⁾ Being the average LME price

⁽⁵⁾ Average price represents average iron ore export price achieved

⁽⁶⁾ Excludes the effect of any hedging activities. Stated after tax at marginal rate. Sensitivities are the average of the positive and negative and reflect the impact of a 10% change in the average prices received and exchange rates during 2009. Increases in commodity prices increase underlying earnings and vice versa. A strengthening of the South African rand, pound sterling, Australian dollar and Chilean peso relative to the US dollar reduces underlying earnings and vice versa.

input costs against falls in commodity prices will have a negative impact on profit margins and financial results

The Group manages costs very closely and during 2009 has reduced costs through a combination of headcount reduction, asset optimisation and supply chain initiatives

Health and safety

Mining is a hazardous industry and is therefore highly regulated by safety, health and environmental laws. The failure to maintain the required high levels of safety management can result in harm to the Group's employees and communities near the mines and damage to the environment. This could result in fines and penalties, liability to employees and third parties for injury, impairment of the Group's reputation, industrial action or inability to recruit and retain skilled employees. Failure to provide a safe working environment may result in government authorities forcing closure of mines on either a temporary or permanent basis or refusing mining right applications. Changes in laws, regulations or community expectations can result in increased compliance and remediation costs.

Occupational health risks to employees and contractors include noise induced hearing loss, occupational lung diseases and tuberculosis. The Group provides occupational health services and continues to implement measures to monitor and limit the incidence and severity of such diseases. Anglo American sets a very high priority on safety and health matters, investing considerable resources in seeking to improve the safety performance of the Group's operations. The Group is constantly reviewing practices to improve safety performance and works closely with unions and governments, striving to produce a safer mining industry.

The Group recognises that the HIV/AIDS epidemic in sub-Saharan Africa is a significant threat to economic growth and development in that region. There is a risk that the recruitment and retention of skilled people required to meet growth aspirations may be adversely affected. Anglo American provides anti-retroviral therapy to employees with HIV/AIDS and also undertakes education and awareness programmes to help prevent employees and their families becoming infected or spreading infection.

Environment

Certain of the Group's operations do create environmental risk in the form of dust, noise or leakage of polluting substances from site operations and uncontrolled breaches of tailings dam facilities. Failure to manage environmental risks may result in harm to the Group's employees, the communities near the Group's operations and the environment, government authorities forcing closure of mines on a temporary or permanent basis or refusing future mining right applications. The Group could

face fines and penalties, statutory liability for environmental remediation and other financial consequences which may be significant.

The Group is a large user of energy and one of the key commodities it produces is coal. Regulatory measures aimed at reducing emissions of climate changing gases may affect energy prices, demand for carbon intensive products such as coal and reduced margins on sales of coal.

Policy developments at an international, regional, national and sub-national level, including those related to the 1997 Kyoto Protocol and subsequent international agreements and emissions trading schemes such as the Emissions Trading System of the European Union, could adversely affect the profitability of the Group.

Assessment of the impact of climate change regulation is uncertain. The impact of climate change on the Group's operations is also uncertain and will depend on circumstances at individual sites. Potential impacts could include increased rainfall, flooding, water shortages and higher average temperatures. These may increase costs, reduce production levels or impact the results of operations.

The Group implements a number of initiatives to monitor and limit the impact its operations have on the environment. It also continually seeks to reduce energy input levels into its operations and the asset optimisation programme includes a number of energy saving initiatives.

Political, legal and regulatory

The Group's businesses may be affected by political or regulatory developments in any of the countries and jurisdictions in which the Group operates, including changes to fiscal regimes or other regulatory regimes which may result in restrictions on the export of currency, expropriation of assets, imposition of royalties and requirements for local ownership or beneficiation. Political instability can also result in civil unrest, nullification of existing agreements or mining leases and permits. Any of these threats may adversely affect the Group's operations or the results of those operations. The Group has no control over changes in local market interest rates or political acts which may deprive the Group of the economic benefits of ownership of its assets.

In January 2008, Minera Loma de Niquel (MLdN) was notified of the intention of the Venezuelan Ministry of Basic Industries and Mining (MIBAM) to cancel 13 of its exploration and exploitation concessions due to MLdN's alleged failure to fulfil certain conditions of the concessions. Further details are provided in the Nickel business unit overview section.

The Group recognises that its licence to operate through mining rights is dependent on a number of factors, including compliance with regulations. For example in South Africa the Mineral and Petroleum Resources Development

Act 2002 (MPRD) provides for conversion of existing mining rights (referred to as 'Old Order Rights') to 'New Order Rights', subject to the implementation of certain conditions. Failure to fulfil the specific terms of any of its licences, permits or other authorisations may result in withdrawal of mining rights, with resultant impact on financial performance.

The Group actively monitors regulatory and political developments on a continuous basis.

Supplier risk

The inability to obtain strategic consumables, raw materials, mining and processing equipment in a timely manner could have an adverse impact on results of operations and the Group's financial condition. During strong commodity cycles, increased demand can be experienced for such supplies, resulting in periods when supplies are not always available to meet demand or cost increases above normal inflation rates materialise. Any interruption to the Group's supplies or increase in costs adversely affects the Group's financial position and future performance. Anglo American has limited influence over manufacturers and suppliers, but takes a proactive approach to developing relationships with critical suppliers and improving the effectiveness of the Group's purchasing leverage through the One Anglo Supply Chain initiative.

Reserves and resources

The Group's mineral resources and ore reserves are subject to a number of assumptions, particularly the price of commodities, production costs and recovery rates. Fluctuations in these variables may have an impact on the long term financial condition and prospects of the Group.

The Group's policy on reporting of ore reserves and mineral resources is expanded on pages 148 to 170.

Exploration

Exploration and development are speculative activities with no guarantee of success, but they are necessary for future growth. Failure to discover new reserves of sufficient magnitude could adversely affect future results and the Group's financial condition.

Anglo American invests considerable sums each year in focused exploration programmes to enable resource discovery and development to reserves.

Event risk

Damage to or breakdown of a physical asset, including risk of fire, explosion or natural catastrophe, can result in a loss of assets and subsequent financial losses. The Group's operations are exposed to natural risks such as earthquakes, extreme weather conditions, as well as the failure of mining pit slopes and tailings dam walls, fire, explosion and machinery breakdown.

Specialist consultants are engaged to analyse such event risks on a rotational basis and provide recommendations for management action to prevent or limit the effects of such a loss. In addition, the Group seeks to purchase insurance to protect against the financial consequences of catastrophic event, subject to the availability and cost of such insurance.

Employees

The ability to recruit, develop and retain appropriate skills for the Group is made challenging by global competition for skilled labour. The failure to retain skilled employees or to recruit new staff may lead to increased costs, interruptions to existing operations and delay in new projects.

A number of strategies are implemented to mitigate this risk, including attention to an appropriate suite of reward and benefit structures for existing employees and ongoing refinement of Anglo American as an attractive employee proposition.

Employees in the key countries where Anglo American operates are unionised and the risk of strike or other industrial relations disputes may have an adverse effect on the results of operations. Anglo American mitigates this risk through a process of constructive dialogue with trade unions and the maintenance of effective working relationships.

Contractors

Mining contractors are used at a number of the Group's operations to mine and deliver ore to processing plants, for example. In periods of high commodity prices, demand for contractors may exceed supply, resulting in increased costs or lack of availability of key contractors. Disruption of operations or increased costs can occur should there be disputes with contractors or unavailability of certain skills.

Business integrity

Many countries where the Group's operations are located have increased their emphasis on enforcement of laws to which the Group is subject, including safety, environmental, antitrust and anti-corruption. The Group has provided clear standards of conduct to promote full compliance with laws; however, non-compliance with these standards may lead to prosecution and other litigation and adverse effects on the Company's profits, licences and reputation.

Operational performance and project delivery

Failure to meet production targets can result in increased unit costs, which are pronounced at operations with higher levels of fixed costs. Variable unit costs may also exceed forecasts, adversely affecting performance and the results of operations.

Failure to meet project delivery times and costs could have a negative effect on operational performance and lead to increased costs or reductions in revenue and profitability.

Increasing regulatory, environmental, land access and social approvals can result in significant increases in construction costs and/or significant delays in construction. These increases could materially and adversely affect the economics of a project, the Group's asset values, costs, revenues, earnings and cash flows.

A number of strategies have been implemented to mitigate these risks, including management oversight of operating performance and project delivery through regular executive management briefings, increased effectiveness of procurement activities through the One Anglo Supply Chain and other business improvement initiatives to reduce unit costs and improve delivery of capital projects.

Acquisitions

The Group has undertaken a number of acquisitions in the recent past. With any such transaction there is the risk that any benefits or synergies identified at the time of acquisition may not be achieved as a result of changing or incorrect assumptions or materially different market conditions or deficiencies in the due diligence process, resulting in adverse effects on financial performance, production volumes or product quality. Furthermore, the Group could find itself liable for past acts or omissions of the acquired business without any adequate right of redress.

Rigorous guidelines are applied to the evaluation and execution of all acquisitions that require the approval of the Investment Committee and Group Management Committee and, subject to size, the Board.

Infrastructure

Inadequate supporting facilities, services and installations (water, power, transportation, etc.) may affect the sustainability and growth of the business, leading to a loss of competitiveness, market share and reputation. The potential disruption of the ongoing generation and supply of power is a risk faced by the Group in a number of countries in which it operates, including South Africa. Anglo American's approach to addressing this risk is to work jointly on developing sustainable solutions to these problems with suppliers of infrastructure services and facilities.

Anglo American relies upon effective rail and port facilities for its products and will be expected to provide shipment of product in some circumstances to customers' premises. Failure of rail or port facilities may result in delays and increased costs as well as lost revenue and reputation with customers. Failure to procure shipping costs at market rates may reduce profit margins, thus reducing profit levels.

The Group seeks to work closely with suppliers of rail and port infrastructure to mitigate the risk of failure and establish contingency arrangements. Services are provided to customers who require product to be delivered to them and purchase of shipping capacity is aligned to the needs of Group companies.

Community relations

The Group operates in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. These disputes are not always predictable and may cause disruption to projects or operations. 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. Failure to manage relationships with local communities, government and non-governmental organisations may disrupt operations and adversely affect the Group's reputation, as well as its ability to bring projects into production.

The Group has developed comprehensive processes to enable its business units to effectively manage relationships with communities and actively seeks engagement with all affected communities impacted by the Group's operations.

Joint venture relationships

Some of the Group's operations are controlled and managed by joint venture partners, associates or by other companies. Management of non-controlled assets may not comply with the Group's standards, for example, on safety, health and environment. This may lead to higher costs, lower production and have a negative bearing on operational results, asset values or the Group's reputation.

Anglo American seeks to mitigate this risk by way of a thorough evaluation process before committing to any joint venture and implementation of ongoing governance processes in existing joint ventures.

Critical accounting judgements and key sources of estimation and uncertainty

In the course of preparing financial statements management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The most critical of these relate to estimation of the useful economic lives of assets and ore reserves, impairment of assets, restoration, rehabilitation and environmental costs and retirement benefits. These are detailed on page 67. The use of inaccurate assumptions in calculations for any of these estimates could result in a significant impact on financial results.

Useful economic lives of assets and ore reserves estimates

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

The calculation of the UOP rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production based on proven and probable mineral reserves.

Factors which could impact useful economic lives of assets and ore reserve estimates include:

- > changes to proven and probable mineral reserves,
- > the grade of mineral reserves varying significantly from time to time,
- > differences between actual commodity prices and commodity price assumptions used in the estimation of mineral reserves,
- > renewal of mining licences,
- > unforeseen operational issues at mine sites, and
- > adverse changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates used to determine mineral reserves.

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

Impairment of assets

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

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

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

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

Restoration, rehabilitation and environmental costs

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

Retirement benefits

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

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

Basis of disclosure

This operating and financial review (OFR) describes the main trends and factors underlying the development, performance and position of Anglo American plc (the Group) during the year ended 31 December 2009, as well as those likely to affect the future development, performance and position. It has been prepared in line with the guidance provided in the reporting statement on the operating and finance review issued by the UK Accounting Standards Board in January 2006.

Forward looking statements

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

E Executive director
N Non-executive director

1 Sir John Parker N

FREng DSc (Eng), ScD (Hon), DSc (Hon)
D Univ (Hon), FRINA

67, joined the Board as a non-executive director on 9 July 2009 and became chairman of Anglo American plc on 1 August 2009. He succeeded Sir Mark Moody-Stuart, who retired from the Board after seven years as chairman. Sir John is also chairman of the Nomination Committee and is a member of the S&SD Committee. He is chairman of National Grid plc, a non-executive director of Carnival Corporation, EADS and deputy chairman of DP World. He is a former joint chairman of the Mondi Group and recently stepped down as senior non-executive director (Chair) of the Court of the Bank of England. Sir John is a Fellow of the Royal Academy of Engineering, Chancellor of the University of Southampton and a Visiting Fellow of the University of Oxford. He is a recipient of honorary doctorates from a number of universities in the UK and Ireland. Sir John is being proposed for election at the AGM on 22 April 2010.

2 Cynthia Carroll E

MSc MBA

53, was appointed chief executive on 1 March 2007, having joined the Board on 15 January 2007. Cynthia Carroll chairs the Group Management Committee (GMC) and the Executive Committee (ExCo) and sits on the S&SD Committee. She is the former president and chief executive officer of Alcan's Primary Metals Group and a former director of AngloGold Ashanti Limited and the Sara Lee Corporation. She is a non-executive director of BP plc, Anglo Platinum Limited and De Beers. Cynthia Carroll is being proposed for re-election at the AGM on 22 April 2010.

3 René Médori E

Doctorate in Economics

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

4 David Challen CBE N

MA, MBA

66, joined the Board on 9 September 2002 and was appointed as the senior independent non-executive director in April 2008. He is chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. David Challen is currently vice-chairman of Citigroup European Investment Bank, senior non-executive director of Smiths Group plc and a non-executive director of the Classical Opera Company. Previously he was chairman of J. Henry Schroder & Co. Limited, where he spent most of his professional career. He is currently deputy chairman of the UK's Takeover Panel.

5 Sir C K Chow N

DEng (Hon) CEng, FREng HonFHKIE FICHEME

59, was appointed to the Board on 15 April 2008 and is a member of the Nomination and Remuneration Committees. He is currently chief executive officer of the MTR Corporation in Hong Kong, a position he has held since December 2003. He was formerly chief executive of Brambles Industries and GKN PLC. Prior to joining GKN PLC he worked for the BOC Group PLC for 20 years, becoming chief executive of its Gases Division and joining its board in 1993. He is the non-executive chairman of Standard Chartered Bank (Hong Kong) Limited.

6 Dr Chns Fay CBE N

BSc PhD FEng, FRSE FICE FEI

64, joined the Board on 19 April 1999

He is chairman of the S&SD Committee and a member of the Audit Committee. He is a non-executive chairman of Brightside Group plc, Iofina plc and Stena International S à r l. Chris Fay is a former non-executive director of BAA plc and a former chairman of Shell UK and of the British government's Advisory Committee on Business and the Environment. After serving three three-year terms on the Board, Chris Fay will be stepping down at the conclusion of the AGM on 22 April 2010.

7 Sir Philip Hampton N

MA, ACA, MBA

56, joined the Board on 9 November 2009

He is a member of the Audit and Remuneration Committees. Sir Philip is chairman of The Royal Bank of Scotland and has recently stepped down as chairman of J Sainsbury plc, a position he had held since 2004. Previously, he was group finance director of Lloyds TSB Group plc, BT Group plc, BG Group plc, British Gas plc, British Steel plc, an executive director of Lazard's and a non-executive director of RMC Group plc. Sir Philip is the former chairman of UK Financial Investments Limited, the company established to manage the British government's shareholding in banks subscribing to its recapitalisation fund, and has also been a non-executive director of Belgacom SA. Sir Philip is being proposed for election at the AGM on 22 April 2010.

8 Sir Rob Margetts CBE N

BA, FEng

63, joined the Board on 18 March 1999 and is chairman of the Remuneration Committee. He is chairman of Legal & General Group Plc, Ensus Limited, Ordnance Survey and the Energy Technologies Institute. He is also a director of Falck Renewables and Neochimiki SA. He was formerly chairman of The BOC Group plc and vice-chairman of ICI PLC. Sir Rob was also chairman of the UK Natural Environment

Research Council and a member of the UK Council for Science and Technology. After serving three three-year terms on the Board, Sir Rob will be stepping down at the conclusion of the AGM on 22 April 2010.

9 Nicky Oppenheimer N

MA

64, joined the Board on 18 March 1999

Nicky Oppenheimer joined the Group in 1968 and subsequently became an executive director and a deputy chairman of Anglo American Corporation of South Africa Limited. He became deputy chairman of De Beers Consolidated in 1985 and has been chairman of De Beers since 1998. Mr Oppenheimer is being proposed for re-election at the AGM on 22 April 2010.

10 Ray O'Rourke N

FICE

63, joined the Board on 11 December 2009

Ray O'Rourke founded the O'Rourke Group in 1977, having begun his career at Kier and J Murphy & Sons. In 2001, the O'Rourke Group acquired John Laing, to form Laing O'Rourke, now Europe's largest privately owned construction company, of which Ray O'Rourke is chairman and chief executive. Mr O'Rourke is being proposed for election at the AGM on 22 April 2010.

11 Dr Mamphele Ramphela N

PhD BComm MB Ch B

62, joined the Board on 25 April 2006

She is a member of the Nomination and S&SD Committees. Mamphele Ramphela is the executive chair of Letsema Circle, a specialist transformation advisory company and the chair of the Technology & Innovation Agency of South Africa. She is a non-executive director of Mediclinic and Business Partners S A, a trustee of the Nelson Mandela and Rockefeller Foundations, and an adviser to the Veolia Institute. She was formerly co-chair of the Global Commission on International Migration, a World Bank managing director and vice-chancellor at the University of Cape Town.

12 Jack Thompson N

BSc, PhD

59, joined the Board on 16 November 2009

and is a member of the S&SD Committee. He is currently a non-executive director of Centerra Gold Inc, Century Aluminum Co, Molycorp Minerals LLC and Tidewater Inc. He was previously chairman and CEO of Homestake Mining Co, vice chairman of Barrick Gold Corp and has served on the boards of Phelps Dodge Corp, Rinker Group Ltd and Stillwater Mining. Jack Thompson is being proposed for election at the AGM on 22 April 2010.

13 Peter Woicke N

MBA

67, joined the Board on 1 January 2006

and is a member of the Nomination, Remuneration and S&SD Committees. From 1999 to January 2005 he was chief executive officer of the International Finance Corporation (IFC). He was also a managing director of the World Bank. Prior to joining the IFC, Peter Woicke held numerous positions over nearly 30 years with J P Morgan. He is currently chair of the trustees of the Ashesi University Foundation, a member of the Saudi Aramco board and a member of the Institute for Human Rights and Business board.

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

GMC and ExCo members

1 Cynthia Carroll

See page 68 for biographical details

2 René Médori

See page 68 for biographical details

3 Brian Beamish

BSc (Mechanical Engineering)

53, is Group director mining and technology. He held the position of chief executive of Base Metals between 2007 and 2009 and has more than 30 years of mining industry experience in various commodities and geographies. He spent 20 years at Anglo Platinum, including four years as executive director, operations between 1996 and 1999.

4 Mervyn Walker

MA (Oxon)

50, is Group director of human resources and communications. He is a solicitor by training and joined Anglo American in 2008 from Mondi, where he was group HR and legal director. Mervyn Walker spent 19 years at British Airways, where he held a series of senior roles, including HR director, legal director, director of purchasing and director of UK airports. He is also non-executive chairman of pension schemes for AMEC plc.

5 David Weston

MBA, BSc (Eng)

51, is Group director business performance and projects. He spent 25 years with Shell and was president, Shell Canada Products before joining the Anglo American Group in 2006 as chief executive of Industrial Minerals (Tarmac). David Weston served as the Group's technical director between April and October 2009. He is also a non-executive director at International Power plc.

ExCo members

6 Walter De Simoni

BSc (Mining Eng)

54, is CEO of Nickel. Walter De Simoni joined the Anglo American Group in 1978. He was appointed president of Anglo Base Metals Brazil in 2005. He became Anglo American Brazil CEO in 2006 and CEO of Nickel in October 2009.

7 Seamus French

B Eng (Chemical)

47, is CEO of Metallurgical Coal and joined the Group as regional CEO of Anglo Coal Australia in 2007. He was previously on the BHP Billiton Executive Committee as global vice-president business excellence from 2005.

8 Chris Gniffith

B Eng (Mining) Hons, Pr Eng

44, is CEO of Kumba Iron Ore. He has been with Anglo American for almost two decades. He was Anglo Platinum's head of operations for joint ventures before being appointed CEO of Kumba Iron Ore in 2008.

9 John MacKenzie

M Sc Eng, MBL

41, is CEO of Copper. He joined the Anglo American Gold and Uranium Division in January 1990 and was promoted to vice-president of Anglo Coal, South American Operations in 1999. In 2004, he became general manager of Base Metals' Minera Loma de Niquel operation in Venezuela. John MacKenzie was appointed CEO of Base Metals' Zinc operations in November 2006, becoming CEO of Copper in October 2009.

10 Norman Mbazima

FCCA

51, is CEO of Thermal Coal. He joined the Anglo American Group in April, 2001, where he began his career at Konkola Copper Mines PLC. He was previously global chief financial officer for Anglo Coal and became executive director of finance at Anglo Platinum in June 2006, and later stepped in as joint acting chief executive. Norman Mbazima was appointed CEO of Scaw Metals in May 2008 and was appointed CEO of Thermal Coal in October 2009.

11 Neville Nicolau

BT (Mining Engineering), MBA

50, is CEO Platinum. He joined the Anglo American Group in January 1979, subsequently working in the Gold and Uranium Division at different managerial levels in all the major operating areas in South Africa. In 2000-2001, he was the technical director of AngloGold's South American operations, based in Brazil. He became chief operating officer (Africa) of AngloGold Ashanti in May 2004 and was appointed CEO of Anglo Platinum in June 2008.

12 Duncan Wanblad

BSc (Eng) Mech, GDE (Eng Management)

43, is Group director Other Mining and Industrial. He joined Johannesburg Consolidated Investment Company Limited in 1990. Duncan Wanblad was appointed to the board of Anglo Platinum and various of its subsidiaries in 2004 – becoming the executive director in charge of projects and engineering. He was appointed joint acting chief executive of Anglo Platinum in August 2007, before taking over as CEO copper operations of Anglo American in May 2008.

13 Stephan Weber

M Sc

48, is CEO of Iron Ore Brazil. He worked for Rio Tinto from 2002 to 2008, serving on its Iron Ore Executive Committee from 2006 to 2008. Stephan Weber joined Anglo American in January 2009 as chief technical officer within Anglo Ferrous Metals and was appointed CEO of Iron Ore Brazil in October 2009.

14 Peter Whitcutt

BCom (Hons) CA (SA), MBA

44, is Group director strategy and business development. He joined Anglo American in 1990 within the Corporate Finance division. Peter Whitcutt worked on the merger of Minorco, the listing of Anglo American in 1999 and the subsequent unwinding of the cross-holding with De Beers. He was appointed chief financial officer of Base Metals in August 2008 and to his present position in October 2009.

Directors' report

The directors have pleasure in submitting the statutory financial statements of the Group for the year ended 31 December 2009

Principal activities and business review

Anglo American plc is one of the world's largest mining companies, is headquartered in the UK and listed on the London and Johannesburg stock exchanges. Anglo American's portfolio of mining businesses spans precious commodities – in which it is a global leader in both platinum and diamonds, base metals – copper and nickel and bulk commodities – iron ore, metallurgical and thermal coal. The Company's mining operations and extensive pipeline of growth projects are located in southern Africa, South America, Australia, North America and Asia.

More detailed information about the Group's businesses, activities and financial performance is incorporated into this report by reference and can be found in the Chairman's and Chief executive's statements on pages 6 to 11 and the Operating and financial review on pages 12 to 67. The Corporate governance statement is on pages 75 to 79 and is incorporated in this Directors' report by reference.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group financial performance review on pages 30 to 33. In addition, detail is given on the Group's policy on managing counterparty and liquidity risk in the Principal Risks and Uncertainties section on pages 64 to 67, with details of the Company's policy on capital risk management being set out in note 24 to the financial statements. The Group's gross debt at 31 December 2009 was \$14.3 billion, representing a gearing level of around 30.8%. Details of borrowings and facilities are set out in notes 23 and 24 and net debt is set out in note 30.

Over the last 12 months, the Group has taken a series of measures to strengthen the balance sheet and provide financial flexibility, principally:

- issued a two-tranche bond in the US market totalling \$2.0 billion,
- issued a \$1.7 billion convertible bond
- issued two Eurobonds, totalling \$2.2 billion, and
- generated \$2.4 billion of cash proceeds from the sale of the remaining investments in AngloGold Ashanti, Tongaat Hulett and Hulammin.

At 31 December 2009, Anglo American had undrawn bank facilities of \$9.5 billion, cash deposits of \$3.3 billion and commercial paper maturing throughout 2010 of \$67 million. Anglo American's only significant debt facility for the period to 31 March 2011 is a £300 million (approximately \$500 million) Eurobond maturing

in December 2010, as well as the facilities of \$538 million relating to Amapa. In addition, the Group has undrawn rand facilities equivalent to \$1.9 billion with 364-day maturities which roll forward automatically on a daily basis, unless notice is served. The directors have considered the Group's cash flow forecasts for the period to the end of March 2011. The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance and the intended refinancing of maturing facilities, 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 (as interpreted by the Guidance on Going Concern and liquidity risk, Guidance for directors of UK companies 2009, published in October 2009) in preparing its financial statements.

Dividends

The Company did not declare an interim or recommend a final dividend for 2009.

Share capital

The Company's authorised and issued share capital as at 31 December 2009, together with details of share allotments and purchases of own shares during the year, is set out in note 28 on pages 130 to 136.

The Company was authorised by shareholders at the AGM held on 15 April 2009 to purchase its own shares in the market up to a maximum of 14.99% of the issued share capital. This authority will expire at the 2010 AGM and in accordance with usual practice a resolution to renew it for another year will be proposed.

Material shareholdings

Details of interests of 3% or more in the ordinary share capital of the Company are shown within the Shareholder information section of the Notice of Meeting booklet.

Directors

Biographical details of the directors currently serving on the Board are given on pages 68 and 69. Details of directors' interests in shares and share options of the Company can be found in the Remuneration report on pages 80 to 90.

Sir John Parker was appointed to the Board on 9 July 2009 and succeeded Sir Mark Moody-Stuart as chairman on 1 August 2009. Sir Philip Hampton, Jack Thompson and Ray O'Rourke joined the Board on 9 and 16 November and 11 December 2009 respectively. All four directors will be proposed for election at the AGM on 22 April 2010. Sir Rob Margetts and Chris Fay will retire from the Board at the conclusion of the AGM on 22 April 2010. Fred Phaswana resigned from the board on 1 January 2010. Karel Van Miert sadly passed away on 22 June 2009.

Sustainable development

The Report to Society 2009 will be available from the Company in April 2010. This report focuses on the safety, sustainable development, health and environmental performance of the Group's managed operations, its performance with regard to the Company's Good Citizenship Our Business Principles, and the operational dimensions of its social programmes.

Payment of suppliers

Anglo American plc is a holding company and, as such, has no material trade creditors.

Businesses across the Group are responsible for agreeing the terms under which transactions with their suppliers are conducted, reflecting local and industry norms and group purchasing arrangements which may have been made with a supplier. The Group values its suppliers and recognises the benefits to be derived from maintaining good relationships with them. Anglo American acknowledges the importance of paying invoices, especially those of small businesses promptly.

Value of land

Land is mainly carried in the financial statements at cost. It is not practicable to estimate the market value of land and mineral rights, since these depend on product prices over the next 20 years or more, which will vary with market conditions.

Post-balance sheet events

Post-balance sheet events are set out in note 40 to the financial statements on page 144.

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, and subject to the standards embodied in Anglo American's *Good Citizenship Our Business Principles*. In 2009, after an extensive review, the Business Principles were updated.

Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- adherence to national legal standards on employment and workplace rights at all times,
 - adoption of fair labour practices,
 - prohibition of child labour,
 - prohibition of inhumane treatment of employees and any form of forced labour, physical punishment or other abuse,
 - continual promotion of safe and healthy working practices,
 - promotion of workplace equality and elimination of all forms of unfair discrimination
- provision of opportunities for employees to enhance their work-related skills and capabilities,
- recognition of the right of our employees to freedom of association, and
 - adoption of fair and appropriate procedures for determining terms and conditions of employment.

Further, the Group is committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or arbitrary barriers.

The Business Principles are supplemented by four "Anglo Way" documents, covering the safety, environmental, occupational health and social aspects of sustainable development. These set out more specific standards for each of these subject areas. In 2009, a Business Integrity policy and manual were also launched to help reinforce the Company's longstanding stance of banning the payment or receipt of bribes and other improper inducements.

Copies of the *Good Citizenship Our Business Principles* and the Anglo Way documents are available from the Company and may be accessed on the Company's website www.angloamerican.co.uk

As in previous years, numerous employee communication presentations and workshops took place at Group level, including a series of 70 workshops worldwide to embed the Group's six core values, the training of over 500 managers on the implementation of the Socio-Economic Assessment Toolbox and three management development programmes. The Group has a well-used enterprise information portal, theSource, which seeks to ensure that employees are regularly updated on developments within the Group, and feedback is encouraged.

In addition, the Company regularly publishes Optima (available on the Company's website) and AngloWorld, 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 \$82.5 million (2.23% of pre-tax profit of subsidiaries and joint ventures). Charitable donations of \$1.8 million were made in the UK, consisting of payments in respect of education, sport and youth \$0.8 million (4.5%), community development \$0.3 million (1.5%), health and HIV/AIDS \$0.15 million (0.8%), environment \$0.05 million (0.3%), arts, culture and heritage \$0.3 million (1.5%), and other charitable causes \$0.2 million (1.1%). 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 Report to Society 2009.

Political donations

No political donations were made during 2009. 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 22 April 2010. A separate booklet enclosed with this report contains the notice convening the meeting together with a description of the business to be conducted.

Additional information for shareholders

Set out below is a summary of certain provisions of the Company's current Articles of Association (the Articles) and applicable English law concerning companies (the Companies Act 2006 (the Companies Act)) required as a result of the implementation of the Takeovers Directive in English law. This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required. Certain amendments to the Articles will be proposed at the AGM to be held on 22 April 2010. Details are set out in the enclosed notice of the AGM. Copies of the Company's Articles marked up to show the proposed amendments, are available by application to the Company Secretary at the Registered Office.

Dividends and distributions

Subject to the provisions of the Companies Act, the Company may by ordinary resolution from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all or any part of any dividends or other monies payable in respect of the Company's shares from a person with a 0.25% interest or more (as defined in the Articles) if such a person has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Rights and obligations attaching to shares

The rights and obligations attaching to the ordinary and preference shares are set out in the Articles. The Articles may only be changed by the shareholders by special resolution.

Voting

Subject to the Articles generally and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any class of shares, on a show of hands every member who is present in person at a general meeting shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder. It is, and has been for some years, the Company's practice to hold a poll on every resolution at shareholder meetings.

Where shares are held by trustees/nominees in respect of the Group's employee share plans and the voting rights attached to such shares are not directly exercisable by the employees, it is the Company's practice that such rights are not exercised by the relevant trustee/nominee.

Under the Companies Act, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a General Meeting or class meetings 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 held and transferred. Subject to the provisions of the Companies Act, the CREST Regulations and every other statute, statutory instrument, regulation or order for the time being in force concerning companies and affecting the Company (together, the Statutes), the directors may determine that any class of shares held on the branch register of members of the Company resident in South Africa or any other overseas branch register of the members of the Company may be held in uncertificated form in accordance with any system outside the UK which enables title to such shares to be evidenced and transferred without a written instrument and which is a relevant system. The provisions of the Articles shall not apply to shares of any class which are in uncertificated form to the extent that the Articles are inconsistent with the holding of shares of that class in uncertificated form, the transfer of title to shares of that class by means of a relevant system or any provision of the CREST Regulations.

Deadlines for exercising voting rights

Votes are exercisable at a General Meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights

Subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate General Meeting of the holders of those shares. At every such separate General Meeting the quorum shall be two persons holding or representing by proxy at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

Transfer of shares

All transfers of shares which are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors and may be under hand only. The instrument of transfer shall be signed by or on behalf of the transferor and (except in the case of fully-paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register. All transfers of shares which are in uncertificated form may be effected by means of the CREST system.

The directors may decline to recognise any instrument of transfer relating to shares in certificated form unless it

- (a) is in respect of only one class of share, and
- (b) is lodged at the transfer office (duly stamped if required) accompanied by the relevant share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his/her behalf, the authority of that person so to do).

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefor, refuse to register any transfer of shares (not being fully-paid shares) provided that, where any such shares are admitted to the Official List of the London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly.

If the directors refuse to register an allotment or transfer, they shall send within two months after the date on which the letter of allotment or transfer was lodged with the Company, to the allottee or transferee, notice of the refusal.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Directors

Directors shall not be less than 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.

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. In accordance with the Combined Code, any director who has served more than three three-year terms is subject to annual re-election.

Significant agreements Change of control

At 31 December 2009, Anglo American had committed bilateral and syndicated borrowing facilities totalling \$14.6 billion with a number of relationship banks which contain change of control clauses. The rand 20 billion South African Medium Term Note Programme and \$5.9 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

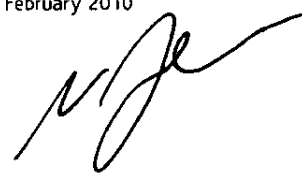
At the AGM held on 15 April 2009, authority was given for the Company to purchase, in the market, up to 197.3 million Ordinary Shares of 54^{86/91} US cents each. The Company did not purchase any of its own shares during 2009.

Indemnities

To the extent permitted by law and the Articles the Company has made qualifying third party indemnity provisions for the benefit of its directors during the year and which remain in force at the date of this report. Copies of these indemnities are open for inspection at the Company's registered office.

By order of the Board

Nicholas Jordan
Company Secretary
18 February 2010



Corporate governance

Combined Code compliance

Anglo American is committed to the highest standards of corporate governance – the way in which the Company is directed and controlled – and complied fully with the Combined Code on Corporate Governance June 2008 (the Code) throughout the year under review

Role of the Board

The Board of directors has a duty to promote the success of the Company for its shareholders. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure and overseeing the Group's systems of internal control, governance and risk management. A schedule of matters reserved for the Board's decision details key aspects of the Company's affairs that the Board does not delegate (including, among other things, approval of business plans and budgets, material expenditure and alterations to share capital)

Board composition and directors' independence

The Board is chaired by Sir John Parker who succeeded Sir Mark Moody-Stuart in August 2009. The chairman is responsible for leading the Board and for its effectiveness. Cynthia Carroll is the chief executive and is responsible for the execution of strategy and the day-to-day management of the Group, supported by the Group Management Committee (GMC) and the Executive Committee (ExCo), both of which she chairs. The Company has adopted the Statement of Division of Responsibilities between the Chairman and the Chief Executive promulgated by the Institute of Chartered Secretaries and Administrators. The functions and membership of GMC and ExCo are set out on page 70. David Challen has been the senior independent non-executive director since 2008. The senior independent non-executive director is available to shareholders as an alternative to the chairman or chief executive and in this capacity met with representatives of major shareholders of the Group in 2009. The Board has a strong independent element and currently comprises, in addition to the chairman, two executive and 10 non-executive directors, nine of whom are independent according to the definition contained in the Code. The independent directors are indicated within the table opposite, and full biographical details for each director are given on pages 68 and 69. The letters of appointment of the non-executive directors and the executives' service contracts are available for inspection at the registered office of the Company.

The Company is conscious of the need to maintain an appropriate mix of skills and experience on the Board, and to progressively refresh its composition over time, and, in this connection, four new independent non-executive directors were appointed to the board during 2009. Sir John Parker was appointed as chairman of the Group and Sir Philip Hampton, Jack Thompson and Ray O'Rourke joined the board in the latter part of 2009.

Since January 2009 two independent non-executive directors have left the board. Sadly, Karel Van Miert passed away in June 2009 and Fred Phaswana resigned from the board on 1 January 2010. Sir Mark Moody-Stuart, a non-independent non-executive director has also left the Board. The Committee memberships were substantially refreshed in 2009 incorporating changes that resulted in a fully independent Nomination Committee.

Cynthia Carroll and Nicky Oppenheimer will be proposed for re-election at the AGM on 22 April 2010. Sir John Parker, Sir Philip Hampton, Jack Thompson and Ray O'Rourke will be proposed for election at the AGM. Cynthia Carroll is the chief executive of Anglo American plc, chairs the ExCo and GMC and is a member of the S&SD Committee. Nicky Oppenheimer has been on the Board since 1999 and brings a wealth of knowledge of the Group and is considered to be an effective and committed member of the Board. Sir John Parker is the newly appointed chairman of Anglo American plc, chairman of the Nomination Committee and sits on the S&SD Committee. Sir John is recognised as a highly experienced and independent

chairman, has chaired four FTSE 100 companies and brings leadership experience across a range of industries in many countries, including in South Africa. Jack Thompson is an independent non-executive director and member of the S&SD Committee. He brings experience gained at all levels of the mining industry and has received wide recognition as a mining engineer. Jack Thompson also has extensive boardroom experience in executive and non-executive roles. Sir Philip Hampton and Ray O'Rourke are both independent non-executive directors. Sir Philip brings financial, strategic and boardroom experience across a number of industries and Ray O'Rourke 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.

None of the non-executive directors has served concurrently with an executive director for more than five years.

Of the directors who were unable to attend one of the Board meetings each during 2009, Sir Rob Margetts was unable to attend due to a clash of meetings as a result of the Company's Board meeting being convened at short notice, David Challen was unable to attend due to illness and Chris Fay was in transit from the US to the UK (again, the relevant meeting was convened at short notice). Nicky Oppenheimer was obliged to attend a court hearing and Fred Phaswana was obliged to attend a Standard Bank board meeting as its new chairman and had already given notice of his resignation from the Anglo American plc Board at that time.

Board and Committee meetings – frequency and attendance

	Independent in terms of code	Board (seven meetings)	Audit (three meetings)	S&SD (five meetings)	Remuneration (three meetings)	Nomination (five meetings)
Sir John Parker ⁽¹⁾	n/a	All	n/a	All	n/a	All
Sir Mark Moody-Stuart ⁽¹⁾	n/a	All	n/a	All	All	All
Cynthia Carroll	No	All	n/a	4	n/a	n/a
Rene Medori	No	All	n/a	n/a	n/a	n/a
David Challen	Yes	6	All	n/a	2	All
Sir C K Chow	Yes	All	n/a	n/a	All	All
Chris Fay	Yes	6	All	All	0 ⁽³⁾	n/a
Sir Philip Hampton ⁽¹⁾	Yes	All	n/a	n/a	n/a	n/a
Sir Rob Margetts	Yes	6	n/a	n/a	All	All
Karel Van Miert ⁽²⁾	Yes	All	All	n/a	n/a	All
Nicky Oppenheimer	No	6	n/a	n/a	n/a	1 ⁽⁴⁾
Ray O'Rourke	Yes	n/a	n/a	n/a	n/a	n/a
Fred Phaswana	Yes	6	2	n/a	n/a	All
Mamphela Ramphele	Yes	All	n/a	All	n/a	All
Jack Thompson ⁽¹⁾	Yes	All	n/a	n/a	n/a	n/a
Peter Woicke	Yes	All	All	4	All	All

⁽¹⁾ Meetings attended prior to retirement or since appointment.

⁽²⁾ Deceased June 2009

⁽³⁾ Missed one meeting prior to leaving the Committee

⁽⁴⁾ Attended one out of two Nomination Committee meetings held prior to leaving the Committee

Conflicts of interest

During the year, a full survey of the Board members' interests and appointments was carried out and the Board was fully briefed on the Companies Act 2006 provisions in relation to conflicts of interest. Appropriate conflict management procedures are in place. Anglo American policy dictates that if a director becomes aware that they have a direct or indirect interest in an existing or proposed transaction with Anglo American, they should notify the Board at the next Board meeting or by a written declaration. Directors have a continuing duty to update any changes in these interests. There were no such notifications of interests in proposed transactions during the year. In accordance with the Company's Articles and relevant legislation, an unconflicted quorum of the Board can authorise potential conflicts and such authorisations can be limited in scope and are reviewed on an annual basis. During the year under review, the conflict management procedures were adhered to and operated effectively.

Directors' 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 FSA, the Company's Articles, the Combined Code on Corporate Governance 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. Training and briefings are also available to all directors on appointment and subsequently, as necessary, taking into account existing qualifications and experience. Directors also have access to management, and to the advice of the company secretary. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of Anglo American at its expense, although no such advice was sought during 2009.

Presentations are made to the Board by business management on the activities of operations. Directors undertake regular visits to operations and projects and, in 2009, operations and projects in Alaska, South Africa, Brazil, Chile, China, Australia, India and Botswana were visited. In addition, during the year, directors attended courses/seminars on IFRS, other financial matters and directors' forums.

Board effectiveness

A formal evaluation of the performance of the Board, its committees and individual directors was carried out by Dr Long of Boardroom Review in late 2008 and presented to the Board. For the first time the scope of the evaluation was widened to include the views of senior executives below board level. The aim is to ensure continuous improvement in the functioning of the Board. Arising from this review, the Board has agreed to certain changes and ongoing development in the following areas:

- Strategy planning
- Communications with major shareholders
- Talent management and succession planning
- Committee composition
- Submission of information to the Board and scheduling of meetings

As in past years, the evaluation process also included a review, chaired by the senior independent non-executive director (without the chairman present), of the performance of the chairman. It is the Board's current intention to continue to engage an external reviewer for the Board effectiveness evaluation process from time to time. In light of the many changes to the Board during the year it was decided that an external review would not be carried out in 2009. In the meantime, the chairman has held individual briefings with each director to ensure that the necessary Board and committee processes are functioning properly. Since his appointment, Sir John has introduced a rolling agenda for the Board and instigated regular informal meetings of the non-executives prior to each Board meeting. These informal meetings give the Board the opportunity, inter alia, to discuss the performance of the management and to air subjects outside the confines of the boardroom in an informal but nevertheless constructive manner.

Committees of the Board

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees – the Remuneration, S&SD, Nomination and Audit Committees. The terms of reference for each of these committees and a schedule of matters reserved for the Board's decision are published on the Company's website.

Remuneration Committee

The Remuneration Committee is responsible for establishing and developing the Group's general policy on executive and senior management remuneration and determining specific remuneration packages for executive directors.

The directors' Remuneration report, setting out Anglo American's policy on executive remuneration, is set out on pages 80 to 90 of this Annual Report. A resolution to approve the Remuneration report will be proposed at the forthcoming AGM. The Committee met three times during 2009.

The Remuneration Committee presently comprises Sir Rob Margetts (chairman), David Challen, Sir CK Chow, Peter Woicke and Sir Philip Hampton, all of whom are independent non-executive directors.

Safety and Sustainable Development (S&SD) Committee

The S&SD Committee is responsible for developing framework policies and guidelines for the management of sustainable development issues, including safety, health and environment matters, and ensuring their progressive implementation throughout the Group.

The S&SD Committee normally meets three or four times each year, including a visit to an operation and business unit heads are invited to attend committee meetings. Each business unit head makes a safety and sustainable development presentation to the Committee. The Committee met five times during 2009. The Report to Society 2009, to be published in April, will focus on the safety, sustainable development, health and environmental performance of the Group's managed operations, their performance with regard to the Company's Good Citizenship principles and the operational dimensions of their social programmes.

The S&SD Committee presently comprises Chris Fay (chairman), Cynthia Carroll, Sir John Parker, Mamphela Ramphele, Jack Thompson and Peter Woicke.

Nomination Committee

The Nomination Committee makes recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations as to the composition of the Board and its committees and the balance between executive and non-executive directors. The Nomination Committee meets as and when required and engages external consultants to identify appropriate candidates. During 2009, the services of Spencer Stuart were used by the Committee.

The Board, via the Nomination Committee, has taken steps to ensure that the Human Resources function of the Group regularly reviews and updates the succession plans of directors and senior managers. The Committee met five times during 2009.

The Nomination Committee currently comprises Sir John Parker (chairman), David Challen, Mamphela Ramphele, Peter Woicke and Sir CK Chow.

Audit Committee

The primary role of the Audit Committee is to ensure the integrity of financial reporting and the audit process, and that a sound risk management and internal control system is maintained. In pursuing these objectives, the Audit Committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function. The Committee also monitors developments in corporate governance to ensure the Group continues to apply high and appropriate standards.

Composition

The Audit Committee presently comprises David Challen (chairman), Chris Fay and Sir Philip Hampton, all of whom are independent non-executive directors. The Board, in consultation with the Audit Committee chairman, makes appointments to the Committee. The Board has determined that the Committee members have the skills and experience necessary to contribute meaningfully to the Committee's deliberations. In addition, the chairman has requisite experience in accounting and financial management.

The Committee met three times during 2009, and on two of those occasions the members held discussions with the external audit partners and the head of internal audit in the absence of management.

In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the Audit Committee has reviewed accounting principles, policies and practices adopted in the preparation of public financial information and has examined documentation relating to the Annual Report, Half Year Financial Report, preliminary announcements and related public reports. The clarity of disclosures included in the financial statements was reviewed by the Audit Committee, as was the basis for significant estimates and judgements. In assessing the accounting treatment of major transactions open to different approaches, the Committee considered written reports by management and the external auditors. The Committee's recommendations are submitted to the Board for approval.

The chief financial officers of all operations have provided confirmation, on a six-monthly basis, that financial and accounting control frameworks operate satisfactorily. The Committee considered summaries of the significant risk and control issues arising from these reports. The Committee also received regular internal audit reports on the results of audits at various operations. During 2009, the Audit Committee approved the internal audit and risk management plans for 2010 and the process by which the new audit engagement partner received induction to the business prior to taking up his role in 2010. The Audit Committee held meetings with the External Auditors without the presence of management

on two occasions and the chairman of the Audit Committee held regular meetings with the audit engagement partner during the year. Further information on risk management processes is provided in the internal control disclosure statement on page 78.

External audit

Anglo American's policy on auditors' independence, which came into effect on 1 January 2003, is consistent with the ethical standards published by the Auditing Practices Board in December 2004 and revised in April 2008 and October 2009.

A key factor that may impair auditors' independence is a lack of control over non-audit services provided by the external auditors. In essence, the external auditors' independence is deemed to be impaired if the auditors provide a service which

- results in auditing of own work by the auditors,
- results in the auditors acting as a manager or employee of the Group,
- puts the auditors in the role of advocate for the Group, or
- creates a mutuality of interest between the auditors and the Group.

Anglo American addresses this issue through three primary measures, namely

- disclosure of the extent and nature of non-audit services,
- the prohibition of selected services, and
- prior approval by the Audit Committee chairman of non-audit services where the cost of the proposed assignment is likely to exceed \$50,000.

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 encapsulated in the policy include

- the external auditors are required to adhere to a rotation policy based on best practice and professional standards in the United Kingdom. The standard period for rotation of the audit engagement partner is five years and, for any key audit partner, seven years. A new audit engagement partner has been appointed from 2010 in accordance with this requirement.
- any partner designated as a key audit partner of Anglo American shall not be employed by Anglo American in a key management position unless a period of at least two years has elapsed since the conclusion of the last relevant audit.

- the external auditors are required to assess periodically, in their professional judgement whether they are independent of the Group.
- the Audit Committee ensures that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated.
- the Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors.
- the Audit Committee has the authority to engage independent counsel and other advisers as they determine necessary in order to resolve issues on auditor independence.

The Audit Committee has satisfied itself that the United Kingdom professional and regulatory requirements for audit partner rotation and employment of former employees of the external auditors have been complied with.

The Audit Committee considered information pertaining to the balance between fees for audit and non-audit work for the Group in 2009 and concluded that the nature and extent of non-audit fees do not present a threat to the external auditors' independence.

Furthermore, after reviewing a report from the external auditors on all their relationships with Anglo American that might reasonably have a bearing on the external auditors' independence and the audit engagement partner and staff's objectivity, and the related safeguards and procedures, the Committee has concluded that the external auditors' independence was not impaired.

The Audit Committee approved the external auditors' terms of engagement, scope of work, the process for the 2009 interim review, the annual audit and the applicable levels of materiality. Based on written reports submitted, the Committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters had been satisfactorily resolved.

The appointment of Deloitte LLP as the Group's external auditors (incumbents since the listing in 1999) is kept under annual review, and if satisfactory, the Committee will recommend the re-appointment of the audit firm. The appointment of Deloitte LLP followed a detailed evaluation of the predecessor audit firms following the listing and, rather than adopting a policy on tendering frequency, an annual review of the effectiveness of the external audit is supplemented by a periodic, comprehensive reassessment by the Committee.

The Committee's assessment of the external auditors' performance and independence underpins its recommendation to the Board to propose to shareholders the re-appointment of Deloitte LLP as auditors until the conclusion of the AGM in 2011. Resolutions to authorise the Board to re-appoint and determine their remuneration will be proposed at the AGM on 22 April 2010.

Internal audit

The Group has an internal audit department that reports centrally with responsibility for reviewing and providing assurance on the adequacy of the internal control environment across all of Anglo American's operations. The head of internal audit is responsible for reporting and following up on the findings of this internal audit work to local management and the Audit Committee on a regular basis. Internal audit teams operated in all of the Group's principal divisions in the period under review, reporting findings to local senior management. The internal audit function's mandates and annual audit coverage plans were approved by the Audit Committee.

The internal audit activities are performed either by teams of appropriate, qualified and experienced employees, or 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.

Assurance regarding the accuracy and reliability of mineral resources and ore reserves disclosures is provided through a combination of internal technically proficient staff and independent third parties.

During 2009, over 300 audit projects were completed covering a variety of financial, operational, strategic and compliance related business processes across all business units and functions. In addition, the internal audit department responded to a number of management requests to investigate alleged breaches of our business principles.

Effectiveness of internal control and risk management

The GMC, as mandated by the Board, maintains a Group-wide system of internal control to manage significant Group risks. This system, which has been operating throughout the year and to the date of this report, supports the Board in discharging its responsibility for ensuring that the wide range of risks associated with the Group's diverse international operations is effectively managed in support of the creation

and preservation of shareholder wealth. Where appropriate, necessary action has been or is being taken to remedy any failings or weaknesses identified from review of the effectiveness of the internal control system, including the lessons learned from the acquisition and development of the Amapá system.

Internal control

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of Board assurance. In addition, certain Board committees focus on specific risks such as safety and capital investment and provide assurance to the Board on those matters. The chief financial officers 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.

Risk management

The Board's policy on risk management encompasses all significant business risks to the Group, including, financial, operational and compliance risk, which could undermine the achievement of business objectives. This system of risk management is designed so that the different businesses are able to tailor and adapt their risk management processes to suit their specific circumstances. This flexible approach has the commitment of the Group's senior management. There is clear accountability for risk management, which is a key performance area of line managers throughout 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 2009, over 100 separate risk assessment workshops were conducted reviewing risk in business unit strategies, risks to achieving mine plans, risks in capital projects and risks to key change programmes. The results of these risk assessments were reported to senior management and the Audit Committee. The process of risk management is designed to identify internal and external threats to the business and to assist management in prioritising their response to those risks. Continuous monitoring of risk and control processes, across headline risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to business management and boards, ExCo, the Audit Committee and the Board.

Some of the headline risk areas, which have been elaborated upon in the financial review, set out on pages 64 to 67 are:

- commodity price risk
- political risk,
- legal and regulatory risk,
- counterparty risk, and
- infrastructure and operational performance risks

The risk assessment and reporting criteria are designed to provide the Board with a consistent, Group-wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness.

In conducting its annual review of the effectiveness of risk management, the Board considers the key findings from the ongoing monitoring and reporting processes, management assertions and independent assurance reports. The Board also takes account of material changes and trends in the risk profile and considers whether the control system, including reporting, adequately supports the Board in achieving its risk management objectives.

During the course of the year the Board considered the Group's responsiveness to changes within its business environment. The Board is satisfied that there is an ongoing process, which has been operational during the year, and up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group. This includes social, environmental and ethical risks as highlighted in the Disclosure

Guidelines on Socially Responsible Investment issued by the Association of British Insurers. A detailed report on social, environmental and ethical issues is included in the Company's Report to Society 2009.

Accountability and audit

The Board is required to present a balanced and understandable assessment of Anglo American's financial position and prospects. Such assessment is provided in the Chairman's and Chief executive's statements and the Operating and financial review of this Annual Report. The respective responsibilities of the directors and external auditors are set out on pages 92, 94 and 95. As referred to in the Directors' report, the directors have expressed their view that Anglo American's business is a going concern.

Whistleblowing programme

The Group has had in place for a number of years a whistleblowing programme in all its managed operations. The programme, which is monitored by the Audit Committee, is designed to enable employees, customers, suppliers, managers or other stakeholders, on a confidential basis, to raise concerns in cases where conduct is deemed to be contrary to our values. It may include:

- actions that may result in danger to the health and/or safety of people or damage to the environment,
- unethical practice in accounting, internal accounting controls, financial reporting and auditing matters,
- criminal offences, including money laundering, fraud, bribery and corruption,
- failure to comply with any legal obligation,
- miscarriage of justice,
- any conduct contrary to the ethical principles embraced in our Business Principles or any similar policy,
- any other legal or ethical concern, and
- concealment of any of the above.

The programme makes available a selection of telephonic, e-mail, 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 2009, 313 reports were received via the global 'Speakup' facility, covering a broad spectrum of concerns, including ethical, criminal, supplier relationships, health and

safety, and human resource-type issues. Reports received were kept strictly confidential and were referred to appropriate line managers within the Group for resolution. Where appropriate, action was taken to address the issues raised. The reports are analysed and monitored to ensure the process is effective.

Executive management

Group Management Committee (GMC)

GMC replaced the ExCo in terms of authority in 2009 and is responsible for formulating strategy (for discussion and agreement by the Board), monitoring performance and managing the Group's portfolio. The current members of GMC are, Cynthia Carroll (chair), René Médori, Brian Beamish, Mervyn Walker and David Weston.

Executive Committee (ExCo)

ExCo is responsible for the implementation of policies and programmes, the adoption of best practice standards and senior talent management across the Group. ExCo meets at least every two months on a formal basis for a two-day session and when required in the intervening periods.

The current members of ExCo are, Cynthia Carroll (chair), René Médori, Brian Beamish, Walter De Simoni, Seamus French, Chris Griffith, John MacKenzie, Norman Mbazima, Neville Nicolau, Mervyn Walker, Duncan Wanblad, Stephan Weber, David Weston and Peter Whitcutt. Along with the chief executive and finance director, the members of ExCo are selected from the heads of business units and corporate functions.

Investment Committee

The role of the Investment Committee, which is a sub-committee of GMC, is to manage the process of capital allocation by ensuring that investments and divestments increase shareholder value and meet Anglo American's financial criteria. The Committee makes recommendations to GMC and/or the Board on these matters. The Committee meets as required.

The Investment Committee presently comprises René Médori (chairman), Brian Beamish, Gareth Mostyn and David Weston.

Relations with shareholders

The Company maintains an active dialogue with its key financial audiences, including institutional shareholders, sell-side analysts and potential shareholders. The Investor Relations Department manages the ongoing dialogue with these audiences and regular presentations take place at the time of interim and final results as well as during the rest of the year. An active programme with potential shareholders is also maintained.

Any concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board as a whole. 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.

During the year there were regular presentations and meetings with institutional investors in the UK, South Africa, continental Europe and the US to communicate the strategy and performance of Anglo American. Executive directors, as well as key corporate officers including business unit heads, host such presentations, including seminars for investors and analysts, and 'one-on-one' meetings. Executive management also presents at industry conferences on a regular basis throughout the year, which are mainly organised by investment banks for their institutional investor base. The chairman, senior independent non-executive director and other non-executive directors are also available to shareholders to discuss any matter they wish to raise. The Company's website www.angloamerican.co.uk provides the latest news and historical financial information, details about forthcoming events for shareholders and analysts, and other information on Anglo American.

Shareholders will have the opportunity at the forthcoming AGM, notice of which is contained in the booklet enclosed herewith, to put questions to the Board, including the chairmen of the various committees. Facilities have been put in place to enable shareholders on the UK register to receive Company communications electronically rather than by mail and, for those unable to attend the meeting, to cast their votes by electronic means, including those shareholders whose shares are held in the CREST system.

As a result of the implementation of the electronic communications provisions in the Companies Act 2006, the Company has substantially reduced the cost of the annual report production and distribution. The Company successfully extended this approach in 2009 to incorporate South African investors holding shares in dematerialised form. 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.

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.

1 Remuneration Committee

This report sets out the Company's remuneration policy and practice for executive and non-executive directors and provides details of their remuneration and share interests for the year ended 31 December 2009

1.1 Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee (the Committee) is responsible for considering and making recommendations to the Board on

- the Company's general policy on executive and senior management remuneration,
- the specific remuneration packages for executive directors of the Company, including basic salary, performance-based short-term and long-term incentives, pensions and other benefits, and
- the design and operation of the Company's share incentive schemes

The full Terms of Reference of the Committee can be found on the Anglo American website (www.angloamerican.co.uk) and copies are available on request

The Committee met three times during 2009 and dealt with ad hoc items between formal meetings by 'round robin' resolutions

1.2 Membership of the Committee

The Committee comprised the following non-executive directors during the year ended 31 December 2009

- Sir Rob Margetts (Chairman)
- David Challen
- Sir C K Chow (appointed with effect from 15 April 2009)
- Chris Fay (resigned with effect from 15 April 2009)

- Sir Philip Hampton (appointed with effect from 2 December 2009)
- Sir Mark Moody-Stuart (resigned with effect from 1 August 2009)
- Peter Woicke (appointed with effect from 15 April 2009)

The Company's chief executive attends the Committee meetings by invitation and assists the Committee in its deliberations, except when issues relating to her own compensation are discussed. No directors are involved in deciding their own remuneration. In 2009, the Committee was advised by the Company's Human Resources and Finance functions and, specifically, Mervyn Walker and Chris Corrin. It also took external advice as shown in Figure 1.

Certain overseas operations within the Group are also provided with audit related services from PwC's and Deloitte's worldwide member firms and non-audit related services from Mercer's worldwide member firms.

A summary of the letter from Mercer containing the conclusions of their review of the Committee's executive remuneration processes for 2009 can be found on page 91, while the full letter can be found on the Company's website.

2. Remuneration policy on executive director remuneration

The Company's remuneration policy is formulated to attract and retain high-calibre executives and to motivate them to develop and implement the Company's business strategy in order to optimise long-term shareholder value creation. The Committee intends that this policy will continue to apply for 2010 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives,
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests,
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle, the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk,
- in considering the market positioning of reward elements, account will be taken of the performance of the Company and of the individual executive director, and
- reward practice will conform to best practice standards as far as reasonably practicable.

Representatives of the Company's principal investors are consulted on material changes to remuneration policy.

3. Elements of executive director remuneration

3.1 Remuneration mix

Each executive director's total remuneration consists of salary, annual bonus, long-term incentives and benefits. An appropriate balance is maintained between fixed and performance-related remuneration and between elements linked to short-term financial performance and those linked to longer-term shareholder value creation.

Assuming on-target performance, the Committee's policy is that at least 50% (60% for Cynthia Carroll) of each executive director's remuneration is performance-related. In 2009, 69% of both the chief executive's and the finance director's remuneration on an expected-value basis was performance-related (see illustrative charts).

Figure 1 External advice provided to the Remuneration Committee

Advisers		Other services provided to the Company
PricewaterhouseCoopers LLP (PwC)	Appointed by the Company, with the agreement of the Committee, to provide specialist valuation services	Investment advisers, actuaries and auditors for various pension schemes, advisers on internal audit projects, taxation, payroll and executive compensation advice
Monks Partnership (a subsidiary of PwC)	Appointed by the Company, with the agreement of the Committee, to provide market remuneration data	
Linklaters LLP (Linklaters)	Appointed by the Company, with the agreement of the Committee, to provide legal advice on long-term incentives and directors' service contracts	Legal advice on certain corporate matters
Mercer Limited (Mercer)	Engaged by the Committee to review the Committee's processes on an annual basis, in order to provide shareholders with assurance that the remuneration processes the Committee has followed are in line with stated policy and that the Committee has operated within its Terms of Reference	Investment advisers and actuaries for various pension schemes
Deloitte LLP (Deloitte)		In their capacity as Group auditors, Deloitte undertakes an audit of sections 10 and 11 of the remuneration report annually. However, they provide no advice to the Committee.

The Bonus Share Plan (BSP) and the Long Term Incentive Plan (LTIP) are designed to align the longer-term interests of shareholders and executives and to underpin the Company's performance culture. The Committee monitors the relevance and appropriateness of the performance measures and targets applicable to both plans. Further details of the BSP and the LTIP are set out below and on pages 82 and 83.

3.2 Basic salary

The basic salary of the executive directors is reviewed annually and is targeted at the market median of companies of comparable size, market sector, business complexity and international scope. This is adjusted either way based on experience and other relevant factors. The market for executives of main-board calibre, in large international mining companies in particular, has continued to be very competitive in recent years and it is therefore deemed sensible to position basic salary for executive directors at no lower than the median point. Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year.

3.3 Bonus Share Plan (BSP)

The BSP was first operated in 2004 and all executive directors are normally eligible to participate in it.

The BSP requires executive directors to invest a significant proportion of their remuneration in shares, thereby more closely aligning their interests with those of shareholders, and encourages management at all levels to build up a meaningful personal stake in the Company. Awards under the BSP are not pensionable, are made annually and consist of three elements:

- a performance-related cash element,
- Bonus Shares as a conditional award, normally to a value equal to the cash element, and

- an additional performance-related element in the form of Enhancement Shares.

The BSP operates as follows:

- the value of the bonus is calculated by reference to achievement against annual performance targets which include measures of corporate (and, where applicable, business unit) performance as well as the achievement of specific individual objectives. For executive directors, the corporate element is based on stretching earnings per share (EPS) targets which are calculated using underlying earnings (reconciled in note 12 of the financial statements). The key individual objectives are designed to support the Company's strategic priorities and in 2009 included cost and asset optimisation, portfolio restructuring, strategic initiatives, organisational structure and capabilities, safety improvements and operational effectiveness.

- the Committee reviews these measures annually to ensure they remain appropriate and sufficiently stretching in the context of the economic and performance expectations for the Company and its operating businesses,

- in 2009, 50% of each annual bonus was based on the corporate financial measure and the remaining 50% on key personal performance measures. This split was decided upon to reflect the importance of the ongoing strategic repositioning of the Group and because of the volatile nature of commodity prices with the implications of this on setting earnings targets. The level of bonus payable is reduced if certain overall safety improvement targets are not met. Bonus parameters are set on an individual basis,

- the maximum cash element is 75% of basic salary in the case of both Cynthia Carroll and René Médori. Half of the bonus earned is payable in cash and the other half is deferred into shares. The maximum bonus is payable only for meeting targets which, in the opinion of the Committee, represent an exceptional performance for the Group in the light of prevailing market conditions. The other part of the bonus is in the form of a conditional award of Bonus Shares, equal in value to the cash element. These Bonus Shares vest only if the participant remains in employment with the Group until the end of a three-year holding period (or is regarded by the Committee as a 'good leaver'). At the time that bonus targets were set in early 2009, the prices of the Company's products had fallen very sharply and the EPS targets set by the Committee looked extremely stretching. During the year, the actions taken by management, together with improving prices, led to an out-turn higher than the targets that had been set. Having taken all relevant considerations into account, the Committee concluded that the bonuses awarded should reflect the achievement of the targets, but that the proportion of the bonus deferred into shares should be increased from 50% to 75% for a second year running.

- executive directors also receive a conditional award of Enhancement Shares at the same time as the award of Bonus Shares. The maximum potential, at face value, of the Enhancement Shares is 75% of the face value of the Bonus Shares. Awards of Enhancement Shares made in 2009 will vest after three years only to the extent that a challenging performance condition (based on earnings per share growth against growth in the UK Retail Price Index (RPI) – Real EPS growth) is met (see illustrative chart opposite). There is no retesting of this performance condition. Real EPS growth is viewed as the most appropriate performance measure for this element of the BSP because it is a fundamental financial performance indicator, both internally and externally, and links directly to the Company's long-term objective of improving earnings.

The BSP targets have been approved by the Committee after reviewing performance over a number of years and have been set at a level which provides stretching performance levels for management

The level of performance achieved and the proportion of awards vesting in respect of each performance period will be published in the subsequent remuneration report

3.4 Share options and all-employee share schemes

No share options were granted in 2009 to executive directors under the Company's Executive Share Option Scheme (ESOS) and there is no intention to make future grants under the unapproved part of the ESOS to executive directors. However, the ESOS is retained for use in special circumstances relating to the recruitment or retention of key executives. Accordingly, as the previous ESOS was due to expire in early 2009, the plan was replaced in 2009 by the Anglo American Discretionary Option Plan (DOP) which was approved by shareholders at the Annual General Meeting (AGM) in April 2008. No options were granted in 2009 to executive directors under the DOP.

UK-based executive directors are eligible to participate in the Company's Save As You Earn scheme (SAYE) and Share Incentive Plan (SIP). Performance conditions do not apply to these schemes because they are offered to all UK-based employees. As the previous SAYE scheme was due to expire in early 2009, it was replaced in 2009 by the new SAYE scheme which was approved by shareholders at the AGM in April 2008.

3.5 Long Term Incentive Plan (LTIP)

Grant levels

Conditional LTIP awards are made annually to executive directors. The maximum grant level under the LTIP is currently 200% of basic salary and it is anticipated that, in 2010, conditional grants under the LTIP will be made at this level for executive directors, including the chief executive. The Committee is satisfied that the performance conditions that need to be met for these awards to vest in full are sufficiently stretching in the context of the award levels. In determining annual award levels, the Committee also gives consideration to market competitiveness and has set the levels taking account of median expected value of long-term incentives relative to other companies of a similar size. These awards are discretionary and are considered on a case-by-case basis.

Performance measures

As in previous years, vesting of the LTIP awards made during 2009 is subject to the achievement, over a fixed three-year period, of stretching Group performance targets.

Half of each award is subject to a Group Total Shareholder Return (TSR) measure, while the other half is subject to a Group operating measure, currently return on capital employed (ROCE). These performance measures were selected on the basis that they foster the creation of shareholder value and their appropriateness is kept under review by the Committee. Taken as a whole, vesting depends on meeting a very challenging set of performance hurdles.

At the end of each performance period, the levels of TSR and ROCE performance achieved and the level of award earned are published in the subsequent remuneration report. There is no retesting of performance.

For the 2010 LTIP award, the Committee is examining the possible use of an Asset Optimisation/Supply Chain (AOSC) efficiency measure in place of the ROCE metric. The AOSC targets are of such size and significance that the Committee regards their achievement as crucially important to the Group in delivering increased value to shareholders. The targets will be aligned to the Group's external statements in this regard, and the extent to which they are met under the terms of the LTIP will be reported and audited at the end of each performance period. There is no retesting of performance.

The LTIP is intended closely to align the interests of shareholders and executive directors by rewarding superior shareholder returns and financial performance and by encouraging executives to build up a shareholding in the Company.

Total shareholder return (TSR)

The Committee considers comparative TSR to be a suitable long-term performance measure for the Company's LTIP awards. Executives would benefit under this measure only if shareholders have enjoyed returns on their investment which are superior to those that could have been obtained in other comparable companies.

50% of the proportion of each award that is based on TSR is measured against the Sector Index and 50% is measured against the constituents of the FTSE 100. Maximum vesting of the TSR element of an award will be possible only if Anglo American outperforms by a substantial margin both the sector benchmark (as described below) and the largest UK companies across all sectors.

Sector Index comparison

One half of the TSR element of an LTIP award vests according to the Company's TSR over the performance period, relative to a weighted basket of international mining companies (the Sector Index). The Committee may amend the list of comparator companies in the Sector Index, and relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies or significant changes in the composition of the Group). In calculating TSR it is assumed that all dividends are reinvested.

For awards made in 2009, the companies constituting the Sector Index were as shown in Figure 2. Should the Tarmac group be sold or demerged during the performance period relating to this award, the percentage attributable to Industrial Minerals will fall to zero.

Figure 2 LTIP – Sector Index

	Mining	Industrial Minerals
Category weighting	94%	6%
Comparator companies	BHP Billiton plc Rio Tinto plc Teck Cominco Limited Vale Vedanta Resources plc Xstrata plc	CRH plc Holcim Limited Lafarge

Figure 3 LTIP – Sector Index comparison

The Company's relative TSR compared with the Sector Index	% proportion of total TSR element vesting
Below Target	0
Target (matching the weighted median of the Sector Index)	20
Target plus 5% per annum	50
Target plus 7.5% per annum (or above)	75

Figure 4 LTIP – FTSE 100 comparison

The Company's relative TSR compared with the FTSE 100	% proportion of total TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	20
Equal to the 90th percentile TSR of the FTSE 100	50
Above the 90th percentile TSR of the FTSE 100	75

Figure 5 LTIP – ROCE targets

	Existing capital employed	Incremental capital employed
Minimum ROCE Target	43.99%	10%
Maximum ROCE Target	45.99%	10%

Figure 6 LTIP – ROCE vesting

	% proportion of ROCE element vesting
Below or equal to the Minimum ROCE Target	0
Equal to or greater than the Maximum ROCE Target	100

Target performance for the Sector Index is assessed by calculating the median TSR performance within each sub-sector category, and then weighting these medians by the category weightings shown in Figure 2. That part of any award that is contingent upon the Sector Index element of the TSR performance will vest as shown in Figure 3. Shares will vest on a straight-line basis for performance between the levels shown in Figure 3.

FTSE 100 comparison

The vesting of the other half of the TSR element of an LTIP award will depend on the Company's TSR performance over the performance period compared with the constituents of the FTSE 100 Index, as outlined in Figure 4. Shares will vest on a straight-line basis for performance between the levels shown in Figure 4.

These targets were calibrated such that for the TSR element of the award there is approximately a 10% chance of achieving full vesting and a 25% chance of two-thirds vesting. These probabilities were assessed by PwC using the same Monte Carlo model used for calculating fair values of the LTIP under IFRS 2 (Share-based Payments). The estimated average fair value of an award under the TSR element is 50% of the value of shares awarded.

Graphs showing the Company's TSR performance against the weighted average of the Sector Index and against the FTSE 100 for the five years from 1 January 2005 to 31 December 2009 can be found in Figure 9 on page 85.

Return on capital employed

Group ROCE is the second performance measure for LTIP awards. The Committee has considered this to be an important factor in driving improvements in shareholder value. However, as has been noted above, the Committee is considering an alternative metric which is less complex and is directly supportive of the Company's focus on Asset Optimisation and Supply Chain initiatives.

The proportion of shares vesting based on Group ROCE will vary according to the degree of improvement in the Group's average annualised ROCE over the performance period. Unless certain minimum targets for improvement in returns (on both capital employed for the financial year preceding the start of the performance period (existing capital employed) and on the additional capital employed during the performance period (incremental capital employed)) are met, no shares will vest under this performance measure. The maximum ROCE targets are based on stretching levels of return on the existing capital employed.

The targets for the ROCE element of the 2009 conditional award are shown in Figure 5.

To ensure that the targets are an effective incentive, they are adjusted for factors outside management's control, such as movements in commodity prices, certain foreign exchange rate effects and capital in progress, as well as for relevant changes in the composition of the Group.

The ROCE elements of the award vest as shown in Figure 6.

Shares will vest on a straight-line basis for performance between the Minimum Target and the Maximum Target.

3.6 Vesting of share incentives in the event of change of control or termination of employment

In the event of a change of control of the Company, the following provisions apply under the Company's incentive plans:

- share options granted under the ESOS or under the DOP may be exercised irrespective of whether the applicable performance conditions have been met,
- the number of shares that vest under the LTIP will be calculated by reference to the extent to which the applicable performance conditions have been met at the time of the change of control,
- the Bonus Shares awarded under the BSP will be released and, to the extent that the performance condition has been met at the time of the change of control, Enhancement Shares awarded under the BSP will vest,
- SAYE options may be exercised (to the extent of savings at the date of exercise), and
- participants may direct the SIP trustee as to how to deal with their SIP shares.

In the event that a director's employment is terminated, vesting of any outstanding share options under the ESOS or under the DOP is dependent upon the reasons for termination. Performance conditions fall away in the event of redundancy. However, if the director resigns voluntarily, then all such options lapse unless the Committee determines otherwise.

In the case of LTIP awards, the Committee would normally exercise its discretion when a director's employment ceases as follows: if the director resigns voluntarily, then his/her interests lapse. If he/she retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', vesting at the end of the performance period is based on the normal performance criteria and then pro-rated for the proportion of the performance period for which the director served.

In the case of the BSP, if a director ceases to be employed before the end of the year in respect of which the annual performance targets apply, then no award will be made unless the Committee determines otherwise (taking into account the proportion of the year for which the director was an employee of the Group and of performance to date against the annual performance targets at the date of cessation). If a director resigns voluntarily before the end of the three-year vesting period, the Bonus Share Awards lapse and awards of Enhancement Shares are forgone. If a director

retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver'. Bonus Shares already awarded will be transferred as soon as practicable after the date of leaving and Enhancement Shares will vest at the end of the performance period to the extent that the performance condition has been met

3.7 Employee Share Ownership Trust and policy on provision of shares for incentive schemes

The Group uses an Employee Share Ownership Trust (the Trust) to acquire and hold shares to facilitate the operation of its share schemes. As at 31 December 2009, the Trust held 949,244 ordinary shares in the Company, registered in the name of Greenwood Nominees Limited. Shares held by the Trust are not voted at the Company's general meetings. It is the Company's current policy to use shares from the Trust or by market purchase to meet the requirements of share incentives. The Board also has the necessary authorities to utilise newly issued or Treasury Shares in connection with the operation of its share schemes.

3.8 Pensions

Details of individual pension arrangements are set out on page 87. The Committee has decided that, in the light of the announcement of intended changes in the tax efficiency of registered pension schemes, executive directors (and UK employees more generally) be given the option of all or part of their employer-funded defined-contribution pension contributions being paid as an alternative to an unregistered retirement benefits scheme (an EFRBS).

Since the inception of the new UK pensions regime applicable from 6 April 2006, the Committee has been prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that future pension benefits are reduced or cease to accrue and that a pension allowance be paid having the same cost to the employer as the defined contribution benefits forgone.

Similarly, the Committee is prepared to consider requests from executive directors (as is the case for London-based employees more generally) that their contracts be altered for future service, so that supplementary pension contributions are made into their defined contribution pension arrangements, in return for equivalent-cost reductions in their future basic salaries and/or in the cash element of any future BSP awards.

Figure 7 Executive directors⁽¹⁾

	Date of appointment	Next AGM re-election or election
Cynthia Carroll (chief executive)	15 January 2007	April 2010
Rene Médori (finance director)	01 June 2005	April 2011

⁽¹⁾ 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. Details of those retiring by rotation this year are contained in the Notice of AGM.

3.9 Other benefits

Executive directors are entitled to the provision of a car allowance, medical insurance, death and disability insurance, social club membership and limited personal taxation/financial advice, in addition to reimbursement of reasonable business expenses. The provision of these benefits is considered to be market-competitive.

4. Executive shareholding targets

Within five years of their appointment, executive directors are expected to acquire and maintain a holding of shares with a value of two times basic salary in the case of the chief executive and one times basic salary in the case of any other executive director.

The Committee takes into consideration achievement against these targets when making grants under the Company's various long-term incentive plans.

5. External appointments

Executive directors are not permitted to hold external directorships or offices without the prior approval of the Board, if approved, they may each retain the fees payable from one such appointment. During the year ended 31 December 2009, Cynthia Carroll and René Médori each retained fees amounting to £90,000 and £64,000 respectively.

6. Policy on non-executive director remuneration

Non-executive director remuneration is approved by the Board as a whole on the recommendation of the chairman and executive directors.

The Company's policy on non-executive director remuneration is based on the following key principles:

Remuneration should be

- sufficient to attract and retain world-class non-executive talent,
- consistent with recognised best practice standards for non-executive director remuneration,

- in the form of cash fees, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social security contributions) to acquire shares in the Company should the non-executive director so wish, and
- set by reference to the responsibilities taken on by the non-executives in chairing the Board and its committees.

- Non-executive directors may not participate in the Company's share incentives schemes or pension arrangements.

It is the intention that this policy will continue to apply for 2010 and subsequent years, subject to ongoing review as appropriate.

The Board reviews non-executive directors' fees periodically to ensure that they remain market-competitive. Additional fees are paid to the chairmen of Board committees and to the senior independent director (SID). Should non-executive directors acquire executive board roles within subsidiaries of the Company, then they might also receive additional remuneration from the relevant subsidiaries on account of these increased responsibilities. Non-executive directors' fees were last increased following a review in December 2005 (and took effect in January 2006). Since that time, it is felt that fee levels have fallen behind the market and the Board has therefore agreed to increase the basic fee to £80,000 per annum (pa) and the fee for the SID to £100,000 pa with effect from 1 January 2010. There will be no change to the fees for Committee Chairmen.

7. Chairman's fees

The chairman's fees were set in July 2009 at £650,000 pa to take effect from his appointment on 1 August 2009. The chairman's fees are reviewed periodically (on a different cycle from the review of non-executive directors' fees). A recommendation is then made to the Board (in the absence of the chairman) by the Committee and chief executive, who will take external advice on market comparators. In accordance with the terms of his appointment as chairman, Sir John Parker received a one-off restricted share award of 31,000 ordinary shares in the Company on 15 September

Figure 8 Non-executive directors⁽¹⁾⁽²⁾

	Date of appointment	Next AGM re-election or election
Sir John Parker (chairman, AA plc and Nomination Committee)	9 July 2009	April 2010
Sir Mark Moody-Stuart (chairman) (resigned 2009)	16 July 2002	n/a
David Challen (SID and chairman, Audit Committee)	09 September 2002	April 2012
Sir CK Chow	15 April 2008	April 2011
Chris Fay (chairman, S&SD Committee) (to retire 2010)	19 April 1999	n/a
Sir Philip Hampton	9 November 2009	April 2010
Sir Rob Margetts (chairman, Remuneration Committee) (to retire 2010)	18 March 1999	n/a
Nicky Oppenheimer	18 March 1999	April 2010
Ray O'Rourke	11 December 2009	April 2010
Fred Phaswana (chairman, Nomination Committee) (resigned 2010)	12 June 2002	n/a
Mamphela Ramphele	25 April 2006	April 2012
Jack Thompson	16 November 2009	April 2010
Karel Van Miert (passed away 2009)	19 March 2002	n/a
Peter Woicke	01 January 2006	April 2012

⁽¹⁾ 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. Details of those retiring by rotation this year are contained in the Notice of AGM.

⁽²⁾ There is no fixed notice period, however the Company may in accordance with, and subject to, the provisions of the Companies Act 2006 by Ordinary Resolution of which special notice has been given, remove any director from office. The Company's Articles of Association also permit the directors under certain circumstances to remove a director from office.

2009, equivalent to £500,000. The share award will be released in full at the third anniversary of his appointment (August 2012) subject to his still being chairman. The chairman will invest progressively in Anglo American shares over the same period, in order to acquire a similar holding.

8 Directors' service contracts

Cynthia Carroll and René Médori are employed by Anglo American Services (UK) Ltd (AAS).

It is the Company's policy that the period of notice for executive directors will not exceed 12 months and accordingly the employment contracts of the executive directors are terminable at 12 months' notice by either party.

The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the Company, nor for liquidated damages.

All non-executive directors have letters of appointment with the Company for an initial period of three years from their date of appointment, subject to reappointment at the AGM (Figure 8).

9. Historical comparative TSR performance graphs

The graphs shown in Figure 9 represent the comparative TSR performance of the Company from 1 January 2005 to 31 December 2009. In drawing up these graphs it has been assumed that all dividends paid have been reinvested.

The first graph shows the Company's performance against the performance of the FTSE 100 Index, chosen as being a broad equity market index which includes companies of a comparable size and complexity to Anglo American. This graph has been produced in

accordance with the Large and Medium Sized Companies and Groups (Accounts and Reports) Regulations 2008.

The second graph shows the Company's performance against the weighted Sector Index comparator group used to measure company performance for the purposes of the vesting of LTIP interests conditionally awarded in 2007. This graph gives an indication of how the Company is performing against the targets in place for LTIP interests already granted, although the specifics of the comparator companies for each year's interests may vary to reflect changes such as mergers and acquisitions among the Company's competitors or changes to the Company's business mix. TSR is calculated in US dollars, and the TSR level shown as at 31 December each year is the average of the closing daily TSR levels for the five-day period up to and including that date.

Figure 10 Executive directors' emoluments⁽¹⁾

	Total basic salary		Annual performance bonus – cash element ⁽²⁾		Benefits in kind ⁽³⁾		Total
	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000	2008 £000	2009 £000
Cynthia Carroll ⁽⁴⁾	1,103	1,050	372	319	144	198	1,619
René Médori	693	660	234	208	30	55	957

⁽¹⁾ In 2009 Cynthia Carroll and René Médori held non-executive directorships of Anglo Platinum Limited and René Médori held a non-executive directorship of Anglo American South Africa Limited. The fees for these directorships were credited to their employer, AAS. Subsequent to his retirement from the Board in 2004, Bill Nairn provided consultancy services to Anglo American which ended during 2008. He therefore received £nil (2008: £3,000) during 2009.

⁽²⁾ The split between the cash and share elements of the Bonus Share Plan is set out on page 81.

⁽³⁾ Each executive director receives a car allowance and a limited amount of personal taxation/financial advice. They also receive death and disability benefits and medical insurance.

⁽⁴⁾ Cynthia Carroll was, in accordance with the terms of her appointment, entitled to be compensated for the tax due on her relocation expenses; this compensation is included in Benefits in kind above.

10. Remuneration outcomes during 2009

The information set out in this section and section 11 has been subject to audit

10.1 Directors' emoluments

Executive directors

Figure 10 sets out an analysis of the pre-tax remuneration during the years ended 31 December 2009 and 2008, including bonuses but excluding pensions, for individual directors who held office in the Company during the year ended 31 December 2009

Non-executive directors

Figure 11 sets out the fees and other emoluments paid to non-executive directors during the year ended 31 December 2009 which amounted to £1,260,000 (2008 £1,177,000)

10.2 Bonus Share Plan

Details of shares awarded under the BSP to executive directors during 2009 and their current holdings are shown in Figure 12

Figure 11 Non-executive directors' emoluments⁽¹⁾⁽²⁾

	Total fees	
	2009 £000	2008 £000
Sir John Parker	273	–
Sir Mark Moody-Stuart	264	450
David Challen	93	89
Sir CK Chow	65	46
Chris Fay	80	80
Sir Philip Hampton	10	–
Sir Rob Margetts	80	84
Nicky Oppenheimer ⁽³⁾	72	71
Ray O'Rourke	4	–
Fred Phaswana ⁽³⁾	147	142
Mamphela Ramphele	65	65
Jack Thompson	9	–
Karel Van Miert	33	65
Peter Woicke	65	65

⁽¹⁾ Each non-executive director, with the exception of Sir John Parker and Sir Mark Moody-Stuart, was paid a fee of £65,000 (2008: £65,000) per annum, and those non-executive directors who act as chairmen of the Audit Committee, Safety and Sustainable Development Committee and Remuneration Committee were paid an additional sum of £15,000 (2008: £15,000) per annum. The chairman of the Nomination Committee was paid an additional sum of £7,500 (2008: £7,500) per annum. The senior independent director (SID) received fees of £13,000 per annum.

⁽²⁾ In addition to the fees reported above for 2008, Bobby Godsell, who retired on 15 April 2008, received fees in 2008 of £20,000.

⁽³⁾ Nicky Oppenheimer received fees for his services as a non-executive director of Anglo American South Africa Limited amounting to £7,000 (2008: £6,000), which are included in the above table. Fred Phaswana is the non-executive chairman of Anglo American South Africa Limited and of Anglo Platinum and received fees for these services amounting to £80,000 (2008: £69,000), which are included in the above table.

Figure 12 Bonus Share Plan

BSP interests ⁽¹⁾	Total interest at 1 January 2009	Number of Bonus Shares conditionally awarded during 2009 ⁽²⁾	Number of Enhancement Shares conditionally awarded during 2009	Number of Bonus Shares vested during 2009 ⁽³⁾	Number of Enhancement Shares vested during 2009	Number of Enhancement Shares lapsed during 2009	Total interest at 31 December 2009	Market price at date of 2009 award £	Date of vesting of Bonus Shares awarded during 2009	End date of performance period for Enhancement Shares awarded during 2009
Cynthia Carroll ⁽⁴⁾	39,779	82,341	61,755	(43,082)	–	–	140,793	11.62	01/01/2012	31/12/2011
René Médori	68,269	53,674	40,255	(35,864)	(6,542)	–	119,792	11.62	01/01/2012	31/12/2011

⁽¹⁾ The performance period applicable to each award is three years. Cynthia Carroll did not receive a BSP award in 2006 (in respect of the 2005 financial year) and consequently no shares vested in 2009. René Médori was awarded BSP shares in 2006 which vested in 2009.

Shares vested (2006 BSP Award)	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting £	Money value at date of vesting £
René Médori	14,480	06/03/2006	21.59	10.70	154,936

In the case of the BSP awards granted in 2006, the determinant for the vesting of Enhancement Shares was real EPS growth, based on earnings per share growth against growth in the UK Retail Price Index (RPI) over the performance period. 44% of the Enhancement Shares would vest if EPS growth was RPI+9% and 100% would vest if EPS growth was RPI+15%. As the EPS growth achieved was RPI+50% over the period, full vesting of the Enhancement Shares occurred.

⁽²⁾ Where permitted by finance legislation, awards of Bonus Shares under the BSP are granted as forfeitable shares, which would be forfeited in the event that an executive director leaves service, other than as a good leaver, before the shares are released.

⁽³⁾ Subsisting awards of Bonus Shares were reduced to meet income tax liabilities arising in 2009. The reduction in respect of Cynthia Carroll was 43,082 shares and in respect of René Médori was 27,926 shares (at a value of £1,118,026 and £724,711 respectively).

⁽⁴⁾ In accordance with her terms upon joining, Cynthia Carroll was granted 132,718 forfeitable shares, in compensation for long-term incentives forgone at her previous employer. The market price of the shares at the date of this award was £24.91. These shares are forfeitable in the event that she leaves service before they are released to her. As a result of the share consolidation following the demerger of Mondy, 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares, of which 72,454 were released to her in February 2008, 24,155 were released to her in February 2009 and 24,154 will be released to her in February 2010 subject to her continued employment. These awards are as follows:

Interests	Beneficial interest in forfeitable shares at 31 December 2008	Number of forfeitable shares vested during the year	Number of forfeitable shares lapsed during the year	Beneficial interest in forfeitable shares at 31 December 2009	Latest performance period end date
Cynthia Carroll	48,309	24,155	–	24,154	–
Shares vested	Number of shares vested	Date of conditional award	Market price at date of award £	Market price at date of vesting £	Market value at date of vesting £
Cynthia Carroll	24,155	21/02/2007	24.91	11.93	288,169

10.3 Long Term Incentive Plan

Conditional awards of shares were made in 2009 to executive directors under the LTIP as shown in Figure 13

10.4 Directors' share options

No executive share options have been granted to any director since 2003 (Figure 14)

The highest and lowest mid-market prices of the Company's shares during the period 1 January 2009 to 31 December 2009 were £27.29 and £9.14 respectively. The mid-market price of the Company's shares at 31 December 2009 was £27.10.

10.5 Share Incentive Plan (SIP)

During the year Cynthia Carroll and René Médori purchased 90 and 89 shares under the SIP respectively, in addition to the shares held by them at 1 January 2009. If these shares are held for three years, they will be matched by the Company on a one-for-one basis, conditional upon the director's continued employment. In addition, Cynthia Carroll and René Médori were each awarded 301 free shares under the SIP in March 2009. Participants in the SIP are entitled to receive dividends on their shares.

The information provided in sections 10.2 to 10.5 is a summary. However, full details of directors' shareholdings and options are contained in the Register of Directors' Interests of the Company, which are open to inspection.

10.6 Pensions

10.6.1 Directors' pension arrangements

Cynthia Carroll and René Médori participated in defined contribution pension arrangements in terms of their contracts with AAS. In 2009, normal contributions were payable on their behalf at the rate of 30% of their basic salaries payable under these contracts.

10.6.2 Defined contribution pension schemes

The amounts payable into defined contribution pension schemes by the Group in respect of the individual directors were as shown in Figure 15.

10.6.3 Defined benefit pension schemes

No director was eligible in 2009 for membership of any defined benefit pension scheme.

10.6.4 Excess retirement benefits

No person who served as a director of the Company during or before 2009 has been paid or received retirement benefits in excess of the retirement benefits to which he was entitled on the date on which benefits first became payable (or 31 March 1997, whichever is later).

as a director of any of the Company's subsidiary undertakings, or as a director of any other undertaking of which he/she was (while a director of the Company) a director by virtue of the Company's nomination, or otherwise in connection with the management of the Company or any undertaking during the year to 31 December 2009.

12 Directors' share interests

The interests of directors who held office during the period 1 January 2009 to 31 December 2009 in Ordinary Shares (Shares) of the Company and its subsidiaries were as shown in Figures 16 and 17.

Figures 18 and 19 outline the changes in the above interests which occurred between 1 January 2010 and the date of this report.

Approval

This directors' remuneration report has been approved by the Board of directors of Anglo American plc.

Signed on behalf of the Board of directors

11. Sums paid to third parties in respect of a director's services

No consideration was paid to or became receivable by third parties for making available the services of any person as a director of the Company, or while a director of the Company,

Sir Rob Margetts
Chairman, Remuneration Committee
18 February 2010

Figure 13 Long Term Incentive Plan

LTIP interests ⁽¹⁾⁽²⁾	Total beneficial interest in LTIP at 1 January 2009	Number of shares conditionally awarded during 2009	Number of shares vested during 2009	Number of shares lapsed during 2009	Total beneficial interest in LTIP at 31 December 2009	Latest performance period end date
Cynthia Carroll	140,523	122,402	—	—	262,925	31/12/2011
René Médori	145,368	76,938	(26,711)	(26,710)	168,885	31/12/2011

⁽¹⁾ The LTIP awards made in 2009 are conditional on two performance conditions as outlined on pages 82 and 83: the first is based on the Company's TSR relative to a weighted group of international mining companies and to the constituents of the FTSE 100; the second is based on an underlying operating measure which focuses on raising the Company's ROCE in the medium term. Further details on the structure of the LTIP, the required level of performance for the 2009 award and how performance against targets is measured can be found on pages 82 and 83. The market price of the shares at the date of award was £12.61.

⁽²⁾ The performance period applicable to each award is three years. The performance period relating to the LTIP awards in 2006 (which were granted on 5 April) ended on 31 December 2008. Vesting was subject to two performance conditions: the first based on the Company's TSR relative to a weighted group of international mining companies and the FTSE 100, with the second based on an underlying operating measure which focused on improvements in the Company's ROCE in the medium term. Part of each award was based on the TSR measure and part on the operating measure. These awards are as follows:

Shares vested	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting £	Money value at date of vesting £
René Médori	26,711	29/03/2006	20.72	13.36	356,859

In the case of the LTIP awards granted in 2006, the determinants for vesting were 50% on relative TSR and 50% on meeting specified Group ROCE targets. The ROCE targets are a function of targeted improvement in returns on existing capital employed at the start of the performance period and targeted returns in excess of the cost of capital on new capital investment over that period. The entry-level target for any LTIP has been the actual return achieved on the capital employed, excluding capital work in progress, in the year immediately preceding the commencement of the performance period. In order to maintain the effectiveness of the plan in driving long-term performance, the actual returns in the final performance year are adjusted for movements in commodity prices, certain foreign exchange rate effects (e.g. translation windfalls), capital in progress (to reflect the fact that mines under construction absorb large amounts of capital before producing a return), for relevant changes in the composition of the Group (e.g. significant acquisitions and disposals) and other one-off factors which would otherwise result in a misleading outcome.

The threshold blended target (i.e. the target on existing and new capital) for the performance period for the 2006 LTIP was 19.98% and the upper blended target 21.98%. The ROCE achieved was 24.93% and the outcome on this element of the LTIP was thus 100%. On the TSR measure, Anglo American achieved a TSR over the three-year performance period of -59% which generated a nil% vesting in terms of the 2006 Sector Index Comparator Group (against a median target of -50%) and a nil% vesting against the FTSE 100 (being below the 50th percentile). The overall vesting level for those directors with a 50% Group ROCE, 25% Sectoral TSR and 25% FTSE 100 TSR split was therefore 50%.

Figure 14 Directors' share options

Anglo American options	Beneficial holding at 1 January 2009 ⁽¹⁾	Granted	Exercised	Lapsed	Beneficial holding at 31 December 2009	Weighted average option price £	Earliest date from which exercisable	Latest expiry date
René Médori	951	–	–	–	951	17.97	1/9/2013	28/2/2014

⁽¹⁾ Beneficial holdings comprise SAYE options held in respect of shares by René Médori of 951 options with an option price of £17.97. The market price of the Company's shares at the end of the year and the highest and lowest mid-market prices during the period are disclosed in Section 10.4. There are no performance conditions attached to these options.

Figure 15 Defined contribution pension schemes

Directors	Normal contributions	
	2009 £000	2008 £000
Cynthia Carroll ⁽¹⁾	331	315
René Médori	208	198

⁽¹⁾ The contributions payable into pension arrangements for Cynthia Carroll amounted in 2009 to £236,000 (2008: £225,000), the balance being payable in the form of a cash allowance to an equivalent cost to the employer. The cost of this allowance is included in the pension figure above. The allowance does not form part of basic salary disclosed in the directors' emoluments table on page 85 nor is it included in determining awards under the BSP.

Figure 16 Shares in Anglo American plc

As at 31 December 2009 (or if earlier, date of resignation)

Directors	Beneficial			Conditional		
	SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other	
Cynthia Carroll ⁽¹⁾	14,433	573	262,925	61,990	78,803	24,154
René Médori ⁽²⁾	66,082	591	168,885	55,822	63,970	–
Sir Mark Moody-Stuart ⁽³⁾⁽¹⁴⁾	28,422	–	–	–	–	–
Sir John Parker ⁽⁴⁾⁽¹⁵⁾	777	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Philip Hampton ⁽⁴⁾	637	–	–	–	–	–
Sir Rob Margetts ⁽¹⁵⁾	15,030	–	–	–	–	–
Ray O'Rourke ⁽⁴⁾	0	–	–	–	–	–
Nicky Oppenheimer ⁽⁷⁾	33,557,017	–	–	–	–	–
Fred Phaswana ⁽⁴⁾	13,610	–	–	–	–	–
Mamphela Ramphele	2,762	–	–	–	–	–
Jack Thompson ⁽⁴⁾⁽¹⁶⁾	2,500	–	–	–	–	–
Karel Van Miert ⁽⁸⁾	455	–	–	–	–	–
Peter Woicke	5,177	–	–	–	–	–

See page 90 for footnotes

Figure 17 Shares in Anglo American plc

As at 1 January 2009 (or if later date of appointment)

Directors	Beneficial					Conditional
		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll ⁽¹⁾	92	182	140 523	22,731	17,048	48,309
René Médori ⁽²⁾	44 819	239	145 368	38 012	30 257	–
Sir Mark Moody-Stuart ⁽³⁾⁽⁴⁾	25,651	–	–	–	–	–
Sir John Parker ⁽⁴⁾⁽⁵⁾	0	–	–	–	–	–
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5 500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Philip Hampton ⁽⁴⁾	637	–	–	–	–	–
Sir Rob Margetts ⁽⁶⁾	13,343	–	–	–	–	–
Ray O'Rourke ⁽⁴⁾	0	–	–	–	–	–
Nicky Oppenheimer ⁽⁷⁾	33,557,017	–	–	–	–	–
Fred Phaswana ⁽⁴⁾	12 739	–	–	–	–	–
Mamphela Ramphela	1 487	–	–	–	–	–
Jack Thompson ⁽⁴⁾⁽⁸⁾	0	–	–	–	–	–
Karel Van Miert ⁽⁹⁾	455	–	–	–	–	–
Peter Woicke	4 400	–	–	–	–	–

See following page for footnotes

Figure 18 Shares in Anglo American plc

As at 1 January 2010 (or if later date of appointment)

Directors	Beneficial					Conditional
		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll ⁽¹⁾	14,433	573	262 925	61 990	78 803	24 154
René Médori ⁽²⁾	66,082	591	168 885	55 822	63 970	–
Sir John Parker ⁽⁴⁾⁽⁵⁾	777	–	–	–	–	31 000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5 500	–	–	–	–	–
Chris Fay	6 827	–	–	–	–	–
Sir Philip Hampton ⁽⁴⁾	637	–	–	–	–	–
Sir Rob Margetts ⁽⁶⁾	15 030	–	–	–	–	–
Ray O'Rourke ⁽⁴⁾	0	–	–	–	–	–
Nicky Oppenheimer ⁽⁷⁾	33 557,017	–	–	–	–	–
Fred Phaswana ⁽⁴⁾	13 610	–	–	–	–	–
Mamphela Ramphela	2,762	–	–	–	–	–
Jack Thompson ⁽⁴⁾⁽⁸⁾	2 500	–	–	–	–	–
Peter Woicke	5 177	–	–	–	–	–

See following page for footnotes

Figure 19 Shares in Anglo American plc

As at 18 February 2010 (or if earlier date of resignation)

Directors	Beneficial					Conditional
		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll ⁽¹⁾	14,443	583	262,925	61,990	78,803	24,154
René Médori ⁽²⁾	66,102	591	168,885	55,822	63,970	–
Sir John Parker ⁽⁴⁾⁽⁵⁾	1,677	–	–	–	–	31,000
David Challen	1,820	–	–	–	–	–
Sir CK Chow	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Philip Hampton ⁽⁴⁾	637	–	–	–	–	–
Sir Rob Margetts ⁽⁶⁾	15,278	–	–	–	–	–
Ray O'Rourke ⁽⁴⁾	0	–	–	–	–	–
Nicky Oppenheimer ⁽⁷⁾	33,557,017	–	–	–	–	–
Fred Phaswana ⁽⁴⁾	13,610	–	–	–	–	–
Mamphela Ramphela	2,949	–	–	–	–	–
Jack Thompson ⁽⁴⁾⁽⁸⁾	2,500	–	–	–	–	–
Peter Woicke	5,177	–	–	–	–	–

⁽¹⁾ Following her appointment as an executive director on 15 January 2007 Cynthia Carroll was granted 132,718 forfeitable shares conditional on her continued employment to the Group and in partial compensation for long-term incentives forgone at her previous employer. As a result of the share consolidation following the demerger of Mondrill 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares of which 72,464 were released to her in February 2008, 24,155 were released to her in February 2009 and 24,154 will be released to her in February 2010 subject to her continued employment.

⁽²⁾ René Médori's beneficial interest arises as a result of his wife's interest in these Shares.

⁽³⁾ Sir Mark Moody-Stuart's beneficial interest includes 11,375 Shares arising as a result of his interest in a family trust.

⁽⁴⁾ Sir John Parker, Sir Philip Hampton, Ray O'Rourke and Jack Thompson were appointed to the Board on 9 July 2009, 9 November 2009, 11 December 2009 and 16 November 2009 respectively and will all be nominated for election at the AGM in April 2010. Sir Mark Moody-Stuart and Fred Phaswana resigned from the Board as at 1 August 2009 and 1 January 2010 respectively.

⁽⁵⁾ Following his appointment as chairman of the Company on 1 August 2009 Sir John Parker was awarded 31,000 ordinary shares in the Company which will be released in full on the third anniversary of his appointment, subject to his continued chairmanship.

⁽⁶⁾ Sir Rob Margetts' beneficial interest arises as a result of his wife's interest in these Shares.

⁽⁷⁾ Nicky Oppenheimer's beneficial interest in 33,556,927 of these Shares arises as a result of his interest in a discretionary trust which is treated as interested in 27,300,000 Shares in which E Oppenheimer & Son Holdings Limited is treated as interested and 6,252,377 Shares in which Central Holdings Limited is treated as interested. The 6,252,377 Shares referred to above are Shares held by Debswana Diamond Company (Pty) Limited in which Nicky Oppenheimer and Central Holdings Limited have no economic interest. His interest in 4,550 of these Shares arises as a result of his wife's interest in a trust which has an indirect economic interest in those Shares.

⁽⁸⁾ Jack Thompson acquired 5,000 unsponsored American Depositary Receipts (ADRs) in respect of the Company's ordinary shares at a price of \$20.70 per ADR. One ADR represents 0.5 ordinary shares of \$0.54945 each in the capital of the Company.

⁽⁹⁾ Mr Karel Van Miert passed away in 2009.

Independent remuneration report review

This letter contains the findings and conclusions from our review of the processes followed by Anglo American's Remuneration Committee (the Committee) during 2009. The review was undertaken at your request as Chairman of the Committee in order to provide shareholders with assurance that the processes followed by the Committee supported the policy stated in Anglo American's Remuneration Report.

It is our view that the processes followed by the Committee during 2009 fully supported the Company's remuneration policy. Please find below a description of the process that we followed in coming to our conclusion, along with our detailed observations and recommendations.

Review process

In order to reach our view we undertook the following:

- A review of the Committee's terms of reference,
- A review of the minutes of the Committee covering the period from January to December 2009,
- A review of any briefing materials prepared for the Committee during the year,
- An interview with Chris Corrin in his capacity as Secretary to the Committee, and
- An interview with the Chairman of the Committee.

Findings

The Committee comprises entirely of independent non Executive Directors. It met formally on three occasions in 2009.

We reviewed the minutes of each meeting along with any supporting papers or documentation that was tabled. We found that the decisions taken by the Committee were in line with Anglo American's stated remuneration policy, namely that levels of reward, whilst competitive, require demanding performance conditions to be met which are consistent with shareholder interests. We are satisfied that the Committee closely adheres to the stated policy of setting base pay levels at the median of comparable companies, that at least 50% of remuneration for the executive directors is performance related and that variable pay is consistent with business performance, market conditions and retention of talent.

We are satisfied that the Committee challenges the proposals put forward by executive management and adopts a rigorous and robust approach to decision making.

We are also satisfied that the Committee seeks the advice of external consultants on technical issues where appropriate and gives careful consideration to the information and recommendations that it receives, before reaching an informed decision.

Conclusions

On the basis of the document review referred to above and the interviews with the Chairman and Secretary of the Committee, we are comfortable that the Committee has discharged its duties in line with the Policy on Executive Remuneration stated in Anglo American's Annual Report.

As noted in previous years we consider that the members of the Committee continue to be an effective and cohesive team and that the Committee is an exemplar of best practice.

We note that in line with the requirements of the Combined Code the composition of the Committee has been changed.

Further detail regarding the Mercer Review is included in a letter of this date addressed to the Committee Chairman which we understand will be made available on the Company's website.

Yours sincerely

Mark Hobbs
Principal
Mercer Limited
Tower Place
London EC3R 5BU
10 February 2010

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 by the IAS Regulation to prepare the Group financial statements under International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 2006 and Article 4 of the IAS Regulation

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, directors are also required to

properly select and apply accounting policies

- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information, and
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance

The directors 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 parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent, and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent company 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

Financial statements

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Responsibility statements

for the year ended 31 December 2009

We confirm that to the best of our knowledge

- (a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities financial position and profit of Anglo American plc and the undertakings included in the consolidation taken as a whole, and
- (b) the Operating and financial review includes a fair review of the development and performance of the business and the position of Anglo American plc and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

By order of the Board

X 
Cynthia Carroll
Chief executive

X 
René Médori
Finance director

Independent auditors' report to the members of Anglo American plc

We have audited the financial statements of Anglo American plc for the year ended 31 December 2009 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity, the Accounting policies, the related notes 2 to 40 and the Balance sheet of the Company and related information in note 41. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the Company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Group's and the Company's circumstances and have been consistently applied and adequately disclosed, the reasonableness of significant accounting estimates made by the directors, and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion, the financial statements give a true and fair view of the state of the Group's and of the

Company's affairs as at 31 December 2009 and of the Group's profit for the year then ended, the Group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union,

- the Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006, and, as regards the Group financial statements, Article 4 of the IAS Regulation.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion,

- the part of the Remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006, and
- the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

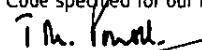
Matters on which we are required to report by exception

We have nothing to report in respect of the following:

- Under the Companies Act 2006 we are required to report to you if, in our opinion, adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us, or
- the Company financial statements and the part of the Remuneration report to be audited are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit.

Under the Listing rules we are required to review

- the directors' statement contained within the Directors' report in relation to going concern, and
- the part of the Corporate governance section relating to the Company's compliance with the nine provisions of the June 2008 Combined Code specified for our review.



Timothy Powell (Senior Statutory Auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditors
London, United Kingdom

18 February 2010

Consolidated income statement

for the year ended 31 December 2009

US\$ million	Note	2009			2008		
		Before special items and remeasurements	Special items and remeasurements (note 7)	Total	Before special items and remeasurements	Special items and remeasurements (note 7)	Total
Group revenue	2	20,858	–	20,858	26,311	–	26,311
Total operating costs		(16,481)	(1,637)	(18,118)	(18,330)	(1,131)	(19,461)
Operating profit from subsidiaries and joint ventures	2,4	4,377	(1,637)	2,740	7,981	(1,131)	6,850
Net profit on disposals	7	–	1,612	1,612	–	1,009	1,009
Share of net income from associates	2,16	318	(234)	84	1,303	(190)	1,113
Total profit from operations and associates		4,695	(259)	4,436	9,284	(312)	8,972
Investment income		514	–	514	589	–	589
Interest expense		(780)	–	(780)	(850)	–	(850)
Other financing losses		(7)	(134)	(141)	(191)	51	(140)
Net finance costs	8	(273)	(134)	(407)	(452)	51	(401)
Profit before tax		4,422	(393)	4,029	8,832	(261)	8,571
Income tax expense	10	(1,305)	188	(1,117)	(2,545)	94	(2,451)
Profit for the financial year		3,117	(205)	2,912	6,287	(167)	6,120
Attributable to							
Minority interests		548	(61)	487	1,050	(145)	905
Equity shareholders of the Company	3	2,569	(144)	2,425	5,237	(22)	5,215
Earnings per share (US\$)							
Basic	12			2 02			4 34
Diluted	12			1 98			4 29

Underlying earnings and underlying earnings per share are set out in note 12

Consolidated statement of comprehensive income

for the year ended 31 December 2009

US\$ million	Note	2009	2008
Profit for the financial year		2,912	6,120
Net gain/(loss) on revaluation of available for sale investments		741	(888)
Net gain/(loss) on cash flow hedges		122	(874)
Net (loss)/gain on cash flow hedges – associates		(2)	4
Net exchange gain/(loss) on translation of foreign operations		3,819	(4,514)
Actuarial net loss on post retirement benefit schemes		(217)	(129)
Actuarial net loss on post retirement benefit schemes – associates		(5)	(7)
Deferred tax	29	(74)	167
Net income/(expense) recognised directly in equity		4,384	(6,241)
Transferred to income statement sale of available for sale investments		(1,554)	(476)
Transferred to income statement cash flow hedges		162	380
Transferred to initial carrying amount of hedged items cash flow hedges		30	637
Transferred to income statement exchange differences on disposal of foreign operations		(2)	2
Tax on items transferred from equity	29	77	(94)
Total transferred from equity		(1,287)	449
Total comprehensive income for the financial year		6,009	328
Attributable to			
Minority interests		783	487
Equity shareholders of the Company		5,226	(159)

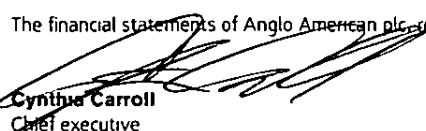
Consolidated balance sheet

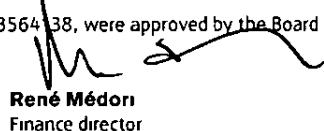
as at 31 December 2009

US\$ million	Note	2009	2008	2007
Intangible assets	13	2,776	3,006	1,556
Tangible assets	14	35,198	29,545	23,534
Environmental rehabilitation trusts	15	342	244	252
Investments in associates	16	3,312	3,612	3,341
Financial asset investments	18	2,726	3,115	4,780
Trade and other receivables	20	206	94	159
Deferred tax assets	26	288	258	474
Other financial assets (derivatives) ⁽¹⁾	24	238	117	160
Other non-current assets		191	167	105
Total non-current assets		45,277	40,158	34,361
Inventories	19	3,212	2,702	2,344
Trade and other receivables	20	3,348	2,929	3,572
Current tax assets		214	471	223
Other financial assets (derivatives) ⁽¹⁾	24	365	259	375
Financial asset investments	18,30b	3	173	–
Cash and cash equivalents	30b	3,269	2,771	3,129
Total current assets		10,411	9,305	9,643
Assets classified as held for sale	34	620	275	758
Total assets		56,308	49,738	44,762
Trade and other payables	21	(4,395)	(4,770)	(3,950)
Short term borrowings	23,30b	(1,499)	(6,784)	(5,895)
Short term provisions	25	(209)	(168)	(142)
Current tax liabilities		(566)	(804)	(992)
Other financial liabilities (derivatives) ⁽¹⁾	24	(76)	(598)	(375)
Total current liabilities		(6,745)	(13,124)	(11,354)
Medium and long term borrowings	23,30b	(12,816)	(7,211)	(2,404)
Retirement benefit obligations	27	(706)	(401)	(444)
Other financial liabilities (derivatives) ⁽¹⁾	24	(583)	(899)	(211)
Deferred tax liabilities	26	(5,192)	(4,555)	(4,650)
Provisions for liabilities and charges	25	(1,583)	(1,317)	(1,082)
Other non-current liabilities		(423)	(395)	–
Total non-current liabilities		(21,303)	(14,778)	(8,791)
Liabilities directly associated with assets classified as held for sale	34	(191)	(80)	(287)
Total liabilities		(28,239)	(27,982)	(20,432)
Net assets		28,069	21,756	24,330
Equity				
Called-up share capital	28	738	738	738
Share premium account		2,713	2,713	2,713
Other reserves		1,379	(2,057)	3,155
Retained earnings		21,291	18,827	15,855
Equity attributable to equity shareholders of the Company		26,121	20,221	22,461
Minority interests		1,948	1,535	1,869
Total equity		28,069	21,756	24,330

⁽¹⁾ Comparatives have been adjusted in accordance with IAS 1 *Presentation of Financial Statements – Improvements* as described in note 1

The financial statements of Anglo American plc, registered number 356438, were approved by the Board of directors on 18 February 2010


Cynthia Carroll
Chief executive


René Médori
Finance director

Financial statements

Consolidated cash flow statement

for the year ended 31 December 2009

US\$ million	Note	2009	2008
Cash inflows from operations	30a	4,904	9,579
Dividends from associates		616	609
Dividends from financial asset investments		23	50
Income tax paid		(1,456)	(2,173)
Net cash inflows from operating activities		4,087	8,065
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents acquired ⁽¹⁾	32	(79)	(5,887)
Investment in joint ventures	32	(5)	(609)
Investment in associates		(31)	(9)
Cash flows from derivatives related to acquisitions		–	(661)
Purchase of tangible assets	2	(4,607)	(5,146)
Purchase of financial asset investments		(269)	(741)
Investment of advance received in anticipation of disposal ⁽²⁾		–	(281)
Loans granted		(134)	(108)
Interest received and other investment income		244	291
Disposal of subsidiaries, net of cash and cash equivalents disposed	33	69	468
Sale of interests in associates		662	205
Repayment of loans and capital by associates		–	42
Proceeds from disposal of tangible assets		46	30
Proceeds from sale of financial asset investments		2,041	851
Cash flows from derivatives related to investing activities (excluding acquisitions)		(150)	(166)
Other investing activities		(10)	(29)
Net cash used in investing activities		(2,223)	(11,750)
Cash flows from financing activities			
Issue of shares by subsidiaries to minority interests		96	62
Sale of treasury shares to employees		29	40
Purchase of treasury shares		(75)	(710)
Interest paid		(741)	(741)
Dividends paid to minority interests		(472)	(796)
Dividends paid to Company shareholders		–	(1,550)
(Repayment)/receipt of short term borrowings		(6,624)	1,432
Net proceeds from issue of convertible bond		1,685	–
Net proceeds from issue of US bond		1,992	–
Net proceeds from bonds issued under EMTN programme		2,215	2,404
Receipt of other medium and long term borrowings		361	2,777
Cash flows from derivatives related to net debt		(85)	380
Advance received in anticipation of disposal ⁽²⁾		–	307
Other financing activities		14	(63)
Net cash (used in)/inflows from financing activities		(1,605)	3,542
Net increase/(decrease) in cash and cash equivalents		259	(143)
Cash and cash equivalents at start of year	30c	2,744	3,074
Cash movements in the year		259	(143)
Effects of changes in foreign exchange rates		316	(187)
Cash and cash equivalents at end of year	30c	3,319	2,744

⁽¹⁾ Includes amounts paid to acquire minority interests in subsidiaries⁽²⁾ Advance received in the year ended 31 December 2008 in respect of anticipated disposal of the Group's 50% interest in the Booyendal joint venture, invested in unlisted preference shares and an escrow account pending completion of the transaction which occurred in June 2009. Following completion of the transaction the preference shares were sold and the proceeds are shown within 'Proceeds from sale of financial asset investments'. At 31 December 2009 a further amount of \$72 million remains in an escrow account pending completion of documentation.

Consolidated statement of changes in equity

for the year ended 31 December 2009

US\$ million	Total share capital ⁽¹⁾	Retained earnings	Share-based payment reserve	Cumulative translation adjustment reserve	Fair value and other reserves (note 29)	Total equity attributable to equity shareholders of the Company	Minority interests	Total equity
Balance at 1 January 2008	3,451	15,855	262	20	2,873	22,461	1,869	24,330
Total comprehensive income	–	5,113	–	(4,097)	(1,175)	(159)	487	328
Dividends paid	–	(1,538)	–	–	–	(1,538)	–	(1,538)
Dividends paid to minority interests	–	–	–	–	–	–	(796)	(796)
Acquisition and disposal of businesses (including issue of shares to minority interests)	–	6	–	–	–	6	(45)	(39)
Minority conversion of Anglo Platinum's preference shares	–	6	–	–	–	6	(6)	–
Share buybacks	–	(595)	–	–	–	(595)	–	(595)
Purchase of shares for share schemes	–	(88)	–	–	–	(88)	–	(88)
Share-based payment charges on equity settled schemes	–	–	146	–	–	146	11	157
Issue of shares under employee share schemes	–	97	(70)	–	–	27	–	27
Current tax on exercised employee share schemes	–	10	–	–	–	10	–	10
Issue/purchase of treasury shares in subsidiary entities	–	6	–	–	–	6	–	6
Other	–	(45)	(50)	–	34	(61)	15	(46)
Balance at 1 January 2009	3,451	18,827	288	(4,077)	1,732	20,221	1,535	21,756
Total comprehensive income	–	2,257	–	3,526	(557)	5,226	783	6,009
Dividends paid to minority interests	–	–	–	–	–	–	(472)	(472)
Acquisition and disposal of businesses (including issue of shares to minority interests)	–	–	(14)	–	(1)	(15)	57	42
Purchase of shares for share schemes	–	(32)	–	–	–	(32)	–	(32)
Share-based payment charges on equity settled schemes	–	–	194	–	–	194	16	210
Issue of shares under employee share schemes	–	108	(87)	–	–	21	–	21
Current tax on exercised employee share schemes	–	(1)	–	–	–	(1)	–	(1)
Issue/purchase of treasury shares in subsidiary entities	–	(11)	–	–	–	(11)	15	4
Issue of convertible bond	–	–	–	–	355	355	–	355
Other	–	143	20	–	–	163	14	177
Balance at 31 December 2009	3,451	21,291	401	(551)	1,529	26,121	1,948	28,069

⁽¹⁾ Total share capital comprises called-up share capital of \$738 million (2008: \$738 million) and the share premium account of \$2 713 million (2008: \$2 713 million)

Dividends

	Note	2009	2008
Proposed ordinary dividend per share (US cents)		–	–
Proposed ordinary dividend (US\$ million)		–	–
Ordinary dividends paid during the year per share (US cents)	11	–	130
Ordinary dividends paid during the year (US\$ million)	11	–	1,538

Financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted for use by the European Union with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and with the requirements of the Disclosure and Transparency rules of the Financial Services Authority in the United Kingdom as applicable to periodic financial reporting. The financial statements have been prepared under the historical cost convention as modified by the revaluation of pension assets and liabilities and certain financial instruments. A summary of the principal Group accounting policies is set out below with an explanation of changes to previous policies following adoption of new accounting standards and interpretations in the year.

The details of the elections made on conversion to IFRS were set out in the 31 December 2005 Annual Report.

The preparation of financial statements in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Details of the Group's significant accounting policies and critical accounting estimates are set out in the 'Operating and financial review' and form part of these financial statements – these are set out on pages 66 and 67.

Significant areas of estimation uncertainty include:

- useful economic lives of assets and ore reserves estimates
- impairment of assets,
- restoration, rehabilitation and environmental costs; and
- retirement benefits

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the financial statements continues to be adopted. Further details are contained in the Directors' report on page 71.

Adoption of standards and changes in accounting policies

The Group has adopted, with effect from 1 January 2009, IFRS 8 *Operating Segments*, IAS 1 *Presentation of Financial Statements – Revised*, IAS 1 *Presentation of Financial Statements – Improvements* and IFRS 7 *Financial Instruments Disclosures – Amendment*.

The adoption of IFRS 8 has resulted in the segmental disclosures previously required by IAS 14 *Segment Reporting* being replaced by those required under IFRS 8. The segments identified in accordance with IFRS 8 are aligned to the Group's structure of Business Units based around core commodities. In addition assets identified for divestment are managed as a separate Business Unit, Other Mining and Industrial.

The adoption of the revision to IAS 1 has resulted in the Consolidated statement of changes in equity being presented as a primary statement (previously disclosed as a note titled 'Reconciliation of changes in equity') and disclosure of the tax impact of individual items in the Consolidated statement of comprehensive income (by way of note). In addition, the Group has elected to continue to present a separate income statement and statement of comprehensive income.

The adoption of the improvements to IAS 1 has resulted in non-hedge derivatives whose expected settlement date is more than one year from the period end being reclassified from current to non-current and therefore the comparative information in the Consolidated balance sheet has been adjusted as follows:

US\$ million	2008		2007	
	Current	Non-current	Current	Non-current
Other financial assets (derivatives)				
As previously reported	372	4	535	–
Reclassification	(113)	113	(160)	160
As reported	259	117	375	160
Other financial liabilities (derivatives)				
As previously reported	(1 436)	(61)	(501)	(85)
Reclassification	838	(838)	126	(126)
As reported	(598)	(899)	(375)	(211)
Assets				
As previously reported	9 418	40,045	9,803	34,201
Reclassification	(113)	113	(160)	160
As reported	9 305	40,158	9 643	34,361
Liabilities				
As previously reported	(13 962)	(13,940)	(11,480)	(8,665)
Reclassification	838	(838)	126	(126)
As reported	(13 124)	(14 778)	(11,354)	(8 791)

Due to the adoption of the revision and improvements to IAS 1, certain 2007 information has been included in the 2009 Financial statements.

IFRS 7 *Financial Instruments Disclosures – Amendment* has resulted in additional disclosures in relation to financial assets and liabilities which are carried at fair value on the balance sheet. The amendment also reinforces existing principles for disclosure about liquidity risk. The amendment does not require comparative information to be provided in respect of the additional disclosures.

A number of other amendments to accounting standards and new interpretations issued by the International Accounting Standards Board (IASB) were applicable from 1 January 2009. They have not had a material impact on the accounting policies, methods of computation or presentation applied by the Group.

Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the results of subsidiaries, joint ventures and associates to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation where appropriate.

For non-wholly owned subsidiaries, a share of the profit for the financial year and net assets is attributed to the minority interests as shown in the Consolidated income statement and Consolidated balance sheet. Any losses applicable to the minority interests in excess of the total recognised minority interests are allocated against the interests of the parent until such time as future profits have exceeded the losses previously absorbed.

Associates

Associates are investments over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Typically the Group owns between 20% and 50% of the voting equity of its associates. Investments in associates are accounted for using the equity method of accounting except when classified as held for sale.

The Group's share of associates' net income is based on their most recent audited financial statements or unaudited interim statements drawn up to the Group's balance sheet date.

1 Accounting policies continued

The total carrying values of investments in associates represent the cost of each investment including the carrying value of goodwill, the share of post acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment. The carrying values of associates are reviewed on a regular basis and if an impairment in value has occurred it is written off in the period in which those circumstances are identified. The Group's share of an associate's losses in excess of its interest in that associate is not recognised unless the Group has an obligation to fund such losses.

Joint venture entities

A joint venture entity is an entity in which the Group holds a long term interest and shares joint control over strategic financial and operating decisions with one or more other venturers under a contractual arrangement.

The Group's share of the assets, liabilities, income, expenditure and cash flows of such jointly controlled entities are accounted for using proportionate consolidation. Proportionate consolidation combines the Group's share of the results of the joint venture entity on a line by line basis with similar items in the Group's financial statements.

Joint venture operations

The Group has contractual arrangements with other participants to engage in joint activities other than through a separate entity. The Group includes its assets, liabilities, expenditure and its share of revenue in such joint venture operations with similar items in the Group's financial statements.

Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. Sales of concentrate are stated at their invoiced amount which is net of treatment and refining charges. A sale is recognised when the significant risks and rewards of ownership have passed. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

Revenue from metal mining activities is based on the payable metal sold.

Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. Provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recorded in revenue.

Revenues from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Business combinations and goodwill arising thereon

The identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture entity or an associate, which can be measured reliably are recorded at their provisional fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is attributed to goodwill. Provisional fair values are finalised within 12 months of the acquisition date.

Goodwill in respect of subsidiaries and joint ventures is included within intangible assets. Goodwill relating to associates is included within the carrying value of the associate.

Where the fair value of the identifiable net assets acquired exceeds the cost of the acquisition, the surplus which represents the discount on the acquisition is credited to the income statement in the period of acquisition.

For non-wholly owned subsidiaries, minority interests are initially recorded at the minorities' proportion of the fair values of the assets and liabilities recognised at acquisition.

Tangible assets

Mining properties and leases include the cost of acquiring and developing mining properties and mineral rights.

Mining properties are depreciated down to their residual values using the unit of production method based on proven and probable reserves. 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, a write down to the recoverable amount is charged to the income statement.

For open pit operations the removal of overburden or waste ore is required to obtain access to the orebody. To the extent that the actual waste material removed per tonne of ore mined (known as the stripping ratio) is higher than the average stripping ratio in the early years of a mine's production phase, the costs associated with this process are deferred and charged to operating costs using the expected average stripping ratio over the life of the area being mined. This reflects the fact that waste removal is necessary to gain access to the orebody and therefore realise future economic benefit. The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the life of mine, per tonne of ore mined. The average life of mine cost per tonne is calculated as the total expected costs to be incurred to mine the orebody divided by the number of tonnes expected to be mined. The cost of stripping in any period will therefore be reflective of the average stripping rates for the orebody as a whole. However, where the pit profile is such that the actual stripping ratio is below the average in the early years no deferral takes place as this would result in recognition of a liability for which there is no obligation. Instead this position is monitored and when the cumulative calculation reflects a debit balance deferral commences. The average life of mine stripping ratio and the average life of mine cost per tonne are recalculated annually in light of additional knowledge and changes in estimates. Changes in the life of mine stripping ratio are accounted for prospectively as a change in estimate.

Land and properties in the course of construction are carried at cost less any recognised impairment. Depreciation commences when the assets are ready for their intended use. Buildings and plant and equipment are depreciated down to their residual values at varying rates on a straight line basis over their estimated useful lives or the life of mine, whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment to a maximum of 50 years for buildings.

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.

Non-mining licences and other intangibles

Non-mining licences and other intangibles are measured initially at purchase cost and are amortised on a straight line basis over their estimated useful lives. Estimated useful lives are usually between three and five years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

1. Accounting policies continued

Recoverable amount is the higher of fair value (less costs to sell) and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment is reported through the income statement as a special item.

Where an impairment 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 in prior years. A reversal of an impairment is reported through the income statement as a special item.

Impairment of goodwill

Goodwill arising on business combinations is allocated to the group of CGUs that is expected to benefit from synergies of the combination and represents the lowest level at which goodwill is monitored by the Group's board of directors for internal management purposes. Details of the CGUs to which goodwill is allocated are provided in note 13. The recoverable amount of the CGU or group of CGUs to which goodwill has been allocated is tested for impairment annually on a consistent date during each financial year, or when events or changes in circumstances indicate that it may be impaired.

Any impairment is recognised immediately in the income statement. Impairments of goodwill are not subsequently reversed.

Research and exploration expenditure

Research and exploration expenditure is written off in the year in which it is incurred. When a decision is taken that a mining property is economically feasible and should be developed for commercial production, all further directly attributable, pre-production expenditure is capitalised within tangible assets. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Exploration properties acquired are recognised in the balance sheet at cost less provision for any impairment. Such properties and capitalised pre-production expenditure prior to commercial production are assessed for impairment in accordance with the Group's accounting policy stated above.

Inventory

Inventory and work in progress are valued at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

- Raw materials and consumables are valued at cost on a first in, first out (FIFO) basis.
- Finished products are valued at raw material cost, labour cost and a proportion of manufacturing overhead expenses.
- Metal and coal stocks are included within finished products and are valued at average cost.

At precious metals operations that produce 'joint products', cost is allocated between products according to the ratio of contribution of these metals to gross sales revenues.

Retirement benefits

The Group operates both defined benefit and defined contribution schemes for its employees as well as post retirement medical plans. For defined contribution schemes, the amount charged to the income statement is the contributions paid or payable during the year.

For defined benefit pension and post retirement medical plans, full actuarial valuations are carried out every three years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no deep market for such bonds, based on government bonds. Pension plan assets are measured using year end market values.

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the Consolidated statement of comprehensive income. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit. The expected return on plan assets and the expected increase during the year in the present value of plan liabilities are included in investment income and interest expense respectively.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Tax

The tax expense includes the current tax charge and deferred tax charged to 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 balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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.

1. Accounting policies continued

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. Deferred tax is charged or credited to the income statement except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

In addition to lease contracts, other significant contracts are assessed to determine whether, in substance, they are or contain a lease. This includes assessment of whether the arrangement is dependent on use of a specific asset and right to use that asset is conveyed through the contract.

Rental costs under operating leases are charged to the income statement in equal annual amounts over the lease term.

Assets held under finance leases are recognised as assets of the Group on inception of the lease at the lower of fair value or the present value of the minimum lease payments discounted at the interest rate implicit in the lease. The interest element of the rental is charged against profit so as to produce a constant periodic rate of interest on the remaining balance of the liability, unless it is directly attributable to qualifying assets in which case it is capitalised in accordance with the Group's general policy on borrowing costs set out below.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable within one year from the date of classification, management are committed to the sale and the asset (or disposal group) is available for immediate sale in its present condition.

Non-current assets (and disposal groups) are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value (less costs to sell). Any resulting impairment is reported through the income statement as a special item. On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

An asset or business is considered to be a 'discontinued operation' if it has been sold or is classified as held for sale and is part of a single co-ordinated plan to dispose of either a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to sale. Once an operation has been identified as discontinued, its net profit and cash flows are separately presented from continuing operations. Comparative information is reclassified so that net profit and cash flows of prior periods are also separately presented.

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental 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 charged against profits 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 charged against profits as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy set out on pages 101 and 102.

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 recognised separately on the balance sheet as non-current assets at fair value. Interest earned on funds invested in the environmental rehabilitation trusts is accrued on a time proportion basis and recognised as interest income.

Foreign currency transactions and translation

Foreign currency transactions by Group companies are booked in the functional currencies of the companies at the exchange rate ruling on the date of transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in profit or loss for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the presentation currency of the Group at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period where these approximate the rates at the dates of transactions. Any exchange differences arising are classified within equity and transferred to the Group's cumulative translation adjustment reserve. Exchange differences on foreign currency balances with foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future and therefore form part of the Group's net investment in these foreign operations are offset in the cumulative translation adjustment reserve.

Cumulative translation differences are recycled from equity and recognised as income or expense on disposal of the operation to which they relate.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the closing rate.

Presentation currency

As permitted by UK company law, the Group's results are presented in US dollars, the currency in which most of its business is conducted.

Borrowing costs

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale, which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

1. Accounting policies continued**Share-based payments**

The Group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

The Group makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period based on the Group's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

Black economic empowerment (BEE) transactions

Where the Group disposes of a portion of a South African based subsidiary or operation to a BEE company at a discount to fair value the transaction is considered to be a share-based payment (in line with the principle contained in South Africa Interpretation AC 503 *Accounting for Black Economic Empowerment (BEE) Transactions*). The discount provided or value given is calculated in accordance with IFRS 2 and included in the determination of the profit or loss on disposal.

Employee benefit trust

Shares held by the employee benefit trust are recorded as treasury shares and the carrying value is shown as a reduction in retained earnings within shareholders' equity.

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 however shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the Consolidated cash flow statement are shown net of overdrafts.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value (with the exception of receivables relating to provisionally priced sales – as set out in the revenue recognition accounting policy) net of appropriate allowance for estimated irrecoverable amounts. Such allowances are raised based on an assessment of debtor ageing, past experience or known customer circumstances.

Trade payables

Trade payables are not interest bearing and are stated 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.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Investments

Investments, other than investments in subsidiaries, joint ventures and associates are financial asset investments and are initially recorded 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. 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 investments. Both sub-categories are measured at each reporting date at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in the income statement within other gains and losses. For available for sale investments, unrealised gains and losses are recognised in equity until the investment is disposed or impaired at which time the cumulative gain or loss previously recognised in equity is included in the income statement. Impairment losses are recognised in the income statement when the difference between the acquisition cost and current fair value is considered significant or prolonged.

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 recorded on the amortised cost basis. Debt securities that are not intended to be held to maturity are recorded at the lower of cost and market value.

Provision is raised against these assets when there is doubt over the future realisation of value as a result of a known event or circumstance.

Convertible debt

Convertible bonds are regarded 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 recorded 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.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

1 Accounting policies continued

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are accounted for on an accruals basis and charged to the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Derivative financial instruments and hedge accounting

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, the Group enters into forward option and swap contracts. The Group does not use derivative financial instruments for speculative purposes. Commodity based (normal purchase or normal sale) contracts that meet the scope exemption in IAS 39 *Financial Instruments: Recognition and Measurement* are recognised in earnings when they are settled by physical delivery.

All derivatives are held at fair value in the balance sheet within Other financial assets (derivatives) or Other financial liabilities (derivatives). Derivatives are classified as current or non-current depending on the expected maturity of the derivative.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows 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 a 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 a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. 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. The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in equity are included in the income statement on disposal of the foreign operations to which they relate.

Changes in the fair value of any derivative instruments that are not hedge accounted are recognised immediately in the income statement and are classified within other gains and losses or net finance costs depending on the type of risk the derivative relates to.

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 in equity until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the income statement for the period.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

New IFRS accounting standards and interpretations not yet adopted

IFRS 3 (Revised) *Business Combinations* makes a number of changes to the accounting for and disclosure of business combinations. The revised standard introduces changes to the accounting for contingent consideration and transaction costs, as well as allowing an option to calculate goodwill based on the parent's share of net assets only or including goodwill relating to minority interests (non-controlling interests). Once adopted the Group will account for subsequent business combinations in accordance with this standard. The revised standard is effective prospectively for annual periods beginning on or after 1 July 2009.

IAS 27 (Revised) *Consolidated and Separate Financial Statements* requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Once adopted any transaction within this scope will be accounted for in accordance with the revised standard. The revised standard is effective prospectively for annual periods beginning on or after 1 July 2009.

IFRS 9 *Financial Instruments* is the first phase of the IASB's three stage project to replace IAS 39. The first phase deals with the classification and measurement of financial assets. The standard applies for annual periods beginning on or after 1 January 2013. Early application is permitted, although IFRS 9 has not yet been endorsed for use in the European Union. Once adopted, all financial assets within the scope of IFRS 9 will be accounted for in accordance with the standard.

The following new IFRS accounting standards and interpretations not yet adopted are not expected to have a significant impact on the Group.

Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* *Eligible Hedged Items* prohibits designating inflation as a hedgeable component of a fixed rate debt and inclusion of time value in the one-sided hedged risk when designating options as hedges. The amendment is effective for accounting periods beginning on or after 1 July 2009.

Amendment to IFRS 2 *Share-based payments on Group Cash-settled Share-based Payment Transactions* clarifies the scope and the accounting for group cash-settled share-based payment transactions in the separate or individual financial statements of the entity receiving the goods or services when that entity has no obligation to settle the share-based payment transaction. The amendment is effective for annual periods commencing on or after 1 January 2010, subject to adoption by the European Union.

Amendment to IAS 32 *Financial Instruments: Presentation – Classification of Rights Issues* addresses the accounting for rights issues (rights, options or warrants) that are denominated in a currency other than the functional currency of the issuer. Prior to the amendment, such rights issues were accounted for as derivative liabilities. The amendment states that, if such rights are issued pro rata to an entity's existing shareholders for a fixed amount of any currency, they should be classified as equity regardless of the currency in which the exercise price is denominated. The amendment is effective for annual periods commencing on or after 1 February 2010.

1 Accounting policies continued

Annual improvements to IFRSs 2009 amends a number of standards including changes in presentation, recognition and measurement plus terminology and editorial changes. The 2009 amendments are effective for annual periods commencing on or after 1 January 2010 subject to adoption by the European Union.

IFRIC 19 *Extinguishing Financial Liabilities with Equity Instruments* clarifies the accounting when an entity renegotiates the terms of its debt with the result that the liability is extinguished by the debtor issuing its own equity instruments for the creditor. The interpretation is to be applied retrospectively from the earliest comparative period presented and is effective for annual periods beginning on or after 1 July 2010 subject to adoption by the European Union although earlier application is permitted.

Amendments to IFRS 1 *First-time Adoption of International Financial Reporting Standards* and IAS 27 *Consolidated and Separate Financial Statements on the Cost of an Investment in a Subsidiary Jointly Controlled Entity or Associate*

Amendments to IFRS 1 on *Additional Exemptions for First-time Adopters*

IFRIC 12 *Service Concession Arrangements*

IFRIC 17 *Distributions of Non-cash Assets to Owners*

IFRIC 18 *Transfers of Assets from Customers*

2 Segmental information

The Group's segments are aligned to the structure of Business Units based around core commodities. In addition assets identified for divestment are managed as a separate Business Unit. Other Mining and Industrial. 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). Each Business Unit has a management team that is accountable to the Chief executive.

The Group's Executive Committee evaluates the financial performance of the Group and its segments principally with reference to operating profit before special items and remeasurements which includes the Group's attributable share of associates operating profit before special items and remeasurements.

Segments predominately derive revenue as follows – Platinum: platinum group metals, Diamonds: rough and polished diamonds and diamond jewellery, Copper and Nickel: base metals, Iron Ore and Manganese: iron ore, manganese ore and alloys, Metallurgical Coal: metallurgical coal, Thermal Coal: thermal coal, and Other Mining and Industrial: heavy building materials, zinc and steel products.

The segment results are stated after elimination of inter-segment transactions and include an allocation of corporate costs.

The Corporate Activities and Unallocated Costs segment includes insurance costs.

Due to the portfolio and management structure changes announced in October 2009 the segments have changed from those reported at 31 December 2008. Comparatives have been reclassified to align with current year presentation.

US\$ million	Revenue ⁽¹⁾		Operating profit/(loss) ⁽²⁾	
	2009	2008	2009	2008
Platinum	4,535	6,327	32	2,169
Diamonds	1,728	3,096	64	508
Copper	3,967	3,907	2,010	1,892
Nickel	348	408	2	123
Iron Ore and Manganese	3,419	4,099	1,489	2,554
Metallurgical Coal	2,239	3,119	451	1,110
Thermal Coal	2,490	3,051	721	1,078
Other Mining and Industrial	5,908	8,951	506	1,082
Exploration	–	–	(172)	(212)
Corporate Activities and Unallocated Costs	3	6	(146)	(219)
Segment measure	24,637	32,964	4,957	10,085
Reconciliation				
Less: Associates	(3,779)	(6,653)	(580)	(2,104)
Operating special items and remeasurements	–	–	(1,637)	(1,131)
Statutory measure	20,858	26,311	2,740	6,850

⁽¹⁾ Segment revenue includes the Group's attributable share of associates' revenue. This is reconciled to Group revenue from subsidiaries and joint ventures as presented in the Consolidated income statement.

⁽²⁾ Segment operating profit is revenue less operating costs before special items and remeasurements and includes the Group's attributable share of associates' operating profit. This is reconciled to Operating profit from subsidiaries and joint ventures after special items and remeasurements as presented in the Consolidated income statement.

Associates' revenue and operating profit are as follows:

US\$ million	Associates revenue		Associates operating profit/(loss) ⁽¹⁾	
	2009	2008	2009	2008
Platinum	47	39	(26)	20
Diamonds	1,728	3,096	64	508
Iron Ore and Manganese	603	1,526	143	980
Metallurgical Coal	164	170	48	102
Thermal Coal	742	841	303	375
Other Mining and Industrial	495	981	48	119
	3,779	6,653	580	2,104
Reconciliation				
Associates' net finance costs (before special items and remeasurements)			(28)	(147)
Associates' income tax expense (before special items and remeasurements)			(235)	(623)
Associates' minority interests (before special items and remeasurements)			1	(31)
Share of net income from associates (before special items and remeasurements)			318	1,303
Associates' special items and remeasurements			(184)	(223)
Associate's tax special item			(45)	–
Associates' tax on special items and remeasurements			(6)	17
Associates' minority interests on special items and remeasurements			1	16
Share of net income from associates			84	1,113

⁽¹⁾ Associates' operating profit is the Group's attributable share of associates' revenue less operating costs before special items and remeasurements.

2. Segmental information continued

Significant non-cash items included within operating profit are as follows

US\$ million	Depreciation and amortisation ⁽¹⁾		Other non-cash expenses ⁽²⁾	
	2009	2008	2009	2008
Platinum	636	507	92	7
Copper	244	212	71	50
Nickel	26	27	9	4
Iron Ore and Manganese	81	52	4	51
Metallurgical Coal	249	205	26	43
Thermal Coal	107	78	13	61
Other Mining and Industrial	360	404	94	108
Exploration	–	–	4	–
Corporate Activities and Unallocated Costs	22	24	79	67
	1,725	1,509	392	391

⁽¹⁾ The Group's attributable share of depreciation and amortisation in associates is \$248 million (2008 \$253 million) and is split by segment as follows: Platinum \$9 million (2008 \$2 million), Diamonds \$151 million (2008 \$157 million), Iron Ore and Manganese \$23 million (2008 \$19 million), Metallurgical Coal \$6 million (2008 \$4 million), Thermal Coal \$47 million (2008 \$44 million) and Other Mining and Industrial \$12 million (2008 \$27 million).

⁽²⁾ Other non-cash expenses include equity settled share-based payment charges and amounts included in operating costs in respect of provisions.

Balance sheet measures are as follows

US\$ million	Capital expenditure ⁽¹⁾		Net debt ⁽²⁾	
	2009	2008	2009	2008
Platinum	1,150	1,563	196	995
Copper	1,068	808	(187)	(622)
Nickel	554	530	380	(66)
Iron Ore and Manganese	1,044	783	874	698
Metallurgical Coal	96	467	(9)	(18)
Thermal Coal	400	365	23	(139)
Other Mining and Industrial	268	603	341	354
Exploration	–	1	–	–
Corporate Activities and Unallocated Costs	27	26	9,425	9,849
	4,607	5,146	11,043	11,051
Reconciliation				
Interest capitalised	246	215		
Non-cash movements ⁽³⁾	379	365		
Tangible asset additions	5,232	5,726		
Tangible assets acquired through business combinations	28	7,358		
Intangible asset additions	50	1,731		
Net debt in disposal groups			(48)	(8)
	5,310 ⁽⁴⁾	14,815 ⁽⁴⁾	10,995	11,043

⁽¹⁾ Capital expenditure is segmented on a cash basis and is reconciled to balance sheet additions. Cash capital expenditure excludes cash flows on related derivatives.

⁽²⁾ Segment net debt excludes net debt in disposal groups and hedges. A reconciliation of net debt to the balance sheet is provided in note 30. At 31 December 2007 net debt of \$5,170 million was split by segment as follows: Platinum \$846 million, Copper \$(298) million, Nickel \$(233) million, Iron Ore and Manganese \$(123) million, Metallurgical Coal \$(3) million, Thermal Coal \$(76) million, Other Mining and Industrial \$182 million, Exploration \$(1) million and Corporate Activities and Unallocated Costs \$4,876 million. Group net debt of \$5,239 million included a further \$69 million of net debt in disposal groups.

⁽³⁾ Includes movements on tangible asset accruals and the impact of cash flow hedge derivatives.

⁽⁴⁾ Capital expenditure on an accruals basis and including additions resulting from acquisitions of interests in subsidiaries and joint ventures is split by segment as follows: Platinum \$1,445 million (2008 \$3,026 million), Copper \$1,186 million (2008 \$1,087 million), Nickel \$570 million (2008 \$597 million), Iron Ore and Manganese \$1,157 million (2008 \$756 million), Metallurgical Coal \$173 million (2008 \$1,222 million), Thermal Coal \$409 million (2008 \$383 million), Other Mining and Industrial \$323 million (2008 \$882 million), Exploration nil (2008 \$1 million) and Corporate Activities and Unallocated Costs \$47 million (2008 \$48 million).

The following balance sheet segment measures are provided for information

US\$ million	Segment assets ⁽¹⁾		Segment liabilities ⁽²⁾		Net segment assets	
	2009	2008	2009	2008	2009	2008
Platinum	13,082	9,713	(941)	(668)	12,141	9,045
Copper	5,643	4,134	(880)	(986)	4,763	3,148
Nickel	1,888	1,485	(101)	(84)	1,787	1,401
Iron Ore and Manganese	10,758	10,768	(388)	(311)	10,370	10,457
Metallurgical Coal	4,176	3,369	(769)	(700)	3,407	2,669
Thermal Coal	2,343	1,624	(636)	(606)	1,707	1,018
Other Mining and Industrial	6,231	6,435	(1,202)	(1,204)	5,029	5,231
Exploration	4	3	(2)	(7)	2	(4)
Corporate Activities and Unallocated Costs	311	251	(409)	(310)	(98)	(59)
	44,436	37,782	(5,328)	(4,876)	39,108	32,906
Other assets and liabilities						
Investments in associates ⁽³⁾	3,312	3,612	–	–	3,312	3,612
Financial asset investments	2,729	3,288	–	–	2,729	3,288
Deferred tax assets/(liabilities)	288	258	(5,192)	(4,555)	(4,904)	(4,297)
Cash and cash equivalents	3,269	2,771	–	–	3,269	2,771
Other financial assets/(liabilities) – derivatives	603	376	(659)	(1,497)	(56)	(1,121)
Other non-operating assets/(liabilities)	1,671	1,651	(2,128)	(2,515)	(457)	(864)
Other provisions	–	–	(617)	(544)	(617)	(544)
Borrowings	–	–	(14,315)	(13,995)	(14,315)	(13,995)
Net assets	56,308	49,738	(28,239)	(27,982)	28,069	21,756

⁽¹⁾ Segment assets at 31 December 2009 are operating assets and consist of intangible assets of \$2,776 million (2008 \$3,006 million), tangible assets of \$35,198 million (2008 \$29,545 million), biological assets of \$4 million (2008 \$3 million), environmental rehabilitation trusts of \$342 million (2008 \$244 million), retirement benefit assets of \$54 million (2008 \$32 million), inventories of \$3,212 million (2008 \$2,702 million) and operating receivables of \$2,850 million (2008 \$2,250 million).

⁽²⁾ Segment liabilities at 31 December 2009 are operating liabilities and consist of non-interest bearing current liabilities of \$3,447 million (2008 \$3,534 million), retirement benefit obligations of \$706 million (2008 \$401 million) and environmental restoration and decommissioning provisions of \$1,175 million (2008 \$941 million).

⁽³⁾ Refer to note 16 for a split of investments in associates by segment.

2 Segmental information continued**Entity wide information**

The Group's analysis of segment revenue by product (including attributable share of revenue from associates) is as follows

US\$ million	2009	2008
Platinum	3,101	3 570
Palladium	361	531
Rhodium	527	1 632
Diamonds	1,728	3 096
Copper	3,783	3 639
Nickel	625	734
Iron ore	2,330	2 281
Manganese	603	1 526
Metallurgical coal	1,693	2,775
Thermal coal	3,197	3,637
Zinc	445	467
Steel products	1,371	1 927
Heavy building materials	2,870	4 399
Other	2,003	2 750
	24,637	32 964

The Group's geographical analysis of segment revenue (including attributable share of revenue from associates) allocated based on the country in which the customer is located and non-current segment assets allocated based on the country in which the assets are located is as follows

US\$ million	Revenue		Non-current segment assets ⁽¹⁾	
	2009	2008	2009	2008
South Africa	2,567	3 951	15,161	11,040
Other Africa	139	322	599	309
United Kingdom (Anglo American plc's country of domicile)	3,850	4,672	2,686	2 491
Other Europe	5,014	7,279	241	712
US	790	1 294	123	92
Other North America	507	1,078	575	414
Brazil	662	1 423	10,105	10,468
Chile	1,229	1 398	4,280	3,448
Venezuela	5	8	281	462
Other South America	185	178	293	206
Australia	427	344	3,584	2 863
China	3,469	1,956	4	3
India	1,222	1,599	-	-
Japan	2,697	4,516	-	-
Other Asia	1,874	2,946	46	46
	24,637	32 964	37,978	32 554

⁽¹⁾ Non-current segment assets are non-current operating assets and consist of tangible assets, intangible assets and biological assets. Non-current segment assets at 31 December 2007 were \$25 093 million

Segment revenue and operating profit/(loss) before special items and remeasurements by origin (including attributable share of revenue and operating profit/(loss) from associates) has been provided for information

US\$ million	Revenue		Operating profit/(loss) before special items and remeasurements	
	2009	2008	2009	2008
South Africa	10,293	13 786	2,023	5 107
Other Africa	1,539	2 530	78	467
Europe	2 976	4,805	(54)	(183)
North America	510	705	(20)	(29)
South America	6,040	6,743	2,310	2,985
Australia and Asia	3,279	4,395	620	1,738
	24,637	32,964	4,957	10,085

The Group's geographical analysis of segment assets and liabilities allocated based on where assets and liabilities are located has been provided for information

US\$ million	Segment assets ⁽¹⁾		Segment liabilities		Net segment assets	
	2009	2008	2009	2008	2009	2008
South Africa	18,309	13 540	(2,148)	(1 633)	16,161	11 907
Other Africa	664	364	(66)	(30)	598	334
Europe	3,820	4,045	(907)	(910)	2,913	3 135
North America	805	629	(132)	(119)	673	510
South America	16 528	15,688	(1,262)	(1 431)	15,266	14 257
Australia and Asia	4 310	3,516	(813)	(753)	3,497	2 763
	44 436	37 782	(5,328)	(4 876)	39,108	32 906

⁽¹⁾ Investments in associates are not included in segment assets. The geographical distribution of these investments based on the location of the underlying assets is disclosed in note 16

3 Reconciliation of Underlying earnings to Profit for the financial year attributable to equity shareholders of the Company

The table below analyses the contribution of each segment to the Group's operating profit (including attributable share of operating profit from associates) for the financial year and Underlying earnings which the directors consider to be a useful additional measure of the Group's performance. A reconciliation from 'Profit for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year' is given in note 12.

Due to the portfolio and management structure changes announced in October 2009, the segments have changed from those reported at 31 December 2008. Comparatives have been reclassified to align with current year presentation.

Operating profit (including attributable share of operating profit from associates) is reconciled to Underlying earnings and 'Profit for the financial year attributable to equity shareholders of the Company' in the table below.

	2009					
US\$ million	Operating profit/(loss) before special items and remeasurements ⁽¹⁾	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements ⁽²⁾	Net profit on disposals ⁽³⁾	Financing special items and remeasurements ⁽²⁾	Net interest, tax and minority interests
By segment						
Platinum	32	(72)	104	323	–	12
Diamonds	64	(139)	203	20	–	(154)
Copper	2,010	2,114	(104)	–	–	(809)
Nickel	2	(86)	88	–	–	(15)
Iron Ore and Manganese	1,489	350	1,139	6	–	(918)
Metallurgical Coal	451	423	28	33	–	(129)
Thermal Coal	721	715	6	21	–	(204)
Exploration	(172)	(172)	–	10	–	5
Corporate Activities and Unallocated Costs	(146)	(377)	231	–	–	(73)
Core operations	4,451	2,756	1,695	413	–	(2,285)
Other Mining and Industrial	506	361	145	1,219	–	(103)
Total/Underlying earnings	4,957	3,117	1,840	1,632	–	(2,388)
Underlying earnings adjustments			(1,840)	1,632	(135)	199
Profit for the financial year attributable to equity shareholders of the Company						2,425

	2008					
US\$ million	Operating profit/(loss) before special items and remeasurements ⁽¹⁾	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements ⁽²⁾	Net profit on disposals ⁽³⁾	Financing special items and remeasurements ⁽²⁾	Net interest, tax and minority interests
By segment						
Platinum	2,169	2,150	19	106	–	(913)
Diamonds	508	282	226	18	–	(252)
Copper	1,892	1,825	67	142	–	(848)
Nickel	123	(7)	130	(1)	–	(158)
Iron Ore and Manganese	2,554	1,934	620	(4)	–	(1,404)
Metallurgical Coal	1,110	1,088	22	–	–	(346)
Thermal Coal	1,078	1,080	(2)	–	–	(324)
Exploration	(212)	(162)	(50)	–	–	12
Corporate Activities and Unallocated Costs	(219)	(305)	86	2	–	(267)
Core operations	9,003	7,885	1,118	263	–	(4,500)
Other Mining and Industrial	1,082	843	239	764	–	(348)
Total/Underlying earnings	10,085	8,728	1,357	1,027	–	(4,848)
Underlying earnings adjustments			(1,357)	1,027	36	272
Profit for the financial year attributable to equity shareholders of the Company						5,215

⁽¹⁾ Operating profit includes attributable share of associates' operating profit which is reconciled to 'Share of net income from associates' in note 2.

⁽²⁾ Special items and remeasurements are set out in note 7.

⁽³⁾ This represents Underlying earnings for the financial year and is equal to profit for the financial year attributable to equity shareholders of the Company before special items and remeasurements.

4. Operating profit from subsidiaries and joint ventures

US\$ million	2009	2008
Group revenue	20 858	26 311
Cost of sales ⁽¹⁾	(15 280)	(15,551)
Gross profit	5,578	10 760
Selling and distribution costs	(1,590)	(1,631)
Administrative expenses	(1,603)	(1,643)
Other gains and losses (see below)	527	(424)
Exploration expenditure (see note 5)	(172)	(212)
Operating profit from subsidiaries and joint ventures	2,740	6 850

⁽¹⁾ Includes operating special items of \$2 275 million (2008: \$352 million) see note 7

US\$ million	2009	2008
Operating profit is stated after charging		
Depreciation of tangible assets (see note 14)	1,711	1,505
Amortisation of intangible assets (see note 13)	14	4
Rentals under operating leases	114	210
Research and development expenditure	34	36
Operating special items ⁽¹⁾	2,275	352
Employee costs (see note 6)	3,734	3 281
Adjustment due to provisional pricing ⁽²⁾	(507)	764

Other gains and losses comprise

Operating remeasurements ⁽¹⁾	638	(779)
Net gain/(loss) on non-hedge derivatives	757	(696)
Realised loss on derivatives relating to capital expenditure	(105)	(120)
Other remeasurements	(14)	37
Other fair value gains/(losses) on derivatives – realised	83	(147)
Foreign currency (losses)/gains on other monetary items	(195)	501
Gains on valuation of biological assets	1	1
Total other gains and losses	527	(424)

⁽¹⁾ Special items and remeasurements are set out in note 7

⁽²⁾ Provisionally priced contracts resulted in a total (realised and unrealised) gain in revenue of \$563 million (2008: \$865 million loss) and total (realised and unrealised) loss in operating costs of \$56 million (2008: \$101 million gain)

US\$ million	2009	2008
Auditors' remuneration		
Audit		
United Kingdom	3	3
Overseas	8	7
Other services provided by Deloitte⁽¹⁾		
United Kingdom	8	2
Overseas	2	2

⁽¹⁾ Other services provided by Deloitte includes charges incurred in respect of the interim review \$6.5 million for services relating to bid defence and \$0.4 million for services required to be undertaken by Deloitte in their capacity as auditors

A more detailed analysis of auditors' remuneration is provided below

US\$ million	Paid/payable to Deloitte			2009
	United Kingdom	Overseas	Total	Paid/payable to auditor (if not Deloitte)
Statutory audit services⁽¹⁾				
Anglo American plc Annual Report paid to the Company's auditor	1.9	–	1.9	–
Subsidiary entities – for purposes of Anglo American plc Annual Report	–	3.7	3.7	0.1
Subsidiary entities – additional local statutory requirements	0.8	4.1	4.9	0.5
Subsidiary entities – total	0.8	7.8	8.6	0.6
Total	2.7	7.8	10.5	0.6
Other services⁽¹⁾				
Other services pursuant to legislation	0.7	0.6	1.3	–
Tax services	0.2	0.4	0.6	0.3
Internal audit services	–	–	–	0.4
Other	6.9 ⁽²⁾	0.9	7.8	0.6
Total	7.8	1.9	9.7	1.3

⁽¹⁾ \$0.1 million was paid/payable in respect of the audit of Group pension schemes

⁽²⁾ Includes \$6.5 million for services relating to bid defence and \$0.4 million for services required to be undertaken by Deloitte in their capacity as auditors

US\$ million	Paid/payable to Deloitte			2008
	United Kingdom	Overseas	Total	Paid/payable to auditor (if not Deloitte)
Statutory audit services⁽¹⁾				
Anglo American plc Annual Report paid to the Company's auditor	2.2	–	2.2	–
Subsidiary entities – for purposes of Anglo American plc Annual Report	–	3.6	3.6	0.1
Subsidiary entities – additional local statutory requirements	0.6	3.8	4.4	0.5
Subsidiary entities – total	0.6	7.4	8.0	0.6
Total	2.8	7.4	10.2	0.6
Other services⁽¹⁾				
Other services pursuant to legislation	0.6	0.5	1.1	–
Tax services	0.2	0.6	0.8	–
Internal audit services	–	–	–	0.4
Corporate finance	0.1	–	0.1	–
Other	0.5 ⁽²⁾	1.2	1.7	0.2
Total	1.4	2.3	3.7	0.6

⁽¹⁾ \$0.1 million was paid/payable in respect of the audit of Group pension schemes

⁽²⁾ Includes \$0.4 million for services required to be undertaken by Deloitte in their capacity as auditors

5 Exploration expenditure

Exploration expenditure is stated before special items

US\$ million	2009	2008
By commodity⁽¹⁾		
Platinum group metals	17	36
Copper	43	60
Nickel	22	20
Iron ore	8	18
Metallurgical coal	10	17
Thermal coal	25	18
Zinc	10	8
Central exploration activities	37	35
	172	212

⁽¹⁾ Following the portfolio and management structure changes announced in October 2009, exploration expenditure is presented by commodity. Comparatives have been reclassified to align with current year presentation.

6. Employee numbers and costs

The average number of employees, excluding contractors and associates' employees and including a proportionate share of employees within joint venture entities, was

Thousand	2009	2008
By segment⁽¹⁾		
Platinum	58	56
Copper	4	4
Nickel	2	1
Iron Ore and Manganese	7	7
Metallurgical Coal	3	4
Thermal Coal	9	9
Other Mining and Industrial	22	22
Corporate Activities and Unallocated Costs	2	2
	107	105

⁽¹⁾ Due to the portfolio and management structure changes announced in October 2009, the segments have changed from those reported at 31 December 2008. Comparatives have been reclassified to align with current year presentation.

The average number of employees by principal location of employment was

Thousand	2009	2008
South Africa	83	79
Other Africa	1	1
Europe	9	10
North America	1	1
South America	9	9
Australia and Asia	4	5
	107	105

Payroll costs in respect of the employees included in the tables above were

US\$ million	2009	2008 ⁽¹⁾
Wages and salaries	3,321	2,817
Social security costs	168	157
Defined contribution plans	193	143
Defined benefit plans	36	49
Other post employment benefits	6	7
Share-based payments	205	155
Total payroll costs	3,929	3,328
Reconciliation		
Less: Employee costs capitalised	(82)	(28)
Less: Employee costs included within operating special items	(113)	(19)
Employee costs included in operating costs	3,734	3,281

⁽¹⁾ Comparatives have been aligned with current year presentation, which is inclusive of amounts capitalised and amounts included within operating special items.

In accordance with IAS 24 *Related Party Disclosures*, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (executive and non-executive) of the Group.

Compensation for key management was as follows

US\$ million	2009	2008
Salaries and short term employee benefits	14	20
Post employment benefits	2	2
Termination benefits	10	2
National insurance and social security	2	3
Share-based payments	11	11
	39	38

Key management includes members of the Board and the Executive Committee. The composition of key management personnel has changed following the portfolio and management structure changes announced in October 2009.

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.

7 Special items and remeasurements

'Special items' are those items of financial performance that the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Group. Such items are material by nature or amount to the year's results and require separate disclosure in accordance with IAS 1 (revised 2007) paragraph 97. Special items that relate to the operating performance of the Group are classified as operating special items and include impairment charges and reversals and other exceptional items, including significant legal provisions. Non-operating special items include profits and losses on disposals of investments and businesses.

Remeasurements comprise other items which the Group believes should be reported separately to aid an understanding of the underlying financial performance of the Group. This category includes:

- unrealised gains and losses on 'non-hedge' derivative instruments open at year end (in respect of future transactions) and the reversal of the historical marked to market value of such instruments settled in the year. The full realised gains or losses are recorded in underlying earnings in the same year as the underlying transaction for which such instruments provide an economic but not formally designated, hedge (if the underlying transaction is recorded in the balance sheet, e.g. capital expenditure, the realised amount remains in remeasurements on settlement of the derivative). Such amounts are classified in the income statement as financing when the underlying exposure is in respect of net debt and otherwise as operating.
- foreign exchange gains and losses arising on the retranslation of dollar denominated De Beers preference shares held by a rand functional currency subsidiary of the Group. This is classified as financing.
- foreign exchange impact arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information (and hence deferred tax is susceptible to currency fluctuations). Such amounts are included within income tax expense.

7 Special items and remeasurements continued**Subsidiaries and joint ventures' special items and remeasurements**
Operating special items

US\$ million	2009	2008
Impairment of Amapá system	(1,667)	–
Costs associated with 'One Anglo' initiatives	(148)	(72)
Impairment of Loma de Niquel	(114)	–
Restructuring costs		
Other Mining and Industrial	(78)	(20)
Corporate	(47)	–
Platinum	(37)	–
Metallurgical Coal and Thermal Coal	(21)	–
Platinum assets written off	(51)	–
Impairment of Tarmac assets	(50)	(71)
Bid defence costs	(45)	–
Impairment of Iron Ore Brazil transshipping vessel	(27)	–
Provisions for onerous contracts	15	(39)
Costs associated with proposed sale of Tarmac	–	(3)
Impairment of Lisheen	–	(78)
Impairment of Black Mountain	–	(62)
Impairment of Metallurgical Coal assets	–	(40)
Reversal of impairment of Silangan exploration asset	–	45
Other	(5)	(12)
Total operating special items	(2,275)	(352)
Tax	107	42
Minority interests	107	1
Net total attributable to equity shareholders of the Company	(2,061)	(309)

The Amapá iron ore system (Amapá) was acquired in 2008 as an operating asset as part of the acquisition of the Minas Rio project. During 2009 Amapá has experienced significant operational challenges across its mine plant and logistics chain producing 2.7 million tonnes compared to the design capacity of 6.5 million tonnes per annum (Mtpa). Management's focus has been and remains, on seeking to markedly improve performance from the existing operations rather than investing to expand the operation. Amapá is currently believed to have capacity to increase production to 5 Mtpa without significant further capital expenditure. Due to the focus on improving operational performance and preserving cash, limited exploration drilling has been undertaken in 2009 and the anticipated growth potential of surrounding licence areas remains untested. Given these operational difficulties and delays in increasing production the Group has recorded an impairment charge of \$1,512 million (after tax and minority interest) against the carrying value of the asset. Of this charge \$342 million has been recorded against intangible assets (primarily goodwill). \$1,325 million has been recorded against tangible assets (primarily mining properties) with associated deferred tax credit of \$76 million and minority interest credit of \$79 million. The impairment brings the carrying value of Amapá in line with fair value (less costs to sell), determined on a discounted cash flow basis.

In January 2008 the Venezuelan Ministry of Basic Industries and Mining (MIBAM) published a resolution cancelling 13 of Minera Loma de Niquel's (MLdN) 16 exploration and exploitation concessions due to MLdN's alleged failure to fulfil certain conditions of the concessions. The current mining and metallurgical facilities are located on the three concessions that have not been cancelled. MLdN believes that it has complied with the conditions of these concessions and has lodged administrative appeals against the notices of termination and is waiting for a response from MIBAM. MLdN may in the future undertake further appeals, including with Venezuela's Supreme Court, if the MIBAM's ruling does not adequately protect its interests.

An impairment and associated adjustments of \$114 million has been recorded due to increased uncertainty over the renewal of the three concessions that have not been cancelled but that expire in 2012 and over the restoration of the 13 concessions that were cancelled. The charge is based on a value in use assessment of recoverable amount includes the impact of recycling a related cash flow hedge reserve and an associated reduction in the related embedded derivative liability. Recoverable amount has been determined using discounted cash flows which use pre-tax discount rates equivalent to a real post tax discount rate of 6%.

Restructuring costs relate to retrenchment costs.

Costs associated with 'One Anglo' initiatives principally comprise advisory costs and include costs associated with the corporate review, procurement, shared services and information systems.

Operating remeasurements

US\$ million	2009	2008
Net gain/(loss) on non-hedge derivatives	757	(696)
Realised loss on derivatives relating to capital expenditure	(105)	(120)
Other remeasurements	(14)	37
Total operating remeasurements	638	(779)
Tax	(207)	252
Minority interests	2	135
Net total attributable to equity shareholders of the Company	433	(392)

The net gain on non-hedge derivatives principally includes net unrealised gains on derivatives relating to capital expenditure held by Iron Ore Brazil and Los Bronces and an unrealised gain on an embedded derivative at Minera Loma de Niquel. A net loss of \$105 million was realised in the year in respect of the Iron Ore Brazil and Los Bronces capital expenditure derivative portfolios.

Profits and losses on disposals

US\$ million	2009	2008
Disposal of interest in AngloGold Ashanti	1,139	–
Disposal of interest in Booyseendal joint venture ⁽¹⁾	247	–
Disposal of interest in Lebowa Platinum Mines Limited ⁽¹⁾	69	–
Disposal of financial asset investments	54	–
Disposal of interests in Tongaat Hulett and Hulamini	53	–
Disposal of Tarmac fixed assets	15	–
Disposal of Silangan exploration asset	10	–
Disposal of interest in China Shenhua Energy	–	551
Disposal of interest in Minera Santa Rosa SCM	–	142
Disposal of Northam Platinum Limited	–	101
Copebrás property compensation	–	96
Disposal of Tarmac Iberia	–	65
Disposal of Namakwa Sands ⁽¹⁾	–	49
Other	25	5
Net profit on disposals	1,612	1,009
Tax	(76)	(47)
Minority interests	(66)	(43)
Net total attributable to equity shareholders of the Company	1,470	919

⁽¹⁾ See Disposals of subsidiaries and businesses note 33.

During 2009 the Group sold its remaining investment in AngloGold Ashanti for total proceeds of \$1,770 million, generating a profit on disposal of \$1,139 million.

Ministerial approval for the sale of Anglo Platinum's 50% interest in the Booyseendal joint venture to Mvelaphanda Resources Limited (Mvela) was received in June 2009. Total consideration was \$275 million (excluding transaction and deal facilitation costs), of which \$270 million was received in advance in the prior year. At 31 December 2009 \$72 million of this remains in an escrow account pending completion of documentation.

The sale of 51% of Anglo Platinum's holding in Lebowa Platinum Mines Limited (Lebowa) and 1% interest in the Ga Phasha, Boikgantsho and Kwanda joint ventures to Anooraq Resources Corporation (Anooraq) completed on 30 June 2009 for consideration of \$363 million (excluding transaction and deal facilitation costs). The fair value of the consideration was \$247 million (excluding transaction and deal facilitation costs). The profit on disposal of Lebowa has been revised since 30 June 2009 after finalisation of the valuations of financial instruments and loan commitments.

During 2009 the Group sold its remaining investments in Tongaat Hulett and Hulamini for total proceeds of \$671 million (excluding transaction costs) generating a net profit on disposal of \$53 million.

7 Special items and remeasurements continued

Financing remeasurements

US\$ million	2009	2008
Unrealised net (loss)/gain on non-hedge derivatives related to net debt	(100)	23
Foreign exchange (loss)/gain on De Beers preference shares	(21)	28
Other remeasurements	(13)	–
Total financing remeasurements	(134)	51
Tax	2	–
Minority interests	(2)	–
Net total attributable to equity shareholders of the Company	(134)	51

The unrealised net loss on non-hedge derivatives related to net debt principally comprises an unrealised loss on an embedded interest rate derivative

Tax special item

US\$ million	2009	2008
Write off of deferred tax asset related to Amapá	(107)	–
Minority interest	32	–
Net total attributable to equity shareholders of the Company	(75)	–

Tax remeasurements

US\$ million	2009	2008
Foreign currency translation of deferred tax balances	469	(153)
Minority interests	(12)	52
Net total attributable to equity shareholders of the Company	457	(101)

Total special items and remeasurements

US\$ million	2009	2008
Total special items and remeasurements before tax and minority interests	(159)	(71)
Tax special item	(107)	–
Tax remeasurements	469	(153)
Tax on special items and remeasurements	(174)	247
Minority interests	61	145
Net total special items and remeasurements attributable to equity shareholders of the Company	90	168

Associates' special items and remeasurements

Associates' operating special items and remeasurements

US\$ million	2009	2008
Impairment of De Beers' Canadian assets	(267)	–
Impairment of De Beers' businesses	–	(79)
Share of De Beers' restructuring costs	(27)	(37)
Unrealised net gain/(loss) on non-hedge derivatives	96	(101)
Share of De Beers' class action payment and related costs	–	(3)
Other impairments	(5)	(6)
Total associates' operating special items and remeasurements	(203)	(226)
Tax	(6)	17
Minority interests	1	16
Net total associates' operating special items and remeasurements	(208)	(193)

Due to the nature of the assets, the effects of the strengthening Canadian dollar and the impact of the global recession on pricing and production levels, De Beers has recorded an impairment of \$595 million (attributable share \$267 million) in respect of its Canadian asset portfolio. The impairment brings the carrying value of the Canadian asset portfolio in line with fair value (less costs to sell), determined using discounted cash flow techniques.

Associates' profits and losses on disposals

US\$ million	2009	2008
Disposal of AK06 diamond deposit	22	–
Disposal of interests in Williamson, Cullinan and Koffiefontein	–	15
Other	(2)	3
Associates' net profit on disposals	20	18

Associates' financing special items

US\$ million	2009	2008
Costs associated with refinancing	(7)	–

Associates' financing remeasurements

US\$ million	2009	2008
Unrealised net gain/(loss) on non-hedge derivatives related to net debt	6	(15)

Associate's tax special item

US\$ million	2009	2008
Write off of deferred tax asset related to De Beers' Canadian assets	(45)	–

Total associates' special items and remeasurements

US\$ million	2009	2008
Total associates' special items and remeasurements before tax and minority interests	(184)	(223)
Tax special item	(45)	–
Tax on special items and remeasurements	(6)	17
Minority interests	1	16
Net total associates' special items and remeasurements	(234)	(190)

Operating special items and remeasurements

US\$ million	2009	2008
Operating special items	(2,275)	(352)
Operating remeasurements	638	(779)
Total operating special items and remeasurements (excluding associates)	(1,637)	(1,131)
Associates' operating special items	(299)	(125)
Associates' operating remeasurements	96	(101)
Total associates' operating special items and remeasurements	(203)	(226)
Total operating special items and remeasurements (including associates)	(1,840)	(1,357)
Operating special items (including associates)	(2,574)	(477)
Operating remeasurements (including associates)	734	(880)
Total operating special items and remeasurements (including associates)	(1,840)	(1,357)

8 Net finance costs

Finance costs and exchange gains/(losses) are presented net of effective cash flow hedges for respective interest bearing and foreign currency borrowings

The weighted average capitalisation rate applied to qualifying capital expenditure was 6.5% (2008 12.0%). Financing remeasurements are set out in note 7

US\$ million	2009		2008	
	Before	After	Before remeasurements	After remeasurements
Investment income				
Interest and other financial income	334	334	324	324
Expected return on defined benefit arrangements	157	157	215	215
Dividend income from financial asset investments	23	23	50	50
Total investment income	514	514	589	589
Interest expense				
Interest and other finance expense	(724)	(724)	(815)	(815)
Interest paid on convertible bond	(44)	(44)	–	–
Unwinding of discount on convertible bond	(39)	(39)	–	–
Interest on defined benefit arrangements	(174)	(174)	(201)	(201)
Amortisation of discount relating to provisions	(45)	(45)	(33)	(33)
Dividend on redeemable preference shares	–	–	(16)	(16)
	(1,026)	(1,026)	(1,065)	(1,065)
Less: interest capitalised	246	246	215	215
Total interest expense	(780)	(780)	(850)	(850)
Other financing (losses)/gains				
Net foreign exchange losses	(24)	(45)	(173)	(145)
Fair value gains/(losses) on derivatives	29	(71)	(2)	21
Net fair value gains on fair value hedges	29	29	2	2
Other net fair value losses	(41)	(54)	(18)	(18)
Total other financing losses	(7)	(141)	(191)	(140)
Net finance costs	(273)	(407)	(452)	(401)

9. Financial instrument gains and losses

The net gains and losses recorded in the Consolidated income statement in respect of financial instruments were as follows

US\$ million	2009	2008
At fair value through profit and loss		
Cash flow hedge derivatives ⁽¹⁾	(162)	(380)
Fair value hedge derivatives	68	(181)
Fair value hedge underlying instruments	(39)	183
Other fair value movements ⁽²⁾	1,099	(1,723)
Loans and receivables		
Foreign exchange	(148)	(121)
Interest income at amortised cost	232	287
Available for sale		
Net gain transferred on sale	1,554	476
Other income	23	50
Other financial liabilities		
Foreign exchange	(92)	479
Interest expense at amortised cost	(594)	(631)

⁽¹⁾ Gains and losses on derivative instruments designated in cash flow hedge relationships which have been realised in the year have been recorded in Group revenue (2008 Group revenue)

⁽²⁾ Includes the impact of provisional pricing which is disclosed in note 4

10 Tax on profit on ordinary activities**a) Analysis of charge for the year**

US\$ million	2009	2008
United Kingdom corporation tax at 28%	50	–
United Kingdom corporation tax at 28.5%	–	18
South Africa tax	567	840
Other overseas tax	700	1,155
Prior year adjustments	(45)	(78)
Current tax (excluding special items and remeasurements tax)	1,272	1,935
Deferred tax (excluding special items and remeasurements tax)	33	610
Tax (excluding special items and remeasurements tax)	1,305	2,545
Special items and remeasurements tax	(188)	(94)
Income tax expense	1,117	2,451

b) Factors affecting tax charge for the year

The effective tax rate for the year of 27.7% (2008 28.6%) is lower (2008 higher) than the applicable standard rate of corporation tax for 2009 in the United Kingdom (28%) (2008 28.5%). The reconciling items are

US\$ million	2009	2008
Profit on ordinary activities before tax	4,029	8,571
Tax on profit on ordinary activities calculated at United Kingdom corporation tax rate of 28%	1,128	–
Tax on profit on ordinary activities calculated at United Kingdom corporation tax rate of 28.5%	–	2,443
Tax effect of share of net income from associates	(24)	(317)
Tax effects of		
Special items and remeasurements		
Operating special items and remeasurements	558	28
Profits and losses on disposals and financing remeasurements	(340)	(255)
Tax special item	107	–
Tax remeasurements	(469)	153
Items not taxable/deductible for tax purposes		
Exploration expenditure	22	20
Non-deductible net foreign exchange loss	6	28
Non-taxable/deductible net interest (income)/expense	(2)	10
Other non-deductible expenses	65	127
Other non-taxable income	(39)	(78)
Temporary difference adjustments		
Changes in tax rates	–	(84)
Movements in tax losses	5	38
Enhanced tax depreciation	–	(26)
Other temporary differences	(45)	42
Other adjustments		
Secondary tax on companies and dividend withholding taxes	356	634
Effect of differences between local and United Kingdom rates	(139)	(181)
Prior year adjustments to current tax	(45)	(78)
Other adjustments	(27)	(53)
Income tax expense	1,117	2,451

IAS 1 requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's income tax expense. Associates' tax included within 'Share of net income from associates' for the year ended 31 December 2009 is \$286 million (2008 \$606 million). Excluding special items and remeasurements this becomes \$235 million (2008 \$623 million).

The effective rate of tax before special items and remeasurements including attributable share of associates' tax for the year ended 31 December 2009 was 33.1%. This was broadly in line with the equivalent effective rate of 33.4% for the year ended 31 December 2008. In future periods it is expected that the effective tax rate including associates' tax, will remain above the United Kingdom statutory tax rate.

11 Dividends

US\$ million	2009	2008
Final ordinary paid – nil per ordinary share (2008 86 US cents)	–	1,021
Interim ordinary paid – nil per ordinary share (2008 44 US cents)	–	517
	–	1,538

The Board has decided to suspend dividend payments

As stated in note 28, the employee benefit trust has waived the right to receive dividends on the shares it holds

12. Earnings per share

US\$	2009	2008
Profit for the financial year attributable to equity shareholders of the Company		
Basic earnings per share	2 02	4 34
Diluted earnings per share	1 98	4 29
Headline earnings for the financial year ⁽¹⁾		
Basic earnings per share	2 46	3 78
Diluted earnings per share	2 40	3 74
Underlying earnings for the financial year ⁽¹⁾		
Basic earnings per share	2 14	4 36
Diluted earnings per share	2 10	4 31

⁽¹⁾ Basic and diluted earnings per share are shown based on Headline earnings – a Johannesburg stock exchange (JSE Limited) defined performance measure – and Underlying earnings – which the directors consider to be a useful additional measure of the Group's performance. Both earnings measures are further explained below

The calculation of the basic and diluted earnings per share is based on the following data

US\$ million (unless otherwise stated)	2009	2008
Earnings		
Basic earnings, being profit for the financial year attributable to equity shareholders of the Company	2 425	5,215
Effect of dilutive potential ordinary shares		
Interest paid on convertible bond (net of tax)	32	–
Unwinding of discount on convertible bond (net of tax)	28	–
Diluted earnings	2,485	5,215
Number of shares (million)		
Basic number of ordinary shares outstanding ⁽¹⁾	1,202	1 202
Effect of dilutive potential ordinary shares ⁽²⁾		
Share options and awards	11	13
Convertible bond	40	–
Diluted number of ordinary shares outstanding⁽¹⁾	1,253	1,215

⁽¹⁾ Basic and diluted number of ordinary shares outstanding represent the weighted average for the year. The average number of ordinary shares in issue excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies

⁽²⁾ Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares

In the year ended 31 December 2009 there were 231 351 share options which were potentially dilutive but have not been included in the calculation of diluted earnings per share because they were anti-dilutive. In the year ended 31 December 2008 no share options were anti-dilutive

In the year ended 31 December 2008 share buybacks took place which had an impact on the weighted average number of ordinary shares at 31 December 2008

In April 2009 the Group issued \$1.7 billion of senior convertible notes. The senior convertible notes were issued with a coupon of 4%, a conversion price of £18.6370 and unless redeemed, converted or cancelled, will mature in 2014. The Group will have the option to call the senior convertible notes after three years from the issuance date subject to certain conditions

Underlying earnings is an alternative earnings measure, which the directors believe provides a clearer picture of the underlying financial performance of the Group's operations. Underlying earnings is presented after minority interests and excludes special items and remeasurements (see note 7). Underlying earnings is distinct from 'Headline earnings' which is a JSE Limited defined performance measure

The calculation of basic and diluted earnings per share – based on Headline and Underlying earnings – uses the following earnings data

	Earnings (US\$ million)		Basic earnings per share (US\$)	
	2009	2008	2009	2008
Profit for the financial year attributable to equity shareholders of the Company	2,425	5,215	2 02	4 34
Operating special items	1,908	209	1 59	0 17
Operating special items – tax	(66)	(27)	(0 05)	(0 02)
Operating special items – minority interests	(100)	(1)	(0 08)	–
Net profit on disposals	(1,612)	(1,009)	(1 34)	(0 84)
Net profit on disposals – tax	76	47	0 06	0 04
Net profit on disposals – minority interests	66	43	0 05	0 04
Associates' special items	259	67	0 21	0 05
Associates' special items – tax	(1)	(1)	–	–
Associates' special items – minority interests	(2)	(2)	–	–
Headline earnings for the financial year	2,953	4,541	2 46	3 78
Operating special items ⁽¹⁾	367	143	0 30	0 12
Operating special items – tax	(41)	(15)	(0 03)	(0 01)
Operating special items – minority interests	(7)	–	(0 01)	–
Operating remeasurements	(638)	779	(0 53)	0 65
Operating remeasurements – tax	207	(252)	0 17	(0 21)
Operating remeasurements – minority interests	(2)	(135)	–	(0 11)
Financing remeasurements	134	(51)	0 11	(0 04)
Financing remeasurements – tax	(2)	–	–	–
Financing remeasurements – minority interests	2	–	–	–
Tax special item	107	–	0 09	–
Tax special item – minority interest	(32)	–	(0 03)	–
Tax remeasurements	(469)	153	(0 39)	0 12
Tax remeasurements – minority interests	12	(52)	0 01	(0 04)
Associates' special items ⁽²⁾	72	40	0 06	0 03
Associates' special items – tax	(2)	(7)	–	(0 01)
Associates' special items – minority interests	(7)	(5)	(0 01)	–
Associates' remeasurements	(102)	116	(0 08)	0 10
Associates' remeasurements – tax	9	(9)	0 01	(0 01)
Associates' remeasurements – minority interests	8	(9)	0 01	(0 01)
Underlying earnings for the financial year	2,569	5,237	2 14	4 36

⁽¹⁾ Year ended 31 December 2009 includes costs associated with One Anglo initiatives – restructuring costs, bid defence costs and provisions for onerous contracts (2008 includes costs associated with One Anglo initiatives – restructuring costs and costs associated with proposed sale of Tarmac and provisions for onerous contracts)

⁽²⁾ Year ended 31 December 2009 includes restructuring costs and the tax special item (2008 includes restructuring costs and legal settlements)

13. Intangible assets

US\$ million	2009			2008		
	Licences and other intangibles	Goodwill ⁽¹⁾	Total	Licences and other intangibles	Goodwill ⁽¹⁾	Total
Cost						
At 1 January	102	2,915	3,017	15	1,546	1,561
Acquired through business combinations	–	19	19	50	1,657	1,707
Additions	31	–	31	24	–	24
Transfer to assets held for sale	(12)	(8)	(20)	–	(23)	(23)
Disposal of assets	(6)	–	(6)	–	–	–
Impairments	–	(312)	(312)	–	–	–
Reclassifications	–	–	–	15	(15)	–
Currency movements	24	80	104	(2)	(250)	(252)
At 31 December	139	2,694	2,833	102	2,915	3,017
Accumulated amortisation						
At 1 January	11	–	11	5	–	5
Charge for the year	14	–	14	4	–	4
Impairments	39	–	39	2	–	2
Transfer to assets held for sale	(7)	–	(7)	–	–	–
Disposal of assets	(2)	–	(2)	–	–	–
Currency movements	2	–	2	–	–	–
At 31 December	57	–	57	11	–	11
Net book value	82	2,694	2,776	91	2,915	3,006

⁽¹⁾ The goodwill balances provided are net of cumulative impairment charges of \$357 million at 31 December 2009 (2008: \$45 million)

The increase in goodwill relating to acquisition of subsidiaries represents the excess of purchase price over the fair value of the net assets, including mining reserves, of businesses acquired. Further detail is given in note 32.

Impairment tests for goodwill

Goodwill is allocated for impairment testing purposes to cash generating units (CGUs) which reflect how it is monitored for internal management purposes. This allocation largely represents the Group's segments set out below. Any goodwill associated with CGUs subsumed within these segments is not significant when compared to the goodwill of the Group, other than in Iron Ore and Manganese and Other Mining and Industrial where the material components of goodwill are split out below.

US\$ million	2009	2008 ⁽¹⁾
Platinum	230	230
Copper	124	124
Iron Ore and Manganese		
Iron Ore Brazil	1,251	1,556
Thermal Coal	88	88
Other Mining and Industrial		
Tarmac	811	760
Other	190	157
	2,694	2,915

⁽¹⁾ Due to the portfolio and management structure changes announced in October 2009, the segments have changed from those reported at 31 December 2008. Comparatives have been reclassified to align with current year presentation.

The recoverable amount of a CGU is determined based on a fair value or value in use calculation as appropriate. Value in use calculations use cash flow projections based on financial budgets and life of mine or non-mine production plans covering a five year period that are based on latest forecasts for commodity prices and exchange rates. Cash flow projections beyond five years are based on life of mine plans where applicable and internal management forecasts assume constant long term real prices for sales revenue and are benchmarked on external sources of information for commodity prices and exchange rates.

Cash flow projections are discounted using pre-tax discount rates equivalent to a real post tax discount rate of 6% (2008: 6%) that have been adjusted for any risks that are not reflected in the underlying cash flows. Where the recoverability of goodwill allocated to a CGU is supported by fair value less costs to sell, market observable data (in the case of listed subsidiaries: market share price at 31 December of the respective listed entity) or detailed cash flow models are used.

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including reserves and production estimates, together with economic factors such as commodity prices, discount rates, exchange rates, estimates of costs to produce reserves and future capital expenditure. Management believes that any reasonably possible change in a key assumption on which the recoverable amount is based would not cause the carrying amounts to exceed their recoverable amounts.

The Group acquired a controlling interest in Anglo Ferrous Brazil SA on 5 August 2008 resulting in the recognition of \$1.6 billion goodwill. Following the completion of a detailed study in 2009, goodwill attributable to the Amapá system with a carrying value of \$305 million has been impaired. The recoverable amount of this goodwill has been reviewed with reference to fair value (less costs to sell) determined using discounted cash flows.

14. Tangible assets

US\$ million	Mining properties and leases ⁽¹⁾	Land and buildings	Plant and equipment	Other ⁽²⁾	Total
Cost					
At 1 January 2009	17,124	2,175	12,663	6,615	38,577
Additions	241	53	328	4,610	5,232
Acquired through business combinations	28	4	1	(5)	28
Transfer to assets held for sale	(376)	(116)	(282)	(55)	(829)
Disposal of assets	(14)	(17)	(223)	(32)	(286)
Disposal of businesses	(41)	(5)	(26)	(44)	(116)
Reclassifications ⁽³⁾	60	181	3,075	(3,316)	–
Currency movements	2,121	296	2,277	1,200	5,894
At 31 December 2009	19,143	2,571	17,813	8,973	48,500
Accumulated depreciation					
At 1 January 2009	2,561	634	5,663	174	9,032
Charge for the year	412	95	1,192	12	1,711
Impairments	1,099	1	325	157	1,582
Transfer to assets held for sale	(121)	(46)	(227)	(13)	(407)
Disposal of assets	(13)	(7)	(179)	(14)	(213)
Disposal of businesses	(12)	(1)	(12)	(1)	(26)
Currency movements	441	88	1,048	46	1,623
At 31 December 2009	4,367	764	7,810	361	13,302
Net book value					
At 31 December 2009	14,776	1,807	10,003	8,612	35,198
At 31 December 2008	14,563	1,541	7,000	6,441	29,545

⁽¹⁾ Includes amounts in relation to deferred stripping.

⁽²⁾ Other tangible assets include \$818 million of assets in the course of construction which are not depreciated.

⁽³⁾ Relates mainly to amounts transferred from assets in the course of construction.

14. Tangible assets continued

US\$ million	Mining properties and leases ⁽¹⁾	Land and buildings	Plant and equipment	Other ⁽²⁾	Total
Cost					
At 1 January 2008	12,652	2,256	12,902	5,363	33,173
Additions	436	47	357	4 886	5 726
Acquired through business combinations	6 341	73	436	508	7,358
Transfer to assets held for sale	(66)	(16)	(118)	–	(200)
Fair value adjustment	–	3	–	50	53
Disposal of assets	(5)	(14)	(182)	(44)	(245)
Disposal of businesses	(52)	(1)	(78)	–	(131)
Reclassifications ⁽³⁾	418	216	2,048	(2,682)	–
Currency movements	(2,600)	(389)	(2 702)	(1 466)	(7,157)
At 31 December 2008	17,124	2 175	12,663	6 615	38 577
Accumulated depreciation					
At 1 January 2008	2,652	653	6 126	208	9,639
Charge for the year	353	84	964	104	1 505
Impairments	123	19	114	–	256
Transfer to assets held for sale	(42)	–	(65)	–	(107)
Disposal of assets	(2)	(8)	(166)	(19)	(195)
Disposal of businesses	(12)	–	(29)	–	(41)
Currency movements	(511)	(114)	(1 281)	(119)	(2,025)
At 31 December 2008	2,561	634	5 663	174	9 032
Net book value					
At 31 December 2008	14 563	1 541	7,000	6,441	29 545
At 31 December 2007	10,000	1 603	6,776	5,155	23,534

⁽¹⁾ Includes amounts in relation to deferred stripping

⁽²⁾ Other tangible assets include \$6 050 million of assets in the course of construction, which are not depreciated

⁽³⁾ Relates mainly to amounts transferred from assets in the course of construction

Included in the additions above is \$246 million (2008 \$215 million) of interest expense incurred on borrowings funding the construction of qualifying assets which has been capitalised during the year

The net book value and depreciation charges relating to assets held under finance leases comprise

US\$ million	2009		2008	
	Net book value	Depreciation	Net book value	Depreciation
Mining properties and leases	13	2	12	2
Land and buildings	–	–	34	24
Plant and equipment	22	12	19	5
Other	–	–	1	–
	35	14	66	31

The net book value of land and buildings comprises

US\$ million	2009	2008
Freehold	1,791	1,492
Leasehold – long	6	39
Leasehold – short (less than 50 years)	10	10
	1,807	1 541

15 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

US\$ million	2009	2008
At 1 January	244	252
Contributions made	29	36
Disposal of businesses	(1)	–
Net interest earned and fair value adjustments	14	16
Currency movements	56	(60)
At 31 December	342	244

The funds comprise the following investments

US\$ million	2009	2008
Equity	37	23
Bonds	115	82
Cash	190	139
	342	244

These assets are primarily rand denominated. Cash is held in short term fixed deposits or earns interest at floating inter-bank rates and bonds earn interest at a weighted average fixed rate of 9% (2008 9%) and are fixed for an average period of 11.8 years (2008 10.2 years). These assets are recorded at fair value through profit and loss.

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 environmental rehabilitation costs under non-current provisions (see note 25).

16. Investments in associates

US\$ million	2009	2008
At 1 January	3 612	3 341
Net income from associates	84	1 113
Dividends received ⁽¹⁾	(616)	(599)
Transfer from subsidiary/joint venture	235	–
Actuarial loss on post retirement benefits	(5)	(7)
Movement on cash flow hedge reserve	(2)	4
Other equity movements	2	4
Acquired	175	9
Disposed	(510)	–
Issue of capitalised loans ⁽²⁾	28	–
Other	105	–
Currency movements	204	(253)
At 31 December ⁽³⁾	3,312	3,612

⁽¹⁾ Nil (2008 \$10 million) was received from associates classified as held for sale

⁽²⁾ Excludes nil (2008 \$43 million) redemption by De Beers of preference shares included within financial asset investments

⁽³⁾ The fair value of the Group's investment in Anoroq at 31 December 2009 was \$105 million (2008 nil). The fair value of investments in Tongaat Hulett and Hulam in 31 December 2008 were \$350 million and \$137 million respectively based on the closing share prices. In July and August 2009, the Group sold its shareholdings in Hulam and Tongaat Hulett, respectively.

The Group's total investments in associates comprise

US\$ million	2009	2008
Equity	2,999	3,279
Loans ⁽¹⁾	313	333
Total investments in associates	3,312	3 612

⁽¹⁾ The Group's total investments in associates include long term debt which in substance forms part of the Group's investment. These loans are not repayable in the foreseeable future.

The Group's attributable share of the summarised financial information of associates is as follows

US\$ million	2009	2008
Total non-current assets	5,710	5 224
Total current assets	2 494	3,003
Total current liabilities	(854)	(1,267)
Total non-current liabilities	(4 038)	(3,348)
Group's share of associates' net assets	3,312	3,612
Revenue	3,779	6 653
Operating costs	(3,199)	(4 549)
Operating special items and remeasurements	(203)	(226)
Net profit on disposals	20	18
Net finance costs	(28)	(147)
Financing special items and remeasurements	(1)	(15)
Income tax expense	(286)	(606)
Minority interests	2	(15)
Group's share of associates' net income	84	1 113

16 Investments in associates continued

Segmental information is provided as follows

US\$ million	Net income		Aggregate investment	
	2009	2008	2009	2008
By segment⁽¹⁾				
Platinum	(17)	13	447	57
Diamonds	(333)	47	1,353	1 623
Iron Ore and Manganese	170	667	658	784
Metallurgical Coal	34	72	146	111
Thermal Coal	214	243	689	678
Other Mining and Industrial	16	71	19	359
	84	1,113	3,312	3 612

⁽¹⁾ Due to the portfolio and management structure changes announced in October 2009, the segments have changed from those reported at 31 December 2008. Comparatives have been reclassified to align with current year presentation.

US\$ million	Aggregate investment	
	2009	2008 ⁽¹⁾
By geography		
South Africa	1,934	1 752
Other Africa	914	891
Europe	(957)	(324)
North America	320	98
South America	675	686
Australia and Asia	426	509
	3,312	3 612

⁽¹⁾ In 2009 the basis of the geographic split has been amended and the comparatives have been updated accordingly.

The Group's share of associates' contingent liabilities incurred jointly by investors is \$102 million (2008: \$166 million).

Details of principal associates are set out in note 39.

17. Joint ventures

The Group's share of the summarised financial information of joint venture entities that are proportionately consolidated in the Group financial statements is as follows:

US\$ million	2009	2008
Total non-current assets	2,310	1 771
Total current assets	831	415
Total assets classified as held for sale	15	–
Total current liabilities	(425)	(389)
Total non-current liabilities	(763)	(509)
Total liabilities directly associated with assets classified as held for sale	(6)	–
Group's share of joint venture entities' net assets	1,962	1 288
Revenue	1,702	1 414
Operating costs (including special items and remeasurements)	(711)	(779)
Net finance costs	(37)	12
Income tax expense	(200)	(115)
Group's share of joint venture entities' profit for the financial year	754	532

The Group's share of joint venture entities' contingent liabilities incurred jointly with other venturers is \$40 million (2008: \$22 million) and its share of capital commitments is \$242 million (2008: \$414 million).

The Group also holds investments in a number of proportionately consolidated jointly controlled operations. The Group's share of joint venture operations' net assets is \$1,224 million (2008: \$981 million). The Group's share of joint venture operations' profit for the financial year is \$321 million (2008: \$554 million). The Group's share of joint venture operations' contingent liabilities incurred jointly with other venturers is \$3 million (2008: \$98 million) and its share of capital commitments is \$107 million (2008: \$83 million).

Details of principal joint ventures are set out in note 39.

18 Financial asset investments

US\$ million	Loans and receivables	Available for sale investments ⁽¹⁾	Total
At 1 January 2009	935	2,353	3,288
Interest receivable	82	–	82
Net advances	394	–	394
Disposals	–	(2 049)	(2,049)
Movements in fair value	(13)	741	727
Currency movements	200	86	287
At 31 December 2009	1,598	1,131	2,729
Non-current	1,595	1,131	2,726
Current	3	–	3

US\$ million	Loans and receivables	Available for sale investments ⁽¹⁾	Total
At 1 January 2008	938	3,842	4,780
Additions	–	827	827
Interest receivable	44	–	44
Net advances	153	–	153
Disposals	–	(626)	(626)
Disposal of businesses	(1)	–	(1)
Reversal of impairments	25	20	45
Movements in fair value	(11)	(888)	(899)
Currency movements	(213)	(822)	(1,035)
At 31 December 2008	935	2 353	3,288
Non-current	935	2 180	3,115
Current	–	173	173

⁽¹⁾ Balance at 31 December 2008 principally includes investment in AngloGold Ashanti Limited. This investment was sold in 2009. Refer to note 7.

No provision for impairment is recorded against financial assets classified as Loans and receivables (2008: nil).

19 Inventories

US\$ million	2009	2008	2007
Raw materials and consumables	741	774	703
Work in progress	1 368	843	812
Finished products	1,103	1,085	829
	3,212	2,702	2 344

The cost of inventories recognised as an expense and included in cost of sales amounted to \$12 481 million (2008: \$12 253 million).

Inventories held at net realisable value amounted to \$477 million (2008: \$561 million).

Write-down of inventories (net of revaluation of provisionally priced purchases) amounted to \$128 million (2008: \$210 million). Of this, \$48 million was recognised as an expense and included in cost of sales (2008: \$210 million) and \$80 million was capitalised (2008: nil).

There were also \$88 million (2008: \$11 million) of inventory write-downs reversed and recognised as a reduction in the inventory expense for the year.

20 Trade and other receivables

US\$ million	2009			2008			2007		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	2,496	145	2,641	1,969	57	2,026	3,000	30	3,030
Amounts owed by related parties	12	—	12	13	—	13	16	—	16
Other receivables	639	55	694	725	33	758	420	125	545
Prepayments and accrued income	201	6	207	222	4	226	136	4	140
	3,348	206	3,554	2,929	94	3,023	3,572	159	3,731

The historical level of customer default is minimal and as a result the 'credit quality' of year end trade receivables which are not past due is considered to be high. Of the year end trade receivables balance the following were past due at 31 December (stated after associated impairment provision)

US\$ million	2009	2008
Less than one month	123	85
Between one to two months	38	30
Between two to three months	12	10
Greater than three months	34	25
	207	150

The overdue debtor ageing profile above is typical of the industry in which certain of the Group's businesses operate. Given this existing insurance cover (including letters of credit from financial institutions) and the nature of the related counterparties these amounts are considered recoverable.

Total trade receivables are stated net of the following impairment provision

US\$ million	
At 1 January 2008	22
Charge for the year	16
Reclassification	14
Transfer to assets held for sale	(2)
Currency movements	(9)
At 1 January 2009	41
Charge for the year	9
Transfer to assets held for sale	(4)
Currency movements	5
At 31 December 2009	51

21. Trade and other payables

US\$ million	2009	2008	2007
Trade payables	2,939	3,183	2,546
Tax and social security	163	74	115
Other payables ⁽¹⁾	785	1,162	868
Accruals and deferred income	508	351	421
	4,395	4,770	3,950

⁽¹⁾ On 20 August 2008 Anglo Platinum received \$307 million from a subsidiary of Mvelaphanda Resources Limited (Mvela) in respect of the anticipated disposal of a 50% interest in the Booysendal joint venture. These funds were invested in accordance with the terms of sale and were only to be released to Anglo Platinum upon ministerial approval. At 31 December 2008 an amount of \$253 million was included within other payables representing the obligation to repay the funds failing the receipt of such approval. Following ministerial approval and subsequent completion of the disposal on 24 June 2009 the \$253 million included within other payables was released.

22. Financial assets

The carrying amounts and fair values of financial assets are as follows

US\$ million	2009		2008	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
At fair value through profit and loss				
Trade and other receivables ⁽¹⁾	838	838	192	192
Other financial assets (derivatives) ⁽²⁾	603	603	376	376
Loans and receivables				
Cash and cash equivalents	3,269	3,269	2,771	2,771
Trade and other receivables ⁽¹⁾	2,509	2,509	2,605	2,605
Financial asset investments	1,569	1,598	906	935
Available for sale investments				
Financial asset investments	1,131	1,131	2,353	2,353
Total financial assets	9,919	9,948	9,203	9,232

⁽¹⁾ Trade and other receivables exclude prepayments

⁽²⁾ Derivative instruments are analysed between those which are held for trading and those designated into hedge relationships in note 24

The fair values of financial assets represent the market value of quoted investments and other traded instruments. For non-listed investments and other non-traded financial assets fair value is calculated using discounted cash flows with market assumptions, unless carrying value is considered to approximate fair value.

An analysis of financial assets carried at fair value is set out below

US\$ million	2009			Total
	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	
At fair value through profit and loss				
Trade and other receivables	—	838	—	838
Other financial assets (derivatives)	3	569	31	603
Available for sale investments				
Financial asset investments	1,072	19	40	1,131
	1,075	1,426	71	2,572

⁽¹⁾ Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares and certain exchange-traded derivatives.

⁽²⁾ Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

⁽³⁾ Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input. Financial assets included within level 3 primarily consist of embedded derivatives and financial asset investments where valuation depends upon unobservable inputs.

22 Financial assets continued

The movements in the fair value of the level 3 financial assets are shown in the following table

US\$ million	2009
At 1 January	137
Net loss recorded in financing remeasurements	(111)
Net gain recorded in statement of comprehensive income	1
Reclassification to Other financial liabilities (derivatives)	35
Currency movements	9
At 31 December	71

For the level 3 financial assets changing certain inputs to reasonably possible alternative assumptions may change the fair value significantly. Where significant, the effect of a change in these assumptions to a reasonably possible alternative assumption is outlined in the table below. These sensitivities have been calculated by amending the fair value of the level 3 financial assets as at 31 December 2009 for a change in each individual assumption, as outlined below, whilst keeping all other assumptions consistent with those used to calculate the fair value recognised in the financial statements

US\$ million	Change in assumption	2009 Increase/ (decrease) in fair value of assets
Financial asset investments	Decrease of 10% in liquidity discount percentage	11
	Increase of 10% in liquidity discount percentage	(11)

Financial asset risk exposures are set out in note 24

23 Financial liabilities

The carrying amounts and fair values of financial liabilities are as follows

US\$ million	2009		2008	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
At fair value through profit and loss				
Trade and other payables ⁽¹⁾	315	315	687	687
Other financial liabilities (derivatives) ⁽²⁾	659	659	1 497	1 497
Designated into fair value hedge				
Borrowings	7,793	7,168	2,850	2,850
Financial liabilities at amortised cost				
Trade and other payables ⁽¹⁾	4,297	4,297	4,391	4,391
Borrowings ⁽³⁾	8,744	7,147	10,658	11,145
Total financial liabilities	21,808	19,586	20,083	20,570

⁽¹⁾ Trade and other payables exclude tax and social security and current and non-current deferred income and include other non-current payables

⁽²⁾ Derivative instruments are analysed between those which are held for trading and those designated into hedge relationships in note 24

⁽³⁾ Fair value of the convertible bond represents the quoted price of the debt at 31 December 2009 and therefore includes the portion accounted for in equity

The fair value of financial liabilities is determined by reference to its quoted market price otherwise the carrying value approximates fair value

An analysis of financial liabilities carried at fair value is set out below

US\$ million	Level 1 ⁽¹⁾	Level 2 ⁽²⁾	Level 3 ⁽³⁾	2009 Total
At fair value through profit and loss				
Trade and other payables	–	315	–	315
Other financial liabilities (derivatives)	3	543	113	659
	3	858	113	974

⁽¹⁾ Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes exchange-traded derivatives

⁽²⁾ Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data

⁽³⁾ Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input. Financial instruments included within level 3 primarily consist of embedded derivatives where valuation depends upon unobservable inputs

The movements in the fair value of the level 3 financial liabilities are shown in the following table

US\$ million	2009
At 1 January	269
Net gain recorded in financing remeasurements	(21)
Net loss recorded in underlying earnings	6
Reduction in assumed life of financial liability ⁽¹⁾	(181)
Reclassification from Other financial assets (derivatives)	35
Currency movements	5
At 31 December	113

⁽¹⁾ Relates to reduction of embedded derivative liability in Minera Loma de Niquel and is recorded in operating special items

For the level 3 financial liabilities changing certain inputs to reasonably possible alternative assumptions may change the fair value significantly. Where significant, the effect of a change in these assumptions to a reasonably possible alternative assumption is outlined in the table below. These sensitivities have been calculated by amending the fair value of the level 3 financial liabilities as at 31 December 2009 for a change in each individual assumption, as outlined below, whilst keeping all other assumptions consistent with those used to calculate the fair value recognised in the financial statements

US\$ million	Change in assumption	2009 Increase/ (decrease) in fair value of liabilities
Other financial liabilities (derivatives)	Increase of 5% in dividend forecast	9
	Decrease of 5% in dividend forecast	(9)
	Shift of TJLP curve ⁽¹⁾	(5)-5

⁽¹⁾ Brazilian domestic long term interest rate curve. Range provided due to the different base assumptions used by the relevant banks

Financial liability risk exposures are set out in note 24

23 Financial liabilities continued

An analysis of borrowings is set out below

US\$ million	2009			2008		
	Due within one year ⁽¹⁾	Due after one year	Total	Due within one year ⁽¹⁾	Due after one year	Total
Secured⁽²⁾						
Bank loans and overdrafts	416	413	829	346	678	1 024
Obligations under finance leases ⁽³⁾	8	11	19	12	56	68
	424	424	848	358	734	1 092
Unsecured						
Bank loans and overdrafts	351	3,982	4,333	5,114	3 335	8 449
Bonds issued under EMTN programme ⁽⁴⁾	572	4,410	4 982	154	2,679	2 833
US bond	–	1,935	1,935	–	–	–
Convertible bond ⁽⁵⁾	–	1,369	1,369	–	–	–
Commercial paper	67	–	67	1,116	–	1,116
Obligations under finance leases ⁽³⁾	–	–	–	4	13	17
Other loans	85	696	781	38	450	488
	1,075	12,392	13,467	6 426	6 477	12 903
Total	1,499	12,816	14,315	6 784	7 211	13 995

⁽¹⁾ Bank loans and overdrafts due within one year include short term borrowings under long term committed facilities of \$48 million (2008 \$2.8 billion)

⁽²⁾ Assets with a book value of \$1 197 million (2008 \$954 million) have been pledged as security of which \$753 million (2008 \$693 million) are tangible assets \$242 million (2008 \$160 million) are financial assets and \$202 million (2008 \$131 million) are inventories. Related to these assets are borrowings of \$814 million (2008 \$881 million) in respect of project financing arrangements

⁽³⁾ The minimum lease payments under finance leases fall due as follows

US\$ million	2009	2008
Within one year	9	24
Greater than one year less than five years	9	43
Greater than five years	2	86
	20	153
Future finance charges on finance leases	(1)	(68)
Present value of finance lease liabilities	19	85

⁽⁴⁾ In the year ended 31 December 2009 the Group issued \$2 215 million of bonds under the EMTN programme (2008 \$2 404 million). All notes are guaranteed by Anglo American plc

⁽⁵⁾ Represents the fair value of the debt component of the convertible bond at the date of issue of \$1 330 million (net of fees) adjusted for unwinding of discount of \$39 million. The fair value of the equity conversion feature was \$355 million and is presented in equity (refer to the Consolidated statement of changes in equity)

During 2009 the Group has raised \$2 billion through the issuance of senior notes \$1.7 billion through the issuance of senior convertible notes and \$2.2 billion through the issuance of bonds under the EMTN programme. The senior note offering comprised \$1,250 million 9.375% senior notes due in 2014 and \$750 million 9.375% senior notes due in 2019. The senior convertible notes were issued with a coupon of 4% a conversion price of £18.6370 and unless redeemed, converted or cancelled will mature in 2014. The Group will have the option to call the senior convertible note after three years from the issuance date subject to certain conditions. The issues under the EMTN programme in 2009 comprised a €750 million (\$1.1 billion) 4.25% bond due in 2013 and a €750 million (\$1.1 billion) 4.375% bond due in 2016. The proceeds from the sale of AngloGold Ashanti (refer to note 7) senior notes, senior convertible notes and bonds issued under the EMTN programme have been used to prepay the \$3 billion revolving bank facility which was due to mature in December 2009, fund capital expenditure and repay other short term debt owing on Group facilities.

On 8 November 2009 the waivers in respect of various breaches under the Amapá long term project financing agreements (facilities of \$538 million) expired. Subsequent to 31 December 2009, new retrospective waivers were obtained from lenders. \$181 million has been repaid and a process has commenced to restructure the remaining debt.

24 Financial risk management and derivative financial assets/liabilities

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board has approved and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures. The risk management processes of the Group's independently listed subsidiaries are in line with the Group's own policy.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the balance sheet at year end is provided as follows (subcategorised into credit risk, liquidity risk and market risk).

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group's maximum exposure to credit risk arising from underlying financial assets is as follows:

US\$ million	2009	2008
Cash and cash equivalents	3,269	2 771
Trade and other receivables	3,347	2 797
Financial asset investments ⁽¹⁾	1,598	1 108
Other financial assets (derivatives)	603	376
Other guarantees and loan facilities	12	239
	8,829	7 291

⁽¹⁾ Includes \$546 million (2008 \$360 million) of preference shares in BEE entities

The Group limits exposure to credit risk on liquid funds and derivative financial instruments through adherence to a policy of:

Where possible acceptable minimum counterparty credit ratings assigned by international credit-rating agencies (including long term ratings of A- (Standard & Poor's), A3 (Moody's) or A- (Fitch) or better),
Daily counterparty settlement limits (which are not to exceed three times the credit limit for an individual bank), and
Exposure diversification (the aggregate group exposure to key relationship counterparties cannot exceed 5% of the counterparty's shareholders' equity).

Given the diverse nature of the Group's operations (both in relation to commodity markets and geographically), together with insurance cover (including letters of credit from financial institutions) it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers.

An allowance for impairment of trade receivables is made where there is an identified loss event, which based on previous experience, is evidence of a reduction in the recoverability of the cash flows. Details of the credit quality of trade receivables and the associated provision for impairment is disclosed in note 20.

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.

Non-wholly owned subsidiaries, where possible, will maintain their own financing and funding requirements. In most cases the financing will be non-recourse to the Group. In addition, certain projects are financed by means of limited recourse project finance, if appropriate.

24 Financial risk management and derivative financial assets/ liabilities continued

The expected undiscounted cash flows of the Group's financial liabilities (including associated derivatives) by remaining contractual maturity, based on conditions existing at the balance sheet date are as follows

US\$ million	Within one year			One to two years		
	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
31 December 2009						
Non-derivative financial liabilities	(550)	(200)	(5,660) ⁽¹⁾	(523)	(185)	(3,226)
Net settled derivatives ⁽²⁾	461	(267)	~	441	(273)	5
	(89)	(467)	(5,660)	(82)	(458)	(3,221)

31 December 2008						
Non-derivative financial liabilities	(191)	(405)	(11 385)	(179)	(245)	(732)
Net settled derivatives	156	(94)	8	164	(101)	(53)
	(35)	(499)	(11 377)	(15)	(346)	(785)

US\$ million	Two to five years			Greater than five years		
	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
31 December 2009						
Non-derivative financial liabilities	(1,379)	(295)	(5,877) ⁽¹⁾	(672)	(608)	(4,394)
Net settled derivatives ⁽²⁾	1,187	(712)	(32)	672	(331)	(339)
	(192)	(1,007)	(5,909)	—	(939)	(4,733)

31 December 2008						
Non-derivative financial liabilities	(472)	(422)	(4 348)	(345)	(114)	(2 412)
Net settled derivatives	443	(304)	9	345	(195)	(400)
	(29)	(726)	(4 339)	—	(309)	(2,812)

⁽¹⁾ Includes guarantees and loan facilities

⁽²⁾ At 31 December 2009 the expected maturities were not materially different from the contracted maturities

⁽³⁾ Includes the full value of the convertible bond and assumes no conversion

The Group had the following undrawn committed borrowing facilities at 31 December

US\$ million	2009	2008
Expiry date		
Within one year ⁽¹⁾	2,247	2,994
Greater than one year, less than two years	3,090	5
Greater than two years less than five years	4,093	3 081
Greater than five years	90	25
	9,520	6 105

⁽¹⁾ Includes undrawn rand facilities equivalent to \$1.9 billion (2008 \$0.9 billion) in respect of a series of facilities with 364 day maturities which roll automatically on a daily basis unless notice is served

In addition, the Group has a dedicated committed financing facility for Minas Rio of \$1.4 billion subject to certain disbursement conditions and the granting of the remaining Installation Environmental licence (regarded as likely to occur in 2010) (2008 for Minas Rio and Barro Alto totalling \$1.6 billion)

The Group also had a \$2 billion European Commercial Paper Programme established in October 2004. Drawings of nil were made at 31 December 2009 (2008 \$304 million). The Group also had a Rand 20 billion South African Medium Term Note Programme, established in November 2007, on which total drawings of Rand 691 million (\$94 million) were made at 31 December 2009 (2008 Rand 7,273 million (\$782 million)). Of this drawing, Rand 491 million (\$67 million) was issued as commercial paper (2008 Rand 7,074 million (\$761 million)).

Market risk

This is the risk that financial instrument fair values will fluctuate owing to changes in market prices. The significant market risks to which the Group is exposed are foreign exchange risk, interest rate risk and commodity price risk.

Foreign exchange risk

As a global business, the Group is exposed to many currencies principally as a result of non-US dollar operating costs incurred by US dollar functional currency companies and to a lesser extent, from non-US dollar revenues. The Group's policy is generally not to hedge such exposures as hedging is not deemed appropriate given the diversified nature of the Group, though exceptions can be approved by the Group Management Committee.

In addition, currency exposures exist in respect of non-US dollar approved capital expenditure projects. The Group's policy is that such exposure can be hedged at management's discretion within certain pre-defined limits.

The exposure of the Group's financial assets and liabilities (excluding intra-group loan balances) to currency risk is as follows

US\$ million	Financial assets (excluding derivatives)	Impact of currency derivatives ⁽¹⁾	Derivative assets	Total financial assets – exposure to currency risk
At 31 December 2009				
US dollar ⁽²⁾	4,353	(202)	565	4,716
Rand	3,125	177	7	3,309
Sterling	455	—	—	455
Euro	85	2	—	87
Australian dollar	271	—	—	271
Brazilian real	407	—	—	407
Other currencies	649	23	31	703
Total financial assets	9,345	—	603	9,948
At 31 December 2008				
US dollar ⁽²⁾	3 118	(108)	252	3 262
Rand	3 895	82	71	4 048
Sterling	547	(2)	—	545
Euro	136	—	—	136
Australian dollar	290	(4)	—	286
Brazilian real ⁽³⁾	357	—	—	357
Other currencies ⁽³⁾	513	32	53	598
Total financial assets	8 856	—	376	9,232

See following page for footnotes

24 Financial risk management and derivative financial assets/liabilities continued

US\$ million	Financial liabilities (excluding derivatives)	Impact of currency derivatives ⁽¹⁾	Derivative liabilities	Total financial liabilities – exposure to currency risk
At 31 December 2009				
US dollar	(7,719)	(5,364)	(609)	(13,692)
Rand	(3,550)	(4)	(50)	(3,604)
Sterling	(1,609)	1,198	–	(411)
Euro	(3,764)	3,652	–	(112)
Australian dollar	(543)	–	–	(543)
Brazilian real	(1,052)	401	–	(651)
Other currencies	(690)	117	–	(573)
Total financial liabilities	(18,927)	–	(659)	(19,586)
At 31 December 2008				
US dollar	(7,854)	(3,130)	(1,056)	(12,040)
Rand	(5,289)	(15)	(2)	(5,306)
Sterling	(1,628)	1,141	–	(487)
Euro	(1,821)	1,697	–	(124)
Australian dollar	(528)	–	–	(528)
Brazilian real ⁽²⁾	(973)	22	(439)	(1,390)
Other currencies ⁽³⁾	(980)	285	–	(695)
Total financial liabilities	(19,073)	–	(1,497)	(20,570)

⁽¹⁾ Where currency derivatives are held to manage financial instrument exposures the notional principal amount is reallocated to reflect the remaining exposure to the Group

⁽²⁾ Of these US\$ financial assets \$127 million (2008 \$97 million) are subject to South African exchange controls and will be converted to rand within the next six months

⁽³⁾ Comparatives have been reclassified to align with current year presentation

Interest rate risk

Fluctuations in interest rates impact on the value of short term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in US and South African interest rates. Exposure to Brazilian interest rates is expected to continue to increase in the near term.

The Group policy is to borrow funds at floating rates of interest as this is considered 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. Also strategic hedging using fixed rate debt may be undertaken from time to time if approved by the Group Management Committee.

In respect of financial assets the Group's policy is to invest cash at floating rates of interest and cash reserves are to be maintained in short term investments (less than one year) in order to maintain liquidity while achieving a satisfactory return for shareholders.

The exposure of the Group's financial assets (excluding intra-group loan balances) to interest rate risk is as follows

US\$ million	Interest bearing financial assets		Non-interest bearing financial assets		Total
	Floating rate	Fixed rate ⁽¹⁾	Equity investments	Other non-interest bearing	
At 31 December 2009					
Financial assets (excluding derivatives) ⁽²⁾	3,530	1,032	1,131	3,652	9,345
Derivative assets	174	–	–	429	603
Financial asset exposure to interest rate risk	3,704	1,032	1,131	4,081	9,948
At 31 December 2008					
Financial assets (excluding derivatives) ⁽²⁾	3,098	464	2 180	3,114	8,856
Derivative assets	196	–	–	180	376
Financial asset exposure to interest rate risk	3,294	464	2 180	3,294	9,232

⁽¹⁾ Includes \$546 million (2008 \$360 million) of preference shares in BEE entities

⁽²⁾ At 31 December 2009 and 2008 no interest rate swaps were held in respect of financial asset exposures

Floating rate financial assets consist mainly of cash and bank term deposits. Interest on floating rate assets is based on the relevant national inter-bank rates. Fixed rate financial assets consist mainly of financial asset investments and cash, and have a weighted average interest rate of 11.0% (2008 13.5%) and are fixed for an average period of three years (2008 four years). Equity investments have no maturity period and the majority are fully liquid.

The exposure of the Group's financial liabilities (excluding intra-group loan balances) to interest rate risk is as follows

US\$ million	Interest bearing financial liabilities		Non-interest bearing financial liabilities	Total
	Floating rate	Fixed rate		
At 31 December 2009				
Financial liabilities (excluding derivatives)	(5 529)	(8 697)	(4,701)	(18,927)
Impact of interest rate swaps ⁽¹⁾	(6,896)	6,896	–	–
Derivative liabilities	(109)	–	(550)	(659)
Financial liability exposure to interest rate risk	(12,534)	(1,801)	(5 251)	(19,586)
At 31 December 2008				
Financial liabilities (excluding derivatives)	(10,461)	(3,459)	(5 153)	(19 073)
Impact of interest rate swaps ⁽¹⁾	(2,829)	2,829	–	–
Derivative liabilities	–	–	(1 497)	(1,497)
Financial liability exposure to interest rate risk	(13 290)	(630)	(6 650)	(20 570)

⁽¹⁾ Where interest rate swaps are held to manage financial liability exposures the notional principal amount is reallocated to reflect the remaining exposure to the Group

Interest on floating rate instruments is based on the relevant national inter-bank rates. Remaining fixed rate borrowings accrue interest at a weighted average interest rate of 9% (2008 8%) and are at fixed rates for an average period of four years (2008 two years). Average maturity on non-interest bearing instruments is 14 months (2008 17 months).

Commodity price risk

The Group's earnings are exposed to movements in the prices of the commodities it produces.

The Group policy is generally not to hedge price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group uses forward and deferred contracts to hedge the price risk.

24. Financial risk management and derivative financial assets/liabilities continued

Certain of the Group's sales and purchases are provisionally priced and as a result are susceptible to future price movements. The exposure of the Group's financial assets and liabilities to commodity price risk is as follows:

US\$ million	Commodity price linked		Not linked to commodity price	Total
	Subject to price movements	Fixed price ⁽¹⁾		
At 31 December 2009				
Total net financial instruments (excluding derivatives)	352	733	(10,667)	(9 582)
Commodity derivatives (net) ⁽²⁾	(78)	–	–	(78)
Non-commodity derivatives (net)	–	–	22	22
Total financial instrument exposure to commodity risk	274	733	(10,645)	(9,638)
At 31 December 2008				
Total net financial instruments (excluding derivatives)	(291)	183	(10,109)	(10 217)
Commodity derivatives (net) ⁽²⁾	(318)	–	–	(318)
Non-commodity derivatives (net)	–	–	(803)	(803)
Total financial instrument exposure to commodity risk	(609)	183	(10,912)	(11 338)

⁽¹⁾ Includes financial instruments whose commodity prices are set annually or via contract negotiation

⁽²⁾ Includes a \$44 million (2008: \$249 million) derivative embedded in a long term power contract

Derivatives

In accordance with IAS 32 *Financial Instruments: Presentation* and IAS 39, the fair value of all derivatives are separately recorded on the balance sheet within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)'. Derivatives are classified as current or non-current depending on the expected maturity of the derivative.

The Group utilises derivative instruments to manage its market risk exposures as explained above. The Group does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges. Such derivatives that are not hedge accounted are classified as 'non-hedges' and fair value movements are recorded in the income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contract and the host contract is not carried at fair value. Embedded derivatives may be designated into hedge relationships and are accounted for in accordance with the Group's accounting policy set out in note 1.

Cash flow hedges

In certain cases the Group classifies its forward exchange and commodity price contracts hedging highly probable forecast transactions as cash flow hedges. Where this designation is documented, changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement (or hedged balance sheet item) in accordance with the Group's accounting policy set out in note 1.

Fair value hedges

The majority of interest rate swaps (taken out to swap the Group's fixed rate borrowings to floating rate in accordance with the treasury policy) have been designated as fair value hedges. The respective carrying values of the hedged debt are adjusted to reflect the fair value of the interest rate risk being hedged. Subsequent changes in the fair value of the hedged risk are offset against fair value changes in the interest rate swap and classified within financing costs in the income statement.

Non-hedges

The Group may choose not to designate certain derivatives as hedges, for example certain forward foreign currency contracts that provide a natural hedge of non-US dollar debt in the income statement or where the Group is economically hedged but IAS 39 hedge accounting cannot be achieved. Where derivatives have not been designated as hedges, fair value changes are recognised in the income statement in accordance with the Group's accounting policy set out in note 1 and are classified as financing or operating depending on the nature of the associated hedged risk.

The fair value of the Group's open derivative position at 31 December (excluding normal purchase and sale contracts held off balance sheet) recorded within 'Other financial assets (derivatives)' and 'Other financial liabilities (derivatives)' is as follows:

US\$ million	2009		2008	
	Asset	Liability	Asset	Liability
Current				
Cash flow hedge ⁽¹⁾				
Forward foreign currency contracts	40	—	10	(75)
Forward commodity contracts	—	(3)	—	(49)
Other	—	(1)	—	—
Fair value hedge				
Interest rate swaps	18	—	140	—
Other	—	—	2	—
Non-hedge ('Held for trading') ⁽²⁾				
Forward foreign currency contracts	285	(18)	73	(460)
Cross currency swaps	14	(14)	20	—
Other	8	(40)	14	(14)
Total current derivatives	365	(76)	259	(598)
Non-current				
Cash flow hedge ⁽¹⁾				
Forward foreign currency contracts	19	—	—	(57)
Forward commodity contracts	—	—	—	(4)
Fair value hedge				
Interest rate swaps	157	(70)	4	—
Non-hedge ('Held for trading') ⁽²⁾				
Forward foreign currency contracts	26	(2)	41	(69)
Cross currency swaps	7	(424)	20	(504)
Other	29	(87)	52	(265)
Total non-current derivatives	238	(583)	117	(899)

⁽¹⁾ The timing of the expected cash flows associated with these hedges is as follows:

US\$ million	2009	2008
Within one year	36	(160)
Greater than one year less than two years	19	(80)
Greater than two years less than five years	—	(11)
Greater than five years	—	—
	55	(251)

The periods when these hedges are expected to impact the income statement generally follow the cash flow profile with the exception of hedging associated with capital projects which is included in the capitalised asset value and depreciated over the life of the asset.

⁽²⁾ Comparatives have been adjusted in accordance with IAS 1 *Presentation of Financial Statements – Improvements* as described in note 1.

These marked to market valuations are in no way predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuations represent the cost of closing all hedge contracts at year end, at market prices and rates available at the time.

Normal purchase and normal sale contracts

Commodity based contracts that meet the scope exemption in IAS 39 (in that they are settled through physical delivery of the Group's production or are used within the production process), are classified as normal purchase or sale contracts. In accordance with IAS 39 these contracts are not marked to market.

24. Financial risk management and derivative financial assets/liabilities continued

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 also may sell non-core assets to reduce debt

The Group monitors capital on the basis of the ratio of net debt to total capital less investments in associates (gearing). Net debt is calculated as total borrowings less cash and cash equivalents and current financial asset investments (excluding derivatives which provide an economic hedge of debt and including the net debt of disposal groups). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt. Gearing as at 31 December 2009 was 30.8% (2008: 37.8%). The decrease in gearing since 31 December 2008 is primarily due to the increase in net assets

Financial instrument sensitivities

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Group's financial instruments (as at year end) to changes in commodity prices, exchange rates and interest rates

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 as 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 tables show the illustrative effect on the income statement and equity that would result from reasonably possible changes in the relevant commodity price, foreign currency or interest rates

US\$ million	Income statement	Equity
Commodity price sensitivities		
2009		
10% increase in the platinum price	(14)	(14)
10% decrease in the platinum price	14	14
10% increase in the copper price	89	89
10% decrease in the copper price	(89)	(89)
10% increase in the coal price	—	—
10% decrease in the coal price	—	—
2008		
10% increase in the platinum price	(9)	(9)
10% decrease in the platinum price	9	9
10% increase in the copper price	47	47
10% decrease in the copper price	(47)	(47)
10% increase in the coal price	—	(11)
10% decrease in the coal price	—	11
Interest rate sensitivities		
2009		
50 bp increase in US interest rates	3	3
50 bp decrease in US interest rates	(3)	(3)
50 bp increase in South African interest rates	—	—
50 bp decrease in South African interest rates	—	—
2008		
25 bp increase in US interest rates	(6)	(6)
25 bp decrease in US interest rates	6	6
50 bp increase in South African interest rates	(11)	(10)
50 bp decrease in South African interest rates	11	10
Foreign currency sensitivities⁽¹⁾		
2009		
+10% US dollar to rand	(59)	(59)
-10% US dollar to rand	59	59
+10% US dollar to Australian dollar	4	4
-10% US dollar to Australian dollar	(4)	(4)
+10% US dollar to Brazilian real	191	198
-10% US dollar to Brazilian real	(175)	(183)
+10% US dollar to Chilean peso	(11)	(67)
-10% US dollar to Chilean peso	14	82
2008		
+10% US dollar to rand	45	42
-10% US dollar to rand	(46)	(43)
+10% US dollar to Australian dollar	20	19
-10% US dollar to Australian dollar	(20)	(18)
+10% US dollar to Brazilian real	(125)	(128)
-10% US dollar to Brazilian real	176	180
+10% US dollar to Chilean peso	(25)	(42)
-10% US dollar to Chilean peso	30	51

⁽¹⁾ + represents strengthening of US dollar against the respective currency

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including

- fluctuating trade receivable and trade payable balances,
- derivative instruments and borrowings settled throughout the year
- fluctuating cash balances,
- changes in currency mix, and
- commercial paper with short term maturities which is regularly replaced or settled

As the sensitivities are limited to year end financial instrument balances they do not take account of the Group's sales and operating costs which are highly sensitive to changes in commodity prices and exchange rates. In addition, each of the sensitivities is calculated in isolation, while in reality commodity prices, foreign exchange rates and interest rates do not move independently

25. Provisions for liabilities and charges

US\$ million	Environ- mental restor- ation ⁽¹⁾	Decomm- issioning ⁽¹⁾	Other	Total ⁽²⁾
At 1 January 2009	700	241	544	1,485
Acquired through business combinations	(5) ⁽³⁾	6	–	1
Disposal of businesses	–	(1)	–	(1)
Charged to the income statement	33	30	186	249
Transfer to liabilities directly associated with assets held for sale	(35)	(11)	(13)	(59)
Capitalised	33 ⁽⁴⁾	4	–	37
Unwinding of discount	21	20	4	45
Unused amounts reversed	(5)	(5)	(61)	(71)
Amounts applied	(19)	(1)	(87)	(107)
Currency movements	116	53	44	213
At 31 December 2009	839	336	617	1,792

Maturity analysis of total provisions

US\$ million	2009	2008
Current	209	168
Non-current	1,583	1,317
	1,792	1,485

⁽¹⁾ The Group makes contributions to controlled funds to meet the cost of some of its decommissioning restoration and environmental rehabilitation liabilities (see note 15)

⁽²⁾ Provisions for liabilities and charges at 31 December 2007 were \$1,224 million. This related to \$675 million of environmental restoration provisions, \$256 million of decommissioning provisions and \$293 million of other provisions.

⁽³⁾ Relates to fair value adjustments on acquisitions.

⁽⁴⁾ Amounts capitalised in the environmental restoration provision relate to amounts that will be recovered from third parties when the actual expenditure is incurred.

Environmental restoration

The Group has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Decommissioning

Provision is made for the present value of costs relating to the decommissioning of plant or other site restoration work. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Other

Other provisions primarily relate to cash settled share-based payments, indemnities, warranties and legal claims. It is anticipated that these costs will be incurred over a five year period.

26. Deferred tax**Deferred tax assets**

US\$ million	2009	2008
At 1 January	258	474
Credited/(charged) to the income statement	12	(31)
Charged to the statement of comprehensive income	(33)	(57)
Credited/(charged) directly to equity	13	(40)
Transfer to assets held for sale	(5)	(14)
Reclassifications	–	(21)
Currency movements	43	(53)
At 31 December	288	258

Deferred tax liabilities

US\$ million	2009	2008
At 1 January	(4,555)	(4,650)
Credited/(charged) to the income statement	144	(398)
Credited to the statement of comprehensive income	36	130
Credited/(charged) directly to equity	7	(25)
Acquired through business combinations	54	(798)
Transfer to liabilities directly associated with assets held for sale	46	28
Disposal of businesses	–	18
Reclassifications	–	(79)
Currency movements	(924)	1,219
At 31 December	(5,192)	(4,555)

The amount of deferred tax recognised in the balance sheet is as follows:

US\$ million	2009	2008
Deferred tax assets		
Tax losses	49	13
Post retirement benefits	48	36
Share-based payments	42	8
Other temporary differences	149	201
	288	258
Deferred tax liabilities		
Capital allowances in excess of depreciation	(2,846)	(2,333)
Fair value adjustments	(1,942)	(2,201)
Tax losses	115	117
Derivatives	(106)	119
Provisions	(405)	(287)
Other temporary differences	(8)	30
	(5,192)	(4,555)

The amount of deferred tax (credited)/charged to the income statement is as follows:

US\$ million	2009	2008
Capital allowances in excess of depreciation	(79)	460
Fair value adjustments	(502)	(96)
Tax losses	(33)	(18)
Derivatives	208	(281)
Provisions	114	211
Other temporary differences	136	153
	(156)	429

26 Deferred tax continued

The current expectation regarding the maturity of deferred tax balances is

US\$ million	2009	2008
Deferred tax assets		
Recoverable within 12 months	23	62
Recoverable after 12 months	265	196
	288	258
Deferred tax liabilities		
Payable within 12 months	(171)	(218)
Payable after 12 months	(5 021)	(4,337)
	(5,192)	(4,555)

The Group had the following balances in respect of which no deferred tax asset has been recognised

US\$ million	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
31 December 2009				
Within one year	–	–	–	–
One to five years	14	–	–	14
After five years	5	–	–	5
No expiry date	3,304	1,154	7	4,465
	3,323	1,154	7	4 484
31 December 2008				
Within one year	–	–	–	–
One to five years	43	–	–	43
After five years	21	–	–	21
No expiry date	2,600	1,166	5	3,771
	2 664	1,166	5	3,835

The Group also has unused tax credits of \$22 million (2008 \$356 million) for which no deferred tax asset is recognised in the balance sheet. These tax credits have no expiry date.

No liability has been recognised in respect of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures for which a deferred tax liability has not been recognised is \$16 843 million (2008 \$23,866 million). The decrease from the previous year is primarily as a result of a change to tax legislation.

27 Retirement benefits

The Group operates defined contribution and defined benefit pension plans for the majority of its employees. It also operates post retirement medical arrangements in southern Africa and North America.

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 2009 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 schemes (net of amounts capitalised) was \$172 million (2008 \$134 million) and for defined contribution medical schemes (net of amounts capitalised) was \$18 million (2008 \$9 million).

Defined benefit pension plans and post retirement medical plans

The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group, in independently administered funds, in accordance with statutory requirements or local practice throughout the world. The unfunded pension plans are principally in South America.

The post retirement medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded.

The Group's provision of anti-retroviral therapy to HIV positive staff has not significantly impacted the post retirement medical plan liability.

Independent qualified actuaries carry out full valuations every three years using the projected unit method. The actuaries have updated the valuations to 31 December 2009.

27. Retirement benefits continued

The Group's plans in respect of pension and post retirement healthcare are summarised as follows

US\$ million	2009				2008			
	Southern Africa	The Americas	Europe	Total	Southern Africa	The Americas	Europe	Total
Assets⁽¹⁾								
Defined benefit pension plans in surplus	54	—	—	54	32	—	—	32

⁽¹⁾ Amounts are included in Other non current assets

US\$ million	2009				2008			
	Southern Africa	The Americas	Europe	Total	Southern Africa	The Americas	Europe	Total
Liabilities								
Defined benefit pension plans in deficit	—	(173)	(231)	(404)	—	(132)	(45)	(177)
Post retirement medical plans in deficit	(271)	(31)	—	(302)	(204)	(20)	—	(224)
	(271)	(204)	(231)	(706)	(204)	(152)	(45)	(401)

US\$ million	2009	2008	2007	2006	2005
Defined benefit pension plans					
Present value of liabilities	(2,975)	(2,157)	(3,095)	(4,256)	(3,985)
Fair value of plan assets	2,731	2,073	3,148	4,160	3,539
Net (deficit)/surplus	(244)	(84)	53	(96)	(446)
Surplus restriction	(106)	(61)	(136)	(163)	(107)
Net deficit after surplus restriction	(350)	(145)	(83)	(259)	(553)
Actuarial gain/(loss) on plan assets ⁽¹⁾	184	(392)	39	308	438
Actuarial (loss)/gain on plan liabilities ⁽²⁾	(361)	208	(48)	(156)	(435)
Post retirement medical plans					
Present value of liabilities	(322)	(241)	(329)	(422)	(650)
Fair value of plan assets	20	17	20	16	22
Net deficit	(302)	(224)	(309)	(406)	(628)
Actuarial gain on plan assets ⁽³⁾	—	1	1	—	—
Actuarial (loss)/gain on plan liabilities ⁽⁴⁾	(10)	16 ⁽⁵⁾	(29)	15	(67)

⁽¹⁾ Net experience gains on pension plan assets were \$184 million (2008 loss of \$392 million, 2007 gains of \$32 million, 2006 gains of \$314 million)

⁽²⁾ Net experience losses on pension plan liabilities were \$17 million (2008 \$29 million, 2007 \$112 million, 2006 \$113 million)

⁽³⁾ Net experience gains on medical plan assets were nil (2008 \$1 million, 2007 losses of \$1 million, 2006 losses of \$1 million)

⁽⁴⁾ Net experience losses on medical plan liabilities were \$3 million (2008 \$7 million, 2007 \$4 million, 2006 gains of \$36 million)

⁽⁵⁾ Includes actuarial gains of \$11 million due to a change in modelling methodology

Cumulative net actuarial losses recognised in the Consolidated statement of comprehensive income are \$509 million (2008 \$292 million, 2007 \$163 million, 2006 \$126 million, 2005 \$228 million)

The market value of assets was used to determine the funding level of the plans. The market value of the assets of the funded plans was sufficient to cover 97% (2008 101%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions. Companies within the Group are paying contributions as required in accordance with local actuarial advice. As the majority of the defined benefit pension plans are closed to new members, it is expected that contributions (in local currency) will increase as the members age

The actual return on plan assets in respect of defined benefit pension schemes was a gain of \$340 million (2008 loss of \$178 million)

Income statement

The amounts recognised in the income statement are as follows

US\$ million	2009			2008		
	Pension plans	Post retirement medical plans	Total plans	Pension plans	Post retirement medical plans	Total plans
Analysis of the amount charged to operating profit						
Current service costs	32	4	36	43	5	48
Past service costs	—	—	—	1	—	1
Total within operating costs	32	4	36	44	5	49
Analysis of the amount charged to net finance costs						
Expected return on plan assets ⁽¹⁾	(156)	(1)	(157)	(214)	(1)	(215)
Interest costs on plan liabilities ⁽²⁾	156	18	174	180	21	201
Net charge/(credit) to net finance costs	—	17	17	(34)	20	(14)
Total charge to the income statement	32	21	53	10	25	35

⁽¹⁾ Included in Investment income

⁽²⁾ Included in Interest expense

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits under IAS 19 *Employee Benefits* are detailed below (shown as weighted averages)

%	2009			2008		
	Southern Africa	The Americas	Europe	Southern Africa	The Americas	Europe
Defined benefit pension plans						
Average discount rate for plan liabilities	9.0	8.5	5.7	7.3	8.6	6.0
Average rate of inflation	5.8	3.7	3.7	4.0	3.7	2.7
Average rate of increase in salaries	7.0	6.1	3.7	5.3	5.4	2.7
Average rate of increase of pensions in payment	5.8	3.1	3.7	4.0	3.2	2.8
Average long term rate of return on plan assets ⁽¹⁾	9.6	10.5	6.6	7.6	11.3	5.9
Post retirement medical plans						
Average discount rate for plan liabilities	9.0	6.6	n/a	7.3	7.1	n/a
Average rate of inflation	5.8	1.1	n/a	4.0	0.5	n/a
Expected average increase in healthcare costs	7.2	4.1	n/a	5.4	3.8	n/a

⁽¹⁾ The long term expected return on plan assets has been set with reference to current market yields on government and corporate bonds and expected equity bond-outperformance in the relevant jurisdictions. The expected return on cash assets has been set with reference to expected bank base rates. The overall long term expected rate of return for each class is weighted by the asset allocation to the class at the balance sheet date

Mortality assumptions are determined based on standard mortality tables with adjustments, as appropriate, to reflect experience of conditions locally. In southern Africa, the PA90 tables (2008 the PA90 tables) are used. The main schemes in Europe use the SAPS and PXA00 tables (2008 PXA00 tables). The main schemes in the Americas use the RV2004, AT2000 and UP94 tables (2008 RV2004, AT83 and UP24 tables). The mortality tables used imply that a male or female aged 60 at the balance sheet date has the following future life expectancy

Years	Male		Female	
	2009	2008	2009	2008
Southern Africa	20.5	20.5	25.4	25.5
The Americas	23.2	22.4	26.9	26.5
Europe	27.3	25.7	29.9	28.1

27 Retirement benefits continued

The market value of the pension assets in defined benefit pension plans and long term expected rate of return as at 31 December 2009 and 31 December 2008 are as follows

	Southern Africa		The Americas		Europe		Total
	Rate of return %	Fair value US\$ million	Rate of return %	Fair value US\$ million	Rate of return %	Fair value US\$ million	Fair value US\$ million
At 31 December 2009							
Equity	11.7	332	9.5	75	8.1	774	1,181
Bonds	8.5	558	10.9	196	5.1	687	1,441
Other	7.0	44	9.4	10	4.0	55	109
Fair value of pension plan assets		934		281		1,516	2,731
Present value of unfunded obligations		–		(146)		(5)	(151)
Present value of funded obligations		(791)		(308)		(1,725)	(2,824)
Present value of pension plan liabilities		(791)		(454)		(1,730)	(2,975)
Net surplus/(deficit) in pension plans		143		(173)		(214)	(244)
Surplus restriction related to pension plans		(89)		–		(17) ⁽¹⁾	(106)
Recognised pension plan assets/(liabilities)		54		(173)		(231)	(350)
Amounts in the balance sheet							
Pension assets		54		–		–	54
Pension liabilities		–		(173)		(231)	(404)
		54		(173)		(231)	(350)
At 31 December 2008							
Equity	10.0	231	10.5	49	7.4	568	848
Bonds	6.6	422	11.7	137	5.2	427	986
Other	5.2	42	8.9	7	2.7	190	239
Fair value of pension plan assets		695		193		1,185	2,073
Present value of unfunded obligations		–		(102)		(6)	(108)
Present value of funded obligations		(602)		(223)		(1,224)	(2,049)
Present value of pension plan liabilities		(602)		(325)		(1,230)	(2,157)
Net surplus/(deficit) in pension plans		93		(132)		(45)	(84)
Surplus restriction related to pension plans		(61)		–		–	(61)
Recognised pension plan assets/(liabilities)		32		(132)		(45)	(145)
Amounts in the balance sheet							
Pension assets		32		–		–	32
Pension liabilities		–		(132)		(45)	(177)
		32		(132)		(45)	(145)

⁽¹⁾ Relates to an additional liability required in accordance with IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset: Minimum Funding Requirements and their Interaction*

27 Retirement benefits continued**Movement analysis**

The changes in the present value of defined benefit obligations are as follows

US\$ million	2009			2008		
	Pension plans	Post retirement medical plans	Total plans	Pension plans	Post retirement medical plans	Total plans
At 1 January	(2,157)	(241)	(2,398)	(3,095)	(329)	(3,424)
Current service costs	(32)	(4)	(36)	(43)	(5)	(48)
Past service costs and effects of settlements and curtailments	—	—	—	(1)	—	(1)
Interest costs	(156)	(18)	(174)	(180)	(21)	(201)
Actuarial (losses)/gains	(361)	(10)	(371)	208	16	224
Benefits paid	135	16	151	145	16	161
Contributions paid by other members	(7)	(3)	(10)	(9)	(3)	(12)
Transfer to liabilities directly associated with assets held for sale	(1)	—	(1)	—	—	—
Currency movements	(396)	(62)	(458)	818	85	903
At 31 December	(2,975)	(322)	(3,297)	(2,157)	(241)	(2,398)

The changes in the fair value of plan assets are as follows

US\$ million	2009			2008		
	Pension plans	Post retirement medical plans	Total plans	Pension plans	Post retirement medical plans	Total plans
At 1 January	2,073	17	2,090	3,148	20	3,168
Expected return	156	1	157	214	1	215
Actuarial gains/(losses)	184	—	184	(392)	1	(391)
Contributions paid by employer	62	13	75	50	11	61
Contributions paid by other members	7	3	10	9	5	14
Benefits paid	(135)	(16)	(151)	(145)	(16)	(161)
Currency movements	384	2	386	(811)	(5)	(816)
At 31 December	2,731	20	2,751	2,073	17	2,090

Assumed healthcare trend rates have a significant effect on the amounts recognised in the income statement. A 1% change in assumed healthcare cost trend rates would have the following effects

US\$ million	1% increase		1% decrease	
	2009	2008	2009	2008
Effect on the sum of service costs and interest costs	4	3	(3)	(3)
Effect on defined benefit obligations	36	28	(30)	(26)

The Group expects to contribute approximately \$58 million to its defined benefit pension plans and \$30 million to its post retirement medical plans in 2010

28. Called-up share capital and share-based payments**Called-up share capital**

	2009		2008		2007	
	Number of shares	US\$ million	Number of shares	US\$ million	Number of shares	US\$ million
Authorised						
5% cumulative preference shares of £1 each	50,000	—	50,000	—	50,000	—
Ordinary shares of 54 ⁸⁶ / ₉₁ US cents each	1,820,000,000	1,000	1,820,000,000	1,000	1,820,000,000	1,000
		1,000		1,000		1,000
Called-up allotted and fully paid						
5% cumulative preference shares of £1 each	50,000	—	50,000	—	50,000	—
Ordinary shares of 54 ⁸⁶ / ₉₁ US cents each						
At 1 January	1,342,919,020	738	1,342,911,897	738		
Other	8,118	—	7,123	—		
At 31 December	1,342,927,138	738	1,342,919,020	738	1,342,911,897	738

28. Called-up share capital and share-based payments continued

During 2009 8,118 ordinary shares of 54⁶⁶/₆₁ US cents each were allotted to certain non-executive directors by subscription of their after tax directors' fees (2008 7 123 ordinary shares)

In 2009 no ordinary shares were purchased by the Company and held in treasury (2008 5,649,992 ordinary shares) Excluding shares held in treasury (but including the shares held by the Group in other structures, as outlined in the Tenon and Employee benefit trust sections below) the number of called-up, allotted and fully paid ordinary shares as at 31 December 2009 was 1,316 493 628 \$723 million (2008 1,316,485,510, \$723 million)

At 31 December 2009 the Company held 26,433,510 ordinary shares of 54⁶⁶/₆₁ US cents in treasury (2008 26,433,510 ordinary shares)

At general meetings, every member who is present in person has one vote on a show of hands and on a poll every member who is present in person or by proxy has one vote for every ordinary share held

In the event of winding up the holders of the cumulative preference shares will be entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up on the cumulative preference shares held by them and any accrued dividend whether such dividend has been earned or declared or not, calculated up to the date of the winding up

No ordinary shares were allotted on exercise of employee share option plans (2008 nil)

Tenon

Tenon Investment Holdings (Pty) Limited (Tenon) a wholly owned subsidiary of Anglo American South Africa Limited (AASA) has entered into agreements with Epoch Investment Holdings Limited (Epoch) Epoch Two Investment Holdings Limited (Epoch Two) and Tarl Investments Holdings Limited (Tarl) (collectively the Investment Companies), each owned by independent charitable trusts whose trustees are independent of the Group Under the terms of these agreements, the Investment Companies have purchased Anglo American plc shares on the market and have granted to Tenon the right to nominate a third party (which may include Anglo American plc but not any of its subsidiaries) to take transfer of the Anglo American plc shares each has purchased on the market Tenon paid the Investment Companies 80% of the cost of the Anglo American plc shares including associated costs for this right to nominate which together with subscriptions by Tenon for non-voting participating redeemable preference shares in the Investment Companies provided all the funding required to acquire the Anglo American plc shares through the market These payments by Tenon were sourced from the cash resources of AASA Tenon is able to exercise its right of nomination at any time up to 31 December 2025 against payment of an average amount of \$7 35 per share to Epoch \$11 44 per share to Epoch Two and \$9 49 per share to Tarl which will be equal to 20% of the total costs respectively incurred by Epoch, Epoch Two and Tarl in purchasing shares nominated for transfer to the third party These funds will then become available for redemption of the preference shares issued by the Investment Companies The amount payable by the third party on receipt of the Anglo American plc shares will accrue to Tenon and, in accordance with paragraph 33 of IAS 32 any resulting gain or loss recorded by Tenon will not be recognised in the income statement of Anglo American plc

Under the agreements the Investment Companies will receive dividends on the shares they hold and have agreed to waive the right to vote 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 2009 the Investment Companies together held 112,300,129 (2008 112 300 129) Anglo American plc shares with a market value of \$4 915 million (2008 \$2 511 million) which represented 9% (2008 9%) of the ordinary shares in issue (excluding treasury shares) The Investment Companies are not permitted to hold more than an aggregate of 10% of the issued share capital of Anglo American plc at any one time

Although the Group has no voting rights in the Investment Companies and cannot appoint or remove trustees of the charitable trusts, the Investment Companies meet the accounting definition of a subsidiary in accordance with IAS 27 *Consolidated and Separate Financial Statements* As a result the Investment Companies are consolidated in accordance with the definitions of IAS 27 and the principles set out in SIC 12 *Consolidation – Special Purpose Entities*

Employee benefit trust

The provision of shares to certain of the Company's share option and share incentive schemes is facilitated by an employee benefit trust During 2009 3,496,000 shares (2008 5,248,591 shares) were sold to employees on exercise of their options, and provisional allocations were made to options already awarded The cost of shares purchased by the trust is presented against retained earnings The employee benefit trust has waived the right to receive dividends on these shares

The market value of the 949,244 shares (2008 4,445,244 shares) held by the trust at 31 December 2009 was \$44 million (2008 \$99 million)

The costs of operating the trust are borne by the Group but are not material

Share-based payments

During the year ended 31 December 2009, the Group had six share-based payment arrangements with employees, the details of which are described in the Remuneration report All of the Group's schemes are equity settled either by award of options to acquire ordinary shares (ESOS SAYE and former AAC Executive Share Incentive Scheme) or award of ordinary shares (BSP LTIP and SIP) The ESOS and former AAC Executive Share Incentive Scheme are now closed to new participants having been replaced with the BSP

The total share-based payment charge relating to Anglo American plc shares for the year was made up as follows

US\$ million	2009	2008
BSP	57	50
LTIP	50	53
Other schemes	19	9
	126	112

28. Called-up share capital and share-based payments continued

The fair values of options granted under the ESOS and SAYE schemes, being the more material option schemes, were calculated using a Black Scholes model. No ESOS awards were granted in 2009 or 2008. The assumptions used in these calculations for the current and prior years are set out in the table below.

Arrangement ⁽¹⁾	2009 SAYE	2008 SAYE
Date of grant	23/04/09	24/04/08
Number of instruments	1,481,927	307,297
Exercise price (£)	9.56	24.16
Share price at the date of grant (£)	11.95	30.20
Contractual life (years)	3.5-7.5	3.5-7.5
Vesting conditions ⁽²⁾	3-7	3-7
Expected volatility	45%	35%
Expected option life (years)	3.5-7.5	3.5-7.5
Risk free interest rate	2.7%	4.6%
Expected departures	5% pa	5% pa
Expected outcome of meeting performance criteria (at date of grant)	n/a	n/a
Fair value per option granted (weighted average) (£)	6.71	13.32

The fair value of ordinary shares awarded under the BSP, LTIP and LTIP – ROCE, being the more material share schemes, was calculated using a Black Scholes model. The fair value of shares awarded under the LTIP – TSR scheme was calculated using a Monte Carlo model. The assumptions used in these calculations for the current and prior years are set out in the table below.

Arrangement ⁽¹⁾	2009				2008		
	BSP	LTIP	LTIP – ROCE	LTIP – TSR	BSP	LTIP – ROCE	LTIP – TSR
Date of grant	18/03/09	30/03/09	30/03/09	30/03/09	29/02/08	17/03/08	17/03/08
Number of instruments	5,929,013	837,180	468,132	468,132	1,690,350	795,465	795,465
Exercise price (£)	—	—	—	—	—	—	—
Share price at the date of grant (£)	11.62	12.61	12.61	10.81	28.21	31.35	31.35
Contractual life (years)	3	3	3	3	3	3	3
Vesting conditions	⁽³⁾	⁽⁴⁾	⁽⁵⁾	⁽⁶⁾	⁽³⁾	⁽⁵⁾	⁽⁶⁾
Expected volatility	45%	45%	45%	45%	35%	35%	35%
Expected option life (years)	3	3	3	3	3	3	3
Risk free interest rate	2.0%	1.8%	1.8%	1.8%	4.0%	3.7%	3.7%
Expected departures	5% pa	5% pa	5% pa	5% pa	5% pa	5% pa	5% pa
Expected outcome of meeting performance criteria (at date of grant)	44-100%	100%	100%	n/a	44-100%	100%	n/a
Fair value per option granted (weighted average) (£)	11.12	10.81	10.81	8.38	31.22	26.93	19.69

⁽¹⁾ The number of instruments used in the fair value models differs from the total number of instruments awarded in the year due to awards made subsequent to the fair value calculations. The fair value calculated per the assumptions above has been applied to the total number of awards. The difference in income statement charge is not considered significant.

⁽²⁾ Number of years of continuous employment.

⁽³⁾ Three years of continuous employment with enhancement shares having variable vesting based on non-market based performance conditions.

⁽⁴⁾ Three years of continuous employment.

⁽⁵⁾ Variable vesting dependent on three years of continuous employment and Group ROCE target being achieved.

⁽⁶⁾ 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 expected life is the average expected period to exercise. The risk free interest rate is the yield on zero-coupon UK government bonds with a term similar to the expected life of the option.

The charges arising in respect of the other employee share schemes that the Group operated during the year are not considered material.

28 Called-up share capital and share-based payments continued

A reconciliation of option movements for the more significant share-based payment arrangements over the year to 31 December 2009 and the prior year is shown below. All options outstanding at 31 December 2009 with an exercise date on or prior to 31 December 2009 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2009 was £19.45 (2008 £25.99).

Executive Share Option Scheme⁽¹⁾

Options to acquire ordinary shares of 54¹⁶/₉₁ US cents were outstanding under the terms of this scheme as follows

At 31 December 2009

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2009	Options granted in year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2009
1999	24 June 2002 to 23 June 2009	6.98	514,333	—	(514,333)	—	—	—
1999	19 October 2002 to 18 October 2009	8.00	7,000	—	(7,000)	—	—	—
2000	23 March 2003 to 22 March 2010	7.66	716,122	—	(299,888)	(9,000)	—	407,234
2000	12 September 2003 to 11 September 2010	10.19	3,056	—	—	—	—	3,056
2001	2 April 2004 to 1 April 2011	10.03	879,620	—	(161,312)	(22,408)	—	695,900
2001	13 September 2004 to 12 September 2011	8.00	23,750	—	—	—	—	23,750
2002	18 March 2005 to 17 March 2012	11.50	943,861	—	(176,520)	(25,338)	—	742,003
2002	13 September 2005 to 12 September 2012	8.05	7,000	—	—	—	—	7,000
2003	5 March 2006 to 4 March 2013	9.28	1,763,011	—	(332,431)	(64,258)	—	1,366,322
2003	13 August 2006 to 12 August 2013	11.41	22,500	—	(12,500)	(10,000)	—	—
2004	1 March 2007 to 28 February 2014	13.43	1,927,167	—	(319,961)	(170,041)	—	1,437,165
2004	10 August 2007 to 9 August 2014	11.52	57,309	—	(23,500)	—	—	33,809
2004	29 November 2007 to 28 November 2014	12.73	8,791	—	(8,791)	—	—	—
2005	6 January 2008 to 4 January 2015	12.12	37,579	—	—	—	—	37,579
2005	1 August 2008 to 31 July 2015	14.40	18,000	—	—	—	—	18,000
2005	19 August 2008 to 18 August 2015	13.94	2,750	—	—	—	—	2,750
			6,931,849	—	(1,856,236)	(301,045)	—	4,774,568

At 31 December 2008

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2008	Options granted in year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2008
1999	24 June 2002 to 23 June 2009	6.98	772,256	—	(247,973)	(9,950)	—	514,333
1999	19 October 2002 to 18 October 2009	8.00	29,000	—	—	(22,000)	—	7,000
2000	23 March 2003 to 22 March 2010	7.66	1,056,732	—	(267,610)	(73,000)	—	716,122
2000	12 September 2003 to 11 September 2010	10.19	15,000	—	(8,944)	(3,000)	—	3,056
2001	2 April 2004 to 1 April 2011	10.03	1,251,064	—	(211,600)	(159,844)	—	879,620
2001	13 September 2004 to 12 September 2011	8.00	26,750	—	—	(3,000)	—	23,750
2002	18 March 2005 to 17 March 2012	11.50	1,298,242	—	(220,781)	(133,600)	—	943,861
2002	13 September 2005 to 12 September 2012	8.05	11,000	—	—	(4,000)	—	7,000
2003	5 March 2006 to 4 March 2013	9.28	2,350,685	—	(417,174)	(170,500)	—	1,763,011
2003	13 August 2006 to 12 August 2013	11.41	32,937	—	(9,437)	(1,000)	—	22,500
2004	1 March 2007 to 28 February 2014	13.43	2,641,345	—	(540,912)	(173,266)	—	1,927,167
2004	10 August 2007 to 9 August 2014	11.52	84,373	—	(23,064)	(4,000)	—	57,309
2004	29 November 2007 to 28 November 2014	12.73	11,147	—	(2,356)	—	—	8,791
2005	6 January 2008 to 4 January 2015	12.12	37,579	—	—	—	—	37,579
2005	1 August 2008 to 31 July 2015	14.40	18,000	—	—	—	—	18,000
2005	19 August 2008 to 18 August 2015	13.94	5,500	—	(2,750)	—	—	2,750
			9,641,610	—	(1,952,601)	(757,160)	—	6,931,849

See page 136 for footnote

28 Called-up share capital and share-based payments continued**SAYE Share Option Scheme⁽¹⁾**Options to acquire ordinary shares of 54⁹⁶/₁₀₀ US cents were outstanding under the terms of this scheme as follows

At 31 December 2009

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2009	Options granted in year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2009
2001	1 July 2008 to 31 December 2008	8 45	870	–	–	(870)	–	–
2002	1 September 2009 to 28 February 2010	9 23	24 349	–	(19,892)	(2,278)	–	2,179
2003	1 September 2008 to 28 February 2009	7 52	4 189	–	(3,491)	(698)	–	–
2003	1 September 2010 to 28 February 2011	7 52	40,908	–	(3,103)	(1,049)	–	36,756
2004	1 September 2009 to 28 February 2010	10 81	69,295	–	(65,799)	(2,107)	–	1,389
2004	1 September 2011 to 29 February 2012	10 81	18,129	–	(3,278)	(2,007)	–	12,844
2005	1 September 2008 to 28 February 2009	10 15	7,733	–	(3,780)	(3,953)	–	–
2005	1 September 2010 to 28 February 2011	10 15	237,371	–	(27,734)	(18,425)	–	191,212
2005	1 September 2012 to 28 February 2013	10 15	43,060	–	(2,904)	(6 390)	–	33,766
2006	1 September 2009 to 28 February 2010	17 97	169,942	–	(109,117)	(38,521)	–	22,304
2006	1 September 2011 to 29 February 2012	17 97	105,138	–	(2,599)	(44,935)	–	57,604
2006	1 September 2013 to 28 February 2014	17 97	28,699	–	(269)	(10,350)	–	18,080
2007	1 September 2010 to 28 February 2011	21 42	137,115	–	(840)	(63,691)	–	72,584
2007	1 September 2012 to 28 February 2013	21 42	72,086	–	(539)	(34,617)	–	36,930
2007	1 September 2014 to 28 February 2015	21 42	30 991	–	–	(13,901)	–	17,090
2008	1 September 2011 to 29 February 2012	24 16	168,225	–	(220)	(103,169)	–	64,836
2008	1 September 2013 to 28 February 2014	24 16	69,231	–	(92)	(42,292)	–	26,847
2008	1 September 2015 to 29 February 2016	24 16	32,378	–	–	(19,314)	–	13,064
2009	1 September 2012 to 28 February 2013	9 56	–	847,891	(235)	(25,411)	–	822,245
2009	1 September 2014 to 28 February 2015	9 56	–	498,808	(515)	(20,543)	–	477,750
2009	1 September 2016 to 28 February 2017	9 56	–	135,228	–	(5,282)	–	129 946
			1,259,709	1,481,927	(244,407)	(459,803)	–	2,037,426

At 31 December 2008

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2008	Options granted in year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2008
2000	1 July 2007 to 31 December 2007	4 85	5,528	–	–	(5 528)	–	–
2001	1 July 2008 to 31 December 2008	8 45	36,294	–	(35 392)	(32)	–	870
2002	1 September 2007 to 29 February 2008	9 23	2,648	–	(429)	(2 219)	–	–
2002	1 September 2009 to 28 February 2010	9 23	24,738	–	(333)	(56)	–	24 349
2003	1 September 2008 to 28 February 2009	7 52	152 728	–	(147,206)	(1,333)	–	4 189
2003	1 September 2010 to 28 February 2011	7 52	40 908	–	–	–	–	40,908
2004	1 September 2007 to 29 February 2008	10 81	2 506	–	(2,089)	(417)	–	–
2004	1 September 2009 to 28 February 2010	10 81	72 162	–	(1,441)	(1,426)	–	69,295
2004	1 September 2011 to 29 February 2012	10 81	18 324	–	–	(195)	–	18 129
2005	1 September 2008 to 28 February 2009	10 15	275 727	–	(262,405)	(5 589)	–	7 733
2005	1 September 2010 to 28 February 2011	10 15	254 714	–	(7,419)	(9 924)	–	237 371
2005	1 September 2012 to 28 February 2013	10 15	48 059	–	(162)	(4 837)	–	43 060
2006	1 September 2009 to 28 February 2010	17 97	208 452	–	(2 459)	(36 051)	–	169 942
2006	1 September 2011 to 29 February 2012	17 97	122,114	–	(288)	(16 688)	–	105 138
2006	1 September 2013 to 28 February 2014	17 97	34 021	–	(133)	(5,189)	–	28 699
2007	1 September 2010 to 28 February 2011	21 42	178 172	–	(501)	(40,556)	–	137 115
2007	1 September 2012 to 28 February 2013	21 42	86 324	–	(64)	(14,174)	–	72,086
2007	1 September 2014 to 28 February 2015	21 42	36 918	–	–	(5,927)	–	30 991
2008	1 September 2011 to 29 February 2012	24 16	–	194,711	–	(26 486)	–	168 225
2008	1 September 2013 to 28 February 2014	24 16	–	76 937	–	(7 706)	–	69,231
2008	1 September 2015 to 29 February 2016	24 16	–	35 649	–	(3 271)	–	32 378
			1 600 337	307 297	(460,321)	(187 604)	–	1 259 709

See page 136 for footnote

28 Called-up share capital and share-based payments continued

Former AAC Executive Share Incentive Scheme⁽¹⁾

At 31 December 2009

All options relating to the former AAC Executive Share Incentive Scheme were exercised or expired during 2008

At 31 December 2008

Year of grant	Date exercisable	Options outstanding 1 Jan 2008	Options granted in year	Options exercised in year	Options forfeited in year	Options expired in year	Options outstanding 31 Dec 2008
1998	1 January 2000 to 4 December 2008	679 800	–	(587,560)	–	(92 240)	–
1999	4 January 2001 to 4 January 2009	38 700	–	(33,900)	–	(4,800)	–
		718,500	–	(621,460)	–	(97,040)	–

See following page for footnote

Long Term Incentive Plan⁽¹⁾⁽²⁾

Ordinary shares of 54⁵⁵/₅₁ US cents may be awarded for no consideration under the terms of this scheme. The number of shares outstanding is shown below

At 31 December 2009

Year of grant	Vesting date	Shares outstanding 1 Jan 2009	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 Dec 2009
2006	29 March 2009	1,202,032	–	(598,386)	(603,646)	–	–
2007	23 March 2010	1,604,945	–	(31,000)	(48,772)	–	1,525,173
2008	17 March 2011	1,576,018	–	–	(75,770)	–	1,500,248
2008	18 August 2011	83,200	–	(250)	(9,000)	–	73,950
2009	30 March 2012	–	1,773,444	(29,773)	(52,127)	–	1,691,544
		4,466,195	1,773,444	(659,409)	(789,315)	–	4,790,915

At 31 December 2008

Year of grant	Vesting date	Shares outstanding 1 Jan 2008	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 Dec 2008
2005	2 April 2008	1 806 992	–	(1 563 495)	(243 497)	–	–
2005	1 June 2008	61 993	–	(61 993)	–	–	–
2006	29 March 2009	1 423 723	–	(14,375)	(207,316)	–	1 202,032
2007	23 March 2010	1 760 571	–	(5,526)	(150,100)	–	1 604,945
2008	17 March 2011	–	1 623,929	–	(47,911)	–	1 576,018
2008	18 August 2011	–	83,200	–	–	–	83,200
		5,053,279	1,707,129	(1,645,389)	(648,824)	–	4,466,195

See following page for footnotes

28 Called-up share capital and share-based payments continued**Bonus Share Plan⁽¹⁾**

Ordinary shares of 54⁹⁶/₁₀₀ US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below.

At 31 December 2009

Year of grant	Performance period end date	Shares outstanding 1 Jan 2009	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 Dec 2009
2005	31 December 2007	826	–	–	(826)	–	–
2006	31 December 2008	1,270,144	–	(1,232,752)	(36,028)	–	1,364
2007	31 December 2009	1,396,613	–	(48,233)	(41,875)	–	1,306,505
2008	31 December 2010	1,622,451	–	(40,756)	(45,920)	–	1,535,775
2009	31 December 2011	–	5,943,960	(146,171)	(52,021)	–	5,745,768
		4,290,034	5,943,960	(1,467,912)	(176,670)	–	8,589,412

At 31 December 2008

Year of grant	Performance period end date	Shares outstanding 1 Jan 2008	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 Dec 2008
2004	31 December 2006	5,684	–	(5,684)	–	–	–
2005	31 December 2007	1,847,813	–	(1,709,848)	(137,139)	–	826
2006	31 December 2008	1,424,558	–	(75,498)	(78,916)	–	1,270,144
2007	31 December 2009	1,544,288	–	(54,786)	(92,889)	–	1,396,613
2008	31 December 2010	–	1,701,688	(28,623)	(50,614)	–	1,622,451
		4,822,343	1,701,688	(1,874,439)	(359,558)	–	4,290,034

Share Incentive Plan

Ordinary shares of 54⁹⁶/₁₀₀ US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below.

	Awards outstanding at 31 Dec 2009	Awards outstanding at 31 Dec 2008	Latest release date
Share Incentive Plan	985,681	968,341	7 December 2012

⁽¹⁾ The early exercise of share options is permitted at the discretion of the Company upon the termination of employment, ill health or death.

⁽²⁾ The LTIP awards are contingent on pre-established performance criteria being met. Further information in respect of this scheme is shown in the Remuneration report.

⁽³⁾ The BSP was approved by shareholders in 2004 as a replacement for the ESOS and the Deferred Bonus Plan. Further information in respect of the BSP, including performance conditions, is shown in the Remuneration report.

29 Consolidated equity analysis

An analysis of Deferred tax and Tax on items transferred from equity by individual item presented in the Consolidated statement of comprehensive income is presented below.

US\$ million	2009	2008
Deferred tax		
Revaluation of available for sale investments	(105)	79
Cash flow hedges	(22)	56
Actuarial net loss on post retirement benefit schemes	53	32
Net deferred tax recognised directly in equity	(74)	167
Tax on items transferred from equity		
Transferred to income statement – sale of available for sale investments	135	–
Transferred to income statement – cash flow hedges	(51)	(94)
Transferred to initial carrying amount of hedged items – cash flow hedges	(7)	–
Net tax on total transferred from equity	77	(94)

Fair value and other reserves comprise

US\$ million	Convertible debt reserve	Available for sale reserve	Cash flow hedge reserve	Other reserves ⁽¹⁾	Total fair value and other reserves
Balance at 1 January 2008	–	2,373	(304)	804	2,873
Total comprehensive income	–	(1,285)	110	–	(1,175)
Other	–	–	–	34	34
Balance at 1 January 2009	–	1,088	(194)	838	1,732
Total comprehensive income	–	(783)	226	–	(557)
Issue of convertible bond	355	–	–	–	355
Disposal of businesses	–	–	(1)	–	(1)
Balance at 31 December 2009	355	305	31	838	1,529

⁽¹⁾ Other reserves comprise a legal reserve of \$689 million (2008: \$689 million), a revaluation reserve of \$34 million (2008: \$34 million) and a capital redemption reserve of \$115 million (2008: \$115 million).

30 Consolidated cash flow analysis

a) Reconciliation of profit before tax to cash inflows from operations

US\$ million	2009	2008
Profit before tax	4 029	8 571
Depreciation and amortisation	1,725	1 509
Share-based payment charges	204	155
Net profit on disposals	(1,612)	(1 009)
Operating and financing remeasurements	(504)	728
Non-cash element of operating special items	1 981	284
Net finance costs before remeasurements	273	452
Share of net income from associates	(84)	(1,113)
Provisions	(46)	46
Decrease/(increase) in inventories	23	(999)
(Increase)/decrease in operating receivables	(360)	80
(Decrease)/increase in operating payables	(573)	896
Deferred stripping	(150)	(89)
Other adjustments	(2)	68
Cash inflows from operations	4,904	9 579

b) Reconciliation to the balance sheet

US\$ million	Cash and cash equivalents ⁽¹⁾		Short term borrowings		Medium and long term borrowings		Current financial asset investments	
	2009	2008	2009	2008	2009	2008	2009	2008
Balance sheet	3,269	2 771	(1 499)	(6 784)	(12,816)	(7 211)	3	173
Balance sheet – disposal groups ⁽²⁾	64	8	–	–	(3)	–	–	–
Bank overdrafts	(1)	(35)	1	35	–	–	–	–
Bank overdrafts – disposal groups ⁽²⁾	(13)	–	–	–	–	–	–	–
Net debt classifications	3,319	2 744	(1 498)	(6 749)	(12,819)	(7 211)	3	173

⁽¹⁾ Short term borrowings on the balance sheet include overdrafts which are included within cash and cash equivalents in determining net debt

⁽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

c) Movement in net debt

US\$ million	Cash and cash equivalents ⁽¹⁾	Debt due within one year	Debt due after one year	Current financial asset investments	Net debt excluding hedges	Hedges ⁽²⁾	Total net debt including hedges
Balance at 1 January 2008	3,074	(5 909)	(2 404)	–	(5,239)	388	(4,851)
Cash flow	(143)	(1 432)	(5,181)	210	(6,546)	(380)	(6,926)
Acquisition of businesses	–	(209)	(461)	–	(670)	–	(670)
Reclassifications	–	190	(190)	–	–	–	–
Movement in fair value	–	(11)	(176)	–	(187)	(305)	(492)
Other non-cash movements	–	–	(15)	–	(15)	–	(15)
Currency movements	(187)	622	1,216	(37)	1,614	–	1 614
Balance at 1 January 2009	2,744	(6,749)	(7 211)	173 ⁽³⁾	(11 043)	(297)	(11,340)
Cash flow ⁽⁴⁾	259	6 624	(6 253)	(200)	430	85	515
Unwinding of discount on convertible bond	–	–	(39)	–	(39)	–	(39)
Equity component of convertible bond ⁽⁴⁾	–	–	355	–	355	–	355
Reclassifications	–	(917)	917	–	–	–	–
Movement in fair value	–	–	63	–	63	(73)	(10)
Other non-cash movements	–	(15)	(26)	3	(38)	–	(38)
Currency movements	316	(441)	(625)	27	(723)	–	(723)
Balance at 31 December 2009	3,319	(1,498)	(12,819)	3	(10,995)	(285)	(11,280)

⁽¹⁾ The Group operates in certain countries (principally South Africa and Venezuela) where the existence of exchange controls may restrict the use of certain cash balances. In addition, the use of cash balances of \$111 million (2008 \$91 million) are subject to certain legal restrictions. These restrictions are not expected to have a material effect on the Group's ability to meet ongoing obligations

⁽²⁾ Derivative instruments that provide an economic hedge of assets and liabilities in net debt are included above to reflect the true net debt position of the Group at the year end. These consist of net current derivative assets of \$41 million (2008 \$437 million net liabilities) and net non-current derivative liabilities of \$326 million (2008 \$140 million net assets) which are classified within Other financial assets (derivatives) and Other financial liabilities (derivatives) on the balance sheet

⁽³⁾ Relates to amounts invested in unlisted preference shares (guaranteed by Nedbank Limited and Nedbank Group Limited) pending completion of the disposal of the Group's 50% interest in the Booyensdal joint venture. This amount was received upon completion of the transaction in June 2009

⁽⁴⁾ The issue of the convertible bond had a net impact on debt due after one year at the date of issue of \$1 330 million due to the conversion feature of \$355 million which is presented separately in equity

31 EBITDA by segment

US\$ million	2009	2008
By segment⁽¹⁾		
Platinum	677	2 675
Diamonds	215	665
Copper	2,254	2,104
Nickel	28	150
Iron Ore and Manganese	1,593	2 625
Metallurgical Coal	706	1 319
Thermal Coal	875	1 200
Other Mining and Industrial	878	1 513
Exploration	(172)	(212)
Corporate Activities and Unallocated Costs	(124)	(192)
EBITDA	6,930	11 847

⁽¹⁾ Due to the portfolio and management structure changes announced in October 2009, the segments have changed from those reported at 31 December 2008. Comparatives have been reclassified to align with current year presentation.

EBITDA is stated before special items and remeasurements and is reconciled to operating profit, including attributable share of associates, before special items and remeasurements and to 'Total profit from operations and associates' as follows:

US\$ million	2009	2008
Total profit from operations and associates	4,436	8 972
Operating special items and remeasurements (including associates)	1,840	1,357
Net profit on disposals (including associates)	(1,632)	(1,027)
Associates' financing special items and remeasurements	1	15
Share of associates' interest, tax and minority interests	312	768
Operating profit, including associates, before special items and remeasurements	4,957	10 085
Depreciation and amortisation - subsidiaries and joint ventures	1,725	1 509
Depreciation and amortisation - associates	248	253
EBITDA	6,930	11 847

EBITDA is reconciled to 'Cash inflows from operations' as follows:

US\$ million	2009	2008
EBITDA	6,930	11 847
Share of operating profit of associates before special items and remeasurements	(580)	(2,104)
Cash element of operating special items	(294)	(68)
Depreciation and amortisation in associates	(248)	(253)
Share-based payment charges	204	155
Provisions	(46)	46
Decrease/(increase) in inventories	23	(999)
(Increase)/decrease in operating receivables	(360)	80
(Decrease)/increase in operating payables	(573)	896
Deferred stripping	(150)	(89)
Other adjustments	(2)	68
Cash inflows from operations	4 904	9 579

32 Acquisitions

Acquisition of subsidiaries

The Group made no material acquisitions of subsidiaries in the year ended 31 December 2009

In the year ended 31 December 2009 fair values shown principally include final adjustments to the fair value of assets acquired and liabilities assumed in the Anglo Ferrous Brazil SA acquisition including the recognition of provisions in respect of certain power arrangements

The carrying value and fair value of the net assets at the date of acquisition of a controlling interest and related net cash outflows are shown below

US\$ million	2009		2008
	Total carrying value	Total fair value	Total fair value
Net assets acquired			
Tangible assets	1	(4)	997
Other non-current assets	—	—	109
Current assets	2	4	457
Current liabilities	(1)	(8)	(314)
Non-current liabilities	—	(11)	(547)
Minority interests	—	—	(230)
	2	(19)	472
Add Value attributable to reserves and resources acquired net of deferred tax ⁽¹⁾		21	1 649
Fair value of net assets acquired		2	2 121
Goodwill arising on acquisitions		2	1 610
Total cost of acquisitions		4	3 731
Satisfied by			
Net cash acquired		—	255
Net cash paid⁽²⁾		4	3 476

⁽¹⁾ Represents the Group's share of value (implicit in the transaction) of reserves and resources capitalised within tangible assets

⁽²⁾ Represents net cash paid to acquire a controlling interest and therefore excludes \$75 million paid to acquire minority interests in existing subsidiaries (2008 \$2 411 million). In the year ended 31 December 2009 this principally related to Anglo Ferrous Brazil SA (2008 Anglo Ferrous Brazil SA and Anglo Platinum Limited). When totalled with net cash paid to acquire control the net cash paid for acquisition of subsidiaries in the year ended 31 December 2009 is \$79 million (2008 \$5 887 million)

In the year ended 31 December 2008 the Group purchased 7,941,964 shares in Anglo Platinum Limited for total consideration of \$1,108 million. The cash paid in the year ended 31 December 2008 was \$1 113 million. At 31 December 2009 the Group's shareholding in Anglo Platinum Limited was 79.7% (2008 79.6%). The increase in the Group's shareholding since 31 December 2008 is due to treasury shares purchased by Anglo Platinum Limited in the year.

On 5 August 2008 the Group acquired a 63.3% shareholding in Anglo Ferrous Brazil SA, which holds a 51% interest in the Minas Rio iron ore project (Minas Rio) and a 70% interest in Amapá at a price of R\$28 147 (\$18 056) per share. At that time the Group committed to extend the offer to the minority shareholders of Anglo Ferrous Brazil SA. This offer was formally made on 31 October 2008 and remained open through the first quarter of 2009 resulting in a Group shareholding in Anglo Ferrous Brazil SA at 31 December 2009 of 100% (2008 98.9%). Total cash paid to acquire a controlling interest was \$3.5 billion and a further \$2.0 billion (including cash settlement of a related derivative instrument (\$0.7 billion)) was paid to acquire minority interests. In the year ended 31 December 2009 \$49 million was paid to acquire remaining minority interests. These transactions followed on from the acquisition in 2007 of a 49% interest in each of Minas Rio and LLX Minas Rio which owns the port of Açú. As a result of these transactions the Group's effective shareholding in each of the operating entities at 31 December 2009 was 100% in Minas Rio, 49% in LLX Minas Rio and 70% in Amapá (2008 99.4% in Minas Rio, 49% in LLX Minas Rio and 69.2% in Amapá).

32. Acquisitions continued**Acquisition of material joint ventures**

The Group made no material acquisitions of joint ventures in the year ended 31 December 2009 (2008: one)

The fair value of the net assets acquired and related net cash outflow for the prior year are shown below

US\$ million	2008 ⁽¹⁾
Net assets acquired	
Tangible assets	
Value attributable to reserves and resources acquired	835
Other tangible assets	108
Current assets	41
Current liabilities	(37)
Non-current liabilities	(97)
Fair value of net assets acquired and total cost of acquisitions	850
Satisfied by	
Net cash acquired	1
Deferred consideration	242
Net cash paid⁽²⁾	607

⁽¹⁾ Relates to the acquisition of Foxleigh and fair value adjustments on the acquisition of a 49% interest in Minas Rio (which took place in 2007). During 2008 further consideration of \$284 million (which is contingent on certain criteria being met) was recognised in respect of the acquisition of the 49% interest in Minas Rio. This was reduced from the \$600 million recognised in the six months ended 30 June 2008 as a result of a change in the assumptions with regards to payment and purchase of an additional interest in Minas Rio together with an adjustment to the net deferred tax liability recognised to reflect the future tax benefit from cash payments made on acquisition. These adjustments resulted in amendments to the Value attributable to reserves and resources acquired and deferred tax in the acquisition balance sheet

⁽²⁾ In the year ended 31 December 2009 there was net cash paid of \$5 million (2008: \$2 million) for other joint venture acquisitions. This resulted in total net cash paid for investments in joint ventures in the year ended 31 December 2009 of \$5 million (2008: \$609 million)

On 29 February 2008 Metallurgical Coal completed the acquisition of a 70% interest in the Foxleigh joint venture in Queensland, Australia. The total cost of acquisition was \$606 million. The Group has proportionately consolidated 70% of Foxleigh from 29 February 2008

33. Disposals of subsidiaries and businesses

US\$ million	2009	2008
Net assets disposed		
Tangible assets	425	479
Other non-current assets	2	43
Current assets	48	210
Current liabilities	(34)	(83)
Non-current liabilities	(65)	(113)
Net assets	376	536⁽¹⁾
Minority interests	(3)	(116)
Group's share of net assets immediately prior to disposal	373	420
Less: Retained investments in associates	(235)	–
Net assets disposed	138	420
Cumulative translation differences recycled from reserves	–	(2)
Net gain on disposals	316	119
Net sale proceeds	454	537
Proceeds received in prior year	(270)	–
Non-cash consideration	(212)	–
Costs accrued	6	4
Deal facilitation charges	41	–
Deferred consideration	–	(56)
Net cash and cash equivalents disposed	(10)	(4)
Proceeds not yet received	(4)	–
Realised foreign exchange	–	(13)
Net cash inflow from disposals	5⁽²⁾	468

⁽¹⁾ Includes net assets of \$79 million no longer consolidated following loss of control of a subsidiary

⁽²⁾ Net cash of \$64 million has been received in the year ended 31 December 2009 in respect of deferred consideration for disposals in 2008. This resulted in a total net cash inflow of \$69 million from disposals of subsidiaries and businesses in the year ended 31 December 2009

Disposals of subsidiaries and businesses in the year ended 31 December 2009

The disposals of Lebowa and Booyensendal were the only material disposals of a subsidiary or a joint venture in the year. The only material disposals of associates in the year related to the sale of the Group's remaining investments in Tongaat Hulett and Hulamini, which generated a combined net cash inflow of \$662 million (net of transaction costs)

Lebowa and Booyensendal

During the year ended 31 December 2009 the Group disposed of a 50% interest in the Booyensendal joint venture and a 51% interest in Lebowa (and certain other joint venture projects). The disposal of Booyensendal to Mvela took place on 24 June 2009. Total consideration was \$275 million (excluding transaction and deal facilitation costs), of which \$270 million was received in advance in the prior year (invested in unlisted preference shares and an escrow account). Upon completion of the transaction the preference shares were sold whilst \$72 million remains in an escrow account pending completion of documentation. The disposal of Lebowa to Anooraq was completed on 30 June 2009 for total consideration of \$363 million (excluding transaction and deal facilitation costs). The fair value of the consideration was \$247 million (excluding transaction and deal facilitation costs). The Group commenced equity accounting its remaining 49% interest in Lebowa from 30 June 2009. At 31 December 2009 the Group held a 49% interest in Lebowa. These transactions were part of previously announced black economic empowerment deals

The net asset position at the dates of disposal, together with the resulting profit on disposal and related net cash inflow is shown below

US\$ million	2009
Net assets disposed	
Tangible assets	336
Current assets	11
Current liabilities	(24)
Non-current liabilities	(64)
Group's share of net assets immediately prior to disposal	259
Less: Retained investments in associates	(125)
Net assets disposed	134
Net gain on disposals	316
Net sale proceeds	450
Proceeds received in prior year ⁽¹⁾	(270)
Non-cash consideration ⁽²⁾	(212)
Costs accrued	6
Deal facilitation charges	41
Net cash and cash equivalents disposed	(9)
Net cash inflow from disposals of Lebowa and Booyensendal	6

⁽¹⁾ A portion of the proceeds was invested in unlisted preference shares when received. Following completion of the transaction these were sold and \$200 million is included in the Consolidated cash flow statement within Proceeds from sale of financial asset investments

⁽²⁾ Represents ordinary shares in Anooraq and preference shares in Plateau Resources (Proprietary) Limited

Disposals of businesses in the year ended 31 December 2008

In the year ended 31 December 2008 Namakwa Sands was the only material disposal of a business. On 1 October 2008 Namakwa Sands was sold to Exxaro Resources Limited for consideration of \$330 million including deferred consideration. On 3 November 2008 as part of the same transaction the Group completed the sale of a 26% interest in both the Black Mountain zinc, lead and copper operation and the Gamsberg zinc project for consideration of \$23 million. For further details of the disposal of Namakwa Sands refer to the Group's financial statements for the year ended 31 December 2008

34 Disposal groups and non-current assets held for sale

Platinum disposal groups (including Booyssendal and Lebowa), which were previously classified as held for sale at 31 December 2008, were disposed of in June 2009. Refer to note 33 for more details on the Platinum disposals.

The following assets and liabilities relating to disposal groups were classified as held for sale. The Group expects to complete the sale of these businesses within 12 months of the year end.

	2009	2008
	Tarmac disposal groups ⁽¹⁾	Total ⁽²⁾
US\$ million		
Intangible assets	13	–
Tangible assets	422	257
Deferred tax assets	5	–
Other non-current assets	2	2
Total non-current assets	442	259
Inventories	42	–
Trade and other receivables	72	8
Cash and cash equivalents	64	8
Total current assets	178	16
Total assets	620	275
Trade and other payables	(66)	(21)
Short term borrowings	(13)	–
Short term provisions	(4)	–
Total current liabilities	(83)	(21)
Medium and long term borrowings	(3)	–
Retirement benefit obligations	(1)	–
Deferred tax liabilities	(46)	(56)
Provisions for liabilities and charges	(55)	(3)
Other non-current liabilities	(3)	–
Total non-current liabilities	(108)	(59)
Total liabilities	(191)	(80)
Net assets	429	195

⁽¹⁾ Tarmac disposal groups relate to certain of its European businesses. Tarmac is included in the Other Mining and Industrial segment.

⁽²⁾ Relates to Platinum disposal groups.

The net carrying amount of assets and associated liabilities classified as held for sale during 2009 was written down by \$46 million (2008: nil).

35 Capital commitments

US\$ million	2009	2008
Contracted but not provided	2,877	3,465

36. Contingent liabilities and contingent assets

(i) 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 Mondi have agreed to indemnify each other, subject to certain limitations, against certain liabilities. Having taken appropriate legal advice, the Group believes that the likelihood of a material liability arising is remote. At 31 December 2009, contingent liabilities in respect of the Group's subsidiaries comprise aggregate amounts of \$704 million (2008: \$548 million) in respect of loans and performance guarantees given to banks and other third parties and are primarily in respect of environmental restoration and decommissioning obligations. For information relating to contingent liabilities in respect of associates and joint ventures refer to notes 16 and 17 respectively.

No contingent liabilities were secured on the assets of the Group at 31 December 2009 or 31 December 2008.

(ii) Contingent assets

There were no significant contingent assets in the Group at 31 December 2009 or 31 December 2008.

(iii) Other

Anglo American Sur

Anglo American inherited a 1978 agreement with Codelco, the Chilean state mining company, when it acquired Disputada de Las Condes (since renamed Anglo American Sur) in 2002. The agreement grants Codelco the right, subject to certain conditions and limitations, to acquire up to a 49% minority interest in Anglo American Sur, the wholly owned Group company that owns the Los Bronces and El Soldado copper mines and the Chagres smelter. These conditions include limiting the window for exercising the right to once every three years in the month of January until January 2027. The right was not exercised in 2009. The calculations of the price at which Codelco can exercise its right are complex and confidential but do, inter alia, take account of company profitability over a five year period.

Anglo American South Africa Limited

Anglo American South Africa Limited (AASA) is a wholly owned subsidiary of the Company. It is a defendant in 25 separate lawsuits, each one on behalf of a former mineworker (or his dependents or survivors) who allegedly contracted silicosis working for gold mining companies in which AASA was a shareholder and to which AASA provided various technical and administrative services. The aggregate amount of the 25 claims is less than \$5 million, although if these claims are determined adversely to AASA, there are a substantial number of additional former mineworkers who may seek to bring similar claims. The first trial of these claims is expected to be in 2011, but the arrangements have not yet been agreed.

37 Operating leases

At 31 December, the Group had the following outstanding commitments under non-cancellable operating leases:

US\$ million	2009	2008
Expiry date		
Within one year	140	64
One to two years	95	60
Two to five years	194	168
After five years	399	197
	828	489

Operating leases relate principally to land and buildings, vehicles and shipping vessels.

38 Related party transactions

The Group has a related party relationship with its subsidiaries, joint ventures and associates (see note 39).

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions are not considered to be significant.

Dividends received from associates during the year totalled \$616 million (2008: \$609 million), as disclosed in the Consolidated cash flow statement.

At 31 December 2009, the Group had provided loans to joint ventures of \$93 million (2008: \$20 million). These loans are included in financial asset investments.

At 31 December 2009, the directors of the Company and their immediate relatives controlled 3% (2008: 3%) of the voting shares of the Company.

Remuneration and benefits received by directors are disclosed in the directors' remuneration report. Remuneration and benefits of key management personnel, including directors, are given in note 6.

Information relating to pension fund arrangements is disclosed in note 27.

38. Related party transactions continued***Related party transactions with De Beers***

At 31 December 2009 the Group held \$88 million (2008: \$88 million) of 10% non-cumulative redeemable preference shares in DB Investments, the holding company of De Beers Société Anonyme

Set out below are details of certain transactions and arrangements entered into by the Group with, or for the benefit of, certain related parties of the Company for the purposes of the United Kingdom Listing Authority Listing rules, being Central Holdings Limited (and certain of its subsidiaries, together 'CHL') and DB Investments SA and De Beers SA (together, 'De Beers'), which are related parties for the purposes of such rules by virtue of being companies in which Mr N F Oppenheimer, a director of the Company, has a relevant interest for the purposes of such rules

It was agreed that the dividends declared by De Beers to the Group and the other shareholders in De Beers (including CHL) would be exchanged for loan obligations. The total amount of dividends exchanged amounted to \$118 million in the year ended 31 December 2008. This total has increased during 2009 by \$24 million. The loans are subordinated and are interest free for two years at which point they become interest bearing in line with market rates at the dates of the initial reinvestment.

In April 2009 the shareholders of De Beers provided an additional loan to De Beers proportionate to their shareholdings, totalling \$500 million. Anglo American holds a 45% interest and therefore provided a loan of \$225 million. The loan is interest free for two years, at which point it reverts to a rate of interest equal to LIBOR plus 700 basis points until April 2016 and then, provided all interest payments are up to date, reduces to LIBOR plus 300 basis points. In the event of a rights issue or other share issue by De Beers, the Group would have the option to apply amounts outstanding under the loan in subscribing for ordinary shares in De Beers at the issue price applicable to the relevant share issue, which will be determined at the time of the relevant issue. The loan is subordinated in favour of third party banks/lenders and preference shareholders (including Anglo American) and is repayable after ten years. These loans are included in financial asset investments.

In February 2010 the shareholders of De Beers agreed, as part of the De Beers group's refinancing, including third party debt refinancing, that additional equity was required by De Beers. The shareholders of De Beers (including CHL) have accordingly all agreed to subscribe, in proportion to their current shareholding, for \$1 billion of additional equity in De Beers, subject to the fulfilment of certain conditions. The Group's share of such additional equity, in line with its equity holding in De Beers, amounts to \$450 million. CHL's share of such additional equity, in line with its equity holding in De Beers, amounts to \$400 million. The shareholders have further agreed that the subscription does not constitute a subscription event under the 2009 arrangements.

Pursuant to the refinancing of De Beers and to satisfy the requirements of the lenders to De Beers, the shareholders of De Beers, including the Group, have, as applicable, agreed to:

- (i) defer the receipt of dividends or capital on their ordinary shares until certain financial tests ('Normalisation') are met and this is currently anticipated to be during 2011;
- (ii) defer the receipt of dividends and mandatory redemption under the preference shares in De Beers SA until Normalisation. The total amount deferred by Anglo American is approximately \$96.5 million. The dividends (or interest in respect of such dividends) will continue to accrue on the preference shares until they are paid and the preference shares redeemed; and
- (iii) enter into an agreement which effectively formalises, in favour of the lenders to De Beers, the deferral of the rights to dividends or other distributions in respect of their respective ordinary shares, and, as applicable, preference shares and payments under the shareholder loans, until Normalisation, and the subordination thereof.

As part of the process of facilitating the agreed equity subscription by all the shareholders of De Beers, a temporary re-ranking of distribution rights was agreed which will result, following Normalisation, in a \$20 million distribution to the shareholders of De Beers (including the Group and CHL) pro rata to their individual equity subscriptions as referred to above, which will be paid in priority to existing preferences on distributions under the terms of the preference shares in De Beers. The net effect of this re-prioritisation on Anglo American, in the event of there being insufficient cash to pay all dividends then due, is a deferral of approximately \$8 million of dividends, which will continue to accrue interest until paid.

39 Group companies

The principal subsidiaries, joint ventures, associates and proportionately consolidated joint arrangements of the Group at 31 December 2009, and the Group percentage of equity capital, joint arrangements and joint venture interests are set out below. All these interests are held indirectly by the parent company and are consolidated within these financial statements. As permitted by section 410 of the Companies Act 2006, the Group has restricted the information provided to its principal subsidiaries in order to avoid a statement of excessive length.

Due to the portfolio and management structure changes announced in October 2009, the segments have changed from those reported at 31 December 2008. Comparatives have been reclassified to align with current year presentation.

Subsidiary undertakings	Country of incorporation	Business	Percentage of equity owned ⁽¹⁾	
			2009	2008
Platinum				
Anglo Platinum Limited	South Africa	Platinum	79.7%	79.6%
Copper				
Anglo American Sur SA	Chile	Copper	100%	100%
Anglo American Norte SA	Chile	Copper	99.9%	99.9%
Minera Quellaveco SA	Peru	Copper project	81.9%	81.9%
Nickel				
Anglo American Brasil Limitada (Barro Alto)	Brazil	Nickel project	100%	100%
Anglo American Brasil Limitada (Codemin)	Brazil	Nickel	100%	100%
Minera Loma de Niquel, CA	Venezuela	Nickel	91.4%	91.4%
Iron Ore and Manganese				
Kumba Iron Ore Limited	South Africa	Iron ore	62.8%	63%
Anglo Ferrous Brazil SA	Brazil	Iron ore	100%	98.9%
Anglo Ferrous Minas-Rio Mineração SA	Brazil	Iron ore project	100%	99.4%
Anglo Ferrous Amapá Mineração Limitada	Brazil	Iron ore system	70%	69.2%
Metallurgical Coal				
Anglo Coal Holdings Australia Limited	Australia	Coal	100%	100%
Thermal Coal				
Anglo Coal ⁽²⁾	South Africa	Coal	100%	100%
Other Mining and Industrial				
Black Mountain Mining (Pty) Limited ⁽³⁾	South Africa	Zinc, lead and copper	74%	74%
Gamsberg Zinc ⁽³⁾	South Africa	Zinc project	74%	74%
Ambase Exploration (Namibia) Proprietary Limited (Skorpion)	Namibia	Zinc	100%	100%
Anglo American Brasil Limitada (Catalão)	Brazil	Niobium	100%	100%
Lisheen ⁽⁴⁾	Ireland	Zinc and lead	100%	100%
Copebras Limitada	Brazil	Fertilisers and acid	73%	73%
Scaw Metals/Moly-Cop/AltaSteel	South Africa/Chile/Canada	Steel, engineering works and grinding media	74%-100%	74%-100%
Peace River Coal Partnership	Canada	Coal	74.8%	73.8%
Tarmac Group Limited	UK	Construction materials	100%	100%
Tarmac France SA	France	Construction materials	100%	100%
Lausitzer Grauwacke GmbH	Germany	Construction materials	100%	100%
WKSM SA	Poland	Construction materials	100%	100%
Tarmac CZ a.s.	Czech Republic	Construction materials	100%	100%
Tarmac SRL	Romania	Construction materials	100%	60%
Koca Beton Agregat Mining and Construction Industry and Trading Company Limited	Turkey	Construction materials	100%	100%
United Marine Holdings Limited	UK	Construction materials	100%	100%

⁽¹⁾ The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of equity owned, unless stated.

⁽²⁾ A division of Anglo Operations Limited, a wholly owned subsidiary.

⁽³⁾ Previously Black Mountain and Gamsberg Zinc were divisions of Anglo Operations Limited, a wholly owned subsidiary. On 3 November 2008, 26% of each of Black Mountain Mining (Pty) Limited and Gamsberg Zinc were sold. Gamsberg Zinc is a division of Black Mountain Mining (Pty) Limited.

⁽⁴⁾ The Group's interest in the Lisheen operations is held through Anglo American Lisheen Mining Limited, Killoran Lisheen Mining Limited and Lisheen Milling Limited. The Group owns 100% of the equity of each of these companies.

39 Group companies continued

Joint ventures	Country of incorporation	Business	Percentage of equity owned ^(a)	
			2009	2008
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	44%	44%
LLX Minas-Rio Logística SA	Brazil	Port	49%	49%
Al Futtain Tarmac Quarry Products Limited	Dubai	Construction materials	49%	49%
Midland Quarry Products Limited ^(b)	UK	Construction materials	50%	50%

Associates	Country of incorporation	Business	Percentage of equity owned ^(a)	
			2009	2008
DB Investments SA	Luxembourg	Diamonds	45%	45%
Samancor Holdings (Pty) Limited ^(c)	South Africa	Manganese	40%	40%
Groote Eylandt Mining Company (Pty) Limited (GEMCO) ^(d)	Australia	Manganese	40%	40%
Tasmanian Electro Metallurgical Company (Pty) Limited (TEMCO) ^(d)	Australia	Manganese	40%	40%
Queensland Coal Mine Management (Pty) Limited	Australia	Coal	33.3%	33.3%
Correção Zona Norte SA	Colombia	Coal	33.3%	33.3%
Carbones del Correção LLC	Anguilla	Coal	33.3%	33.3%
Carbones del Guasare SA	Venezuela	Coal	24.9%	24.9%
Tongaat Hulett Limited ^(e)	South Africa	Sugar, starch, glucose and property development	—	37.1%
Hulamin Limited ^(f)	South Africa	Aluminium	—	38.4%

Proportionately consolidated jointly controlled operations ^(g)	Location	Business	Percentage owned	
			2009	2008
Drayton	Australia	Coal	88.2%	88.2%
Moranbah North	Australia	Coal	88%	88%
German Creek	Australia	Coal	70%	70%
Foxleigh	Australia	Coal	70%	70%
Dawson	Australia	Coal	51%	51%

^(a) All equity interests shown are ordinary shares^(b) During 2008 the Group ceased accounting for Midland Quarry Products Limited as a subsidiary and began accounting for it as a joint venture as it was considered to be jointly controlled^(c) These entities have a 30 June year end^(d) Formerly The Tongaat-Hulett Group Limited. In August 2009 the Group sold its remaining investment in Tongaat Hulett Limited^(e) Unbundled from Tongaat Hulett in June 2007. In July 2009 the Group sold its remaining investment in Hulamin Limited^(f) The wholly owned subsidiary Anglo Coal Holdings Australia Limited holds the proportionately consolidated jointly controlled operations

40 Events occurring after end of year

In February 2010 the Group announced its commitment to take up its full allocation of shares under the rights offer announced by Anglo Platinum. Anglo Platinum expects to raise approximately \$1.6 billion through the rights offer, of which the Group's share of 79.7% is approximately \$1.3 billion. The Group has also agreed to underwrite the minority portion of the rights offer.

Subsequent to 31 December 2009 De Beers has announced a \$1 billion rights issue. The Group has accordingly agreed to subscribe for additional equity in proportion to its current shareholding and will therefore contribute \$450 million. Refer to note 38 for further details.

During the first quarter of 2010 Anglo American agreed the sales of Tarmac's aggregates businesses in France, Germany, Poland and the Czech Republic and its Polish concrete products business with expected total proceeds of approximately \$400 million.

With the exception of the above there have been no material reportable events since 31 December 2009.

41. Financial statements of the parent company

a) Balance sheet of the Company, Anglo American plc, as at 31 December 2009

US\$ million	Note	2009	2008
Fixed assets			
Fixed asset investments	41c	13,104	12,925
Current assets			
Amounts due from subsidiaries		4,490	1,305
Prepayments and other debtors		13	138
Cash at bank and in hand		40	2
		4,543	1,445
Creditors due within one year			
Cash held on behalf of subsidiaries		(79)	(59)
Amounts owed to subsidiaries		(187)	(215)
Other creditors		(15)	(8)
		(281)	(282)
Net current assets		4,262	1,163
Total assets less current liabilities		17,366	14,088
Liabilities due after more than one year			
Convertible bond		(1,369)	-
Net assets		15,997	14,088
Capital and reserves			
Called-up share capital	41b	738	738
Share premium account	41b	2,713	2,713
Capital redemption reserve	41b	115	115
Other reserves	41b	1,955	1,955
Share-based payment reserve	41b	15	22
Convertible debt reserve	41b	355	-
Profit and loss account	41b	10,106	8,545
Total shareholders' funds (equity)		15,997	14,088

The financial statements of Anglo American plc registered number 3564138 were approved by the Board of directors on 18 February 2010

Cynthia Carroll
Chief executive

René Médori
Finance director

Financial statements

41. Financial statements of the parent company continued

b) Reconciliation of movements in equity shareholders' funds

US\$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves ⁽¹⁾	Share-based payment reserve	Convertible debt reserve	Profit and loss account ⁽²⁾	Total
Balance at 1 January 2008	738	2 713	115	1 955	22	–	7 021	12 564
Profit for the financial year	–	–	–	–	–	–	2 936	2 936
Issue of treasury shares under employee share schemes	–	–	–	–	–	–	41	41
Share-based payments	–	–	–	–	12	–	–	12
Capital contribution to group undertakings	–	–	–	–	–	–	20	20
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(12)	–	12	–
Share buybacks	–	–	–	–	–	–	(259)	(259)
Dividends paid ⁽³⁾	–	–	–	–	–	–	(1,226)	(1,226)
Balance at 1 January 2009	738	2,713	115	1 955	22	–	8,545	14,088
Profit for the financial year	–	–	–	–	–	–	1,337	1,337
Issue of treasury shares under employee share schemes	–	–	–	–	–	–	31	31
Share-based payments	–	–	–	–	7	–	–	7
Capital contribution to group undertakings	–	–	–	–	–	–	179	179
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(14)	–	14	–
Issue of convertible bond	–	–	–	–	–	355	–	355
Balance at 31 December 2009	738	2,713	115	1,955	15	355	10,106	15,997

⁽¹⁾ At 31 December 2009 other reserves of \$1 955 million (2008 \$1 955 million) were not distributable under the Companies Act 2006

⁽²⁾ At 31 December 2009 \$405 million (2008 \$483 million) of the Company profit and loss account of \$10 106 million (2008 \$8 545 million) was not distributable under the Companies Act 2006

⁽³⁾ Dividends paid relate only to shareholders on the United Kingdom principal register excluding dividends waived by Greenwood Nominees Limited as nominees for Butterfield Trust (Guernsey) Limited, the trustee for the Anglo American employee share scheme. Dividends paid to shareholders on the Johannesburg branch register are distributed by a South African subsidiary in accordance with the terms of the Dividend Access Share Provisions of Anglo American plc's Articles of Association

The audit fee in respect of the parent company was \$7 000 (2008 \$10,000). Fees payable to Deloitte for non-audit services to the Company are not required to be disclosed because they are included within the consolidated disclosure in note 4

c) Fixed asset investments

US\$ million	Investments in subsidiaries	
	2009	2008
Cost		
At 1 January	12 933	12 891
Additions	–	22
Capital contributions	179	20
At 31 December	13,112	12 933
Provisions for impairment		
At 1 January and 31 December	(8)	(8)
Net book value		
At 31 December	13,104	12,925

41. Financial statements of the parent company continued

d) Accounting policies Anglo American plc, the Company

The Anglo American plc (the Company) balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) and in accordance with UK company law. The financial information has been prepared on a historical cost basis as modified by the revaluation of certain financial instruments.

A summary of the principal accounting policies is set out below.

The preparation of financial statements in accordance with UK GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, following implementation of these standards, actual results may differ from those estimated.

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to \$1,337 million (2008: \$2,936 million).

Significant accounting policies

Deferred tax

Deferred tax is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

Share-based payments

The Company has applied the requirements of FRS 20 *Share-based Payment*. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the associated charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

The Company also makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Any payments received from subsidiaries are applied to reduce the related increases in investments in subsidiaries.

Accounting for share-based payments is the same as under IFRS 2 and details on the schemes and option pricing models relevant to the charge included in the Company financial statements are set out in note 28 to the consolidated financial statements of the Group for the year ended 31 December 2009.

Investments

Investments represent equity holdings in subsidiaries, joint ventures and associates and are held at cost less provision for impairment.

Convertible debt

Convertible bonds are regarded 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 recorded within borrowings. The difference between the proceeds of issue of the convertible bond and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the Company, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible bonds where appropriate based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the effective interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the liability.

Ore Reserves and Mineral Resources **Introduction**

The Ore Reserve and Mineral Resource estimates presented in this Annual Report are prepared in accordance with the Anglo American plc (AA plc) Policy for the Reporting of Ore Reserves and Mineral Resources. This policy requires that the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves 2004 edition (the JORC Code) be used as a minimum standard. Some Anglo American plc subsidiaries have a primary listing in South Africa where public reporting is carried out in accordance with the South African Code for Reporting of Mineral Resources and Mineral Reserves (the SAMREC Code). The SAMREC Code is similar to the JORC Code and the Ore Reserve and Mineral Resource terminology appearing in this section follows the definitions in both the JORC (2004) and SAMREC (2007) Codes.

The information on Ore Reserves and Mineral Resources was prepared by or under the supervision of Competent Persons as defined in the JORC or SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. All the Competent Persons consent to the inclusion in this report of the information in the form and context in which it appears. The names of the Competent Persons are lodged with the Anglo American plc Company Secretary and are available on request.

Anglo American Group companies are subject to a comprehensive programme of reviews aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The reviews are conducted by suitably qualified Competent Persons from within the Anglo American Group or by independent consultants. The frequency and depth of the reviews is a function of the perceived risks and/or uncertainties associated with a particular Ore Reserve and Mineral Resource, the overall value thereof and time that has lapsed since an independent third party review has been conducted. Those operations/projects subject to independent third party reviews during the year are indicated in footnotes to the tables.

The JORC and SAMREC Codes require the use of reasonable economic assumptions. These include long-range commodity price forecasts which are prepared by in-house specialists largely using estimates of future supply and demand and long term economic outlooks. Ore Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and relevant new information and therefore can vary from year to year. Mineral Resource estimates also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2009. Unless otherwise stated, Mineral Resources are additional to those resources which have been modified to produce the Ore Reserves. The figures in the tables have been rounded and, if used to derive totals and averages, could cause minor computational differences. Ore Reserves in the context of this Annual Report have the same meaning as 'Mineral Reserves' as defined by the SAMREC Code.

An Ore Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A Proved Ore Reserve is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A Mineral Resource is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

A Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

An Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

An Inferred Mineral Resource is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

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.

It is accepted that mine design and planning may include a portion of Inferred Mineral Resources. Inferred Mineral Resources in the Life of Mine (LOM) are described as 'Inferred (in LOM)' separately from the remaining Inferred Mineral Resources described as 'Inferred (ex LOM)' as required. These resources are declared without application of any modifying factors.

Operations and projects which fall below the internal threshold (25% attributable interest) for reporting have been excluded from the Ore Reserves and Mineral Resources estimates. The Xiwan project is not reported as the project has been disposed of during 2009.

In South Africa, the Minerals and Petroleum Resources Development Act, Number 28 of 2002 (MPRDA) was implemented on 1 May 2004, and effectively transferred custodianship of the previously privately held mineral rights to the State. Mining companies were given up to two years to apply for prospecting permit conversions and five years to apply for mining licence conversions for existing operations.

A Prospecting Right is a new order right issued in terms of the MPRDA that is valid for up to five years, with the possibility of a further extension of three years, that can be obtained either by the conversion of existing Old Order Prospecting Rights or through new applications. An Exploration Right is identical to a Prospecting Right, but is commodity specific in respect of petroleum and gas and is valid for up to three years which can be renewed for a maximum of three periods not exceeding two years each.

A Mining Right is a new order right issued in terms of the MPRDA, valid for up to 30 years, obtained either by the conversion of an existing Old Order Mining Right, or as a new order right pursuant to the exercise of the exclusive right of the holder of a new order Prospecting Right, or pursuant to an application for a new Mining Right. A Production Right is identical to a Mining Right, but is commodity specific in respect of petroleum and gas.

In preparing the Ore Reserve and Mineral Resource statement for South African assets, Anglo American plc has adopted the following reporting principles in respect of Prospecting Rights and Mining Rights:

Where applications for new order Mining Rights and Prospecting Rights have been submitted and these are still being processed by the relevant regulatory authorities, the relevant reserves and resources have been included in the statement.

Where applications for new order Prospecting Rights have been initially refused by the regulatory authorities, but are the subject of ongoing legal process and discussions with the relevant authorities and where Anglo American plc has reasonable expectations that the Prospecting Rights will be granted in due course, the relevant resources have been included in the statement (any associated comments appear in the footnotes).

Anglo Platinum

The Ore Reserve and Mineral Resource estimates were compiled in compliance with The South African Code for Reporting of Mineral Resources and Mineral Reserves, (The SAMREC Code, 2007). Operations and Projects outside South Africa were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Details of the individual operations appear in the Anglo Platinum Annual Report Merensky and UG2 Reef Mineral Resources are reported over an economic and mineable cut appropriate to the specific reef. THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES

The figures reported represent 100% of the Mineral Resources and Ore Reserves attributable to Anglo Platinum Limited unless otherwise noted. Rounding of figures may cause computational discrepancies. Anglo American plc's interest in Anglo Platinum is 79.7%.

Anglo Platinum		Tonnes ⁽¹⁾		Grade ⁽²⁾		Contained metal ⁽³⁾		Contained metal ⁽³⁾	
Ore Reserves		2009	2008	2009	2008	2009	2008	2009	2008
Classification		Mt	Mt	4E PGE	4E PGE	tonnes	tonnes	Moz	Moz
Merensky Reef⁽⁴⁾⁽⁵⁾⁽⁶⁾									
Proved		77.5	88.6	5.41	5.28	419.7	467.4	13.5	15.0
Probable		89.8	129.4	5.13	5.21	460.1	674.1	14.8	21.7
Total		167.3	217.9	5.26	5.24	879.8	1,141.5	28.3	36.7
UG2 Reef⁽⁴⁾⁽⁵⁾⁽⁷⁾									
Proved		409.9	469.9	4.37	4.19	1,792.1	1,970.8	57.6	63.4
Probable		229.3	382.6	4.38	4.43	1,003.9	1,695.8	32.3	54.5
Total		639.2	852.5	4.37	4.30	2,796.0	3,666.6	89.9	117.9
Platreef⁽⁸⁾									
Proved		317.4	274.5	3.28	3.21	1,040.6	880.7	33.5	28.3
Proved primary ore stockpile ⁽⁹⁾		16.6	20.6	2.65	2.58	43.8	53.1	1.4	1.7
Probable		174.6	112.8	3.12	3.56	544.1	401.8	17.5	12.9
Total		508.6	407.9	3.20	3.27	1,628.6	1,335.6	52.4	42.9
All Reefs									
Proved		821.4	853.6	4.01	3.95	3,296.3	3,372.1	106.0	108.4
Probable		493.6	624.7	4.07	4.44	2,008.1	2,771.7	64.6	89.1
Total		1,315.0	1,478.3	4.03	4.16	5,304.4	6,143.7	170.5	197.5
Total (alternative units) ⁽¹⁰⁾		1,449.6 M on	1,629.6 Mton	0.118 oz/ton	0.121 oz/ton				
Tailings⁽¹¹⁾									
Proved		—	—	—	—	—	—	—	—
Probable		29.6	33.4	0.86	0.88	25.4	29.5	0.8	0.9
Total		29.6	33.4	0.86	0.88	25.4	29.5	0.8	0.9

⁽¹⁾ Tonnage quoted as dry metric tonnes

⁽²⁾ Grade 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t)

⁽³⁾ Contained metal. Contained metal is presented in metric tonnes and million troy ounces (Moz)

⁽⁴⁾ Merensky Reef and UG2 Reef. The BEE transaction announced with Anoroq Resources was finalised during 2009 resulting in a change of the attributable and reportable Ore Reserves for Bokoni Platinum Mine (previously Lebowa Platinum Mine). Anglo Platinum's attributable percentage decreased from 100% to 49% equivalent to a decrease of 33.5 Mt (-5.5 Moz)

⁽⁵⁾ Merensky Reef and UG2 Reef. The calculation of the pay limit has been modified between 2008 and 2009. The 2008 pay limit calculation was based on the planning pay limit. The 2009 pay limit calculation now includes 'Stay in Business Capital' both on and off mine in the estimation of the overall costs. This cost amount is termed 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 Merensky Reef reserve pay-limit varies across all operations between 2.8g/t and 6.1g/t (4E PGE). The UG2 Reef reserve pay-limit varies across all operations between 2.7g/t and 5.9g/t (4E PGE). The range is a function of various factors including depth of the ore body, geological complexity, infrastructure and economic parameters. Certain areas where the pay limit is high may still be mined due to a project being in ramp up or in the case of the Rustenburg area where the business plan returns a positive NPV and profit from 2012.

⁽⁶⁾ Merensky Reef. Decrease in Ore Reserves is mainly attributable to economic assumptions. At the assumed metal prices and exchange rate the Ore Reserves at Amandelbult's Tumela Mine 3 Shaft Project proved to be uneconomic. This resulted in a decrease of 27.9 Mt (-5.3 Moz) of previously reported Ore Reserves. These Ore Reserves have been reallocated back to Mineral Resources.

⁽⁷⁾ UG2 Reef. Decrease in Ore Reserves is mainly attributable to economic assumptions. At the assumed metal prices and exchange rate the Ore Reserves at Amandelbult's Tumela Mine 3 Shaft Project, portions of Rustenburg's Khuseleka Mine, Khomananu Mine and Siphumelele Mine proved to be uneconomic. This resulted in a decrease of 159.6 Mt (-21.7 Moz) of previously reported Ore Reserves. These Ore Reserves have been reallocated back to Mineral Resources.

⁽⁸⁾ Platreef. The reserve cut-off is 1.7g/t for fresh ore. For Mogalakwena the total Ore Reserves increased significantly. At Mogalakwena North and Central (previously PPRust North) a new evaluation model was completed in 2009 together with a new structural model. Both models incorporated significant additional drill holes resulting in a revised pit design. As a consequence the total Ore Reserve tonnage for Mogalakwena Mine (inclusive of stockpiles) increased by 100.7 Mt equivalent to 9.4 Moz.

⁽⁹⁾ Platreef stockpiles. These are reported separately as Proved Ore Reserves and aggregated into the summation tabulations.

⁽¹⁰⁾ Alternative units: tonnage in million short tons (Mton) and grade in troy ounces per short ton (oz/ton).

⁽¹¹⁾ Tailings. These are reported separately as Ore Reserves but are not aggregated in the total Ore Reserve figures. Operating tailings dams for current mining operations cannot be geologically assessed and therefore are not reported as part of the Ore Reserves. At Rustenburg Mine dormant dams have been evaluated and the tailings form part of the Ore Reserves statement.

Anglo Platinum Mineral Resources	Classification	Tonnes ⁽¹⁾		Grade ⁽²⁾		Contained metal ⁽³⁾		Contained metal ⁽³⁾	
		2009	2008	2009	2008	2009	2008	2009	2008
Merensky Reef ⁽⁴⁾⁽⁵⁾		Mt	Mt	4E PGE	4E PGE	tonnes	tonnes	Moz	Moz
	Measured	129 6	131 9	5 54	5 39	717 5	710 9	23 1	22 9
	Indicated	242 2	232 0	5 36	5 15	1,299 2	1 194 4	41 8	38 4
	Measured and Indicated	371 8	363 9	5 42	5 24	2,016 7	1,905 3	64 8	61 3
	Inferred	670 8	749 4	5 36	5 37	3,594 3	4,026 6	115 6	129 5
UG2 Reef ⁽⁴⁾⁽⁵⁾⁽⁷⁾	Measured	380 1	323 6	5 61	5 78	2,131 1	1,868 9	68 5	60 1
	Indicated	546 6	482 5	5 53	5 63	3,021 2	2,715 2	97 1	87 3
	Measured and Indicated	926 7	806 1	5 56	5 69	5,152 3	4,584 1	165 6	147 4
	Inferred	791 3	901 3	5 53	5 65	4,374 2	5,089 0	140 6	163 6
Platreef ⁽⁶⁾	Measured	192 9	152 4	1 95	1 85	376 2	282 4	12 1	9 1
	Indicated	915 0	898 8	2 14	2 18	1,954 0	1,956 8	62 8	62 9
	Measured and Indicated	1,107 9	1,051 2	2 10	2 13	2,330 1	2,239 3	74 9	72 0
	Inferred	1,160 6	1,331 3	1 89	1 89	2,198 4	2,519 3	70 7	81 0
All Reefs	Measured	702 6	607 8	4 59	4 71	3,224 8	2 862 3	103 7	92 0
	Indicated	1,703 9	1 613 3	3 68	3 64	6,274 3	5 866 4	201 7	188 6
	Measured and Indicated	2,406 4	2,221 1	3 95	3 93	9,499 1	8,728 7	305 4	280 6
	Measured and Indicated (alternative units) ⁽⁸⁾	2,652 6 Mton	2 448 4 Mton	0 115 oz/ton	0 115 oz/ton				
	Inferred	2 622 7	2 982 0	3 88	3 90	10,167 0	11,634 9	326 9	374 1
Tailings ⁽¹⁰⁾	Measured	—	—	—	—	—	—	—	—
	Indicated	147 3	151 4	1 06	1 05	155 6	159 7	5 0	5 1
	Measured and Indicated	147 3	151 4	1 06	1 05	155 6	159 7	5 0	5 1
	Inferred	—	—	—	—	—	—	—	—

Due to the uncertainty that may be attached to some Inferred Mineral Resources it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

⁽¹⁾ Tonnage quoted as dry metric tonnes

⁽²⁾ Grade 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t)

⁽³⁾ Contained metal. Contained metal is presented in metric tonnes and million troy ounces (Moz)

⁽⁴⁾ Merensky Reef and UG2 Reef. The BEE transaction announced with Anoroaq Resources was finalised during 2009 resulting in a change of the attributable and reportable Mineral Resources for Bokoni Mine (previously Lebowa Platinum Mine). Anglo Platinum's attributable percentage decreased from 100% to 49% equivalent to a decrease of 234 4Mt (± 48 4 Moz). The Mineral Resources are quoted over a practical minimum mining cut suitable for the deposit known as the Resource Cut. The Resource Cut includes geotechnical aspects in the hanging wall or footwall of the reef. Chromite stringers above or below the UG2 main seam or any geotechnical weak zones are included in the Resource Cut. The minimum beam height regarding the geotechnical aspect depends on the mining method. Anglo Platinum takes cognisance of cut-off grades (derived from information on pay limits in the mining operations) and of reasonable and realistic prospects for eventual economic extraction over a period of 30 to 50 years. No Mineral Resources are excluded from the 2009 declaration relative to 2008 as a result of the cut-off grade consideration.

⁽⁵⁾ Merensky Reef. Depending on the reef characteristics a 3 5g/t to 4 8g/t (4E PGE) cut-off has been used to define Mineral Resources.

⁽⁶⁾ UG2 Reef. Depending on the reef characteristics a 2 8g/t to 4 4g/t (4E PGE) cut-off has been used to define Mineral Resources.

⁽⁷⁾ UG2 Reef. a) The decrease in Mineral Resources is mainly attributable to the decrease of the attributable percentage due to the finalisation of the BEE transaction with Anoroaq Resources. b) The decrease is off-set by an increase of Mineral Resources due to economic assumptions. At the assumed metal prices and exchange rate the Ore Reserves at Amandelbult's Tumela Mine 3 Shaft Project, portions of Rustenburg's Khuseleka Mine, Khomanani Mine and Sphumelele Mine proved to be uneconomic and are re-allocated back to Mineral Resources. This resulted in an increase of the Mineral Resources by 143 4Mt (± 25 2Moz). c) Additionally new information at Der Brochen project resulted in an increase of the Mineral Resources by 72 9Mt, equivalent to 7 2Moz.

⁽⁸⁾ Platreef. A 1 0g/t (4E PGE) cut-off has been used to define Mineral Resources. During 2009 for Mogalakwena North and Central (previously PPRust North) a new evaluation model was completed together with a new structural model. This resulted in a revised pit design and a consequent significant increase in reported Ore Reserves. As a consequence the remaining Mineral Resources for Mogalakwena decreased significantly by 113 9Mt (± 7 4Moz).

⁽⁹⁾ Alternative units: tonnage in million short tons (Mton) and grade in troy ounces per short ton (oz/ton)

⁽¹⁰⁾ Tailings. Operating tailings dams for current mining operations cannot be geologically assessed and therefore are not reported as part of the Mineral Resources. At Rustenburg and Union Mine dormant dams have been evaluated and the tailings form part of the Mineral Resource statement. Tailings dams resources are reported separately as Mineral Resources but are not aggregated to the global Mineral Resource summation.

The following Operations and Projects contributed to the combined 2009 Ore Reserve and Mineral Resource estimates stated per reef (excluding Other Projects):

(MR = Merensky Reef, UG2 = UG2 Reef, PR = Platreef, % = Anglo Platinum Limited attributable interest)

Bafokeng Rasimone Platinum Mine – MR/UG2	50%
Bathopeli Mine – UG2	100% (previously part of Rustenburg Mine)
Bokoni Platinum Mine – MR/UG2	49% (previously Lebowa Platinum Mine)
Der Brochen Project – MR/UG2	100%
Dishaba Mine – MR/UG2	100% (previously part of Amandelbult Mine)
Ga-Phasha PGM Project – MR/UG2	49%
Khomanani Mine – MR/UG2	100% (previously part of Rustenburg Mine)
Khuseleka Mine – MR/UG2	100% (previously part of Rustenburg Mine)
Kroondal Platinum Mine – UG2	50%
Magazynskraal 3 JQ* – MR/UG2	74%
Marikana Platinum Mine – UG2	50%
Modikwa Platinum Mine – MR/UG2	50%
Mogalakwena Mine – PR	100%
Motototo Platinum Mine – UG2	50%
Other Exploration Projects (portions of Dnekop) – UG2	50%
Pandora – UG2	42 5%
Rustenburg – Non Mine Projects – MR/UG2	100% (previously part of Rustenburg Mine)
Sphumelele Mine – MR/UG2	100% (previously part of Rustenburg Mine)
Thembelani Mine – MR/UG2	100% (previously part of Rustenburg Mine)
Tumela Mine – MR/UG2	100% (previously part of Amandelbult Mine)
Twickenham Platinum Mine – MR/UG2	100%
Union Mine – MR/UG2	85%
WBJV – MR/UG2	37%

*Magazynskraal 3 JQ – Anglo platinum's attributable interest in the joint venture is reflected as 74%. Subsequent to Mineral Resource completion this interest has moved to 20%. The revised attributable portion will be reflected in future Mineral Resource statements.

The external Ore Reserve and Mineral Resource audits have been rescheduled to take place in 2010.

Anglo Platinum Ore Reserves – Other Projects		Tonnes ⁽¹⁾		Grade ⁽²⁾		Contained metal ⁽³⁾		Contained metal ⁽³⁾	
Classification		2009	2008	2009	2008	2009	2008	2009	2008
Zimbabwe		Mt	Mt	4E PGE	4E PGE	tonnes	tonnes	Moz	Moz
Unki ⁽⁴⁾	Proved	5 1	4 2	3 60	3 60	18 3	15 1	0 6	0 5
Great Dyke – MSZ	Probable	42 0	34 6	3 81	3 81	159 9	131 6	5 1	4 2
	Total	47 1	38 7	3 79	3 79	178 2	146 7	5 7	4 7
Anglo Platinum Mineral Resources – Other Projects		Tonnes ⁽¹⁾		Grade ⁽²⁾		Contained metal ⁽³⁾		Contained metal ⁽³⁾	
Classification		2009	2008	2009	2008	2009	2008	2009	2008
Zimbabwe		Mt	Mt	4E PGE	4E PGE	tonnes	tonnes	Moz	Moz
Unki ⁽⁴⁾	Measured	7 7	6 3	4 08	4 08	31 2	25 7	1 0	0 8
Great Dyke – MSZ	Indicated	11 3	9 3	4 28	4 28	48 5	39 9	1 6	1 3
	Measured and Indicated	19 0	15 6	4 20	4 20	79 8	65 6	2 6	2 1
	Inferred	95 9	78 9	4 29	4 29	411 6	338 8	13 2	10 9
South Africa				3E PGE	3E PGE				
Anoorag-Anglo Platinum Boikgantsho ⁽⁵⁾	Measured	–	–	–	–	–	–	–	–
Platreef	Indicated	86 6	88 3	1 35	1 35	116 9	119 2	3 8	3 8
	Measured and Indicated	86 6	88 3	1 35	1 35	116 9	119 2	3 8	3 8
	Inferred	51 0	52 0	1 23	1 23	62 7	64 0	2 0	2 1
Sheba's Ridge ⁽⁶⁾				3E PGE	3E PGE				
	Measured	111 8	111 8	0 85	0 85	95 1	95 1	3 1	3 1
	Indicated	128 4	128 4	0 95	0 95	122 1	122 1	3 9	3 9
	Measured and Indicated	240 1	240 1	0 90	0 90	217 2	217 2	7 0	7 0
	Inferred	0 9	0 9	0 85	0 85	0 8	0 8	0 0	0 0
Canada				3E PGE	3E PGE				
River Valley ⁽⁷⁾	Measured	4 3	4 3	1 79	1 79	7 6	7 6	0 2	0 2
	Indicated	11 0	11 0	1 20	1 20	13 3	13 3	0 4	0 4
	Measured and Indicated	15 3	15 3	1 37	1 37	20 9	20 9	0 7	0 7
	Inferred	1 2	1 2	1 24	1 24	1 5	1 5	0 0	0 0
Brazil				3E PGE	3E PGE				
Pedra Branca ⁽⁸⁾	Measured	–	–	–	–	–	–	–	–
	Indicated	–	–	–	–	–	–	–	–
	Measured and Indicated	–	–	–	–	–	–	–	–
	Inferred	6 6	6 6	2 27	2 27	15 0	15 0	0 5	0 5

Due to the uncertainty that may be attached to some Inferred Mineral Resources it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration

⁽¹⁾ Tonnage quoted as dry metric tonnes

⁽²⁾ Grade 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t)

3E PGE is the sum of platinum, palladium and gold grades in grammes per tonne (g/t)

⁽³⁾ Contained metal Contained metal is presented in metric tonnes and million troy ounces (Moz)

⁽⁴⁾ Unki Anglo Platinum owns an effective 97.19% interest in Southridge Limited. The Ore Reserves and Mineral Resources (for the Great Dyke – Main Sulphide Zone) relate to the Unki East and West mines only. For more information see Note 48 in the Consolidated Financial Statement in the 2009 Anglo Platinum Annual Report

⁽⁵⁾ Anoorag-Anglo Platinum Boikgantsho Anglo Platinum holds an attributable interest of 49%. A cut-off of US\$20 00/t gross metal value was applied for resource definition. The BEE transaction announced with Anoorag Resources was finalised during 2009

⁽⁶⁾ Sheba's Ridge Anglo Platinum holds an attributable 35% of the JV area. A cut-off of US\$10 50/t total revenue contribution from the constituent metal was used

⁽⁷⁾ River Valley Anglo Platinum holds an attributable interest of 50%. A cut-off of 0.7g/t (platinum plus palladium) was applied for resource definition

⁽⁸⁾ Pedra Branca Anglo Platinum holds an attributable interest of 51%. A cut-off of 0.7g/t (3E PGE) was applied for resource definition

Copper

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code 2004) as a minimum standard. THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

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		Attributable %	LOM	Classification	Tonnes		Grade		Contained metal	
Ore Reserves					2009	2008	2009	2008	2009	2008
Los Bronces (OP)		100	39		Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu) ⁽¹⁾	Proved				797.7	715.4	0.73	0.73	5,823	5,222
Flotation	Probable				849.8	890.7	0.55	0.55	4,674	4,899
	Total				1,647.5	1,606.1	0.64	0.63	10,497	10,121
Sulphide (TCu) ⁽²⁾	Proved				442.3	303.9	0.36	0.33	1,592	1,003
Dump Leach	Probable				382.0	492.6	0.28	0.22	1,069	1,084
	Total				824.3	796.5	0.32	0.26	2,662	2,087
El Soldado (OP and UG)		100	18				%Cu	%Cu		
Sulphide (TCu) ⁽³⁾	Proved				79.6	71.2	0.94	1.00	750	712
Flotation	Probable				49.9	44.2	0.76	0.89	381	393
	Total				129.6	115.4	0.87	0.96	1,131	1,105
Oxide (TCu)	Proved				3.0	3.2	0.86	0.89	26	28
Heap Leach	Probable				4.2	2.8	0.54	0.57	23	16
	Total				7.2	6.0	0.67	0.74	48	44
Mantos Blancos (OP)		100	6				%Cu	%Cu		
Sulphide (ICu)	Proved				7.2	12.9	0.88	0.93	63	120
Flotation	Probable				18.8	18.5	0.94	0.94	177	173
	Total				26.0	31.3	0.93	0.94	240	293
Oxide (ASCu)	Proved				3.3	1.4	0.70	0.70	23	10
Vat and Heap Leach	Probable				29.2	37.6	0.43	0.45	126	169
	Total				32.5	39.0	0.46	0.46	149	179
Oxide (ASCu)	Proved				0.9	0.6	0.24	0.24	2	1
Dump Leach	Probable				11.9	11.6	0.25	0.26	30	30
	Total				12.7	12.1	0.25	0.26	32	31
Mantoverde (OP)		100	5				%Cu	%Cu		
Oxide (ASCu)	Proved				37.7	45.6	0.59	0.60	222	273
Heap Leach	Probable				6.6	8.0	0.54	0.54	36	43
	Total				44.3	53.6	0.58	0.59	258	317
Oxide (ASCu)	Proved				17.3	20.9	0.32	0.36	55	75
Dump Leach	Probable				7.0	10.1	0.42	0.39	29	39
	Total				24.3	31.1	0.35	0.37	85	115
Collahuasi (OP)		44.0	33				%Cu	%Cu		
Oxide, Mixed and Secondary Sulphides (TCu)	Proved				0.2	0.2	1.16	1.60	3	4
Heap Leach	Probable				19.3	20.3	0.74	0.77	143	156
	Total				19.6	20.5	0.75	0.78	146	160
Sulphide (TCu)	Proved				322.9	315.4	1.03	0.99	3,326	3,123
Flotation – direct feed	Probable				1,227.7	1,224.1	0.93	0.95	11,417	11,629
	Total				1,550.6	1,539.5	0.95	0.96	14,743	14,752
Low Grade Sulphide (TCu) ⁽⁴⁾	Proved				–	–	–	–	–	–
Flotation – stockpile	Probable				615.0	675.1	0.52	0.51	3,198	3,443
	Total				615.0	675.1	0.52	0.51	3,198	3,443

Mining method: OP = Open Pit, UG = Underground, LOM = Life of Mine in years based on scheduled Ore Reserves.

TCu = total copper, ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper.

Year on year changes to the Ore Reserves have been driven by changes in the copper price, mining and processing costs and changes to pit slope angles.

⁽¹⁾ Los Bronces – Sulphide (Flotation): Changes are due to an increase in the copper price offset against an increase in the flotation cut-off grade.

⁽²⁾ Los Bronces – Sulphide (Dump Leach): The primary change is due to the Sulphide Flotation process which resulted in a transfer of flotation ore to leach ore.

⁽³⁾ El Soldado – Sulphide (Flotation): Changes are due to an increase in the copper price offset against a reduction of copper grades related to an updated resource model and the incorporation of a dilution factor to convert Mineral Resources to Ore Reserves.

⁽⁴⁾ Collahuasi – Low Grade Sulphide: Decrease is due to an updated resource model.

⁽⁵⁾ Copper Resources: A test of reasonable eventual economic extraction is applied through consideration of an optimised pit shell. Materials outside the optimised shell that have potential of eventual economic extraction via underground means are included in the Mineral Resource statement. Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

⁽⁶⁾ Los Bronces – Sulphide (Flotation): Changes are due to an increase in the copper price offset against some Mineral Resource to Ore Reserve conversion.

⁽⁷⁾ El Soldado – Sulphide (Flotation): Decrease due to a reduction in the pit slope angle, an increase in processing costs and a reduction in metallurgical recovery.

⁽⁸⁾ Mantos Blancos – Sulphide (Flotation): Decrease is due to an increase in mine and process costs and a decrease in overall pit slope angles.

⁽⁹⁾ Mantos Blancos – Oxide (Vat and Heap Leach): Increase is mainly due to the incorporation of Indicated Resources from Mercedes waste dump (18.4Mt @ 0.28%TCu).

⁽¹⁰⁾ Mantoverde – Oxide (Heap Leach): Decrease due to the exclusion of the Kuroki sector (8.6Mt @ 0.78%ASCu) and an increase in the marginal cut-off grade to 0.20%ASCu.

⁽¹¹⁾ Collahuasi – Oxide, Mixed and Secondary Sulphides: Increase due to the incorporation of La Borracha and Dufrenoy oxide ore bodies (15.0Mt @ 0.61%TCu).

⁽¹²⁾ Collahuasi – Sulphide: Increase due to application of a higher copper price.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2009 at the following operations: Los Bronces, El Soldado, Mantos Blancos and Mantoverde.

Copper		Tonnes		Grade		Contained metal		
Mineral Resources	Attributable %	Classification	2009	2008	2009	2008	2009	2008
Los Bronces (OP) ⁽¹⁾	100		Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu) ⁽¹⁾		Measured	55.7	110.8	0.43	0.42	240	466
Flotation		Indicated	739.8	1,287.3	0.39	0.42	2,885	5,407
		Measured and Indicated	795.5	1,398.2	0.39	0.42	3,125	5,872
		Inferred (in LOM)	121.0	50.7	0.52	0.46	629	233
		Inferred (ex LOM)	3,065.0	2,472.0	0.38	0.39	11,647	9,639
		Total Inferred	3,186.0	2,522.7	0.39	0.39	12,276	9,872
Sulphide (TCu)		Measured	—	—	—	—	—	—
Dump Leach		Indicated	—	—	—	—	—	—
		Measured and Indicated	—	—	—	—	—	—
		Inferred (in LOM)	132.0	190.6	0.25	0.18	330	343
		Inferred (ex LOM)	—	—	—	—	—	—
		Total Inferred	132.0	190.6	0.25	0.18	330	343
El Soldado (OP and UG) ⁽¹⁾	100				%Cu	%Cu		
Sulphide (TCu) ⁽¹⁾		Measured	30.4	45.2	0.72	0.80	219	360
Flotation		Indicated	23.0	20.2	0.65	0.81	150	163
		Measured and Indicated	53.4	65.4	0.69	0.80	368	523
		Inferred (in LOM)	13.1	12.9	0.68	0.77	89	99
		Inferred (ex LOM)	34.3	70.3	0.60	0.56	206	394
		Total Inferred	47.4	83.2	0.62	0.59	295	493
Oxide (TCu)		Measured	0.2	0.1	0.91	0.67	2	1
Heap Leach		Indicated	0.2	0.1	0.83	0.81	1	1
		Measured and Indicated	0.4	0.3	0.88	0.75	3	2
		Inferred (in LOM)	0.5	0.8	0.80	0.80	4	6
		Inferred (ex LOM)	0.7	0.7	0.69	0.84	5	6
		Total Inferred	1.2	1.5	0.74	0.82	9	13
Mantos Blancos (OP) ⁽¹⁾	100				%Cu	%Cu		
Sulphide (TCu) ⁽¹⁾		Measured	10.6	14.5	0.68	0.72	72	104
Flotation		Indicated	105.2	112.7	0.68	0.66	715	743
		Measured and Indicated	115.8	127.2	0.68	0.67	788	848
		Inferred (in LOM)	2.0	0.4	0.66	0.77	13	3
		Inferred (ex LOM)	10.4	14.8	0.55	0.59	57	87
		Total Inferred	12.4	15.2	0.57	0.59	70	90
Oxide (ASCu) ⁽¹⁾		Measured	1.1	0.3	0.56	0.56	6	2
Vat and Heap Leach		Indicated	27.1	9.5	0.37	0.57	100	54
		Measured and Indicated	28.2	9.8	0.38	0.57	106	56
		Inferred (in LOM)	1.3	0.4	0.53	0.56	7	2
		Inferred (ex LOM)	3.3	1.6	0.58	0.59	19	10
		Total Inferred	4.7	2.1	0.57	0.58	26	12
Oxide (ASCu)		Measured	—	—	—	—	—	—
Dump Leach		Indicated	—	—	—	—	—	—
		Measured and Indicated	—	—	—	—	—	—
		Inferred (in LOM)	1.2	0.3	0.23	0.24	3	1
		Inferred (ex LOM)	—	—	—	—	—	—
		Total Inferred	1.2	0.3	0.23	0.24	3	1
Mantoverde (OP) ⁽¹⁾	100				%Cu	%Cu		
Oxide (ASCu) ⁽¹⁾		Measured	38.5	51.8	0.35	0.39	135	200
Heap Leach		Indicated	22.9	40.6	0.34	0.39	78	157
		Measured and Indicated	61.5	92.4	0.35	0.39	213	357
		Inferred (in LOM)	0.2	0.2	0.54	0.61	1	1
		Inferred (ex LOM)	4.4	5.0	0.62	0.53	27	26
		Total Inferred	4.6	5.2	0.62	0.53	28	28
Oxide (ASCu)		Measured	—	—	—	—	—	—
Dump Leach		Indicated	2.7	3.5	0.35	0.32	9	11
		Measured and Indicated	2.7	3.5	0.35	0.32	9	11
		Inferred (in LOM)	0.2	0.3	0.37	0.39	1	1
		Inferred (ex LOM)	—	—	—	—	—	—
		Total Inferred	0.2	0.3	0.37	0.39	1	1
Collahuasi (OP) ⁽¹⁾	44.0				%Cu	%Cu		
Oxide, Mixed and Secondary Sulphides (TCu) ⁽¹⁾		Measured	—	—	—	—	—	—
Heap Leach		Indicated	18.0	2.0	0.69	1.18	124	24
		Measured and Indicated	18.0	2.0	0.69	1.18	124	24
		Inferred (in LOM)	0.6	0.6	1.09	1.09	7	7
		Inferred (ex LOM)	1.3	2.3	0.71	0.76	9	17
		Total Inferred	2.0	2.9	0.83	0.83	16	24
Sulphide (TCu) ⁽¹⁾		Measured	1.4	1.4	0.73	0.78	10	11
Flotation – direct feed		Indicated	344.6	289.3	0.86	0.85	2,964	2,459
		Measured and Indicated	346.0	290.7	0.86	0.85	2,974	2,470
		Inferred (in LOM)	252.3	258.9	0.93	0.93	2,346	2,407
		Inferred (ex LOM)	1,558.6	1,372.0	0.90	0.90	14,027	12,350
		Total Inferred	1,810.8	1,630.9	0.90	0.90	16,373	14,757
Low Grade Sulphide (TCu)		Measured	1.2	1.2	0.48	0.47	6	5
Flotation – stockpile		Indicated	76.0	109.3	0.49	0.50	373	547
		Measured and Indicated	77.2	110.5	0.49	0.50	378	552
		Inferred (in LOM)	62.0	90.0	0.51	0.50	316	450
		Inferred (ex LOM)	614.0	627.7	0.50	0.50	3,070	3,138
		Total Inferred	676.0	717.7	0.50	0.50	3,386	3,588

Copper Projects				Tonnes		Grade		Contained metal	
Ore Reserves	Attributable %	LOM	Classification	2009	2008	2009	2008	2009	2008
Quellaveco (OP) ⁽¹⁾	81.9	28		Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu)			Proved	672.2	253.3	0.61	0.76	4,101	1,925
Flotation			Probable	207.8	636.8	0.76	0.61	1,579	3,885
			Total	880.0	890.1	0.65	0.65	5,680	5,810
Copper Projects Mineral Resources									
Mineral Resources	Attributable %		Classification	2009	2008	2009	2008	2009	2008
Quellaveco (OP) ⁽¹⁾	81.9			Mt	Mt	%Cu	%Cu	kt	kt
Sulphide (TCu)			Measured	213.1	1.9	0.44	0.39	937	8
Flotation			Indicated	394.6	193.9	0.45	0.43	1,776	834
			Measured and Indicated	607.6	195.9	0.45	0.43	2,713	842
			Inferred (in LOM)	32.7	21.8	0.72	0.60	235	131
			Inferred (ex LOM)	77.7	392.7	0.45	0.48	350	1,885
			Total Inferred	110.4	414.5	0.53	0.49	585	2,016
Los Sulfatos ⁽²⁾	100					%Cu	%Cu		
Sulphide (TCu)			Measured	—	—	—	—	—	—
Flotation			Indicated	—	—	—	—	—	—
			Measured and Indicated	—	—	—	—	—	—
			Inferred	1,200.0	—	1.46	—	17,520	—
Mantoverde Sulphide Project	100					%Cu	%Cu		
Sulphide (TCu)			Measured	1.0	1.2	0.80	0.78	8	9
Flotation			Indicated	50.6	57.1	0.75	0.72	380	411
			Measured and Indicated	51.7	58.2	0.75	0.72	388	420
			Inferred	100.6	111.6	0.69	0.66	694	736
Pebble (OP/UG) ⁽³⁾⁽⁴⁾⁽⁵⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾	50.0					%Cu	%Cu		
Cu-Au-Mo Porphyry			Measured ⁽⁴⁾	510.0	500.0	0.34	0.34	1,734	1,700
			Indicated ⁽⁵⁾	4,890.0	4,120.0	0.46	0.48	22,494	19,776
			Measured and Indicated	5,400.0	4,620.0	0.45	0.46	24,228	21,476
			Inferred ⁽⁶⁾	2,840.0	2,270.0	0.32	0.37	9,088	8,399
San Enrique Monolito ⁽⁹⁾	100					%Cu	%Cu		
Sulphide (TCu)			Measured	—	—	—	—	—	—
Flotation			Indicated	—	—	—	—	—	—
			Measured and Indicated	—	—	—	—	—	—
			Inferred	900.0	—	0.81	—	7,290	—

Mining method: OP = Open Pit, UG = Underground, LOM = Life of Mine in years based on scheduled Ore Reserves.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

⁽¹⁾ Quellaveco: Resource model has been updated with new drill data. Estimation and classification methodologies have been improved. Increased metal prices and changes to the pit slopes have also resulted in positive changes to the Mineral Resources. Additional drill data have increased confidence in Ore Reserve classification.

⁽²⁾ Los Sulfatos: Test of reasonable eventual economic extraction based on an underground operation.

⁽³⁾ Pebble: The Resources are based on drilling to May 2009 and a block model finalised in December 2009. Reported Mineral Resources fall within a volume defined by resource price estimates and are based on a cut-off grade of 0.40% CuEq. Calculation of copper equivalent (CuEq) is based on long-term metal prices and takes into consideration the recovery of copper, gold and molybdenum. At a cut-off of 0.60% CuEq the estimate of Measured Resources is 277Mt at 0.40% Cu, 0.42 g/t Au, 0.020% Mo while the estimate of Indicated Resources is 3,391Mt at 0.56% Cu, 0.41 g/t Au, 0.029% Mo.

⁽⁴⁾ Pebble co-product estimated grades 2009 (Measured): Gold 0.36g/t, Molybdenum 0.018%, CuEq average grade 0.66%.

⁽⁵⁾ Pebble co-product estimated grades 2009 (Indicated): Gold 0.36g/t, Molybdenum 0.027%, CuEq average grade 0.85%.

⁽⁶⁾ Pebble co-product estimated grades 2009 (Inferred): Gold 0.30g/t, Molybdenum 0.026%, CuEq average grade 0.66%.

⁽⁷⁾ Pebble: Significant changes between 2008 and 2009 Mineral Resources include additional drilling and changes to some of the parameters used for the determination of the reasonable prospects pit (costs, recoveries and pit slope angle). The Resource was also affected by changes to the long term metal prices that impacted on the calculation of the copper equivalent grade.

⁽⁸⁾ Pebble: The property comprises a continuous block of 1,335 located Alaska State mineral claims which total 98,000 acres (39,659 hectares) and which are currently valid. The claims must be renewed annually before 1 December through the payment of rental fees (approximately US\$200,000) and registration of work conducted or payment of cash in lieu (approx. US\$250,000). There are no known factors affecting the claims.

⁽⁹⁾ San Enrique Monolito: Test of reasonable eventual economic extraction based on an underground operation.

Ore Reserves and Mineral Resources

Nickel

estimates as at 31 December 2009

Nickel

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

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		Classification	Tonnes		Grade		Contained metal	
Ore Reserves	Attributable %		2009	2008	2009	2008	2009	2008
Barro Alto (OP) ⁽¹⁾	100		Mt	Mt	%Ni	%Ni	kt	kt
Laterite		Proved	9 0	9 5	1 66	1 66	150	158
		Probable	30 5	31 2	1 71	1 72	522	535
		Total	39 5	40 7	1 70	1 70	672	693
Codemim – Niquelândia (OP)	100				%Ni	%Ni		
Laterite		Proved	3 2	3 2	1 33	1 33	42	42
		Probable	0 5	0 5	1 33	1 33	7	7
		Total	3 7	3 7	1 33	1 33	49	49
Loma de Niquel (OP) ⁽²⁾	91 4				%Ni	%Ni		
Laterite		Proved	7 4	12 1	1 46	1 48	109	179
		Probable	25 0	21 0	1 42	1 46	354	306
		Total	32 4	33 1	1 43	1 47	463	485

Nickel		Classification	Tonnes		Grade		Contained metal	
Mineral Resources	Attributable %		2009	2008	2009	2008	2009	2008
Barro Alto (OP) ⁽¹⁾	100		Mt	Mt	%Ni	%Ni	kt	kt
Laterite		Measured	3 5	4 3	1 30	1 32	46	57
		Indicated	16 6	16 8	1 27	1 27	211	213
		Measured and Indicated	20 1	21 1	1 28	1 28	257	270
		Inferred (in LOM)	38 5	38 7	1 55	1 55	597	599
		Inferred (ex LOM)	22 4	21 8	1 27	1 27	285	275
		Total Inferred	61 0	60 5	1 45	1 45	883	875
Codemim – Niquelândia (OP) ⁽³⁾	100				%Ni	%Ni		
Laterite		Measured	3 3	3 4	1 29	1 29	43	43
		Indicated	3 5	3 5	1 25	1 25	44	44
		Measured and Indicated	6 9	6 9	1 27	1 27	87	87
		Inferred (in LOM)	–	–	–	–	–	–
		Inferred (ex LOM)	–	–	–	–	–	–
		Total Inferred	–	–	–	–	–	–
Loma de Niquel (OP) ⁽²⁾	91 4				%Ni	%Ni		
Laterite		Measured	1 9	0 9	1 51	1 38	29	13
		Indicated	7 2	4 8	1 51	1 45	109	69
		Measured and Indicated	9 2	5 7	1 51	1 44	138	82
		Inferred (in LOM)	–	1 7	–	1 39	–	23
		Inferred (ex LOM)	6 4	4 5	1 53	1 50	97	68
		Total Inferred	6 4	6 2	1 53	1 47	97	91

Nickel Projects		Classification	Tonnes		Grade		Contained metal	
Mineral Resources	Attributable %		2009	2008	2009	2008	2009	2008
Jacaré ⁽⁴⁾	100		Mt	Mt	%Ni	%Ni	kt	kt
Ferruginous Laterite		Measured	–	–	–	–	–	–
		Indicated	98 5	–	1 19	–	1,175	–
		Measured and Indicated	98 5	–	1 19	–	1,175	–
		Inferred	80 8	–	1 16	–	939	–
Saprolite		Measured	–	–	–	–	–	–
		Indicated	25 3	–	1 54	–	388	–
		Measured and Indicated	25 3	–	1 54	–	388	–
		Inferred	85 1	–	1 36	–	1,156	–

Mining method: OP = Open Pit, LOM = Life of Mine in years based on scheduled Ore Reserves.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

⁽¹⁾ Barro Alto: Ore from Barro Alto is currently being processed at the Codemim plant (the current life of the plant is 22 years). Mineral Resources are quoted above a 0.90% Ni cut-off and below an iron content of 30%.

⁽²⁾ Loma de Niquel: Due to the increased uncertainty regarding renewal of mining concessions and the restoration of the 13 cancelled mining concessions, Anglo American's participation in Loma de Niquel is at risk and might not continue beyond 2012 (refer to note 7 on page 112). Three mining concessions are due for renewal in November 2012 (see page 48 for additional information). Currently, the areas with fully approved permits and active concessions account for 8.3Mt (at 1.46% Ni) of the Ore Reserves reported above. Mineral Resources include all mineralisation inside a saprolite envelope defined by nickel and iron grade boundaries (>0.80% Ni and <35% Fe) and it also includes the 13 cancelled concessions.

⁽³⁾ Codemim – Niquelândia: Mineral Resources are quoted above a 0.90% Ni cut-off and below an iron content of 30%.

⁽⁴⁾ Jacaré: The submission of the Plano de Aproveitamento Econômico (PAE) to Brazil's Departamento Nacional de Produção Mineral (DNPM), which included a pit optimisation, fulfils the test for "reasonable prospects for eventual economic extraction". The Mineral Resources are based on drilling to February 2009 and a block model finalised in December 2009. The PAE is currently under consideration by the DNPM. The Saprolite Mineral Resources tabulated are a combination of higher-grade Mineral Resources that are expected to feed a pyrometallurgical treatment facility and lower-grade Mineral Resources that could be used to neutralise the acid in the proposed treatment of the Ferruginous Laterite material. Ferruginous Laterite is envisaged to be treated by hydrometallurgical processes.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2009 at the following operations: Barro Alto, Codemim – Niquelândia and Jacaré.

Ore Reserves and Mineral Resources

Niobium and Phosphate products

estimates as at 31 December 2009

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES.

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

Niobium			Tonnes		Grade		Contained product		
Ore Reserves	Attributable %	LOM	Classification	2009	2008	2009	2008	2009	2008
Catalão (OP)	100	18		Mt	Mt	%Nb ₂ O ₅	%Nb ₂ O ₅	kt	kt
Carbonatite (Oxide)			Proved	9.1	10.6	1.19	1.21	108	128
			Probable	3.1	4.0	1.10	1.14	34	46
			Total	12.2	14.6	1.17	1.19	142	174

Niobium			Tonnes		Grade		Contained product	
Mineral Resources	Attributable %	Classification	2009	2008	2009	2008	2009	2008
Catalão (OP) ⁽¹⁾	100		Mt	Mt	%Nb ₂ O ₅	%Nb ₂ O ₅	kt	kt
Carbonatite		Measured	19.1	16.6	1.33	1.26	254	210
		Indicated	20.4	9.0	1.25	1.18	254	106
		Measured and Indicated	39.5	25.6	1.29	1.23	507	316
		Inferred (in LOM)	0.5	0.6	0.88	0.88	5	5
		Inferred (ex LOM)	11.4	4.3	1.20	1.14	137	49
		Total Inferred	11.9	5.0	1.18	1.10	141	55

Phosphate products

Phosphate products			Tonnes		Grade		
Ore Reserves	Attributable %	LOM	Classification	2009	2008	2009	2008
Copebrás (OP)	73.0	46		Mt	Mt	%P ₂ O ₅	%P ₂ O ₅
Carbonatite			Proved	72.2	78.7	13.4	13.4
			Probable	180.5	160.4	13.0	13.3
			Total	252.8	239.1	13.1	13.3

Phosphate products			Tonnes		Grade	
Mineral Resources	Attributable %	Classification	2009	2008	2009	2008
Copebrás (OP) ⁽²⁾	73.0		Mt	Mt	%P ₂ O ₅	%P ₂ O ₅
Carbonatite		Measured	5.3	3.2	11.1	9.4
		Indicated	94.5	84.4	10.6	10.4
		Measured and Indicated	99.8	87.6	10.6	10.4
		Inferred (in LOM)	16.2	16.9	12.8	12.9
		Inferred (ex LOM)	53.0	48.1	9.8	9.6
		Total Inferred	69.1	65.0	10.5	10.5

Mining method: OP = Open Pit. LOM = Life of Mine in years based on scheduled Ore Reserves.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

⁽¹⁾ Catalão Mineral Resources include 3.8 Mt oxide material and 47.6 Mt fresh rock and are reported above cut-offs of 0.50% Nb₂O₅ and 0.70% Nb₂O₅ respectively. Some 8 Mt of the Mineral Resources reported above are located on an adjacent mining concession that belongs to Fosfertil. An agreement for Mineração Catalão to mine this material is in place subject to royalty payments.

⁽²⁾ Copebrás Mineral Resources are quoted above a 7% P₂O₅ cut off and with a CaO/P₂O₅ ratio between 1.0 and 1.4.

Ore Reserves and Mineral Resources

Zinc

estimates as at 31 December 2009

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code 2004) as a minimum standard. THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES

The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies

Zinc			Tonnes		Grade		Contained metal		
Ore Reserves	Attributable %	LOM	Classification	2009	2008	2009	2008	2009	2008
Black Mountain (UG)	74.0	7		Mt	Mt	%Zn	%Zn	kt	kt
Deeps ⁽¹⁾			Proved	4.9	2.9	3.52	3.71	171	109
Zinc			Probable	2.8	5.9	2.03	2.89	57	170
			Total	7.7	8.8	2.97	3.16	229	280
Copper						%Cu	%Cu		
			Proved			0.38	0.45	18	13
			Probable			0.41	0.37	12	22
			Total			0.39	0.40	30	35
Lead						%Pb	%Pb		
			Proved			3.64	3.16	177	93
			Probable			2.64	2.86	75	168
			Total			3.27	2.96	251	261
Lisheen (UG) ⁽²⁾	100	4				%Zn	%Zn		
Zinc			Proved	5.9	6.6	12.02	11.72	703	779
			Probable	1.1	1.6	9.34	12.01	103	192
			Total	7.0	8.2	11.59	11.78	806	970
Lead						%Pb	%Pb		
			Proved			1.86	1.91	109	127
			Probable			1.87	1.81	21	29
			Total			1.86	1.89	129	156
Skorpion (OP) ⁽³⁾	100	6				%Zn	%Zn		
Zinc			Proved	3.8	4.8	12.75	12.94	486	624
			Probable	4.2	4.1	10.06	10.06	424	417
			Total	8.0	9.0	11.33	11.61	911	1,041

Zinc			Tonnes		Grade		Contained metal	
Mineral Resources	Attributable %	Classification	2009	2008	2009	2008	2009	2008
Black Mountain (UG)	74.0		Mt	Mt	%Zn	%Zn	kt	kt
Deeps ⁽¹⁾		Measured	7.2	1.6	2.74	3.74	197	61
Zinc		Indicated	5.8	2.6	2.11	3.66	123	96
		Measured and Indicated	13.1	4.3	2.46	3.69	320	158
		Inferred (in LOM)	7.3	2.4	2.95	4.39	214	104
		Inferred (ex LOM)	—	—	—	—	—	—
		Total Inferred	7.3	2.4	2.95	4.39	214	104
Copper					%Cu	%Cu		
		Measured			0.37	0.63	27	10
		Indicated			0.45	0.57	26	15
		Measured and Indicated			0.41	0.59	53	25
		Inferred (in LOM)			0.73	1.09	53	26
		Inferred (ex LOM)			—	—	—	—
		Total Inferred			0.73	1.09	53	26
Lead					%Pb	%Pb		
		Measured			3.16	3.41	228	56
		Indicated			3.02	4.29	177	113
		Measured and Indicated			3.10	3.95	404	169
		Inferred (in LOM)			2.26	1.39	164	33
		Inferred (ex LOM)			—	—	—	—
		Total Inferred			2.26	1.39	164	33
Swartberg ⁽⁴⁾					%Zn	%Zn		
Zinc		Measured	—	—	—	—	—	—
		Indicated	17.3	17.3	0.63	0.63	109	109
		Measured and Indicated	17.3	17.3	0.63	0.63	109	109
		Inferred	24.5	24.5	0.68	0.68	167	167
Copper					%Cu	%Cu		
		Measured			—	—	—	—
		Indicated			0.70	0.70	121	121
		Measured and Indicated			0.70	0.70	121	121
		Inferred			0.61	0.61	150	150
Lead					%Pb	%Pb		
		Measured			—	—	—	—
		Indicated			2.87	2.87	497	497
		Measured and Indicated			2.87	2.87	497	497
		Inferred			2.79	2.79	684	684

Ore Reserves and Mineral Resources

Zinc

estimates as at 31 December 2009

Zinc			Tonnes		Grade		Contained metal	
Mineral Resources continued	Attributable %	Classification	2009	2008	2009	2008	2009	2008
Lisheen (UG) ⁽¹²⁾	100		Mt	Mt	%Zn	%Zn	kt	kt
Zinc		Measured	0 8	0 9	12 84	12 91	101	114
		Indicated	0 4	0 4	11 50	11 39	41	44
		Measured and Indicated	1 1	1 3	12 42	12 45	142	158
		Inferred (in LOM)	0 3	0 2	19 23	17 84	52	37
		Inferred (ex LOM)	0 3	0 2	11 66	12 04	34	28
		Total Inferred	0 6	0 4	15 31	14 77	86	65
Lead					%Pb			
		Measured			2 05	2 23	16	20
		Indicated			2 06	1 74	7	7
		Measured and Indicated			2 06	2 08	23	26
		Inferred (in LOM)			3 21	2 49	9	5
		Inferred (ex LOM)			2 55	2 63	7	6
		Total Inferred			2 87	2 56	16	11
Skorpion (OP) ⁽¹³⁾	100				%Zn	%Zn		
Zinc		Measured	0 0	0 2	6 90	7 29	0	13
		Indicated	0 0	1 0	7 49	7 87	1	79
		Measured and Indicated	0 0	1 2	7 33	7 78	2	92
		Inferred (in LOM)	0 2	0 1	9 61	9 61	24	12
		Inferred (ex LOM)	0 0	1 0	9 67	8 87	0	92
		Total Inferred	0 3	1 2	9 61	8 95	24	104

Zinc Projects			Tonnes		Grade		Contained metal		
Ore Reserves	Attributable %	LOM	Classification	2009	2008	2009	2008	2009	2008
Gamsberg – North (OP) ⁽¹⁵⁾⁽¹⁶⁾	74 0	–		Mt	Mt	%Zn	%Zn	kt	kt
Zinc			Proved	–	34 2	–	7 55	–	2 580
			Probable	–	110 3	–	5 55	–	6 124
			Total	–	144 4	–	6 03	–	8,704

Zinc Projects			Tonnes		Grade		Contained metal		
Mineral Resources	Attributable %		Classification	2009	2008	2009	2008	2009	2008
Gamsberg – North (OP) ⁽¹⁵⁾⁽¹⁷⁾	74 0			Mt	Mt	%Zn	%Zn	kt	kt
Zinc			Measured	43 3	–	7 09	–	3,072	–
			Indicated	57 5	–	6 47	–	3,723	–
			Measured and Indicated	100 8	–	6 74	–	6,796	–
			Inferred	53 3	54 2	5 39	4 10	2,873	2 222
Gamsberg – East (UG) ⁽¹⁸⁾	74 0					%Zn	%Zn		
Zinc			Measured	–	–	–	–	–	–
			Indicated	–	–	–	–	–	–
			Measured and Indicated	–	–	–	–	–	–
			Inferred	32 3	–	9 83	–	3,172	–

Mining method: OP = Open Pit, UG = Underground, LOM = Life of Mine in years based on scheduled Ore Reserves

For the polymetallic deposits, the tonnage figures apply to each metal

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration

⁽¹¹⁾ Black Mountain – Deeps: Broken Hill and the Deeps Ore Reserves and Mineral Resources are combined for reporting purposes as both deposits are geologically connected and make use of the same mining infrastructure. The decrease in Ore Reserves due to production has been partially offset through changed economic assumptions and updated resources modelling based on new information. The definition of Mineral Resources for Broken Hill and the Deeps is based on the same 2009 economic and financial parameters as used for the definition of Ore Reserves. Measured and Indicated Resources are estimated to contain 13 1Mt of material grading 41 3 g/t silver as a by-product. Inferred Resources are estimated to contain 7 3Mt of material grading 25 9 g/t silver as a by-product.

⁽¹²⁾ Lisheen: Changes are largely attributable to production as well as changes in the resource model (re-classification of Indicated Resources to Inferred Resources which are now not available for conversion to Ore Reserves) and serialisation of ore due to back-filling or a retreat mining sequence. Mineral Resources are constrained by geological parameters (total sulphide content and ore thickness) and are quoted above a 6% ZnEq cut-off.

⁽¹³⁾ Skorpion: Production has been partially off set by additional Ore Reserves derived through improved metal price assumptions and further geological information. An update of the geotechnical model for pit slope design is in progress. Mineral Resources are constrained by geological contacts and are defined using economic values and a cut-off grade (4% Zn). A major Mineral Resource model update, based on recent drilling information, is in progress.

⁽¹⁴⁾ Black Mountain – Swartberg: The Swartberg mine was placed on care and maintenance from January 2007. The Ore Reserves were removed from the mine plan and converted to Mineral Resources. Indicated Resources are estimated to contain 17 3Mt of material grading 35 0 g/t silver as a by-product. Inferred Resources are estimated to contain 24 5Mt of material grading 41 0 g/t silver as a by-product.

⁽¹⁵⁾ Gamsberg – North: The Gamsberg deposit has been renamed Gamsberg North to distinguish it from the recently discovered Gamsberg East deposit.

⁽¹⁶⁾ Gamsberg – North: The Ore Reserves published in 2008 were based on the 2000 Feasibility Study. In the period between 2000 and 2007 substantial change took place in the techno-economic environment of the Gamsberg project. Market, cost and exchange rate outlooks were considerably different while substantial changes had been made to the understanding of the resource and the mineral exploration potential of the greater Gamsberg environ. Advances in the understanding of the chemistry of manganese removal and improved leaching technology led to more technically robust and efficient metallurgical process design options, which needed investigation. Changes to the regulatory (mineral rights) and socio-economic environment (power, social costs, etc.) in South Africa needed to be incorporated into the project studies. A pre-feasibility study, which was initiated in late 2008, is not yet complete and therefore no Ore Reserves are reportable in 2009.

⁽¹⁷⁾ Gamsberg – North: Mineral Resource estimates have been updated following infill drilling campaigns carried out during 2008 and 2009 to both validate historic data as well as increase confidence in the Mineral Resources. Mineral Resources are constrained within mineralized horizons and within a pit shell and are reported above a cut-off grade of 3% Zn. During 2009, some 11kt of material with an average grade of 8% Zn were mined via the exploration adit and processed at the Black Mountain concentrator.

⁽¹⁸⁾ Gamsberg – East: Gamsberg East is located 4 km south east of Gamsberg North. Mineral Resources are constrained by geology and are quoted above a 7% Zn cut-off and are supported by a positive concept study for an underground mine undertaken in 2009. This study has recommended that Gamsberg East is incorporated in the Gamsberg North pre-feasibility study. As that study has not yet been completed, no Ore Reserves are currently reportable.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2009 at the following operations: Black Mountain, Skorpion.

Ore Reserves and Mineral Resources

Iron Ore

estimates as at 31 December 2009

Kumba Iron Ore

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The SAMREC Code 2007. THE MINERAL RESOURCES ARE REPORTED AS ADDITIONAL TO ORE RESERVES

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.

Iron Ore			Tonnes		Grade		Saleable product		
Ore Reserves	Attributable %	LOM	Classification	2009	2008	2009	2008	2009	2008
Sishen Mine (OP) ⁽¹⁾	36.5	21		Mt	Mt	%Fe	%Fe	Mt	Mt
			Proved	707.6	709.2	59.2	59.7	531@65.4%Fe	536@65.0%Fe
			Probable	203.9	247.7	59.2	59.3	154@64.9%Fe	187@65.1%Fe
			Total	911.5	956.9	59.2	59.6	685@65.3%Fe	723@65.0%Fe
Thabazimbi Mine (OP) ⁽²⁾	46.4	6				%Fe	%Fe		
			Proved	9.5	4.1	61.7	64.5	8@63.4%Fe	4@64.9%Fe
			Probable	4.7	0.8	61.3	64.9	4@62.7%Fe	1@65.1%Fe
			Total	14.2	4.9	61.5	64.6	12@63.1%Fe	5@64.9%Fe
Kolomela Mine (OP) ⁽³⁾	46.4	28				%Fe	%Fe		
			Proved	123.1	123.1	64.2	64.2	123@64.2%Fe	123@64.1%Fe
			Probable	91.0	91.0	63.9	63.9	91@63.9%Fe	91@63.9%Fe
			Total	214.1	214.1	64.1	64.1	214@64.0%Fe	214@64.0%Fe

Iron Ore			Tonnes		Grade	
Mineral Resources	Attributable %	Classification	2009	2008	2009	2008
Sishen Mine (OP) ⁽⁴⁾	36.5		Mt	Mt	%Fe	%Fe
		Measured	589.1	758.7	56.0	54.9
		Indicated	697.0	715.5	57.6	57.4
		Measured and Indicated	1,286.1	1,474.1	56.8	56.1
		Inferred (in LOM)	3.7	4.1	58.2	61.8
		Inferred (ex LOM)	148.7	150.2	59.4	59.2
		Total Inferred	152.4	154.3	59.4	59.3
Thabazimbi Mine (OP) ⁽⁵⁾	46.4				%Fe	%Fe
		Measured	9.5	18.7	62.7	62.3
		Indicated	2.4	4.9	63.7	63.4
		Measured and Indicated	11.9	23.6	62.9	62.5
		Inferred (in LOM)	1.3	0.3	61.9	61.8
		Inferred (ex LOM)	2.3	2.6	63.4	63.4
		Total Inferred	3.6	2.9	62.8	63.3
Kolomela Mine (OP) ⁽⁶⁾	46.4				%Fe	%Fe
		Measured	49.5	49.5	65.0	65.0
		Indicated	20.8	20.8	64.9	64.9
		Measured and Indicated	70.3	70.3	64.9	64.9
		Inferred (in LOM)	35.4	35.4	65.6	65.6
		Inferred (ex LOM)	47.4	47.4	62.5	62.5
		Total Inferred	82.9	82.9	63.8	63.8

Mining method: OP = Open Pit. LOM = Life of Mine in years based on scheduled Ore Reserves.

The tonnage is quoted as dry metric tonnes and abbreviated as Mt for million tonnes.

The Mineral Resources are constrained by a resource pit shell, which defines the spatial limits of eventual economic extraction.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

The Zandvoerspoort Project is not reported as Anglo American's shareholding (23.2%) is below the internal threshold for reporting. Details of this project are presented in the Kumba Iron Ore Annual Report.

⁽¹⁾ Sishen Mine – Ore Reserves: The decrease is mainly as a result of depletion due to mining, marginally negated by a minor correction made for over-estimation of Ore Reserve depletion in 2008 and a small increase in Ore Reserves based on a revised scheduling process that allows for a slight improvement in resource utilisation.

⁽²⁾ Thabazimbi Mine – Ore Reserves: The primary reason for the net increase is a complete revision of the conversion process of Mineral Resources into Ore Reserves in 2009. The conversion gain was offset by mining depletion, a correction made for the under-estimation of production in 2008 and the downgrading of Probable Ore Reserves to Inferred Mineral Resources considered for the life-of-mine plan due to an associated geotechnical risk. Geological block model updates in 2009 resulted in a further addition of Ore Reserves. The cut-off grade used for the Thabazimbi Mine life-of-mine scheduling is a Saleable Product %Fe cut-off grade and all material that could be beneficiated to at least this cut-off value was included in the schedule as ROM.

⁽³⁾ Kolomela Mine: The Sishen South Iron Ore Project has been renamed to Kolomela Mine.

⁽⁴⁾ Sishen Mine – Mineral Resources: The 2009 Mineral Resources represent the combination of the previously reported Within Pit and Outside Pit resources. The decrease is primarily the result of a downward adjustment of the in situ %Fe grade estimate of low-grade ore material based on new information. This decrease in iron grade resulted in previously-defined ore material being transferred to waste. The loss is not in the current life of mine plan.

⁽⁵⁾ Thabazimbi Mine – Mineral Resources: The 2009 Mineral Resources represent the combination of the previously reported Within Pit and Outside Pit resources. The decrease is primarily due to a conversion to Ore Reserves based on a complete revision of the Ore Reserve estimation in 2009.

⁽⁶⁾ Kolomela Mine – Mineral Resources: The 2009 Mineral Resources represent the combination of the previously reported Within Pit and Outside Pit resources.

Audits related to the generation of the Ore Reserve and Mineral Resource statements were carried out by independent consultants during 2009 at the following operations: Kolomela Mine.

Iron Ore Brazil

The Minas Rio project is located in the state of Minas Gerais Brazil and will include open pit mines and a beneficiation plant producing high grade pellet feed which will be transported through a slurry pipeline over 500km to the Port of Açu in the state of Rio de Janeiro. The project will largely be based on the two main deposits of Serra do Sapo and Itapanhoacanga. Two ore types, Friable and Hard Itabirite have been identified at Serra do Sapo and Itapanhoacanga. Only the Friable Itabirite is being considered for Phase 1 of the project. The planned annual capacity of Phase 1 is 26.5Mtpa of iron ore pellet feed (wet tonnes), for start up during in the second half of 2012.

The figures reported represent 100% of the Mineral Resources. Rounding of figures may cause computational discrepancies.

Amapá		Classification	Tonnes		Grade	
Mineral Resources ⁽¹⁾	Attributable %		2009	2008	2009	2008
Amapá (OP) ⁽²⁾	70.0		Mt	Mt	%Fe	%Fe
Canga		Measured	—	—	—	—
		Indicated	—	—	—	—
		Measured and Indicated	—	—	—	—
		Inferred	17.2	—	54.6	—
Colluvium		Measured	5.6	—	40.9	—
		Indicated	31.0	—	44.0	—
		Measured and Indicated	36.6	—	43.5	—
		Inferred	14.1	—	41.7	—
Friable Itabirite and Hematite		Measured	28.7	—	42.5	—
		Indicated	80.8	—	41.3	—
		Measured and Indicated	109.4	—	41.6	—
		Inferred	29.9	—	41.8	—
Minas Rio Iron Ore Project						
Mineral Resources ⁽³⁾	Attributable %	Classification	Tonnes		Grade	
			2009	2008	2009	2008
Itapanhoacanga (OP) ⁽⁴⁾	100		Mt	Mt	%Fe	%Fe
Friable Itabirite and Hematite		Measured	25.0	—	42.5	—
		Indicated	219.2	90.0	41.6	39.6
		Measured and Indicated	244.2	90.0	41.7	39.6
		Inferred	74.7	362.0	41.7	38.0
Hard Itabirite		Measured	10.9	—	33.2	—
		Indicated	95.8	—	33.8	—
		Measured and Indicated	106.7	—	33.7	—
		Inferred	43.9	51.0	33.2	33.2
Serra do Sapo (OP) ⁽⁵⁾	100				%Fe	%Fe
Friable Itabirite and Hematite		Measured	498.1	462.0	38.6	38.1
		Indicated	872.5	565.8	37.0	37.5
		Measured and Indicated	1,370.5	1,027.8	37.6	37.8
		Inferred	192.2	143.9	33.1	34.3
Hard Itabirite		Measured	453.8	—	31.8	—
		Indicated	1,968.3	1,650.5	31.2	31.0
		Measured and Indicated	2,422.1	1,650.5	31.3	31.0
		Inferred	149.4	680.8	30.3	30.3
Serro (OP) ⁽⁶⁾	100				%Fe	%Fe
Friable Itabirite and Hematite		Measured	—	—	—	—
		Indicated	9.5	46.0	63.6	33.3
		Measured and Indicated	9.5	46.0	63.6	33.3
		Inferred	74.2	54.0	35.3	28.7
Hard Itabirite		Measured	—	—	—	—
		Indicated	—	79.0	—	29.5
		Measured and Indicated	—	79.0	—	29.5
		Inferred	308.2	259.0	31.6	30.7

Mining method: OP = Open Pit.

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration.

⁽¹⁾ Amapá – Mineral Resources. The cut-off grade used is 25% Fe. Assays are on a dry basis. Tonnages are reported on a wet basis with an average moisture content of 10 wt% for Colluvium and 8 wt% for Friable Itabirite and Hematite ore.

⁽²⁾ Amapá – Includes the Máio Cruz, Martelo, Taboca, Taboca Leste and Vila do Meio areas. The Taboca Leste area comprises the following Inferred Resources: Canga – 1.5Mt @ 42.6% Fe; Colluvium – 10.9Mt @ 41.7% Fe and Friable Itabirite – 23.8Mt @ 41.4% Fe. Friable Itabirite and Hematite includes Friable Itabirite. Altered Friable Itabirite and Friable Hematite.

⁽³⁾ Minas Rio Project – Mineral Resources. The cut-off grade used is 25% Fe. Assays are on a dry basis. Tonnages are reported on a wet basis with an average moisture content of 5 wt% for Friable ore, Friable Itabirite and Hematite includes Friable Itabirite. Semi-Compact Itabirite and Friable Hematite.

⁽⁴⁾ Itapanhoacanga. 2008 figures comprise material above 20% Fe cut-off grade. Low grade Mineral Resources (between 20% Fe and 33% Fe) were included in table footnotes in 2008 and are now combined with the previously reported high grade Mineral Resources. Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite, Soft Hematite and Hard Hematite. A portion of the adjacent Quartz-X Mineração Ltd property is included in the 2009 figures (Measured = 0.4Mt @ 43.1% Fe; Indicated = 23.8Mt @ 41.2% Fe; Inferred = 22.4Mt @ 41.0% Fe).

⁽⁵⁾ Serra do Sapo. Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite and Soft Hematite. The Friable Itabirite and Hematite includes an area containing high Alumina content (28.1Mt) Mineração Trindade Ltd properties are included in the 2009 figures (Indicated = 40.3Mt @ 32.1% Fe; Inferred = 3.2Mt @ 31.7% Fe).

⁽⁶⁾ Serro. 2008 figures comprise material above 20% Fe cut-off grade. Low grade Mineral Resources (between 20% Fe and 33% Fe) were included in table footnotes in 2008 and are now combined with the previously reported high grade Mineral Resources. Friable Itabirite and Hematite includes Friable Itabirite, Semi-Compact Itabirite and Hard Hematite (9.5Mt @ 63.6% Fe).

Audits related to the generation of the Mineral Resource statements were carried out by independent consultants during 2009 at the following operations and projects: Amapá, Itapanhoacanga, Serra do Sapo and Serro.

Samancor Manganese

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The SAMREC Code, 2007 and The JORC Code, 2004 as applicable
THE MINERAL RESOURCES INCLUDE ORE RESERVES

The figures reported represent 100% of the Ore Reserves and Mineral Resources (source BHP Billiton) Rounding of figures may cause computational discrepancies

Manganese Ore Reserves			Tonnes		Grade		Yield
Attributable %	LOM	Classification	2009	2008	2009	2008	2009
			2009	2008	2009	2008	2008
GEMCO (OP) ⁽¹⁾	40.0	14	Mt	Mt	%Mn	%Mn	%
		Proved	67.5	71.9	46.8	48.2	50.8
		Probable	43.2	43.9	46.4	47.1	47.9
		Total	110.7	115.8	46.7	47.8	49.7
Hotazel – Mamatwan (OP) ⁽²⁾⁽³⁾	36.4	22			%Mn	%Mn	
		Proved	53.6	40.5	37.8	37.7	
		Probable	24.8	8.1	37.2	36.8	
		Total	78.4	48.6	37.6	37.6	
Hotazel – Wessels (UG) ⁽²⁾⁽⁴⁾	36.4	49			%Mn	%Mn	
		Proved	5.1	3.9	45.5	46.5	
		Probable	68.4	14.9	43.0	45.3	
		Total	73.5	18.8	43.2	45.5	
Manganese Mineral Resources			Tonnes		Grade		Yield
Attributable %		Classification	2009	2008	2009	2008	2008
			2009	2008	2009	2008	2008
GEMCO (OP) ⁽⁵⁾	40.0		Mt	Mt	%Mn	%Mn	%
		Measured	71.2	74.6	46.3	46.3	44.4
		Indicated	46.6	47.5	46.0	46.0	44.0
		Measured and Indicated	117.9	122.1	46.2	46.2	44.2
		Inferred	39.0	39.1	43.3	43.4	44.1
Hotazel – Mamatwan (OP) ⁽²⁾⁽⁶⁾	36.4				%Mn	%Mn	
		Measured	79.6	51.8	35.8	37.6	
		Indicated	45.3	13.9	34.3	36.3	
		Measured and Indicated	124.9	65.7	35.3	37.3	
		Inferred	3.1	1.7	33.1	35.6	
Hotazel – Wessels (UG) ⁽²⁾⁽⁷⁾	36.4				%Mn	%Mn	
		Measured	12.1	6.7	46.3	47.3	
		Indicated	132.0	119.6	44.2	44.0	
		Measured and Indicated	144.1	126.3	44.4	44.1	
		Inferred	-	-	-	-	

Mining method: OP = Open Pit, UG = Underground, LOM = Life of Mine in years based on scheduled Ore Reserves

Mamatwan tonnages stated as wet metric tonnes. Wessels and GEMCO tonnages stated as dry metric tonnes

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated or Measured Resource after continued exploration

⁽¹⁾ GEMCO – Ore Reserves: Changes are the result of pricing changes between FY08 and FY09

⁽²⁾ Hotazel Manganese Mines: An agreement has been reached between Hotazel Manganese Mines and empowerment consortium Ntsimbintle Mining (Pty) Ltd. The Ntsimbintle agreement has been signed by both parties and approved by the South African Government. This transaction allows for the inclusion of part of the Prospecting Rights held by Ntsimbintle into the Mamatwan and Wessels Mining Area in exchange for 9% equity in Hotazel Manganese Mines, thereby adding the resources within the Ntsimbintle Prospecting Right to the Mamatwan and Wessels Mining Rights through a Section 102 conversion. The rights have been transferred to and are now held by a new company called Hotazel Manganese Mines (Pty) Ltd, effective as at 16 April 2009 subsequent to a section 11 (Act 28/2002) approval by the South African Department of Minerals and Energy (DME). The Anglo American share of Wessels and Mamatwan mines (Hotazel Manganese Mines) therefore drops to 36.4%.

⁽³⁾ Mamatwan – Ore Reserves: Changes in tonnages are due to a refinement of densities used for various zones within the orebody, inclusion of Ntsimbintle Ore Reserves, changes in final pillar layout (due to inclusion of Ntsimbintle Ore Reserves) resulting in more reserves being available for mining and depletion due to production.

⁽⁴⁾ Wessels – Ore Reserves: The main reasons for the increase in Ore Reserves are the inclusion of the Upper Body into the LOM Plan, the inclusion of the Ntsimbintle part of the Lower Body, refinement of the geological model after the addition of new drillhole and geological data and production depletion. New scheduling software and updated modifying factors have been used for the resource to reserve conversion.

⁽⁵⁾ GEMCO – Mineral Resources: All changes are as a result of depletion due to mining.

⁽⁶⁾ Mamatwan – Mineral Resources: Mineral Resources have been declared above a 35% Mn cut-off grade and now includes Mineral Resources contributed by Ntsimbintle Mining (Pty) Ltd. A major positive change in tonnage is due to the inclusion of the balance of the Top Cut (after removal of the X-zone). Changes also due to a refinement in the density methodology used, the X Zone and Top Cut (Balance) are also declared as Mineral Resource. As a matter of course, this material has to be mined in the process of accessing the economic M, C and N Zones and depending on market conditions, now has potential economic value. Please note that the modelling and tonnage declaration of an area of 118 753 m³ on the western side within the Ntsimbintle portion remains outstanding due to insufficient data. This will, following the approval of the South African Government and delineation of official boundaries, be evaluated for inclusion in 2010.

⁽⁷⁾ Wessels – Mineral Resources: Figures include those resources contributed by Ntsimbintle Mining (Pty) Ltd. A decrease in the Upper Body resource is reported after a complete rerun of the block model with the addition of new drillhole data and subsequent geological re-interpretation. Changes in the Lower Body Resource are apart from production depletion, due to a rerun of the block model with the addition of new drillhole and underground face sampling data, geological re-interpretation, adjustment of the sub-outcrop position in places and the addition of re-evaluated remnant ore blocks.

The Coal Reserve and Coal Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The SAMREC Code 2007). The figures reported represent 100% of the Ore Reserves and Mineral Resources; the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies. During 2009, Anglo Coal was restructured into three discrete business units: Anglo American Metallurgical Coal representing the dominantly export metallurgical coal business located in Australia, Anglo American Thermal Coal representing the dominantly export and domestic thermal coal business, located in South Africa and Colombia, and the Remaining Coal mines and projects located in Canada and Venezuela. THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO THE COAL RESERVES.

Metallurgical Coal Reserves ⁽¹⁾				ROM Tonnes ⁽²⁾		Yield ⁽⁴⁾		Saleable Tonnes ⁽³⁾		Saleable Quality ⁽⁵⁾	
Australia	Attributable % ⁽²⁾	LOM	Classification	2009	2008	2009	2008	2009	2008	2009	2008
Callide (OC)	100	21		Mt	Mt	%	%	Mt	Mt	kcal/kg	kcal/kg
Domestic Power			Proved	125.8	134.6	97.4	97.4	122.3	131.0	4,550	4,530
			Probable	87.7	87.7	99.2	99.2	87.0	87.0	4,560	4,550
			Total	213.5	222.3	98.2	98.1	209.3	218.0	4,550	4,540
Capcoal (OC&UG)	71.6	21								kcal/kg	kcal/kg
Export Thermal			Proved	127.0	125.8	2.2	38.9	3.0	53.1	7,070	7,400
			Probable	68.0	90.3	2.9	39.1	2.0	38.6	7,070	7,400
			Total	194.9	216.1	2.4	39.0	5.0	91.7	7,070	7,400
Coking			Proved			37.7	29.8	50.0	39.1	CSN	CSN
			Probable			34.4	17.2	24.4	16.3	8.0	8.5
			Total			36.6	24.5	74.4	55.4	7.5	8.5
Other Metallurgical			Proved			28.7	—	38.1	—	8.0	—
			Probable			29.5	—	20.9	—	7.5	—
			Total			29.0	—	59.0	—	7.020	—
Dawson (OC)	51.0	26								kcal/kg	kcal/kg
Export Thermal			Proved	21.0	205.1	57.6	53.2	12.4	114.1	6,500	6,600
			Probable	161.8	123.0	56.4	30.5	93.9	38.9	6,500	6,620
			Total	182.8	328.1	56.6	44.7	106.3	153.0	6,500	6,610
Coking			Proved			24.4	28.0	5.2	59.6	CSN	CSN
			Probable			18.9	47.5	31.4	61.4	7.5	7.5
			Total			19.5	35.3	36.6	121.0	7.5	7.5
Drayton (OC)	88.2	6								kcal/kg	kcal/kg
Export Thermal			Proved	1.9	26.5	78.4	69.8	1.5	18.5	7,070	6,720
			Probable	31.2	14.4	77.3	69.8	24.1	10.1	6,450	6,740
			Total	33.1	40.9	77.4	69.8	25.6	28.6	6,490	6,730
Domestic Power			Proved			—	25.0	—	6.6	—	5,780
			Probable			—	25.0	—	3.6	—	5,780
			Total			—	25.0	—	10.2	—	5,780
Foxleigh (OC)	70.0	2								kcal/kg	kcal/kg
Other Metallurgical			Proved	1.9	—	71.1	—	1.4	—	6,520	—
			Probable	4.4	—	71.1	—	3.3	—	6,580	—
			Total	6.3	—	71.1	—	4.7	—	6,560	—
Moranbah North (UG)	88.0	29								CSN	CSN
Coking			Proved	123.6	118.4	78.5	75.8	102.5	95.0	7.5	7.5
			Probable	12.2	17.3	74.0	74.0	9.6	13.6	8.0	8.0
			Total	135.8	135.8	78.1	75.6	112.0	108.6	7.5	7.5
Australia Export Thermal	58.7		Proved	401.0	610.4	49.7	50.8	16.9	185.7	6,650	6,840
			Probable	365.3	332.8	59.8	38.8	120.0	87.6	6,500	6,980
			Total	766.4	943.2	58.5	45.4	136.9	273.3	6,520	6,880
Australia Coking	76.5		Proved			63.8	51.8	157.7	193.7	CSN	CSN
			Probable			32.7	46.0	65.3	91.4	7.5	8.0
			Total			54.6	48.6	223.0	285.0	7.5	8.0
Australia Other Metallurgical	71.5		Proved			30.2	—	39.5	—	6,960	—
			Probable			35.2	—	24.2	—	7,020	—
			Total			32.1	—	63.7	—	6,990	—
Australia Domestic Power	100		Proved			97.4	93.9	122.3	137.6	kcal/kg	kcal/kg
			Probable			99.2	96.3	87.0	90.7	4,550	4,590
			Total			98.2	94.8	209.3	228.3	4,560	4,590

Mining method: OC = Open Cast, UG = Underground. LOM = Life of Mine in years based on scheduled Ore Reserves.

For the multi-product operations, the ROM tonnage figures apply to each product.

The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account. Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.

Additional footnotes appear at the end of the section.

Export Thermal refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).

Coking refers to a high- to medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in steel industry; quality measured as crucible swell number (CSN).

Other Metallurgical refers to semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal.

Domestic Power refers to low- to high-volatile thermal or semi-soft coal primarily for domestic consumption for power generation; quality measured by calorific value (CV).

Ore Reserves and Mineral Resources

Coal

estimates as at 31 December 2009

Metallurgical Coal Resources – Mine Leases ⁽⁴⁾		Classification	Tonnes		Coal Quality	
Australia	Attributable % ⁽²⁾		2009	2008	2009	2008
Callide	100		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽³⁾	kcal/kg ⁽³⁾
		Measured	317 8	317 8	4,800	4,800
		Indicated	375 3	375 3	4,740	4,740
		Measured and Indicated	693 1	693 1	4,770	4,770
		Inferred (in LOM) ⁽⁴⁾	0 4	0 4	4,050	4,050
Capcoal	71 6	Measured	101 3	181 2	6,810	7,160
		Indicated	116 0	119 8	6,750	7,160
		Measured and Indicated	217 3	301 0	6,780	7,160
		Inferred (in LOM) ⁽⁴⁾	12 0	8 6	6,560	7,160
Dawson	51 0	Measured	163 1	162 3	6,650	6,560
		Indicated	278 6	215 1	6,650	6,590
		Measured and Indicated	441 7	377 4	6,650	6,580
		Inferred (in LOM) ⁽⁴⁾	103 5	2 7	6,710	6,540
Drayton	88 2	Measured	0 9	9 3	6,870	6,730
		Indicated	12 5	12 4	6,730	6,760
		Measured and Indicated	13 4	21 7	6,740	6,750
		Inferred (in LOM) ⁽⁴⁾	0 1	1 3	5,910	6,860
Foxleigh	70 0	Measured	10 0	1 8	6,760	7,680
		Indicated	58 9	71 0	6,480	7,420
		Measured and Indicated	68 9	72 7	6,520	7,430
		Inferred (in LOM) ⁽⁴⁾	–	–	–	–
Moranbah North	88 0	Measured	42 1	32 4	6,590	6,730
		Indicated	20 0	22 4	6,480	6,730
		Measured and Indicated	62 2	54 7	6,550	6,730
		Inferred (in LOM) ⁽⁴⁾	0 1	0 6	6,800	6,730
Australia – Mine Leases	77 6				kcal/kg ⁽³⁾	kcal/kg ⁽³⁾
		Measured	635 2	704 7	5,750	5,930
		Indicated	861 4	816 0	5,820	5,900
		Measured and Indicated	1,496 6	1,520 7	5,790	5,920
		Inferred (in LOM) ⁽⁴⁾	116 0	13 6	6,690	6,910
Metallurgical Coal Resources – Projects ⁽⁴⁾						
Australia	Attributable % ⁽²⁾	Classification	Tonnes		Coal Quality	
			2009	2008	2009	2008
Dartbrook	77 5		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽³⁾	kcal/kg ⁽³⁾
		Measured	170 1	170 1	6,200	6,200
		Indicated	51 9	51 9	6,200	6,200
		Measured and Indicated	222 1	222 1	6,200	6,200
Grosvenor	100	Measured	240 1	227 8	6,350	6,650
		Indicated	117 2	111 9	6,340	6,660
		Measured and Indicated	357 3	339 7	6,350	6,650
Moranbah South	50 0	Measured	56 0	–	5,940	–
		Indicated	149 7	–	6,290	–
		Measured and Indicated	205 7	–	6,190	–
Saddlers Creek	88 2	Measured	398 9	398 9	6,440	6,440
		Indicated	137 9	137 9	6,340	6,340
		Measured and Indicated	536 8	536 8	6,410	6,410
Taroom	51 0	Measured	36 4	36 4	5,560	5,560
		Indicated	89 0	89 0	5,580	5,580
		Measured and Indicated	125 5	125 5	5,570	5,570
Theodore	51 0	Measured	–	–	–	–
		Indicated	358 2	358 2	6,250	6,250
		Measured and Indicated	358 2	358 2	6,250	6,250
Australia – Projects	74 9				kcal/kg ⁽³⁾	kcal/kg ⁽³⁾
		Measured	901 5	833 2	6,300	6,410
		Indicated	903 9	749 0	6,210	6,240
		Measured and Indicated	1,805 4	1,582 2	6,260	6,330
Metallurgical Coal Resources – Mine Lease and Projects ⁽⁴⁾						
Australia	Attributable % ⁽²⁾	Classification	Tonnes		Coal Quality	
			2009	2008	2009	2008
Total	76 1		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽³⁾	kcal/kg ⁽³⁾
		Measured	1,536 7	1,537 9	6,070	6,190
		Indicated	1,765 3	1,565 0	6,020	6,060
		Measured and Indicated	3,302 0	3,102 9	6,050	6,130
		Inferred (in LOM) ⁽⁴⁾	116 0	13 6	6,690	6,910

Brown Coal

Brown Coal Resources⁽¹⁾

Australia	Attributable % ⁽²⁾	Classification	Tonnes		Coal Quality	
			2009	2008	2009	2008
Monash Energy	100		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁵⁾	kcal/kg ⁽⁵⁾
		Measured	5,095 0	5 095 0	1,820	1,820
		Indicated	5,221 0	5 221 0	1,790	1,790
		Measured and Indicated	10,316 0	10,316 0	1,800	1,800
Australia Brown Coal Resources	100				kcal/kg ⁽⁵⁾	kcal/kg ⁽⁵⁾
		Measured	5,095 0	5,095 0	1,820	1,820
		Indicated	5,221 0	5 221 0	1,790	1,790
		Measured and Indicated	10,316 0	10 316 0	1,800	1,800

Coal Bed Methane

Coal Bed Methane Reserves

Australia	Attributable % ⁽²⁾	Classification	Saleable Volume ⁽⁶⁾		Saleable Energy Content ⁽⁶⁾	
			2009	2008	2009	2008
Dawson	51 0		MMcf	MMcf	PJ	PJ
		Proved 1P	45,392	49,882	48	53
		Probable 2P-1P	100,259	100 259	106	106
		Total 2P	145,651	150,141	154	159
Harcourt	25 5					
		Proved 1P	–	–	–	–
		Probable 2P-1P	36,902	36,902	39	39
		Total 2P	36,902	36,902	39	39
Australia CBM Reserves	45 8				PJ	PJ
		Proved 1P	45,392	49,882	48	53
		Probable 2P-1P	137,161	137 161	145	145
		Total 2P	182,553	187 043	193	197

Coal Bed Methane (CBM) estimates were compiled by an external independent consultant in accordance with the guidelines and recommendations contained in the Petroleum Resources Management System 2007 sponsored by the Society of Petroleum Engineers (SPE) and the World Petroleum Council (WPC)

⁽¹⁾ Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis which represents the tonnes delivered to the plant. Saleable reserve tonnage represents the product tonnes produced (Coal Reserves (ROM and Saleable) are on the applicable moisture basis)

⁽²⁾ Attributable (%) refers to 2009 only. For the 2008 Reported and Attributable figures please refer to the 2008 Annual Report

⁽³⁾ The tonnage is quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis and Saleable tonnages on a Product moisture basis

⁽⁴⁾ Yield (%) 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. The product yields for Proved, Probable and Total are calculated by dividing the individual Saleable reserves by the total ROM reserves per classification

⁽⁵⁾ The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis or Crucible Swell Number (CSN). Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal, PCI metallurgical coal, steam coal and domestic coal. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index

⁽⁶⁾ Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) basis in million tonnes which are in addition to those resources which have been modified to produce the reported Coal Reserves. Coal Resources are on an in situ moisture basis

⁽⁷⁾ The coal quality for the Coal Resources is quoted on an in-situ heat content as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg

⁽⁸⁾ Inferred (in LOM) refers to Inferred Coal Resources that are included in the life of mine extraction schedule of the respective collieries and are not reported as Coal Reserves. Inferred Coal Resources outside the LOM plan but within the mine lease area are not reported due to a) the uncertainty attached to such resources in that it cannot be assumed that all or part of the Inferred Resource will necessarily be upgraded to Indicated or Measured categories through continued exploration b) such Inferred Resources do not necessarily meet the requirements of reasonable prospects for eventual economic extraction, particularly in respect of future mining and processing economics

⁽⁹⁾ CBM Reserves are reported in terms of Saleable volume (million cubic feet – MMcf) and Saleable energy (Petajoules – PJ or one thousand trillion Joules)

Summary of material changes (±10%) at reporting level

Australia	
Callide	The 2009 submission has been based on depletion of the 2008 resource and reserve estimates by the actual 2009 production. Work is currently underway to generate a new life of mine plan for Callide for supply to domestic and other customers. This work is expected to be complete by end 2010 at which time a full economic re-assessment of the resource and reserve position will be available.
Capcoal	Resources in areas down-dip of Central and to the east of Grasstree have been reallocated (-80 Mt). Closure of the Aquila bord and pillar operation has reduced ROM reserves (-22 Mt).
Dawson	Mining at Dawson North ceased in early 2009 (-37 Mt ROM). Resource classifications have been revised resulting in a decrease in areas of reserves (-108 Mt) and an increase in Inferred Resources within the mine plan (+101 Mt). Exploration commencing in 2010 is expected to bring Inferred Resources within the mine plan progressively to reserve status during 2011.
Drayton	Reserves – Revision of mine plan and exclusion high cost areas in south / south west of lease (-8 Mt ROM). Resources – Resources reallocated due to geological complexity (-9 Mt).
Foxleigh	Reserves reported for the first time representing reserves in the immediate mining areas (+6 Mt ROM).
Grosvenor	Approval obtained for the commencement of a detailed feasibility study for an underground longwall operation in 2010.
Jellinbah	Not reported in 2009 due to <25% attributable interest.
Moranbah North	Resource increase attributable to changes in mine design and additional exploration (+7 Mt).
Moranbah South	Resources are reported for underground mining areas which have reasonable potential for eventual economic extraction based on exploration and studies completed in 2009 (+206 Mt).
Brown Coal	
Monash Energy	Resource estimates have not changed from 2008 because no additional data was added in 2009. The brown coal is a substantial resource suitable as a feedstock to many chemical processes but requires technological breakthroughs to allow the economic development of clean coal plants.
Coal Bed Methane	
Dawson	Initial reserves calculated in 2006 were depleted for gas production, consumption and venting for the 2009 estimates.

Assumption with respect to Mineral Tenure

Callide: An expectation that a Mining Lease Application which has been lodged will be granted for the northern part of the Kiburne area. A Mining Lease Application will be lodged and is expected to be granted for the Amy's Find area as an extension to the existing mining area at The Hut.

Foxleigh: A Mining Lease Application will be lodged and is expected to be granted for the Plains area.

Reviews by independent third parties were carried out in 2009 on the following Operations and Project areas: Capcoal Mine Complex, Dawson South, Drayton, Foxleigh, Theodore, Taroom.

The Coal Reserve and Coal Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The SAMREC Code, 2007). The figures reported represent 100% of the Ore Reserves and Mineral Resources; the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies. During 2009, Anglo Coal was restructured into three discrete business units: Anglo American Metallurgical Coal representing the dominantly export metallurgical coal business located in Australia, Anglo American Thermal Coal representing the dominantly export and domestic thermal coal business located in South Africa and Colombia, and the Remaining Coal mines and projects located in Canada and Venezuela. THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO THE COAL RESERVES.

Thermal Coal Reserves ⁽¹⁾				ROM Tonnes ⁽²⁾		Yield ⁽⁴⁾		Saleable Tonnes ⁽³⁾		Saleable Quality ⁽⁵⁾	
Colombia	Attributable % ⁽²⁾	LOM	Classification	2009	2008	2009	2008	2009	2008	2009	2008
Cerréjon (OC)	33.3	23		Mt	Mt	%	%	Mt	Mt	kcal/kg	kcal/kg
Export Thermal			Proved	646.6	519.3	96.2	96.9	621.4	502.9	6,210	6,200
			Probable	50.7	241.0	96.2	96.9	48.9	233.4	6,210	6,200
			Total	697.3	760.2	96.2	96.9	670.3	736.3	6,210	6,200
Colombia Export Thermal	33.3									kcal/kg	kcal/kg
			Proved	646.6	519.3	96.2	96.9	621.4	502.9	6,210	6,200
			Probable	50.7	241.0	96.2	96.9	48.9	233.4	6,210	6,200
			Total	697.3	760.2	96.2	96.9	670.3	736.3	6,210	6,200
Thermal Coal Reserves ⁽¹⁾				ROM Tonnes ⁽²⁾		Yield ⁽⁴⁾		Saleable Tonnes ⁽³⁾		Saleable Quality ⁽⁵⁾	
South Africa	Attributable % ⁽²⁾	LOM	Classification	2009	2008	2009	2008	2009	2008	2009	2008
Goedeheop (UG&OC)	100	10		Mt	Mt	%	%	Mt	Mt	kcal/kg	kcal/kg
Export Thermal			Proved	25.5	50.5	59.9	49.9	15.5	26.3	6,240	6,200
			Probable	85.6	81.2	54.5	54.2	47.5	45.1	6,180	6,130
			Total	111.1	131.7	55.7	52.6	63.0	71.4	6,190	6,150
Other Metallurgical			Proved	—	—	—	2.0	—	1.0	—	6,990
			Probable	—	—	—	—	—	—	—	—
			Total	—	—	—	0.8	—	1.0	—	6,990
Greenside (UG)	100	12									
Export Thermal			Proved	39.8	19.5	59.0	63.2	24.3	12.6	6,190	6,240
			Probable	2.4	12.2	63.0	60.3	1.5	7.5	6,190	6,220
			Total	42.1	31.7	59.2	62.1	25.8	20.1	6,190	6,230
Isibonelo (OC)	100	17									
Synfuel			Proved	84.5	90.6	100	100	84.6	90.6	4,560	4,660
			Probable	—	—	—	—	—	—	—	—
			Total	84.5	90.6	100	100	84.6	90.6	4,560	4,660
Kleinkopje (OC)	100	14									
Export Thermal			Proved	77.1	81.9	33.8	32.9	26.4	27.3	6,220	6,220
			Probable	21.3	25.4	48.4	49.0	10.4	12.6	6,230	6,230
			Total	98.4	107.4	37.0	36.7	36.8	39.9	6,220	6,220
Domestic Power			Proved	—	—	37.5	40.6	29.5	33.2	4,490	4,530
			Probable	—	—	—	—	—	—	—	—
			Total	—	—	29.4	31.0	29.5	33.2	4,490	4,530
Kriel (UG&OC)	73.0	16									
Domestic Power			Proved	67.0	82.1	100	100	67.0	82.1	4,790	4,800
			Probable	64.3	62.4	100	100	64.3	62.4	4,500	4,500
			Total	131.3	144.5	100	100	131.3	144.5	4,650	4,670
Landau (OC)	100	11									
Export Thermal			Proved	48.0	37.5	52.8	50.1	25.1	18.8	6,300	6,270
			Probable	21.4	27.8	50.7	48.4	11.0	13.4	6,370	6,260
			Total	69.5	65.3	52.2	49.4	36.1	32.3	6,320	6,270
Domestic Power			Proved	—	—	7.0	10.6	3.4	4.0	4,450	3,340
			Probable	—	—	9.1	15.3	2.0	4.2	3,900	4,690
			Total	—	—	7.6	12.6	5.4	8.2	4,250	4,040
Mafube (OC)	50.0	20									
Export Thermal			Proved	35.6	40.6	51.6	54.2	18.4	22.0	6,300	6,290
			Probable	67.3	66.8	36.9	36.9	25.1	24.7	6,280	6,270
			Total	103.0	107.3	42.0	43.4	43.5	46.7	6,290	6,280
Domestic Power			Proved	—	—	23.0	28.0	8.2	11.4	5,450	5,380
			Probable	—	—	31.3	31.3	21.2	20.9	5,080	5,080
			Total	—	—	28.4	30.1	29.4	32.3	5,180	5,190
New Denmark (UG)	100	31									
Domestic Power			Proved	37.0	41.9	100	100	37.0	41.9	5,090	4,900
			Probable	106.7	87.6	100	100	106.7	87.6	4,940	4,850
			Total	143.7	129.5	100	100	143.7	129.5	4,980	4,870

Thermal Coal Reserves ⁽¹⁾			ROM Tonnes ⁽²⁾		Yield ⁽⁴⁾		Saleable Tonnes ⁽³⁾		Saleable Quality ⁽⁵⁾		
South Africa continued	Attributable % ⁽²⁾	LOM	Classification	2009	2008	2009	2008	2009	2008	2009	2008
New Vaal (OC)	100	18		Mt	Mt	%	%	Mt	Mt	kcal/kg	kcal/kg
Domestic Power			Proved	423 4	444 9	92 1	91 2	404 0	417 6	3,490	3,500
			Probable	—	—	—	—	—	—	—	—
			Total	423 4	444 9	92 1	91 2	404 0	417 6	3,490	3 500
Nootgedacht 5 Seam (UG)	100	3									
Export Thermal			Proved	1 9	2 9	34 6	39 9	0 7	1 2	6,360	6 200
			Probable	—	—	—	—	—	—	—	—
			Total	1 9	2 9	34 6	39 9	0 7	1 2	6,360	6,200
Other Metallurgical			Proved	—	—	27 0	30 5	0 5	0 9	6,300	6 510
			Probable	—	—	—	—	—	—	—	—
			Total	—	—	27 0	30 5	0 5	0 9	6,300	6,510
Zibulo (UG&OC)	73 0	17									
Export Thermal			Proved	—	—	—	—	—	—	—	—
			Probable	99 3	117 7	39 7	40 1	39 5	47 5	6 350	6,340
			Total	99 3	117 7	39 7	40 1	39 5	47 5	6,350	6,340
Domestic Power			Proved	—	—	—	—	—	—	—	—
			Probable	—	—	37 0	40 5	38 5	49 8	4,880	4,880
			Total	—	—	37 0	40 5	38 5	49 8	4,880	4,880
South Africa Export Thermal	86 8									kcal/kg	kcal/kg
			Proved	839 8	892 4	50 3	48 0	110 3	108 2	6,250	6,240
			Probable	468 3	481 0	46 2	46 3	135 0	150 9	6 270	6,240
			Total	1,308 1	1,373 4	47 7	46 5	245 3	259 1	6,260	6,240
South Africa Other Metallurgical	100									kcal/kg	kcal/kg
			Proved	—	—	27 0	15 8	0 5	1 9	6,300	6 760
			Probable	—	—	—	—	—	—	—	—
			Total	—	—	27 0	15 2	0 5	1 9	6,300	6,760
South Africa Domestic Power	92 3									kcal/kg	kcal/kg
			Proved	—	—	89 1	88 4	549 1	590 1	3,850	3 870
			Probable	—	—	82 5	78 8	232 7	225 0	4,810	4,780
			Total	—	—	86 8	85 4	781 8	815 1	4,130	4,120
South Africa Synfuel	100									kcal/kg	kcal/kg
			Proved	—	—	100	100	84 6	90 6	4,560	4,660
			Probable	—	—	—	—	—	—	—	—
			Total	—	—	100	100	84 6	90 6	4,560	4,660

Thermal Coal Reserves ⁽¹⁾			ROM Tonnes ⁽²⁾		Yield ⁽⁴⁾		Saleable Tonnes ⁽³⁾		Saleable Quality ⁽⁵⁾	
Total	Attributable % ⁽²⁾	Classification	2009	2008	2009	2008	2009	2008	2009	2008
Export Thermal	47 4		Mt	Mt	%	%	Mt	Mt	kcal/kg	kcal/kg
		Proved	1,486 4	1,411 6	89 3	88 2	731 7	611 1	6,220	6 500
		Probable	519 0	722 0	59 5	77 0	183 9	384 3	6,250	6,360
		Total	2,005 4	2,133 6	83 2	83 8	915 6	995 4	6,230	6 450
Other Metallurgical	100								kcal/kg	kcal/kg
		Proved	—	—	27 0	15 8	0 5	1 9	6,300	6 760
		Probable	—	—	—	—	—	—	—	—
		Total	—	—	27 0	15 2	0 5	1 9	6,300	6,760
Domestic Power	92 3								kcal/kg	kcal/kg
		Proved	—	—	89 1	88 4	549 1	590 1	3,850	3,870
		Probable	—	—	82 5	78 8	232 7	225 0	4,810	4 780
		Total	—	—	86 8	85 4	781 8	815 1	4,130	4,120
Synfuel	100								kcal/kg	kcal/kg
		Proved	—	—	100	100	84 6	90 6	4,560	4,660
		Probable	—	—	—	—	—	—	—	—
		Total	—	—	100	100	84 6	90 6	4,560	4,660

Mining method: OC = Open Cast, UG = Underground, LOM = Life of Mine in years based on scheduled Ore Reserves

For the multi-product operations, the ROM tonnage figures apply to each product

The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account

Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage

Additional footnotes appear at the end of the section

Export Thermal refers to low- to high-volatile thermal coal primarily for export in the use of power generation, quality measured by calorific value (CV)

Other Metallurgical refers to semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal

Domestic Power refers to low- to high-volatile thermal or semi-soft coal primarily for domestic consumption for power generation, quality measured by calorific value (CV)

Synfuel refers to a coal specifically for the domestic production of synthetic fuel and chemicals, quality measured by calorific value (CV)

Ore Reserves and Mineral Resources

Coal

estimates as at 31 December 2009

Thermal Coal Resources – Mine Leases ⁽¹⁾		Classification	Tonnes		Coal Quality	
Colombia	Attributable % ⁽²⁾		2009	2008	2009	2008
Cerréjon	33.3		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁵⁾	kcal/kg ⁽⁵⁾
		Measured	1,051.6	667.1	6,480	6,400
		Indicated	270.3	712.8	6,480	6,290
		Measured and Indicated	1,321.9	1,379.9	6,480	6,340
		Inferred (in LOM) ⁽³⁾	40.3	–	6,960	–
Colombia – Mine Leases	33.3				kcal/kg ⁽⁵⁾	kcal/kg ⁽⁵⁾
		Measured	1,051.6	667.1	6,480	6,400
		Indicated	270.3	712.8	6,480	6,290
		Measured and Indicated	1,321.9	1,379.9	6,480	6,340
		Inferred (in LOM) ⁽³⁾	40.3	–	6,960	–
Thermal Coal Resources – Mine Leases ⁽¹⁾						
South Africa	Attributable % ⁽²⁾	Classification	2009	2008	2009	2008
Goedeheop	100		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁵⁾	kcal/kg ⁽⁵⁾
		Measured	115.3	135.4	5,030	5,010
		Indicated	82.4	83.8	5,270	5,320
		Measured and Indicated	197.7	219.2	5,130	5,130
		Inferred (in LOM) ⁽³⁾	–	–	–	–
Greenside	100					
		Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	–	–	–	–
		Inferred (in LOM) ⁽³⁾	13.3	27.7	5,470	5,120
Isibonelo	100					
		Measured	–	–	–	–
		Indicated	25.8	25.8	5,250	5,330
		Measured and Indicated	25.8	25.8	5,250	5,330
		Inferred (in LOM) ⁽³⁾	–	–	–	–
Kleinkopje	100					
		Measured	28.6	31.9	4,990	4,960
		Indicated	–	–	–	–
		Measured and Indicated	28.6	31.9	4,990	4,960
		Inferred (in LOM) ⁽³⁾	–	–	–	–
Kriel	73.0					
		Measured	61.8	61.8	5,280	5,280
		Indicated	34.7	34.7	4,710	4,710
		Measured and Indicated	96.5	96.5	5,080	5,080
		Inferred (in LOM) ⁽³⁾	–	–	–	–
Landau	100					
		Measured	30.4	34.0	5,730	5,750
		Indicated	41.7	66.3	4,600	6,050
		Measured and Indicated	72.1	100.2	5,080	5,950
		Inferred (in LOM) ⁽³⁾	–	–	–	–
Mafube	50.0					
		Measured	3.8	4.2	5,230	5,300
		Indicated	–	–	–	–
		Measured and Indicated	3.8	4.2	5,230	5,300
		Inferred (in LOM) ⁽³⁾	10.7	10.7	5,420	5,420
New Denmark	100					
		Measured	–	–	–	–
		Indicated	–	–	–	–
		Measured and Indicated	–	–	–	–
		Inferred (in LOM) ⁽³⁾	30.6	78.7	5,310	5,840
New Vaal	100					
		Measured	–	2.5	–	4,230
		Indicated	–	–	–	–
		Measured and Indicated	–	2.5	–	4,230
		Inferred (in LOM) ⁽³⁾	–	–	–	–
Nooitgedacht 5 Seam	100					
		Measured	1.1	1.1	4,750	6,240
		Indicated	–	–	–	–
		Measured and Indicated	1.1	1.1	4,750	6,240
		Inferred (in LOM) ⁽³⁾	–	–	–	–
Zibulo	73.0					
		Measured	98.0	90.8	4,810	4,480
		Indicated	174.2	220.3	4,910	5,200
		Measured and Indicated	272.2	311.2	4,870	4,990
		Inferred (in LOM) ⁽³⁾	59.2	–	5,430	–
South Africa – Mine Leases	84.9				kcal/kg ⁽⁵⁾	kcal/kg ⁽⁵⁾
		Measured	339.1	361.7	5,070	4,990
		Indicated	358.8	430.9	4,960	5,320
		Measured and Indicated	697.8	792.6	5,020	5,170
		Inferred (in LOM) ⁽³⁾	113.8	117.1	5,400	5,630
Thermal Coal Resources						
Mine Leases	Attributable % ⁽²⁾	Classification	2009	2008	2009	2008
Total	52.6		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁵⁾	kcal/kg ⁽⁵⁾
		Measured	1,390.7	1,028.8	6,130	5,900
		Indicated	629.1	1,143.7	5,620	5,930
		Measured and Indicated	2,019.7	2,172.6	5,970	5,920
		Inferred (in LOM) ⁽³⁾	154.0	117.1	5,810	5,630

Ore Reserves and Mineral Resources

Coal

estimates as at 31 December 2009

Thermal Coal Resources – Projects^(a)

South Africa	Attributable % ^(b)	Classification	Tonnes		Coal Quality	
			2009	2008	2009	2008
Elders	73.0	MTIS ^(a)	MTIS ^(a)	MTIS ^(a)	kcal/kg ^(c)	kcal/kg ^(c)
		Measured	183.4	87.7	4,940	5,200
		Indicated	30.6	36.6	4,960	5,170
		Measured and Indicated	213.9	124.3	4,940	5,190
Kriel East	73.0	Measured	97.9	41.4	4,930	4,980
		Indicated	22.8	50.8	4,900	4,940
		Measured and Indicated	120.8	92.2	4,920	4,960
New Largo	73.0	Measured	247.1	199.9	4,430	4,000
		Indicated	246.1	186.3	4,230	4,050
		Measured and Indicated	493.2	386.3	4,330	4,020
Nootgedacht 2+4 Seam	100	Measured	29.9	–	5,320	–
		Indicated	17.1	61.6	5,320	5,320
		Measured and Indicated	47.0	61.6	5,320	5,320
South Rand	73.0	Measured	90.7	36.4	4,780	5,560
		Indicated	156.5	220.7	4,710	5,590
		Measured and Indicated	247.2	257.1	4,740	5,590
Vaalbank	100	Measured	54.6	54.6	3,570	3,900
		Indicated	23.4	23.4	4,440	3,900
		Measured and Indicated	77.9	77.9	3,830	3,900
South Africa – Projects	75.8	Measured	703.6	420.0	4,650	4,470
		Indicated	496.4	579.4	4,500	4,910
		Measured and Indicated	1,200.0	999.5	4,590	4,730

Thermal Coal Resources^(a)

Projects	Attributable % ^(b)	Classification	Tonnes		Coal Quality	
			2009	2008	2009	2008
Total	75.8	MTIS ^(a)	MTIS ^(a)	MTIS ^(a)	kcal/kg ^(c)	kcal/kg ^(c)
		Measured	703.6	420.0	4,650	4,470
		Indicated	496.4	579.4	4,500	4,910
		Measured and Indicated	1,200.0	999.5	4,590	4,730

Thermal Coal Resources^(a)

Mine Leases and Projects	Attributable % ^(b)	Classification	Tonnes		Coal Quality	
			2009	2008	2009	2008
Total	60.8	MTIS ^(a)	MTIS ^(a)	MTIS ^(a)	kcal/kg ^(c)	kcal/kg ^(c)
		Measured	2,094.3	1,448.9	5,640	5,490
		Indicated	1,125.5	1,723.1	5,130	5,590
		Measured and Indicated	3,219.7	3,172.0	5,460	5,540
		Inferred (in LOM) ^(d)	154.0	117.1	5,810	5,630

Attributable percentages for country totals are weighted by Measured and Indicated MTIS

^(a) Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis which represents the tonnes delivered to the plant. Saleable reserve tonnage represents the product tonnes produced. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.

^(b) Attributable (%) refers to 2009 only. For the 2008 Reported and Attributable figures please refer to the 2008 Annual Report.

^(c) The tonnage is quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis and Saleable tonnages on a Product moisture basis.

^(d) Yield (%) 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. The product yields for Proved, Probable and Total are calculated by dividing the individual Saleable reserves by the total ROM reserves per classification.

^(e) The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis or Crucible Swell Number (CSN). Coal quality parameters for the Coal Reserves for Coking. Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal. PCI metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Domestic Synfuels collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.

^(f) Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) basis in million tonnes which are in addition to those resources which have been modified to produce the reported Coal Reserves. Coal Resources are on an in-situ moisture basis.

^(g) The coal quality for the Coal Resources is quoted on an in-situ heat content as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.

^(h) Inferred (in LOM) refers to Inferred Coal Resources that are included in the life of mine extraction schedule of the respective collieries and are not reported as Coal Reserves. Inferred Coal Resources outside the LOM plan but within the mine lease area are not reported due to a) the uncertainty attached to such resources in that it cannot be assumed that all or part of the Inferred Resource will necessarily be upgraded to Indicated or Measured categories through continued exploration. b) such Inferred Resources do not necessarily meet the requirements of reasonable prospects for eventual economic extraction particularly in respect of future mining and processing economics.

Summary of material changes (±10%) at reporting level

Colombia	Resources: a gain of 40 Mt Inferred Resources in Mine Plan due to changes in methodology
Cerrejón	
South Africa	
Goedehoop	Reserves: a gain of 19 Mt due to inclusion of Vlaklaagte resources in mine plan, a loss of 20 Mt resulting from changes in modifying factors.
Greenside	Reserves: a gain of 15 Mt due to changes in mine plan, increased drilling density and correction for under reporting in 2008. Resources: a loss of 14 Mt due to exclusion of resources underlying plan pending environmental approval for mining.
Kleinkopje	Resources: a loss of 3 Mt due to changes in pit shell layout.
Landau	Reserves: a gain of 11 Mt due to conversion of Navigation West and Schoonhe opencast resources. Resources: a loss of 9 Mt due to infrastructure sterilisation.
New Denmark	Reserves: reclassification of 48 Mt Resources to 25 Mt Reserves due to additional information.
New Vaal	Reserves: a loss of 3 Mt due to the exclusion of low volatile material and 3 Mt due to operational mining losses.
Zibulo	Zibulo comprises the Zibulo Mine (formerly Zondagsfontein), the Zondagsfontein West project area and the Oogiesfontein Mine. Proved Reserves have been reclassified as Probable Reserves pending the granting of a mining right. Reserves: a loss of 13 Mt at Zibulo due to change in mining extraction percentage and 3 Mt at Oogiesfontein due to reclassification of reserves following changes in mine planning. Resources: a gain of 59 Mt of S2M Seam at Zibulo due to inclusion of Inferred Resources in the mine plan and a gain of 3 Mt Measured Resources at Oogiesfontein due to reclassification of reserves. A loss of 42 Mt of S5 Seam at Zibulo due to reclassification and change to minimum cut-off thickness and re-modelling of a transgressive silt.
Elders	A gain of 51 Mt due to additional information: a gain of 39 Mt due to change from raw to washed product.
Kriel East	A gain of 29 Mt due to additional exploration information.
New Largo	A gain of 107 Mt due to additional exploration information.
Nootgedacht	A loss of 15 Mt due to reduced interpretation confidence in data combined with a change of cut-off parameters.

Assumption with respect to Mineral Tenure

South Africa: Granting of 3 remaining Prospecting Rights to Anglo American Thermal Coal for the Vaalbank project is pending. Anglo American Thermal Coal has reasonable expectation that these rights will be granted in due course and the relevant Project Coal resources have been included in the statement. Granting of the mining rights for Zibulo Colliery (formerly Zondagsfontein and Oogiesfontein) are currently pending. Anglo Inyosi Coal (Pty) Limited has reasonable expectation that these rights will be granted in due course. Anglo American Thermal Coal has been granted Section 11 Cession of the Kriel mining right to Anglo Inyosi Coal (Pty) Limited but has not concluded the final agreement. The attributable percentage (73%) reflects therefore the anticipated ownership following conclusion of this agreement.

Royalty Payment

South Africa: Royalty payments are scheduled to commence in April 2010 and have been taken into consideration in economic assessment of the reserves.

Reviews by independent third parties were carried out in 2009 on the following Operations and Project areas: Goedehoop South, Isibonelo, Zibulo, Elders.

The Coal Reserve and Coal Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The SAMREC Code, 2007). The figures reported represent 100% of the Ore Reserves and Mineral Resources; the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies. During 2009, Anglo Coal was restructured into three discrete business units: Anglo American Metallurgical Coal representing the dominantly export metallurgical coal business located in Australia, Anglo American Thermal Coal representing the dominantly export and domestic thermal coal business, located in South Africa and Colombia, and the Remaining Coal mines and projects located in Canada and Venezuela. THE COAL RESOURCES ARE REPORTED AS ADDITIONAL TO THE COAL RESERVES.

Remaining Coal Reserves ⁽¹⁾				ROM Tonnes ⁽²⁾		Yield ⁽⁴⁾		Saleable Tonnes ⁽³⁾		Saleable Quality ⁽⁵⁾	
Canada	Attributable % ⁽²⁾	LOM	Classification	2009	2008	2009	2008	2009	2008	2009	2008
Trend (OC)	74.8	14		Mt	Mt	%	%	Mt	Mt	kcal/kg	kcal/kg
Export Thermal			Proved	20.6	10.4	1.9	2.0	0.4	0.2	5,300	5,660
			Probable	2.5	4.2	1.9	2.8	0.1	0.1	5,300	5,660
			Total	23.0	14.6	1.9	2.2	0.5	0.3	5,300	5,660
										CSN	CSN
Coking			Proved			61.6	68.0	13.3	7.4	7.0	7.0
			Probable			59.7	67.3	1.6	3.0	7.0	7.0
			Total			61.4	67.8	14.9	10.4	7.0	7.0

Remaining Coal Reserves ⁽¹⁾				ROM Tonnes ⁽²⁾		Yield ⁽⁴⁾		Saleable Tonnes ⁽³⁾		Saleable Quality ⁽⁵⁾	
Venezuela	Attributable % ⁽²⁾	LOM	Classification	2009	2008	2009	2008	2009	2008	2009	2008
Guasare (OC)	24.9	21		Mt	Mt	%	%	Mt	Mt	kcal/kg	kcal/kg
Export Thermal			Proved	127.7	136.6	100	100	127.7	141.1	7,180	7,320
			Probable	16.2	—	100	—	16.2	—	7,240	—
			Total	143.9	136.6	100	100	143.9	141.1	7,190	7,320

Remaining Coal Reserves ⁽¹⁾				ROM Tonnes ⁽²⁾		Yield ⁽⁴⁾		Saleable Tonnes ⁽³⁾		Saleable Quality ⁽⁵⁾	
Canada and Venezuela	Attributable % ⁽²⁾		Classification	2009	2008	2009	2008	2009	2008	2009	2008
Export Thermal	25.0			Mt	Mt	%	%	Mt	Mt	kcal/kg	kcal/kg
			Proved	148.2	147.0	99.7	99.8	128.1	141.3	7,170	7,320
			Probable	18.7	4.2	99.7	2.8	16.3	0.1	7,240	5,660
			Total	166.9	151.2	99.7	99.8	144.4	141.4	7,180	7,320
Coking	74.8									CSN	CSN
			Proved			61.6	52.4	13.3	7.4	7.0	7.0
			Probable			59.7	46.7	1.6	3.0	7.0	7.0
			Total			61.4	49.2	14.9	10.4	7.0	7.0

Remaining Coal Resources – Mine Leases ⁽¹⁾				Tonnes		Coal Quality	
Canada	Attributable % ⁽²⁾		Classification	2009	2008	2009	2008
Trend (OC)	74.8			MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁷⁾	kcal/kg ⁽⁷⁾
			Measured	19.9	—	6,500	—
			Indicated	5.4	—	6,500	—
			Measured and Indicated	25.3	—	6,500	—
			Inferred (in LOM) ⁽⁴⁾	1.4	2.4	6,500	7,500

Remaining Coal Resources – Mine Leases ⁽¹⁾				Tonnes		Coal Quality	
Venezuela	Attributable % ⁽²⁾		Classification	2009	2008	2009	2008
Guasare (OC)	24.9			MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁷⁾	kcal/kg ⁽⁷⁾
			Measured	—	26.9	—	7,910
			Indicated	—	79.5	—	7,860
			Measured and Indicated	—	106.5	—	7,870
			Inferred (in LOM) ⁽⁴⁾	—	—	—	—

Remaining Coal Resources – Mine Leases ⁽¹⁾				Tonnes		Coal Quality	
Canada and Venezuela	Attributable % ⁽²⁾		Classification	2009	2008	2009	2008
Total	74.8			MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁷⁾	kcal/kg ⁽⁷⁾
			Measured	19.9	26.9	6,500	7,910
			Indicated	5.4	79.5	6,500	7,860
			Measured and Indicated	25.3	106.5	6,500	7,870
			Inferred (in LOM) ⁽⁴⁾	1.4	2.4	6,500	7,500

Mining method: OC = Open Cast, LOM = Life of Mine in years based on scheduled Ore Reserves.

For the multi-product operations, the ROM tonnage figures apply to each product.

The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account. Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.

Export Thermal refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).

Coking refers to a high- medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in steel industry; quality measured as crucible swell number (CSN).

Remaining Coal Resources – Projects ⁽¹⁾		Classification	Tonnes		Coal Quality	
Canada	Attributable % ⁽²⁾		2009	2008	2009	2008
Belcourt Saxon	37.4		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁷⁾	kcal/kg ⁽⁷⁾
		Measured	166.7	–	7,000	–
		Indicated	4.2	–	7,000	–
		Measured and Indicated	170.9	–	7,000	–
Roman Mountain	74.8					
		Measured	21.1	18.2	6,970	6,810
		Indicated	7.5	6.3	6,970	6,810
		Measured and Indicated	28.6	24.5	6,970	6,810
Canada – Projects	42.8				kcal/kg ⁽⁷⁾	kcal/kg ⁽⁷⁾
		Measured	187.8	18.2	7,000	6,810
		Indicated	11.7	6.3	6,980	6,810
		Measured and Indicated	199.5	24.5	7,000	6,810

Remaining Coal Resources – Projects ⁽¹⁾		Classification	Tonnes		Coal Quality	
Canada and Venezuela	Attributable % ⁽²⁾		2009	2008	2009	2008
Total	42.8		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁷⁾	kcal/kg ⁽⁷⁾
		Measured	187.8	18.2	7,000	6,810
		Indicated	11.7	6.3	6,980	6,810
		Measured and Indicated	199.5	24.5	7,000	6,810

Remaining Coal Resources – Mine Lease and Projects ⁽¹⁾		Classification	Tonnes		Coal Quality	
Canada and Venezuela	Attributable % ⁽²⁾		2009	2008	2009	2008
Total	46.4		MTIS ⁽⁴⁾	MTIS ⁽⁴⁾	kcal/kg ⁽⁷⁾	kcal/kg ⁽⁷⁾
		Measured	207.7	45.1	6,950	7,460
		Indicated	17.1	85.9	6,830	7,790
		Measured and Indicated	224.8	131.0	6,940	7,670
		Inferred (in LOM) ⁽⁸⁾	1.4	2.4	6,500	7,500

Attributable percentages for country totals are weighted by Measured and Indicated MTIS

⁽¹⁾ Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis which represents the tonnes delivered to the plant. Saleable reserve tonnage represents the product tonnes produced. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.

⁽²⁾ Attributable (%) refers to 2009 only. For the 2008 Reported and Attributable figures please refer to the 2008 Annual Report.

⁽³⁾ The tonnage is quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis and Saleable tonnages on a Product moisture basis.

⁽⁴⁾ Yield (%) 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. The product yields for Proved, Probable and Total are calculated by dividing the individual Saleable reserves by the total ROM reserves per classification.

⁽⁵⁾ The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis or Crucible Swell Number (CSN). Coal quality parameters for the Coal Reserves for Coking. Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal. PCI metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Domestic Synfuels collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.

⁽⁶⁾ Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) basis in million tonnes which are in addition to those resources which have been modified to produce the reported Coal Reserves. Coal Resources are on an in situ moisture basis.

⁽⁷⁾ The coal quality for the Coal Resources is quoted on an in situ heat content as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.

⁽⁸⁾ Inferred (in LOM) refers to Inferred Coal Resources that are included in the life of mine extraction schedule of the respective collieries and are not reported as Coal Reserves. Inferred Coal Resources outside the LOM plan but within the mine lease area are not reported due to a) the uncertainty attached to such resources in that it cannot be assumed that all or part of the Inferred Resource will necessarily be upgraded to Indicated or Measured categories through continued exploration; b) such Inferred Resources do not necessarily meet the requirements of reasonable prospects for eventual economic extraction, particularly in respect of future mining and processing economics.

Summary of material changes (±10%) at reporting level

Canada
Trend
Belcourt Saxon
Roman Mountain
China
Xiwan
Venezuela
Guasare

Reserves: a gain of 9 Mt due to a change in stripping ratio resulting from economic assumptions. Resources: a gain of 25 Mt due to changes in classification methodology and cut-off parameters.
Resources: a gain of 171 Mt due to the project being reported for the first time in 2009.
Resources: a gain of 4 Mt due to additional drilling information.

The Xiwan Project reported in 2008 is currently subject to finalisation of disposal to a third party. Resources are therefore excluded from the 2009 estimates.

The resource and reserve statement supplied by Carbones del Guasare has not been validated by Anglo American Thermal Coal. Reserves: a gain of 15 Mt due to changes in mine plan, increased drilling density and correction for under reporting in 2008. Resources: a loss of 106 Mt due to conversion to reserves and a reclassification of Measured and Indicated to Inferred resources.

Assumption with respect to Mineral Tenure

Venezuela
Although the Carbones del Guasare mining concession terminates in 2013, Coal Reserves and Resources in the Mine Lease that may be included in a mine plan beyond this date are included in the 2009 statement.

Reviews by independent third parties were carried out in 2009 on the following Operations and Project areas: Trend, Roman Mountain.

Production statistics

The figures below include the entire output of consolidated entities and the Group's attributable share of joint ventures, joint arrangements and associates where applicable, except for Collahuasi in Copper and De Beers which are quoted on a 100% basis

Due to the portfolio and management structure changes announced in October 2009, the segments have changed from those reported at 31 December 2008. Comparatives have been reclassified to align with current year presentation

			2009	2008
Platinum segment (troy ounces)⁽¹⁾⁽²⁾				
Platinum			2,451,600	2,386,600
Palladium			1,360,500	1,318,800
Rhodium			349,900	299,300
			4,162,000	4,004,700
Nickel (tonnes) ⁽³⁾			19,500	15,500
Copper (tonnes) ⁽³⁾			11,200	8,800
Gold			90,900	78,500
Diamonds segment (De Beers) (diamonds recovered – carats)				
100% basis (Anglo American 45%)				
Debswana			17,734,000	32,276,000
Namdeb			929,000	2,122,000
De Beers Consolidated Mines			4,797,000	11,960,000
Williamson ⁽⁴⁾			–	134,000
Canada			1,140,000	1,640,000
			24,600,000	48,132,000
Copper segment				
Collahuasi				
100% basis (Anglo American 44%)				
Ore mined		tonnes	71,197,800	57,699,800
Ore processed	Oxide	tonnes	7,293,800	7,317,400
	Sulphide	tonnes	45,348,300	42,377,400
Ore grade processed	Oxide	% Cu	0.6	0.6
	Sulphide	% Cu	1.1	1.1
Production	Copper concentrate	dry metric tonnes	1,837,900	1,574,000
	Copper cathode	tonnes	43,100	49,400
	Copper in concentrate	tonnes	492,700	415,000
Total copper production for Collahuasi		tonnes	535,800	464,400
Anglo American Sur				
Los Bronces mine				
Ore mined		tonnes	21,115,900	21,045,100
Marginal ore mined		tonnes	19,368,700	36,008,900
Las Tortolas concentrator	Ore processed	tonnes	20,512,300	20,012,700
	Ore grade processed	% Cu	1.1	1.1
	Average recovery	%	86.3	84.9
Production	Copper concentrate	dry metric tonnes	676,100	677,900
	Copper cathode	tonnes	48,400	45,800
	Copper in concentrate	tonnes	190,000	190,000
	Total	tonnes	238,400	235,800
El Soldado mine				
Ore mined	Open pit – ore mined	tonnes	7,348,500	5,305,800
	Open pit – marginal ore mined	tonnes	505,600	21,700
	Underground (sulphide)	tonnes	1,501,000	1,312,700
	Total	tonnes	9,355,100	6,640,200

⁽¹⁾ See the published results of Anglo Platinum Limited for further analysis of production information

⁽²⁾ Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited. Northam Platinum Limited was sold on 20 August 2008.

⁽³⁾ Also disclosed within total attributable nickel and copper production

⁽⁴⁾ Williamson was disposed of on 10 November 2008

Production statistics

continued

			2009	2008
Copper segment (continued)				
Anglo American Sur (continued)				
El Soldado mine (continued)				
Ore processed	Oxide	tonnes	1,689,700	821,800
	Sulphide	tonnes	7,481,500	7,179,700
Ore grade processed	Oxide	% Cu	0.7	1.3
	Sulphide	% Cu	0.7	0.8
Production	Copper concentrate	dry metric tonnes	158,700	174,100
	Copper cathode	tonnes	4,200	6,700
	Copper in concentrate	tonnes	37,200	43,100
	Total	tonnes	41,400	49,800
Chagres Smelter				
	Copper concentrate smelted	tonnes	140,900	148,400
Production	Copper blister/anode	tonnes	137,700	146,100
	Copper blister/anode (third party)	tonnes	2,500	1,000
	Acid	tonnes	457,600	486,600
Total copper production for Anglo American Sur⁽¹⁾			282,300	286,600
Anglo American Norte				
Mantos Blancos mine				
Ore processed	Oxide	tonnes	4,361,300	4,694,800
	Sulphide	tonnes	4,248,100	4,311,100
	Marginal ore mined	tonnes	3,360,000	5,003,000
Ore grade processed	Oxide	% Cu (soluble)	0.7	0.7
	Sulphide	% Cu (insoluble)	1.1	1.2
	Marginal ore	% Cu (soluble)	0.3	0.3
Production	Copper concentrate	dry metric tonnes	125,100	132,300
	Copper cathode	tonnes	37,600	34,300
	Copper cathode (third party)	tonnes	8,600	5,300
	Copper in concentrate	tonnes	44,000	46,800
	Total	tonnes	90,200	86,400
Mantoverde mine				
Ore processed	Oxide	tonnes	9,676,300	9,556,900
	Marginal ore	tonnes	4,058,000	4,300,400
Ore grade processed	Oxide	% Cu (soluble)	0.7	0.7
	Marginal ore	% Cu (soluble)	0.3	0.4
Production	Copper cathode	tonnes	61,500	62,500
Total copper production for Anglo American Norte⁽¹⁾			151,700	148,900
Total Copper segment copper production⁽¹⁾			669,800	639,800
Platinum copper production⁽²⁾			11,200	8,800
Black Mountain copper production			2,200	2,500
Total attributable copper production⁽¹⁾			683,200	651,100

⁽¹⁾ Includes total concentrate and cathode production and blister/anode produced from third party purchased material

⁽²⁾ Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited. Northam Platinum Limited was sold on 20 August 2008.

		2009	2008
Nickel segment			
Codemim			
Ore mined	tonnes	547,700	498,400
Ore processed	tonnes	512,000	475,900
Ore grade processed	% Ni	2.1	2.1
Production	tonnes	9,500	9,100
Loma de Níquel			
Ore mined	tonnes	822,700	811,000
Ore processed	tonnes	641,800	676,800
Ore grade processed	% Ni	1.6	1.6
Production	tonnes	10,400	10,900
Total Nickel segment nickel production	tonnes	19,900	20,000
Platinum nickel production ⁽¹⁾	tonnes	19,500	15,500
Total attributable nickel production	tonnes	39,400	35,500
Iron Ore and Manganese segment			
Kumba Iron Ore			
Lump	tonnes	25,300,000	22,042,000
Fines	tonnes	16,643,000	14,657,000
Amapá⁽²⁾			
Sinter feed	tonnes	576,100	128,000
Pellet feed	tonnes	2,077,100	584,000
Total iron ore production	tonnes	44,596,200	37,411,000
Samancor⁽³⁾			
Manganese ore	tonnes	1,570,000	2,704,000
Manganese alloys ⁽⁴⁾	tonnes	129,000	306,000

⁽¹⁾ Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited. Northam Platinum Limited was sold on 20 August 2008.

⁽²⁾ Production from Amapá is included from 5 August 2008. Amapá production for full year 2008 was 1.2 Mt. At 31 December 2009 Amapá was not in commercial production and therefore to this date all revenue and related costs were capitalised. Commercial production commenced on 1 January 2010.

⁽³⁾ Saleable production.

⁽⁴⁾ Production includes Medium Carbon Ferro Manganese.

Production statistics

continued

	2009	2008
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Metallurgical	12,622,600	13,144,900
Thermal	14,051,800	14,696,300
Total Metallurgical Coal segment coal production	26,674,400	27,841,200
Thermal Coal segment		
South Africa		
Trade – Metallurgical	747,100	971,900
Trade – Thermal	22,185,900 ⁽¹⁾	22,286,800
Eskom	36,225,100	36,158,100
	59,158,100 ⁽¹⁾	59,416,800
South America		
Thermal	10,189,600	10,410,300
Total Thermal Coal segment coal production	69,347,700 ⁽¹⁾	69,827,100
Other Mining and Industrial segment		
South America		
Thermal	750,700	1,074,200
Canada		
Metallurgical	645,300	632,300
Thermal	73,000	140,100
	718,300	772,400
Total Other Mining and Industrial segment coal production	1,469,000	1,846,600
Total coal production	97,491,100 ⁽¹⁾	99,514,900
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Callide	8,766,400	9,582,700
Drayton	3,630,200	3,711,500
Capcoal	4,598,900	5,621,900
Jellinbah East	1,745,800	1,033,900
Moranbah	2,581,000	3,181,500
Dawson Complex	3,756,200	3,537,200
Foxleigh	1,595,900	1,172,500
Total Metallurgical Coal segment coal production	26,674,400	27,841,200
Thermal Coal segment		
South Africa		
Greenside	3,294,600	3,401,100
Goedehoop	6,905,000	7,449,400
Isibonelo	5,061,900	5,152,100
Kriel	11,161,700	10,344,400
Kleinkopje	4,414,000	4,545,600
Landau	4,231,500	4,089,300
New Denmark	3,728,900	5,272,500
New Vaal	17,553,700	17,034,400
Nooitgedacht	475,000	454,600
Mafube	2,212,800	1,673,400
Zibulo	119,000	–
	59,158,100 ⁽¹⁾	59,416,800
South America		
Carbones del Cerrejón	10,189,600	10,410,300
Total Thermal Coal segment coal production	69,347,700 ⁽¹⁾	69,827,100

⁽¹⁾ Zibulo (previously Zondagsfontein) is currently not in commercial production and therefore all revenue and related costs associated with 119 000 tonnes of production have been capitalised

	2009	2008
Coal (tonnes) (continued)		
Other Mining and Industrial segment		
South America		
Carbones del Guasare	750,700	1,074,200
Canada		
Peace River Coal	718,300	772,400
Total Other Mining and Industrial segment coal production	1,469,000	1,846,600
Total coal production	97,491,100 ⁽¹⁾	99,514,900
Total coal production by commodity (tonnes)		
Metallurgical		
South Africa	747,100	971,900
Australia	12,622,600	13,144,900
Canada	645,300	632,300
Total metallurgical coal production	14,015,000	14,749,100
Thermal		
South Africa – Thermal	22,185,900 ⁽¹⁾	22,286,800
South Africa – Eskom	36,225,100	36,158,100
Australia	14,051,800	14,696,300
South America	10,940,300	11,484,500
Canada	73,000	140,100
Total thermal coal production	83,476,100 ⁽¹⁾	84,765,800
Total coal production	97,491,100 ⁽¹⁾	99,514,900

⁽¹⁾ Zibulo (previously Zondagsfontein) is currently not in commercial production and therefore all revenue and related costs associated with 119 000 tonnes of production have been capitalised

Production statistics

continued

			2009	2008
Other Mining and Industrial segment⁽¹⁾				
Tarmac				
Aggregates	tonnes		70,437,100	93,095,000
Lime products	tonnes		1,214,400	1,353,000
Concrete	m ³		3,521,200	6,312,000
Zinc and Lead				
Skorpion				
Ore mined	tonnes		1,495,900	1,390,400
Ore processed	tonnes		1,426,800	1,333,300
Ore grade processed	Zinc	% Zn	11.5	11.7
Production	Zinc	tonnes	150,400	145,400
Lisheen				
Ore mined	tonnes		1,534,500	1,561,900
Ore processed	tonnes		1,526,200	1,516,900
Ore grade processed	Zinc	% Zn	12.4	12.1
	Lead	% Pb	1.8	1.6
Production	Zinc in concentrate	tonnes	171,800	167,200
	Lead in concentrate	tonnes	19,200	15,900
Black Mountain				
Ore mined	tonnes		1,249,700	1,199,800
Ore processed	tonnes		1,293,200	1,204,800
Ore grade processed	Zinc	% Zn	2.8	3.0
	Lead	% Pb	4.0	4.2
	Copper	% Cu	0.3	0.4
Production	Zinc in concentrate	tonnes	28,200	27,900
	Lead in concentrate	tonnes	49,100	47,000
	Copper in concentrate	tonnes	2,200	2,500
Total attributable zinc production			350,400	340,500
Total attributable lead production			68,300	62,900
Scaw Metals				
South Africa Steel Products	tonnes		693,000	771,000
International Steel Products	tonnes		718,000	879,000
Niobium				
Catalão				
Ore mined	tonnes		906,700	768,100
Ore processed	tonnes		873,500	818,100
Ore grade processed		Kg Nb/tonne	9.3	11.1
Production	tonnes		5,100	4,600
Phosphates				
Copebrás				
Sodium tripolyphosphate	tonnes		–	10,200
Phosphates	tonnes		829,000	982,100
Mineral Sands				
Namakwa Sands⁽²⁾				
Ore mined	tonnes		–	13,418,600
Production	Ilmenite	tonnes	–	240,900
	Rutile	tonnes	–	19,100
	Zircon	tonnes	–	97,400
Smelter production	Slag tapped	tonnes	–	118,500
	Iron tapped	tonnes	–	78,800

⁽¹⁾ Production for Coal Americas is included in Coal production section.

⁽²⁾ Production information included until date of disposal on 1 October 2008

Quarterly production statistics⁽¹⁾

	Quarter ended					% Change	
	December 2009	September 2009	June 2009	March 2009	December 2008	December Q09 v September Q09	December Q09 v December Q08
Platinum segment⁽²⁾							
Platinum (troy ounces)	766,000	629,200	652,400	404,000	842,300	22%	(9)%
Palladium (troy ounces)	426,300	337,500	361,600	235,100	450,500	26%	(5)%
Rhodium (troy ounces)	93,900	92,100	90,100	73,800	107,100	2%	(12)%
Nickel (tonnes)	5,300	5,500	5,400	3,300	4,100	(4)%	29%
Diamonds segment (De Beers) (diamonds recovered – carats)							
100% basis (Anglo American 45%)							
Diamonds	10,124,000	7,885,000	5,509,000	1,082,000	10,795,000	28%	(6)%
Copper segment (tonnes)⁽³⁾	185,900	168,100	165,300	150,500	172,600	11%	8%
Nickel segment (tonnes)⁽⁴⁾	4,900	4,900	5,600	4,500	4,800	–	2%
Iron Ore and Manganese segment (tonnes)							
Iron ore ⁽⁵⁾	12,407,200	11,861,000	10,336,000	9,992,000	10,098,000	5%	23%
Manganese ore ⁽⁶⁾	615,000	462,000	200,000	293,000	565,000	33%	9%
Manganese alloys ⁽⁶⁾⁽⁷⁾	52,000	25,000	10,000	42,000	72,000	108%	(28)%
Metallurgical Coal segment (tonnes)							
Metallurgical	3,805,500	3,147,800	3,354,000	2,315,300	3,410,800	21%	12%
Thermal	3,487,400	3,614,300	3,738,600	3,211,500	4,051,200	(4)%	(14)%
Thermal Coal segment (tonnes)							
Metallurgical	130,500	224,300	172,300	220,000	408,300	(42)%	(68)%
Thermal	7,785,400 ⁽⁸⁾	8,431,600	8,429,300	7,729,200	7,961,800	(8)%	(2)%
Eskom	8,448,400	10,400,200	8,938,400	8,438,100	9,465,900	(19)%	(11)%
Other Mining and Industrial segment (tonnes)							
Metallurgical coal	149,900	164,900	152,600	177,900	136,100	(9)%	10%
Thermal coal	310,200	214,500	169,000	130,000	234,300	45%	32%
Zinc	86,500	94,000	87,100	82,800	82,900	(8)%	4%
Lead	18,900	18,400	16,400	14,600	14,400	3%	31%
South Africa Steel Products	167,000	183,000	164,000	179,000	167,000	(9)%	–
International Steel Products	177,000	164,000	158,000	219,000	215,000	8%	(18)%
Coal production by commodity (tonnes)							
Metallurgical	4,085,900	3,537,000	3,678,900	2,713,200	3,955,200	16%	3%
Thermal	11,583,000 ⁽⁸⁾	12,260,400	12,336,900	11,070,700	12,247,300	(6)%	(5)%
Eskom	8,448,400	10,400,200	8,938,400	8,438,100	9,465,900	(19)%	(11)%

⁽¹⁾ Excludes Tarmac.

⁽²⁾ Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited. Northam Platinum Limited was sold on 20 August 2008.

⁽³⁾ Excludes Anglo Platinum and Black Mountain copper production.

⁽⁴⁾ Excludes Anglo Platinum nickel production.

⁽⁵⁾ Production from Amapá is included from 5 August 2008. Amapá production for full year 2008 was 1.2 Mt. At 31 December 2009 Amapá was not in commercial production and therefore to this date all revenue and related costs were capitalised. Commercial production commenced on 1 January 2010.

⁽⁶⁾ Saleable production.

⁽⁷⁾ Production includes Medium Carbon Ferro Manganese.

⁽⁸⁾ Zibulo (previously Zondagsfontein) is currently not in commercial production and therefore all revenue and related costs associated with 119,000 tonnes of production have been capitalised.

Exchange rates and commodity prices

		2009	2008
US\$ exchange rates			
Average prices for the year			
Rand		8 41	8 27
Sterling		0 64	0 54
Euro		0 72	0 68
Australian dollar		1 26	1 17
Chilean peso		559	524
Brazilian real		2 00	1 84
Closing spot prices			
Rand		7 38	9 30
Sterling		0 62	0 69
Euro		0 70	0 72
Australian dollar		1 11	1 44
Chilean peso		507	637
Brazilian real		1 74	2 33
		2009	2008
Commodity prices			
Average market prices for the year			
Platinum ⁽¹⁾	US\$/oz	1,211	1 585
Palladium ⁽¹⁾	US\$/oz	266	355
Rhodium ⁽¹⁾	US\$/oz	1,592	6,564
Copper ⁽²⁾	US cents/lb	234	315
Nickel ⁽²⁾	US cents/lb	667	953
Zinc ⁽²⁾	US cents/lb	75	85
Lead ⁽²⁾	US cents/lb	78	95
31 December spot prices			
Platinum ⁽¹⁾	US\$/oz	1,475	922
Palladium ⁽¹⁾	US\$/oz	402	186
Rhodium ⁽¹⁾	US\$/oz	2,500	1,250
Copper ⁽²⁾	US cents/lb	333	132
Nickel ⁽²⁾	US cents/lb	838	490
Zinc ⁽²⁾	US cents/lb	117	51
Lead ⁽²⁾	US cents/lb	109	43

⁽¹⁾ Source: Johnson Matthey⁽²⁾ Source: LME daily prices

Key financial data

US\$ million (unless otherwise stated)	2009	2008	2007	2006 ⁽¹⁾	2005 ⁽¹⁾	2004 ⁽¹⁾
Group revenue including associates	24,637	32,964	30,559	29,404	24,872	22,610
Less Share of associates' revenue	(3,779)	(6,653)	(5,089)	(4,413)	(4,740)	(5,429)
Group revenue	20,858	26,311	25,470	24,991	20,132	17,181
Operating profit including associates before special items and remeasurements	4,957	10,085	9,590	8,888	5,549	3,832
Special items and remeasurements (excluding financing and tax special items and remeasurements)	(208)	(330)	(227)	24	16	556
Net finance costs (including financing special items and remeasurements), tax and minority interests of associates	(313)	(783)	(434)	(398)	(315)	(391)
Total profit from operations and associates	4,436	8,972	8,929	8,514	5,250	3,997
Net finance costs (including financing special items and remeasurements)	(407)	(401)	(108)	(71)	(220)	(385)
Profit before tax	4,029	8,571	8,821	8,443	5,030	3,612
Income tax expense (including special items and remeasurements)	(1,117)	(2,451)	(2,693)	(2,518)	(1,208)	(765)
Profit for the financial year – continuing operations	2,912	6,120	6,128	5,925	3,822	2,847
Profit for the financial year – discontinued operations	–	–	2,044	997	111	1,094
Profit for the financial year – total Group	2,912	6,120	8,172	6,922	3,933	3,941
Minority interests	(487)	(905)	(868)	(736)	(412)	(440)
Profit attributable to equity shareholders of the Company	2,425	5,215	7,304	6,186	3,521	3,501
Underlying earnings ⁽²⁾ – continuing operations	2,569	5,237	5,477	5,019	3,335	2,178
Underlying earnings ⁽²⁾ – discontinued operations	–	–	284	452	401	506
Underlying earnings ⁽²⁾ – total Group	2,569	5,237	5,761	5,471	3,736	2,684
Earnings per share (\$) – continuing operations	2 02	4 34	4 04	3 51	2 35	1 84
Earnings per share (\$) – discontinued operations	–	–	1 54	0 70	0 08	0 60
Earnings per share (\$) – total Group	2 02	4 34	5 58	4 21	2 43	2 44
Underlying earnings per share (\$) – continuing operations	2 14	4 36	4 18	3 42	2 30	1 52
Underlying earnings per share (\$) – discontinued operations	–	–	0 22	0 31	0 28	0 35
Underlying earnings per share (\$) – total Group	2 14	4 36	4 40	3 73	2 58	1 87
Ordinary dividend per share (US cents)	–	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)	1,202	1,202	1,309	1,468	1,447	1,434
EBITDA ⁽³⁾ – continuing operations	6,930	11,847	11,171	10,431	7,172	5,359
EBITDA ⁽³⁾ – discontinued operations	–	–	961	1,766	1,787	1,672
EBITDA ⁽³⁾ – total Group	6,930	11,847	12,132	12,197	8,959	7,031
EBITDA interest cover ⁽⁴⁾ – total Group	23 0	28 3	42 0	45 5	20 0	18 5
Operating margin (before special items and remeasurements) – total Group	20 1%	30 6%	28 4%	25 4%	18 5%	14 7%
Ordinary dividend cover (based on underlying earnings per share) – total Group	–	9 9	3 5	3 5	2 9	2 7

See following page for footnotes

Key financial data

continued

US\$ million (unless otherwise stated)	2009	2008	2007	2006 ⁽¹⁾	2005 ⁽¹⁾	2004 ⁽¹⁾
Balance sheet						
Intangible and tangible assets	37,974	32,551	25,090	25,632	33,368	35,816
Other non-current assets and investments ⁽⁵⁾	7,303	7,607	9,271	8,258	5,585	5,547
Working capital	2,165	861	1,966	3,096	3,538	3,543
Other net current liabilities ⁽⁵⁾	(272)	(840)	(911)	(1,430)	(1,429)	(611)
Other non-current liabilities and obligations ⁽⁵⁾	(8,487)	(7,567)	(6,387)	(5,826)	(8,491)	(8,339)
Cash and cash equivalents and borrowings ⁽⁶⁾	(11,043)	(11,051)	(5,170)	(3,244)	(4,993)	(8,243)
Net assets classified as held for sale	429	195	471	641	–	–
Net assets	28,069	21,756	24,330	27,127	27,578	27,713
Minority interests	(1,948)	(1,535)	(1,869)	(2,856)	(3,957)	(4,588)
Equity attributable to equity shareholders of the Company	26,121	20,221	22,461	24,271	23,621	23,125
Total capital⁽⁷⁾	39,064	32,799	29,569	30,451	32,571	35,956
Cash inflows from operations – continuing operations	4,904	9,579	9,375	9,012	5,963	3,857
Cash inflows from operations – discontinued operations	–	–	470	1,045	1,302	1,434
Cash inflows from operations – total Group	4,904	9,579	9,845	10,057	7,265	5,291
Dividends received from associates and financial asset investments – continuing operations	639	659	311	251	468	380
Dividends received from associates and financial asset investments – discontinued operations	–	–	52	37	2	16
Dividends received from associates and financial asset investments – total Group	639	659	363	288	470	396
Return on capital employed ⁽⁸⁾ – total Group	14.6%	36.8%	37.8%	32.4%	19.2%	14.6%
EBITDA/average total capital ⁽⁷⁾ – total Group	19.3%	38.0%	40.4%	38.7%	26.1%	21.2%
Net debt to total capital (gearing) ⁽⁹⁾	30.8%	37.8%	20.0%	12.9%	17.0%	25.4%

⁽¹⁾ Comparatives for 2006, 2005 and 2004 were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.

⁽²⁾ Underlying earnings is net profit attributable to equity shareholders, adjusted for the effect of special items and remeasurements and any related tax and minority interests.

⁽³⁾ EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

⁽⁴⁾ EBITDA interest cover is EBITDA divided by net finance costs, excluding other net financial income, exchange gains and losses on monetary assets and liabilities, amortisation of discounts on provisions, financing special items and remeasurements, but including attributable share of associates' net interest expense.

⁽⁵⁾ Comparatives for 2008, 2007, 2006 and 2005 have been adjusted in accordance with IAS 1 Presentation of Financial Statements – Improvements as described in note 1 Accounting policies.

⁽⁶⁾ This differs from the Group's measure of net debt as it excludes the net debt of disposal groups (2009: \$48 million; 2008: \$8 million; 2007: \$(69) million; 2006: \$(80) million; 2005: nil; 2004: nil) and excludes the impact of derivative instruments that provide an economic hedge of assets and liabilities in net debt (2009: liabilities of \$285 million; 2008: liabilities of \$297 million; 2007: assets of \$388 million; 2006: assets of \$193 million; 2005: nil; 2004: nil). For more detail see note 30 Consolidated cash flow analysis.

⁽⁷⁾ Total capital is net assets excluding net debt (excluding the impact of derivative instruments).

⁽⁸⁾ Return on capital employed is calculated as total operating profit before impairments for the year divided by the average of total capital less other investments and adjusted for impairments.

⁽⁹⁾ Net debt to total capital is calculated as net debt (excluding the impact of derivative instruments) divided by total capital less investments in associates.

Summary by business operation⁽¹⁾

US\$ million	Revenue ⁽²⁾		EBITDA ⁽³⁾		Operating profit/(loss) ⁽⁴⁾		Underlying earnings	
	2009	2008	2009	2008	2009	2008	2009	2008
Platinum	4,535	6,327	677	2,675	32	2,169	44	1,256
Diamonds	1,728	3,096	215	665	64	508	(90)	256
Copper	3,967	3,907	2,254	2,104	2,010	1,892	1,201	1,044
Collahuasi	1,411	1,134	952	682	880	613	663	367
Anglo American Sur	1,723	1,965	994	1,265	862	1,157	444	699
Anglo American Norte	833	808	408	288	369	255	197	113
Projects and corporate	–	–	(100)	(131)	(101)	(133)	(103)	(135)
Nickel	348	408	28	150	2	123	(13)	(35)
Codemín	157	198	49	132	41	123	24	94
Loma de Niquel	191	210	11	48	(7)	30	17	(97)
Projects and corporate	–	–	(32)	(30)	(32)	(30)	(54)	(32)
Iron Ore and Manganese	3,419	4,099	1,593	2,625	1,489	2,554	571	1,150
Kumba Iron Ore	2,816	2,573	1,562	1,632	1,487	1,583	490	523
Iron Ore Brazil	–	–	(135)	(5)	(141)	(9)	(119)	(31)
Samancor	603	1,526	166	998	143	980	200	658
Metallurgical Coal	2,239	3,119	706	1,319	451	1,110	322	764
Australia	2,239	3,119	729	1,353	474	1,144	345	797
Projects and corporate	–	–	(23)	(34)	(23)	(34)	(23)	(33)
Thermal Coal	2,490	3,051	875	1,200	721	1,078	517	754
South Africa	1,747	2,210	550	814	442	736	328	543
South America	743	841	352	419	305	375	215	243
Projects and corporate	–	–	(27)	(33)	(26)	(33)	(26)	(32)
Other Mining and Industrial	5,908	8,951	878	1,513	506	1,082	403	734
Tarmac ⁽⁵⁾	2,870	4,399	313	488	101	229	81	173
Skorpion	236	279	100	132	43	88	40	85
Lisheen	208	196	74	40	73	22	67	15
Black Mountain	148	115	59	37	59	26	60	28
Scaw Metals	1,384	1,927	172	309	131	274	70	165
Copebrás	320	655	(9)	244	(40)	217	7	105
Catalão	184	141	111	80	106	78	77	70
Coal Americas	165	245	6	42	(8)	29	(12)	25
Tonga Hulett/Hulamin ⁽⁶⁾	393	817	73	115	62	92	31	53
Namakwa Sands	–	177	–	59	–	59	–	46
Projects and corporate	–	–	(21)	(33)	(21)	(32)	(18)	(31)
Exploration	–	–	(172)	(212)	(172)	(212)	(167)	(200)
Corporate Activities and Unallocated Costs	3	6	(124)	(192)	(146)	(219)	(219)	(486)
	24,637	32,964	6,930	11,847	4,957	10,085	2,569	5,237

⁽¹⁾ Due to the portfolio and management structure changes announced in October 2009, the segments have changed from those reported at 31 December 2008. Comparatives have been reclassified to align with current year presentation. The segment results include an allocation of corporate costs. A reconciliation of operating profit and underlying earnings by segment as reported in the 2008 Annual Report to the amounts reflected above is shown in the Reconciliation of earnings by segment.

⁽²⁾ Revenue includes the Group's attributable share of revenue of joint ventures and associates. Revenue for copper and zinc operations is shown after deduction of treatment charges and refining charges (TC/RCS).

⁽³⁾ EBITDA is operating profit before special items, revaluations, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

⁽⁴⁾ Operating profit includes operating profit before special items and revaluations from subsidiaries and joint ventures and attributable share of operating profit (before interest, tax, minority interests, special items and revaluations) of associates.

⁽⁵⁾ Tarmac is made up of the former Industrial Minerals segment and Yang Quarry, which was previously included in the Coal segment.

⁽⁶⁾ The Group's investments in Tonga Hulett and Hulamin were disposed of in August 2009 and July 2009, respectively.

Reconciliation of earnings by segment

The following tables reconcile operating profit and underlying earnings by segment as reported in the 2008 Annual Report to the comparative amounts reported in notes 2 and 3 respectively. The adjustments reflect the portfolio and management structure changes announced in October 2009.

Operating profit

US\$ million	Pre-restructuring	Structural changes	Divisional cost apportionment	Corporate cost allocation	As reported (note 2)	
2008						
Platinum	2,226	–	–	(57)	2,169	Platinum
Diamonds	508	–	–	–	508	Diamonds
Base Metals	2,505					
Copper	2,017	(67)	(5)	(53)	1,892	Copper
Codemin, Loma de Níquel	153	(19)	(5)	(6)	123	Nickel
Catalão, Namakwa Sands, Copebrás, Zinc	490	(490)	–	–	–	
Other	(155)	90	65	–	–	
Ferrous Metals and Industries	2,935					
Kumba Iron Ore, Iron Ore Brazil, Samancor	2,590	–	–	(36)	2,554	Iron Ore and Manganese
Scaw, Tongaat Hulett/Hulamin	366	(366)	–	–	–	
Other	(21)	2	19	–	–	
Coal	2,240					
Australia	1,144	(5)	–	(29)	1,110	Metallurgical Coal
South Africa	736	372	(4)	(26)	1,078	Thermal Coal
South America	396	(396)	–	–	–	
Canada	8	(8)	–	–	–	
Projects and corporate	(44)	16	28	–	–	
Industrial Minerals	228	881	(6)	(21)	1,082	Other Mining and Industrial
Exploration	(212)	–	–	–	(212)	Exploration
Corporate Activities and Unallocated Costs	(345)	(10)	(92)	228	(219)	Corporate Activities and Unallocated Costs
	10,085	–	–	–	10,085	

Underlying earnings

US\$ million	Pre-restructuring	Structural changes	Divisional cost apportionment	Corporate cost allocation	As reported (note 3)	
2008						
Platinum	1,313	–	–	(57)	1,256	Platinum
Diamonds	256	–	–	–	256	Diamonds
Base Metals	1,369					
Copper	1,171	(69)	(5)	(53)	1,044	Copper
Codemin, Loma de Níquel	(3)	(21)	(5)	(6)	(35)	Nickel
Catalão, Namakwa Sands, Copebrás, Zinc	349	(349)	–	–	–	
Other	(148)	83	65	–	–	
Ferrous Metals and Industries	1,396					
Kumba Iron Ore, Iron Ore Brazil, Samancor	1,186	–	–	(36)	1,150	Iron Ore and Manganese
Scaw, Tongaat Hulett/Hulamin	218	(218)	–	–	–	
Other	(8)	(11)	19	–	–	
Coal	1,581					
Australia	797	(4)	–	(29)	764	Metallurgical Coal
South Africa	543	241	(4)	(26)	754	Thermal Coal
South America	257	(257)	–	–	–	
Canada	11	(11)	–	–	–	
Projects and corporate	(27)	(1)	28	–	–	
Industrial Minerals	173	588	(6)	(21)	734	Other Mining and Industrial
Exploration	(200)	–	–	–	(200)	Exploration
Corporate Activities and Unallocated Costs	(651)	29	(92)	228	(486)	Corporate Activities and Unallocated Costs
	5,237	–	–	–	5,237	

Reconciliation of subsidiaries' and associate's reported earnings to the Underlying earnings included in the consolidated financial statements

for the year ended 31 December 2009

Note only key reported lines are reconciled

US\$ million	2009	2008 ⁽¹⁾
Anglo Platinum Limited		
IFRS headline earnings (US\$ equivalent of published)	84	1,607
Exploration	17	36
Exchange rate difference	–	64
Operating and financing remeasurements (net of tax)	27	17
Restructuring costs included in headline earnings	27	–
Other adjustments	2	(2)
	157	1,722
Minority interests	(31)	(376)
Elimination of intercompany interest	47	8
Depreciation on assets fair valued on acquisition (net of tax)	(83)	(41)
Corporate cost allocation	(46)	(57)
Contribution to Anglo American plc underlying earnings	44	1,256
DB Investments		
De Beers underlying earnings (100%)	(220)	515
Difference in IAS 19 accounting policy	5	18
De Beers underlying earnings – Anglo American plc basis (100%)	(215)	533
Anglo American plc's 45% ordinary share interest	(97)	240
Income from preference shares	9	13
Other	(2)	3
Contribution to Anglo American plc underlying earnings	(90)	256
Kumba Iron Ore Limited (Kumba)		
IFRS headline earnings (US\$ equivalent of published) ⁽²⁾	845	872
Exploration	3	8
Other adjustments	(2)	12
	846	892
Minority interests	(314)	(328)
Elimination of intercompany interest	(10)	–
Depreciation on assets fair valued on acquisition (net of tax)	(7)	(6)
Corporate cost allocation	(39)	(35)
Other adjustments	14	–
Contribution to Anglo American plc underlying earnings	490	523

⁽¹⁾ Comparatives have been updated to include an allocation of corporate costs where applicable

⁽²⁾ Kumba's IFRS headline earnings for the year ended 31 December 2009 assume a minority interest of 20% in Kumba's underlying mining assets (2008: 20%)

The business – an overview

Platinum			Overall ownership	79.7%
100% owned				
South Africa				
Bathopele Mine				
Khomanani Mine				
Thembelani Mine				
Khuseleka Mine				
Siphumelele Mine				
Tumela Mine				
Dishaba Mine				
Mogalakwena Mine				
Western Limb Tailings Retreatment				
Waterval Smelter (including converting process)				
Polokwane Smelter				
Rustenburg Base Metals Refinery				
Precious Metals Refinery				
Twickenham Mine				
Other interests				
South Africa				
Union Section			85%	
Joint ventures or sharing agreements				
Modikwa Platinum Joint Venture			50%	
Kroondal Pooling and Sharing Agreement			50%	
Bafokeng-Rasimone Joint Venture			33%	
Marikana Pooling and Sharing Agreement			50%	
Mototolo Joint Venture			50%	
Masa Chrome Company			74%	
Associates				
Bokoni (formerly Lebowa Platinum Mines)			49%	
Pandora			42.5%	
Anooraq			27%	
Lisinfo			25.4%	
Johnson Matthey Fuel Cells			17.5%	
De Beers ⁽¹⁾			Overall ownership	45%
100% owned				
South Africa				
De Beers Group Services (Exploration and Services)	Trading and Marketing			
De Beers Marine	The Diamond Trading Company			
Canada				
De Beers Canada				
Snap Lake				
Victor				
Other interests				
South Africa				
De Beers Consolidated Mines ⁽²⁾				
Finsch		78%		
Kimberley Mines		78%		
Namaqualand Mines		78%		
The Oaks		78%		
Venetia		78%		
South African Sea Areas (SASA)		78%		
Botswana				
Debswana (Damtshaa, Jwaneng, Orapa and Lethlakane mines)		50%		
Namibia				
Namdeb (Mining Area No. 1, Orange River Mines, Elizabeth Bay and Marine concessions)			50%	
De Beers Marine Namibia			70%	
Trading and Marketing				
DTC Botswana			50%	
Namibia DTC			50%	
Industrial Diamonds				
Element Six			60%	
Diamond Jewellery Retail				
De Beers Diamond Jewellers			50%	
Copper			Overall ownership	100%
100% owned				
Chagres (Chile)				
El Soldado (Chile)				
Los Bronces (Chile)				
Mantos Blancos (Chile)				
Mantoverde (Chile)				
Michiquillay (Peru)				
Other interests				
Collahuasi (Chile)			44%	
Palabora (South Africa)			17%	
Quellaveco (Peru)			81.9%	
Pebble (US)			50%	

⁽¹⁾ An independently managed associate⁽²⁾ De Beers' 78% holdings include a 4% indirect holding via the Key Employee Trust

Nickel		Overall ownership	100%
100% owned		Other interests	
Codemin (Brazil)		Loma de Níquel (Venezuela)	91.4%
Barro Alto (Brazil)			
Iron Ore and Manganese			
Kumba Iron Ore (South Africa)			62.8%
Minas Rio (Brazil)			100%
Amapá (Brazil)			70%
LLX Minas Rio (Brazil)			49%
Samancor (South Africa and Australia)			40%
Metallurgical Coal		Overall ownership	100%
100% owned		Other interests	
Australia		Australia	
Callide		Dartbrook	83%
		Dawson Complex	51%
Australia – other		Drayton	88.2%
Monash Energy Holdings Ltd		German Creek	70%
		Jellinbah East	23%
		Moranbah North	88%
		Foxleigh	70%
		Australia – other	
		Dalrymple Bay Coal Terminal Pty Ltd	32%
		Newcastle Coal Shippers Pty Ltd	20%
Thermal Coal		Overall ownership	100%
100% owned		Other interests	
South Africa		South Africa	
Goedeheop		Mafube	50%
Greenside and Nooitgedacht		Phola plant	50%
Isibonelo			
Kleinkopje		South Africa – other	
Kriel ⁽¹⁾		Richards Bay Coal Terminal	27%
Landau			
New Denmark		Colombia	
New Vaal		Carbones del Cerrejón	33.3%
Zibulo ⁽¹⁾			

⁽¹⁾ Kriel and Zibulo form part of the Anglo Inyosi Coal BBBEE Company of which Anglo Coal will own 73%. The outstanding conditions precedent to the transactions are expected to be fulfilled in the first half of 2010 following which the transaction will complete.

Other Mining and Industrial

100% owned

Aggregates and Building Materials

Tarmac Group (UK)

Tarmac France (France and Belgium)

Tarmac Germany

Tarmac Poland

Tarmac Czech Republic

Tarmac Romania

Tarmac Turkey

Tarmac International Holdings (Europe and Middle East)

United Marine Holdings

Zinc/Lead

Skorpion (Namibia)

Lisheen (Ireland)

Niobium

Catalão (Brazil)

Other⁽¹⁾

100% owned

Vergelegen (South Africa)

Other interests

Zinc/Lead

Black Mountain (South Africa)

74%

Gamsberg (South Africa)

74%

Steel products

Scaw Metals (worldwide)

74%-100%

Phosphate products

Copebrás (Brazil)

73%

Coal Americas

Peace River Coal (Canada)

74 8%

Carbones del Guasare (Venezuela)

24 9%

⁽¹⁾ Included within Corporate Activities and Unallocated Costs segment.

Shareholder information

Annual General Meeting

Will be held at 11 00 am on 22 April 2010, at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London, SW1P 3EE

Shareholders' diary 2010/11

Interim results announcement	August 2010
Annual results announcement	February 2011
Annual Report	March 2011
Annual General Meeting	April 2011

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*

* Calls charged at 8p per minute from a BT landline. Other telephony providers' costs may vary

From outside the UK +44 121 415 7558

Transfer Secretaries in South Africa

Link Market Services South Africa (Pty) Limited
11 Diagonal Street
Johannesburg 2001, South Africa
(PO Box 4844, Johannesburg 2000)
Telephone +27 (0) 11 630 0800

Enquiries on other matters should be addressed to the Company Secretary at the following address

Registered and Head Office

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England
Telephone +44 (0)20 7968 8888
Fax +44 (0)20 7968 8500
Registered number 3564138
Website www.angloamerican.co.uk

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

Other Anglo American publications

- 2008/9 Fact Book
- Notice of 2010 AGM and Shareholder Information Booklet
- 2009 Report to Society
- Optima – Anglo American's current affairs journal
- Transformation Report
- Good Citizenship Business Principles
- Anglo Environment Way
- Anglo Occupational Health Way
- Anglo Safety Way
- Anglo Social Way

The Company implemented electronic communications in 2008 in order to reduce the financial and environmental costs of producing the annual report. More information about this can be found in the attached Notice of AGM. In this regard we would encourage downloading of reports from our website.

Financial reports may be found on
www.angloamerican.co.uk/aa/investors/reports/

Sustainable development reports may be found on
www.angloamerican.co.uk/aa/development/sdreports/gr/

However, the 2009 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 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.co.uk/aa/siteservices/requestreport/

Charitable partners

This is just a selection of the charities which Anglo American, The Chairman's Fund and the Anglo American Group Foundation have worked with in 2009.



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Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Tel +44 (0)20 7968 8888
Fax +44 (0)20 7968 8500
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