

US\$600,000,000



Anglo American Capital plc
US\$600,000,000 2.625% Senior Notes due 2017
Guaranteed by Anglo American plc

Anglo American Capital plc (the “Issuer”) is offering US\$600 million of its 2.625% Senior Notes due 2017 (the “Notes”), with such Notes to be guaranteed (the “Guarantees”) by Anglo American plc (the “Company” or “Anglo American” and together with the Company’s subsidiaries, joint ventures and associates, “Anglo American Group”, the “Group”, “we”, “us” or “our”). Interest will be paid on the Notes semi-annually and in arrears on April 3 and October 3 of each year, commencing on October 3, 2012. The Notes will mature on April 3, 2017.

We have the option to redeem all or a portion of the Notes at any time at the redemption price set forth in this Offering Memorandum.

The Notes will be unsecured senior obligations of the Issuer and will rank equally with all of its other existing and future unsubordinated indebtedness.

The Notes will be issued in fully registered form and only in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

For a more detailed description of the Notes, see “Description of the Notes and the Guarantees” beginning on page 136.

An investment in the Notes involves risks. See “Risk Factors” beginning on page 11.

Offering Price for the Notes: 99.781% plus accrued interest, if any, from April 2, 2012

Application has been made to the Financial Services Authority in its capacity as competent authority pursuant to Part VI of the Financial Services and Markets Act 2000 (the “UK Listing Authority”) for the Notes to be admitted to the official list of the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for the Notes to be admitted to trading on the London Stock Exchange’s Regulated Market. References in this Offering Memorandum to the Notes being listed (and all related references) shall mean that the Notes have been admitted to trading on the London Stock Exchange’s Regulated Market and have been admitted to the Official List. The London Stock Exchange’s Regulated Market is a regulated market for purposes of Directive 2004/39/EC (the “Directive on Markets in Financial Instruments”). **The securities offered by this Offering Memorandum have not been recommended by the United States Securities and Exchange Commission (the “SEC”) or any other US federal or state securities commission or regulatory authority nor have such authorities confirmed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.**

The Notes and the Guarantees have not been registered, and we do not intend to register the Notes or the Guarantees, under the US Securities Act of 1933, as amended (the “Securities Act”), or any securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold in the United States only to qualified institutional buyers in accordance with Rule 144A under the Securities Act (“Rule 144A”) and outside the United States to certain non-US persons in accordance with Regulation S under the Securities Act. Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes and the related Guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For further details about eligible offerees and transfer restrictions, see “Plan of Distribution” and “Transfer Restrictions”.

Our credit ratings have been issued by Moody’s Investors Service Ltd. (“Moody’s”) and Standard & Poor’s Credit Market Services Europe Limited (“S&P”) and are Baa1 (stable outlook) and BBB+ (stable outlook), respectively. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the “CRA Regulation”), unless the rating is provided by a credit rating agency operating in the European Union before June 7, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. S&P and Moody’s have each been registered under the CRA Regulation by the Financial Services Authority as of October 31, 2011.

BNP Paribas Securities Corp., Goldman, Sachs & Co., Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC, and UBS Securities LLC (collectively, the “Joint Bookrunners” or the “Initial Purchasers”) expect to deliver the Notes to purchasers on or about April 2, 2012 through the facilities of The Depository Trust Company including its participants Euroclear Bank S.A./N.V. and Clearstream Banking, société anonyme.

Joint Bookrunners

BNP PARIBAS

Goldman, Sachs
& Co.Mitsubishi UFJ
Securities

Morgan Stanley

UBS Investment
Bank

Offering Memorandum dated March 27, 2012

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In connection with the issue of the Notes, any one of Goldman, Sachs & Co., Morgan Stanley & Co. LLC or UBS Securities LLC (the “Stabilizing Managers”) or any person acting on behalf of a Stabilizing Manager may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, the Stabilizing Managers or person acting on their behalf is not under any obligation to do this. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes or 60 days after the date of the allotment of the Notes. Such stabilization shall be in accordance with all applicable laws, regulations and rules.

NOTICE TO INVESTORS

This Offering Memorandum is provided only to prospective purchasers of the Notes. You should read this Offering Memorandum before making a decision whether to purchase any Notes. You must not use this Offering Memorandum for any other purpose, make copies of any part of this Offering Memorandum or give a copy of it to any other person, or disclose any information in this Offering Memorandum to any other person.

We have prepared this Offering Memorandum and we are responsible for its contents. You are responsible for making your own examination of us and your own assessment of the merits and risks of investing in the Notes.

You should rely only on the information contained in and incorporated by reference into this Offering Memorandum. We have not authorized anyone to provide you with information, whether orally or in writing, either different from that contained in this Offering Memorandum or not set forth in this Offering Memorandum, and if you believe that there is any other information upon which you wish to rely that is either different from or not set forth in this Offering Memorandum, you should request that such information be included in a supplement to this Offering Memorandum, and, if not so included, you should not rely on it at all. We are offering to sell the Notes only where offers and sales are permitted. The information contained in this Offering Memorandum is accurate only as of the date of this Offering Memorandum, regardless of the time of delivery of this Offering Memorandum or any resale of the Notes.

By purchasing any Notes, you will be deemed to have acknowledged that (1) you have reviewed this Offering Memorandum; (2) you have had an opportunity to review all information considered by you to be necessary to make your investment decision and to verify the accuracy of, or to supplement, the information contained in this Offering Memorandum; (3) you have not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with your investigation of the accuracy of such information or your investment decision; (4) the Initial Purchasers are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this Offering Memorandum; and (5) no person has been authorized to give any information or to make any representation concerning us or the Notes, other than as contained in this Offering Memorandum. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

In making any investment decision, you must rely on your own examination of the Issuer and the Company and the terms of this offering, including the merits and risks involved. You should not construe anything in this Offering Memorandum as legal, business, tax or other advice. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

You must comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this Offering Memorandum and the purchase, offer or sale of the Notes, and you must obtain any required consent, approval or permission for the purchase, offer or sale by you of the Notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the Initial Purchasers are responsible for your compliance with these legal requirements.

We are offering the Notes and the Guarantees in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering.

The Notes are subject to restrictions on resale and transfer as described under “Transfer Restrictions”. By purchasing any Notes, you will be deemed to have made certain acknowledgments, representations and agreements as described in that section of this Offering Memorandum. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

The Initial Purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. Nothing contained in this Offering Memorandum is, or should be relied upon as, a promise or representation by the Initial Purchasers as to the past or future. The Initial Purchasers have not independently verified any of the information contained herein (financial, legal or otherwise) and assume no responsibility for the accuracy or completeness of any such information.

MISCELLANEOUS INFORMATION

This Offering Memorandum comprises a prospectus for the purposes of Art. 5.4 of the Prospectus Directive (2003/71/EC) and has been filed with, and approved by, the Financial Services Authority and has been made available to the public in accordance with requirements of the Prospectus Directive as implemented in the UK.

The Issuer and the Company accept responsibility for the information contained in this Offering Memorandum. To the best of the knowledge of the Issuer and the Company (each having taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and contains no omission likely to affect its import. Where the information in this Offering Memorandum has been sourced from a third party, such information has been accurately reproduced and so far as the Issuer and the Company are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.

THE SECURITIES OFFERED HEREBY HAVE NOT BEEN RECOMMENDED BY ANY UNITED STATES FEDERAL OR STATE SECURITIES COMMISSION OR REGULATORY AUTHORITY. FURTHERMORE, THE FOREGOING AUTHORITIES HAVE NOT CONFIRMED THE ACCURACY OR DETERMINED THE ADEQUACY OF THIS DOCUMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

The distribution of this Offering Memorandum and the offering and sale of the Notes in certain jurisdictions may be restricted by law. The Issuer, the Company and the Initial Purchasers require persons in possession of this Offering Memorandum to inform themselves about and to observe any such restrictions. This Offering Memorandum does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful.

Notwithstanding anything herein to the contrary, investors may disclose to any and all persons, without limitation of any kind, the US federal, state or local income tax treatment and tax structure of the offering and all materials of any kind (including opinions or other tax analyses) that are provided to the investors relating to such tax treatment and tax structure. However, any information relating to the US federal, state or local income tax treatment or tax structure shall remain confidential (and the foregoing sentence shall not apply) to the extent reasonably necessary to enable any person to comply with applicable securities laws. For this purpose, “tax structure” means any facts relevant to the US federal, state or local income tax treatment of the offering but does not include information relating to the identity of the issuer of the securities, the issuer of any assets underlying the securities, or any of their respective affiliates that are offering the securities.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED (“RSA 421-B”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

MARKET AND INDUSTRY DATA

Market data and certain industry data and forecasts used throughout this Offering Memorandum were obtained from internal Group surveys, market research, consultant surveys, publicly available information, reports of governmental agencies and industry publications and surveys. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have not independently verified any of the data from third party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, internal Group surveys, industry forecasts and market research, which we believe to be reliable, based upon the Group’s management’s knowledge of the industry, have not been independently verified. Forecasts are particularly likely to be inaccurate, especially over long periods of time. In addition, we do not necessarily know what assumptions regarding general economic growth were used in preparing the forecasts we cite. We do not make any representation as to the accuracy of information described in this paragraph. Statements as to the Group’s market position are based on the most currently available data. While we are not aware of any misstatements regarding the Group’s industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “Risk Factors” in this Offering Memorandum. Neither we nor the Initial Purchasers can guarantee the accuracy or completeness of any such information contained in this Offering Memorandum. Where the information in this Offering Memorandum has been sourced from a third party, such information has been accurately reproduced and so far as the Issuer and Company are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Further, where the information in this Offering Memorandum has been sourced from a third party, reference is made to the third party source where such information appears in the Offering Memorandum.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum includes “forward-looking information” within the meaning of Section 27A of the Securities Act and Section 21E of the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (“the “Exchange Act”). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including without limitation those concerning the economic outlook for the mining industry; expectations regarding commodity prices, exchange rates, production, cash costs and other operating results; growth prospects and outlook of our operations, individually or in the aggregate, including without limitation the completion and commencement of commercial

operations at our exploration and production projects, the amount of projected capital expenditure for such projects and the likelihood of retaining, renewing or obtaining licenses, permits, mining leases and other approvals or concluding joint ventures or other agreements; our liquidity and capital resources and expenditure; our asset optimization program; our restructuring program; and the outcome and consequences of any pending litigation, regulatory or similar proceedings. These forward-looking statements are not based on historical facts, but rather reflect our current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential”, “projected”, “will”, “continue” or other similar words and phrases. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

The risk factors described in this Offering Memorandum could affect our future results, causing these results to differ materially from those expressed in any forward-looking statements. These factors are not necessarily all the important factors that could cause our actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

You should review carefully all information, including the financial statements and the notes to the financial statements, which are incorporated by reference into this Offering Memorandum. The forward-looking statements included in this Offering Memorandum are made only as of the last practicable date prior to the date hereof. Neither we nor the Initial Purchasers undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this Offering Memorandum or to reflect the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statements in this section.

DEFINED TERMS

<u>Defined Term</u>	<u>Definition</u>
“AA Sur”	Anglo American Sur SA
“AAS”	Anglo American Services (UK) Ltd.
“AASA”	Anglo American South Africa Limited (formerly known as Anglo American Corporation of South Africa Limited)
“Amapá”	Anglo Ferrous Amapá Mineração LTDA
“Anglo American”, “Company”	Anglo American plc
“Anglo American Capital”, “Issuer”	Anglo American Capital plc
“Anglo American Group”, “Group”, “us”, “we” and “our”	Anglo American, together with its subsidiaries, joint ventures and associates
“Anglo American Platinum”	Anglo American Platinum Limited (previously Anglo Platinum Limited)
“AngloGold”	AngloGold Ashanti Limited
“Anooraq”	Anooraq Resources Corporation
“AO”	The Group’s Asset Optimization Program
“ArcelorMittal”	ArcelorMittal South Africa Limited
“Australian dollar”, “AUD”	The lawful currency of Australia
“BBBEE”	Broad-Based Black Economic Empowerment
“BBBEE Act”	The South African Broad-Based Black Economic Empowerment Act, 2003
“BEE”	Black Economic Empowerment
“Board”	The Board of Directors of Anglo American
“Black Mountain”	Black Mountain Mining (Proprietary) Limited
“Brazilian real”, “BRL”	The lawful currency of Brazil
“British pound”, “GBP”	The lawful currency of the United Kingdom
“BRPM”	Bafokeng-Rasimone platinum mine
“Catalão”	Mineração Catalão de Goiás Limitada
“CdG”	Carbones del Guasare S.A.
“Cerrejón”	Carbones del Cerrejón Coal Limited, Cerrejón Zona Norte S.A., and Coal Marketing Company Limited
“Charter”	The Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry
“Chilean peso”, “CLP”	The lawful currency of Chile
“CHL”	CHL Holdings Limited
“CIL”	Centhold International Limited
“Codelco”	Corporación Nacional del Cobre de Chile
“Copebrás”	Copebrás Limitada
“c/lb”	US cents per pound
“DBCM”	De Beers Consolidated Mines Limited
“DBUK”	De Beers UK Limited
“De Beers”	De Beers S.A.
“Deloitte”	Deloitte LLP
“Diamond Trading”	Diamond Trading Company
“Directive on Markets in Financial Instruments”	Directive 2004/39/EC

<u>Defined Term</u>	<u>Definition</u>
“DTC”	The Depository Trust Company
“erpo”	The equivalent refined platinum ounce in respect of Platinum’s own mines plus its share of joint ventures
“Eskom”	Eskom Holdings Limited (the South African electrical utility operator)
“ESOS”	Executive Share Option Scheme
“EU IFRS”	International Financial Reporting Standards as adopted for use by the European Union
“Euro”, “EUR”	The lawful common currency of the EU member states who have adopted the Euro as their sole national currency
“Exchange Act”	The United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder
“ExCo”	The Executive Committee of the Board of Directors of Anglo American plc
“Exxaro”	Exxaro Resources Limited (formerly known as Kumba Resources Limited)
“FSMA”	The Financial Services and Markets Act 2000
“GEMCO”	Groote Eylandt Mining Company (Proprietary) Limited
“GMC”	Group Management Committee
“GRB”	The Government of the Republic of Botswana
“GRN”	The Government of the Republic of Namibia
“Group 2010 Financial Statements”	The audited consolidated financial statements of the Anglo American Group and notes prepared in accordance with EU IFRS and Company financial statements prepared in accordance with UK GAAP, together with the related independent auditor’s audit report, as at and for the year ended December 31, 2010, together with the other materials referenced in sections (c), (d) and (e) on page xvi hereof
“Group 2011 Financial Statements”	The audited consolidated financial statements of the Anglo American Group and notes prepared in accordance with EU IFRS and Company financial statements prepared in accordance with UK GAAP, together with the related independent auditor’s audit report, as at and for the year ended December 31, 2011, together with the other materials referenced in sections (a) and (b) on page xvi hereof
“HDSAs”	Historically disadvantaged South Africans
“Hulamin”	Hulamin Limited
“Indenture”	The Indenture, dated April 8, 2009, as supplemented by the supplemental indenture to be dated on or around April 2, 2012, under which the Notes will be issued, among the Issuer, Anglo American and Citibank, N.A.
“Initial Purchasers”	Together, BNP Paribas Securities Corp., Goldman, Sachs & Co., Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC and UBS Securities LLC
“Iron Ore Brazil”	The Minas-Rio Project together with Amapá

<u>Defined Term</u>	<u>Definition</u>
“Issuer 2010 Financial Statements”	The audited financial statements of Anglo American Capital and notes thereto prepared in accordance with UK GAAP, together with the related independent auditor’s audit report, as at and for the year ended December 31, 2010
“Issuer 2011 Financial Statements”	The audited financial statements of Anglo American Capital and notes thereto prepared in accordance with UK GAAP, together with the related independent auditor’s audit report, as at and for the year ended December 31, 2011
“Joint Bookrunners”	Together, BNP Paribas Securities Corp., Goldman, Sachs & Co., Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC and UBS Securities LLC
“JORC Code”	The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 edition
“kt”	Kilotonnes
“Kumba”	Kumba Iron Ore Limited
“Kumba Resources”	Kumba Resources Limited (which has changed its name to Exxaro Resources Limited)
“Lafarge UK”	Lafarge Cement UK, Lafarge Aggregates and Concrete UK
“lb”	Denotes pounds
“LLX Minas-Rio”	LLX Minas-Rio Logística Comercial Exportadora SA (formerly known as LLX Minas-Rio Logística SA)
“MIBAM”	The Venezuelan Ministry of Basic Industries and Mining
“Minas-Rio”	Anglo Ferrous Minas-Rio Mineração SA
“Minas-Rio Project”	Anglo Ferrous Minas-Rio Mineração SA together with LLX Minas-Rio Logística Comercial Exportadora SA
“Minorco”	Minorco Société Anonyme, a Luxembourg based company
“Mitsui”	Mitsui & Co. Ltd
“Mitsubishi”	Mitsubishi Corporation
“MLdN”	Minera Loma de Níquel
“Mondi”	Mondi Group
“MPRDA”	The South African Mineral and Petroleum Resources Development Act, 2002
“Mt”	Million tonnes
“Mtpa”	Million tonnes per annum
“Mvela”	Mvelaphanda Resources Limited
“Notes”	2.625% Senior Notes due 2017
“Official List”	The official list of the UK Listing Authority
“‘old order’ mining or prospecting rights”	Prospecting, mining and mineral rights formerly regulated under the South African Minerals Act 50 of 1991 of the RSA and South African common law
“OMI”	Other Mining and Industrial business segment
“oz”	Denotes ounces
“Palabora”	Palabora Mining Company Limited
“PCI”	Pulverized coal injection
“Peace River Coal”	Peace River Coal Partnership
“PGI”	Platinum Guild International

<u>Defined Term</u>	<u>Definition</u>
“PGMs”	Platinum group metals
“RB Plat”	Royal Bakofeng Platinum Limited
“Reporting Policy”	The Anglo American Policy for the Reporting of Ore Reserves and Mineral Resources
“ROM”	Run of mine
“RSA”, “South Africa”	The Republic of South Africa
“S&SD”	Safety and Sustainable Development
“S&SD Committee”	The Safety & Sustainable Development Committee of the Board of Directors of Anglo American plc
“Samancor”	Samancor Holdings (Proprietary) Limited together with Groote Eylandt Mining Company (Proprietary) Limited and Tasmanian Electro Metallurgical Company (Proprietary) Limited
“SAMREC Code”	The South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves
“SARB”	South African Reserve Bank
“Scaw Metals”	Scaw South Africa (Proprietary) Limited together with, in respect of periods prior to 2011, the Scaw Metals International business
“Scaw SA”	Scaw South Africa (Proprietary) Limited
“Schedule II”	Schedule II to the MPRDA
“SEC”	The United States Securities and Exchange Commission
“Securities Act”	The US Securities Act of 1933, as amended
“Shares”	Ordinary shares of Anglo American plc
“SIOC”	Sishen Iron Ore Company (Proprietary) Limited
“South African rand”, “ZAR”	The lawful currency of the Republic of South Africa
“Tarmac”	The group of aggregates and building products companies operating under the Tarmac brand in the UK, Middle East and prior to their disposals in 2010 and 2011, Europe and China
“Tongaat Hulett”	Tongaat Hulett Limited
“tonnes”	Metric tonnes (1,000 kilograms)
“tpa”	Tonnes per annum
“Trustee”	Citibank, N.A.
“Trust Indenture Act”	The US Trust Indenture Act of 1939, as amended
“TSR”	Total shareholder return
“UK GAAP”	Generally Accepted Accounting Principles in the United Kingdom
“UK Listing Authority”	The Financial Services Authority in its capacity as competent authority pursuant to Part VI of the FSMA
“UOP”	Unit of production
“US GAAP”	Generally Accepted Accounting Principles in the United States
“US\$”, “US dollar”	The lawful currency of the United States of America

PRESENTATION OF FINANCIAL INFORMATION

Unless otherwise indicated, financial information in this Offering Memorandum has been prepared on the basis of International Financial Reporting Standards as adopted for use by the European Union (“EU IFRS”). The financial information of the Issuer has been prepared on the basis of applicable law and Generally Accepted Accounting Principles in the United Kingdom (“UK GAAP”). The financial information of the Company has been prepared on the basis of applicable law and EU IFRS.

The Group 2011 Financial Statements, Group 2010 Financial Statements, Issuer 2011 Financial Statements and Issuer 2010 Financial Statements are incorporated by reference in this Offering Memorandum and have been audited by Deloitte LLP (“Deloitte”), independent accountants and Registered Auditors and members of the Institute of Chartered Accountants in England and Wales, with an address at 2 New Street Square, London, EC4A 3BZ, as stated in their reports appearing therein.

Our business unit structure focuses our portfolio around core commodities which are located in areas of key geographic focus for each commodity. These business units include:

- Kumba Iron Ore (South Africa);
- Iron Ore Brazil (Brazil);
- Copper (Chile);
- Thermal Coal (South Africa);
- Metallurgical Coal (Australia);
- Platinum (South Africa); and
- Nickel (Brazil).

Our Group results are reported on a business segment basis in accordance with EU IFRS. Business segments (excluding exploration and corporate) include:

- Iron Ore and Manganese: Comprises Iron Ore Brazil, Kumba Iron Ore and Samancor;
- Copper;
- Thermal Coal;
- Metallurgical Coal;
- Platinum;
- Diamonds;
- Nickel; and
- Other Mining and Industrial: At December 31, 2011, this segment included Tarmac, Scaw South Africa (Proprietary) Limited (“Scaw SA”), Copebrás and Catalão.

Our segment results include an allocation of corporate costs associated with activities which are performed at a corporate center but are believed to add value to business segments. The costs of such activities are allocated to such business segments. The figure presented externally as Group corporate costs includes only costs associated with parental or direct shareholder related activities and with the Group’s insurance captive.

Following a strategic review during 2011, Peace River Coal is now managed as part of the Metallurgical Coal business segment, previously being reported under the Other Mining and Industrial segment. The 2009 results of Peace River Coal are included within the Other Mining and Industrial segment and the 2010 and 2011 results are included within the Metallurgical Coal segment.

Some financial and other information in this Offering Memorandum has been rounded and, as a result, the figures shown as totals in this Offering Memorandum may vary slightly from the exact arithmetic aggregation of the figures that precede them.

The Group 2011 Financial Statements, the Group 2010 Financial Statements, the Issuer 2011 Financial Statements and the Issuer 2010 Financial Statements, each incorporated by reference herein, each contain auditor's reports from Deloitte that contain language limiting the scope of Deloitte's duty of care in relation to such reports and the financial statements to which they relate. See "Independent Auditors" for a description of the independent auditor's review report and the auditor's audit reports including language limiting Deloitte's scope of responsibility in relation to such reports and the financial statements to which each relates. If a US court (or any other court) were to give effect to this limiting language, the recourse that investors in the Notes may have against Deloitte based on their report or the aforementioned financial statements to which they relate could be limited. The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the US Securities Exchange Act of 1934 (the "Exchange Act").

The financial information included in this Offering Memorandum (other than the Group 2011 and 2010 Financial Statements and the Issuer 2011 and 2010 Financial Statements which are incorporated by reference) does not constitute the statutory accounts of the Company or the Issuer within the meaning of Section 435 (1) and (2) of the Companies Act 2006 for any period presented. The auditors have made reports under Chapter 3 of Part 16 of the Companies Act 2006 on the statutory accounts of the Company and the Issuer for the years ended December 31, 2010 and 2011, which were unqualified and did not contain any statement as is described in Sections 498 (2) or (3) of the Companies Act 2006. Statutory accounts of the Company and the Issuer have been delivered to the Registrar of Companies in England and Wales for the year ended December 31, 2010. Statutory accounts of the Company and the Issuer will be delivered to the Registrar of Companies in England and Wales for the year ended December 31, 2011 in accordance with, and as required by, UK law.

The financial results of the Platinum and Diamond segments, and Kumba Iron Ore's contribution to the Iron Ore and Manganese segment, reconcile to the financial results of Anglo American Platinum Limited (previously Anglo Platinum Limited), De Beers S.A. and Kumba Iron Ore Limited, respectively, when taking into account certain adjustments, principally consolidation adjustments and corporate cost allocations.

NON-IFRS FINANCIAL MEASURES

The financial information within this Offering Memorandum includes certain measures that are not measures defined by EU IFRS. These include underlying earnings, operating profit before special items and remeasurements, group revenue and operating profit, including that of associates, EBITDA and net debt. These measures have been included for the reasons described below; however, these measures should not be used instead of, or considered as alternatives to, the Group's historical financial results based on EU IFRS.

UNDERLYING EARNINGS AND OPERATING PROFIT

In considering the financial performance of our businesses and segments, we analyze each of our primary financial measures of operating profit from subsidiaries and joint ventures, profit before tax, profit for the year attributable to equity shareholders of the Company and earnings per share into two components, comprising firstly "Before special items and remeasurements" and secondly, "After special items and remeasurements". Special items and remeasurements are excluded from the measures of business performance used by management to monitor financial performance as they are considered to distort the comparability of the Group's financial performance from year to year.

Special items and remeasurements are defined in note 5 of the Group 2011 Financial Statements (incorporated by reference into this Offering Memorandum) as follows:

- "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 include impairment charges and reversals and other exceptional items, including restructuring costs. Non-operating special items include profits and losses on disposals of investments and businesses as well as certain adjustments relating to business combinations.
- "Remeasurements" comprise other items which the Group believes should be reported separately to aid in understanding the underlying financial performance of the Group. This category includes:
 - Unrealized 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 realized gains or losses are recorded in underlying earnings in the same year as the underlying transaction for which such instruments provide an economic, but not formally designated, hedge. If the underlying transaction is recorded in the balance sheet, e.g. capital expenditure, the realized 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; and
 - Foreign exchange impact arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information and hence deferred tax is susceptible to currency fluctuations. Such amounts are included within income tax expense.

"Underlying earnings" is defined as profit for the financial year attributable to equity shareholders of the Company before special items and remeasurements.

"Operating profit before special items and remeasurements" is defined as operating profit from subsidiaries and joint ventures before special items and remeasurements.

These measures are reconciled to "Profit for the financial year attributable to equity shareholders of the Company" and "Operating profit", respectively, in notes 13 and 4 of the Group 2011 and 2010 Financial Statements, incorporated by reference into this Offering Memorandum.

We believe that separately presenting financial performance in two components facilitates reading and interpreting financial performance between periods, as underlying earnings and operating profit measures are more comparable because they exclude the distorting effect of special items and remeasurements, and special items and remeasurements are more clearly understood if separately identified and analyzed. The presentation of these components of financial performance is additional to, and not a substitute for, the comparable profit measures presented in accordance with EU IFRS.

Management uses these adjusted profit measures as the basis for monitoring financial performance and in communicating financial performance to investors in external presentations and announcements of financial results. Internal financial reports, budgets and forecasts are also principally prepared on the basis of these adjusted profit measures. Management compensates for the limitations inherent in the use of these adjusted profit measures through the separate monitoring and disclosure of special items and remeasurements as a component of the Group's overall financial performance.

GROUP REVENUE (INCLUDING ASSOCIATES) AND OPERATING PROFIT (INCLUDING ASSOCIATES)

“Group revenue (including associates)” and “Operating profit (including associates)” are defined as Group revenue and operating profit before special items and remeasurements, respectively, together with the Group's attributable share of revenue and operating profit (as appropriate) from our associates. These measures are reconciled to “Group revenue” and “Operating profit”, respectively, in note 2 of the Group 2011 and 2010 Financial Statements, incorporated by reference into this Offering Memorandum.

For the “Segment Discussion” section of the “Operating and Financial Review” section, “Revenue” and “Operating profit” are defined to include the Group's share of revenue and operating profit from associates and exclude special items and remeasurements, unless otherwise stated.

We believe that these measures are important to monitor, as they represent revenue and operating profit from all operations which we control, jointly control or significantly influence. As with the adjusted measures previously noted, management uses these measures in both internal analysis of results and external presentation of results to investors. The presentation of these components of financial performance is additional to, and not a substitute for, the comparable revenue and profit measures presented in accordance with EU IFRS.

EBITDA

“EBITDA” as presented in our historical financial statements and this Offering Memorandum is a measure of “Adjusted EBITDA” and is defined as profit for the financial year before net finance costs, income tax expense, depreciation and amortization: subsidiaries and joint ventures, depreciation and amortization: associates, operating special items and remeasurements (including associates), net profit on disposals (including associates), associates' financing special items and remeasurements, and share of associates' interest, tax and non-controlling interests. EBITDA is reconciled to “Total profit from operations and associates” in note 6 of the Group 2011 and 2010 Financial Statements, incorporated by reference into this Offering Memorandum. Further, “Total profit from operations and associates” is reconciled to “Profit for the financial year” in the consolidated income statement on page 126 and page 120 of the Group 2011 and 2010 Financial Statements, respectively, incorporated by reference into this Offering Memorandum.

We also present a measure of EBITDA for each of our business segments which is defined similarly to “EBITDA” in the preceding paragraph, but which has been calculated on a segment by segment basis. For a reconciliation of EBITDA on a segment basis to total EBITDA on a Group basis, please refer to note 6 of the Group 2011 and 2010 Financial Statements, incorporated by reference into this Offering Memorandum.

EBITDA and EBITDA on a segment basis are not measures of performance or liquidity under EU IFRS and should not be considered by investors in isolation to, or as a substitute for, a measure of profit, or as an indicator

of our operating performance or cash flows from operating activities as determined in accordance with EU IFRS. We do not consider these non-IFRS financial measures to be a substitute for, or superior to, the information provided by EU IFRS financial measures. We believe these supplemental non-IFRS measures are helpful to investors and financial analysts in highlighting trends in our overall business because the items excluded in calculating these measures have little or no bearing on our day-to-day operating performance. We encourage you to evaluate these items and the limitations for purposes of analysis in excluding them. Further, EBITDA may not be comparable to similarly titled measures disclosed by other companies.

NET DEBT

“Net debt” is defined as total borrowings less cash, cash equivalents and current financial asset investments (including derivatives which provide an economic hedge of debt and including the net debt of disposal groups). A reconciliation of net debt to amounts included in the balance sheet is set forth in note 31(b) and 31(c) of the Group 2011 and 2010 Financial Statements, incorporated by reference into this Offering Memorandum. The Group uses net debt as a part of our internal debt analysis. We believe that net debt is a useful measure, as it indicates the level of borrowings after taking account of the liquid financial assets within our business and incorporating the fair value of derivative instruments which provide an economic hedge of asset and liabilities included within net debt. In addition, the net debt balance provides an indication of the net debt on which we are required to pay interest.

SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES

The Company and the Issuer are incorporated under the laws of England and Wales. Most of the directors and executive officers of the Company and all the directors of the Issuer live outside the United States. Most of the assets of the Company’s and the Issuer’s directors and executive officers and substantially all the Company’s and the Issuer’s assets are located outside the United States. As a result, although each of the Company and the Issuer has appointed an agent for service of process under the instruments governing the Notes, it may be difficult for you to serve process on those persons or the Company or the Issuer in the United States or to enforce judgments obtained in US courts against them based on civil liability provisions of the securities laws of the United States.

There is doubt as to enforceability in England, in original actions or in actions for enforcement of judgments of United States courts, of liabilities predicated upon US federal securities laws. There is no treaty in effect between the United States and England providing for such enforcement and there are grounds upon which the English courts may choose not to enforce judgments of US courts.

AVAILABLE INFORMATION

For so long as the Company is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer and the Company, respectively, will furnish to the holder of any Notes and to each prospective purchaser designated by any such holder, upon the request of such holder or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. Any such request may be made to us at 20 Carlton House Terrace, London, SW1Y 5AN, England. As of the date hereof, the Company is exempt from such reporting obligations under Rule 12g3-2(b) under the Exchange Act.

EXCHANGE RATE DATA

The following table shows the high, low, period-end and period-average end of day rates taken from Bloomberg composite pricing in London, expressed as the relevant currency per US dollar, for the periods presented:

	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011	Period from January 1, 2012 to March 23, 2012
South African rand (“ZAR”)				
High for period	10.61	7.96	8.59	8.18
Low for period	7.26	6.63	6.57	7.44
End of period	7.38	6.60	8.11	7.68
Average for period	8.41	7.32	7.26	7.76
Euro (“EUR”)				
High for period	0.80	0.82	0.77	0.79
Low for period	0.66	0.69	0.67	0.74
End of period	0.70	0.75	0.77	0.75
Average for period	0.72	0.75	0.72	0.76
Chilean peso (“CLP”)				
High for period	641	548	535	519
Low for period	492	468	456	475
End of period	507	468	520	489
Average for period	559	510	484	489
Australian dollar (“AUD”)				
High for period	1.58	1.23	1.05	0.98
Low for period	1.07	0.98	0.91	0.93
End of period	1.11	0.98	0.98	0.95
Average for period	1.26	1.09	0.97	0.94
British pound (“GBP”)				
High for period	0.73	0.70	0.65	0.65
Low for period	0.59	0.61	0.60	0.62
End of period	0.62	0.64	0.65	0.63
Average for period	0.64	0.65	0.62	0.64
Brazilian real (“BRL”)				
High for period	2.43	1.90	1.91	1.87
Low for period	1.70	1.65	1.54	1.70
End of period	1.74	1.66	1.87	1.81
Average for period	2.00	1.76	1.67	1.77

The closing rates as at March 23, 2012, expressed as the relevant currency per US dollar, were as follows:

South African rand	7.68
Euro	0.75
Chilean peso	489
Australian dollar	0.95
British pound	0.63
Brazilian real	1.81

INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We are incorporating by reference certain information into this Offering Memorandum, which means we are disclosing important information to you by referring you to such information. The information being incorporated by reference is an important part of this Offering Memorandum and should be reviewed before deciding whether or not to purchase the Notes described herein.

Subject to the limitations and exclusions described in the paragraphs below, the following documents, which have previously been published and have been filed with the Financial Services Authority, shall be incorporated by reference into this Offering Memorandum:

- (a) the auditor's report and audited consolidated annual financial statements for the financial year ended December 31, 2011 of Anglo American plc as included in the 2011 Annual Report of the Company, on pages 122 to 176 thereof;
- (b) director remuneration detailed in Section 10 (Remuneration outcomes for 2011) and Section 11 (Sums paid to third parties in respect of a director's services) of the Remuneration Report as included in the 2011 Annual Report of the Company, on pages 112 to 115 thereof, which are referred to in the notes of the annual financial statements for the year ended December 31, 2011 of the Company (the information referred to in paragraphs (a) and this paragraph (b), together, the "Group 2011 Financial Statements");
- (c) the auditor's report and audited consolidated annual financial statements for the financial year ended December 31, 2010 of Anglo American plc as included in the 2010 Annual Report of the Company, on pages 116 to 171 thereof;
- (d) the critical accounting judgments and key sources of estimation uncertainty as included in the 2010 Annual Report of the Company, on pages 52 and 53 thereof, which are incorporated by reference into the notes of the annual financial statements for the year ended December 31, 2010 of the Company;
- (e) director remuneration detailed in Section 10 (Remuneration outcomes for 2010) and Section 11 (Sums paid to third parties in respect of a director's services) of the Remuneration Report as included in the 2010 Annual Report of the Company, on pages 105 to 109 thereof, which are referred to in the notes of the annual financial statements for the year ended December 31, 2010 of the Company (the information referred to in paragraphs (c) and (d) and this paragraph (e), together, the "Group 2010 Financial Statements");
- (f) the auditor's report and audited non-consolidated annual financial statements for the year ended December 31, 2011 of Anglo American Capital plc (such information, the "Issuer 2011 Financial Statements") as included in the 2011 Report and Financial Statements of the Issuer, on pages 4 to 24 thereof; and
- (g) the auditor's report and audited non-consolidated annual financial statements for the year ended December 31, 2010 of Anglo American Capital plc (such information, the "Issuer 2010 Financial Statements") as included in the 2010 Report and Financial Statements of the Issuer, on pages 4 to 23 thereof.

Except as expressly stated above, no part of the 2011 Annual Report of the Company, the 2010 Annual Report of the Company, the 2011 Report and Financial Statements of the Issuer or the 2010 Report and Financial Statements of the Issuer or any other document referred to in the documents listed above is incorporated by reference herein. Non-incorporated parts or other documents referred to in the documents listed above are either not relevant for the investor or are covered elsewhere in the Offering Memorandum and should be disregarded for the purposes of this Offering Memorandum.

The documents which have been incorporated by reference into this Offering Memorandum may be accessed at <http://www.angloamerican.com/specialinformation3> (the "special purpose website"). The special purpose website contains only the foregoing information and is not part of our website. The content of our website does not form any part of this Offering Memorandum. You may also obtain copies of this information by telephoning +44 (0) 20 7968 8888.

OVERVIEW

This overview highlights certain information contained in this Offering Memorandum. This overview does not contain all the information you should consider before investing in the Notes. You should read this entire Offering Memorandum carefully, including the sections entitled “Miscellaneous Information—Forward-Looking Statements”, “Risk Factors”, “Business Description”, and “Operating and Financial Review” included elsewhere in this Offering Memorandum and the financial information and the notes thereto incorporated by reference as outlined in the section entitled “Incorporation of Certain Information by Reference.” Other than under “Description of the Notes and the Guarantees” or where the context indicates otherwise, references herein to “us”, “we”, “our” and similar terms are to the Group.

THE ANGLO AMERICAN GROUP

Anglo American plc is the holding company of the Group, a global leader in mining, whether measured by market capitalization, revenue or net income. The Group has a range of high quality, core mining businesses with balanced participation across precious, base and bulk commodities. The Group is geographically diverse with operations in 43 countries. Anglo American is a public limited company incorporated under the laws of England and Wales under the name “Anglo American plc” and is registered in England and Wales.

The Group’s profit attributable to equity shareholders of the Company was US\$6,169 million, US\$6,544 million and US\$2,425 million for the years 2011, 2010 and 2009, respectively. The Group’s underlying earnings were US\$6,120 million, US\$4,976 million and US\$2,569 million for the years 2011, 2010 and 2009, respectively.

Our businesses’ (excluding exploration and corporate activities) contribution to operating profit (including associates) before special items and remeasurements in 2009, 2010 and 2011 is summarized in the tables below:

	Year ended December 31,		
	2009	2010	2011
	<i>(US\$m)</i>		
Iron Ore and Manganese	1,489	3,681	4,520
Copper	2,010	2,817	2,461
Thermal Coal	721	710	1,230
Metallurgical Coal	451	780	1,189
Platinum	32	837	890
Diamonds	64	495	659
Nickel	2	96	57
Other Mining and Industrial (“OMI”)	506	664	195
	5,275	10,080	11,201

Business Overview

The Anglo American business segments are:

- **Iron Ore and Manganese.** At December 31, 2011, this business segment’s iron ore operations were represented in South Africa by a controlling interest of 65.2% in Kumba Iron Ore Limited (“Kumba”), a company listed on the Johannesburg Stock Exchange, and in Brazil by a 100% interest in Anglo Ferrous Minas-Rio Mineração SA (“Minas-Rio”), a 49% interest in LLX Minas-Rio Logística Comercial Exportadora SA (“LLX Minas-Rio”, together with Minas-Rio, the “Minas-Rio Project”), which owns the port of Açú, and a 70% interest in Anglo Ferrous Amapá Mineração LTDA (“Amapá”). Its manganese operations (manganese ore mining and alloy production) are represented in South Africa and Australia by a 40% shareholding in both Samancor Holdings and Groote Eylandt Mining Company (“GEMCO”, together with Samancor Holdings, “Samancor”), respectively. Our investments in manganese operations are collectively known as “Samancor”.

- **Copper.** This business segment consists principally of interests in six operations in Chile, which are the wholly owned Mantos Blancos and Mantoverde mines, 75.5% interests in the Los Bronces and El Soldado mines and the Chagres smelter, and a 44% interest in the Collahuasi mine. In addition, this business segment has controlling interests in two projects in Peru (Quellaveco and Michiquillay) and a 50% interest in the Pebble project in Alaska. In October 2011, Corporación Nacional del Cobre de Chile (“Codelco”), the Chilean state copper company, notified us that it intended, in January 2012, to exercise an option to acquire 49% of Anglo American Sur (“AA Sur”), which held a 100% interest in the Los Bronces, El Soldado and Chagres operations. In November 2011, the Group announced the sale to Mitsubishi of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. The transaction was unconditional and was completed immediately. See “Business Description — Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur”.
- **Thermal Coal.** This business segment has operations in South Africa and Colombia. In South Africa, Thermal Coal owns and operates seven mines and has a 50% interest in the Mafube colliery, a 50% interest in the Phola washing plant and a 73% interest in Anglo American Inyosi Coal, which operates the Kriel Colliery, Zibulo (formerly Zondagsfontein) and various other projects. This business segment also has a 24.2% interest in the Richards Bay Coal Terminal through which South African export thermal coal is routed. Its Colombian operations are represented by a 33.3% interest in Carbones del Cerrejón Coal Limited, Cerrejón Zona Norte S.A. and Coal Marketing Company Limited (collectively known as “Cerrejón”).
- **Metallurgical Coal.** This business segment is the third largest exporter of metallurgical coal in the world, according to Wood Mackenzie. It operates seven mines, two wholly owned and five in which it has a majority interest. Six of these mines are located towards the east coast of Australia; five are in Queensland’s Bowen Basin, and one in the Hunter Valley in New South Wales. The segment’s other mine is located in the Peace River region in northeast British Columbia, Canada.
- **Platinum.** Our subsidiary, Anglo American Platinum Limited (previously Anglo Platinum Limited) (“Anglo American Platinum”), a company listed on the Johannesburg Stock Exchange and located in South Africa, is the world’s largest primary producer of platinum by production volume, accounting for approximately 40% of the global supply in 2011, according to Johnson Matthey. At December 31, 2011, the Group held a 79.8% interest in Anglo American Platinum.
- **Diamonds.** This business segment has mining operations in Botswana, South Africa, Namibia and Canada through its 45% interest in De Beers. In 2011, De Beers, with its joint venture partners, was responsible for approximately 35% of global rough diamond supply by value. In November 2011, we announced a conditional agreement with certain of De Beers’ other shareholders to acquire up to an additional 40% interest in De Beers, which acquisition is expected to close in the second half of 2012, subject to government and regulatory approval. See “Business Description— Diamonds — Acquisition of Additional Shareholding”.
- **Nickel.** This business segment comprises three ferronickel operations, Barro Alto and Codemin in Brazil, and MLdN in Venezuela. Barro Alto commenced production in March 2011. In addition, the business segment has two promising but unapproved projects in Brazil: Jacaré and Morro Sem Boné.
- **Other Mining and Industrial.** At December 31, 2011, this business segment included Copebrás, the second largest integrated phosphate fertilizer producer in Brazil, ferro-niobium producer Catalão, the quarry materials and building products companies operating under the Tarmac brand (“Tarmac”) and South African steel products manufacturer Scaw SA.

Strategy

We aim to become the leading global mining company. Our ambition is underpinned by three key aims, namely, to be the investment, partner and employer of choice in the industry. We seek to achieve this through the operational excellence of world class assets in the most attractive commodities and a resolute commitment to the highest standards of safe and sustainable mining. Our asset base is represented by seven business segments

focused around our core commodities — Iron Ore and Manganese, Copper, Thermal Coal, Metallurgical Coal, Platinum, Diamonds and Nickel.

We concentrate on pursuing mining investments intended to provide low cost and long life exposure to the commodity price cycle. Our principal aim is to ensure that we gain maximum value from our assets through a continual focus on operational efficiencies and growth opportunities. Our drive for extracting maximum operational efficiency from all our assets is supplemented by a Group focus on efficiency through the sharing of services and infrastructure, the centralization of procurement and back office functions and the streamlining of our management model to reduce bureaucracy and layers of management. We have a strong performance based culture, and we view a sharp focus on safety as paramount.

Despite the economic downturn in 2008 and 2009, we decided to continue the development of four key near term strategic growth projects — the Minas-Rio and Kolomela iron ore projects in Brazil and South Africa, respectively, the Barro Alto nickel development in Brazil and the Los Bronces copper expansion in Chile. We successfully delivered three of our four growth projects on or ahead of schedule during 2011. The Barro Alto project, with a competitive position in the lower half of the industry cost curve, commenced production in the first half of 2011 and is expected to reach full production at the end of 2012. Both the Kolomela project and the Los Bronces copper expansion commenced production in the second half of 2011 and are also expected to reach full production in 2012. We have made significant progress with the development of the Minas-Rio iron ore project, which is well placed on its industry cost curve, expected to have a long life, and on track to enter production from the second half of 2013. In December 2011, we announced the approval of the Grosvenor metallurgical coal project in the Bowen Basin of Queensland, Australia. See “Business Description — Major Growth and Replacement Projects”.

We have made significant progress with our asset optimization (“AO”) and procurement programs. The AO program is designed to identify and unlock business value from our existing assets. The program involves a thorough review of all activities performed across the full mining value chain, allowing for the identification of constraints and value improvement opportunities at our operations. This process includes setting improvement targets for these identified areas and thereafter in a structured and managed way ensuring that the available value is manifested in operational results. One of the key features of the program is an operational review, which involves an eight-step process designed to enable our business units to achieve operational excellence through the identification and prioritization of business improvement opportunities. During 2011, operational reviews were conducted at Sishen (Kumba Iron Ore), Landau (Thermal Coal), Dishaba (Platinum), Venetia (De Beers), Capcoal (Metallurgical Coal) and Collahuasi (Copper). The procurement program delivers value by both leveraging the global scale of our companies’ purchasing power and by developing strategic sourcing relationships with key global suppliers and is well integrated with the AO program. We originally targeted a combined benefit of US\$2 billion, excluding non core operations within the Other Mining and Industrial (“OMI”) segment, by the end of 2011. For the years ended December 31, 2010 and 2011, the AO and procurement programs generated a benefit to the Group of US\$2.3 billion and US\$3.2 billion, respectively. In 2011, these benefits were mainly derived from revenue-enhancing projects in the mining and processing steps of the value chain. In addition to our progress with these programs and in response to the global economic downturn, in late 2008 we initiated a substantial rationalization program with a planned headcount reduction of 19,000 in 2009. At December 31, 2009, we had achieved a headcount reduction of 23,400.

As part of the restructuring announced in October 2009, we identified certain of our businesses for divestment and began separately reporting those in the OMI business segment. Since this time management has made significant progress divesting these businesses, including the sales of our zinc portfolio, Scaw Metals International, several of Tarmac’s European and other businesses and five undeveloped coal assets in Australia which have generated a net cash inflow of over US\$3.0 billion. We have also continued to seek options for maximizing shareholder value from the remaining businesses. During the first half of 2011, we announced an agreement to combine Tarmac’s cement, aggregates, ready-mixed concrete, asphalt and contracting businesses in the United Kingdom with Lafarge Cement UK, Lafarge Aggregates and Concrete UK (“Lafarge UK”) and, as

part of our strategy to increase our Metallurgical Coal business, we have decided to retain our Peace River Coal asset in British Columbia. We have also decided to retain our Catalão and Copebrás businesses, which remain within the OMI segment but are classified as core businesses, with other businesses within OMI classified as non core. The sales processes for Scaw SA and the Callide mine, in our Metallurgical Coal business segment, are underway and will continue in a manner, and on a timetable, that we believe maximizes value for our shareholders.

For further discussion of major divestment transactions see “— Significant transactions and restructuring”.

Significant transactions and restructuring

We have recently undertaken or are in the process of undertaking significant transactions including:

AA Sur: In November 2011, the Group announced the sale to Mitsubishi of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. The transaction was unconditional and was completed immediately. See “Business Description — Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur”.

De Beers: In November 2011, the Group entered into an agreement with CHL Holdings Limited (“CHL”) and Centhold International Limited (“CIL”), together representing the Oppenheimer family interests in De Beers, to acquire their 40% interest in De Beers for a total cash consideration of US\$5.1 billion, subject to adjustment and conditions as provided for in the agreement. This acquisition is expected to close in the second half of 2012, subject to government and regulatory approval. See “Business Description — Diamonds — Acquisition of Additional Shareholding”.

We have undertaken several other significant transactions since the beginning of 2009, including a number entered into for the purpose of actively restructuring the Group in order to focus on our core businesses. These transactions included:

AngloGold: In the first quarter of 2009, we disposed of our remaining investment in AngloGold for proceeds of US\$1,770 million.

Booyesendal: In June 2009, we completed the disposal of our 50% interest in the Booyesendal joint venture to Mvelaphanda Resources Limited (“Mvela”) for a total consideration of US\$275 million (excluding transaction and deal facilitation costs).

Lebowa: In June 2009, we disposed of a 51% interest in Lebowa to Anooraq Resources Corporation (“Anooraq”). The fair value of consideration received was US\$247 million (excluding transaction and deal facilitation costs). Since June 30, 2009, the Group has held a 49% interest in Lebowa and commenced equity accounting from that date.

Tongaat Hulett and Hulamin: In July and August 2009, we disposed of our remaining shareholding in Hulamin and Tongaat Hulett, respectively, for total proceeds of US\$671 million (excluding transaction costs).

Tarmac’s European and other businesses: In March 2010, we disposed of our Polish concrete products business, in May 2010, we disposed of our French and Belgian concrete products business, and in September 2010, we disposed of our aggregates businesses in France, Germany, Poland and the Czech Republic for a total net cash inflow of US\$472 million. In July, October and November 2011, we completed the sale of our Chinese, Turkish and Romanian aggregates businesses respectively for a total net cash inflow of US\$8 million.

Anglo Inyosi: In June 2010, we completed a BEE transaction to transfer four projects plus an operating mine, all in the Thermal Coal segment, to Anglo American Inyosi Coal (Proprietary) Limited, an entity in which the Group holds 73% and the BEE partner, Inyosi, holds 27%. A BEE charge of US\$86 million was recognized on the disposal, principally relating to an IFRS 2 *Share-based Payment* charge.

Bafokeng-Rasimone Platinum mine (“BRPM”): On December 7, 2009, Anglo American Platinum exchanged its direct interest of 17% in BRPM for a 25.4% interest in Royal Bafokeng Platinum Limited (RB Plat) which was to be listed within 24 months, subject to favorable market conditions. In November 2010, the BRPM restructuring transaction was completed, which involved a change in the participation interests of the joint venture from that of joint control and management by Anglo American Platinum to RB Plat holding a majority interest and operating the joint venture. Until listing on November 8, 2010, Anglo American Platinum retained an effective 50% economic interest in BRPM and continued to exert joint control. As a result of the primary listing of RB Plat and the subsequent disposal by Anglo American Platinum of a portion of its shareholding in RB Plat, Anglo American Platinum retained an interest of 12.6% in RB Plat, which is accounted for as a financial asset investment. Anglo American Platinum also currently holds a 33% interest in BRPM, which has been equity accounted from November 8, 2010. The total gain on the BRPM restructuring was US\$546 million, which comprises the profit on disposal of US\$106 million and the fair value adjustments to the retained investments in RB Plat and BRPM of US\$440 million.

Undeveloped coal assets: In December 2010, we disposed of our interests in five undeveloped coal assets in Australia for a net cash inflow of US\$522 million.

Zinc business: In December 2010, we disposed of our Skorpion mine (comprising mining and refining operations) for a net cash inflow of US\$570 million, and in February 2011, we disposed of our Lisheen mine (comprising mining and milling operations) and our 74% interest in Black Mountain Mining (Proprietary) Limited (“Black Mountain”) (which holds 100% of the Black Mountain mine and Gamsberg project) for a total net cash inflow of US\$499 million.

Scaw Metals: In December 2010, we disposed of Moly-Cop and AltaSteel for a total net cash inflow of US\$993 million. A process to divest our interest in Scaw SA is currently underway.

Project Alchemy: During 2011, Anglo American Platinum announced a US\$430 million community empowerment transaction aimed at providing equity ownership to mine host communities that had not previously benefited from other broad-based BEE transactions. See “Business Description — Platinum”.

Peace River Coal: In August and September 2011, we acquired the remaining 25.2% minority interest in Peace River Coal for total consideration of US\$166 million.

Anooraq: In 2012, Anglo American Platinum and Anooraq concluded a binding term sheet for the restructure, recapitalization and refinancing of Anooraq and Bokoni Platinum Holdings Proprietary Limited. The detailed terms have been included in a joint announcement to both companies’ shareholders dated February 2, 2012. The implementation of the transaction is subject to the fulfilment of certain conditions precedent, including regulatory approval.

Callide mine: The Metallurgical Coal segment is exiting from low-margin thermal coal production and a process to divest the Callide mine is currently underway.

Certain of our restructuring transactions in South Africa (including the Tongaat Hulett, Hulamin, Booyensdal and Lebowa transactions in 2009) have been structured with reference to the objectives set forth in the Broad-Based Black Economic Empowerment Act 2003 (the “BBBEE Act”) and the ownership element component of the Codes of Good Practice that are issued from time to time by the South African Minister of Trade and Industry pursuant to the BBBEE Act. Others have been structured in accordance with the empowerment requirements applicable to entities in the mining sector, as contained in the South African Mineral and Petroleum Resources Development Act 2002 (“MPRDA”), the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the “Charter”) and the regulations published under the MPRDA. For a discussion of the BBBEE Act, the MPRDA and the Charter, see “Regulation — South Africa”.

Developments

Weak economic conditions arising from the the economic downturn in the second half of 2008 resulted in substantial and rapid declines in both prices and demand across most of our commodities (including base metals,

platinum and diamonds) which continued into early 2009. However, in the second quarter of 2009, prices in a number of our commodities (including copper, nickel and spot iron ore) recovered to some extent from their low points at the start of 2009, principally driven by demand in China and India. As 2009 progressed, varying degrees of confidence returned to the world markets and the prices across many of our commodities increased, continuing to be driven principally by the emerging economies of China and India. Despite this partial recovery, our 2009 commodity prices realized, with the exception of copper, were on average lower than our commodity prices realized in previous years, particularly for the platinum basket of metals, manganese ore and alloys, iron ore, metallurgical coal, fertilizers and nickel.

Price recovery in the second half of 2009 continued into 2010, with realized prices in 2010 generally exceeding those in 2009 for our key commodities (including platinum, thermal and metallurgical coal, copper, fertilizers, nickel and iron ore). Commodity markets remained resilient through the first half of 2011 owing to an upturn in global industrial production. However, commodity prices softened in the second half of 2011, as growth faltered in the world's major economies resulting in a slowdown in economic activity. The global economic recovery faces increasing headwinds, with continuing concerns relating to the European sovereign debt crisis. Alongside tighter fiscal policy in many advanced economies, central banks in the emerging economies have tightened monetary policy to curb inflation. Consequently, weaker growth could persist well into 2012.

Anglo American believes that the fundamentals of its core commodities remain attractive in the medium- to long-term and the Group has a number of long life, low cost growth projects, the continuing development of which is expected to enable the Group to capitalize on the next phase of economic growth.

As a result of the severity of the downturn experienced in the second half of 2008, Anglo American took a series of measures to address the near term pressures to seek to ensure that the Group's operating and cost profiles were appropriate and that its balance sheet and capital structure would have sufficient flexibility through the downturn, while preserving the Group's growth options for the longer term. In 2009, these measures included a more than 50% reduction in capital expenditure (to approximately US\$4.5 billion), addressing near term liquidity (raising US\$5.9 billion in funding from four major bond transactions, and the sale of our residual shareholding in AngloGold, Tongaat Hulett and Hulammin), production and headcount reductions, further cost cutting across the Group and the suspension of the share buyback program and dividend payments. The stronger economic conditions in the second half of 2009 and the recovery of prices in a number of our commodities which began in the second half of 2009 and continued into 2010, contributed to the reinstatement of our dividend payments in 2010.

In addition, the Group continues its program of AO, designed to improve the performance of the Group's existing long life asset base through cost and productivity improvements. The AO program involves a thorough review of all mining activities and includes benchmarking the performance of all assets and processes, internally and externally, to maximize best practice opportunities.

THE OFFERING

Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of the Notes and the Guarantees” section of this Offering Memorandum contains a more detailed description of the terms and conditions of the Notes and the Guarantees. Capitalized terms used but not defined in this section have the meanings set forth in “Description of the Notes and the Guarantees”.

- The Issuer** Anglo American Capital plc, a public limited company organized under the laws of England and Wales. The Issuer is a wholly owned subsidiary of Anglo American plc that serves as a financing vehicle through which the Anglo American Group raises funds to support its operations.
- The Guarantor of the Notes** Anglo American plc, a public limited company organized under the laws of England and Wales. The Company is the ultimate holding company for the Anglo American Group.
- The Notes** US\$600 million principal aggregate amount of 2.625% Senior Notes due 2017 (the “Notes”).

The Notes will be issued under the Indenture among the Issuer, the Company and the Trustee.
- The Guarantees** The obligations of the Issuer under the Notes will be unconditionally and irrevocably guaranteed on a senior and unsecured basis by the Company (the “Guarantees”) pursuant to the Indenture.
- The Offering** The Notes are being offered in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act and outside the United States to persons other than US persons in reliance upon Regulation S under the Securities Act.
- Issue Price** 99.781%.
- Issue Date** April 2, 2012.
- Maturity Date** April 3, 2017.
- Interest** The Notes will bear interest from the Issue Date at the rate of 2.625% per annum, payable semi-annually in arrears.
- Interest Payment Dates** April 3 and October 3 of each year, commencing October 3, 2012, until the Maturity Date.
- Regular Record Dates** March 15 and September 15 of each year.
- Status of the Notes and the Guarantees** The Notes and the Guarantees will be direct, unsecured and unsubordinated obligations of each of the Issuer and the Company, respectively, ranking *pari passu* among themselves and with all other direct, unsecured and unsubordinated obligations (except those obligations preferred by statute or operation of law) of the Issuer and the Company, respectively. The Notes and the Guarantees will be effectively subordinated to any debt or other obligations of any other subsidiary of the Company with respect to the earnings and assets of that subsidiary.
- Use of Proceeds** The net proceeds of the offering will be used for our general corporate purposes.

Covenants	The Issuer and the Company have agreed to certain covenants with respect to the Notes and the Guarantees, including limitations on: <ul style="list-style-type: none"> • liens; • sale and leaseback transactions; and • mergers and consolidations.
Events of Default	The occurrence or existence of certain conditions or events, including the acceleration of certain other indebtedness of the Issuer or the Company, may accelerate the Issuer and the Company’s obligations under the Notes.
Optional Redemption	The Issuer may redeem the Notes, in whole or in part, at its option, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the sum of the present values of the applicable Remaining Scheduled Payments discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus 25 basis points, together with accrued interest on the principal amount of the Notes to be redeemed to the date of redemption.
Optional Tax Redemption	The Notes are subject to redemption prior to maturity, at the option of the Issuer, in whole but not in part, at their principal amount, plus accrued interest to the date of redemption and any Additional Amounts, in the event of certain changes in tax laws.
Additional Amounts	Subject to certain exceptions and limitations provided for in the Indenture, the Issuer and the Company will pay such Additional Amounts on the Notes (or under the Guarantees in respect thereof) as may be necessary to ensure that the net amounts received by each holder of a Note after all withholding or deductions shall equal the amount of principal and interest which such holder would have received in respect of such Note (or payments under the Guarantees in respect thereof) in the absence of such withholding or deduction.
Change of Control	If a Change of Control Repurchase Event occurs (as defined under “Description of the Notes and the Guarantees”), the Issuer or the Company may be required to repurchase the Notes at a purchase price equal to 101% of their principal amount, plus any accrued and unpaid interest. See “Description of the Notes and the Guarantees — Change of Control Repurchase Event”.
Denomination, Form and Registration of Notes	The Notes will be issued in fully registered form and only in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Notes will be issued initially as Global Notes. The Depository Trust Company (“DTC”) will act as depository for the Notes. Except in limited circumstances, Global Notes will not be exchangeable for certificated notes.

Further Issues	The Issuer may from time to time without the consent of the holders of the Notes issue as many distinct series of debt securities under the Indenture as it wishes. Subject to certain conditions, it may also from time to time without the consent of the holders of the Notes issue additional Notes having the same terms and conditions as the Notes issued hereunder. The period of resale restrictions applicable to any Notes previously offered and sold in reliance on Rule 144A under the Securities Act shall automatically be extended to the last day of the period of any resale restrictions imposed on any such additional Notes.
Trustee, Paying Agent, Registrar and Transfer Agent	Citibank, N.A., whose address is Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom.
Settlement	The Issuer expects to deliver the Notes on or about April 2, 2012 (the “Settlement Date”).
Delayed Settlement Cycle	The Initial Purchasers expect that delivery of the Notes will be made against payment therefore on the Settlement Date, which will be the fifth business day following the pricing date of the offering (this settlement cycle being referred to as “T+5”). Under Rule 15c6-1 under the Securities and Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the pricing date or the immediately following business day will be required, by virtue of the fact that the Notes initially will settle on a delayed basis, to agree to a delayed settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.
Transfer Restrictions	Neither the Notes nor the Guarantees have been or will be registered under the Securities Act and each is subject to certain restrictions on resale and transfer.
Governing Law	The Indenture, the Notes and the Guarantees will be governed by and construed in accordance with the laws of the State of New York.
Ratings	It is expected that the Notes will be rated Baa1 (stable outlook) by Moody’s Investor Services Ltd and BBB+ (stable outlook) by Standard & Poor’s Credit Market Services Europe Limited, subject to confirmation on the Settlement Date. A credit rating is not a recommendation to buy or hold securities and may be subject to revisions, suspension or withdrawal at any time by the assigning rating agency.
Listing	The Company expects to make an application for the admission of the Notes to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s Regulated Market, a regulated market for purposes of the Directive on Markets in Financial Instruments.
Risk Factors	We urge you to consider carefully the risks described in “Risk Factors” beginning on page 11 of this Offering Memorandum before making an investment decision.

SUMMARY SELECTED FINANCIAL INFORMATION

The summary selected financial information of the Group set forth below for the years ended December 31, 2009, 2010 and 2011 has been derived from, and should be read in conjunction with, the consolidated financial statements and notes thereto prepared in accordance with EU IFRS and incorporated by reference in this Offering Memorandum. See “Presentation of Financial Information”.

You should regard the summary financial data below only as an introduction and should base your investment decision on a review of the entire Offering Memorandum and the information incorporated by reference herein.

	Year ended December 31,		
	2009	2010	2011
	<i>(US\$m unless otherwise stated)</i>		
Group revenue	20,858	27,960	30,580
Group revenue (including associates) ⁽¹⁾	24,637	32,929	36,548
Operating profit before special items and remeasurements (including operating profit of associates) ⁽¹⁾	4,957	9,763	11,095
Profit for the financial period attributable to equity shareholders of the Company	2,425	6,544	6,169
Underlying earnings ⁽¹⁾	2,569	4,976	6,120
Earnings per share (US\$)			
Basic	2.02	5.43	5.10
Basic — Underlying ⁽¹⁾	2.14	4.13	5.06
Dividends per share (US cents) ⁽²⁾			
Ordinary	—	65.0	74.0
Net assets	28,069	37,971	43,189
Net debt ⁽¹⁾	(11,280)	(7,384)	(1,374)
Net cash inflows from operating activities	4,087	7,727	9,362

(1) Definitions are set out in the “Non-IFRS financial measures” section.

(2) Interim and year end dividends proposed in respect of the applicable year ended December 31.

THE COMPANY

Anglo American plc is a public limited company organized under the laws of England and Wales. The principal offices of Anglo American plc are located at 20 Carlton House Terrace, London, SW1Y 5AN, England.

THE ISSUER

Anglo American Capital plc is a public limited company organized under the laws of England and Wales. It was formed for the purpose of securing and providing financing for the Anglo American Group. The principal offices of Anglo American Capital plc are located at 20 Carlton House Terrace, London, SW1Y 5AN, England.

RISK FACTORS

Prospective investors should read and carefully consider the following risk factors and other information in this Offering Memorandum before deciding to invest in the Notes. We believe that the risk factors identified below represent the principal risks inherent in investing in the Notes, but they are not the only risk factors we face. Additional risk factors not presently known to us or that we currently believe to be immaterial also may adversely affect our business, financial condition and results of operations. Should any known or unknown risk factors develop into actual events, these developments could have material adverse effects on our business, financial condition and results of operations.

Unless otherwise specified by reference to Anglo American or Anglo American Capital, the risks apply in the context of the Group and are also applicable to each of Anglo American plc and Anglo American Capital plc.

In this context, the following specific risks have been identified:

RISKS RELATED TO OUR BUSINESS

Our business, results of operations, cash flows and financial condition may be adversely affected by commodity price fluctuations and the continuation of poor economic conditions.

Commodity prices are determined principally by international markets and global supply and demand. Fluctuations in commodity prices give rise to commodity price risk across the Group. Historically, such prices have been subject to substantial variation.

Falling commodity prices may have an adverse effect on our financial position, revenues, results of operations and cash flows and could prevent us from completing certain transactions that are important to our business.

Adverse and volatile economic conditions can also limit our visibility in terms of anticipated revenues and costs, and can affect our ability to implement planned projects. In addition, rating agencies and industry analysts are likely to take such conditions into account when assessing our business and creditworthiness, and any adverse determinations, including ratings downgrades, may make it more difficult or expensive for us to raise capital in the future and may adversely affect the market price of the Notes.

If the global economic environment remains weak for the medium to long term, our ability to grow or maintain revenues in future years may be adversely affected, and at certain long-term price levels for a given commodity, certain of our extractive operations with respect to that commodity may not be economic. Such developments could have a materially adverse effect on our business, operational results, cash flows and financial condition.

Our business may be adversely affected by liquidity and counterparty risk.

We are exposed to liquidity risk arising from the need to finance our ongoing operations and growth. Global credit markets have been severely constrained in the past, and our ability to obtain funding has been and may again be significantly reduced should such conditions re-occur. Furthermore, the cost of obtaining funding can increase significantly.

A downgrade and lowering of our credit rating may have a negative impact on our ability to obtain funding and may increase the cost of financing.

If we are unable to obtain sufficient credit, either due to banking and capital market conditions generally, or due to factors specific to our business, we may not have sufficient cash to develop new projects, fund acquisitions or meet ongoing financing needs, which in turn could materially and adversely affect our revenues, operating results, cash flows and financial condition.

In order to meet our debt service obligations, including payments of interest and principal on the Notes, we will need to use proceeds from operating cash flows or disposals of assets, or use alternative funding sources such as our US\$3.5 billion revolving credit bank facility. There can be no assurance, however, that such proceeds will be sufficient or that any additional financing we might need would be available on commercially viable terms. Any failure to meet our debt service obligations would have a material adverse effect on our financial condition and could result in a loss of all or part of your investment in the Notes.

In addition, we are exposed to counterparty risk from customers or holders of cash that could result in financial losses should those counterparties become unable to meet their obligations to us. Furthermore, the treasury operations of our joint ventures and associates, including De Beers, are independently managed and may expose us to liquidity, counterparty and other financial risks.

Should our counterparties be unable to meet their obligations to us, or should the treasury operations of our joint ventures or associates incur losses, our operating results, cash flows and financial condition could be materially and adversely affected.

We may be adversely affected by currency exchange rate fluctuations.

Because of the global nature of our business, we are exposed to currency risk principally where transactions are not conducted in US dollars or where assets and liabilities are not US dollar-denominated. The majority of our sales revenue is denominated in US dollars, while the majority of our operating costs are influenced by the currencies of the countries where our operations are located and by the currencies in which the costs of imported equipment and services are denominated. The South African rand, Chilean peso, Brazilian real, Australian dollar, British pound and US dollar are the most important currencies influencing our operating costs and asset valuations. For historical information regarding the exchange rate of each of these non-US dollar currencies for US dollars, see “Exchange Rate Data”. Fluctuations in the exchange rates of these currencies may adversely and materially affect our operating results, cash flows or financial condition.

Inflation may have an adverse effect on our results of operations and cash flows.

Because we cannot control the market price at which commodities we produce are sold, we may be unable to pass through increased costs of production to our customers. As a result, it is possible that significantly higher future inflation in the countries in which we operate may increase future operational costs without a corresponding increase in the US dollar price of the commodities we produce, or a concurrent depreciation of the local currency against the US dollar.

Cost inflation in the mining sector is more apparent during periods of high commodity prices because demand for mining-related products and services can tend to exceed supply during such periods, although such inflation can occur at any point in the commodity cycle. A lag in the reduction of input costs relative to declining commodity prices will have a similar negative effect on our operations. Any such increased costs or delays in cost reductions may adversely affect our profit margins, cash flows and results of operations, and such effects could be material.

We are subject to risks associated with litigation.

As with most large corporations, we are involved from time to time as a party to various lawsuits, arbitrations, regulatory proceedings or other disputes. Litigation, arbitration and other such legal proceedings involve inherent uncertainties and, as a result, we face risks associated with adverse judgments or outcomes in these matters. Even in cases where we may ultimately prevail on the merits of any dispute, we may face significant costs defending our rights, lose certain rights or benefits during the pendency of any proceeding or suffer reputational damage as a result of our involvement. We are currently engaged in a number of legal proceedings in various jurisdictions, including as described under “Business Description — Iron Ore and Manganese — Other Information” and “Business Description — Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur”.

There can be no assurance as to the outcome of any litigation, arbitration or other legal proceeding, and the adverse determination of material litigation could have a materially adverse effect on our business, operational results, cash flows and financial condition.

Safety, health and environmental exposures and related regulations may expose us to increased litigation, compliance costs, interruptions to operations, unforeseen environmental remediation expenses and loss of reputation.

Mining is a hazardous industry and is highly regulated by safety, health and environmental laws. Working conditions including weather, altitude and temperature can add to the inherent dangers of mining, whether underground or in open pit mines. Failure to provide a safe and healthy working environment or to comply with environmental laws and regulations may result in government authorities forcing closure of mines on a temporary or permanent basis or refusing mining right applications. A failure to achieve the required high levels of safety health and environmental management can result in harm to our employees, the communities near our operations, and the environment. As a consequence, we could face fines and penalties, liability to employees and third parties for injury illness or death, statutory liability for environmental remediation, and other financial consequences, which may be significant. We are currently subject to ongoing litigation relating to some of these areas of risk, and may face additional litigation in the future.

The mining process, including blasting and processing ore bodies, can generate environmental impacts including dust and noise and may require the storage of waste materials (including in liquid form). Dust, noise or leakage of polluting substances from site operations or uncontrolled breaches of mine residue facilities have the potential to generate harm to our employees and the communities near our operations. Potential impacts include fines and penalties, statutory liability for environmental remediation and other financial consequences that may be significant. Governments may force closure of mines on a temporary or permanent basis or refuse future mining right applications.

We could also suffer impairment of our reputation, industrial action or difficulty in recruiting and retaining skilled employees. Any future changes in laws, regulations or community expectations governing our operations could result in increased compliance and remediation costs.

Any of the foregoing developments could have a materially adverse effect on our results of operations, cash flows or financial condition.

Climate change as well as existing and proposed legislation and regulation affecting greenhouse gas emissions may adversely affect certain of our operations.

Anglo American is a large user of energy and one of the key commodities we produce is coal. Our operations are therefore exposed to changes in climate and the need to comply with changes in the regulatory environment aimed at reducing the effect of climate change. Various regulatory measures aimed at reducing greenhouse gas emissions and improving energy efficiency may affect our operations and customer demand for our products over time. Policy developments at an international, regional, national and sub-national level and emissions trading systems, such as the Emissions Trading System of the European Union, have implications on the profitability of our greenhouse gas-intensive and energy-intensive assets. See “Sustainable Development (Including Safety, Health, Environment and Social)”.

Potential impacts from climate change depend on the circumstances at individual sites but could include increased rainfall, flooding, water shortages and higher average temperatures. These may increase costs, reduce production levels or otherwise impact the results of operations.

Actions by governments or political instability in the countries in which we operate could adversely affect our business.

Our businesses may be affected by political, regulatory or legal developments in any of the countries and jurisdictions in which we operate. These may include changes to fiscal regimes or other regulatory regimes that may result in restrictions on the export of currency, expropriation of assets, imposition of royalties or new taxes and requirements for local ownership or beneficiation. Political instability can also result in civil unrest or nullification of existing agreements, mining leases, or permits. Any of these risks may materially and adversely affect our results of operations, cash flows and financial condition or deprive us of the economic benefits of ownership of our assets.

Our operations and development projects could be adversely affected by shortages of, as well as lead times to deliver, certain key inputs.

The inability to obtain, in a timely manner, strategic consumables, raw materials, mining and processing equipment could have an adverse impact on our results of operations, development projects and financial condition. The strong commodity cycle witnessed in recent years increased demand for such supplies, resulting in periods when supplies were not always available to meet demand when required or causing costs to increase above normal inflation rates. Any interruption to our supplies or increase in our costs would adversely affect our operating results and cash flows, and such effects could be material.

We may be unable to obtain or renew required licenses, permits and other authorizations and/or such licenses, permits and other authorizations may be suspended, terminated or revoked prior to their expiration.

We currently conduct, and will in the future be required to conduct, our operations (including prospecting and exploration activities) pursuant to licences, permits and other authorizations. Any delay and/or refusal by relevant government authorities in the obtaining or renewing of a license, permit or other authorization may require a delay in our investment or development of a resource and may have a material adverse effect on our results of operations, cash flows and financial condition. In addition, our existing licenses, permits and other authorizations may be suspended, terminated or revoked if we fail to comply with the relevant requirements. If we fail to fulfil the specific terms of any of our licenses, permits and other authorizations or if we operate our business in a manner that violates applicable law, government regulators may impose fines or suspend or terminate the license, permit or other authorization, any of which could have a material adverse effect on our results of operations, cash flows and financial condition.

The use of mining contractors at certain of our operations may expose those operations to delays or suspensions in mining activities.

Mining contractors are used at a number of our operations to perform various operational tasks, including carrying out mining activities and delivering ore to processing plants. In periods of high commodity prices, demand for contractors may exceed supply resulting in increased costs or lack of availability of key contractors. Disruptions of operations or increased costs also can occur as a result of disputes with contractors or a shortage of contractors with particular capabilities. Additionally, because we do not have the same control over contractors as we do over employees, there is a risk that contractors will not operate in accordance with our safety standards or other policies. To the extent that any of the foregoing risks materialize, our operating results and cash flows could be adversely affected, perhaps materially.

We may have less reserves than our estimates indicate.

Our Mineral Resources and Ore Reserves estimates are stated as of December 31, 2011 and are subject to a number of assumptions, including the price of commodities, production costs and recovery rates. Fluctuations in the variables underlying our estimates may result in material changes to our reserve estimates in the future, and such changes may have a materially adverse impact on our financial condition and prospects.

Failure to discover new reserves, enhance existing reserves or adequately develop new projects could adversely affect our business.

Exploration and development are costly, speculative and often unproductive, but are necessary for our business. Failure to discover new reserves, to maintain our existing mineral rights, to enhance existing reserves or to extract resources from such reserves in sufficient amounts and in a timely manner could materially and adversely affect our results of operations, cash flows, financial condition and prospects. In addition, we may not be able to recover the funds we spend identifying new mining opportunities through our exploration program.

Increasingly stringent requirements relating to regulatory, environmental and social approvals can result in significant delays in construction of our facilities and may adversely affect the economics of new mining projects, the expansion of existing operations and, consequently, our results of operations, cash flows and financial condition, and such effects could be material.

Damage to or breakdown of a physical asset, including due to fire, explosion or natural catastrophe may adversely affect our operating results and result in loss of revenue, loss of cash flow or other losses.

Damage to or breakdown of a physical asset, including as a result of fire, explosion or natural catastrophe, can result in a loss of assets and subsequent financial losses. Our operations and development projects are exposed to natural risks such as earthquake, extreme weather conditions, failure of mining pit slopes and tailing dam walls, and other natural phenomena. Our insurance with respect to catastrophic event risk may not be sufficient to cover our financial loss flowing from an event, and insurance is not available or is unavailable on economically viable terms for many risks we may face. The occurrence of events for which we are not insured, or for which our insurance is insufficient, may materially and adversely affect our revenues, operating results, cash flows and financial condition.

Our operations and development projects could be adversely affected by shortages of appropriately skilled employees, for whom we compete with mining and other companies to recruit, develop and retain.

Our ability to recruit, develop and retain personnel with appropriate skills is affected by global competition for skilled labor, particularly in periods of high commodity prices when demand for such personnel typically increases. Any failure to retain skilled employees or to recruit new staff may lead to increased costs, interruptions to existing operations and delay of new projects.

Labor disruptions could have an adverse effect on our results of operations, cash flows and financial condition.

There is a risk that strikes or other types of conflict with unions or employees may occur at any one of our operations, development projects or suppliers of critical goods and services, or in any of the geographic regions in which we operate. A significant portion of our workforce is unionized, especially in South Africa and South America. Labor disruptions may be used not only for reasons specific to our business, but also to advocate labor, political or social goals. Any labor disruptions could increase operational costs and decrease revenues, and if such disruptions are material, they could adversely affect, possibly materially, our results of operations, cash flows and financial condition.

Failure to prevent acts of fraud, bribery, corruption or anti-competitive behavior could adversely affect our business.

The potential impacts of violations of laws governing fraud, bribery, corruption, sanctions or anticompetitive behavior include prosecution, fines, penalties and reputational damage. We may suffer financial loss if we are the victim of a fraudulent act. We have developed training, compliance and audit programs to address the risks of contravening laws on bribery, corruption, sanctions, anti-competitive behavior and other

matters of legal compliance; however, as indicated by indices prepared by independent non-governmental organisations, we operate in certain countries where the risk of corruption is high, and certain industries in which we operate have in the past faced prosecution for anticompetitive behavior.

Adverse market conditions could affect our ability to carry out certain transactions that are important to our business.

Beyond the direct impact on our business, falling commodity prices and the lack of available credit markets could prevent us from carrying out certain transactions that are important to our business. We may also be unable to find suitable joint venture partners or to find buyers for businesses or assets we may wish to sell. Our inability to carry out important transactions may have an adverse effect on our business and financial condition, for example relating to our inability to sell assets at values or within expected timelines, complete planned acquisitions or create joint ventures.

Failure to meet production, construction, delivery and cost targets can adversely affect both operational performance and the Group's ability to implement projects in a timely and efficient manner, resulting in increased costs.

Failure to meet production targets can result in increased unit costs, and such increases may be especially pronounced at operations with higher levels of fixed costs. Unit costs may exceed forecasts, adversely affecting performance and results of operations. Results of operations can be affected by a range of technical and engineering factors. In addition, failure to meet project delivery times and budgets could have a negative effect on operational performance and lead to increased costs or reductions in revenue and profitability. Such increases could materially and adversely affect the economics of a project, and consequently our results of operations, cash flows and financial condition.

We may not achieve projected benefits of acquisitions or divestments.

We have undertaken a number of acquisitions in the recent past, including our acquisition of the Minas-Rio Project in Brazil and the agreement to acquire the Oppenheimer family's shareholding in De Beers. See "Business Description". With any such transaction there is the risk that any benefits or synergies identified at the time of acquisition may not be achieved as a result of changing or incorrect assumptions or materially different market conditions, resulting in adverse effects on financial performance, production volumes or product quality. Furthermore, we could be found liable for past acts or omissions of the acquired business without any adequate right of redress.

In addition, delays in the sale of assets or reductions in value realizable may arise due to changing market conditions. Failure to achieve expected values from the sale of assets or delays in expected receipt or delivery of funds may result in higher debt levels, underperformance of those businesses and possible loss of key personnel.

Restrictions on our ability to access necessary infrastructure services, including utilities and transportation, may adversely affect our operations.

Inadequate supply of the critical infrastructure elements for mining activity could result in reduced production or sales volumes or impact our development projects, which could have an adverse effect on our financial performance. Disruptions in the supply of essential utility services, such as water and electricity, could halt our production for the duration of the disruption and, when unexpected, could cause loss of life or damage to our mining equipment or facilities, which may in turn affect our ability to recommence operations on a timely basis. Adequate provision of transportation services, in particular rail services and timely port access, are critical to getting our products to market and disruptions to such services may affect our operations. We are largely dependent on third party providers of utility and transportation services including rail, port and shipping services, and their provision of services, maintenance of networks and expansion and contingency plans are outside our control.

In certain instances, our growth plans are reliant on third party rail providers expanding their carrying capacity. Failure by these third party rail providers to expand their carrying capacity could prevent us from getting our products to market and could adversely affect our operations.

Any disruption or inadequacy of infrastructure would be likely to adversely affect our production volumes and may result in delays and increased costs as well as lost revenue and reputation with customers, which would in turn adversely affect the Group's results of operations and cash flows, and such effects could be material.

Failure to manage relationships with local communities, governments and non-government organizations could adversely affect our future growth potential.

As a consequence of public concern about the perceived ill effects of economic globalization, businesses generally and in particular large multinational corporations such as Anglo American face increasing public scrutiny of their activities. In addition, we operate in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. These disputes are not always predictable and may cause disruption to projects or operations. Our operations can also have an impact on local communities, including the need, from time to time, to relocate communities or infrastructure networks such as railways and utility services. See "Sustainable Development (Including Safety, Health Environment and Social)". Failure to manage relationships with local communities, governments and non-government organizations may harm our reputation, as well as our ability to bring projects into production, which could in turn adversely affect our revenues, results of operations and cash flows, potentially in a material manner.

We face certain risks from the high infection rates of HIV/AIDS that may adversely affect our business and the communities in which we operate.

We recognize that the HIV/AIDS epidemic in sub-Saharan Africa is a significant threat to economic growth and development in that region and affects our business. In addition to the costs associated with the provision of anti-retroviral therapy to employees and occupational health services (both of which will increase if the incidence of HIV/AIDS spreads), there is a risk that the recruitment and retention of the skilled personnel needed to maintain and grow our business in southern Africa (and other regions where HIV/AIDS is a major social issue), will not be possible. If this occurs, our business would be adversely affected.

Our non-controlled assets may not comply with our standards.

Some of our operations are controlled and managed by joint venture partners, associates or by other companies. Management of non-controlled assets may not comply with our standards, for example, on safety, health and environmental matters or on financial or other controls and procedures. This may lead to higher costs and lower production and adversely affect our results of operations, cash flows, financial condition or reputation.

Certain factors may affect our ability to support the carrying value of our property, plants and equipment, acquired properties, investments and goodwill on our balance sheet.

We review and test the carrying value of our assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, we prepare estimates of expected future cash flows for each group of assets. Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve and production estimates, together with economic factors such as spot and forward commodity prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

If any of these uncertainties occur, either alone or in combination, it could require management to recognize an impairment, which could materially and adversely affect our results of operations or financial condition.

Inaccurate assumptions in respect of critical accounting judgments could adversely affect financial results.

In the course of preparing financial statements, our management necessarily makes judgments and estimates that can have a significant impact on our financial statements. The most critical of these relate to estimation of the useful economic life of assets and ore reserves, impairment of assets, restoration, rehabilitation and environmental costs, retirement benefits and special items and are detailed further under “Operating and Financial Review — Application of Critical Accounting Policies and Estimates”. The use of inaccurate assumptions in calculations for any of these estimates could have a significant impact on our results of operations and financial condition.

RISKS RELATING TO THE NOTES

There is no established trading market for the Notes and one may not develop.

The Notes will be new securities for which there currently is no established trading market. The Notes have not been and will not be registered under the Securities Act and will be subject to significant restrictions on resale. See “Transfer Restrictions”. There can be no assurance regarding the future development of a market for the Notes or the ability of holders of the Notes to sell their Notes or the price at which such holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be lower than the initial offering prices depending on many factors, including prevailing interest rates, our operating results and the market for similar securities. Therefore, there can be no assurance as to the liquidity of any trading market for the Notes or that active markets for the Notes will develop. We have applied to list the Notes on the London Stock Exchange’s regulated market and for admission to the official list. However, our listing and admission may not be approved or, if approved, may not be maintained.

Our holding company structure means that the claims of creditors of subsidiaries of the Company will generally have priority over claims on the guarantee obligations.

Anglo American plc is a holding company and derives the majority of its operating income and cash flow from its subsidiaries. It must rely upon distributions from its subsidiaries to generate funds necessary to meet its obligations, including any payments under the Guarantees. The obligations of the Issuer under the Notes are unsecured and rank equally in right of payment with all unsecured, unsubordinated obligations of the Issuer. The obligations of Anglo American under the Guarantees are unsecured and rank equally with all unsecured, unsubordinated obligations of Anglo American. These obligations will also be structurally subordinated to the holders of secured and unsecured debt and other creditors of subsidiaries of Anglo American. The Indenture does not place any limitation on the amount of unsecured debt that may be incurred by us or any of our subsidiaries (including the Issuer). As of December 31, 2011, a small proportion of our debt was outstanding at our subsidiaries and joint ventures (on a proportional basis), to which the notes would be structurally subordinated.

The Issuer is a finance vehicle, with no independent business operations.

Anglo American Capital plc is a finance vehicle, the primary business of which is the raising of money for the purpose of on-lending to other members of the Group. Accordingly, substantially all of the assets of the Issuer are loans and advances made to other members of the Group. The ability of the Issuer to satisfy its obligations in respect of the Notes depends upon payments being made to it by other members of the Group in respect of loans and advances made by the Issuer.

Investors in the Notes may have limited recourse against the independent auditors.

See “Independent Auditors” for a description of the independent auditors’ reports, including language limiting the auditors’ scope of duty in relation to such reports and the various financial statements to which they relate. In particular, the February 16, 2012 report of Deloitte, with respect to the Group 2011 Financial Statements, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales,

provides as follows: “This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.” The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. If a US court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent accountants based on their reports or the consolidated financial statements to which they relate could be limited.

Enforcement of US judgments may be difficult.

The Issuer and the Company are companies organized under the laws of England and Wales, and substantially all their respective assets are, or may be, located in jurisdictions outside the US. Accordingly, it could be difficult for holders of Notes to recover against the Issuer and the Company on judgments of US courts predicated upon civil liabilities under the US federal securities laws. See “Service of Process and Enforcement of Civil Liabilities”.

CAPITALIZATION

The following table sets forth the consolidated capitalization of the Group as of December 31, 2011, on an actual basis. You should read the following table together with “Use of Proceeds”, “Operating and Financial Review”, “Description of the Notes and the Guarantees” and the Group 2011 and 2010 Financial Statements incorporated by reference in this Offering Memorandum:

	As of December 31, 2011
	<i>(US\$m)</i>
Total debt ⁽¹⁾⁽³⁾	12,873 ⁽²⁾
Equity:	
Called-up share capital	738
Share premium account	2,714
Other reserves	283
Retained earnings	<u>35,357</u>
Equity attributable to equity shareholders of the Company	<u>39,092</u>
Total capitalization	<u><u>51,965</u></u>

(1) Including short-term, medium-term and long-term borrowings.

(2) As of December 31, 2011, secured and unsecured debt totaled US\$352 million and US\$12,521 million, respectively. For more information regarding our secured and unsecured debt, see “Operating and Financial Review”.

(3) In March 2012, the Group issued ZAR 2 billion of domestic Medium Term Notes listed on the Johannesburg Stock Exchange and EUR 750 million of Euro Medium Term Notes listed on the London Stock Exchange. On March 23, 2012, Anglo American gave notice that it would redeem in cash its 4.00% Convertible Bonds due 2014 on May 22, 2012, for an aggregate redemption amount of up to US\$1.7 billion, plus accrued and unpaid interest to the date of redemption.

Anglo American considers participation in debt markets as part of the ongoing management of its liquidity and capital resources. From time to time the Group may issue debt to this end.

In March 2012, the Group issued ZAR2 billion of Domestic Medium Term Notes listed on the Johannesburg Stock Exchange and EUR750 million Euro Medium Term Notes listed on the London Stock Exchange. On March 23, 2012, Anglo American gave notice that it would redeem in cash its 4.00% Convertible Bonds due 2014 on May 22, 2012, for an aggregate redemption amount of up to US\$1.7 billion, plus accrued and unpaid interest to the date of redemption. Holders of the Convertible Bonds due 2014 are entitled to convert their bonds into shares of Anglo American plc until May 15, 2012, and the aggregate amount to be paid upon redemption will be reduced to the extent of any such conversions.

USE OF PROCEEDS

We estimate the net proceeds to us from our sale of Notes pursuant to this Offering Memorandum to be approximately US\$596 million after deducting the underwriting discount and our offering expenses. Anglo American will use the proceeds for general corporate purposes.

BUSINESS DESCRIPTION

Anglo American plc is the holding company of the Group, a global leader in mining, whether measured by market capitalization, revenue or net income. The Group has a range of high quality, core mining businesses with balanced participation across precious, base and bulk commodities. The Group is geographically diverse, with operations in 43 countries.

Anglo American is a public limited company incorporated under the laws of England and Wales under the name “Anglo American plc” and is registered in England and Wales. Anglo American has its primary listing on the London Stock Exchange and is one of the FTSE 100 companies, which comprises the 100 largest UK listed companies by market capitalization. As of March 23, 2012 Anglo American’s market capitalization was approximately US\$51,799 million.

Anglo American was incorporated on May 14, 1998 with limited liability under the Companies Act 1985 and registered in England and Wales under the registered number 03564138. The registered office of Anglo American is 20 Carlton House Terrace, London, SW1Y 5AN, England and its telephone number is +44 (0) 20 7968 8888.

STRATEGY

We aim to become the leading global mining company. Our ambition is underpinned by three key aims, namely, to be the investment, partner and employer of choice in the industry. We seek to achieve this through operational excellence of world class assets in the most attractive commodities and a resolute commitment to the highest standards of safe and sustainable mining. Our asset base is represented by seven business segments focused around our core commodities — Iron Ore and Manganese, Copper, Thermal Coal, Metallurgical Coal, Platinum, Diamonds and Nickel.

We concentrate on pursuing mining investments intended to provide low cost and long life exposure to the commodity price cycle. Our principal aim is to ensure that we gain maximum value from our assets through a continual focus on operational efficiencies and growth opportunities. Our drive for extracting maximum operational efficiency from all our assets is supplemented by a Group focus on efficiency through the sharing of services and infrastructure, the centralization of procurement and back office functions and the streamlining of our management model to reduce bureaucracy and layers of management. We have a strong performance based culture, and we view a sharp focus on safety as paramount.

Despite the economic downturn in 2008 and 2009, we decided to continue the development of four key near term strategic growth projects — the Minas-Rio and Kolomela iron ore projects in Brazil and South Africa, respectively, the Barro Alto nickel project in Brazil and the Los Bronces copper expansion in Chile. The Barro Alto project, with a competitive position in the lower half of the industry cost curve, commenced production in the first half of 2011 and is expected to reach full production at the end of 2012. Both the Kolomela project and the Los Bronces copper expansion commenced production in the second half of 2011 and are also expected to reach full production in 2012. We have made significant progress with the development of the Minas-Rio iron ore project, which is well placed on its industry cost curve, expected to have a long life, and on track to enter production from the second half of 2013. In December 2011, we announced the approval of the Grosvenor metallurgical coal project in the Bowen Basin of Queensland, Australia. See “— Major Growth and Replacement Projects”.

We have made significant progress with our asset optimization (“AO”) and procurement programs. The AO program is designed to identify and unlock business value from our existing assets. The program involves a thorough review of all activities performed across the full mining value chain, allowing for the identification of constraints and value improvement opportunities at our operations. This process includes setting improvement targets for these identified areas and thereafter in a structured and managed way ensuring that the available value

is manifested in operational results. One of the key features of the program is an operational review, which involves an eight step process designed to enable our business units to achieve operational excellence through the identification and prioritization of business improvement opportunities. During 2011, operational reviews were conducted at Sishen (Kumba Iron Ore), Landau (Thermal Coal), Dishaba (Platinum), Venetia (De Beers), Capcoal (Metallurgical Coal) and Collahuasi (Copper). The procurement program delivers value by both leveraging the global scale of our companies' purchasing power and by developing strategic sourcing relationships with key global suppliers and is well integrated with the AO program. We originally targeted a combined benefit of US\$2 billion, excluding operations within the OMI segment, by the end of 2011. For the years ended December 31, 2010 and 2011, the AO and procurement programs generated a benefit to the Group of US\$2.3 billion and US\$3.2 billion, respectively. In 2011, these benefits were mainly derived from revenue-enhancing projects in the mining and processing steps of the value chain. In addition to our progress with these programs and in response to the global economic downturn, in late 2008 we initiated a substantial rationalization program with a planned headcount reduction of 19,000 in 2009. At December 31, 2009, we had achieved a headcount reduction of 23,400.

As part of the restructuring announced in October 2009, we identified certain of our businesses for divestment and began separately reporting those in the OMI business segment. Since this time management has made significant progress divesting these businesses, including the sales of our zinc portfolio, Scaw Metals International, several of Tarmac's European and other businesses and five undeveloped coal assets in Australia which have generated a net cash inflow of over US\$3.0 billion. We have also continued to seek options for maximizing shareholder value from the remaining businesses. During the first half of 2011, we announced an agreement to combine Tarmac's cement, aggregates, ready-mixed concrete, asphalt and contracting businesses in the United Kingdom with Lafarge Cement UK, Lafarge Aggregates and Concrete UK ("Lafarge UK") and, as part of our strategy to increase our Metallurgical Coal business, we have decided to retain our Peace River Coal asset in British Columbia. We have also decided to retain our Catalão and Copebrás businesses. The sales processes for Scaw SA and the Callide mine, in our Metallurgical Coal segment, are underway and will continue in a manner, and on a timetable, that we believe maximizes value for our shareholders.

For further discussion of major divestment transactions see "— Restructuring".

For details regarding our current principal businesses, see "— Business Overview".

HISTORY

Anglo American was incorporated on May 14, 1998 and became a public listed company in May 1999 following the completion of a combination with Anglo American Corporation of South Africa Limited, a public limited company incorporated in South Africa, now known as Anglo American South Africa Limited ("AASA"), and an exchange offer for the shares of Minorco Société Anonyme ("Minorco"). AASA was founded in South Africa in 1917 to exploit gold mining opportunities in the country. In the succeeding decades, AASA became increasingly involved in a wide range of mining and other industries. AASA was involved in pioneering the development of the Zambian Copperbelt, and the successful development of the Zambian copper mines was one of our first major achievements. The successful simultaneous development in the 1950s of five gold mines in South Africa brought AASA to the forefront of the mining industry internationally.

Beginning in the mid-1960s, AASA developed a range of investments in Europe, North America, Australia and South East Asia. We entered into new markets, including the steel industry through the acquisition of Scaw Metals, the timber, pulp and paper industry with the founding of Mondi, and increased investment in the South African coal industry through the development of a portfolio of eight coal mines and a stake in the Richards Bay Coal Terminal.

By the 1990s, AASA had a wide range of mining, financial and industrial interests both in sub-Saharan Africa and internationally, with the latter largely held through Minorco, which was originally incorporated in the

UK in 1928 as Rhodesian Anglo American Limited. The structures of AASA and Minorco had arisen as a result of South Africa's period of political and financial isolation from the international community and had proven increasingly complicated as we sought to develop a focused strategy for the Group. As a result, in 1999, the newly formed Anglo American acquired all the shares of both companies, a combination designed to create focused divisions, to achieve simplicity and transparency of structure and, in the process, to enhance shareholder value.

BUSINESS OVERVIEW

The Group is a global leader in mining, with profit attributable to equity shareholders of the Company of US\$6,169 million in the year ended December 31, 2011 and US\$6,544 million in the year ended December 31, 2010. Through our subsidiaries, joint ventures and associates, we are a global leader in the production of platinum and diamonds and have significant interests in metallurgical and thermal coal, copper and iron ore and manganese metals. Also, currently, we have a significant industrial minerals business.

The Anglo American business segments are:

- **Iron Ore and Manganese.** At December 31, 2011, this business segment's iron ore operations were represented in South Africa by a controlling interest of 65.2% in Kumba, a company listed on the Johannesburg Stock Exchange, and in Brazil by a 100% interest in Minas-Rio, a 49% interest in LLX Minas-Rio, which owns the port of Açú, and a 70% interest in Amapá. Its manganese operations (manganese ore mining and alloy production) are represented in South Africa and Australia by a 40% shareholding in Samancor.
- **Copper.** This business segment consists principally of interests in six operations in Chile, which are the wholly owned Mantos Blancos and Mantoverde mines, 75.5% interests in the Los Bronces and El Soldado mines and the Chagres smelter, and a 44% interest in the Collahuasi mine. In addition, this business segment has controlling interests in two projects in Peru (Quellaveco and Michiquillay) and a 50% interest in the Pebble project in Alaska. In October 2011, Codelco, the Chilean state copper company, notified us that it intended, in January 2012, to exercise an option to acquire 49% of AA Sur, which held a 100% interest in the Los Bronces, El Soldado and Chagres operations. In November 2011, the Group announced the sale to Mitsubishi of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. The transaction was unconditional and was completed immediately. See "— Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur".
- **Thermal Coal.** This business segment has operations in South Africa and Colombia. In South Africa, Thermal Coal owns and operates seven mines and has a 50% interest in the Mafube colliery, a 50% interest in the Phola washing plant and a 73% interest in Anglo American Inyosi Coal, which operates the Kriel Colliery, Zibulo and various other projects. This business segment also has a 24.2% interest in the Richards Bay Coal Terminal through which South African export thermal coal is routed. Its Colombian operations are represented by a 33.3% interest in the Cerrejón coal mine.
- **Metallurgical Coal.** This business segment is the third largest exporter of metallurgical coal in the world according to Wood Mackenzie. It operates seven mines, two wholly owned and five in which it has a majority interest. Six of the mines are located towards the east coast of Australia; five are in Queensland's Bowen Basin, and one in the Hunter Valley in New South Wales. The segment's other mine is located in the Peace River region in northeast British Columbia, Canada.
- **Platinum.** Our listed subsidiary, Anglo American Platinum, a company listed on the Johannesburg Stock Exchange and located in South Africa, is the world's largest primary producer of platinum by production volume, accounting for approximately 40% of the global supply in 2011 according to Johnson Matthey. At December 31, 2011, the Group held a 79.8% interest in Anglo American Platinum.
- **Diamonds.** This business segment has mining operations in Botswana, South Africa, Namibia and Canada through its 45% interest in De Beers. In 2011, De Beers, with its joint venture partners, was

responsible for approximately 35% of global rough diamond supply by value. In November 2011, we announced a conditional agreement with certain of De Beers' other shareholders to acquire up to an additional 40% interest in De Beers, which acquisition is expected to close in the second half of 2012. See “— Diamonds — Acquisition of Additional Shareholding”.

- **Nickel.** This business segment comprises three ferronickel operations, Barro Alto and Codemin in Brazil, and MLdN in Venezuela. Barro Alto commenced production in March 2011. In addition, the business segment has two promising but unapproved projects in Brazil: Jacaré and Morro Sem Boné.
- **Other Mining and Industrial.** At December 31, 2011 this business segment included Copebrás, the second largest integrated phosphate fertilizer in Brazil, ferro-niobium producer Catalão, Tarmac and South African steel products manufacturer Scaw SA.

The Group has exploration activities in many parts of the world covering greenfield and brownfield (in the vicinity of an existing mine) exploration, as well as identification of exploration properties for acquisition or company involvement. For years ended December 31, 2011 and 2010 the Group spent US\$121 million and US\$136 million, respectively on exploration activities in 17 countries and US\$172 million in the year ending 31 December 2009.

SIGNIFICANT TRANSACTIONS AND RESTRUCTURING

We have recently undertaken or are in the process of undertaking significant transactions including:

AA Sur: In November 2011, the Group announced the sale to Mitsubishi Corporation (“Mitsubishi”) of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. The transaction was unconditional and was completed immediately. See “— Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur”.

De Beers: In November 2011, the Group entered into an agreement with CHL and CIL, 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. This acquisition is expected to close in the second half of 2012, subject to government and regulatory approval. See “— Diamonds — Acquisition of Additional Shareholding”.

We have undertaken several other significant transactions since the beginning of 2009, including a number entered into for the purpose of actively restructuring the Group in order to focus on our core businesses. These transactions included:

AngloGold: In the first quarter of 2009, we disposed of our remaining investment in AngloGold for proceeds of US\$1,770 million.

Booyensdal: In June 2009, we completed the disposal of our 50% interest in the Booyensdal joint venture to Mvela for a total consideration of US\$275 million (excluding transaction and deal facilitation costs).

Lebowa: In June 2009, we disposed of a 51% interest in Lebowa to Anoroaq. The fair value of consideration received was US\$247 million (excluding transaction and deal facilitation costs). Since June 30, 2009, the Group has held a 49% interest in Lebowa and commenced equity accounting from that date.

Tongaat Hulett and Hulamin: In July and August 2009, we disposed of our remaining shareholding in Hulamin and Tongaat Hulett, respectively, for total proceeds of US\$671 million (excluding transaction costs).

Tarmac's European and other businesses: In March 2010, we disposed of our Polish concrete products business, in May 2010, we disposed of our French and Belgian concrete products business, and in September 2010, we disposed of our aggregates businesses in France, Germany, Poland and the Czech

Republic for a total net cash inflow of US\$472 million. In July, October and November 2011, we completed the sale of our Chinese, Turkish and Romanian aggregates businesses respectively for a total net cash inflow of US\$8 million.

Anglo Inyosi: In June 2010, we completed a BEE transaction to dispose of a 27% interest in Anglo American Inyosi Coal (Proprietary) Limited (Thermal Coal segment). A BEE charge of US\$86 million was recognized on the disposal, principally relating to an IFRS 2 *Share-based Payment* charge.

Bafokeng-Rasimone Platinum mine (“BRPM”): On December 7, 2009, Anglo American Platinum exchanged its direct interest of 17% in BRPM for a 25.4% interest in RB Plat which was to be listed within 24 months, subject to favorable market conditions. In November 2010, the BRPM restructuring transaction was completed, which involved a change in the participation interests of the joint venture from that of joint control and management by Anglo American Platinum to RB Plat holding a majority interest and operating the joint venture. Until listing on November 8, 2010, Anglo American Platinum retained an effective 50% economic interest in BRPM and continued to exert joint control. As a result of the primary listing of RB Plat and the subsequent disposal by Anglo American Platinum of a portion of its shareholding in RB Plat, Anglo American Platinum retained an interest of 12.6% in RB Plat, which is accounted for as a financial asset investment. Anglo American Platinum also currently holds a 33% interest in BRPM, which has been equity accounted from November 8, 2010. The total gain on the BRPM restructuring was US\$546 million, which comprises the profit on disposal of US\$106 million and the fair value adjustments to the retained investments in RB Plat and BRPM of US\$440 million.

Undeveloped coal assets: In December 2010, we disposed of our interests in five undeveloped coal assets in Australia for a net cash inflow of US\$522 million.

Zinc business: In December 2010, we disposed of our Skorpion mine (comprising mining and refining operations) for a net cash inflow of US\$570 million, and in February 2011, we disposed of our Lisheen mine (comprising mining and milling operations) and our 74% interest in Black Mountain (which holds 100% of the Black Mountain mine and Gamsberg project) for a total net cash inflow of US\$499 million.

Scaw Metals: In December 2010, we disposed of Moly-Cop and AltaSteel for a total net cash inflow of US\$993 million. A process to divest our interest in Scaw SA is currently underway.

Project Alchemy: During 2011, Anglo American Platinum announced a US\$ 430 million community empowerment transaction aimed at providing equity ownership to mine host communities that had not previously benefited from other broad-based BEE transactions. See “— Platinum”.

Peace River Coal: In August and September 2011, we acquired the remaining 25.2% minority interest in Peace River Coal for total consideration of US\$166 million.

Anooraq: In 2012, Anglo American Platinum and Anooraq concluded a binding term sheet for the restructure, recapitalisation and refinancing of Anooraq and Bokoni Platinum Holdings Proprietary Limited. The detailed terms have been included in a joint announcement to both companies’ shareholders dated 2 February 2012. The implementation of the transaction is subject to the fulfilment of certain conditions precedent, including regulatory approval.

Callide mine: The Metallurgical Coal segment is exiting from low-margin thermal coal production and a process to divest the Callide mine is currently underway.

Certain of our restructuring transactions in South Africa (including the Tongaat Hulett, Hulamin, Booyendal and Lebowa transactions in 2009) have been structured with reference to the objectives set forth in the BBBEE Act and the ownership element component of the Codes of Good Practice that are issued from time to time by the South African Minister of Trade and Industry pursuant to the BBBEE Act. Others have been structured in accordance with the empowerment requirements applicable to entities in the mining sector, as contained in the MPRDA, the Charter and the regulations published under the MPRDA. For a discussion of the BBBEE Act, the MPRDA and the Charter, see “Regulation — South Africa”.

OPERATING PROFIT (INCLUDING ASSOCIATES) BY SEGMENT

The following table sets forth the Group's operating profit (before special items and remeasurements) for the periods presented on a segment basis:

	Year ended December 31, 2009	%	Year ended December 31, 2010	%	Year ended December 31, 2011	%
<i>(US\$m unless otherwise stated)</i>						
Subsidiaries and joint ventures						
Iron Ore and Manganese	1,346	27.2	3,299	33.8	4,355	39.3
Copper	2,010	40.5	2,817	28.9	2,461	22.2
Thermal Coal	418	8.4	402	4.1	748	6.7
Metallurgical Coal	403	8.1	658	6.8	982	8.9
Platinum	58	1.2	896	9.2	976	8.8
Nickel	2	—	96	1.0	57	0.5
Other Mining and Industrial	458	9.2	657	6.7	195	1.8
Corporate Activities and unallocated						
Costs	(146)	(2.9)	(181)	(1.9)	15	0.0
Exploration	(172)	(3.5)	(136)	(1.4)	(121)	(1.1)
Total	4,377		8,508		9,668	
Associates						
Iron Ore and Manganese	143	2.9	382	3.9	165	1.5
Thermal Coal	303	6.1	308	3.1	482	4.4
Metallurgical Coal	48	1.0	122	1.2	207	1.9
Platinum	(26)	(0.5)	(59)	(0.6)	(86)	(0.8)
Diamonds	64	1.3	495	5.1	659	5.9
Other Mining and Industrial	48	1.0	7	0.1	—	—
Total	580		1,255		1,427	
Total Group operations including operating profit from associates	<u>4,957</u>	100	<u>9,763</u>	100	<u>11,095</u>	100
Subsidiaries, joint ventures and attributable share of associates						
Iron Ore and Manganese	1,489	30.1	3,681	37.7	4,520	40.8
Copper	2,010	40.5	2,817	28.9	2,461	22.2
Thermal Coal	721	14.5	710	7.3	1,230	11.1
Metallurgical Coal	451	9.1	780	8.0	1,189	10.8
Platinum	32	0.7	837	8.5	890	8.0
Diamonds	64	1.3	495	5.1	659	5.9
Nickel	2	—	96	1.0	57	0.5
Other Mining and Industrial	506	10.2	664	6.8	195	1.8
Corporate Activities and Unallocated						
Costs	(146)	(2.9)	(181)	(1.9)	15	0.0
Exploration	(172)	(3.5)	(136)	(1.4)	(121)	(1.1)
Total Group operations including operating profit from associates	<u>4,957</u>	100	<u>9,763</u>	100	<u>11,095</u>	100

The above tables present associates separately from subsidiaries and joint ventures.

- A joint venture is an operation in which the Group holds a long-term interest and shares joint control over the strategic, financial and operating decisions with one or more other venturers under a contractual agreement. The financial results of joint ventures are included in the consolidated financial statements of the Group on a proportional consolidation basis, pro rata to our ownership interest.
- Associates are investments over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Typically the Group owns between 20% and 50% of the voting equity of associates. The financial results of associates are accounted for in the consolidated financial statements of the Group using the equity method of accounting.

The following table sets forth the Group's operating profit on a total Group basis (before special items and remeasurements) by geography, allocated by location of our operations, for the periods presented:

	Year ended December 31,					
	2009	%	2010	%	2011	%
	<i>(US\$m unless otherwise stated)</i>					
Subsidiaries, joint ventures and attributable share of associates						
South Africa	2,023	40.8	5,001	51.2	6,059	54.6
South America	2,310	46.6	3,416	35.0	3,245	29.3
Australia and Asia	620	12.5	911	9.3	1,318	11.9
Africa outside South Africa	78	1.6	501	5.1	501	4.5
North America	(20)	(0.4)	14	0.2	256	2.3
Europe	(54)	(1.1)	(80)	(0.8)	(284)	(2.6)
Total	<u>4,957</u>	100	<u>9,763</u>	100	<u>11,095</u>	100

For a description of the average market prices for certain of our key commodities, see "Operating and Financial Review — Overview — Factors Affecting Results of Operations — Commodity Prices".

BUSINESS DESCRIPTION BY SEGMENT

This section provides background information, an industry overview and information related to strategy and business development for each segment.

IRON ORE AND MANGANESE

The Iron Ore and Manganese segment is comprised of the Kumba and Iron Ore Brazil business units, and our 40% associate interest in Samancor. The business segment is represented in South Africa by a 65.2% (as of December 31, 2011) shareholding in Kumba and in Brazil by Iron Ore Brazil which has a 100% interest in Minas-Rio, a 49% shareholding in LLX Minas-Rio, which owns the port of Açú (currently under construction) from which iron ore from Minas-Rio will be exported, and a 70% interest in Amapá. Its Manganese operations are represented by a 40% shareholding in Samancor.

Kumba. Kumba is listed on the Johannesburg Stock Exchange and operates three mines through its 73.9% investment in Sishen Iron Ore Company ("SIOC"). The three mines are Sishen in the Northern Cape, which produced 38.9 Mt of iron ore in 2011, Thabazimbi in Limpopo, which produced 0.9Mt in 2011 and Kolomela in the Northern Cape, which produced 1.5 Mt in 2011. Kolomela was brought into production five months ahead of schedule in 2011, is ramping up and is on track to produce between 4 Mtpa and 5 Mtpa in 2012, before producing at full design capacity of 9 Mtpa in 2013. Kumba is a leading supplier of seaborne iron ore, and exported more than 85% of its total iron ore sales volumes in 2011, with 68% of these exports destined for China and the remainder to Europe, Japan, South Korea and the Middle East.

Iron Ore Brazil. We are developing our Minas-Rio iron ore operations located in the states of Minas Gerais and Rio de Janeiro which, once fully operational, will include open pit mines and a beneficiation plant in Minas Gerais producing high grade pellet feed. The completion of phase 1 will see transportation of ore through a slurry pipeline more than 500 kilometers to the port of Açú in Rio de Janeiro state. Amapá, located in Amapá state in northern Brazil, commenced commercial production in January 2010, with pellet and sinter feed production of 4.8 Mt in 2011. Amapá's production is expected to increase to 5.5 Mt in 2012.

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

Industry Overview

Iron ore. Steel is the most widely used of all metals and demand for iron ore globally is largely dependent on the state of the steel industry worldwide and, more specifically, on that of the steel manufacturing sector in China. The country is the largest steel producer and consumer of iron ore in the world and accounts for more than two thirds of global seaborne iron ore imports.

According to World Steel Association, in 2011, global steel production increased by 6% from 1.4 billion tonnes in 2010 to 1.5 billion tonnes in 2011. At the same time, steel production in China increased by 9% from 627 Mt in 2010 to 685 Mt in 2011. China's seaborne iron ore imports rose by 11% from 619 Mt in 2010 to 684 Mt in 2011. The balance of China's iron ore needs was met by domestic iron ore production, which was increased by approximately 7% to 305 Mt (on a rich ore equivalent basis). However, Chinese crude steel production slowed considerably towards year end as a result of lower steel prices and slower steel demand, down 7% in the second half of 2011 compared to the first half of the year. At the same time Chinese seaborne imports of iron ore were up 11% in the second half compared to the first half. The combination of higher seaborne ore supplies and lower crude steel production resulted in a sharp fall in index prices in the final quarter of 2011, reducing the need for high priced domestic ore in the second half of the year.

The global economic uncertainty in the second half of the year, coupled with a credit liquidity squeeze in China, particularly affecting downstream steel stocking by end users and the construction sector, caused steel prices to fall. In turn, steel mills cut production, slowed purchasing of raw materials, focused on fine ore (rather than lump ore) and turned to sourcing lower grade ore to limit absolute costs. This halted increases in the spot price of iron ore and curtailed the demand and pricing for high quality and lump ore. By the end of the third quarter of 2011, steel production had started to slow noticeably as steel prices continued to weaken and market sentiment remained uncertain.

Steel demand and pricing in Europe has been subdued since April 2011, following concerns around the European sovereign debt crisis. Japanese steel production and prices were initially affected by the earthquake and tsunami during the first quarter of 2011 but recovered during the third quarter. However, as economic concerns increased this also weighed heavily on steel prices in Japan towards the end of the year. As a result, European and Japanese steel producers started to implement production slowdowns in an attempt to stabilize steel markets.

Consequently, iron ore off-take in these regions has slowed and China was the target of diverted contractual tonnages from a number of suppliers.

Spot iron ore prices fell to a low of \$116.75/tonne CFR (Cost and Freight) at the end of October 2011, losing around 35% from the peak achieved in early September 2011. Similarly, lump iron ore premiums came under severe pressure during the fourth quarter of 2011.

Steel markets in China remain subdued but have stabilized and steel production decreases have leveled out. Steel producers resumed the sourcing of iron ore during November 2011 as stocks had been run down and spot iron ore pricing found a support level provided by high cost Chinese domestic iron ore production. Spot prices have recovered and climbed to around \$140.00/tonne CFR to China in December 2011.

The majority of Kumba's export sales volumes remains committed to long-term or annual contracts and priced mainly on a quarterly benchmark basis, derived from the Published Platts iron ore index. In 2011, iron ore sold on a benchmark basis accounted for 73% of total export sales volumes. The remaining 27% consisted of index sales.

Manganese. The vast majority of manganese ore is smelted to produce manganese ferroalloys (such as ferromanganese and silicomanganese), which are an irreplaceable component of steel production, used in steel alloying applications, meaning the performance of the manganese alloy industry is the key determinant of manganese ore demand.

The early part of 2009 was characterized by significant demand contraction with underlying demand trends masked by stocking (the process whereby customers seek to mitigate the impact of an expected price increase by increasing their stock levels at current prices) and destocking activities (the process whereby customers seek to benefit from an expected price decrease by delaying restocking thereby limiting purchases at current prices) across the value chain. Market conditions progressively recovered in the later part of 2009 and into 2010 following an upward trend in global steel production. Manganese ore and alloy prices declined significantly during the first half of 2009, but increased progressively in the second half of 2009 as a result of improved market conditions, combined with customer restocking. Manganese ore and alloy prices increased further in 2010 as steel production continued to increase and steelmakers restocked inventory.

Manganese prices have since been under considerable downward pressure, particularly in the second half of 2011, as a result of over supply in the market and a build-up of port inventories in China.

On February 23, 2012, Samancor announced its intention to temporarily suspend production at TEMCO, its manganese alloy production facility in Tasmania, Australia. The suspension was principally due to input cost pressure and a strengthening Australian dollar coupled with low global alloy prices. No definitive decisions have been made regarding the future of TEMCO.

Strategy and Business Development

The core strategy of our Iron Ore business is to grow our position in iron ore and to supply premium, high quality iron ore products despite the declining quality of global iron ore supplies. We have a unique iron ore resource footprint, with large, high quality resource bases in South Africa and Brazil.

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

Significant future growth is expected to come from the expansion projects at Minas-Rio and Kolomela. Minas-Rio phase 1 is expected to produce 26.5 Mtpa, with first production expected during the second half of 2013. Minas-Rio has the potential to be expanded significantly and studies for the expansion of the project continue to be evaluated. See " — Major Growth and Replacement Projects". The Kolomela project is expected to produce 9 Mtpa of iron ore, with initial production of between 4 Mtpa and 5 Mtpa expected in 2012 before ramping up to full capacity in 2013.

The manganese strategy is to focus on upstream resources businesses as their low-cost alloy smelters recently have been under significant cost and price pressure. In the rail constrained environment in South Africa, the alloy smelters add value to the overall manganese business as they enable Samancor to maximize the manganese units exported from the country.

Other Information

On February 26, 2010, Kumba issued an announcement indicating that its subsidiary, Sishen Iron Ore Company (SIOC) had notified ArcelorMittal South Africa Limited (ArcelorMittal) on February 5, 2010 that it was no longer entitled to receive 6.25 Mtpa of iron ore contract mined by SIOC at cost plus 3% from Sishen mine, as a result of the fact that ArcelorMittal had failed to convert its old order mining rights. This contract mining agreement, concluded in 2001, was premised on ArcelorMittal owning an undivided 21.4% interest in the mineral rights of Sishen mine. As a result of ArcelorMittal's failure to convert its old order mining right, the contract mining agreement automatically lapsed and became inoperative in its entirety as of May 1, 2009.

As a result, a dispute arose between SIOC and ArcelorMittal, which SIOC has referred to arbitration. During 2011, three arbitrators were appointed and May 2012 was set as the date for the arbitration to begin. On 9 December 2011, SIOC and ArcelorMittal agreed to postpone the arbitration until the final resolution of the mining right dispute (see below).

SIOC and ArcelorMittal reached an interim pricing arrangement in respect of the supply of iron ore to ArcelorMittal from the Sishen mine. This interim arrangement endured until July 31, 2011. SIOC and ArcelorMittal agreed to an addendum to the interim supply agreement which extended the terms and conditions of the current interim agreement. The new interim pricing agreement, which is on the same terms and conditions as the first interim pricing agreement, commenced on August 1, 2011 and will endure to July 31, 2012.

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

The High Court Review, in which SIOC challenged the award of the 21.4% prospecting right over Sishen mine by the DMR to ICT, was presided over by Judge Raymond Zondo in the North Gauteng High Court in Pretoria, South Africa, from August 15 to 18, 2011.

On December 21, 2011, judgment was delivered in the High Court regarding the status of the mining rights at the Sishen mine. The High Court held that, upon the conversion of SIOC's old order mining right relating to the Sishen mine properties in 2008, SIOC became the exclusive holder of a converted mining right for iron ore and quartzite in respect of the Sishen mine properties. The High Court held further that as a consequence, any decision taken by the DMR after such conversion in 2008, to accept or grant any further rights to iron ore at the Sishen mine properties was void. Finally, the High Court reviewed and set aside the decision of the Minister of Mineral Resources or her delegate to grant a prospecting right to ICT relating to iron ore as to a 21.4% share in respect of the Sishen mine properties. On February 3, 2012, both the DMR and ICT submitted applications for leave to appeal against the High Court judgment. SIOC has noted an application for leave to present a conditional cross appeal, in order to protect its rights. No date for the hearing of the application for the leave to appeal has yet been allocated.

The High Court order does not affect the interim supply agreement between ArcelorMittal and SIOC, which will endure until July 31, 2012 as indicated above.

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

COPPER

Copper has interests in six operations in Chile. These operations comprise the wholly owned Mantos Blancos and Mantoverde mines, 75.5% interests in the Los Bronces and El Soldado mines and Chagres smelter, and a 44% interest in the Collahuasi mine. The mines also produce associated by-products such as molybdenum and silver. In addition, the business segment has controlling interests in two projects in Peru (Quellaveco and Michiquillay) and a 50% interest in the Pebble project in Alaska, with Northern Dynasty Minerals holding the balance. In October 2011, Codelco notified us that it intended, in January 2012, to exercise an option to acquire 49% of AA Sur, which held a 100% interest in the Los Bronces, El Soldado and Chagres operations. In November 2011, the Group announced the sale to Mitsubishi of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. The transaction was unconditional and was completed immediately. See “— Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur”.

Industry Overview

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

Producers are price-takers and there are relatively few opportunities for product differentiation. Access to quality ore bodies is expected to continue to be the key distinguishing factor among competitors. Forecast long term demand is based on expected robust growth in copper's electrical uses, particularly wire and cable in construction, automobiles and electricity infrastructure. The key growth area is expected to continue to be the developing world, led by China and India with their industrialization and urbanization programs, and where per capita copper consumption currently remains substantially lower than that in the US, Japan and Europe.

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

According to Brook Hunt, China has increased its share of first use refined metal consumption from 12% in 2000 to an estimated 39% in 2011 with continued consumption in China being offset by sharp falls in demand elsewhere.

Copper prices increased strongly during the first half of 2011, reaching a record high in February as demand increased and supply remained constrained. In the second half of the year as concerns grew over the outlook for the world economy, the price moved off the peak and was more volatile as Europe's sovereign debt crisis continued to affect sentiment. For 2011 the realized price averaged a 6% increase over 2010.

Strategy and Business Development

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

We consider the copper industry to have a number of attractive characteristics, with a moderate concentration of customers and suppliers, relatively high barriers to entry and a track record of good profitability over the long term.

We are constantly developing and evaluating growth options from a combination of sources, including greenfield and brownfield projects, acquisitions, exploration, technology development and AO programs. Significant future growth is expected to come from the Los Bronces expansion, which successfully delivered first production in the fourth quarter of 2011. In addition, there is significant future growth potential from the Quellaveco copper project in Peru, and Collahuasi in Chile, where studies into further expansion are in advanced stages. Work continues on evaluating the potential and development options for the resources we acquired in 2007 at Michiquillay in Peru and Pebble in Alaska.

In August 2009, we announced the discoveries of two high quality copper prospects at Los Sulfatos and San Enrique Monolito in Chile. These two prospects together provide significant growth potential and we continue to progress the studies on evaluating these resources for possible development. In October 2010, we announced a mineral resource estimate of 750 Mt for the West Wall project in Chile's Valparaíso region, in which Anglo American and Xstrata Copper each have a 50% interest.

In September 2011, we announced our intention to divest our 16.8% effective interest in Palabora Mining Company Limited ("Palabora"). Palabora's principal asset is a copper mine in South Africa which also produces vermiculite and magnetite and, while studies are under way for a potential extension to the copper mine's life from 2016 to 2030, the operation is no longer of a sufficient scale to suit our investment strategy.

In November 2011, we announced the completion of the sale of a 24.5% interest in AA Sur, comprising a number of the Group's copper assets in Chile, including the Los Bronces and El Soldado mines and the Chagres smelter to Mitsubishi for US\$5.39 billion.

Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur

AA Sur owns the Los Bronces and El Soldado copper mines and the Chagres smelter in Chile. The Group currently holds a 75.5% interest in AA Sur. In connection with our acquisition of 100% of AA Sur in 2002, Anglo American and Empresa Nacional de Minería ("ENAMI"), a company wholly owned by the Republic of Chile, amended an agreement that Exxon Minerals Chile Inc. and ENAMI entered into in 1978. This agreement granted ENAMI the right, subject to certain conditions and limitations, to acquire an interest in AA Sur up to an amount equal to 49% of AA Sur, less any interest in AA Sur held by parties other than the Group at the time of any such acquisition by ENAMI. In 2008, ENAMI transferred the option under this agreement to Codelco, the state copper company wholly owned by the Republic of Chile. Under the terms of the agreement, Codelco had the right to exercise the option in the month of January, once every three years, until January 2027. The previous option exercise window was in January 2009. The calculation of the price at which Codelco could have exercised the option took account of company profitability over a five year period, shareholder loans and undistributed earnings. The agreement did not restrict or otherwise limit our right to sell all or part of our interest in AA Sur to a third party at any time prior to the exercise of the option.

We regularly review our available alternatives for our businesses, and during 2011 we considered our alternatives in respect of the ownership of AA Sur, which included discussions with Codelco and internal preparations for a possible sale of a minority interest. On October 12, 2011, Codelco announced its intention to exercise its option to acquire 49% of AA Sur from the Group and the terms of various agreements with Mitsui & Co., Ltd. ("Mitsui"), under which Mitsui would provide financing for the exercise of the option and would acquire half of the interest in AA Sur to be acquired by Codelco in the exercise. This announcement, and in particular the price at which Mitsui would acquire the interest in AA Sur from Codelco, highlighted the value of AA Sur and encouraged us to begin contacting third parties with an interest in acquiring a minority interest in AA Sur. As part of this process, in the second half of October 2011, Anglo American entered into discussions with

Mitsubishi in respect of the sale to Mitsubishi of an interest in AA Sur, and on November 9, 2011, the Group completed the sale to Mitsubishi of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. The sale reduced the Group's interest in AA Sur from 100% to 75.5%. Following the announcement of this sale, Codelco filed a constitutional action with the Court of Appeals of Santiago and obtained an injunction preventing us from selling any additional shares of AA Sur. This injunction remained in effect until Codelco withdrew the constitutional action on January 10, 2012, prior to the Court's final judgment on the merits.

On December 22, 2011, Anglo American filed a writ with the Court of Appeals in Santiago against Codelco for breach of contract. The breach consisted of Codelco's premature attempt to exercise the option outside of a contractual exercise window and Codelco's actions aimed at preventing Anglo American from exercising its contractual rights under the option agreement. The writ sought to render ineffective any potential future attempt to exercise the option by Codelco and also sought damages. On January 2, 2012, Codelco purported to exercise its option to acquire the maximum interest in AA Sur permitted under the agreement, without specifying the maximum interest in AA Sur to which Codelco claimed to be entitled. The letter stated that to the extent such amount was disputed, Codelco intended to purchase such lower number of shares in respect of which there was no dispute. On January 10, 2012, Codelco filed a counterclaim seeking enforcement of the option based on its purported exercise and damages. Despite the Group's sale of 24.5% of AA Sur to Mitsubishi in November 2011, this counterclaim seeks a right to acquire a 49% interest in AA Sur. As an ancillary matter to its counterclaim, on January 13, 2012, Codelco obtained an injunction preventing us from transferring 49% of the shares of AA Sur. Our appeal of this order is pending. These legal proceedings are currently in preliminary stages, and no date for a court hearing on the merits has yet been established. The Group remains open to reaching a commercial settlement with Codelco.

In addition, in January 2012, the President of the Federation of Copper Workers in Chile, who is also a board member of Codelco, lodged a "denunciation" with the public prosecutor in Santiago, Chile claiming, among other things, that the sale agreement between the Group and Mitsubishi was a "simulated" contract. The public prosecutor has commenced a criminal investigation of this complaint. The Group believes these accusations to be totally unfounded.

THERMAL COAL

In South Africa, Thermal Coal wholly owns and operates seven mines and has a 50% interest in the Mafube colliery, a joint venture with Exxaro, a 50% interest in the Phola washing plant, a joint venture with BHP Billiton, and a 73% interest in Anglo American Inyosi Coal which operates the Kriel colliery and the Zibulo multi-product colliery. Six of the mines together supply 22 Mtpa of thermal coal to both export and local markets. New Vaal, New Denmark and Kriel collieries are domestic product operations supplying 30 Mtpa of thermal coal to Eskom Holdings Limited ("Eskom"), the South African state-owned power utility. Isibonelo mine produces 5 Mtpa of thermal coal for Sasol Synthetic Fuels, a South African coal to liquids producer, under a 20-year supply contract.

Anglo American Inyosi Coal, a broad-based black economic empowerment ("BBBEE") company, is 73% held by Anglo American, with the remaining 27% held by Inyosi, a BEE consortium led by the Pamodzi and Lithemba consortia (66% holding), with the Women's Development Bank and a community trust holding the remaining equity. Anglo American Inyosi Coal, in turn, holds Kriel colliery (to be ceded to Anglo American Inyosi Coal once Eskom's written consent has been obtained), the new Zibulo multi-product colliery (previously known as Zondagsfontein) and the greenfield projects of Elders, New Largo and Heidelberg.

Thermal Coal's South African operations currently route all export thermal coal through the Richards Bay Coal Terminal ("RBCT"), in which it has a 24.2% shareholding, to customers throughout the Med-Atlantic and Asia-Pacific regions. Within South Africa, 62% of total sales tonnes are made to Eskom on long term (i.e. life of mine) cost-plus contracts. A further 8% is sold to Sasol and 2% to industrial sector consumers. The remaining 28% is exported through RBCT.

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

Industry Overview

Coal is the most abundant source of fossil fuel energy in the world, considerably exceeding known reserves of oil and gas. The bulk of coal produced worldwide is thermal coal, which is principally used as a fuel for power generation and other industries, notably the cement sector. According to Wood Mackenzie, the seaborne thermal coal market comprises nearly 750 Mt per annum and is supplied from a large number of countries, with coal producers operating in a highly competitive global marketplace.

Thermal coal usage is driven by the demand for electricity and is influenced by the price of competing fuels, such as oil and gas and, increasingly, the cost of carbon (the nature of the competition and range of competitors vary by country and region). Global thermal coal demand is also affected by the availability of alternative energy generating technologies, including gas, nuclear, hydroelectricity and renewables. Thermal coal producers vary considerably in size and operate in a highly competitive market. Most thermal coal is used in the country in which it is produced, the balance of which is traded internationally, principally through the seaborne market. The market for export thermal coal is further affected by the varying degrees of privatization and deregulation in electricity markets, with customers focused on securing the lowest cost fuel supply in order to produce power at a competitive price. This has resulted in a move away from longer term contracts towards shorter term contracts priced against various coal price indices, which has given rise to the development of an increasingly active financial market for hedging and derivative instruments. The extent, to which these pricing instruments are used, however, varies from region to region.

Strategy and Business Development

Thermal Coal's strategy is focused on serving the power generation and industrial sectors from large, low cost coal basins, with a global growth strategy that targets participation in attractive export markets. The business segment has a diverse, high quality asset portfolio in South Africa and Colombia and aims to be a long term, reliable supplier. It also actively participates in the pursuit of cleaner coal solutions for the world's energy needs.

Thermal Coal is focused on expanding its strong standing in the export market, while maintaining a significant position in the domestic market in South Africa. We expect this business segment to achieve these goals by utilizing its portfolio of expansion projects, supported by targeted acquisitions.

In South Africa, Zibulo, a 6.6 Mtpa multiproduct colliery, reached commercial operating levels in the fourth quarter of 2011. In addition, the feasibility study on New Largo, identified by Eskom as a primary coal supplier for its Kusile power station which is currently under construction, is nearing completion.

At Cerrejón, the growth strategy encompasses multiple options based on the capital investment for expansion that will be required by the port and logistics chain and thereafter for pit expansion and reserve access. The P500 Phase 1 expansion project (targeting 40 Mt total production) was approved by Cerrejón's shareholders in August 2011. First coal production is targeted in the fourth quarter of 2013, with the project expected to achieve full production in 2015. Further expansions, such as the P500 Phase 2 expansion (targeting 50-60 Mt total production) are currently under consideration by Cerrejón's shareholders.

India is a growing market for South African-sourced coal, with 2010 showing a pronounced swing in demand from the Med-Atlantic to the Asia-Pacific market, resulting in India boosting its status as a substantial and growing market for South African sourced coal. According to Wood Mackenzie, close to 70% of South Africa's coal exports were destined for the Asia-Pacific market in 2011. Thermal Coal is evaluating opportunities to increase its exports to India by producing lower quality products suitable for the Indian market to supplement the higher grade product currently being sold there.

In October 2010, we announced the planned disposal of our Kleinkopje colliery in Mpumalanga, South Africa, and conducted a rigorous disposal process which took more than ten months to complete. Despite significant initial interest in the asset, no acceptable offers were received. As a result, in August 2011, we announced our decision to terminate the sales process and establish a high-level project team to optimize the configuration of the mine to ensure its continued operation and improve performance.

In addition to developing its operations in its existing locations, Thermal Coal is constantly evaluating opportunities in new regions which are well placed to service its growing markets. Thermal Coal has a global growth strategy that targets participation in the most attractive export thermal coal markets.

Within the changing domestic and seaborne markets, logistics constraints and maturity of its assets, Thermal Coal maximizes its use of available export capacity and delivers optimal value from its portfolio. This includes value driven asset optimization, the alignment of its portfolio with strategic objectives and development of highest margin products. Thermal Coal has commenced an integrated best value mine planning process to maximize value from its export operations.

The impact of climate change is an area of focus within the industry and we are active participants in discussions related to climate change. Thermal Coal is a leading member of numerous industry bodies, such as the World Coal Institute and the Coal Industry Advisory Board, and is a founding member of the Global Carbon Capture and Storage Institute. Thermal Coal continues to take steps at its own operations to reduce its carbon footprint, including the controlled flaring of methane from the methane-rich underground mining operation, New Denmark.

See “Operating and Financial Review” for further information.

METALLURGICAL COAL

This business segment is the third largest exporter of metallurgical coal in the world. Metallurgical Coal’s mines produce both high quality metallurgical coal used for steel production and thermal coal used for power generation and industrial applications.

Metallurgical Coal’s operations are based principally in Australia. In 2011, it added Peace River Coal, based in Canada, to its portfolio. Metallurgical Coal’s Australian operations are all located toward Australia’s east coast, from where they serve a range of customers throughout Asia and the Indian sub-continent, Europe and South America.

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

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

Moranbah North is an underground longwall mining operation with a mining lease covering 100 square kilometers. Coal is mined from the Goonyella Middle Seam, approximately 200 meters below the surface. The mine produces 4.5 Mt (attributable) of high fluidity, hard coking coal for steel manufacturing. In 2011, the mine produced 2.5 Mt (attributable) primarily due to the effect of flooding on the site early in the year. Methane-rich seam gas is supplied to a power station at Moranbah North, thereby reducing the mine’s carbon dioxide equivalent (CO₂e) emissions by around 1.3 Mtpa.

Capcoal operates two underground mines and an open cut operation. Together, these operations produced around 5.0 Mt (attributable) of hard coking coal, pulverized coal injection (“PCI”) and thermal coal in 2011. Capcoal supplies methane-rich seam gas to Energy Developments Limited’s power station, contributing to Queensland’s power grid, while reducing 0.8 Mt of the mine’s CO_{2e} emissions in 2011.

Foxleigh is an open-cut operation with a 2011 output of 1.4 Mt (attributable) of high quality PCI coal. The mine is currently engaged in an asset optimization process to increase production.

Dawson is an open-cut operation that produced 7.7 Mt in total (3.9 Mt attributable) of hard and soft coking coal and thermal coal in 2011.

The Callide mine primarily supplies domestic power stations in Queensland and produced 8 million tonnes of thermal coal in 2011. In November 2010 we announced our intention to dispose of the Callide coal mine.

Peace River Coal (Canada) is an open-cut operation, which in 2011 produced 0.9 Mt in total of metallurgical coal. Canadian exploration was strengthened at the operational Peace River Coal Trend mine and surrounding exploration leases with the aim of defining additional coking coal resources.

Metallurgical Coal owns an effective 23.3% interest in the Jellinbah and Lake Vermont mines in Queensland which produce metallurgical coal.

In 2011, Metallurgical Coal’s mines produced 14.2 Mt (attributable) of metallurgical coal, all for export, and 13.4 Mt (attributable) of thermal coal, of which 46% was for export.

Saleable production across all coal products in 2011 decreased by 8% (attributable) from 2010. Export metallurgical coal production decreased by 9% (attributable) and thermal coal production decreased by 7% (attributable). In each case this was due to adverse weather conditions affecting production in the first quarter of 2011 and to a lesser extent in late 2010. Successful actions taken early in the year to recover lost volumes and ongoing asset optimization improvements led to record run-of-mine production at the open-cut operations. For the second half of the year, all metallurgical coal open-cut operations set new production records for the business.

Industry Overview

Metallurgical coal, composed of coking coal and PCI, is a key raw material for blast furnace steel production. According to the World Steel Association, blast furnace-produced hot metal represents approximately 70% of global crude steel production, making metallurgical coal an important raw material.

Global metallurgical coal supply of around 1 billion tonnes is mainly consumed in the country of origin. China is the biggest consumer of metallurgical coal; consuming approximately 700 Mt in 2010. However, due to substantial domestic production, China only relied on imported coal for approximately 8% of its total requirement, according to the World Steel Association. In 2011 the international seaborne metallurgical coal market comprised some 235 Mt, the major destinations being Japan, South Korea, Taiwan, India, China, Brazil and Europe. Historically, Australia has supplied two-thirds of the seaborne metallurgical coal market; flood-related constraints, however, limited the country’s global contribution to below 60% in 2011.

The market for metallurgical coal has traditionally comprised predominantly long term annually priced contracts, however, a shift to shorter term pricing in 2011 saw the majority of contracts priced on a quarterly basis, with a growing volume being priced monthly. Metallurgical Coal is a significant supplier to all the world’s major steel producers.

Strategy and Business Development

Metallurgical Coal's strategy is to significantly increase the value of the business by optimizing existing operations and developing new operations to supply mainly high margin export metallurgical coal. Four specific programs have been developed to implement this strategy, as detailed below.

A structured program of asset optimization has been designed to deliver industry-best operational performance over the existing asset base.

In addition, an attractive and well-developed organic growth pipeline aims to triple high value metallurgical coal production over the next decade. Growth opportunities include several advanced projects at the feasibility or pre-feasibility phase, as well as a long pipeline of additional opportunities. The high quality hard coking coal advanced opportunities include the Grosvenor Phase I and Phase II and Moranbah South projects in Queensland and the Roman expansion project in British Columbia. The export thermal advanced projects include Drayton South and Dartbrook in New South Wales. Anglo American has also received preferred respondent status of 30 Mtpa dedicated port capacity at Abbot Point in Queensland, with several other logistics options secured, such as dedicated trains, to underpin its industry leading growth plans.

Furthermore, the business unit is exiting from low-margin domestic thermal coal production. The operations at Drayton in New South Wales have been upgraded and, since September 2011, all production has been converted to higher margin export products. A process is under way to divest the Callide mine. Once Callide has been disposed of, Metallurgical Coal will be solely an export business.

Finally, in line with increasing demand from the steelmaking industry in both existing and emerging markets, Metallurgical Coal is realizing increased value from developing superior specialized product offerings tailored to individual customers in the steel sector.

Metallurgical Coal has also taken an active interest in responding to concerns regarding climate change. For example, Metallurgical Coal recently became a cornerstone investor in Australian based MBD Energy and has a 19.3% shareholding in the business as at December 31, 2011. MBD Energy is expected to commence trials of its leading-edge carbon capture and conversion technology, using algal synthesizers, at three of Australia's largest greenhouse gas emitting, coal fired power plants.

In December 2010, Metallurgical Coal disposed of its interests in five undeveloped coal assets in Australia for a net cash inflow of US\$522 million.

In August and September 2011, Metallurgical Coal acquired the remaining 25.2% interest in Peace River Coal for total consideration of US\$166 million.

See "Operating and Financial Review" for further information.

PLATINUM

Platinum is represented by Anglo American Platinum, a South African company listed on the Johannesburg Stock Exchange, in which we owned a 79.8% interest at December 31, 2011. Platinum is the world's leading primary producer of platinum, accounting for approximately 40% of global output. It mines, processes and refines the entire range of platinum group metals ("PGMs"): platinum, palladium, rhodium, ruthenium, iridium and osmium. In addition to the PGMs, base metals such as nickel, copper and cobalt sulphate are important secondary products and are significant contributors to earnings.

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

Platinum wholly owns ten mining operations currently in production, a tailings re-treatment facility, three smelters, a base metals refinery and a precious metals refinery. Concentrating, smelting and refining of the output is undertaken at Rustenburg Platinum Mines' metallurgical facilities.

In 2009, we restructured our platinum mining operations into more efficient, stand-alone units, which involved splitting the largest mines into smaller new mining entities so as to ensure a sustainable reduction in the unit cost of production and to extract maximum value from the assets employed. Rustenburg Section was divided into five new mines — Khomanani, Bathopele, Siphumelele, Thembelani and Khuseleka — while Amandelbult Section was split into the Tumela and Dishaba mines. Three high cost shafts, namely Siphumelele 3 and 2 shafts (formerly known as Bleskop and Brakspruit) and Khuseleka 2 shaft (formerly known as Boschfontein), were also placed on care and maintenance. The company's 100% owned mining operations now consist of the five mines at Rustenburg Section and the two mines at Amandelbult Section, as well as the Mogalakwena and Twickenham mines. In addition, the Unki mine in Zimbabwe is currently wholly owned pending the outcome of negotiations with the Zimbabwean government with respect to Unki's compliance with the Indigenisation and Economic Empowerment Act. Union Mine is 85% held, with a black economic empowerment ("BEE") partner, the Bakgatla-Ba-Kgafela traditional community, holding the remainder. Platinum also has 50:50 joint ventures with a BEE consortium, led by African Rainbow Minerals, at Modikwa Platinum Mine; XK Platinum Partnership in respect of the Mototolo mine; and Aquarius Platinum covering the shallow reserves of the Kroondal and Marikana mines. Platinum also has a 12.6% interest in RB Plat and 33% direct interest in BRPM.

During 2009, Platinum successfully completed three BEE transactions:

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

Anooraq: In June 2009, Platinum sold an effective 51% interest in Lebowa Platinum Mine and 1% interest in the Ga Phasha, Boikgantsho and Kwanda projects to Anooraq. The transaction facilitated Anooraq's strategy of becoming a major historically disadvantaged South African (HDSA) managed and controlled PGM producer and illustrates Platinum's commitment to broad based BEE as a strategic transformation initiative. Anooraq now controls the third largest PGM resource base in South Africa, with a combination of high quality exploration, development and production mineral properties. Platinum and Anooraq have recently concluded a binding term sheet for the restructure, recapitalization and refinancing of Anooraq and Bokoni Platinum Holdings Proprietary Limited. The details have been included in a joint announcement to shareholders dated February 2, 2012.

In November 2011, Platinum announced details of Project Alchemy, a US\$430 million community economic empowerment transaction that will provide equity ownership to certain host communities around four operations that have not previously benefited from Platinum's extensive broad based BEE transactions, as well as key labor sending areas. The mine host communities that are set to benefit are those around Twickenham, Mogalakwena, Amandelbult and Rustenburg. Platinum has been involved in the development of its mine host communities for a number of years and this transaction will help to develop self-sustaining communities that are not solely dependent on mining.

For a discussion of BEE, BBBEE Act and the Charter, see "Regulation — South Africa".

Industry Overview

PGMs have a wide range of industrial and technological applications. Demand for platinum is primarily driven by its use in autocatalysts to control emissions from both gasoline and diesel engine vehicles and in jewelry. These uses were responsible for approximately 70% of net total platinum demand in 2011 (according to Johnson Matthey market data). PGMs, however, also has a wide range of lesser known applications, predominantly in the chemical, electrical, medical, glass and petroleum industries.

PGMs are globally traded commodities. Price discovery is by way of terminal markets and principal to principal over-the-counter trade between banks, dealers, merchants, producers, recyclers, processors, refiners, agents, investors, fabricators and consumers. Terminal markets exist for platinum and palladium only. Spot prices are carried on information platforms such as Reuters and Bloomberg.

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

Industrial applications for platinum are driven by technology and, especially in the case of autocatalysts, by legislation. Because of the rapid spread of exhaust emissions legislation, PGI estimates that more than 94% of new vehicles now have autocatalysts fitted. Platinum anticipates that increasingly stringent emissions legislation will continue to contribute to PGM demand.

Palladium. Palladium’s principal application is in autocatalysts (around 45% of net demand). It is also used in electronic components, in dental alloys and, more recently, as an emerging jewelry metal in markets such as China. Palladium demand is expected to increase in 2012, given the volume of gasoline vehicles produced by emerging market countries such as China, India and Brazil.

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

Strategy and Business Development

Platinum’s objective is to maintain its position as the leading primary producer of platinum. In order to do this, the Company aims to be a highly cost effective producer, to develop the market for PGMs and to expand production.

Platinum has long term (typically five-year) sales contracts with five of the major precious metals fabricators, who together account for the majority of all products that utilize PGMs produced globally. In addition, Platinum also has long term supply contracts with two major Japanese automobile manufacturers. PGM sales are typically made at or close to prevailing market prices. Platinum has appointed a sole agent for all of its non-contractual PGM sales.

In the second half of 2008 and in 2009, in response to the unprecedented rapid decline in PGM prices caused principally by rapidly slowing vehicle sales in North America, Europe and Japan, the Company implemented a number of initiatives to reduce costs and improve operational productivity and also undertook a critical examination of capital expenditure. Capital expenditure on projects is now directly tied to Platinum’s long term ounce requirements. The reduction in the rate of expenditure has resulted in a number of projects being delayed, including Tumela (Amandelbult) 4 Shaft and the Number 2 Slag Cleaning Furnace. Twickenham Platinum Mine, the Styldrift Merensky phase 1 project and the Base Metals Refinery expansion project were delayed but are now scheduled to proceed.

The Thembelani 2 Shaft (formerly Paardekraal 2) is currently being optimized. The project will be subject to normal approval processes which are expected to be completed by mid 2014.

Khuseleka Ore Replacement 1 Shaft (formerly Townlands Ore Replacement) project is progressing well and is scheduled for completion in the last quarter of 2015. Dishaba (formerly Amandelbult) East Upper UG2 has been completed and is expected to reach steady state production in the last quarter of 2012.

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

In February 2010, Anglo American Platinum announced a rights offer of R12.5 billion (approximately US\$1.6 billion) which was used to repay long term debt, thereby increasing future financial and operational flexibility and creating capacity for growth. Anglo American subscribed in full to its entitlement to the rights offer.

See “Operating and Financial Review” for further information.

DIAMONDS

Anglo American’s diamond interests are represented by its 45% shareholding in De Beers. The other shareholders in De Beers are CHL and CIL (owned by the Oppenheimer family) with an effective 40% shareholding and the Government of the Republic of Botswana (“GRB”) with an effective 15% shareholding. In November 2011, we announced an agreement with CHL and CIL to acquire up to their entire 40% interest in De Beers, subject to adjustment and conditions as provided for in the agreement. This acquisition is expected to close in the second half of 2012. See “ — Acquisition of Additional Shareholding”.

De Beers is a leading rough diamond exploration, mining and sales business and, with its subsidiaries and joint venture partners, operates in more than 20 countries across six continents, employing approximately 16,000 people. De Beers, with its joint venture partners, supplies approximately 35% of the world’s rough diamonds by value from its mines in Botswana, Canada, Namibia and South Africa.

De Beers holds a 50% interest in each of Debswana Diamond Company (Proprietary) Limited (“Debswana”) and Namdeb Holdings (Proprietary) Limited (“Namdeb Holdings”), which are owned jointly with the GRB and the Government of the Republic of Namibia (“GRN”) respectively. In October 2011, De Beers and the GRN implemented agreements to increase GRN’s effective shareholding in De Beers Marine Namibia (Proprietary) Limited from 15% to 50% through the establishment of a new 50/50 joint venture holding company, Namdeb Holdings, which holds both land and marine diamond mining interests in Namibia. Namdeb Holdings holds all land and marine diamond mining licences for the Namibian operations.

In addition, De Beers has a 74% shareholding in South African based De Beers Consolidated Mines Limited (“DBCM”), with a BBBEE consortium (the Ponahalo group) holding the balance.

De Beers owns 100% of De Beers UK Limited (“DBUK”), which incorporates its division “The Diamond Trading Company” (“DTC”), the rough diamond distribution arm of De Beers. DBUK also has a 50% interest (with the GRB holding the other 50%) in Diamond Trading Company Botswana (Proprietary) Limited (“DTC Botswana”) and a 50% interest (with the GRN holding the other 50%) in Namibia Diamond Trading Company (Proprietary) Limited (“Namibia DTC”). DTC Botswana sorts, values and buys Debswana’s production and engages in local sales of rough diamonds in Botswana. Namibia DTC sorts, values and buys Namdeb Holding’s production and engages in local sales in Namibia.

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

De Beers, through Element Six, is the world’s leading supplier of super materials (including synthetic diamonds) for industrial use. Element Six operates internationally, with 10 manufacturing sites worldwide and a comprehensive global sales network. Element Six’s business activities are organized into four distinct areas –

Advanced Materials, Hard Materials, Oil & Gas and Technologies. Each business serves global markets while focusing on specific customer segments and it is a significant participant in these areas. Despite operational challenges, a weak US dollar and some slowdown in the second half of the year, Element Six had a positive year in 2011 with sales slightly ahead of targets.

Industry Overview

Up to two thirds of the world's natural rough diamonds by value originate from southern and central Africa, while significant sources have been discovered in Russia, Australia and Canada. Most diamonds come from the mining of contained kimberlite deposits. Another important source of gem diamonds, however, has been secondary alluvial deposits formed by the weathering of primary kimberlites and the subsequent deposition of released diamonds in rivers and beach gravels. Recent reports from Zimbabwe indicate that it is possible that a significant volume of what are understood to be largely alluvial diamonds have been found in that country. It remains unclear what, if any, effect such a find will have on the global diamond industry.

Rough (or uncut) diamonds are broadly classified either as gem or industrial quality diamonds, with gem being overwhelmingly the larger of the two segments by value. Gem diamonds are sold almost exclusively for adornment in jewelry retail, where characteristics such as size, color, shape and clarity have a large impact on value.

De Beers, through DTC and its partners DTC Botswana and Namibia DTC, and through DTC South Africa (a division of De Beers Group Services Proprietary Limited, a wholly owned South African company within the De Beers group), supplies its clients — known as “Sightholders” — with parcels of rough diamonds that are specifically aligned to their respective cutting and polishing needs. Diamdel, a group of wholly owned De Beers companies, markets and sells a proportion of De Beers group rough diamond availability by way of online auction.

Strategy and Business Development

The focus of De Beers strategy is on driving business growth while permanently capturing the efficiencies gained during the global economic crisis.

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

De Beers diamond production in 2009 was reduced, compared to previous levels, through a series of production holidays and extended maintenance shifts at the De Beers' group's mines in Botswana, South Africa, Namibia and Canada. De Beers continued, however, to promote demand for diamonds in 2009 through its marketing campaigns in the US and Asia. In the US, De Beers developed a new concept, creating a new model in which it launched the *Everlon Diamond Knot Collection*, along with a full scale integrated marketing campaign. For the first time with such a program, funding was undertaken with participating Sightholders and retailers.

2010 saw a strong recovery in demand for rough diamonds against the low levels seen in early 2009. This followed improved demand from retail markets, particularly in the fast growing eastern markets of India and China. By the end of 2010, rough diamond prices had returned to pre-recession levels. In 2011, De Beers' production totaled 31.3 million carats. De Beers' rough diamond prices increased to record levels in the first half of 2011 as robust demand from Middle East and Asian markets continued, although the macroeconomic environment was more challenging in the second half of the year impacting retail and cutting center sentiment. Overall, these factors contributed to a 27% increase in sales by DTC from US\$5.1 billion in 2010 to

US\$6.5 billion in 2011. 2011 was a very strong year on the demand side with consumer demand growth estimated at between 11% and 13% over the full year and price growth of 29% from January 1, 2011 to December 31, 2011.

We expect that demand in 2012 will be driven by the overall strength of the luxury goods market, improving sentiment in the US, continuing growth in China and the positive impact of the 2011 polished price growth on retail jewellery prices. On the production front, De Beers will continue to prioritize waste stripping and maintenance backlogs, meaning that although no material increase in carat production is anticipated in 2012, De Beers expects to be well positioned to ramp-up profitable carat production as customer demand dictates.

Acquisition of Additional Shareholding

In November 2011 the Group entered into an agreement with CHL and CIL (together the “CHL Group”) to acquire their 40% interest in De Beers for a total cash consideration of US\$5.1 billion, subject to adjustment and conditions as provided for in the agreement. Under the terms of the existing shareholders’ agreement between the Group, CHL and the GRB, the GRB has pre-emption rights in respect of the CHL Group’s interest in De Beers, enabling it to participate in the transaction and to increase its interest in De Beers, on a pro rata basis, to up to 25%. In the event that the GRB exercises its pre-emption rights in full, Anglo American, under the proposed transaction, would acquire an incremental 30% interest in De Beers, taking its total interest to 75%, and the consideration payable by Anglo American to the CHL Group would be reduced proportionately. On January 6, 2012, Anglo American shareholders approved a resolution to acquire an incremental interest in De Beers, to take its holding from 45 per cent to up to 85 per cent, at a General Meeting of the Company. The transaction is also subject to regulatory and government approvals. We currently expect that the transaction will close in the second half of 2012.

Other Information

From 2001, seven class actions were filed against De Beers in various federal and state courts in the United States alleging violation of federal and state anti-trust laws, violations of consumer protection laws, deceptive trade practices, unfair competition and similar claims. The plaintiffs alleged that the De Beers group of companies used its alleged market power to wrongfully raise the price of rough diamonds during the class period. In 2005 and 2006, De Beers, without admission of liability, entered into an omnibus agreement to settle all seven class actions outstanding against it in the United States. This agreement was announced in March 2006. Settlement amounts of US\$295 million (100 percent, Anglo American’s attributable share US\$133 million) were paid into an escrow account pending conclusion of the settlement process. The payments and other directly related costs were recorded as special items in the years they arose (2005 to 2009), totaling US\$146 million (Anglo American’s attributable share). In May 2008, the US Federal District Court in New Jersey approved, in all respects, the settlement of the class actions against De Beers. A number of objectors to the settlement appealed the District Court’s approval of the settlement, and the appeal was initially determined in favor of the objectors by the Third Circuit Court of Appeals in July 2010. The Third Circuit remanded the settlement back to the District Court for further consideration. A further class action complaint against DBCM was lodged shortly thereafter in the State of Indiana. In August 2010, following a petition by the plaintiffs, the Third Circuit confirmed that it would allow an en banc (full court) review of the earlier decision of the Third Circuit. The full en banc panel of the Third Circuit Court of Appeals affirmed the District Court’s original approval of the settlement agreement. The objectors to the settlement have sought leave to appeal this decision to the US Supreme Court. The escrow funds will be released when permitted by the terms of the settlement upon conclusion of the appeal process.

Four class actions have been filed against De Beers in various provinces in Canada alleging similar violations to those alleged in the US class actions. The class actions are at an early stage. In the class action issued in British Columbia, De Beers has been successful in obtaining leave to appeal an initial judgment against it in relation to its challenge to the jurisdiction of the British Columbia courts to hear the action. The appeal hearing is expected to take place in the second quarter of 2012.

In March 2002, De Beers notified an agreement for the purchase of rough diamonds from ALROSA, the Russian State producer, to the European Commission for competition clearance. The Commission raised concerns regarding the operation of the notified agreement. To resolve those concerns, in 2006 De Beers entered into legally binding commitments (the “Commitments”) to phase out and, from January 2009, cease altogether purchases of rough diamonds from ALROSA. Rough diamond purchases from ALROSA ended in 2009 in accordance with the Commitments. The Commitments have been audited by a monitoring trustee (Grant Thornton UK LLP) according to a Trustee Mandate which expired on November 10, 2011.

In January 2007, the European Commission confirmed that it had rejected all outstanding complaints against De Beers’ rough diamond distribution system, Supplier of Choice. Two complainants are appealing the Commission’s rejection of complaint decisions to the EU General Court. Following a supplementary market investigation arising out of the court proceedings brought by ALROSA against the Commission’s decision to make binding the Commitments referred to above, the Commission issued further rejection of complaint decisions, which are also being appealed by the same complainants. All four appeal proceedings are ongoing.

In November 2010, following a complaint and request for court-ordered, interim supply from DTC by a former Belgian Sightholder, who failed to qualify for supply when Supplier of Choice was implemented in 2003, the Belgian Competition Council found, on a preliminary basis, that De Beers’ distribution system may contravene EU and Belgian competition law and ordered interim supply to the complainant. De Beers appealed this decision to the Brussels Court of Appeal which, in October 2011, annulled the decision in respect of the Council’s reasoning for, and the duration of, the interim measures. The interim measures will expire on April 30, 2012 unless the Council’s investigation on the merits of the substantive complaint reaches certain, defined stages. On January 16, 2012, the same complainant submitted a second request for interim measures to the Council.

During the first half of 2009, the shareholders provided US\$500 million in additional loan funding to De Beers (Anglo American’s share being US\$225 million). Anglo American also reinvested US\$24 million of dividends received from De Beers. In February 2010, the shareholders of De Beers, as part of the De Beers group’s refinancing, subscribed in proportion to their current shareholding, for US\$1 billion of additional equity in De Beers. The Group’s share of such additional equity, in line with its equity holding in De Beers, amounted to US\$450 million.

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

During September 2011, DBCM concluded the sale of the Finsch Diamond Mine to a consortia led by Petra Diamonds Limited. In May 2011 DBCM signed an agreement for the sale of Namaqualand Mines to Trans Hex Group Limited. This sale is subject to certain conditions precedent and has not yet been completed.

In September 2011, GRB and De Beers announced a new 10 year contract for the sorting, valuing and sales of Debswana’s diamond production. The agreement, which is effective as of January 1, 2011, is the longest sales contract ever agreed between the two partners. The agreement includes a commitment from De Beers to move the majority of its UK-based sales functions to Botswana by the end of 2013. From its new base in Botswana, DTC will aggregate production from De Beers’ mines, and its joint venture operations worldwide, and sell to international Sightholders.

In November 2011 De Beers signed a US\$ 2 billion multicurrency credit facility split between a US\$800 million term loan maturing in March 2015 and a US\$ 1.2 billion revolving credit facility maturing in October 2016. Proceeds were used to refinance De Beers’ existing facilities, and for general corporate purposes.

See “Operating and Financial Review” for further information.

NICKEL

Nickel comprises three ferronickel operations, Codemin and Barro Alto in Brazil and MLdN in Venezuela. In addition, within the business segment's portfolio, there are two promising unapproved projects, both in Brazil, Jacaré and Morro Sem Boné and exploration projects in Finland, Canada and Australia. These projects have the potential to significantly strengthen Anglo American's position in the worldwide nickel market, and could add 66 ktpa or more to the Group's present annual total nickel production (including Platinum's nickel output) of 49.4 kt.

Industry Overview

Nickel's main use is as an alloying metal, along with chromium and other metals, in the production of stainless and heat-resistant steel. Approximately two-thirds of nickel is used to manufacture stainless steel and just over 20% is used in other steel and non-ferrous alloys. Ferronickel's main use is in the manufacturing of stainless steel, with more than 95% used for this purpose.

There are two main types of nickel deposits: sulphides and laterites. Sulphide ore contains a significant number of by-products such as gold, silver, copper and platinum group metals, which generate processing credits, but the cost of mining this type of ore tends to be higher as underground mining is necessary. Laterites can be mined by open pit methods, with resultant lower mining costs; processing costs, however, are higher.

Sulphide nickel production has been decreasing in the last two decades; in 2011 almost 50% of global production came from sulphides, down from 70% in 1993. We consider the future of the nickel industry to lie mainly in the economic exploitation of laterite deposits.

In the first half of 2011, the nickel market was in deficit by approximately 33,000 tonnes as demand increased on the back of restocking by the stainless steel industry, while supply remained constrained owing to a series of unexpected mine disruptions and continued delays to new projects. The situation reversed in the second half of 2011 as supply increased following the ramping up of several greenfield projects and the reactivation and expansion of existing operations. Uncertainty around the European economic situation and a slowdown in Chinese stainless steel production negatively impacted demand, and the market was broadly in balance for the full year. According to Brook Hunt, global ferronickel production increased to 378,000 tonnes in 2011 from 336,000 tonnes in 2010 – a 13% increase. Once again, China dominated global nickel demand, accounting for approximately 42%, a 14% increase when compared with the previous year.

Nickel prices fell to a low of less than 770c/lb in November 2011, enough to have a real impact on costly Nickel Pig Iron (NPI) run rates, encouraging stainless steel producers in China to switch back to refined metal and ferronickel. Chinese importers have pushed nickel ore stocks to new historical highs as demand from NPI producers wanes.

Strategy and Business Development

Nickel's core strategy is to be a major, low-cost ferronickel producer by the effective management of existing assets, continued focus on asset optimization delivery and value maximization through the development of world class deposits and evaluation of acquisition opportunities.

First metal from the Barro Alto ferronickel operation was produced on schedule in March 2011. Barro Alto has the potential to be one of the top five ferronickel operations in the world, and its continued successful ramp-up is a key strategic goal. The new nickel plant will have a competitive cost position and a new marketing strategy has been implemented to leverage Group expertise and take advantage of the increased production.

Nickel's commitment to increasing competitiveness is demonstrated by investment in a research project called ARNi. The project is developing a hydrometallurgical process to treat laterite deposits economically.

A pilot plant was commissioned in January 2011 and two leach pilot campaigns were run using ore from the nickel laterite deposit at Jacaré. These campaigns showed that the leach technology worked better than anticipated, and successfully produced a nickel and cobalt intermediate product with very good recoveries. The pilot also produced high quality design data which will enable us to scale up to demonstration and commercial plants.

The technical success during 2011 has laid the foundation for ARNi as a technically and environmentally viable competitor for nickel laterite leaching. The financial viability of the process will be evaluated during the course of 2012.

See “Operating and Financial Review” for further information.

OTHER MINING AND INDUSTRIAL

As at December 31, 2011, this business segment comprised assets that included Copebrás, the second largest integrated phosphate fertilizer producer in Brazil, ferro-niobium producer Catalão, the quarry materials and building products companies operating under the Tarmac brand (“Tarmac”) and South African steel products manufacturer Scaw SA. As part of the restructuring announced in October 2009, businesses were identified for divestment and were separately reported in this business segment. While management has made significant progress on divestments, we have also continued to seek options for maximizing shareholder value from the remaining businesses.

In March 2010, we disposed of the Polish concrete products business, in May 2010, we disposed of our French and Belgian concrete products business, and in September 2010, we disposed of our aggregates businesses in France, Germany, Poland and the Czech Republic for a total net cash inflow of US\$472 million. In July, October and November 2011, we completed the sale of our Chinese, Turkish and Romanian aggregates businesses respectively for a total net cash inflow of US\$8 million.

Following the positive results of a drilling campaign in 2010, we have decided not to proceed with the disposal of Catalão. In addition we decided in the first half of 2011 to retain our investment in Copebrás.

As part of our strategy to increase our Metallurgical Coal business, we have decided to retain our Peace River Coal asset in British Columbia. Peace River Coal is now managed as part of the Metallurgical Coal business unit and accordingly is presented as part of the Metallurgical Coal segment. It was previously reported within the Other Mining and Industrial reporting segment.

In December 2010, we disposed of our Skorpion mine (comprising mining and refining operations) for a net cash inflow of US\$570 million, and in February 2011, we disposed of our Lisheen mine (comprising mining and milling operations) and our 74% interest in Black Mountain (which holds 100% of the Black Mountain mine and Gamsberg project) for a total net cash inflow of US\$499 million. In addition, we disposed of Moly-Cop and AltaSteel for a total net cash inflow of US\$993 million.

During the first half of 2011, we announced an agreement to combine Tarmac’s cement, aggregates, ready-mixed concrete, asphalt and contracting businesses in the United Kingdom with Lafarge UK. Completion of the transaction is conditional upon receipt of regulatory approvals. Further information on this agreement is provided below.

The sales process for Scaw SA is underway and will continue in a manner, and on a timetable, that we believe maximizes value for our shareholders.

Copebrás

Copebrás is the second largest integrated phosphate fertilizer producer in Brazil. Copebrás' operations are vertically integrated, covering mining of its own phosphate ore, beneficiation of the ore to produce P₂O₅ concentrate and processing into intermediate and final products.

Copebrás' mine in Ouvidor (in the state of Goiás) currently produces up to 5.9 Mt of ore per annum (dry basis) and is a prime phosphate deposit in Brazil with one of the highest grades of ore available in the country (approximately 13% P₂O₅). The company has approximately 15% of current Brazilian phosphate mineral resources and has a remaining mine life of 41 years at current production rates (excluding the Goiás II brownfield expansion).

The phosphate ore (run of mine) is treated at the co-located beneficiation facility, producing approximately 1.35 Mt of final phosphate concentrate per annum at an average (dry) grade of around 37% P₂O₅. Copebrás operates two chemical processing complexes located in Catalão in the state of Goiás, and Cubatão in the state of São Paulo. Copebrás produces a wide variety of products for the Brazilian agriculture sector, including low analysis (<20% P₂O₅ content) and high analysis (>40% P₂O₅ content) phosphate fertilizers, dicalcium phosphate (DCP) for the animal feed industry, as well as phosphoric and sulphuric acids.

Catalão

Catalão Mining (Mineração Catalão), which is located in the cities of Catalão and Ouvidor, in Goiás state, Brazil, is one of the world's three largest niobium producers.

As an alloying agent, niobium brings unique properties to steels, such as increased formability, corrosion resistance, weldability and strength under tough working environments, including extreme high or low temperatures. Such steels are known as high strength low alloy steels.

Around 90% of total global niobium consumption is used as an alloying element, in the form of ferro-niobium (FeNb) in high strength steels, such steels being used in the manufacture of automobiles, ships, high pressure pipelines, as well as in the petroleum and construction industries. The product is exported to the main steel plants in Europe, the US and Asia.

Tarmac

Tarmac is an international heavy building materials producer, in which we hold a 100% interest. In the UK Tarmac is a market leader in aggregates, asphalt, mortar and ready-mixed concrete and it has significant operations in concrete products, lime and cement. Tarmac's operations in the Middle East are principally involved in the production of aggregates and asphalt.

Tarmac's UK organization underwent significant restructuring in May 2009 and now consists of two business units, Quarry Materials and Building Products, which are supported by a shared service center based in central England. As part of the UK restructuring, the Lime and Cement business, formerly part of Building Products, was combined with the aggregates business and now forms a part of Quarry Materials. Quarry Materials comprises aggregates, asphalt, contracting, recycling, ready-mixed concrete, cement and lime and has a widespread geographic presence, enabling strong local customer focus. Building Products is made up of those businesses that have essentially national markets, including mortar and concrete products.

Industry Overview

Tarmac's sand and gravel products are used mostly in the production of ready-mixed concrete, but are also used for fills and drainage. Extracted from pits and dredged from coastal waters, the sand and gravel products are washed and graded by Tarmac prior to sale.

Crushed rock is predominantly used for road construction (where it is used both as a foundation and, when heated and mixed with bitumen, as a surfacing material), foundations, drainage, railway ballast and concrete products. Crushed rock may also be used in ready-mixed concrete.

Tarmac's ready-mixed concrete is manufactured at production units located close to its markets and is composed of sand, gravel, crushed rock, water, cement, cement replacements and other components dependent upon the performance required from the resultant mix. Ready-mixed concrete is transported to a specific site in specialist truck mixers designed to mix the material during transit.

Tarmac's lime and cement, which are produced through the utilization of similar processes, are materials used widely within construction. Lime is also an important product in the environmental and industrial sectors.

Asphalt, which is manufactured by coating graded, crushed rock with bitumen, is the main product used for surfacing roads. Applied hot or cold to road foundations, asphalt is either supplied to a specific site or collected by contractors from strategically located plants.

Tarmac's Building Products business provides the construction industry with a variety of products, including blocks for walling and bagged aggregates.

Mortar and screeds consist of sand, cement and various admixtures, depending on the application and performance requirements. Mortar is predominantly used for masonry applications, such as bricklaying, and often contains lime to improve working properties.

The aggregates, asphalt, cement and ready-mixed markets in which Tarmac participates are consolidated in the UK. The main aggregates participants also compete, though to a lesser extent, in the more fragmented concrete products market. In September 2010 the Office of Fair Trading initiated a market study of the aggregates sector, which was widened in February 2011 to include cement and ready-mixed concrete. In January 2012, the Office of Fair Trading published the findings of its market study and announced its decision to refer the markets for aggregates, cement and ready-mixed concrete to the Competition Commission.

Strategy and Business Development

Tarmac's strategy is to maximize shareholder value in established territories. In January 2008, Tarmac increased, to 100%, its ownership of United Marine Holdings Limited, which owns a significant UK marine dredged aggregates business. Tarmac continues to focus on its core business activities, pursue further cost reductions and reduce capital expenditure without harming its strong leadership position.

In response to difficult business trading conditions in 2009, Tarmac initiated several programs in the UK designed to deliver improvements in business performance and to lay the foundations of a culture of continuous improvement. The announcement of austerity programs by the UK government coupled with weak housing and commercial sectors resulted in difficult market conditions and further downward pricing pressure in 2010.

The UK Quarry Materials business experienced strong asphalt volumes in 2011, resulting from adverse weather conditions at the end of 2010 generating significant carry-over of demand as well as some continuing government infrastructure investment, particularly in respect of Local Authority road maintenance. In comparison to 2010, concrete volumes decreased in 2011, reflecting a reduction in demand from major projects, such as the Olympic Village and Gatwick Airport, and reduced housing and other building expenditure. Cement

production levels increased over 2010 as a result of the ongoing efficiency program. Management efforts continue to be focused on mitigating the significant impact of rising input costs, in particular hydrocarbons, through initiatives such as increasing the use of recycled asphalt materials to recapture bitumen. The outlook for 2012 is uncertain and dependent to a large extent upon the UK government's response to weak domestic growth and wider economic uncertainty across the Eurozone.

During the first half of 2011, we announced an agreement to combine Tarmac's cement, aggregates, ready-mixed concrete, asphalt and contracting businesses in the United Kingdom with Lafarge UK. The joint venture, in which each of Anglo American and Lafarge will have a 50% shareholding, will operate with its own Board of Directors led by an independent Chairman and executive management teams drawn from both businesses. Completion of the transaction is conditional upon receipt of regulatory approvals. In September 2011, the Office of Fair Trading in the UK referred the proposed transaction to the UK Competition Commission. In February 2012, the UK Competition Commission published its provisional findings. The Group will continue to work with the UK Competition Commission to address the issues raised. Both Lafarge UK and Tarmac UK operations will continue to operate independently until regulatory approvals have been obtained.

Zinc

In May 2010, we announced the sale of our portfolio of zinc assets to Vedanta Resources plc, subject to customary regulatory approval and competition clearance processes. In December 2010, we completed the disposal of our Skorpion mine for a net cash inflow of US\$570 million, and in February 2011, we completed the disposal of our Lisheen mine and our 74% interest in Black Mountain (which holds 100% of the Black Mountain mine and Gamsberg project) for a total net cash inflow of US\$499 million.

Scaw Metals

Following the disposal of Moly-Cop and AltaSteel for a total net cash inflow of US\$993 million in December 2010, we own 74% of Scaw SA. Scaw SA manufactures a diverse range of steel products in South Africa and principally produces rolled steel products (bar, wire, rod and sections), steel and iron castings, cast alloy iron and forged steel grinding media and steel chain, wire rope and strand products. Scaw SA's products are used in the construction, railway, power generation, mining, cement and marine industries.

MAJOR GROWTH AND REPLACEMENT PROJECTS

The Group's US\$98 billion pipeline of approved and unapproved projects spans its core commodities, and approved projects are expected to deliver significant organic production growth by 2014. Despite the economic downturn in 2008 and 2009, we decided to continue the development of four near term strategic growth projects, namely the Barro Alto nickel project, the Los Bronces copper expansion project, Kumba's Kolomela and the Minas-Rio iron ore projects. Barro Alto delivered its first metal in early 2011, and is expected to be in full production at the beginning of 2013. All four of these projects are well placed on their respective industry cost curves, expected to have long resource lives and, as outlined below, expected to enter production in the near term in what is expected to be a growing commodity demand environment.

In addition to these projects, during 2011 the Board approved a number of growth projects, including the 5 Mtpa Grosvenor metallurgical coal project in Australia. Details of major projects are provided (based on estimates at December 31, 2011), by business segment, as follows:

Iron Ore and Manganese

Kumba's Kolomela mine in South Africa shipped its first ore from the port of Saldanha to China in December 2011, five months ahead of schedule. Kolomela is situated 80 km to the south of Kumba's world class Sishen mine and, when full production is achieved in 2013, is expected to produce 9 Mtpa of high quality

seaborne iron ore, with further potential for expansion. Production is ramping up well and on track to deliver between 4 Mt and 5 Mt in 2012. Total capital expenditure of approximately US\$1.1 billion has been incurred since the commencement of development to December 31, 2011.

The Minas-Rio iron ore project in Brazil is expected to produce 26.5 Mtpa of iron ore in its first phase and made good progress during 2011; the offshore and onshore works at the port are on schedule; more than 90% of land access has been secured along the 525 km pipeline route and more than 200 km of pipe has been installed; and the civil works at the beneficiation plant are well under way. As with other complex greenfield mining projects, a number of irregular issues, such as the discovery of caves at the beneficiation plant site which require specialized assessment, continue to cause delays to the work scheduling, in addition to outstanding land access and an evolving permitting environment. Minas-Rio is implementing various measures to manage these challenges in a high inflationary Brazilian mining environment, including acceleration activities within the previously announced 15% capital increase, to target first ore on ship in the second half of 2013. Attributable capital expenditure to December 31, 2011 amounted to US\$2.8 billion.

Pre-feasibility studies for the second phase of the Minas-Rio iron ore project commenced during 2011 and, while ongoing, these studies, together with the current resource statement, support the expansion of the project.

The second expansion of the GEMCO operation in the Northern Territory of Australia was approved in May 2011. This follows the successful completion of the GEMCO Expansion Phase 1 (GEEP1) project in January 2010. The first phase expansion confirmed GEMCO's status as the world's largest and lowest cost producer of manganese ore. This second expansion will further enhance GEMCO's competitive advantages and create additional options for growth. The US\$280 million GEEP2 project (Anglo American's 40% share US\$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 bypass facility. The project is expected to be completed 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 expansions.

At the Hotazel Manganese mines, the central block development project at Wessels will increase production between 0.5 Mtpa and 1.5 Mtpa. This will be completed in 2013 and is expected to require approximately US\$43 million (on a 100% basis) of investment to complete.

The High Carbon Ferro Manganese furnace M14 at the Metalloys smelter in Meyerton, South Africa ("Metalloys") will add an additional 130,000 tonnes per annum capacity to the smelter at a cost of US\$90 million (on a 100% basis) and will take two years to complete.

Copper

The delivery of first copper production from the US\$2.8 billion Los Bronces expansion project was achieved on schedule in the fourth quarter of 2011. The ramp-up period is expected to take 12 months before full production is reached, during which time processing plant throughput is expected to increase from 61,000 tonnes to 148,000 tonnes of ore per day. The expansion is expected to increase the mine's output by an average of 200,000 tonnes of copper per annum over the first ten years. Despite the current industry-wide cost pressures, Los Bronces is expected to have highly attractive cash operating costs, and reserves and resources that are currently expected to support a mine life of more than 30 years, with further expansion potential. In October 2011, Codelco, the Chilean state copper company, notified us that it intended to exercise an option to acquire 49% of certain of our Chilean copper operations, including Los Bronces, in January 2012. In November 2011, the Group announced the sale to Mitsubishi of a 24.5% interest in AA Sur, which owns Los Bronces, El Soldado and the Chargres operations, for cash consideration of US\$5.39 billion. The transaction was unconditional and was completed immediately. See "— Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur".

At Collahuasi, an expansion project to increase concentrator plant capacity to 150 kt of ore per day, an annual average production increment of 19 ktpa of copper over the estimated life of mine, was commissioned in

the fourth quarter of 2011 and a further project to increase throughput to 160 kt of ore per day, an annual average production increment of 20 ktpa of copper over the estimated life of mine, is underway and expected to be commissioned in 2013. A pre-feasibility study is also in progress to evaluate options for the next phases of expansion at Collahuasi, with potential to increase production to up to 1 Mt of copper a year.

In Peru, Anglo American is focusing on obtaining the necessary water permits necessary for the Quellaveco project to progress to Board approval. Early-stage work continues at the Michiquillay project and drilling relating to the geological exploration program has recommenced after the completion of discussions with the local communities. It is currently envisaged that the project will move to the pre-feasibility stage following the completion of drilling analysis and orebody modeling.

Activity at the Pebble project in Alaska continues with the focus on completing a pre-feasibility study by late 2012 and targeting production in the next decade. An environmental baseline document highlighting the key scientific and socio-economic data was delivered to government agencies in late 2011.

Thermal Coal

In South Africa, the US\$517 million, 6.6 Mtpa Zibulo project reached commercial operating levels in the fourth quarter of 2011.

The New Largo Coal Project, which is currently in feasibility stage, has two main elements: a conveyor which will run from an existing coal plant to an Eskom power station and a new opencast mine. The operation is planned to mine domestic thermal coal and Thermal Coal is currently negotiating a coal supply agreement with Eskom for delivery into its Kusile power station, which is currently under construction.

The Cerrejón P500 Phase1 expansion project, to increase production at Cerrejón by 8 Mtpa to 40 Mtpa, was approved by its shareholders in August 2011. The US\$1.3 billion (attributable US\$0.4 billion) expansion is targeted to produce first coal during the fourth quarter in 2013 and the project is expected to achieve full production at the end of 2015.

Metallurgical Coal

The development of the \$1.7 billion, 5 Mtpa Grosvenor Phase 1 metallurgical coal project was approved in December 2011. Grosvenor's first development coal will be produced in 2013, with full commercial production expected in 2016. Advanced stage project studies continue at the greenfield projects of Moranbah South, Dartbrook and Drayton South in Australia, and also at Roman in Canada.

Platinum

Project capital expenditure for 2011 of US\$451 million was largely spent on the Twickenham Platinum mine project (US\$95 million), the Mortimer Furnace Upgrade (US\$58 million), the Thembelani 2 shaft replacement project (US\$57 million), the Unki Platinum mine project (US\$40 million), the Base Metal Refinery 33 kt nickel expansion project (US\$34 million) and the Khuseleka ore replacement project (US\$25 million). The Unki Platinum Mine Project was handed over to operations in January 2011 and reached steady state production of 120 kt milled per month during the fourth quarter of 2011, a year ahead of schedule. The Base Metal Refinery 33 kt nickel expansion project has produced its first metal in line with expectations and reached steady state production during the fourth quarter of 2011 as planned.

Diamonds

Debswana's Jwaneng mine Cut-8 extension project is progressing satisfactorily, largely on schedule and on budget. This project is expected to extend the mine life to at least 2025. More than 40 million tons of waste has been stripped to date, and infrastructure construction is over 90 percent complete, with the remaining work forecast to be completed in 2012.

De Beers Canada completed an optimization study on the Snap Lake Mine in mid-2011 to more economically extract this ore-body to achieve the forecast 20 year life-of-mine. An Environmental Impact Statement has been submitted for the Gahcho Kué project and the review process is currently underway with construction expected to commence in 2013 and production from 2015. The final project schedule will depend upon progress with obtaining environmental projects permits and regulatory approvals.

The feasibility study to extend the life of Venetia Mine through underground operations in South Africa is underway and scheduled for consideration by the DBCM board in 2012.

Nickel

The Barro Alto project was completed in the first quarter of 2011, delivering first metal in March, with full production expected at the beginning of 2013. This project makes use of an existing operation and proven technology and is expected to produce an average 36 ktpa of nickel at full production rates (41 ktpa over the first five years), with a cost position in the lower half of the curve. Barro Alto has an approved life of mine of 30 years from its extensive resource base.

The Nickel business' unapproved project pipeline has the potential to increase production by an additional 66 ktpa, with further upside potential, leveraging the Group's considerable nickel laterite technical expertise. Jacaré, with Mineral Resources of 3.9 Mt (2.6 Mt Inferred Resources) of contained nickel, was the largest nickel discovery in the last decade and has the potential to significantly strengthen the Group's position in the worldwide nickel market. This project is anticipated to enter the pre-feasibility study phase in 2012.

Project summary

The tables that follow provide information on a selection of completed, approved and future unapproved projects as at December 31, 2011. Further information on these projects is included within business segment discussions in this offering memorandum.

Projects completed from 2009 to 2011

The table below sets forth selected major new or expansion projects that were completed from January 1, 2009 to December 31, 2011.

<u>Sector</u>	<u>Project</u>	<u>Country</u>	<u>Completion date</u>	<u>Capital Expenditure (US\$m)⁽¹⁾</u>	<u>Estimated Production Volume⁽²⁾</u>	<u>Type of Mine</u>
Platinum	Unki	Zimbabwe	2011	459	70 kozpa refined platinum	Underground
	Mogalakwena North	South Africa	2011	822	350-400 kozpa refined platinum	Open pit
	Base metals refinery expansion	South Africa	2011	360	11 ktpa nickel	n/a
	Dishaba East Upper UG2	South Africa	2011	219	100 kozpa refined platinum	Underground
	MC Plant Capacity Expansion — phase 1	South Africa	2010	95	11 ktpa Waterval Converter Matte (WCM)	n/a
	Mainstream inert grind projects	South Africa	2010	149	Improve process recoveries	n/a
	Copper	Los Bronces expansion	Chile	2011	2,800	200 ktpa copper ⁽³⁾
Collahuasi Phase 1		Chile	2011	148	19 ktpa copper	n/a
Metallurgical Coal	Lake Lindsay	Australia	2009	726	4.0 Mt coking and semi-soft	Open pit
Thermal Coal	Zibulo	South Africa	2011	517	6.6 Mtpa thermal	Underground
	Mafube	South Africa	2009	230	5.4 Mt thermal	Open pit
	MacWest	South Africa	2009	49	2.7 Mt thermal	Open pit
	Navigation West	South Africa	2009	32	1.2 Mt thermal	Open pit
	Cerrejón	Colombia	2009	130	3.0 Mt (2 nd stage) thermal	Open pit
Iron Ore and Manganese	Kolomela	South Africa	2011	1,062	9.0 Mtpa iron ore	Open pit
	Sishen Expansion	South Africa	2009	657	13.0 Mtpa iron ore	Open pit
Nickel	Barro Alto	Brazil	2011	1,900	36 ktpa nickel ⁽⁴⁾	Open pit

(1) Capital expenditure shown on 100% basis in nominal terms and reflects capital expenditure per investment proposal. Platinum projects reflect approved capital expenditure.

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

(3) Production represents average over first 10 years of the project. Production over the first three years of the project is expected to average 278ktpa.

(4) Production of 36 ktpa over the full production years; a new mine plan is expected to extend the life of Barro Alto with lower production in the additional years.

Approved projects

The table below sets forth major new or expansion projects that have been approved but are not yet completed. The figures and dates contained within are estimates and subject to change. The information below, as well as all other estimates regarding future capital expenditure, production, reserves and similar information in this Business Description or elsewhere in this Offering Memorandum is forward-looking information and should be read in conjunction with “Forward-Looking Statements”. The information in the following table is generally updated only as part of our annual reporting cycle and, consequently, reflects estimates as at December 31, 2011, the end of our latest fiscal year. These estimates are subject to change between table updates.

Sector	Project	Country	Full Production Targeted	Estimated Capital Expenditure (US\$m) ⁽¹⁾	Estimated Production Volume ⁽²⁾	Type of Mine
Platinum	Twickenham	South Africa	2019	1,248	180 kozpa refined Pt	Underground
	Khuseleka Ore Replacement	South Africa	2015	187	Replace 101 kozpa refined Pt	Underground
	Bathopele Phase 4	South Africa	2012	67	65 kozpa refined platinum	Underground
	Bathopele Phase 5	South Africa	2018	230	139 kozpa	Underground
	Diamonds	Jwaneng — Cut — 8	Botswana	2021	3,000 ⁽³⁾	100 million carats
Copper	Collahuasi expansion Phase 2	Chile	2014	212	20 ktpa copper ⁽⁴⁾	
Iron Ore and Manganese	Minas-Rio phase 1	Brazil	2014	5,034	26.5 Mtpa iron ore pellet feed (wet basis) ⁽⁵⁾	Open pit
	Groote Eylandt Expansion Project (GEEP 2) ⁽⁶⁾	Australia	2013	280	0.6 Mtpa manganese ore	Open pit
Thermal Coal	Cerrejón P500 Phase 1	Columbia	2015	1,311	8.0 Mtpa thermal	Open Pit
Metallurgical Coal	Grosvenor Phase 1	Australia	2016	1,700	5.0 Mtpa Metallurgical	Underground
Other Mining and Industrial	Boa Vista Fresh Rock	Brazil	2014	173	2.7 ktpa additional ferro-niobium in product	Open Pit

- (1) Capital expenditure shown on 100% basis in nominal terms and reflects capital expenditure per investment proposal. Platinum projects reflect approved capital expenditure.
- (2) Represents 100% of average incremental or replacement production, at full production, unless otherwise stated.
- (3) Debswana will invest US\$500 million in capital expenditure. Project investment, including capital expenditure, is likely to total US\$3 billion over the next 15 years. Total carats exposed are over the life of the extension.
- (4) Further phased expansions have the potential to increase production to 1 Mtpa.
- (5) Capital expenditure, post acquisition of Anglo American’s shareholding in Minas-Rio, includes 100% of the mine and pipeline, and an attributable share of the port, as modified by the agreement with LLX SA and LLX Minas-Rio. Capital expenditure is currently under review.
- (6) Subject to conditions precedent being fulfilled.

Unapproved projects

The table below sets forth potential major new or expansion projects that have not yet been approved. The information below, as well as all other estimates regarding future capital expenditure, production, reserves and similar information in this Business Description or elsewhere in this Offering Memorandum are forward-looking information and should be read in conjunction with “Forward-Looking Statements”. This information is as at December 31, 2011. No new major or expansion projects have been announced since December 31, 2011.

Sector	Project	Country	Estimated Full Production	Estimated Production Volume⁽¹⁾	Type of Mine
Platinum	Tumela Conglomerate	South Africa	2026	271 kozpa refined platinum	Underground
Copper ⁽²⁾	Quellaveco	Peru	2017	225 ktpa copper	Open pit
	Collahuasi expansion phase 3	Chile	TBD	469 ktpa copper	Open pit
	Michiquillay	Peru	2020	187 ktpa copper ⁽³⁾	Open pit
	Pebble	USA	TBD	175 ktpa copper	Open pit and Underground
Nickel	Jacaré	Brazil	TBD	TBD	Open pit
Iron Ore and Manganese	Sishen Expansion Project phase 1B	South Africa	2015	0.8 Mtpa iron ore	Open pit
	Sishen B Grade	South Africa	2017	6.0 Mtpa iron ore	Open pit
	Sishen Concentrates	South Africa	2019	1.1 Mtpa iron ore	Open pit
	Kolomela expansion	South Africa	2019	6.0 Mtpa iron ore	Open pit
	Minas-Rio expansion	Brazil	TBD	TBD	Open pit
Metallurgical Coal	Grosvenor Phase 2	Australia	2017	6.0 Mtpa metallurgical	Underground
	Drayton South	Australia	2015	4.0 Mtpa thermal	Open pit
	Moranbah South	Australia	2019	12.0 Mtpa metallurgical	Underground
Thermal Coal	Elders multi-product project	South Africa	2019	3.0 Mtpa thermal	Underground
	New Largo	South Africa	2017	13.0 Mtpa thermal	Open pit
	Cerrejón P500 P2	Colombia	TBD	10.0 — 20.0 Mtpa thermal	Open pit
Diamonds	Gahcho Kué	Canada	TBD	TBD	Open pit
	Venetia UG ⁽⁴⁾	South Africa	TBD	TBD	Underground

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

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

(3) Expansion potential to 300 ktpa.

(4) A feasibility study is scheduled for consideration by De Beers Consolidated Mines (DBCM) board in 2012.

MINERAL PRODUCTION

This section provides the entire output of consolidated entities and the Group's share of joint ventures, joint arrangements and associates where applicable, except for Collahuasi in Copper (in which the Group has a 44% interest) and De Beers (in which the Group has a 45% interest) which are quoted on a 100% basis.

	Year ended December 31,		
	2009 (tonnes)	2010 (tonnes)	2011 (tonnes)
Iron Ore and Manganese			
Kumba⁽¹⁾			
Lump	25,300,000	25,922,300	25,445,100
Fines	16,643,000	17,462,600	15,822,500
Amapá⁽²⁾			
Sinter feed	576,100	2,136,900	1,401,000
Pellet feed	2,077,100	1,892,500	3,420,500
Total iron ore	44,596,000	47,414,300	46,089,100
Samancor⁽³⁾			
Manganese ore	1,570,000	2,952,800	2,786,800
Manganese alloy	129,000	312,000	300,500
Total Manganese	1,699,000	3,264,800	3,087,300

(1) Kolomela commenced commercial production as from December 1, 2011. Related costs were capitalized up to this date.

(2) Amapá commenced commercial production as from January 1, 2010. Revenue and related costs were capitalized up to this date.

(3) We owned 40% of Samancor for all periods presented.

	Year ended December 31,		
	2009 (tonnes)	2010 (tonnes)	2011 (tonnes)
Copper segment			
Collahuasi ⁽¹⁾	535,800	504,000	453,300
AA Sur — Los Bronces mine ⁽²⁾	238,400	221,400	221,800
AA Sur — El Soldado mine ⁽²⁾	41,400	40,400	46,900
AA Sur — Chagres Smelter Copper blister/anodes ⁽²⁾⁽³⁾	137,700	137,900	138,200
AA Sur — Chagres Smelter Copper blister/anodes (third party) ⁽²⁾	2,500	—	—
Anglo American Norte — Mantos Blancos mine	90,200	78,600	72,100
Anglo American Norte — Mantoverde mine	61,500	61,100	58,700
Total attributable Copper segment copper production⁽⁴⁾	669,800	623,300	599,000
Platinum copper production	11,200	10,900	12,800
Other Mining and Industrial segment — Black Mountain copper production	2,200	2,500	300
Total attributable copper production	683,200	636,700	612,100

(1) Production is quoted on a 100% basis (our share is 44%) for all periods presented.

(2) Production is quoted on a 100% basis (our share 75.5%) for all periods presented. In November 2011, the Group announced the sale to Mitsubishi of a 24.5% interest in Anglo American Sur, of which owns 100% of the Los Bronces and El Soldado mines and the Chagres Smelter. See "Business Description — Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur".

(3) Excluded from total copper production.

(4) Total attributable Copper segment production represents our attributable share only.

Coal

	Year ended December 31,		
	2009 <i>(tonnes)</i>	2010 <i>(tonnes)</i>	2011 <i>(tonnes)</i>
Thermal Coal segment			
South Africa			
Greenside	3,294,600	3,425,000	2,853,100
Goedehoop	6,905,000	6,026,200	5,200,800
Isibonelo	5,061,900	4,569,100	4,338,200
Kriel	11,161,700	9,526,100	8,151,700
Kleinkopje	4,414,000	4,423,600	4,400,600
Landau	4,231,500	4,085,800	4,171,200
New Denmark	3,728,900	5,051,600	4,812,600
New Vaal	17,553,700	17,235,300	17,399,700
Nooitgedacht	475,000	—	—
Mafube ⁽¹⁾	2,212,800	2,447,700	2,313,100
Zibulo ⁽²⁾	119,000	1,661,500	3,366,500
	<u>59,158,100</u>	<u>58,451,900</u>	<u>57,007,500</u>
South America			
Carbones del Cerrejón ⁽³⁾	10,189,600	10,060,100	10,751,700
Total Thermal Coal segment production	69,347,700	68,512,000	67,759,200
Metallurgical Coal segment			
Australia			
Callide	8,766,400	8,515,600	8,038,700
Drayton	3,630,200	4,206,000	3,991,900
Capcoal	4,598,900	5,460,300	5,047,900
Jellinbah ⁽⁴⁾	1,745,800	1,792,500	1,829,600
Moranbah North	2,581,000	3,937,800	2,450,100
Dawson	3,756,200	3,584,400	3,904,600
Foxleigh	1,595,900	1,665,700	1,417,100
Canada			
Peace River Coal	718,300	868,000	936,300
Total Metallurgical Coal segment production	27,392,700 ⁽⁵⁾	30,030,300	27,616,200
Other Mining and Industrial segment			
South America			
Carbones del Guasare ⁽⁶⁾	750,700	441,400	—
Total Other Mining and Industrial segment production	750,700	441,400	—
Thermal Coal segment by product type			
South Africa			
Eskom	36,225,100	36,403,400	35,296,000
Thermal	22,185,900	21,612,000	21,388,100
Metallurgical	747,100	436,500	323,400
	<u>59,158,100</u>	<u>58,451,900</u>	<u>57,007,500</u>
South America			
Thermal	10,189,600	10,060,100	10,751,700
Total Thermal Coal segment production	69,347,700	68,512,000	67,759,200

	Year ended December 31,		
	2009 (tonnes)	2010 (tonnes)	2011 (tonnes)
<i>Metallurgical Coal segment by product type</i>			
Australia			
Thermal	14,051,800	14,460,500	13,426,500
Metallurgical	12,622,600	14,701,800	13,253,400
Canada			
Metallurgical	645,300	868,000	936,300
Thermal	73,000	—	—
Total Metallurgical Coal segment production	27,392,700⁽⁴⁾	30,030,300	27,616,200
<i>Other Mining and Industrial segment by product type</i>			
South America			
Thermal	750,700	441,400	—
Total Other Mining and Industrial segment production	750,700	441,400	—

- (1) The Group owns 50% of the Mafube mine (for all periods presented).
- (2) Zibulo commenced commercial production on December 1, 2011. Related costs have been capitalized up to this date.
- (3) The Group owns 33.3% of the Carbones del Cerrejón mine (for all periods presented). All production from this mine relates to thermal coal.
- (4) The Group owns 23.3% of the Jellinbah mine (for all periods presented).
- (5) Peace River Coal has been classified in Metallurgical Coal to align with internal management reporting. Financial results included elsewhere in this offering memorandum reflect this reclassification, however for 2011 and 2010 only
- (6) At December 31, 2010 Carbones del Guasare had ceased to be an associate of the Group.

	Year ended December 31,		
	2009 (thousands of ounces)	2010 (thousands of ounces)	2011 (thousands of ounces)
Platinum — Platinum production⁽¹⁾⁽²⁾			
<i>Rustenburg Section</i>			
Bathopele	133.6	141.6	118.3
Khomanani	105.5	101.1	102.2
Thembelani	79.3	97.6	106.4
Khuseleka	157.0	131.7	133.0
Siphumelele	110.6	96.2	100.9
<i>Amandelbult Section</i>			
Tumela	293.8	303.0	284.4
Dishaba	150.1	156.4	161.9
Union	291.9	304.0	273.1
Mogalakwena	233.3	272.3	312.8
Twickenham Platinum Mine (Project)	7.5	3.6	0.9
Unki Mine	—	—	50.8
Modikwa Platinum Mine ⁽³⁾	135.3	134.9	129.8
Kroondal ⁽⁴⁾	230.7	266.7	217.6
Marikana ⁽⁴⁾	38.2	53.3	48.7
Mototolo ⁽⁵⁾	106.3	110.5	115.1
Bafokeng-Rasimone ⁽⁶⁾⁽⁷⁾	172.5	169.7	—

	Year ended December 31,		
	2009	2010	2011
	(thousands of ounces)	(thousands of ounces)	(thousands of ounces)
Bokoni (previously Lebowa) ⁽⁸⁾	30.2	—	—
Western Limb Tailings Retreatment	32.4	43.3	43.0
	<u>2,308.2</u>	<u>2,385.9</u>	<u>2,198.9</u>
Purchases of metals in concentrate from third parties production	114.4	98.5	84.4
Purchases of metals in concentrate from associates production	29.0	85.5	246.7
Total Platinum segment platinum production	<u>2,451.6</u>	<u>2,569.9</u>	<u>2,530.1</u>

- (1) Total refined production is presented by mine for production from owned mining operations and our share of joint ventures, as well as purchases of metals in concentrate from joint ventures. Purchases of metals in concentrate from associates and third parties are separately presented. All mines are based in South Africa and Zimbabwe.
- (2) Refined production arising from purchases of metal from outside parties is reported under “Purchases of metals in concentrate from third parties production”.
- (3) Modikwa Platinum Mine is a 50:50 joint venture with ARM Platinum. However, the information reported represents 100% of the Modikwa Platinum Mine operation as Platinum purchases and converts the JV partner’s 50% share of the metal in concentrate.
- (4) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate that are, in total, surplus to its offtake agreement with Impala Platinum.
- (5) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate.
- (6) A 50:50 joint venture with Royal Bafokeng Resources became fully operational on March 1, 2004. However, Platinum purchases, converts and sells Royal Bafokeng Resources’ 50% share of the metal in concentrate and the information reported therefore reflects 100% of BRPM mine operations throughout the period.
- (7) Platinum’s direct interest in Bafokeng-Rasimone Platinum Mine decreased to 33% with effect from December 7, 2009. From this date Platinum’s 33% interest has been equity accounted and purchases of metals in concentrate from Bafokeng-Rasimone have been separately included in “Purchases of metals in concentrate from associates production”.
- (8) Platinum sold 51% of the Bokoni mine (previously Lebowa) to Anooraq Resources with effect from July 1, 2009. From this date Platinum’s remaining 49% interest in Bokoni has been equity accounted and purchases of metals in concentrate from Bokoni has been separately included in “Purchases of metals in concentrate from associates production”.

	Year ended December 31,		
	2009	2010	2011
	(thousands of ounces)	(thousands of ounces)	(thousands of ounces)
Platinum — Palladium production⁽¹⁾⁽²⁾			
<i>Rustenburg Section</i>			
Bathopele	73.9	81.8	65.8
Khomanani	47.4	47.2	47.9
Thembelani	40.6	52.1	55.3
Khuseleka	76.0	65.0	65.6
Siphumelele	51.2	42.0	43.3
<i>Amandelbult Section</i>			
Tumela	133.6	140.8	129.7
Dishaba	67.3	71.8	72.6
Union	127.3	134.5	116.7
Mogalakwena	249.9	283.2	320.6
Twickenham Platinum Mine (Project)	7.2	3.2	0.7
Unki Mine	—	—	33.9
Modikwa Platinum Mine ⁽³⁾	128.0	127.1	117.5
Kroondal ⁽⁴⁾	110.8	132.4	106.4
Marikana ⁽⁴⁾	16.7	25.1	22.8
Mototolo ⁽⁵⁾	61.5	65.0	66.8
Bafokeng-Rasimone ⁽⁶⁾⁽⁷⁾	68.9	68.6	—

	Year ended December 31,		
	2009	2010	2011
	(thousands of ounces)	(thousands of ounces)	(thousands of ounces)
Bokoni (previously Lebowa) ⁽⁸⁾	20.4	—	—
Western Limb Tailings Retreatment	10.4	13.9	13.2
	<u>1,291.1</u>	<u>1,353.7</u>	<u>1,278.8</u>
Purchases of metals in concentrate from third parties production	49.8	43.5	38.4
Purchases of metals in concentrate from associates production	19.8	51.3	113.5
Total Platinum segment palladium production	1,360.7	1,448.5	1,430.7

- (1) Total refined production is presented by mine for production from owned mining operations and our share of joint ventures, as well as purchases of metals in concentrate from joint ventures. Purchases of metals in concentrate from associates and third parties are separately presented. All mines are based in South Africa and Zimbabwe, as above.
- (2) Refined production arising from purchases of metal from outside parties is reported under “Purchases of metals in concentrate from third parties production”.
- (3) Modikwa Platinum Mine is a 50:50 joint venture with ARM Platinum. However, the information reported represents 100% of the Modikwa Platinum Mine operation as Platinum purchases and converts the JV partner’s 50% share of the metal in concentrate.
- (4) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate that are, in total, surplus to its offtake agreement with Impala Platinum.
- (5) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate.
- (6) A 50:50 joint venture with Royal Bafokeng Resources became fully operational on March 1, 2004. However, Platinum purchases, converts and sells Royal Bafokeng Resources’ 50% share of the metal in concentrate and the information reported therefore reflects 100% of BRPM mine operations throughout the period.
- (7) Platinum’s direct interest in Bafokeng-Rasimone Platinum Mine decreased to 33% with effect from December 7, 2009. From this date Platinum’s 33% interest has been equity accounted and purchases of metals in concentrate from Bafokeng-Rasimone have been separately included in “Purchases of metals in concentrate from associates production”.
- (8) Platinum sold 51% of the Bokoni mine (previously Lebowa) to Anooraq Resources with effect from July 1, 2009. From this date Platinum’s remaining 49% interest in Bokoni has been equity accounted and purchases of metals in concentrate from Bokoni has been separately included in “Purchases of metals in concentrate from associates production”.

	Year ended December 31,		
	2009	2010	2011
	(thousands of ounces)	(thousands of ounces)	(thousands of ounces)
Platinum — Rhodium production⁽¹⁾⁽²⁾			
<i>Rustenburg Section</i>			
Bathopele	25.9	24.7	20.9
Khomanani	11.1	9.7	10.8
Thembelani	13.0	14.1	15.5
Khuseleka	22.0	15.2	16.6
Siphumelele	13.1	7.2	7.5
<i>Amandelbult Section</i>			
Tumela	46.9	45.9	46.5
Dishaba	19.1	19.3	20.8
Union	49.4	46.6	47.2
Mogalakwena	17.4	16.5	20.7
Twickenham Platinum Mine (Project)	1.6	0.6	0.3
Unki Mine	—	—	2.9
Modikwa Platinum Mine ⁽³⁾	27.2	24.1	25.0
Kroondal ⁽⁴⁾	40.5	43.1	41.2
Marikana ⁽⁴⁾	6.6	7.7	8.1
Mototolo ⁽⁵⁾	17.2	18.7	17.8
Bafokeng-Rasimone ⁽⁶⁾⁽⁷⁾	11.9	12.0	—

	Year ended December 31,		
	2009	2010	2011
	(thousands of ounces)	(thousands of ounces)	(thousands of ounces)
Bokoni (previously Lebowa) ⁽⁸⁾	5.2	—	—
Western Limb Tailings Retreatment	1.8	1.9	2.1
	<u>329.9</u>	<u>307.3</u>	<u>303.9</u>
Purchases of metals in concentrate from third parties production	18.0	15.3	13.6
Purchases of metals in concentrate from associates production	2.0	6.3	20.1
Total Platinum segment rhodium production	<u>349.9</u>	<u>328.9</u>	<u>337.6</u>

- (1) Total refined production is presented by mine for production from owned mining operations and our share of joint ventures, as well as purchases of metals in concentrate from joint ventures. Purchases of metals in concentrate from associates and third parties are separately presented. All mines are based in South Africa and Zimbabwe, as above.
- (2) Refined production arising from purchases of metal from outside parties is reported under “Purchases of metals in concentrate from third parties production”.
- (3) Modikwa Platinum Mine is a 50:50 joint venture with ARM Platinum. However, the information reported represents 100% of the Modikwa Platinum Mine operation as Platinum purchases and converts the JV partner’s 50% share of the metal in concentrate.
- (4) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate that are, in total, surplus to its offtake agreement with Impala Platinum.
- (5) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate.
- (6) A 50:50 joint venture with Royal Bafokeng Resources became fully operational on March 1, 2004. However, Platinum purchases, converts and sells Royal Bafokeng Resources’ 50% share of the metal in concentrate and the information reported therefore reflects 100% of BRPM mine operations throughout the period.
- (7) Platinum’s direct interest in Bafokeng-Rasimone Platinum Mine decreased to 33% with effect from December 7, 2009. From this date Platinum’s 33% interest has been equity accounted and purchases of metals in concentrate from Bafokeng-Rasimone have been separately included in “Purchases of metals in concentrate from associates production”.
- (8) Platinum sold 51% of the Bokoni mine (previously Lebowa) to Anooraq Resources with effect from July 1, 2009. From this date Platinum’s remaining 49% interest in Bokoni has been equity accounted and purchases of metals in concentrate from Bokoni has been separately included in “Purchases of metals in concentrate from associates production”.

	Year ended December 31,		
	2009	2010	2011
	(carats)	(carats)	(carats)
Diamonds⁽¹⁾⁽²⁾			
Debswana	17,734,000	22,218,000	22,890,000
Namdeb Holdings	929,000	1,472,000	1,335,000
DBCM	4,797,000	7,556,000	5,443,000
De Beers Canada	1,140,000	1,751,000	1,660,000
	<u>24,600,000</u>	<u>32,997,000</u>	<u>31,328,000</u>

- (1) Information in the table reflects diamonds recovered.
- (2) Production is quoted on a 100% basis (our share is 45%) for all periods presented. In November 2011, the Group entered into an agreement with CHL and CIL, 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. See “Business Description — Diamonds — Acquisition of additional Shareholding”.

	Year ended December 31,		
	2009	2010	2011
	<i>(tonnes)</i>	<i>(tonnes)</i>	<i>(tonnes)</i>
Nickel segment			
Codemin	9,500	8,500	9,500
Loma de Níquel	10,400	11,700	13,400
Barro Alto ⁽¹⁾	—	—	6,200
Total Nickel segment production	<u>19,900</u>	<u>20,200</u>	<u>29,100</u>
Platinum	<u>19,500</u>	<u>18,500</u>	<u>20,300</u>
Total attributable nickel production	39,400	38,700	49,400

(1) Barro Alto is currently not in commercial production and therefore all revenue and related costs are capitalized.

	Year ended December 31,		
	2009	2010	2011
	<i>(tonnes)</i>	<i>(tonnes)</i>	<i>(tonnes)</i>
Other Mining and Industrial			
Tarmac			
Aggregates	72,767,300	58,875,600	42,878,400
Lime products	1,214,400	1,255,900	1,264,000
Concrete (m ³)	3,521,200	3,305,800	3,285,700
Zinc and Lead			
Black Mountain ⁽¹⁾			
Zinc in concentrate	28,200	36,100	3,300
Lead in concentrate	49,100	50,600	5,400
Lisheen ⁽¹⁾			
Zinc in concentrate	171,800	175,100	19,200
Lead in concentrate	19,200	20,600	2,900
Skorpion ⁽²⁾			
Zinc	150,400	138,500	—
Phosphates			
Copebrás			
Phosphates	829,000	1,002,000	1,060,900
Niobium			
Catalão			
	5,100	4,000	3,900
Scaw Metals			
South Africa — Steel Products			
	693,000	710,000	677,400
International — Steel Products ⁽³⁾			
	<u>718,000</u>	<u>794,200</u>	<u>—</u>

(1) The Group sold its interests in Lisheen and Black Mountain in February 2011.

(2) The Group sold its interest in Skorpion in December 2010.

(3) Relates to production from Moly-Cop and AltaSteel. The Group sold its interests in Moly-Cop and AltaSteel in December 2010.

ORE RESERVES

This section contains tables setting forth the Proved and Probable Ore Reserves for the various business segments of the Group.

The Ore Reserve estimates presented in this section are prepared in accordance with the Anglo American plc Reporting of Exploration Results, Mineral Resources and Ore Reserves standard. This standard requires that the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2004 edition (“JORC Code”), be used as a minimum standard. Some of our subsidiaries have a primary listing in South Africa where public reporting is conducted in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (“SAMREC Code”). The SAMREC Code is similar to the JORC Code, and the Ore Reserve and Mineral Resource terminology appearing in this section follows the definitions in both the JORC Code (2004) and the SAMREC Code (2007).

Ore Reserve reporting requirements for filings with the SEC are specified in Industry Guide 7 under the Securities Act (“Guide 7”) standard, which recommends that economic assumptions be based on a three-year historic average. Our Reporting Standard is not derived from, or consistent with, Guide 7 and differs from Guide 7 in certain material respects. Accordingly, our Proved and Probable Ore Reserves would differ from those described herein if determined in accordance with Guide 7.

The Ore Reserve estimates were prepared by or under the supervision of “Competent Persons” as defined in the JORC and SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking.

The Group companies are subject to a comprehensive program of independent third-party audits aimed at providing assurance in respect of Ore Reserve estimates. The frequency and depth of the independent audits is a function of the risks and/or uncertainties associated with a particular Ore Reserve, the overall value thereof and time that has elapsed since an independent third-party audit has been conducted.

The JORC and SAMREC Codes require the use of reasonable economic assumptions. These include long-range commodity price forecasts, which are prepared by in-house specialists largely using estimates of future supply and demand and long-term economic outlooks.

Ore Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and relevant new information and therefore can vary from year to year.

The estimates of Ore Reserves are as of December 31, 2009, 2010 or 2011, as indicated. The figures in the tables have been rounded and, if used to derive totals and averages, could cause minor computational differences. Ore Reserves in the context of this Offering Memorandum have the same meaning as “Mineral Reserves” as defined by the SAMREC Code. The following abbreviations are used in the tables: “OP”= Open Pit, “OC”= Open Cast, “UG”= Underground and “Mine Life”= The extraction period in years, based on scheduled total estimated Ore Reserves divided by the expected average annual production tonnage.

Iron Ore and Manganese segment — Iron Ore

Iron Ore Ore Reserves ⁽¹⁾	Classification	Tonnage			Grade			Saleable product					
		2009	2010	2011	2009	2010	2011	2009		2010		2011	
		<i>(Million tonnes)⁽²⁾</i>			<i>(%Fe)</i>			Mt	%Fe	Mt	%Fe	Mt	%Fe
Sishen Mine (OP) (38.0% attributable, 18 year Mine Life) ⁽³⁾													
	Proved	707.6	576.3	525.8	59.2	59.8	58.9	531	65.4	439	65.5	393	65.0
	Probable	203.9	500.6	458.1	59.2	58.7	59.3	154	64.9	366	65.1	351	65.1
	Total	911.5	1,077.0	983.9	59.2	59.3	59.1	685	65.3	805	65.3	744	65.0
Thabazimbi Mine (OP) (48.2% attributable, 4 year Mine Life)													
	Proved	9.5	9.0	2.7	61.7	61.1	61.4	8	63.4	8	62.6	2	63.2
	Probable	4.7	4.9	7.7	61.3	60.6	60.4	4	62.7	4	61.9	6	63.0
	Total	14.2	13.9	10.4	61.5	61.0	60.7	12	63.1	12	62.3	8	63.1
Kolomela Mine (OP) (48.2% attributable, 23 year Mine Life)													
	Proved	123.1	118.5	109.7	64.2	64.5	64.9	123	64.2	118	64.5	110	65.0
	Probable	91.0	84.0	93.7	63.9	64.1	64.3	91	63.9	84	64.1	93	64.4
	Total	214.1	202.4	203.4	64.1	64.3	64.6	214	64.0	202	64.3	203	64.7

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2011 is stated next to each operation.

(2) Tonnage: quoted as metric tonnes.

(3) Mine Life — The extraction period in years, based on scheduled total estimated Ore Reserves divided by the expected average annual production tonnage.

Iron Ore and Manganese segment — Manganese

Manganese Ore Reserves ⁽¹⁾	Classification	Tonnage			Grade			% Yield		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
		<i>(Million tonnes)⁽³⁾</i>			<i>(%Mn)</i>					
Hotazel Manganese Mines^(2,4)										
Mamatwan (OP) (29.6% attributable, 21 year Mine Life)										
	Proved	53.6	48.9	43.9	37.8	37.2	37.3			
	Probable	24.8	32.0	30.5	37.2	37.0	37.1			
	Total	78.4	80.9	74.4	37.6	37.1	37.2			
Wessels (UG) (29.6% attributable, 48 year Mine Life)										
	Proved	5.1	5.0	4.1	45.5	45.1	44.0			
	Probable	68.4	76.4	67.7	43.0	42.9	43.0			
	Total	73.5	81.4	71.8	43.2	43.1	43.1			
GEMCO (OP) (40.0% attributable, 12 year Mine Life)										
	Proved	67.5	63.2	79.4	46.8	46.9	46.5	50.8	50.7	54.8
	Probable	43.2	42.0	25.9	46.4	46.4	45.6	47.9	47.6	54.2
	Total	110.7	105.2	105.3	46.7	46.7	46.3	49.7	49.5	54.7

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2011 is stated next to each operation.

(2) We own 29.6% of Hotazel Manganese Mines through our investment in Samancor.

(3) Tonnage: quoted as metric tonnes. Mamatwan tonnages stated as wet metric tonnes. Wessels and GEMCO tonnages stated as dry metric tonnes.

(4) Hotazel Manganese Mines: An application (Section 102 application) has been approved by the South African Department of Mineral Resources to amend the Mamatwan and Wessels Mining Rights areas to include the Ntsimintle Prospecting Rights.

Copper segment

Copper Ore Reserves ⁽¹⁾	Classification	Tonnage			Grade			Contained Metal		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
		<i>(Million tonnes)⁽²⁾</i>			<i>(%Cu)</i>			<i>(thousand tonnes)⁽²⁾</i>		
Los Bronces (OP) (75.5% attributable, 34 year Mine Life)										
Sulphide (TCu)										
Flotation	Proved	797.7	712.9	899.6	0.73	0.73	0.69	5,823	5,205	6,208
	Probable	849.8	794.5	598.8	0.55	0.55	0.51	4,674	4,370	3,054
	Total	1,647.5	1,507.4	1,498.4	0.64	0.64	0.62	10,497	9,575	9,261
Sulphide (TCu)										
Dump Leach	Proved	442.3	384.4	486.6	0.36	0.37	0.35	1,592	1,421	1,703
	Probable	382.0	350.1	197.1	0.28	0.29	0.27	1,069	1,015	532
	Total	824.3	734.5	683.7	0.32	0.33	0.33	2,662	2,436	2,235
El Soldado (OP) (75.5% attributable, 23 year Mine Life)										
Sulphide (TCu)										
Flotation	Proved	79.6	84.2	95.4	0.94	1.00	0.96	750	843	915
	Probable	49.9	52.4	67.3	0.76	0.83	0.79	381	433	533
	Total	129.6	136.6	162.7	0.87	0.93	0.89	1,131	1,276	1,448
Oxide (TCu)										
Heap Leach	Proved	3.0	1.9	—	0.86	0.81	—	26	16	—
	Probable	4.2	3.5	3.5	0.54	0.52	0.46	23	18	16
	Total	7.2	5.4	3.5	0.67	0.62	0.46	48	33	16
Mantos Blancos (OP) (100% attributable, 10 year Mine Life)										
Sulphide (ICu)										
Flotation	Proved	7.2	16.2	26.3	0.88	0.88	0.83	63	143	218
	Probable	18.8	29.6	19.7	0.94	0.84	0.80	177	249	157
	Total	26.0	45.8	46.0	0.93	0.85	0.82	240	392	376
Oxide (ASCu)										
Vat and Heap Leach	Proved	3.3	6.2	8.3	0.70	0.53	0.54	23	33	45
	Probable	29.2	15.6	16.3	0.43	0.30	0.33	126	47	54
	Total	32.5	21.8	24.7	0.46	0.37	0.40	149	80	99
Oxide (ASCu)										
Dump Leach	Proved	0.9	2.3	2.1	0.24	0.19	0.18	2	4	4
	Probable	11.9	57.2	49.6	0.25	0.23	0.23	30	134	115
	Total	12.7	59.5	51.7	0.25	0.23	0.23	32	138	119
Mantoverde (OP) (100% attributable, 6 year Mine Life)										
Oxide (ASCu)										
Heap Leach	Proved	37.7	36.5	33.3	0.59	0.57	0.59	222	208	196
	Probable	6.6	15.3	9.5	0.54	0.55	0.55	36	84	52
	Total	44.3	51.8	42.7	0.58	0.56	0.58	258	292	248
Oxide (ASCu)										
Dump Leach	Proved	17.3	29.1	27.2	0.32	0.24	0.24	55	70	65
	Probable	7.0	22.1	18.2	0.42	0.28	0.28	29	62	51
	Total	24.3	51.2	45.4	0.35	0.26	0.26	85	132	116
Collahuasi (OP) (44% attributable, 68 year Mine Life) Oxide and Mixed (TCu)										
Heap Leach	Proved	0.2	0.1	0.0	1.16	1.66	0.60	3	2	0
	Probable	19.3	29.3	35.4	0.74	0.66	0.63	143	193	224
	Total	19.6	29.4	35.4	0.75	0.66	0.63	146	195	224
Sulphide (TCu)										
Flotation — direct feed	Proved	322.9	286.6	285.0	1.03	1.04	1.07	3,326	2,985	3,042
	Probable	1,227.7	1,366.8	1,640.3	0.93	0.95	0.93	11,417	12,968	15,177
	Total	1,550.6	1,653.4	1,925.3	0.95	0.96	0.95	14,743	15,952	18,219
Low Grade Sulphide (TCu)										
Flotation — stockpile	Proved	—	—	—	—	—	—	—	—	—
	Probable	615.0	775.9	935.2	0.52	0.51	0.49	3,198	3,924	4,596
	Total	615.0	775.9	935.2	0.52	0.51	0.49	3,198	3,924	4,596
Copper Projects Ore Reserves										
Quellaveco (OP) (81.9% attributable, 28 year Mine Life)										
Sulphide (TCu)										
Flotation	Proved	672.2	701.8	701.8	0.61	0.65	0.65	4,096	4,562	4,562
	Probable	207.8	214.6	214.6	0.76	0.63	0.63	1,572	1,352	1,352
	Total	880.0	916.4	916.4	0.65	0.65	0.65	5,668	5,914	5,914

- (1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2011 is stated next to each operation or project. See "Business Description — Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur".
(2) Tonnage: quoted as metric tonnes.

Thermal Coal segment

Coal Reserves ⁽¹⁾	Classification	Run Of Mine (ROM)			Saleable			Saleable Quality		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
		<i>(Million tonnes)⁽²⁾</i>			<i>(Million tonnes)⁽²⁾</i>			<i>kcal/kg or CSN⁽³⁾</i>		
South Africa										
Goedehoop (UG&OC)⁽⁴⁾ (100% attributable, 11 year Mine Life)										
Thermal — Export	Proved	25.5	46.8	37.4	15.5	25.7	20.2	6,240	6,220	6,230
	Probable	85.6	45.6	48.6	47.5	25.6	25.6	6,180	6,220	6,210
	Total	111.1	92.4	86.0	63.0	51.3	45.9	6,190	6,220	6,220
Greenside (UG) (100% attributable, 11 year Mine Life)										
Thermal — Export	Proved	39.8	37.3	25.8	24.3	22.7	15.5	6,190	6,190	6,200
	Probable	2.4	2.3	21.9	1.5	1.5	12.3	6,190	6,190	6,190
	Total	42.1	39.6	47.8	25.8	24.2	27.8	6,190	6,190	6,200
Isibonelo (OC) (100% attributable, 14 year Mine Life)										
Synfuel	Proved	84.5	74.9	69.9	84.6	74.9	69.9	4,560	4,640	4,590
	Probable	—	—	—	—	—	—	—	—	—
	Total	84.5	74.9	69.9	84.6	74.9	69.9	4,560	4,640	4,590
Kleinkopje (OC)⁽⁴⁾ (100% attributable, 13 year Mine Life)										
Thermal — Export	Proved	77.1	77.5	64.5	26.4	29.0	23.7	6,220	6,220	6,170
	Probable	21.3	12.3	12.0	10.4	5.7	5.6	6,230	6,240	6,180
	Total	98.4	89.8	76.4	36.8	34.7	29.3	6,220	6,220	6,170
Thermal — Domestic	Proved	—	—	—	29.5	24.9	21.8	4,490	4,460	4,550
	Probable	—	—	—	—	—	—	—	—	—
	Total	—	—	—	29.5	24.9	21.8	4,490	4,460	4,590
Kriel (UG&OC) (73% attributable, 14 year Mine Life)										
Thermal — Domestic	Proved	67.0	61.2	46.0	67.0	61.2	46.0	4,790	4,800	4,790
	Probable	64.3	69.6	67.5	64.3	69.6	67.5	4,500	4,450	4,430
	Total	131.3	130.8	113.5	131.3	130.8	113.5	4,650	4,610	4,580
Landau (OC)⁽⁴⁾ (100% attributable, 9 year Mine Life)										
Thermal — Export	Proved	48.0	44.7	36.4	25.1	23.0	17.8	6,300	6,250	6,240
	Probable	21.4	24.7	24.4	11.0	12.2	11.9	6,370	6,250	6,230
	Total	69.5	69.4	60.7	36.1	35.2	29.8	6,320	6,250	6,240
Thermal — Domestic	Proved	—	—	—	3.4	3.8	3.2	4,450	4,100	4,550
	Probable	—	—	—	2.0	2.1	1.8	3,900	4,400	3,970
	Total	—	—	—	5.4	6.0	5.0	4,250	4,210	4,340
Mafube (OC)⁽⁴⁾ (50% attributable, 19 year Mine Life)										
Thermal — Export	Proved	35.6	30.1	24.8	18.4	14.8	11.6	6,300	6,270	6,220
	Probable	67.3	—	66.6	25.1	—	22.2	6,280	—	6,210
	Total	103.0	30.1	91.3	43.5	14.8	33.8	6,290	6,270	6,210
Thermal — Domestic	Proved	—	—	—	8.2	6.9	6.8	5,450	5,490	5,460
	Probable	—	—	—	21.2	—	25.0	5,080	—	5,010
	Total	—	—	—	29.4	6.9	31.8	5,180	5,490	5,110
New Denmark (UG) (100% attributable, 23 year Mine Life)										
Thermal — Domestic	Proved	37.0	40.4	30.2	37.0	40.4	30.2	5,090	4,930	4,880
	Probable	106.7	92.9	80.9	106.7	92.9	80.9	4,940	5,070	5,120
	Total	143.7	133.3	111.1	143.7	133.3	111.1	4,980	5,030	5,050
New Vaal (OC) (100% attributable, 20 year Mine Life)										
Thermal — Domestic	Proved	423.4	397.5	371.8	404.0	384.6	359.8	3,490	3,490	3,490
	Probable	—	—	—	—	—	—	—	—	—
	Total	423.4	397.5	371.8	404.0	384.6	359.8	3,490	3,490	3,490

Coal Reserves ⁽¹⁾	Classification	Run Of Mine (ROM)			Saleable			Saleable Quality		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
		<i>(Million tonnes)⁽²⁾</i>			<i>(Million tonnes)⁽²⁾</i>			<i>kcal/kg or CSN⁽³⁾</i>		
Nooitgedacht 5 Seam (UG)⁽⁴⁾ (100% attributable, 1 year Mine Life)										
Metallurgical — Other	Proved				0.5	0.4	0.3	6,300	6,280	6,370
	Probable				—	—	—	—	—	—
	Total				0.5	0.4	0.3	6,300	6,280	6,370
Zibulo (previously Zondagsfontein) (UG&OC) ⁽⁴⁾ (73% attributable, 19 year Mine Life)										
Thermal — Export	Proved	—	—	86.1	—	—	43.0	—	—	6,090
	Probable	99.3	111.9	28.6	39.5	46.3	13.3	6,350	6,320	6,070
	Total	99.3	111.9	114.7	39.5	46.3	56.3	6,350	6,320	6,090
Thermal — Domestic	Proved				—	—	26.4	—	—	4,820
	Probable				38.5	40.9	8.9	4,880	4,990	4,640
	Total				38.5	40.9	35.4	4,880	4,990	4,770
South Africa⁽⁴⁾⁽⁵⁾⁽⁶⁾										
Thermal — Export	Proved	839.8	811.7	793.3	110.3	115.7	131.8	6,250	6,230	6,170
Attributable % - 85.6	Probable	468.3	359.3	350.5	135.0	91.3	90.9	6,270	6,280	6,190
	Total	1,308.1	1,171.0	1,143.8	245.3	207.0	222.7	6,260	6,250	6,180
Metallurgical — Other	Proved				0.5	0.4	0.3	6,300	6,280	6,370
Attributable % — 100.0	Probable				—	—	—	—	—	—
	Total				0.5	0.4	0.3	6,300	6,280	6,370
Thermal — Domestic	Proved				549.1	522.0	494.2	3,850	3,830	3,850
Attributable % — 91.7	Probable				232.7	205.5	184.1	4,810	4,840	4,820
	Total				781.8	727.5	678.4	4,130	4,120	4,110
Synfuel	Proved				84.6	74.9	69.9	4,560	4,640	4,590
Attributable % — 100.0	Probable				—	—	—	—	—	—
	Total				84.6	74.9	69.9	4,560	4,640	4,590
Colombia										
Cerrejón (OC)⁽⁷⁾ (33.3% attributable, 20 year Mine Life)										
Thermal — Export	Proved	646.6	659.0	718.8	621.4	634.8	695.5	6,210	6,230	6,300
	Probable	50.7	64.1	86.0	48.9	61.7	83.2	6,210	6,230	6,240
	Total	697.3	723.1	804.8	670.3	696.5	778.7	6,210	6,230	6,290

- (1) Coal Reserves are quoted on a run of mine (ROM) reserve tonnage basis, which represents the tonnes delivered to the plant, and on a saleable reserve tonnage basis which represents the product tonnes produced. The figures reported represent 100% of the Coal Reserves. The percentage attributable to Anglo American plc at December 31, 2011 is stated next to each operation.
- (2) Tonnage: quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis, and Saleable tonnages on a Product moisture basis.
- (3) The coal quality for the Coal Reserves is quoted as Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis. Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Synfuel collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg.
- (4) For the multi-product operations, the ROM tonnage figures apply to each product.
- (5) South African Export mining operations include Greenside, Goedehoop, Kleinkopje, Landau, Zibulo and Mafube. Domestic South African mining operations include Isibonelo, Kriel, New Denmark and New Vaal.
- (6) Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.
- (7) We own a 33.3% interest in Carbones del Cerrejón.

Thermal — Export refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).

Metallurgical — Other refers to semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal.; quality measured by calorific value (CV).

Synfuel refers to a coal specifically for the domestic production of synthetic fuel and chemicals; quality measured by calorific value (CV).

Thermal — Domestic refers to low- to high-volatile thermal coal primarily for domestic consumption for power generation; quality measured by CV.

Metallurgical — Coking refers to high-, medium- to low-volatile semi-soft, soft or hard coking coal primarily for blending and use in steel industry; quality measured as Crucible Swell Number (CSN).

Metallurgical Coal segment

Coal Reserves ⁽¹⁾	Classification	Run Of Mine (ROM)			Saleable			Saleable Quality		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
		<i>(Million tonnes)⁽²⁾</i>			<i>(Million tonnes)⁽²⁾</i>			<i>kcal/kg or CSN⁽³⁾</i>		
Australia										
Callide (OC)										
<i>(100% attributable, 25 year Mine Life)</i>										
Thermal — Domestic	Proved	125.8	130.6	199.9	122.3	128.1	195.8	4,550	3,740	4,380
	Probable	87.7	90.6	52.0	87.0	90.1	51.0	4,560	3,890	4,250
	Total	213.5	221.2	251.9	209.3	218.2	246.8	4,550	3,800	4,350
Capcoal (OC)⁽⁴⁾										
<i>(76.8% attributable, 25 year Mine Life)</i>										
Thermal — Export	Proved	85.7	84.7	77.1	3.0	2.7	2.3	7,070	7,060	7,060
	Probable	54.1	72.5	72.5	2.0	1.7	1.7	7,070	7,030	7,030
	Total	139.8	157.1	149.5	5.0	4.4	4.0	7,070	7,050	7,050
Metallurgical — Coking	Proved				20.8	18.7	16.3	7.0	7.0	7.0
	Probable				14.4	12.3	12.3	6.5	6.5	6.5
	Total				35.2	31.0	28.6	7.0	7.0	7.0
Metallurgical — Other	Proved				38.1	39.0	37.0	6,980	6,970	6,970
	Probable				20.9	35.0	35.0	7,090	6,990	6,990
	Total				59.0	74.0	72.1	7,020	6,980	6,980
Capcoal (UG)⁽⁴⁾										
<i>(70.0% attributable, 12 year Mine Life)</i>										
Metallurgical — Coking	Proved	41.3	45.7	40.6	29.2	35.2	31.6	9.0	9.0	9.0
	Probable	13.8	14.7	14.7	10.0	11.2	11.2	8.5	9.0	9.0
	Total	55.1	60.4	55.3	39.2	46.3	42.7	9.0	9.0	9.0
Dawson (OC)⁽⁴⁾										
<i>(51% attributable, 11 year Mine Life)</i>										
Thermal — Export	Proved	21.0	17.9	15.0	12.4	11.2	10.0	6,500	6,500	6,500
	Probable	161.8	156.0	149.0	93.9	92.4	90.9	6,500	6,500	6,500
	Total	182.8	173.8	163.9	106.3	103.7	101.0	6,500	6,500	6,500
Metallurgical — Coking	Proved				5.2	4.0	3.1	7.5	7.5	7.5
	Probable				31.4	28.4	24.5	7.5	7.5	7.5
	Total				36.6	32.4	27.5	7.5	7.5	7.5
Drayton (OC)⁽⁴⁾										
<i>(88.2% attributable, 5 year Mine Life)</i>										
Thermal — Export	Proved	1.9	4.2	3.2	1.5	3.2	2.4	7,070	6,260	6,260
	Probable	31.2	24.3	19.7	24.1	18.6	14.9	6,450	6,260	6,260
	Total	33.1	28.5	22.9	25.6	21.8	17.3	6,490	6,260	6,260
Foxleigh (OC)										
<i>(70% attributable, 4 year Mine Life)</i>										
Metallurgical — Other	Proved	1.9	5.8	4.1	1.4	4.8	3.5	6,520	6,960	6,940
	Probable	4.4	14.7	13.7	3.3	12.0	11.3	6,580	6,810	6,810
	Total	6.3	20.5	17.8	4.7	16.8	14.8	6,560	6,850	6,840
Moranbah North (UG)										
<i>(88% attributable, 18 year Mine Life)</i>										
Metallurgical — Coking	Proved	123.6	116.8	114.8	102.5	94.8	92.6	7.5	8.0	8.0
	Probable	12.2	13.1	11.3	9.6	10.0	8.7	8.0	8.0	8.0
	Total	135.8	130.0	126.1	112.0	104.8	101.3	7.5	8.0	8.0
Australia^{(4) (5) (6)}										
Thermal — Export	Proved	401.0	405.5	454.6	16.9	17.1	14.7	6,650	6,540	6,550
Attributable % - 57.1	Probable	365.3	385.8	332.8	120.0	112.7	107.5	6,500	6,470	6,480
	Total	766.4	791.4	787.4	136.9	129.8	122.2	6,520	6,480	6,480
Metallurgical — Coking	Proved				157.7	152.7	143.5	7.5	8.0	8.0
Attributable % — 77.5	Probable				65.3	61.9	56.6	7.5	7.5	7.5
	Total				223.0	214.5	200.1	7.5	8.0	8.0
Metallurgical — Other	Proved				39.5	43.7	40.5	6,960	6,970	6,970
Attributable % — 75.6	Probable				24.2	47.1	46.3	7,020	6,940	6,940
	Total				63.7	90.8	86.8	6,990	6,960	6,960
Thermal — Domestic	Proved				122.3	128.1	195.8	4,550	3,740	4,380
Attributable % — 100	Probable				87.0	90.1	51.0	4,560	3,890	4,250
	Total				209.3	218.2	246.8	4,560	3,800	4,350

Coal Reserves ⁽¹⁾	Classification	Run Of Mine (ROM)			Saleable			Saleable Quality		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
		<i>(Million tonnes)⁽²⁾</i>			<i>(Million tonnes)⁽²⁾</i>			<i>kcal/kg or CSN⁽³⁾</i>		
Canada										
Trend (OC)⁽⁴⁾⁽⁷⁾										
<i>(100% attributable, 13 year Mine Life)</i>										
Metallurgical — Coking	Proved	20.6	20.4	20.3	13.3	13.9	13.9	7.0	7.0	7.0
	Probable	2.5	2.4	2.3	1.6	1.5	1.5	7.0	7.0	7.0
	Total	23.0	22.8	22.6	14.9	15.4	15.4	7.0	7.0	7.0
Thermal — Domestic	Proved				0.4	0.2	0.1	5,300	5,300	5,070
	Probable				0.1	0.0	0.0	5,300	5,300	5,070
	Total				0.5	0.2	0.2	5,300	5,300	5,070

- (1) Coal Reserves are quoted on a run of mine reserve tonnage basis, which represents the tonnes delivered to the plant, and on a saleable reserve tonnage basis which represents the product tonnes produced. The figures reported represent 100% of the Coal Reserves. The percentage attributable to Anglo American plc at December 31, 2011 is stated next to each operation.
- (2) Tonnage: quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis, and Saleable tonnages on a Product moisture basis.
- (3) The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) using kilo-calories per kilogram (kcal/kg) units on a Gross As Received (GAR) basis or Crucible Swell Number (CSN). Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Synfuel collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.
- (4) For the multi-product operations, the ROM tonnage figures apply to each product.
- (5) Australian Export mining operations include Capcoal, Drayton, Foxleigh, Moranbah North and Dawson. Domestic Australian mining operations relates to Callide.
- (6) Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.
- (7) Canadian Export operations include Peace River Coal. Anglo American's interest in Peace River Coal at December 31, 2011 was 100%. For coal product descriptions see "— Thermal Coal" segment.

Platinum segment

Platinum Ore Reserves	Classification	Tonnage			Grade ⁽³⁾			Contained Metal		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
South African Operations⁽¹⁾										
<i>(million tonnes)⁽²⁾</i>										
Merensky Reef ⁽⁴⁾	Proved	77.5	89.2	63.9	5.41	4.97	5.05	13.5	14.3	10.4
	Probable	89.8	51.0	49.1	5.13	5.05	5.16	14.8	8.3	8.1
	Total	167.3	140.2	113.0	5.26	5.00	5.10	28.3	22.5	18.5
UG2 Reef ⁽⁴⁾	Proved	409.9	425.9	390.7	4.37	4.14	4.10	57.6	56.7	51.5
	Probable	229.3	204.2	250.0	4.38	4.72	4.78	32.3	31.0	38.4
	Total	639.2	630.2	640.7	4.37	4.33	4.36	89.9	87.6	89.9
Platreef	Proved	317.4	381.3	538.8	3.28	2.93	2.84	33.5	36.0	49.3
	Proved (primary ore stockpile)	16.6	11.7	20.0	2.65	1.96	1.71	1.4	0.7	1.1
	Probable	174.6	216.3	166.5	3.12	2.68	3.24	17.5	18.6	17.4
	Total	508.6	609.3	725.4	3.20	2.82	2.90	52.4	55.3	67.7
All Reefs	Proved	821.4	908.1	1,013.4	4.01	3.69	3.44	106.0	107.6	112.2
	Probable	493.6	471.5	465.7	4.07	3.82	4.27	64.6	57.9	63.9
	Total	1,315.0	1,379.7	1,479.1	4.03	3.73	3.70	170.5	165.5	176.1
Tailings	Proved	—	—	—	—	—	—	—	—	—
	Probable	29.6	21.8	18.9	0.86	1.13	0.86	0.8	0.8	0.5
	Total	29.6	21.8	18.9	0.86	1.13	0.86	0.8	0.8	0.5
Zimbabwe Operations										
Main Sulphide Zone ⁽⁵⁾	Proved	5.1	14.3	15.0	3.60	3.69	3.68	0.6	1.7	1.8
	Probable	42.0	27.3	23.7	3.81	3.82	3.85	5.1	3.4	2.9
	Total	47.1	41.7	38.7	3.79	3.78	3.79	5.7	5.1	4.7

- (1) The figures reported represent 100% of the Ore Reserves. Of these reserves at December 31, 2011 we owned 79.8% (2009 and 2010: 79.7%) through our interest in Anglo American Platinum.
- (2) Tonnage: quoted as metric tonnes.
- (3) Grade: 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grams per tonne (g/t).
- (4) The pay limit is based on Cost 4 which consists of 'Direct Cash Cost' (on and off mine), 'Other Indirect Costs' and 'Stay in Business Capital' (on and off mine). The reserve pay-limit varies across all operations between 1.8g/t and 3.7g/t (4E PGE). The range is a function of various factors including depth of the ore body, geological complexity, infrastructure and economic parameters.
- (5) Unki: The Main Sulphide Zone is the orebody mined at Unki Mine. The Ore Reserves for the Main Sulphide Zone relate to the Unki East mine only. Anglo American Platinum owns an effective 100% interest in Southridge Limited. Due to increased confidence based on new information and on underground mining exposure the Proved Ore Reserves tonnage increased significantly.

Nickel segment

Nickel Ore Reserves ⁽¹⁾	Classification	Tonnage			Grade			Contained Metal		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
		<i>(Million tonnes)⁽²⁾</i>			<i>(%Ni)</i>			<i>(thousand tonnes)⁽²⁾</i>		
Loma de Níquel (OP)⁽³⁾ (91.4% attributable, 4 year Mine Life)										
Laterite	Proved	7.4	3.9	2.1	1.46	1.54	1.53	109	60	32
	Probable	25.0	5.8	2.5	1.42	1.44	1.44	354	83	36
	Total	32.4	9.7	4.6	1.43	1.48	1.48	463	143	68
Niquelândia (OP) (100% attributable, 25 year Mine Life)										
Laterite	Proved	3.2	5.8	3.7	1.33	1.29	1.35	42	74	50
	Probable	0.5	1.9	0.9	1.33	1.24	1.33	7	24	12
	Total	3.7	7.7	4.6	1.33	1.28	1.35	49	98	63
Barro Alto (OP) (100% attributable, 32 year Mine Life)										
Laterite	Proved	9.0	16.0	21.2	1.66	1.75	1.66	150	279	352
	Probable	30.5	31.6	31.0	1.71	1.65	1.55	522	520	481
	Total	39.5	47.5	52.2	1.70	1.68	1.60	672	798	833

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2011 is stated next to each operation or project.

(2) Tonnage: quoted as metric tonnes.

(3) The mining concessions are due for renewal in November 2012.

Other Mining and Industrial segment — Niobium and Phosphate products

Niobium Ore Reserves ⁽¹⁾	Classification	Tonnage			Grade			Contained Metal		
		2009	2010	2011	2009	2010	2011	2009	2010	2011
		<i>(Million tonnes)⁽²⁾</i>			<i>(%Nb₂O₅)</i>			<i>(thousand tonnes)⁽²⁾</i>		
Catalão (OP) (100% attributable, 4 year Mine Life)										
Carbonatite (oxide)	Proved	9.1	4.0	3.4	1.19	1.09	1.03	108	44	35
	Probable	3.1	1.1	1.0	1.10	1.01	1.04	34	11	10
	Total	12.2	5.1	4.3	1.17	1.07	1.03	142	55	45
Phosphate products										
Copebrás (OP) (100% attributable, 41 year Mine Life)										
Carbonatite	Proved	72.2	92.4	87.9	(%P ₂ O ₅) 13.4	(%P ₂ O ₅) 14.0	(%P ₂ O ₅) 14.0			
	Probable	180.5	151.5	151.3	13.0	13.0	13.0			
	Total	252.8	243.9	239.2	13.1	13.4	13.4			

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2011 is 100%. We acquired the remaining 27% of Copébras we did not own during 2010.

(2) Tonnage: quoted as metric tonnes.

SELECTED FINANCIAL INFORMATION

The selected financial information for the Group set forth below for the years ended December 31, 2011, 2010 and 2009 has been derived from, and should be read in conjunction with the consolidated financial statements of the Group for 2011 and 2010, and notes thereto prepared in accordance with EU IFRS and incorporated by reference herein.

You should regard the selected financial data below only as an introduction and should base your investment decision on a review of the entire Offering Memorandum, including the sections entitled “Operating and Financial Review” and “Non-IFRS Financial Measures”.

The following discussion also contains trend information and forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this Offering Memorandum, particularly under “Forward-Looking Statements” and “Risk Factors”

	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011
	<i>(US\$m unless otherwise stated)</i>		
Income statement measures			
Group revenue	20,858	27,960	30,580
Group revenue (including associates) ⁽¹⁾	24,637	32,929	36,548
Operating profit from subsidiaries and joint ventures before special items and remeasurements	4,377	8,508	9,668
Operating profit before special items and remeasurements (including associates) ⁽¹⁾	4,957	9,763	11,095
Profit for the financial period	2,912	8,119	7,922
Underlying earnings ⁽¹⁾	2,569	4,976	6,120
Earnings per share (US\$)			
Basic	2.02	5.43	5.10
Diluted	1.98	5.18	4.89
Dividends per share (US cents)⁽²⁾			
Ordinary	—	65.0	74.0
Balance sheet measures			
Total assets	56,308	66,656	72,442
Medium and long-term borrowings	(12,816)	(11,904)	(11,855)
Net debt ⁽¹⁾	(11,280)	(7,384)	(1,374)
Cash flow measures			
Net cash inflows from operating activities	4,087	7,727	9,362
Net cash used in investing activities	(2,148)	(2,470)	(4,853)
Net cash inflows / (used in) from financing activities	(1,680)	(2,400)	1,474

(1) Definitions are set out in “Non-IFRS financial measures”.

(2) Interim and year-end dividends proposed in respect of the applicable year ended December 31.

OPERATING AND FINANCIAL REVIEW

This “Operating and Financial Review” section is intended to convey management’s perspective on the Group’s operational performance and its financial performance as measured in accordance with EU IFRS. We intend this disclosure to assist readers in understanding and interpreting the financial statements incorporated by reference in this Offering Memorandum. This section should be read in conjunction with our Group 2011 and 2010 Financial Statements (together with the accompanying notes), which are incorporated by reference into this Offering Memorandum, as well as the “Presentation of Financial Information” section.

The Group is required to comply with EU IFRS, and our accounting policies have been established accordingly. The following discussion and analysis are based on the financial statements and accompanying notes, which reflect the operations of the Group for the years ended December 31, 2011, 2010 and 2009, and should be read in conjunction with those financial statements and notes. In this analysis, all references to “2011” are to the year ended December 31, 2011, all references to “2010” or the “prior year” are to the year ended December 31, 2010 and all references to “2009” are to the year ended December 31, 2009.

We make reference herein to certain non-IFRS financial information that is explained in “Non-IFRS Financial Measures”.

OVERVIEW

The Group’s underlying earnings in 2011, 2010 and 2009 were US\$6,120 million, US\$4,976 million and US\$2,569 million, respectively. The 23% increase from 2010 to 2011 was due to an increase in contribution from Thermal Coal (principally due to higher thermal coal prices, and partially offset by a reduction in volumes and increased operating costs), Metallurgical Coal (principally due to higher export metallurgical coal prices, and partially offset by a stronger Australian dollar relative to the US dollar, increased operating costs and a reduction in sales volumes), De Beers (principally due to an increase in sales volume and diamond prices) and Iron Ore and Manganese (principally due to higher iron ore prices, and partially offset by increased operating costs). The increase in underlying earnings was partially offset by a decrease in contribution from OMI (principally due to the loss of earnings from the disposal of OMI’s zinc assets, the disposal of Moly-Cop and AltaSteel and the disposal of Tarmac’s European and other businesses partially offset by improved fertilizer prices) and from Copper (principally due to an increase in operating costs partially offset by higher realized prices for copper and molybdenum).

The 94% increase from 2009 to 2010 was due to an increase in contribution from Iron Ore and Manganese (principally due to higher iron ore, manganese ore and alloy prices and, to a lesser extent, sales volumes, partially offset by a stronger South African rand relative to the US dollar), Copper (principally due to significantly higher copper prices and higher molybdenum prices and sales volumes, partially offset by higher input costs, including employees, contractors and consumables, and lower copper sales volumes), De Beers (principally due to increased customer demand and higher prices), Platinum (principally due to higher prices and successful cost control programs, partially offset by the stronger South African rand relative to the US dollar), Metallurgical Coal (principally due to higher export prices and increased volumes, partially offset by a stronger Australian dollar relative to the US dollar) and, to a lesser extent, OMI (principally due to higher zinc, lead and fertilizer prices, partially offset by a lower contribution from Tarmac) and Nickel (principally due to higher nickel prices).

The reconciliation of profit for the financial period to underlying earnings is set out below:

	<u>Year ended December 31,</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
		<i>(US\$m)</i>	
Profit for the financial period	2,912	8,119	7,922
Non-controlling interests	(487)	(1,575)	(1,753)
Profit for the financial period attributable to equity shareholders of the Company	2,425	6,544	6,169
Operating special items including associates	2,574	253	173
Operating remeasurements including associates	(734)	(382)	74
Net (profit)/loss on disposals including associates	(1,632)	(1,598)	(203)
Financing special items	7	13	9
Financing remeasurements including associates	128	(106)	(205)
Special items and remeasurements tax including associates	(137)	112	118
Non-controlling interests on special items and remeasurements including associates . .	(62)	140	(15)
Underlying earnings	<u>2,569</u>	<u>4,976</u>	<u>6,120</u>

The Group's profit attributable to equity shareholders for 2011, 2010 and 2009 was US\$6,169 million, US\$6,544 million and US\$2,425 million, respectively. The 6% decrease from 2010 to 2011 was principally due to a reduction in the net profit on disposal and increased operating costs in Copper, Iron Ore and Manganese, Platinum and Metallurgical Coal segments (particular employee and contractor costs and revenue recovered costs). The decrease was partially offset by higher realized prices across our commodities (particularly iron ore and manganese, metallurgical coal, thermal coal, copper and platinum). The 170% increase from 2009 to 2010 was principally due to higher realized prices across our commodities (particularly PGMs, iron ore and manganese, copper, metallurgical coal and, to a lesser extent, thermal coal and nickel) and higher sales volumes for iron ore, manganese, metallurgical coal, and diamonds. This increase was partially offset by lower sales volumes for copper and thermal coal, inflationary cost pressures, and the stronger South African rand, Australian dollar and Chilean peso.

Restructuring

We continue to make significant progress in restructuring our portfolio. The Group sold Tarmac's aggregates businesses in China, Turkey and Romania in July 2011, October 2011 and November 2011, respectively. In February 2011, we disposed of our Lisheen mine and our 74% interest in Black Mountain (which holds 100% of the Black Mountain mine and Gamsberg project) for a total net cash inflow of US\$499 million. In December 2010, we disposed of five of our undeveloped coal assets in Australia, the Moly-Cop and AltaSteel businesses and the Skorpion Zinc mine in Namibia. Additional key disposals have included Tarmac's European aggregates business in September 2010, and its Polish, and French and Belgian concrete products businesses in March and May 2010, respectively, Tongaat Hulett and Hulamin in August and July 2009, respectively, and our remaining interest in AngloGold in the first quarter of 2009 (with partial disposals of portions of our interest in each of 2006 and 2007).

Factors Affecting Results of Operations

The Group's results of operations and period-to-period comparability of its financial results are affected by a number of external factors, including changes in commodity prices and exchange rates, as well as internal factors such as production levels, cost pressures and group restructuring through acquisition or sale of operations.

Commodity prices. The table below sets forth the average market prices for certain of our key commodities for the periods presented:

	<u>Year ended December 31,</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Average prices for the period			
Iron ore (US \$/tonne) ⁽¹⁾	68	136	160
Copper (US cents/lb) ⁽²⁾	234	342	400
South Africa export thermal coal (US \$/tonne) ⁽³⁾	65	82	114
South Africa domestic thermal coal (US \$/tonne) ⁽⁴⁾	19	20	22
Colombian export thermal coal (US \$/tonne) ⁽³⁾	73	73	101
Export metallurgical coal (US \$/tonne) ⁽³⁾	141	177	251
Australian export thermal coal (US \$/tonne) ⁽³⁾	74	87	101
Australian domestic thermal coal (US \$/tonne) ⁽⁴⁾	27	30	35
Platinum (US \$/oz) ⁽⁵⁾	1,211	1,610	1,725
Palladium (US \$/oz) ⁽⁵⁾	266	527	736
Rhodium (US \$/oz) ⁽⁵⁾	1,592	2,453	2,022
Nickel (US cents/lb) ⁽²⁾	667	989	1,035
Zinc (US cents/lb) ⁽²⁾⁽⁶⁾	75	98	—

(1) Source: Platts (FOB Australia)

(2) Average London Metals Exchange price.

(3) Weighted average realized FOB sales price.

(4) Weighted average realized sales price.

(5) Source: Johnson Matthey

(6) In February 2011, we disposed of our Lisheen mine and our 74% interest in Black Mountain (which holds 100% of the Black Mountain mine and Gamsberg project).

Set forth below is the impact on 2011 underlying earnings of a 10% fluctuation in the prices for certain of the Group's key commodities. These sensitivities reflect movement of an individual commodity price in isolation and are offered for illustrative purposes. In reality the combination of movements in commodity prices, exchange rates and interest rates will result in a different outcome.

	<u>Year ended</u> <u>December 31,</u> <u>2011</u>
	<u>10%</u> <u>sensitivity</u> <u>(US\$m)⁽³⁾</u>
Iron ore ⁽¹⁾	+/-223
Copper ⁽²⁾	+/-350
Platinum	+/-205
Palladium	+/- 48
Rhodium	+/- 31
Thermal coal	+/-239
Metallurgical coal	+/-218
Nickel	+/- 54

(1) Sensitivity reflects the impact of a 10% change in the average price across lump and fine.

(2) Copper sensitivity excludes the impact of provisionally priced copper.

(3) Stated after tax at marginal rate. Sensitivities are the average of the positive and negative and reflect the impact of a 10% change in the average prices received during 2011. Increases in commodity prices increase underlying earnings and vice versa.

We estimate that increases in the average price of many of the commodities produced by our subsidiaries and joint ventures, particularly with respect to metallurgical coal, iron ore and manganese, thermal coal, copper and platinum positively impacted underlying earnings in 2011 by approximately US\$2,123 million compared to 2010.

We estimate that increases in the average price of many of the commodities produced by our subsidiaries and joint ventures, particularly with respect to platinum, iron ore, copper, metallurgical coal, positively impacted underlying earnings in 2010 by approximately US\$3,260 million compared to 2009.

The table below sets forth the spot market prices for certain of our key commodities at period end:

<u>Period end prices</u>	<u>At December 31,</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Iron ore (US \$/tonne) ⁽¹⁾	109	163	127
Copper (US cents/lb) ⁽²⁾	333	442	343
Thermal coal (US \$/tonne) ⁽³⁾	81	129	105
Hard coking coal (US \$/tonne) ⁽⁴⁾	129	209	285
Platinum (US \$/oz) ⁽⁵⁾	1,475	1,755	1,388
Palladium (US \$/oz) ⁽⁵⁾	402	797	636
Rhodium (US \$/oz) ⁽⁵⁾	2,500	2,425	1,400
Nickel (US cents/lb) ⁽²⁾	838	1,132	829
Zinc (US cents/lb) ^{(2) (6)}	117	110	—

(1) Source: Platts (FOB Australia)

(2) London Metals Exchange closing price.

(3) Source: McCloskey RSA-API 4 index closing.

(4) Represents premium hard coking coal (FOB Australia) fourth quarter benchmark price for 2011 and 2010. For 2009 this represents the closing annual benchmark.

(5) Source: Johnson Matthey closing price.

(6) In February 2011, we disposed of our Lisheen mine and our 74% interest in Black Mountain (which holds 100% of the Black Mountain mine and Gamsberg project).

The Group's policy is generally not to hedge exposure to commodity prices. This is discussed further under "— Financial Risk Exposure and Management".

Exchange rates. The Group's results are influenced by a variety of currencies (the most important of which are listed in the table below) owing to its geographical diversity, and because we sell our products principally in US dollars but incur most of our costs in local currencies.

The table below sets forth the average exchange rates for certain of our key currencies with respect to the US dollar for the periods presented. The average exchange rate has been determined using the end of day Bloomberg rates averaged for the year.

	<u>Year ended December 31,</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
Average spot prices for the period (per US dollar)			
South African rand	8.41	7.32	7.26
Australian dollar	1.26	1.09	0.97
Chilean peso	559	510	484
Brazilian real	2.00	1.76	1.67
Euro	0.72	0.75	0.72
British pound	0.64	0.65	0.62
Closing spot prices (per US dollar)			
South African rand	7.38	6.60	8.11
Australian dollar	1.11	0.98	0.98
Chilean peso	507	468	520
Brazilian real	1.74	1.66	1.87
Euro	0.70	0.75	0.77
British pound	0.62	0.64	0.65

Set forth below is the impact on the 2011 underlying earnings of the Group of a 10% fluctuation in certain exchange rates. These sensitivities reflect movement of an individual exchange rate in isolation and are offered for illustrative purposes. In reality, the combination of movements in commodity prices, exchange rates and interest rates will result in a different outcome.

	10% sensitivity
	<i>(US\$m)⁽¹⁾</i>
South African rand/US dollar ⁽²⁾	+/-472
Australian dollar/US dollar ⁽²⁾	+/-179
Chilean peso/US dollar ⁽²⁾	+/- 54
Brazilian Real/US dollar ⁽²⁾	+/- 37

(1) Excludes the effect of any hedging activities. Stated after tax at marginal rate.

(2) A strengthening of the South African rand, Australian dollar, Chilean peso and Brazilian Real relative to the US dollar reduces underlying earnings and vice versa.

We estimate that currency movements in the aggregate negatively affected the underlying earnings of our subsidiaries and joint ventures in 2011 by approximately US\$150 million compared to 2010 and in 2010 by approximately US\$687 million compared to 2009.

Operating profit in 2011 was negatively impacted principally by a stronger average exchange rate for the Australian dollar and South African rand. Operating profit in 2010 was negatively impacted principally by a stronger average exchange rate for the South African rand and Australian dollar.

Geographical Distribution. The following table sets forth the Group's total operating profit (including operating profit of associates) before special items and remeasurements, by geography, allocated based on the location of our operations, for the periods presented:

	Year ended December 31,					
	2009	%	2010	%	2011	%
	<i>(US\$m)</i>					
Total Group⁽¹⁾						
South Africa	2,023	40.8	5,001	51.2	6,059	54.6
South America	2,310	46.6	3,416	35.0	3,245	29.2
Australia and Asia	620	12.5	911	9.3	1,318	11.9
Africa outside South Africa	78	1.6	501	5.1	501	4.5
North America	(20)	(0.4)	14	0.2	256	2.3
Europe ⁽²⁾	(54)	(1.1)	(80)	(0.8)	(284)	(2.5)
Total	4,957	100	9,763	100	11,095	100

(1) The financial results of joint ventures are included in the consolidated financial statements of the Group on a basis pro rata to our ownership interest. The financial results of associates are accounted for in the consolidated financial statements of the Group using the equity method of accounting.

(2) We sold Tarmac's aggregates business in China, Turkey and Romania in July 2011, October 2011, and November 2011 respectively. In September 2010, we sold Tarmac's aggregates businesses in France, Germany, Poland and the Czech Republic. In separate deals, Tarmac's Polish and French and Belgian concrete products businesses were sold in March and May 2010, respectively. Tarmac businesses disposed will impact the contribution of our European operations. In addition, our European operations are expected to be impacted by the disposal of the remaining Tarmac group when this is undertaken.

The 14% increase in operating profit from 2010 to 2011, as noted above, principally was due to increased operating profits from South Africa (principally Kumba and Thermal Coal), Australia and Asia (principally Metallurgical Coal), and North America (principally Diamonds), and was partially offset by reduced operating profit in South America.

The increase in operating profit from 2009 to 2010, as noted above, principally reflected increased operating profits from South Africa (principally Kumba and Platinum), Chile (principally Copper), Africa outside of South Africa (principally Diamonds) and Australia and Asia (principally from Metallurgical Coal).

Group Outlook

Commodity markets remained resilient through the first half of 2011 with strong economic growth in emerging markets continuing despite the cessation of government stimulus and the loss of benefits associated with inventory restocking. In the second half of 2011 however, ongoing market uncertainty from concerns over the global economic recovery and sovereign debt issues in both Europe and the United States has led to some softening of commodity prices and increased price volatility. The current uncertainty relating to the macroeconomic environment is expected to result in continued price volatility in the short term. In addition, certain economic indicators, such as the Organization of Economic Cooperation and Development (OECD) composite leading indicators, have indicated less favorable conditions. Costs are likely to continue to be affected by strong producer currencies and increasing prices for key inputs.

We expect that the outlook for the industry in the medium to long term will remain positive as the process of industrialization and urbanization in China, India, Brazil and other emerging countries is expected to continue to drive demand for key commodities.

RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2011, 2010 AND 2009

The table below summarizes the Group's income statement for the periods indicated and should be read in conjunction with, and is qualified in its entirety by reference to, the Group 2011 Financial Statements and Group 2010 Financial Statements and notes thereto, which are incorporated by reference into this Offering Memorandum.

	<u>Year ended December 31, 2009</u>	<u>Year ended December 31, 2010</u>	<u>Year ended December 31, 2011</u>
	<i>(US\$m)</i>		
Income statement			
Group revenue	20,858	27,960	30,580
Total operating costs before special items and remeasurements ...	<u>(16,481)</u>	<u>(19,452)</u>	<u>(20,912)</u>
Operating profit from subsidiaries and joint ventures before special items and remeasurements	4,377	8,508	9,668
Operating special items	(2,275)	(228)	(164)
Operating remeasurements	<u>638</u>	<u>386</u>	<u>(65)</u>
Operating profit from subsidiaries and joint ventures	2,740	8,666	9,439
Net profit on disposals	1,612	1,579	183
Share of net income from associates ⁽¹⁾	<u>84</u>	<u>822</u>	<u>977</u>
Total profit from operations and associates	4,436	11,067	10,599
Net finance costs before financing special items and remeasurements	(273)	(244)	(20)
Financing special items and remeasurements	<u>(134)</u>	<u>105</u>	<u>203</u>
Profit before tax	4,029	10,928	10,782
Income tax expense	<u>(1,117)</u>	<u>(2,809)</u>	<u>(2,860)</u>
Profit for the financial year	<u>2,912</u>	<u>8,119</u>	<u>7,922</u>
Operating profit including associates before special items and remeasurements	<u>4,957</u>	<u>9,763</u>	<u>11,095</u>
Underlying earnings	<u>2,569</u>	<u>4,976</u>	<u>6,120</u>

	Year ended December 31, 2009	Year ended December 31, 2010	Year ended December 31, 2011
		<i>(US\$m)</i>	
Earnings per share (US\$)			
Basic	2.02	5.43	5.10
Diluted	1.98	5.18	4.89
Dividends per share (US cents)⁽²⁾			
Ordinary	—	65.0	74.0
Balance sheet			
Total assets	56,308	66,656	72,442
Net assets	28,069	37,971	43,189
Total share capital	3,451	3,451	3,452
Net debt	(11,280)	(7,384)	(1,374)

(1) Associates' operating profit is reconciled to 'Share of net income from associates' as follows:

Operating profit from associates before operating special items and remeasurements	580	1,255	1,427
Operating special items and remeasurements	(203)	(29)	(18)
Operating profit from associates after operating special items and remeasurements	377	1,266	1,409
Net profit on disposals	20	19	20
Net finance costs (before financing special items and remeasurements)	(28)	(88)	(48)
Financing special items	(7)	(13)	(9)
Financing remeasurements	6	1	2
Income tax expense (after special items and remeasurements)	(286)	(315)	(384)
Non-controlling interests (after special items and remeasurements)	2	(8)	(13)
Share of net income from associates	84	822	977

(2) Interim and year end dividends proposed in respect of the applicable year ended December 31.

Group Revenue

Group revenue for 2011, 2010 and 2009 was US\$30,580 million, US\$27,960 million and US\$20,858 million, respectively. The 9% increase in revenue from 2010 to 2011 was principally a result of higher prices across many of the Group's commodities, particularly iron ore and manganese, metallurgical coal, thermal coal, copper and platinum. The increase was partially offset by a reduction in revenue as a result of the disposal of several businesses.

The 34% increase in revenue from 2009 to 2010 was principally a result of higher prices across many of the Group's commodities, particularly iron ore, copper, platinum, metallurgical coal, and to a lesser extent, thermal coal, palladium, fertilizer and nickel. The increase was also due to higher sales volumes of metallurgical coal and export iron ore from Kumba, partially offset by lower sales volumes for platinum and copper.

Total Operating Costs

Total operating costs before operating special items and remeasurements for 2011, 2010 and 2009 were US\$20,912 million, US\$19,452 million and US\$16,481 million, respectively. The 8% increase in total operating costs from 2010 to 2011 was principally driven by inflationary pressures (principally in South Africa, Australia and Brazil), the impact of above-inflation input cost increases for labor, fuel, consumables and maintenance and stronger local currencies (principally the South African rand and Australian dollar relative to the US dollar). This was partially offset by the impact of disposals (including the sale of Tarmac's European and other aggregates businesses, Scaw Metals International and zinc operations) and by successful cost saving initiatives.

The 18% increase in total operating costs from 2009 to 2010 was principally driven by stronger local currencies, (principally the South African rand, Australian dollar and Chilean peso, relative to the US dollar), inflationary pressures (principally in South Africa, Australia and Chile) and the impact of above-inflation input cost increases for labor, maintenance, electricity and fuel. This was partially offset by successful cost saving initiatives and the impact of disposals (principally the sale of Tarmac's European businesses).

Operating Special Items and Remeasurements

Operating special items in 2011, 2010 and 2009 were losses of US\$164 million, US\$228 million and US\$2,275 million, respectively, and operating remeasurements were a US\$65 million loss, US\$386 million gain and US\$638 million gain, respectively. For an explanation of the nature of special items and remeasurements see "Non-IFRS Financial Measures".

The operating special items loss in 2011 of US\$164 million principally consists of impairment related charges of US\$154 million. Impairment related charges consisted principally of MLdN accelerated depreciation of US\$84 million (2010: US\$73 million) and the impairment of Tarmac Building Products by US\$70 million. The accelerated depreciation at MLdN has arisen in relation to ongoing uncertainty over the renewal of three concessions, which expire in November 2012, and over the restoration of 13 other concessions, which have been cancelled. See "— Nickel — Financial overview and operating performance".

The operating special items loss in 2010 of US\$228 million principally consisted of restructuring costs of US\$121 million (consisting principally of retrenchment and consultancy costs relating to amounts incurred in the OMI segment and Platinum segment) and impairment and related charges of US\$107 million (principally in relation to accelerated depreciation for MLdN and assets written off in the Platinum segment). Operating remeasurement gains of US\$386 million are principally due to net gains on non-hedge capital expenditure derivatives held by Iron Ore Brazil.

The operating special items loss in 2009 of US\$2,275 million principally consisted of charges in relation to impairments and, to a lesser extent, costs in relation to restructuring and one-off initiatives. These items include a US\$1,512 million (after tax and non-controlling interests) impairment of Amapá, US\$183 million of restructuring costs (consisting principally of retrenchment costs), US\$148 million of costs associated with 'One Anglo' initiatives (consisting principally of advisory costs associated with corporate review, procurement, shared services and information systems) and a US\$114 million impairment and associated adjustment of MLdN. Operating remeasurement gains of US\$638 million are principally due to net gains on non-hedge capital expenditure derivatives held by Iron Ore Brazil and Los Bronces, as well as an unrealized gain on an embedded derivative at MLdN.

During 2009, Amapá experienced significant operational challenges across its mine, plant and logistics chain, producing 2.7 Mt compared with the design capacity of 6.5 Mtpa. Management's focus has been, and remains, on seeking to improve performance from the existing operation, rather than investing to expand the operation. Due to the focus on improving operational performance and preserving cash, limited exploration drilling was undertaken in 2009 and the anticipated growth potential of surrounding license areas remained untested. Given these operational difficulties and delays in increasing production, the Group recorded an impairment charge of US\$1,512 million (after tax and non-controlling interests) against the carrying value of the asset.

Net Profit on Disposals

Net profit on disposals in 2011, 2010 and 2009 amounted to US\$183 million, US\$1,579 million and US\$1,612 million, respectively.

The 2011 net profit on disposals includes US\$397 million gain on the sale of our 100% interest in Lisheen mine and 74% interest in Black Mountain, partially offset by a US\$141 million charge related to Platinum BEE transactions and a US\$75 million loss on disposal of Tarmac's aggregates businesses in Turkey, China and Romania.

The 2010 net profit on disposals includes US\$555 million on the sale of our 100% interest in Moly-Cop and AltaSteel, US\$546 million as a result of the Bafokeng-Rasimone mine transaction, a US\$505 million profit on the sale of five undeveloped coal assets in Australia and a US\$244 million profit on the sale of the Skorpion mine, partially offset by a loss of US\$294 million on the disposal of certain of Tarmac's European businesses.

The 2009 net profit on disposals includes US\$1,139 million on the sale of our remaining interest in AngloGold and US\$247 million on the disposal of the Booyendal joint venture.

Share of Net Income from Associates

Our share of net income from associates in 2011, 2010 and 2009 was US\$977 million, US\$822 million and US\$84 million, respectively. The 19% increase from 2010 to 2011 was principally due to De Beers (Diamonds segment) following improved consumer demand and higher prices, Cerrejón (Thermal Coal segment), driven by higher prices and increased production, partially offset by Samancor (Iron Ore and Manganese segment) following lower manganese and alloy prices.

The significant increase from 2009 to 2010 was principally due to De Beers (Diamonds segment) following improved consumer demand and higher prices, and Samancor (Iron Ore and Manganese segment) following higher sales volumes and prices.

Net Finance Costs before Financing Special Items and Remeasurements

Net finance costs before financing special items and remeasurements in 2011, 2010 and 2009 were US\$20 million, US\$244 million and US\$273 million, respectively. The 92% decrease from 2010 to 2011 was due to an increase in investment income (principally an increase in interest income from cash and cash equivalents) and a reduction in interest expense (principally an increase in interest capitalized).

The 10% decrease from 2009 to 2010 was due to an increase in investment income (principally an increase on the expected return on defined benefit arrangements) and a reduction in interest expense, partially offset by an increase on the interest cost of defined benefit arrangements.

Financing Special Items and Remeasurements

Financing special items and remeasurements in 2011, 2010 and 2009 were a US\$203 million gain, a US\$105 million gain and a US\$134 million loss, respectively.

Financing remeasurements in 2011 related to an embedded derivative, non-hedge derivatives of debt and other financing remeasurements.

In December 2010, De Beers redeemed all of its outstanding US dollar preference shares held by the Group. The De Beers US dollar preference shares were classified as "financial asset investments" and retranslated at each reporting date. The resulting South African rand/US dollar foreign exchange gains and losses were reported through the income statement as a financing remeasurement.

Income Tax Expense before Special Items and Remeasurements

Income tax expense before special items and remeasurements in 2011, 2010 and 2009 was US\$2,741 million, US\$2,699 million and US\$1,305 million, respectively. Income tax expense is a function of operating profits and the tax rates applicable in the various geographic locations in which the Group operates. The increase from 2010 to 2011 was principally due to an increase in profit before tax partially offset by a lower effective tax rate. Effective tax rate movements are analyzed in greater detail after the table below. The increase from 2009 to 2010 was principally due to an increase in profit before tax partially offset by a lower effective tax rate. Effective tax rate movements are analyzed in greater detail after the table below.

IAS 1 requires income from associates to be presented net of tax on the income statement. Associates' tax is therefore not included within the Group's income tax expense on the income statement. Associates' tax (before special items and remeasurements) included within "Share of net income from associates" in 2011, 2010 and 2009 was US\$385 million, US\$313 million and US\$235 million, respectively.

The table below summarizes the Group's tax expense before special items and remeasurements for the periods indicated.

	Year ended December 31, 2009			Year ended December 31, 2010			Year ended December 31, 2011		
	Before specials and remeasurements	Associates' tax and non-controlling interests	Including associates	Before specials and remeasurements	Associates' tax and non-controlling interests	Including associates	Before specials and remeasurements	Associates' tax and non-controlling interests	Including associates
	<i>(US\$m)</i>								
Profit before tax	4,422	234	4,656	9,109	322	9,431	10,626	401	11,027
Tax	(1,305)	(235)	(1,540)	(2,699)	(313)	(3,012)	(2,741)	(385)	(3,126)
Profit for the financial year	<u>3,117</u>	<u>(1)</u>	<u>3,116</u>	<u>6,410</u>	<u>9</u>	<u>6,419</u>	<u>7,885</u>	<u>16</u>	<u>7,901</u>
Effective tax rate including associates	33.1%			31.9%			28.3%		

The effective rate of tax, before special items and remeasurements (including share of associates' tax before special items and remeasurements), in 2011, 2010 and 2009 was 28.3%, 31.9% and 33.1%, respectively. The 2011 tax rate of 28.3% has decreased from the equivalent effective tax rate of 31.9% for the year ended December 31, 2010, principally due to the recognition of previously unrecognized tax losses and the re-assessment of certain withholding tax provisions across the Group.

The 2010 tax rate of 31.9% has decreased from the equivalent effective tax rate of 33.1% for the year ended December 31, 2009, principally due to the geographic mix of profits around the Group, partially offset by the increase in the Chilean Mining Tax in 2010.

Income Tax Expense — Special Items and Remeasurements

For 2011, tax on special items and remeasurements amounted to a credit for one-off tax items of US\$137 million (2010: nil; 2009: US\$107 million), an expense of US\$25 million (2010: US\$234 million expense; 2009: US\$174 million expense) and a tax remeasurements charge of US\$230 million (2010: US\$122 million credit; 2009: US\$469 million credit) relating to the foreign currency impact on deferred tax balances.

Profit for the Financial Year

Profit for the financial years 2011, 2010 and 2009 was US\$7,922 million, US\$8,119 million and US\$2,912 million, respectively. The year on year movements are explained by reference to the movements of the component parts which are discussed above.

SEGMENT DISCUSSION — FULL YEAR DECEMBER 31, 2011, 2010 AND 2009

Because the foregoing discussion of financial results must be viewed as the collective result of the performance of our various business segments, this section provides a segment-by-segment review of those results.

In this section, revenue and operating profit include the Group's share of revenue and operating profit from associates and exclude special items and remeasurements, unless otherwise stated. Capital expenditure relates to cash expenditure on property, plant and equipment and biological assets in the year presented.

The table below sets forth the Group's operating profits before special items and remeasurements by business segment for the years presented:

	Year ended December 31, 2009	% ⁽¹⁾	Year ended December 31, 2010	% ⁽¹⁾	Year ended December 31, 2011	% ⁽¹⁾
	<i>(US\$m unless otherwise stated)</i>					
Iron Ore and Manganese	1,489	28.2	3,681	36.5	4,520	40.4
Copper	2,010	38.2	2,817	27.9	2,461	22.0
Thermal Coal	721	13.7	710	7.0	1,230	11.0
Metallurgical Coal	451	8.5	780	7.7	1,189	10.6
Platinum	32	0.6	837	8.3	890	7.9
Diamonds	64	1.2	495	4.9	659	5.9
Nickel	2	0.0	96	1.0	57	0.5
Other Mining and Industrial	506	9.6	664	6.7	195	1.7

(1) Percentages are calculated based on a total which excludes the contribution of Exploration and Corporate Activities.

IRON ORE AND MANGANESE

The following table summarizes the results of operations of the Iron Ore and Manganese business segment and average market price for iron ore for the years indicated:

	Year ended December 31,		
	2009	2010	2011
	<i>(US\$m unless otherwise stated)</i>		
Revenue	3,419	6,612	8,124
Operating profit before special items and remeasurements	1,489	3,681	4,520
Kumba	1,487	3,396	4,397
Iron Ore Brazil	(141)	(97)	(42)
Samancor	143	382	165
EBITDA	1,593	3,856	4,733
Net operating assets	10,370	11,701	13,069
Capital expenditure	1,140	1,195	1,732
Share of Group operating profit	30%	38%	41%
Share of Group net operating assets	27%	27%	30%
Iron Ore production (million tonnes)	44.6	47.4	46.1
Iron Ore (US\$/t) ⁽¹⁾	65	125	159

(1) Average Kumba iron ore export price achieved.

Financial overview and operating performance

Iron Ore and Manganese business segment operating profit in 2011, 2010 and 2009 was US\$4,520 million, US\$3,681 million and US\$1,489 million, respectively. The 23% increase from 2010 to 2011 was principally due

to higher iron ore export prices and to a lesser extent, higher sales volumes. The increase was partially offset by higher input costs at Kumba. The 147% increase from 2009 to 2010 was principally due to higher iron ore export prices and to a lesser extent, higher sales volumes and higher manganese ore and alloy prices. The increase was partially offset by a stronger South African rand relative to the US dollar, higher input costs and inflationary pressures.

Revenues in 2011, 2010 and 2009 were US\$8,124 million, US\$6,612 million and US\$3,419 million, respectively. The 23% increase from 2010 to 2011 was principally driven by significantly higher export (seaborne) iron ore prices (the average export price achieved increased by 26% from US\$125/t to US\$159/t), and partly due to increased sales volumes of export iron ore. The 93% increase from 2009 to 2010 was principally driven by significantly higher export (seaborne) iron ore prices (the average export price achieved increased by 92% from US\$65/t to US\$125/t), and partly due to increased sales volumes of export iron ore.

Kumba: Operating profit in 2011, 2010 and 2009 was US\$4,397 million, US\$3,396 million and US\$1,487 million, respectively. The 29% increase from 2010 to 2011 was principally due to higher export (seaborne) iron ore prices and, to a lesser extent, higher sales volumes. The increase was partly offset by higher input costs. The 128% increase from 2009 to 2010 was principally due to higher export (seaborne) iron ore prices and, to a lesser extent, higher sales volumes. The increase was partly offset by a stronger South African rand relative to the US dollar, higher input costs (principally employees and contractors) and inflationary pressures.

Kumba's iron ore production for 2011, 2010 and 2009 was 41.3 Mt, 43.4 Mt and 41.9, respectively. The 5% decrease from 2010 to 2011 is principally driven by the Sishen mine's dense media separation plant being hampered by mining feedstock constraints. The 4% increase from 2009 to 2010 is principally driven by the ramp up of the jig plant, which achieved production of 13.3 Mt in 2010 (2009: 10.4Mt).

Iron Ore Brazil: Operating loss in 2011, 2010 and 2009 was US\$42 million, US\$97 million and US\$141 million, respectively, largely reflecting the pre-operational stage of the Minas-Rio project. The 57% decrease in operating loss from 2010 to 2011 was principally due to the operating profit contribution from Amapá which commenced commercial production in 2010, contributing to operating profit for a whole year in 2011. The 31% decrease in operating loss from 2009 to 2010 was principally due to the operating profit contribution from Amapá which commenced commercial production in 2010 and a focus on cost containment.

The Minas-Rio Project continued to be developed and Amapá, which was in its pre-operational ramp-up phase throughout 2009, commenced commercial production in 2010. In accordance with EU IFRS, applicable pre-commercial production costs (and associated revenue) were capitalized. Amapá's iron ore production for 2011, 2010 and 2009 was 4.8 Mt, 4.0 Mt and 2.7 Mt, respectively. The increase from 2010 to 2011 was principally due to improvements to operational performance. The increase in production from 2009 to 2010 was due to the ramp up of the operation to commercial levels of production

In 2009, Amapá experienced significant operational challenges across its mine, plant and logistics chain, producing 2.7 Mt compared with the design capacity of 6.5 Mtpa. Management's focus has been and remains on seeking to improve performance from the existing operation, rather than investing to expand the operation. Due to the focus on improving operational performance and preserving cash, limited exploration drilling was undertaken in 2009 and the anticipated growth potential of surrounding license areas remained untested. Given these operational difficulties and delays in increasing production, the Group recorded an impairment charge of US\$1,512 million (after tax and non-controlling interests) against the carrying value of the asset.

Samancor: Operating profit in 2011, 2010 and 2009 was US\$165 million, US\$382 million and US\$143 million, respectively. The 57% decrease from 2010 to 2011 was principally due to lower manganese ore and alloy prices following the decline in global steel demand, and partly because of increased operating costs (principally maintenance and higher strip ratios). The increase was partially offset by higher sales volumes. Manganese ore production decreased 7% from 3.0 Mt in 2010 to 2.8 Mt in 2011 and manganese alloy production

decreased 4% from 312 kt in 2010 to 300 kt in 2011. The 167% increase in operating profit from 2009 to 2010 was principally due to higher manganese ore and alloy prices following the improvement in global steel demand and higher sales volumes. Manganese ore production increased 88% from 1.6 Mt in 2009 to 3.0 Mt in 2010 and manganese alloy production increased 142% from 129 kt in 2009 to 312 kt in 2010.

On February 23, 2012, Samancor announced its intention to temporarily suspend production at TEMCO, its manganese alloy production facility in Tasmania, Australia. The suspension was principally due to input cost pressure and a strengthening Australian dollar coupled with low global alloy prices. No definitive decisions have been made regarding the future of TEMCO.

COPPER

The following table summarizes the results of operations of the Copper business segment and average market price for copper for the years indicated:

	Year ended December 31,		
	2009	2010	2011
	<i>(US\$m unless otherwise stated)</i>		
Revenue	3,967	4,877	5,144
Operating profit before special items and remeasurements	2,010	2,817	2,461
EBITDA	2,254	3,086	2,750
Net operating assets	4,763	6,291	7,643
Capital expenditure	1,123	1,530	1,570
Share of Group operating profit	41%	29%	22%
Share of Group net operating assets	12%	14%	17%
Attributable production (kilotonnes)	669.8	623.3	599.0
Copper (US cents/lb) ⁽¹⁾	234	342	400

(1) Average London Metals Exchange price.

Financial overview and operating performance

Copper business segment operating profit in 2011, 2010 and 2009 was US\$2,461 million, US\$2,817 million and US\$2,010 million, respectively.

The 13% decrease from 2010 to 2011 was principally due to higher operating costs (particularly labor and electricity), and partly due to increased study costs and a reduction in sales volume. The decrease was partially offset by a higher realized copper price. The 40% increase from 2009 to 2010 was principally due to the higher realized prices for copper and molybdenum, partially offset by lower copper sales volumes and higher operational costs (including electricity).

Revenues in 2011, 2010 and 2009 were US\$5,144 million, US\$4,877 million and US\$3,967 million, respectively. The 5% increase from 2010 to 2011 was principally driven by a higher realized copper price. The average copper price on the LME increased from 342c/lb in 2010 to 400 c/lb in 2011. This increase was partially offset by lower sales volumes due to decreased production. The 23% increase from 2009 to 2010 was principally driven by a higher realized copper price. The average copper price on the LME increased from 234c/lb in 2009 to 342 c/lb in 2010. This increase was partially offset by lower sales volumes due to lower production and the failure of the Patache port shiploader in December 2010.

Sales of certain commodities are “provisionally priced” such that the price is not settled until a predetermined future date usually based on the average market price over a period defined in the contract. Revenue on these sales is initially recognized at the current market price and then marked to market until final

settlement using the forward price for the period equivalent to that outlined in the contract (mark to market adjustments are recorded in revenue). A loss to revenue of US\$278 million (2010: gain of US\$195 million; 2009: gain of US\$521 million) reflecting the impact of provisional pricing was recognized in 2011.

Attributable copper production decreased by 4% from 623.3 kt in 2010 to 599.0 kt in 2011. This decrease was principally driven by decreased attributable production at Collahuasi (22.3 kt), Mantos Blancos (6.5 kt) and Mantoverde (2.3 kt) and partially offset by an increase in production at El Soldado. Attributable production at Collahuasi was impacted negatively by lower throughput as a result of high rainfall and heavy snow, and lower grades. Attributable production at Mantos Blancos and Mantoverde was lower principally due to lower grades. Attributable production at El Soldado increased principally due to higher ore grades following a period of mine development. Attributable copper production decreased by 7% from 669.8 kt in 2009 to 623.3 kt in 2010. This decrease was principally driven by decreased attributable production at Los Bronces (17.0 kt), Collahuasi (14.0 kt) and Mantos Blancos (11.6 kt). Attributable production at Los Bronces was lower due to forecast lower throughput as a result of harder ore and lower grades, while production at Collahuasi was impacted negatively by lower grades, an illegal contractor strike in May 2010 and other industrial action, partly offset by targeted improvements and debottlenecking, which significantly improved throughput at the concentrator plant.

In November 2011, the Group announced the sale to Mitsubishi of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. The transaction was unconditional and was completed immediately. See “Business Description — Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur”.

THERMAL COAL

The following table summarizes the results of operations of the Thermal Coal business segment and average market price for thermal coal for the years indicated:

	Year ended December 31,		
	2009	2010	2011
	<i>(US\$m unless otherwise stated)</i>		
Revenue	2,490	2,866	3,722
Operating profit before special items and remeasurements	721	710	1,230
South Africa	442	426	775
Colombia	305	309	482
Projects and corporate	(26)	(25)	(27)
EBITDA	875	872	1,410
Net operating assets	1,707	2,111	1,886
Capital expenditure	400	274	190
Share of Group operating profit	15%	7%	11%
Share of Group net operating assets	4%	5%	4%
RSA thermal coal production (million tonnes) ⁽¹⁾	22.2	21.6	21.4
RSA Eskom production (million tonnes) ⁽¹⁾	36.2	36.4	35.3
Colombian export thermal production (million tonnes) ⁽¹⁾	10.2	10.1	10.8
South Africa export thermal coal price (US\$/t) ⁽²⁾	64.5	82.5	114.3
South Africa domestic thermal coal price (US\$/t) ⁽³⁾	18.5	19.6	21.4
Colombia export thermal coal price (US\$/t) ⁽²⁾	73.5	72.7	101.0

(1) See “Business Description — Mineral Production” for a full breakdown.

(2) Weighted average realized thermal FOB sales price.

(3) Weighted average realized thermal sales price.

Financial overview and operating performance

Thermal Coal business segment operating profit in 2011, 2010 and 2009 was US\$1,230 million, US\$710 million and US\$721 million, respectively. The 73% increase from 2010 to 2011 was principally due to higher thermal coal export prices. This was partially offset by industry-wide cost pressures, primarily in labor, fuel and power. The 2% decrease from 2009 to 2010 was principally due to a stronger South African rand relative to the US dollar, higher input costs and inflationary pressures, partially offset by higher export thermal coal prices.

Revenues in 2011, 2010 and 2009 were US\$3,722 million, US\$2,866 million and US\$2,490 million, respectively. The 30% increase from 2010 to 2011 was principally due to higher South African export thermal prices. This was primarily driven by severe weather interruptions in Australia and Indonesia, disrupting coal exports, and China and India importing significantly more thermal coal in 2011, with their imports being 25% and 15% respectively, above 2010 volumes. In the final quarter of 2011, the market weakened, as the earlier upsurge in international thermal coal prices and increased exports from Indonesia softened demand. The 15% increase in revenues from 2009 to 2010 was principally due to higher South African export thermal prices. The export thermal price increase was principally driven by higher energy demand in Asia. Thermal coal markets in Europe and the US saw softer demand as weakened power markets and cheaper gas reduced coal consumption.

South Africa: Operating profit in 2011, 2010 and 2009 was US\$775 million, US\$426 million and US\$442 million, respectively. The 82% increase from 2010 to 2011 was principally driven by higher thermal coal prices, partially offset by industry-wide cost pressures, primarily in labor, fuel and power. The 4% decrease from 2009 to 2010 was principally due to a stronger South African rand relative to the US dollar. The decrease was partially offset by higher export thermal coal prices.

Total attributable production decreased marginally to 56.7 Mt (2010: 58.4 Mt; 2009: 59.2 Mt). Key underlying production movements included a decrease of 1.4 Mt at Kriel, due to equipment availability and pitroom length, 0.8 Mt at Goedehoop, due to optimization of portfolio mix, and 0.5 Mt at Greenside, due to adverse geological conditions and a section closure from a contract termination. This decrease was partially offset by an increase of 1.7 Mt in Zibulo, which reached commercial levels of production in October 2011. Key underlying production movements in 2010 included a decrease of 1.6 Mt at Kriel, due to pit constraints and adverse geological conditions, 0.9 Mt at Goedehoop, due to adverse geological conditions, and 0.6 Mt at Isibonelo, due to overburden stripping and dragline breakdowns. This decrease was partially offset by increases of 1.3 Mt in New Denmark, due to the new longwall becoming operational, and 1.5 Mt in Zibulo, which is ramping up towards commercial production.

Colombia: Operating profit in 2011, 2010 and 2009 was US\$482 million, US\$309 million and US\$305 million, respectively. The 56% increase from 2010 to 2011 was primarily due to higher thermal coal prices. The increase was partially offset by cost inflation. The weighted average achieved FOB price for Colombian export thermal increased by 39% from US\$72.69/t in 2010 to US\$101.01/t in 2011. The 1% increase from 2009 to 2010 was due to sales volumes which increased by 4% from 10.1 Mt in 2009 to 10.5 Mt in 2010, partly due to the utilization of the stockpile which had been built up. The weighted average achieved FOB price for Colombian export thermal decreased by 1% from US\$73.47/t in 2009 to US\$72.69/t in 2010.

Our attributable production at Cerrejón increased from 10.1 Mt in 2010 to 10.8 Mt in 2011, despite a continuation, although to a lesser extent, of the significant rainfall experienced in 2010. This was due to a combination of mining efficiencies and scheduling improvements. Our attributable production at Cerrejón decreased marginally from 10.2 Mt in 2009 to 10.1 Mt in 2010. This was due to extremely wet weather conditions, where the total annual rainfall for the region was almost double the previous average recorded figure.

METALLURGICAL COAL

The following table summarizes the results of operations of the Metallurgical Coal business segment and average realized price for metallurgical coal for the years indicated:

	Year ended December 31,		
	2009	2010	2011
	<i>(US\$m unless otherwise stated)</i>		
Revenue	2,239	3,522	4,347
Operating profit before special items and remeasurements	451	780	1,189
EBITDA	706	1,134	1,577
Net operating assets	3,407	4,332	4,692
Capital expenditure	96	235	695
Share of Group operating profit	9%	8%	11%
Share of Group net operating assets	9%	10%	11%
Export metallurgical coal production (million tonnes) ⁽¹⁾	12.6	15.6	14.2
Thermal coal production (million tonnes) ⁽¹⁾	14.1	14.5	13.4
Export metallurgical price (US\$/t) ⁽²⁾	141	177	251
Australian export thermal (US\$/t) ⁽²⁾	74	87	101
Australian domestic thermal (US\$/t) ⁽³⁾	27	30	35

(1) See "Business Description — Mineral Production" for a full breakdown.

(2) Weighted average realized FOB sales price.

(3) Weighted average realized sales price.

Metallurgical Coal business segment operating profit in 2011, 2010 and 2009 was US\$1,189 million, US\$780 million and US\$451 million, respectively. The 52% increase from 2010 to 2011 was principally due to higher prices for export metallurgical coal driven by supply shortages following the adverse weather conditions experienced in the first quarter of 2011 and to a lesser extent in late 2010. The increase was partially offset by lower sales volumes and a stronger Australian dollar relative to the US dollar. The 73% increase from 2009 to 2010 was principally due to higher prices for export metallurgical coal driven by higher demand and, to a lesser extent, increased volumes, partially offset by a stronger Australian dollar relative to the US dollar and higher mining costs.

Revenues in 2011, 2010 and 2009 were US\$4,347 million, US\$3,522 million and US\$2,239 million, respectively. The 23% increase from 2010 to 2011 was principally due to a 42% increase in export metallurgical coal prices from US\$177/tonne in 2010 to US\$251/tonne in 2011. The increase was partially offset by a decrease in export metallurgical coal sales volumes of 11% from 15.7 Mt in 2010 to 14.0 Mt in 2011. The 57% increase from 2009 to 2010 was principally due to a 26% increase in export metallurgical coal prices from US\$141/tonne in 2009 to US\$177/tonne in 2010 and an increase in export metallurgical coal sales volumes of 37% from 11.5 Mt in 2009 to 15.7 Mt in 2010.

Total attributable production of export metallurgical coal decreased by 9% from 15.6 Mt in 2010 to 14.2 Mt in 2011. Total attributable production of thermal coal decreased by 8% from 14.5 Mt in 2010 to 13.4 Mt in 2011. The decrease in total attributable production for export metallurgical coal and thermal coal was principally due to a production decrease of 1.5 Mt in Moranbah, and to a lesser extent production decreases of 0.5 Mt and 0.4 Mt at Callide and Capcoal respectively. Total attributable production of export metallurgical coal increased by 24% from 12.6 Mt in 2009 to 15.6 Mt in 2010. Total attributable production of thermal coal increased by 3% from 14.1 Mt in 2009 to 14.5 Mt in 2010. The increase in total attributable production for export metallurgical was principally due to production increases of 1.4 Mt in Moranbah and 0.9 Mt in Capcoal and the inclusion of Peace River Coal totaling 0.9 Mt. The attributable production increase for thermal coal was principally due to increased production at Drayton of 0.6 Mt.

Production at the Queensland operations was affected by heavy rainfall and subsequent flooding in late 2010 and the first quarter of 2011. Export metallurgical coal production decreased by 9% in 2011 due to the aforementioned adverse weather conditions, scheduled longwall moves and a partial drift failure at Moranbah. Unit costs increased as a result of lower production, the additional costs associated with flood recovery initiatives and the strong Australian dollar. Productivity improvements remained a major focus at underground operations during 2011, with the implementation of a structured internal program to raise the longwall operations' productivity to benchmark levels.

Productivity improvements at the operations were a major focus during 2010, particularly in response to the rain disruption at the open cut operations. Unit costs were negatively affected by the adverse weather conditions, mitigated by the benefits from increased production volumes, with export cost per tonne in local currency 1% lower than 2009.

Port and track expansions for the Dalrymple Bay Coal chain were completed in 2010 to address immediate seaborne market growth. The business has flexible arrangements in place to assist in logistics planning and weather mitigation. To meet the continuing industry growth, rail and port throughput will be addressed through various developments. During 2011, we have received preferred respondent status of the 30 Mtpa dedicated port capacity at Abbot Point in Queensland.

In December 2010, Metallurgical Coal disposed of its interests in five undeveloped coal assets in Australia for a net cash inflow of US\$522 million.

The results of Peace River Coal are included in the Metallurgical Coal business segment for 2010 and 2011. For 2009, the results of this business are included in the OMI business segment. Peace River Coal revenue was US\$279 million, US\$145 million and US\$118 million in 2011, 2010 and 2009, respectively, and operating profit/(loss) was US\$59 million, US\$(3) million, US\$13 million in 2011, 2010 and 2009, respectively.

PLATINUM

The following table summarizes the results of operations of the Platinum business segment and the average basket price of metal sold for the years indicated:

	<u>Year ended December 31,</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
	<i>(US\$m unless otherwise stated)</i>		
Revenue	4,535	6,602	7,359
Operating profit before special items and remeasurements	32	837	890
EBITDA	677	1,624	1,672
Net operating assets	12,141	13,478	11,191
Capital expenditure	1,150	1,011	970
Share of Group operating profit	1%	9%	8%
Share of Group net operating assets	31%	31%	25%
Platinum production (thousands of ounces)	2,452	2,570	2,530
Palladium production (thousands of ounces)	1,361	1,449	1,431
Rhodium production (thousands of ounces)	350	329	338
Average basket price (\$/ounce)	1,715	2,491	2,698

Platinum business segment operating profit in 2011, 2010 and 2009 was US\$890 million, US\$837 million and US\$32 million, respectively. The 6% increase from 2010 to 2011 was principally due to a higher price achieved for the basket of metals sold. The increase was partially offset by increased operating costs (primarily due to cost inflation, industry labor and electricity rate increases). The significant increase from 2009 to 2010 was principally due to a higher price achieved for the basket of metals sold. The increase was partially offset by the strengthening of the South African rand relative to the US dollar, inflationary pressures and, to a lesser extent, lower sales volumes.

Revenues in 2011, 2010 and 2009 were US\$7,359 million, US\$6,602 million and US\$4,535 million, respectively. The 11% increase from 2010 to 2011 was principally due to the increases in the prices of platinum and palladium, and partially due to an increase in sales volumes. The 46% increase from 2009 to 2010 was principally due to the increases in the prices of platinum, palladium and rhodium and, to a lesser extent, an increase in the price of nickel, partially offset by lower sales volumes resulting from a shipment delay caused by adverse weather conditions in Europe in December 2010.

The average dollar price realized for the basket of metals sold by Platinum in 2011, 2010 and 2009 was US\$2,698, US\$2,491 and US\$1,715 per platinum ounce, respectively. The 8% increase from 2010 to 2011 was principally due to higher average palladium and platinum prices. This increase was consistent with continued recovery in demand from the autocatalyst and jewelry sectors. The 45% increase from 2009 to 2010 was principally due to higher average platinum and palladium prices and, to a lesser extent higher average rhodium and nickel prices. This increase was consistent with a significant recovery in demand from the autocatalyst and industrial markets and the jewelry sector and increasing investor interest in the platinum and palladium markets, primarily via Exchange Traded Funds (ETFs).

The average realized price for platinum in 2011, 2010 and 2009 was US\$1,707, US\$1,611 and US\$1,199 per ounce, respectively. The average realized price for Palladium in 2011, 2010 and 2009 was US\$735, US\$507 and US\$330 per ounce, respectively. The price achieved for rhodium in 2011, 2010 and 2009 averaged US\$2,015, US\$2,424 and US\$1,509 per ounce, respectively. The average realized price for nickel was US\$10.50, US\$9.70 and US\$6.54 per pound in 2011, 2010 and 2009, respectively.

The major restructuring of mining operations that Platinum announced in early 2009 was completed by the end of that year. The two largest operations, Rustenburg and Amandelbult, were split into stand-alone units, of five and two mines, respectively in order to allow for more transparent reporting of results and improve operational management. This new structure is intended to provide a sustainable reduction in the unit cost of production. As part of the restructuring process, Platinum optimized the source of ounces across its portfolio, including placing three high cost shafts on care and maintenance: Siphumelele 3 shaft (Bleskop) and Siphumelele 2 shaft (Brakspruit) in April and August 2009 respectively, and Khuseleka 2 (Boschfontein) shaft at Khuseleka Mine in August 2009. Production was resumed at Khuseleka 2 in January 2011 as commodity prices had increased. In the second half of 2011, the Union section was split into two stand alone units along the same lines as Amandelbult. The restructuring has not resulted in any changes for the Mogalakwena operation.

Refined platinum production for 2011 decreased by 2% to 2.53 million ounces, and was below the Company's target of 2.6 million ounces. Equivalent refined platinum production (equivalent ounces are mined ounces expressed as refined ounces) from the mines managed by Platinum and its joint venture partners was 2.41 million ounces, a decrease of 3% compared with 2010. Sales of refined platinum for the year were 2.60 million ounces compared with 2.52 million ounces in 2010. Refined platinum production for 2010 increased by 5% to 2.57 million ounces, exceeding the Company's target of 2.5 million ounces. Equivalent refined platinum production from the mines managed by Platinum and its joint venture partners was 2.48 million ounces, an increase of 0.8% compared with 2009. Sales of refined platinum for the year were 2.52 million ounces compared with 2.57 million ounces in 2009.

The cash operating cost per equivalent refined platinum ounce ("erpo") in South African rand terms increased from ZAR11,730 in 2010 to ZAR13,552 in 2011. This 16% increase was due to inflationary pressure, coupled with an increase in electricity and labor costs. This was partially offset by an improved labor mix. The cash operating cost per erpo in South African rand terms increased from ZAR11,236 in 2009 to ZAR11,730 in 2010. This 4% increase was due to higher input costs (including an average rise in wages of 9% and an increase in electricity tariffs of 26%), coupled with a decline in grades of 2%. This was partially offset by an increase in productivity, as measured by ore mined per operating employee. Overall headcount was reduced to 54,022 at the end of the year, from 58,320 at the end of 2009.

In order to ensure that Bafokeng-Rasimone Platinum Mine ("BRPM") joint venture's mining and prospecting rights would be converted to "new order" rights as required under South African law, on

December 7, 2009, the Group exchanged 17% of its 50% direct interest in BRPM for a 25.4% interest in Royal Bafokeng Platinum Limited (“RB Plat”). The exchange ratio was based upon RB Plat’s indirect ownership of over 67% of BRPM and the Group retained an effective 50% interest and joint control over BRPM. On November 8, 2010, RB Plat listed on the Johannesburg Stock Exchange and the Group reduced its shareholding in RB Plat to 12.6% and gave up joint control over BRPM. The total gain on this transaction amounted to US\$546 million of which US\$106 million relates to profit on disposal and US\$440 million fair value adjustments on the interest the Group retained, in accordance with IFRS. Following completion of the restructuring, the Group has a 12.6% interest in RB Plat and a 33% direct interest in BRPM.

DIAMONDS

The following table summarizes the results of operations of De Beers for the years indicated:

	<u>Year ended December 31,</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
	<i>(US\$m unless otherwise stated)</i>		
Share of associate’s revenue	1,728	2,644	3,320
Share of associate’s operating profit before special items and remeasurements	64	495	659
EBITDA	215	666	794
Group’s aggregate investment in associate ⁽¹⁾	1,353	1,936	2,230
Share of Group operating profit	1%	5%	6%

(1) De Beers is an independently managed associate of the Group. The Group’s aggregate investment in De Beers excludes shareholder loans of US\$301 million (2010: 355 million, 2009: US\$341 million) and preference shares of US\$nil million (2010: US\$nil million; 2009: US\$88 million).

The Group’s share of operating profit from De Beers in 2011, 2010 and 2009 was US\$659 million, US\$495 million and US\$64 million, respectively. The 33% increase from 2010 to 2011 was principally due to higher average prices and improved margins. The significant increase from 2009 to 2010 was principally due to a significant recovery in demand for rough diamonds and increased diamond prices. While costs necessarily rose due to increased production levels exacerbated by a weaker US dollar, they continue to reflect the benefit of cost containment initiatives implemented in 2009.

Our attributable share of De Beers’ revenue was US\$3,320 million, US\$2,644 million and US\$1,728 million for 2011, 2010 and 2009, respectively. The 26% increase from 2010 to 2011 was principally due to the increase in average diamond prices. 2011 saw strong early growth in demand against the levels seen in 2010, driven mainly by China and India which weakened through the year due to tighter liquidity and macro-economic concerns, but remained above levels seen at the end of 2010. The 53% increase from 2009 to 2010 was principally due to the increase in sales volumes and diamond prices. 2010 saw a recovery in demand against the low levels seen in 2009, particularly early in the year. This recovery was due to improved demand from retail markets, particularly in the eastern markets of India and China. By the end of 2010, rough diamond prices had returned to pre-recession levels.

Total De Beers rough diamond production on a 100% basis (attributable share 45%) was 31.3 million carats in 2011, 33 million carats in 2010 and 24.6 million carats in 2009. The 5% decrease in production from 2010 to 2011 was principally the result of the impact of maintenance and excessive rainfall in southern Africa during the first half of 2011 as well as a focus on waste stripping and scheduled maintenance at the Debswana and DBCM operations towards the end of 2011. The decrease in output was particularly significant in South Africa with total production decreasing from 7.6 million carats in 2010 to 5.4 million carats in 2011. The decrease in production was partially offset by an increase at Debswana from 22.2 million carats in 2010 to 22.9 million carats in 2011, largely the result of improved grade recovery. The 34% increase in production from 2009 to 2010 was in response to increased customer demand against 2009 during which time production was reduced in response to global rough diamond demand. Production continued to progressively increase in line with customer demand

throughout the remainder of that year. Total production in 2010 was 33 million carats (2009: 24.6 million carats). The 8 million carat increase in production from 2009 to 2010 was principally driven by a 4 million carat increase from Debswana from 18 million carats in 2009 to 22 million carats in 2010 and a 3 million carat increase from DBCM from 5 million carats in 2009 to 8 million carats in 2010.

In November 2011, we announced an agreement with certain of De Beers' other shareholders to acquire up to an additional 40% interest in De Beers, which acquisition is expected to close in the second half of 2012. See "Business Description — Diamonds — Acquisition of Additional Shareholding".

See "Business Description — Diamonds — Other Information" with respect to outstanding class actions against De Beers in the United States.

NICKEL

The following table summarizes the results of operations of the Nickel business segment and the average market price for nickel for the years indicated:

	Year ended December 31,		
	2009	2010	2011
	<i>(US\$m unless otherwise stated)</i>		
Revenue	348	426	488
Operating profit before special items and remeasurements	2	96	57
EBITDA	28	122	84
Net operating assets	1,787	2,334	2,535
Capital expenditure	554	525	398
Share of Group operating profit	0.04%	1%	1%
Share of Group net operating assets	5%	5%	6%
Attributable production (tonnes)	19,900	20,200	29,100
Nickel price (US cents/lb) ⁽¹⁾	667	989	1,035

(1) Average London Metals Exchange price.

Financial overview and operating performance

Nickel business segment operating profit in 2011, 2010 and 2009 was US\$57 million, US\$96 million and US\$2 million, respectively. The 41% decrease from 2010 to 2011 was primarily due to significant project development and exploration costs in Brazil incurred during 2011 that were not incurred to the same extent in 2010. The significant increase from 2009 to 2010 was principally due to a considerable increase in the nickel market price.

Revenues in 2011, 2010 and 2009 were US\$488 million, US\$426 million and US\$348 million, respectively. The 15% increase in revenue from 2010 to 2011 was principally driven by a 31% increase in sales volumes from 19,600 tonnes in 2010 to 25,600 tonnes in 2011. The combination of production and sales volumes during 2011 caused stockpiles to increase significantly from 3,000 tonnes at December 31, 2010 to 6,500 tonnes at December 31, 2011. An increase of 5% in the average nickel price per the LME from 989c/lb in 2010 to 1,035c/lb in 2011 further improved revenues. The 22% increase in revenue from 2009 to 2010 was principally driven by a 48% increase in the average nickel price per the LME from 667c/lb in 2009 to 989c/lb in 2010. The increase was partially offset by a 17% decrease in sales volumes to 19,600 tonnes, principally due to the utilization of opening stock in 2009 following the economic downturn in 2008, combined with lower production at Codemin and logistical difficulties at MLdN.

Total nickel production in 2011 increased by 44% to 29,100 tonnes (2010: 20,200 tonnes, 2009: 19,900 tonnes). Production at Barro Alto was 6,200 tonnes (2009: Nil) with the operation delivering first metal in March

2011, production at MLdN increased by 1,700 tonnes to 13,400 tonnes (2010:11,700; 2009: 10,400 tonnes) and production at Codemin also increased by 1,000 tonnes to 9,500 tonnes (2010: 8,500; 2009: 9,500 tonnes). Total nickel production in 2010 increased by 2% to 20,200 tonnes (2009: 19,900 tonnes). Production at MLdN increased by 1,300 tonnes to 11,700 tonnes (2009: 10,400 tonnes), which was largely offset by a decrease in production at Codemin of 1,000 tonnes to 8,500 tonnes (2009: 9,500 tonnes).

Production at MLdN was negatively impacted in January 2009 by approximately 1,100 tonnes while studies were finalized to find disposal alternatives following the non-renewal of the environmental permit to dispose of slag from the smelting process in the previously authorized location. In May 2009, a metal run-out from the EF2 furnace resulted in its closure for the rest of that year, resulting in a loss of approximately 4,500 tonnes of production. Reconstruction of the EF2 furnace was completed in January 2010 and ramp-up first production was achieved in early March 2010. Despite resuming operations at the rebuilt furnace, production was severely impacted until August by electricity rationing imposed by the Venezuelan government, resulting in approximately 2,400 tonnes of lost output in 2010. The loss of production from general power rationing did not recur in 2011; power rationing, however, continues to pose a threat and stand-by on-site generators have been installed to mitigate production risks.

Accelerated depreciation of US\$84 million (2010: US\$73 million) was recorded at MLdN during 2011 in relation to ongoing uncertainty over the renewal of three concessions, that expire in 2012, and over the restoration of 13 concessions that have been cancelled. In January 2008 the Venezuelan Ministry of Basic Industries and Mining (MIBAM) published a resolution cancelling 13 of MLdN's 16 exploration and exploitation concessions due to MLdN's alleged failure to fulfil certain conditions of the concessions. MLdN believes that it has complied with the conditions of these concessions, has lodged administrative appeals against the notices of termination and is waiting for a response from the authorities.

The current mining and metallurgical facilities are located on the three remaining concessions that have not been cancelled. A range of scenarios is being considered in respect of the conditions for renewal of these concessions which are due for renewal in November 2012.

MLdN may in the future undertake further appeals, in respect of cancelled concessions, including with Venezuela's Supreme Court, if the ruling it receives does not adequately protect its interests.

OTHER MINING AND INDUSTRIAL

The following table summarizes the results of operations of the Other Mining and Industrial business segment for the years indicated:

	Year ended December 31,		
	2009	2010	2011
	<i>(US\$m unless otherwise stated)</i>		
Revenue	5,908	5,375	4,039
Operating profit before special items and remeasurements	506	664	195
Zinc	175	321	20
Scaw Metals	131	170	40
Tarmac	101	48	(35)
Catalão	106	67	54
Coal – Americas ⁽¹⁾	(8)	—	—
Copebrás	(40)	81	136
Other	41	(23)	(20)
EBITDA	878	894	393
Net operating assets	5,029	3,393	3,201
Capital expenditure	268	206	152
Share of Group operating profit	10%	7%	2%
Share of Group net operating assets	13%	8%	7%

(1) From 2010, Peace River Coal has been classified in Metallurgical Coal to align with internal management reporting.

Financial overview and operating performance

Other Mining and Industrial operating profit in 2011, 2010 and 2009 was US\$195 million, US\$664 million and US\$506 million, respectively. The 71% decrease from 2010 to 2011 was principally due to the disposal of our zinc operations, Skorpion, Lisheen and Black Mountain. In addition, the decrease was partly due to the disposal of our Scaw Metals International operations, Moly-Cop and AltaSteel, as well as Tarmac's European and other businesses. The decrease in operating profit was partly offset by an increase at Copebras due to favorable movements in fertilizer prices. The 31% increase from 2009 to 2010 was principally due to higher zinc and fertilizer prices and, to a lesser extent, the impact of lower input costs and asset optimization initiatives. The increase was partially offset by the impact of inflationary cost pressures and the disposals of Tongaat Hulett and Hulamin, which were disposed of in the second half of 2009 and certain of Tarmac's European businesses during 2010.

Revenues in 2011, 2010 and 2009 were US\$4,039 million, US\$5,375 million and US\$5,908 million, respectively. The 25% decrease from 2010 to 2011 was principally due to the loss of revenue from the disposal of Moly-Cop and AltaSteel in December 2010, the disposal of our zinc operations (Skorpion, Lisheen and Black Mountain) in 2010 and 2011 and the disposal of Tarmac's European and other aggregates businesses during 2010 and 2011. This decrease was partly offset by improved fertilizer and phosphate prices. The 9% decrease from 2009 to 2010 was principally due to the loss of revenue from Tongaat Hulett and Hulamin, which were disposed of in the second half of 2009, the disposals of certain of Tarmac's European businesses during 2010, and a decrease in sales volumes for Tarmac's Quarry Material and Building Products. This decrease was partly offset by increased zinc, fertilizer and grinding media prices.

Zinc. Operating profit in 2011, 2010 and 2009 was US\$20 million, US\$321 million and US\$175 million, respectively. The 94% decrease from 2010 to 2011 was principally due to the disposal of Skorpion in December 2010 and Lisheen and Black Mountain in February 2011. The 83% increase from 2009 to 2010 was principally due to improved zinc prices, and to a lesser extent, lead prices. The average market price of zinc increased 31% from 75c/lb in 2009 to 98c/lb in 2010 and the average market price of lead increased 24% from 78c/lb in 2009 to 97c/lb in 2010.

Total zinc production decreased by 327,200 tonnes from 349,700 tonnes in 2010 to 22,500 tonnes in 2011. This decrease was principally due to the disposal of Skorpion in December 2010 and Lisheen and Black Mountain in February 2011. Total zinc production decreased by 700 tonnes from 350,400 tonnes in 2009 to 349,700 tonnes in 2010. This decrease was principally due to a production decrease of 11,900 tonnes following the disposal of the Group's interest in Skorpion in December 2010. This was offset by production increases of 7,900 tonnes from Black Mountain and 3,300 tonnes from Lisheen. For Black Mountain, the production increase was due to improvements in underground infrastructure resulting in an increase in ore hoisted, as well as improved feed grades. For Lisheen, improved concentrator utilization and additional third party ore purchases increased production, partly offset by lower grades.

Total lead production decreased by 62,900 tonnes from 71,200 tonnes in 2010 to 8,300 tonnes in 2011. This was driven by the disposal of Black Mountain and Lisheen. Total lead production increased by 2,900 tonnes from 68,300 tonnes in 2009 to 71,200 tonnes in 2010. This was driven by increases of 1,500 tonnes from Black Mountain and 1,400 tonnes from Lisheen. For Lisheen, the increase was driven by improved concentrator utilization and grades, and for Black Mountain, the increase was driven by improved grades and additional ore mined.

Scaw Metals. Operating profit in 2011, 2010 and 2009 was US\$40 million, US\$170 million and US\$131 million, respectively. The 76% decrease from 2010 to 2011 was principally due to the disposal of Moly-Cop and AltaSteel in December 2010 and, to a lesser extent, difficult market conditions at Scaw SA. The 30% increase from 2009 to 2010 was principally due to an increase in operating profit for Moly-Cop and AltaSteel, assisted by higher prices for grinding media and increased vertical integration with the Canadian rolling mills. This was partially offset in Scaw SA by selling price pressure in key steel markets and inflationary cost pressures.

Total production of steel volumes for 2011, 2010 and 2009 was 677 kt, 1,504 kt and 1,411 kt, respectively. The decrease of 827 kt from 2010 to 2011 was principally attributable to the disposal of Moly-Cop and AltaSteel in December 2010 and lower production at Scaw SA. The increase of 93 kt from 2009 to 2010 was attributable to increases in production of 76 kt for International Steel Products and 17 kt for South Africa Steel Products.

Tarmac. Operating (loss)/profit in 2011, 2010 and 2009 was US\$(35) million, US\$48 million and US\$101 million, respectively. The significant decrease from 2010 to 2011 was attributable to difficult trading conditions in the UK and the sale of Tarmac's European and other businesses. The 52% decrease from 2009 to 2010 reflected difficult trading conditions in the UK and the sale of the majority of the European businesses during 2010. On a like-for-like basis, operating profit decreased by 17%.

Catalão. Operating profit in 2011, 2010 and 2009 was US\$54 million, US\$67 million and US\$106 million, respectively. The 19% decrease from 2010 to 2011 was principally driven by higher labor costs and lower production, which was partially offset by higher realized prices. The 37% decrease from 2009 to 2010 was principally driven by lower ferro-niobium grades and overall recoveries, which was partially offset by higher realized prices.

Coal — Americas. The results of Peace River Coal are included in the Metallurgical Coal business segment for 2010 and 2011. In 2009, Peace River Coal generated operating profit of US\$9 million, which was included in the OMI business segment. See “— Metallurgical Coal” for an analysis of Peace River Coal and related businesses. The remaining Coal-Americas business consisted of Carbones del Guasare, which generated an operating loss of US\$17 million in 2009, and ceased to be an associate during 2010.

Copebrás. Operating profit/(loss) in 2011, 2010 and 2009 was US\$136 million, US\$81 million and US\$(40) million, respectively. The 68% increase from 2010 to 2011 was principally due to higher fertilizer prices and continuing operational improvement initiatives, partially offset by higher sulfur and ammonia costs. The significant increase from 2009 to 2010 was principally due to higher fertilizer prices and operational improvement initiatives, with sales volumes of 1.00 Mt virtually in line with 2009.

LIQUIDITY AND CAPITAL RESOURCES

Anglo American focuses on ensuring that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet near-term business requirements, after taking into account cash flows from operations and our holding of cash and cash equivalents, as well as any existing restrictions on distributions. We believe that these facilities (including refinancing, where necessary) and cash generation will be sufficient to cover our likely near-term cash requirements.

For more information on our borrowing arrangements and liquidity sources, see “ — Cash Flow — Funding Sources” below, and Notes 24 and 25 to the Group 2011 Financial Statements, incorporated by reference herein.

The Group operates in some countries (principally South Africa and Venezuela) in which the existence of exchange controls may restrict the use of certain cash balances. The restrictions are not expected to have a material effect on the Group’s ability to meet its ongoing obligations. In light of the multinational nature of the Group’s business, cash is held in a number of countries and currencies. The majority of the Group’s cash is held in US dollars, South African rands, Brazilian reals and Australian dollars.

CASH FLOW

The table below summarizes our consolidated cash flow statement for the periods indicated:

<i>(US\$m)</i>	Year ended December 31,		
	2009	2010	2011
Cash flows from operations	4,904	9,924	11,498
Dividends from associates	616	255	344
Dividends from financial asset investments	23	30	59
Income tax paid	(1,456)	(2,482)	(2,539)
Net cash inflows from operating activities	4,087	7,727	9,362
Net cash used in investing activities	(2,148)	(2,470)	(4,853)
Net cash inflows / (used in) from financing activities	(1,680)	(2,400)	1,474
Net (decrease) / increase in cash and cash equivalents	<u>259</u>	<u>2,857</u>	<u>5,983</u>

Net cash inflows from operating activities in 2011, 2010 and 2009 were US\$9,362 million, US\$7,727 million and US\$4,087 million, respectively. The 21% increase from 2010 to 2011 principally resulted from higher cash inflows from operations. The 89% increase from 2009 to 2010 resulted from higher cash inflows from operations partly offset by increased tax payments.

Net cash used in investing activities in 2011, 2010 and 2009 was US\$4,853 million, US\$2,470 million and US\$2,148 million, respectively. The 96% increase from 2010 to 2011 is principally due to the decrease of proceeds from the disposals in 2010 of Moly-Cop and AltaSteel (US\$993 million), Skorpion (US\$570 million) and certain of Tarmac’s European businesses (US\$472 million) compared to the sales in 2011 of Black Mountain and Lisheen (US\$499 million) and increased purchases of property, plant and equipment from 2010 to 2011. This increase was partly offset by a decrease in amounts invested in associates due to the subscription in 2010 to the Group’s share of the De Beers rights issue (US\$450 million). In February 2010, the shareholders of De Beers agreed, as part of the De Beers group’s refinancing, that the issuance of additional equity was required by De Beers. The shareholders of De Beers subscribed, in proportion to their current shareholding, for US\$1 billion of additional equity in De Beers. Anglo’s share of such additional equity, in line with its equity holding in De Beers, amounted to US\$450 million. The 15% increase from 2009 to 2010 is principally due to increased purchases of property, plant and equipment and the decrease of proceeds from the sale of financial investments and associates from 2009 to 2010 (due to the sale of our remaining interest in AngloGold Ashanti in 2009 for proceeds of US\$1,770 million), offset by inflows from disposals and joint ventures, including Moly-Cop and AltaSteel (US\$993 million), Skorpion (US\$570 million) and certain of Tarmac’s European businesses (US\$472 million).

Net cash (used in) / inflows from financing activities in 2011, 2010 and 2009 was US\$1,474 million, US\$(2,400) million and US\$(1,680) million, respectively. The 161% increase in inflows from 2010 to 2011 is principally due to the sale of a 24.5% interest in AA Sur, to Mitsubishi (US\$5,396 million) and the decrease in repayment of short term borrowings, by US\$1,077 million, from 2010 to 2011 partly offset by increases in dividends paid to non-controlling interests, by US\$787 million, and to Company shareholders, by US\$516 million, and by the purchase of shares in Kumba Iron Ore to fulfill the first phase of the Envision employee share scheme. The Group purchased these shares in Kumba Iron Ore on the open market for US\$325 million. Envision is Kumba's broad-based employee share participation scheme, which includes over 6,000 permanent employee members. The 43% increase in cash used from 2009 to 2010 is due to net repayment of borrowings of US\$1,144 million in 2010 compared to a net repayment of US\$371 million in 2009, and the resumption of dividend payments to Company shareholders in 2010 of US\$302 million following the suspension of the dividend at the end of 2008. The increase was partially offset by proceeds received from non-controlling interests for the Anglo American Platinum rights issue in February 2010.

This resulted in a net increase in cash and cash equivalents of US\$5,983 million in 2011 (increase of US\$2,857 million in 2010; increase of US\$259 million in 2009).

Capital Expenditure

The following table summarizes capital expenditure, on a cash flow basis, by business segment for the periods indicated:

<i>(US\$m)</i>	Year ended December 31,		
	2009	2010	2011
Platinum	1,150	1,011	970
Copper	1,123	1,530	1,570
Nickel	554	525	398
Iron Ore and Manganese	1,140	1,195	1,732
Metallurgical Coal	96	235	695
Thermal Coal	400	274	190
Other Mining and Industrial	268	206	152
Other	27	18	57
Capital expenditure on property, plant and equipment	<u>4,758</u>	<u>4,994</u>	<u>5,764</u>

Capital expenditure for 2011, 2010 and 2009 was US\$5,764 million, US\$4,994 million and US\$4,758 million, respectively. Capital expenditure of US\$2,331 million in 2011 (2010: US\$2,298 million, 2009: US\$1,804 million) was incurred on the Barro Alto nickel operation, Los Bronces copper expansion project and Kumba's Kolomela, all of which commenced production in 2011, and the Minas-Rio iron ore project.

For a description of the Group's project pipeline, see "Business Description — Major Growth and Replacement Projects".

Net Debt

Net debt, including the impact of related hedges, as of December 31, 2011, 2010 and 2009 was US\$1,374 million, US\$7,384 million and US\$11,280 million, respectively. Net debt was made up of the following:

(US\$m)	As of December 31,		
	2009	2010	2011
Cash and cash equivalents	3,319	6,460	11,732
Short-term borrowings	(1,498)	(1,535)	(1,018)
Medium and long-term borrowings	(12,819)	(11,904)	(11,855)
Current financial assets investments	3	—	—
Net debt, excluding the impact of hedges	<u>(10,995)</u>	<u>(6,979)</u>	<u>(1,141)</u>
Hedges	<u>(285)</u>	<u>(405)</u>	<u>(233)</u>
Net debt, including the impact of related hedges	<u>(11,280)</u>	<u>(7,384)</u>	<u>(1,374)</u>

Net debt movements are principally a function of cash flows from operating, investing and financing activities. In addition, non-cash items including fair value adjustments and exchange rate movements and hedges of debt also influence our net debt level.

Net debt to total capital (calculated as net debt divided by net assets excluding net debt) in 2011, 2010 and 2009 was 3.1%, 16.3% and 28.7%, respectively.

Net debt at December 31, 2011 decreased US\$6,010 million from US\$7,384 million at December 31, 2010 to US\$1,374 million. Net debt at December 31, 2010 decreased US\$3,896 million from US\$11,280 million at December 31, 2009 to US\$7,384 million.

In addition to the aforementioned factors which impact net debt, in 2011 we obtained US\$1,000 million of funding from Banco Nacional de Desenvolvimento Economico e Social for the Barro Alto and Minas-Rio projects in Brazil. In September 2010 we raised US\$1.25 billion through the issuance of senior notes, primarily in the US market. The senior note offering consisted of US\$750 million 2.15% senior notes due 2013 and US\$500 million 4.45% senior notes due 2020. Also in July 2010, we replaced a US\$2.5 billion facility maturing in March 2012 with a US\$3.5 billion facility maturing in July 2015. During 2009 we raised US\$2.2 billion through the issuance of bonds under the EMTN program, US\$2 billion through the issuance of senior notes and US\$1.7 billion through the issuance of senior convertible notes. The proceeds from the sale of AngloGold, senior notes, senior convertible notes and bonds issued under the EMTN program were used to prepay the US\$3 billion revolving facility which was due to mature in December 2009, fund capital expenditure and repay other short term debt owing on our facilities.

Non-wholly owned subsidiaries, where possible, will maintain their own financing and funding requirements. In most cases, the financing is non-recourse to Anglo American. In addition, certain projects are financed by means of limited-recourse project finance, if appropriate.

For certain material events concerning our indebtedness since December 31, 2011, see “— Capitalization”.

Funding Sources

The maturity profile of our debt obligations as of December 31, 2011 is set forth below:

<i>(US\$m)</i>	<u>Within 1 year or on demand</u>	<u>Between 1 year and 2 years</u>	<u>Between 2 years and 5 years</u>	<u>After 5 years</u>	<u>Total</u>
Secured					
Bank loans and overdrafts	55	59	206	11	331
Obligations under finance leases	4	2	7	8	21
Total secured loans	<u>59</u>	<u>61</u>	<u>213</u>	<u>19</u>	<u>352</u>
Unsecured					
Bonds issued under EMTN program	163	995	2,432	740	4,330
Bank loans and overdrafts	673	170	962	590	2,395
Senior Notes	—	752	1,289	1,367	3,408
Convertible bond	—	—	1,504	—	1,504
Other loans	123	511	154	96	884
Total unsecured loans	<u>959</u>	<u>2,428</u>	<u>6,341</u>	<u>2,793</u>	<u>12,521</u>
Total borrowings	<u>1,018</u>	<u>2,489</u>	<u>6,554</u>	<u>2,812</u>	<u>12,873</u>

The Group had available undrawn committed borrowing facilities of US\$8,419 million as of December 31, 2011, US\$11,120 million as of December 31, 2010 and US\$9,520 million as of December 31, 2009. The Group's available undrawn committed borrowing facilities of US\$8,419 million as of December 31, 2011 included undrawn rand facilities equivalent to US\$1,600 million in respect of a series of facilities with 364 day maturities which roll automatically on a daily basis, unless notice is served.

In February 2011, the Group cancelled its US\$2.25 billion revolving credit facility which would have matured in June 2011.

FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors of Anglo American plc (the "Board") approves and monitors the risk management processes, including documented treasury policies, counterparty limits, controlling and reporting structures. The risk management processes of Anglo American's independently listed subsidiaries (including Anglo American Platinum and Kumba) are in line with Anglo American's own policies.

Credit risk. The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group limits exposure to credit risk on liquid funds and derivative financial instruments through adherence to a policy of:

- Where possible acceptable minimum counterparty credit ratings assigned by international credit-rating agencies (including long-term ratings of A- (Standard & Poor's), A3 (Moody's) or A- (Fitch) or better).
- Daily counterparty settlement limits (which are not to exceed three times the credit limit for an individual bank).
- Exposure diversification (the aggregate group exposure to key relationship counterparties cannot exceed 5% of the counterparty's shareholders' equity).

Given the diverse nature of the Group's operations (both in relation to commodity markets and geographically), together with insurance cover (including letters of credit from financial institutions), it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers. An allowance for impairment for trade receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

Liquidity risk. The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short-term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any group distribution restrictions that exist. Non-wholly owned subsidiaries, where possible, will maintain their own financing and funding requirements. In addition, certain projects are financed by means of limited recourse project finance, if appropriate.

Foreign exchange risk. As a global business, the Group is exposed to many currencies principally as a result of non-US dollar operating costs incurred by US dollar functional currency companies and, to a lesser extent, from non-US dollar revenues.

The Group's policy is generally not to hedge such exposures as hedging is not deemed appropriate given the diversified nature of the Group, though exceptions can be approved by the Group Management Committee. In addition, currency exposures exist in respect of non-US dollar approved capital expenditure projects and non-US dollar borrowings in US dollar functional currency entities. The Group's policy is that such exposures should be hedged subject to a review of the specific circumstances of the exposure.

Interest rate risk. Interest rate risk arises due to fluctuations in interest rates which impact the value of short term investments and financing activities. The Group's exposure to interest rate risk is particularly with reference to changes in US and South African interest rates.

The Group's policy is to borrow funds at floating rates of interest as, over the longer term, this is considered by management to give somewhat of a natural hedge against commodity price movements, given the correlation to economic growth (and industrial activity) which in turn shows a high correlation with commodity price fluctuation. In certain circumstances, the Group uses interest rate swap contracts to manage its exposure to interest rate movements on a portion of its existing debt. Also, we may undertake strategic hedging using fixed rate debt from time to time if considered appropriate. 75%, 71%, and 61% of the Group's debt in 2011, 2010 and 2009, respectively, was in the form of fixed rate borrowings, the majority of which was converted to floating rate debt through the use of interest rate swaps.

In respect of financial assets, Anglo American's policy is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Floating rate financial assets consist principally of cash and bank term deposits. Interest on floating rate financial assets is based on the relevant national inter-bank rates. Fixed rate financial assets consist principally of financial asset investments and cash. Equity investments are fully liquid and have no maturity period.

Commodity price risk. The Group's operations are principally exposed to movements in the prices of the commodities we produce. Commodity price risk can be reduced through the negotiation of long-term contracts or through the use of financial derivatives. The Group's policy is generally not to hedge commodity price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group generally uses forward and deferred contracts to hedge the price risk. At December 31, 2011, commodity hedges held by the Group were minimal.

Derivatives and hedging. The Group utilizes derivative instruments to manage certain market risk exposures as explained above. The Group does not use derivative financial instruments for speculative purposes; however it may choose not to designate certain derivatives as hedges for accounting purposes. Such derivatives are classified as non-hedges and fair value movements are recorded in the income statement. The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management. Derivatives are classified as current or non-current depending on the maturity of the derivative.

OFF-BALANCE SHEET ARRANGEMENTS

The Group enters into certain arrangements in the ordinary course of business that would be considered “off balance sheet”. Such arrangements consist of principally performance guarantees and commitments for future capital expenditure, as well as operating lease commitments. The aggregate amount of loans and performance guarantees given to banks and other third parties for the years ended December 31, 2011, 2010 and 2009 is US\$873 million, US\$813 million and US\$704 million, respectively. These amounts principally relate to environmental restoration and decommissioning obligations. In addition the Group enters into certain contractual and operating obligations — see the following section.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

As of December 31, 2011, the Group had contractual cash obligations arising in the ordinary course of business as follows:

	Total	Less than 1 year	Between 1 year and 2 years	Between 2 years and 5 years	More than 5 years
<i>(US\$m)</i>					
Debt obligations ⁽¹⁾	16,573	1,523	3,029	7,614	4,407
Operating lease obligations	805	161	112	185	347
Purchase obligations ⁽²⁾	3,317	2,108	270	349	590
Other liabilities ⁽³⁾	4,943	4,942	—	1	—
Total Debt Obligations	<u>25,638</u>	<u>8,734</u>	<u>3,411</u>	<u>8,149</u>	<u>5,344</u>

(1) Debt obligations include finance lease obligations, the effect of related currency derivatives and interest rate swaps and the anticipated future interest payments on borrowings.

(2) Purchase obligations reflect the Group’s capital commitments and commitments under service contracts at December 31, 2011.

(3) Other liabilities include trade payables and other financial liabilities of the Group.

Information relating to the Group’s post-retirement benefit obligations is provided in Note 28 of the Group 2011 Financial Statements, incorporated by reference herein.

On the basis of the levels of obligations described above, the Group’s access to debt and equity capital markets, access to committed and uncommitted bank debt, the level of cash deposits and the level of anticipated free cash flow, we believe that the Group has sufficient short and long-term sources of funding available to meet our liquidity requirements.

APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES

In the course of preparing financial statements, management necessarily makes judgments and estimates that have a significant effect on the amounts recognized in the financial statements. Changes in the assumptions underlying the estimates could have a significant impact on the financial results. The most critical of these are the following:

Useful Economic Lives of Assets and Ore Reserves Estimates

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

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

These factors could include the following:

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

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

Impairment of Assets

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

Management necessarily applies its judgment in allocating assets that do not generate independent cash flows to appropriate CGUs, and also in estimating the timing and value of underlying cash flows within the value in use calculation. Subsequent changes to the CGU allocation or to the timing of or assumptions used to determine cash flows could affect the carrying value of the respective assets.

Restoration, Rehabilitation and Environmental Costs

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

Retirement Benefits

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

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

Financial assets and liabilities at fair value through profit and loss

The fair value of the Group's financial assets and liabilities held at fair value through profit and loss represent the market value of quoted investments and other traded instruments where available. For financial assets and liabilities held at fair value through profit and loss for which market prices are not readily available, fair value is determined using discounted cash flows or other valuation techniques using assumptions considered to be reasonable and consistent with those that would be used by a market participant. The assessment of assumptions used in applying valuation techniques is inherently subjective and the use of inaccurate assumptions could result in a significant impact on financial results.

Contingent liabilities

On an ongoing basis the Group is a party to various legal disputes, the outcomes of which cannot be assessed with a high degree of certainty. A liability is recognized where, based on the Group's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably. Disclosure of other contingent liabilities is made in note 34 of the Group 2011 Financial Statements unless the possibility of a loss arising is considered remote.

Special Items

Special items are those that management considers, by virtue of their size or incidence, should be disclosed separately to ensure that the financial information also allows an understanding of the underlying performance of the business. The determination as to which items should be disclosed separately requires a degree of judgment. For further explanation of the nature of special items, see "Non-IFRS Financial Measures".

DIFFERENCES BETWEEN EU IFRS AND US GAAP

The financial information included in this Offering Memorandum in respect of the years ended December 31, 2009, 2010 and 2011 has been prepared and presented in accordance with EU IFRS. Certain differences exist between EU IFRS and US GAAP, which might be material to the financial information herein.

In making an investment decision, investors must rely on their own examination of the Group, the terms of the offering and the financial information. Potential investors should consult their own professional advisers for an understanding of the differences between EU IFRS and US GAAP, and how these differences might affect the financial information herein.

REGULATION

We are subject to government regulations that affect all aspects of our operations. In particular government regulations in South Africa could have a material effect on the Group's business.

In most jurisdictions, the rights to mineral deposits are held by the state. We therefore must rely upon rights granted to us by the government that owns the minerals (and the renewal of those rights). These rights typically take the form of a lease or license that grants us the right to gain access to the land and to explore for and subsequently extract the minerals. Exploration rights typically include the obligation to spend a predetermined amount of money on the exploration or to undertake specific exploration activities. The terms of the leases or licenses, including the time period for which they are effective, are specific to the laws of the relevant governmental authority. Generally, we own the minerals that we extract and pay royalties or similar taxes to the relevant government.

We also have a number of joint venture arrangements with government entities (including Botswana and Namibia), which are sometimes necessary in order to operate exploration and mining activities in certain jurisdictions.

In addition to reliance upon government grants of rights to explore for and extract materials, in certain jurisdictions we rely upon the relevant government to grant the rights necessary to transport and to treat the extracted materials in order to prepare them for sale, as well as to export the raw or processed material.

Governments generally impose applicable regulations relating to, for example, environmental protection, land rehabilitation, occupational health and safety and native land title, and we must comply with these regulations in order to continue to enjoy the right to conduct our operations within that jurisdiction. These obligations often require us to make substantial expenditure to minimize, to remediate or to rehabilitate the environmental impact of our operations and to ensure the safety of our employees and contractors. For further information on these obligations and the actions we take to meet them, see "Sustainable Development (Including Safety, Health, Environment and Social)".

SOUTH AFRICA

Our South African operations represent a material contribution to the business of the Group, representing 54.6% and 51.2% of operating profit (before special items and remeasurements) in 2011 and 2010 respectively.

Requirements to obtain permits and licenses are imposed by various departments of the South African government. We strive to follow the required procedures in the application for these environmental, water and mineral permits and licenses.

Additionally, the transfer of a share of the ownership, management and benefits of the South African mining industry into the hands of people previously excluded from the economy is a government priority. This transfer has been closely linked to the conversion of existing mining licenses as well as the granting of new mining licenses under minerals legislation in force from May 1, 2004.

BEE in General

Black Economic Empowerment is a term that represents the South African government's economic transformation strategy to, broadly speaking, de-racialize the South African economy. The underlying principle of BEE is the use of the state's purchasing and regulatory power to increase participation by black South Africans in the South African economy by giving recognition and preference to enterprises which contribute to BEE. Early attempts at BEE, now commonly referred to as "narrow-based BEE" created empowerment principally through ownership of shares or assets, and through board representation. BBBEE is the more modern

approach to BEE and includes a greater number of components, such as management control, employment equity, skills development, enterprise development, preferential procurement and socio-economic development. BBBEE emphasizes shareholding by black communities, black women and black employees to broaden equity ownership beyond entrepreneurs and businessmen, who have tended to be the main beneficiaries of BEE. The key instruments in implementing BBBEE are the BBBEE Act and the Codes of Good Practice promulgated under the BBBEE Act. The BBBEE Act does not, itself, set any targets for the elements of BEE. Rather, it provides a framework for the implementation of BEE initiatives. The Codes of Good Practice are based on a generic scorecard comprising seven aspects with differing weightings against which enterprises' progress on BEE contributions will be assessed.

While the BBBEE Act and the Codes of Good Practice are intended to be equally applicable to all sectors of the South African economy, there is a secondary layer of "Sector Charters" which provide industry specific commitments for the implementation of BEE for some sectors of the economy, including the mining sector.

Therefore, although it is important that the mining sector maintains ongoing interest in the Codes of Good Practice, it is more specifically governed by the requirements of the Mineral and Petroleum Resources and Development Act 2002 (the "MPRDA") and the Charter.

MPRDA and the Charter

We are subject to the MPRDA, which took effect in May 2004. The MPRDA vests custodianship of South Africa's minerals in the state, which issues new mineral rights licenses either in the form of prospecting rights or mining rights to applicants. Prospecting, mining and mineral rights formerly regulated under the Minerals Act 50 of 1991 and the South African common law are now known as "old order" mining or prospecting rights and the transitional arrangements provided in Schedule II to the MPRDA ("Schedule II") give holders of such old order rights the opportunity to apply for conversion of their old order rights into new order rights within specified time frames, subject to compliance with certain requirements.

One of these requirements is that the holder provides an undertaking that furthers, and describes the manner in which the holder will give effect to, amongst others, the object set out in section 2(d) of the MPRDA, which seeks a substantial and meaningful expansion of opportunities for Historically Disadvantaged South Africans ("HDSAs") (including women) to enter the South African mining industry and benefit from the exploitation of South African mineral resources. In further clarifying this object, the South African Department of Mineral Resources has published, pursuant to the MPRDA, the Charter.

The Charter outlines nine scorecard items (employment equity, human resource development, procurement, ownership, migrant labor, housing and living conditions, beneficiation, mine community and rural development and reporting) against which compliance with the MPRDA is measured for all mining companies operating in South Africa.

Only two of these items, namely employment equity and ownership, have specific targets. The Charter requires every mining company to achieve 15% ownership by HDSAs of its South African mining assets by May 1, 2009 and 26% ownership by May 1, 2014 and 40% of HDSA employment in management of mining companies by 2009. Compliance with these targets is necessary for the conversion of old order mining rights to new order mining rights and is required on an ongoing basis following conversion. The other scorecard items are generally monitored through social and labor plans submitted with license applications for new or converted mining rights.

In order to qualify for conversion of our older order mining rights, we have sought to meet the requirements relating to ownership principally by selling portions of our South African assets to BEE companies. Some of these transactions are referred to in this Offering Memorandum as BEE transactions.

Recent Developments

The South African Department of Mineral Resources (DMR) granted the conversions of Anglo American's old order mining rights as provided for in the MPRDA as follows:

- Thermal Coal — All conversions have been granted and executed;
- Kumba — All conversions have been granted and executed; and
- Platinum — All conversions have been granted. One conversion remains to be executed and registered which is expected to happen in the next three months.

New mining rights are granted for a maximum period of 30 years, with renewals of up to 30 years each. Prospecting rights are valid for a period of five years, with one renewal of up to three years. For exploration (gas) rights, the maximum period is three years with options of renewal for up to two years each. Furthermore, the MPRDA provides for a retention period after prospecting of up to three years with one renewal of up to two years, subject to certain conditions, such as non-concentration of resources, fair competition and non-exclusion of others.

In addition, the new order rights are transferable only with the approval of the South African Minister of Mineral Resources and are subject to various terms and conditions, including commencement of operations within specified periods, continuing and active operations and compliance with work programs, social and labor plans, environmental management programs and empowerment requirements.

New order mining rights can be suspended or cancelled by the Minister of Mineral Resources if an entity has breached its obligations under the terms of the rights and has failed to remedy such breach after written notice of the breach from the Minister and an opportunity for response. The MPRDA imposes specific responsibilities on mining companies relating to environmental management and in respect of any environmental damage caused by prospecting, exploration or mining activities. When the MPRDA Amendment Act comes into effect, existing provisions in the MPRDA relating to environmental management will be removed from the statute and integrated into the primary legislation on environmental management, the National Environmental Management Act (the "NEMA"), under the jurisdiction of the Department of Water and Environmental Affairs. In terms of this alignment, the Minister of Mineral Resources will be the competent authority in terms of the NEMA in respect of mining matters. This is a transitional arrangement estimated to last 18 months to 3 years. The Minister of Water and Environmental Affairs will be the appeal authority in terms of the NEMA.

The process to review the Mining Charter commenced in 2009. In June 2010 representatives of all major stakeholders in the mining sector signed a declaration reaffirming the Mining Charter while at the same time calling for greater urgency in implementation and recontextualizing some aspects. What appears to be a more broad-based, egalitarian and growth oriented focus has been broadly welcomed by the sector.

On September 13, 2010 the South African Department of Mineral Resources issued an amended Mining Charter (Revised Charter) that makes a number of significant changes to the existing charter. The notable changes are as follows:

- The Mining Charter now introduces sanctions for failure to comply with the charter, with the possible loss of mining licenses for non-compliance.
- The Minister of the Department of Mineral Resources will have the power to make future amendments to the charter unilaterally.
- The Mining Charter now includes additional quantitative measures for transformation, with targets for procurement of goods and services from empowered suppliers, for reinvestment in local communities, for contributions to human resources development, and to improve housing conditions for mine employees.
- The Mining Charter includes a new requirement to ensure that meaningful cash flow accrues to BEE investors in mining properties.

On April 29, 2009, the Minister of the Department of Mineral Resources published Codes of Good Practice and the Housing and Living Conditions Standards (Codes and Standards) pursuant to the MPRDA. The Codes, though intended to complement and support the Mining Charter, seek to introduce new and, in some instances, more onerous provisions dealing with ownership, employment equity and preferential procurement, amongst other matters. The Standards seek to introduce new requirements on mining companies to provide single unit accommodation, nutrition, and health care facilities both for employees and their families. The South African Chamber of Mines has engaged with the Department of Mineral Resources regarding the scope and application of the Codes and Standards. Since the publication of the Codes and Standards, the Department of Mineral Resources has indicated that, although the Codes are law, the Department is not enforcing them.

In March 2011, the DMR issued a template to be used for reporting in terms of the Revised Charter. The original deadline for submitting reports for the 2010 calendar year was March 31, 2011. All Anglo American South African based Business Units (Thermal Coal, Kumba and Platinum) submitted their annual reports on time.

There are currently discussions regarding the Broad Based Black Economic Empowerment Amendment Bill, which would override the Mining Charter and become the main legislation governing economic empowerment. This may impact on for instance, the transformation and economic empowerment aspects within the mining industry. It is incumbent on stakeholders to be mindful that the process is in the early stages, and the Department of Mineral Resources is still to state its position in respect of the Broad Based Black Economic Empowerment Amendment Bill.

Royalties

The Mineral and Petroleum Resources Royalty Act (“the Royalty Act”) was promulgated in November 2008. This was the culmination of five years of discussions between National Treasury and the mining industry. The Royalty Act was scheduled to be implemented on May 1, 2009, but in the Budget Review of the National Treasury announced on February 11, 2009, the implementation was postponed to March 1, 2010.

A royalty is payable by an extractor of mineral resources upon the transfer of the mineral resources.

The royalty rate is determined in terms of a formula using EBIT and allowing for a deduction of the mining capital expenditure permitted for income tax purposes as opposed to depreciation. The maximum royalty rate is 5% for refined mineral resources and 7% for unrefined mineral resources. This royalty rate is then applied to the extractor’s sales or its “deemed” equivalent at its specified condition to determine the royalty payable.

Exchange Controls

The following is a general outline of South African exchange controls and their impact on the Group’s business.

Exchange controls have existed in South Africa for decades. It is the stated intention of the South African authorities to relax exchange control requirements in an orderly manner as and when it is deemed appropriate. Although a gradual relaxation has taken place over a number of years, exchange controls still exist with the intention of controlling the flow of capital into and out of the member countries of the Common Monetary Area (comprising South Africa, Lesotho, Namibia and Swaziland) and generally to prevent the unauthorized export of capital by residents.

The administration of exchange controls has been delegated to the Exchange Control Department of the South African Reserve Bank (“SARB”). The SARB has broad discretion, but it acts within policies set by the Minister of Finance and the National Treasury in consultation with the SARB. Certain powers have been delegated to authorized dealers (banks licensed by the SARB to deal in foreign exchange) to approve applications for foreign exchange. Matters that are beyond these powers are referred to the SARB, which adjudicates applications on their merits in accordance with policy and national interests.

Exchange controls apply to all South African residents. For this purpose, a resident is a natural person or legal entity, whether of South African or any other nationality, who has taken up residence, is domiciled or registered in the Republic of South Africa. A branch of a foreign company is resident for exchange control purposes.

All subsidiaries of the Group registered in South Africa, including Anglo American Platinum and Kumba, are South African residents and, consequently, are subject to South African exchange controls. Any offshore transaction by these companies of a capital nature requires prior SARB approval.

Most transactions of a revenue nature would not usually require prior SARB approval, although there are administrative and reporting requirements. These transactions would include the import and/or export of trade goods and the remittance of dividends to non-resident shareholders from profits earned in the normal course of business.

Normally, non-residents may freely invest or disinvest from South Africa and income due to the non-resident may be freely remitted. However, because the Group's acquisition of its South African interests was by means of a share issue, SARB approval would be required for the remittance of any capital to the Group offshore by its South African resident subsidiaries.

SUSTAINABLE DEVELOPMENT (INCLUDING SAFETY, HEALTH, ENVIRONMENT AND SOCIAL)

Our facilities and operations are subject to extensive general and industry-specific safety, health and environmental regulations in each jurisdiction in which we operate. These regulations include those relating to occupational health and safety, mining and processing operations, the handling and disposal of hazardous and non-hazardous materials, air quality, mineral waste and mine rehabilitation.

We employ safety, health and environmental experts to advise us on technical and regulatory matters relevant to the management of our facilities and operations, and we continually invest in plant and equipment and the sharing of knowledge and best practices to ensure that we comply with our obligations under safety, health and environmental laws and regulations.

Our Board and the Board S&SD Committee are actively involved in ensuring appropriate governance of strategic safety and sustainable development matters. The S&SD Executive Committee is responsible for developing strategy, framework policies, standards and guidelines for the management of S&SD, including safety, occupational health and environmental matters, and ensuring the progressive implementation throughout the Group.

We support leading international initiatives to promote responsible corporate activity. We remain committed to the United Nations Global Compact and the Extractive Industries Transparency Initiative and continue to support the Investment Climate Facility for Africa. We are also actively engaged in discussions around the review of the OECD Guidelines for Multinational Corporations.

SAFETY

The Anglo Safety Way details the Group's vision regarding safety, principles and policies, management system standards, fatal-risk standards and also provides a set of behavioral based 'golden rules'.

Our vision of Zero Harm, which was endorsed in 2007 by all our businesses, is built on three clear principles: all injuries and occupational illnesses are preventable; all necessary steps must be taken to learn from incidents in order to prevent any recurrence; and common, simple, non-negotiable standards must be consistently applied.

The global safety strategy, which was approved in November 2008, is central to achieving our vision of Zero Harm; the strategy is based on the understanding that safety improvement can be tracked through a number of defined stages representing different levels of safety management maturity. We have implemented our safety strategy at site and business unit levels through the utilization of Safety Improvement Plans.

We are currently focused on embedding a new global risk management process and related procedures to help manage high-level risks. We have developed major risk standards to help manage high level risks. In addition, when our standards regarding safety have not been met, we have responded by closing shafts, retraining affected employees and investigating all significant safety incidents.

A risk and assurance team is charged with providing an independent, professional opinion to the Group Board and the Executive Committee on the adequacy of S&SD risk control measures. The team seeks to ensure, by means of a risk-based assurance program, that current risks and liabilities are effectively controlled.

Although we are making improvements with respect to safety, our goal of Zero Harm necessitates our continued focus on safety matters. In 2011 after 5 years of steadily declining fatality rates 13 employees and four contractors lost their lives while working for us compared to 15 employees and contractors in 2010. The majority of these deaths (12) took place at our Platinum business. A strategic safety review, both corporately and specifically in our platinum business has been instituted to examine this issue and put in place any necessary

corrective action to restore the improving trend. During 2011, 91% of our sites operated without any fatalities. Lost-time injury frequency rate (LTIFR) for 2011 was 16% lower than 2010 excluding Platinum.

SECURITY

Certain of the countries in which we operate, including the Democratic Republic of the Congo, Venezuela and Colombia, have in the past experienced and, in certain cases, continue to experience, a difficult security environment as well as political instability. In particular, various illegal groups active in regions in which we are present may pose a credible threat of terrorism, extortion and kidnapping, which could have an adverse effect on our operations in such regions. In the event that continued operations in these countries compromise our security or business principles, we may withdraw from these countries on a temporary or permanent basis, which, in turn, could have an adverse impact on the results of our operations and on our financial condition.

OCCUPATIONAL HEALTH

The Anglo Occupational Health Way rolled out in 2008 details the Group's approach to occupational health management, including its vision, principles, policies and management system standards. We are currently rolling out two new programs on the management of risks from noise and dust.

We have a number of methods to help protect and preserve the health of our employees, ranging from complete medical care (clinics, hospitals and health insurance) to workplace design.

Our occupational health programs cover all employees and are aimed at preventing occupational disease through prevention of source exposure. To develop our health programs and maintain best practice, we seek input from a range of experts, including occupational hygienists, engineers and occupational medical practitioners.

We recognize that HIV/AIDS is a significant threat to economic growth and development particularly in sub-Saharan Africa. Our HIV/AIDS response is focused on HIV testing, care, and treatment. In 2002, we initiated our strategy of providing free anti-retroviral therapy to employees with HIV/AIDS at the appropriate stage of infection. Early diagnosis and access to treatment, complemented by a well-established system of counseling and care, coupled with intensive HIV-prevention campaigns are key elements of our holistic approach. In 2011, 92% of employees in sub-Saharan Africa participated in voluntary HIV counseling and testing.

Our HIV/AIDS program was extended to include dependents in 2008, although we recognize that the delivery of services to families living remotely from our operations is a significant challenge which will take some time to deliver. We are actively involved in best practice sharing with organizations such as the New York based GBC Health which has recognized Anglo American's HIV/AIDS program performance with business excellence awards on several occasions.

The escalating TB epidemic in Southern Africa is an ongoing source of concern at all our operations. Our TB-control programs, based on similar principles to our HIV/AIDS programs, are being improved to ensure that this emerging threat is actively managed and properly controlled. We are actively engaged in dealing with the control of TB in mines in the Southern African Development Community (SADC).

In many of the developing countries in which we operate there is a significant burden of communicable and non-communicable disease, which is aggravated by weak health systems. We are actively involved in health systems strengthening initiatives, particularly at the primary care level. We have supported the Global Fund to fight AIDS, TB and Malaria at Board level since its inception in 2002 and have pledged financial support to both the Global Fund and the GAVI Alliance for vaccines and immunizations.

In addition to programs for treatment of infectious disease, wellness programs aimed at maintaining and improving the health of employees are in place at all operations.

ENVIRONMENT

We have a comprehensive set of environmental management policies, standards and guidelines which are regularly reviewed to ensure alignment with recognized best practice. In March 2009, we launched the Anglo American Environment Way (AEW), which sets out a consistent approach to responsible environmental management, supporting our vision for minimizing harm to the environment by designing, operating and eventually closing all of our operations in an environmentally responsible manner.

We recognize our responsibility to help address the causes of climate change, to protect our people and our assets, as well as the communities around our operations. The low carbon economy cannot exist without the metals we produce. In addition, coal will continue to drive economic and social progress in developing countries. The challenge is to make the production and use of our commodities more sustainable. Our approach is to drive operational excellence, exploit technology and engage and partner with our stakeholders

We are actively tackling our own carbon footprint. Our goal is to maximize energy and carbon savings in our business. Our ECO2MAN program helps us understand our current and future energy use and carbon footprint at every site, and identify projects to deliver savings to meet new targets. We have also invested more than \$180 million in low carbon technology. We are developing technology pathways to minimize the future carbon footprint of mining and we have invested in clean coal research & development projects in the US, Australia and South Africa.

We are engaging with governments and other key stakeholders to develop equitable and effective climate change policies and enable our communities to access clean energy and benefit from the green economy. We're also working with recognized climate science experts to understand and prepare for the potential physical impacts of climate change.

Water is an increasingly scarce resource and access to it is a basic human right. The availability of a sustainable water supply is fundamental to our operations and the growth of our business. Our operations are often situated near communities that lack basic water services, or in areas where there is competition between industrial and agricultural users. With more than 80% of our operations and planned projects located in water-stressed basins, this is considered a key business risk. To maintain our license to operate, we cannot degrade water quality or compromise the rights of other users.

The Anglo American water strategy and policy, approved in 2010, reflects our aim to demonstrate leadership within our water-basin areas. The strategy includes a commitment to make our operations water-resilient, invest in water treatment and relevant technology innovation, build water infrastructure for mutual benefit and proactively partner with key stakeholders. Implementation of this strategy is being realized through our initiatives in three focus areas: improving operational excellence, investing in technology, and engaging and partnering with our stakeholders.

In 2011, we finalized and approved a new Group technical standard for water management, and updated our Group water guideline. This new mandatory technical standard includes detailed requirements on target setting, water monitoring, site management and water action plans (WAPs). Through a robust bottom-up process of identifying and assessing water-saving opportunities, and understanding local water risks, we have, for the first time, set quantitative reduction targets for every managed operation

Our operations are subject to various international, national, regional and local laws and regulations governing the protection of the environment. Through our membership in the International Council on Mining and Metals we are actively engaged in, and contribute to, the international regulatory and stakeholder processes that lead to the establishment of best practices.

COMMUNITY

Community relations within Anglo American are governed by the “Anglo American Social Way”, our social management standards system. The Social Way sets out a series of requirements that apply across the whole Group, and which are designed to address both local legislation (particularly in South Africa) and a growing body of “soft law” and external commitments, such as conventions, voluntary principles, codes of conduct, and best practices. All operations are assessed against the requirements of the Social Way on an annual basis, and results are reported to the Anglo American plc Board and, in summary fashion, in our annual Sustainable Development report.

The Group has voluntarily adopted a number of requirements for operations to have a formalized community engagement program. In addition, our Good Citizenship Business Principles define an overall framework for ethical business practices. We are signatories to the United Nations’ Global Compact, to the Extractive Industries Transparency Initiative and to the Voluntary Principles on Security and Human Rights, and we are committed to adhering to ten ICMM Sustainable Development Principles, and to independent assurance of our public reports in this regard.

One of the major challenges for modern mining operations is to ensure that they command a continuing social license to operate within, and generate benefits for, their local communities. Anglo American has put in place a number of initiatives to prevent social performance and community relations issues from presenting material risks, with the policy being one of anticipating and preventing risks through the development of positive relationships with host communities and governments. These measures include:

- The development of a clear hierarchy of policies, performance standards, risk management processes and guidelines, supported by appropriate assurance activities. These take as their starting point (but often exceed) the requirements set out in the International Finance Corporation’s Environmental and Social Performance Standards (as published in 2006), and cover all stages in the mining lifecycle, from M&A activity and exploration through final closure.
- The provision of foundational and advanced (post-graduate level) training to relevant managers on best practices in managing social performance.
- Efforts to ensure that local communities have a vested interest in the success of our investments. Measures include small business development programs in South Africa, Chile and Brazil, our three primary countries of operation, local workforce development programs and the design of mine infrastructure (such as water and power supply) in such a way as to provide benefits to host communities, where practical.
- Initiatives aimed at building the capacities of our host communities including through investing in schools and programs designed to raise the incomes available from other economic activities. Some of these programs introduce the communities to improved agricultural practices and pre-employment training aimed at equipping local people with the skills they need to qualify for jobs in our operations.
- Targeted social investments in host communities and countries.

For existing operations, where most value is at risk, our community engagement initiatives are led by our Socio-Economic Assessment Toolbox (SEAT). Its objective is to improve our understanding of the needs and priorities of these local communities, and to enable them to make a greater contribution to local development. The SEAT methodology consists of assessment tools and a series of rigorous stakeholder identification and engagement tools to identify priorities, needs and concerns. The operation then discusses the issues raised with stakeholders, commits to specific management responses to improve performance, and publishes a summary report to all local stakeholders. SEAT has been recognized as “an international best practice” by leading US sustainability NGO, Business for Social Responsibility and won the International Association for Impact Assessment’s 2012 “Corporate Initiative Award” for its “unique contribution” to integrating ongoing socio-economic impact assessment into the management of large extractive operations.

For new projects, the full range of Anglo American's social performance requirements are integrated into our project development process through processes managed by our Group Projects function. Amongst the most significant social risks that investment projects may face arise in the context of the need to resettle communities in order to access ore bodies or land for infrastructure. Mishandling can lead to disruption and project delays, political repercussions or reputational damage. Challenges include managing pre-existing splits within communities, ensuring that we deal with genuinely representative community leaders, disrupting social infrastructure and restoring the livelihoods of the population once they have moved. We are currently in the last phase of a resettlement in the Limpopo province of South Africa and are in discussions about a possible relocation close to our Sishen iron ore mine in the Northern Cape Province. If we proceed with Phase 2 of our Minas-Rio project in Brazil or our Michiquillay copper project in Peru, we will be required to engage in resettlement activities.

Anglo American has won numerous external accolades for our social performance. In 2010, our small business creation programs were recognized by the United Nations Development Program's Business Call to Action, and we were awarded the prestigious Community Mark award by the UK's Business in the Community for excellence in community development.

HUMAN RIGHTS

The Anglo American Social and Way and the Business Principles commit us to respectful engagement with the communities in which we operate and to respecting the human rights of stakeholders.

The Group is committed to upholding the principles of the Universal Declaration on Human Rights and has been admitted to the Voluntary Roundtable on Security and Human Rights. The Group has developed a policy and implementation manual for the Voluntary Principles that provides guidance on best practice in conducting security risk assessments involving a range of stakeholders, on governance of arrangements with public security providers and for the selection, training and accountabilities of private security providers. In addition, it has initiated human rights training for security personnel including in South Africa and Venezuela as well as facilitated similar training at our one-third owned associate, Cerrejón in Colombia. In South Africa, we have provided funding to develop a human rights training program for the South African Police Service. The principles have also been included in contracts for security firms.

In 2010, the Group implemented a company-wide complaints and grievance mechanism which implemented mechanisms suggested by Professor John Ruggie, in his capacity as the UN Secretary General's Special Representative on Business and Human Rights. We have been informed by the Institute for Human Rights and Business that we are the first global company to implement such a mechanism on a group-wide basis.

MANAGEMENT OF ANGLO AMERICAN PLC

BOARD OF DIRECTORS

The Board of Directors has a duty to promote the long term success of the Company for its shareholders. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure and overseeing the Group's systems of internal control, governance and risk management.

Certain matters are reserved for the Board's decision regarding key aspects of the Company's affairs that the Board does not delegate (including, among other things, approval of business plans, budgets and material expenditure).

The Board is chaired by Sir John Parker, who is responsible for leading the Board and for its effectiveness. Cynthia Carroll is the chief executive and is responsible for the execution of strategy and the day-to-day management of the Group, supported by the Group Management Committee and the Executive Committee, both of which she chairs.

The Company has adopted the Statement of Division of Responsibilities between the Chairman and Chief Executive promulgated by the Institute of Chartered Secretaries and Administrators.

The Board has a strong independent element and currently comprises, in addition to the chairman, two executive directors and eight non-executive directors who are independent according to the definition contained in the UK Corporate Governance Code 2010.

GROUP MANAGEMENT COMMITTEE ("GMC")

The Group Management Committee ("GMC") is responsible for formulating strategy, for discussion and agreement by the Board, monitoring performance and managing the Group's portfolio. The current members of GMC are Cynthia Carroll (chair), René Médori, Brian Beamish, Mervyn Walker, David Weston and Peter Whitcutt. GMC meets fortnightly.

EXECUTIVE COMMITTEE ("ExCo")

The Executive Committee ("ExCo") is responsible for developing and implementing Group wide policies and programs and for the adoption of best practice standards across the Group. ExCo meets at least every two months on a formal basis for a two-day session and, when required, in the intervening periods.

The current members of ExCo are Cynthia Carroll (chair), René Médori, Brian Beamish, Walter De Simoni, Seamus French, Godfrey Gomwe, Chris Griffith, John MacKenzie, Norman Mbazima, Neville Nicolau, Mervyn Walker, Duncan Wanblad, Paulo Castellari-Porchia, David Weston and Peter Whitcutt. Along with the chief executive and finance director, the members of ExCo are selected from the heads of business units and corporate functions.

The business address of each such person is 20 Carlton House Terrace, London SW1Y 5AN, England.

INVESTMENT COMMITTEE

The role of the Investment Committee, which is a sub-committee of GMC, is to manage the process of capital allocation by ensuring that investments and divestments increase shareholder value and meet Anglo American's financial criteria. The Committee makes recommendations to GMC and/or the Board on these matters. The Committee meets as required.

The Investment Committee presently comprises: René Médori (chairman), Brian Beamish and David Weston.

CONFLICTS OF INTEREST

If directors become aware that they have a direct or indirect interest in an existing or proposed transaction with Anglo American, they are required to notify the Board at the next board meeting or by a written declaration. Directors have a continuing duty to update any changes in these interests. During 2011, Nicky Oppenheimer recused himself from all discussions regarding the potential increase in the Company's interest in De Beers and David Challen recused himself from a discussion on a banking facility in which Citigroup was a participant. In accordance with the Company's Articles and relevant legislation, an unconflicted quorum of the Board can authorise potential conflicts and such authorisations can be limited in scope and are reviewed on an annual basis. During the year under review, the conflicts register was updated and the conflict management procedures were adhered to and operated effectively.

No potential conflicts of interest exist between the Directors' duties to Anglo American plc and their private interests or other duties.

COMPOSITION OF BOARD

The names and biographical details of the directors are set forth below. The business address of each Director is 20 Carlton House Terrace, London SW1Y 5AN, England.

All directors will be proposed for annual re-election at the 2012 Annual General Meeting (AGM).

Executive Directors

Cynthia Carroll, BSc, MSc, MBA (55), was appointed chief executive on March 1, 2007, having joined the Board on January 15, 2007. Cynthia Carroll chairs GMC and ExCo and sits on the S&SD Committee. She is a non executive director of BP plc and De Beers and chairs Anglo American Platinum.

Cynthia Carroll is the former president and CEO of Alcan's Primary Metals Group and a former director of AngloGold Ashanti Ltd and Sara Lee Corporation.

René Médori, Doctorate in Economics (54), was appointed to the Board on June 1, 2005, becoming finance director on September 1, 2005. René Médori is a member of GMC and ExCo and chairman of the Investment Committee. He is a non executive director of SSE plc (formerly Scottish and Southern Energy plc) until June 25, 2012, De Beers and Anglo American Platinum. René Médori recently joined the board of Petrofac Limited as a non executive director.

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

Non-Executive Directors

The Group is conscious of the need to maintain an appropriate mix of skills and experience on the Board. During 2011, Nicky Oppenheimer retired from the Board and in April and we welcomed Phuthuma Nhleko as a non executive director who has a strong international business track record. These changes continue our comprehensive refreshment program.

Sir John Parker, FEng DSc (Eng), ScD (Hon), DSc (Hon), DUniv (Hon), FRINA (69), joined the Board as a non executive director on July 9, 2009 and became chairman of Anglo American plc on August 1, 2009. Sir John is also chairman of the Nomination Committee and is a member of the Safety and Sustainable

Development (S&SD) Committee. Sir John is recognised as a highly experienced and independent chairman, has chaired five FTSE 100 companies and brings a broad range of leadership experience across a variety of industries in many countries. He is a non executive director of Carnival Corporation, EADS and deputy chairman of DP World. Sir John is President of the Royal Academy of Engineering, and a Visiting Fellow of the University of Oxford. Sir John recently stepped down as chairman of National Grid plc and as chancellor of the University of Southampton. He was previously senior non executive director and chair of the Court of the Bank of England and joint chair of Mondi and chair of BVT and P&O plc.

David Challen CBE, MA, MBA (68), joined the Board on September 9, 2002 and was appointed as the senior independent non executive director in April 2008. He is chairman of the Audit Committee and a member of the Nomination and Remuneration Committees. David Challen is currently chairman of the EMEA governance committee at Citigroup and senior non executive director of Smiths Group plc. He is currently a deputy chairman of the UK's Takeover Panel. Previously he was chairman of J. Henry Schroder & Co. Limited, where he spent most of his professional career.

Dr. Mamphela Ramphela, PhD, BComm, MBChB (64), joined the Board on April 25, 2006. She is a member of the Nomination and S&SD Committees. Mamphela Ramphela is the founder of Letsema Circle, a specialist transformation advisory company and the chair of Gold Fields Limited and the Technology & Innovation Agency of South Africa. She is a non executive director of Mediclinic and Remgro, a trustee of the Nelson Mandela Foundation, and an adviser to the Veolia Institute. She is the chair of Eduloan. Her experience in international financial institutions and of South African social issues is of great value to the Company. Mamphela Ramphela was formerly co-chair of the Global Commission on International Migration, a World Bank managing director and vice chancellor at the University of Cape Town. She was also the chair of Circle Capital Ventures, a Black Economic Empowerment Company.

Peter Woicke, MBA (69), joined the Board on January 1, 2006, chairs the S&SD Committee and is a member of the Nomination and Remuneration Committees. He is currently chair of the trustees of the Ashesi University Foundation and a member of the boards of Saudi Aramco, the Institute for Human Rights and Business and the Chesapeake Bay Foundation. From 1999 to 2005, Peter Woicke was Executive Vice President of the International Finance Corporation (IFC) and under his leadership, the IFC expanded the provision of environmental and social know how to its clients through its Sustainability Initiative. Prior to joining the IFC, Peter Woicke held numerous positions over nearly 30 years with J.P. Morgan and was also a managing director of the World Bank.

Sir CK Chow, DEng (Hon), CEng, FREng, HonFHKIE, FICHEM (61), was appointed to the Board on April 15, 2008 and is a member of the Nomination and Remuneration Committees. He is currently a non executive director of AIA Group Company Limited. Sir CK was knighted in 2000 for his services to industry. Sir CK recently retired as chief executive officer of the MTR Corporation in Hong Kong, a position he held between 2003 and 2011. He was formerly chief executive of Brambles Industries and GKN PLC and non executive chairman of Standard Chartered Bank (Hong Kong) Limited. Prior to joining GKN PLC he worked for The BOC Group plc for 20 years, joining its board in 1993.

Sir Philip Hampton, MA, ACA, MBA (58), joined the Board on November 9, 2009. He is chairman of the Remuneration Committee and a member of the Audit Committee. Sir Philip is chairman of The Royal Bank of Scotland and brings to Anglo American significant financial, strategic and boardroom experience across a number of industries. His previous appointments include chairman of J Sainsbury plc, finance director of Lloyds TSB Group plc, BT Group plc, BG Group plc, British Gas plc, British Steel plc, an executive director of Lazards and a non executive director of RMC Group plc and Belgacom SA.

Phuthuma Nhleko, BSc, MBA, (51) joined the Board on March 9, 2011 and is a member of the Audit Committee. Phuthuma Nhleko is a non executive director of BP plc and an executive director of Pembani Group (Pty) Limited. Phuthuma Nhleko's extensive international business experience has lent further strength to our

Board. In his former position as President and CEO of MTN, Phuthuma Nhleko showed impressive leadership and vision in transforming MTN from a highly successful South African mobile operator into a considerable force in mobile telecommunications services in emerging markets. He previously served as a director on a number of boards in South Africa, including Nedbank Group, Alexander Forbes, Bidvest and Old Mutual (SA).

Ray O'Rourke, FICE, (65), joined the Board on December 11, 2009. He is a member of the Audit and S&SD Committees. Ray O'Rourke has a proven track record in delivering complex and large scale projects around the world, mobilizing large numbers of people with great success and applying leading project management practices. As a member of the S&SD Committee, he has a keen interest in safety. He founded the O'Rourke Group in 1977, having begun his career at Kier and J Murphy & Sons. In 2001, the O'Rourke Group acquired John Laing, to form Laing O'Rourke, now Europe's largest privately owned construction company, of which Ray O'Rourke is chairman and chief executive.

Jack Thompson, BSc, PhD (61), joined the Board on November 16, 2009 and is a member of the Remuneration and S&SD Committees. He is currently a non executive director of Molycorp Inc. and Tidewater Inc. Jack Thompson brings experience gained at all levels of the mining industry and has received wide recognition as a mining executive. He also has extensive boardroom experience in both executive and non executive roles. Jack Thompson was previously chairman and CEO of Homestake Mining Co., vice chairman of Barrick Gold Corp. and has served on the boards of Centerra Gold Inc., Century Aluminum Co., Phelps Dodge Corp., Rinker Group Ltd and Stillwater Mining.

Committees of the Board

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees — the Audit, Remuneration, Nomination and Safety and Sustainable Development Committees.

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

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

The Audit Committee presently consists of: David Challen (chairman), Sir Philip Hampton, Ray O'Rourke and Phuthuma Nhleko, all of whom are independent non-executive directors. The Board, in consultation with the Audit Committee chairman, makes appointments to the committee. The Board has determined that the committee members have the skills and experience necessary to contribute meaningfully to the committee's deliberations. In addition, the chairman has requisite experience in accounting and financial management. The committee met three times during 2011, and on each of those occasions the members held discussions with the external audit partners and the head of internal audit in the absence of management.

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

remuneration packages for executive directors. The Remuneration Committee met three times during 2011. The Remuneration Committee presently consists of: Sir Philip Hampton (chairman), David Challen, Sir CK Chow, Jack Thompson, and Peter Woicke, all of whom are independent non-executive directors.

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

The Board, via the Nomination Committee, has taken steps to ensure that the Human Resources function of the Group regularly reviews and updates the succession plans of directors and senior managers. The Committee met three times during 2011. The Nomination Committee currently consists of Sir John Parker (chairman), David Challen, Mamphela Ramphele, Peter Woicke and Sir CK Chow.

Safety and Sustainable Development Committee. The S&SD Committee is responsible for developing framework policies and guidelines for the management of sustainable development issues, including safety, health and environment matters, and ensuring their progressive implementation throughout the Group. The S&SD Committee normally meets three or four times each year, including a visit to an operation, and business unit heads are invited to attend committee meetings. Each business unit head makes a safety and sustainable development presentation to the committee. The committee met four times during 2011. The S&SD Committee presently consists of: Peter Woicke (chairman), Brian Beamish, Cynthia Carroll, Sir John Parker, Mamphela Ramphele, Ray O'Rourke, Jack Thompson and David Weston. The Sustainable Development Report 2011 focuses on the safety, sustainable development, health and environmental performance of the Group's managed operations, its performance with regard to the Company's Good Citizenship: Our Business Principles, and the operational dimensions of its social programs.

SENIOR MANAGEMENT

Senior management means those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (executive and non-executive) of the Group.

The names and biographical details of the members of GMC and ExCo (who are considered to be senior management) are set forth below.

Cynthia Carroll is chief executive of Anglo American plc, see “— Composition of Board”.

René Médori is finance director of Anglo American plc, see “— Composition of Board”.

Brian Beamish, BSc (Mechanical Engineering) (55), is Group director of mining and technology. He is also a member of the Investment and S&SD Committees. He was chief executive of Base Metals between 2007 and 2009 and has more than 30 years of mining industry experience in various commodities and geographies. He spent 20 years at Anglo American Platinum, including four years as executive director of operations between 1996 and 1999.

Mervyn Walker, MA (52) is Group director of human resources and corporate affairs. He is a solicitor by training and joined Anglo American in 2008 from Mondi, where he was group HR and legal director. Mervyn Walker held a series of senior roles at British Airways, including HR director, legal director, director of purchasing and director of UK airports. He is also non executive chairman of pension schemes for AMEC plc.

David Weston, MBA, BSc (Eng) (53), is Group director of business performance and projects. He is also a member of the Investment and S&SD Committees. He spent 25 years with Shell and was president of Shell

Canada Products before joining the Anglo American Group in 2006 as chief executive of Industrial Minerals (Tarmac). David Weston served as the Group's technical director between April and October 2009. He is also a non executive director of International Power plc and Kumba Iron Ore Ltd.

Peter Whitcutt, BCom (Hons), CA (SA), MBA (46), is Group director of strategy and business development. He joined Anglo American in 1990 within the corporate finance division. He worked on the merger of Minorco, the listing of Anglo American in 1999 and the subsequent unwinding of the cross holding with De Beers. He was appointed group head of finance in 2003, CFO of Base Metals in August 2008 and to his present position in October 2009.

The following executives are members of the ExCo:

Paulo Castellari-Porchia, BCom, MBA (41), is CEO Iron Ore Brazil. He was previously CEO of Anglo American's Phosphates and Niobium businesses in Brazil and served in Anglo American's former Base Metals division. His 18 year career with the Group included positions at AngloGold Ashanti and Minorco in a number of corporate finance and capital project roles.

Walter De Simoni, BSc (Mining Eng) (56), is CEO of Nickel. Walter De Simoni joined the Anglo American Group in 1978. He was appointed president of Anglo Base Metals Brazil in 2005. He became Anglo American Brazil CEO in 2006 and CEO of Nickel in October 2009.

Seamus French, B Eng (Chemical) (49), is CEO of Metallurgical Coal and joined the Group as regional CEO of Anglo Coal Australia in 2007. He was previously on the BHP Billiton Executive Committee as global vice president of business excellence from 2005.

Godfrey Gomwe, B.Acc. CA (Z) MBL, (56) is executive director, Anglo American South Africa. He is chairman of Anglo American Zimele, Anglo American's Transformation Committee and Tshikululu Social Investments. He is a non executive director of Anglo American Platinum, Kumba Iron Ore and Thebe Investment Corporation (Pty) Ltd. He was previously finance director and COO of Anglo American South Africa and chairman and chief executive of Anglo American Zimbabwe.

Chris Griffith, B Eng (Mining) Hons, Pr Eng (46), is CEO of Kumba Iron Ore. He has been with Anglo American for almost two decades. He was Anglo American Platinum's head of operations for joint ventures before being appointed CEO of Kumba Iron Ore in 2008.

John MacKenzie, M.Sc Eng, MBL (43), is CEO of Copper. He joined the Anglo American Gold and Uranium Division in January 1990 and was promoted to vice president of Anglo Coal, South American Operations in 1999. In 2004, he became general manager of the Minera Loma de Níquel operation in Venezuela. John MacKenzie was appointed CEO of Base Metals' Zinc operations in 2006, becoming CEO of Copper in October 2009.

Norman Mbazima, FCCA, FZICA(53), is CEO of Thermal Coal. He joined the Anglo American Group in 2001, at Konkola Copper Mines PLC. He was previously global chief financial officer for Anglo Coal and became executive director of finance at Anglo American Platinum in June 2006, and later stepped in as joint acting chief executive. Norman Mbazima was appointed CEO of Scaw Metals in May 2008 and was appointed CEO of Thermal Coal in October 2009.

Neville Nicolau, BT (Mining Engineering), MBA (52), is CEO of Platinum. He joined the Anglo American Group in January 1979, subsequently working in the Gold and Uranium Division at different managerial levels in all the major operating areas in South Africa. In 2000-2001, he was the technical director of AngloGold's South American operations, based in Brazil. He became chief operating officer (Africa) AngloGold Ashanti in May 2004 and was appointed CEO of Anglo American Platinum in June 2008.

Duncan Wanblad, BSc (Eng) Mech, GDE (Eng Management) (45), is Group director Other Mining and Industrial. He joined Johannesburg Consolidated Investment Company Limited in 1990. Duncan Wanblad was appointed to the board of Anglo American Platinum and various of its subsidiaries in 2004 — becoming the executive director in charge of projects and engineering. He was appointed joint acting chief executive of Anglo American Platinum in August 2007, before taking over as CEO copper operations of Anglo American in 2008, and appointed CEO of Other Mining and Industrial in October 2009.

Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee is responsible for considering and making recommendations to the Board on:

- the Company's general policy on executive and senior management remuneration;
- the specific remuneration packages for executive directors of the Company, including basic salary, performance-based short-term and long-term incentives, pensions and other benefits;
- the remuneration of the chairman; and
- the design and operation of the Company's share incentive schemes.

The Remuneration Committee met three times during 2011.

For the composition of the Remuneration Committee, see “— Composition of Board”. The Group's chief executive attends the Remuneration Committee meetings by invitation and assists the Remuneration Committee in its considerations, except when issues relating to her own compensation are discussed. No directors are involved in deciding their own remuneration. In 2011, the Remuneration Committee was advised by the Company's Human Resources and Finance functions, in particular Mervyn Walker and Chris Corrin.

Policy on Executive Director Remuneration

The Company's remuneration policy is formulated to attract and to retain high-caliber executives and to motivate them to develop and to implement the Company's business strategy in order to optimize long-term shareholder value creation. The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests;
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Company and of the individual executive director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

It is the intention that this policy will continue to apply for 2012 and subsequent years, subject to ongoing review as appropriate.

Representatives of the Group's principal investors are consulted on material changes to remuneration policy.

Elements of Executive Director Remuneration

Remuneration mix

Each executive director's total remuneration consists of salary, annual bonus, long-term incentives and benefits. An appropriate balance is maintained between fixed and performance-related remuneration and between elements linked to short-term financial performance and those linked to longer-term shareholder value creation.

Assuming on-target performance, the Remuneration Committee's policy is that at least 50% (60% for Cynthia Carroll) of each executive director's remuneration is performance-related. In 2011, 78% of the chief executive's and 76% of the finance director's remuneration on an expected-value basis was performance-related.

The Bonus Share Plan ("BSP") and the Long Term Incentive Plan ("LTIP") are designed to align the longer-term interests of shareholders and executives and to underpin the Company's performance culture. The Remuneration Committee monitors the relevance and appropriateness of the performance measures and targets applicable to both plans.

Incentive levels are set taking account of the median expected value of long-term incentives relative to other companies of a similar size.

Basic salary

The basic salary of the executive directors is reviewed annually and is targeted at the market median of companies of comparable size, market sector, business complexity and international scope. This is further adjusted based on experience and other relevant factors. The market for executives of main board caliber, in large international resource companies in particular, has continued to be very competitive in recent years and it is therefore deemed sensible to position basic salary for executive directors at no lower than the median point. Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year.

Basic salary increases for executive directors with effect from January 2012 were limited to an inflation adjustment in line with the general salary review for the broader employee population.

Bonus Share Plan ("BSP")

The BSP was first operated in 2004 and all executive directors are normally eligible to participate in it.

The BSP requires executive directors to invest a significant proportion of their remuneration in shares, thereby more closely aligning their interests with those of shareholders, and encourages management at all levels to build up a meaningful personal stake in the Company. Awards under the BSP are not pensionable, are made annually and consist of three elements:

- a performance-related cash element;
- Bonus Shares as a conditional award, normally to a value equal to the cash element; and
- an additional performance-related element in the form of Enhancement Shares.

The award and matching levels are summarized in the table below:

	2009 and 2010	2011
Performance measures	50% corporate financial measure	50% key personal performance measure
Maximum bonus (cash plus Bonus Shares)	150% of basic salary	175% of basic salary
Delivery ratio		
Cash	25%	25%/50% ⁽¹⁾
Bonus Shares	75%	75%/50% ⁽¹⁾
Maximum Enhancement Share potential	75% of Bonus Shares, subject to a performance condition (EPS)	

(1) Subject to executive director election.

The BSP operates as follows:

- The value of the bonus is calculated by reference to achievement against annual performance targets which include measures of corporate (and, if applicable, business unit) performance as well as the achievement of specific individual objectives. For executive directors, the corporate element is based on stretching earnings per share (“EPS”) targets which are calculated using underlying earnings (reconciled in note 13 of the financial statements). The key individual objectives are designed to support the Company’s strategic priorities and in 2011, included cost and asset optimization, project execution, portfolio restructuring, strategic initiatives, organizational structure and capabilities, CSR initiatives and safety improvements.
- The Remuneration Committee reviews these measures annually to ensure they remain appropriate and sufficiently stretching in the context of the broader macro-economic outlook and more specific performance expectations for the Company and its operating businesses.
- In 2011, 50% of each annual bonus was based on the corporate financial measure and the remaining 50% on key personal performance measures. This split was decided upon to reflect the importance of the ongoing projects and strategic repositioning of the Group as well as the volatile nature of commodity prices and the implications of this on setting earnings targets. The level of bonus payable is reduced if certain overall safety improvement targets are not met. Bonus parameters are set on an individual basis.
- In 2011 the maximum cash element was 87.5% of basic salary in the case of both Cynthia Carroll and René Médori. Normally half of any bonus earned is payable in cash and the other half is deferred into shares. The maximum bonus is payable only for meeting targets which, in the opinion of the Remuneration Committee, represent an exceptional performance for the Group in the light of prevailing market conditions. The part of the bonus that is deferred is delivered in the form of a conditional award of Bonus Shares. These Bonus Shares vest only if the participant remains in employment with the Group until the end of a three-year holding period (or is regarded by the Remuneration Committee as a “good leaver”). To increase the alignment with shareholders’ interests, the Remuneration Committee allows executive directors to elect to defer 75% of the total bonus.
- From 2011 onwards, the Remuneration Committee is able to apply a clawback of deferred Bonus Shares in the event that, during the relevant deferral period, the Remuneration Committee becomes aware of a material error in the Company’s results for the relevant bonus performance period.
- Executive directors also receive a conditional award of Enhancement Shares at the same time as the award of Bonus Shares. The maximum potential, at face value, of the Enhancement Shares is 75% of the face value of the Bonus Shares. Awards of Enhancement Shares made in 2011 will vest after three years only to the extent that a challenging performance condition (based on earnings per share growth against growth in the UK Retail Price Index (RPI) — Real EPS growth) is met. This is shown in the

following table (shares will vest on a straight line basis for performance between the levels). There is no retesting of this performance condition. Enhancement Shares will be subject to the same clawback provisions discussed above.

<u>Real EPS growth over three years</u>	<u>Proportion of Enhancement Shares vesting</u>
Below RPI + 9%	0%
RPI + 9%	44%
RPI + 15% (or above)	100%

Real EPS growth is viewed as the most appropriate performance measure for this element of the BSP because it is a fundamental financial performance indicator, both internally and externally, and links directly to the Company's long-term objective of improving earnings. The targets have been approved by the Remuneration Committee after reviewing performance over a number of years and have been set at a level which provides stretching performance levels for management. The level of performance achieved and the proportion of awards vesting in respect of each performance period will be published in the subsequent remuneration report.

Share options and all-employee share schemes

No share options were granted in 2011 to executive directors under the Company's Discretionary Option Plan ("DOP") and there is no intention to make future grants under the unapproved part of the DOP to executive directors. However, the DOP is retained for use in special circumstances relating to the recruitment or retention of key executives.

UK-based executive directors are eligible to participate in the Company's Save As You Earn scheme ("SAYE") and Share Incentive Plan ("SIP"). Performance conditions do not apply to these schemes because they are offered to all UK-based employees.

Long-Term Incentive Plan ("LTIP")

At the AGM in 2011, shareholders approved a new LTIP to replace the existing LTIP which expired in mid-2011 and the main features are summarised in the following table and in the relevant sections below (abbreviations in the table are defined below).

	<u>2010</u>	<u>2011</u>
Maximum award level (% of basic salary)	200%	350%
Actual award level (% of basic salary)	200%	350% (CEO)
	200%	300% (FD)
Performance measures		
TSR — Sector Index	25% of award	25% of award
TSR — FTSE 100	25% of award	25% of award
AOSC	50% of award	50% of award
Maximum vesting of each element		
TSR — Sector Index	150%	100%
TSR — FTSE 100	150%	100%
AOSC	100%	100%

Grant levels. Conditional LTIP awards are granted annually to executive directors. The normal maximum award level is 350% and 300% of basic salary, respectively, for the chief executive and finance director, with an overall scheme maximum of 350% of basic salary. The Remuneration Committee is satisfied that the performance conditions that need to be met for these awards to vest in full are sufficiently stretching in the context of the award levels. These awards are discretionary and are considered on a case-by-case basis.

Performance measures. As in previous years, vesting of the LTIP awards made during 2011 is subject to the achievement, over a fixed three-year period, of stretching Group performance targets.

Half of each award is subject to a Group Total Shareholder Return (TSR) measure, while the other half is subject to a Group operating measure, which for 2011 was an Asset Optimization and Supply Chain (“AOSC”) efficiency measure.

These performance measures were selected on the basis that they foster the creation of shareholder value and their appropriateness is kept under review by the Remuneration Committee. Taken as a whole, vesting depends on meeting a very challenging set of performance hurdles.

At the end of each performance period, the levels of TSR and AOSC performance achieved, and the level of award earned, will be published in the subsequent remuneration report. There is no retesting of performance.

The LTIP is intended to closely align the interests of shareholders and executive directors by rewarding superior shareholder returns and financial performance and by encouraging executives to build up a shareholding in the Company.

The Remuneration Committee is able to apply a clawback of conditional LTIP awards in the event that, during the relevant performance period, the Remuneration Committee becomes aware of a material error in the Company’s results for the relevant performance period.

Total shareholder return (TSR). The Remuneration Committee considers comparative TSR to be a suitable long-term performance measure for the Company’s LTIP awards. Executives would benefit under this measure only if shareholders have enjoyed returns on their investment which are superior to those that could have been obtained in other comparable companies.

50% of the proportion of each award that is based on TSR is measured against the Sector Index and 50% is measured against the constituents of the FTSE 100. Maximum vesting of the TSR element of an award will be possible only if Anglo American outperforms by a substantial margin both the sector benchmark (as described below) and the largest UK companies across all sectors.

Sector Index comparison. One half of the TSR element of an LTIP award vests according to the Company’s TSR over the performance period, relative to a weighted basket of international mining companies (the Sector Index). The Remuneration Committee may amend the list of comparator companies in the Sector Index, and relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies or significant changes in the composition of the Group). In calculating TSR it is assumed that all dividends are reinvested.

For awards made in 2011, the companies constituting the Sector Index were as follows:

	Mining	Industrial Minerals
Category weighting	94%	6%
Comparator companies	BHP Billiton plc Rio Tinto plc Teck Cominco Limited Vale Vedanta Resources plc Xstrata plc	CRH plc Heidelberg Cement Holcim Limited Lafarge

Should the Tarmac Group be sold or demerged during the performance period relating to this award, the percentage attributable to Industrial Minerals will fall to zero.

Target performance for the Sector Index is assessed by calculating the median TSR performance within each sub-sector category, and then weighting these medians by the category weightings shown above. For 2011, that part of any award that is contingent upon the Sector Index element of the TSR performance will vest as shown in the table below. Shares will vest on a straight line basis for performance between the levels.

<u>The Company's relative TSR compared to the Sector Index</u>	<u>Proportion of TSR element vesting</u>	
	<u>2010</u>	<u>2011</u>
Below Target	0%	0%
Target (matching the weighted median of the Sector Index)	20%	15%
Target plus 5% per annum	50%	50%

FTSE 100 comparison. The vesting of the other half of the TSR element of an LTIP award will depend on the Company's TSR performance over the performance period compared with the constituents of the FTSE 100 Index, for 2011 as follows:

<u>The Company's relative TSR compared to the FTSE 100</u>	<u>Proportion of TSR element vesting</u>
Below the median TSR of the FTSE 100	0%
Equal to the median TSR of the FTSE 100	15%
Equal to or above the 80th percentile TSR of the FTSE 100	50%

Shares will vest on a straight line basis for performance between the levels shown in both the tables above.

The targets above were calibrated such that, for the TSR element of the award, there is approximately a 15% chance of achieving full vesting and a 25% chance of three-quarters vesting. The estimated average fair value of an award under the TSR element is 60% of the face value of shares awarded.

Asset Optimization and Supply Chain. AOSC is the second performance measure for LTIP awards and was introduced in 2010. The Company's AOSC programs strive to unlock value from the Company's assets in a sustainable way through structured Group-wide programs aimed at reducing costs, increasing volumes and improving operational efficiencies. In 2011 the Company's AOSC programs delivered US\$3.2 billion of benefits from the core businesses, excluding benefits from the Niobium and Phosphates businesses that were not core when targets were set (\$3.5 billion from the total Group). This represents the additional operating profit and capital expenditure savings realized in the year, over and above the performance expected had the programs not been initiated. The above benefits are valued employing 2011 commodity prices and exchange rates. The Remuneration Committee further refined the target by determining that, for the 2011 award onwards, the effect of changes in both commodity prices and exchange rates should be stripped out of the AOSC targets and results so that only directly attributable management actions would be recognized.

Tying the AOSC measure directly to a meaningful proportion of executive's incentive pay reflects the importance of the AOSC initiative in delivering increased value to shareholders. The adjudication of targets will be reviewed by internal audit and reported at the end of each performance year.

The proportion of shares vesting based on AOSC will vary according to the aggregate AOSC value delivered over the performance period. Unless a certain minimum value target is met, no shares will vest under this performance measure. The maximum AOSC target is based on a stretching level of value delivered.

The targets for the AOSC element of the 2011 conditional award are shown below

	<u>Value delivered \$ bn</u>
Minimum AOSC Target ⁽¹⁾	7.90
Maximum AOSC Target ⁽¹⁾	9.66

(1) The Minimum and Maximum AOSC Targets are the additional operating profit and capital expenditure savings to be realized cumulatively over the three year LTIP performance period, over and above the performance expected had the programs not been initiated. These benefits are valued using 2010 commodity prices and exchange rates

The AOSC element of the award vests as shown in the table below:

	<u>Proportion of AOSC element vesting</u>
Below or equal to the Minimum AOSC Target	0%
Equal to or greater than the Maximum AOSC Target	100%

Shares will vest on a straight line basis for performance between the Minimum AOSC Target and the Maximum AOSC Target.

Vesting of share incentives in the event of change of control or termination of employment

In the event of a change of control of the Company, the following provisions apply under the Company's incentive plans:

- the number of shares that vest under the LTIP will be calculated by reference to the extent to which the applicable performance conditions have been met at the time of the change of control;
- Bonus Shares awarded under the BSP will be released and, only to the extent that the performance conditions have been met at the time of the change of control, Enhancement Shares awarded under the BSP will vest;
- share options granted under the DOP or under the Company's legacy Executive Share Option Scheme (ESOS) may be exercised irrespective of whether the applicable performance conditions have been met;
- SAYE options may be exercised (to the extent of savings at the date of exercise); and
- participants may direct the SIP trustee as to how to deal with their shares.

In the case of LTIP awards, if a director resigns voluntarily, then his/her interests lapse. If he/she retires with the consent of the Remuneration Committee, is made redundant or is considered by the Remuneration Committee to be a "good leaver", vesting on leaving is based on the normal performance criteria at the time of leaving and then pro-rated for the proportion of the performance period for which the director served.

In the case of the BSP, if a director ceases to be employed before the end of the year in respect of which the annual performance targets apply, then no award will be made unless the Remuneration Committee determines otherwise (taking into account the proportion of the year for which the director was an employee of the Group and of performance to date against the annual performance targets at the date of cessation). If a director resigns voluntarily before the end of the three-year vesting period, the Bonus Shares lapse and awards of Enhancement Shares are forgone. If a director retires with the consent of the Remuneration Committee, is made redundant or is considered by the Remuneration Committee to be a "good leaver", Bonus Shares already awarded will be transferred as soon as practicable after the date of leaving. Enhancement Shares will vest only to the extent that the performance conditions have been met and if vesting is accelerated to the time of leaving will be pro-rated for the proportion of the performance period for which the director served.

In the event that a director's employment is terminated, vesting of any outstanding share options under the DOP or under the ESOS is dependent upon the reasons for termination. Performance conditions fall away in the event of redundancy. However, if the director resigns voluntarily, then all such options lapse unless the Remuneration Committee determines otherwise.

Employee Share Ownership Trust and policy on provision of shares for incentive schemes

The Group has hitherto used an Employee Share Ownership Trust (the "Trust") to acquire and hold shares to facilitate the operation of the Company's share schemes. At December 31, 2011, the Trust held 985 ordinary shares in the Company, registered in the name of Greenwood Nominees Limited. Shares held by the Trust are not

voted at the Company's general meetings. It is the Company's current policy to meet the requirements of share incentive schemes by using a mix of Treasury Shares, shares from the Trust or by market purchases as appropriate. The Company has the necessary authorizations to utilize newly issued shares if required.

Pensions

Prior to April 6, 2011, executive directors (and UK employees more generally) had the option of all or part of their employer-funded defined-contribution pension contributions being paid as an alternative to an unregistered retirement benefits scheme (an EFRBS). Since April 6, 2011 executive directors (and UK employees more generally) have the option of all or part of their employer-funded defined-contribution pension contributions being treated as being paid to an unregistered unfunded retirement benefits scheme.

Since the inception of the new UK pensions regime that took effect as of April 6, 2006, the Remuneration Committee has been prepared to consider requests from executive directors that their contracts be altered for future service, so that future pension benefits are reduced or cease to accrue and that a pension allowance be paid having the same value as the defined contribution benefits forgone.

Similarly, the Remuneration Committee is prepared to consider requests from executive directors (as is the case for employees more generally) that their contracts be altered for future service, so that supplementary pension contributions are made, or treated as being made, into their defined contribution pension arrangements, in return for equivalent reductions in their future basic salaries and/or other elements of their remuneration.

Other benefits

Executive directors are entitled to the provision of a car allowance, medical insurance, death and disability insurance, social club membership and limited personal taxation/financial advice, in addition to reimbursement of reasonable business expenses. The provision of these benefits is considered to be market-competitive.

Executive shareholding targets

Within five years of their appointment, executive directors are expected to acquire a holding of shares with a value of two times basic salary in the case of the chief executive and one and a half times basic salary in the case of any other executive director.

The Remuneration Committee takes into consideration achievement against these targets when making grants under the Group's various long-term incentive plans.

External appointments

Executive directors are not permitted to hold external directorships or offices without the approval of the Board; if approved, they may each retain the fees payable from one such appointment. During the year ended December 31, 2011, Cynthia Carroll and René Médori each retained fees from such appointments, amounting to £78,000 and £68,000, respectively.

Policy on non-executive director remuneration

Non-executive director remuneration is approved by the Board as a whole on the recommendation of the chairman and executive directors.

The Company's policy on non-executive director remuneration is based on the following key principles:

Remuneration should be:

- sufficient to attract and retain world-class, non-executive talent;

- consistent with recognized best practice standards for non-executive director remuneration;
- in the form of cash fees, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social security contributions) to acquire shares in the Company should the non-executive director so wish; and
- set by reference to the responsibilities taken on by the non-executives in chairing the Board and its committees.

Non-executive directors may not participate in the Company's share incentive schemes or pension arrangements.

It is the intention that this policy will continue to apply for 2012 and subsequent years, subject to ongoing review as appropriate.

The Board reviews non-executive directors' fees periodically to ensure they remain market-competitive. Additional fees are paid to the chairmen of Board Committees and to the senior independent director (SID). Should non-executive directors acquire executive board roles within subsidiaries of the Company, then they might also receive additional remuneration from the relevant subsidiaries on account of these increased responsibilities. Non-executive directors' fees were last reviewed in 2009 and were therefore again reviewed in December 2011. It was decided that no increase would be made to the basic fees for a non-executive director, although the fees for committee chairmen and the SID would be increased from January 2012 as follows:

- Chairmen of the Audit Committee, Safety and Sustainable Development Committee and Remuneration Committee to £25,000 per annum;
- Chairman of the Nomination Committee to £12,500 per annum; and
- Senior Independent Director to £25,000 per annum.

These fees will next be reviewed in December 2013.

Chairman's fees

The chairman's fees are reviewed periodically (on a different cycle from the review of non-executive directors' fees). A recommendation is then made to the Board (in the absence of the chairman) by the Remuneration Committee and chief executive, who take external advice on market comparators.

The chairman's fees will be reviewed during 2012.

Directors' service contracts

Cynthia Carroll and René Médori are employed by Anglo American Services (UK) Ltd ("AAS"). It is the Company's policy that the period of notice for executive directors will not exceed 12 months and accordingly, the employment contracts of the executive directors are terminable upon 12 months' notice by either party. Should Cynthia Carroll not be required to work her full notice, AAS is able to discharge its liability for the unexpired portion of her notice period by making a payment in lieu of her salary and other contractual benefits; in the case of René Médori, whose contract dates from 2005, the payment would also include a pro-rated bonus.

The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the Company, or for liquidated damages.

The following table summarizes the executive directors' date of appointment and the applicable date of re-election or election to the Board:

Executive directors⁽¹⁾

	<u>Date of appointment</u>	<u>Next AGM re-election or election</u>
Cynthia Carroll (chief executive)	January 15, 2007	April 2012
René Médori (finance director)	June 1, 2005	April 2012

(1) At each AGM all directors shall retire from office.

All non-executive directors have letters of appointment with the Company for an initial period of three years from their date of appointment, subject to reappointment at the AGM.

The following table summarizes the non-executive directors' date of appointment and the applicable date of re-election or election to the Board:

Non-executive directors⁽¹⁾⁽²⁾

	<u>Date of appointment</u>	<u>Next AGM re-election or election</u>
Sir John Parker	July 9, 2009	April 2012
David Challen	September 9, 2002	April 2012
Sir CK Chow	April 15, 2008	April 2012
Sir Philip Hampton	November 9, 2009	April 2012
Phuthuma Nhleko	March 9, 2011	April 2012
Ray O'Rourke	December 11, 2009	April 2012
Mamphela Ramphele	April 25, 2006	April 2012
Jack Thompson	November 16, 2009	April 2012
Peter Woicke	January 1, 2006	April 2012

(1) At each AGM, all directors shall retire from office.

(2) There is no fixed notice period; however, the Group may in accordance with, and subject to, the provisions of the 2006 Companies Act, by Ordinary Resolution of which special notice has been given, remove any director from office. The Company's Articles of Association also permit the directors, under certain circumstances, to remove a director from office.

REMUNERATION OUTCOMES (EXCLUDING PENSIONS AND STOCK COMPENSATION) DURING 2011

Directors' compensation

The following table sets out an analysis of the pre-tax remuneration for the periods indicated, including bonuses but excluding pensions and stock compensation, for executive directors who held office in the Company during the years ended December 31, 2010 and December 31, 2011:

Executive directors⁽¹⁾

	Total basic salary ⁽²⁾		Annual performance bonus — cash element ⁽³⁾		Benefits in kind and other ⁽⁴⁾		Total	
	Year ended December 31, 2011 (£000)	Year ended December 31, 2010 (£000)	Year ended December 31, 2011 (£000)	Year ended December 31, 2010 (£000)	Year ended December 31, 2011 (£000)	Year ended December 31, 2010 (£000)	Year ended December 31, 2011 (£000)	Year ended December 31, 2010 (£000)
Cynthia Carroll ⁽⁴⁾	1,170	1,125	962	411	42	37	2,174	1,573
René Médori	736	707	600	253	33	29	1,369	989

- (1) In 2011, Cynthia Carroll and René Médori held non-executive directorships of Anglo American Platinum Limited and René Médori held a non-executive directorship of Anglo American South Africa Limited. The fees for their directorships were ceded to their employer, AAS.
- (2) AAS agreed with the executive directors that supplementary pension contributions be made into their defined-contribution pension arrangements in return for equivalent reductions in their basic salaries and in the cash elements payable under the BSP. The figures shown include these supplementary contributions.
- (3) The split between the cash and share elements of the BSP has been set out previously and the above figures represent the elections made in 2012 by each director to defer 50% of their total bonus into shares, compared with 75% in 2011.
- (4) Each executive director receives a car allowance and a limited amount of personal taxation/financial advice. Executive directors also receive death and disability benefits as well as medical insurance.

The following table sets out the fees paid to non-executive directors during the year ended December 31, 2011, which amounted to £1,367,000 (2010: £1,489,000; 2009: £1,260,000).

Non-executive directors⁽¹⁾⁽²⁾

	Total Fees		
	Year ended December 31, 2009 (£000)	Year ended December 31, 2010 (£000)	Year ended December 31, 2011 (£000)
Sir John Parker	273	650	650
Sir Mark Moody-Stuart ⁽²⁾	264	—	—
David Challen	93	115	115
Sir CK Chow	65	80	80
Chris Fay	80	30	—
Sir Philip Hampton	10	90	95
Sir Rob Margetts	80	30	—
Phuthuma Nkleko	—	—	65
Nicky Oppenheimer ⁽³⁾	72	88	27
Ray O'Rourke ⁽⁴⁾	4	80	80
Fred Phaswana	147	76	—
Mamphela Ramphele	65	80	80
Jack Thompson	9	80	80
Karel Van Miert ⁽⁶⁾	33	—	—
Peter Woicke	65	90	95

(1) Each non-executive director, with the exception of Sir John Parker and Sir Mark Moody-Stuart, was paid a fee of £80,000 (2010: £80,000 and 2009: £65,000) per annum, and those non-executive directors who act as chairmen of the Audit, S&SD and Remuneration Committees were paid an additional sum of £15,000 (2010 and 2009: £15,000) per annum. The chairman of the Nomination Committee was paid an additional sum of £7,500 (2010 and 2009: £7,500) per annum. The senior independent director (SID) received fees of £20,000 (2010: £20,000 and 2009: £20,000).

(2) Sir Mark Moody-Stuart retired on August 1, 2009.

(3) Nicky Oppenheimer received fees for his services as non-executive director of Anglo American South Africa Limited amounting to £3,000 (2010: £8,000, 2009: £7,000) and, which are included in the above table.

(4) Ray O'Rourke has instructed the Company that his net fees be donated to charity.

(6) Karel Van Miert passed away on June 22, 2009.

Directors' share interests

The interests of directors who held office during the period January 1, 2011 to December 31, 2011 in Shares of the Group and its subsidiaries were as follows:

Shares in Anglo American plc

	As at December 31, 2011 (or if earlier, date of resignation)					
	Beneficial	Conditional				
		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll	65,315	786	337,992	114,673	125,747	—
René Médori ⁽¹⁾	54,444	785	200,999	72,710	80,102	—
Sir John Parker ⁽²⁾	26,909	—	—	—	—	38,552
David Challen	1,820	—	—	—	—	—
Sir CK Chow	5,500	—	—	—	—	—
Sir Philip Hampton	2,085	—	—	—	—	—
Phuthuma Nhleko ⁽³⁾	—	—	—	—	—	—
Ray O'Rourke ⁽⁴⁾	76,965	—	—	—	—	—
Mamphela Ramphele	4,788	—	—	—	—	—
Jack Thompson ⁽⁴⁾	6,100	—	—	—	—	—
Peter Woicke ⁽⁴⁾	17,677	—	—	—	—	—

- (1) René Médori's beneficial interest in 53,946 of the shares held above arises as a result of his wife's interest in these shares.
- (2) Following his appointment as chairman of the Company on August 1, 2009, Sir John Parker was awarded 31,000 ordinary shares in the Company which will be released in full on the third anniversary of his appointment, subject to his continued chairmanship. Sir John Parker was awarded a further 7,552 shares in the Company on February 28, 2011, which will be released in full on the third anniversary of his appointment, subject to his continued chairmanship.
- (3) Phuthuma Nhleko was appointed to the Board on March 9, 2011, although was prevented from acquiring shares for most of 2011 due to various restricted periods in the year.
- (4) Included in the interests of Messrs O'Rourke, Thompson and Woicke are unsponsored ADRs representing 0.5 ordinary shares of US\$0.54945 each.

EMPLOYEES

Our employees are essential to the long-term success of the Group. We continue to invest in the development of our people and strive to ensure that we are positioned to attract and retain the best mining and other talent.

The table below sets forth the average number of employees, excluding associates' employees and including a proportionate share of employees within joint venture entities, by business segment, for the periods presented.

	Year ended December 31,		
	2009	2010	2011
	<i>(thousands)</i>		
Platinum	58	52	55
Copper	4	4	5
Nickel	2	2	2
Iron Ore and Manganese	7	8	8
Metallurgical Coal	3	3	3
Thermal Coal	9	9	9
Other Mining and Industrial	22	20	16
Corporate Activities and Unallocated Costs	2	2	2
Total	<u>107</u>	<u>100</u>	<u>100</u>

The table below sets forth the average number of employees (for continuing operations) by principal location of employment, by geographical segment, for the periods presented.

	<u>Year ended December 31,</u>		
	<u>2009</u>	<u>2010</u>	<u>2011</u>
	<i>(thousands)</i>		
South Africa	83	77	79
Rest of Africa	1	1	1
Europe	9	8	6
North America	1	1	—
South America	9	9	10
Australia and Asia	4	4	4
Total	<u>107</u>	<u>100</u>	<u>100</u>

We operate defined contribution and defined benefit pension plans for the majority of our employees. We also operate post-retirement medical arrangements in sub-Saharan Africa and North America.

The defined contribution pension and medical cost represents the actual contributions payable by the Group to the various plans. At December 31, 2011, there were no material outstanding/prepaid contributions and so no prepayment or accrual has been disclosed in the balance sheet in relation to these plans.

The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group in independently administered funds, in accordance with statutory requirements or local practice throughout the world. At December 31, 2011, the unfunded pension plans are principally in South America.

The post retirement medical arrangements provide health benefits to retired employees and certain dependents. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded.

MAJOR SHAREHOLDER INFORMATION

As of February 16, 2012, to our knowledge, the following investors held 3% or more of the Group's ordinary share capital:

<u>Identity of Person</u>	<u>Number of Shares</u>	<u>% of Class</u>
BlackRock, Inc.	78,986,629	5.97%
Public Investment Corporation	77,592,603	5.86%
Legal & General plc	53,328,155	4.03%
Tarl Investment Holdings Limited ("Tarl") ⁽¹⁾	47,275,613	3.57%
Epoch Two Investment Holdings Limited ("Epoch 2") ⁽¹⁾	42,166,686	3.19%

As of February 18, 2011, to our knowledge, the following investors held 3% or more of the Group's ordinary share capital:

<u>Identity of Person</u>	<u>Number of Shares</u>	<u>% of Class</u>
BlackRock, Inc.	76,949,132	5.83%
Public Investment Corporation	76,891,800	5.82%
Legal & General plc	59,545,699	4.51%
Tarl ⁽¹⁾	47,275,613	3.58%
Epoch 2 ⁽¹⁾	42,166,686	3.19%

As of February 18, 2010, to our knowledge, the following investors held 3% or more of the Group's ordinary share capital:

<u>Identity of Person</u>	<u>Number of Shares</u>	<u>% of Class</u>
BlackRock, Inc.	83,199,370	6.32%
Public Investment Corporation	71,879,431	5.46%
Legal & General plc	60,780,489	4.62%
Tarl ⁽¹⁾	47,275,613	3.59%
Epoch 2 ⁽¹⁾	42,166,686	3.20%

As of February 19, 2009, to our knowledge, the following investors held 3% or more of the Group's ordinary share capital:

<u>Identity of Person</u>	<u>Number of Shares</u>	<u>% of Class</u>
Public Investment Corporation	72,759,742	5.53%
Legal & General plc	57,561,848	4.37%
Tarl ⁽¹⁾	47,275,613	3.59%
Epoch 2 ⁽¹⁾	42,166,686	3.20%

(1) Epoch 2 and Tarl are two of the independent companies which purchased shares as part of Anglo's share buyback program. Epoch 2 and Tarl have waived their right to vote all the shares they hold or will hold in Anglo American plc.

RELATED PARTY TRANSACTIONS

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

The Group, in the ordinary course of business, enters into various sale, 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 favorable than those arranged with third parties. These transactions are not considered to be significant.

Dividends received from associates during 2011 totaled US\$344 million (December 31, 2010: US\$255 million).

At December 31, 2011, the Group had provided loans to joint ventures of US\$263 million (December 31, 2010: US\$319 million). These loans are included in financial asset investments. No amounts were payable to joint ventures at December 31, 2011 (December 31, 2010: US\$59 million).

At December 31, 2011, the Group had provided loans to associates of US\$572 million (December 31, 2010: US\$531 million). These loans are included in financial asset investments.

As of December 31, 2011, the directors of the Group and their immediate relatives control 0.1% (December 31, 2010: 2.5%) of the voting shares of the Company.

RELATED PARTY TRANSACTIONS WITH DE BEERS

Set out below are details of certain transactions and arrangements entered into by the Group with, or for the benefit of, certain related parties of the Company for the purposes of the United Kingdom Listing Authority (“UKLA”) Listing Rules, being Central Holdings Limited (and certain of its subsidiaries, together “CHL”), DB Investments SA and De Beers SA (together, “De Beers”) are related parties by virtue of being companies in which Mr. N. F. Oppenheimer, a former director of the Company, has a relevant interest for the purposes of such rules.

The Group has advanced various loans to De Beers and at December 31, 2011, the amount of outstanding loans owed by De Beers (and included in the loans to associates amount disclosed above) was US\$301 million (December 31, 2010: US\$358 million). These loans are subordinated in favor of third party lenders and include:

- Dividend reinvestment loans of US\$133 million (December 31, 2010: US\$133 million) advanced during 2008 and 2009. These loans were interest free for two years from the date of advance and subsequently became interest bearing in line with market rates at the date of the initial reinvestment; and
- A further shareholder loan of US\$158 million (December 31, 2010: US\$225 million) advanced in 2009. This loan was interest free for two years after which it reverted to a rate of interest equal to LIBOR plus 700 basis points until April 2016 and then, provided all interest payments are up to date, reduces to LIBOR plus 300 basis points. During 2011, DeBeers repaid US\$67 million of this loan, including accrued interest of US\$5 million.

In February 2010, the shareholders of De Beers agreed, as part of the De Beers group’s refinancing including third party debt refinancing, that the issuance of additional equity was required by De Beers. The shareholders of De Beers (including CHL) have accordingly all subscribed, in proportion to their shareholding, for US\$1 billion of additional equity in De Beers (the Group’s share was US\$450 million and CHL’s share was US\$400 million).

Pursuant to the refinancing of De Beers, and to satisfy the requirements of the lenders to De Beers, the shareholders agreed to certain restrictions until specified financial tests (“Normalization”) were met. DeBeers confirmed that Normalization occurred in November 2010 and accordingly such restrictions (other than certain

subordination obligations) have fallen away. As part of the process of facilitating the agreed equity subscription by all the shareholders of De Beers, a temporary re-ranking of distribution rights, to be implemented following Normalization, was agreed. Pursuant to that agreement, in November 2010, a US\$20 million repayment of shareholder loans was made to De Beers shareholders (including the Group and CHL), pro-rata to their individual equity subscriptions and in priority to existing preferences under the terms of the outstanding preference.

In December 2010, De Beers redeemed all of its outstanding 10% non-cumulative redeemable preference shares held by the Group, and settled all accrued dividends and interest, in an aggregate amount of US\$18 million, relating to such shares.

On November 4, 2011 Anglo American announced it had entered into an agreement with CHL and CIL, 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").

Under the terms of the existing shareholders' agreement between Anglo American, CHL and the Government of the Republic of Botswana ("GRB"), the GRB has pre-emption rights in respect of the interests in De Beers to be sold, enabling it to participate in the Transaction and to increase its interest in De Beers, on a pro rata basis, to up to 25%. In the event that the GRB does not exercise pre-emption rights, in whole or in part, Anglo American's interest in De Beers will, assuming satisfaction of the conditions to the Transaction, increase to 85%.

In the event that the GRB exercises its pre-emption rights in full, Anglo American, under the Transaction, would acquire an incremental 30% interest in De Beers, taking its total interest to 75%, and the consideration payable by Anglo American to the sellers would be reduced proportionately

In view of the fact that CHL and CIL are 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 has been a director of Anglo American within the 12 months preceding agreement to the Transaction, the Transaction is categorized as a related party transaction. As a result, the Transaction required the approval of Anglo American shareholders (other than Mr N. F. Oppenheimer and his associates), which approval was obtained at a General Meeting of the Company held on January 6, 2012. The Transaction remains conditional on the satisfaction or waiver of certain specified regulatory and government approvals.

Remuneration and benefits received by directors (excluding pensions and stock compensation) are disclosed in "Management of Anglo American plc". Remuneration and benefits of other key management personnel are given in Note 8 to the 2011 Group Financial Statements.

Information relating to pension fund arrangements is disclosed in Note 28 to the 2011 Group Financial Statements.

DESCRIPTION OF THE NOTES AND THE GUARANTEES

The following is a summary of the material provisions of the Indenture and the Notes. Copies of the Indenture, the Guarantees and the Notes will be available for inspection during normal business hours at any time after the closing date of the offering of the Notes at the London offices of the Trustee, which are currently located at 14th Floor, Citigroup Centre, Canary Wharf, London E14 5LB. Any capitalized term used herein but not defined shall have the meaning assigned to such term in the Indenture.

GENERAL

The US\$600,000,000 2.625% Notes due 2017 (the “Notes”) will be issued under an Indenture dated as of April 8, 2009, as supplemented by a supplemental indenture to be dated on or around April 2, 2012, (the “Indenture”), among Anglo American Capital plc (the “Issuer”), Anglo American plc (the “Company”), Citibank, N.A., as trustee (the “Trustee”), London paying agent and registrar (the “Agent”).

The Indenture is not required to be nor will it be qualified under the US Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”), and will not incorporate by reference any of the provisions of the Trust Indenture Act. Consequently, the Holders of Notes generally will not be entitled to the protections provided under such Act to holders of debt securities issued under a qualified indenture, including those requiring the Trustee to resign in the event of certain conflicts of interest and to inform the Holders of Notes of certain relationships between it and the Issuer or the Company. In this “Description of the Notes and the Guarantees”, the terms “Holder”, “Noteholder” and other similar terms refer to a “registered holder” of Notes, and not to a beneficial owner of a book-entry interest in any Notes, unless the context otherwise clearly requires.

BNP Paribas Securities Corp., Goldman, Sachs & Co., Mitsubishi UFJ Securities (USA), Inc., Morgan Stanley & Co. LLC and UBS Securities LLC (together, the “Initial Purchasers”) propose to resell the Rule 144A Global Notes in registered form to certain institutions in the United States in reliance upon Rule 144A under the US Securities Act of 1933, as amended (the “Securities Act”). The Rule 144A Global Notes may not be sold or otherwise transferred except pursuant to registration under the Securities Act or in accordance with Rule 144A or pursuant to Rule 904 of Regulation S thereunder or in a resale transaction that is otherwise exempt from such registration requirements, and will bear a legend to this effect. In light of current US securities laws, subject to certain exceptions, an exemption should be available for a sale or transfer of a Rule 144A Global Note after its Specified Date. The “Specified Date” means, with respect to any Rule 144A Global Note, the date following the expiration of the applicable required holding period determined pursuant to Rule 144 of the Securities Act (such period, the “applicable holding period”) after the later of the date of acquisition of such Rule 144A Global Note from the Issuer, or an affiliate of the Issuer, or any resale of such Rule 144A Global Note in reliance on Rule 144 under the Securities Act for the account of either the acquiror or any subsequent holder of such Rule 144A Global Note, in each case demonstrated to the reasonable satisfaction of the Issuer or the Company (which may require delivery of legal opinions). Unless a Holder of a Rule 144A Global Note holds such Rule 144A Global Note for the entire applicable holding period, such Holder may not be able to determine the Specified Date because such Holder may not be able to determine the last date on which the Issuer, the Company or any affiliate thereof was the beneficial owner of such Holder’s Rule 144A Global Note. The registrars and the transfer agents for the Notes will not be required to accept for registration or transfer any Rule 144A Global Notes, except upon presentation of satisfactory evidence (which may include legal opinions) that the restrictions on transfer have been complied with, all in accordance with such reasonable regulations as the Issuer and the Company may from time to time agree with such registrars and the transfer agents.

For so long as any Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any registered Holder of Notes (or any Holder of a book-entry interest in such Notes designated by the registered holder thereof) in connection with any sale thereof and to any prospective

purchaser of Notes or a book-entry interest in Notes designated by such registered holder, in each case upon request of such registered holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act. As of the date of this Offering Memorandum, the Company is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

The Regulation S Global Notes will be resold by the Initial Purchasers only to non-US persons located outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

PRINCIPAL, MATURITY AND INTEREST

The Notes will be unsecured and unsubordinated obligations of the Issuer and will be unconditionally guaranteed on a senior, unsecured basis by the Company (the “Guarantees”). The Notes are initially issuable in aggregate principal amounts not to exceed US\$600 million and will mature on April 3, 2017. The Notes will bear interest at 2.625%, per annum from the date of the initial issuance of the Notes or from the most recent interest payment date to which interest has been paid or provided for, payable semi-annually in arrears on April 3 and October 3, commencing October 3, 2012, to the person in whose name any Note is registered at the close of business on the March 15 or September 15 (whether or not a business day) immediately preceding such interest payment date (each, a “record date”), notwithstanding any transfer or exchange of such Notes subsequent to the record date and prior to such interest payment date, except that, if and to the extent the Issuer shall default in the payment of the interest due on such interest payment date and the applicable grace period shall have expired, such defaulted interest may, at the option of the Issuer, be paid to the persons in whose names Notes are registered at the close of business on a subsequent record date (which shall not be less than five days which are business days in New York City prior to the date of payment of such defaulted interest) established by notice given by mail by or on behalf of the Issuer to the Holders (which term means registered holders) of the Notes, not less than fifteen days preceding such subsequent record date. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months and in the case of an incomplete month, the number of days elapsed. If the date on which any interest payment or principal payment is to be made is not a business day in New York City and the place of payment of such interest or principal, such payment will be made on the next day which is a business day in New York City and the place of payment of such interest or principal without any further interest or other amounts being paid or payable in connection therewith.

FORM AND DENOMINATION

The Notes will be issued in fully registered form and only in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Notes will be issued initially as Global Notes.

FURTHER ISSUES

The Issuer may, from time to time, without notice to or the consent of the Holders of the Notes, issue as many distinct series of debt securities under the Indenture as it wishes. It may also from time to time, without notice to or the consent of the Holders of the Notes, “reopen” the Notes and create and issue additional notes having identical terms and conditions as the Notes (or in all respects except for the payment of interest accruing prior to the issue date of such additional notes or except for the first payment of interest following the issue date of such additional notes) so that the additional notes are consolidated and form a single series of notes with the Notes (a “Further Issue”); *provided* that any notes which have the same CUSIP, ISIN or other identifying number as outstanding notes constitute a qualified re-opening for US federal income tax purposes or be issued with no more than *de minimis* original issue discount for US federal income tax purposes.

The period of resale restrictions applicable to any Notes previously offered and sold in reliance on Rule 144A under the Securities Act shall automatically be extended to the last day of the period of any resale restrictions imposed on any such additional Notes.

STATUS OF THE NOTES AND THE GUARANTEES

The Notes will be unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* in right of payment among themselves and with other unsecured and unsubordinated indebtedness of the Issuer (save for certain obligations required to be preferred by law). Upon issue, the Company will unconditionally guarantee, on a senior, unsecured basis, the due and punctual payment (and not collectability) of the principal of and interest on the Notes (and the payment of additional amounts described under “ — Payment of Additional Amounts”) when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise. The Guarantees will be an unsecured and unsubordinated obligation of the Company and will rank *pari passu* in right of payment with other unsecured and unsubordinated indebtedness of the Company (save for certain obligations required to be preferred by law).

PAYMENT OF ADDITIONAL AMOUNTS

The Issuer or, if applicable, the Company (pursuant to the terms of the Guarantees) will make payments of, or in respect of, principal and interest on the Notes or on any payment pursuant to the Guarantees, as the case may be, without withholding or deduction for or on account of any and all present or future tax, levy, impost or other governmental charge whatsoever imposed, assessed, levied or collected (“Taxes”) by or for the account of a Relevant Jurisdiction (as defined below), unless such withholding or deduction is required by law.

If the Issuer or, if applicable, the Company is required by a Relevant Jurisdiction to deduct or withhold Taxes, the Issuer or, if applicable, the Company will pay to a Holder of a Note or the beneficial owner thereof such additional amounts (“Additional Amounts”) as may be necessary so that the net amount received by such Holder or beneficial owner will not be less than the amount such Holder or beneficial owner would have received if such Taxes had not been withheld or deducted; *provided, however*, that the Issuer or, if applicable, the Company shall not be required to pay any Additional Amounts for or on account of:

- (i) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that the Holder of the applicable Note or Guarantee (or a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Holder, if such Holder is an estate, trust, partnership or corporation) is or has been a domiciliary, national or resident of, or engaging or having been engaged in a trade or business or maintaining or having maintained a permanent establishment or being or having been physically present in the jurisdiction in which such Taxes have been imposed, assessed, levied or collected or otherwise having or having had some connection with such jurisdiction, other than the mere holding or ownership of, or the collection of principal of, and interest on, a Note or the enforcement of a Guarantee, as the case may be;
- (ii) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required in order to receive payment, the applicable Note or Guarantee was presented more than 30 days after the date on which such payment became due and payable or was provided for, whichever is later, except to the extent that the Holder or beneficial owner thereof would have been entitled to Additional Amounts had the applicable Note or Guarantee been presented for payment on any day during such 30-day period;
- (iii) any estate, inheritance, gift, sales, transfer, excise, personal property or similar Taxes;
- (iv) any Taxes that are payable otherwise than by deduction or withholding from payments on or in respect of the applicable Note or Guarantee;
- (v) any Taxes that would not have been so imposed, assessed, levied or collected but for the failure by the Holder or the beneficial owner of the applicable Note or Guarantee to comply (following a written request addressed to the Holder or beneficial owner, as applicable), with any certification, identification or other reporting requirements concerning the nationality, residence or identity of such Holder or beneficial owner or its connection with a Relevant Jurisdiction if compliance is required by statute, regulation or administrative practice of such Relevant Jurisdiction as a condition to relief or exemption from such Taxes;

- (vi) any withholding or deduction imposed on a payment to or for the benefit of an individual that is required to be made pursuant to European Union Directive 2003/48/EC, any law implementing this Directive or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings, or any law implementing or complying with, or introduced in order to conform to, such Directive;
- (vii) any withholding or deduction that is imposed on the applicable Note or Guarantee that is presented for payment, where presentation is required, by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting such Note or Guarantee to another paying agent in a member state of the EU; or
- (viii) any combination of the Taxes described in (i) through (vii) above.

In addition, Additional Amounts will not be paid in respect of any payment in respect of the applicable Notes or Guarantees to any Holder or beneficial owner of the applicable Notes or Guarantees that is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of a Relevant Jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary, a member of such partnership, an interest holder in such limited liability company or a beneficial owner that would not have been entitled to such amounts had such beneficiary, settlor, member, interest holder or beneficial owner been the Holder of such Notes or Guarantees.

Whenever the Company refers in the Offering Memorandum to the payment of the principal of, any premium, any interest or other amounts to which a holder is entitled, if any, on or in respect of the Notes or the Guarantees, unless the context otherwise requires, the Company means to include the payment of Additional Amounts to the extent that, in context, Additional Amounts are, were or would be payable.

REDEMPTION

Optional Redemption

The Issuer may redeem the Notes in whole or in part, at the Issuer's option, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) as determined by the Independent Investment Banker, the sum of the present values of the applicable Remaining Scheduled Payments discounted to the Redemption Date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months or in the case of an incomplete month, the number of days elapsed) at the Treasury Rate plus 25 basis points, together with accrued and unpaid interest on the principal amount of the Notes to be redeemed to the Redemption Date. In connection with such optional redemption, the following defined terms apply:

“Treasury Rate” means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity (computed as at the third Business Day immediately preceding that Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date.

“Comparable Treasury Issue” means the United States Treasury security selected by the Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes.

“Comparable Treasury Price” means, with respect to any Redemption Date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding that Redemption Date, as set forth in the daily statistical release designated H.15 (519) (or any successor release) published by the Federal Reserve Bank of New York and designated

“Composite 3:30 p.m. Quotations for US Government Notes” or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for that Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Notes obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

“Independent Investment Banker” means one of the Reference Treasury Dealers appointed by the Issuer to act as the “Independent Investment Banker”.

“Reference Treasury Dealer” means each of BNP Paribas Securities Corp., Goldman, Sachs & Co., Morgan Stanley & Co. LLC and UBS Securities LLC, their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Issuer; *provided, however*, that if any of the foregoing shall cease to be a primary US Government securities dealer in the United States (a “Primary Treasury Dealer”), the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

“Reference Treasury Dealer Quotation” means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that Redemption Date.

“Remaining Scheduled Payments” means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption; *provided, however*, that if that Redemption Date is not an interest payment date with respect to such Notes, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that Redemption Date.

Notice of any redemption will be given in accordance with “Notices” below at least 30 days but not more than 60 days before the Redemption Date to each Holder of the Notes to be redeemed. On and after any Redemption Date, interest will cease to accrue on the Notes or any portion thereof called for redemption.

Upon presentation of any Note redeemed in part only, the Issuer will execute and instruct the Trustee to authenticate and deliver to or on the order of the Holder thereof, at the expense of the Issuer, a new Note or Notes, of authorized denominations, in principal amount equal to the unredeemed portion of the Note so presented.

On or before any Redemption Date, the Issuer shall deposit with the Trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on such date. If less than all the Notes are to be redeemed, the Notes to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate. The redemption price shall be calculated by the Independent Investment Banker and the Issuer, and the Trustee and any paying agent for the Notes shall be entitled to rely on such calculation.

Final Maturity

Unless previously purchased or redeemed by the Issuer or the Company or any of their Subsidiaries, and cancelled, the principal amount of the Notes will mature and become due and payable on April 3, 2017, in an amount equal to their principal amount, with accrued and unpaid interest to such date.

Reacquisition

There is no restriction on the ability of the Issuer or the Company or any of their respective Subsidiaries to purchase or repurchase Notes.

Redemption for Tax Reasons

The Notes are redeemable by the Issuer, in whole but not in part, at 100% of the principal amount of the Notes plus accrued and unpaid interest to the Redemption Date without reduction for any withholding taxes imposed by a Relevant Jurisdiction at the Issuer's option at any time prior to their maturity if due to a Change in Tax Law (as defined below) (i) the Issuer or, if applicable, the Company, in accordance with the terms of the Notes or the Guarantees, respectively, has, or would, become obligated to pay to the Holder or beneficial owner of any Note any Additional Amounts; (ii) in the case of the Company, (A) the Company would be unable, for reasons outside its control, to procure payment by the Issuer or (B) the procuring of such payment by the Issuer would be subject to withholding taxes imposed by a Relevant Jurisdiction; and (iii) such obligation otherwise cannot be avoided by the Issuer or, if applicable, the Company taking reasonable measures available to it. In such case, the Issuer may redeem the Notes in whole, but not in part, upon not less than 30 nor more than 60 days' notice as provided in "Notices" below, at 100% of the principal amount of the Notes plus accrued and unpaid interest to the Redemption Date without reduction for any withholding taxes imposed by a Relevant Jurisdiction; *provided that*, (a) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, if applicable, the Company would be obligated to pay any such Additional Amounts were a payment in respect of the Notes or the Guarantees then due and (b) at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. The Issuer's right to redeem the Notes shall continue as long as the Issuer or the Company, as the case may be, is obligated to pay such Additional Amounts, notwithstanding that the Issuer or the Company shall have made payments of Additional Amounts. Prior to the giving of any such notice of redemption, the Issuer must deliver to the Trustee (1) a certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent counsel of recognized standing selected by the Issuer or the Company, as applicable, to the effect that the Issuer or the Company has, or would, become obligated to pay such Additional Amounts as a result of such change or amendment.

For purposes hereof, "Change in Tax Law" shall mean (i) any changes in, or amendment to, any law of a Relevant Jurisdiction (including any regulations or rulings promulgated thereunder) or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment is announced, if applicable, and becomes effective on or after April 2, 2012 or (ii) if the Issuer or the Company consolidates or merges with, or transfers or leases its assets substantially as an entirety to, any person that is incorporated or tax resident under the laws of any jurisdiction other than a Relevant Jurisdiction, as defined immediately prior to such consolidating merger or other transaction, and as a consequence thereof such person becomes the successor obligor to the Issuer or the Company in respect of Additional Amounts that may become payable (in which case, for purposes of this redemption provision, all references to the Issuer, or the Company hereunder, as applicable, shall be deemed to be and include references to such person), any change in, or amendment to, any law of the jurisdiction of incorporation or residence for tax purposes of such person or any successor entity, or any political subdivision or taxing authority thereof or thereon for purposes of taxation (including any regulations or rulings promulgated thereunder) or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment becomes effective on or after the date of such consolidation, merger or other transaction.

CERTAIN DEFINITIONS

Set forth below are certain of the defined terms used in the Notes and the Indenture. You should refer to the Notes and the Indenture for the full set of definitions.

“Attributable Debt” means, as to any particular lease under which any Person is liable at the time as lessee, and at any date as of which the amount of the payment is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining term of such lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended), discounted from the respective due dates thereof to the date of determination at a rate per annum equivalent to the rate inherent in such lease (as determined by the directors of the Company) compounded semiannually, excluding amounts required to be paid on account of or attributable to operating costs and overhead charges and including, in certain circumstances, any termination penalty in the case of a lease terminable by the lessee.

“Business Day” means any day which is not, in London, England, New York City, or the place of payment of interest or principal a Saturday, Sunday, a legal holiday or a day on which banking institutions in such places are authorized or obligated by law to close.

“Company Jurisdiction” means any of the jurisdictions of incorporation or residence for tax purposes of the Company or any successor entity, or any political subdivision or taxing authority thereof or therein.

“Consolidated Net Tangible Assets” means the aggregate amount of assets (less applicable provisions) after deducting therefrom (1) all current liabilities; (2) all goodwill, trade names, trademarks, patents, unamortized debt discount and financings costs and all similar intangible assets; and (3) appropriate adjustments on account of minority interests of other Persons holding stock in any Subsidiary of the Company, all as set forth on the most recent consolidated balance sheet of the Company and computed in accordance with IFRS.

“Government Obligations” means money or obligations issued by the United States government.

“IFRS” means International Financial Reporting Standards as adopted by the European Union.

“Indebtedness” means all obligations for borrowed money represented by notes, bonds, debentures or similar evidence of indebtedness and obligations for borrowed money evidenced by credit, loan or other like agreements.

“Issuer Jurisdiction” means any of the jurisdictions of incorporation or residence for tax purposes of the Issuer or any successor entity, or any political subdivision or taxing authority thereof or therein.

“Mortgage” means any mortgage, deed of trust, pledge, hypothéc, lien, encumbrance, charge or other security interest of any kind.

“Person” means any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Principal Property” means the interest of the Company or any Subsidiary in any (a) mineral property or (b) manufacturing or processing plant, building, structure, dam or other facility, together with the land upon which it is erected and fixtures comprising a part thereof, whether owned as of the date of the Indenture or thereafter acquired or constructed by the Company or any Subsidiary, of which interest the net book value in each case, on the date as of which the determination is being made, is an amount which exceeds 10% of Consolidated Net Tangible Assets, other than (i) any such mineral property, manufacturing or processing plant, building, structure, dam or other facility which, in the opinion of the Board, is not of material importance to the total business conducted by the Company and its Subsidiaries as an entirety or (ii) any portion of any such property which, in the opinion of the Board, is not of material importance to the use or operation of such property.

“Project Financing” means the financing or refinancing of the acquisition, construction, expansion, improvement or development of any physical assets in which the providers of such finance or refinance solely

look to the entity that owns and operates such assets, the equity interests in such entity, the assets themselves, and/or the revenues generated thereby as the source of repayment of the amounts financed or refinanced, without recourse to the Company or any Subsidiary (other than such entity) other than through a completion guarantee or other obligations that are customary in non-recourse financing or refinancing.

“Relevant Jurisdiction” means an Issuer Jurisdiction and/or a Company Jurisdiction.

“Restricted Subsidiary” means (1) any Subsidiary which owns or leases a Principal Property; and (2) any Subsidiary engaged primarily in the business of owning or holding securities of Restricted Subsidiaries.

“Sale and Leaseback Transactions” mean any arrangement with a bank, insurance company or other lender or investor (other than the Company or a Restricted Subsidiary) providing for the leasing by the Company or any Restricted Subsidiary of any Principal Property which has been or is to be sold or transferred, more than 180 days after the later of the acquisition, completion of construction or commencement of full operation thereof by the Company or such Restricted Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of that property or asset.

“Significant Subsidiary” means any Subsidiary that would be a “significant subsidiary” under the definition in Article 1, Rule 1-02(w)(2) of Regulation S-X (but as calculated pursuant to IFRS), promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

“Subsidiary” means, at any relevant time, any person of which the voting shares or other interests carrying more than 50% of the outstanding voting rights attached to all outstanding voting shares or other interests are owned, directly or indirectly, by or for the Company and/or one or more Subsidiaries of the Company.

COVENANTS OF THE ISSUER AND THE COMPANY

Negative Pledge

Each of the Issuer and the Company will covenant under the Indenture that for so long as any of the Notes are outstanding under the Indenture, and subject to the provisions of the Indenture, it will not, and the Company will not permit any Restricted Subsidiary to, create, permit to exist, incur, issue, guarantee, assume or otherwise have outstanding any Mortgage on or over any Principal Property now owned or hereafter acquired by the Company or a Restricted Subsidiary to secure any Indebtedness of the Issuer, the Company or any Restricted Subsidiary, or on shares of stock or Indebtedness of any Restricted Subsidiary now owned or hereafter acquired by the Company or a Restricted Subsidiary to secure any Indebtedness of the Issuer, the Company or any Restricted Subsidiary, unless at the time thereof or prior thereto the Notes then outstanding under the Indenture are secured equally and ratably with (or prior to) any and all such Indebtedness for so long as such Indebtedness is so secured by such Mortgage; *provided, however*, such negative pledge will not apply to or operate to prevent or restrict the following permitted encumbrances:

- (1) any Mortgage on property, shares of stock or Indebtedness of any Person existing at the time such Person becomes a Restricted Subsidiary or created, incurred, issued or assumed in connection with the acquisition of any such Person;
- (2) any Mortgage on any Principal Property created, incurred, issued or assumed at or prior to the time such property became a Principal Property or existing at the time of acquisition of such Principal Property by the Company or a Restricted Subsidiary, whether or not assumed by the Company or such Restricted Subsidiary; *provided* that no such Mortgage will extend to any other Principal Property of the Company or any Restricted Subsidiary;
- (3) any Mortgage on all or any part of any Principal Property (including any improvements or additions to improvements on a Principal Property) hereafter acquired, developed, expanded or constructed by the Company or any Restricted Subsidiary to secure the payment of all or any part of the purchase price,

cost of acquisition or cost of development, expansion or construction of such Principal Property or of improvements or additions to improvements thereon (or to secure any Indebtedness incurred by the Company or a Restricted Subsidiary for the purpose of financing all or any part of the purchase price, cost of acquisition or cost of development, expansion or construction thereof or of improvements or additions to improvements thereon) created prior to, at the time of, or within 360 days after the later of, the acquisition, development, expansion or completion of construction (including construction of improvements or additions to improvements thereon), or commencement of full operation of such Principal Property; *provided* that no such Mortgage will extend to any other Principal Property of the Company or a Restricted Subsidiary other than, in the case of any such construction, improvement, development, expansion or addition to improvement, all or any part of any other Principal Property on which the Principal Property so constructed, developed or expanded, or the improvement or addition to improvement, is located;

- (4) any Mortgage on any Principal Property of any Restricted Subsidiary to secure Indebtedness owing by it to the Company, the Issuer or another Restricted Subsidiary;
- (5) any Mortgage on any Principal Property of the Company to secure Indebtedness owing by it to the Issuer or another Restricted Subsidiary;
- (6) any Mortgage on any Principal Property or other assets of the Company or any Restricted Subsidiary existing on the date of the Indenture;
- (7) any Mortgage on any Principal Property arising by operation of law (or an agreement solely evidencing otherwise applicable law) and (i) arising in the ordinary course of business or (ii) not securing amounts more than 90 days overdue or otherwise being contested in good faith;
- (8) judgment Mortgages on any Principal Property not giving rise to an Event of Default;
- (9) any Mortgage on any Principal Property of the Company or any Restricted Subsidiary in favor of the government of any country or political subdivision thereof, or any instrumentality of any of them, securing the obligations of the Company or any Restricted Subsidiary pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes;
- (10) any Mortgage on or over all or any part of the interest of the Company or any Restricted Subsidiary in any joint venture, partnership or similar undertaking, including the revenues and assets derived by the Company or any Restricted Subsidiary from such joint venture, partnership or similar undertaking, or employed by the Company or any Restricted Subsidiary in such joint venture, partnership or similar undertaking, which is in favor of its co-venturers and/or the manager or operator of the joint venture, partnership or similar undertaking as security for the due payment of amounts payable under or in respect of such joint venture, partnership or similar undertaking;
- (11) Mortgages arising in connection with any Project Financing;
- (12) any Mortgage on any Principal Property or other assets of the Company or any Restricted Subsidiary created for the sole purpose of extending, renewing, altering or refunding any of the foregoing Mortgages (or any successive extension, renewal, alteration or refunding thereof), *provided* that the Indebtedness secured thereby will not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal, alteration or refunding, plus an amount necessary to pay fees and expenses, including premiums, related to such extensions, renewals, alterations or refundings, and that such extension, renewal, alteration or refunding Mortgage will be limited to all or any part of the same Principal Property and improvements and additions to improvements thereon and/or shares of stock and Indebtedness of a Restricted Subsidiary which secured the Mortgage extended, renewed, altered or refunded either of such property or shares of stock or Indebtedness;
- (13) Mortgages on any Principal Property subject to Sale and Leaseback Transactions described below in clause (1) or (3) of the section headed "Limitation on Sale and Leaseback Transactions"; or

- (14) any Mortgage on any Principal Property or on any shares of stock or Indebtedness of any Restricted Subsidiary created, incurred, issued or assumed to secure Indebtedness of the Company or any Restricted Subsidiary, which would otherwise be subject to the foregoing restrictions, in an aggregate amount which, together with the aggregate principal amount of other Indebtedness secured by Mortgages on any Principal Property or on any shares of stock or Indebtedness of any Restricted Subsidiary then outstanding (excluding Indebtedness secured by Mortgages permitted under the foregoing exceptions) and the Attributable Debt in respect of all Sale and Leaseback Transactions entered into after the date of the Indenture (not including Attributable Debt in respect of any such Sale and Leaseback Transactions described below in clause (1) or (3) of the section headed “Limitation on Sale and Leaseback Transactions”) would not then exceed the greater of US\$4 billion or 15% of Consolidated Net Tangible Assets of the Company.

Limitation on Sale and Leaseback Transactions

Each of the Issuer and the Company will covenant under the Indenture that for so long as any of the Notes are outstanding under the Indenture, and subject to the provisions of the Indenture, it will not, and the Company will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless (1) such transaction involves a lease or right to possession or use for a temporary period not to exceed three years following such transaction, by the end of which it is intended that the use of such property by the lessee will be discontinued; (2) immediately prior to the entering into of such transaction, the Company or such Restricted Subsidiary could create a Mortgage on Principal Property subject to the Sale and Leaseback Transaction securing Indebtedness in an amount equal to the Attributable Debt with respect to the particular Sale and Leaseback Transaction; or (3) the proceeds of such transaction within 180 days after such transaction, are applied to either (A) the payment of all or any part of the purchase price, cost of acquisition, cost of development, cost of expansion or cost of construction of a Principal Property or cost of improvements or additions to improvements thereon or (B) the retirement of long-term debt ranking at least ratably with the Notes.

Limitation on Mergers and Consolidations

The Indenture will provide that for so long as any of the Notes are outstanding under the Indenture, each of the Issuer and the Company may not consolidate or amalgamate with or merge (including by way of a scheme of arrangement) into or with any other Person, or, directly or indirectly, sell, convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any Person (other than a Person satisfying the condition set forth in clause (i), below, that is directly or indirectly wholly owned by the Company), unless:

- (i) the Person formed by or continuing from such consolidation or amalgamation or into which the Issuer or the Company is merged or the Person which acquires or leases the Issuer’s or the Company’s properties and assets as an entirety or substantially as an entirety is organized and existing under the laws of the United States, the United Kingdom or any other country that is a member of the Organization for Economic Cooperation and Development, or the Republic of South Africa, Brazil or India;
- (ii) the successor Person assumes, or assumes by operation of law, the Issuer’s or the Company’s obligations under the Notes, the Guarantees and the Indenture to pay Additional Amounts;
- (iii) if the Issuer or Company, as applicable, is not the continuing entity, the successor Person expressly assumes or assumes by operation of law all of the Issuer’s or the Company’s obligations under the Notes, the Guarantees and under the Indenture;
- (iv) immediately before and after giving effect to such transaction, no Event of Default (as defined below) and no event which, after notice or lapse of time or both, would become an Event of Default, will have happened and be continuing; and
- (v) certain other conditions are met.

If, as a result of any such transaction, any of the Issuer's or the Company's Principal Properties become subject to a Mortgage, then, unless such Mortgage could be created pursuant to the Indenture provisions described under the section headed "Negative pledge" without equally and ratably securing the Notes, the Issuer or the Company, simultaneously with or prior to such transaction, will cause the Notes to be secured equally and ratably with or prior to the Indebtedness secured by such Mortgage.

The Notes will not contain covenants or other provisions to afford protection to Holders in the event of a highly leveraged transaction or a change in control of the Issuer or the Company except as provided herein.

Upon certain mergers or consolidations involving the Issuer or the Company, or upon certain sales or conveyances of the respective properties of the Issuer or the Company as an entirety or substantially as an entirety, the obligations of the Issuer or the Company, as the case may be, under the Notes or the Guarantees, as the case may be, shall be assumed by the Person formed by such merger or consolidation or which shall have acquired such property (except in the case of an acquisition of such property, for any such Person that meets the condition set forth in clause (i), above, that is directly or indirectly wholly owned by the Company) and upon such assumptions such Person shall succeed to and be substituted for the Issuer or the Company, as the case may be, and then the Issuer or the Company, as the case may be, will be relieved from all obligations under the Notes or the Guarantee, as the case may be. The terms "Issuer" and "Company", as used in the Notes, the Guarantees and the Indenture, also refer to any such successors or assigns so substituted.

Provision of Financial Information

For so long as any Notes are outstanding, each Issuer and the Company shall deliver to the Trustee, or post on its website copies of any annual reports or periodic results announcements it files with each of the United Kingdom Financial Services Authority and the London Stock Exchange within 30 days after it files such documents with the United Kingdom Financial Services Authority or London Stock Exchange, as the case may be; *provided, however*, that this covenant shall not create any obligation to make any such filings or to make such filings in a timely manner.

CHANGE OF CONTROL REPURCHASE EVENT

If a Change of Control Repurchase Event Occurs, unless the Issuer has exercised its right to redeem the Notes as described above, the Issuer or the Company will be required to make an offer to each holder of Notes to repurchase all or any part (equal to US\$200,000 or an integral multiple of US\$1,000 in excess thereof) of that holder's Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to, but not including, the date of repurchase.

Within 30 days following any Change of Control Repurchase Event or, at the option of the Issuer or the Company, prior to any Change of Control, but after the public announcement of the Change of Control, the Issuer or the Company will mail, by first class mail or equivalent, a notice to each holder, with a copy to the Trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on a Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

The Issuer and the Company will comply with the requirements of the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, the Issuer and the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached their respective obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the repurchase date following a Change of Control Repurchase Event, the Issuer or the Company will, to the extent lawful:

1. accept for payment all Notes or portions of Notes properly tendered pursuant to the Issuer's or the Company's offer;
2. deposit with the Agent an amount equal to the aggregate purchase price and accrued interest in respect of all Notes or portions of Notes properly tendered; and
3. deliver or cause to be delivered to the Trustee the Notes properly accepted, together with an officers' certificate stating the aggregate principal amount of Notes being purchased by the Issuer or the Company.

The Agent will promptly mail to each holder of Notes properly tendered the purchase price for the Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any un-purchased portion of any Notes surrendered; *provided that* each new note will be in a principal amount of US\$200,000 or an integral multiple of US\$1,000 in excess thereof.

The Issuer or the Company will not be required to make an offer to repurchase the Notes upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirement for an offer made by the Issuer or the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer.

For purposes of the foregoing description of a repurchase at the option of the holders, the following definitions are applicable:

"Below Investment Grade Ratings Event" means the Notes cease to be rated Investment Grade by at least two of the three Rating Agencies on any date during the period commencing 60 days prior to, and ending 60 days after (which 60-day period will be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any Rating Agency) the earlier of (1) the occurrence of a Change of Control; or (2) public notice of the occurrence of a Change of Control or the intention of the Company to effect a Change of Control. Notwithstanding the foregoing, a Below Investment Grade Ratings Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Ratings Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the ratings event).

"Change of Control" means the occurrence of one or more of the following:

1. the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of consolidation, amalgamation or merger), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any "person" (as that term is used in Section 13(d)(3) of the Exchange Act), other than to the Company or one of its Subsidiaries;
2. the consummation of any transaction (including, without limitation, any consolidation, amalgamation, or merger or other combination (including by way of a scheme of arrangement)) the result of which is that any "person" (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of the Company, measured by voting power rather than number of shares;

3. the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction;
4. the first day on which the majority of the members of the board of directors of the Company cease to be Continuing Directors; or
5. the adoption of a plan relating to the liquidation, winding up or dissolution of the Company.

Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control for the purposes of this definition only if (1) the Company becomes a direct or indirect wholly-owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Company's Voting Stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

"Change of Control Repurchase Event" means the occurrence of both a Change of Control and a Below Investment Grade Ratings Event.

"Continuing Director" means, as of any date of determination, any member of the board of directors of the Company who:

1. was a member of such board of directors on the date of the Indenture; or
2. was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

"Fitch" means Fitch, Inc., a subsidiary of Fimalac, S.A., and its successors.

"Investment Grade" means a rating of Baa3 or better by Moody's (or its equivalent under any successor rating categories of Moody's); a rating of BBB- or better by S&P or Fitch (or its equivalent under any successor rating categories of S&P and Fitch); or the equivalent Investment Grade credit rating from any additional Rating Agency or Rating Agencies selected by the Issuer or the Company.

"Moody's" means Moody's Investor Services Ltd.

"Rating Agency" means each of Moody's, S&P and Fitch; *provided* that if any of Moody's, S&P or Fitch ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Issuer's or the Company's control, a "nationally recognized statistical rating organization" within the meaning of Section 3(a)(62) of the Exchange Act, selected by the Issuer or the Company (as certified by a resolution of the Chief Executive Officer or Chief Financial Officer) as a replacement agency for Moody's, S&P or Fitch, or all of them, as the case may be.

"S&P" means Standard & Poor's Credit Market Services Europe Limited.

"Voting Stock" of any specified "person" (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The Change of Control Repurchase Event feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Company and, thus, the removal of incumbent management. Subject to the limitations discussed below, the Issuer or the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Notes, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the Issuer's or the Company's capital structure or credit ratings on the Notes

The Issuer or the Company may not have sufficient funds to repurchase all the Notes, or any other outstanding debt securities that the Issuer or the Company would be required to repurchase, upon a Change of Control Repurchase Event.

EVENTS OF DEFAULT

The following will be Events of Default (each an "Event of Default") with respect to the Notes:

- (i) default in the payment of any installment of interest (excluding Additional Amounts) upon any Note as and when the same shall become due and payable, and continuance of such default for 30 days; or
- (ii) default in the payment of the applicable Additional Amounts as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or
- (iii) default in the payment of all or any part of the principal of or premium on any Note as and when the same shall become due and payable either at maturity, upon any redemption, by declaration or otherwise; or
- (iv) default in the performance or breach of any covenant of the Issuer or the Company in respect of the Notes or the Indenture (other than those described in paragraphs (i), (ii) and (iii) above), and continuance of such default or breach for a period of 90 days after there has been given a written notice, by registered or certified mail, to the Issuer and the Company by the Trustee or to the Issuer, the Company and the Trustee by the Holders of at least 25% in principal amount of the outstanding Notes affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" under the Indenture; or
- (v) (a) any present or future indebtedness of the Issuer, the Company or any Significant Subsidiary, other than the Notes, for or in respect of moneys borrowed is declared or becomes due and payable prior to its stated maturity as the result of any event of default (howsoever described), or (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period or (c) the Issuer, the Company or any Significant Subsidiary fails to pay, within any applicable grace period therefor, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised, *provided* that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned in this paragraph (v) will have occurred (which indebtedness, guarantees or indemnities have not been repaid or paid and as to which such default has not been cured or such acceleration has not been rescinded or annulled) exceeds US\$100,000,000 or its equivalent; or
- (vi) a distress, attachment, execution or other legal process is levied or enforced against any assets of the Issuer, the Company or any Significant Subsidiary having a value exceeding US\$100,000,000 following upon a decree or judgment of a court of competent jurisdiction and (A) is not discharged or stayed within 90 days or (B) is the subject of a bona fide active dispute (for the avoidance of doubt, any such distress, attachment, execution or other legal process shall be deemed discharged upon any enforcement of a Mortgage on any such assets); or
- (vii) the Issuer, the Company or any Significant Subsidiary admits in writing that it is unable to pay its debts generally; a resolution is passed by the board of directors of the Issuer or the Company for such entity to be wound up or dissolved; the Issuer or Company is unable to pay its debts within the meaning of

Section 123(2) of the Insolvency Act of Great Britain or makes a general assignment for the benefit of its creditors; an administrator is appointed in respect of, or an administration order is made in relation to, the Issuer or the Company; the Issuer or the Company stops payment of its obligations generally or ceases to carry on its business or substantially all thereof; or an encumbrancer takes possession or an administrative or other receiver is appointed over the whole or any material part of the either the Issuer's or the Company's assets; or

- (viii) certain specified events in bankruptcy, insolvency or reorganization involving the Issuer, the Company or any Significant Subsidiary; or
- (ix) the Company ceases to own, directly or indirectly, all of the Voting Stock of the Issuer.

The Issuer and/or the Company shall promptly notify the Trustee in writing upon becoming aware of the occurrence of an Event of Default.

The Indenture provides that if an Event of Default occurs and is continuing, then and in each and every such case (other than certain Events of Default specified in paragraphs (vii) and (viii) above with respect to the Issuer or the Company), unless the principal of all the Notes shall have already become due and payable, either the Trustee (at the direction of the Holders) or the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding, by notice in writing to the Issuer and the Company (and to the Trustee if given by the Holders), may declare the entire principal amount of all the Notes issued pursuant to the Indenture and interest accrued and unpaid thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, without any further declaration or other act on the part of the Trustee or any Holder. If certain Events of Default described in paragraph (vii) or (viii) above occur with respect to the Issuer or the Company and are continuing, the principal amount of and accrued and unpaid interest on all the Notes issued pursuant to the Indenture shall become immediately due and payable, without any declaration or other act on the part of the Trustee or any Holder. Under certain circumstances, the Holders of a majority in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer, the Company and the Trustee, may waive defaults and rescind and annul declarations of acceleration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

The Holders of a majority in aggregate principal amount of the Notes then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, subject to certain limitations to be specified in the Indenture.

The Indenture provides that no Holder of any Note may institute any action or proceeding at law or in equity or in bankruptcy or otherwise upon or under or with respect to the Indenture, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy under the Indenture (except suits for the enforcement of payment of overdue principal or interest) unless such Holder previously shall have given to the Trustee written notice of an Event of Default and continuance thereof and unless the Holders of not less than 25% in aggregate principal amount of the Notes then outstanding shall have made written request upon the Trustee to institute such action or proceedings in its own name as Trustee and shall have offered the Trustee reasonable indemnity, the Trustee shall not have instituted any such action or proceeding within 90 days of its receipt of such notice, request and offer of indemnity and the Trustee shall not have received direction inconsistent with such written request by the Holders of a majority in aggregate principal amount of the Notes at the time outstanding.

An Event of Default with respect to the Notes would not necessarily constitute an event of default with respect to the securities of any other series issued in the future under the Indenture.

The Indenture provides that each of the Issuer and the Company will each furnish to the Trustee on or before June 30 in each year (commencing on June 30, 2012), if Notes are then outstanding, a certificate from an officer as to his or her knowledge of the Issuer's or the Company's, as the case may be, compliance with all conditions and covenants under the Indenture.

DEFEASANCE

The Indenture provides that the Issuer will have the option either (a) to be deemed (together with the Company) to have paid and discharged the entire indebtedness represented by, and obligations under, the applicable Notes and the Guarantees and to have satisfied all the obligations under the Indenture relating to the Notes, and the Guarantees (except for certain obligations, including those relating to the defeasance trust and obligations to register the transfer or exchange of Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain paying agencies) on the day after the applicable conditions described below have been satisfied or (b) to cease (together with the Company) to be under any obligation to comply with the covenants described under “ — Covenants of the Issuer and the Company — Negative Pledge”, “ — Covenants of the Issuer and the Company — Provision of Financial Information” and “ — Covenants of the Issuer and the Company — Limitation on Sale and Leaseback Transactions” and the condition relating to the absence of any events of default under “ — Covenants of the Issuer and the Company — Limitation on Mergers and Consolidations” under the Notes, and noncompliance with such covenants and the occurrence of certain events described above under “Events of Default” will not give rise to any Event of Default under the Indenture, at any time after the applicable conditions described below have been satisfied.

In order to exercise either defeasance option, the Issuer must deposit with the Trustee, irrevocably in trust, money or Government Obligations for the payment of principal of and interest on the outstanding Notes to and including the Redemption Date irrevocably designated by the Issuer on or prior to the date of deposit of such money or Government Obligations, and must (i) comply with certain other conditions, including delivering to the Trustee an opinion of US counsel, or a ruling received from or published by the United States Internal Revenue Service, to the effect that beneficial owners of the Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of the exercise of such option and will be subject to United States federal income tax on the same amount and in the same manner and at the same time as would have been the case if such option had not been exercised and which, in the case of (a) above, such opinion is based on a change of law or final and binding ruling from the United States Internal Revenue Service after April 2, 2012 and (ii) pay in full all other amounts due and owing under the Indenture.

MODIFICATION AND WAIVER

Without Consent of Noteholders

The Indenture provides provisions permitting the Issuer, the Company and the Trustee, without the consent of the Holders of any of the Notes at any time outstanding, from time to time and at anytime, to enter into an indenture or indentures supplemental to the Indenture or to otherwise amend the Indenture:

- to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Notes any property or assets;
- to evidence the succession of another person to the Issuer or the Company, as the case may be, or successive successions, and the assumption by the successor person of the covenants, agreements and obligations of the Issuer or the Company, as the case may be, pursuant to the Indenture;
- to evidence and provide for the acceptance of appointment of a successor trustee, principal paying agent, registrar or transfer agent, as the case may be;
- to add to the covenants of the Issuer and the Company, as the case may be, such further covenants, restrictions, conditions or provisions as the Issuer and the Company, as the case may be, and the Trustee shall consider to be for the protection of the Holders of Notes, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default under the Indenture permitting the enforcement of all or any of the several remedies provided in the Indenture, Notes or Guarantees; *provided* that, in respect of any such additional covenant, restriction, condition or provision, such supplemental indenture may provide for a particular period of grace after default (which may be shorter or longer than that allowed in the case of

other defaults) or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of Holders of a majority in aggregate principal amount of the applicable Notes to waive such an Event of Default;

- to modify the restrictions on, and procedures for, resale and other transfers of the Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to cure any ambiguity or to correct or supplement any provision contained in the Indenture which may be defective or inconsistent with any other provision contained therein or to make such other provision in regard to matters or questions arising under the indenture as the Issuer or the Company may deem necessary or desirable and which will not adversely affect the interests of the Holders of the Notes in any material respect (*provided*, that any modification or amendment to conform language in the Indenture to that appearing in this description of notes shall be deemed not to adversely affect the interests of the Holders of the Notes in any material respect); or
- to issue as many distinct series of debt securities under the Indenture as the Issuer wishes or to “reopen” each series of notes and create and issue additional notes having identical terms and conditions as an existing series of Notes (or in all respects except for the payment of interest accruing prior to the issue date of such additional notes or except for the first payment of interest following the issue date of such additional notes) so that the additional notes are consolidated and form a single series with the applicable Notes.

With Consent of Noteholders

The Indenture provides provisions permitting the Issuer, the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes), from time to time and at any time, to enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or any supplementary indenture or of modifying in any manner the rights of the Holders of the Notes or the Guarantees, *provided* that no such indenture may, without the consent of the Holder of each of the Notes so affected:

- change the stated maturity of the principal of or the date for payment of any installment of interest on any Note;
- reduce the principal amount of or interest on any Note or Additional Amounts payable with respect thereto or reduce the amount payable thereon in the event of redemption or default;
- change the currency of payment of principal of or interest on any Note or Additional Amounts payable with respect thereto;
- change the obligation of the Issuer, the Company, as the case may be, to pay Additional Amounts;
- impair the right to institute suit for the enforcement of any such payment on or with respect to any Note;
- reduce the aforesaid percentage in principal amount of the outstanding Notes, the consent of whose Holders is required for any such supplemental indenture; or
- reduce the aforesaid aggregate principal amount of any Note outstanding necessary to modify or amend the Indenture or any such Notes or to waive any future compliance or past default or reduce the quorum requirements or the percentage of aggregate principal amount of any Notes outstanding required for the adoption of any action at a meeting of holders of such Notes or reduce the percentage of the aggregate principal amount of such Notes outstanding necessary to rescind or annul any declaration of the principal of and all accrued and unpaid interest on any Notes to be due and payable;

provided that no consent of any Holder of any Note shall be necessary to permit the Trustee, the Issuer and the Company to execute supplemental indentures described under “Modification and Waiver — Without Consent of Noteholders” above.

Any modifications, amendments or waivers to the Indenture or to the conditions of the Notes will be conclusive and binding on all Holders of the Notes, whether or not they have consented to such action or were present at the meeting at which such action was taken, and on all future holders of the Notes, whether or not notation of such modifications, amendments or waivers is made upon such Notes. Any instrument given by or on behalf of any Holder of such a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent registered holders of such Note.

PRESCRIPTION

Under New York's statute of limitations, any legal action upon the Notes in respect of interest or principal must be commenced within six years after the payment thereof is due. Thereafter the Notes and the Guarantees will become generally unenforceable.

LISTING

The Issuer expects to make an application for the admission of the Notes to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Regulated Market, a regulated market.

The Issuer and the Company will use their reasonable best efforts to have such (i) admission of the Notes to trading on the regulated market of the London Stock Exchange and (ii) listing of the Notes on the London Stock Exchange become effective and then maintain such listing for so long as any of the Notes remain outstanding.

NOTICES

Notices to Holders of Notes will be mailed by first-class mail (or equivalent) postage prepaid to Holders of Notes at their last registered addresses as they appear in the Notes register. The Issuer and the Company will consider any mailed notice to have been given two Business Days after it has been sent.

In addition, for so long as the Notes are listed on the London Stock Exchange, the Issuer and the Company will publish notices to the Holders of such Notes in a leading newspaper having general circulation in London, England (which is initially expected to be the *Financial Times*) and immediately provide a copy thereof to the Trustee. The Issuer and the Company will consider any published notice to be given on the date of its first publication.

CONSENT TO SERVICE, SUBMISSION TO JURISDICTION; ENFORCEABILITY OF JUDGMENTS

Each of the Issuer and the Company will appoint CT Corporation System, as its process agent for any action brought by a holder based on the Indenture or the Notes or Guarantees, as applicable, instituted in any state or federal court in the Borough of Manhattan, The City of New York.

Each of the Issuer and the Company will irrevocably submit to the non-exclusive jurisdiction of any state or federal court in the Borough of Manhattan, The City of New York in respect of any action brought by a holder based on the Notes, the Guarantees or the Indenture. Each of the Issuer and the Company will also irrevocably waive, to the extent permitted by applicable law, any objection to the venue of any of these courts in an action of that type. Holders of the Notes may, however, be precluded from initiating actions based on the Notes, the Guarantees or the Indenture in courts other than those mentioned above.

Each of the Issuer and the Company will, to the fullest extent permitted by law, irrevocably waive and agree not to plead any immunity from the jurisdiction of any of the above courts in any action based upon the Notes, the Guarantees or the Indenture.

Since a substantial portion of the assets of each of the Issuer and the Company is outside the United States, any judgment obtained in the United States against the Issuer or the Company, including judgments with respect to the payment of principal, premium, interest and any redemption price and any purchase price with respect to the Notes or payments due under the Guarantee, may not be collectable within the United States.

GOVERNING LAW

The Indenture, the Notes and the Guarantees shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws thereof.

BOOK-ENTRY SYSTEM; DELIVERY AND FORM

Upon issuance, the Notes will be represented by beneficial interests in Global Notes. Each Global Note will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC. Except under the circumstances described below, Global Notes will not be exchangeable at the option of the holder for certificated notes and Global Notes will not otherwise be issuable in definitive form.

Upon issuance of the Global Notes, DTC will credit the respective principal amounts of the Notes represented by the Global Notes to the accounts of institutions that have accounts with DTC or its nominee (called participants of DTC), including Euroclear and Clearstream. The accounts to be credited shall be designated by the Initial Purchasers. Ownership of beneficial interests in the Global Notes will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interest in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to participants' interests) or by participants or persons that hold through participants. Such beneficial interest shall be in denominations of US\$200,000 and in multiples of US\$1,000 in excess thereof.

So long as DTC, or its nominee, is the registered owner or holder of the Global Notes, DTC or its nominee, as the case may be, will be considered the sole owner and holder of the Global Notes for all purposes under the Indenture.

Except as set forth below, owners of beneficial interests in the Global Notes:

- will not be entitled to have the Notes represented by the Global Notes registered in their names, and
- will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Accordingly, each person owning a beneficial interest in the Global Notes must rely on the procedures of DTC, and indirectly Euroclear and Clearstream, and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Indenture.

Principal and interest payments on Global Notes registered in the name of or held by DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner or holder of the Global Note. None of the Issuer, the Company, the Trustee or any paying agent for such Global Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC, upon receipt of any payments of principal or interest in respect of the Global Notes, will credit the accounts of the related participants (including Euroclear and Clearstream), with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC. Payments by participants to owners of beneficial interest in the Global Notes held through such participants will be the responsibility of the participants, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name".

Unless and until it is exchanged in whole or in part for Notes in definitive form in accordance with the terms of the Indenture, a Global Note may not be transferred except as a whole by the depositary to a nominee of the depositary or by a nominee of DTC to DTC or another nominee of DTC.

If any note, including a Global Note, is mutilated, defaced, stolen, destroyed or lost, such note may be replaced with a replacement note at the office of the registrar or any successor registrar or transfer agent, on payment by the noteholder of such costs and expenses as may be incurred in connection with the replacement, and on such terms as to evidence and indemnity as we may reasonably require. Mutilated or defaced Notes must be surrendered before replacement Notes will be issued.

Exchanges of Global Notes for Definitive Notes

Global Notes shall be exchangeable for definitive notes registered in the names of persons other than DTC or its nominee for such Global Notes only if:

- DTC has notified the Issuer that it is unwilling or unable to continue as depositary or has ceased to be a clearing agency registered under the Exchange Act, and in either case, we have failed to appoint a successor depositary within 90 days of such notice, or
- there shall have occurred and be continuing an Event of Default (as defined in the Indenture) with respect to the Notes; or
- the Issuer shall have determined in its sole discretion that the Notes shall no longer be represented by the applicable Global Notes.

Any Global Note that is exchangeable for definitive notes pursuant to the preceding sentence shall be exchangeable for Notes issuable in denominations of US\$200,000 and in multiples of US\$1,000 in excess thereof and registered in such names as DTC shall direct. Subject to the foregoing, a Global Note shall not be exchangeable, except for a Global Note of like denomination to be registered in the name of DTC or its nominee. Bearer notes will not be issued.

Exchanges Between and Among Global Notes

The “distribution compliance period”, as defined in Regulation S under the Securities Act, will begin on the closing date and end 40 days after the closing date of the offering.

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the distribution compliance period, and to which Global Note the transfer is being made, the Trustee may require the seller to provide certain written certifications in the form provided in the Indenture.

A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

Transfers from Definitive Notes to Global Notes

Definitive notes, if any, may be transferred or exchanged for a beneficial interest in the relevant Global Note in accordance with the procedures described in the Indenture.

BOOK-ENTRY SETTLEMENT AND CLEARANCE

THE GLOBAL NOTES

The Notes will be issued in the form of several registered notes in global form, without interest coupons, which we refer to as the Global Notes, as follows:

- Notes sold to qualified institutional buyers under Rule 144A will be represented by the Rule 144A Global Note; and
- Notes sold in offshore transactions to non-US persons in reliance on Regulation S will be represented by the Regulation S Global Note.

Upon issuance, each of the Global Notes will be deposited with the Registrar and Transfer Agent as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each Global Note will be limited to persons who have accounts with DTC, or DTC participants, or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- upon deposit of each Global Note with DTC's custodian, DTC will credit portions of the principal amount of the Global Note to the accounts of the DTC participants designated by the Initial Purchasers; and
- ownership of beneficial interests in each Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Note).

Each Global Note and beneficial interests in each Global Note will be subject to restrictions on transfer as described under "Transfer Restrictions".

See "Description of the Notes and the Guarantees — Book-Entry System; Delivery and Form".

BOOK-ENTRY PROCEDURES FOR THE GLOBAL NOTES

All interests in the Global Notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg (referred to herein as Clearstream) and their book-entry systems has been obtained from sources that we believe to be reliable, but neither we nor the Initial Purchasers take any responsibility for or make any representation or warranty with respect to the accuracy of this information. DTC, Euroclear and Clearstream are under no obligation to follow the procedures described herein to facilitate the transfer of interest in Global Notes among participants and account holders of DTC, Euroclear and Clearstream, and such procedures may be discontinued or modified at any time. Neither we, the Company, the Trustee or any paying agent will have any responsibility for the performance of DTC, Euroclear and Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;

- a “clearing corporation” within the meaning of the Uniform Commercial Code; and
- a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC’s participants include securities brokers and dealers, including the Initial Purchasers; banks and trust companies; clearing corporations and other organizations. Indirect access to DTC’s system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC’s nominee is the registered owner of a Global Note, that nominee will be considered the sole owner or holder of the Notes represented by that Global Note for all purposes under the Indenture.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of Notes under the Indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium (if any) and interest with respect to the Notes represented by a Global Note will be made by the Paying Agent to DTC’s nominee as the registered holder of the Global Note. Neither we nor the Paying Agent will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC’s procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depository to take action to effect final settlement by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositories that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a Global Note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a Global Note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the Global Notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

UK TAX CONSIDERATIONS

UK TAXATION

The summary below is of a general nature and describes certain UK tax implications of acquiring, holding or disposing of Notes. It is not tax advice and is not intended to be exhaustive. The summary is based on current UK tax law, current UK H.M. Revenue and Customs (“HMRC”) published practice and the terms of the double taxation treaty between the United States and the United Kingdom which entered into force on March 31, 2003 (the “Treaty”), all of which are subject to change at any time, possibly with retrospective effect. The comments relate only to the position of persons who are the absolute beneficial owners of their Notes and may not apply to certain classes of holders, such as dealers in securities and holders who are connected with the Issuer for UK tax purposes, and do not necessarily apply where the income in respect of the Notes is deemed for UK tax purposes to be the income of any person other than the holder of the Notes.

Please consult your own tax advisor concerning the consequences of acquiring, owning and disposing of the Notes under UK tax law and the laws of any other jurisdiction in which you may be subject to tax.

Interest Payments

Any premium payable on a redemption of the Notes at the option of the Issuer may constitute interest for UK tax purposes and so be treated in the manner described below. References to “interest” in this section mean interest as understood in UK tax law. The statements below do not take account of any different definitions of interest which may prevail under any other law.

Payments of interest on Notes issued by the Issuer will not be subject to withholding or deduction for or on account of UK taxation because the Notes will be treated as “quoted Eurobonds” (within the meaning of section 987 of the Income Tax Act 2007 (“ITA 2007”)), so long as the Notes are listed on recognized stock exchange. Section 1005 ITA 2007 provides that securities will be treated as listed on a recognized stock exchange if (and only if) they are admitted to trading on that exchange, and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the UK in which there is a recognized stock exchange. The London Stock Exchange is a “recognized stock exchange” for these purposes.

Even if the Notes do not qualify as “quoted Eurobonds,” no withholding is required (subject to contrary direction from HMRC) in respect of payments to a holder whom the Issuer reasonably believes is the beneficial owner of the interest payable on the Notes and is either a UK resident company or a non-UK resident company carrying on a trade, profession or vocation in the United Kingdom through a UK permanent establishment where the payment is taken into account in calculating the corporation tax liability of that company, or falls within various categories enjoying a special tax status (including charities and certain pension funds), or is a partnership consisting of such persons.

In all other cases, payments of interest will generally be subject to deduction of tax at the basic rate, which is currently 20%. Certain holders of Notes who are resident in the United States may be entitled to receive payments free of deductions for or on account of UK tax under the Treaty and HMRC may issue a direction to the Issuer to that effect. Holders of Notes who are resident in other jurisdictions may also be able to receive payment free of deductions or subject to a lower rate of deduction under an appropriate double taxation treaty and HMRC may issue a direction to that effect. However, any such direction will, in any case, be issued only on prior application to the relevant tax authorities by the holder in question. If such a direction is not in place at the time a payment of interest is made, the Issuer will be required to withhold tax, although a holder of Notes resident in another jurisdiction who is entitled to relief may subsequently claim from HMRC the amount, or proportion of the amount, withheld.

The interest on Notes issued by the Issuer will have a UK source for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding. However, interest with a UK source received without deduction or withholding on account of UK tax will not be chargeable to UK tax in the hands of a person who is not resident for tax purposes in the United Kingdom unless that person carries on a trade, profession or vocation in the United Kingdom through a branch or agency (or, for holders who are companies, through a permanent establishment) in the United Kingdom in connection with which the interest is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the UK branch, agency or permanent establishment.

Disposal (including redemption)

A holder of Notes who is resident in a jurisdiction outside the United Kingdom, will not be liable to UK taxation in respect of a disposal (including redemption) of a Note, any gain accrued in respect of a Note or any change in the value of a Note, unless, at the time of the disposal, the holder carries on a trade, profession or vocation in the United Kingdom through a branch or agency (or, for holders who are companies, through a permanent establishment) and the Note was used in or for the purposes of that trade, profession or vocation or acquired for the use by, or acquired, used or held for the purposes of, the branch or agency or permanent establishment.

In general, holders within the charge to UK corporation tax (other than authorized investment funds) will be treated for tax purposes as realizing profits, gains or losses in respect of the Notes on a basis which is broadly in accordance with their accounting treatment, so long as that accounting treatment is in accordance with generally accepted accounting practice (as that term is defined for UK tax purposes). Such profits, gains and losses (or, where the holder's functional currency is not the British pound, then the British pound equivalent of such profits, gains and losses as computed in the holder's functional currency) will be taken into account in computing taxable income for corporation tax purposes. Foreign exchange gains and losses in respect of the Notes will be brought into account as income.

If the holder is an individual resident or ordinarily resident in the United Kingdom for UK tax purposes, he or she may have to account for capital gains tax in respect of any gains arising on a disposal of a Note. Any capital gains would be calculated by comparing the British pound values on purchase and disposal of the Notes, so a liability to tax could arise even where the non-British pound amount received on a disposal was less than or the same as the amount paid for the Notes.

The provisions of the "accrued income scheme" (contained in Part 12 ITA 2007) may apply to certain holders who are not subject to corporation tax, in relation to a transfer of the Notes. On a transfer of securities with accrued interest, the accrued income scheme usually applies to deem the transferor to receive an amount of income equal to the accrued interest and to treat the deemed or actual interest subsequently received by the transferee as reduced by a corresponding amount.

Generally, persons who are neither resident nor ordinarily resident in the UK and who do not carry on a trade, profession or vocation in the UK through a branch or agency for the purposes of which the Notes were used, held or acquired will not be subject to the provisions of the accrued income scheme.

If a Note is issued at a significant discount to its redemption amount or carries certain types of redemption premium, then all profits and losses on its disposal by a holder who is not subject to corporation tax would be taxed as income. "Significant" is interpreted by HMRC to mean more than either 15% of the redemption amount or, if less, more than 0.5% of the redemption amount multiplied by the number of years to redemption.

A holder who is an individual and who has ceased to be resident or ordinarily resident for tax purposes in the United Kingdom for a period of less than five years of assessment and who disposes of Notes during that period may be liable on return to the UK to UK taxation on chargeable gains arising during the period of absence, subject to any available exemption or relief.

Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)

No UK stamp duty or SDRT should arise on the issue or transfer of a Note, or on its redemption.

Provision of Information

Holders of Notes should note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to, or receives interest for the benefit of, a holder of a Note. HMRC also has the power, in certain circumstances, to obtain information from any person in the UK who pays amounts payable on the redemption of notes that are deeply discounted securities for the purposes of the Income Tax (Trading and Other Income) Act 2005, or receives such amounts for the benefit of another person. HMRC published practice indicates that it will not exercise its power to require this information where such amounts are paid on or before April 5, 2012. Such information may include the name and address of the beneficial owner of the amount payable on redemption. Any such information obtained by HMRC may, in certain circumstances, be shared by HMRC with the tax authorities of the jurisdiction in which the noteholder is resident for tax purposes.

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Directive”), a Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State. However, for a transitional period Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the end of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have agreed to adopt similar measures (a withholding system in the case of Switzerland). On November 13, 2008, the European Commission published a proposal for amendments to the EU Savings Directive and the European Parliament approved an amended version of this proposal on April 24, 2009. If implemented, the suggested changes would broaden the scope of the requirements described above. Investors who are in any doubt as to their position should consult their professional advisors.

MATERIAL US FEDERAL TAX CONSIDERATIONS

US INTERNAL REVENUE SERVICE CIRCULAR 230 NOTICE: TO ENSURE COMPLIANCE WITH INTERNAL REVENUE SERVICE CIRCULAR 230, PROSPECTIVE INVESTORS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF US FEDERAL TAX ISSUES CONTAINED OR REFERRED TO IN THIS OFFERING MEMORANDUM OR ANY DOCUMENT REFERRED TO HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED BY PROSPECTIVE INVESTORS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON THEM UNDER THE US INTERNAL REVENUE CODE OF 1986, AS AMENDED (THE “CODE”); (B) SUCH DISCUSSION IS WRITTEN FOR USE IN CONNECTION WITH THE PROMOTION OR MARKETING OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) PROSPECTIVE INVESTORS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISOR.

This section describes the material US federal income tax consequences to a US holder (as defined below) of owning the Notes we are offering. It applies to you only if you acquire Notes in the offering at the offering price and you hold your Notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a life insurance company;
- a tax-exempt organization;
- a person that owns debt securities that are a hedge or that are hedged against interest rate risks;
- a person that owns debt securities as part of a straddle or conversion transaction for tax purposes; or
- a person whose functional currency for tax purposes is not the US dollar.

If a partnership holds the Notes, the US federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. Partnerships holding the Notes and their partners should consult their tax advisors with regard to the US federal income tax treatment of an investment in the Notes.

This section is based on the Code, its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis.

Please consult your own tax advisor concerning the consequences of owning these Notes in your particular circumstances under the Code and the laws of any other taxing jurisdiction.

You are a US holder if you are a beneficial owner of a Note and you are for US federal income tax purposes:

- a citizen or resident of the United States;
- a domestic corporation or an entity treated as a domestic corporation;
- an estate whose income is subject to US federal income tax regardless of its source; or
- a trust if a US court can exercise primary supervision over the trust’s administration and one or more US persons are authorized to control all substantial decisions of the trust.

Payments of Interest. You will be taxed on interest on your Notes (without reduction for any withholding tax) and any additional amounts paid with respect to withholding tax, if any, on the Notes, including the gross amount of withholding tax on payments of additional amounts, as ordinary income at the time you actually or constructively receive the interest or when it accrues, depending on your method of accounting for tax purposes.

Interest paid by us on the Notes is income from sources outside the United States for the purposes of the rules regarding the foreign tax credit allowable to a US holder. The interest will, depending on your circumstances, be either “passive” or “general” income for purposes of computing the foreign tax credit.

If a Change of Control Repurchase Event occurs, the Issuer or Company will be required to make an offer to each Holder of Notes to repurchase all or any part of that Holder’s Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased (see “Description of the Notes and the Guarantees — Change of Control Repurchase Event”). This obligation could potentially subject the Notes to special rules that apply to contingent payment debt instruments. These special rules generally require a holder of a contingent payment debt instrument to accrue interest income at a rate higher than the stated interest rate on the debt instrument and to treat as interest income (rather than capital gain) any gain recognized on a sale, exchange or retirement of the debt before the resolution of the contingencies.

Notwithstanding the possibility of such contingent payments, under applicable US Treasury regulations, payments on a note that are subject to a remote or incidental contingency may be ignored. We believe that the prospect that such payments will be made should be considered a remote or incidental contingency, and therefore that the Notes are not subject to the rules governing contingent payment debt instruments. For the purpose of filing tax or information returns with the Internal Revenue Service, we will not treat the Notes as contingent payment debt instruments. Our determination that the Notes are not contingent payment debt instruments is binding on you unless you explicitly disclose in the manner required by applicable US Treasury regulations that your determination is different from ours. It is possible, however, that the Internal Revenue Service may take a contrary position from that described above, in which case the timing and character of your income from the Notes may be different from that described herein.

Purchase, Sale and Retirement of the Notes. Your tax basis in your Note generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of your Notes equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest, and your tax basis in your Notes. Capital gain of a noncorporate US holder is generally taxed at preferential rates where the property is held for more than one year.

Medicare Tax. For taxable years beginning after December 31, 2012, a US holder that is an individual or estate, or a trust that does not fall into a special class of trusts that is exempt from such tax, will be subject to a 3.8% tax on the lesser of (1) the US holder’s “net investment income” for the relevant taxable year and (2) the excess of the US holder’s modified adjusted gross income for the taxable year over a certain threshold (which threshold in the case of individuals will be between US\$125,000 and US\$250,000, depending on the individual’s circumstances). A Holder’s net investment income will generally include its interest income and its net gains from the disposition of Notes, unless such interest income or net gains are derived in the ordinary course of the conduct of a trade or business (other than a trade or business that consists of certain passive or trading activities). If you are a US holder that is an individual, estate or trust, you are urged to consult your tax advisors regarding the applicability of the Medicare tax to your income and gains in respect of your investment in the Notes.

Information with Respect to Foreign Financial Assets. Owners of “specified foreign financial assets” with an aggregate value in excess of US\$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their tax returns. “Specified foreign financial assets” include any financial accounts maintained by foreign financial institutions, including financial accounts in which Notes are held, and, among other things, securities issued by non-US persons, such as the Notes, if they are not held in accounts maintained by financial institutions. Holders are urged to consult their tax advisors regarding the application of this legislation to their ownership of the Notes.

Backup Withholding and Information Reporting. If you are a noncorporate US holder, information reporting requirements, on Internal Revenue Service Form 1099, generally will apply to:

- payments on a Note within the United States, including payments made by wire transfer from outside the United States to an account you maintain in the United States, and
- the payment of the proceeds from the sale of a Note effected at a US office of a broker.

Additionally, backup withholding will apply to such payments if you are a noncorporate US holder that:

- fails to provide an accurate taxpayer identification number;
- is notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns; or
- in certain circumstances, fails to comply with applicable certification requirements.

Payment of the proceeds from the sale of a Note effected at a foreign office of a broker generally will not be subject to information reporting or backup withholding. However, a sale of a Note that is effected at a foreign office of a broker will generally be subject to information reporting and backup withholding if:

- the proceeds are transferred to an account maintained by you in the United States;
- the payment of proceeds or the confirmation of the sale is mailed to you at a US address; or
- the sale has some other specified connection with the United States as provided in US Treasury regulations unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption.

In addition, a sale of a Note effected at a foreign office of a broker will generally be subject to information reporting if the broker is:

- a US person;
- a controlled foreign corporation for US tax purposes;
- a foreign person 50% or more of whose gross income is effectively connected with the conduct of a US trade or business for a specified three-year period; or
- a foreign partnership, if at any time during its tax year:
 - one or more of its partners are “US persons”, as defined in US Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership; or
 - such foreign partnership is engaged in the conduct of a US trade or business, unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above are met or you otherwise establish an exemption.

Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a US person.

PLAN OF DISTRIBUTION

Subject to the terms and conditions of a purchase agreement among the Issuer, the Company and the Initial Purchasers, the Issuer has agreed to sell to the Initial Purchasers, and each Initial Purchaser has severally agreed to purchase from the Issuer, the principal amount of Notes indicated in the following table.

<u>Initial Purchasers</u>	<u>Principal Amount of Notes</u>
BNP Paribas Securities Corp	\$120,000,000
Goldman, Sachs & Co	\$120,000,000
Mitsubishi UFJ Securities (USA), Inc.	\$120,000,000
Morgan Stanley & Co. LLC	\$120,000,000
UBS Securities LLC	\$120,000,000
Total	\$600,000,000

The obligations of the Initial Purchasers under the purchase agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The purchase agreement provides that the Initial Purchasers will purchase all the Notes if any of them are purchased.

The Initial Purchasers initially propose to offer and sell the Notes at the respective prices set forth on the cover page of this Offering Memorandum. The Initial Purchasers may change such offering prices and any other selling terms at any time without notice. The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or part. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

In the purchase agreement, the Issuer and the Company have agreed to indemnify each Initial Purchaser, its affiliates, directors, officers, employees and controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, and to contribute to payments that the Initial Purchasers may be required to make in respect thereof.

The Initial Purchasers expect that delivery of the Notes will be made against payment therefore on the Settlement Date, which will be the fifth business day following the pricing date of the offering (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 under the Securities and Exchange Act of 1934, as amended, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the pricing date or the immediately following business day will be required, by virtue of the fact that the Notes initially will settle on a delayed basis, to agree to a delayed settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

Each of the Notes and the Guarantees have not been, and will not be, registered under the Securities Act or qualified for sale under the securities laws of any state or any jurisdiction inside or outside the United States. The Initial Purchasers propose to resell the Notes and the Guarantees to (i) qualified institutional buyers in reliance on Rule 144A under the Securities Act and (ii) outside the United States to certain non-US persons in reliance on Regulation S under the Securities Act. Each purchaser of the Notes offered hereby in making its purchase will be deemed to have made by its purchase certain acknowledgments, representations, warranties and agreements as set forth under the sections entitled "Notice to Investors" and "Transfer Restrictions".

In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, US persons (i) as a part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued. The Initial Purchasers will send to each broker/dealer to whom they sell such Notes during such 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons.

In addition, until the expiration of the 40-day distribution compliance period referred to above, an offer or sale of the Notes within the United States by a broker/dealer, whether or not participating in this offering, may violate the registration requirements of the Securities Act if such sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

The Notes are a new issue of securities for which there currently is no market. The Issuer has made an application for the admission of the Notes to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange's Regulated Market, a regulated market. The Initial Purchasers have advised the Issuer that following the completion of this offering, they presently intend to make a market in the Notes. They are not obligated to do so, however, and any market-making activities with respect to the Notes may be discontinued at any time at their sole discretion without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, the Issuer cannot give any assurance as to the development of any market or the liquidity of any market for the Notes.

In connection with this offering, the Stabilizing Managers may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Stabilizing Managers to reclaim a selling concession from a broker/dealer when the Notes originally sold by such broker/dealer are purchased in a stabilizing or syndicate covering transaction to cover short positions. Any of these activities may prevent a decline in the market price of such Notes, and may also cause the price of such Notes to be higher than it would otherwise be in the absence of these transactions. The Stabilizing Managers may conduct these transactions in the over-the-counter market or otherwise. If the Stabilizing Managers commence any of these transactions, they may discontinue them at any time.

The Issuer and the Company have each agreed not to, for a period from the date hereof until the date of delivery of the Notes, without the prior written consent of the Initial Purchasers, directly or indirectly, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any securities similar to the Notes, or any securities convertible into or exchangeable for the Notes or any such similar securities or the Guarantees, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and certain of their affiliates have provided and may in the future provide certain financial advisory, investment banking and commercial banking services in the ordinary course of business for the Group and certain of its member companies and affiliates, for which they receive customary fees and expense reimbursement. In particular, affiliates of certain of the Initial Purchasers are lenders under certain of our existing credit facilities, and proceeds from the sale of the Notes may be used to service or repay these facilities.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold a broad array of investments including serving as counterparties to certain derivative and hedging arrangements, and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve securities and/or instruments of the issuer. The Initial Purchasers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Each Initial Purchaser has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Company; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything in relation to the Notes in, from or otherwise involving the United Kingdom.

The Notes may not be offered or sold by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), or (ii) to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap.571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a “prospectus” within the meaning of the Companies Ordinance (Cap.32, Laws of Hong Kong), and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

The securities offered hereby have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1998 as amended, the “FIEL”) and each Initial Purchaser has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan. As used in this paragraph, resident of Japan means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

In relation to each Member State of the European Economic Area (the “EEA”) which has implemented the Prospectus Directive (each, a “Relevant Member State”), each Initial Purchaser has represented and agreed that with effect from and including the date on which the Prospectus is implemented in that Relevant Member State (the “Relevant Implementation Date”) it has not made and will not make an offer of the Notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State at any time:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 100, or, if the relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- (c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes shall require the Issuer or any Initial Purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, and the expression “Prospectus Directive” means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression “2010 PD Amending Directive” means Directive 2010/73/EU.

TRANSFER RESTRICTIONS

Each of the Notes and the Guarantees have not been registered under the Securities Act or any other applicable securities laws, and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any US person, except pursuant to an effective registration statement or in a transaction not subject to the registration requirements of the Securities Act or in accordance with an applicable exemption from the registration requirements and those other laws. Accordingly, the Notes and the Guarantees are being offered and sold only (i) to qualified institutional buyers in a private sale exempt from the registration requirements of the Securities Act pursuant to Rule 144A and any other applicable securities laws and (ii) outside the United States to non-US persons in compliance with Regulation S.

Each purchase of Notes is subject to restrictions on transfer as summarized below. By purchasing Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

- (1) The purchaser understands and acknowledges that:
 - each of the Notes and the Guarantees have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
 - unless so registered, the Notes and the Guarantees may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.
- (2) The purchaser is not an affiliate (as defined in Rule 144 under the Securities Act) of the Company or the Issuer, that the purchaser is not acting on its behalf and that either:
 - the purchaser is a qualified institutional buyer (as defined in Rule 144A under the Securities Act), is aware that the sale to it is being made in reliance on Rule 144A and is purchasing Notes for its own account or for the account of another qualified institutional buyer; or
 - the purchaser is not a US person (as defined in Regulation S under the Securities Act) or is acquiring the Notes for its own account or as a fiduciary or agent for others in a transaction outside the United States pursuant to Regulation S.
- (3) The purchaser represents that it is purchasing Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only: (a) to us; (b) under a registration statement that has been declared or become effective under the Securities Act; (c) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A; (d) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act; (e) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is not a qualified institutional buyer and that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of

US\$250,000; or (f) under any other available exemption from the registration requirements of the Securities Act; in each case in compliance with any applicable state securities laws; subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller's or account's control.

The purchaser also acknowledges that:

- the above restrictions on resale will apply from the closing date until the date after which such Notes may be freely transferred pursuant to Rule 144 under the Securities Act (in the case of the Notes sold pursuant to Rule 144A) or 40 days (in the case of the Notes sold pursuant to Regulation S) after the later of the closing date and the last date that we or any of our affiliates was the owner of the Notes or any predecessor of the Notes (the "Resale Restriction Period"), and will not apply after the applicable Resale Restriction Period ends;
- if a holder of Notes proposes to resell or transfer Notes under clause (e) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee a letter from the purchaser in the form set forth in the indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is acquiring the Notes not for distribution in violation of the Securities Act;
- we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (d), (e) and (f) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and
- each Note being sold pursuant to Rule 144A will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME OR BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A "QUALIFIED INSTITUTIONAL BUYER" AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL "ACCREDITED INVESTOR" WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS AN INSTITUTIONAL ACCREDITED INVESTOR ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF SUCH AN INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF US\$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, (F) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (G) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER'S AND THE TRUSTEE'S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR

TRANSFER PURSUANT TO CLAUSES (D), (E), (F) OR (G) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

- each Note being sold pursuant to Regulation S will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (i) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (ii) THE DATE OF ISSUE OF THESE NOTES.

- (4) The purchaser has received a copy of the Offering Memorandum relating to the offering of the Notes and the Guarantees and acknowledges that (a) neither we nor the Initial Purchasers or any person representing us or the Initial Purchasers have made any representation to it with respect to us or the offering and the sale of the Notes and the Guarantees other than the information contained in and incorporated by reference into this Offering Memorandum and (b) it has had access to such financial and other information and has been offered the opportunity to ask questions of us and received answers thereto, as it deemed necessary in connection with the decision to purchase Notes.
- (5) The purchaser understands that we, the Company, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and agrees that if any of the representations and acknowledgements deemed to have been made by it by its purchase of the Notes are no longer accurate, the purchaser shall promptly notify us and the Initial Purchasers. If the purchaser is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, acknowledgements and agreements on behalf of such account.
- (6) The purchaser: (a) is able to fend for itself in the transactions contemplated by this Offering Memorandum; (b) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.
- (7) By acceptance of a Note, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (a) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any employee benefit plan that is subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), a plan, individual retirement account or other arrangement that is subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “Code”) or provision under any federal, state, local, non-US or other laws, rules or regulations that are similar to such provisions or ERISA or the Code (collectively, “Similar Laws”) or entity whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement or (b) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

LEGAL MATTERS

Certain legal matters in connection with this offering will be passed upon for us by Sullivan & Cromwell LLP, as to matters of United States federal, New York State law and English law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Davis Polk & Wardwell LLP, as to matters of United States federal and New York State law.

INDEPENDENT AUDITORS

The consolidated financial statements of the Group as at and for the year ended December 31, 2011 and as at and for the year ended December 31, 2010, prepared in accordance with IFRS as adopted by the European Union have been audited by Deloitte LLP, independent auditors and current member of the Institute of Chartered Accountants of England & Wales, as stated in their reports incorporated by reference herein.

The auditor's reports, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include the following limitations: "This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed."

DESCRIPTION OF ANGLO AMERICAN CAPITAL PLC

INCORPORATION, REGISTERED OFFICE AND PURPOSE

Anglo American Capital, a wholly owned subsidiary of Anglo American, was incorporated and registered in England and Wales under the registered number 04658814 on February 6, 2003 and operates under the Companies Act 2006 as a public limited company. Its registered office is at 20 Carlton House Terrace, London SW1Y 5AN. Anglo American Capital was formed as a special purpose company solely for the purposes of issuing debt securities and has no subsidiaries.

Anglo American Capital's authorized share capital is £50,000 and US\$1,000,000,000 divided into 50,000 3% cumulative preference shares of £1.00 each and 1,000,000,000 ordinary shares of US\$1.00 each, of which 50,000 cumulative preference shares and 1,200 ordinary shares are in issue and fully paid up. All of Anglo American Capital's issued shares are beneficially owned by Anglo American.

BOARD OF DIRECTORS

The Directors of Anglo American Capital and their functions and principal directorships outside Anglo American Capital are as follows:

<u>Name</u>	<u>Title</u>	<u>Principal directorships outside Anglo American Capital</u>
Andrew Hodges	Secretary and Director	None
Nicholas Jordan	Secretary and Director	None
Douglas Smailes	Director	None
Keith Tucker	Director	None
René Médori	Director	Director of Petrofac Limited, Scottish and Southern Energy, plc, De Beers, DB Investments and Anglo American Platinum Limited (previously Anglo Platinum Limited)

The business address of each of the above is 20 Carlton House Terrace, London SW1Y 5AN and the telephone number of Anglo Capital's registered office is: +4420 7968 8888.

No potential conflicts of interest exist between the Directors' duties to Anglo American Capital and their private interests or other duties.

FINANCIAL STATEMENTS

Deloitte audited Anglo American Capital's accounts in accordance with generally accepted auditing standards in the United Kingdom for the period from February 6, 2003 (Anglo American Capital's date of incorporation) to December 31, 2004 and in accordance with International Standards on Auditing (UK and Ireland) from December 31, 2005 to December 31, 2011. Audit reports issued by Deloitte on these financial statements were without qualification. Anglo American Capital does not publish interim financial statements.

GENERAL INFORMATION

1. Authorization

The issue of the Notes, or, in the case of the Company, the giving of the guarantee, has been duly authorized by the resolutions of the Board of Directors of Anglo American plc dated October 25, 2011 and of the Board of Directors of Anglo American Capital plc dated March 21, 2012.

2. Listing

Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and is expected to be effective as of April 3, 2012, subject only to the issuance of the Global Notes. The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). Prior to official listing and admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working date after the day of the transaction.

The Issuer's and the Company's out-of-pocket expenses in relation to the admission to trading of the Notes on the London Stock Exchange's Regulated Market are expected to amount to £400,000.

3. Clearing Reference Numbers

The Notes have been accepted for clearance through DTC's book-entry settlement system. The CUSIP and ISIN numbers for the Notes are as follows:

Notes distributed pursuant to Rule 144A: CUSIP 034863 AE0, ISIN US034863AE09

Notes distributed pursuant to Regulation S: CUSIP G03762 CF9, ISIN USG03762CF96

The address of DTC is The Depository Trust Company, 55 Water Street, New York, NY 10041-009, USA.

4. Financial and Trading Position and Prospects

There has been no significant change in the financial or trading position of the Group since December 31, 2011 being the date of its last published audited financial statements and no material adverse change in the prospects of the Company since December 31, 2011.

There has been no significant change in the financial or trading position of the Issuer and no material adverse change in the prospects of the Issuer since December 31, 2011 being the date of its last published audited financial statements.

5. Litigation

Anglo American South Africa Limited ("AASA"), a wholly owned subsidiary of the Company, is a defendant in twenty-four separate lawsuits in South Africa, each one of them brought by a former mineworker (or his dependant) 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 England on behalf of 19 former mineworkers, and a claim form for a second lawsuit has been filed in the High Court in London on behalf of 756 claimants and a "representative claim" on behalf of all black underground miners in "Anglo gold mines" seeking damages in relation to silicosis and related diseases, although this second claim has not yet been served. The aggregate amount of the 24 South African claims is less than US\$5 million. No specific amount of damages has been specified in the claims filed in England. If these claims are determined adversely to AASA, there are a substantial number of additional former mineworkers (or their dependants) who may seek to bring similar claims or whose claims could become part of the representative claim filed in England. The first trials of these claims are not expected before 2013. AASA is contesting the jurisdiction of the English courts to hear the claims filed against it in that jurisdiction.

AASA has a number of defenses to liability and intends to contest these claims vigorously, although it is not possible to predict the outcome of litigation or the amount of liability that could arise from the existing or possible future claims.

Other than as disclosed in the preceding two paragraphs and under “Business Description — Iron Ore and Manganese — Other Information” on page 31 and “Business Description — Copper — Codelco Option Dispute and Disposal of 24.5% Interest in AA Sur” on page 33, neither the Issuer nor the Company nor any member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Company is aware) during the 12 months prior to the date of this Offering Memorandum, which may have or have had a significant effect on the financial position or profitability of the Issuer or the Company or the Group.

6. Nature of Financial Information and Auditors

The financial information included in this Offering Memorandum (other than that which is incorporated by reference) does not constitute the statutory accounts of the Company or the Issuer within the meaning of Section 435 (1) and (2) of the Companies Act 2006 for any period presented. The auditors have made reports under Chapter 3 of Part 16 of the Companies Act 2006 of the Company and the Issuer for the years ended December 31, 2009 and 2010, which were unqualified and did not contain any statement as is described in Sections 498(2) or (3) of the Companies Act 2006. Statutory accounts of the Company and the Issuer have been delivered to the Registrar of Companies in England and Wales for each of the years ended December 31, 2009 and 2010.

The auditors of the Company and the Issuer are Deloitte of 2 New Street Square, London EC4A 3BZ, who are Chartered Accountants and Registered Auditors with the Institute of Chartered Accountants in England and Wales and regulated by the Audit Inspection Unit of the Professional Oversight Board of the Financial Reporting Council in the United Kingdom, whose address is Eighth Floor, 1 Canada Square, Canary Wharf, London E14 5AG.

Each of the reports of Deloitte contained the following statement: “To the fullest extent possible by law, we do not accept or assume responsibility to anyone other than the Company and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.”

The auditors of the Issuer and the Company have no interest in the Issuer or the Company.

7. Yield

The projected yield of the Notes will be 2.672%. Such projection has been calculated on the basis of the offering prices as at the date of this Offering Memorandum and is not an indication of actual future returns for investors.

8. Interests of Natural and Legal Persons involved in the Issue

Save for any fees payable to the Initial Purchasers, so far as the Company and the Issuer are aware, no person involved in the issue of the Notes has an interest material to the offer.

9. Documents on display

For the period of 12 months following the date of this Offering Memorandum, copies of the following documents will be available for inspection during normal office hours (local time) on any weekday (Saturdays, Sundays and public holidays excluded) at the registered office of the Company and the Issuer:

- (a) this Offering Memorandum;
- (b) the Memorandum and Articles of Association of Anglo American plc and Anglo American Capital plc;
- (c) the Group 2010 Financial Statements, the Group 2011 Financial Statements, the Issuer 2010 Financial Statements and the Issuer 2011 Financial Statements; and
- (d) the Indenture.

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this Offering Memorandum. You must not rely on any unauthorized information or representations. This Offering Memorandum is an offer to sell only the Notes offered hereby, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this Offering Memorandum is current only as of its date.

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US\$600,000,000



Anglo American Capital plc

US\$600,000,000 2.625% Senior Notes due 2017

Guaranteed by Anglo American plc

Joint Bookrunners

**BNP PARIBAS
Goldman, Sachs & Co.
Mitsubishi UFJ Securities
Morgan Stanley
UBS Investment Bank**