AngloAmerican

NEWS RELEASE

15 February 2013

Anglo American announces underlying EBITDA[1] of $8.7 billion and underlying operating profit[2] decrease to $6.2 billion

Financial results driven lower by commodity prices in weak global economic conditions

- Group underlying operating profit[2] of $6.2 billion, decreased by 44%
- Underlying earnings[3] of $2.8 billion and underlying EPS of $2.26
- Following one-off impairments, loss attributable to equity shareholders of $1.5 billion
- Net debt[4] of $8.6 billion at 31 December 2012 (pro forma net debt of $9.3 billion)[5]

Safety

- It is regrettable that 13 employees lost their lives in work related incidents – safety programmes continuing to drive for zero harm with 70% reduction in fatalities since 2006
- 48% improvement in lost time injury frequency rate since 2006

Disciplined capital allocation

- Aiming to maintain a strong investment grade rating, with the Board's commitment to sustain the rebased dividend and return surplus cash to shareholders
- Final dividend increased by 15% to 53 US cents per share, bringing rebased total dividends for 2012 to 85 US cents per share, a 15% increase

Impairments recorded and Platinum review proposals announced

- Minas-Rio project cost and schedule review confirms FOOS end of 2014 and $8.8 billion expected capital expenditure (including $0.6 billion contingency) – $4.0 billion post-tax impairment
- Platinum industry currently facing challenging economic conditions- $0.6 billion post tax impairment in 2012 on projects. Platinum proposed restructuring to create a sustainable, competitive and profitable business

Solid production performance offsetting grade decline and illegal industrial action

- Production growth and record set at Kumba Iron Ore, export metallurgical coal, export thermal coal, Nickel and Phosphates as new operations ramp-up and productivity measures take effect
- Kumba Iron Ore – record production of 43.1 Mt, up 4% despite the unprotected strike at Sishen due to the ramp-up of Kolomela
- Metallurgical Coal – record production of export metallurgical coal of 17.7 Mt, up 24%
- Copper – 10% increase due to the ramp-up of the Los Bronces expansion despite disappointing performance at Collahuasi and in the Los Bronces mine
- Platinum – 8% decrease in equivalent refined production mainly due to illegal industrial action

New mining operations and expansions ramping-up – delivered $1.2 billion of underlying operating profit

- Kolomela iron ore – 8.5 Mt produced, ahead of its ramp-up schedule; on target for 9 Mt in 2013
- Los Bronces copper expansion – contributed 196 kt; full ramp-up achieved in August 2012
- Barro Alto nickel – production of 22 kt; progressing to full run rate
- Zibulo thermal coal – production of 5.0 Mt

Investment prioritised to most value accretive and lowest risk projects

- Cerrejón P40 8.0 Mtpa (100% basis) export thermal coal expansion (Colombia) – first coal in 2013
- Minas-Rio 26.5 Mtpa iron ore (Brazil) – injunctions lifted and FOOS end of 2014
- Grosvenor 5.0 Mtpa metallurgical coal (Australia) – longwall production in 2016

HIGHLIGHTS

US$ million, unless otherwise stated	**Year ended 31 Dec 2012**	Year ended 31 Dec 2011	Change
Group revenue including associates[6]	**32,785**	36,548	(10)%
Underlying operating profit [2]	**6,164**	11,095	(44)%
Underlying earnings[3]	**2,839**	6,120	(54)%
Underlying EBITDA[1]	**8,686**	13,348	(35)%
Net cash inflows from operating activities	**5,562**	9,362	(41)%
(Loss)/profit before tax[7][8]	**(239)**	10,782	(102)%
(Loss)/profit for the financial year attributable to equity shareholders[7][8]	**(1,493)**	6,169	(124)%
Earnings per share (US$):			
Basic (loss)/ earnings per share[8]	**(1.19)**	5.10	(123)%
Underlying earnings per share[3]	**2.26**	5.06	(55)%

[1] Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates. See note 5 to the Condensed financial statements.

[2] Underlying operating profit includes attributable share of associates' operating profit (before attributable share of associates' interest, tax and non-controlling interests) and is before special items and remeasurements, unless otherwise stated, see notes 2 and 3 to the Condensed financial statements. For the definition of special items and remeasurements see note 4 to the Condensed financial statements.

[3] See note 9 to the Condensed financial statements for basis of calculation of underlying earnings.

[4] Net debt includes related hedges and net debt in disposal groups. See note 13 to the Condensed financial statements.

[5] Pro forma net debt is net debt adjusted for the estimated effect of the acquisition of a 58.9% interest in the Revuboè metallurgical coal project in Mozambique ($0.6 billion), the expected capital gains tax and withholding tax liabilities from the sale of the 25.4% interest in Anglo American Sur ($0.4 billion), the proceeds received from the disposal of a 16.8% effective interest in Palabora Mining Company Limited ($0.1 billion) and the disposal of certain Tarmac operations ($0.2 billion).

[6] Includes the Group's attributable share of associates' revenue of $4,024 million (2011: $5,968 million). See note 2 to the Condensed financial statements.

[7] Stated after special items and remeasurements. See note 4 to the Condensed financial statements.

[8] For the year ended 31 December 2012 special items and remeasurements, including associates, before tax and non-controlling interests, amounted to a loss of $5,845 million (2011: gain of $152 million), and after tax and non-controlling interests, amounted to a loss of $4,332 million (2011: gain of $49 million).

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

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

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

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

Beyond organic growth, we have completed our acquisition of the Oppenheimer family's 40% interest in De Beers, taking our holding to 85%. In Chile, our joint ownership of Anglo American Sur (AA Sur) with Codelco, Mitsubishi and Mitsui, while we retain control of the business, firmly aligns our interests in one of the most exciting producing and prospective copper ore bodies in the world – the Los Bronces district. During the year, we also increased our shareholding in Kumba Iron Ore, lifting our ownership by 4.5% to 69.7%, reflecting our view on the quality of the business and its highly attractive performance and growth profile. Our divestment programme has generated proceeds as announced of $4.0 billion on a debt and cash free basis, which excludes $7.4 billion cash generated from the sale of 49.9% of AA Sur. In line with our divestment programme of non-core businesses as set out in October 2009, I am delighted that Tarmac's UK joint venture with Lafarge was completed in January 2013, creating a leading UK construction materials company with significant synergies expected.

We are focused on delivering shareholder value and returns through the cycle by maintaining a prudent and disciplined approach to managing our businesses and capital allocation. Despite the macroeconomic headwinds and likely sustained higher capital and operating cost environment for the industry, we are committed to returning cash to shareholders and have recommended an increase to our final dividend of 15% to US 53 cents per share, bringing total dividends for the year to US 85 cents per share, a 15% increase. This reflects our confidence in the underlying business and completes the reinstatement journey to rebase our dividends to be competitive with our diversified peers.

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

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

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

Review of 2012

Financial results

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

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

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

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

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

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

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

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

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

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

Other Mining and Industrial Non-Core underlying operating profit was $168 million, a $37 million increase, due to lower depreciation as a result of the transfer of Tarmac Quarry Materials and Scaw South Africa to 'held for sale' and the reversal of penalty provisions at Amapá which were in place at the end of 2011, partly off-set by lower realised iron ore prices at Amapá.

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

Corporate Costs (after cost allocations) of $203 million were incurred in 2012. In 2011, following the reassessment of estimates of likely outcomes of existing insurance claims, liabilities decreased significantly in the insurance captive, offsetting the unallocated corporate costs and resulting in an operating profit for 2011 of $15 million.

Production

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

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

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

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

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

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

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

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

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

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

Capital structure

Net debt, including related hedges, of $8.6 billion was $7.2 billion higher than at 31 December 2011, and $5.5 billion higher than at 30 June 2012. This increase was principally due to the completion of the De Beers acquisition in the second half of 2012 and was partially offset by the proceeds received from the disposal of a 25.4% interest in Anglo American Sur in August 2012. Cash inflows from operating activities of $5.6 billion, funded capital investment (including related hedges) of $5.7 billion, including combined investment of $1.7 billion in the Los Bronces, Barro Alto, Minas-Rio and Kolomela projects.

During the period, the Group issued corporate bonds with a US$ equivalent value of $5.1 billion in the US, European and South African markets. In addition, 99% of the Group's $1.7 billion convertible bonds were converted into equity, resulting in the issue of 62.5 million new shares, a reduction in net debt of $1.5 billion, and an aggregate interest saving of $0.3 billion compared to the cost of holding the bonds to maturity.

Dividends

Anglo American's dividend policy will provide a base dividend that will be maintained or increased through the cycle. Consistent with the policy, the Board has recommended a final dividend of 53 US cents per share, giving a total rebased dividend of 85 US cents per share for the year, subject to shareholder approval at the Annual General Meeting to be held on 19 April 2013. This reflects confidence in the underlying business and completes the reinstatement journey to rebase the dividend to be competitive with diversified peers. This recommendation is consistent with the commitment to have a disciplined balance between the maintenance of a strong investment grade rating, returns to shareholders and sequencing of future investment in line with resulting funding capacity. From time to time any cash surplus to requirements will be returned to shareholders.

Exploration enabling Anglo American's growth

Anglo American's exploration team has been recognised widely for its copper and nickel discoveries over the past decade.

In 2012, the Group, through its different exploration teams has refocused its portfolio on copper, polymetallic (Cu-Ni-PGE), iron ore, diamonds and coal projects across 18 countries. An iron ore joint venture was commenced in Liberia, in participation with Kumba Iron Ore. In western Canada, regional exploration was initiated to support the Peace River metallurgical coal operations and in Finland, drilling continues to define and extend the Sakatti polymetallic discovery. New early-stage copper opportunities are being targeted in Argentina, Chile, Colombia, Greenland, Indonesia, Peru, USA and Zambia. The Group is committed to "safe discovery" in exploration.

Project delivery to continue to drive high quality production growth

Anglo American's objective is to maintain a strong investment grade rating, which demands prudent capital discipline. Anglo American will incur higher capital expenditure over the next two years as the development of Minas-Rio is completed, after which capital expenditure is expected to be moderated.

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

The Group has a number of projects in the execution phase, as summarised below, and is progressing with the development of other growth projects, including the 225 ktpa Quellaveco greenfield copper project in Peru.

Given the greater challenges involved in developing greenfield sites, the Board will apply a highly disciplined approach to the allocation of capital, with smaller, lower-risk brownfield expansion projects more likely to find favour. Prior to Board approval of large and complex greenfield projects, the merits of partnerships will be explored.

Minas-Rio – first ore on ship by end of 2014, estimated capital expenditure increased to $8.8 billion

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

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

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

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

Cerrejón P40 expansion – on track

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

Grosvenor – under way

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

Grosvenor forms a major part of the Group's strategy of tripling hard coking coal production from its Australian assets, using a standard longwall and coal handling and preparation plant (CHPP) design. In its first phase of development, Grosvenor will consist of a single new underground longwall mine, targeting the same well understood Goonyella Middle coal seam as Moranbah North, and will process its coal through the existing Moranbah North CHPP and train loading facilities. The Grosvenor project is currently in execution, with engineering work progressing to plan, construction under way and longwall production targeted to begin in 2016. A pre-feasibility study for expansion by adding a second longwall at Grosvenor is under way.

Quellaveco – critical permits secured following successful community dialogue process

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

M&A update

De Beers

In November 2011, Anglo American agreed to acquire the Oppenheimer family's 40% interest in De Beers.

The transaction was a unique opportunity for Anglo American to consolidate control of the world's leading diamond company, marking the Group's commitment to an industry with highly attractive long term supply and demand fundamentals. Underpinned by the security of supply offered by a 10-year sales agreement with the Government of the Republic of Botswana (GRB), this formed a compelling proposition. The benefits brought by Anglo American's scale, technical, operational and exploration expertise and financial resources, combined with the unquestionable leadership of De Beers' business and iconic brand, will enable De Beers to enhance its position across the diamond pipeline and capture the potential presented by a rapidly evolving diamond market.

In August 2012, Anglo American completed the acquisition, thereby increasing Anglo American's shareholding in De Beers to 85%. Under the terms of the November 2011 agreement, Anglo American paid a total cash consideration of $5.2 billion, comprising the agreed purchase price of $5.1 billion and a number of adjustments as provided for under the agreement.

Anglo American Sur

In November 2011, Anglo American announced the completion of the sale of a 24.5% stake in Anglo American Sur (AA Sur), comprising a number of the Group's copper assets in Chile, to Mitsubishi

Corporation LLC (Mitsubishi) for $5.4 billion in cash. This transaction highlighted the inherent value of AA Sur as a world class, tier one copper business with extensive reserves and resources and significant further growth options from its exploration discoveries.

In August 2012, Anglo American and Codelco announced their agreement in respect of AA Sur. Anglo American retains control of AA Sur, reducing its 75.5% shareholding to 50.1%. A Codelco and Mitsui joint venture company controlled by Codelco agreed to acquire a 29.5% interest in AA Sur through the following transactions which were completed by mid-September 2012:

- a 24.5% shareholding in AA Sur for net cash consideration of $1.7 billion, representing a consideration of $1.8 billion, adjusted for dividends paid in relation to the shareholding since 1 January 2012; and
- a 5.0% shareholding in AA Sur (comprising 0.9% from Anglo American and 4.1% from Mitsubishi) for total cash consideration of $1.1 billion.

Revuboè

In July 2012, Anglo American announced that it had agreed to acquire a 58.9% interest in the Revuboè metallurgical coal project in Mozambique from the Talbot Estate for a total cash consideration of A$540 million (approximately US$555 million). The Revuboè project is an incorporated joint venture and includes Nippon Steel Corporation (33.3% interest), and POSCO (7.8% interest). Revuboè comprises hard coking and thermal coal suitable for open cut mining, with the potential to support the export of six to nine million tonnes per annum on a 100% basis. The transaction remains subject to a number of conditions.

Divestment update

Anglo American's divestment programme, as set out in October 2009, has been completed, raising $4.0 billion of cumulative proceeds on a debt and cash free basis as announced.

In April 2012, Anglo American announced the final stage of the $1.4 billion Scaw Metals Group (Scaw) divestment with the sale of Scaw South Africa (Pty) Ltd (Scaw South Africa), a leading South Africa-based integrated steel maker, to an investment consortium led by the Industrial Development Corporation of South Africa (IDC) and Anglo American's partners in Scaw South Africa, being Izingwe Holdings (Pty) Limited, Shanduka Resources (Pty) Limited and the Southern Palace Group of Companies (Pty) Limited, for a total consideration of R3.4 billion ($440 million) on a debt and cash free basis as announced. This transaction was completed in November 2012 and follows the sale of Scaw's international businesses, Moly-Cop and AltaSteel, to OneSteel in December 2010 for a total consideration of $932 million on a debt and cash free basis as announced. In aggregate, the total consideration achieved from the sale of all Scaw's businesses has amounted to $1.4 billion on a debt and cash free basis as announced.

On 18 February 2011, Anglo American and Lafarge announced their agreement to combine their cement, aggregates, ready-mixed concrete, asphalt and contracting businesses in the United Kingdom: Tarmac Limited, Lafarge Cement UK, Lafarge Aggregates and Concrete UK. The 50:50 joint venture will create a leading UK construction materials company, with a portfolio of high quality assets drawing on the complementary geographical distribution of operations and assets, the skills of two experienced management teams and a portfolio of well-known and innovative brands. On 7 January 2013, following final clearance from the UK Competition Commission, Anglo American and Lafarge announced the completion of the transaction, creating an incorporated joint venture, known as Lafarge Tarmac.

In December 2012, Anglo American announced that it had reached an agreement to sell its 16.8% effective interest in Palabora Mining Company Limited ("Palabora") for R893 million (approximately $103 million). Anglo American participated in the sale process led by Rio Tinto which holds a 57.7% effective interest in Palabora. The purchaser is a consortium comprising South African and Chinese entities led by the Industrial Development Corporation of South Africa and Hebei Iron & Steel Group. The sale is subject to customary regulatory approvals in South Africa and China.

In January 2013, Anglo American announced an agreement to sell its 70% interest in the Amapá iron ore operation in Brazil to Zamin Ferrous Ltd. The terms of the transaction are confidential and the transaction is subject to regulatory approval. Anglo American has transformed the operational performance of Amapá since acquisition in 2008, increasing annual production from 1.2 Mt in 2008 to 6.1 Mt in 2012. The transaction is expected to complete in 2013.

Outlook

Economic indicators have improved over the last few months. In the US, the housing market is recovering, which is supporting a broad-based economic recovery. In China, infrastructure investment, exports and the real estate sector are boosting economic activity. While economic activity remains weak in Europe and Japan, there are encouraging signs that recent policy changes have mitigated downside risks and should stimulate a recovery in 2013.

In the medium term, most economies should return to more normal growth rates. In China and India, economic growth should remain robust as they benefit from continuing urbanisation, rising living standards and an expanding middle class, which should support demand for our products across our diversified mix.

Selected major projects

Approved							
Sector	**Project**	**Country**	**Greenfield/ Brownfield**	**First production date**	**Full production date**	**Capex $bn**[1]	**Production volume**[2]
Iron Ore and Manganese	Minas-Rio Phase1	Brazil	G	2014	2016	8.8[3]	26.5 Mtpa iron ore
	Groote Eylandt Expansion Project	Australia	B	2013	2013	<1	0.6 Mtpa manganese ore
Metallurgical Coal	Grosvenor Phase 1	Australia	G	2014	2016	<2	5.0 Mtpa metallurgical
Thermal Coal	Cerrejón P40	Colombia	B	2013	2015	<2	8.0 Mtpa thermal
Copper	Collahuasi expansion Phase 2	Chile	B	2013	2014	<1	20 ktpa copper
	Mantoverde desalination plant	Chile	B	2013	2013	<1	To sustain current Cu production plans
Platinum	Twickenham	South Africa	G	2016	2021	<2	180 kozpa refined platinum
	Bathopele Phase 4	South Africa	B	2013	2013	<1	65 kozpa refined platinum
	Bathopele Phase 5	South Africa	B	2013	2017	<1	139 kozpa refined platinum
Diamonds	Jwaneng – Cut 8	Botswana	B	2016	2018[4]	3[5]	approximately 10 million carats pa
	Venetia u/g	South Africa	B	2021	2024	<3	approximately 4 million carats pa
Other Mining and Industrial – Core	Boa Vista Fresh Rock	Brazil	B	2014	2015	<1[6]	6.5 ktpa total niobium production

Selected Unapproved

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

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

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Anglo American is one of the world's largest mining companies, is headquartered in the UK and listed on the London and Johannesburg stock exchanges. Anglo American's portfolio of mining businesses spans bulk commodities – iron ore and manganese, metallurgical coal and thermal coal; base metals – copper and nickel; and precious metals and minerals – in which it is a global leader in both platinum and diamonds. Anglo American is committed to the highest standards of safety and responsibility across all its businesses and geographies and to making a sustainable difference in the development of the communities around its operations. The company's mining operations, extensive pipeline of growth projects and exploration activities span southern Africa, South America, Australia, North America, Asia and Europe. www.angloamerican.com

Webcast of presentation:
A live webcast of the results presentation, starting at 9.00am UK time on 15 February, can be accessed through the Anglo American website at www.angloamerican.com.

Note: Throughout this results announcement, '$' denotes United States dollars and 'cents' refers to United States cents; operating profit includes attributable share of associates' operating profit and is before special items and remeasurements, unless otherwise stated; special items and remeasurements are defined in note 4 to the Condensed financial statements. Underlying earnings, unless otherwise stated, is calculated as set out in note 9 to the Condensed financial statements. Earnings before interest, tax, depreciation and amortisation (EBITDA) is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates. EBITDA is reconciled to 'Total profit from operations and associates' and to 'Cash flows from operations' in note 5 to the Condensed financial statements. Tonnes are metric tons, 'Mt' denotes million tonnes and 'kt' denotes thousand tonnes, unless otherwise stated.

Forward-looking statements

This announcement includes forward-looking statements. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding Anglo American's financial position, business and acquisition strategy, plans and objectives of management for future operations (including development plans and objectives relating to Anglo American's products, production forecasts and reserve and resource positions), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anglo American, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Anglo American's present and future business strategies and the environment in which Anglo American will operate in the future. Important factors that could cause Anglo American's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, the availability of mining and processing equipment, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights and such other risk factors identified in Anglo American's most recent Annual Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this announcement. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers (the "Takeover Code"), the UK Listing Rules, the Disclosure and Transparency Rules of the Financial Services Authority, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the SWX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglo American's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Nothing in this announcement should be interpreted to mean that future earnings per share of Anglo American will necessarily match or exceed its historical published earnings per share.

Certain statistical and other information about Anglo American included in this announcement is sourced from publicly available third party sources. As such, it presents the views of those third parties, though these may not necessarily correspond to the views held by Anglo American.

Financial review of Group results

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

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

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

Sales volumes were higher than 2011 owing to increased production at Kolomela and Los Bronces as the expansion projects ramped up, offset by operational issues at the Los Bronces mine and Collahuasi, as well as the industrial action at Kumba and Platinum and the extended ban and subsequent loss of mining concessions at Loma de Níquel.

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

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

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

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

Reconciliation of (loss)/profit for the year to Underlying earnings **$ million**	**Year ended 31 Dec 2012**	Year ended 31 Dec 2011
(Loss)/profit for the financial year attributable to equity shareholders of the Company	**(1,493)**	6,169
Operating special items (including associates)	**7,039**	173
Operating remeasurements (including associates)	**112**	74
Non-operating special items	**594**	(203)
Non-operating remeasurement	**(1,988)**	–
Financing special items	**–**	9
Financing remeasurements	**88**	(205)
Special items and remeasurements tax	**(1,110)**	118
Non-controlling interests on special items and remeasurements	**(403)**	(15)
Underlying earnings[1]	**2,839**	6,120
Underlying earnings per share ($)	**2.26**	5.06

[1] See note 3 to the Condensed financial statements.

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

[1] Operating profit before special items and remeasurements from subsidiaries and joint ventures was $5,405 million (2011: $9,668 million) and attributable share from associates was $759 million (2011: $1,427 million). For special items and remeasurements see note 4 to the Condensed financial statements.

Special items and remeasurements

Operating special items

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

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

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

Other
A charge of $159 million has arisen at Loma de Níquel due to the cancellation of its mining concessions in November 2012. Other impairments and related charges of $230 million (2011: $70 million) relates to various impairments across the Group, including an impairment of $42 million of fixed assets relating to onerous contracts at Callide (Metallurgical Coal); an impairment of $44 million relating to Wesizwe, an available for sale asset held in Platinum where the fair value has had a significant and prolonged decline; and $50 million of asset impairments recognised in Samancor, an associate investment.

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

Operating remeasurements

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

Non-operating special items

In May 2012, the Competition Commission approved the formation of a 50:50 joint venture between the Group and Lafarge combining their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the UK subject to a number of prior conditions. In July 2012, the Group accepted the conditions of the Competition Commission and consequently the associated assets of Tarmac Quarry Materials were classified as held for sale and recognised at fair value less costs to sell. This resulted in a loss being recognised of $135 million. In December 2012, the Group agreed the sale of its 70% interest in the Amapá iron ore mine. The net assets have been reclassified to held for sale and recognised at fair value less costs to sell. This resulted in a loss being recognised of $404 million.

Non-operating remeasurements

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

Financing remeasurements

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

Special items and remeasurements tax

Special items and remeasurements tax amounted to a credit of $1,110 million (2011: charge of $118 million). This relates to a credit for one-off tax items of $922 million (2011: credit of $137 million), a tax remeasurement charge of $189 million (2011: charge of $230 million) and a tax credit on special items and remeasurements of $377 million (2011: charge of $25 million). The credit for one-off tax items of $922 million (2011: credit of $137 million) relates principally to the net deferred tax credit of $960 million at Minas-Rio and a net deferred tax credit of $70 million owing the reassessment of deferred tax assets as a result of changes in tax regimes within operating segments, partially offset by the write-off of the deferred tax asset in Amapá of $108 million following the decision to sell the mine.

Net finance costs

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

Tax before special items and remeasurements

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

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

Balance sheet

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

Cash flow

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

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

Net cash inflow from financing activities was $1,950 million compared with $1,474 million in 2011. During the year the Group paid dividends of $970 million to company shareholders, and $1,267 million in dividends to non-controlling interests.

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

Liquidity and funding

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

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

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

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

Corporate activities and unallocated costs

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

Dividends

Anglo American's dividend policy will provide a base dividend that will be maintained or increased through the cycle. Consistent with the policy, the Board has recommended a final dividend of 53 US cents per share, giving a total rebased dividend of 85 US cents per share for the year, subject to shareholder approval at the Annual General Meeting to be held on 19 April 2013. This reflects our confidence in the underlying business going forward and completes the reinstatement journey to rebase our dividend to be competitive with diversified peers. This recommendation is consistent with the commitment to have a disciplined balance between the maintenance of a strong investment grade rating, returns to shareholders and sequencing of future investment in line with resulting funding capacity. From time to time any cash surplus to requirements will be returned to shareholders.

Analysis of dividends

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

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

The Board

Anne Stevens joined the Board on 15 May 2012. Mamphela Ramphele resigned from the Board with effect from 25 July 2012. Cynthia Carroll has resigned as CEO of the Company with effect from 3 April 2013 and as a director with effect from the closing of the Annual General Meeting (AGM) to be held on 19 April 2013. Mark Cutifani has been appointed CEO and a director with effect from 3 April 2013.

On 12 February 2013, the Board proposed the appointment of Dr Byron Grote as a non-executive director at the forthcoming AGM on 19 April 2013. It is intended that Dr Grote will join the Audit Committee of the Board on appointment and he will, after a period of induction, assume the role of Chairman of that committee from David Challen, who has rendered outstanding service in that role since 2003. In addition, Peter Woicke informed the Board of his intention to retire as a non-executive director, also with effect from the AGM. Peter Woicke will be succeeded as Chairman of the Safety and Sustainable Development Committee by Jack Thompson.

Related party transactions

Related party transactions are disclosed in note 18 to the Condensed financial statements.

Operations review 2012

In the operations review on the following pages, operating profit includes attributable share of associates' operating profit and is before special items and remeasurements unless otherwise stated. Capital expenditure relates to cash expenditure on property, plant and equipment including cash flows on related derivatives.

IRON ORE AND MANGANESE

$ million (unless otherwise stated)	**Year ended 31 Dec 2012**	Year ended 31 Dec 2011
Underlying operating profit	**2,949**	4,400
Kumba Iron Ore	**2,980**	4,491
Iron Ore Brazil	**(5)**	(141)
Samancor	**103**	165
Projects and corporate	**(129)**	(115)
Underlying EBITDA	**3,198**	4,586
Net operating assets	**9,356**	12,427
Capital expenditure	**2,077**	1,659
Share of Group underlying operating profit	**48%**	40%
Share of Group net operating assets	**18%**	28%

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

Markets

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

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

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

Operating performance

Kumba Iron Ore

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

Total production of iron ore increased by 4% to 43.1 Mt due to the ramp-up of Kolomela, partially offset by the impact of the unprotected strike which resulted in lost production of approximately 5 Mt. Total volume mined at Sishen rose by 4% to 171.6 Mt (2011: 165.0 Mt), of which waste mined amounted to 133.5 Mt, an increase of 12% (2011: 119.0 Mt). Iron ore production at Sishen, however, decreased by 13% to 33.7 Mt (2011: 38.9 Mt) mainly owing to the effects of an unprotected strike during the fourth quarter.

On 3 October, around 300 Sishen employees commandeered most of the mining equipment at the mine. The situation ended on 16 October and production recommenced on 20 October, though on a limited basis as attendance in the mining section remained low in the immediate aftermath of the strike. Operations are subsequently being ramped up. Operations are subsequently being ramped up. Production rates continue to improve and are expected to return to normal operating levels by the end of the first half of 2013.

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

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

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

Iron Ore Brazil

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

Samancor

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

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

Projects

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

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

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

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

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

- The mine and beneficiation plant are on track – 92% of the earthworks have been completed at the beneficiation plant, the first of two grinding mills has been installed and the civil works for the secondary crusher are complete;

- At the 525km slurry pipeline, almost 50% of the pipeline has been laid (approximately 247km), with 76% of the land cleared for earthworks and pipe installation to take place;
- The filtration plant is on schedule for completion by June 2013;
- The port's two stackers and reclaimer have been erected and the shiploader installation is under way.

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

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

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

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

Outlook

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

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

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

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

Kumba Iron Ore update

Sishen Supply Agreement Arbitration

A dispute arose between Sishen Iron Ore Company Proprietary Limited (SIOC) and ArcelorMittal South Africa Limited (AMSA) in February 2010, in relation to SIOC's contention that the contract mining agreement concluded between them in 2001 had become inoperative as a result of the fact that AMSA had failed to

convert its old order mining rights. This dispute has been referred to arbitration. On 9 December 2011, SIOC and AMSA agreed to delay the arbitration proceedings in relation to the Sishen Supply Agreement until the final resolution of the mining rights dispute. This arbitration is only expected to commence in the fourth quarter of 2013, with possible resolution only expected in the third quarter of 2014 at the earliest.

An Interim Pricing Agreement (IPA 2) between SIOC and AMSA was in place until 31 July 2012 and was extended to 31 December 2012.

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

21.4% undivided share of the Sishen mine mineral rights

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

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

METALLURGICAL COAL

$ million (unless otherwise stated)	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Underlying operating profit[(1)]	**405**	1,189
Underlying EBITDA	**877**	1,577
Net operating assets	**5,219**	4,692
Capital expenditure	**1,028**	695
Share of Group underlying operating profit	**7%**	11%
Share of Group net operating assets	**10%**	11%

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

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

Markets

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

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

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

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

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

Operating performance

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

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

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

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

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

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

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

Projects

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

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

Outlook

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

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

THERMAL COAL

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

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

Markets

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

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

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

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

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

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

Operating performance

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

[(1)] Includes capitalised production from Zibulo mine of 1,521,800 (export) and 633,400 (domestic) tonnes for the year ended 31 December 2011.
[(2)] Includes domestic metallurgical coal of 74,100 tonnes for the year ended 31 December 2012 (year ended 31 December 2011: 323,400 tonnes).

South Africa

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

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

Colombia

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

Projects

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

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

Outlook

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

COPPER

$ million (unless otherwise stated)	**Year ended 31 Dec 2012**	Year ended 31 Dec 2011
Underlying operating profit	**1,687**	2,461
Underlying EBITDA	**2,179**	2,750
Net operating assets	**8,536**	7,643
Capital expenditure	**996**	1,570
Share of Group underlying operating profit	**27%**	22%
Share of Group net operating assets	**17%**	17%

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

Markets

Average prices	**2012**	2011
Average prices (LME cash, c/lb)	**361**	400
Average realised prices (c/lb)	**364**	378

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

Operating performance

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

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

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

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

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

In response to the performance issues at Collahuasi, the joint venture partners put in place a business improvement plan, with an Anglo American and Xstrata joint management team assuming leadership from

July. The team has implemented a number of improvement plans aimed at delivering improved operating performance in 2013. A new CEO was appointed at Collahuasi with effect from 19 December 2012.

Projects

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

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

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

Outlook

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

Challenges remain in managing continuing industry-wide input cost pressures, and this will be a key focus for the business in 2013. Ongoing market concerns arising from uncertainties over the near term outlook for the global economy may lead to short term volatility in the copper price. The medium to long term fundamentals for copper, however, remain strong, predominantly driven by robust demand from the emerging economies and supply constraints owing to ageing mines and steadily declining average grades.

NICKEL

$ million (unless otherwise stated)	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Underlying operating profit	**26**	57
Underlying EBITDA	**50**	84
Net operating assets	**2,509**	2,535
Capital expenditure	**100**	398
Share of Group underlying operating profit	**0.4%**	1%
Share of Group net operating assets	**5%**	6%

Underlying operating profit for the year was $26 million (net of $32 million project evaluation operating costs), 54% lower than in 2011. It included a self-insurance recovery of $59 million (offset at Anglo American Group) and an amount of $12 million in terms of the favourable settlement of an outstanding tax claim with the Brazilian government. The results, however, were affected significantly by a 23% decline in the London Metal Exchange (LME) nickel price and by an extended export ban imposed by the Venezuelan government from the beginning of June, resulting in the cessation of production in September. The underlying operating result for Barro Alto was capitalised throughout 2012.

Markets

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

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

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

Operating performance

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

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

Barro Alto, which produced its first metal in March 2011, delivered around 21,600 tonnes of nickel in 2012. Production at the new operation, and the ramp-up schedule was, however, affected by three major stoppages during the year in order to address kiln performance issues and to rebuild the side-walls in line 1's electric furnace, following a partial collapse. Since the end of the final stoppage, with the furnace returning to a temperature which can support normal operations in mid-December, line 1 has achieved a feed rate averaging 85% of nominal capacity. As a preventative measure, line 2's electric furnace sidewalls are now also being rebuilt and following this, the operation is expected to complete ramp up to nominal capacity.

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

In Venezuela, Nickel's three remaining mining concessions expired in November. In spite of Nickel's attempts to obtain concession and permit renewal to enable a continuation of Nickel's operations, the application for renewal was refused and the concessions and permits granted by the government expired. As a result, mining and production activities at Loma de Níquel ceased permanently as of 10 November 2012.

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

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

Projects

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

Outlook

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

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

PLATINUM

$ million (unless otherwise stated)	Year ended 31 Dec 2012	Year ended 31 Dec 2011
Underlying operating (loss)/profit	**(120)**	890
Underlying EBITDA	**580**	1,672
Net operating assets	**10,419**	11,191
Capital expenditure	**822**	970
Share of Group underlying operating profit	**(2)%**	8%
Share of Group net operating assets	**20%**	25%

Platinum recorded an underlying operating loss of $120 million in 2012, compared with $890 million underlying operating profit in 2011. This was primarily due to lower sales volumes, the impact of higher mining inflation on costs and lower average realised prices. Platinum sales volumes for the period were lower owing to the two month illegal industrial action experienced at most of the mining operations in the fourth quarter. This was compensated in part by a weaker average rand against the dollar and a positive stock adjustment of $172 million. Cash operating costs per equivalent refined platinum ounce increased by 21% to R16,364 (2011: R13,552), primarily due to the impact of the strike and increases in the costs of labour, electricity, diesel and key inputs of processing operations. Productivity decreased by 4% to 6.05m^2 (2011: 6.32m^2).

Refined platinum production and sales decreased by 6% and 17% respectively.

Markets

Gross platinum demand declined by 140,000 ounces, or 2%, in 2012, as a result of weaker demand for autocatalyst and industrial applications, more than offsetting increases in jewellery demand initiated by lower platinum pricing. Primary supply of platinum was negatively affected by labour stoppages and mine closures in South Africa. In addition, autocatalyst recycling decreased by 16% in the year, in response to lower platinum prices.

The palladium market moved from a surplus in 2011 to a significant deficit in 2012. South African output was lower for the same reasons as for platinum, while less metal was sold from Russian stockpiles. Gross demand for palladium rose by 15%, or 900,000 ounces, in 2012, following an increase in demand from the autocatalyst sector and a return of investor interest.

Following a prolonged surplus, the rhodium market moved into balance in 2012, with reductions in supply balancing increased demand from the autocatalyst and chemical sectors.

Autocatalysts

Global light vehicle sales grew by 5% in 2012 to 81 million units reflecting, for vehicles lighter than 3.5 tonnes, growth in North America, Japan and the BRIC nations (Brazil, Russia, India and China). This growth was offset by weakness in Europe and other regions. Ongoing economic uncertainty in Europe, for example, continued to impact demand for new vehicles there, with sales approximately 8% below those in 2011.

Increased substitution of palladium for platinum, together with a rise in the production of gasoline vehicles in North America and China, resulted in a 7% increase in demand for palladium. Higher output of gasoline vehicles in 2012 also underpinned a 6% increase in rhodium demand.

Supplies of PGMs from recycling of spent catalysts decreased by 12% to 2.8 million ounces.

Jewellery

Gross platinum demand for the fabrication of jewellery rose by 10% to 2.7 million ounces, as strong demand from China and India balanced generally weaker economic conditions across the globe. With platinum trading at a discount to gold throughout the year, manufacturers were able to receive higher margins, encouraging the use of platinum in China, while demand in India continues to grow faster than other markets in percentage terms.

Gross demand for platinum for the fabrication of jewellery in China rose by 14% in 2012, to approximately 1.9 million ounces, of which recycled platinum jewellery represented half a million ounces. Platinum purchases by manufacturers increased by 16% to 1.4 million ounces.

Industrial

Following record demand for platinum in 2011, as purchasers addressed delayed consumption, platinum offtake for industrial applications decreased by 16% to 1.7 million ounces.

Investment

Investment demand for platinum was flat at 460,000 ounces in 2012, although the performance during the year was erratic. Japanese buyers of large bars were active when the price was lower than Yen 4000/gram ($1 550/ounce). The release of the Canadian Platinum Maple Leaf and the Australian Platinum Platypus bullion coins also boosted interest in demand.

After significant liquidation in palladium ETFs in 2011, positive sentiment resulted in a 16% increase in net holdings in 2012 to 2.04 million ounces.

Operating performance

Production

Platinum's own mines, including Western Limb Tailings Retreatment, produced 1.46 million of equivalent refined platinum ounces, a decrease of 9%.

The illegal strike action at our mining operations from 18 September to 15 November 2012 resulted in a loss of platinum production of 306,000 ounces, of which 82,000 ounces were lost during the subsequent ramp-up period.

Equivalent refined platinum production for the year totalled 2.22 million ounces, 8% down on 2011. Production at the Western Limb operations (Rustenburg, Union and Amandelbult mines) was negatively affected by the industrial action during the second half of 2012. Production at the Rustenburg Complex mines decreased by 43,300 ounces, or 8%, while Union and Amandelbult mines' production decreased by 13% and 23% respectively.

Mogalakwena mine output decreased by 2% to 300,200 ounces, following lower throughput at the concentrators and lower head grade. The fall in production was partly compensated by higher volumes from Unki mine. Equivalent refined platinum production at Unki increased by 20% to 62,100 ounces as the mine exceeded its ramp-up schedule, reaching steady state production levels ahead of schedule.

The new nickel tank house at the Base Metal Refinery continues to experience some operational challenges and this is expected to impact production in 2013.

Refined platinum production decreased by 6% to 2.38 million ounces as the processing of pipeline stocks into refined ounces in the second half of 2012 reduced the impact of the industrial action.

Projects

Several projects were halted during the year owing to the current difficult economic and operating environment, including the Thembelani 2 shaft, Tumela 4 shaft, and slag cleaning furnace 2 projects. The subsequent write-down for Thembelani 2 shaft project was ZAR 2.2 billion ($251 million) while the write-down for Tumela 4 shaft, slag cleaning furnace 2 and other projects was ZAR 4.4 billion ($579 million).

Outlook

Despite the lacklustre outlook for global economic growth, Platinum believes that global platinum demand is likely to be balanced in the short term. Overall platinum demand is expected to grow marginally in 2013, despite the lack of economic growth in the European market. Tightening emissions legislation in all markets, and the overall global increase in vehicle production, especially in China and India, is expected to offset lower volumes in Japan, North American and Europe. Jewellery demand is expected to grow, primarily owing to the continuing growth in the popularity of platinum jewellery in China and India, and the expansion of retail outlets in China by Hong Kong jewellers.

Primary supply challenges are expected to continue during 2013, with higher mining inflation exerting margin pressure and the increased risk of supply disruptions from industrial action in South Africa. The ongoing constraint on capital investment posed by low prices continues to limit South African output. However, supplies of metal from the recycling of spent autocatalyst are expected to rise as pipeline stocks are processed.

Palladium demand is expected to grow in 2013, supported by global vehicle production growth, particularly in China, and tightening emissions legislation. Primary supply is also expected to be constrained by the same factors as those affecting platinum production. As a result, the palladium market is expected to remain in deficit in 2013.

The rhodium market is expected to remain in balance during 2013. Modest growth in autocatalyst and new industrial demand is likely to be balanced by an increase in recycled supply.

Following the conclusion of the recent portfolio review, Platinum expects to produce between 2.1 and 2.3 million ounces of refined platinum in 2013.

Cost inflation challenges are likely to continue in 2013, with mining inflation expected to remain above the average inflation rate in South Africa. In spite of the difficult inflationary environment, Platinum aims to contain cash unit costs to between ZAR 16,000 and ZAR16,500 per equivalent refined platinum ounce. The unit cost target excludes the cost of implementing the portfolio review proposals.

Platinum's project portfolio has been aligned with the proposals of the portfolio review, with the capital expenditure target reduced by 25% to ZAR100 billion over the next decade. Capital allocation will continue to focus on the highest return and lowest risk opportunities.

Strategic portfolio review

Anglo American Platinum announced the recommendations of its portfolio review on 15 January 2013. The key objective of the portfolio review was to thoroughly assess the structural changes that had eroded the profitability of the company and thus identify the changes required to create a sustainable, competitive and profitable Anglo American Platinum. The review considered the entire value chain, from resources to marketing and commercial strategy, as well as direct costs, overheads and the shape and size of portfolio best suited to leveraging our industry-leading resource base. The ongoing consultation with stakeholders and subsequent implementation of agreed proposals is now Platinum's strategic focus.

The main recommendation of the portfolio review is the plan to reduce Platinum's production to between 2.1 and 2.3 million ounces per annum and to more closely align output with expected demand, while retaining the flexibility to meet potential increased demand. This recommendation may be achieved through the proposals made within the consultation process embarked upon in terms of the requirements of the Labour Relations Act 66 of 1995, i.e. the closure of Khuseleka and Khomanani mines (four shafts) and placing them on long term care, and maintenance and through consolidating Rustenburg into three operating mines. Should these proposals ultimately be implemented, production at Rustenburg mines would reduce to a sustainable level of between 320,000 and 350,000 ounces a year.

While Platinum's production profile remains flat, production from high cost assets will be replaced with that from low-cost, high-quality assets over the next decade. The production profile indicates excess smelting and refining capacity in the short to medium term and provides an opportunity to improve capital efficiency. Options are being evaluated to fill capacity and reduce costs.

The cost base will also be reduced to align with the revised production levels, with a focus on labour and organisational structure. Our asset optimisation and supply chain activities are well entrenched and continue to deliver value.

DIAMONDS

$ million (unless otherwise stated)	Year ended 31 Dec 2012		Year ended 31 Dec 2011	
	De Beers (100%)	**Anglo American share[1]**	**De Beers (100%)[2]**	**Anglo American share[1]**
Underlying operating profit	**815**	**496**	1,491	659
Underlying EBITDA	**1,075**	**711**	1,763	794
Net operating assets	**12,944**	**12,944**		
Capital expenditure	**249**	**94**		
Share of Group underlying operating profit	**n/a**	**8%**		
Share of Group net operating assets	**n/a**	**25%**		
Group's associate investment in De Beers[3]	**n/a**	**n/a**	n/a	2,230

[1] Amounts based on the Group's 45% shareholding to 16 August 2012 and a 100% basis thereafter. Underlying earnings from 16 August 2012 excludes the 15% non-controlling interest.
[2] Underlying operating profit and underlying EBITDA for 2011 on a 100% basis provided for information.
[3] Excludes outstanding loans owed by De Beers, including accrued interest of $301 million in 2011.

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

Markets

Demand for diamond jewellery in the key markets of the US, China and Japan grew, albeit at a slower pace than in 2011. This, together with higher polished stock levels, resulted in a decline in polished prices particularly in third quarter of the year. Although rough diamond prices remained broadly stable in the first half of 2012, a combination of weaker polished prices, high levels of cutting centre stock and tightening liquidity in the mid-stream, resulted in a price correction during the third quarter. By the end of 2012, rough diamond prices stabilised, reflecting a modest improvement in consumer demand during the holiday sales season in most major diamond jewellery markets.

Operating performance

Mining and manufacturing

De Beers' full-year production declined by 11% to 27.9 million carats (2011: 31.3 million carats). In light of prevailing diamond market trends as well as operational challenges, the company's stated strategy of producing to demand has been maintained. Operations continue to focus on maintenance and waste stripping backlogs, while a number of factors impacted production at specific sites. At Debswana, this included the Jwaneng slope failure in June. De Beers Consolidated Mines saw lower grades from Venetia and production was also impacted by the disposal of Finsch in September 2011. Canada's Snap Lake showed significant improvement during 2012 as work continues on optimising the mine to enable economic access to the promising, though challenging, ore-body. Debmarine Namibia's Grand Banks mining vessel was re-commissioned in 2012 and Namdeb's Elizabeth Bay mining area in Northern Bay was brought back into operation during the year.

Element Six experienced a challenging year, with weakness in a number of key end-markets, particularly in the second half of the year. In response, Element Six focused on cost containment and improved operational performance and made significant progress on a number of its strategic milestones, including improved customer service and innovation. Element Six was awarded the prestigious Queen's Award for Enterprise and Innovation in the UK.

Sales

De Beers' total sales (on 100% basis) decreased to $6.1 billion, primarily as a result of diminished demand for rough diamonds, changing product requirements from Sightholders and reduced availability of some goods.

Brands

Forevermark continued to grow strongly in 2012, particularly in the core markets of China, Japan, India and the US, and was launched in South Africa, Canada and the UAE. It is now available in more than 900 retail partners in 12 markets. Since the launch of Forevermark, more than 500,000 diamonds have been inscribed with a unique identification number, showing that they have met the brand's high standards of quality, ethical integrity and provenance.

De Beers Diamond Jewellers (DBDJ) faced the challenging market conditions experienced by most high-end jewellers in 2012, but continued to focus on expanding its store network in China, a market of significant opportunity for high-end jewellery brands. New stores were opened in Shanghai and Nanjing, giving DBDJ five stores in China, with an additional store scheduled to open in 2013. Franchise partners will open further stores in Kuala Lumpur, Baku and Vancouver in 2013. DBDJ currently has 43 stores in leading diamond consumer markets around the world.

Other

The agreement entered into by De Beers in the US in 2006, to settle all outstanding class actions against it became unconditional and effective in May. The $295 million settlement, plus interest, held in escrow since 2006 is now being distributed in accordance with the court ordered plan.

Projects

In Botswana, construction of the infrastructure at Jwaneng's Cut-8 project is largely complete. Cut-8 will provide access to approximately 95 million carats of mainly high quality diamonds and extend the life of the mine world's richest diamond mine to at least 2028.

In South Africa, the Venetia underground project was approved by the De Beers and Anglo American Boards. Environmental authorisation was granted in July and the Environmental Management Plan was approved by the Department of Mineral Resources in October. The final outstanding regulatory clearances were obtained in February 2013 and the project will commence shortly. De Beers will invest approximately $2 billion to build the new underground mine, which will extend the life of the resource until 2042 and replace the open pit as South Africa's largest diamond mine.

In Canada, the Environmental Impact Review documentation for the Gahcho Kué project has been submitted for review, and the Review Panel is expected to issue a decision report in 2013.

Outlook

De Beers expects moderate growth in diamond jewellery demand in 2013. This will be supported primarily by a more positive picture emerging from China and India compared to 2012. Some upside is possible in the US, while trading conditions in other markets are likely to be challenging. The rough diamond manufacturing sector closed 2012 with high levels of inventory, particularly in the higher-end categories of diamonds, and faces continued pressure in terms of liquidity. In the medium to long term, industry fundamentals are expected to strengthen as diamond production plateaus and demand continues to increase.

OTHER MINING AND INDUSTRIAL

$ million (unless otherwise stated)	**Year ended 31 Dec 2012**	Year ended 31 Dec 2011
Underlying operating profit	**337**	315
Phosphates	**91**	134
Niobium	**81**	52
Amapá	**54**	120
Tarmac	**73**	(38)
Scaw Metals	**49**	37
Zinc	**–**	20
Corporate	**(11)**	(10)
Underlying EBITDA	**485**	540
Net operating assets	**786**	3,843
Capital expenditure	**260**	225
Share of Group underlying operating profit	**5%**	3%
Share of Group net operating assets	**2%**	9%

Note: In 2012, Amapá has been reclassified from Iron Ore and Manganese to the Other Mining and Industrial segment to align with internal management reporting. Comparatives have been reclassified to align with current presentation.

Other Mining and Industrial – Phosphates and Niobium

Markets

Phosphates

Fertiliser demand in Brazil rose around 4% in 2012, reflecting the strong fundamentals of the Brazilian agricultural sector. Brazilian fertiliser consumption has been growing faster than the global average and this performance is expected to continue in future years, supported by favourable weather conditions, plentiful access to water and the widespread use of advanced farming techniques by Brazilian farmers. Continued high prices of soybean and corn have also incentivised farmers to increase grain production through more intensive fertiliser application.

This favourable market scenario resulted in Phosphates reporting a record fertiliser sales performance of 1.2 Mt for the year.

Niobium

Global steel mill activity was subdued in 2012, with producers reluctant to resume idle operations, replenish stocks, and to commit to further investment in their businesses. Despite the challenging environment, however, increased production of high strength steel alloys (HSSA) in both emerging and developed countries, ensured that niobium demand remained strong for the year.

Operating performance

Phosphates

Despite record fertiliser sales, underlying operating profit decreased by 32% to $91 million, driven mainly by unfavourable international fertiliser prices, coupled with increased labour costs and general inflationary pressures. DCP sales were also adversely affected by difficulties in the cattle industry, which had a negative impact on the operating results.

Phosphates production increased by 5% to a record of 1.1 Mt, due to a number of asset optimisation initiatives which improved overall performance at Catalão and Cubatão.

Niobium

Niobium generated an underlying operating profit of $81 million, a 56% increase over 2011. Sales volumes of niobium rose by 15%, mainly due to an increase in production arising from a better performance at the tailings plant and improvements in the concentration process at the Boa Vista mine. Unit production costs

declined owing to lower aluminium and power prices and more efficient use of consumables, combined with the impact of higher production.

Projects

Niobium

The Boa Vista Fresh Rock (BVFR) project continued to make progress, with additional capital expenditure approved in June 2012. The existing plant will be adapted to process new rock instead of oxide ore, leading to an increase in production capacity to approximately 6,500 tonnes of niobium per year (2012: 4,400 tonnes).

Outlook

Phosphates

Strong grain prices continue to support fertiliser demand, and fertiliser prices are expected to remain high during 2013. The market expects farmers to expand the area given over to agriculture, as the current ratio between fertiliser and grain prices remains positive.

In addition, the high level of corn prices will be a motivating factor for an aggressive 'mini crop' (a smaller secondary crop, mainly corn, grown in the first half of the year) in the first quarter of 2013.

Niobium

Demand is expected to remain subdued in Europe and in Pacific Rim/East Asian countries, such as Japan, South Korea and, to a lesser degree, China.

Production is expected to decline in 2013, owing to lower grades and recoveries as lower quality ore is extracted from Boa Vista mine as it approaches the end of the weathered ore and encounters lower grades and higher contaminants. Tailings production is also expected to decrease as a result of lower niobium grades contained in phosphate tailings.

Other Mining and Industrial – Amapá, Tarmac and Scaw

Amapá

Amapá generated an underlying operating profit of $54 million, a decrease of $66 million on the prior year.

Production increased significantly, in line with planned ramp-up and also due to higher mass recovery in the beneficiation plant as a result of the plant's improved stability. The operation is now at design production capacity. Higher sales were also achieved following fewer delays associated with transportable moisture limits. Transhipment at Trinidad and Tobago from smaller capacity Handymax to the larger capacity Capesize vessels for onward shipment to the Middle and Far East was successfully implemented in the second half of 2012.

The favourable impact of improved production and higher sales, however, was more than offset by a sharp decrease in prices during 2012, though tight cost control and improved operating efficiencies, partly compensated their effect. Underlying operating profit also benefited from the reversal of penalty provisions, which were in place at the end of 2011, as a result of contract re-negotiations.

On 4 January 2013, Anglo American announced an agreement to sell its 70% interest in Amapá to Zamin Ferrous Ltd. The transaction is subject to regulatory approval and is expected to complete in 2013. We have always maintained that we did not envisage holding our interest in Amapá over the long term and, in July 2012, reported that we had transferred responsibility for Amapá to our Other Mining and Industrial business unit and stated that we were exploring the possibility of divesting our interest.

Anglo American has transformed the operational performance of Amapá since acquisition in 2008, increasing annual production from 1.2 Mt in 2008 to 6.1 Mt in 2012.

Tarmac

Tarmac reported an underlying operating profit of $73 million, compared with a loss of $38 million in 2011. Tarmac's underlying EBITDA was $148 million, 44% higher than in 2011.

Quarry materials

The business' profitability was at higher levels than last year, mainly as a result of the operation being treated as 'held for sale' from the end of July 2012, and the subsequent cessation of recorded depreciation. There has been a decline in asphalt volumes, with few major road schemes commencing in 2012 as a result of the UK government's austerity measures. Private-sector growth remained muted throughout the year, thus keeping pressure on ready-mix concrete prices and volumes, but was offset in part by the resilient central London market. A continued focus on maximising the use of substitute fuel and recycled asphalt materials is helping to mitigate the impact of rising hydrocarbon costs and to support margins.

On 7 January 2013, Anglo American and Lafarge announced the completion of their 50:50 joint venture which will combine their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the UK. The joint venture will be known as Lafarge Tarmac. Completion of the Lafarge Tarmac joint venture followed final clearance from the UK Competition Commission, predicated on the completed sale of a portfolio of Tarmac and Lafarge construction materials operations in the UK, which also occurred on 7 January 2013.

Building products

Performance was affected by the continued general economic downturn, compounded by disruption to building activity following unseasonal wet weather during the summer months.

The weak building products market resulted in a highly competitive pricing environment affecting sales volumes, although cost reduction projects and improvements in operating efficiencies are helping to mitigate some of the impact.

A number of initiatives continue to be developed to ensure improved longer term performance, but the short term remains difficult owing to the prevailing weak market conditions.

Scaw Metals

Scaw Metals experienced a 32% increase in underlying operating profit to $49 million for the 11 months to the end of November 2012 compared with the full year 2011, mainly as a result of the company being treated as 'held for sale' from 24 April 2012, and the subsequent cessation of recorded depreciation.

Cast Products showed a marked improvement, owing to firm demand across all segments and a reduction in costs following the closure of a loss-making foundry in the prior year.

Grinding Media reported a decrease in underlying operating profit as a result of lower demand from the mining sector owing to industrial action in the second half of 2012. This business is expected to recover as mining operations revert to full production.

The performance of Wire Rod Products suffered as a consequence of a decline in mining activity, but nevertheless reported stable earnings. Demand for construction products remained weak, but in spite of this, the Rolled Products business, through cost containment measures and operational improvements, was able to minimise its losses.

Total production of steel products was 611,600 tonnes for the 11 months to end November 2012, a decrease of 9.7% over the full year 2011.

On 24 April 2012, Anglo American announced the sale of its interest in Scaw South Africa to an investment consortium led by the Industrial Development Corporation of South Africa and the Group's partners in Scaw South Africa, being Izingwe Holdings (Pty) Limited, Shanduka Resources (Pty) Limited and the Southern Palace Group of Companies (Pty) Limited. On 23 November, the sale of Scaw South Africa and related companies completed for a total consideration of ZAR3.4 billion ($440 million) on a cash and debt free basis as announced.

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AngloAmerican

CONDENSED FINANCIAL STATEMENTS

for the year ended 31 December 2012

Consolidated income statement
for the year ended 31 December 2012

US$ million	Note	2012 Before special items and remeasurements	2012 Special items and remeasurements (note 4)	2012 Total	2011 Before special items and remeasurements	2011 Special items and remeasurements (note 4)	2011 Total
Group revenue	2	**28,761**	**–**	**28,761**	30,580	–	30,580
Total operating costs		**(23,356)**	**(7,093)**	**(30,449)**	(20,912)	(229)	(21,141)
Operating (loss)/profit from subsidiaries and joint ventures	2	**5,405**	**(7,093)**	**(1,688)**	9,668	(229)	9,439
Non-operating special items and remeasurements	4	**–**	**1,394**	**1,394**	–	183	183
Share of net income from associates	2	**493**	**(61)**	**432**	978	(1)	977
Total profit from operations and associates		**5,898**	**(5,760)**	**138**	10,646	(47)	10,599
Investment income		**597**	**–**	**597**	668	–	668
Interest expense		**(798)**	**–**	**(798)**	(695)	–	(695)
Other financing (losses)/gains		**(87)**	**(89)**	**(176)**	7	203	210
Net finance (costs)/income	7	**(288)**	**(89)**	**(377)**	(20)	203	183
(Loss)/profit before tax		**5,610**	**(5,849)**	**(239)**	10,626	156	10,782
Income tax expense	8a	**(1,488)**	**1,113**	**(375)**	(2,741)	(119)	(2,860)
(Loss)/profit for the financial year		**4,122**	**(4,736)**	**(614)**	7,885	37	7,922
Attributable to:							
Non-controlling interests		**1,283**	**(404)**	**879**	1,765	(12)	1,753
Equity shareholders of the Company		**2,839**	**(4,332)**	**(1,493)**	6,120	49	6,169
(Loss)/earnings per share (US$)							
Basic	9	**2.26**	**(3.45)**	**(1.19)**	5.06	0.04	5.10
Diluted	9	**2.24**	**(3.43)**	**(1.19)**	4.85	0.04	4.89

Consolidated statement of comprehensive income
for the year ended 31 December 2012

US$ million	Note	2012	2011
(Loss)/profit for the financial year		**(614)**	7,922
Net gain on revaluation of available for sale investments		**173**	115
Net loss on cash flow hedges		**–**	(94)
Net exchange difference on translation of foreign operations (including associates)		**(747)**	(4,060)
Actuarial net gain/(loss) on post employment benefit schemes		**165**	(214)
Share of associates' expense recognised directly in equity, net of tax		**(6)**	(32)
Tax on items recognised directly in equity	8c	**(115)**	24
Net expense recognised directly in equity		**(530)**	(4,261)
Transferred to income statement: disposal of available for sale investments		**(57)**	(10)
Transferred to income statement: impairment of available for sale investments		**84**	–
Transferred to income statement: cash flow hedges		**4**	5
Transferred to initial carrying amount of hedged items: cash flow hedges		**5**	54
Transferred to income statement: net exchange difference on disposal of foreign operations		**24**	45
Share of associate's net expense transferred from equity		**(10)**	–
Tax on items transferred from equity	8c	**29**	(14)
Total transferred from equity		**79**	80
Total comprehensive (expense)/income for the financial year		**(1,065)**	3,741
Attributable to:			
Non-controlling interests		**842**	1,142
Equity shareholders of the Company		**(1,907)**	2,599

Consolidated balance sheet
as at 31 December 2012

US$ million	Note	2012	2011
ASSETS			
Non-current assets			
Intangible assets	10	**4,571**	2,322
Property, plant and equipment		**45,089**	40,549
Environmental rehabilitation trusts		**393**	360
Investments in associates		**3,063**	5,240
Financial asset investments		**2,278**	2,896
Trade and other receivables		**572**	437
Deferred tax assets		**1,223**	530
Derivative financial assets		**747**	668
Other non-current assets		**236**	138
Total non-current assets		**58,172**	53,140
Current assets			
Inventories		**5,005**	3,517
Financial asset investments		**102**	–
Trade and other receivables		**3,275**	3,674
Current tax assets		**470**	207
Derivative financial assets		**101**	172
Cash and cash equivalents	13b	**9,094**	11,732
Total current assets		**18,047**	19,302
Assets classified as held for sale	16	**3,150**	–
Total assets		**79,369**	72,442
LIABILITIES			
Current liabilities			
Trade and other payables		**(4,536)**	(5,098)
Short term borrowings	11, 13b	**(2,604)**	(1,018)
Provisions for liabilities and charges		**(564)**	(372)
Current tax liabilities		**(819)**	(1,528)
Derivative financial liabilities		**(280)**	(162)
Total current liabilities		**(8,803)**	(8,178)
Non-current liabilities			
Trade and other payables		**(18)**	–
Medium and long term borrowings	11, 13b	**(15,150)**	(11,855)
Retirement benefit obligations		**(1,409)**	(639)
Deferred tax liabilities		**(6,069)**	(5,730)
Derivative financial liabilities		**(801)**	(950)
Provisions for liabilities and charges		**(2,384)**	(1,830)
Other non-current liabilities		**(29)**	(71)
Total non-current liabilities		**(25,860)**	(21,075)
Liabilities directly associated with assets classified as held for sale	16	**(919)**	–
Total liabilities		**(35,582)**	(29,253)
Net assets		**43,787**	43,189
EQUITY			
Called-up share capital		**772**	738
Share premium account		**4,357**	2,714
Own shares		**(6,659)**	(6,985)
Other reserves		**(1,201)**	283
Retained earnings		**40,388**	42,342
Equity attributable to equity shareholders of the Company		**37,657**	39,092
Non-controlling interests		**6,130**	4,097
Total equity		**43,787**	43,189

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 14 February 2013 and signed on its behalf by:

Cynthia Carroll
Chief Executive

René Médori
Finance Director

Consolidated cash flow statement
for the year ended 31 December 2012

US$ million	Note	2012	2011
Cash flows from operations	13a	**7,021**	11,498
Dividends from associates		**286**	344
Dividends from financial asset investments		**54**	59
Income tax paid		**(1,799)**	(2,539)
Net cash inflows from operating activities		**5,562**	9,362
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents acquired		**(4,816)**	–
Purchase of property, plant and equipment	2	**(5,607)**	(6,203)
Cash flows from derivatives related to capital expenditure	2	**(71)**	439
Investments in associates		**(114)**	(47)
Purchase of financial asset investments		**(16)**	(16)
Net repayment of loans granted		**81**	22
Interest received and other investment income		**279**	350
Disposal of subsidiaries, net of cash and cash equivalents disposed	15	**100**	514
Sale of interests in joint ventures	15	**–**	19
Repayment of capitalised loans by associates		**36**	4
Proceeds from disposal of property, plant and equipment		**66**	77
Net proceeds from disposal of interests in available for sale investments		**273**	–
Other investing activities		**(32)**	(12)
Net cash used in investing activities		**(9,821)**	(4,853)
Cash flows from financing activities			
Interest paid		**(775)**	(807)
Cash flows from derivatives related to financing activities		**149**	226
Dividends paid to Company shareholders		**(970)**	(818)
Dividends paid to non-controlling interests		**(1,267)**	(1,404)
Repayment of short term borrowings		**(747)**	(1,261)
Net receipt of medium and long term borrowings		**5,633**	964
Movements in non-controlling interests		**1,220**	4,964
Tax on sale of non-controlling interest in Anglo American Sur		**(1,015)**	–
Sale of shares under employee share schemes		**24**	20
Purchase of shares by subsidiaries for employee share schemes[1]		**(253)**	(367)
Other financing activities		**(49)**	(43)
Net cash inflows from financing activities		**1,950**	1,474
Net (decrease)/increase in cash and cash equivalents		**(2,309)**	5,983
Cash and cash equivalents at start of year	13c	**11,732**	6,460
Cash movements in the year		**(2,309)**	5,983
Effects of changes in foreign exchange rates		**(111)**	(711)
Cash and cash equivalents at end of year	13c	**9,312**	11,732

[1] Includes purchase of Kumba Iron Ore Limited and Anglo American Platinum Limited shares for their respective employee share schemes.

Consolidated statement of changes in equity
for the year ended 31 December 2012

US$ million	Total share capital[1]	Own shares[2]	Retained earnings	Share-based payment reserve	Cumulative translation adjustment reserve	Fair value and other reserves (note 12)	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
Balance at 1 January 2011	3,451	(7,159)	34,305	476	1,474	1,692	34,239	3,732	37,971
Total comprehensive income/(expense)	–	–	5,928	–	(3,404)	75	2,599	1,142	3,741
Dividends payable to Company shareholders	–	–	(834)	–	–	–	(834)	–	(834)
Dividends payable to non-controlling interests	–	–	–	–	–	–	–	(1,401)	(1,401)
Changes in ownership interest in subsidiaries	–	–	3,027	–	–	–	3,027	788	3,815
Issue of shares to non-controlling interests	–	–	–	–	–	–	–	16	16
Equity settled share-based payment schemes	–	174	(193)	(18)	–	–	(37)	(167)	(204)
IFRS 2 charges on black economic empowerment transactions	–	–	102	–	–	–	102	29	131
Other	1	–	7	(5)	–	(7)	(4)	(42)	(46)
Balance at 1 January 2012	**3,452**	**(6,985)**	**42,342**	**453**	**(1,930)**	**1,760**	**39,092**	**4,097**	**43,189**
Total comprehensive (expense)/income	**–**	**–**	**(1,349)**	**–**	**(686)**	**128**	**(1,907)**	**842**	**(1,065)**
Dividends payable to Company shareholders	**–**	**–**	**(970)**	**–**	**–**	**–**	**(970)**	**–**	**(970)**
Dividends payable to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**(1,259)**	**(1,259)**
Conversion of convertible bond	**1,677**	**–**	**185**	**–**	**–**	**(355)**	**1,507**	**–**	**1,507**
Changes in ownership interest in subsidiaries	**–**	**–**	**(231)**	**–**	**–**	**–**	**(231)**	**982**	**751**
Acquired through business combinations	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**1,423**	**1,423**
Issue of shares to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**17**	**17**
Equity settled share-based payment schemes	**–**	**326**	**(256)**	**96**	**–**	**–**	**166**	**28**	**194**
Other	**–**	**–**	**667**	**–**	**–**	**(667)**	**–**	**–**	**–**
Balance at 31 December 2012	**5,129**	**(6,659)**	**40,388**	**549**	**(2,616)**	**866**	**37,657**	**6,130**	**43,787**

[1] Includes share capital and share premium.
[2] Own shares comprise shares of Anglo American plc held by the Company (treasury shares), its subsidiaries and employee benefit trusts. Own shares have previously been aggregated with retained earnings. Comparatives have been reclassified to align with current presentation.

Dividends

	2012	2011
Proposed ordinary dividend per share (US cents)	**53**	46
Proposed ordinary dividend (US$ million)	**676**	557
Ordinary dividends payable during the year per share (US cents)	**78**	68
Ordinary dividends payable during the year (US$ million)	**970**	834

Notes to the Condensed financial statements

1. Basis of preparation

The financial information for the year ended 31 December 2012 does not constitute statutory accounts as defined in section 435 (1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2011 have been delivered to the Registrar of Companies and those for 2012 will be delivered following the Company's Annual General Meeting convened for 19 April 2013. The auditors have reported on these accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Whilst the preliminary announcement (the Condensed financial statements) has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations 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 United Kingdom Listing Authority (UKLA) Listing Rules, these Condensed financial statements do not contain sufficient information to comply with IFRS. The Group will publish full financial statements that comply with IFRS in March 2013.

Accounting policies

The Condensed financial statements have been prepared under the historical cost convention as modified by the revaluation of pension assets and liabilities and certain financial instruments.

The accounting policies applied are consistent with those adopted and disclosed in the Group's financial statements for the year ended 31 December 2011, with the exception of certain amendments to accounting standards or new interpretations issued by the International Accounting Standards Board, which were applicable from 1 January 2012. These have not had a material impact on the Group.

Non-GAAP measures

Investors should consider non-GAAP financial measures in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with IFRS. The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures. Reconciliations of key non-GAAP data to directly comparable IFRS financial measures are presented in notes 2, 5 and 9 to the Condensed financial statements.

Changes in estimates

Due to the nature of Platinum in-process inventories being contained in weirs, pipes and other vessels, physical counts only take place annually, except in the Precious Metal Refinery which take place once every three years (the latest being in 2010). Consequently, the Platinum business runs a theoretical metal inventory system based on inputs, the results of previous physical counts and outputs. Once the results of the physical count are finalised, the variance between the theoretical count and actual count is investigated and recorded as a change in estimate.

During the year ended 31 December 2012, the change in estimate following the annual physical count has had the effect of increasing the value of inventory by $172 million (2011: $61 million), resulting in the recognition of a gain in the income statement.

2. Segmental information

The Group's segments are aligned to the structure of business units based around core commodities. Each business unit has a management team that is accountable to the Chief Executive. The Kumba Iron Ore, Iron Ore Brazil and Samancor business units have been aggregated as the Iron Ore and Manganese segment on the basis of the ultimate product produced (ferrous metals).

Phosphates and Niobium (previously Copebrás and Catalão) are reported in the Other Mining and Industrial segment. Following a strategic review during the first half of the year, Amapá was transferred to the Other Mining and Industrial business unit, and accordingly is presented as part of the Other Mining and Industrial segment. It was previously reported as part of the Iron Ore and Manganese segment. Comparatives have been reclassified to align with current year presentation. Tarmac is not considered to be individually significant to the Group and is therefore also presented in the Other Mining and Industrial segment. Until November 2012 this reporting segment also included Scaw South Africa.

2. Segmental information (continued)

On 16 August 2012 the Group acquired a controlling interest in De Beers (Diamonds segment). Until this date De Beers was accounted for as an associate of the Group. From 16 August 2012 De Beers ceased to be an associate and has been accounted for as a subsidiary of the Group. For details of this acquisition, see note 14.

The Group's Executive Committee evaluates the financial performance of the Group and its segments principally with reference to underlying operating profit. Underlying operating profit is presented before special items and remeasurements and includes the Group's attributable share of associates' operating profit before special items and remeasurements.

Segment revenue includes the Group's attributable share of associates' revenue. Segments predominantly derive revenue as follows – Iron Ore and Manganese: iron ore, manganese ore and alloys; Metallurgical Coal: metallurgical coal; Thermal Coal: thermal coal; Copper and Nickel: base metals; Platinum: platinum group metals; Diamonds: rough and polished diamonds and diamond jewellery; and Other Mining and Industrial: phosphates, niobium, heavy building materials, iron ore, and, until November 2012, steel products.

The Exploration segment includes the cost of the Group's exploration activities across all segments.

The segment results are stated after elimination of inter-segment transactions and include an allocation of corporate costs.

Analysis by segment

Revenue and operating (loss)/profit by segment

	Revenue[1]		Underlying operating (loss)/profit[2]	
US$ million	**2012**	2011	**2012**	2011
Iron Ore and Manganese	**6,403**	7,643	**2,949**	4,400
Metallurgical Coal	**3,889**	4,347	**405**	1,189
Thermal Coal	**3,447**	3,722	**793**	1,230
Copper	**5,122**	5,144	**1,687**	2,461
Nickel	**336**	488	**26**	57
Platinum	**5,489**	7,359	**(120)**	890
Diamonds	**4,028**	3,320	**496**	659
Other Mining and Industrial	**4,066**	4,520	**337**	315
Exploration	**–**	–	**(206)**	(121)
Corporate Activities and Unallocated Costs	**5**	5	**(203)**	15
Segment measure	**32,785**	36,548	**6,164**	11,095
Reconciliation:				
Less: associates	**(4,024)**	(5,968)	**(759)**	(1,427)
Operating special items and remeasurements	**–**	–	**(7,093)**	(229)
Statutory measure	**28,761**	30,580	**(1,688)**	9,439

[1] Segment revenue includes the Group's attributable share of associates' revenue. This is reconciled to Group revenue from subsidiaries and joint ventures as presented in the Consolidated income statement.
[2] Segment underlying operating (loss)/profit is revenue less operating costs before special items and remeasurements, and includes the Group's attributable share of associates' operating profit before special items and remeasurements. This is reconciled to operating (loss)/profit from subsidiaries and joint ventures after special items and remeasurements as presented in the Consolidated income statement.

2. Segmental information (continued)

Associates' revenue and underlying operating profit

US$ million	Associates' revenue		Associates' underlying operating profit/(loss)[1]	
	2012	2011	**2012**	2011
Iron Ore and Manganese	**831**	926	**104**	165
Metallurgical Coal	**315**	372	**111**	207
Thermal Coal	**970**	1,080	**355**	482
Platinum	**231**	269	**(63)**	(86)
Diamonds	**1,675**	3,320	**252**	659
Other Mining and Industrial	**2**	1	**–**	–
	4,024	5,968	**759**	1,427
Reconciliation:				
Associates' net finance costs			**(58)**	(48)
Associates' income tax expense			**(202)**	(385)
Associates' non-controlling interests			**(6)**	(16)
Share of net income from associates (before special items and remeasurements)			**493**	978
Associates' special items and remeasurements			**(57)**	(5)
Associates' special items and remeasurements tax			**(3)**	1
Associates' non-controlling interests on special items and remeasurements			**(1)**	3
Share of net income from associates			**432**	977

[1] Associates' underlying operating profit/(loss) is the Group's attributable share of associates' revenue less operating costs before special items and remeasurements.

Non-cash items

Significant non-cash items included within underlying operating profit are as follows:

US$ million	Depreciation and amortisation[1]		Other non-cash expenses[2]	
	2012	2011	**2012**	2011
Iron Ore and Manganese	**199**	153	**31**	95
Metallurgical Coal	**458**	375	**140**	104
Thermal Coal	**125**	128	**30**	30
Copper	**492**	289	**98**	124
Nickel	**24**	27	**25**	10
Platinum	**658**	729	**81**	76
Diamonds	**142**	–	**52**	–
Other Mining and Industrial	**148**	225	**(59)**	83
Exploration	**–**	–	**3**	3
Corporate Activities and Unallocated Costs	**43**	41	**70**	54
	2,289 [3]	1,967[3]	**471**	579

[1] In addition the Group's attributable share of associates' depreciation and amortisation is $233 million (2011: $286 million). This is split by segment as follows: Iron Ore and Manganese $50 million (2011: $33 million), Metallurgical Coal $14 million (2011: $13 million), Thermal Coal $54 million (2011: $52 million), Platinum $42 million (2011: $53 million) and Diamonds $73 million (2011: $135 million).

[2] Other non-cash expenses include equity settled share-based payment charges and amounts included in operating costs in respect of provisions, excluding amounts recorded within special items.

[3] In addition $70 million (2011: $84 million) of accelerated depreciation and $41 million (2011: nil) of depreciation and amortisation charges arising due to the fair value uplift of the pre-existing 45% shareholding of De Beers has been recorded within operating special items and remeasurements (see note 4), and $81 million (2011: $39 million) of pre-commercial production depreciation has been capitalised.

2. Segmental information (continued)

Capital expenditure and net debt

US$ million	Capital expenditure[1] 2012	Capital expenditure[1] 2011	Net debt[2] 2012	Net debt[2] 2011
Iron Ore and Manganese	**2,077**	1,659	**1,112**	1,277
Metallurgical Coal	**1,028**	695	**(510)**	(211)
Thermal Coal	**266**	190	**32**	81
Copper	**996**	1,570	**(775)**	(781)
Nickel	**100**	398	**477**	603
Platinum	**822**	970	**98**	20
Diamonds	**94**	–	**839**	–
Other Mining and Industrial	**260**	225	**(45)**	272
Exploration	**6**	1	**(8)**	(6)
Corporate Activities and Unallocated Costs	**29**	56	**7,608**	119
	5,678	5,764	**8,828**	1,374
Net (cash) in disposal groups[3]			**(213)**	–
			8,615	1,374
Reconciliation:				
Remove: cash flows from derivatives relating to capital expenditure	**(71)**	439		
Purchase of property, plant and equipment	**5,607**	6,203		
Interest capitalised	**280**	321		
Non-cash movements[4]	**120**	27		
Property, plant and equipment additions in disposal groups	**(50)**	(2)		
Property, plant and equipment additions[5]	**5,957**	6,549		

[1] Capital expenditure is segmented on a cash basis and is reconciled to balance sheet additions. Cash capital expenditure includes cash flows on related derivatives.
[2] Segment net debt includes related hedges and excludes net debt in disposal groups. For a reconciliation of net debt to the balance sheet, see note 13b.
[3] Previously reported within the Other Mining and Industrial segment, see note 16.
[4] Includes movements on capital expenditure accruals, movements relating to deferred stripping and the impact of realised cash flow hedges.
[5] Property, plant and equipment additions are split by segment as follows: Iron Ore and Manganese $2,143 million (2011: $2,052 million), Metallurgical Coal $980 million (2011: $681 million), Thermal Coal $277 million (2011: $231 million), Copper $1,069 million (2011: $1,877 million), Nickel $207 million (2011: $405 million), Platinum $865 million (2011: $1,014 million), Diamonds $172 million (2011: nil), Other Mining and Industrial $207 million (2011: $232 million), Exploration $6 million (2011: $1 million) and Corporate Activities and Unallocated Costs $31 million (2011: $56 million).

2. Segmental information (continued)

Segment assets and liabilities

The following balance sheet segment measures are provided for information:

US$ million	Segment assets[1]		Segment liabilities[2]		Net segment assets/(liabilities)	
	2012	2011	**2012**	2011	**2012**	2011
Iron Ore and Manganese	**9,837**	12,909	**(481)**	(482)	**9,356**	12,427
Metallurgical Coal	**6,078**	5,660	**(859)**	(968)	**5,219**	4,692
Thermal Coal	**2,726**	2,650	**(761)**	(764)	**1,965**	1,886
Copper	**9,662**	8,767	**(1,126)**	(1,124)	**8,536**	7,643
Nickel	**2,613**	2,655	**(104)**	(120)	**2,509**	2,535
Platinum	**11,490**	12,288	**(1,071)**	(1,097)	**10,419**	11,191
Diamonds	**14,412**	–	**(1,468)**	–	**12,944**	–
Other Mining and Industrial	**960**	4,660	**(174)**	(817)	**786**	3,843
Exploration	**8**	2	**(4)**	(3)	**4**	(1)
Corporate Activities and Unallocated Costs	**424**	375	**(709)**	(584)	**(285)**	(209)
	58,210	49,966	**(6,757)**	(5,959)	**51,453**	44,007
Other assets and liabilities						
Investments in associates[3]	**3,063**	5,240	**–**	–	**3,063**	5,240
Financial asset investments	**2,380**	2,896	**–**	–	**2,380**	2,896
Deferred tax assets/(liabilities)	**1,223**	530	**(6,069)**	(5,730)	**(4,846)**	(5,200)
Derivative financial assets/(liabilities)	**848**	840	**(1,081)**	(1,112)	**(233)**	(272)
Cash and cash equivalents	**9,094**	11,732	**–**	–	**9,094**	11,732
Other non-operating assets/(liabilities)	**1,401**	1,238	**(1,660)**	(2,715)	**(259)**	(1,477)
Borrowings	**–**	–	**(17,754)**	(12,873)	**(17,754)**	(12,873)
Other provisions for liabilities and charges	**–**	–	**(1,342)**	(864)	**(1,342)**	(864)
Assets/(liabilities) classified as held for sale[4]	**3,150**	–	**(919)**	–	**2,231**	–
Net assets	**79,369**	72,442	**(35,582)**	(29,253)	**43,787**	43,189

[1] Segment assets are operating assets and consist of intangible assets of $4,571 million (2011: $2,322 million), property, plant and equipment of $45,089 million (2011: $40,549 million), environmental rehabilitation trusts of $393 million (2011: $360 million), biological assets of $19 million (2011: $17 million), retirement benefit assets of $176 million (2011: $70 million), inventories of $5,005 million (2011: $3,517 million) and operating receivables of $2,957 million (2011: $3,131 million).

[2] Segment liabilities are operating liabilities and consist of non-interest bearing current liabilities of $3,742 million (2011: $3,982 million), environmental restoration and decommissioning provisions of $1,606 million (2011: $1,338 million) and retirement benefit obligations of $1,409 million (2011: $639 million).

[3] Investments in associates are split by segment as follows: Iron Ore and Manganese $902 million (2011: $936 million), Metallurgical Coal $277 million (2011: $294 million), Thermal Coal $1,085 million (2011: $932 million), Platinum $786 million (2011: $848 million) and Diamonds $13 million (2011: $2,230 million).

[4] Previously reported in the Other Mining and Industrial segment, see note 16.

2. **Segmental information** (continued)

Revenue by product

The Group's analysis of segment revenue by product is as follows:

US$ million	2012	2011
Iron ore	**5,508**	6,830
Manganese ore and alloys	**831**	926
Metallurgical coal	**3,048**	3,444
Thermal coal	**4,287**	4,621
Copper	**5,038**	5,023
Nickel	**678**	948
Platinum	**3,441**	4,578
Palladium	**906**	1,076
Rhodium	**389**	703
Diamonds	**4,027**	3,320
Phosphates	**597**	571
Heavy building materials	**2,171**	2,347
Steel products	**798**	931
Other	**1,066**	1,230
	32,785	36,548

Geographical analysis

Revenue by destination and non-current segment assets by location

The Group's geographical analysis of segment revenue allocated based on the country in which the customer is located, and non-current segment assets, allocated based on the country in which the assets are located, is as follows:

	Revenue		Non-current segment assets[1]	
US$ million	2012	2011	2012	2011
South Africa	**3,115**	3,589	**16,452**	15,215
Other Africa	**715**	618	**8,029**	357
Brazil	**1,093**	1,177	**8,700**	12,622
Chile	**1,241**	2,030	**7,470**	7,001
Other South America	**46**	50	**623**	655
North America	**1,274**	1,861	**2,205**	685
Australia	**340**	312	**4,673**	4,170
China	**5,927**	6,446	**–**	–
India	**2,544**	2,343	**–**	–
Japan	**4,049**	4,925	**–**	–
Other Asia	**3,595**	3,487	**31**	47
United Kingdom (Anglo American plc's country of domicile)	**3,781**	3,962	**1,325**	2,117
Other Europe	**5,065**	5,748	**152**	2
	32,785	36,548	**49,660**	42,871

[1] Non-current segment assets are non-current operating assets and consist of intangible assets and property, plant and equipment.

2. Segmental information (continued)

Revenue and underlying operating profit by origin

Segment revenue and underlying operating profit by origin are provided for information:

US$ million	Revenue 2012	Revenue 2011	Underlying operating profit/(loss) 2012	Underlying operating profit/(loss) 2011
South Africa	**14,592**	17,855	**3,335**	6,059
Other Africa	**3,256**	2,763	**437**	501
Brazil	**1,274**	1,404	**200**	152
Chile	**5,122**	5,170	**1,863**	2,581
Other South America	**1,131**	1,364	**304**	512
North America	**559**	615	**(138)**	256
Australia and Asia	**4,616**	5,058	**465**	1,318
Europe	**2,235**	2,319	**(302)**	(284)
	32,785	36,548	**6,164**	11,095

Segment assets and liabilities by location

The Group's geographical analysis of segment assets and liabilities, allocated based on where assets and liabilities are located, are provided for information:

US$ million	Segment assets[1] 2012	Segment assets[1] 2011	Segment liabilities 2012	Segment liabilities 2011	Net segment assets 2012	Net segment assets 2011
South Africa	**20,155**	18,364	**(2,922)**	(2,620)	**17,233**	15,744
Other Africa	**8,313**	385	**(202)**	(20)	**8,111**	365
Brazil	**9,124**	13,188	**(244)**	(303)	**8,880**	12,885
Chile	**8,695**	7,950	**(1,094)**	(1,101)	**7,601**	6,849
Other South America	**717**	808	**(55)**	(48)	**662**	760
North America	**2,500**	782	**(298)**	(107)	**2,202**	675
Australia and Asia	**5,900**	5,450	**(838)**	(953)	**5,062**	4,497
Europe	**2,806**	3,039	**(1,104)**	(807)	**1,702**	2,232
	58,210	49,966	**(6,757)**	(5,959)	**51,453**	44,007

[1] Investments in associates of $3,063 million (2011: $5,240 million) are not included in segment assets. The geographical distribution of these investments, based on the location of the underlying assets, is as follows: South Africa $1,165 million (2011: $1,950 million), Other Africa nil (2011: $996 million), South America $1,075 million (2011: $917 million), North America nil (2011: $343 million), Australia and Asia $807 million (2011: $794 million) and Europe $16 million (2011: $240 million).

3. Operating profit and underlying earnings by segment

The following table analyses operating profit (including attributable share of associates' operating profit) by segment and reconciles it to underlying earnings by segment. In 2012 Amapá has been reclassified from the Iron Ore and Manganese segment to the Other Mining and Industrial segment to align with internal management reporting. Comparatives have been reclassified to align with current presentation.

Underlying earnings is an alternative earnings measure, which the directors consider to be a useful additional measure of the Group's performance. Underlying earnings is profit for the financial year attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after net finance costs, income tax expense and non-controlling interests. For a reconciliation from '(Loss)/profit for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year', see note 9.

					2012
US$ million	**Operating profit/(loss) before special items and remeasurements[1]**	**Operating special items and remeasurements (note 4)**	**Operating profit/(loss) after special items and remeasurements**	**Net finance costs, income tax expense and non-controlling interests**	**Underlying earnings**
Iron Ore and Manganese	**2,949**	**5,139**	**(2,190)**	**(1,912)**	**1,037**
Metallurgical Coal	**405**	**365**	**40**	**(130)**	**275**
Thermal Coal	**793**	**(1)**	**794**	**(270)**	**523**
Copper	**1,687**	**(9)**	**1,696**	**(779)**	**908**
Nickel	**26**	**184**	**(158)**	**(15)**	**11**
Platinum	**(120)**	**921**	**(1,041)**	**(105)**	**(225)**
Diamonds	**496**	**456**	**40**	**(184)**	**312**
Other Mining and Industrial	**337**	**28**	**309**	**(108)**	**229**
Exploration	**(206)**	**–**	**(206)**	**11**	**(195)**
Corporate Activities and Unallocated Costs	**(203)**	**68**	**(271)**	**167**	**(36)**
Total	**6,164**	**7,151**	**(987)**	**(3,325)**	**2,839**
Analysed as:					
Core operations	**5,996**	**7,127**	**(1,131)**	**(3,278)**	**2,718**
Non-core operations[2]	**168**	**24**	**144**	**(47)**	**121**

					2011
US$ million	Operating profit/(loss) before special items and remeasurements[1]	Operating special items and remeasurements (note 4)	Operating profit/(loss) after special items and remeasurements	Net finance costs, income tax expense and non-controlling interests	Underlying earnings
Iron Ore and Manganese	4,400	79	4,321	(2,943)	1,457
Metallurgical Coal	1,189	–	1,189	(345)	844
Thermal Coal	1,230	(1)	1,231	(328)	902
Copper	2,461	1	2,460	(851)	1,610
Nickel	57	72	(15)	(34)	23
Platinum	890	6	884	(480)	410
Diamonds	659	18	641	(216)	443
Other Mining and Industrial	315	70	245	(140)	175
Exploration	(121)	–	(121)	3	(118)
Corporate Activities and Unallocated Costs	15	2	13	359	374
Total	11,095	247	10,848	(4,975)	6,120
Analysed as:					
Core operations	10,964	177	10,787	(4,910)	6,054
Non-core operations[2]	131	70	61	(65)	66

[1] Operating profit before special items and remeasurements includes attributable share of associates' operating profit before special items and remeasurements which is reconciled to 'Share of net income from associates' in note 2.
[2] Non-core operations relate to Amapá, Tarmac and, until November 2012, Scaw South Africa.

3. Operating profit and underlying earnings by segment (continued)

Underlying earnings by origin

US$ million	2012	2011
South Africa	**1,449**	2,726
Other Africa	**357**	326
South America	**1,359**	2,080
North America	**(198)**	218
Australia and Asia	**336**	967
Europe	**(464)**	(197)
	2,839	6,120

4. 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 *Presentation of Financial Statements* paragraph 97. Special items that relate to the operating performance of the Group are classified as operating special items and principally include impairment charges. Non-operating special items include profits and losses on disposals of investments and businesses as well as certain adjustments relating to business combinations.

Remeasurements comprise other items which the Group believes should be reported separately to aid an understanding of the underlying financial performance of the Group. This category includes:

- Unrealised gains and losses on 'non-hedge' derivative instruments open at the year end (in respect of future transactions) and the reversal of the historical marked to market value of such instruments settled in the year. Where the underlying transaction is recorded in the income statement, the realised gains or losses are recorded in underlying earnings in the same year as the underlying transaction for which such instruments provide an economic, but not formally designated, hedge. If the underlying transaction is recorded in the balance sheet, for example, capital expenditure, the realised amount remains in remeasurements on settlement of the derivative. Such amounts are classified in the income statement as operating when the underlying exposure is in respect of the operating performance of the Group and otherwise as financing.
- Foreign exchange impacts arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information and hence deferred tax is susceptible to currency fluctuations. Such amounts are included within income tax expense.
- The remeasurement and subsequent depreciation of a previously held equity interest as a result of a business combination.

4. Special items and remeasurements (continued)

US$ million	2012 Subsidiaries and joint ventures	2012 Associates[1]	2012 Total	2011 Subsidiaries and joint ventures	2011 Associates[1]	2011 Total
Impairment of Minas-Rio	**(4,960)**	**–**	**(4,960)**	–	–	–
Platinum operations	**(860)**	**–**	**(860)**	–	–	–
Cessation of Loma de Níquel	**(159)**	**–**	**(159)**	(84)	–	(84)
Other impairments and related charges	**(168)**	**(62)**	**(230)**	(70)	–	(70)
Onerous contract provisions	**(386)**	**–**	**(386)**	–	–	–
Reversal of De Beers inventory uplift	**(421)**	**–**	**(421)**	–	–	–
Restructuring costs	**(23)**	**–**	**(23)**	(10)	(9)	(19)
Operating special items	**(6,977)**	**(62)**	**(7,039)**	(164)	(9)	(173)
Operating remeasurements	**(116)**	**4**	**(112)**	(65)	(9)	(74)
Operating special items and remeasurements	**(7,093)**	**(58)**	**(7,151)**	(229)	(18)	(247)
Loss on transfer of Tarmac Quarry Materials to assets held for sale	**(135)**	**–**	**(135)**	–	–	–
Loss on transfer of Amapá to assets held for sale	**(404)**	**–**	**(404)**	–	–	–
Disposal of Scaw South Africa	**(21)**	**–**	**(21)**	–	–	–
Disposal of Mondi	**27**	**–**	**27**	–	–	–
Disposal of Lisheen and Black Mountain	**–**	**–**	**–**	397	–	397
Disposal of Tarmac businesses	**–**	**–**	**–**	(75)	–	(75)
Kumba Envision Trust	**(77)**	**–**	**(77)**	–	–	–
Platinum BEE transactions and related charges	**–**	**–**	**–**	(141)	–	(141)
Other	**16**	**–**	**16**	2	20	22
Non-operating special items	**(594)**	**–**	**(594)**	183	20	203
Non-operating remeasurement – net gain on acquisition of De Beers	**1,988**	**–**	**1,988**	–	–	–
Non-operating special items and remeasurements	**1,394**	**–**	**1,394**	183	20	203
Financing special items	**–**	**–**	**–**	–	(9)	(9)
Financing remeasurements	**(89)**	**1**	**(88)**	203	2	205
Total special items and remeasurements before tax and non-controlling interests	**(5,788)**	**(57)**	**(5,845)**	157	(5)	152
Special items and remeasurements tax	**1,113**	**(3)**	**1,110**	(119)	1	(118)
Non-controlling interests on special items and remeasurements	**404**	**(1)**	**403**	12	3	15
Net total special items and remeasurements attributable to equity shareholders of the Company	**(4,271)**	**(61)**	**(4,332)**	50	(1)	49

[1] Relates to the Iron Ore and Manganese, Platinum and, until 16 August, Diamonds segment in 2012 (2011: Diamonds only).

Operating special items

Minas-Rio

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

4. Special items and remeasurements (continued)

Platinum operations

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

Cessation of Loma de Níquel

A charge of $159 million has arisen at Loma de Níquel due to the cancellation of its mining concessions in November 2012. The charge comprises $70 million of accelerated depreciation (2011: $84 million) and $89 million of related closure and retrenchment costs, including inventory write-offs of $61 million.

Other impairments and related charges

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

Onerous contract provisions

The charge of $386 million in relation to onerous contracts principally reflects a provision increase of $292 million for coal supply agreements inherited on acquisition of Callide in 2000. The pricing in the agreements, which extend to 2031, is significantly below market rates resulting in the unavoidable costs of meeting the obligations exceeding the economic benefit expected to be received from the contract.

The settlement of an unused inherited transhipment contract at Amapá resulted in a charge of $43 million and the settlement of unutilised energy contracts at Minas-Rio resulted in a charge of $38 million.

Reversal of De Beers inventory uplift

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

Operating remeasurements

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

Non-operating special items

In May 2012 the Competition Commission approved the formation of a 50:50 joint venture between the Group and Lafarge combining their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the UK subject to a number of conditions being met. In July 2012 the Group accepted the conditions of the Competition Commission and consequently the associated Tarmac Quarry Materials assets were classified as held for sale and recognised at fair value less costs to sell. This resulted in a loss being recognised of $135 million.

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

The Group completed the sale of Scaw South Africa (Pty) Ltd (Scaw South Africa), an integrated steel maker, in November 2012. This resulted in a net cash inflow of $100 million, generating a loss on disposal of $21 million.

The Group sold its 5.28% shareholding in Mondi in November 2012 for net proceeds of $273 million, realising a net fair value gain recycled from reserves of $27 million.

4. Special items and remeasurements (continued)

The Kumba Envision Trust charge of $77 million relates to Kumba's broad based employee share scheme provided solely for the benefit of non-managerial Historically Disadvantaged South African employees who do not participate in other Kumba share schemes.

Non-operating remeasurement

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

Financing remeasurements

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

Special items and remeasurements tax

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

The total tax credit relating to subsidiaries and joint ventures of $1,113 million (2011: charge of $119 million) comprises a current tax charge of $8 million (2011: charge of $12 million) and a deferred tax credit of $1,121 million (2011: charge of $107 million).

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

The tax credit of $377 million on special items and remeasurements primarily arises on the impairments at Platinum and the reversal of the De Beers inventory uplift.

5. Underlying EBITDA

Earnings before interest, tax, depreciation and amortisation (underlying EBITDA) is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of underlying EBITDA of associates.

US$ million	**2012**	2011
Iron Ore and Manganese[1]	**3,198**	4,586
Metallurgical Coal	**877**	1,577
Thermal Coal	**972**	1,410
Copper	**2,179**	2,750
Nickel	**50**	84
Platinum	**580**	1,672
Diamonds	**711**	794
Other Mining and Industrial[1]	**485**	540
Exploration	**(206)**	(121)
Corporate Activities and Unallocated Costs	**(160)**	56
Underlying EBITDA	**8,686**	13,348

[1] In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current year presentation.

5. Underlying EBITDA (continued)

Underlying EBITDA is reconciled to operating profit, including attributable share of associates, before special items and remeasurements and to 'Total profit from operations and associates' as follows:

	2012	2011
Underlying EBITDA	**8,686**	13,348
Depreciation and amortisation: subsidiaries and joint ventures	**(2,289)**	(1,967)
Depreciation and amortisation: associates	**(233)**	(286)
Operating profit, including associates, before special items and remeasurements	**6,164**	11,095
Operating special items and remeasurements	**(7,093)**	(229)
Non-operating special items and remeasurements	**1,394**	183
Associates' net special items and remeasurements	**(61)**	(1)
Share of associates' net finance costs, tax and non-controlling interests	**(266)**	(449)
Total profit from operations and associates	**138**	10,599

6. Exploration expenditure

US$ million	2012	2011
By commodity		
Iron ore	**23**	5
Metallurgical coal	**18**	5
Thermal coal	**14**	9
Copper	**39**	27
Nickel	**32**	26
Platinum group metals	**4**	5
Diamonds	**23**	–
Phosphates and niobium	**2**	–
Central exploration activities	**51**	44
	206	121

7. Net finance (costs)/income

Finance costs and exchange (losses)/gains are presented net of hedges for respective interest bearing and foreign currency borrowings.

The weighted average capitalisation rate applied to qualifying capital expenditure was 4.2% (2011: 5.0%).

US$ million	2012	2011
Investment income		
Interest income from cash and cash equivalents	**155**	239
Other interest income	**195**	194
Expected return on defined benefit arrangements	**200**	199
Dividend income from financial asset investments	**54**	59
	604	691
Less: interest income capitalised	**(7)**	(23)
Total investment income	**597**	668
Interest expense		
Interest and other finance expense	**(691)**	(615)
Interest payable on convertible bond	**(25)**	(68)
Unwinding of discount on convertible bond	**(25)**	(71)
Interest cost on defined benefit arrangements	**(230)**	(205)
Unwinding of discount relating to provisions and other liabilities	**(114)**	(80)
	(1,085)	(1,039)
Less: interest expense capitalised	**287**	344
Total interest expense	**(798)**	(695)
Other financing (losses)/gains		
Net foreign exchange losses	**(90)**	(16)
Net fair value (losses)/gains on fair value hedges	**(24)**	16
Other net fair value gains	**27**	7
Total other financing (losses)/gains	**(87)**	7
Net finance costs before remeasurements	**(288)**	(20)
Remeasurements (see note 4)	**(89)**	203
Net finance (costs)/income after remeasurements	**(377)**	183

8. Income tax expense

a) Analysis of charge for the year

US$ million	2012	2011
United Kingdom corporation tax (credit)/charge	**(12)**	16
South Africa tax	**802**	1,307
Other overseas tax	**605**	1,067
Prior year adjustments	**61**	(92)
Current tax[1]	**1,456**	2,298
Deferred tax	**32**	443
Income tax expense before special items and remeasurements	**1,488**	2,741
Special items and remeasurements tax	**(1,113)**	119
Income tax expense	**375**	2,860

[1] Includes royalties which meet the definition of income tax and are in addition to royalties recorded in operating costs.

8. **Income tax expense** (continued)

b) Factors affecting tax charge for the year

The effective tax rate for the year of (156.9)% (2011: 26.5%) is lower than (2011: same as) the applicable weighted average statutory rate of corporation tax in the United Kingdom of 24.5% (2011: 26.5%). The reconciling items, excluding the impact of associates, are:

US$ million	**2012**	2011
(Loss)/profit before tax	**(239)**	10,782
Less: share of net income from associates	**(432)**	(977)
(Loss)/profit before tax (excluding associates)	**(671)**	9,805
Tax on (loss)/profit (excluding associates) calculated at United Kingdom corporation tax rate of 24.5% (2011: 26.5%)	**(164)**	2,598
Tax effects of:		
Items not taxable/deductible for tax purposes		
Exploration expenditure	**43**	27
Non-taxable/deductible net foreign exchange loss	**7**	24
Non-taxable net interest income	**(25)**	(20)
Other non-deductible expenses	**51**	60
Other non-taxable income	**(63)**	(57)
Temporary difference adjustments		
Current year losses not recognised	**86**	38
Recognition of losses not previously recognised	**(69)**	(103)
Other temporary differences	**(40)**	(57)
Special items and remeasurements	**305**	77
Other adjustments		
Secondary tax on companies and dividend withholding taxes	**26**	407
Effect of differences between local and United Kingdom rates	**68**	(61)
Prior year adjustments to current tax	**61**	(92)
Other adjustments	**89**	19
Income tax expense	**375**	2,860

IAS 1 requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's income tax expense. Associates' tax included within 'Share of net income from associates' for the year ended 31 December 2012 is $205 million (2011: $384 million). Excluding special items and remeasurements this becomes $202 million (2011: $385 million).

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

8. Income tax expense (continued)

c) Tax amounts included in total comprehensive income

An analysis of tax by individual item presented in the Consolidated statement of comprehensive income is presented below:

US$ million	2012	2011
Tax on items recognised directly in equity		
Net gain on revaluation of available for sale investments	**(79)**	(26)
Net (gain)/loss on cash flow hedges	**(1)**	20
Net exchange difference on translation of foreign operations	**(16)**	11
Actuarial net (gain)/loss on post employment benefit plans	**(19)**	19
	(115)	24
Tax on items transferred from equity		
Transferred to income statement: disposal of available for sale investments	**30**	–
Transferred to initial carrying amount of hedged items: cash flow hedges	**(1)**	(12)
Transferred to income statement: cash flow hedges	**–**	(2)
	29	(14)

d) Tax amounts recognised directly in equity

Capital gains tax of $290 million relating to the profit on sale of a 25.4% share in Anglo American Sur SA (AA Sur) in August 2012 has been charged directly to equity (2011: $1,017 million relating to the profit on sale of a 24.5% share in AA Sur in November 2011). There were no other material current tax amounts charged directly to equity in 2012 or 2011. Deferred tax of $110 million has been charged directly to equity (2011: charge of $127 million).

9. Earnings per share

US$	2012	2011
(Loss)/profit for the financial year attributable to equity shareholders of the Company		
Basic (loss)/earnings per share	**(1.19)**	5.10
Diluted (loss)/earnings per share	**(1.19)**	4.89
Headline earnings for the financial year [1]		
Basic earnings per share	**0.95**	4.89
Diluted earnings per share	**0.95**	4.69
Underlying earnings for the financial year [1]		
Basic earnings per share	**2.26**	5.06
Diluted earnings per share	**2.24**	4.85

[1] Basic and diluted earnings per share are also shown based on headline earnings, a Johannesburg Stock Exchange (JSE Limited) defined performance measure, and underlying earnings, which the directors consider to be a useful additional measure of the Group's performance. Both earnings measures are further explained below.

9. **Earnings per share** (continued)

The calculation of basic and diluted earnings per share is based on the following data:

	(Loss)/profit attributable to equity shareholders of the Company		Headline earnings		Underlying earnings	
	2012	2011	**2012**	2011	**2012**	2011
Earnings (US$ million)						
Basic (loss)/earnings	**(1,493)**	6,169	**1,197**	5,913	**2,839**	6,120
Effect of dilutive potential ordinary shares						
Interest payable on convertible bond (net of tax)[1]	**–**	50	**–**	50	**19**	50
Unwinding of discount on convertible bond (net of tax)[1]	**–**	52	**–**	52	**19**	52
Diluted earnings	**(1,493)**	6,271	**1,197**	6,015	**2,877**	6,222
Number of shares (million)						
Basic number of ordinary shares outstanding	**1,254**	1,210	**1,254**	1,210	**1,254**	1,210
Effect of dilutive potential ordinary shares						
Share options and awards	**–**	10	**5**	10	**5**	10
Convertible bond	**–**	62	**–**	62	**23**	62
Diluted number of ordinary shares outstanding	**1,254**	1,282	**1,259**	1,282	**1,282**	1,282

(1) All outstanding convertible bonds were converted or redeemed during the year, see note 11.

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations. Consequently, in 2012 basic loss per share equals diluted loss per share and 16,325,905 (2011: 270,095) shares have been excluded from the calculation of diluted earnings per share as they are anti-dilutive as at 31 December 2012.

As at 31 December 2012, 10,339,454 (2011: 270,095) shares have been excluded from the calculation of diluted headline earnings per share and diluted underlying earnings per share as they are anti-dilutive.

Basic and diluted number of ordinary shares outstanding represent the weighted average for the year. The average number of ordinary shares in issue excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies.

Underlying earnings is presented after non-controlling interests and excludes special items and remeasurements, see note 4. Underlying earnings is distinct from 'Headline earnings', which is a JSE Limited defined performance measure.

9. **Earnings per share** (continued)

The calculation of basic and diluted earnings per share, based on headline and underlying earnings, uses the following earnings data:

US$ million	2012	2011
(Loss)/profit for the financial year attributable to equity shareholders of the Company	**(1,493)**	6,169
Operating special items	**6,050**	70
Operating special items – tax	**(1,600)**	–
Operating special items – non-controlling interests	**(123)**	–
Non-operating special items and remeasurements	**(1,492)**	(347)
Non-operating special items – tax	**35**	36
Non-operating special items – non-controlling interests	**(180)**	–
Financing special items	**–**	9
Tax special items	**–**	(24)
Headline earnings for the financial year	**1,197**	5,913
Operating special items[1]	**989**	103
Operating remeasurements	**112**	74
Non-operating special items and remeasurements[2]	**98**	144
Financing remeasurements	**88**	(205)
Special items and remeasurements tax	**455**	106
Non-controlling interests on special items and remeasurements	**(100)**	(15)
Underlying earnings for the financial year	**2,839**	6,120

[1] Includes onerous contract provisions, accelerated depreciation and the reversal of the inventory uplift on De Beers.
[2] Principally includes Kumba Envision Trust charge and transaction costs relating to the De Beers acquisition (2011: Platinum BEE transactions and related charges).

10. Intangible assets

			2012			2011
US$ million	**Brands, contracts and other intangibles[1]**	**Goodwill[2]**	**Total**	Brands, contracts and other intangibles[1]	Goodwill[2]	Total
Net book value						
At 1 January	**83**	**2,239**	**2,322**	85	2,231	2,316
Acquired through business combinations	**1,588**	**2,355**	**3,943**	–	–	–
Additions	**34**	**–**	**34**	26	–	26
Amortisation charge for the year[3]	**(37)**	**–**	**(37)**	(20)	–	(20)
Impairments and losses on assets transferred to held for sale	**(30)**	**(1,169)**	**(1,199)**	–	(15)	(15)
Disposals and transfer to assets held for sale	**(7)**	**(441)**	**(448)**	–	(25)	(25)
Adjustments relating to deferred and contingent consideration	**–**	**–**	**–**	–	81	81
Currency movements	**(14)**	**(30)**	**(44)**	(8)	(33)	(41)
At 31 December	**1,617**	**2,954**	**4,571**	83	2,239	2,322
Cost	**1,724**	**2,954**	**4,678**	182	2,239	2,421
Accumulated amortisation	**(107)**	**–**	**(107)**	(99)	–	(99)

[1] Includes $517 million (2011: nil) of assets with indefinite lives acquired through the acquisition of De Beers. Brands, contracts and other intangible assets are provided net of cumulative impairment charges of $29 million (2011: $37 million).
[2] The goodwill balances provided are net of cumulative impairment charges of $1,120 million (2011: $337 million).
[3] Includes $6 million (2011: nil) of amortisation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers. This has been included within operating remeasurements.

10. **Intangible assets** (continued)

Impairment tests for goodwill

Goodwill is allocated for impairment testing purposes to cash generating units (CGUs) or groups of CGUs which reflect how it is monitored for internal management purposes. This allocation largely represents the Group's segments. Any goodwill associated with CGUs subsumed within these segments is not significant when compared to the goodwill of the Group (2011: material components of goodwill within Iron Ore and Manganese and Other Mining and Industrial). The allocation of goodwill to CGUs or groups of CGUs is as follows:

US$ million	**2012**	2011
Iron Ore and Manganese		
Iron Ore Brazil	**–**	1,123
Thermal Coal	**88**	88
Copper	**124**	124
Nickel	**10**	10
Platinum	**230**	230
Diamonds	**2,324**	–
Other Mining and Industrial		
Tarmac[1]	**–**	456
Other	**178**	208
	2,954	2,239

[1] The goodwill balance in Tarmac as at 31 December 2012 relates to Tarmac Quarry Materials and has been transferred to held for sale, see note 4.

For the purposes of goodwill impairment testing, the recoverable amount of a CGU is determined based on a fair value less costs to sell basis, with the exception of Minas-Rio which is determined on a value in use basis.

Value in use is based on the present value of future cash flows expected to be derived from the CGU or reportable segment in its current state. Fair value less costs to sell is normally supported by observable market data (in the case of listed subsidiaries, market share price at 31 December of the respective entity) or discounted cash flow models taking account of assumptions that would be made by market participants.

Expected future cash flows are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including ore reserves and resources, together with economic factors such as commodity prices, discount rates, exchange rates, estimates of costs to produce reserves and future capital expenditure. Management believes that any reasonably possible change in a key assumption on which the recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

Cash flow projections are based on financial budgets and mine life plans or non-mine production plans, incorporating key assumptions as detailed below:

Reserves and resources

Ore reserves and, where considered appropriate, mineral resources are incorporated in projected cash flows, based on ore reserves and mineral resource statements and exploration and evaluation work undertaken by appropriately qualified persons. Mineral resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the requirements of reserve classification.

For further information refer to the Ore Reserves and Mineral Resources section of the Annual Report.

Commodity prices

Commodity prices are based on latest internal forecasts for commodity prices, benchmarked with external sources of information, to ensure they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.

Operating costs and capital expenditure

Operating costs and capital expenditure are based on financial budgets covering a three year period. Cash flow projections beyond three years are based on mine life plans or non-mine production plans as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith. Underlying input cost assumptions are consistent with related output price assumptions.

10. Intangible assets (continued)

Non-commodity based businesses

For non-commodity based businesses, margin and revenue are based on financial budgets covering a three year period. Beyond the financial budget, revenue is forecast using a steady growth rate consistent with the markets in which those businesses operate, and for those periods five years or more from the balance sheet date, at a rate not exceeding the long term growth rate for the country of operation. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.

Discount rates

Cash flow projections used in fair value less costs to sell impairment models are discounted based on a real post-tax discount rate of 6.5% (2011: 6.0%). The discount rate for Minas-Rio is a real pre-tax rate of 8.5% (2011: 8.0%). Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows.

Foreign exchange rates

Foreign exchange rates are based on latest internal forecasts for foreign exchange, benchmarked with external sources of information for relevant countries of operation. Foreign exchange rates are kept constant from 2017 onwards.

Minas-Rio

The Minas-Rio iron ore project (Minas-Rio) in Brazil was acquired in two separate transactions in 2007 and 2008. Minas-Rio is expected to produce 26.5 Mtpa of high quality pellet feed in its first phase of development, with the potential to increase to 29.8 Mtpa following asset optimisation. Pre-feasibility studies for the subsequent expansion phases of Minas-Rio commenced during 2011, supported by an estimated resource base at that time of 5.77 billion tonnes, as detailed in the 2011 Ore Reserves and Mineral Resources statement. We have subsequently converted 1.45 billion tonnes to Ore Reserves.

While progress is being made, construction activities at the beneficiation plant and land access along the 525 km pipeline route have been impeded by a series of challenges, including three legal injunctions. All three injunctions were resolved during the second half of 2012 and construction activity in the affected areas has resumed.

Additional capital expenditure has been incurred as a result of, *inter alia*, the delays arising from the injunctions, scope changes and higher than expected inflation of operational costs. Management has completed a detailed review to assess the impact of these additional costs and the forecast capital expenditure for the first phase of Minas-Rio has increased from $5.8 billion to $8.8 billion, including a $0.6 billion contingency, on an attributable basis.

The delivery of the project on the revised schedule is dependent upon a number of development milestones: suppression of caves at the mine site; completion of the tailings dam before the rainy season; land release for the transmission line to the beneficiation plant and pipeline; and fulfilment of installation licences' conditions such that operating licences can be issued in due course. Subject to no further unexpected interventions and the successful completion of these key milestones in the next 12 months, first ore on ship is anticipated at the end of 2014.

The valuation of Minas-Rio at 31 December 2012 has been assessed by reference to its value in use, determined on a discounted cash flow basis (real pre-tax discount rate of 8.5%). The valuation considers the risk of further escalation in capital expenditure and of further delay to first ore on ship. It also considers the impact of further unanticipated impediments to progress. These risks reflect the history of unforeseen challenges that have affected the project to date. The valuation model employs long term iron ore prices based on detailed analysis of market fundamentals and adjusted for iron ore quality. The long term iron ore price which is used in the valuation from 2022 onwards is within the range of published analyst forecasts and is slightly above the median of $80 per tonne.

Based on this valuation, the Group has recorded an impairment charge of $4,960 million (before tax) against the carrying value of the asset. Of this charge, $1,105 million has been recorded against goodwill and $3,855 million has been recorded against mining properties, with an associated deferred tax credit of $960 million. The post-tax impairment charge is $4,000 million.

11. Financial liabilities analysis

An analysis of borrowings, as presented on the Consolidated balance sheet, is set out below:

			2012			2011
US$ million	**Due within one year**	**Due after one year**	**Total**	Due within one year	Due after one year	Total
Secured						
Bank loans and overdrafts	**5**	**21**	**26**	55	276	331
Obligations under finance leases	**3**	**19**	**22**	4	17	21
	8	**40**	**48**	59	293	352
Unsecured						
Bank loans and overdrafts	**251**	**2,871**	**3,122**	673	1,722	2,395
Bonds issued under EMTN programme	**994**	**6,382**	**7,376**	163	4,167	4,330
US bonds	**767**	**4,628**	**5,395**	–	3,408	3,408
Convertible bond[1]	**–**	**–**	**–**	–	1,504	1,504
Other loans	**584**	**1,229**	**1,813**	123	761	884
	2,596	**15,110**	**17,706**	959	11,562	12,521
Total	**2,604**	**15,150**	**17,754**	1,018	11,855	12,873

[1] All outstanding convertible bonds were converted or redeemed during the year, see below.

The Group had the following undrawn committed borrowing facilities at 31 December:

US$ million	**2012**	2011
Expiry date		
Within one year[1]	**2,923**	1,781
Greater than one year, less than two years	**569**	1,268
Greater than two years, less than five years	**5,765**	5,294
Greater than five years	**–**	76
	9,257	8,419

[1] Includes undrawn rand facilities equivalent to $1.5 billion (2011: $1.6 billion) in respect of a series of facilities with 364 day maturities which roll automatically on a daily basis, unless notice is served.

Net additional medium and long term borrowings were $5,633 million (2011: $964 million) and net repayments of short term borrowings were $747 million (2011: $1,261 million) as disclosed in the Consolidated cash flow statement.

Corporate bonds

During 2012, the Group issued corporate bonds with a US$ equivalent value of $5.1 billion in the US, European and South African markets. These included $600 million 2.625% senior notes due 2017, $750 million 2.625% senior notes due 2017, $600 million 4.125% senior notes due 2022, €750 million 3.50% guaranteed notes due 2022, €750 million 2.75% guaranteed notes due 2019 and €750 million 2.50% guaranteed notes due 2018 issued under the Euro Medium Term Note (EMTN) programme, and R600 million floating rate notes at 3M JIBAR + 1.38% due 2017 and R1.4 billion 9.27% fixed rate notes due 2019 issued under the South African Domestic Medium Term Note programme.

Convertible bond

On 23 March 2012 Anglo American plc gave notice that it had exercised its right to redeem its $1.7 billion of convertible bonds (the Bonds) on 22 May 2012 (the optional redemption date). The Bonds were due to mature on 7 May 2014. On 13 April 2012 following the announcement of the recommended 2011 full year dividend, and in accordance with the terms and conditions of the Bonds, the conversion price was adjusted from £18.36 to £18.02.

Of the $1,700 million Bonds issued, $1,678 million were converted to equity prior to the optional redemption date, including $1 million converted in 2011, and the remaining $22 million were redeemed by the Group. As a result, 62.5 million ordinary shares were issued and the financial liability of $1,529 million, representing the notional value of the outstanding Bonds of $1,699 million less unamortised discount of $170 million, was derecognised. The balance in the convertible debt reserve of $355 million, which related to the Bonds, was transferred to share premium ($170 million) and retained earnings ($185 million).

12. Consolidated equity analysis

Fair value and other reserves comprise:

US$ million	Convertible debt reserve	Available for sale reserve	Cash flow hedge reserve	Other reserves[1]	Total fair value and other reserves
Balance at 1 January 2011	355	468	38	831	1,692
Total comprehensive income/(expense)	–	108	(33)	–	75
Other	–	–	–	(7)	(7)
Balance at 1 January 2012	**355**	**576**	**5**	**824**	**1,760**
Total comprehensive income	**–**	**118**	**10**	**–**	**128**
Conversion of convertible bond	**(355)**	**–**	**–**	**–**	**(355)**
Other	**–**	**–**	**–**	**(667)**	**(667)**
Balance at 31 December 2012	**–**	**694**	**15**	**157**	**866**

[1] Following a capital reduction in the Corporate segment, $667 million has been transferred from the legal reserve to retained earnings, reducing the legal reserve from $675 million to $8 million. Other reserves also comprise a revaluation reserve of $34 million (2011: $34 million) and a capital redemption reserve of $115 million (2011: $115 million).

13. Consolidated cash flow analysis

a) Reconciliation of (loss)/profit before tax to cash flows from operations

US$ million	**2012**	2011
(Loss)/profit before tax	**(239)**	10,782
Depreciation and amortisation	**2,289**	1,967
Share-based payment charges	**233**	254
Non-operating special items and remeasurements	**(1,394)**	(183)
Operating and financing remeasurements	**205**	(138)
Non-cash element of operating special items	**6,913**	105
Net finance costs before remeasurements	**288**	20
Share of net income from associates	**(432)**	(977)
Provisions	**(127)**	6
Increase in inventories	**(330)**	(352)
Increase in operating receivables	**(31)**	(264)
(Decrease)/increase in operating payables	**(166)**	457
Deferred stripping	**(148)**	(171)
Other adjustments	**(40)**	(8)
Cash flows from operations	**7,021**	11,498

b) Reconciliation to the balance sheet

	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
US$ million	**2012**	2011	**2012**	2011	**2012**	2011
Balance sheet	**9,094**	11,732	**(2,604)**	(1,018)	**(15,150)**	(11,855)
Balance sheet – disposal groups[1]	**227**	–	**(14)**	–	**–**	–
Bank overdrafts	**(9)**	–	**9**	–	**–**	–
Net debt classifications	**9,312**	11,732	**(2,609)**	(1,018)	**(15,150)**	(11,855)

[1] Disposal group balances are shown within 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale' on the balance sheet.

13. **Consolidated cash flow analysis** (continued)

c) Movement in net debt

US$ million	Cash and cash equivalents[(1)]	Debt due within one year	Debt due after one year	Net debt excluding hedges	Hedges[(2)]	Net debt including hedges
Balance at 1 January 2011	6,460	(1,535)	(11,904)	(6,979)	(405)	(7,384)
Cash flow	5,983	1,261	(964)	6,280	(226)	6,054
Unwinding of discount on convertible bond	–	–	(71)	(71)	–	(71)
Disposal of businesses	–	5	–	5	–	5
Reclassifications	–	(777)	777	–	–	–
Movement in fair value	–	–	(264)	(264)	404	140
Other non-cash movements	–	(18)	(38)	(56)	–	(56)
Currency movements	(711)	46	609	(56)	(6)	(62)
Balance at 1 January 2012	**11,732**	**(1,018)**	**(11,855)**	**(1,141)**	**(233)**	**(1,374)**
Cash flow	**(2,309)**	**747**	**(5,633)**	**(7,195)**	**(149)**	**(7,344)**
Unwinding of discount on convertible bond	**–**	**–**	**(25)**	**(25)**	**–**	**(25)**
Conversion of convertible bond	**–**	**–**	**1,507**	**1,507**	**–**	**1,507**
Acquired through business combinations	**–**	**(3)**	**(1,578)**	**(1,581)**	**(15)**	**(1,596)**
Disposal of businesses	**–**	**53**	**228**	**281**	**–**	**281**
Reclassifications	**–**	**(2,396)**	**2,396**	**–**	**–**	**–**
Movement in fair value	**–**	**2**	**(198)**	**(196)**	**229**	**33**
Other non-cash movements	**–**	**(14)**	**(21)**	**(35)**	**–**	**(35)**
Currency movements	**(111)**	**20**	**29**	**(62)**	**–**	**(62)**
Balance at 31 December 2012	**9,312**	**(2,609)**	**(15,150)**	**(8,447)**	**(168)**	**(8,615)**

(1) The Group operates in certain countries where the existence of exchange controls may restrict the use of certain cash balances (principally South Africa and Venezuela). These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations.

(2) Derivative instruments that provide an economic hedge of assets and liabilities in net debt are included above to reflect the true net debt position of the Group at the year end. These consist of net current derivative liabilities of $116 million (2011: assets of $82 million) and net non-current derivative liabilities of $52 million (2011: $315 million) which are classified within 'Derivative financial assets' and 'Derivative financial liabilities' on the balance sheet.

14. Acquisitions

De Beers

On 16 August 2012 Anglo American plc acquired an additional 40% of the share capital of De Beers Société Anonyme (De Beers) to bring its total shareholding to 85%. De Beers is a leading diamond company with expertise in the exploration, mining and marketing of diamonds.

The Group funded the acquisition by way of cash consideration of $5.2 billion, less cash acquired of $0.4 billion. The acquisition has been accounted for as a business combination using the acquisition method of accounting with an effective date of 16 August 2012, being the date the Group gained control of De Beers.

The provisional fair values of identifiable assets and liabilities of De Beers as at the date of acquisition were:

US$ million	2012
Assets	
Intangible assets	**1,588**
Property, plant and equipment (including mineral properties and projects)	**8,912**
Investments in associates	**12**
Deferred tax assets	**247**
Inventory	**2,133**
Other assets[(1)]	**328**
Total assets	**13,220**
Liabilities	
Provisions for liabilities and charges (including contingent liabilities[(2)] and retirement benefit obligations)	**(1,487)**
Deferred tax liabilities	**(1,097)**
Loans and borrowings	**(1,581)**
Other liabilities	**(468)**
Total liabilities	**(4,633)**
Net assets acquired	**8,587**
Non-controlling interests[(3)]	**(1,423)**
Net attributable assets acquired	**7,164**
Goodwill	**2,355**
Net attributable assets including goodwill	**9,519**
Consideration	
Cash	**5,223**
Net cash acquired with the subsidiary	**(407)**
Book value of existing shareholding	**2,686**
Fair value gain on existing 45% shareholding[(4)]	**2,017**
Total consideration	**9,519**

(1) The fair value of other assets includes receivables of $202 million.
(2) Contingent liabilities of $185 million relating to legal claims in various jurisdictions.
(3) Non-controlling interests have been measured at their proportionate share of De Beers' identifiable net assets.
(4) Recognised as a non-operating remeasurement, see note 4.

Goodwill recognised arises principally from the significant synergies associated with the Group having control of De Beers, the value associated with the De Beers' workforce and the requirement to recognise a deferred tax liability calculated as the difference between the tax effect of the fair value of the assets acquired and their tax bases. No goodwill is expected to be deductible for tax purposes. Intangible assets acquired relate to brand names, customer relationships and contracts.

From the acquisition date, De Beers has contributed $2,353 million of revenue and $159 million of underlying earnings to the Group. If the acquisition had completed on 1 January 2012, De Beers would have contributed revenue of $6,074 million for 2012 (an increase of $3,721 million) and underlying earnings of $399 million (an increase of $87 million).

14. Acquisitions (continued)

The Group's attributable share of De Beers' earnings from the acquisition date after special items and remeasurements (including special items and remeasurements charges of $319 million (after tax) relating to the reversal of fair value uplifts of inventory and depreciation and amortisation on fair value uplifts of the Group's pre-existing 45% shareholding) amounted to a $160 million loss. If the acquisition of De Beers had been completed on 1 January 2012, the Group's attributable share of De Beers' earnings (including special items and remeasurements charges of $485 million (after tax) relating to the reversal of fair value uplifts of inventory and depreciation and amortisation on fair value uplifts of the Group's pre-existing 45% shareholding) would have amounted to a $80 million loss (increasing the Group's loss attributable to equity shareholders by $76 million to $1,569 million).

Other

On 20 July 2012 Anglo American increased its shareholding in Kumba Iron Ore Limited by 4.5% through the exercise of options acquired in 2011 and 2012. This increased the Group's shareholding from 65.2% to 69.7%, for a total cost of $948 million.

The Group made no material acquisitions in 2011.

15. Disposals of subsidiaries and joint ventures

US$ million	2012	2011
Net assets disposed		
Property, plant and equipment	**208**	167
Other non-current assets	**65**	79
Current assets	**347**	461
Current liabilities	**(187)**	(55)
Non-current liabilities	**(273)**	(108)
Net assets	**160**	544
Non-controlling interests	**(5)**	(42)
Net assets disposed	**155**	502
Cumulative translation (gain)/loss recycled from reserves	**(6)**	45
Other charges	**2**	–
Net (loss)/gain on disposals[1]	**(21)**	337
Net sales proceeds	**130**	884
Net cash and cash equivalents disposed	**(38)**	(358)
Accrued transaction costs and similar items	**8**	3
Net cash inflow from disposals[2]	**100**	529

[1] Included in non-operating special items, see note 4.
[2] Net cash inflow in the year ended 31 December 2012 was nil in respect of disposals in 2011 (2011: $4 million in respect of disposals in 2010). Total net cash inflow from disposals in 2012 was $100 million (2011: $533 million). Of this, a net cash inflow of $100 million (2011: $514 million) related to disposals of subsidiaries and nil (2011: $19 million) related to the sale of interests in joint ventures.

Disposal in 2012

On 24 April 2012 the Group announced the sale of Scaw South Africa and related companies to an investment consortium led by the Industrial Development Corporation of South Africa (IDC) and Anglo American's partners in Scaw South Africa, being Izingwe Holdings (Pty) Limited, Shanduka Resources (Pty) Ltd and the Southern Palace Group of Companies (Pty) Limited, for a total consideration of $440 million on a cash and debt free basis. Following this announcement, Scaw South Africa was transferred to assets held for sale.

The completion of the sale took place on 23 November 2012 for a combined net cash inflow of $100 million.

Disposals in 2011

Disposals of subsidiaries during 2011 mainly related to the disposal of Lisheen and a 74% interest in Black Mountain (the Group's remaining zinc operations) and disposals of Tarmac businesses (China, Turkey and Romania) in the Other Mining and Industrial segment.

16. Assets and liabilities held for sale

The following assets and liabilities were classified as held for sale at 31 December 2012. The Group expects to complete the sale of these businesses within 12 months of the reporting date. There were no assets or liabilities classified as held for sale at 31 December 2011.

US$ million	Amapá	Tarmac Quarry Materials	Total[(1)]
			2012
Intangible assets	**1**	**418**	**419**
Property, plant and equipment	**171**	**1,655**	**1,826**
Other non-current assets[(2)]	**4**	**11**	**15**
Total non-current assets	**176**	**2,084**	**2,260**
Inventories	**103**	**111**	**214**
Trade and other receivables	**157**	**292**	**449**
Cash and cash equivalents	**26**	**201**	**227**
Total current assets	**286**	**604**	**890**
Total assets classified as held for sale	**462**	**2,688**	**3,150**
Trade and other payables	**(149)**	**(406)**	**(555)**
Short term borrowings	**(11)**	**(3)**	**(14)**
Provisions for liabilities and charges	**(3)**	**(24)**	**(27)**
Total current liabilities	**(163)**	**(433)**	**(596)**
Deferred tax liabilities	**–**	**(150)**	**(150)**
Provisions for liabilities and charges	**(59)**	**(97)**	**(156)**
Other non-current liabilities[(2)]	**–**	**(17)**	**(17)**
Total non-current liabilities	**(59)**	**(264)**	**(323)**
Total liabilities associated with assets classified as held for sale	**(222)**	**(697)**	**(919)**
Net assets	**240**	**1,991**	**2,231**

[(1)] The Group's investments in Amapá and Tarmac Quarry Materials are included in the Other Mining and Industrial segment.
[(2)] Other non-current assets relate to loans and receivables and investments in associates. Other non-current liabilities relate to government grants received.

A loss on transfer to assets held for sale of $404 million for Amapá and $135 million for Tarmac Quarry Materials have been recognised in non-operating special items, see note 4.

17. Contingent liabilities

The Group is subject to various claims which arise in the ordinary course of business. Additionally, and as set out in the 2007 demerger agreement, Anglo American and the Mondi Group have agreed to indemnify each other, subject to certain limitations, against certain liabilities. Anglo American has also provided Mitsubishi Corporation LLC with indemnities against certain liabilities as part of the sale of a 24.5% interest in AA Sur. Having taken appropriate legal advice, the Group believes that a material liability arising from the indemnities provided is unlikely.

The Group is required to provide guarantees in several jurisdictions in respect of environmental restoration and decommissioning obligations. The Group has provided for the estimated cost of these activities.

No contingent liabilities were secured on the assets of the Group at 31 December 2012 or 31 December 2011.

Other

Kumba Iron Ore (Kumba)

Sishen Supply Agreement Arbitration

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

17. Contingent liabilities (continued)

An Interim Pricing Agreement (IPA 2) between SIOC and AMSA was in place until 31 July 2012 and was extended to 31 December 2012.

In December 2012 a further interim agreement was concluded, after negotiations which were facilitated by the Department of Trade and Industry (DTI). The further interim agreement will govern the sale of iron ore from the Sishen mine to AMSA for the period 1 January 2013 to 31 December 2013, or until the conclusion of the legal processes in relation to the 2001 Sishen Supply Agreement (whichever is the sooner), at a weighted average price of $65 per tonne. Of the total 4.8 Mt, about 1.5 Mt is anticipated to be railed to Saldanha Steel and the rest to AMSA's inland operations.

21.4% undivided share of the Sishen mine mineral rights

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

The High Court order did not affect the interim supply agreement between AMSA and SIOC. SIOC will continue to take the necessary steps to protect its shareholders' interests in this regard.

Anglo American South Africa Limited (AASA)

AASA, a wholly owned subsidiary of the Company, is a defendant in 24 separate lawsuits in South Africa each one on behalf of a former mineworker (or his dependents or survivors) who allegedly contracted silicosis working for gold mining companies in which AASA was a shareholder and to which AASA provided various technical and administrative services. In addition, AASA is a defendant in one lawsuit filed in the High Court in London, England on behalf of 19 former mineworkers or their dependents, a second lawsuit filed there on behalf of 1,106 named former mineworkers or their dependents and also as a "representative claim" on behalf of all black underground miners in "Anglo gold mines" who have been certified as suffering from silicosis and related diseases, a third lawsuit filed there on behalf of 630 named former mine workers or their dependents and a fourth lawsuit filed there on behalf of 1,232 former mineworkers or their dependents. AASA is also named as one of 30 defendants in a class certification application filed in South Africa purportedly on behalf of 17,000 claimants.

The aggregate amount of claims in the 24 South African lawsuits is less than $5 million. No specific amount of damages has been specified in the claims filed in England or the class certification application filed in South Africa.

If the individual claims are determined adversely to AASA there are a substantial number of additional former mineworkers (or their dependents or survivors) who may seek to bring similar claims or whose claims could become part of the representative claim filed in England or the class action claim in South Africa. The arbitration hearing for 11 of the individual South African claims is expected to begin in October 2013.

AASA is contesting the jurisdiction of the English courts to hear the claims filed against it in that jurisdiction and will oppose the application for class certification in South Africa.

Platinum

At 31 December 2012 Platinum has certain unresolved tax matters that are currently under dispute with the South African Revenue Service (SARS). Platinum management has consulted with external tax and legal advisers, who support the positions taken. Nonetheless, Platinum management are actively discussing the issue with SARS with a view to seeking resolution and believe that the accounting for these matters is appropriate in the results for the year ended 31 December 2012.

18. Related party transactions

The Group has a related party relationship with its subsidiaries, joint ventures and associates.

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable to the Group than those arranged with third parties. These transactions are not considered to be significant, other than purchases from De Beers' joint ventures which amounted to $1,049 million in the period from 16 August 2012 (the date the Group obtained control of De Beers, see note 14) to 31 December 2012.

The Group had the following amounts receivable from joint ventures and associates:

	Joint ventures		Associates	
US$ million	**2012**	2011	**2012**	2011
Loans receivable[1]	**261**	263	**305**	572
Dividends received	**–**	–	**286**	344

[1] These loans are included in 'Financial asset investments'.

At 31 December 2012 the directors of the Company and their immediate relatives controlled 0.1% (2011: 0.1%) of the voting shares of the Company.

Other related party transactions in relation to De Beers

The Group has in prior years entered into various transactions with DB Investments SA and De Beers SA (together 'De Beers') which were considered to be related party transactions for the purposes of the United Kingdom Listing Authority's Listing Rules as a result of the interest in De Beers held by CHL Holdings Limited (CHL) and certain of its subsidiaries in which Mr N. F. Oppenheimer, a director of the Company at the time of these transactions, had a relevant interest for the purpose of the rules.

The related party transactions entered into and which continued to be relevant in the year ended 31 December 2012 are detailed below.

On 4 November 2011 Anglo American announced it had entered into an agreement with CHL and Centhold International Limited ('CHL Sellers'), together representing the Oppenheimer family interests in De Beers, to acquire their 40% interest in De Beers for a total cash consideration of $5.1 billion, subject to adjustment and conditions as provided for in the agreement (the 'Transaction').

In view of the fact that the CHL Sellers were ultimately controlled through intermediary companies by trusts (the 'Seller Trusts') of which Mr N. F. Oppenheimer is a potential discretionary beneficiary and Mr N. F. Oppenheimer had been a director of Anglo American within the 12 months preceding agreement of the Transaction, the Transaction was categorised as a related party transaction requiring the approval of Anglo American shareholders (other than Mr N. F. Oppenheimer and his associates). This approval was obtained at a general meeting of the Company held on 6 January 2012. Further information in relation to the Transaction was set out in the circular posted to the Company's shareholders in December 2011.

The Government of the Republic of Botswana elected not to exercise its pre-emption rights to participate in the Transaction on a proportionate basis and accordingly Anglo American's interest in De Beers increased to 85% on completion of the Transaction on 16 August 2012, following the obtaining of certain specified regulatory and government approvals to which the Transaction was subject. Anglo American paid a total cash consideration of $5.2 billion, comprising the adjusted purchase price under the Transaction.

At 31 December 2012 the amount of outstanding loans owed to the Group by De Beers was $599 million (2011: $301 million), which includes loans acquired from the CHL Sellers at the closing of the Transaction of $277 million.

19. Events occurring after end of year

Platinum

On 15 January 2013 the Group announced the outcome of its review of the Anglo American Platinum business to create a sustainable, competitive and profitable platinum business for the long term benefit of all stakeholders. The key proposals from the review were to place the Khuseleka and Khomanani mines on care and maintenance, reconfigure the Rustenburg operations into three operating mines, close the Union Mine North declines and place other processing assets on long term care and maintenance. Anglo American Platinum is engaging with the South African government, organised labour and other stakeholders and would pursue the consultation process in terms of the requirements of South African law prior to implementing these proposals.

As a result, if the Group is not expected to receive future economic benefits from these mines, property, plant and equipment, a post-tax impairment of up to $0.6 billion could be recognised as an operating special item in the income statement in 2013.

The gross cash costs associated with the implementation of the Portfolio Review and overhead review, which is expected to be approximately $0.3 billion (after tax: $0.2 billion), would be expensed as incurred as an operating special item in the income statement during the course of 2013.

Other

On 7 January 2013 the Group announced the completion of the 50:50 joint venture with Lafarge, which combined their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the United Kingdom. The joint venture will be known as Lafarge Tarmac.

On 4 January 2013 the Group announced the sale of its 70% interest in the Amapá iron ore operation in Brazil to Zamin Ferrous Ltd. The transaction is subject to state regulatory approval.

With the exception of the above and the proposed final dividend for 2012 there have been no material reportable events since 31 December 2012.

Production statistics

The figures below include the entire output of consolidated entities and the Group's attributable share of joint ventures, joint arrangements and associates where applicable, except for Collahuasi in the Copper segment and De Beers which are quoted on a 100% basis.

	2012	2011
Iron Ore and Manganese segment (tonnes)		
Kumba Iron Ore[(1)(2)]		
Lump	**26,580,500**	25,445,100
Fines	**16,484,600**	15,822,500
Total iron ore production	**43,065,100**	41,267,600
Samancor[(3)]		
Manganese ore	**3,347,800**	2,786,800
Manganese alloys[(4)]	**198,400**	300,500
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Metallurgical – Coking	**10,484,700**	9,290,400
Metallurgical – Other (PCI)	**5,802,700**	3,963,000
Thermal	**12,970,500**	13,426,500
	29,257,900	26,679,900
Canada		
Metallurgical – Coking	**1,376,900**	936,300
Total Metallurgical Coal segment coal production	**30,634,800**	27,616,200
Thermal Coal segment		
South Africa		
Thermal – Export	**17,132,100**	16,328,400
Thermal – Domestic (Eskom)	**33,706,400**	35,296,000
Thermal – Domestic (non-Eskom)	**6,219,100**	5,059,700
Metallurgical – Domestic	**74,100**	323,400
	57,131,700	57,007,500
Colombia		
Thermal – Export	**11,548,800**	10,751,700
Total Thermal Coal segment coal production	**68,680,500**	67,759,200
Total coal production	**99,315,300**	95,375,400
Coal (tonnes)		
Metallurgical Coal segment		
Australia		
Callide	**7,464,000**	8,038,700
Capcoal	**6,022,400**	5,047,900
Dawson	**4,593,500**	3,904,600
Drayton	**3,663,300**	3,991,900
Foxleigh	**1,896,000**	1,417,100
Jellinbah	**2,073,200**	1,829,600
Moranbah North	**3,545,500**	2,450,100
	29,257,900	26,679,900
Canada		
Peace River Coal	**1,376,900**	936,300
Total Metallurgical Coal segment coal production	**30,634,800**	27,616,200

(1) Kolomela commenced commercial production on 1 December 2011. Revenue and related costs associated with 984,700 tonnes of production were capitalised for the year ended 31 December 2011.
(2) In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current presentation.
(3) Saleable production.
(4) Production includes Medium Carbon Ferro Manganese.

Production statistics (continued)

	2012	2011
Coal (tonnes) (continued)		
Thermal Coal segment		
South Africa		
Greenside	**2,883,200**	2,853,100
Goedehoop	**4,859,900**	5,200,800
Isibonelo	**5,399,200**	4,338,200
Kriel	**8,096,900**	8,151,700
Kleinkopje	**3,765,500**	4,400,600
Landau	**4,272,300**	4,171,200
New Denmark	**3,401,200**	4,812,600
New Vaal	**17,623,300**	17,399,700
Mafube	**1,804,100**	2,313,100
Zibulo[(1)]	**5,026,100**	3,366,500
	57,131,700	57,007,500
Colombia		
Carbones del Cerrejón	**11,548,800**	10,751,700
Total Thermal Coal segment coal production	**68,680,500**	67,759,200
Total coal production	**99,315,300**	95,375,400
Total coal production by commodity (tonnes)		
Metallurgical		
South Africa	**74,100**	323,400
Australia – Export	**16,287,400**	13,253,400
Canada – Export	**1,376,900**	936,300
Total metallurgical coal production	**17,738,400**	14,513,100
Thermal		
South Africa – Thermal (non-Eskom)	**23,351,200**	21,388,100
South Africa – Eskom	**33,706,400**	35,296,000
Australia	**12,970,500**	13,426,500
South America	**11,548,800**	10,751,700
Total thermal coal production	**81,576,900**	80,862,300
Total coal production	**99,315,300**	95,375,400

(1) Zibulo commenced commercial production on 1 October 2011. Revenue and related costs associated with 2,155,200 tonnes of production were capitalised before commercial production was reached in 2011. This included Eskom coal production of 633,400 tonnes and export thermal coal production of 1,521,800 tonnes.

Production statistics (continued)

			2012	2011
Copper segment				
Collahuasi				
100% basis (Anglo American share 44%)				
Ore mined	Oxide	tonnes	**2,733,600**	906,800
	Sulphide	tonnes	**17,293,800**	32,535,900
Marginal ore mined		tonnes	**54,370,100**	11,797,300
Ore processed	Oxide	tonnes	**8,081,400**	8,075,800
	Sulphide	tonnes	**43,618,600**	47,747,400
Ore grade processed	Oxide	% Cu	**0.88**	0.72
	Sulphide	% Cu	**0.76**	1.02
Production	Copper concentrate	dry metric tonnes	**934,800**	1,535,800
	Copper cathode	tonnes	**36,800**	36,000
	Copper in concentrate	tonnes	**245,300**	417,300
Total copper production for Collahuasi		tonnes	**282,100**	453,300
Anglo American's share of copper production for Collahuasi		tonnes	**124,100**	199,500
Anglo American Sur				
Los Bronces mine				
Ore mined		tonnes	**49,766,500**	26,587,500
Marginal ore mined		tonnes	**17,854,200**	30,515,600
Las Tortolas concentrator	Ore processed	tonnes	**17,970,600**	20,595,700
	Ore grade processed	% Cu	**0.83**	0.90
	Average recovery	%	**84.0**	85.8
Confluencia concentrator	Ore processed	tonnes	**27,884,300**	3,329,400
	Ore grade processed	% Cu	**0.84**	0.74
	Average recovery	%	**84.0**	84.3
Production	Copper concentrate	dry metric tonnes	**1,195,500**	658,300
	Copper cathode	tonnes	**40,800**	38,400
	Copper in sulphate	tonnes	**2,500**	4,600
	Copper in concentrate	tonnes	**322,000**	178,800
	Total	tonnes	**365,300**	221,800
El Soldado mine				
Ore mined	Open pit – ore mined	tonnes	**8,544,500**	10,197,700
Ore processed	Oxide	tonnes	**1,091,900**	1,887,000
	Sulphide	tonnes	**7,782,300**	7,209,100
Ore grade processed	Oxide	% Cu	**0.46**	0.68
	Sulphide	% Cu	**0.83**	0.82
Production	Copper concentrate	dry metric tonnes	**190,400**	171,900
	Copper cathode	tonnes	**2,000**	5,000
	Copper in concentrate	tonnes	**51,800**	41,900
	Total	tonnes	**53,800**	46,900
Chagres Smelter				
	Copper concentrate smelted	tonnes	**142,900**	143,000
Production	Copper blister/anode	tonnes	**138,700**	138,200
	Acid	tonnes	**461,400**	487,500
Total copper production for Anglo American Sur[1]		tonnes	**419,100**	268,700
Anglo American Norte				
Mantos Blancos mine				
Ore mined		tonnes	**6,527,100**	7,624,300
Ore processed	Oxide	tonnes	**4,512,100**	4,563,400
	Sulphide	tonnes	**4,393,200**	4,186,600
	Marginal ore	tonnes	**5,900,200**	5,109,400
Ore grade processed	Oxide	% Cu (soluble)	**0.40**	0.59
	Sulphide	% Cu (insoluble)	**0.64**	0.95
	Marginal ore	% Cu (soluble)	**0.23**	0.23
Production	Copper concentrate	dry metric tonnes	**83,000**	119,000
	Copper cathode	tonnes	**29,200**	36,000
	Copper in concentrate	tonnes	**25,000**	36,100
	Total	tonnes	**54,200**	72,100

[1] Includes copper cathode, copper in sulphate and copper in concentrate production.

Production statistics (continued)

			2012	2011
Copper segment (continued)				
Anglo American Norte (continued)				
Mantoverde mine				
Ore mined		tonnes	**10,642,500**	10,060,100
Ore processed	Oxide	tonnes	**10,460,400**	10,012,200
	Marginal ore	tonnes	**8,671,700**	8,025,300
Ore grade processed	Oxide	% Cu (soluble)	**0.63**	0.62
	Marginal ore	% Cu (soluble)	**0.25**	0.27
Production	Copper cathode	tonnes	**62,300**	58,700
Total copper production for Anglo American Norte[1]		tonnes	**116,500**	130,800
Total Copper segment copper production[1]		tonnes	**659,700**	599,000
Platinum copper production		tonnes	**11,400**	12,800
Black Mountain copper production		tonnes	**–**	300
Total attributable copper production[1]		tonnes	**671,100**	612,100
Nickel segment				
Codemin				
Ore mined[2]		tonnes	**612,600**	549,900
Ore processed		tonnes	**581,100**	562,900
Ore grade processed		% Ni	**1.81**	1.89
Production		tonnes	**9,600**	9,500
Loma de Níquel				
Ore mined		tonnes	**432,900**	1,302,600
Ore processed		tonnes	**767,400**	1,014,200
Ore grade processed		% Ni	**1.40**	1.45
Production		tonnes	**8,100**	13,400
Barro Alto[3]				
Ore mined		tonnes	**1,231,700**	978,000
Ore processed		tonnes	**1,422,100**	456,500
Ore grade processed		% Ni	**1.94**	1.96
Production		tonnes	**21,600**	6,200
Total Nickel segment nickel production		tonnes	**39,300**	29,100
Platinum nickel production		tonnes	**17,700**	20,300
Total attributable nickel production		tonnes	**57,000**	49,400
Platinum segment[4]				
Platinum		troy ounces	**2,378,600**	2,530,100
Palladium		troy ounces	**1,395,900**	1,430,700
Rhodium		troy ounces	**310,700**	337,600
Copper[5]		tonnes	**11,400**	12,800
Nickel[5]		tonnes	**17,700**	20,300
Gold		troy ounces	**105,200**	105,100
Equivalent refined platinum		troy ounces	**2,219,100**	2,410,100
HE Built-up head grade		g/tonne milled	**3.20**	3.24
Diamonds segment (De Beers) (diamonds recovered – carats)[6]				
100% basis				
Debswana			**20,216,000**	22,890,000
Namdeb			**1,667,000**	1,335,000
De Beers Consolidated Mines			**4,432,000**	5,443,000
De Beers Canada			**1,560,000**	1,660,000
Total diamonds production for De Beers			**27,875,000**	31,328,000

[1] Includes copper cathode, copper in sulphate and copper in concentrate production.
[2] Represents ore mined at Barro Alto for processing at Codemin.
[3] Barro Alto is currently not in commercial production and therefore all revenue and related costs associated with 21,600 tonnes (2011: 6,200 tonnes) of production have been capitalised.
[4] See the published results of Anglo American Platinum Limited for further analysis of production information.
[5] Also disclosed within total attributable copper and nickel production.
[6] On 16 August 2012 Anglo American completed its acquisition of an additional 40% interest in De Beers increasing Anglo American's total shareholding to 85%. Production data is disclosed on a 100% basis. Post completion of the acquisition, De Beers Consolidated Mines and De Beers Canada are fully consolidated subsidiaries and Debswana and Namdeb are joint ventures proportionately consolidated at 19.2% and 50% respectively. Global Sightholder Sales sells a significant portion of total production on behalf of operations based on contractual agreements in place.

Production statistics (continued)

			2012	2011
Other Mining and Industrial segment[1]				
Phosphates				
Fertilisers produced		tonnes	**1,113,000**	1,060,900
Niobium				
Ore mined		tonnes	**933,200**	866,600
Ore processed		tonnes	**973,500**	902,600
Ore grade processed		Kg Nb/tonne	**8.5**	8.1
Production		tonnes	**4,400**	3,900
Amapá				
Sinter feed		tonnes	**2,100,000**	1,401,000
Pellet feed		tonnes	**2,223,200**	1,948,300
Spiral concentrates		tonnes	**1,749,100**	1,472,200
			6,072,300	4,821,500
Tarmac				
Aggregates		tonnes	**37,570,800**	42,878,400
Lime products		tonnes	**1,316,900**	1,264,000
Concrete		m^3	**3,119,300**	3,285,700
Scaw Metals[2]				
South Africa Steel Products		tonnes	**611,600**	677,400
Zinc and lead				
Lisheen[3]				
Ore mined		tonnes	**–**	152,800
Ore processed		tonnes	**–**	156,200
Ore grade processed	Zinc	% Zn	**–**	13.4
	Lead	% Pb	**–**	2.7
Production	Zinc in concentrate	tonnes	**–**	19,200
	Lead in concentrate	tonnes	**–**	2,900
Black Mountain[3]				
Ore mined		tonnes	**–**	132,800
Ore processed		tonnes	**–**	126,200
Ore grade processed	Zinc	% Zn	**–**	3.4
	Lead	% Pb	**–**	4.5
	Copper	% Cu	**–**	0.4
Production	Zinc in concentrate	tonnes	**–**	3,300
	Lead in concentrate	tonnes	**–**	5,400
	Copper in concentrate	tonnes	**–**	300
Total attributable zinc production		tonnes	**–**	22,500
Total attributable lead production		tonnes	**–**	8,300

[1] In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current presentation.
[2] The Group sold its interest in Scaw Metals in November 2012.
[3] The Group sold its interest in Lisheen and Black Mountain in February 2011.

Production statistics (continued)

Quarterly production statistics

	Quarter ended					% Change (Quarter ended)	
	31 December 2012	**30 September 2012**	**30 June 2012**	**31 March 2012**	31 December 2011	31 December 2012 v 30 September 2012	31 December 2012 v 31 December 2011
Iron Ore and Manganese segment (tonnes)							
Iron ore[(1)(2)]	**9,012,500**	**12,496,900**	**11,449,200**	**10,106,500**	11,160,200	(28)%	(19)%
Manganese ore[(3)]	**846,800**	**858,400**	**826,400**	**816,200**	722,500	(1)%	17%
Manganese alloys[(3)(4)]	**61,200**	**52,000**	**30,200**	**55,000**	78,000	18%	(22)%
Metallurgical Coal segment (tonnes)							
Metallurgical – Export	**4,580,000**	**4,495,700**	**4,845,600**	**3,743,000**	4,060,600	2%	13%
Thermal	**3,714,700**	**3,398,900**	**3,286,300**	**2,570,600**	3,358,700	9%	11%
Thermal Coal segment (tonnes)[(5)]							
Thermal – Export (RSA)	**4,659,100**	**4,555,300**	**4,223,500**	**3,694,200**	4,455,900	2%	5%
Thermal – Domestic (Eskom)	**8,560,600**	**9,056,900**	**8,326,200**	**7,762,700**	9,487,000	(5)%	(10)%
Thermal – Domestic (non-Eskom)	**1,594,500**	**1,530,500**	**1,560,900**	**1,533,200**	1,390,100	4%	15%
Metallurgical – Domestic	**–**	**–**	**15,700**	**58,400**	84,500	–	(100)%
Thermal – Export (Colombia)	**2,661,700**	**2,829,400**	**3,104,700**	**2,953,000**	2,752,700	(6)%	(3)%
Copper segment (tonnes)[(6)]	**172,900**	**157,300**	**161,100**	**168,400**	170,000	10%	2%
Nickel segment (tonnes)[(7)(8)]	**7,400**	**9,000**	**10,900**	**12,000**	9,900	(18)%	(25)%
Platinum segment							
Platinum (troy ounces)	**703,800**	**649,000**	**623,000**	**402,800**	710,000	8%	(1)%
Palladium (troy ounces)	**413,300**	**392,100**	**355,500**	**235,000**	392,700	5%	5%
Rhodium (troy ounces)	**91,200**	**90,500**	**75,100**	**53,900**	96,800	1%	(6)%
Copper (tonnes)	**2,500**	**2,700**	**3,300**	**2,900**	2,900	(7)%	(14)%
Nickel (tonnes)	**3,900**	**3,700**	**5,400**	**4,700**	5,100	5%	(24)%
Gold (troy ounces)	**18,600**	**38,500**	**24,100**	**24,000**	28,000	(52)%	(34)%
Equivalent refined platinum (troy ounces)	**416,000**	**626,300**	**583,600**	**593,200**	583,200	(34)%	(29)%
Diamonds segment (De Beers) (diamonds recovered – carats) 100% basis							
Diamonds[(9)]	**8,051,000**	**6,375,000**	**7,241,000**	**6,208,000**	6,491,000	26%	24%
Other Mining and Industrial segment (tonnes)[(10)]							
Phosphates	**302,300**	**292,300**	**271,500**	**246,900**	274,900	3%	10%
Niobium	**1,000**	**1,100**	**1,200**	**1,100**	1,000	(9)%	–
Iron ore[(2)]	**1,498,000**	**1,534,300**	**1,468,000**	**1,572,000**	1,267,100	(2)%	18%
Coal production by commodity (tonnes)							
Metallurgical	**4,580,000**	**4,495,700**	**4,861,300**	**3,801,400**	4,145,100	2%	10%
Thermal (excluding RSA domestic)	**11,035,500**	**10,783,600**	**10,614,500**	**9,217,800**	10,567,300	2%	4%
RSA domestic thermal	**10,155,100**	**10,587,400**	**9,887,100**	**9,295,900**	10,877,100	(4)%	(7)%

(1) Kolomela commenced commercial production on 1 December 2011. Revenue and related costs associated with 984,700 tonnes of production were capitalised for the year ended 31 December 2011.
(2) In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current presentation.
(3) Saleable production.
(4) Production includes Medium Carbon Ferro Manganese.
(5) Zibulo commenced commercial production on 1 October 2011. Revenue and related costs associated with 2,155,200 tonnes of production were capitalised before commercial production was reached in 2011. This included Eskom coal production of 633,400 tonnes and export thermal coal production of 1,521,800 tonnes.
(6) Excludes Platinum copper production.
(7) Excludes Platinum nickel production.
(8) Includes Barro Alto which is currently not in commercial production and therefore all revenue and related costs associated with 21,600 tonnes (2011: 6,200 tonnes) of production have been capitalised.
(9) On 16 August 2012 Anglo American completed its acquisition of an additional 40% interest in De Beers increasing Anglo American's total shareholding to 85%. Production data is disclosed on a 100% basis. Post completion of the acquisition, De Beers Consolidated Mines and De Beers Canada are fully consolidated subsidiaries and Debswana and Namdeb are joint ventures proportionately consolidated at 19.2% and 50% respectively. Global Sightholder Sales sells a significant portion of total production on behalf of operations based on contractual agreements in place.
(10) Excludes Tarmac and Scaw Metals.

Exchange rates and commodity prices

US$ exchange rates	2012	2011
Year end spot prices		
Rand	**8.47**	8.11
Brazilian real	**2.05**	1.87
Sterling	**0.62**	0.65
Australian dollar	**0.96**	0.98
Euro	**0.76**	0.77
Chilean peso	**479**	520
Botswana pula	**7.79**	7.49
Average prices for the year		
Rand	**8.21**	7.26
Brazilian real	**1.95**	1.67
Sterling	**0.63**	0.62
Australian dollar	**0.97**	0.97
Euro	**0.78**	0.72
Chilean peso	**486**	484
Botswana pula	**7.61**	6.82

Commodity prices		2012	2011
Year end spot prices			
Iron ore (FOB Australia)[1]	US$/tonne	**138**	127
Thermal coal (FOB South Africa)[2]	US$/tonne	**89**	105
Thermal coal (FOB Australia)[2]	US$/tonne	**91**	112
Hard coking coal (FOB Australia)[3]	US$/tonne	**170**	285
Copper[4]	US cents/lb	**359**	343
Nickel[4]	US cents/lb	**771**	829
Platinum[5]	US$/oz	**1,533**	1,388
Palladium[5]	US$/oz	**705**	636
Rhodium[5]	US$/oz	**1,080**	1,400
Average market prices for the year			
Iron ore (FOB Australia)[1]	US$/tonne	**122**	160
Thermal coal (FOB South Africa)[2]	US$/tonne	**93**	116
Thermal coal (FOB Australia)[2]	US$/tonne	**94**	121
Hard coking coal (FOB Australia)[6]	US$/tonne	**210**	289
Copper[4]	US cents/lb	**361**	400
Nickel[4]	US cents/lb	**794**	1,035
Platinum[5]	US$/oz	**1,555**	1,725
Palladium[5]	US$/oz	**647**	736
Rhodium[5]	US$/oz	**1,275**	2,022

(1) Source: Platts.
(2) Source: McCloskey.
(3) Source: Represents the quarter four benchmark.
(4) Source: LME daily prices.
(5) Source: Johnson Matthey.
(6) Source: Represents the average quarterly benchmark.

Summary by business operation

US$ million	Revenue[1] 2012	Revenue[1] 2011	Underlying EBITDA[2] 2012	Underlying EBITDA[2] 2011[4]	Underlying operating profit/(loss)[3] 2012	Underlying operating profit/(loss)[3] 2011[4]	Underlying earnings 2012	Underlying earnings 2011[4]
Iron Ore and Manganese	**6,403**	7,643	**3,198**	4,586	**2,949**	4,400	**1,037**	1,457
Kumba Iron Ore	**5,572**	6,717	**3,175**	4,640	**2,980**	4,491	**1,085**[6]	1,534[6]
Iron Ore Brazil[5]	**–**	–	**(1)**	(137)	**(5)**	(141)	**(30)**	(130)
Samancor	**831**	926	**153**	198	**103**	165	**83**	144
Projects and corporate	**–**	–	**(129)**	(115)	**(129)**	(115)	**(101)**[6]	(91)[6]
Metallurgical Coal	**3,889**	4,347	**877**	1,577	**405**	1,189	**275**	844
Australia	**3,657**	4,068	**940**	1,553	**519**	1,188	**365**	850
Canada	**232**	279	**13**	85	**(38)**	62	**(27)**	46
Projects and corporate	**–**	–	**(76)**	(61)	**(76)**	(61)	**(63)**	(52)
Thermal Coal	**3,447**	3,722	**972**	1,410	**793**	1,230	**523**	902
South Africa	**2,477**	2,642	**607**	906	**482**	779	**312**	613
Colombia	**970**	1,080	**412**	535	**358**	482	**251**	318
Projects and corporate	**–**	–	**(47)**	(31)	**(47)**	(31)	**(40)**	(29)
Copper	**5,122**	5,144	**2,179**	2,750	**1,687**	2,461	**908**	1,610
Anglo American Sur	**3,186**	2,320	**1,686**	1,283	**1,369**	1,126	**675**	784
Anglo American Norte	**934**	1,136	**336**	665	**288**	629	**237**	470
Collahuasi	**1,002**	1,688	**451**	1,071	**324**	975	**230**	601
Projects and corporate	**–**	–	**(294)**	(269)	**(294)**	(269)	**(234)**	(245)
Nickel	**336**	488	**50**	84	**26**	57	**11**	23
Codemin	**176**	203	**53**	46	**47**	40	**31**	35
Loma de Níquel	**160**	285	**46**	86	**29**	66	**18**	29
Barro Alto	**–**	–	**(7)**	(12)	**(8)**	(13)	**(5)**	(8)
Projects and corporate	**–**	–	**(42)**	(36)	**(42)**	(36)	**(33)**	(33)
Platinum	**5,489**	7,359	**580**	1,672	**(120)**	890	**(225)**	410
Operations	**5,489**	7,359	**656**	1,734	**(44)**	952	**(155)**	469
Projects and corporate	**–**	–	**(76)**	(62)	**(76)**	(62)	**(70)**	(59)
Diamonds[7]	**4,028**	3,320	**711**	794	**496**	659	**312**	443
Other Mining and Industrial	**4,066**	4,520	**485**	540	**337**	315	**229**	175
Core	**770**	720	**196**	211	**169**	184	**108**	109
Phosphates	**597**	571	**114**	158	**91**	134	**64**	78
Niobium	**173**	149	**85**	55	**81**	52	**47**	33
Projects and corporate	**–**	–	**(3)**	(2)	**(3)**	(2)	**(3)**	(2)
Non-core	**3,296**	3,800	**289**	329	**168**	131	**121**	66
Amapá[5]	**327**	481	**89**	147	**54**	120	**27**	68
Tarmac[8]	**2,171**	2,347	**148**	103	**73**	(38)	**65**	(34)
Scaw Metals[9]	**798**	931	**60**	67	**49**	37	**37**	25
Lisheen[10]	**–**	36	**–**	17	**–**	17	**–**	14
Black Mountain[10]	**–**	5	**–**	3	**–**	3	**–**	1
Projects and corporate	**–**	–	**(8)**	(8)	**(8)**	(8)	**(8)**	(8)
Exploration	**–**	–	**(206)**	(121)	**(206)**	(121)	**(195)**	(118)
Corporate Activities and Unallocated Costs	**5**	5	**(160)**	56	**(203)**	15	**(36)**	374
	32,785	36,548	**8,686**	13,348	**6,164**	11,095	**2,839**	6,120

(1) Revenue includes the Group's attributable share of revenue of joint ventures and associates. Revenue for copper and zinc operations is shown after deduction of treatment and refining charges (TC/RCs).
(2) Underlying earnings before interest, tax, depreciation and amortisation (EBITDA) is operating profit/(loss) before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.
(3) Underlying operating profit/(loss) is revenue less operating costs before special items and remeasurements, and includes the Group's attributable share of associates' operating profit before special items and remeasurements.
(4) Projects and corporate has been revised to align with internal management reporting. Comparatives have been reclassified to align with current presentation.
(5) In 2012 Amapá has been reclassified from Iron Ore and Manganese to Other Mining and Industrial to align with internal management reporting. Comparatives have been reclassified to align with current presentation.
(6) Of the projects and corporate expense, $67 million (2011: $72 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is $1,018 million (2011: $1,462 million) as reported in the external earnings reconciliation, see page 86.
(7) On 16 August 2012 the Group acquired a controlling interest in De Beers (Diamonds segment). Until this date De Beers was accounted for as an associate of the Group. From 16 August 2012 De Beers ceased to be an associate and has been accounted for as a subsidiary of the Group.
(8) In the year ended 31 December 2011 the Group sold Tarmac's businesses in China, Turkey and Romania.
(9) In November 2012, the Group sold its interest in Scaw Metals.
(10) In 2011 the Group sold its interest in Lisheen and Black Mountain, which comprised the remainder of the Group's portfolio of zinc operations.

Key financial data

US$ million (unless otherwise stated)	**2012**	2011	2010	2009	2008	2007	2006[1]	2005[1]	2004[1]
Group revenue including associates	**32,785**	36,548	32,929	24,637	32,964	30,559	29,404	24,872	22,610
Less: Share of associates' revenue	**(4,024)**	(5,968)	(4,969)	(3,779)	(6,653)	(5,089)	(4,413)	(4,740)	(5,429)
Group revenue	**28,761**	30,580	27,960	20,858	26,311	25,470	24,991	20,132	17,181
Underlying operating profit including associates before special items and remeasurements	**6,164**	11,095	9,763	4,957	10,085	9,590	8,888	5,549	3,832
Special items and remeasurements (excluding financing and tax special items and remeasurements)	**(5,757)**	(44)	1,727	(208)	(330)	(227)	24	16	556
Net finance costs (including financing special items and remeasurements), tax and non-controlling interests of associates	**(269)**	(452)	(423)	(313)	(783)	(434)	(398)	(315)	(391)
Total profit from operations and associates	**138**	10,599	11,067	4,436	8,972	8,929	8,514	5,250	3,997
Net finance (costs)/income (including financing special items and remeasurements)	**(377)**	183	(139)	(407)	(401)	(108)	(71)	(220)	(385)
(Loss)/profit before tax	**(239)**	10,782	10,928	4,029	8,571	8,821	8,443	5,030	3,612
Income tax expense (including special items and remeasurements)	**(375)**	(2,860)	(2,809)	(1,117)	(2,451)	(2,693)	(2,518)	(1,208)	(765)
(Loss)/profit for the financial year – continuing operations	**(614)**	7,922	8,119	2,912	6,120	6,128	5,925	3,822	2,847
Profit for the financial year – discontinued operations	**–**	–	–	–	–	2,044	997	111	1,094
(Loss)/profit for the financial year – total Group	**(614)**	7,922	8,119	2,912	6,120	8,172	6,922	3,933	3,941
Non-controlling interests	**(879)**	(1,753)	(1,575)	(487)	(905)	(868)	(736)	(412)	(440)
(Loss)/profit attributable to equity shareholders of the Company	**(1,493)**	6,169	6,544	2,425	5,215	7,304	6,186	3,521	3,501
Underlying earnings[2] – continuing operations	**2,839**	6,120	4,976	2,569	5,237	5,477	5,019	3,335	2,178
Underlying earnings[2] – discontinued operations	**–**	–	–	–	–	284	452	401	506
Underlying earnings[2] – total Group	**2,839**	6,120	4,976	2,569	5,237	5,761	5,471	3,736	2,684
(Loss)/earnings per share (US$) – continuing operations	**(1.19)**	5.10	5.43	2.02	4.34	4.04	3.51	2.35	1.84
Earnings per share (US$) – discontinued operations	**–**	–	–	–	–	1.54	0.70	0.08	0.60
(Loss)/earnings per share (US$) – total Group	**(1.19)**	5.10	5.43	2.02	4.34	5.58	4.21	2.43	2.44
Underlying earnings per share (US$) – continuing operations	**2.26**	5.06	4.13	2.14	4.36	4.18	3.42	2.30	1.52
Underlying earnings per share (US$) – discontinued operations	**–**	–	–	–	–	0.22	0.31	0.28	0.35
Underlying earnings per share (US$) – total Group	**2.26**	5.06	4.13	2.14	4.36	4.40	3.73	2.58	1.87
Ordinary dividend per share (US cents)	**85.0**	74.0	65.0	–	44.0	124.0	108.0	90.0	70.0
Special dividend per share (US cents)	**–**	–	–	–	–	–	67.0	33.0	–
Weighted average basic number of shares outstanding (million)	**1,254**	1,210	1,206	1,202	1,202	1,309	1,468	1,447	1,434
Underlying EBITDA[3] – continuing operations	**8,686**	13,348	11,983	6,930	11,847	11,171	10,431	7,172	5,359
Underlying EBITDA[3] – discontinued operations	**–**	–	–	–	–	961	1,766	1,787	1,672
Underlying EBITDA[3] – total Group	**8,686**	13,348	11,983	6,930	11,847	12,132	12,197	8,959	7,031
Underlying EBITDA interest cover[4] – total Group	**61.2**	n/a	42.0	27.4	28.3	42.0	45.5	20.0	18.5
Operating margin (before special items and remeasurements) – total Group	**18.8%**	30.4%	29.6%	20.1%	30.6%	28.4%	25.4%	18.5%	14.7%
Ordinary dividend cover (based on underlying earnings per share) – total Group	**2.7**	6.8	6.4	–	9.9	3.5	3.5	2.9	2.7

See following page for footnotes.

Key financial data (continued)

US$ million (unless otherwise stated)	**2012**	2011	2010	2009	2008	2007	2006[(1)]	2005[(1)]	2004[(1)]
Balance sheet									
Intangible assets and property, plant and equipment	**49,660**	42,871	42,126	37,974	32,551	25,090	25,632	33,368	35,816
Other non-current assets and investments[(5)]	**8,512**	10,269	9,852	7,303	7,607	9,271	8,258	5,585	5,547
Working capital	**3,744**	2,093	2,385	2,168	861	1,966	3,096	3,538	3,543
Other net current liabilities[(5)]	**(990)**	(1,683)	(785)	(272)	(840)	(911)	(1,430)	(1,429)	(611)
Other non-current liabilities and obligations[(5)]	**(10,710)**	(9,220)	(8,757)	(8,487)	(7,567)	(6,387)	(5,826)	(8,491)	(8,339)
Cash and cash equivalents and borrowings[(6)]	**(8,660)**	(1,141)	(7,038)	(11,046)	(11,051)	(5,170)	(3,244)	(4,993)	(8,243)
Net assets classified as held for sale	**2,231**	–	188	429	195	471	641	–	–
Net assets	**43,787**	43,189	37,971	28,069	21,756	24,330	27,127	27,578	27,713
Non-controlling interests	**(6,130)**	(4,097)	(3,732)	(1,948)	(1,535)	(1,869)	(2,856)	(3,957)	(4,588)
Equity attributable to equity shareholders of the Company	**37,657**	39,092	34,239	26,121	20,221	22,461	24,271	23,621	23,125
Total capital[(7)]	**52,402**	44,563	45,355	39,349	33,096	29,181	30,258	32,558	35,806
Cash flows from operations – continuing operations	**7,021**	11,498	9,924	4,904	9,579	9,375	9,012	5,963	3,857
Cash flows from operations – discontinued operations	**–**	–	–	–	–	470	1,045	1,302	1,434
Cash flows from operations – total Group	**7,021**	11,498	9,924	4,904	9,579	9,845	10,057	7,265	5,291
Dividends received from associates and financial asset investments – continuing operations	**340**	403	285	639	659	311	251	468	380
Dividends received from associates and financial asset investments – discontinued operations	**–**	–	–	–	–	52	37	2	16
Dividends received from associates and financial asset investments – total Group	**340**	403	285	639	659	363	288	470	396
Return on capital employed[(8)] **– total Group**	**13.3%**	26.5%	24.8%	14.4%	36.9%	38.0%	32.6%	18.8%	16.9%
EBITDA/average total capital[(7)] **– total Group**	**17.9%**	29.7%	28.3%	19.1%	38.0%	40.8%	38.8%	26.2%	21.3%
Net debt to total capital (gearing)[(9)]	**16.4%**	3.1%	16.3%	28.7%	34.3%	16.6%	10.3%	15.3%	22.6%

(1) Comparatives for 2006, 2005 and 2004 were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.

(2) Underlying earnings is profit attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after net finance costs, income tax and non-controlling interests.

(3) Underlying EBITDA is operating profit before special items and remeasurements, depreciation and amortisation in subsidiaries and joint ventures and includes attributable share of EBITDA of associates.

(4) Underlying EBITDA interest cover is underlying EBITDA divided by net finance costs, excluding other net financial income, exchange gains and losses on monetary assets and liabilities, unwinding of discount relating to provisions and other non-current liabilities, financing special items and remeasurements, and including attributable share of associates' net interest expense, which in 2011 results in a net finance income and therefore the ratio is not applicable.

(5) Comparatives for 2008, 2007, 2006 and 2005 were adjusted in the 2009 Annual Report in accordance with IAS 1 *Presentation of Financial Statements – Improvements* to reclassify non-hedge derivatives whose expected settlement date was more than one year from the period end from current to non-current.

(6) This differs from the Group's measure of net debt as it excludes the net cash/(debt) of disposal groups (2012: $213 million; 2011: nil; 2010: $59 million; 2009: $48 million; 2008: $8 million; 2007: $(69) million; 2006: $(80) million; 2005: nil; 2004: nil) and excludes related hedges (2012: net liabilities of $168 million; 2011: net liabilities of $233 million; 2010: net liabilities of $405 million; 2009: net liabilities of $285 million; 2008: net liabilities of $297 million; 2007: net assets of $388 million; 2006: net assets of $193 million; 2005: nil; 2004: nil). See note 13 to the Condensed financial statements.

(7) Total capital is net assets excluding net debt.

(8) Return on capital employed is calculated as total operating profit before impairments for the year divided by the average of total capital less other investments and adjusted for impairments.

(9) Net debt to total capital is calculated as net debt (including related hedges) divided by total capital. Comparatives are presented on a consistent basis.

Non-financial data

	2012	2011	2010	2009	2008
Safety[1]					
Work-related fatalities	**13**	17	15	20	28
Fatal-injury frequency rate (FIFR)[2]	**0.008**	0.009	0.008	0.010	0.015
Total recordable case frequency rate (TRCFR)	**1.29**	2.01	1.44	1.81	2.27
Lost time injury frequency rate (LTIFR)[3]	**0.60**	0.64	0.64	0.76	1.04
Lost time injury severity rate (LTISR)	**223**	220	229	226	240
Occupational health[1]					
New cases of occupational disease (NCOD)[4]	**170**	197	268	489	132
Occupational disease incidence rate (per 200,000 hours) (ODIR)	**0.189**	0.205	0.284	0.483	0.126
Environment[1]					
Total CO_2 emissions (Mt CO_2e)	**18**	19	20	19	19
Total energy consumed (million GJ)[5]	**108**	102	100	106	102
Water used for primary activities (million m^3)[6]	**122**	115	115	125	124
Human Resources					
Women in management (%)[7]	**23**	22	21	19	17
Historically Disadvantaged South Africans in management (%)[8]	**62**	51	46	46	45
Resignations (%)	**2.4**	2.7	2.4	2.4	3.8
Redundancies (%)	**0.6**	1.4	2.1	3.8	0.6
Dismissals (%)	**1.4**	1.1	1.3	2.0	2.6
Other reasons for leaving (%)	**2.4**	0.3	2.8	4.9	2.0
Social					
CSI spend (total in US$ million)[9]	**154**	129	112	83	76
CSI spend (% of pre-tax profit)	**3**	1	1	2	1
Procurement: BEE spend (rand billion)	**25.8**	23.3	20.9	23.5	24.6
Businesses supported through enterprise development initiatives	**17,598**	38,681	9,392	3,720	3,012
Jobs created/maintained through enterprise development programmes	**64,927**	47,070	17,200	12,982	13,431

(1) Excludes De Beers, Samancor and Carbones del Cerrejón.
(2) FIFR is calculated as the number of fatal injuries to employees or contractors per 200,000 hours worked.
(3) LTIFR is the number of lost time injuries (LTIs) per 200,000 hours worked. An LTI is an occupational injury which renders the person unable to perform his/her regular duties for one full shift or more, the day after the injury was incurred, whether a scheduled workday or not.
(4) NCOD is the sum of occupational diseases due to asbestosis, NIHL, silicosis, coal-workers' pneumoconiosis, pneumoconiosis due to other fibrogenic diseases, chronic obstructive airways disease, occupational tuberculosis, occupational asthma, HAVs, musculoskeletal disorders, dermatitis, occupational cancers and other occupational diseases.
(5) Total amount of energy consumed is the sum of total energy from electricity purchased, total energy from fossil fuels and total energy from renewable fuels.
(6) Total amount of water used for primary activities is the total new or make-up water entering the operation and used for the operation's primary operational activities.
(7) Women in management is the percentage of female managers employed by the Group.
(8) Historically Disadvantaged South Africans in management is the percentage of managers at Anglo American in South Africa who are 'Historically Disadvantaged South Africans'.
(9) CSI spend is the sum of donations for charitable purposes and community investment (which includes cash and in-kind donations and staff time) as well as investments in commercial initiatives with public benefit (such as enterprise development).

Reconciliation of subsidiaries' reported earnings to the underlying earnings included in the condensed financial statements

for the year ended 31 December 2012

Note only key reported lines are reconciled.

Kumba Iron Ore Limited

US$ million	2012	2011
IFRS headline earnings	**1,499**	2,366
Exploration	**16**	4
Kumba Envision Trust[1]	**53**	–
Other adjustments	**3**	3
	1,571	2,373
Non-controlling interests[2]	**(500)**	(826)
Elimination of intercompany interest	**4**	(27)
Depreciation on assets fair valued on acquisition (net of tax)	**(8)**	(9)
Corporate cost allocation	**(49)**	(49)
Contribution to Anglo American underlying earnings	**1,018**	1,462

Anglo American Platinum Limited

US$ million	2012	2011
IFRS headline (loss)/earnings	**(170)**	527
Exploration	**4**	5
Operating and financing remeasurements (net of tax)	**2**	(27)
Restructuring costs included in headline earnings (net of tax)	**–**	6
BEE transactions and related charges	**–**	141
	(164)	652
Non-controlling interests	**33**	(132)
Elimination of intercompany interest	**10**	(1)
Depreciation on assets fair valued on acquisition (net of tax)	**(41)**	(55)
Corporate cost allocation	**(63)**	(54)
Contribution to Anglo American underlying earnings	**(225)**	410

[1] The Kumba Envision Trust charge is included in IFRS headline earnings but is an operating special item so is excluded from underlying earnings.
[2] On 20 July 2012 Anglo American increased its shareholding in Kumba Iron Ore Limited by 4.5% through the exercise of options acquired in 2011 and 2012, thereby increasing its shareholding from 65.2% to 69.7% for a total cost of $948 million.

Reconciliation of De Beers' reported earnings to the amounts included in the condensed financial statements
for the year ended 31 December 2012

On 16 August 2012 the Group acquired an additional 40% interest in De Beers, increasing its shareholding to 85%, and has consolidated 100% of the assets and liabilities of De Beers from this date. In accordance with IFRS the Group is required to fair value 100% of the assets and liabilities acquired based on the purchase consideration for the 40% acquired. As a result the Group has:

- Recognised a fair value uplift of $2,017 million relating to its existing 45% shareholding, with a corresponding special item (remeasurement) gain in the income statement. The additional depreciation arising as a result of the fair value uplifts on the Group's existing 45% shareholding has also been recognised as a special item (remeasurement) and amounted to $41 million in 2012 and is estimated to be $125 million in 2013.
- Recognised fair value uplifts associated with the additional 55% to be consolidated, including the Government of Botswana's 15% non-controlling interest. The additional depreciation and amortisation charge reduced operating profit by $50 million in 2012 and is estimated to be $150 million in 2013. The additional depreciation and amortisation charge reduced underlying earnings by $32 million in 2012 and is estimated to reduce underlying earnings by $100 million in 2013.

The following tables reconcile the earnings and capital expenditure of De Beers to the amounts included in the Group's financial statements and illustrate the earnings impact of the requirement to fair value assets and liabilities acquired.

	2012		2011	
US$ million	**De Beers (100%)**	**Anglo American share[1]**	De Beers (100%)	Anglo American share[1]
Underlying EBITDA (including associates)	**1,075**	**711**	1,763	794
Underlying operating profit	**815**	**496**	1,491	659
Underlying earnings[2]	**506**	**312**	993	443
Capital expenditure	**249**	**94**	260	–

(1) Amounts based on the Group's 45% shareholding to 16 August 2012 and a 100% basis thereafter. Underlying earnings from 16 August 2012 excludes the 15% non-controlling interest.
(2) See reconciliation below.

US$ million	**2012**	2011
Underlying earnings[1]		
De Beers underlying earnings	**506**	993
Anglo American share (45% prior to 16 August 2012)	**153**	447
Anglo American share (100% from 16 August 2012)	**166**	–
Fair value adjustments on acquisition[2]	**18**	–
Depreciation on assets fair valued on acquisition[3]	**(44)**	–
Exploration	**23**	–
	163	–
Non-controlling interest	**(18)**	–
Intercompany interest	**14**	–
Corporate cost allocation	**(7)**	–
Other	**7**	(4)
	159	(4)
Contribution to Anglo American underlying earnings	**312**	443
Operating special items		
Depreciation of fair value uplifts on existing assets[4]	**41**	–
Reversal of uplift on inventory[5]	**421**	–

(1) Debswana is a joint venture between De Beers and the Government of Botswana in which each shareholder has a 50% equity share. The joint venture arrangements provide De Beers with an economic interest in Debswana that is based on 19.2% of profits before deducting taxes and royalties paid by the joint venture. Consistent with these arrangements, De Beers proportionately consolidates 19.2% of Debswana's earnings (before taxes and royalties) in line with the Group's policy on accounting for joint ventures. As De Beers' share of earnings is based on profits before taxes and royalties, an effective tax rate of nil arises on the earnings of the joint venture in the Group's Condensed financial statements.
(2) Relates to assets fair valued on acquisition where the treatment in De Beers' underlying financial statements post-acquisition is already reflected in the Group's financial statements.
(3) Excludes the depreciation of fair value uplifts on the Group's previously held 45% equity interest.
(4) Relates to the depreciation of fair value uplifts on the Group's previously held 45% equity interest upon obtaining a controlling interest.
(5) Inventory held by De Beers at the date of the acquisition is required to be recognised at fair value under IFRS. This results in negligible margins upon the subsequent sale of inventory held at the date of the acquisition. The impact of fair value uplifts on inventory has been excluded from the Group's underlying earnings so as not to distort the operating margins of De Beers and to provide more useful information about the performance of the Group.

AngloAmerican

ANGLO AMERICAN plc

(Incorporated in England and Wales – Registered number 3564138)

(the Company)

Notice of Final Dividend

(Dividend No. 25)

The directors have recommended that a dividend on the Company's ordinary share capital in respect of the year ended 31 December 2012 will, subject to approval by shareholders at the Annual General Meeting to be held at 2.00 pm on Friday 19 April 2013, be paid as follows:

Amount (United States currency)	53 cents per ordinary share (note 1)
Amount (South African currency)	R4.7038 per ordinary share (note 2)
Last day to effect removal of shares between the UK and SA registers	Thursday 14 February 2013
Last day to trade on the JSE Limited (JSE) to qualify for dividend	Thursday 14 March 2013
Ex-dividend on the JSE from the commencement of trading on	Friday 15 March 2013 (note 3)
Ex-dividend on the London Stock Exchange from the commencement of trading on	Wednesday 20 March 2013
Record date (applicable to both the United Kingdom principal register and South African branch register)	Friday 22 March 2013
Last day for receipt of US$:£/€ currency elections by the UK Registrars (note 1)	Thursday 4 April 2013
Last day for receipt of Dividend Reinvestment Plan (DRIP) mandate forms by the UK Registrars (notes 4, 5 and 6)	Thursday 4 April 2013
Last day for receipt of DRIP mandate forms by Central Securities Depository Participants (CSDPs) (notes 4, 5 and 6)	Monday 8 April 2013
Last day for receipt of DRIP mandate forms by South African Transfer Secretaries (notes 4, 5 and 6)	Tuesday 9 April 2013
Currency conversion US$:£/€ rates announced on	Friday 12 April 2013
Removal of shares between the UK and SA registers permissible from	Monday 15 April 2013
Dividend warrants posted SA	Tuesday 23 April 2013
Dividend warrants posted UK	Wednesday 24 April 2013
Payment date of dividend	Thursday 25 April 2013

Notes

1. Shareholders on the United Kingdom register of members with an address in the United Kingdom will be paid in pounds sterling and those with an address in a country in the European Union which has adopted the euro, will be paid in euros. Such shareholders may, however, elect to be paid their dividends in US dollars provided the UK Registrars receive such election by Thursday 4 April 2013. Shareholders with an address elsewhere will be paid in US dollars except those registered on the South African branch register who will be paid in South African rand.
2. Dividend Tax will be withheld from the amount of the gross dividend of R4.7038 per ordinary share paid to South African shareholders at the rate of 15% unless a shareholder qualifies for exemption. After the Dividend Tax has been withheld, the net dividend will be R3.9982 per ordinary share.
   Anglo American plc had a total of 1,405,462,446 ordinary shares in issue, including 14,275,445 treasury shares, as at the date hereof. In South Africa the dividend will be distributed by Anglo South Africa Capital (Pty) Limited, a South African company with tax registration number 9273/364/84/5, in terms of the Company's dividend access share arrangements. No Secondary Tax on Companies (STC) credits will be used for the payment of the dividend.
3. Dematerialisation and rematerialisation of registered share certificates in South Africa will not be effected by CSDPs during the period from the JSE ex-dividend date to the record date (both days inclusive).
4. Those shareholders who already participate in the DRIP need not complete a DRIP mandate form for each dividend as such forms provide an ongoing authority to participate in the DRIP until cancelled in writing. Shareholders who wish to participate in the DRIP should obtain a mandate form from the UK Registrars, the South African Transfer Secretaries or, in the case of those who hold their shares through the STRATE system, their CSDP.
5. In terms of the DRIP, and subject to the purchase of shares in the open market, share certificates/CREST notifications are expected to be mailed on Tuesday 30 April 2013 and CSDP investor accounts credited/updated on Friday 3 May 2013. CREST accounts will be credited on Wednesday 1 May 2013.
6. Copies of the terms and conditions of the DRIP are available from the UK Registrars or the South African Transfer Secretaries.

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