

A photograph of two miners in a dark tunnel. The miners are silhouetted against a bright blue light source, likely a headlamp or a tunnel light. They are wearing hard hats and safety gear. The tunnel walls are rough and textured. The overall mood is industrial and futuristic.

A global business fit for the future

Annual Report 2008



**ANGLO
AMERICAN**

Anglo American is committed to delivering operational excellence in a safe and responsible way, adding value for shareholders, customers, employees and the communities in which we operate

Highlights

\$10.1 bn

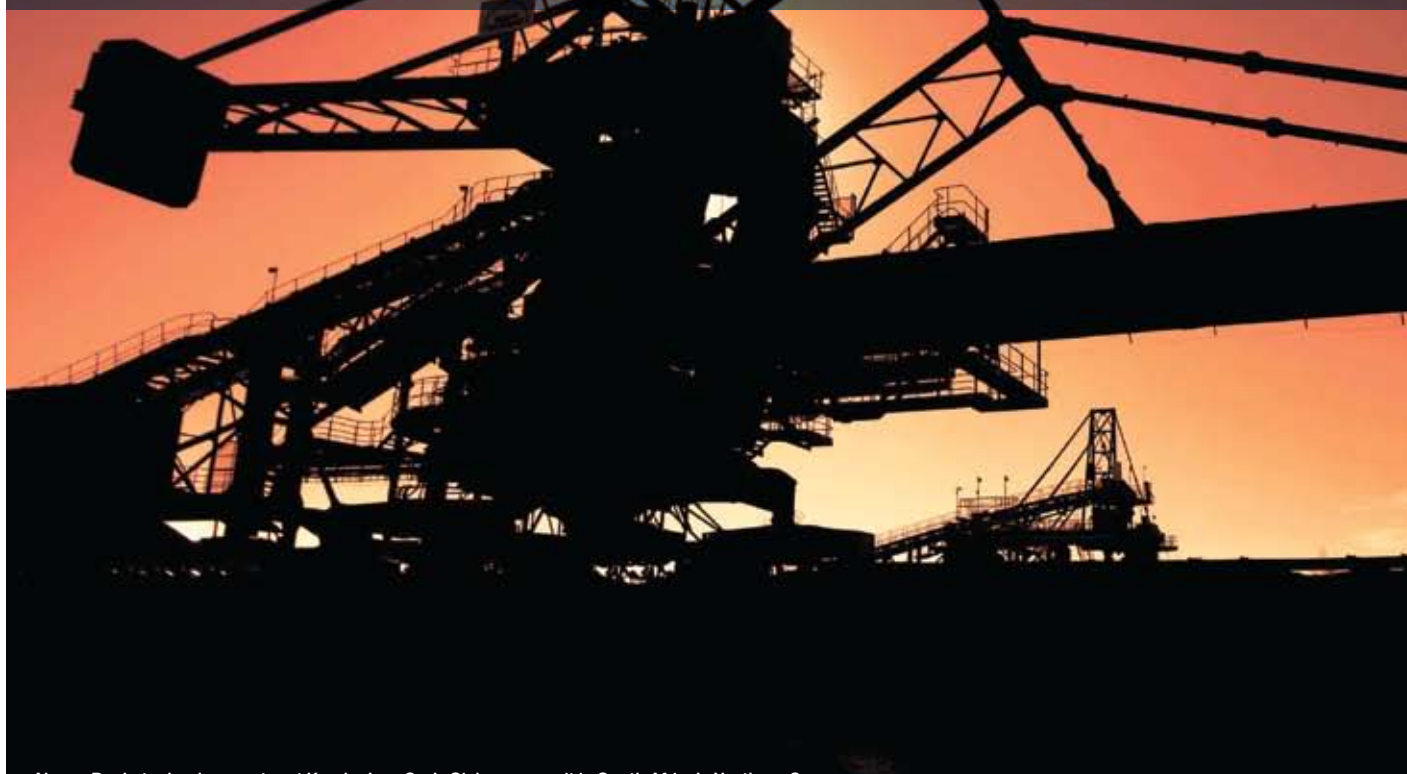
Operating profit (2007: \$10.1 bn)

\$5.2 bn

Underlying earnings (2007: \$5.8 bn)

\$4.36

Earnings per share (2007: \$4.40)



Above: Bucket-wheel excavator at Kumba Iron Ore's Sishen open pit in South Africa's Northern Cape. Measuring 11 kilometres by 1.5 kilometres and almost 400 metres deep, this is one of the world's largest open pits, producing around 34 million tonnes of iron ore in 2008

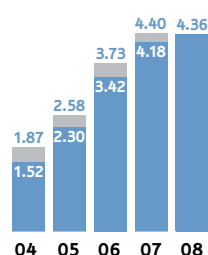
FIND OUT MORE>>
www.angloamerican.co.uk



Cover: Martin van Heerden, mine overseer (left) and Jacques Nortier, supervisor at Anglo Coal South Africa's Kriel Colliery, inspect a new type of fan. Much quieter than previous models, the new fans are helping to make the workplace less stressful and reduce the potential for noise induced hearing loss

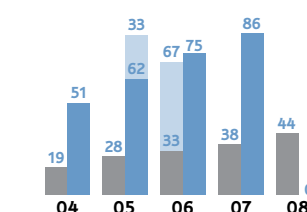
Underlying earnings per share US\$

● Excludes discontinued operations



Dividends per share US cents

● Interim
 ● Final
 ● Special



- Group operating profit of \$10.1 billion, with operating profit from core operations up 10% to \$9.8 billion
- Strong performances from Coal and Ferrous Metals with increased production of coal and iron ore
- 2009 capital expenditure reduced by more than 50% to \$4.5 billion
- \$2 billion target by 2011 from cost saving and efficiency initiatives

Operating profit includes share of associates' operating profit (before share of associates' tax, finance charges and minority interest) and is before special items and remeasurements, unless otherwise stated. See note 3 to the financial statements for operating profit on a total Group basis. For definition of special items and remeasurements see note 7 to the financial statements and see note 35 for information on discontinued operations.

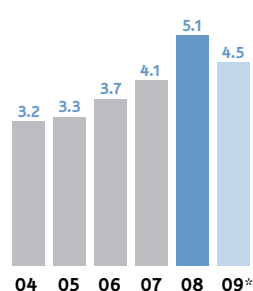
Operations considered core to the Group are Base Metals, Platinum, Ferrous Metals' core businesses (Kumba Iron Ore, Scaw Metals, Samancor Manganese and Anglo Ferrous Brazil), Coal and Diamonds.

Capital expenditure relates to total Group cash expenditure on tangible assets.

Unless otherwise stated tonnes are metric tons, 'Mt' denotes million tonnes and 'kt' denotes thousand tonnes.

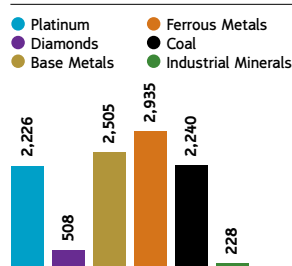
Unless otherwise stated '\$' and 'dollar' denote US dollars.

Capital expenditure
US\$ billion



*Forecast

2008 operating profit
by business unit US\$ million



About Anglo American

- 02 Chairman's statement
- 04 Chief executive's statement
- 08 Introduction to Asset Optimisation

1 ABOUT ANGLO AMERICAN

10 Operating and financial review

- 10 Group overview
- 12 A global business fit for the future
- 14 Key performance indicators (KPIs)
- 16 Performance against KPIs
- 26 Resources
- 28 Group financial performance
- 32 Business unit overview
- 33 Platinum
- 37 Diamonds
- 40 Base Metals
- 45 Ferrous Metals
- 48 Coal
- 52 Industrial Minerals
- 54 Principal risks and uncertainties

2 OPERATING AND FINANCIAL REVIEW

58 Governance

- 58 The Board
- 60 Executive Committee
- 61 Directors' report
- 64 Corporate governance
- 69 Remuneration report
- 79 Independent remuneration report review
- 80 Statement of directors' responsibilities

3 GOVERNANCE

81 Financial statements

- 82 Responsibility statements
- 83 Independent auditors' report
- 84 Principal statements
- 88 Notes to the financial statements

4 FINANCIAL STATEMENTS

136 Ore Reserves and Mineral Resources estimates

- 136 Introduction
- 138 Platinum
- 142 Base Metals
- 149 Ferrous Metals
- 152 Coal

5 ORE RESERVES AND MINERAL RESOURCES ESTIMATES

162 Other information

- 162 Production statistics
- 168 Exchange rates and commodity prices
- 169 Key financial data
- 170 Summary by business segment
- 171 Reconciliations of reported earnings
- 172 The business – an overview
- 174 Shareholder information
- 175 Other Anglo American publications

6 OTHER INFORMATION

Chairman's statement

2008 marked the end to the sustained upswing in commodity prices, with a particularly steep price decline in the second half of the year. Thus, the nature of the challenge for management changed markedly from managing the problems of plenty – delivering expansion projects in an overheated market – to reducing costs and maximising efficiencies in the existing business without compromising the significant long term growth options that the Group retains

The Group achieved a strong financial performance for the year and management moved fast to adapt the business to the new circumstances as recession began to take hold. Indeed, several initiatives started over the past two years, designed to create more rigorous management systems and a more aligned 'One Anglo' approach, have positioned the Group well for the current environment. Value based management, the Asset Optimisation programme, the move to a more unified model for procurement and the development of a shared services approach to a number of support functions are expected to deliver significant savings and contributions to operating profit.

In spite of the strong results in 2008, the Board has decided to suspend the final dividend payment. The reduction of capital expenditure in 2009 will nonetheless allow us to complete the three major world class, low cost projects already well underway in iron ore and base metals. These will now start to come on stream in 2011 when market conditions should be more balanced. The Board believes that suspension of the dividend will preserve for shareholders these future major growth opportunities. Dividends will be resumed as soon as market conditions permit.

Against a background of rapid change, I should like to thank our employees at every level for their hard work and commitment. They have delivered an excellent financial performance during 2008 and our thanks are no less due to them as they continue to deliver in the face of the harsh and sudden impacts of the economic downturn.

Anglo American has a diversified portfolio of low cost, long life assets, with attractive growth opportunities and strong technical and project delivery skills. The Group has a compelling portfolio of projects which provides long term value creating opportunities for growth once commodity markets recover. In the interim, the Group has prudently reduced capital spending on expansion projects by around a half, predominantly through the rephasing of several major projects to better align them with the commodity cycle. A further key challenge in the short term will be to ensure we gain the maximum benefit from reductions in many input prices without undue delay, for fuel and raw materials, for example.

The Board is very supportive of the strong drive on safety that our chief executive has led and of her strong personal commitment. Although a great deal still remains to be done, the Board has been impressed by the progress made during 2008 in enhancing safety performance, including a reduction of around one-third in fatalities and one-fifth in lost time injuries. We expect to see this progress built upon in 2009. The issue has been correctly elevated to the top of management's priorities and is being tackled in an increasingly holistic way, including through improved systems and an emphasis on leadership and behaviours. We particularly welcome the development of a tripartite approach to safety in South Africa involving both trade unions and government.

The Group also defined, for the first time, six core values – safety, care and respect, integrity, accountability, collaboration and innovation. Such values forge a closer sense of identification with the Group and its objectives amongst employees irrespective of the business units or geographies they work in. Such identification is fundamental to ensuring both that common standards are applied consistently and that we maximise our intellectual resources through effective talent management, collaboration and knowledge sharing.

Mining and development

Anglo American was in the vanguard of the companies that signed the Millennium Development Goals 'Call to Action' in June 2008. This recognised both the pre-eminent role of governments in defining development frameworks and the importance of other actors, including business, in maximising our own beneficial development impacts. It has long been a core objective for Anglo American to ensure that we produce sustainable benefits for the communities where we work. Indeed, in light of the growth of resource nationalism and concerns about the potential 'resource curse', we now need also to be a willing partner, with governments and civil society, in addressing issues relating to the governance of natural resources. Thus we attach importance to our involvement in programmes such as the Extractive Industries Transparency Initiative, the Voluntary Principles on Security and Human Rights and the Investment Climate Facility for



Africa. We continue to be committed to participation in the work of the UN Global Compact and adhere to its ten core principles.

We also improved our engagement with our host governments, with the benefits of such an approach being evidenced by the achievement of our mineral rights conversions in South Africa and our Memorandum of Understanding with the China Development Bank about the potential for us to work together, especially in Africa. The management of political risk, however, continues to be a significant factor for our business in judging whether to enter new geographies and in some countries where we have existing activities, such as Venezuela and Zimbabwe. In the latter case, we were erroneously reported in the British media to be making a major new investment in Zimbabwe when, in fact, we have been building the Unki platinum project since 2003. We welcome the recent formation of a unity government and hope that it may create more favourable circumstances for Zimbabwe's recovery.

In terms of our socio-economic impacts, more than 400 managers within the Group have been trained on the implementation of



Expanding enterprise development initiative

3,012

Number of businesses currently supported (2007: 1,312)

13,431

Number of jobs sustained (2007: 5,850)

Anglo American's unique *Socio-Economic Assessment Toolbox (SEAT)* process.

SEAT enhances our ability to interact with stakeholders and to develop projects which maximise opportunities for local people. We have also adopted a new framework for improving the social and environmental impacts of our suppliers.

We are pleased with the increasing traction of our enterprise development and micro-finance programmes which, in South Africa and Chile, are now generating jobs for more than 13,000 people.

Water availability has emerged as a major constraint. It is a strategic issue which must be addressed through technical innovation, improved stewardship, applying a proper value to our water usage and dialogue about water management with other users. Our commitment to innovate is illustrated by the solution that we have proposed at our Quellaveco copper project in Peru. The project proposes a local saline water source which currently flows into the headwaters of the river system, thereby improving the quality of river water for downstream agriculture opportunities,

particularly during times of low rainfall. It is also in evidence at our Los Bronces expansion project in Chile where we plan to reduce water use by approximately 40% per lb of copper produced, and by the Emalahleni water scheme in South Africa which is supplying 20% of the water needs of the municipality of Witbank from treated mine water.

Although we continued to make progress on energy efficiency and improving the measurement of our energy intensity in 2008, our ability to move forward in our management of the current and future impacts of climate change was influenced by three factors. Firstly, much of our energy expertise was absorbed by the need to manage energy security concerns, especially in South Africa and Chile. Secondly, the absence of clarity about the shape of international frameworks to combat climate change and about the regime for regulating carbon capture and storage is a major inhibitor of our ability to take a judgement on potential long term investments, such as the Monash Energy coal-to-liquids project in Australia. Thirdly, the unprecedented escalation in project costs, coupled with rapidly changing oil prices, has made the economics of such projects even less predictable, although the costs of certain key raw materials for the construction of projects can be expected to fall. Coal will remain a critical source of energy for many years but the rapid development of clean coal technologies is vital if this is to occur within an environmentally acceptable framework.

Corporate governance

During the year, as part of the ongoing refreshment of the Board, Sir CK Chow joined the Board. We are delighted to have the contribution of Sir CK's experience and insight. Bobby Godsell retired from the Board at the AGM after nine years of service. We have benefited greatly from his input and advice over the years and wish him well.

At the end of 2008, Tony Redman, our technical director, retired after 38 years of Group service. Although not a director of the Company, Tony was a regular attendee at the Board and his advice on technical matters which are so vital to the success of the Company has been invaluable and the Board wishes him well for the future.

Sir Mark Moody-Stuart
Chairman

Chief executive's statement

We have taken decisive action to position Anglo American through the downturn and we expect to emerge in robust shape, ready to capitalise on the next phase of economic growth

Financial performance

2008 was a year that saw the end of a lengthy period of highly supportive commodity prices as the trajectory of the global economy turned sharply downwards during the second half. Overall, Anglo American delivered a solid performance, with operating profit of \$10.1 billion and underlying earnings of \$5.2 billion, with strong performances from our coal, iron ore and manganese businesses.

Positioning Anglo American through the cycle

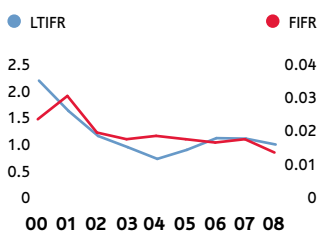
The breadth and severity of the global economic downturn and its impact on growth rates in key sectors and economies are difficult to overstate. From global automotive production to construction activity in emerging markets, there was a marked contrast between the first and second halves of 2008, when commodity prices fell sharply.

As we begin 2009, the economic outlook remains weak with limited visibility, and we are continuing to experience volatility and downward pressure on commodity prices. Against this backdrop, we have acted decisively to position the Group through the downturn, including pulling back planned production growth, reducing the size of our workforce by 19,000 by the end of 2009 in line with our revised production and growth plans and further cost cutting throughout the Group. These actions are necessary to ensure that Anglo American is well positioned through the cycle, both operationally and financially, to continue to deliver long term value to our shareholders.

In December, we announced that capital expenditure plans for 2009 would be scaled back by more than 50% to \$4.5 billion in response to the changed economic outlook. We will achieve this substantial reduction principally by rescheduling capital spend on many of the Group's major development projects. The \$3.2 billion of capex that we will spend on the Group's projects in 2009 will enable their continuing development without incurring undue delays or penalties that may impact their investment cases. These measures balance necessary short term action in the context of the long term nature of the mining industry. We remain committed to our long term



Lost time injury frequency rate (LTIFR) and fatal injury frequency rate (FIFR)*



* See KPI table on page 15 for definitions of LTIFR and FIFR. Excludes Mondi from June 2007 and Highveld from April 2007

strategy and will continue to allocate capital towards our existing businesses and the advancement of our portfolio of high quality development projects. These projects are a key driver of future value creation for our shareholders, with several projects well timed to enter production from 2011 onwards.

The Group's pipeline of projects is focused on the most attractive commodity segments of iron ore, metallurgical coal and copper, in addition to further expansion options in platinum and diamonds. While much reduced capital investment is planned for our projects during 2009, their realisation will form an important part of Anglo American's strong growth in the medium to long term. We are retaining a high degree of flexibility of project timing in order to enable appropriate reactions to changing market conditions, thereby ensuring that Anglo American is positioned optimally for the next period of upward momentum in the cycle.

The three key cost saving and efficiency initiatives that we have put in place over the past 18 months are well advanced and are already beginning to make an important



contribution to our financial and operating performance. Such disciplines are particularly valuable during these times. The Asset Optimisation programme has been rolled out across the Group and is expected to contribute a significant uplift to operating profit of some \$1 billion over the next three years. This is in addition to the \$1 billion in savings by 2011 we have announced from our procurement and shared services initiatives, which have already delivered value of over \$200 million in savings in 2008.

While the global economy continues to face unprecedented challenges and, with severely constrained financing markets, it is critical for us to safeguard balance sheet flexibility as far as possible. Notwithstanding the other measures we have taken, the Board has decided to suspend dividend payments in order to preserve the Group's strategic growth options. The Board will continue to review the Group's financial position and is committed to the resumption of dividend payments as soon as market conditions allow.

Delivering strategic objectives

In pursuit of our ambition of becoming the leading global mining company, we have made further strategic progress to focus the business on its core mining portfolio, by making further disposals of non-core assets, securing new order mining rights and positioning the Group for profitable growth.

In April, Anglo American was granted its new order mining rights conversions by the South African Department of Minerals and Energy. The conversions relate to the mineral rights across our businesses in South Africa. This significant achievement provides an ever stronger platform for the Group's long term development projects in South Africa, our employees and contractors, as well as for the many black empowered businesses with which we are partnered.

In May, we disposed of the Group's interest in China Shenhua Energy, realising cash proceeds of \$704 million and, in June, we sold Tarmac Iberia to Holcim for a consideration of \$186 million. The Tarmac group continues to be managed to maximise shareholder value while options for its sale continue to be explored,

recognising that the sale of a business of its scale is unlikely in the near term.

In August, following a series of transactions in 2007 and 2008, we acquired control of the Minas-Rio iron ore project and the Amapá iron ore system. The Minas-Rio project has considerable expansion potential and is a key element in the Group's long term iron ore growth ambitions.

In October, the sale of the Namakwa Sands mineral sands business was completed and, in November, we sold 26% interests in both the Black Mountain zinc, lead and copper operation and the Gamsberg zinc project to Exxaro Resources for a total consideration of approximately \$353 million.

After the year end, Anglo American reduced its shareholding in AngloGold Ashanti to 11.8%, realising total proceeds of \$434 million.

Early in the year, mining production in South Africa was severely disrupted for a short time owing to national electricity supply problems. While the crisis was averted through collaboration and consensus across the mining industry, resulting in ongoing reduced power usage, we are continuing to play an important role, working in partnership with the South African government and Eskom to develop and implement long term solutions to guarantee electricity supply.

As we strive to deliver superior operating performance, we also made several senior management changes during 2008, marking a significant strengthening of the leadership team, involving a combination of internal and external appointments. These have included new CEOs for Anglo Platinum, Anglo Coal and Kumba Iron Ore.

Our executive team has been further strengthened through the appointment of Russell King as chief strategy officer, with Mervyn Walker taking over the human resources portfolio and joining the Executive Committee (ExCo). We also welcomed Kuseni Dlamini back to the Group in his new position as head of Anglo American South Africa; he is also a member of ExCo.

During the year, John Wallington, who had served the Group for 27 years, was succeeded as chief executive of Anglo Coal by Ian Cockerill, who returned to the Group after having been CEO of Gold Fields for six years.

Chief executive's statement continued

The Board wishes John well for the future. Neville Nicolau moved from AngloGold Ashanti to head up Anglo Platinum in succession to Norman Mbazima and Duncan Wanblad, who have assumed the respective roles of CEO of Scaw Metals and head of copper at Anglo Base Metals.

Safety

The changes that we made to our safety practices in 2007 and a renewed commitment to a new level of safety performance delivered results, and we are helping to lead the way, particularly in South Africa, to achieve a safer, more productive mining industry. In April, we held the Anglo Tripartite Safety Summit in Johannesburg, bringing together government, unions and the industry to unlock and leverage potential in working together to tackle some of the critical issues around mining safety in South Africa.

We have achieved a year on year reduction of 17% in the lost time injury frequency rate (LTIFR) at our operations, with extended periods of incident-free, safe production. 2008 also saw an improvement in terms of a 33% reduction in the number of fatalities at our operations. During the year 27 people died while on company business, compared with 40 fatalities during 2007; this is a significant step in the right direction, but we still have a long way to go. Of particular note is Anglo Platinum's Union mine in South Africa, which has achieved more than 6 million fatality free shifts, and the Barro Alto nickel project and Anglo Ferrous Brazil which achieved 966 days and 3.5 million hours respectively without a lost time injury. The implementation of our global Fatal Risk Standards and the successful roll out of the global safety risk management programme are helping to ensure a systematic approach to managing safety and preventing accidents as we continue on our journey towards 'zero harm'.

Sustainable development

Energy security and climate change represented significant challenges for our business in 2008. The economic downturn may reduce short term electricity supply pressures, but in a number of countries there is a substantial backlog in investment in generating assets. In relation to climate change, we continued to drive forward a wide array of energy efficiency projects, invested further in methane generation projects in Australia and we supported the launch of the Australian government's Global Carbon Capture and Storage Institute.

Water too has emerged as a major factor, both in relation to the impact in various regions of climate change and to the need to manage it in such a way as to meet the needs of a range

of local users. Water has been an increasing area of focus for innovation and is a vital issue for the future of our industry.

Delivering a sustainable uplift in the living standards of the communities where we work remains a core goal for our operations. The training of more than 400 managers in the *Socio-Economic Assessment Toolbox (SEAT)* methodology demonstrates our seriousness. We have also developed global partnerships with leading NGOs CARE International on development issues, and Fauna & Flora International on biodiversity, learning a great deal from our partners in the process. In South Africa, we undertook a review of the social performance of our operations in light of the increasing expectations of our stakeholders that mining should be a catalyst for wider development. Although we are industry leaders in areas like enterprise development, HIV/AIDS and community development, we have recognised that we do not always have the necessary level of professionalism at site level. So, despite the economic climate, in 2009 we are investing in a major programme of internal capacity building with internationally recognised academic partners.

Outlook

As a result of the global economic slowdown, the second half of 2008 saw markedly lower commodity prices, following several years of highly supportive prices. Across the industry, there has been curtailment of some high cost operations in markets where prices and demand have declined significantly, for example in nickel, platinum, iron ore and coking coal. We expect the difficult credit environment to continue to impact the funding of many potential new mines and expansions, thereby further constraining supply when economic growth returns.

The world economy faces an unprecedented level of uncertainty and the outlook remains poor in the near term, with expectations for continuing volatility and weakness in commodity prices. It is against this backdrop that Anglo American has taken a series of measures to ensure that the Group's operating and cost profiles are appropriate and that its balance sheet and capital structure have sufficient flexibility through the current downturn. However, over the medium to long term, Anglo American believes that the fundamentals of its core commodities remain attractive, with significant value to be created by the Group's long life, low cost growth projects, several of which are timed to enter production from 2011. The economic recovery of the OECD member countries and the ongoing industrialisation of the world's major developing markets are expected to drive long term

"In 2008, we achieved a year on year reduction of 17% in the lost time injury frequency rate at our operations. We also saw an improvement in terms of a 33% reduction in the number of fatalities at our operations. This is a significant step in the right direction, but we still have a long way to go"

demand for commodities, stimulated further by government spending programmes in many major economies, including the US and China.

In summary, Anglo American has a world class asset base with long life, low cost mines and a strong and geographically diverse project pipeline across the most attractive commodity segments. We have taken decisive action to position Anglo American through the downturn and we expect to emerge in robust shape, ready to capitalise on the next phase of economic growth.



Cynthia Carroll
Chief executive



Employees in Johannesburg, South Africa, take part in 'ONE', the global safety campaign



Kumba Iron Ore's new jig plant at Sishen in South Africa's Northern Cape is ramping up towards its design capacity of 13 million tonnes per annum



Peruvian President Alan Garcia and Cynthia Carroll meet in the Presidential Palace, Lima in June 2008



Tyre contracts

Strategic partnerships and global contracts with suppliers meant that spot market purchases were largely avoided, resulting in savings of \$15 million

\$15 m

Savings

Pumps

Increased fuel pump flow rates at Anglo Coal Australia's Dawson mine are yielding benefits of around \$4 million per annum. By doubling the flow rate, haul truck refuelling time has been halved, with a consequent reduction in the haul truck fleet's downtime

\$4 m

Savings

Introduction to Asset Optimisation

Best in class



Following the 'One Anglo' approach of moving towards a common framework of values and standards, Anglo American has been rolling out a value based management (VBM) methodology across the Group.

Within the VBM framework, Asset Optimisation (AO) is the single most important programme in a range of value creating initiatives that are under way. The AO programme is designed to improve the performance of the Company's existing long life asset base through cost and productivity improvements in order to unlock maximum value from its existing assets.

Tyres

In 2008, global tyre contracts were finalised with Michelin and Bridgestone that secure pricing and a major part of supply in large off-the-road (OTR) tyres for the foreseeable future. The benefits of building these strategic partnerships were clear when there was a shortfall in OTR tyres in 2008. Michelin was able to make volumes available to Anglo American, easing the pressure on some mines which would otherwise have had to buy more expensive tyres on the spot market.

In addition, each of the business units and mine sites collaborated on tyre allocations through 2008. One example was at Platinum's Mogalakwena mine in South Africa, which needed to buy spot market tyres at prices higher than the contract price. Through a cooperative effort across the Group, the global supply and procurement team managed to source tyres for Mogalakwena from El Soldado mine in Chile, which needed fewer of these tyres than anticipated owing to improvements in tyre lifetime. This collaboration led to a direct saving of \$2 million.

Substantial improvements in tyre life, which reduces the need to buy tyres, can be attributed to a programme set up by Anglo Technical in 2007. This programme was rolled out globally and is undergoing constant improvement. Increasing tyre lifetime enables the organisation to close supply gaps caused by a market shortage of large OTR tyres, as well as to deliver overall savings to the Group.

Copper ore ready to be transported out of the open pit at Los Bronces mine in Chile, where mining takes place at an elevation of 3,000-3,500 metres above sea level

In 2008, major progress was made in improving the Company's cost and productivity performance and a substantial cost reduction programme, targeting \$1 billion of cost savings from procurement and shared services by 2011, was announced. In addition, the Asset Optimisation programme will add a further \$1 billion over the next three years.

\$2 bn

Uplift to operating profit from Asset Optimisation and procurement initiatives



1.

1. Employees carrying out a safety check at Anglo Platinum's Rustenburg mine, South Africa

2. Truck loading in the open pit at Base Metals' Mantos Blancos copper mine, Chile

3. Inspecting an underground ventilation fan at Anglo Coal's Kriel Colliery, South Africa

4. Dawson Central, Gangulu and Palm Tree Wutaru cultural heritage monitors carrying out artefact surveys prior to exploration drilling at Dawson, Australia



2.



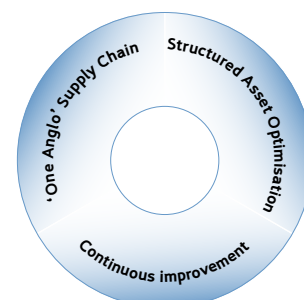
3.



4.

Group approach to Asset Optimisation (AO)

Three elements form the Group's approach to AO



A programme to transform Anglo American's supply chain operations globally also has been mobilised. The new Supply Chain function will consolidate spend to manage it in a more strategic, holistic manner and deliver an overall spend reduction of 10% and benefits of \$1 billion by 2011, further details of which can be found on pages 16 to 17. In addition, three shared service centres, in Asia Pacific, Latin America and South Africa, have been established to provide common accounting and employee services.

The AO programme involves a thorough review of all mining activities and includes benchmarking the performance of all assets and processes, internally and externally.

The business units have established dedicated teams to coordinate the implementation and embed the AO process with support from central technical resources. Formal benchmarking procedures are being developed with a common and searchable AO database to maximise best practice opportunities.

All business units have now completed the initial phase of their AO programme and targets have been calculated. The Group target is \$1 billion over the next three years in addition to \$1 billion savings from procurement.

Our locations

Group overview

Anglo American is a global leader in mining, focused on adding value for shareholders, customers, employees and the communities in which it operates.

The Group's unique portfolio of high quality mining assets includes precious, base and bulk commodities.

The five core mining businesses are Platinum, Diamonds, Base Metals, Iron Ore (Ferrous Metals) and Coal.

The Group is geographically diverse with an operating footprint spanning 45 countries.



Precious

Platinum

Anglo Platinum mines, processes and refines the entire range of platinum group metals (platinum, palladium, rhodium, ruthenium, iridium and osmium) and is the world's largest primary producer of platinum, accounting for around 39% of global newly mined output.

Anglo Platinum has the largest platinum reserves in the world, as well as extensive resource capabilities and the ability to grow production in line with projected demand for the foreseeable future. All of Anglo Platinum's current operations are located in South Africa.

Diamonds

Anglo American's diamond interests are represented by its 45% shareholding in De Beers.

De Beers is the world's leading diamond business. Its expertise extends to all aspects of the diamond pipeline, including prospecting, mining and recovery and, through its distribution arm, The Diamond Trading Company, the sorting, valuing and sale of rough gem diamonds.

De Beers produces around 40% of the world's rough diamonds by value from its mines in Botswana, Canada, Namibia and South Africa.

Base

Base Metals

Anglo Base Metals has interests in 13 operations in six countries, producing copper, nickel, zinc, niobium and phosphate fertilisers, together with associated by-products, including lead, molybdenum and silver.

In Chile, its six copper operations comprise the wholly owned Los Bronces, El Soldado, Mantos Blancos and Mantoverde mines, the Chagres smelter and a 44% interest in the Collahuasi mine.

Other South American operations are the Loma de Níquel nickel mine in Venezuela, and the Codemin nickel and Catalão niobium mines in Brazil. Anglo Base Metals also has a controlling interest in Copebrás, a leading Brazilian producer of phosphate fertilisers and phosphoric acid.

In southern Africa, the Skorpion mine produces zinc and the Black Mountain mine produces zinc and associated by-products such as lead. Anglo Base Metals' sole European operation is the Lisheen zinc and lead mine in Ireland.

Financial highlights⁽¹⁾

\$ million	12 months 31 Dec 2008	12 months 31 Dec 2007
Operating profit	2,226	2,697
EBITDA	2,732	3,155
Net operating assets	9,045	9,234
Share of Group operating profit	22%	28%
Share of Group net operating assets	27%	35%

Financial highlights⁽¹⁾⁽²⁾

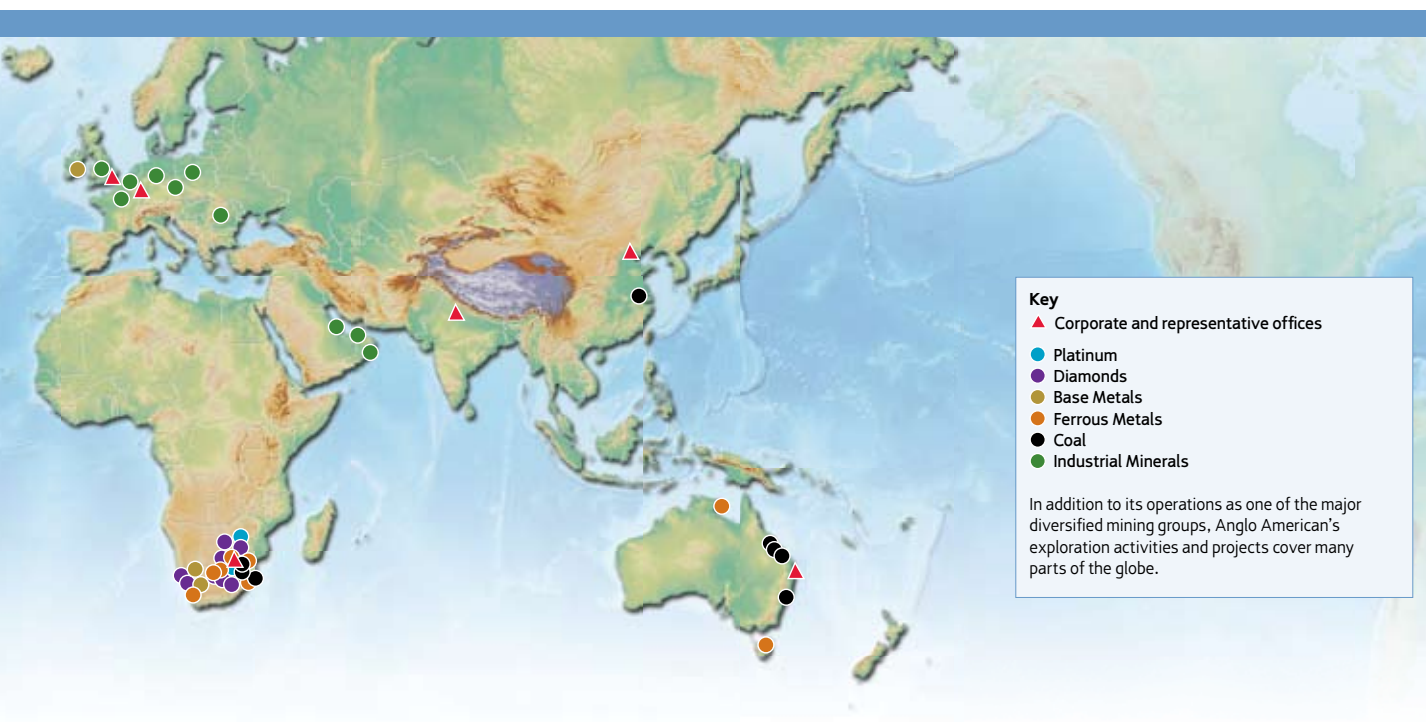
\$ million	12 months 31 Dec 2008	12 months 31 Dec 2007
Share of associate's operating profit	508	484
EBITDA	665	587
Group's aggregate investment in De Beers	1,623	1,802
Share of Group operating profit	5%	5%

Financial highlights⁽¹⁾

\$ million	12 months 31 Dec 2008	12 months 31 Dec 2007
Operating profit	2,505	4,338
EBITDA	2,845	4,683
Net operating assets	5,474	4,989
Share of Group operating profit	25%	45%
Share of Group net operating assets	17%	19%

⁽¹⁾ Share of Group operating profit and share of Group net operating assets for both 2008 and 2007 are based on continuing operations and therefore, in 2007, exclude the contribution of Mondi and AngloGold Ashanti.

⁽²⁾ De Beers is an independently managed associate of the Group.



Bulk

Ferrous Metals

Anglo Ferrous Metals' primary business is iron ore. In South Africa, it holds a 63% shareholding in Kumba Iron Ore and in Brazil, it holds an effective 99.4% interest in the Minas-Rio iron ore project, an effective 69.2% interest in the Amapá iron ore system and a 49% interest in LLX Minas-Rio, the owner of the port of Açú. Other interests principally comprise Samancor Manganese (manganese ore and alloy mining) and Scaw Metals (carbon steel products).

Through Kumba Iron Ore, Anglo American is the world's fourth largest iron ore producer in the global seaborne iron ore market.

Coal

The Group's coal interests are held through its wholly owned Anglo Coal business, one of the world's largest private sector coal producers and exporters.

Anglo Coal currently produces around 100 million tonnes of thermal and metallurgical coal from four geographic regions: South Africa, Australia, South America (Venezuela and Colombia) and North America (Canada).

Anglo Coal's excellent growth prospects in thermal and metallurgical coal will ensure the Group is firmly placed to help meet increased global energy needs and will continue to play an important part in Anglo American's growth.

Industrial Minerals

In 2007, Anglo American announced plans to sell Tarmac, the aggregate and building products business.

Anglo Industrial Minerals' sole business is Tarmac. Tarmac has a leading position in the UK construction materials industry and is well positioned in certain key markets in continental Europe and the Middle East. The sale process has been delayed until current credit market conditions improve. However, the Tarmac group continues to be managed to maximise shareholder value while options for its sale are being explored.

Financial highlights⁽¹⁾

\$ million	12 months 31 Dec 2008	12 months 31 Dec 2007
Operating profit	2,935	1,432
EBITDA	3,064	1,561
Net operating assets	11,167	3,987
Share of Group operating profit	29%	15%
Share of Group net operating assets	34%	15%

Financial highlights⁽¹⁾

\$ million	12 months 31 Dec 2008	12 months 31 Dec 2007
Operating profit	2,240	614
EBITDA	2,585	882
Net operating assets	3,962	3,984
Share of Group operating profit	22%	6%
Share of Group net operating assets	12%	15%

Financial highlights⁽¹⁾

\$ million	12 months 31 Dec 2008	12 months 31 Dec 2007
Operating profit	228	474
EBITDA	487	732
Net operating assets	3,335	4,509
Share of Group operating profit	2%	5%
Share of Group net operating assets	10%	17%

A global business fit for the future

Anglo American's strategy is to become the leading global mining company. To realise that ambition, the Group is striving to become the investment, partner and employer of choice

Investment of choice

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

To achieve this, Anglo American is:

- uplifting the performance of its long life asset base through cost and productivity improvements;
- integrating a stronger performance culture across the organisation and streamlining its management model; and
- prioritising capital expenditure towards those businesses and development projects that are expected to perform most strongly in the near term.

Uplifting the performance of the asset base

In 2007, a major drive was initiated to improve cost and productivity performance along with a substantial cost reduction programme, targeting \$1 billion of cost savings from procurement and shared services by 2011.

The Asset Optimisation programme involves a thorough review of all key mining operations and includes benchmarking the Group's assets and processes relative to best in class performance along key performance drivers. The benefits of this programme will have a particular impact on the coal and platinum businesses, where some of the best value enhancing potential lies.

Integrating a stronger performance culture

To meet its strategic goals, the Group's organisational culture is being changed to 'One Anglo'. This includes capitalising on the Group's global scale, with increased integration in areas such as shared services and supply chain management, knowledge sharing between sites and across business units and adherence to common standards and policies.

Furthermore, the Group is embedding a performance culture throughout the organisation, and building a management team driven by value maximisation. As part of this

process, there have been significant changes to the executive teams, including new chief executives for the base metals, coal and platinum businesses since April 2007.

Growth

Anglo American's portfolio is strategically positioned for growth in the near, medium and long term, through both organic growth and targeted acquisitions across a number of geographies. The Group's approved project pipeline is of the order of \$17 billion. The pipeline is focused on the most attractive commodity markets, such as copper, iron ore and export coal and capitalises on Anglo American's unique position in platinum.

The projects offer scale and are positioned in the lower half of the industry cost curves. The pipeline has the potential to deliver strong production growth and market share gains in all core market segments. The rapid and steep decline in the prices of, and demand for, the majority of the commodities produced by the Group in the second half of 2008 as a consequence of global economic uncertainty has presented a significantly changed near term outlook for Anglo American. As a result, the Company has recently completed a wide ranging review of its capital expenditure programmes. The review focused particularly on prioritising projects that are expected to perform most strongly in the near term, with little detrimental effect on projects that are already at an advanced stage of development.

Planned capital expenditure for 2009 was reduced by more than 50% to \$4.5 billion. This substantial reduction will be achieved principally by rescheduling capital spend on many of the Group's major development projects. The \$3.2 billion of capital expenditure that will be spent on the Group's projects in 2009 will enable their continuing development without causing undue delays or penalties that may impact their investment case, balancing essential short term action in the context of the long term nature of the mining industry. These projects are a key driver of Anglo American's long term growth and several are well timed to enter production from 2011 onwards. Stay-in-business capital expenditure for 2009 was reduced to \$1.3 billion, equal to 64% of depreciation.

In addition to organic growth plans, the Group continues to pursue targeted, value enhancing acquisitions. In assessing acquisitive growth opportunities, it takes a rigorous and value based approach, looking for assets that:

- are in the most attractive market segments;
- have scale, long lives and future growth options;
- are cost competitive; and
- offer significant value creation potential.

Partner of choice

Engaging with stakeholders

Anglo American has a long history of successful collaboration with its stakeholders, including governments, communities, and non-governmental organisations (NGOs). Only through the fostering of such relationships can the Group thrive and be respected in the countries and communities where it operates.

Building partnerships with governments at all levels is critical to earning and retaining the Group's licence to operate, which is why it seeks to engage with host governments to understand and complement their objectives.

An example of this approach can be seen in the collaborative work with the South African government to improve safety performance in the mining sector, find solutions to the challenges around electricity supply, and to improve the teaching of maths and science in South African schools, to promote enterprise development and to make progress towards the country's transformation goals.

Anglo American seeks to earn the consent and support of the communities who live around its operations and potential projects. Such communities rightly expect to share in the benefits of mining. It is the Group's aim to work with them to deliver meaningful and long lasting benefits, such as:

- groundbreaking work to fight the HIV/AIDS epidemic in southern Africa;
- offering pre-employment training to local people to enable them to acquire the skills needed to work at Group operations;
- working with communities to improve their access to health services and education;
- supporting farmers to help to improve their practices and income levels; and
- promoting sustainable enterprise development in South Africa, Chile and Brazil.

Inspecting a load haul truck in the vehicle workshop at Kumba Iron Ore's Sishen mine in South Africa's Northern Cape province. An improved maintenance planning process is creating additional production capacity for the truck fleet



Anglo American cannot do this alone and it welcomes the knowledge, skills and expertise to be gained by working in partnership with NGOs, and with aid and development agencies. To help understand better the concerns, priorities and needs of local people the Group has also pioneered a unique process called the *Socio-Economic Assessment Toolbox (SEAT)*, which is based on comprehensive local stakeholder engagement, assessment of the Group's direct and indirect impacts and on seeking ways in which the core business can help to support improved local development outcomes.

Employer of choice

Becoming the employer of choice for Anglo American begins with a guarantee to provide a safe and supportive working environment for everyone who works for the organisation. The commitment to zero harm remains the primary focus.

The Group offers a range of career paths for both technical and professional people. With its global footprint and growth aspirations, Anglo American can offer both an exciting and a fulfilling employment proposition.

Anglo American aims to attract the best people in the industry, and to facilitate and encourage professional and personal development for all Anglo employees.

The Group is focused on developing talent and is actively interested in developing a diverse workforce where different experiences and points of view are supported and valued. Notably, women are being encouraged into the organisation in greater numbers and the Group endeavours to facilitate entry for individuals at all levels from graduate to senior management and from local recruitment to global appointments.

Key performance indicators (KPIs)

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

Anglo American's strategy is to become the leading global mining company. In 2007, Anglo American identified four key areas that required focus in order to achieve this: integration, performance, growth and engagement. During 2008, as understanding evolved, three key strategic aims that should underpin this ambition were identified:

- investment of choice;
- partner of choice; and
- employer of choice.

These aims are discussed in 'A global business fit for the future' on pages 12 and 13 of the Operating and financial review (OFR).

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

A new indicator, enterprise development, has been introduced to better reflect the impact of the Group's sustainable development initiatives.

Strategic aims	Strategic focus
Investment of choice Anglo American seeks to outperform its competitors in delivering value to shareholders. Everything that the Group hopes to achieve for all other stakeholders – particularly host governments, communities and employees – must be built on a platform of sector leading financial performance. 	Asset Optimisation and financial performance New capital investments
Partner of choice Anglo American has a history of successful collaboration with its stakeholders, including governments, communities, and non-governmental organisations (NGOs). The Company understands that it can only thrive if it is welcomed and respected in the countries and communities in which it operates. 	Sustainable development
Employer of choice For Anglo American, becoming the employer of choice begins with an aim to provide a safe and supportive working environment for everyone who works for the organisation. The Company's commitment to zero harm remains its primary focus. The organisation offers a range of career paths for both technical and professional people. With its global footprint and growth aspirations, Anglo American can offer both an exciting and a fulfilling employment proposition. 	Safety People

* Excludes discontinued operations unless otherwise stated.

† Reflects managed operations.

‡ Includes Mondri until 3 July 2007 and Highveld until April 2007.

§ Excludes Mondri and Highveld for all of 2007.

KPI	Description	Results and target (if applicable)
Total shareholder return (TSR)	TSR is defined as share price growth plus dividends reinvested over the performance period. The Group uses a performance period of three years and calculates TSR annually	Please refer to the Remuneration report on pages 69 to 78
Return on capital employed (ROCE)	Calculated as total operating profit before impairments for the year divided by the average total capital less other investments and adjusted for impairments	2007: 37.8% (total Group basis) 2008: 36.8%
Year on year cost savings (\$m)*	Cost savings for the Group relating to operating efficiencies, procurement and restructuring and synergies	2007: \$280 million (\$380 million on a total Group basis) 2008: \$348 million
Underlying earnings per share*	Underlying earnings are net profit attributable to equity shareholders, adjusted for the effect of special items and remeasurements and any related tax and minority interests	2007: \$4.18 (\$4.40 on a total Group basis) 2008: \$4.36
Capital projects and investment	Optimise the pipeline of projects and ensure that new capital is only committed to projects that deliver the best value to the business on a risk adjusted net present value basis	A summary of the Group's capital projects and investments is on pages 18 to 19
Energy efficiency†	Improvements in energy efficiency are measured from a 2004 baseline	2007: 196 million [†] (107 million [§]) GJ total energy used 2008: 105 million GJ total energy used Target: A 15% improvement in energy efficiency by 2014
Total water use†	Water is a critical resource and is managed at catchment level. Baselines and targets are being revised	2007: 251 million [†] (131 million [§]) m ³ 2008: 125 million m ³ Target: To be set in 2009
CO ₂ e emission intensity†	Reduction in carbon dioxide equivalent (CO ₂ e) emissions per unit of production is measured from a 2004 baseline	2007: 24.4 Mt [†] (19.4 Mt [§]) CO ₂ e equivalent 2008: 19.8 mt CO ₂ e equivalent Target: A 10% reduction in CO ₂ e emissions per unit of production by 2014
Corporate social investment	Social investment as defined by the London Benchmarking Group includes donations, gifts in kind and staff time for administering community programmes and volunteering in company time	2007: Spend – \$60.5 million, 0.70% of profit before tax 2008: Spend – \$76.2 million, 1.11% of profit before tax
Enterprise development	Number of companies supported and number of jobs sustained by companies supported by Anglo enterprise development initiatives	2007: Number of businesses supported 1,312; number of jobs sustained 5,850 2008: Number of businesses supported 3,012; number of jobs sustained 13,431 Target: Number of businesses supported 3,500; number of jobs sustained 18,000
Work related fatal injuries and fatal injury frequency rate (FIFR)	FIFR is calculated as the number of fatal injuries to employees or contractors per 200,000 hours worked	2007: 40 fatalities, 0.018 [†] (0.021 [§]) FIFR 2008: 27 fatalities, 0.014 FIFR 2009 target: zero incidents
Lost time injury frequency rate (LTIFR)	The number of lost time injuries (LTIs) per 200,000 hours worked. An LTI is an occupational injury which renders the person unable to perform his/her duties for one full shift or more the day after the injury was incurred, whether a scheduled work day or not	2007: 1.15 [†] (1.26 [§]) 2008: 1.04 2009 target: zero incidents The ultimate goal of zero harm remains
Voluntary labour turnover*	Number of permanent employee resignations as a percentage of total permanent employees	2007: 4.3% 2008: 3.9%
Gender diversity*	Percentage of women and female managers employed by the Group	2007: 11% females, 15% female managers 2008: 12% females, 17% female managers
Voluntary counselling and testing (VCT) for HIV/AIDS	Percentage of employees undertaking voluntary annual HIV tests with compulsory counselling support	2007: 71% [†] 2008: 77% 2009 target: 100% VCT in high disease burden countries (100% is the long term goal)

Performance against KPIs

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

Investment of choice Financial performance

The Group's financial performance in the year and the KPIs used to measure it are discussed on pages 28 to 31.

Asset Optimisation

Asset Optimisation (AO) is a structured approach to optimise business operations by identifying, defining, planning and implementing initiatives that will unleash significant value improvement potential from current assets.

This value improvement could come from, for example, increased productivity, enhanced efficiency and capital spend optimisation. AO considers all aspects of the mining value chain from ore resources and reserves to the marketplace in pursuit of value adding opportunities.

The AO strategy aims to improve the value performance of assets and drive Anglo American towards best in class by adopting a systematic internal and external benchmarking approach, enabling an understanding and quantification of the 'value-at-stake gap' between current assets and processes relative to best practice.

The AO programme will be supported by a fully integrated and auditable project management and value tracking system.

Successes to date and future targets are discussed in the 'Best in class' section of this report on pages 8 and 9.

There are three elements which form the Group's approach to AO.

1. Structured asset optimisation

Structured asset optimisation (SAO) identifies the key value levers of the business by analysing the whole value chain of a process, from ore in the ground to the markets for products. Supported by the benchmarking process, such levers allow for the assessment of the value at stake which can be unlocked through deliberate intervention. An integral aspect of the SAO programme, aligned with the 'One Anglo' philosophy, is the development of systems and structures which will allow for the rapid cross-divisional sharing of identified opportunities and best practices.

A number of significant value adding opportunities in this top-down process have been identified and are at various stages of deployment, from project definition to value delivery. Across the Group, improvements are being made in several areas, notably longwall and continuous miner productivity in Coal's operations; mineral recovery projects at the Platinum and Base Metal operations; and in outbound logistics at Ferrous Metals.

2. Continuous improvement

Continuous improvement (CI) focuses on the generation of value adding ideas from all levels within the organisation, as well as finding new ways to do things quicker and more efficiently. CI applies to everything from processes to projects and is typically an enabler for the SAO programme.

The Group's employees have identified many CI opportunities. Those already adding value to operations are in the fields of conveyor availability, fuel management, tyre life and reagent addition initiatives in all business units. All ideas, big and small, are evaluated for their value adding potential, and where value exists, are implemented.

3. 'One Anglo' Supply Chain

The 'One Anglo' Supply Chain is a procurement project which focuses on working more closely as a single, integrated 'One Anglo' organisation and is tasked with managing the organisation's spend in a more coordinated manner.

Work being undertaken under each of the AO categories is illustrated below by reference to specific projects.



Fabricated structural steel

The fabricated structural steel category represents approximately 5% of the total invested capital of Anglo American's expansion projects. Recent reductions in raw steel commodity prices and indirect fabrication and transport costs are being realised for current projects where the negotiation of prices has led to a reduction of between 15% and 20%. Aggregating demand across Anglo American's businesses and regions has significant potential to positively impact the project value far beyond the purchase price of the fabricated steel.

An additional benefit realised is the application of a consistent review of the material standards to enable lower cost country sourcing supply. Low cost country sourcing represents a potential purchase saving of up to 35%.

The strategy is to provide selected suppliers better assurance of demand to support the future security of supply in each key region of operation and to drive savings from consolidated demand and global competition.

'One Anglo' Supply Chain: Cost savings from the Company's procurement project

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

The new 'One Anglo' Supply Chain function will consolidate expenditure to manage it in a more strategic, holistic manner in order to deliver an overall expenditure reduction of 10% and benefits of \$1 billion by 2011. A team of global, cross-functional specialists were mobilised into Strategic Sourcing teams early in 2008 and are on track to deliver the \$1 billion in committed value by 2011.

There are three elements to the transformation plan within the 'One Anglo' Supply Chain:

- deliver additional value through more effective management of spend;
- develop the processes, governance and a performance management framework that can be consistently applied across the Group; and
- improve internal capability through better teamwork as well as individual competencies.

The Strategic Sourcing teams are making good progress and have started a series of initiatives in 2008 relating to specific categories of spend or commodity. Significant benefits have already been achieved, with Anglo American's Supply Chain organisations realising over \$200 million of benefits in 2008.

Under the AO umbrella, value is being achieved as the collective skills and strengths of the Anglo American Group are brought together. The Company's suppliers also play a vital role in this process. Accordingly, teams are encouraged to tap into the capabilities of the supplier base, recognising expertise and collaborating with suppliers to identify value and assist with initiative implementation.

Initially the teams focused on nine categories including heavy mining equipment, tyres, fuels and lubricants, explosives and temporary labour. Category strategies have been completed and over 90 value initiatives identified, of which the top 20 represent 80% of the expected value. These initiatives are both commercial and technical in nature, including operational improvements as well as contracting benefits that will be realised over the short, medium and long term.

A further ten categories are now being reviewed for various short to medium term opportunities. These include continuous mining equipment, draglines, transport and logistics and structural steel. Teams are progressing well on category analysis and shaping value creation strategies.

Supply Chain in action

A global strategic plan for the temporary labour services category was completed in 2008. Its first benefit initiatives, regional tenders in Australia and South Africa, were recently concluded and will deliver significant value across the Group. Suppliers were initially selected based on best practice qualitative criteria with a focus on their capability to improve business processes and maintain professional service levels. This approach aimed to facilitate sustainable and strategic supplier partnering in an effort to improve

demand forecasting and efficient resourcing within the category. Once the desired qualitative criteria were satisfied, commercial considerations were negotiated. Teamwork between HR management at mine sites, business unit supply chain and the strategic sourcing team was integral in achieving these significant benefits. In addition to achieving cost savings, on-site employment conditions have been standardised and improved, while suppliers have potential for increased business.



The implementation of these initiatives will address more than 40% of total spend and those started during 2008 and through 2009 are expected to realise value in line with the Group's targets.

Although the present economic environment has created challenges for all of the Group's operations, additional sourcing opportunities are arising as a result of changing conditions and price declines for many commodities. Anglo American continues to work with its suppliers to ensure that reductions in many input costs are quickly reflected in its purchasing price structures. Furthermore, global demand has reduced for some strategic categories such as heavy mining equipment, tyres and construction services, alleviating the recent security of supply concerns. This provides a potential opportunity to enter into longer term agreements with key suppliers.

Closer engagement with suppliers will continue as a priority through 2009. In November 2008, the Group's first annual global conference for its high performing supplier partners took place and this will become an annual event.

2008 was a strong year in terms of value delivery. Results to date have been encouraging and further categories are due to be reviewed for value delivery potential in the second quarter of 2009, covering a further 25% of total expenditure.

Performance against KPIs continued

New capital investments

The Group's review at the end of 2008 for future planned capital expenditure resulted in a decision to reduce it for 2009 to \$4.5 billion, including \$1.3 billion stay-in-business capital expenditure. These substantial changes to planned capital expenditure will be achieved principally by rescheduling many of the Group's development projects. The Group's capital expenditure programmes for 2010 will continue to be monitored against prevailing and forecast market conditions.

During 2008, the Group continued with the development of several major projects in its pipeline of approved projects. The total capital cost of these projects, across the Group's Platinum, Diamond, Coal, Base Metals and Ferrous Metals businesses, amounts to \$17 billion on an attributable basis. This was an increase of \$5 billion relative to 2007. The increase was principally due to the approval in 2008 of three projects in South Africa, the Amandelbult No. 4 Shaft and the Styldrift Merensky phase 1 platinum replacement projects and the Sishen South iron ore project, increases in the forecast expenditure on the Los Bronces and Barro Alto projects and the consolidation of 100% of capital expenditure for phase 1 of the Minas-Rio iron ore project in Brazil.

For the longer term, the Group has an array of projects under active consideration at the pre-feasibility or feasibility stages. This pipeline of projects stretches well into the future, ensuring the Group maintains a high degree of flexibility with regards to its formidable organic growth potential.

During 2008, work continued on Anglo Platinum's major capital projects. The \$692 million Mogalakwena North expansion project is expected to reach completion in Q2 2010. The \$224 million Amandelbult East Upper UG2 expansion project is on track to raise the mine's platinum output by 100,000 ounces a year by 2012. Accessing Merensky Reef, the \$316 million Paardekraal 2 Shaft replacement project aims to replace 120,000 ounces of platinum annually by 2015. Smaller projects include the Base metals refinery expansion project and the Waterval Merensky Plant retrofit, both of which remain on time and on budget. Anglo Platinum has reduced its total capital expenditure for 2009 to \$600 million on projects, through deferral of expenditure across several major projects, including Amandelbult No. 4 Shaft, Twickenham, Styldrift and the second slag cleaning furnace at Waterval.

During the year, Base Metals continued to develop its pipeline of projects across South America, southern Africa and the US. The major approved projects in copper and nickel provide scope for significant organic growth in the future. Completion of the approved projects in the Base Metals pipeline also improves the business unit's cost positioning across its suite of metals.

The decision to reduce capital expenditure on Base Metals' projects to \$1.4 billion in 2009 has affected the commissioning dates of the business unit's two major approved projects. Commissioning of the Los Bronces copper expansion project in Chile, which aims to take production to an average initial level exceeding 400,000 tonnes per annum (tpa), has been delayed by eight months and first copper production is now expected in the fourth quarter of 2011. For the Barro Alto nickel project in Brazil there is a 12 month commissioning delay, with first production expected in the first quarter of 2011.

Base Metals has an extensive pipeline of projects under consideration or development for the longer term. In Chile, the potential phased expansion of the Collahuasi copper mine continues to be investigated. In Alaska, the pre-feasibility study for the Pebble copper project, in which the Group has a 50% stake, is ongoing. It is anticipated that exploration drilling will start at the 300,000 tpa Michiquillay copper project in Peru in 2009.

Kumba Iron Ore continues to ramp-up its production at the Sishen Expansion Project in South Africa. The project is expected to reach full production capacity of 13 million tonnes per annum (Mtpa) of iron ore in 2009. The Sishen South project, which involves the development of an opencast mine 80 kilometres south of Sishen mine, was approved in July 2008. Earthworks have commenced and bulk construction is scheduled to begin with the establishment of the major civil contracts during the first quarter of 2009. The mine is scheduled to start production in the first half of 2012, ramping up to full capacity of 9 Mtpa in 2013.

The pace of construction at Minas-Rio is driven by the timing of the Environmental Licence and other permits and, therefore, there is expected to be a 12 to 15 month commissioning delay to the first phase of the Minas-Rio iron ore project, with first production now expected in the second quarter of 2012. Planned annual capacity will be 26.5 Mtpa of iron ore pellet feed at an anticipated cost of \$3.6 billion which is currently being updated following the announced delay.

In manganese, the \$183 million GEMCO expansion project in Australia's Northern Territory is expected to be completed during the first half of 2009. The project is on

target to increase GEMCO's manganese ore production capacity from 3.0 million dry metric tonnes per annum (Mdmtpa) to 4.0 Mdmtpa by the first half of 2009.

In Coal, the \$473 million Zondagsfontein project is under construction and includes a 50:50 joint venture plant with BHP Billiton Energy Coal South Africa. The project is on track to deliver 6.6 Mtpa of export and domestic thermal coal from 2010, with first production expected in the second quarter of 2009. The Mafube project achieved full production rates of 5.4 Mtpa in 2008. Work continues on the housing project and the conveyor system and completion is expected in early 2009. MacWest is also nearly complete, with first production achieved in July 2008 and full production of 2.7 Mtpa expected in March 2009.

In Australia, the \$726 million Lake Lindsay coking coal project is progressing well. The coal handling and preparation plant has been commissioned, having achieved milestones on or ahead of plan, while the dragline started operations in January 2009. The \$839 million Dawson expansion project was completed in 2008. The Foxleigh mine was acquired in February 2008, delivering additional volumes and synergies with Anglo American's adjacent operations.

In Canada, Peace River Coal is making good progress on a \$95 million capitalisation programme to acquire and operate its own mining equipment fleet. In Colombia, the expansion at Cerrejón to 32 Mtpa is complete and full production is expected to be achieved early in 2009. Feasibility studies are under review to expand the operation to around 40 Mtpa. Total project capital expenditure for 2009 for Anglo Coal has been reduced to \$400 million.

For the first time in its history, De Beers opened three new mines in one year. In Canada, Victor mine in northern Ontario was completed and commissioned eight months ahead of schedule, while Snap Lake mine in the Northwest Territories commenced commercial production in early 2008, with both mines reaching full production in the second half of the year. De Beers' Voorspoed mine in South Africa was officially opened in November and is expected to produce 8.3 million carats at an average value of \$120 per carat for the next 12 to 16 years.

Ferrous Metals projects, shown in the table on page 19 on a nominal basis, were expressed in real terms in the half year financial report. Had they been expressed in nominal terms the capex forecasts would have been:

Approved			At 30 June 2008	
Project	Capex (real) \$m		Capex (nominal) \$m	
Sishen Expansion	754		797	
Minas-Rio phase 1	3,456		3,543	
Sishen South	782		1,017	
Future unapproved			At 30 June 2008	
Project	Capex (real) \$m		Capex (nominal) \$m	
Sishen Expansion Project 2	775		819	
Sishen Pellet	338		359	

Selected major projects

Completed in 2008						
Sector	Project	Country	Completion date		Capex \$m ⁽¹⁾	Production volume ⁽²⁾
Base Metals	Collahuasi debottlenecking	Chile	Q4 2008		66	31 ktpa copper ⁽³⁾
Diamonds	Victor	Canada	Q3 2008		834	0.6 million carats pa
	Snap Lake	Canada	Q4 2008		796	1.6 million carats pa
	Voorspoed	South Africa	Q4 2008		185	0.7 million carats pa
Coal	Dawson	Australia	Q4 2008		839	5.7 Mtpa coking, semi-soft and thermal
Approved						
Sector	Project	Country	First production date	Full production date	Capex \$m ⁽¹⁾	Production volume ⁽²⁾
Platinum ⁽⁴⁾	Marikana JV	South Africa	Q1 2006	Q1 2009	36	145 kozpa refined platinum
	Mototolo JV	South Africa	Q4 2006	Q2 2009	200	130 kozpa refined platinum
	Amandelbult East Upper UG2	South Africa	Q3 2007	Q4 2012	224	100 kozpa refined platinum
	Mogalakwena North expansion ⁽⁵⁾	South Africa	Q4 2007	Q2 2010	692	230 kozpa refined platinum
	Mogalakwena North replacement ⁽⁵⁾	South Africa	Q4 2007	Q2 2010	230	Replace 200 kozpa refined platinum
	Townlands ore replacement	South Africa	Q4 2007	Q4 2015	139	Replace 70 kozpa refined platinum
	Lebowa Brakfontein Merensky	South Africa	Q2 2008	Q1 2011	179	Replace 108 kozpa refined platinum
	Base metals refinery expansion	South Africa	Q3 2009	Q3 2010	279	11 ktpa nickel
	MC plant capacity expansion – phase 1	South Africa	Q3 2009	Q3 2009	80	11 ktpa waterval converter matte
	Mainstream inert grind projects	South Africa	Q4 2009	Q3 2010	188	Improve process recoveries
	Slag cleaning furnace 2	South Africa	Q4 2009	Q4 2010	134	650 tpd increased slag cleaning capacity
	Paardekraal	South Africa	Q2 2010	Q2 2015	316	Replace 120 kozpa refined platinum
	Twickenham	South Africa	Q4 2011	Q4 2016	800	180 kozpa refined platinum
	Amandelbult No 4 Shaft project	South Africa	Q1 2012	Q1 2019	1,602	Replace 271 kozpa refined platinum
	Stydrift Merensky phase 1	South Africa	Q2 2017	Q2 2018	1,621	245 kozpa refined platinum
Base Metals	Barro Alto	Brazil	Q1 2011	Q3 2012	1,600-1,800	36 ktpa nickel
	Los Bronces expansion	Chile	Q4 2011	Q4 2012	2,200-2,500	173 ktpa copper ^{(3) (6)}
Ferrous Metals	Sishen expansion	South Africa	Q4 2007	Q4 2009	588	13.0 Mtpa iron ore
	Minas-Rio phase 1	Brazil	Q2 2012	Q3 2013	3,627	26.5 Mtpa iron ore pellet feed (wet basis)
	Sishen South	South Africa	H1 2012	Q1 2013	924	9.0 Mtpa iron ore
Coal	Correção	Colombia	Q1 2007	Q1 2009	134	3.0 Mtpa (2nd stage) thermal
	Lake Lindsay	Australia	Q4 2007	Q1 2009	726	4.0 Mtpa coking and semi-soft
	Mafube	South Africa	Q4 2007	Q2 2008	214	5.4 Mtpa thermal
	MacWest	South Africa	Q3 2008	Q1 2009	49	2.7 Mtpa thermal
	Zondagsfontein	South Africa	Q2 2009	Q4 2010	473	6.6 Mtpa thermal
Future unapproved						
Sector	Project	Country	First production date	Full production date	Capex \$m	Production volume ⁽²⁾
Base Metals	Collahuasi expansion phase 1	Chile	2010	2011	450	485 ktpa copper ^{(3) (8)}
	Goias II	Brazil	2013	2014	1,915	Fertiliser ⁽⁷⁾
	Quellaveco	Peru	2014	2016	2,500-3,000	225 ktpa copper ⁽³⁾
	Jacaré phase 1	Brazil	2015	2017	2,200	40 ktpa nickel
	Morro Sem Bone	Brazil	2016	2018	1,670	32 ktpa nickel
	Gamsberg	South Africa	2016	2018	1,930	400 ktpa zinc
	Michiquillay	Peru	TBD	TBD	TBD	300 ktpa copper ⁽³⁾
	Pebble	United States	TBD	TBD	TBD	350 ktpa copper ⁽³⁾
Ferrous Metals	Sishen Expansion Project phase 1B	South Africa	2010	2010	60	0.4 Mtpa iron ore
	Sishen Expansion Project 2	South Africa	2013	2014	1,180	10.0 Mtpa iron ore
	Sishen C Grade	South Africa	2013	2014	TBD	10.0 Mtpa iron ore
	Sishen Pellet	South Africa	2014	2015	590	2.0 Mtpa iron ore pellets
	Minas-Rio phase 2	Brazil	TBD	TBD	TBD	26.5 Mtpa pellet feed (wet basis)
Coal	Heidelberg opencast	South Africa	2010	2010	30	0.9 Mtpa thermal
	Elders opencast	South Africa	2011	2011	475	6.4 Mtpa thermal
	Elders underground	South Africa	2011	2012	225	3.2 Mtpa thermal
	Correção P40	Colombia	2012	2014	1,065	8.0 Mtpa thermal
	New Largo	South Africa	2012	2015	660	14.7 Mtpa thermal
	Heidelberg underground	South Africa	2013	2014	290	4.2 Mtpa thermal

The Group has a number of other projects under evaluation, including Der Brochen, Waterval phase 5, Frank ore replacement UG2, Turffontein ore replacement UG2, Union deep shaft project, BRPM phase 3 UG2 and MR north shaft, Pandora JV and Ga-Phasha JV in Platinum, Correção P50 in Coal and Gachcho Kué in Diamonds.

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

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

⁽³⁾ 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.

⁽⁴⁾ Anglo Platinum has rescheduled the timing of projects to match the 2009 production volume of 2.4 million ounces and project expenditure level of \$600 million. The impact of this rescheduling beyond 2009 is currently under review.

⁽⁵⁾ Mogalakwena was formerly known as PPRust.

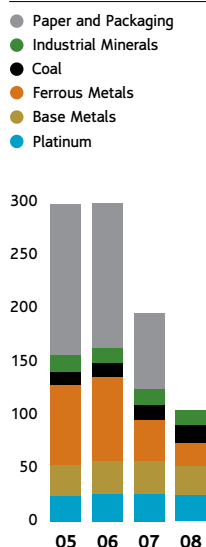
⁽⁶⁾ Production represents average over the first ten years of the project.

⁽⁷⁾ Incremental production of 70 ktpa DCP, 88 ktpa low analysis fertiliser and 414 ktpa high analysis fertiliser. The project will also produce sulphuric acid, phosphoric acid and niobium.

⁽⁸⁾ Total production of mine when project has ramped up to full production. Further phase expansions have the potential to increase production to 1 Mtpa.

Performance against KPIs continued

Total energy used*
GJ (million)



* Results of Paper and Packaging included up to point of demerger in July 2007 and results of Highveld until April 2007. Excludes independently managed operations

Partner of choice

Sustainable development

Anglo American formally embarked on a sustainable development journey at the beginning of this decade, which includes a commitment to sustainable development in its *Good Citizenship: Our Business Principles* business principles. The Company's goal is to maximise the positive contributions it can make, alongside governments and society, to build a more sustainable future and to reduce the negative impacts of its operations.

Sustainable development principles are part of the Company's key benchmarks.

They challenge the organisation to:

- be an efficient, ethical and value creating business;
- create meaningful employment in safe, healthy environments;
- reduce its environmental footprint and contribute to biodiversity management;
- innovate and drive technology and process improvement; and
- contribute to building more adaptable and sustainable societies.

In 2008, the Group articulated a set of guiding values, which were founded on those developed within its business units. They are safety, care and respect, integrity, accountability, collaboration and innovation.

A number of important Anglo American documents, policies and guidelines were updated during 2008. These include the Anglo Fatal Risk Standards, the Anglo Environmental Performance Standards and the Sustainable Development and the Supply Chain policy and related guidelines.

Energy

Total energy consumption for the Group (on a like for like basis) fell by 2% from 107 million GJ in 2007 to 105 million GJ in 2008.

Energy efficiency

The Company has set a target of improving energy efficiency by 15% over the ten years to 2014 – measured as energy intensity per unit of saleable product. In accordance with this target, each business unit has set its own goals and implemented appropriate programmes to reduce energy consumption or improve energy efficiency.

Energy management

The Group's energy managers are constantly being challenged by change in virtually all areas of the Company's business. This is illustrated, for example, by the energy managers' need to measure efficiency gains, which are being masked by changes in mining conditions, acquisitions and disposals. In 2008, Group wide roll-out began of Project REDUCE, which aims to improve and, where possible, automate energy data collection.

Energy security

In 2008, critical shortages of energy in a number of countries of operation compounded the challenges of the Company's ongoing efficiency programme. In some cases, this meant that less efficient and more polluting sources of energy needed to be found in the interim. Energy shortages had a considerable effect in South Africa and Chile, where power supply constraints were a major inhibitor of the mining industry's ability to expand to meet demand levels. In both countries, the Company has engaged with power utilities and relevant authorities to find solutions, implement efficiency measures, and make contingency plans for unplanned power outages.

Water

Several Anglo American operations are located in some of the most water-stressed regions of the world. The efficient use of water is essential for these operations, both in terms of their dependency on the resource, as well as for their social licence to operate. Water quality is an important factor for all our operations, regardless of scarcity.

During 2008, the Group used 125 million m³ of water, compared with 131 million m³ in 2007 (on a like for like basis).

Since the Company's first 'WaterWays Summit' in 2007, Anglo American's business units have been working hard to develop water strategies and action plans, mapping water footprints and measuring water balances and flows. The ultimate goal is an effective 'One Anglo' approach to water management.

There has been good progress on these three items. Although all business units have been measuring their water flows and water balances for some time, they have improved the integrity of their data.

Using the 'footprint' model, business units now have a much better understanding of their water consumption and have greater confidence in their data. Through the coming year, a set of water efficiency targets for the Group will be developed, based on this information.

Each business unit has articulated its own operational strategic approach to water management, and has begun to implement water action plans in parallel to their strategies.

The first draft of the Group Water Strategy, designed to provide broad direction and inspiration for operational water plans, was presented towards the end of 2008. In addition, an environmental steering group developed the Environment Way Water Standard, which supports the overall water management framework and which is due for roll-out in early 2009.

A major ambition for 2009 is implementing the new Group Water Strategy, as well as the water efficiency monitoring and reporting model. Along with this, each operation will be expected to set a water reduction target, and develop a water reduction plan.

Climate change and greenhouse gas emissions

Anglo American recognises that climate change is a serious international and community concern, as well as a risk to its business, and is committed to a 10% reduction in greenhouse gas (GHG) emissions per unit of production against a 2004 baseline.

One of the Company's immediate responses has been its work on energy efficiency and energy management. Other commitments include collaboration in research and development programmes, incorporating climate change considerations into business planning and exploring market-based emissions-reduction mechanisms.

During 2008, the managed businesses emitted 19.8 million tonnes of carbon dioxide equivalents (CO₂e) compared with 19.4 million tonnes on a like for like basis in 2007.

Methane

Anglo Coal's efforts in Australia to generate electricity from waste mine methane has resulted in the establishment of two power stations. The 32 megawatt (MW) German Creek power station came on stream in early 2007 and a 45 MW power station was commissioned at Moranbah North in 2008. These power stations will reduce our greenhouse gas emissions by 2.5 million tonnes of CO₂e each year.

As part of the Company's collaboration with chemicals company Johnson Matthey (JM) to identify potential joint research opportunities in low-carbon technologies, and then develop and commercialise them, Anglo American signed an agreement with JM to develop technology that will mitigate the effects of methane from mine ventilation air.

Carbon capture and storage

In 2008, the difficult decision was taken to place the Australian Monash Energy brown coal-to-liquid and carbon capture and storage (CCS) project under review owing to unfavourable economic conditions and an uncertain regulatory environment for carbon sequestration. Anglo American was, however, pleased to announce its support as a founding member of the Global Carbon Capture and Storage Institute, based in Australia. The institute aims to accelerate the development and deployment of CCS projects.

Alternative energy

Anglo Base Metals has facilitated the establishment of a wind farm at its Lisheen zinc and lead mine, which will benefit the operation, its employees, and the community, and will leave a positive legacy after mine closure. Other initiatives within Anglo Base Metals include energy recovery, wind, solar alternatives and co-generation.

Australian carbon pollution reduction scheme

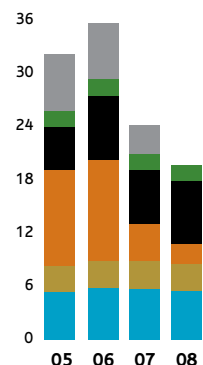
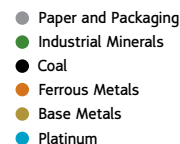
In 2008, the Australian government progressed a number of policies related to climate change – the key one being the Carbon Pollution Reduction Scheme. As a major energy producer and user, Anglo Coal Australia is working to inform policy, understand its implications for the business and explore GHG mitigation options.

Adaptation

Anglo American has formed a partnership with Imperial College in London on a climate change impact assessment project, which will enable the Company, as a first step, to establish a hazard inventory of its current and future operations around the world. The Company will then be in a position to implement appropriate adaptation strategies for high risk operations.

CO₂ equivalent emissions*

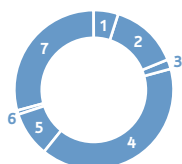
Tonnes (million)



* Results of Paper and Packaging included up to point of demerger in July 2007 and results of Highveld until April 2007. Excludes independently managed operations

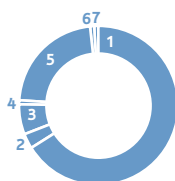
Performance against KPIs continued

2008 Global social investment expenditure \$ (million)



- 1 Health/HIV 4.1
- 2 Education and youth 10.5
- 3 Environment 1.6
- 4 Community development 30.2
- 5 Arts, culture and heritage 7.2
- 6 Housing 0.1
- 7 Other 22.5

2008 Global social investment expenditure by region \$ (million)



- 1 South Africa 50.4
- 2 Rest of Africa 2.4
- 3 United Kingdom 4.7
- 4 Rest of Europe 0.5
- 5 The Americas 17.0
- 6 Australia/Asia 0.6
- 7 Other 0.6

Social and community development

The Company took a number of steps in 2008 to further its objective of becoming the partner of choice for local communities and host governments. At the heart of the approach is a focus on maximising the beneficial development outcomes of the Group's operations at a national and local level.

Anglo American has continued to expand its award winning enterprise development programmes. Highlights include the establishment of 11 Anglo Zimele small business hubs in South African mining communities. These offer loans and mentoring to local entrepreneurs. They join the existing supply chain investment fund and a fund for junior mining companies. Together, the Zimele funds now encompass 239 businesses which are supporting more than 10,400 jobs in South Africa. Similar growth was seen in Chile, where more than 2,700 entrepreneurs, generating in excess of 3,000 jobs, are now being supported through the Anglo Emerge programme.

Anglo American's unique and highly acclaimed *Socio-Economic Assessment Toolbox (SEAT)* programme continued to be a major focus of efforts to enhance social performance. More than 400 managers and people from partner organisations have now been trained in the implementation of the toolbox and assessments commenced at over 20 operations in 2008. A particular feature of the training has been participation from a wider range of professional disciplines. In addition to community development and relations staff, numerous exploration, project management, human resources and procurement staff have also participated, as have about 20 NGO partners. New tools were also added during the year on managing the social issues associated with on-site contractor workforces and on respectful engagement with indigenous people.

A major milestone was reached in South Africa in November with the signing of a memorandum of understanding between Anglo Platinum and the Department of Housing, which will ultimately enable the development of approximately 20,000 houses for employees. It is hoped that this will play a major role in promoting home ownership and reducing the proliferation of informal settlements, particularly around Rustenburg in the North West province.

In March 2008, the campaigning NGO, ActionAid, published a report which included allegations arising from a resettlement being undertaken by Anglo Platinum at Mogalakwena. The most serious allegation was that the mine was polluting water supplies to nearby schools. Independent scientific analysis has since proven that this allegation was unfounded. However, in response to the ActionAid allegations, the South African Human Rights Commission (HRC) launched an investigation. Although the commission found that there had been no

violations of human rights on the part of the Company, Anglo Platinum nevertheless used the process to re-examine and enhance aspects of its policies and practices for community engagement. Anglo Platinum is committed to applying international best practice in the execution of resettlement.

Corporate social investment

Anglo American and its managed subsidiaries and joint ventures contributed \$76.2 million (1.11% of pre-tax profit) to charitable causes and community development initiatives in 2008 compared with \$60.5 million (0.70% of pre-tax profit) in 2007. These figures include cash donations, gifts in kind and staff time spent delivering community benefit programmes.

In 2008, the geographical distribution of social investment was 69% in Africa, 22% in the Americas, 1% in Australia and Asia, 7% in the UK and Europe and 1% in other countries.

In addition, two independent trusts, Optima and Epoch, have been endowed by Anglo American to raise standards of maths and science teaching in South African schools. These contributed an additional \$10 million in 2008.

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

At a national level, the Anglo American Chairman's Fund, the Group's main social investment vehicle in South Africa, was rated for the eighth year in succession as the top corporate giver by NGOs and peer group companies. In 2008, it supported more than 250 projects. Among the activities backed by the Fund were the Leratong Hospice in the communities of Atteridgeville and Saulsville, west of Pretoria; the world class work of the Aurum Institute for Health to support its work on the treatment and prevention of HIV and TB infection; and the expansion of the African Institute of Mathematical Sciences in Cape Town.

The Anglo American Group Foundation, based in the UK, has a global remit to support innovative projects which support development, combat poverty, promote education and health provision and environmental objectives. The various causes supported by the Foundation during 2008 included projects with CARE International in Lesotho, Brazil and Zimbabwe; Children of the Andes for its work in Colombia; Sightsavers International for an eye-care clinic in Guinea; Caring for Congolese Children; Pro Mujer working with women in Peru on a micro-loan programme; and the MicroLoan Foundation in Namibia on a micro-enterprise programme.

Within the UK, the Foundation continued to support the homeless and other disadvantaged groups in central London through working with the Connection at St Martin's, Centrepont, Fairbridge, Skillforce and other similar charities.

Particular focus has also been placed on education in engineering through the Foundation's ongoing work with Engineers Without Borders and a newly formed relationship with the Royal Academy of Engineering.

Enterprise development

A cornerstone of Anglo American's approach to delivering sustainable development is to build the capacities and life chances of the communities where the Company operates. Two major elements of this are the implementation of the SEAT process, which provides operations with a template for regular assessment of their positive and negative impacts, for improving their understanding of local people's concerns, needs and priorities and for developing targeted interventions to improve the Group's development impacts and the Company's enterprise development programmes. In 2007, the Company stated that it was developing a new KPI to reflect the value and impact of sustainable development initiatives. As a result, a new indicator has been instituted, which describes both the number of

micro, small and medium sized enterprises (SMEs) supported at any one time by the Company's enterprise development initiatives and how many jobs these businesses are supporting.

Enterprise development can involve both free-standing businesses and those which are successful in securing a place in the Group's supply chain. This has been chosen as a proxy for the Company's overall community development work because, in Anglo American's experience, involvement in such businesses is an effective means of empowering people and building their capacities. Experience also suggests that such programmes can be particularly successful in addressing gender inequality issues.

Anglo American's long involvement in enterprise development in South Africa was set on a more formal footing in 1989, with various initiatives aimed at widening black participation in the economy. This subsequently developed into the unit known as Anglo Zimele (meaning 'to be independent' in Xhosa). Zimele's methodology involves a combination of equity

stakes, loans, opportunities to compete for supply chain opportunities and mentoring and is highly rated by groups like the World Bank. It has three elements: supply-chain related businesses; a junior mining fund; and a new small business fund (launched at the end of 2007, it now has 11 small business hubs in South African mining communities). The number of jobs supported by Zimele-sponsored companies broadly doubled during 2008 to more than 10,000.

A micro-enterprise loan and SME management capacity building scheme launched in Chile in 2007 had, by the end of 2008, extended support to 2,710 businesses employing over 3,000 people. A new small business scheme was also launched in Brazil around the Barro Alto project in 2008 in partnership with CARE. Despite the current difficult economic circumstances, it is hoped that enterprise development schemes supported or implemented by Anglo American can be expanded to provide livelihoods to more than 18,000 people by the end of 2009.

Community development

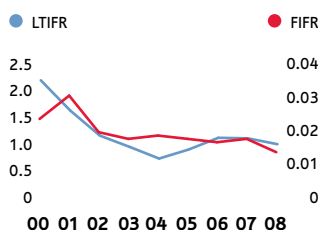
Anglo American has been working with CARE International UK since 2003. The scope and ambition of the relationship increased in December 2007 when Cynthia Carroll signed a Memorandum of Understanding (MoU) with CARE UK's chief executive, Geoffrey Dennis. The objective of the MoU is to alleviate poverty and to promote improved development outcomes. In 2008, a programme of activities was launched to work towards these goals. This included CARE participation in Anglo American social management training sessions in Brazil, Chile and South Africa; study visits to see Anglo American's workplace and community HIV/AIDS programmes; investment in enterprise development initiatives; and community development projects. The MoU has also catalysed a number of initiatives in-country, notably the development of a broad-based community development partnership around the Barro Alto project in Brazil. The Anglo American Group Foundation also initiated funding for CARE projects in Lesotho, Zimbabwe and Brazil, as well as for a team member in CARE's emergency shelter team.



Livelihood projects are one of the areas where Anglo American and CARE work together. Above, women are participating in a ceramics livelihood programme in São Paulo, Brazil, a project supported by the Anglo American Group Foundation

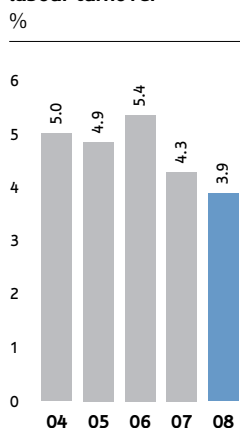
Performance against KPIs continued

Lost time injury frequency rate (LTIFR) and fatal injury frequency rate (FIFR)*

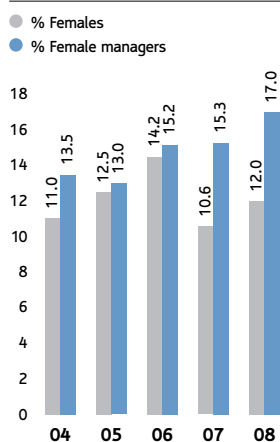


* See KPI table on page 15 for definitions of LTIFR and FIFR. Excludes Mondi from June 2007 and Highveld from April 2007

Anglo American voluntary labour turnover



Anglo American diversity
% Female



Employer of choice Safety

Anglo American's vision is one of zero harm at all its operations. Zero harm means a work environment where no one gets hurt and is underpinned by the three principles of: zero mindset; no repeats; and simple, non-negotiable standards. Preventing repeat incidents is a particular focus of attention.

The Company's efforts on safety are delivering some improvement, but much remains to be done. During 2008, the number of people who lost their lives while on the Group's business was 27. This compares with 40 fatalities the previous year. Though still an unacceptable figure, it represents a 33% improvement. Twelve fatalities occurred in the first half of the year and 15 in the second six months; 17 took place underground and 10 on the surface; 15 individuals who lost their lives were contractors and 12 were employees.

Progress continues to be made in redesigning mining processes and technology to reduce falls of ground and their potential for loss of life. This is reflected in a reduction in fall of ground incidents during 2008, which, for the first time, were not the most frequent type of fatal incident. Vehicle transport was responsible for 26% of deaths, followed by falls of ground at 22% and moving machinery and falling at 15% each. Anglo Coal completed a transport review during 2008 to gain a better understanding of the nature and circumstances of transport incidents. Implementing the recommendations of the review has been given high priority.

In 2008, the Group's lost time injuries, which are measured according to the industry standard of lost time injury frequency rate (LTIFR) per 200,000 hours worked, was 1.04. This represents a 17% improvement on the 2007 performance of 1.26.

A 'One Safe Anglo' safety strategy has been developed, which outlines the approach needed to be taken to improve safety performance, close performance gaps and achieve zero harm. This strategy will be implemented through a combination of globally developed programmes and activities and business unit safety improvement plans (SIPs), which set out to address specific operational priorities and challenges. Each business unit has developed a SIP in response to the two internal Anglo American safety summits held in 2007.

At the end of 2007, Anglo American launched its Fatal Risk Standards to prevent loss of life arising from incidents that, historically, have had a high frequency. For 2008, the managed operations achieved an average of 67% implementation of the standards, slightly below the target of 70%, while full compliance is required by 2010.

More than 1,300 people were trained throughout 2008 on a groundbreaking programme to establish and embed an

operational safety risk management process. The programme is intended to contribute to a critical step-change in the Group's safety performance, and aims for everyone working at Anglo American to make the right safety decisions.

Education programmes for around 8,000 supervisors, managers and executives across the Group will be delivered from 2008 to 2010 by a network of university partners around the world. Up to 20% of the places on all courses will also be opened up to external delegates, primarily from unions and regulators.

Trends in safety incident rates are neither fully indicative nor predictive of the level of safety risk control within the organisation. As a result, a series of leading indicators and practical measures is being put in place to test the integrity of these controls.

People

During the year, the Group's employees worked together more closely in order to realise Anglo American's strategy to become the investment, partner and employer of choice. Following the launch of the Group strategy and values at a global leadership conference in May, there has been a vigorous roll-out programme across all business units and operations designed to embed new ways of thinking and working among our 105,000 permanent staff based on five continents.

Anglo American's people strategies are a key pillar in building and maintaining the Group as the employer of choice, and in ensuring that employees at all levels have the knowledge and capability to drive the investment of choice and partner of choice strategies.

Talent management

During 2008, the talent audit process was embedded further across the Group in a standardised way. Executive Committee attention to succession planning took place alongside regular comprehensive reviews of the executive pipeline in order to assess succession for top positions as well as any potential business risk.

External hiring to strengthen the quality of leadership continued throughout the year, with 20 senior appointments across most businesses and functions. Internally, increased objectivity was brought to the identification of executive pipeline potential through the introduction of independent assessment by business psychologists. About 70 senior managers were assessed throughout 2008, which facilitated a sharper focus on individual development planning for current and future roles. The results were also reviewed at an aggregate level to identify trends, strengths and gaps in the overall leadership profile and to inform future development strategies. A new talent tracking system, 'AngloTrack', launched at the beginning of 2008, houses key data on the Group's executive and senior managers and is designed to support the

decision making process regarding appointments and succession planning.

A key theme throughout the year was to encourage greater cooperation across the Group to increase effectiveness in talent management and resourcing, particularly in the area of cross-fertilisation of talent. Regular networking forums with representatives from all business units were introduced to share issues and best practice and to provide a platform for sharing vacancies and transferring talent across the organisation. In a similar vein, an employee referral system was introduced to incentivise staff to introduce talented potential employees to the Company. General communication on talent management matters was also stepped up, with key information for employees on the Group's policies and processes brought together electronically in a user-friendly portal. In addition, building the talent management capabilities of HR people is being addressed in a systematic way, with specific training provided to 190 first-line professionals throughout the organisation to help enable effective performance to a common Group standard.

Reward, retention and performance

The Group's reward strategies assisted in attracting and retaining talented and skilled employees in a labour market that remained tight throughout most of the year. Voluntary labour turnover fell marginally during the year to 3.9%, indicating that reward and longer term retention arrangements are being successful in retaining employees.

The Company continued to strengthen its regional and international compensation and benefits standards and capability. Internal and external market survey and benchmarking activities were conducted on a more rigorous scale using a Global Banding Framework to more accurately map and compare roles across business units, functions and industries. These activities not only facilitated cross-business unit mobility during 2008 and laid the foundations for future career moves in 2009, but have also been an important element in demonstrating to the Remuneration Committee that the Group's remuneration packages remain competitive and appropriate.

Significant progress, too, has been made on the design of a common performance measurement and management system to be rolled out across the Group in 2010. This will link business scorecard-based performance contracts, robust performance measurement and employee development planning and review and will be integrated with the Group's remuneration and talent management systems.

The year saw further development and wider deployment of the Group's payroll, benefit and employee life cycle information management system. This coincided with detailed analysis of the various processes involved in the delivery of a global shared service and the design of

standard processes as part of an employee services model. Further implementation of common technology, processes and shared service centres is scheduled for 2009 and 2010 across three main hubs.

There has also been a focus on the Group's mobility framework, with the appointment of, and transition to, one global expatriate tax services provider and the development of a Group-wide international assignment policy. Ongoing work on employee mobility will assist the organisation's ability to attract and retain employees.

Transformation

During 2008, the business units increasingly worked more closely together to achieve common Group standards and goals while simultaneously taking major strides towards changing the Group's diversity profile.

In a further change to the composition of management ranks within South Africa, there was a 3% growth in the representation of 'historically disadvantaged South Africans' (HDSAs) at management level; HDSAs now comprise 45% of management against a target of 40% (2007: 42%). There was also growth in the number of women in senior management roles, the proportion increasing to 18.3% (2007: 17.0%). These trends are expected to continue in 2009.

Within the Group as a whole, initiatives like 'Women in Mining', designed to boost the attraction of females into the industry, have started to have an impact. The overall proportion of females increased to 12% (2007: 11%), while the percentage of female managers rose to 17% (2007: 15%).

HIV and AIDS

HIV/AIDS workplace programmes are in place at all operations, though the focus of activity is in southern Africa. The percentage of employees who are tested annually as part of the Group's HIV/AIDS counselling and voluntary testing programme continues to grow and by year end had reached 77%.

During 2008, the Company extended this programme to the dependants of employees. Reaching these dependants, however, will be a considerable challenge, particularly where families live in remote areas, far from Anglo American treatment centres.

The programme is now being extended to the contractor workforce, with the aim that every HIV-positive contractor can access care, support, and treatment. During the year, an HIV/AIDS policy requirement for suppliers was also integrated into the Company's new supply chain code. Anglo American estimates HIV prevalence across its southern African operations to be 18%, or about 14,500 employees. Of this total, just over half of those in need of care are participating in HIV disease management programmes and more attention needs to be devoted to enrolling

HIV-positive employees into care and support programmes. This strategy should also help reduce the incidence of tuberculosis (TB), the most common feature of immune deficiency.

More than 3000 employees, 21% of those who are HIV-positive, are receiving anti-retroviral treatment (ART). The Company estimates that at least 30%, potentially 1,400 employees, of those who are HIV-positive and in need of treatment, are not yet receiving it.

A continuing concern is the number of employees who discontinue ART. The Company has a 62% retention rate after 5.5 years, which although consistent with other experience in sub-Saharan Africa, leaves much room for improvement. Most of the losses are in the first year of treatment.

Women and girls are both physiologically and psychologically far more vulnerable to HIV infection than men. Gender equality and women's rights, therefore, have become central themes globally in the battle against HIV infection and they form an important component in the Group's response. All work on socio-economic development around the Group's operations, equality in the workplace, social investment, education and skills development features special consideration of women.

Resources

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

- Knowledge and expertise
- Proved and probable reserves

Full details of the Group's Ore Reserves and Mineral Resources estimates are found on pages 136 to 161

Knowledge and expertise

Technology capability

Anglo American has long been distinguished by its strong in-house technology capability. The Anglo Technical division (Anglo Technical) is the custodian of specialised engineering skills employed throughout the Group, while Anglo Research identifies emerging technologies and develops them to pilot-plant scale and also assists in the rapid transfer of technologies across the Group. During 2008, a value based management exercise was conducted across Anglo Technical and Anglo Research to improve focus and the degree of prioritisation. The technology strategy has accordingly been upgraded, with clear technology development priorities established in the following areas: safety, sustainable development, research and development, asset optimisation and nurturing of technical talent.

Anglo Technical continues to assist operations at Group sites worldwide, particularly in such fields as safety improvement, asset optimisation and energy efficiency. In addition to bedding down energy and emission reduction reporting, an IT network has been established to collect data on electricity usage from all Group operations in South Africa. This will assist in establishing baseline parameters for energy efficiency improvements to meet Group targets, and also in managing the impact of electricity rationing schemes that have been proposed for introduction during 2009. Technical studies into the construction and operation of very large electric motors have led to the successful commissioning of gearless mill drives at Anglo Platinum's Mogalakwena concentrator in South Africa and on the new dragline at Anglo Coal's Lake Lindsay operation in Australia, the first application of alternating current (AC) drive technology in the Group. Mining automation remains a key focus area, offering the potential for improved safety and reduced cost, while the ongoing development of industrial wireless networking offers major new cost effective opportunities to extend the capabilities of control systems at Group operations. Anglo Technical has also formulated a new Group Fatal Risk Standard to cover procedures for energy isolation before undertaking, inspection, maintenance or construction work.

In the exploration field, benchmarking exercises in Canada and production surveys in South Africa have demonstrated that the Ground Electromagnetic, Superconducting Quantum Interference Device (EM SQUID) provides Anglo American with a technical advantage over its competitors. Geophysical tools are also increasingly being deployed in risk management, with tools such as 3D seismic surveys, downhole geophysical logging and borehole radar being applied in mine planning and development. Predictive hazard mapping and modelling ahead of the mining face, using integrated geoscience and engineering inputs, is an important area of research at Anglo Technical.

At Anglo Research, an innovative process has been piloted successfully for the production of titanium metal, with further research and development now being conducted to optimise the technology. The development of an innovative production technology to extract nickel from laterite ores has progressed to the stage where detailed design of an integrated pilot plant is almost complete. Research initiatives are being conducted to significantly improve water and energy efficiency in the future through development of new technologies in the areas of ore upgrading, comminution and dry processing. Concentrator surveys continue to be conducted across the Group to improve operational and water usage efficiencies. A new-generation Scanning Electro Microscope – Mineral Liberation Analyser (SEM MLA) is currently being commissioned. State of the art operating software is being developed to allow automated online mineralogy data capture at remote operational sites, with high level data evaluation being conducted in the Mineralogical Research department.

A number of factors, including technical advances, constraints on the availability of resources such as water and energy, the need to reduce our impact on the climate and evolving stakeholder expectations, have prompted a re-assessment of the way in which major projects are designed, assessed and implemented. A suite of tools and procedures, developed internally and in conjunction with international partners, is being rolled out across the Group to assist project managers in ensuring that due consideration is given to all relevant factors over the lifetime of each project. Anglo Technical is leading a number of capital efficiency initiatives derived from an international benchmarking study completed in 2008. These focus on optimising organisational project structures, the development of essential project skills and rolling out a Group best practice project standard. Governance and assurance are also provided through the technical review of major projects at various stages of their development.

Exploration

Anglo American continued its exploration activities in 2008. Exploration is undertaken in a range of frontier areas to more mature greenfield locations globally as well as in brownfield environments in close proximity to Anglo's existing operations. Anglo's exploration geoscientists are also involved in the identification and evaluation of properties for potential acquisition or alliance opportunities.

Anglo teams continued to advance exploration on recent discoveries, sole funded projects and alliances with other companies. Through 2008, excluding De Beers, the Group spent \$212 million (2007: \$157 million) on exploration in 21 countries. De Beers spent \$96 million on exploration (2007: \$126 million).

Anglo Base Metals spent \$123 million during 2008 and continued focused exploration around its Chilean copper and Brazilian nickel and phosphate mines, in addition to zinc exploration adjacent to operations in Namibia, South Africa and Ireland. Its project pipeline was strengthened by early-stage discoveries of nickel-copper in Finland and zinc in Namibia. Advanced project work further evaluated the West Wall and Michiquillay copper projects in Chile and Peru respectively, the Jacaré nickel project in Brazil and the Gamsberg East zinc project in South Africa. Near-mine exploration efforts centred on resource evaluation of the San Enrique-Monolito project and other near-mine opportunities.

Anglo Platinum spent \$36 million on an ongoing programme of exploration around existing operations in the Bushveld Complex of South Africa and the Great Dyke of Zimbabwe. International exploration was again focused on Canada (though reduced in scale), China, Brazil and Russia.

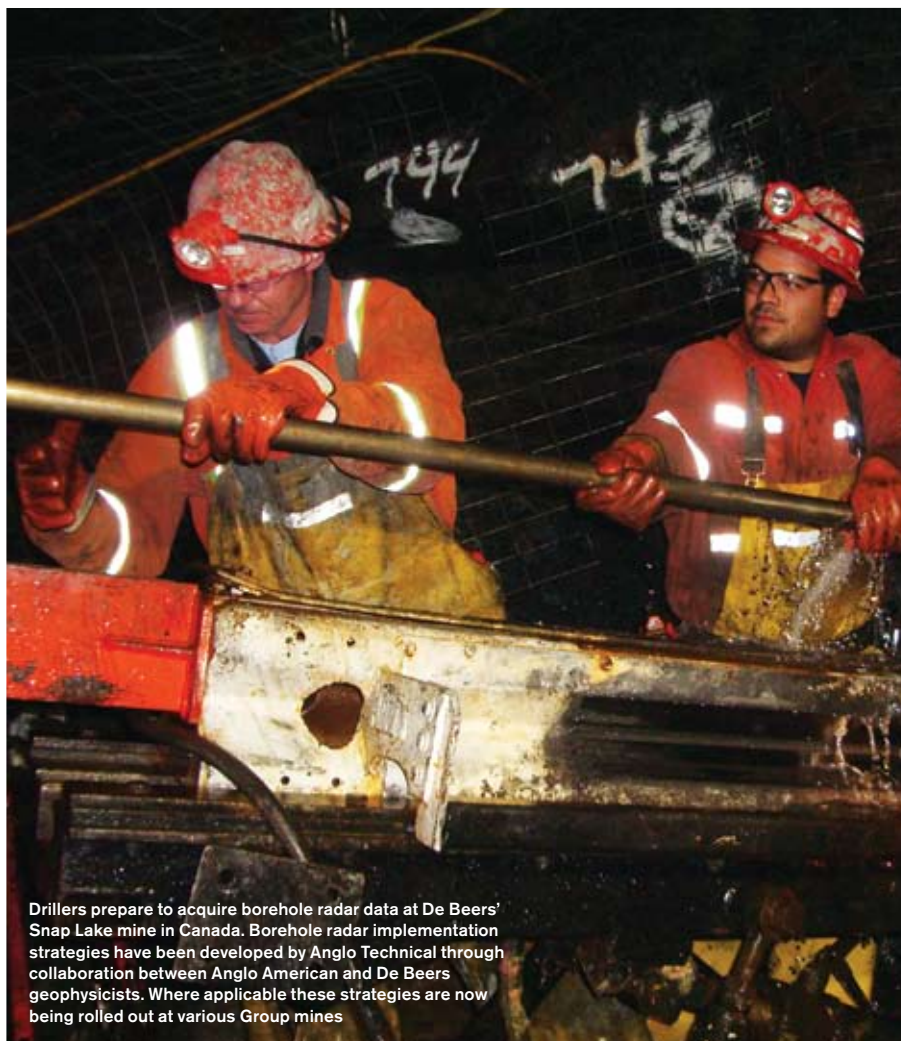
Anglo Coal's exploration expenditure of \$35 million was concentrated on evaluating,

assessing and extending resources for export thermal and coking coal, domestic thermal coal and coal bed methane (CBM). In South Africa, further exploration was undertaken on the South Rand and Kriel East projects, and resources were successfully converted to reserves at Mafube and Zondagsfontein. A CBM gas-yield test was also evaluated in the Waterberg project area of the country, while exploration for CBM was initiated in Botswana following the granting of licences there. In Australia, exploration targeted the Saddlers Creek, Moranbah South and Grosvenor Projects, while in Canada the focus remained on the Roman Mountain project adjacent to the existing Trend Mine.

Anglo Ferrous Metals incurred \$18 million on exploration for iron ore. In South Africa, this comprised both greenfield prospecting in the Northern Cape and brownfield activity at Sishen, Thabazimbi and Zandvierspoort. In Brazil, activities continued at the Amapá system and Minas-Rio project.

During the year, De Beers spent \$96 million on a focused global exploration programme

with significant investment in both early and advanced stage programmes, concentrated primarily on accelerating high interest discoveries in Angola, Democratic Republic of Congo and Canada. Early-stage exploration also continued in India, Namibia, Russia and South Africa with the emphasis on desktop targeting work and prospecting activities in focused ground holdings.



Drillers prepare to acquire borehole radar data at De Beers' Snap Lake mine in Canada. Borehole radar implementation strategies have been developed by Anglo Technical through collaboration between Anglo American and De Beers geophysicists. Where applicable these strategies are now being rolled out at various Group mines

Anglo Technical

Anglo Platinum launched a Borehole Radar (BHR) programme in 2007. The principal objective was to map geological disruptions to the PGM-bearing Merensky and UG2 reefs, especially so called 'potholes', which can vary in length from a few metres to hundreds of metres. Mining into potholes results in wasted development costs, dilution of ore and inefficient deployment of people and equipment and can also be a safety hazard because of unstable ground.

The BHR technique, implemented by Anglo Technical's Geosciences Resource Group, uses a special sensing probe, deployed in boreholes drilled ahead of mining development in order to show any reef disruptions up to 200 metres in advance of where mining is planned to take place. At one shaft, a BHR survey was able to identify mineable areas in generally poor ground that had not been exploited previously owing to the inability to predict where potholes would be found. Here, a BHR survey costing \$150,000 was able to add more than \$14.2 million in value to the mine's resource base. BHR is also being used in pilot holes, adjacent to the sites of proposed new shafts, to identify any vertical or near-vertical geological features that might pose a danger during shaft sinking, such as faults and water-filled fissures.

Group financial performance

The 2008 results were achieved against the background of the crisis that enveloped the world's financial markets in the second half of the year, which resulted in a sharp decrease in commodity prices

Financial review of Group results*

Group operating profit was \$10,085 million, with operating profit from core operations of \$9,765 million, 10% higher than 2007. Operating profit was driven by higher prices realised in the year, particularly for coal, iron ore, manganese ore and alloy, platinum, rhodium and diamonds. Higher sales volumes of coal and iron ore also contributed, as did the favourable exchange rate of the South African rand against the US dollar. Coal and Ferrous Metals saw very significant increases in operating profit, to record levels, on the back of stronger prices, increased volumes and operational efficiencies. Operating profit from Platinum and Base Metals was lower than 2007. At Platinum, this was due to a decrease in metal sales and higher key input costs, which were only partly offset by the higher realised platinum and rhodium prices. The Base Metals results were impacted by sharply lower base metals prices, particularly in the fourth quarter as the London Metal Exchange (LME) copper price fell to 132 c/lb at the end of December. The impact of prices, as well as lower overall production and sales volumes and increased input costs, resulted in lower operating profit from the Base Metals division.

Group underlying earnings were \$5,237 million, 4% lower than the prior year on a continuing basis. Underlying earnings from core operations were in line with 2007. Underlying earnings reflect the operational results discussed above, an increase in net finance costs due to higher interest as a result of the increased debt levels, as well as an increase in the effective tax rate.

Group underlying earnings per share were \$4.36 compared with \$4.18 in 2007

on a continuing basis, reflecting the lower weighted average number of shares as a result of the share buyback programme.

Profit for the year after special items and remeasurements decreased by 1% to \$5,215 million compared with \$5,294 million in the prior year. The decrease reflects the results discussed above and in the business unit overviews on pages 32 to 53, in particular a reduction in the operational results of non-core businesses, as well as a charge of \$880 million for operating remeasurements including a \$760 million loss on non-hedge derivatives. This is partly offset by an increase in net profit on disposals, lower operating special item charges, particularly in the Group's associates, and a net tax credit on special items and remeasurements compared with a charge in 2007.

The Group's results are influenced by a variety of currencies owing to the geographic diversity of the Group. In 2008, there was a positive exchange variance in underlying earnings of \$725 million. Results benefited from the weaker South African rand against the US dollar with an average exchange rate of R8.27 compared with R7.05 in 2007 as well as from the slightly weaker Australian dollar and Chilean peso, although these were partly offset by the overall strengthening of the Brazilian real over the year. There was a positive impact on underlying earnings from increased prices amounting to \$1,311 million, reflecting better prices for coal, iron ore, manganese ore and alloys, platinum, rhodium and a range of Tarmac's products, partly offset by significantly lower base metals prices.

Operating special items and remeasurements, including associates, amounted to a charge of

Underlying earnings

\$ million	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Profit for the financial year attributable to equity shareholders of the Company – continuing operations	5,215	5,294
Operating special items including associates	477	713
Operating remeasurements including associates	880	(2)
Net profit on disposals including associates	(1,027)	(484)
Financing remeasurements including associates:		
Exchange (gain)/loss on De Beers preference shares	(28)	3
Unrealised net gains on non-hedge derivatives related to net debt	(8)	(28)
Tax remeasurements	153	–
Tax on special items and remeasurements including associates	(264)	15
Minority interests on special items and remeasurements including associates	(161)	(34)
Underlying earnings – continuing operations	5,237	5,477
Underlying earnings – discontinued operations	–	284
Underlying earnings – total Group	5,237	5,761
Underlying earnings per share (\$) – continuing operations	4.36	4.18
Underlying earnings per share (\$) – discontinued operations	–	0.22
Underlying earnings per share (\$) – total Group	4.36	4.40

* Throughout the financial review, Group results are presented on a continuing basis unless otherwise stated and therefore exclude the results of Mondi and AngloGold Ashanti in 2007.

\$1,357 million. Included in operating special items of \$477 million was \$393 million in respect of impairments and restructurings, including a \$140 million impairment relating to Base Metals assets, \$91 million impairment and restructuring relating to Tarmac assets and \$79 million relating to the Group's share of the De Beers impairment. Also included in special items and remeasurements were one-off costs associated with 'One Anglo' initiatives of \$72 million. Operating remeasurements of \$880 million principally related to net losses on non-hedge capital expenditure derivatives held by Anglo Ferrous Brazil and Los Bronces and an unrealised loss on an embedded derivative at Minera Loma de Niquel.

Net profit on disposals of \$1,027 million which, including associates, was \$543 million higher than 2007, includes the net profit of \$551 million relating to the sale of the Group's interest in China Shenhua Energy, \$142 million relating to the disposal of the interest in Minera Santa Rosa SCM and \$101 million relating to the disposal of Northam Platinum Limited.

Financing remeasurements, including associates, are made up of an unrealised net gain of \$8 million on non-hedge derivatives and a \$28 million foreign exchange gain on retranslating De Beers US dollar preference shares held by a rand denominated entity.

Tax remeasurements, which amounted to a charge of \$153 million, and related to foreign currency translation of deferred tax balances.

Net finance costs

Net finance costs from continuing operations, excluding net remeasurement gain of \$51 million (2007: \$29 million), increased to \$452 million (2007: \$137 million). The increase reflects higher interest costs due to the increase in debt and higher net foreign exchange losses on net debt monetary items, principally at Anglo Ferrous Brazil and Base Metals, partly offset by higher interest capitalised.

Summary; income statement

\$ million	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Operating profit before special items and remeasurements – continuing operations	7,981	8,518
Operating special items	(352)	(251)
Operating remeasurements	(779)	5
Operating profit from subsidiaries and joint ventures	6,850	8,272
Net profit on disposals	1,009	460
Share of net income from associates – continuing operations ⁽¹⁾	1,113	197
Total profit from operations and associates	8,972	8,929
Net finance costs before remeasurements	(452)	(137)
Financing remeasurements	51	29
Profit before tax	8,571	8,821
Income tax expense	(2,451)	(2,693)
Profit for the financial year – continuing operations	6,120	6,128
Minority interests	(905)	(834)
Profit for the financial year attributable to equity shareholders – continuing operations	5,215	5,294
Profit for the financial year attributable to equity shareholders – discontinued operations	–	2,010
Profit for the financial year attributable to equity shareholders – total Group	5,215	7,304
Basic earnings per share (\$) – continuing operations	4.34	4.04
Basic earnings per share (\$) – discontinued operations	–	1.54
Basic earnings per share (\$) – total Group	4.34	5.58
Group operating profit including associates before special items and remeasurements – continuing operations	10,085	9,590
Group operating profit including associates before special items and remeasurements – discontinued operations	–	526
Group operating profit including associates before special items and remeasurements – total Group	10,085	10,116
⁽¹⁾ Operating profit from associates before special items and remeasurements – continuing operations	2,104	1,072
Operating special items and remeasurements ⁽²⁾	(226)	(465)
Net profit on disposals ⁽²⁾	18	24
Net finance costs (before remeasurements)	(147)	(85)
Financing remeasurements ⁽²⁾	(15)	(4)
Income tax expense (after special items and remeasurements)	(606)	(303)
Minority interests (after special items and remeasurements)	(15)	(42)
Share of net income from associates – continuing operations	1,113	197

⁽²⁾ See note 7 to the Financial statements.

Special items and remeasurements

\$ million	Year ended 31 Dec 2008			Year ended 31 Dec 2007		
	Excluding associates	Associates	Total	Excluding associates	Associates	Total
Operating special items	(352)	(125)	(477)	(251)	(462)	(713)
Operating remeasurements	(779)	(101)	(880)	5	(3)	2
Operating special items and remeasurements	(1,131)	(226)	(1,357)	(246)	(465)	(711)

Group financial performance continued

Taxation						
\$ million (unless otherwise stated)	Year ended 31 Dec 2008			Year ended 31 Dec 2007		
	Before special items and remeasurements	Associates' tax and minority interests	Including associates	Before special items and remeasurements	Associates' tax and minority interests	Including associates
Profit before tax	8,832	654	9,486	9,021	347	9,368
Tax	(2,545)	(623)	(3,168)	(2,676)	(305)	(2,981)
Profit for the financial year	6,287	31	6,318	6,345	42	6,387
Effective tax rate including associates (%)			33.4			31.8

Taxation

IAS 1 *Presentation of Financial Statements* requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's total tax charge on the face of the income statement. Associates' tax before special items and remeasurements included within 'Share of net income from associates' for the year ended 31 December 2008 was \$623 million (2007: \$305 million).

The effective rate of tax before special items and remeasurements, including share of associates' tax, on a continuing basis was 33.4%. This was an increase from the equivalent effective rate of 31.8% in the year ended 31 December 2007. The main reasons for this net increase are tax losses not recognised for deferred tax purposes and changes in the geographic mix of profits around the Group, partially offset by changes in statutory tax rates and the impact of prior year adjustments. In addition, the 2007 rate benefited from the availability of enhanced tax depreciation on certain assets.

Discontinued operations

On 2 July 2007, the Paper and Packaging business, 'Mondi', was demerged from the Group by way of a dividend in specie paid to shareholders.

On 2 October 2007, the Group sold 67.1 million shares in AngloGold Ashanti Limited which reduced the Group's shareholding from 41.6% to 17.3%. The Group's representation on the company's board was also withdrawn at this time. The remaining investment is accounted for as a financial asset investment.

Both of these operations are presented as discontinued.

Refer to note 35 to the Financial statements for financial information on discontinued operations.

Balance sheet

Equity attributable to equity shareholders of the Company was \$20,221 million compared with \$22,461 million at 31 December 2007. This decrease resulted primarily from the balance sheet impact of weakening exchange rates relative to the US dollar (in particular the rand), partly offset by the consolidation of the Amapá iron ore system and additional effective interest in the Minas-Rio iron ore project, the proportionate consolidation of the Foxleigh joint venture and the additional interest acquired in Anglo Platinum.

The \$4 billion share buyback programme announced in August 2007 was suspended, with around \$1.7 billion of shares having been repurchased.

Cash flow

Net cash inflows from operating activities were \$8,065 million compared with \$6,800 million in 2007. EBITDA was \$11,847 million, an increase of 6% from \$11,171 million in 2007.

Acquisition expenditure accounted for an outflow (net of cash acquired) of \$7,907 million (including settlement of related derivative instruments) compared with \$1,934 million in 2007. This included \$5,282 million in respect of the Group's acquisition of the controlling interest and subsequent acquisition of 97% of the remaining minorities in Anglo Ferrous Brazil SA and \$1,113 million in respect of the Group's investment in ordinary shares in Anglo Platinum Limited.

Proceeds from disposals totalled \$1,524 million, including net cash inflows on the sale of Namakwa Sands mineral sands operation to Exxaro of \$311 million, \$704 million from the sale of the Group's holding in China Shenhua Energy, \$155 million from the sale of Tarmac Iberia and \$205 million on the sale of Northam Platinum Limited by Anglo Platinum.

Purchases of tangible assets amounted to \$5,146 million, an increase of \$1,215 million. Planned increases in capital expenditure by Platinum, Base Metals, Ferrous Metals and Industrial Minerals were partly offset by lower expenditure by Coal.

Net cash received from financing activities was \$3,542 million compared with net cash used in 2007 of \$5,661 million. This primarily arose from the receipt of \$6,616 million of additional borrowings (an increase in the year of \$3,495 million) together with a \$5,507 million reduction in cash outflow in respect of share purchases.

Liquidity and funding

Net debt, excluding hedges but including net debt of disposal groups (net cash of \$8 million), was \$11,043 million, an increase of \$5,804 million from 31 December 2007. The increase reflects planned capital expenditure on projects in Platinum, Base Metals, Ferrous Metals and Industrial Minerals and debt taken on to fund the acquisition of the controlling interest and subsequent acquisition of 97% of the remaining minorities in Anglo Ferrous Brazil SA and to increase the stake in Anglo Platinum Limited. This was partly offset by operating cash inflows and \$1.5 billion proceeds from disposals.

Net debt at 31 December 2008 comprised \$13,960 million of debt, partly offset by \$2,744 million of cash and cash equivalents (net of bank overdrafts) and \$173 million current financial asset investments. Net debt to total capital⁽¹⁾ at 31 December 2008 was 37.8%, compared with 20.0% at 31 December 2007.

Over the last 12 months, Anglo American has issued medium and long term debt in the euro and sterling bond markets, in addition to arranging new bank financing in both Europe and South Africa.

At 31 December 2008, Anglo American had undrawn bank facilities of \$6.1 billion, cash deposits of \$2.7 billion and commercial paper maturing throughout 2009 of \$1.1 billion. Anglo American's only significant debt repayment in the next year is a \$3 billion revolving bank facility (of which \$1.1 billion was drawn at 31 December 2008) which matures in December 2009. In addition, a £300 million (approximately \$500 million) euro bond matures in December 2010.

With respect to the \$3 billion facility, the intention is to refinance part or all of the facility, subject to requirements, taking into consideration proceeds from disposal of assets and cash flow from operations, using a variety of sources which may include the issue of public bonds in the European and US markets and new bank facilities.

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

The Group's approach to liquidity and counterparty risk is discussed on page 54.

Weighted average number of shares

The weighted average number of shares used to determine earnings per share in 2008 was 1,202 million compared with 1,309 million in 2007. This reduction reflects the effect of the share buyback programme and the share consolidation following the demerger of the Paper and Packaging business in July 2007.

Dividends

The Board has decided to suspend dividend payments.

Return on capital employed (ROCE)

ROCE in 2008 was 36.8% compared with 37.8% (on a total Group basis) in 2007. The decrease was mainly due to the operating results discussed in this Financial review of Group results and in the business unit overviews on pages 32 to 53.

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

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

\$ million	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Platinum	507	455
Base Metals	340	344
Ferrous Metals	87	100
Coal	293	221
Industrial Minerals	259	258
Other	23	20
	1,509	1,398

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

\$ million	Year ended 31 Dec 2008	Year ended 31 Dec 2007
Platinum	1,563	1,479
Base Metals	1,494	610
Ferrous Metals	831	470
Coal	933	1,052
Industrial Minerals	301	274
Other	24	46
Purchase of tangible assets	5,146	3,931
Investment in biological assets	1	1
	5,147	3,932

Analysis of dividends

US cents per share	2008	2007
Interim dividend	44	38
Recommended final dividend	—	86
Total dividends	44	124

Business unit overview

In each business unit overview on the following pages, operating profit includes associates' operating profit and is before special items and remeasurements unless otherwise stated

Capital expenditure relates to cash expenditure on tangible and biological assets. Share of Group operating profit and share of Group net operating assets for both 2008 and 2007 are based on continuing operations and, therefore, in 2007, exclude the contribution from Mondi and AngloGold Ashanti

Precious

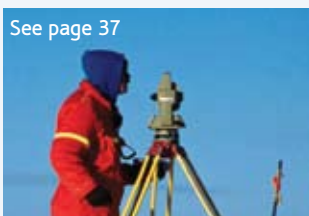
Platinum

See page 33



Diamonds

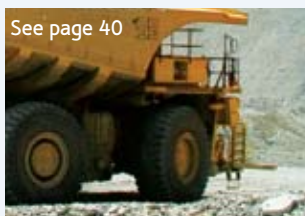
See page 37



Base

Base Metals

See page 40



Bulk

Ferrous Metals

See page 45



Coal

See page 48



Industrial Minerals

See page 52



Platinum

BUSINESS UNIT OVERVIEW

Operating profit

2008

\$2,226 m

2007: \$2,697 m

EBITDA

2008

\$2,732 m

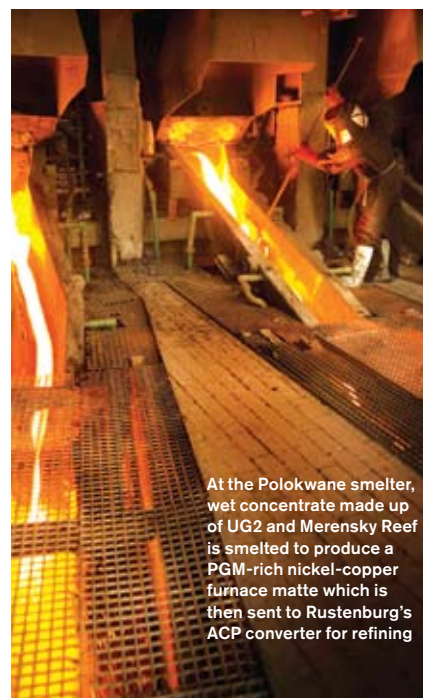
2007: \$3,155 m

- World's leading primary producer of platinum
- Seven greenfield developments under way



South Africa

Anglo Platinum mines in the Bushveld Complex in South Africa with five mining operations, three smelters and two refineries



At the Polokwane smelter, wet concentrate made up of UG2 and Merensky Reef is smelted to produce a PGM-rich nickel-copper furnace matte which is then sent to Rustenburg's ACP converter for refining

Business overview

Anglo Platinum Limited, based in South Africa, is the world's leading primary producer of platinum, accounting for around 39% of global output. It mines, processes and refines the entire range of platinum group metals (PGMs): platinum, palladium, rhodium, ruthenium, iridium and osmium. Although PGMs are the primary products of its operations, base metals such as nickel, copper and cobalt sulphate are important secondary products and are significant contributors to earnings.

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

Anglo Platinum currently wholly owns five mining operations, a tailings re-treatment facility, three smelters, a base metals refinery and a precious metals refinery, all in the Limpopo and North West provinces of South Africa. Each of its mines operates its own concentrator facilities, with smelting and refining of the output being undertaken at Rustenburg Platinum Mines' metallurgical facilities.

The company's 100% owned mining operations comprise Rustenburg Platinum Mines' Rustenburg, Amandelbult, Mogalakwena and Twickenham sections as well as Lebowa Platinum Mines, 51% of which is held for sale. Rustenburg Platinum Mines' Union Section is 85% held, with a black economic empowerment (BEE) partner, the Bakgatla-Ba-Kgafela traditional community, holding the remainder.

Anglo Platinum also has a 50:50 joint venture with a BEE consortium, led by African Rainbow Minerals, over the Modikwa platinum mine, a joint venture with Royal Bafokeng Resources, a BEE partner, over the combined Bafokeng-Rasimone platinum mine and Styldrift properties and a joint venture with Xstrata over the Mototolo mine. In addition, Anglo Platinum has joint ventures with Aquarius Platinum covering the shallow reserves of the Kroondal and Marikana mines and portions of the reserves at Anglo Platinum's Rustenburg Section.

In September 2007, Anglo Platinum agreed, in principle, to sell assets for a total upfront cash consideration of R7.6 billion (about \$1.1 billion) to 'historically disadvantaged South African' (HDSA) companies, Anooraq Resources and Mvelaphanda Resources. The transactions envisaged the sale of an effective

51% of the Lebowa platinum mine and a further 1% of the Ga-Phasha, Boikgantsho and Kwanda 50:50 JV projects to Anooraq, as well as the sale of Anglo Platinum's 50% interest in the Booyseendal project and 22.4% shareholding in Northam Platinum Limited to Mvelaphanda.

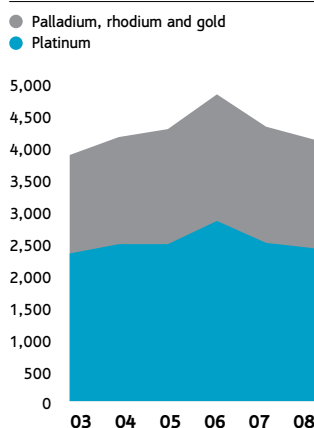
In March and April 2008, the suite of definitive legal agreements for the transactions was entered into, which remained subject to various suspensive conditions. The sale of Anglo Platinum's investment in Northam was finalised in December 2008 and the only remaining condition for the Booyseendal sale is consent to transfer control from South Africa's Department of Minerals and Energy, which is expected in the first quarter of 2009.

In respect of the transaction with Anooraq, owing to the significant deterioration in global market conditions, material decline in PGM prices and constrained debt and equity capital markets, the Lebowa mine plan and project pipeline, including the Middelpunt Hill UG2 expansion project, are under review. Anglo Platinum and Anooraq intend to conclude the transaction as soon as is practically possible and have thus extended the date for fulfilment of the conditions until 30 April 2009.

BUSINESS UNIT OVERVIEW CONTINUED

Anglo Platinum production*

Ounces (thousand)



*Excludes share of Northam Platinum Limited.
Excludes production of nickel and copper.

Industry overview

PGMs have a wide range of industrial and high-technology applications. Demand for platinum is driven by its use in autocatalysts to control emissions from both petrol and diesel engine vehicles, and in jewellery. These uses are responsible for 67% of net total platinum consumption. Platinum, however, also has an enormous range of lesser-known applications, predominantly in the chemical, electrical, medical, glass and petroleum industries.

The platinum jewellery market requires constant promotion and development and Anglo Platinum is the major supporter of the Platinum Guild International, which since its inception in 1975 has played a key role in encouraging demand for platinum and establishing new platinum jewellery markets. China has been the leading platinum jewellery market since 2000, followed by Europe, Japan and North America.

Industrial applications for platinum are driven by technology and, especially in the case of autocatalysts, by legislation. Technological development continues to drive industrial demand and ongoing research into new applications will create further growth in this sector. With the rapid spread of exhaust emissions legislation, more than 94% of new vehicles sold in the world now have autocatalysts fitted. The intensifying stringency of emissions legislation will drive growth in PGM demand for autocatalysts as new legislation is applied to trucks and offroad vehicles.

Interest in fuel cell technology has accelerated dramatically over the past decade, largely on the back of rising concerns about environmental degradation and energy costs. At present, demand is small, but gradual

medium to long term growth, first in small battery replacement applications and stationary fuel cells, and later with the commercialisation of fuel cell vehicles, is envisaged.

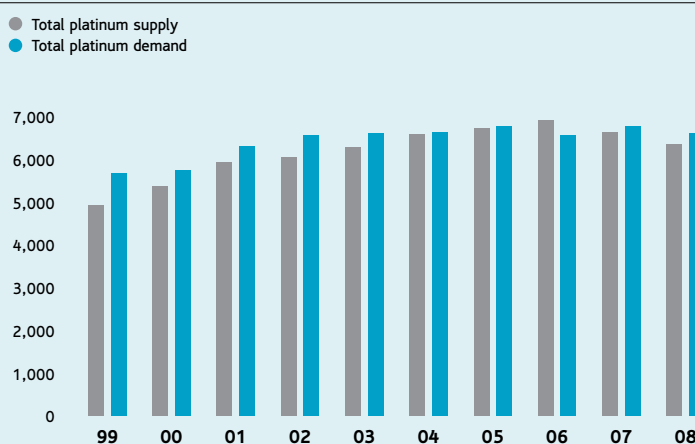
Palladium's principal application is in autocatalysts (around 50% of net demand). Palladium is also used in electronic components, in dental alloys and, more recently, as an emerging jewellery metal in markets such as China. Palladium demand growth is expected to slow, while supply is expected to increase from South African expansions and recycling from spent autocatalysts.

Rhodium is an important metal in autocatalytic activity, which accounts for nearly 80% of net demand. The metal is also used in industrial applications such as glass-making for flat-panel display units. In the short to medium term, the market supply and demand balance is expected to remain tight, supported by autocatalyst growth and glass demand for flat-screen televisions. Thrifting (using less metal, typically in thinner coatings, to achieve the same catalytic effect) and increased supply from UG2 Reef expansions may ease the market balance in the longer term.

The other three PGMs produced are ruthenium, iridium and osmium. In recent times, ruthenium has enjoyed strong uptake on the back of heavy demand from the electronics sector, where the metal is used to increase magnetic data-recording memory in hard disks and in plasma display panels of flat-screen televisions. Ruthenium, along with iridium, is also used in chemical and electronic applications. Osmium is employed as a catalyst in the pharmaceutical industrial sector and to stain specimens for microscopic analysis.

Platinum supply and demand

Ounces (thousand)



Source: Johnson Matthey

Strategy and growth

Anglo Platinum's strategy is to develop the market for PGMs, expand production into that growth opportunity and conduct its businesses safely, cost-effectively and competitively.

Growing demand is stimulated by substantial investment in research and development into new uses for PGMs; through partners and customers, including Johnson Matthey (Anglo Platinum has a 17.5% stake in Johnson Matthey Fuel Cells), and global development campaigns for jewellery through the Platinum Guild International.

In the second half of 2008, Anglo Platinum reviewed its capital expenditure programme in response to the unprecedented rapid decline in PGM prices caused in the main by rapidly slowing vehicle sales in North America, Europe and Japan having a negative effect on the outlook for PGMs in autocatalysis. The company's annual planning process included the evaluation of a number of initiatives to reduce costs and improve operational productivity as well as a critical examination of short term supply and demand trends.

Capital expenditure is being curtailed by delaying expenditure across several major projects, including Amandelbult No.4 Shaft, Twickenham, Styldrift, the second slag cleaning furnace at Waterval and numerous smaller projects.

Anglo Platinum's announced expansion programme and ore replacement projects underpin a sustained high level of exploration activities. Exploration is mainly directed at accumulating geological data in areas where PGM ore bodies are known to occur and is thus primarily focused on quantifying ore reserves and mineral resources in the Bushveld Complex.

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

Financial overview

Anglo Platinum's operating profit declined by 17% to \$2,226 million. This was as a result of lower metal sales and significant increases in key input costs, partly offset by a higher price achieved for the basket of metals sold and a weaker average rand against the dollar.

The average dollar price realised for the basket of metals sold equated to \$2,764 per platinum ounce, a 7% rise over 2007, with higher prices achieved for platinum and rhodium making the largest contribution to the increase. The average realised price for platinum of \$1,570 per ounce was \$268 or 21% above the 2007 figure, while the achieved nickel price was sharply lower at \$9.79 per pound (2007: \$17.04). Anglo Platinum successfully renegotiated the contract sales terms for rhodium, resulting in the realised sales price of rhodium moving closer to market prices during 2008. The average price achieved on rhodium sales for the year was \$5,174 per ounce.

\$ million (unless otherwise stated)	2008	2007
Operating profit	2,226	2,697
EBITDA	2,732	3,155
Net operating assets	9,045	9,234
Capital expenditure	1,563	1,479
Share of Group operating profit	22%	28%
Share of Group net operating assets	27%	35%

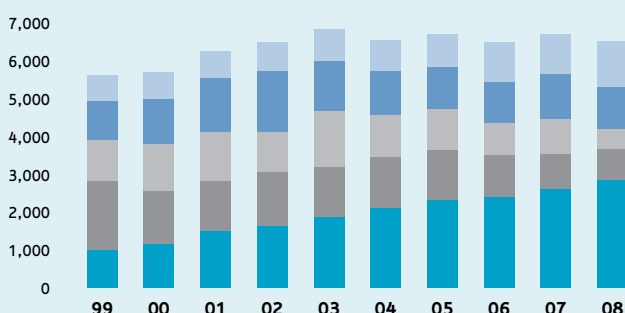


Platinum grain formed during refining at Anglo Platinum's precious metals refinery

Platinum demand by region

Ounces (thousand)

Europe China
Japan Rest of the world
North America

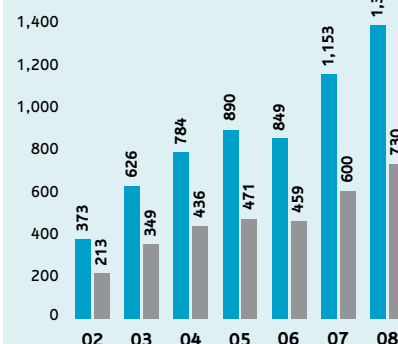


Source: Johnson Matthey

Anglo Platinum cash operating costs – total operations

US\$/ounce

\$/oz Pt refined
\$/oz PGM refined



BUSINESS UNIT OVERVIEW CONTINUED

Markets

Average market prices (\$/oz)	2008	2007
Platinum	1,585	1,304
Palladium	355	355
Rhodium	6,564	6,200

Source: Johnson Matthey

2008 was a year of unprecedented price volatility in the platinum market with platinum reaching a record of \$2,276 per ounce in March before falling sharply as economic conditions deteriorated. In the second half of the year, the global economic downturn reduced credit availability for vehicle purchases. Anglo Platinum estimates that demand from the autocatalyst segment decreased by more than 8% or 330,000 ounces, owing to the smaller number of vehicles produced and a rundown of stock levels by major auto companies. Although not immune to the global economic downturn, industrial demand held up reasonably well in 2008, with demand increasing in some areas such as the chemical sector as investment in new capacity reached a peak. High prices in the first half of the year discouraged consumer purchases of jewellery and increased the recycling of old jewellery, thereby reducing demand for new metal. In the second half of the year, the declining price of platinum encouraged purchases of metal by jewellers and investors alike.

The global supply of platinum has decreased by 11%, or 740,000 ounces, over the past two years and is not expected to increase in the current global economic environment.

Anglo Platinum expects a balanced platinum market in 2009. It also anticipates that the platinum price, which suffered downside overcorrection on negative news flow in the second half of 2008, is likely to trade above \$1,000 per ounce on average during 2009.

Operating performance

Refined platinum production for the year of 2,386,600 ounces was 4% lower than 2007 but in line with the mid 2008 forecast.

Several factors impacted production at operations, including safety related stoppages; the suspension of operations to rehabilitate shaft steelwork at the Turffontein shaft of Rustenburg mine; the disruption of operations at the Amandelbult mine as a result of a major flood event; electricity supply constraints in January and the associated ramp-up period when supply resumed; commissioning delays at Mogalakwena North concentrator and lower throughput at the Mogalakwena South concentrator; the overall expected reduction in built-up head grade; and furnace run-outs at the Polokwane and Waterval smelters.

These reductions were largely offset by an increase in purchased ounces from the new Eland Platinum mine, which commenced delivery to Anglo Platinum in December 2007, together with increased output from the new Mogalakwena North pit and the Modikwa and Kroondal Platinum mines.

The cash operating cost per equivalent refined platinum ounce (in respect of Anglo Platinum's own mines plus its share of joint ventures) increased by 36% to R11,093 per ounce. The increase in unit costs was attributable primarily to above inflation pressures experienced in key input costs including labour, diesel, chemicals, steel grinding media, explosives and cement, compounded by reduced production from Anglo Platinum's attributable share of mining operations.

Anglo Platinum's focus on safety, based on zero harm and a change in safety culture, has resulted in an improvement in the safety performance across the operations, with the lost time injury frequency rate improving by 14% to 1.74 from 2.03 in 2007. Despite the improvement, 17 employees lost their lives at Anglo Platinum's managed operations during the year, compared with 25 in 2007. Safety continues to be a focus area in the Company's aspiration towards zero harm through the elimination of all unsafe incidents and conditions.

Projects

The rapid decrease in revenue in the second half of 2008 led to declining margins, increased debt levels and confirmation that global economic events would negatively influence short term demand. In line with the Anglo American Group, a review of the company's capital expenditure programme was completed, resulting in the reduction of total expected capital expenditure for 2009 to \$900 million through the deferral of expenditure across several major and numerous smaller projects.

The criteria used to determine project expenditure deferral were to maximise short term reductions in expenditure and minimise the delay in reaching full production. The expected reduction in short term production arising from the deferral of capital projects is largely expected to match the reduced demand.

The commissioning of the Mogalakwena North expansion project concentrator is complete. Capital expenditure planned for the accelerated removal of overburden at the new North pit has been deferred. As a result, less ore will be exposed, thereby reducing the level of mining output originally planned for 2009.

Outlook

Notwithstanding the current uncertainty in the global resources and platinum sectors, Anglo Platinum's long term strategy to develop the market for PGMs, expand its production into that opportunity and to conduct its business cost effectively and competitively remains sound.

The long term prosperity of the business is considered when taking short term action and Anglo Platinum will continue to respond to the challenges that face the platinum industry. While the planned level of refined platinum production of 2.4 million ounces is currently expected to be appropriate for 2009, the company will take appropriate action should economic conditions affecting net platinum demand deteriorate further. Production levels will be continually monitored against global economic developments and revised production guidance will be provided when appropriate.

In order to maintain positive operating margins at the planned 2009 production level of 2.4 million ounces of refined platinum the current cost of production will be reduced. This will be achieved through active management of the supply chain to realise, without delay, the benefits of the significant reduction of input commodity prices; safely reducing units of consumption where possible; managing labour more effectively to improve efficiencies through re-skilling and redeployment where required; avoiding recruitment of non-critical positions; and reducing the number of contract employees at operations.

Every effort will be made to avoid the retrenchment of permanent employees. However, should economic conditions deteriorate further, this may become unavoidable.

Diamonds

Share of associate's operating profit

2008

\$508 m

2007: \$484 m

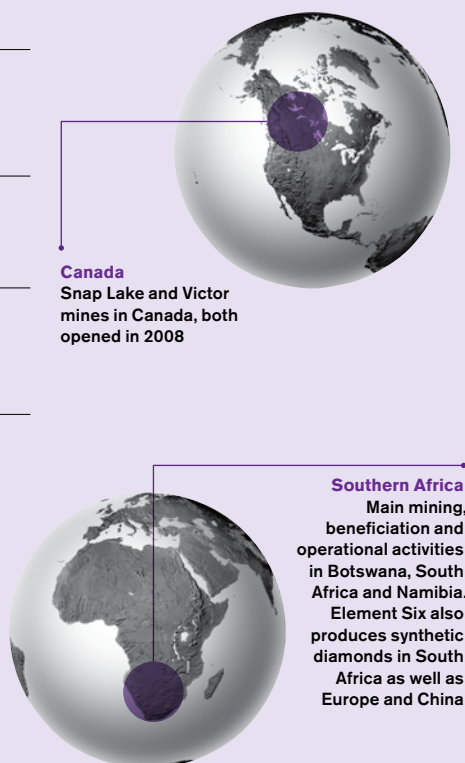
EBITDA

2008

\$665 m

2007: \$587 m

- De Beers is the world leader in diamonds
- Diamond production exceeded 48 million carats
- Opened three mines in the year (two in Canada and one in South Africa)



Business overview

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

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

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

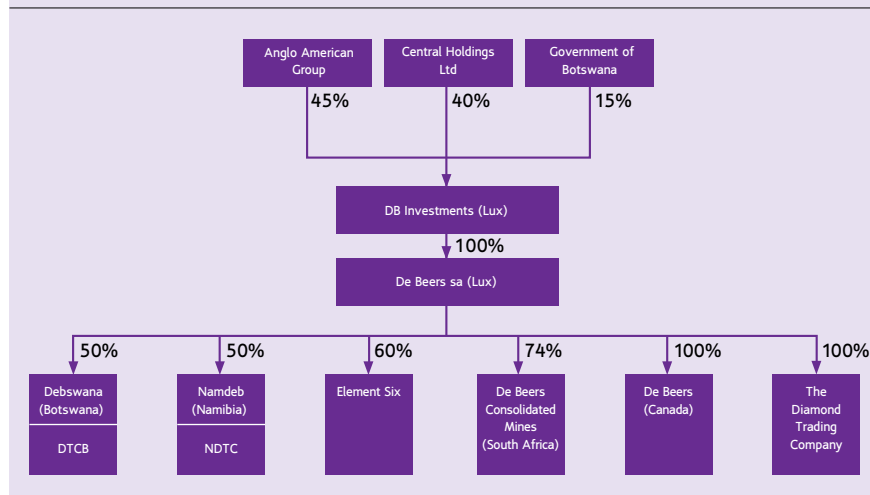
In addition, De Beers has a 74% shareholding in South African based De Beers Consolidated Mines Limited, with a broad-based black economic empowerment consortium (the Ponahalo group) holding the balance.

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

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

De Beers, through Element Six, is a major producer of synthetic industrial diamond material; applications include cutting, grinding, polishing, wire making and other technical and scientific uses. Element Six has a significant market share in the oil and gas drilling business and has expanded in recent years by building a manufacturing facility in China, through acquiring a majority stake in a facility in Ukraine, and by enhancing its hard-material portfolio with the acquisition of Barat Carbide in Germany. The Barat acquisition has given Element Six materials competence in carbide, and marketing channels as well as application knowhow in mining, road construction and for wear parts. With sales of well above \$100 million, Barat Carbide is a large addition to Element Six, resulting in total annual sales of over \$500 million for the combined entities.

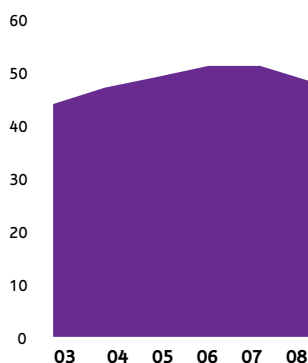
De Beers ownership structure



BUSINESS UNIT OVERVIEW CONTINUED

De Beers production*

Carats recovered (million)



*DBCM, Debswana, Namdeb, Williamson and Canada

Industry overview

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

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

Strategy and growth

During 2008, De Beers continued to focus both investment and divestment activity to position the company for future growth. The strategy centres on exploration in central and southern Africa; driving profitable production growth across operations and seeking enhanced levels of organisational effectiveness. De Beers has been divesting from those mines that, under the company's current cost structures, are deemed marginal or loss making. In 2008, De Beers completed the sale of the Kimberley underground mines and Cullinan Diamond Mine to Petra Diamonds Limited and the disposal of Williamson Diamond Mine in Tanzania.

During the reporting period, De Beers officially opened its first mines in Canada at Victor mine in northern Ontario and Snap Lake mine in the Northwest Territories. Victor was completed and commissioned eight months ahead of schedule and Snap Lake commenced commercial production in early 2008 with both mines reaching full production in the second half of the year. In South Africa, the long-dormant Voorspoed mine was officially re-opened with its first diamonds being recovered in June. As a result of the coming on stream of these projects during the year, De Beers' capital expenditure has declined significantly.

In April, De Beers commissioned a new \$83 million diamond facility in Gaborone, the largest and most sophisticated of its kind in the world, which is now home to the DTCB. This boost to beneficiation – adding downstream value to mining operations – in the producer country includes the process of sorting and valuing rough diamonds, their subsequent cutting and polishing, and the manufacture of diamond jewellery. The focus on beneficiation extends to Namibia through the NDTC, to South Africa through the State Diamond Trader and to Canada through local supply agreements reached with the governments of Ontario and the Northwest Territories respectively. All these initiatives seek to create an enabling environment through which each country's valuable diamond resources can be further transformed into a source of national wealth, pride and development.

In May, Judge Chesler entered an order in the US Federal District Court in New Jersey approving in all respects the Settlement in the Diamond Class Actions, which addressed De Beers' outstanding historical civil legal issues in the US. Certain appeals have been noted against the order, which will be addressed in accordance with ordinary legal processes.

The DTC completed its Sightholder selection process in 2008, appointing 78 clients for the new three-year contract period. Clients will be receiving 'Sights' through wholly owned and joint venture DTC operations around the world, with many of the Sightholders receiving Sights in several different countries. The selection criteria for Sightholders were designed to identify those applicants that demonstrated excellence in their technical ability, their distribution and marketing effectiveness and the core strengths of their diamond business. Financial transparency and ethical accountability were mandatory.

DBDJ continued to expand its global network of operations in 2008.

Sorting rough diamonds at The Diamond Trading Company in London. In 2008, the De Beers group produced 48.1 million carats of diamonds



Financial overview

The Group's share of operating profit from De Beers rose by 5% to \$508 million.

De Beers' sales for 2008 at \$6,888 million (attributable \$3,096 million) were marginally above the previous year (2007: \$6,836 million (attributable \$3,076 million)), though below expectation owing to the impact of the global economic downturn. Over the first nine months, the DTC, which represented 86% of De Beers' total sales, achieved record sales as buoyant demand for diamonds translated into increased prices. Fourth quarter sales slowed as a result of the downturn and the consequent liquidity squeeze in the key global cutting centres. Net interest bearing debt fell to \$3.55 billion (2007: \$4.06 billion) as a result of the benefits of a stronger dollar, the repayment of debt and shareholder support.

In light of the weak outlook for diamond sales, the shareholders of De Beers have agreed to provide loans to De Beers, proportionate to their shareholdings, totalling \$500 million in 2009. Anglo American holds a 45% interest in De Beers and will therefore provide a loan of up to \$225 million. De Beers is an associate company of Anglo American and its debt is therefore not consolidated on to Anglo American's balance sheet.

Markets

Global retail sales showed steady growth during the first half of 2008 driven principally by the emerging markets of China, India and the Middle East. However, in 2008, the all important holiday period took place amidst significant weakness in US economic sentiment, with American consumers, the world's major diamond purchasers, cutting back sharply on spending. The luxury goods sector appears to have been particularly impacted, with jewellery retailers in the US reporting double digit year on year declines over the traditional key buying season between Thanksgiving and Christmas. As a result, it is estimated that global diamond retail sales were down, in the low single digits, for the year as a whole.

Operating performance

During the year, De Beers produced 48.1 million carats (2007: 51.1 million carats). Production from Debswana was 32.3 million carats (2007: 33.6 million carats), Namdeb yielded 2.1 million carats (2007: 2.2 million carats), while the output from South African operations fell to 12.0 million carats (2007: 15.0 million carats). The new Canadian operations at Snap Lake and Victor produced 1.6 million carats (2007: 81,000 carats).

Element Six recorded total annual sales of almost \$500 million for the year and growth of 25% as a result of the inclusion of a full year's trading in respect of E6 Hard Materials (Barat Carbide), acquired in 2007, as well as organic growth.

De Beers is prospecting for diamonds close to its Snap Lake mine, which opened in 2008 in the forbidding terrain of Canada's Northwest Territories



De Beers has made an impairment to goodwill of \$176 million (\$79 million attributable) as well as having an \$82 million charge (\$37 million attributable) in relation to restructuring and retrenchment as a result of current trading conditions.

Projects

For the first time in its history, De Beers opened three new mines in one year. In Canada, Victor mine in northern Ontario was completed and commissioned eight months ahead of schedule, while Snap Lake mine in the Northwest Territories commenced commercial production in early 2008 with both mines achieving full production in the second half of the year. De Beers' Voorspoed mine in South Africa was officially opened in November and is expected to produce 8.3 million carats at an average value of \$120 per carat over the next 12 to 16 years.

Outlook

The global economic crisis is having a significant impact on sales of retail diamond jewellery, liquidity and demand for rough diamonds in the cutting centres. This, in turn, has resulted in a reduction in sales of rough diamonds by the DTC. Trading conditions are expected to remain challenging throughout 2009. De Beers has taken steps to significantly reduce production levels, costs and capital expenditure across all operations. These actions, together with the business restructuring initiatives already completed, including the disposal of the marginal Cullinan and Williamson mines, have positioned De Beers to weather this tough economic environment.

Recent market research from the US and China confirms that consumers' desire for diamonds remains strong. As economic conditions improve, emerging demand, coupled with the decline in long term diamond supply, is expected to form a positive foundation for future increases in diamond prices.

\$ million (unless otherwise stated)	2008	2007
Share of associate's operating profit	508	484
EBITDA	665	587
Group's aggregate investment in De Beers	1,623	1,802
Share of Group operating profit	5%	5%

Base Metals

BUSINESS UNIT OVERVIEW CONTINUED

Operating profit

2008

\$2,505 m

2007: \$4,338 m

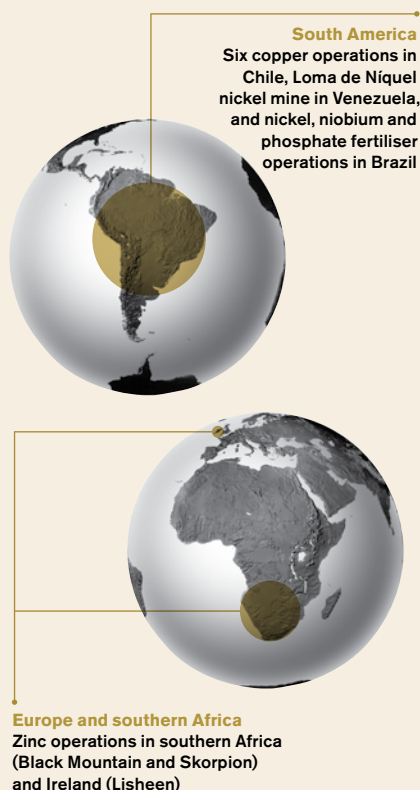
EBITDA

2008

\$2,845 m

2007: \$4,683 m

- Record copper production at Los Bronces and Mantoverde
- Los Bronces expansion and Barro Alto projects significantly progressed
- Agreement reached with local community at Michiquillay in Peru



together with 26% of each of Black Mountain and the Gamsberg zinc project, was completed in the second half of 2008. Black Mountain and Gamsberg will continue to be managed and operated by Anglo Base Metals.

Industry overview

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

Around 60% of all refined nickel is used in stainless steel. Other uses include high corrosion resistant alloys for use in chemical plants, superalloys that can withstand extreme temperatures and are predominantly used in aviation, high technology electronic uses and as a substrate for chromium plating.

Zinc is used predominantly in galvanising and alloys. Steel coated with zinc (galvanised steel) exhibits high levels of corrosion resistance. This application is responsible for around 50% of total demand. Zinc based alloys in die casting, ranging from automotive components to toys and models, account for around 10-12% of demand, with copper based zinc alloys (brass) accounting for 15-17%. Zinc semis are used as roofing products and in dry cell batteries (8-10%). Chemical and other applications make up the remainder of refined demand (approximately 13-15%), where zinc is used in a diverse range of products and applications, including tyres, paints, pharmaceuticals and chemical processing.

With the exception of nickel, base metals industry ownership is presently relatively fragmented. Currently, the approximate global market shares of the four largest copper, nickel and zinc mine producers are: 35%, 46% and 25%, respectively. Producers are price-takers and there are relatively few opportunities for product differentiation.

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. Real prices of copper, nickel and zinc are cyclical but have tended to decline over the long term. The decline in real prices reflects the long term trend in cost reduction as a result of advances in technology

\$ million (unless otherwise stated)	2008	2007
Operating profit	2,505	4,338
Copper	2,017	2,983
Nickel, niobium, mineral sands and phosphates	507	786
Zinc	136	654
Other	(155)	(85)
EBITDA	2,845	4,683
Net operating assets	5,474	4,989
Capital expenditure	1,494	610
Share of Group operating profit	25%	45%
Share of Group net operating assets	17%	19%

Business overview

Anglo Base Metals has interests in 13 operations in six countries, producing copper, nickel, zinc, niobium and phosphate fertilisers, together with associated by-products including lead, molybdenum and silver.

In Chile, its six copper operations comprise the wholly owned Los Bronces, El Soldado, Mantos Blancos and Mantoverde mines, the Chagres smelter and a 44% interest in the Collahuasi mine. The mines also produce associated by-products such as molybdenum and silver.

Other South American operations are the Loma de Níquel nickel mine in Venezuela, as well as Codemin (nickel) and the Catalão niobium mine in Brazil. Anglo Base Metals also has a controlling interest in Copebrás, a leading Brazilian producer of phosphate fertilisers and phosphoric acid. Phosphate fertilisers are used to supplement natural soil nutrients in order to achieve high agricultural yields.

In southern Africa, the Skorpion mine produces zinc and the Black Mountain mine produces zinc and associated by-products such as lead, copper and silver. Anglo Base Metals' sole European operation is the Lisheen zinc and lead mine in Ireland.

The transaction whereby black economic empowerment company Exxaro Resources acquired Anglo Base Metals' Namakwa Sands mineral sands operation in South Africa,

and lower input costs. Average margins have, therefore, tended to be maintained.

For much of this decade, the ongoing industrialisation and urbanisation of China have driven demand for a range of commodities. This contributed substantially to a base metal price up-cycle that was unprecedented both in its extent and its longevity, with the country now accounting for an estimated 28%, 22% and 33% of global first-use demand for refined copper, nickel and zinc, respectively. The global credit crisis and significant slowing of economic growth in the second half of the year, however, have caused a very sudden and extensive fall in base metals demand and prices. This has already resulted in mine and smelter closures (particularly zinc and nickel) and the delaying of new projects and additions to existing capacity.

Strategy and growth

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

The business is constantly developing and evaluating growth options from a combination of sources, including greenfield and brownfield projects, acquisitions, exploration, technology development and asset optimisation programmes.

Significant future growth will come from approved expansions at Los Bronces in Chile and Barro Alto in Brazil (although the rate of development of these projects has been slowed in light of prevailing economic conditions), and studies are under way into further growth potential at Collahuasi in Chile and Quellaveco in Peru. In addition, work continues on evaluating the potential and development options for two major new resources acquired in 2007: Michiquillay in Peru and Pebble in Alaska.

Financial overview

Operating profit at Base Metals of \$2,505 million was some 42% lower than the previous year. This followed sharply lower copper, nickel, zinc and lead prices, including a significant \$591 million adverse mark to market and final liquidation adjustment due to lower realised copper prices on revenue initially recognised on provisionally priced sales, as well as lower copper prices at the end of 2008. Of the negative mark to market and final liquidation adjustment, there was a positive impact of \$265 million in the first half, offset by a negative impact of \$856 million in the second half. Lower overall sales volumes and continued rises in input costs also contributed to the reduction in operating profit. The sale of Namakwa Sands was completed on 1 October 2008, with that operation therefore contributing for only nine months of the year.

Markets

Average market prices (c/lb)	2008	2007
Copper	315	323
Nickel	953	1,686
Zinc	85	147
Lead	95	118

During the first nine months of 2008, the copper market continued to be tight, with prices rising to an all time record level of 407 c/lb in July. However, concerns about future global economic growth in the latter half of the year led to a sharp drop in prices, with copper ending the year at 132 c/lb. Weakness in the nickel market continued into 2008, with rising inventories (London Metal Exchange (LME) stocks closing the year at a 13-year high) and declining economic sentiment, leading to a material drop in prices. Zinc prices continued to weaken materially for similar reasons.

Operating performance

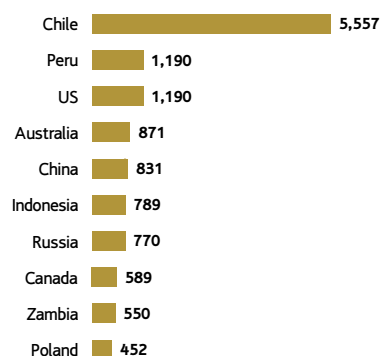
Copper division	2008	2007
Operating profit (\$ million)	2,017	2,983
Attributable production (tonnes)	641,300	655,000

Los Bronces, Collahuasi and Mantoverde all increased production in 2008, partially offsetting lower production at both El Soldado and, less so, at Mantos Blancos. Record production was achieved at Los Bronces and Mantoverde.

Los Bronces increased output by 2% principally due to higher ore grades. The Group's share of Collahuasi's production was 3% higher than for 2007 as a result of significantly improved grades, somewhat offset by pipeline and pumping constraints, and a SAG mill motor stator failure in September. Production at El Soldado was 32% lower as a consequence of lower ore grades, largely owing to challenging rock stability conditions impacting sequencing in the underground and open pit mines. Output from Mantoverde was 2% higher following recoveries from the heap leach operations achieving a record level. At Mantos Blancos, production fell by 3%; while improved throughput and grades lifted concentrate production, this was offset by lower cathode production resulting from lower volumes of ore and enriched solution purchased from third parties. Chagres' output fell by 11%, mainly due to the lower average grade of concentrate treated.

Leading copper mining countries by mine production in 2007

Tonnes (thousand)

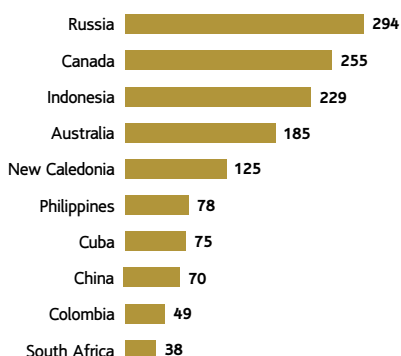


2007 world total: 15,520 kt

Source: World Bureau of Metal Statistics

Leading nickel mining countries by mine production in 2007

Tonnes (thousand)

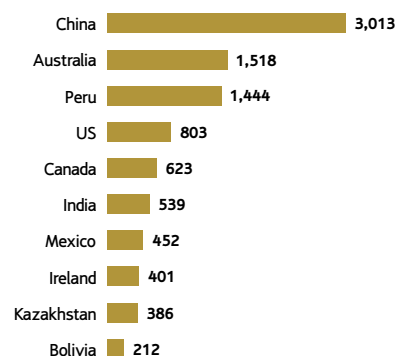


2007 world total: 1,559 kt

Source: World Bureau of Metal Statistics

Leading zinc mining countries by mine production in 2007

Tonnes (thousand)



2007 world total: 11,108 kt

Source: World Bureau of Metal Statistics

BUSINESS UNIT OVERVIEW CONTINUED

Nickel, niobium, mineral sands and phosphates	2008	2007
Operating profit (\$ million)	507	786
Attributable nickel production (tonnes)	20,000	25,600

At Codemin, output fell 8% owing to a scheduled stoppage to reline one of the furnaces. Sales fell 15%, reflecting the lower production and also a slowdown in stainless steel producer offtake. At Catalão, niobium production reduced by 2% as a result of lower recoveries on ore from the Boa Vista mine. Performance at Copebrás during 2008 can be divided into two distinct phases: from January to August, demand for all products was extremely strong and the company sold its entire production at rising prices; from September onwards, sales volumes and prices reduced sharply as farmers were forced to reduce or even curb fertiliser usage completely owing to the reduced availability of credit arising from the global economic downturn.

Loma de Níquel's production declined by 31% following strike action and a consequential series of operational difficulties on restarting the plant, as well as two nationwide power outages. Sales fell 33%, partly reflecting lower production, but also because of congestion and delays at the port compounded by the bankruptcy

of the main shipper and a number of cancellations from customers towards the year end.

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

Anglo American and MLdN continue to strive to resolve the matter by way of constructive dialogue; however, Anglo American and MLdN believe that there is a valid legal basis to reverse the notices of termination and will pursue all appropriate legal and other remedies and actions to protect their respective interests both under Venezuelan and international law. As such, Anglo American anticipates restoration of these 13 concessions and renewal of those that expire in 2012. As a result, the Group continues to consolidate



At Los Bronces copper mine in Chile, a load haul truck, laden with ore, prepares to take its load out on to the long climb out of the open pit

MLdN and no impairment has been recorded for the year ended 31 December 2008.

In a separate development, the environmental permit for slag deposition expired on 23 November 2008. Pending reissuance of the permit, MLdN implemented a short term contingency plan to allow operations to continue by storing the slag in various locations in the plant area. On 23 December, MLdN suspended operations but a satisfactory temporary alternative operating and deposition approach was developed which enabled operations to restart on 28 January 2009.

At 31 December 2008, Anglo American's interest in the book value of MLdN, including its mineral rights, was \$443 million (as included in the Group's balance sheet). In the 12 months to December 2008, MLdN's production and contribution to Group operating profits were respectively 10,900 tonnes of nickel in ferronickel and \$30 million. The average price of nickel in 2008 was 953 c/lb. As of 19 February 2009, the price of nickel was 447 c/lb.

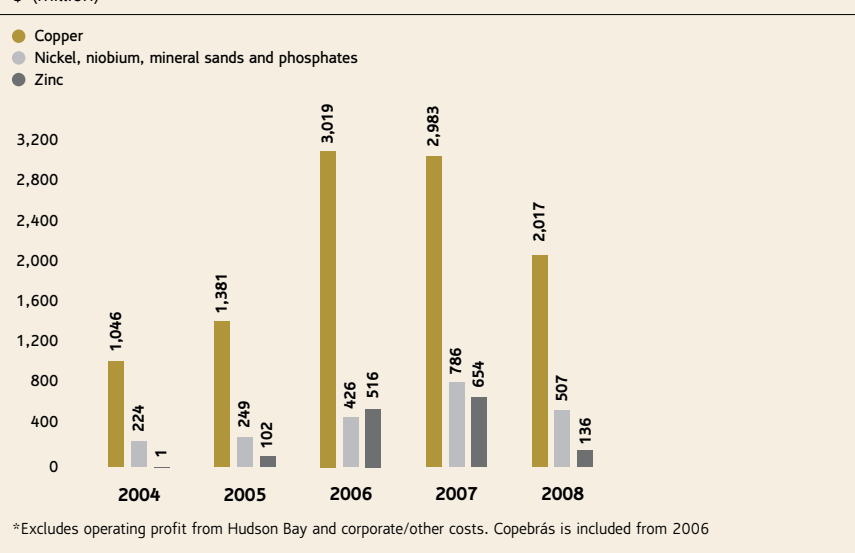
Anglo American is proud of its record in Venezuela, where it has invested substantial amounts in exploration and subsequently the construction of the country's only primary nickel producer. It is a major contributor to and employer in the Venezuelan economy as well as a significant taxpayer. The operation continues, as it has always done, to work constructively with all stakeholders, employees, local communities and government and to the highest sustainable development, social and environmental standards.

Zinc division	2008	2007
Operating profit (\$ million)	136	654
Attributable zinc production (tonnes)	340,500	343,100
Attributable lead production (tonnes)	62,900	62,100

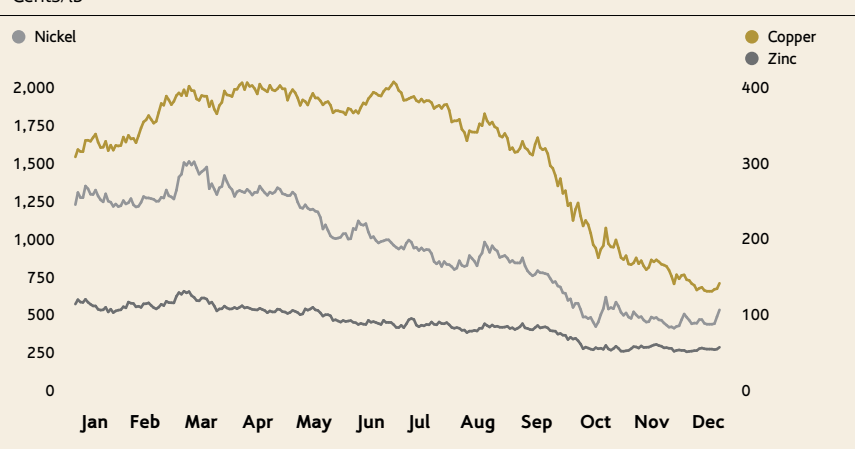
At Skorpion, production was 3% lower owing to electricity supply constraints in southern Africa in the first quarter, mechanical failure of a cathode crane in the electrowinning cellhouse and industrial action. Despite tight cost control, mine operating unit costs rose following lower production volumes and rising input costs.

At Lisheen, zinc production increased by 2% primarily as a result of higher feed grades and improved metallurgical recoveries, but lead output was down 21% due to lower grades and recoveries. Improvements in stope availability and underground infrastructure at Black Mountain resulted in a 13% increase in tonnage mined, despite a week-long unplanned stoppage of the mine and plant in January following a power shortage in South Africa. Lower zinc grades and recoveries resulted in zinc production decreasing by 1% to 27,900 tonnes, although lead production increased by 12% to 47,000 tonnes. The sale

Anglo Base Metals operating profit by commodity*



2008 LME daily closing copper/nickel/zinc price



of 26% of Black Mountain and Gamsberg to Exxaro Resources was completed on 3 November 2008, following the successful conversion of old order to new order mining rights.

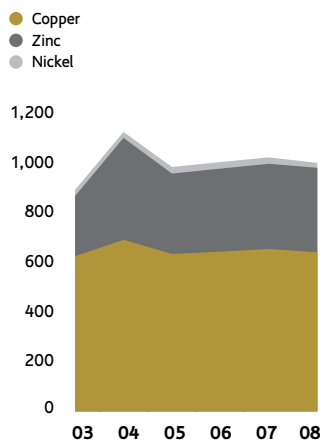
Impairments of \$78 million and \$62 million were provided at Lisheen and Black Mountain respectively.

Projects

Base Metals has a strong project pipeline which provides significant scope for organic growth in the medium and long term. Anglo American's review of its capital expenditure programme in late 2008 resulted in the decision to slow the rate of development of the two major projects under construction, Barro Alto and the Los Bronces expansion project.

The Barro Alto nickel project in Brazil has been delayed by a year and first production is now planned for early 2011. Owing to pressure on project costs and exchange rate fluctuations,

BUSINESS UNIT OVERVIEW CONTINUED

Anglo Base Metals production*
Tonnes (thousand)

* Excludes copper and zinc production from Hudson Bay

total capital expenditure for the project is now estimated at between \$1.6 billion and \$1.8 billion, of which \$1.2 billion has been spent and committed.

Construction progress on the \$2.2 billion to \$2.5 billion Los Bronces expansion project in Chile was in line with plan. Targeted commissioning has, however, now been pushed out by eight months to late 2011. Cost pressures remain and will be managed closely under the revised project schedule and in the context of the changing global economic environment.

At Collahuasi, further progress was made on the 140,000 tonne per day concentrator throughput debottlenecking project, which has now been commissioned.

The revised feasibility study for the Quellaveco project in Peru reached an advanced stage of completion during the year. Resource development, community projects, a technical review and project optimisation work are continuing. Also in Peru, the Michiquillay project, acquired through a privatisation auction in 2007, received the social licences from both the Michiquillay and La Encañada communities, and will now proceed into the exploration phase.

Chagres, Mantoverde, Collahuasi and Gamsberg all have early-stage studies under way, examining options for projects that will either increase production and/or extend mine lives.

Outlook

In January 2009, Codelco, the Chilean mining company, did not exercise its option to purchase up to a 49% minority interest in Anglo American Sur, the wholly owned Group company that owns the Los Bronces and El Soldado copper mines and the Chagres smelter. The window for exercising the option is limited to once every three years in the month of January until January 2027. The next such window is in January 2012.

Production of nickel, subject to operating difficulties in Venezuela, and copper are forecast to increase in 2009, with zinc and phosphate production remaining at similar levels to 2008. Operating margins are expected to start to benefit from declining costs of certain key inputs, such as fuel, energy, sulphur, sulphuric acid, ammonia and explosives.

For all base metals, a period of price weakness is anticipated due to the weak outlook for global growth. Across the industry, persistent supply side constraints in the case of copper and, for nickel and zinc, the closure of operations or deferral of projects, should support a price recovery once signs of a sustained improvement in demand start to emerge.



Copper cathodes in the solvent extraction/electrowinning plant at Mantos Blancos, Chile

Ferrous Metals

Operating profit

2008

\$2,935 m

2007: \$1,432 m

EBITDA

2008

\$3,064 m

2007: \$1,561 m

- Highest ever iron ore production in 2008 of 37.4 Mtpa
- Anglo Ferrous Brazil and Kumba expansions to lift Group iron ore production to 150 Mtpa by 2017

North and South America

Amapá iron ore system and Minas-Rio iron ore project in Brazil and Scaw Metals manufacturing in Chile, Peru, Mexico and Canada

South Africa

Kumba Iron Ore mines at Sishen and Thabazimbi. Scaw Metals has various manufacturing operations. Samancor Manganese has ore mines and alloy plants

Australia

Scaw Metals has operations in Australia and Samancor Manganese operates an ore mine and an alloy plant in Tasmania

Business overview

Anglo Ferrous Metals' primary business is iron ore. It holds a 63% shareholding in Kumba Iron Ore in South Africa, and in Brazil an effective 99.4% interest in the Minas-Rio iron ore project, a 49% interest in LLX Minas-Rio, which owns the port of Açú (currently under construction) from which iron ore from the Minas-Rio project will be exported, and an effective 69.2% interest in the Amapá iron ore system. Other interests principally comprise Samancor Manganese (manganese ore and alloy mining) and Scaw Metals (carbon steel iron ore products).

Johannesburg stock exchange (JSE) listed Kumba currently operates two mines in South Africa – Sishen in the Northern Cape, which achieved output in 2008 of 34 million tonnes per annum (Mtpa) inclusive of 4.7 Mtpa from the Sishen jig plant (Sishen expansion), and Thabazimbi, in Limpopo, which produced 2.7 Mtpa. In 2008, Kumba exported more than 75% of its total iron ore sales volumes, mostly to customers in Asia and Europe.

Planned annual capacity of the Minas-Rio iron ore project will be 26.5 Mtpa of iron ore pellet feed, with start-up expected in the second quarter of 2012 at an anticipated cost of \$3.6 billion. Amapá, located in Amapá state in northern Brazil, produces both pellet feed and sinter feed, with an annual capacity of 6.5 Mtpa. During the year it produced 1.2 Mt as it continues to ramp up production to its design capacity.

Anglo Ferrous Metals also holds a 40% shareholding in Samancor Manganese, the world's largest integrated producer, by sales, of manganese ore and alloys. BHP Billiton holds 60% and has management control. Samancor has operations in South Africa and Australia and is a vertically integrated manganese ore and alloys producer.

Scaw Metals is a global group that manufactures a diverse range of steel products. With principal operations in southern Africa, Chile, Peru, Canada and Mexico, it produces rolled steel products, steel and iron castings, cast alloy iron, forged steel grinding media as well as steel chain, wire rope and strand

products. Scaw's products serve the construction, railway, power generation, mining, cement, marine and offshore oil industries worldwide. In June, Scaw Metals acquired Ozz Industries (Proprietary) Limited in South Africa. The acquisition will expand Scaw's product range and increase manufacturing capacity of certain of Scaw's existing product lines.

Anglo Ferrous Metals has a 37.1% voting interest in JSE-listed Tongaat-Hulett, an agri-processing business which includes integrated components of land management, agriculture and property development. Through its sugar and starch operations in southern Africa, Tongaat-Hulett produces a range of refined carbohydrate products from sugar cane and maize. The company balances the operational requirement for cane supplies to its sugar operations with the transition to property development.

Hulamin, in which Anglo Ferrous Metals has a 38.4% voting interest, is Africa's largest producer of aluminium rolled, extruded and other semi-fabricated and finished products, with its main operations situated in Pietermaritzburg, South Africa. As an independent niche producer of technically demanding and higher value products, Hulamin supplies customers spread among all the major aluminium consuming regions of the world.

Industry overview

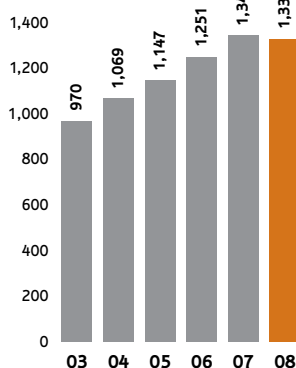
Steel is the most widely used of all metals. In 2008, world crude steel production decreased by 1.2% to reach a total of 1.33 billion tonnes. Until mid-September, when global economic conditions suddenly worsened, steel consumption for the year had been set to grow materially. However, for the first time since 2001, month on month output declined in September and carried on declining through the remainder of the year and into 2009.

In response to declining demand, major steel producers across the industry, led by ArcelorMittal, announced and implemented deep production cuts (>30% of capacity). For the first time in a decade, the decline in production has been synchronised across the world, including Europe, Japan, North America and China.

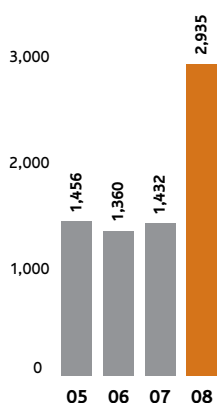
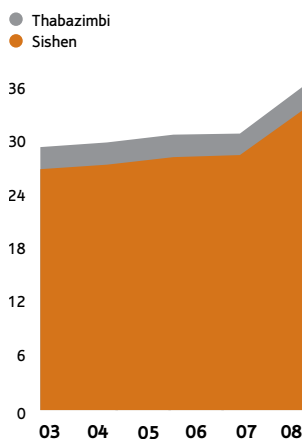
The seaborne iron ore market, which is driven by the global steel industry, grew from 454 Mtpa in 2000 to 768 Mtpa by the end of 2008. This increase arose mainly from Chinese demand growth. In the final quarter of the year, however, demand declined by 13% year on year.

The global market for iron ore has seen a change from supply shortage to demand destruction in the period of a few months. This is expected to result in softer contract iron ore prices in 2009. In the medium term, however, supply shortages could return, as juniors are currently finding it hard to raise finance for new capacity and majors scale back capital

BUSINESS UNIT OVERVIEW CONTINUED

World crude steel production
 Tonnes (million)


Source: World Steel Association

Operating profit
 \$ (million)

**Anglo Ferrous Metals
iron ore production***
 Tonnes (million)


* Excludes production from the Amapá iron ore system which was acquired in 2008

expenditure on long dated expansion projects. Logistical constraints associated with rail and port capacity and shortages in dry bulk vessel capacity at times, could compound the impact on the supply side of the seaborne iron ore market.

In the longer term, Anglo American expects that steel demand will revert back to trend growth rates of around 4% globally; requiring seaborne iron ore supply to grow by 5-6%.

As 96% of manganese ore is smelted to produce manganese ferro-alloys (such as ferromanganese and silicomanganese), the performance of the manganese alloy industry is the key determinant of ore demand. Manganese alloy is used in steel alloying applications. As with iron ore, 2008 was a mixed year, with strong growth in the months up to August and rapid demand decline for the remainder of the year. Samancor's response was to curtail production in line with market demand.

Should steel production decline further in 2009, manganese ore and alloy prices are likely to remain under pressure. Lending support to prices is the expectation of reducing exports from China, as the government there continues its efforts to curtail alloy production through such measures as increased export tariffs.

Strategy and growth

The core strategy of the business is to grow Anglo American's position in iron ore and make it the cornerstone of the Anglo Ferrous Metals portfolio.

During the year, Anglo American increased its effective interest in the Minas-Rio iron ore project from 49% to 99.4% and also acquired an effective interest of 69.2% in the Amapá iron ore system. These additional shareholdings were achieved through the acquisition of a 98.9% shareholding in Anglo Ferrous Brazil SA, a company which holds a 51% interest in the Minas-Rio iron ore project and a 70% in the Amapá iron ore system. Anglo American also owns a 49% interest in LLX Minas-Rio, the owner of the port of Açú, which it acquired during 2007.

Anglo Ferrous Brazil SA, in which Anglo American acquired a 98.9% shareholding in 2008, holds a 51% interest in the Minas-Rio iron ore project and a 70% in the Amapá iron ore system.

Sishen's jig plant made a 4.7 Mt contribution to production during the period, having been commissioned at the end of 2007. Ramp up continues and full design capacity of 13 Mtpa is expected to be achieved in the fourth quarter of 2009.

The Sishen South project, which involves the development of an opencast mine 80 kilometres south of Sishen mine, was approved in July and is expected to produce 9 Mtpa of iron ore. First production is forecast for 2012.

Financial overview

Operating profit at Anglo Ferrous Metals reached a record \$2,935 million, with operating profit from its core businesses increasing by 135% to \$2,843 million, mainly due to higher iron ore sales volumes and higher iron ore, manganese ore and alloy prices.

Markets

World crude steel production decreased by 1.2% in 2008 to 1.33 billion tonnes. China's steel production grew by 2.6%, with its share of global production rising to 37.8%. However, as a result of the decline in steel demand in the final quarter of 2008, demand for iron ore has decreased significantly, resulting in reduced production and delays to project capital spend from major iron ore producers.

Similarly, the manganese ore and alloy market was characterised by increasing stocks and falling prices towards the end of the year, as steel mills delayed or cancelled their purchases. As a result, major suppliers announced plans to reduce production in the fourth quarter of 2008. A return to production at full capacity will depend on improved global economic conditions.

Operating performance

Kumba Iron Ore achieved a strong financial and operational performance for the year, with operating profit increasing by 94% to \$1,618 million, principally as a result of higher export prices, higher export sales volumes and increased revenue from shipping operations. These improvements were offset marginally by a 20% increase in net operating expenses, mainly due to the shipping operations, rising costs of fuels and lubricants and broad inflationary pressures. Production increased by 13% to 36.7 Mt, principally as a result of the Sishen jig plant (Sishen expansion), which achieved production of 4.7 Mt for the year.

Scaw Metals delivered a record operating profit of \$274 million, with strong demand for most of its products. Margins remained under pressure owing to significant price increases in key raw materials and import competition but were able to successfully pass this on to its customers.

Anglo Ferrous Brazil comprises the Group's effective 99.4% interest in the Minas-Rio iron ore project, effective 69.2% interest in the Amapá iron ore system and the 49% interest in LLX Minas-Rio.

The Amapá system in Brazil is at a pre-operational phase while ramping up to design capacity of 6.5 Mtpa. In 2008, the ramp-up of operations was significantly slower than previously envisaged, with annual production totalling 1.2 Mt. Anglo American, together with its partner at Amapá, Cliffs Natural Resources Inc., is studying all aspects of the mine and taking proactive steps to ensure that production is ramped up to design capacity.

Samancor Manganese delivered record results with operating profit of \$980 million, more than four times its \$225 million contribution in 2007, following a sharp increase in manganese ore and alloy prices for most of 2008.

The Tongaat-Hulett and Hulammin contribution to operating profit declined by 19% to \$92 million. Following the unbundling of Hulammin from Tongaat-Hulett and related empowerment transactions in June 2007, these businesses, which were consolidated for the first six months of 2007, were equity accounted in the second half of 2007 and for the full 12 months of 2008.

Projects

Minas-Rio's capital expenditure programme fell behind schedule during 2008, mainly due to the delay in obtaining several environmental licences and permits that prevented the initiation of works, particularly at the mine and beneficiation plant. The project also experienced delays in negotiations with groups of landowners, thereby slowing the progress on the pipeline, transmission line and the access roads to the port. However, a number of other key environmental licences were granted during the year, including the Installation Licences for the port and pipeline and the Preliminary Licences for the beneficiation plant and the mine.

The pace of construction at Minas-Rio is driven by the timing of the Environmental Licence and other permits, and therefore, there is expected to be a 12 to 15 month commissioning delay to the first phase of the Minas-Rio iron ore project, with first production now expected in the second quarter of 2012. Planned annual capacity will be 26.5 Mtpa of iron ore pellet feed at an anticipated cost of \$3.6 billion, which is currently being updated following the announced delay.

Anglo American will continue to develop the Minas-Rio iron ore project during 2009, with planned capital expenditure for the year focusing on the port and pipeline units. The timing of the capital expenditure will be further adjusted in accordance with the granting of the Environmental Licence and other permits. The pre-feasibility study for the second phase of the Minas-Rio iron ore project was initiated during 2008, a phase which will further increase Anglo American's long term iron ore production capacity.

Sishen's jig plant commenced commercial production during the year, having been commissioned at the end of 2007. Ramp-up continues and full design capacity of 13 Mtpa is expected to be achieved in the fourth quarter of 2009.

The Sishen South project, which involves the development of an opencast mine some 80 kilometres south of Sishen mine, was approved in July 2008. Earthworks have commenced and bulk construction is scheduled to begin with the establishment of the major civil contracts during the first quarter of 2009.



The new jig plant at Kumba Iron Ore's Sishen mine in South Africa's Northern Cape. The plant attained output of 4.7 million tonnes of iron ore in 2008

The mine is scheduled to start production in the first half of 2012, ramping up to full capacity of 9 Mtpa in 2013.

The \$183 million GEMCO expansion project in Australia's Northern Territory is expected to be completed in the first half of 2009. The project is on target to increase GEMCO's manganese ore production capacity from 3.0 million dry metric tonnes per annum (mdmt pa) to 4.0 mdmt pa.

Outlook

The first half of 2009 is expected to be a challenging period for sales volumes of iron ore and manganese ore and alloys.

Kumba Iron Ore plans to increase iron ore production by approximately 10% during 2009 as the ramp-up of the jig plant continues. Kumba will continue to target customers in China in order to redirect any lower contract sales volumes in Europe or Japan. In the short term, minor production cutbacks may be appropriate to produce a higher quality product. More substantial production cutbacks are dependent on the scale of demand reductions from Europe and Japan and the extent to which these can be offset by demand from China.

Iron ore price negotiations are a key area of uncertainty in the volatile economic conditions, though Kumba's high quality product range and the strength of its longstanding customer relationships are expected to enable the company to continue its successful performance. Iron ore market fundamentals remain robust in the medium to long term.

The market for manganese ore and alloys is dependent on the carbon steel industry and is, therefore, directly impacted by the current weak steel markets. Should global steel production decline further during 2009, manganese ore and alloy prices are expected to remain under pressure.

Demand for Scaw Metals' products is expected to remain strong, driven by demand from the mining and infrastructure sectors. However, profitability is likely to remain under pressure from increasing input costs.

\$ million (unless otherwise stated)	2008	2007
Operating profit	2,935	1,432
Kumba Iron Ore	1,618	834
Scaw Metals	274	172
Samancor Manganese	980	225
Anglo Ferrous Brazil	(8)	(9)
Other	(21)	(12)
Core businesses	2,843	1,210
Tonga-Hulett/Hulammin	92	114
Highveld Steel	—	108
Other businesses	92	222
EBITDA	3,064	1,561
Net operating assets	11,167	3,987
Capital expenditure (including biological assets)	832	471
Share of Group operating profit	29%	15%
Share of Group net operating assets	34%	15%

Coal

BUSINESS UNIT OVERVIEW CONTINUED

Operating profit

2008

\$2,240 m

2007: \$614 m

EBITDA

2008

\$2,585 m

2007: \$882 m

- Anglo Coal is one of the world's largest private sector coal producers and exporters
- Anglo Coal is focused on expanding from its existing strong position
- Coal is likely to remain an essential part of the energy mix well into the future

North and South America
South American presence through 33% holding in Cerrejón Coal in Colombia and a 25% interest in Carbones del Guasare in Venezuela. Peace River Coal in Canada

South Africa
Four mines in the Witbank coalfield supply thermal coal to export and local markets. Five additional mines supply domestic coal, of which four supply Eskom and one supplies Sasol

Australia
Six mines, five supplying export metallurgical and thermal markets, one supplying a local power provider

Business overview

Anglo Coal is the world's sixth largest private sector coal producer and exporter, with operations in South Africa, Australia, South America and Canada.

In South Africa, Anglo Coal owns and operates eight operations and has a 50% interest in the Mafube colliery. Four operations are in the Witbank coalfield and supply some 22 million tonnes per annum (Mtpa) of thermal coals to the export and local markets. In addition the New Vaal, New Denmark and Kriel mines are dedicated to supplying some 35 Mtpa of thermal coal to Eskom. Anglo Coal's Isibonelo operation produces some 5 Mtpa for Sasol Synthetic Fuels under a 20 year supply contract.

The bulk of exports consist of thermal coal, though a small volume of metallurgical coal is also exported. Anglo Coal routes nearly all of its export coal through the Richards Bay Coal Terminal, in which it holds a 27% interest.

Anglo Coal is the fourth largest producer of coal in Australia, with one wholly owned mine and a controlling interest in another five, as well as significant undeveloped coal reserves. Its mines are located in Queensland and New South Wales and produce some 28 Mtpa attributable of metallurgical (13 Mtpa) and thermal (15 Mtpa) coal, largely for the export market. It also owns an effective 23% interest in the Jellinbah mine in Queensland which produces 1 Mtpa of metallurgical coal.

In South America, the company has a 33% shareholding in Cerrejón Coal, a 32 Mtpa (10.4 Mtpa attributable) opencast operation in Colombia which serves the export thermal coal market, as well as a 25% interest in Carbones del Guasare (CdG), which owns and operates the Paso Diablo mine in northern Venezuela, which produced about 5 Mtpa of thermal and metallurgical (PCI) coal for the year.

Anglo Coal has a 74% interest in Peace River Coal in Canada, which produced 0.8 Mtpa of primarily metallurgical coal in 2008 from the Trend Mine in British Columbia. New metallurgical coal development projects are currently under investigation at the adjacent Roman and Horizon properties and further resource evaluation is under way at several other properties held by Peace River Coal.

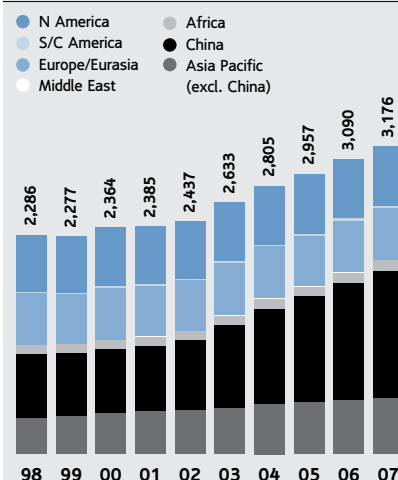
Anglo Coal also has a 60% interest in the Xiwan coal mine lease area in China, where the feasibility of developing the mine is under evaluation in conjunction with Anglo Coal's joint venture partner, the Shaanxi Coal Geological Bureau.

In February 2007, Anglo Coal announced the creation of Anglo Inyosi Coal, a newly formed broad-based economic empowerment (BEE) company valued at approximately \$1 billion. Anglo American own 73% of Anglo Inyosi Coal, with the remaining 27% held by Inyosi. The new company incorporates several key Anglo Coal assets, namely the existing Kriel colliery and the greenfield projects of



Conveyor belt at Dawson mine in Queensland, Australia. The Dawson expansion project, which was completed in 2008, was one of the largest coal mining ventures ever undertaken in Australia, with the Dawson Complex having an annual capacity of 12.7 Mt of export coal

World coal consumption*
Tonnes oil equivalent (million)



*Commercial solid fuels only
Source: BP Statistical Review of World Energy 2007

Elders, Zondagsfontein, New Largo and Heidelberg. The transaction represents a major milestone in meeting the BEE objectives set out in South African legislation. The outstanding conditions precedent to the transaction are expected to be fulfilled in the first half of 2009, following which the transaction will complete.

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 used for power generation. Thermal coal is also supplied as a fuel to other industries such as the cement sector. Metallurgical coal is a key raw material for 70% of the world's steel industry.

Approximately 5.3 billion tonnes of hard coal is produced globally each year, with the majority used in the country of production. A small volume is traded across land borders such as those between the US and Canada or between the former Soviet Union countries. The international seaborne coal market comprises some 0.7 billion tonnes, of which some 0.5 billion tonnes are thermal coal and 0.2 billion tonnes are metallurgical coal.

Produced in a relatively limited number of countries, metallurgical coal is primarily used in the steelmaking industry and includes hard coking coal, semi-soft coking coal and pulverised coal injection (PCI) coal. The chemical composition of the coal is fundamental to the steel producers' raw material mix and product quality. The market for this coal has a larger proportion of longer term, annually priced contracts, though increasingly, some steel companies are using short term contracts to meet the balance of their requirements. Demand in this sector is fundamentally driven by economic, industrial

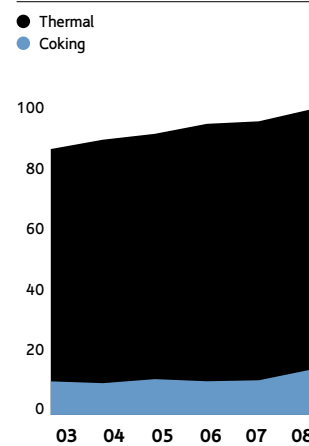
and steel demand growth. Price negotiations between Australian suppliers and Japanese steel producers generally, but not always, set the trend that influences settlements throughout the market. Anglo Coal is a significant supplier to virtually all the major steel producing groups in the world.

The thermal coal market is supplied by a larger number of countries and producers than the metallurgical coal market. Thermal coal producers vary greatly in size and operate in a highly competitive market.

Demand for thermal coal is driven by demand for electricity and is also affected by the availability and price of competing fuels such as oil and gas, as well as nuclear power. Driven by varying degrees of deregulation in electricity markets, customers focus increasingly on securing the lowest cost fuel supply at a particular date. This has resulted in a move away from longer term contracts towards a mix of short term contracts, spot pricing, the development of various price indices, hedging and derivative instruments. The extent to which the full range of pricing instruments is used, however, varies from region to region.

Anglo Coal exports thermal coal from South Africa, Australia, Canada and South America to customers throughout the Med-Atlantic and Indo-Pacific. The balance of Anglo Coal's production is sold domestically in Australia and South Africa. In South Africa, a large portion of domestic sales is made to the state-owned power utility, Eskom, on long term (i.e. life of mine) cost-plus contracts. Sales also take place to domestic industrial sector consumers. In Australia, domestic sales are predominantly to power utilities under long and shorter term contractual arrangements.

Anglo Coal production
Tonnes (million)



BUSINESS UNIT OVERVIEW CONTINUED

\$ million (unless otherwise stated)	2008	2007
Operating profit	2,240	614
South Africa	736	414
Australia	1,144	9
South America	396	227
Canada	8	–
Projects and corporate	(44)	(36)
EBITDA	2,585	882
Net operating assets	3,962	3,984
Capital expenditure	933	1,052
Share of Group operating profit	22%	6%
Share of Group net operating assets	12%	15%

Strategy and growth

Anglo Coal's strategy is focused on serving the power generation and steel making sectors from large, low cost, and predominantly export oriented coal basins. Anglo Coal delivers this strategy through its diverse, high quality asset portfolio in South Africa, Australia and the Americas, and also aims to be a long term, reliable supplier to its customers. It also aims to be a leader in the industry in the pursuit of cleaner coal solutions to the world's energy needs. Anglo Coal's strategy is based on the three pillars of operational excellence, growth and securing the future.

Anglo Coal is focused on expanding from its existing strong position in the export metallurgical and export thermal coal markets, while maintaining its leading position in the South African domestic thermal market (where it is a key supplier to Eskom). This strategy will be delivered through its extensive portfolio of greenfield and brownfield expansion projects, supported by targeted acquisitions.

An example of this strategy in action was the acquisition in December 2007 of 70% of the Foxleigh coal mine joint venture in Queensland, Australia. This adds to Anglo Coal's existing coal mining operations in the Bowen Basin, one of the world's premier coking coal supply regions. Foxleigh currently produces in total 2.5 Mtpa of PCI coal for the steelmaking industry (with production capacity for 3.3 Mtpa), and adjoins Anglo Coal's Capcoal (German Creek) operations and the associated Lake Lindsay mine development. The mine and surrounding tenements will be the subject of ongoing exploration and feasibility studies. In addition, Anglo Coal has substantially completed a major programme of investment which includes the expansions at Cerrejón, Lake Lindsay and Dawson and ongoing projects at Mafube and Zondagsfontein.

Anglo Coal continues to pursue business development opportunities in several major coal producing regions. This includes interests in a range of projects that offer potential exposure to the broader energy markets, while building on the business' core capability in coal, namely coal bed methane (CBM) exploration in South Africa and Botswana, stranded coal reserves at the Monash project in Australia, the Xiwan coal-to-chemicals project in China, and the FutureGen Industrial Alliance in the US. While these projects remain at an early stage with demanding economics, they do ensure that Anglo Coal is equipped with a diverse resource base to meet changing market demands over the long term.

The impact of climate change is an area of focus for the sector and Anglo Coal's strategy is to participate to help address the issue as demand for energy continues to grow. Anglo Coal is a leading member of numerous industry bodies, such as the World Coal Institute (WCI) and the Coal Industry Advisory Board (CIAB), and is a founding member of the Global Carbon

Capture and Storage Institute (GCCSI), launched in November 2008. Anglo Coal continues to take steps at its own operations to reduce its carbon footprint, including the capture of methane from underground mining operations that is converted into electricity at on-site or neighbouring power stations.

While Anglo Coal continues to grow and expand its operations in its existing geographies, it is also continually evaluating potential opportunities in new regions. In 2008, the company spent \$35 million on exploration and new business development activities, investigating thermal and coking coal and CBM reserves and resources, mainly in southern Africa, China, Australia and Canada. It has conducted an advanced resource evaluation of the Xiwan project in China and is examining additional projects in South Africa, Canada and Australia. Anglo Coal commenced a CBM exploration programme in Botswana in late 2008.

Financial overview

Anglo Coal delivered a record operating profit of \$2,240 million, a 265% increase over 2007, with coal production totalling 99.5 Mt. This resulted from higher metallurgical and thermal coal prices, combined with increased coal production for the year, weaker exchange rates and the early benefits of tighter operational discipline across the businesses, partially offset by further rises in the cost of royalties, fuel, rail, labour and most key consumables.

Markets

2008 began with a very tight international metallurgical coal market, with supply falling into deficit as a result of bad weather in Queensland which had the effect of reducing coal production and shipping volumes during the first quarter. These events resulted in 2008 coal prices being settled at historically high levels. By the end of the year, however, market conditions had deteriorated significantly, with a collapse in global steel production leaving the metallurgical coal market oversupplied.

Demand for thermal coal remained strong in 2008, with increased consumption, particularly in the north Asia region. Prices continued to increase during the first half of the year, reaching a peak in early July, driven by the cold winter in China, together with numerous coal production and logistics difficulties, including electricity shortages in South Africa. The increase in crude oil and natural gas prices during the same period allowed thermal coal to maintain its price competitiveness against these fuels despite the significant coal price increases. In the last quarter of the year, the global economic downturn caused a sharp drop in oil prices and thermal coal prices declined in line.

Operating performance

South Africa

Operating profit from South African sourced coal was 78% higher at \$736 million, mainly due to the increase in export thermal prices and a weaker exchange rate. During January 2008, South African operations were affected by Eskom load shedding, which evolved into a national electricity crisis. Despite this, annual production remained constant at 59.4 Mt, driven mainly by operational efficiency and equipment improvements, higher output at Kleinkopje, where additional coal for Eskom was produced in order to alleviate the power crisis, as well as at Mafube, which ramped up production.

Australia

Operating profit from Australia was a record \$1,144 million, largely resulting from the significant increase in metallurgical coal prices and production, partly offset by cost and royalty increases. Production reached record levels of 27.8 Mt despite the delays caused by abnormal levels of rainfall in the first quarter. Such production was achieved through implementing higher cost volume initiatives to take advantage of market conditions and the successful negotiation of alternative port and rail corridors in order to alleviate expansion constraints.

South America

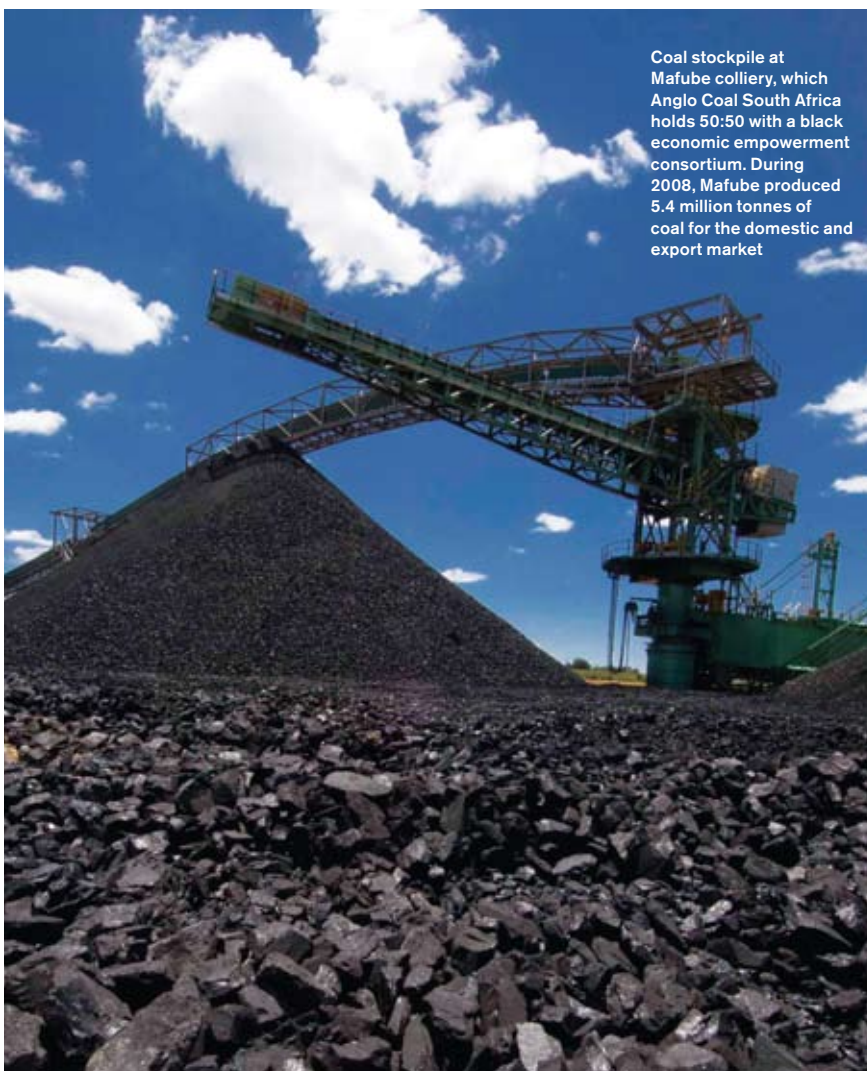
Operating profit from South America was 74% higher than 2007 at \$396 million, driven primarily by 33.3% held Cerrejón in Colombia. Cerrejón's significantly increased operating profit was offset by higher fuel prices, the appreciation of the Colombian peso and an increase in royalties arising from higher realised sales prices. The mine's total sales were 6% higher at 31.5 Mt as growth continued as planned towards the 32 Mtpa profile. In Venezuela, total sales at Carbones del Guasare were sharply lower at 4.6 Mt following a lack of availability of equipment, spares and ongoing political, logistical and labour disruptions.

Canada

Peace River Coal commenced commercial production of high quality coking coal in January 2008 at its Trend mine in British Columbia, delivering \$8 million of operating profit in 2008. Total coal production for the year was 0.8 Mt.

Projects

In South Africa, the \$473 million Zondagsfontein project is under construction and includes a 50:50 joint venture plant with BHP Billiton Energy Coal South Africa. The project is on track to deliver 6.6 Mtpa of export and Eskom coal from 2010, with first production expected in the second quarter of 2009. The Mafube project achieved the production rate of 5.4 Mtpa in 2008. Work continues on the housing project and the conveyor system with completion



Coal stockpile at Mafube colliery, which Anglo Coal South Africa holds 50:50 with a black economic empowerment consortium. During 2008, Mafube produced 5.4 million tonnes of coal for the domestic and export market

expected in early 2009. MacWest is nearly complete, with first production achieved in July 2008 and full production of 2.7 Mtpa expected in March 2009.

In Australia, the \$726 million Lake Lindsay coking coal project is progressing well; the coal handling and preparation plant has been commissioned, having achieved milestones on or ahead of plan, while the dragline started operations in January 2009. The \$839 million Dawson expansion project was completed in 2008. The Foxleigh mine was acquired in February 2008, delivering additional volumes and synergies with Anglo American's adjacent operations.

In Canada, Peace River Coal is making good progress on a \$95 million capitalisation programme to acquire and operate its own mining equipment fleet.

In Colombia, the \$42 million (attributable) expansion at Cerrejón to 32 Mtpa is complete and full production is expected to be achieved early in 2009. Feasibility studies are under review to expand the operation to around 40 Mtpa.

Outlook

Global economic weakness has led to a rapid decline in global steel production following falling demand from the construction and automotive sectors in particular. This continues to have a significant impact on the metallurgical coal market. In the thermal coal market, underlying demand remains relatively strong, although the decline in the oil price is having a significant impact.

The outlook for 2009 for both metallurgical and thermal coal remains uncertain in a testing macro-economic environment where global energy prices are expected to be highly volatile.

In response to weakening markets, Anglo Coal's plans to grow metallurgical coal production by 10% during 2009 were curtailed and output is expected to be marginally below 2008 levels. Should conditions change materially, Anglo Coal will respond with further adjustments to its metallurgical coal production.

Industrial Minerals

BUSINESS UNIT OVERVIEW CONTINUED

Operating profit

2008

\$228m

2007: \$474m

EBITDA

2008

\$487m

2007: \$732m

- Successful divestment of Tarmac Iberia
- Strong delivery on cost saving initiatives
- Cash generative despite challenging market



Europe and the Middle East
Aggregate and building products businesses in the UK. International business in ten countries across Europe and the Middle East

Tarmac's ready-mixed concrete is manufactured at production units located close to its market 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 site in specialist truck mixers designed to mix the material during transit.

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

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 site or collected by contractors from strategically located plants.

Tarmac's concrete products sector provides the construction industry with a variety of pre-fabricated products, including blocks for walling, pre-stressed structural flooring and engineered pre-cast elements.

Tarmac's lime and cement, which employ similar production processes, are added value materials used widely within construction. Lime is also an important product in the environmental and industrial sectors.

The aggregates, asphalt, cement and ready-mix markets in which Tarmac participate are consolidated in the UK, with a small number of large companies accounting for a large percentage of the market. The main aggregates players also compete in the more fragmented concrete products market.

As a result of the rapid decline in credit market liquidity, the industry faces a challenging and uncertain environment as demand thins against the backdrop of global slowdown.

Business overview

Anglo Industrial Minerals' sole business is Tarmac, an international heavy building materials producer. In the UK, it is a market leader in aggregates, asphalt, mortar and ready-mixed concrete and it has significant operations in concrete products, lime and cement. It has operations in continental Europe and the Middle East, where it is principally involved in the production of crushed rock, sand and gravel, asphalt, ready-mixed concrete and concrete products.

Tarmac's UK organisation consists of two business units, Aggregate Products and Building Products, which are supported by a shared-service centre based in central England. Aggregate Products comprises aggregates, asphalt, contracting, recycling and ready-mixed concrete 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 cement, lime, mortar and concrete products.

Tarmac's international businesses operate in ten countries in continental Europe and the Middle East. It is a leading producer of hard rock, sand and gravel and concrete products in its Central European countries of operation. In 2008, the company sold its Spanish operations.

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, materials are washed and graded prior to use.

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), other foundations, drainage, railway ballast and concrete products. Crushed rock may also be used in ready-mixed concrete.

Vegetation thrives on formerly mined land at Tarmac's Tunstead quarry in Derbyshire, England. The quarry, which has an output of 5.5 Mt of limestone annually, is the largest producer of high-purity industrial limestone in Europe and the UK's biggest producer of lime



Strategy

Tarmac's strategy is to maximise shareholder value by exploiting its core competitive reserves, while maintaining its strong market positions in established territories. In January 2008, Tarmac increased to 100% its ownership of United Marine Aggregates (UMA), a significant UK marine-dredged aggregates business. In August 2008, Tarmac disposed of its 100% ownership of Tarmac Iberia.

Tarmac continues to focus on its core business activities, pursue further cost reductions in light of the weak market in the short term and reduce capital expenditure without harming its strong leadership position.

Within Tarmac as a whole, there remains significant upside potential from operational and commercial business improvements and focused growth, with initiatives planned to deliver that upside by 2010. Tarmac aims to be the supplier of choice across its full product range.

Financial overview

Tarmac's operating profit fell by 52% to \$228 million compared with 2007, mainly due to the impact of significant cost increases as well as a decline in UK volumes of around 20% in the second half of the year. Tarmac accelerated cost reductions and generated operating savings of \$101 million, while maintaining its market share. As a result, Tarmac continued to make a positive cash flow contribution with net cash inflow from operating activities of \$398 million.

In the UK, operating profits fell by 65% on a like for like basis, with sales falling in line with the overall market. At Tarmac International, operating profits (excluding the positive impact of exchange rates and on a like for like basis) were broadly in line with 2007, benefiting from previous expansionary investment and relative resilience in certain markets such as Poland.

Markets

The construction industry in the UK experienced challenging market conditions during 2008, particularly in the second half of the year with the rapid deterioration in UK house-building activity. The volatility of energy prices and the impact on cement and distribution costs also continued to affect the industry. Overall in continental Europe, the decline in construction activity has been less severe to date than in the UK.

Operating performance

Volumes in the UK aggregates and concrete products were 15-20% lower than the prior year, with significantly reduced demand from the housing and commercial sectors, while asphalt volumes showed more resilience, with similar volumes to 2007. Tarmac showed declines in line with the market as it maintained its leadership positions in key areas.



Rubber chips from tyres that cannot be retreaded or reused have become an important carbon neutral fuel for the cement kiln at Tunstead

The significant decline in volumes from UK Aggregate Products in the second half prompted a portfolio right-sizing exercise. 45 operating sites have been mothballed and further cost savings of \$63 million were achieved through an increased focus on capacity and cost reduction. Underlying operating profit for this business fell by 42% compared with 2007 (after adjusting for the UMA acquisition and the impact of exchange rates). During 2008, the remaining 50% of the UMA business was acquired from Hanson.

Within Tarmac, the UK Building Products business was affected by the economic downturn to the greatest extent and saw underlying operating profits fall by 69% (before the impact of exchange rates). Mothballing six operating sites and further cost savings of \$21 million reduced the effect of weakening demand on the business's operating profit.

Tarmac International's underlying operating profit (on a like for like basis) was in line with 2007, with favourable market conditions in Poland and cost savings of \$17 million offsetting emerging weakness in France. Tarmac Iberia was sold in August 2008 to Holcim for \$186 million.

Following a structural review of the Industrial Minerals business by management, as a result of trading conditions in the construction sector, restructuring and impairment charges totalling \$91 million have been recorded.

Outlook

The outlook in the short to medium term is for continued demand weakness in UK and international markets. Tarmac will continue to take steps to adapt to market changes through capacity reductions. Additional cost saving and a continued focus on cash generation, while maintaining existing market leadership, will ensure that the business remains both resilient and well positioned for the future.

\$ million (unless otherwise stated)	2008	2007
Operating profit	228	474
EBITDA	487	732
Net operating assets	3,335	4,509
Capital expenditure	301	274
Share of Group operating profit	2%	5%
Share of Group net operating assets	10%	17%

Principal risks and uncertainties

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

The Group is exposed to a variety of risks and uncertainties which can have a financial or reputational impact on the Group and which may also impact the achievement of social, economic and environmental objectives. These risks include strategic, commercial, operational, compliance and financial risks. The principal risks and uncertainties facing the Group have been categorised into headline risk areas. The Group's approach to risk management is set out in the corporate governance section on pages 64 to 68.

The key headline risks identified for 2009, potential impacts on the Group and the mitigation strategies are summarised below:

Key headline risks

Commodity prices

Commodity prices are determined primarily by international markets and global supply and demand. Fluctuations in commodity prices give rise to commodity price risk across the Group. Historically, such prices have been subject to substantial variation and in 2008 there was a very significant reduction in commodity prices, particularly during the second half of the year. The impact of such volatility can result in material and adverse movement in the Group's operating results, asset values, revenues and cash flows. If the global economic environment remains weak for the medium to long term, the ability of the Group to deliver growth in future years may be adversely affected.

Other potential consequences of a sustained reduction in commodity prices include the inability to complete black economic empowerment (BEE) transactions in South Africa as BEE partners may not be able to finance their investments or require a restructuring of their investments.

Due to the diversified nature of the Group, the general policy is not to engage in commodity price hedging. The Group manages this risk through constant monitoring of the markets in which it operates and continuous review of capital expenditure programmes to ensure they reflect market conditions. A continuous focus on operating expenditure is also an important method of mitigating this risk.

Liquidity and counterparty risk

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

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

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

Currency risk

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

Inflation

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

Sensitivity analysis in respect of currency and commodity prices

Set out below is the impact on underlying earnings of a 10% fluctuation in some of the Group's commodity prices and exchange rates:

Commodity currency	Average price/rate ⁽¹⁾	10% sensitivity US\$ million ⁽²⁾
Platinum	\$1,585/oz ⁽³⁾	144
Palladium	\$355/oz ⁽³⁾	22
Coal	\$120/t ⁽⁴⁾	349
Copper	315 c/lb ⁽⁵⁾⁽⁶⁾	275
Nickel	953 c/lb ⁽⁵⁾	50
Zinc	85 c/lb ⁽⁵⁾	45
Iron ore	\$88/t ⁽⁷⁾	88
ZAR/USD	8.27	279
AUD/USD	1.17	110
CLP/USD	524	45
GBP/USD	0.54	14

⁽¹⁾ 'oz' denotes ounces, 't' denotes tonnes, 'c' denotes US cents, 'lb' denotes pounds.

⁽²⁾ Excludes the effect of any hedging activities. Stated after tax at marginal rate. Sensitivities are the average of the positive and negative and reflect the impact of a 10% change in the average prices received and exchange rates during 2008. Increases in commodity prices increase underlying earnings and vice versa. A strengthening of the rand, pound sterling, Australian dollar and Chilean peso relative to the US dollar reduces underlying earnings and vice versa.

⁽³⁾ Source: Johnson Matthey.

⁽⁴⁾ Average price represents RSA-API 4 index. Sensitivity reflects the impact of a 10% change in the average price across the entire Anglo Coal product portfolio.

⁽⁵⁾ Being the average LME price. Sensitivity reflects the impact of a 10% change in the average price received.

⁽⁶⁾ Copper sensitivity excludes the impact of provisionally priced copper from 2007. At 31 December 2008 there were 145,066 tonnes of provisionally priced copper sales, marked at 139 c/lb (2007: 140,137 tonnes, marked at 302 c/lb).

⁽⁷⁾ Average price represents average iron ore export price achieved. Sensitivity reflects the impact of a 10% change in the average price across lump and fine.

The Group monitors costs very closely and the introduction of initiatives such as Asset Optimisation and 'One Anglo' Supply Chain are designed to minimise costs.

Safety, health and the environment

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

The Group recognises that the HIV/AIDS epidemic in sub-Saharan Africa is a significant threat to economic growth and development in that region. There is a risk that the recruitment and retention of skilled people is not possible as planned to meet growth aspirations. Anglo American provides anti-retroviral therapy to employees with HIV/AIDS and also undertakes education and awareness programmes to help prevent employees and their families becoming infected or spreading infection.

Other health risks to employees include noise induced hearing loss, occupational lung diseases and tuberculosis. The Group provides occupational health services to employees and continues to implement measures to limit the incidence and severity of such diseases.

Anglo American is a large user of energy and one of the key commodities it produces is coal. Various regulatory measures aimed at reducing greenhouse gas emissions and improving energy efficiency may affect Anglo American's operations and customer demand for products over time. Assessments of the potential future impact of climate change regulation are uncertain, particularly if inconsistent regulations are adopted in the various geographies in which Anglo American operates.

Anglo American sets a very high priority on safety, health and the environment and invests considerable resources in seeking to improve the safety performance of the Group's operations, as well as in research and development to minimise impact on the environment and improve energy efficiency. The Group is constantly reviewing practices to improve safety performance and works closely with unions and governments, striving to produce a safer mining industry.

Political, legal and regulatory

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

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

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

Supplier risk

The inability to obtain, in a timely manner, strategic consumables, raw materials, mining and processing equipment could have an adverse impact on results of operations and the Group's 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 cost increases above normal inflation rates materialised. Any interruption to the Group's supplies or increase in costs adversely affects the Group's financial position and future performance. Anglo American has limited influence over manufacturers and suppliers but takes a proactive approach to developing relationships with critical suppliers and improving the effectiveness of the Group's purchasing leverage through the 'One Anglo' Supply Chain initiative.

Contractors

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

Reserves and resources

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

The Group's policy on reporting of ore reserves and mineral resources is expanded on pages 136 to 161.

Exploration

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

Anglo American invests considerable sums each year through its Exploration division in resource discovery and development to reserves.

Event risk

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

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

Employees

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

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

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

Principal risks and uncertainties continued

Operational performance and project delivery

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

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

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

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

Acquisitions

The Group has undertaken a number of acquisitions in the recent past, including the Minas-Rio project in Brazil. 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 affects on financial performance, production volumes or product quality. Furthermore, the Group could find itself liable for past acts or omissions of the acquired business without any adequate right of redress.

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

Infrastructure

Inadequate supporting facilities, services and installations (water, power, transportation, etc.) may affect the sustainability and growth of the business, leading to a loss of competitiveness, market share and reputation of the Group. The ongoing power generation situation in South Africa, which escalated during the early part of 2008, is a good example of this risk but this is not the only country where reliable supply of power is a key issue. Anglo American's approach to addressing this risk is to work jointly on developing sustainable solutions to these problems with suppliers of infrastructure services and facilities.

Community relations

The Group operates in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. These disputes are not always predictable and may cause disruption to projects or operations. The Group's operations can have an impact on local communities, including the need, from time to time, to relocate communities or infrastructure networks such as railways and utility services. Failure to manage relationships with local communities, government and non-government organisations may adversely affect the Group's reputation as well as its ability to bring projects into production.

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

Joint venture relationships

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

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

Critical accounting judgements and key sources of estimation and uncertainty

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

Useful economic lives of assets and ore reserves estimates

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

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

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

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

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

Impairment of assets

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

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

Restoration, rehabilitation and environmental costs

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

Retirement benefits

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

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

Special items

Operating 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 judgement.

Basis of disclosure

This operating and financial review (OFR) describes the main trends and factors underlying the development, performance and position of Anglo American plc (the Group) during the year ended 31 December 2008, as well as those likely to affect the future development, performance and position. It has been prepared in line with the guidance provided in the reporting statement on the operating and financial review issued by the UK Accounting Standards Board in January 2006.

Forward looking statements

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

The Board

Left to right:

Sir Mark Moody-Stuart, Cynthia Carroll, René Médori,
Sir C K Chow, David Challen, Sir Rob Margetts



1. Sir Mark Moody-Stuart KCMG N

PhD, MA, FGS

68, was appointed a non-executive director on 16 July 2002 and non-executive chairman on 1 December 2002. He also sits on the Remuneration, Safety and Sustainable Development (S&SD) and Nomination Committees. Sir Mark is a director of HSBC Holdings plc, Accenture Ltd and Saudi Aramco. Sir Mark was chairman of The Shell Transport and Trading Company plc from 1997 to 2001 and chairman of the Committee of Managing Directors of the Royal Dutch/Shell Group from 1998-2001. He is a member of the board of the UN Global Compact and chairman of the Global Compact Foundation. Sir Mark is being proposed for re-election at the AGM on 15 April 2009.

2. Cynthia Carroll E

MSc, MBA

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

3. René Médori E

Doctorate in Economics

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

4. Sir C K Chow N

DEng (Hon), CEng, FREng, HonFHKIE, FIChemE

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

5. David Challen CBE N

MA, MBA

65, joined the Board on 9 September 2002 and was appointed as the senior independent non-executive director in April 2008. He is chairman of the Audit Committee and a member of the Remuneration Committee. David Challen is currently vice chairman of Citigroup European Investment Bank and a non-executive director of Smiths Group plc and the Classical Opera Company. Previously he was chairman of J. Henry Schroder & Co. Limited, where he spent most of his professional career. He is currently deputy chairman of the UK's Takeover Panel. Mr Challen is being proposed for re-election at the AGM on 15 April 2009.

6. Sir Rob Margetts CBE N

BA, FREng

62, joined the Board on 18 March 1999. He is chairman of the Remuneration Committee and a member of the Nomination Committee. He is chairman of Legal & General Group Plc, Ensus Limited, Ordnance Survey and the Energy Technologies Institute. He is also a director of Falck Renewables and Neochimiki SA. He was formerly chairman of The BOC Group plc and vice chairman of ICI PLC. Sir Rob was also chairman of the UK Natural Environment Research Council and a member of the UK Council for Science and Technology. In accordance with the provisions of the Combined Code, directors who have served longer than nine years are subject to annual re-election and, accordingly, Sir Rob is being proposed for re-election at the AGM on 15 April 2009.

E – Executive director

N – Non-executive director

Left to right:

Professor Karel Van Miert, Nicky Oppenheimer, Fred Phaswana, Dr Chris Fay, Dr Mamphela Ramphele, Peter Woicke

**7. Professor Karel Van Miert N**

Graduate in Diplomatic Sciences

67, joined the Board on 19 March 2002. He is a member of the Audit and Nomination Committees. He is currently a member of the supervisory boards of German utility RWE, Philips NV, Munich Re and Vivendi Universal. He is also a member of the advisory boards of Goldman Sachs and Eli Lilly and a member of the boards of Solvay s.a. and Agfa-Gevaert. He was previously President of Nyenrode University, Netherlands Business School, a member of the European Parliament from 1979 to 1985 and a member of the European Commission from 1989 to 1999.

8. Nicky Oppenheimer N

MA

63, joined the Board on 18 March 1999. He is a member of the Nomination Committee. Nicky Oppenheimer joined the Group in 1968 and subsequently became an executive director and a deputy chairman of Anglo American South Africa Limited. He became deputy chairman of De Beers Consolidated in 1985 and has been chairman of De Beers since 1998.

9. Fred Phaswana N

MA, BCom

64, joined the Board on 12 June 2002. He is chairman of the Nomination Committee and a member of the Audit Committee. Fred Phaswana is currently chairman of Anglo Platinum and Transnet Limited and a director of Naspers and was previously BP regional president: Africa, a director of BP Oil (Benelux), an associate president of BP Netherlands and chairman and chief executive of BP Southern Africa. He is also a member of the South African Institute of International Affairs. Mr Phaswana is being proposed for re-election at the AGM on 15 April 2009.

10. Dr Chris Fay CBE N

BSc, PhD, FEng, FRSE, FICE, FEI

63, joined the Board on 19 April 1999. He is chairman of the S&SD Committee and a member of the Remuneration and Audit Committees. He is a non-executive chairman of Brightside Group plc, Iofina plc and Stena International S.à.r.l. He is a former non-executive director of BAA plc and a former chairman of Shell UK and of the British government's Advisory Committee on Business and the Environment. In accordance with the provisions of the Combined Code, directors who have served longer than nine years are subject to annual re-election and, accordingly, Dr Fay is being proposed for re-election at the AGM on 15 April 2009.

11. Dr Mamphela Ramphele N

PhD, BComm

61, joined the Board on 25 April 2006. She is a member of the Nomination and S&SD Committees. Dr Ramphele is the chair of Circle Capital Ventures, a black empowerment company, a non-executive director of the Mediclinic and Business Partners S.A. and a trustee of the Nelson Mandela and Rockefeller Foundations, and an adviser to the Veolia Institute. She was formerly co-chair of the Global Commission on International Migration, a World Bank managing director and vice-chancellor at the University of Cape Town. Dr Ramphele is being proposed for re-election at the AGM on 15 April 2009.

12. Peter Woicke N

MBA

66, joined the Board on 1 January 2006 and is a member of the Audit, Nomination and S&SD Committees. From 1999 to January 2005 he was chief executive officer of the International Finance Corporation. He was also a managing director of the World Bank. Prior to joining the International Finance Corporation, Peter Woicke held numerous positions over nearly 30 years with J.P. Morgan. He is currently chairman of the International Save the Children Alliance, a member of the Saudi Aramco board and was previously a member of the Plugpower Inc, Raiffeisen International Holding and MTN Group boards. Mr Woicke is being proposed for re-election at the AGM on 15 April 2009.

Executive Committee

The Executive Committee is responsible for implementing the strategies and policies determined by the Board, managing the business and affairs of the Company, prioritising the allocation of capital and reviewing operational and safety procedures throughout the Group.



1. Cynthia Carroll

See page 58 for biographical details.

2. René Médori

See page 58 for biographical details.

3. Russell King

BA Hons

51, has held a variety of business and functional responsibilities in the UK and Australia with ICI PLC. From 1997 to 2000 he was managing director of Orica Consumer Products. He joined Anglo American in July 2001 as executive vice president, Group human resources and business development, and became chief strategy officer in April 2008. He is also a non-executive director of Aggreko plc.

4. Philip Baum

BCom, LLB, Higher Dip Tax Law

54, is chief executive of Anglo Ferrous Metals. He joined the Group in 1979 and has held a variety of positions including CEO Anglo American Zimbabwe from 1996 to 2001, acting CEO of

Anglo American South Africa from 2006 to 2008 and first head of what is now Anglo Zimele. He is a director of Kumba Iron Ore, Anglo Ferrous Brazil, Samancor Manganese, Exxaro, Tongaat-Hulett and Hulamini.

5. Ian Cockerill

BSc (Geology) MSc (Mining)

54, is chief executive of Anglo Coal. From 1996 to 1999 Ian was executive officer, business development for AngloGold. In 1999, he was appointed managing director of Gold Fields Limited and in 2002, CEO of that company, until April 2008 when he joined Anglo Coal as chief executive.

6. Kuseni D Dlamini

Bachelor of Social Science (Honours), MPhil

41, is head of Anglo American South Africa. From December 2005 to June 2008 he was executive chairman of Richards Bay Coal Terminal Company Limited. Kuseni previously held a number of senior management positions at the operations in South Africa and the London

offices of De Beers Consolidated Mines Limited, and at AngloGold Ashanti's corporate office in Johannesburg.

7. Brian Beamish

BSc (Mechanical Engineering)

52, is chief executive of Anglo Base Metals. From 1995 to 1999 he was executive director, operations at Anglo Platinum. He transferred to Anglo Base Metals in January 2000 and was chief operating officer from April 2005 until April 2007 when he became chief executive.

8. Mervyn Walker

MA

49, is Group head of human resources. A solicitor by profession, he joined Anglo American in September 2008 from the Mondi Group, where he was Group human resources and legal director. He had previously spent 19 years with British Airways, holding a variety of senior positions, including director for people. He is non-executive chairman of AMEC plc's pension schemes.

9. David Weston

MBA, BSc (Eng)

50, is chief executive of Anglo Industrial Minerals. He spent 25 years with Shell and was president, Shell Canada Products, before joining the Anglo American Group in 2006.

10. Neville Nicolau

BTech (Mining Engineering), MBA

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

Directors' report

The directors have pleasure in submitting the statutory financial statements of the Group for the year ended 31 December 2008.

Principal activities and business review

Anglo American plc is one of the world's largest mining and natural resource groups. With its subsidiaries, joint ventures and associates, it is a global leader in platinum group metals and diamonds, with significant interests in coal, base and ferrous metals, as well as an industrial minerals business and a stake in AngloGold Ashanti. The Group is geographically diverse with operations in Africa, Europe, South and North America, Australia and Asia.

More detailed information about the Group's businesses, activities and financial performance is incorporated into this report by reference and can be found in the Chairman's and Chief executive's statements on pages 2 to 6 and the Operating and financial review on pages 10 to 57.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group financial performance review of Group results on pages 28 to 31. In addition, detail is given on the Group's policy on managing credit and liquidity risk in the Principal risks and uncertainties section on pages 54 to 57, with details of our policy on capital risk management being set out in note 24 to the financial statements. The Group's gross debt at the 2008 year end was \$14.0 billion. The gearing level was 37.8%. Details of borrowings and facilities are set out in notes 23 and 24 and net debt is set out in note 30.

Over the last 12 months, Anglo American has issued medium and long term debt in the euro and sterling bond markets, in addition to arranging new bank financing in both Europe and South Africa. At 31 December 2008, Anglo American had undrawn bank facilities of \$6.1 billion, cash deposits of \$2.7 billion and commercial paper maturing throughout 2009 of \$1.1 billion. Anglo American's only significant debt facility maturing in the next year is a \$3 billion revolving bank facility (of which \$1.1 billion was drawn at 31 December 2008) which matures in December 2009. In addition, a £300 million (approximately \$500 million) euro bond matures in December 2010. With respect to the \$3 billion facility, the intention is to refinance part or all of the facility, subject to requirements, taking into consideration proceeds from disposal of assets and cash flow from operations, using a variety of sources which may include the issue of public bonds in the European and US markets and new bank facilities.

The directors have considered the Group's cash flow forecasts for the period to the end of March 2010. The Board is satisfied that the Group's forecasts and projections, taking

account of reasonably possible changes in trading performance and the intended refinancing of the facility above, show that the Group will be able to operate within the level of its current facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis (as interpreted by the Guidance on Going Concern and Financial Reporting for directors of listed companies registered in the UK, published in November 1994) in preparing its financial statements.

Dividends

An interim dividend of 44 US cents per ordinary share was paid on 18 September 2008. With no final dividend for the year, the total dividend for the year will therefore be 44 US cents per ordinary share.

Two shareholders have waived their rights to receive dividends. In both cases, these shareholders act as trustees/nominees holding shares for use solely in relation to the Group's employee share plans. These shareholders and the value of dividends waived during the year were:

Greenwood Nominees Limited: \$9,443,818.26
Security Nominees Limited: \$35,357.26

Share capital

The Company's authorised and issued share capital as at 31 December 2008, together with details of share allotments and purchases of own shares during the year, is set out in note 28 on pages 115 to 121.

The Company was authorised by shareholders at the AGM held on 15 April 2008 to purchase its own shares in the market up to a maximum of 14.99% of the issued share capital. This authority will expire at the 2009 AGM and in accordance with usual practice a resolution to renew it for another year will be proposed.

Material shareholdings

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

Directors

Biographical details of the directors currently serving on the Board are given on pages 58 and 59. Details of directors' interests in shares and share options of the Company can be found in the Remuneration report on pages 69 to 78.

Sir CK Chow was appointed to the Board at the AGM on 15 April 2008. Bobby Godsell retired from the Board at the conclusion of the AGM on 15 April 2008.

Sustainable development

The Report to Society 2008 will be available from the Company in April. This report focuses on the safety, sustainable development, health and environmental performance of the Group's managed operations, their performance with regard to the Company's *Good Citizenship*:

Our Business Principles, and the operational dimensions of their social programmes.

Payment of suppliers

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

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

Value of land

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

Post-balance sheet events

Post-balance sheet events are set out in note 41 to the financial statements on page 132.

Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware and that all directors have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Employment and other policies

The Group's key operating businesses are empowered to manage, within the context of their own industry and the different legislative and social demands of the diverse countries in which those businesses operate, subject to the standards embodied in Anglo American's *Good Citizenship: Our Business Principles*.

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

- adherence to national legal standards on employment and workplace rights at all times;
- adoption of fair labour practices;
- prohibition of child labour;
- prohibition of inhumane treatment of employees and any form of forced labour, physical punishment or other abuse;
- continual promotion of safe and healthy working practices;
- promotion of workplace equality and elimination of all forms of unfair discrimination;

Directors' report continued

- provision of opportunities for employees to enhance their work-related skills and capabilities;
- recognition of the right of our employees to freedom of association; and
- adoption of fair and appropriate procedures for determining terms and conditions of employment.

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

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

As in previous years, numerous employee communication presentations and workshops took place at Group level, including a series of 70 workshops worldwide to embed the Group's six core values, the training of more than 400 managers on the implementation of the *Socio-Economic Assessment Toolbox* and three management development programmes. The Group has a well-used enterprise information portal, theSource, which seeks to ensure that employees are regularly updated on developments within the Group, and feedback is encouraged.

In addition, the Company regularly publishes *Optima* (available on the Company's website) and *AngloWorld*, which contain items of news, current affairs and information relevant to Group employees.

Charitable donations

During the year, Anglo American and its subsidiaries made donations for charitable purposes or wider social investments amounting to \$76.2 million (1.11% of pre-tax profit of subsidiaries and joint ventures). Charitable donations of \$4.7 million were made in the UK, consisting of payments in respect of education, sport and youth \$0.9 million (19.1%); community development \$1.9 million (40.4%); health and HIV/AIDS \$0.4 million (8.5%); environment \$0.1 million (2.1%); arts, culture and heritage \$0.3 million (6.4%), and other charitable causes \$1.1 million (23.5%). These figures were compiled with reference to the London Benchmarking Group model for defining and measuring social investment spending. A fuller analysis of the Group's social investment activities can be found in the *Report to Society 2008*.

Political donations

No political donations were made during 2008. Anglo American has an established policy of not making donations to, or incurring expenses for the benefit of, any political party in any part of the world, including any political party or political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

Annual General Meeting

The AGM will be held on 15 April 2009. A separate booklet enclosed with this report contains the notice convening the meeting together with a description of the business to be conducted.

Additional information for shareholders

Set out below is a summary of certain provisions of the Company's current Articles of Association (the Articles) and applicable English law concerning companies (the Companies Act 1985 and the Companies Act 2006, together the Companies Acts) required as a result of the implementation of the Takeovers Directive in English law. This is a summary only and the relevant provisions of the Articles or the Companies Acts should be consulted if further information is required.

Dividends and distributions

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

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

Rights and obligations attaching to shares

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

Voting

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

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

Under the Companies Acts, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meetings as a corporate representative.

The Company is aware of the debate concerning section 323 of the Companies Act 2006, related to the voting rights of corporate representatives. Anglo American is committed to ensuring all investors have the opportunity to exercise their voting rights and, to this end, has adopted the guidance issued by the Institute of Chartered Secretaries and Administrators (available at www.icsa.org.uk).

Restrictions on voting

No member shall, unless the directors otherwise determine, be entitled in respect of any share held by him/her to vote either personally or by proxy at a shareholders' meeting or to exercise any other right conferred by membership in relation to shareholders' meetings if any call or other sum presently payable by him/her to the Company in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he/she has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Acts.

Issue of shares

Subject to the provisions of the Companies Acts relating to authority and pre-emption rights and of any resolution of the Company in a general meeting, all unissued shares of the Company shall be at the disposal of the directors and they may allot (with or without conferring a right of renunciation), grant options over or otherwise dispose of them to such persons, at such times and on such terms as they think proper.

Shares in uncertificated form

Directors may determine that any class of shares may be held in uncertificated form and title to such shares may be transferred by means of a relevant system or that shares of any class should cease to be held and transferred. Subject to the provisions of the Companies Acts, the CREST Regulations and every other statute, statutory instrument, regulation or order for the time being in force concerning companies and affecting the Company (together, the Statutes), the directors may determine that any class of shares held on the branch register of members of the Company resident in South Africa or any other overseas branch register of the members

of the Company may be held in uncertificated form in accordance with any system outside the UK which enables title to such shares to be evidenced and transferred without a written instrument and which is a relevant system. The provisions of the Articles shall not apply to shares of any class which are in uncertificated form to the extent that the Articles are inconsistent with the holding of shares of that class in uncertificated form, the transfer of title to shares of that class by means of a relevant system or any provision of the CREST Regulations.

Deadlines for exercising voting rights

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

Variation of rights

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

Transfer of shares

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

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

- (a) is in respect of only one class of share; and
- (b) is lodged at the transfer office (duly stamped if required) accompanied by the relevant share certificate(s) and such other

evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his/her behalf, the authority of that person so to do).

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

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

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

Directors

Directors shall not be less than ten nor more than 18 in number. A director is not required to hold any shares of the Company by way of qualification. The Company may by ordinary resolution increase or reduce the maximum or minimum number of directors.

Powers of directors

Subject to the Articles, the Companies Acts and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security for any debt, liability or obligation of the Company or of any third party.

The Company may by ordinary resolution declare dividends but no dividend shall be payable in excess of the amount recommended by the directors. Subject to the provisions of the Articles and to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be paid in such currency as the directors may determine. The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him/her to the Company on account of calls or otherwise in relation to shares of the Company. The directors may retain any dividends payable on shares on

which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Appointment of directors

The directors may from time to time appoint one or more directors.

The Board may appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next AGM and shall then be eligible for election.

Retirement of directors

At each AGM all those directors who have been in office for three years or more since their election or last re-election shall retire from office. In addition, a director may at any AGM retire from office and stand for re-election. In accordance with the Combined Code, any director who has served more than three three-year terms is subject to annual re-election.

Significant agreements: Change of control

At 31 December 2008, Anglo American had committed bilateral and syndicated borrowing facilities totalling \$15.7 billion with a number of relationship banks and a rand 20 billion South African Medium Term Note Programme which contain change of control clauses. In aggregate, these facilities are considered significant to the Group and in the event of a takeover (change of control) of the Company, these contracts may be cancelled, become immediately payable or be subject to acceleration.

In the event of a change of control, employee share plans would be affected.

No other agreements that take effect, alter or terminate on a change of control of the Company are considered significant in terms of the potential impact on the Group as a whole.

Purchases of own shares

At the AGM held on 15 April 2008, authority was given for the Company to purchase, in the market, up to 198 million Ordinary Shares of 54^{86/91} US cents each. Details of purchases made during the year are set out in note 28 on pages 115 to 121.

Indemnities

To the extent permitted by law and the Articles the Company has made qualifying third party indemnity provisions for the benefit of its directors during the year and which remain in force at the date of this report.

By order of the Board

Nicholas Jordan
Company Secretary
19 February 2009

Corporate governance

Combined Code compliance

Anglo American is committed to the highest standards of corporate governance – the way in which the Company is directed and controlled – and complied fully with the Combined Code on Corporate Governance June 2006 (the Code) throughout the year under review.

Role of the Board

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

Board composition and directors' independence

The Board is chaired by Sir Mark Moody-Stuart. The chairman is responsible for leading the Board and for its effectiveness. Cynthia Carroll is the chief executive and is responsible for the execution of strategy and the day-to-day management of the Group, supported by the Executive Committee (ExCo), which she chairs. The Company has adopted the *Statement of Division of Responsibilities between the Chairman and the Chief Executive* promulgated by the Institute of Chartered Secretaries and Administrators. On 1 September 2008, the Chief Executive's Committee and ExCo were merged. The functions and membership of ExCo are set out on page 67. David Challen succeeded Sir Rob Margetts as the senior independent non-executive director on 15 April 2008.

The Board has a strong independent element and currently comprises, in addition to the chairman, two executive and nine non-executive directors, eight of whom are independent according to the definition contained in the Code. The independent directors are indicated within the table opposite, and full biographical details for each director are given on pages 58 and 59. The letters of appointment of the non-executive directors are available for inspection at the registered office of the Company.

The Company is conscious of the need to maintain an appropriate mix of skills and experience on the Board, and to progressively refresh its composition over time, and, in this connection, Sir CK Chow was appointed and Bobby Godsell retired from the Board at the conclusion of the 2008 AGM.

David Challen, Chris Fay, Sir Rob Margetts, Sir Mark Moody-Stuart, Fred Phaswana, Mamphela Ramphele and Peter Woicke will

be proposed for re-election at the AGM.

Sir Mark is the chairman of Anglo American plc, and serves as a member of the Nomination, Remuneration and Safety and Sustainable Development (S&SD) Committees.

David Challen is the senior independent non-executive director and is chairman of the Audit Committee and a member of the Remuneration Committee. Fred Phaswana is chairman of the Nomination Committee and a member of the Audit Committee. Peter Woicke is a member of the Audit, S&SD and Nomination Committees and Mamphela Ramphele is a member of the S&SD and Nomination Committees. Chris Fay and Sir Rob Margetts will again be proposed for re-election at the AGM. Each has served three three-year terms as an independent non-executive director, having been first appointed during 1999, and hence their nomination for re-election has been subject to particularly rigorous review. Chris Fay chairs the S&SD Committee and serves as a member of the Audit and Remuneration Committees.

Sir Rob Margetts chairs the Remuneration Committee and is a member of the Nomination Committee. The Board values their wide experience and contributions to its proceedings, and is satisfied that they both remain robustly independent. The re-election of Sir Rob Margetts and Chris Fay is in accordance with provision A.7.2 of the Code. None of the non-executive directors has served concurrently with an executive director for more than four years.

Since January 2008, one independent non-executive director has been appointed and one non-independent non-executive director has retired. The Company considers that its programme of progressively refreshing the composition of the Board remains effective.

Conflicts of interest

During the year a full survey of the Board members' interests and appointments was carried out, the Board was fully briefed on the Companies Act 2006 provisions in relation to conflicts of interest which came in to effect on 1 October 2008 and conflict management procedures were agreed. Anglo American policy dictates that if a director becomes aware that he/she has a direct or indirect interest in an existing or proposed transaction with Anglo American, he/she should notify the board at the next board meeting or by a written declaration. Interests in proposed transactions should be notified before the transaction is entered into and directors have a continuing duty to update any changes in these interests. There were no such notifications of interests in proposed transactions during the year. In accordance with the Company's Articles and relevant legislation, an unconflicted quorum of the board can authorise potential conflicts and such authorisations can be limited in scope and are reviewed on an annual basis.

Directors' training

Anglo American's directors have a wide range of expertise as well as significant experience in strategic, financial, commercial and mining activities. Training and briefings are also available to all directors on appointment and subsequently, as necessary, taking into account existing qualifications and experience. Directors also have access to management, and to the advice of the company secretary. Furthermore, all directors are entitled to seek independent professional advice concerning the affairs of Anglo American at its expense, although no such advice was sought during 2008.

Board and Committee meetings – frequency and attendance

	Independent	Board (nine meetings)	Audit (three meetings)	S&SD (four meetings)	Remuneration (six meetings)	Nomination (three meetings)
Sir Mark Moody-Stuart	n/a	All	n/a	All	All	All
Cynthia Carroll	No	All	n/a	All	n/a	n/a
René Médori	No	All	n/a	n/a	n/a	n/a
Sir C K Chow ⁽¹⁾	Yes	All	n/a	n/a	n/a	n/a
David Challen	Yes	All	All	n/a	All	n/a
Chris Fay	Yes	All	All	All	All	n/a
Bobby Godsell ⁽¹⁾	No	All	n/a	All	n/a	n/a
Sir Rob Margetts	Yes	8	n/a	n/a	All	All
Karel Van Miert	Yes	All	All	n/a	n/a	2
Nicky Oppenheimer	No	7	n/a	n/a	n/a	2
Fred Phaswana	Yes	8	All	n/a	n/a	All
Mamphela Ramphele	Yes	8	n/a	3	n/a	2
Peter Woicke	Yes	All	2	All	n/a	All

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

Presentations are made to the Board by business management on the activities of operations. Directors undertake regular visits to operations and projects and, in 2008, operations in Australia, Botswana, Brazil, Chile, China, Germany, Peru, Philippines, South Africa, Venezuela and the US were visited. In addition, during the year, directors attended courses/seminars on corporate governance, the credit crunch/recession, remuneration, and pensions management.

Board effectiveness

A formal evaluation of the performance of the Board, its committees and individual directors is carried out annually by means of detailed questionnaires and/or interviews. The most recent evaluation was carried out by Dr Long of Boardroom Review and presented to the Board. For the first time the scope of the evaluation was widened to include the views of senior executives below board level and the Deloitte partner responsible for the audit. The aim is to ensure continuous improvement in the functioning of the Board. Arising from the review carried out in 2008, the Board has agreed to certain changes and ongoing development in the following areas:

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

As in past years, the evaluation process also included a review, chaired by the senior independent non-executive director (without the chairman present), of the performance of the chairman. It is the Board's current intention to continue to engage an external reviewer for the Board effectiveness evaluation process from time to time.

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 S&SD Committees. The terms of reference for each of these committees and a schedule of matters reserved for the Board's decision are published on the Company's website.

Remuneration Committee

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

The directors' Remuneration report, setting out Anglo American's policy on executive remuneration, is set out on pages 69 to 78 of this Annual Report. A resolution to approve the Remuneration report will be proposed at the

forthcoming AGM. The Committee met six times during 2008.

The Remuneration Committee presently comprises: Sir Rob Margetts (chairman), David Challen and Chris Fay, all of whom are independent non-executive directors, and Sir Mark Moody-Stuart. Sir CK Chow and Peter Woicke will join the Committee with effect from the conclusion of the AGM.

Safety and Sustainable Development (S&SD) Committee

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

The S&SD Committee normally meets three or four times each year, including a visit to an operation, and business unit heads are invited to attend committee meetings. Each business unit head makes a safety and sustainable development presentation to the Committee. The Report to Society 2008, to be published in April, will focus on the safety, sustainable development, health and environmental performance of the Group's managed operations, their performance with regard to the Company's *Good Citizenship* principles and the operational dimensions of their social programmes. The Committee met four times during 2008.

The S&SD Committee presently comprises: Chris Fay (chairman), Cynthia Carroll, Sir Mark Moody-Stuart, Mamphela Ramphele and Peter Woicke.

Nomination Committee

The Nomination Committee makes recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations as to the composition of the Board and its committees and the balance between executive and non-executive directors. The Nomination Committee meets as and when required and engages external consultants to identify appropriate candidates. During 2008, the services of Spencer Stuart were used by the Committee.

The Board, via the Nomination Committee, has taken steps to ensure that the Human Resources function of the Group regularly reviews and updates the succession plans of directors and senior managers. The Committee met three times during 2008.

The Nomination Committee presently comprises: Fred Phaswana (chairman), Sir Rob Margetts, Sir Mark Moody-Stuart, Nicky Oppenheimer, Mamphela Ramphele, Karel Van Miert and Peter Woicke. In accordance with the provisions of the Code, the majority of members and the chairman of the Committee are independent non-executive directors.

With effect from the conclusion of the AGM, the Committee will consist of Sir Mark Moody-Stuart (chairman), Fred Phaswana, Mamphela Ramphele, Karel Van Miert, Peter Woicke and Sir CK Chow.

Audit Committee

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

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

The chief financial officers of all operations have provided confirmation, on a six-monthly basis, that financial and accounting control frameworks operate satisfactorily. The Committee considered summaries of the significant risk and control issues arising from these reports. The Committee also received regular internal and external audit reports on the results of audits at various operations. Further information on risk management processes is provided in the internal control disclosure statement on page 66.

External audit

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

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

- results in auditing of own work by the auditors;
- results in the auditors acting as a manager or employee of the Group;

Corporate governance continued

- puts the auditors in the role of advocate for the Group; or
- creates a mutuality of interest between the auditors and the Group.

Anglo American addresses this issue through three primary measures, namely:

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

Disclosure entails reporting non-audit services to the Group's audit committees and inclusion of prescribed detail, i.e. the breakdown of fees paid to external auditors for audit and non-audit work in the Annual Reports of listed entities. The policy's definition of prohibited non-audit services corresponds with the European Commission's recommendations on auditors' independence.

Other safeguards encapsulated in the policy include:

- the external auditors are required to adhere to a rotation policy based on best practice and professional standards in the United Kingdom. The standard period for rotation of the audit engagement partner is five years and, for any key audit principal, seven years.
- any partner designated as a key audit principal of Anglo American shall not be employed by Anglo American in a key management position unless a period of at least two years has elapsed since the conclusion of the last relevant audit.
- the external auditors are required to periodically assess, in their professional judgement, whether they are independent of the Group.
- the Audit Committee ensures that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated.
- the Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors.
- the Audit Committee has the authority to engage independent counsel and other advisers as they determine necessary in order to resolve issues on auditor independence.

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

The Audit Committee considered information pertaining to the balance between fees for audit and non-audit work for the Group in 2008 and concluded that the nature and

extent of non-audit fees do not present a threat to the external auditors' independence.

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

The Audit Committee approved the external auditors' terms of engagement, scope of work, the process for the 2008 interim review, the annual audit and the applicable levels of materiality. Based on written reports submitted, the Committee reviewed, with the external auditors, the findings of their work and confirmed that all significant matters had been satisfactorily resolved.

The Committee's assessment of the external auditors' performance and independence underpins its recommendation to the Board to propose to shareholders the re-appointment of Deloitte as auditors until the conclusion of the AGM in 2010. Resolutions to authorise the Board to re-appoint and determine their remuneration will be proposed at the AGM on 15 April 2009.

Internal audit

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

The internal audit activities are performed either by teams of appropriate, qualified and experienced employees, or through the engagement of external practitioners upon specified and agreed terms. A summary of audit results and risk-management information was presented to the Committee and Group senior management at regular intervals throughout the year. The Group's head of internal audit reports to the Audit Committee on the internal audit function's performance against the agreed internal audit plan.

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

Composition

The Audit Committee presently comprises: David Challen (chairman), Chris Fay,

Fred Phaswana, Karel Van Miert and Peter Woicke, all of whom are independent non-executive directors. In view of his appointment to other committees, Peter Woicke will step down as a member at the conclusion of the AGM. 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 2008, and on one of those occasions the members held discussions with the external audit partners and the head of internal audit in the absence of management.

Effectiveness of internal control and risk management

The Executive Committee, (ExCo) (previously known as the Chief Executive's Committee until 1 September 2008) as mandated by the Board, has established a Group-wide system of internal control to manage significant Group risks. This system, which has been operating throughout the year and to the date of this report, supports the Board in discharging its responsibility for ensuring that the wide range of risks associated with the Group's diverse international operations is effectively managed in support of the creation and preservation of shareholder wealth. Where appropriate, necessary action has been or is being taken to remedy any failings or weaknesses identified from review of the effectiveness of the internal control system.

Internal control

The system of internal control, which is embedded in all key operations, provides reasonable rather than absolute assurance that the Group's business objectives will be achieved within the risk tolerance levels defined by the Board. Regular management reporting, which provides a balanced assessment of key risks and controls, is an important component of Board assurance. In addition, certain Board committees focus on specific risks such as safety and capital investment and provide assurance to the Board on those matters. The chief financial officers provide confirmation, on a six-monthly basis, that financial and accounting control frameworks have operated satisfactorily. The Board also receives assurance from the Audit Committee, which derives its information, in part, from regular internal and external audit reports on risk and internal control throughout the Group. The Group's internal audit function has a formal collaboration process in place with the external auditors to ensure efficient coverage of internal controls. The Anglo American internal audit function is responsible for providing independent assurance to ExCo and the Board

on the effectiveness of the risk management process throughout the Group.

Anglo American seeks to have a sound system of internal control, based on the Group's policies and guidelines, in all material associates and joint ventures. In those companies that are independently managed, as well as joint ventures, the directors who are represented on these organisations' boards seek assurance that significant risks are being managed.

Risk management

The Board's policy on risk management encompasses all significant business risks to the Group, including, financial, operational and compliance risk, which could undermine the achievement of business objectives. This system of risk management is designed so that the different businesses are able to tailor and adapt their risk management processes to suit their specific circumstances. This flexible approach has the commitment of the Group's senior management. There is clear accountability for risk management, which is a key performance area of line managers throughout the Group. The requisite risk and control capability is assured through Board challenge and appropriate management selection and skills development. Managers are supported in giving effect to their risk responsibilities through policies and guidelines on risk and control management. Continuous monitoring of risk and control processes, across headline risk areas and other business-specific risk areas, provides the basis for regular and exception reporting to business management and boards, ExCo, the Audit Committee and the Board.

Some of the headline risk areas, which have been elaborated upon in the financial review, set out on pages 54 to 56 are:

- commodity price risk;
- political risk;
- legal and regulatory risk;
- counterparty risk; and
- infrastructure and operational performance risks.

The risk assessment and reporting criteria are designed to provide the Board with a consistent, Group-wide perspective of the key risks. The reports to the Board, which are submitted at least every six months, include an assessment of the likelihood and impact of risks materialising, as well as risk mitigation initiatives and their effectiveness.

In conducting its annual review of the effectiveness of risk management, the Board considers the key findings from the ongoing monitoring and reporting processes, management assertions and independent assurance reports. The Board also takes account of material changes and trends in the risk profile and considers whether the control system, including reporting, adequately

supports the Board in achieving its risk management objectives.

During the course of the year the Board considered the Group's responsiveness to changes within its business environment. The Board is satisfied that there is an ongoing process, which has been operational during the year, and up to the date of approval of the Annual Report, for identifying, evaluating and managing the significant risks faced by the Group. This includes social, environmental and ethical risks as highlighted in the Disclosure Guidelines on Socially Responsible Investment issued by the Association of British Insurers. A detailed report on social, environmental and ethical issues is included in the Company's *Report to Society 2008*.

Accountability and audit

The Board is required to present a balanced and understandable assessment of Anglo American's financial position and prospects. Such assessment is provided in the Chairman's and Chief executive's statements and the Operating and financial review of this Annual Report. The respective responsibilities of the directors and external auditors are set out on pages 80 and 83. As referred to in the Directors' report, the directors have expressed their view that Anglo American's business is a going concern.

Whistleblowing programme

Following adoption in December 2003 of a whistleblowing policy that is aligned with the Public Interest Disclosure Act 1998, the Group implemented a whistleblowing programme in all of the managed operations. The programme, which is monitored by the Audit Committee, is aimed at enabling employees, customers, suppliers, managers or other stakeholders, on a confidential basis, to raise concerns in cases where conduct is deemed to be contrary to our values. It may include:

- actions that may result in danger to the health and / or safety of people or damage to the environment;
- unethical practice in accounting, internal accounting controls, financial reporting and auditing matters;
- criminal offences, including money laundering, fraud, bribery and corruption;
- failure to comply with any legal obligation;
- miscarriage of justice;
- any conduct contrary to the ethical principles embraced in our *Good Citizenship: Our Business Principles* or any similar policy;
- any other legal or ethical concern; and
- concealment of any of the above.

The programme makes available a selection of telephonic, e-mail, web-based and surface mail communication channels to any person in the world who has information about unethical practice in Anglo American and its managed operations. The multilingual communication

facilities are operated by independent service providers who remove all indications from information received as to the identity of the callers before submission to designated persons in the Group.

During 2008, 208 reports were received via the global 'Speakup' facility, covering a broad spectrum of concerns, including ethical, criminal, supplier relationships, health and safety, and human resource-type issues. Reports received were kept strictly confidential and were referred to appropriate line managers within the Group for resolution. Where appropriate, action was taken to address the issues raised.

Executive management

Executive Committee (ExCo)

Until 1 September 2008 the Chief Executive's Committee (CeCom) was responsible for implementing the strategies and policies determined by the Board, managing the business and affairs of the Company, prioritising the allocation of capital, technical and human resources and establishing best management practices. CeCom was also (until 1 September 2008) responsible for senior management appointments and monitoring their performance and acted as the risk committee for the purpose of reviewing and monitoring Anglo American's systems of internal control.

CeCom comprised: Cynthia Carroll (chair), René Médori, Russell King and Tony Redman.

With effect from 1 September 2008, ExCo assumed all the responsibilities of CeCom in addition to its own responsibilities of developing corporate and business unit strategy, monitoring strategic process in terms of key milestones and reviewing operational and safety procedures of the Group's business units. 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, Russell King, Philip Baum, Brian Beamish, Ian Cockerill, Kuseni Dlamini, Neville Nicolau, David Weston and Mervyn Walker.

Investment Committee

The role of the Investment Committee, which is a sub-committee of ExCo, 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 ExCo and/or the Board on these matters. The Committee meets as required.

The Investment Committee presently comprises: René Médori (chairman), Dorian Emmett and Gareth Mostyn.

Corporate governance continued

Relations with shareholders

The Company maintains an active dialogue with its key financial audiences, including institutional shareholders, sell-side analysts and potential shareholders. The Investor and Corporate Affairs Department manages the ongoing dialogue with these audiences and regular presentations take place at the time of interim and final results as well as during the rest of the year. An active programme with potential shareholders is also maintained.

Any concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board as a whole. The Board is briefed on a regular basis by the Investor and Corporate Affairs Department and analysts' reports are circulated to the directors. Feedback from meetings held between executive management, or the Investor and Corporate Affairs Department, and institutional shareholders is also communicated to the Board.

During the year there were regular presentations and meetings with institutional investors in the UK, South Africa, continental Europe and the US to communicate the strategy and performance of Anglo American. Executive directors as well as key corporate officers including business unit heads, host such presentations including seminars for investors and analysts, and 'one-on-one' meetings. Executive management also presents at industry conferences on a regular basis throughout the year, which are mainly organised by investment banks for their institutional investor base. The chairman, senior independent non-executive director and other non-executive directors are also available to shareholders to discuss any matter they wish to raise. The Company's website www.angloamerican.co.uk provides the latest news and historical financial information, details about forthcoming events for shareholders and analysts, and other information on Anglo American.

Shareholders will have the opportunity at the forthcoming AGM, notice of which is contained in the booklet enclosed herewith, to put questions to the Board, including the chairmen of the various committees. Facilities have been put in place to enable shareholders on the UK register to receive Company communications electronically rather than by mail and, for those unable to attend the meeting, to cast their votes by electronic means, including those shareholders whose shares are held in the CREST system.

As a result of the implementation in 2008 of the electronic communications provisions in the Companies Act 2006, the Company reduced the cost of the annual report production and distribution. Shareholders may elect to receive notification by email of the availability of the annual report on the Company's website instead of receiving paper copies. The Company is working towards implementing this approach to incorporate South African investors holding shares in dematerialised form.

Voting on each resolution to be proposed at the AGM will be conducted on a poll rather than by a show of hands. The results of the poll will be announced to the press and on the Company's website.

Remuneration report

1. Remuneration Committee

This report sets out the Company's remuneration policy and practice for executive and non-executive directors and provides details of their remuneration and share interests for the year ended 31 December 2008.

1.1 Role of the Remuneration Committee and Terms of Reference

The Remuneration Committee (the Committee) is responsible for considering and making recommendations to the Board on:

- the Company's general policy on executive and senior management remuneration;
- the specific remuneration packages for executive directors of the Company, including basic salary, performance-based short-term and long-term incentives, pensions and other benefits; and
- the design and operation of the Company's share incentive schemes.

The full Terms of Reference of the Committee can be found on the Anglo American website (www.angloamerican.co.uk) and copies are available on request.

The Committee met six times during 2008.

1.2 Membership of the Committee

The Committee comprised the following non-executive directors during the year ended 31 December 2008:

- Sir Rob Margetts (chairman);
- David Challen;
- Chris Fay; and
- Sir Mark Moody-Stuart.

The Company's chief executive attends the Committee meetings by invitation and assists the Committee in its considerations, except when issues relating to her own compensation are discussed. No directors are involved in deciding their own remuneration. In 2008, the Committee was advised by the Company's Human Resources and Finance functions and, specifically, Russell King, Mervyn Walker and Chris Corrin. It also took external advice as shown in Figure 1.

Certain overseas operations within the Group are also provided with audit and non-audit related services from PwC's, Mercer's and Deloitte's worldwide member firms.

A summary of the letter from Mercer containing the conclusions of their review of the Committee's executive remuneration processes for 2008 can be found on page 79, while the full letter can be found on the Company's website.

2. Remuneration policy on executive director remuneration

The Company's remuneration policy is formulated to attract and retain high-calibre executives and to motivate them to develop and implement the Company's business strategy in order to optimise long-term shareholder value creation. It is the intention that this policy will continue to apply for 2009 and subsequent years, subject to ongoing review as appropriate. The policy is framed around the following key principles:

- total rewards will be set at levels that are sufficiently competitive to enable the recruitment and retention of high-calibre executives;
- total incentive-based rewards will be earned through the achievement of demanding performance conditions consistent with shareholder interests;
- incentive plans, performance measures and targets will be structured to operate soundly throughout the business cycle;
- the design of long-term incentives will be prudent and will not expose shareholders to unreasonable financial risk;
- in considering the market positioning of reward elements, account will be taken of the performance of the Company and of the individual executive director; and
- reward practice will conform to best practice standards as far as reasonably practicable.

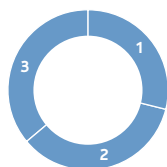
Representatives of the Company's principal investors are consulted on changes to remuneration policy.

Figure 1: External advice provided to the Remuneration Committee

Advisers	Services provided to the Committee	Other services provided to the Company
PricewaterhouseCoopers LLP (PwC)	Appointed by the Company, with the agreement of the Committee, to provide specialist valuation services	Investment advisers, actuaries and auditors for various pension schemes; advisers on internal audit projects and the adoption of International Financial Reporting Standards; taxation, payroll and executive compensation advice
Monks Partnership (a subsidiary of PwC)	Appointed by the Company, with the agreement of the Committee, to provide market remuneration data	
Linklaters LLP (Linklaters)	Appointed by the Company, with the agreement of the Committee, to provide legal advice on long-term incentives and directors' service contracts	Legal advice on certain corporate matters
Mercer Limited (Mercer)	Engaged by the Committee to review the Committee's processes on an annual basis, in order to provide shareholders with assurance that the remuneration processes the Committee has followed are in line with stated policy and that the Committee has operated within its Terms of Reference	Investment advisers and actuaries for various pension schemes
Deloitte LLP (Deloitte)		In their capacity as Group auditors, Deloitte undertakes an audit of sections 10 and 11 of the remuneration report annually. However, they provide no advice to the Committee

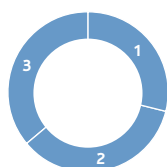
Remuneration report continued

CEO – Expected values



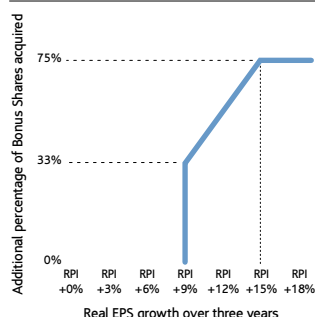
- 1 Fixed 29%
2 Performance-related annual bonus 35%
3 Performance-related long-term incentives 36%

FD – Expected values



- 1 Fixed 29%
2 Performance-related annual bonus 35%
3 Performance-related long-term incentives 36%

Vesting of Enhancement Shares



3. Elements of executive director remuneration

3.1 Remuneration mix

Each executive director's total remuneration consists of salary, annual bonus, long-term incentives and benefits. An appropriate balance is maintained between fixed and performance-related remuneration and between elements linked to short-term financial performance and those linked to longer-term shareholder value creation.

Assuming on-target performance, the Committee's policy is that at least 50% (60% for Cynthia Carroll) of each executive director's remuneration is performance-related. In 2008, 71% of both the chief executive's and the finance director's remuneration on an expected-value basis was performance-related (see illustrative charts).

The Bonus Share Plan (BSP) and the Long Term Incentive Plan (LTIP) are designed to align the longer-term interests of shareholders and executives and to underpin the Company's performance culture. The Committee monitors the relevance and appropriateness of the performance measures and targets applicable to both plans. Further details of the BSP and the LTIP are set out below and on pages 71 and 72.

3.2 Basic salary

The basic salary of the executive directors is reviewed annually and is targeted at the market median of companies of comparable size, market sector, business complexity and international scope. This is adjusted either way based on experience and other relevant factors. The market for executives of main-board calibre, in large international resource companies in particular, has in recent years been very competitive and it is therefore deemed sensible to position basic salary for executive directors at no lower than the median point. Company performance, individual performance and changes in responsibilities are also taken into consideration in setting salary levels each year.

3.3 Bonus Share Plan (BSP)

The BSP was first operated in 2004 and all executive directors are normally eligible to participate in it.

The BSP requires executive directors to invest a significant proportion of their remuneration in shares, thereby more closely aligning their interests with those of shareholders, and encourages management at all levels to build up a meaningful personal stake in the Company. Awards under the BSP are not pensionable, are made annually and consist of three elements:

- a performance-related cash element;
- Bonus Shares as a conditional award, normally to a value equal to the cash element; and
- an additional performance-related element in the form of Enhancement Shares.

The BSP operates as follows:

- the value of the bonus is calculated by reference to achievement against annual performance targets which include measures of corporate (and, where applicable, business unit) performance as well as the achievement of specific individual objectives. For executive directors, the corporate element is based on stretching earnings per share (EPS) targets which are calculated using underlying earnings (reconciled in note 12 of the financial statements). The key individual objectives are designed to support the Company's strategic priorities and in 2008 included value-enhancing cost savings, strategic initiatives, safety improvements, productivity growth, talent management and operational efficiencies;
- the Committee reviews these measures annually to ensure they remain appropriate and sufficiently stretching in the context of the economic and performance expectations for the Company and its operating businesses;
- in 2008, 50% of each annual bonus was based on the corporate financial measure and the remaining 50% on key personal performance measures. This split was decided upon to reflect the importance of the ongoing strategic repositioning of the Group and because of the volatile nature of commodity prices in recent years, with the implications of this on setting earnings targets. The level of bonus payable is reduced if certain overall safety improvement targets are not met. Bonus parameters are set on an individual basis;
- in the case of the directors and executive committee, half the bonus has in previous years been paid in cash, and the maximum cash element has been 75% of basic salary in the case of both Cynthia Carroll and René Médori. The maximum bonus is payable only for meeting targets which, in the opinion of the Committee, represent an exceptional performance for the Group. The other part of the bonus has been in the form of a conditional award of Bonus Shares hitherto equal in value to the cash element. Despite another strong financial performance in 2008, conditions in the mining industry over the past six months have deteriorated rapidly and, in order to further strengthen the longer-term alignment with shareholders, the Committee has determined that, for the 2008 performance year, the portion of the bonus payable in cash should be reduced from 50% to 25%, with the balance being awarded in the form 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 Committee as a 'good leaver'); and

- 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 (i.e. for the award made in 2008 a maximum of 56% of basic salary). Awards of Enhancement Shares made in 2008 will vest after three years only to the extent that a challenging performance condition (based on earnings per share growth against growth in the UK Retail Price Index (RPI) – Real EPS growth) is met (see illustrative chart opposite). There is no retesting of this performance condition.

Real EPS growth is viewed as the most appropriate performance measure for this element of the BSP because it is a fundamental financial performance indicator, both internally and externally, and links directly to the Company's long-term objective of improving earnings. The targets have been approved by the Committee after reviewing performance over a number of years and have been set at a level which provides stretching performance levels for management. At the end of each performance period, the level of performance achieved and the proportion of awards vesting will be published in the subsequent remuneration report.

3.4 Share options and all-employee share schemes

No share options were granted in 2008 to executive directors under the Company's Executive Share Option Scheme (ESOS) and there is no intention to make future grants under the ESOS to executive directors. However, the ESOS is retained for use in special circumstances relating to the recruitment or retention of key executives. Accordingly, as the current ESOS will expire in early 2009, the ESOS will be replaced in 2009 by the Anglo American Discretionary Option Plan which was approved by shareholders at the Annual General Meeting (AGM) in April 2008.

Executive directors are eligible to participate in the Company's Save As You Earn scheme (SAYE) and Share Incentive Plan (SIP). Performance conditions do not apply to these schemes because they are offered to all UK-based employees. As the current SAYE scheme will expire in early 2009, it will be replaced in 2009 by the new SAYE scheme which was approved by shareholders at the AGM in April 2008.

3.5 Long Term Incentive Plan (LTIP)

Grant levels

Conditional LTIP awards are made annually to executive directors. The maximum grant level under the LTIP is currently 200% of basic salary and it is anticipated that, in 2009, conditional

Figure 2: LTIP – Sector Index

	Mining	Industrial Minerals
Category weighting	94%	6%
Comparator companies	BHP Billiton plc Rio Tinto plc Teck Cominco Vale Vedanta Resources plc Xstrata plc	CRH plc Holcim Limited Lafarge

Figure 3: LTIP – Sector Index comparison

The Company's relative TSR compared with the Sector Index	% proportion of total TSR element vesting
Below Target	0
Target (matching the weighted median of the Sector Index)	20
Target plus 5% per annum	50
Target plus 7.5% per annum (or above)	75

grants under the LTIP will be made at 200% of basic salary for executive directors, including the chief executive. The Committee is content that the performance conditions that need to be satisfied for these awards to vest in full are sufficiently stretching in the context of the award levels. In determining annual award levels, the Committee also gives consideration to market competitiveness and has set the levels taking account of median expected value of long-term incentives relative to other companies of a similar size. These awards are discretionary and are considered on a case-by-case basis.

Performance measures

As in previous years, vesting of the LTIP awards made during 2008 is subject to the achievement, over a fixed three-year period, of stretching Group performance targets.

Half of each award is subject to a Group Total Shareholder Return (TSR) measure, while the other half is subject to a Group operating measure, currently return on capital employed (ROCE). These performance measures were selected on the basis that they foster the creation of shareholder value and their appropriateness is kept under review by the Committee. Taken as a whole, vesting depends on meeting a very challenging set of performance hurdles.

At the end of each performance period, the levels of TSR and ROCE performance achieved and the level of award earned is published in the subsequent remuneration report. There is no retesting of performance.

The LTIP closely aligns the interests of shareholders and executive directors by rewarding superior shareholder returns and financial performance and by encouraging executives to build up a shareholding in the Company.

Total shareholder return (TSR)

The Committee considers comparative TSR to be a suitable long-term performance measure for the Company's LTIP awards. Executives would benefit under this measure only if shareholders have enjoyed returns on their investment which are superior to those that could have been obtained in other comparable companies.

The portion of each award that is based on TSR is measured 50% against the Sector Index and 50% 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 natural resource companies (the Sector Index). The Committee may amend the list of comparator companies in the Sector Index, and relative weightings, if circumstances make this necessary (for example, as a result of takeovers or mergers of comparator companies or significant changes in the composition of the Group). In calculating TSR it is assumed that all dividends are reinvested.

For awards made in 2008, the companies constituting the Sector Index were as shown in Figure 2. Should the Tarmac group be sold or demerged during the performance period relating to this award, the percentage attributable to Industrial Minerals will fall to zero.

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. That part of any award that is contingent upon the Sector Index element of the TSR performance will vest as shown in Figure 3. Shares will vest on a straight-line basis for performance between the levels shown in Figure 3.

Remuneration report continued

Figure 4: LTIP – FTSE 100 comparison

The Company's relative TSR compared with the FTSE 100	% proportion of total TSR element vesting
Below the median TSR of the FTSE 100	0
Equal to the median TSR of the FTSE 100	20
Equal to the 90th percentile TSR of the FTSE 100	50
Above the 90th percentile TSR of the FTSE 100	75

Figure 5: LTIP – ROCE targets

	Existing capital employed	Incremental capital employed
Minimum ROCE Target	45.54%	10%
Maximum ROCE Target	47.54%	10%

Figure 6: LTIP – ROCE vesting

	% proportion of ROCE element vesting
Below or equal to the Minimum ROCE Target	0
Equal to or greater than the Maximum ROCE Target	100

FTSE 100 comparison

The vesting of the other half of the TSR element of an LTIP award will depend on the Company's TSR performance over the performance period compared with the constituents of the FTSE 100 Index, as outlined in Figure 4. Shares will vest on a straight-line basis for performance between the levels shown in Figure 4.

These targets were calibrated such that for the TSR element of the award there is approximately a 10% chance of achieving full vesting and a 25% chance of two-thirds vesting. These probabilities were assessed by PwC using the same Monte Carlo model used for calculating fair values of the LTIP under IFRS 2 (Share-based Payments). The estimated average fair value of an award under the TSR element is 50% of the value of shares awarded.

Graphs showing the Company's TSR performance against the weighted average of the Sector Index and against the FTSE 100 for the five years from 1 January 2004 to 31 December 2008 can be found in Figure 9 on page 74.

Return on capital employed

Group ROCE is the second performance measure for LTIP awards. The Committee considers this to be among the most important factors which drive sustainable improvements in shareholder value in a natural resource business, as well as one of the most important measures of differentiation in performance in this sector.

The proportion of shares vesting based on Group ROCE will vary according to the degree of improvement in the Group's average annualised ROCE over the performance period. Unless certain minimum targets for improvement in returns (on both capital employed for the

financial year preceding the start of the performance period (existing capital employed) and on the additional capital employed during the performance period (incremental capital employed)) are met, no shares will vest under this performance measure. The maximum ROCE targets are based on stretching levels of return on the existing capital employed.

The targets for the ROCE element of the 2008 conditional award are shown in Figure 5. To ensure that the targets do act as an effective incentive, they are adjusted for factors outside management's control, such as movements in commodity prices, certain foreign exchange rate effects and capital in progress, as well as for relevant changes in the composition of the Group.

The ROCE element of the award vests as shown in Figure 6.

Shares will vest on a straight-line basis for performance between the Minimum ROCE Target and the Maximum ROCE Target.

3.6 Vesting of share incentives in the event of change of control or termination of employment

In the event of a change of control of the Company, the following provisions apply under the Company's incentive plans:

- share options granted under the former ESOS may be exercised irrespective of whether the applicable performance conditions have been met;
- the number of shares that vest under the LTIP will be calculated by reference to the extent to which the applicable performance conditions have been met at the time of the change of control;
- the Bonus Shares awarded under the BSP will be released, and, to the extent that the performance condition has been met

at the time of the change of control, Enhancement Shares awarded under the BSP will vest;

- SAYE options may be exercised (to the extent of savings at the date of exercise); and
- participants may direct the SIP trustee as to how to deal with their SIP shares (although Matching Shares may be forfeited in some circumstances).

In the event that a director's employment is terminated, vesting of any outstanding share options under the former ESOS is dependent upon the reasons the contract is terminated. Performance conditions fall away in the event of redundancy. However, if the director resigns voluntarily, then all such options lapse unless the Committee determines otherwise.

In the case of LTIP interests, if a director resigns voluntarily, then his/her interests lapse. If he/she retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', vesting at the end of the performance period is based on the normal performance criteria and then pro rated for the proportion of the performance period for which the director served.

In the case of the BSP, if a director ceases to be employed before the end of the year in respect of which the annual performance targets apply, then no award will be made unless the Committee determines otherwise (taking into account the proportion of the year for which the director was an employee of the Group and of performance to date against the annual performance targets at the date of cessation). If a director resigns voluntarily before the end of the three-year vesting period, the Bonus Share awards lapse and awards of Enhancement Shares are forgone. If a director retires with the consent of the Committee, is made redundant or is considered by the Committee to be a 'good leaver', Bonus Shares already awarded will be transferred as soon as practicable after the date of leaving and Enhancement Shares will vest at the end of the performance period (to the extent that the performance condition has been met).

3.7 Employee Share Ownership Trust and policy on provision of shares for incentive schemes

The Group uses an Employee Share Ownership Trust (the Trust) to acquire and hold shares to facilitate the operation of its share schemes. As at 31 December 2008, the Trust held 4,445,244 ordinary shares in the Company, registered in the name of Greenwood Nominees Limited. Shares held by the Trust are not voted at the Company's general meetings. The Board also has the necessary authorities to utilise newly issued or Treasury Shares in connection with the operation of its share schemes.

3.8 Pensions

Details of individual pension arrangements are set out on page 76. Since the inception of the new UK pensions regime applicable from 6 April 2006, the Committee has been prepared to consider requests from executive directors that their contracts be altered for future service, so that future pension benefits are reduced or cease to accrue and that a pension allowance be paid having the same cost to the employer as the defined contribution benefits forgone.

Similarly, the Committee is prepared to consider requests from executive directors (as is the case for employees more generally) that their contracts be altered for future service, so that supplementary pension contributions are made into their defined contribution pension arrangements, in return for equivalent-cost reductions in their future basic salaries and/or in the cash element of any future BSP awards.

3.9 Other benefits

Executive directors are entitled to the provision of a car allowance, medical insurance, death and disability insurance, social club membership and limited personal taxation/financial advice, in addition to reimbursement of reasonable business expenses. The provision of these benefits is considered to be market-competitive.

4. Executive shareholding targets

Within five years of their appointment, executive directors are expected to acquire and maintain a holding of shares with a value of two times basic salary in the case of the chief executive and one times basic salary in the case of any other executive director.

The Committee takes into consideration achievement against these targets when making grants under the Company's various long-term incentive plans.

5. External appointments

Executive directors are not permitted to hold external directorships or offices without the prior approval of the Board; if approved, they may each retain the fees payable from one such appointment. During the year ended 31 December 2008, Cynthia Carroll and René Médori each retained fees amounting to £93,000 and £61,000 respectively.

6. Policy on non-executive director remuneration

Non-executive director remuneration is approved by the Board as a whole on the recommendation of the chairman and executive directors.

The Company's policy on non-executive director remuneration is based on the following key principles:

- Remuneration should be:
 - sufficient to attract and retain world-class non-executive talent;

Figure 7: Executive directors⁽¹⁾

	Date of appointment	Next AGM re-election or election
Cynthia Carroll (chief executive)	15 January 2007	April 2010
René Médori (finance director)	01 June 2005	April 2011

⁽¹⁾ At each AGM all those directors who have been in office for three years or more since their election or last re-election shall retire from office. Details of those retiring by rotation this year are contained in the Notice of AGM.

- consistent with recognised best practice standards for non-executive director remuneration;
 - in the form of cash fees, but with the flexibility to forgo all or part of such fees (after deduction of applicable income tax and social security contributions) to acquire shares in the Company should the non-executive director so wish; and
 - set by reference to the responsibilities taken on by the non-executives in chairing the Board and its committees.
- Non-executive directors may not participate in the Company's share incentive schemes or pension arrangements.

It is the intention that this policy will continue to apply for 2009 and subsequent years, subject to ongoing review as appropriate.

The Board reviews non-executive directors' fees periodically to ensure that they remain market-competitive. The most recent review, in February 2009, concluded that no change should be made to these fees for 2009. 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.

7. 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 Committee and chief executive, who take external advice on market comparators.

8. Directors' service contracts

Cynthia Carroll and René Médori are employed by Anglo American Services (UK) Ltd (AAS).

It is the Company's policy that the period of notice for executive directors will not exceed 12 months and accordingly the employment contracts of the executive directors are terminable at 12 months' notice by either party.

The contracts of executive directors do not provide for any enhanced payments in the event of a change of control of the Company, nor for liquidated damages.

All non-executive directors have letters of appointment with the Company for an initial period of three years from their date of appointment, subject to reappointment at the AGM (Figure 8).

9. Historical comparative TSR performance graphs

The graphs shown in Figure 9 represent the comparative TSR performance of the Company from 1 January 2004 to 31 December 2008. In drawing up these graphs it has been assumed that all dividends paid have been reinvested.

The first graph shows the Company's performance against the performance of the FTSE 100 Index, chosen as being a broad equity market index comprising companies of a comparable size and complexity to Anglo American. This graph has been produced in accordance with the requirements of Schedule 7A to the Companies Act 1985.

The second graph shows the Company's performance against the weighted Sector Index comparator group used to measure company performance for the purposes of the vesting of LTIP interests conditionally awarded in 2006. This graph gives an indication of how the Company is performing against the targets in place for LTIP interests already granted, although the specifics of the comparator companies for each year's interests may vary to reflect changes such as mergers and acquisitions among the Company's competitors or changes to the Company's business mix. TSR is calculated in US dollars, and the TSR level shown as at 31 December each year is the average of the closing daily TSR levels for the five-day period up to and including that date.

Remuneration report continued

Figure 8: Non-executive directors ⁽¹⁾⁽²⁾

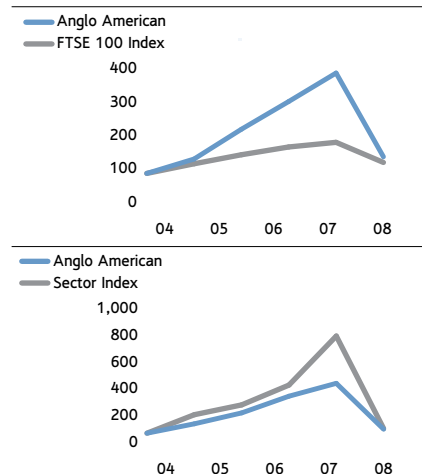
	Date of appointment	Next AGM re-election or election
Sir Mark Moody-Stuart (chairman)	16 July 2002	April 2009
David Challen (SID and chairman, Audit Committee)	09 September 2002	April 2009
Sir CK Chow	15 April 2008	April 2011
Chris Fay (chairman, S&SD Committee) ⁽³⁾	19 April 1999	April 2009
Bobby Godsell (retired 15 April 2008)	18 March 1999	n/a
Sir Rob Margetts (chairman, Remuneration Committee) ⁽³⁾	18 March 1999	April 2009
Nicky Oppenheimer	18 March 1999	April 2010
Fred Phaswana (chairman, Nomination Committee)	12 June 2002	April 2009
Mamphela Ramphele	25 April 2006	April 2009
Karel Van Miert	19 March 2002	April 2011
Peter Woicke	01 January 2006	April 2009

⁽¹⁾ At each AGM all those directors who have been in office for three years or more since their election or last re-election shall retire from office. Details of those retiring by rotation this year are contained in the Notice of AGM.

⁽²⁾ There is no fixed notice period; however, the Company may in accordance with, and subject to, the provisions of the Companies Act 2006, by Ordinary Resolution of which special notice has been given, remove any director from office. The Company's Articles of Association also permit the directors, under certain circumstances, to remove a director from office.

⁽³⁾ In accordance with the provisions of the Combined Code, independent non-executive directors who have served longer than nine years are subject to annual re-election and, accordingly, Chris Fay and Sir Rob Margetts are being proposed for re-election at the AGM in April 2009.

Figure 9: Historical comparative TSR performance graphs



Source: Thomson Datastream

Figure 10: Executive directors' emoluments ⁽¹⁾

	Basic salary as paid		Plus: Basic salary sacrificed into pension scheme ⁽²⁾		Total basic salary		Annual performance bonus – cash element ⁽²⁾⁽³⁾		Benefits in kind ⁽⁴⁾		Total	
	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000	2008 £000	2007 £000
Cynthia Carroll ⁽⁵⁾	1,050	900	–	–	1,050	900	319	641	198	1,126	1,567	2,667
René Médori	660	565	–	45	660	610	208	407	55	28	923	1,045

⁽¹⁾ Subsequent to his retirement from the Board in 2004, Bill Nairn provided consultancy services to Anglo American, receiving £3,000 (2007: £38,000) for the provision of these services during the year. He resigned his non-executive directorships with listed subsidiaries of the Group in September 2007 and therefore received £nil fees (2007: £15,000) during 2008.

⁽²⁾ In 2008, René Médori contractually agreed with his employing company that supplementary pension contributions be made into his pension arrangements in return for an equivalent-cost reduction in the cash element of his BSP award for the 2007 performance period.

⁽³⁾ The split between the cash and share elements of the Bonus Share Plan is set out on page 70.

⁽⁴⁾ Each executive director receives a car allowance and a limited amount of personal taxation/financial advice; they also receive death and disability benefits and medical insurance.

⁽⁵⁾ Cynthia Carroll was, in accordance with the terms of her appointment, entitled to be compensated for the tax due on her relocation expenses; this compensation is included in Benefits in kind above.

10. Remuneration outcomes during 2008

The information set out in this section and section 11 has been subject to audit.

10.1 Directors' emoluments

Executive directors

Figure 10 sets out an analysis of the pre-tax remuneration during the years ended 31 December 2008 and 2007, including bonuses but excluding pensions, for individual directors who held office in the Company during the year ended 31 December 2008.

Non-executive directors

Figure 11 sets out the fees and other emoluments paid to non-executive directors during the year ended 31 December 2008 which amounted to £1,177,000 (2007: £1,237,000).

10.2 Bonus Share Plan

Details of shares awarded under the BSP to executive directors during 2008 and their current holdings are shown in Figure 12.

Figure 11: Non-executive directors' emoluments ⁽¹⁾⁽²⁾

	Total fees	
	2008 £000	2007 £000
Sir Mark Moody-Stuart	450	450
David Challen	89	80
Sir CK Chow (appointed 15 April 2008)	46	–
Chris Fay	80	80
Bobby Godsell (retired 15 April 2008) ⁽³⁾	20	71
Sir Rob Margetts	84	93
Nicky Oppenheimer ⁽³⁾	71	71
Fred Phaswana ⁽³⁾	142	143
Mamphela Ramphele	65	65
Karel Van Miert	65	65
Peter Woicke	65	65

⁽¹⁾ Each non-executive director, with the exception of Sir Mark Moody-Stuart, was paid a fee of £65,000 (2007: £65,000) per annum, and those non-executive directors who act as chairmen of the Audit Committee, Safety and Sustainable Development Committee and Remuneration Committee were paid an additional sum of £15,000 (2007: £15,000) per annum. The chairman of the Nomination Committee was paid an additional sum of £7,500 (2007: £7,500) per annum. The senior independent director (SID) received fees of £13,000 per annum. David Challen replaced Sir Rob Margetts as SID on 15 April 2008 and their additional fees in 2008 for this role were £9,000 (2007: £nil) and £4,000 (2007: £13,000) respectively.

⁽²⁾ In addition to the fees reported above for 2007, Ralph Alexander, who resigned on 26 October 2007, received fees of £54,000.

⁽³⁾ Bobby Godsell and Nicky Oppenheimer received fees for their services as non-executive directors of Anglo American South Africa Limited amounting to £1,000 (2007: £6,000) and £6,000 (2007: £6,000) respectively, which are included in the above table. Fred Phaswana is the non-executive chairman of Anglo American South Africa Limited and of Anglo Platinum and received fees for these services amounting to £69,000 (2007: £71,000), which are included in the above table.

Figure 12: Bonus Share Plan

	Total interest at 1 January 2008	Number of Bonus Shares conditionally awarded during 2008 ⁽²⁾	Number of Enhancement Shares conditionally awarded during 2008	Number of Bonus Shares vested during 2008	Number of Enhancement Shares vested during 2008	Number of Enhancement Shares lapsed during 2008	Total interest at 31 December 2008	Market price at date of 2008 award £	Date of vesting of Bonus Shares awarded during 2008	End date of performance period for Enhancement Shares awarded during 2008
BSP interests⁽¹⁾										
Cynthia Carroll ⁽³⁾	—	22,731	17,048	—	—	—	39,779	28.21	01/01/2011	31/12/2010
René Médori	43,009	14,434	10,826	—	—	—	68,269	28.21	01/01/2011	31/12/2010

⁽¹⁾ The performance period applicable to each award is three years. Neither Cynthia Carroll nor René Médori received BSP awards in 2005 (in respect of the 2004 financial year) and consequently no shares vested in 2008.

⁽²⁾ Where permitted by finance legislation, awards of Bonus Shares under the BSP are granted as forfeitable shares, which would be forfeited in the event that an executive director leaves service, other than as a 'good leaver', before the shares are released.

⁽³⁾ In accordance with her terms upon joining, Cynthia Carroll was granted 132,718 forfeitable shares, in compensation for long-term incentives forgone at her previous employer. The market price of the shares at the date of this award was £24.91. These shares are forfeitable in the event that she leaves service before they are released to her. As a result of the share consolidation following the demerger of Mondri, 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares, of which 72,464 were released to her in February 2008, 24,155 will be released to her in February 2009 and 24,154 will be released to her in February 2010, subject to her continued employment. These awards are as follows:

Interests	Beneficial interest in forfeitable shares at 31 December 2007	Number of forfeitable shares vested during the year	Number of forfeitable shares lapsed during the year	Beneficial interest in forfeitable shares at 31 December 2008	Latest performance period end date
Cynthia Carroll	120,773	72,464	—	48,309	—

Shares vested	Number of shares vested	Date of conditional award	Market price at date of award £	Market price at date of vesting £	Market value at date of vesting £
Cynthia Carroll	72,464	21/02/2007	24.91	33.29	2,412,327

Figure 13: Long Term Incentive Plan

	Total beneficial interest in LTIP at 1 January 2008	Number of shares conditionally awarded during 2008	Number of shares vested during 2008	Number of shares lapsed during 2008	Total beneficial interest in LTIP at 31 December 2008	Latest performance period end date
LTIP interests⁽¹⁾⁽²⁾						
Cynthia Carroll	73,538	66,985	—	—	140,523	31/12/2010
René Médori	165,256	45,980	(65,868)	—	145,368	31/12/2010

⁽¹⁾ The LTIP awards made in 2008 are conditional on two performance conditions as outlined on pages 71 and 72: the first is based on the Company's TSR relative to a weighted group of international natural resource companies and to the constituents of the FTSE 100; the second is based on an underlying operating measure which focuses on raising the Company's ROCE in the medium term. Further details on the structure of the LTIP, the required level of performance for the 2008 award and how performance against targets is measured can be found on pages 71 and 72. The market price of the shares at the date of award was £31.35.

⁽²⁾ The performance period applicable to each award is three years. The performance period relating to the LTIP awards in 2005 (which were granted on 5 April) ended on 31 December 2007. Vesting was subject to two performance conditions: the first based on the Company's TSR relative to a weighted group of international natural resource companies and the FTSE 100; with the second based on an underlying operating measure which focused on improvements in the Company's ROCE in the medium term. Part of each award was based on the TSR measure and part on the operating measure. These awards are as follows:

Shares vested	Number of shares vested	Dates of conditional award	Market price at date of award £	Market price at date of vesting £	Money value at date of vesting £
René Médori	65,868	05/04/2005	12.54	34.39	2,265,201

In the case of the LTIP awards granted in 2005, the determinants for vesting were 50% on relative TSR and 50% on meeting specified Group ROCE targets. The ROCE targets are a function of targeted improvement in returns on existing capital employed at the start of the performance period and targeted returns in excess of the cost of capital on new capital investment over that period. The entry-level target for any LTIP has been the actual return achieved on the capital employed, excluding capital work in progress, in the year immediately preceding the commencement of the performance period. In order to maintain the effectiveness of the plan in driving long-term performance, the actual returns in the final performance year are adjusted for movements in commodity prices, certain foreign exchange rate effects (e.g. translation windfalls), capital in progress (to reflect the fact that mines under construction absorb large amounts of capital before producing a return), for relevant changes in the composition of the Group (e.g. significant acquisitions and disposals) and other one-off factors which would otherwise result in a misleading outcome.

The threshold blended target (i.e. the target on existing and new capital) for the performance period for the 2005 LTIP was 17.80% and the upper blended target 19.80%. The ROCE achieved was 21.71% and the outcome on this element of the LTIP was thus 100%. On the TSR measure, Anglo American achieved a TSR over the three-year performance period of 178 % which generated a 75% vesting in terms of the 2005 Sector Index Comparator Group and a 150% vesting against the FTSE 100 (being above the 90th percentile). The overall vesting level for the director with a 50% Group ROCE, 25% Sectoral TSR and 25% FTSE 100 TSR split was therefore 106.25 %.

Remuneration report continued

Figure 14: Directors' share options

	Beneficial holding at 1 January 2008 ⁽¹⁾	Granted	Exercised	Lapsed	Beneficial holding at 31 December 2008	Weighted average option price £	Earliest date from which exercisable	Latest expiry date
René Médori	951	—	—	—	951	17.97	1/9/2013	28/2/2014

⁽¹⁾ Beneficial holdings comprise SAYE options held in respect of shares by René Médori of 951 options with an option price of £17.97. The market price of the Company's shares at the end of the year and the highest and lowest mid-market prices during the period are disclosed in Section 10.4. There are no performance conditions attached to these options.

10.3 Long Term Incentive Plan

Conditional awards of shares were made in 2008 to executive directors under the LTIP as shown in Figure 13.

10.4 Directors' share options

No executive share options have been granted to any director since 2003 (Figure 14).

The highest and lowest mid-market prices of the Company's shares during the period 1 January 2008 to 31 December 2008 were £36.80 and £10.54 respectively. The mid-market price of the Company's shares at 31 December 2008 was £15.46.

10.5 Share Incentive Plan (SIP)

During the year, Cynthia Carroll and René Médori both purchased 65 shares under the SIP, in addition to the shares held by them at 1 January 2008. If these shares are held for three years, they will be matched by the Company on a one-for-one basis, conditional upon the director's continued employment. In addition, Cynthia Carroll and René Médori were each awarded 90 free shares under the SIP in March 2008. Participants in the SIP are entitled to receive dividends on their shares.

The information provided in sections 10.2 to 10.5 is a summary. However, full details of directors' shareholdings and options are contained in the Register of Directors' Interests of the Company, which are open to inspection.

10.6 Pensions

10.6.1 Directors' pension arrangements

Cynthia Carroll and René Médori participated in defined contribution pension arrangements in terms of their contracts with AAS. In 2008, normal contributions were payable on their behalf at the rate of 30% of their basic salaries payable under these contracts.

Figure 15: Defined contribution pension schemes

Directors	Normal contributions	
	2008 £000	2007 £000
Cynthia Carroll ⁽¹⁾	315	270
René Médori ⁽²⁾	198	183

⁽¹⁾ The contributions payable into pension arrangements for Cynthia Carroll amounted in 2008 to £225,000 (2007: £203,000), the balance being payable in the form of a cash allowance to an equivalent-cost to the employer. This allowance is included in the pension figure above. It does not form part of basic salary disclosed in the directors' emoluments table on page 74 nor is it included in determining awards under the BSP.

⁽²⁾ René Médori contractually agreed with his employer that supplementary pension contributions should be made into his defined contribution pension arrangements in return for a reduction in the cash element awarded under the BSP for performance in 2007. These supplementary contributions of £15,000 (2007: £68,000) are included in his '2007 Annual performance bonus – cash element' amount of £407,000 disclosed in the directors' emoluments table on page 74.

10.6.2 Defined contribution pension schemes

The amounts payable into defined contribution pension schemes by the Group in respect of the individual directors were as shown in Figure 15.

10.6.3 Defined benefit pension schemes

No director was eligible in 2008 for membership of any defined benefit pension scheme.

10.6.4 Excess retirement benefits

No person who served as a director of the Company during or before 2008 has been paid or received retirement benefits in excess of the retirement benefits to which he/she was entitled on the date on which benefits first became payable (or 31 March 1997, whichever is later).

11. Sums paid to third parties in respect of a director's services

No consideration was paid to or became receivable by third parties for making available the services of any person as a director of the Company, or while a director of the Company, as a director of any of the Company's subsidiary undertakings, or as a director of any other undertaking of which he/she was (while a director of the Company) a director by virtue of the Company's nomination, or otherwise in connection with the management of the Company or any undertaking during the year to 31 December 2008.

12. Directors' share interests

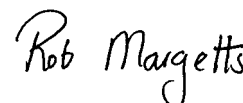
The interests of directors who held office during the period 1 January 2008 to 31 December 2008 in Ordinary Shares (Shares) of the Company and its subsidiaries were as shown in Figures 16 and 17.

Figures 18 and 19 outline the changes in the above interests which occurred between 1 January 2009 and the date of this report.

Approval

This directors' remuneration report has been approved by the Board of directors of Anglo American plc.

Signed on behalf of the Board of directors



Sir Rob Margetts

Chairman, Remuneration Committee
19 February 2009

Figure 16: Shares in Anglo American plc

As at 31 December 2008 (or, if earlier, date of resignation)

Directors	Beneficial			Conditional		
		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll ⁽¹⁾	92	182	140,523	22,731	17,048	48,309
René Médori ⁽²⁾	44,819	239	145,368	38,012	30,257	–
Sir Mark Moody-Stuart ⁽³⁾	25,651	–	–	–	–	–
David Challen	1,820	–	–	–	–	–
Sir CK Chow ⁽⁴⁾	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Bobby Godsell ⁽⁵⁾	83	–	–	–	–	–
Sir Rob Margetts ⁽⁶⁾	13,343	–	–	–	–	–
Nicky Oppenheimer ⁽⁷⁾	33,557,017	–	–	–	–	–
Fred Phaswana	12,739	–	–	–	–	–
Mamphela Ramphela	1,487	–	–	–	–	–
Karel Van Miert	455	–	–	–	–	–
Peter Woicke	4,440	–	–	–	–	–

Figure 17: Shares in Anglo American plc

As at 1 January 2008 (or, if later, date of appointment)

Directors	Beneficial			Conditional		
		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll ⁽¹⁾	27	27	73,538	–	–	120,773
René Médori ⁽²⁾	10,952	84	165,256	23,578	19,431	–
Sir Mark Moody-Stuart ⁽³⁾	23,727*	–	–	–	–	–
David Challen	1,820	–	–	–	–	–
Sir CK Chow ⁽⁴⁾	1,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Bobby Godsell ⁽⁵⁾	83	–	–	–	–	–
Sir Rob Margetts ⁽⁶⁾	12,334*	–	–	–	–	–
Nicky Oppenheimer ⁽⁷⁾	33,557,016	–	–	–	–	–
Fred Phaswana	14,435*	–	–	–	–	–
Mamphela Ramphela	771*	–	–	–	–	–
Karel Van Miert	455	–	–	–	–	–
Peter Woicke	2,853*	–	–	–	–	–

See following page for footnotes.

Remuneration report continued

Figure 18: Shares in Anglo American plc

As at 1 January 2009 (or, if later, date of appointment)

Directors	Beneficial			Conditional		
		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll ⁽¹⁾	92	182	140,523	22,731	17,048	48,309
René Médori ⁽²⁾	44,819	239	145,368	38,012	30,257	–
Sir Mark Moody-Stuart ⁽³⁾	25,651	–	–	–	–	–
David Challen	1,820	–	–	–	–	–
Sir CK Chow ⁽⁴⁾	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Rob Margetts ⁽⁶⁾	13,343	–	–	–	–	–
Nicky Oppenheimer ⁽⁷⁾	33,557,017	–	–	–	–	–
Fred Phaswana	12,739	–	–	–	–	–
Mamphela Ramphele	1,487	–	–	–	–	–
Karel Van Miert	455	–	–	–	–	–
Peter Woicke	4,440	–	–	–	–	–

Figure 19: Shares in Anglo American plc

As at 19 February 2009 (or, if earlier, date of resignation)

Directors	Beneficial			Conditional		
		SIP	LTIP	BSP Bonus Shares	BSP Enhancement Shares	Other
Cynthia Carroll ⁽¹⁾	109	199	140,523	22,731	17,048	48,309
René Médori ⁽²⁾	44,836	256	145,368	38,012	30,257	–
Sir Mark Moody-Stuart ⁽³⁾	26,535	–	–	–	–	–
David Challen	1,820	–	–	–	–	–
Sir CK Chow ⁽⁴⁾	5,500	–	–	–	–	–
Chris Fay	6,827	–	–	–	–	–
Sir Rob Margetts ⁽⁶⁾	13,777	–	–	–	–	–
Nicky Oppenheimer ⁽⁷⁾	33,557,017	–	–	–	–	–
Fred Phaswana	13,610	–	–	–	–	–
Mamphela Ramphele	1,816	–	–	–	–	–
Karel Van Miert	455	–	–	–	–	–
Peter Woicke	5,177	–	–	–	–	–

* Shareholdings restated to correct a clerical error in the Annual Report 2007.

⁽¹⁾ Following her appointment as an executive director on 15 January 2007, Cynthia Carroll was granted 132,718 forfeitable shares conditional on her continued employment with the Group and in partial compensation for long-term incentives forgone at her previous employer. As a result of the share consolidation following the demerger of Mondi, 11,945 shares lapsed and the resultant forfeitable award was 120,773 forfeitable shares, of which 72,464 were released to her in February 2008, 24,155 will be released to her in February 2009 and 24,154 will be released to her in February 2010, subject to her continued employment.

⁽²⁾ René Médori's beneficial interest arises as a result of his wife's interest in these Shares.

⁽³⁾ Sir Mark Moody-Stuart's beneficial interest includes 11,375 Shares arising as a result of his interest in a family trust.

⁽⁴⁾ Sir CK Chow was appointed to the Board at the AGM on 15 April 2008.

⁽⁵⁾ Bobby Godsell resigned from the Board at the conclusion of the AGM on 15 April 2008.

⁽⁶⁾ Sir Rob Margetts' beneficial interest arises as a result of his wife's interest in these Shares.

⁽⁷⁾ Nicky Oppenheimer's beneficial interest in 33,556,927 of these Shares arises as a result of his interest in a discretionary trust which is treated as interested in 27,300,000 Shares in which E Oppenheimer & Son Holdings Limited is treated as interested and 6,252,377 Shares in which Central Holdings Limited is treated as interested. The 6,252,377 Shares referred to above are Shares held by Debswana Diamond Company (Pty) Limited, in which Nicky Oppenheimer and Central Holdings Limited have no economic interest. His interest in 4,550 of these Shares arises as a result of his wife's interest in a trust which has an indirect economic interest in those Shares.

Independent remuneration report review

This letter contains the findings and conclusions from our review of the processes followed by the Anglo American Remuneration Committee (the Committee) during 2008. The review was undertaken at your request as Chairman of the Committee in order to provide shareholders with assurance that the processes followed by the Committee supported the policy stated in Anglo American's Remuneration Report.

It is our view that the processes followed by the Committee during 2008 fully supported the Company's remuneration policy. Please find below a description of the process that we followed in coming to our conclusion, along with our detailed observations and recommendations.

Review process

In order to reach our view we undertook the following:

- A review of the Committee's terms of reference;
- A review of the minutes of the Committee covering the period from January to December 2008;
- A review of any briefing materials prepared for the Committee during the year;
- An interview with Chris Corrin in his capacity as Secretary to the Committee; and
- An interview with the Chairman of the Committee.

Findings

The Committee consists entirely of independent non-executive directors. It met formally on six occasions in 2008.

We reviewed the minutes of each meeting along with any supporting papers or documentation that was tabled. We found that the decisions taken by the Committee were in line with Anglo American's stated remuneration policy, namely that levels of reward, whilst competitive, require demanding performance conditions to be met which are consistent with shareholder interests. We are satisfied that the Committee closely adheres to the stated policy of setting base pay levels at the median of comparable companies, that at least 50% of remuneration for the executive directors is performance-related and that variable pay is consistent with business performance, market conditions and retention of talent.

We are satisfied that the Committee challenges the proposals put forward by executive management and adopts a rigorous and robust approach to decision-making.

We are also satisfied that the Committee seeks the advice of external consultants on technical issues where appropriate and gives careful consideration to the information and recommendations that it receives, before reaching an informed decision.

Conclusions

On the basis of the document review referred to above and the interviews with the Chairman and Secretary of the Committee, we are comfortable that the Committee has discharged its duties in line with the Policy on Executive Director Remuneration stated in the Anglo American Annual Report.

As noted in previous years we consider that the members of the Committee continue to be an effective and cohesive team and that the Committee is an exemplar of best practice.

We understand that consideration has been given to refreshing the membership of the Committee in line with the requirements of the Combined Code and that the composition of the Committee will continue to be reviewed periodically.

Further detail regarding the Mercer Review is included in a letter of this date addressed to the Committee Chairman which we understand will be made available on the Company's website.

Yours sincerely,

Mark Hoble

Principal

Mercer Limited

Tower Place

London EC3R 5BU

30 January 2009

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year.

The directors are required by the IAS Regulation to prepare the Group financial statements under International Financial Reporting Standards (IFRS) as adopted by the European Union. The Group financial statements are also required by law to be properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation.

International Accounting Standard 1 requires that IFRS financial statements present fairly for each financial year the Company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of financial statements'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRS. However, directors are also required to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information; and
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance.

The directors have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

The parent company financial statements are required by law to give a true and fair view of the state of affairs of the Company. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the parent company financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Financial statements

Contents

Responsibility statements	82
Independent auditors' report to the members of Anglo American plc	83

Principal statements

Consolidated income statement	84
Consolidated balance sheet	85
Consolidated cash flow statement	86
Consolidated statement of recognised income and expense	87
Reconciliation from EBITDA to cash inflows from continuing operations	87

Notes to the financial statements

1 Accounting policies	88
2 Segmental information	92
3 Profit for the financial year	96
4 Operating profit from subsidiaries and joint ventures	97
5 Exploration expenditure	98
6 Employee numbers and costs	98
7 Special items and remeasurements	98
8 Net finance costs	100
9 Financial instrument gains and losses	100
10 Tax on profit on ordinary activities	101
11 Dividends	101
12 Earnings per share	101
13 Intangible assets	102
14 Tangible assets	103
15 Environmental rehabilitation trusts	104
16 Investments in associates	104
17 Joint ventures	105
18 Financial asset investments	105
19 Inventories	105
20 Trade and other receivables	106
21 Trade and other payables	106
22 Financial assets	106
23 Financial liabilities	106
24 Financial risk management and derivative financial assets/liabilities	107
25 Provisions for liabilities and charges	111
26 Deferred tax	111
27 Retirement benefits	112
28 Called-up share capital and share-based payments	115
29 Reconciliation of changes in equity	122
30 Consolidated cash flow analysis	123
31 EBITDA by business segment	124
32 Acquisitions	125
33 Disposals and demerger of subsidiaries and businesses	126
34 Disposal groups and non-current assets held for sale	127
35 Discontinued operations	128
36 Capital commitments	129
37 Contingent liabilities and contingent assets	129
38 Operating leases	130
39 Related party transactions	130
40 Group companies	131
41 Events occurring after end of year	132
42 Financial statements of the parent company	133

Responsibility statements

for the year ended 31 December 2008

We confirm that to the best of our knowledge:

- (a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of Anglo American plc and the undertakings included in the consolidation taken as a whole; and
- (b) the Operating and financial review includes a fair review of the development and performance of the business and the position of Anglo American plc and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Cynthia Carroll
Chief executive

René Médori
Finance director

Independent auditors' report to the members of Anglo American plc

We have audited the Group and Company financial statements (the 'Financial statements') of Anglo American plc for the year ended 31 December 2008 which comprise the Consolidated income statement, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of recognised income and expense, the Reconciliation from EBITDA to cash inflows from continuing operations, the Accounting policies, the related notes 2 to 41 and the Company balance sheet and related notes. These Financial statements have been prepared under the accounting policies set out therein. We have also audited the information in the Remuneration report that is described as having been audited.

This report is made solely to the Company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the Group financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union, and for preparing the Company financial statements and the Remuneration report in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of directors' responsibilities.

Our responsibility is to audit the Financial statements and the part of the Remuneration report to be audited in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the Financial statements give a true and fair view and whether the Financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985 and whether, in addition, the Group financial statements have been properly prepared in accordance with Article 4 of the IAS Regulation. We also report to you whether, in our opinion, the information given in the directors' report is consistent with the Financial statements. The information given in the directors' report includes that specific information presented in the operating and financial review that is cross referred from the business review section of the directors' report.

In addition we report to you if, in our opinion, the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We review whether the corporate governance statement reflects the Company's compliance with the nine provisions of the 2006 Combined Code specified for our review by the Listing Rules of the Financial Services Authority, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures.

We read the other information contained in the Annual Report as described in the contents section and consider whether it is consistent with the audited Financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the Financial statements. Our responsibilities do not extend to any further information outside of the Annual Report.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial statements and the part of the Remuneration report to be audited. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the Financial statements, and of whether the accounting policies are appropriate to the Group's and Company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the Financial statements and the part of the Remuneration report to be audited are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the Financial statements and the part of the Remuneration report to be audited.

Opinion

In our opinion:

- the Group financial statements give a true and fair view, in accordance with IFRSs as adopted by the European Union, of the state of the Group's affairs as at 31 December 2008 and of its profit for the year then ended;
- the Group financial statements have been properly prepared in accordance with the Companies Act 1985 and Article 4 of the IAS Regulation;
- the Company financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the parent Company's affairs as at 31 December 2008;
- the Company financial statements and the part of the Remuneration report to be audited have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the directors' report is consistent with the Financial statements.

Deloitte LLP

Chartered Accountants and Registered Auditors
London

19 February 2009

Consolidated income statement

for the year ended 31 December 2008

US\$ million	Note	Before special items and remeasurements 2008	Special items and remeasurements (note 7) 2008	2008	Before special items and remeasurements 2007	Special items and remeasurements (note 7) 2007	2007
Group revenue	2	26,311	–	26,311	25,470	–	25,470
Total operating costs		(18,330)	(1,131)	(19,461)	(16,952)	(246)	(17,198)
Operating profit from subsidiaries and joint ventures	2,4	7,981	(1,131)	6,850	8,518	(246)	8,272
Net profit on disposals	7	–	1,009	1,009	–	460	460
Share of net income from associates	2,16	1,303	(190)	1,113	640	(443)	197
Total profit from operations and associates	2	9,284	(312)	8,972	9,158	(229)	8,929
Investment income		589	–	589	616	–	616
Interest expense		(850)	–	(850)	(797)	–	(797)
Other financing (losses)/gains		(191)	51	(140)	44	29	73
Net finance costs	8	(452)	51	(401)	(137)	29	(108)
Profit before tax		8,832	(261)	8,571	9,021	(200)	8,821
Income tax expense	10	(2,545)	94	(2,451)	(2,676)	(17)	(2,693)
Profit for the financial year – continuing operations		6,287	(167)	6,120	6,345	(217)	6,128
Profit for the financial year – discontinued operations	35	–	–	–	318	1,726	2,044
Profit for the financial year – total Group		6,287	(167)	6,120	6,663	1,509	8,172
Attributable to (continuing operations):							
Minority interests		1,050	(145)	905	868	(34)	834
Equity shareholders of the Company	3	5,237	(22)	5,215	5,477	(183)	5,294
Attributable to (discontinued operations):							
Minority interests		–	–	–	34	–	34
Equity shareholders of the Company	3	–	–	–	284	1,726	2,010
Attributable to (total Group):							
Minority interests		1,050	(145)	905	902	(34)	868
Equity shareholders of the Company	3	5,237	(22)	5,215	5,761	1,543	7,304
Earnings per share (US\$)							
Basic – continuing operations	12			4.34			4.04
Basic – discontinued operations	12			–			1.54
Basic – total Group	12			4.34			5.58
Diluted – continuing operations	12			4.29			3.99
Diluted – discontinued operations	12			–			1.51
Diluted – total Group	12			4.29			5.50
Dividends							
Proposed ordinary dividend per share (US cents)				–			86
Proposed ordinary dividend (US\$ million)				–			1,031
Ordinary dividends paid during the year per share (US cents)							
Ordinary dividends paid during the year (US cents)	11			130			113
Ordinary dividends paid during the year (US\$ million)	11			1,538			1,527
Dividend in specie (US\$ million)	11			–			3,718

Underlying earnings and underlying earnings per share are set out in note 12.

Consolidated balance sheet

as at 31 December 2008

US\$ million	Note	2008	2007
Intangible assets	13	3,006	1,556
Tangible assets	14	29,545	23,534
Environmental rehabilitation trusts	15	244	252
Investments in associates	16	3,612	3,341
Financial asset investments	18	3,115	4,780
Trade and other receivables	20	94	159
Deferred tax assets	26	258	474
Other financial assets (derivatives)	24	4	–
Other non-current assets		167	105
Total non-current assets		40,045	34,201
Inventories	19	2,702	2,344
Trade and other receivables	20	2,929	3,572
Current tax assets		471	223
Other current financial assets (derivatives)	24	372	535
Current financial asset investments	18	173	–
Cash and cash equivalents	30b	2,771	3,129
Total current assets		9,418	9,803
Assets classified as held for sale	34	275	758
Total assets		49,738	44,762
Trade and other payables	21	(4,770)	(3,950)
Short term borrowings	23	(6,784)	(5,895)
Short term provisions	25	(168)	(142)
Current tax liabilities		(804)	(992)
Other current financial liabilities (derivatives)	24	(1,436)	(501)
Total current liabilities		(13,962)	(11,480)
Medium and long term borrowings	23	(7,211)	(2,404)
Retirement benefit obligations	27	(401)	(444)
Other financial liabilities (derivatives)	24	(61)	(85)
Deferred tax liabilities	26	(4,555)	(4,650)
Provisions for liabilities and charges	25	(1,317)	(1,082)
Other non-current liabilities		(395)	–
Total non-current liabilities		(13,940)	(8,665)
Liabilities directly associated with assets classified as held for sale	34	(80)	(287)
Total liabilities		(27,982)	(20,432)
Net assets		21,756	24,330
Equity			
Called-up share capital	28,29	738	738
Share premium account	29	2,713	2,713
Other reserves	29	(2,057)	3,155
Retained earnings	29	18,827	15,855
Equity attributable to equity shareholders of the Company		20,221	22,461
Minority interests	29	1,535	1,869
Total equity		21,756	24,330

The financial statements were approved by the Board of directors on 19 February 2009.

Cynthia Carroll
Chief executive

René Médori
Finance director

Consolidated cash flow statement

for the year ended 31 December 2008

US\$ million	Note	2008	2007
Cash inflows from continuing operations	30a	9,579	9,375
Dividends from associates		609	275
Dividends from financial asset investments		50	36
Income tax paid		(2,173)	(2,886)
Net cash inflows from operating activities – continuing operations		8,065	6,800
Net cash inflows from operating activities – discontinued operations		–	464
Net cash inflows from operating activities – total Group		8,065	7,264
Cash flows from investing activities			
Acquisition of subsidiaries, net of cash and cash equivalents acquired ⁽¹⁾	32	(5,887)	(772)
Investment in joint ventures	32	(609)	(1,114)
Investment in associates		(9)	(1)
Cash flows from derivatives related to acquisitions		(661)	–
Purchase of tangible assets		(5,146)	(3,931)
Purchase of financial asset investments		(741)	(47)
Investment of advance received in anticipation of disposal ⁽²⁾		(281)	–
Loans granted		(108)	(108)
Interest received and other investment income		291	228
Disposal and demerger of subsidiaries, net of cash and cash equivalents disposed	33	468	110
Sale of interests in associates		205	–
Repayment of loans and capital by associates		42	119
Proceeds from disposal of tangible assets		30	111
Proceeds from sale of financial asset investments		851	601
Other cash flows from derivatives not related to net debt		(166)	(2)
Other investing activities		(29)	(30)
Net cash used in investing activities – continuing operations		(11,750)	(4,836)
Net cash inflows from investing activities – discontinued operations		–	2,575
Net cash used in investing activities – total Group		(11,750)	(2,261)
Cash flows from financing activities			
Issue of shares by subsidiaries to minority interests		62	29
Sale of treasury shares to employees		40	134
Purchase of treasury shares		(710)	(6,217)
Interest paid		(741)	(483)
Dividends paid to minority interests		(796)	(728)
Dividends paid to Company shareholders		(1,550)	(1,538)
Receipt of short term borrowings		1,432	2,780
Receipt of medium and long term borrowings		5,184	341
Cash flows from derivatives related to net debt		380	–
Advance received in anticipation of disposal ⁽²⁾		307	–
Other financing activities		(66)	21
Net cash inflows from/(used in) financing activities – continuing operations		3,542	(5,661)
Net cash inflows from financing activities – discontinued operations		–	692
Net cash inflows from/(used in) financing activities – total Group		3,542	(4,969)
Net (decrease)/increase in cash and cash equivalents		(143)	34
Cash and cash equivalents at start of year	30c	3,074	2,980
Cash movements in the year		(143)	34
Effects of changes in foreign exchange rates		(187)	60
Cash and cash equivalents at end of year	30c	2,744	3,074

⁽¹⁾ Includes amounts paid to acquire minority interests in subsidiaries.

⁽²⁾ Advance received in respect of anticipated disposal of the Group's 50% interest in the Booyensdal joint venture, invested in unlisted preference shares (guaranteed by Nedbank Limited and Nedbank Group Limited) and an escrow account, pending completion of the transaction. Refer to note 21 for further details.

Consolidated statement of recognised income and expense for the year ended 31 December 2008

US\$ million	2008	2007
Net (loss)/gain on revaluation of available for sale investments	(888)	2,326
Net gain on revaluation of available for sale investments – associates	–	10
Net loss on cash flow hedges	(874)	(286)
Net gain/(loss) on cash flow hedges – associates	4	(41)
Net exchange loss on translation of foreign operations	(4,514)	(303)
Actuarial net loss on post retirement benefit schemes	(129)	(37)
Actuarial net loss on post retirement benefit schemes – associates	(7)	(6)
Deferred tax	167	(123)
Net (expense)/income recognised directly in equity	(6,241)	1,540
Transferred to income statement: sale of available for sale investments	(476)	(298)
Transferred to income statement: cash flow hedges	380	315
Transferred to initial carrying amount of hedged items: cash flow hedges	637	–
Transferred to income statement: exchange differences on disposal of foreign operations	2	337
Tax on items transferred from equity	(94)	3
Total transferred from equity	449	357
Profit for the financial year	6,120	8,172
Total recognised income and expense for the financial year⁽¹⁾	328	10,069
Attributable to:		
Minority interests	487	844
Equity shareholders of the Company	(159)	9,225

⁽¹⁾ Total recognised income and expense for the financial year of nil (2007: \$2,026 million) relates to discontinued operations.

Reconciliation from EBITDA⁽¹⁾ to cash inflows from continuing operations for the year ended 31 December 2008

US\$ million	2008	2007
EBITDA – continuing operations	11,847	11,171
Share of operating profit of associates before special items and remeasurements	(2,104)	(1,072)
Depreciation and amortisation in associates	(253)	(183)
Share-based payment charges	155	138
Operating fair value gains before special items and remeasurements	(1)	(12)
Provisions	46	77
Increase in inventories	(999)	(352)
Decrease/(increase) in operating receivables	80	(389)
Increase in operating payables	896	53
Other adjustments	(88)	(56)
Cash inflows from continuing operations	9,579	9,375

⁽¹⁾ EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates.

US\$ million	2008	2007
Operating profit, including associates, before special items and remeasurements – continuing operations ⁽²⁾	10,085	9,590
Depreciation and amortisation		
Subsidiaries and joint ventures	1,509	1,398
Associates	253	183
EBITDA – continuing operations	11,847	11,171

⁽²⁾ 'Operating profit, including associates, before special items and remeasurements – continuing operations' is reconciled to 'Profit for the financial year – continuing operations' in note 2.

Notes to the financial statements

1. Accounting policies

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and International Financial Reporting Interpretation Committee (IFRIC) interpretations adopted for use by the European Union, with those parts of the Companies Act 1985 applicable to companies reporting under IFRS and with the requirements of the UK Disclosure and Transparency rules of the Financial Services Authority in the United Kingdom as applicable to periodic financial reporting. The financial statements have been prepared under the historical cost convention as modified by the recording of pension assets and liabilities and certain financial instruments. A summary of the principal Group accounting policies is set out below with an explanation of changes to previous policies following adoption of new accounting standards and interpretations in the year.

The details of the elections made on conversion to IFRS were set out in the 31 December 2005 Annual Report.

The preparation of financial statements in conformity with generally accepted accounting principles, requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

Details of the Group's significant accounting policies and critical accounting estimates are set out in the 'Operating and financial review' and form part of these financial statements; these are set out on pages 56 and 57.

Significant areas of estimation uncertainty include:

- useful economic lives of assets and ore reserves estimates;
- impairment of assets;
- restoration, rehabilitation and environmental costs; and
- retirement benefits.

Adoption of standards and changes in accounting policies

The Group has adopted with effect from 1 January 2008, IFRIC 14 IAS 19 – *The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction* and IFRIC 11 IFRS 2 – *Group and Treasury Share Transactions*.

The Group has also adopted with effect from 1 July 2008, *Reclassification of Financial Assets* (Amendments to IAS 39 *Financial Instruments: Recognition and Measurement* and IFRS 7 *Financial Instruments: Disclosures*).

The adoption of these statements has not had a material impact from a Group perspective.

Discontinued operations

On 2 July 2007 the Paper and Packaging business, Mondi, was demerged from the Group by way of a dividend in specie paid to shareholders.

On 2 October 2007 the Group sold 67.1 million shares in AngloGold Ashanti Limited which reduced the Group's shareholding from 41.6% to 17.3%. The Group's representation on the company's board was also withdrawn at this time. The remaining investment is accounted for as a financial asset investment.

Both of these operations are presented as discontinued.

Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year are included in the Consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the results of subsidiaries, joint ventures and associates to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

For non-wholly owned subsidiaries, a share of the profit for the financial year and net assets is attributed to the minority interests as shown in the Consolidated income statement and Consolidated balance sheet. Any losses applicable to the minority interests in excess of the total recognised minority interests are allocated against the interests of the parent until such time as future profits have exceeded the losses previously absorbed.

Associates

Associates are investments over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Typically the Group owns between 20% and 50% of the voting equity of its associates. Investments in associates are accounted for using the equity method of accounting except when classified as held for sale.

The Group's share of associates' net income is based on their most recent audited financial statements or unaudited interim statements drawn up to the Group's balance sheet date.

The total carrying values of investments in associates represent the cost of each investment including the carrying value of goodwill, the share of post acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment. The carrying values of associates are reviewed on a regular basis and if an impairment in value has occurred, it is written off in the period in which those circumstances are identified. The Group's share of an associate's losses in excess of its interest in that associate is not recognised unless the Group has an obligation to fund such losses.

Joint venture entities

A joint venture entity is an entity in which the Group holds a long term interest and shares joint control over the strategic, financial and operating decisions with one or more other venturers under a contractual arrangement.

The Group's share of the assets, liabilities, income, expenditure and cash flows of such jointly controlled entities are accounted for using proportionate consolidation. Proportionate consolidation combines the Group's share of the results of the joint venture entity on a line by line basis with similar items in the Group's financial statements.

Joint venture operations

The Group has contractual arrangements with other participants to engage in joint activities other than through a separate entity. The Group includes its assets, liabilities, expenditure and its share of revenue in such joint venture operations with similar items in the Group's financial statements.

Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. Sales of concentrate are stated at their invoiced amount which is net of treatment and refining charges. A sale is recognised when the significant risks and rewards of ownership have passed. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

Revenue from metal mining activities is based on the payable metal sold.

Sales of certain commodities are 'provisionally priced' such that the price is not settled until a predetermined future date based on the market price at that time. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. 'Provisionally priced' sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recorded in revenue.

Revenues from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

1. Accounting policies continued

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Business combinations and goodwill arising thereon

The identifiable assets, liabilities and contingent liabilities of a subsidiary, joint venture entity or an associate, which can be measured reliably are recorded at their provisional fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is attributed to goodwill. Provisional fair values are finalised within 12 months of the acquisition date.

Goodwill in respect of subsidiaries and joint ventures is included within intangible assets. Goodwill relating to associates is included within the carrying value of the associate.

Where the fair value of the identifiable net assets acquired exceeds the cost of the acquisition, the surplus, which represents the discount on the acquisition, is credited to the income statement in the period of acquisition.

For non-wholly owned subsidiaries, minority interests are initially recorded at the minorities' proportion of the fair values of the assets and liabilities recognised at acquisition.

Tangible assets

Mining properties and leases include the cost of acquiring and developing mining properties and mineral rights.

Mining properties are depreciated down to their residual values using the unit of production method based on proven and probable reserves. Depreciation is charged on new mining ventures from the date that the mining property is capable of commercial production. When there is little likelihood of a mineral right being exploited, or the value of the exploitable mineral right has diminished below cost, a write down to the recoverable amount is charged to the income statement.

For open pit operations the removal of overburden or waste ore is required to obtain access to the orebody. To the extent that the actual waste material removed per tonne of ore mined (known as the stripping ratio) is higher than the average stripping ratio in the early years of a mine's production phase, the costs associated with this process are deferred and charged to operating costs using the expected average stripping ratio over the average life of the area being mined. This reflects the fact that waste removal is necessary to gain access to the orebody and therefore realise future economic benefit. The average stripping ratio is calculated as the number of tonnes of waste material expected to be removed during the life of mine, per tonne of ore mined. The average life of mine cost per tonne is calculated as the total expected costs to be incurred to mine the orebody divided by the number of tonnes expected to be mined. The cost of stripping in any period will therefore be reflective of the average stripping rates for the orebody as a whole. However, where the pit profile is such that the actual stripping ratio is below the average in the early years no deferral takes place as this would result in recognition of a liability for which there is no obligation. Instead this position is monitored and when the cumulative calculation reflects a debit balance deferral commences. The average life of mine stripping ratio and the average life of mine cost per tonne are recalculated annually in light of additional knowledge and changes in estimates. Changes in the life of mine stripping ratio are accounted for prospectively as a change in estimate.

Land and properties in the course of construction are carried at cost, less any recognised impairment. Depreciation commences when the assets are ready for their intended use. Buildings and plant and equipment are depreciated down to their residual values at varying rates, on a straight line basis over their estimated useful lives or the life of mine, whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment to a maximum of 50 years for buildings.

Residual values and estimated useful lives are reviewed at least annually.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

Non-mining licences and other intangibles

Non-mining licences and other intangibles are measured initially at purchase cost and are amortised on a straight line basis over their estimated useful lives. Estimated useful lives vary between three and five years.

Impairment of tangible and intangible assets excluding goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash generating unit (CGU) to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment is recognised as an expense in the income statement.

Where an impairment subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or CGU in prior years. A reversal of an impairment is recognised as a gain in the income statement.

Impairment of goodwill

Goodwill arising on business combinations is allocated to the group of CGUs that is expected to benefit from the synergies of the combination and represents the lowest level at which goodwill is monitored by the Group's board of directors for internal management purposes. Details of the CGUs to which goodwill is allocated are provided in note 13. The recoverable amount of the CGU or group of CGUs to which goodwill has been allocated is tested for impairment annually on a consistent date during each financial year, or when events or changes in circumstances indicate that it may be impaired.

Any impairment is recognised immediately in the income statement. Impairments of goodwill are not subsequently reversed.

Research and exploration expenditure

Research and exploration expenditure is written off in the year in which it is incurred. When a decision is taken that a mining property is economically feasible and should be developed for commercial production, all further directly attributable, pre-production expenditure is capitalised within tangible assets. Capitalisation of pre-production expenditure ceases when the mining property is capable of commercial production.

Capitalised pre-production expenditure prior to commercial production is assessed for impairment in accordance with the Group accounting policy stated above.

Inventory

Inventory and work in progress are valued at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following bases:

- Raw materials and consumables are valued at cost on a first in, first out (FIFO) basis.
- Finished products are valued at raw material cost, labour cost and a proportion of manufacturing overhead expenses.
- Metal and coal stocks are included within finished products and are valued at average cost.

At precious metals operations that produce 'joint products', cost is allocated between products according to the ratio of contribution of these metals to gross sales revenues.

Notes to the financial statements continued

1. Accounting policies continued

Retirement benefits

The Group operates both defined benefit and defined contribution schemes for its employees as well as post retirement medical plans. For defined contribution schemes the amount charged to the income statement is the contributions paid or payable during the year.

For defined benefit pension and post retirement medical plans, full actuarial valuations are carried out every three years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no 'deep market' for such bonds, based on government bonds. Pension plan assets are measured using year end market values.

Actuarial gains and losses, which can arise from differences between expected and actual outcomes or changes in actuarial assumptions, are recognised immediately in the Consolidated statement of recognised income and expense. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit. The expected return on plan assets and the expected increase during the year in the present value of plan liabilities are included in investment income and interest expense.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight line basis over the average period until the benefits become vested.

The retirement benefit obligation recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service costs and as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Tax

The tax expense represents the sum of the current tax charge and the movement in deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or an asset or liability in a transaction (other than in a business combination) that affects neither the tax profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint ventures, and associates, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Leases

In addition to lease contracts, other significant contracts are assessed to determine whether, in substance, they are or contain a lease. This includes assessment of whether the arrangement is dependent on use of a specific asset and right to use that asset is conveyed through the contract.

Rental costs under operating leases are charged to the income statement in equal annual amounts over the lease term.

Assets held under finance leases are recognised as assets of the Group on inception of the lease at the lower of fair value or the present value of the minimum lease payments derived by discounting at the interest rate implicit in the lease. The interest element of the rental is charged against profit so as to produce a constant periodic rate of interest on the remaining balance of the liability, unless it is directly attributable to qualifying assets, in which case it is capitalised in accordance with the Group's general policy on borrowing costs set out on page 91.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when it is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Non-current assets (and disposal groups) are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less costs to sell. Any resulting impairment is reported through the income statement as a special item. On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

Where an asset or business has been sold or is classified as held for sale and is either a, or part of a, single co-ordinated plan to dispose of either a separate major line of business or geographical area of operation, or is a subsidiary acquired exclusively with a view to sale, it is considered to be a 'discontinued operation'. Once an operation has been identified as discontinued, its net profit and cash flows are separately presented from continuing operations. Comparative information is reclassified so that net profit and cash flows of prior periods are also separately presented.

Restoration, rehabilitation and environmental costs

An obligation to incur restoration, rehabilitation and environmental costs arises when environmental disturbance is caused by the development or ongoing production of a mining property. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises. These costs are charged against profits over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and charged against profits as extraction progresses.

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work that result from changes in the estimated timing or amount of the cash flow, or a change in the discount rate, are added to, or deducted from, the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy set out on page 89.

For some South African operations annual contributions are made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The Group exercises full control of these trusts and therefore the trusts are consolidated. The trusts' assets are recognised separately on the balance sheet as non-current assets at fair value. Interest earned on funds invested in the environmental rehabilitation trusts is accrued on a time proportion basis and recognised as interest income.

1. Accounting policies continued

Foreign currency transactions and translation

Foreign currency transactions by Group companies are booked in the functional currencies of the companies at the exchange rate ruling on the date of transaction. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in profit or loss for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

On consolidation, the assets and liabilities of the Group's overseas operations are translated into the presentation currency of the Group at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period where these approximate the rates at the dates of transactions. Exchange differences arising, if any, are classified within equity and transferred to the Group's cumulative translation adjustment reserve. Exchange differences on foreign currency balances with foreign operations for which settlement is neither planned nor likely to occur and therefore form part of the Group's net investment in these foreign operations are offset in the cumulative translation adjustment reserve.

Cumulative translation differences are recognised as income or expense in the period in which the operation they relate to is disposed of.

Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets of the foreign entity and translated at the closing rate.

Presentation currency

As permitted by UK company law, the Group results are presented in US dollars, the currency in which most of its business is conducted.

Borrowing costs

Interest on borrowings directly relating to the financing of qualifying capital projects under construction is added to the capitalised cost of those projects during the construction phase, until such time as the assets are substantially ready for their intended use or sale which, in the case of mining properties, is when they are capable of commercial production. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period.

All other borrowing costs are recognised in the income statement in the period in which they are incurred.

Share-based payments

The Group has applied the requirements of IFRS 2 *Share-based Payment*. In accordance with the transitional provisions, IFRS 2 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

The Group makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

Black economic empowerment (BEE) transactions

Where the Group disposes of a portion of a South African based subsidiary or operation to a BEE company at a discount to fair value, the transaction is considered to be a share-based payment (in line with the principle contained in South Africa interpretation AC 503 *Accounting for Black Economic Empowerment (BEE) Transactions*). The discount provided or value given is calculated in accordance with IFRS 2 and included in the determination of the profit or loss on disposal.

Employee benefit trust

The carrying value of shares held by the employee benefit trust are recorded as treasury shares, shown as a reduction in retained earnings within shareholders' equity.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are, however, shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the Consolidated cash flow statement are shown net of overdrafts.

Trade receivables

Trade receivables do not carry any interest and are stated at their nominal value (with the exception of receivables relating to provisionally priced sales – as set out in the revenue recognition accounting policy) net of appropriate allowance for estimated irrecoverable amounts. Such allowances are raised based on an assessment of debtor ageing, past experience or known customer circumstances.

Trade payables

Trade payables are not interest bearing and are stated at their nominal value with the exception of amounts relating to purchases of provisionally priced concentrate which are marked to market (using the appropriate forward price) until settled.

Equity instruments

Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Investments

Investments, other than investments in subsidiaries, joint ventures and associates, are financial asset investments and are initially recorded at fair value. At subsequent reporting dates, financial assets that the Group has the expressed intention and ability to hold to maturity ('held to maturity') as well as loans and receivables are measured at amortised cost, less any impairment. The amortisation of any discount or premium on the acquisition of a held to maturity investment is recognised in the income statement in each period using the effective interest method.

Investments other than those classified as held to maturity or loans and receivables are classified as either at fair value through profit or loss (which includes investments held for trading) or available for sale investments. Both sub-categories are measured at each reporting date at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in the income statement within other gains and losses. For available for sale investments, unrealised gains and losses are recognised in equity until the investment is disposed or impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

Current financial asset investments consist mainly of bank term deposits and fixed and floating rate debt securities. Debt securities that are intended to be held to maturity are recorded on the amortised cost basis. Debt securities that are not intended to be held to maturity are recorded at the lower of cost and market value.

Provision is raised against these assets when there is doubt over the future realisation of value as a result of a known event or circumstance.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities.

Bank borrowings

Interest bearing bank loans and overdrafts are recorded at the proceeds received, net of direct transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis and charged to the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Notes to the financial statements continued

1. Accounting policies continued

Derivative financial instruments and hedge accounting

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, the Group enters into forward, option and swap contracts. The Group does not use derivative financial instruments for speculative purposes. Commodity based (normal purchase or normal sale) contracts that meet the scope exemption in IAS 39 are recognised in earnings when they are settled by physical delivery.

All derivatives are held at fair value in the balance sheet within other financial assets (derivatives) or other financial liabilities (derivatives) and, when designated as hedges, are classified as current or non-current depending on the maturity of the derivative. Derivatives that are not designated as hedges are classified as current, in accordance with IAS 1, even when their actual maturity is expected to be greater than one year.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from remeasuring the associated derivative are recognised in profit or loss.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity. The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in equity are included in the income statement when the foreign operations are disposed of.

Changes in the fair value of any derivative instruments that are not hedge accounted are recognised immediately in the income statement and are classified within other gains and losses or net finance costs depending on the type of risk the derivative relates to.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is included in the income statement for the period.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

Derecognition of financial assets and liabilities

Financial assets are derecognised when the rights to receive cash flows from the asset have expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

New IFRS accounting standards and interpretations not yet adopted

IFRS 8 *Operating Segments* replaces the segmental reporting requirements of IAS 14 *Segment Reporting*. The key change is to align the determination of segments in the financial statements with that used by management in their resource allocation decisions. The Group is currently evaluating the impact that IFRS 8 will have on disclosure.

The amendment to IAS 1 *Presentation of Financial Statements* released in September 2007 redefines the primary statements and expands on certain primary statement disclosures. Once adopted the Group's primary statements will be amended to reflect the presentation required.

IFRS 3 *Business Combinations* revised makes a number of changes to the accounting for and disclosure of business combinations. Once adopted the Group will account for subsequent business combinations in accordance with this standard.

IAS 27 *Consolidated and Separate Financial Statements* revised requires the effects of all transactions with non-controlling interests to be recorded in equity if there is no change in control. Once adopted any transaction within this scope will be accounted for in accordance with the revised standard.

The following new IFRS accounting standards and interpretations not yet adopted are not expected to have a significant impact on the Group:

Amendments to IFRS 2 *Share-based Payment* clarifies the definition of vesting conditions and the accounting treatment of cancellations. Vesting conditions are defined as either service or performance conditions. Cancellations by employees are accounted for in the same way as cancellations by the Group.

Amendment to IAS 39 *Financial Instruments: Recognition and Measurement* prohibits designating inflation as a hedgeable component of a fixed rate debt and inclusion of time value in the one-sided hedged risk when designating options as hedges.

Amendments to IAS 32 *Financial Instruments: Presentation* and IAS 1 *Presentation of Financial Statements – Puttable Financial Instruments and Obligations Arising on Liquidation* addresses the liability versus equity classification of certain puttable financial instruments and instruments, or components thereof, which impose upon an entity an obligation to deliver a pro rata share of net assets on liquidation.

Annual improvements to IFRSs amends a number of standards including changes in presentation, recognition and measurement plus terminology and editorial changes.

IFRIC 16 *Hedges of a Net Investment in a Foreign Operation* clarifies that net investment hedging applies to differences in functional currency not presentation currency, the hedging instrument can be held by any entity in a group and how an entity should determine the amounts to be reclassified from equity to the income statement for both the hedging instrument and the hedged item.

2. Segmental information

Based on risks and returns the directors consider the primary reporting format is by business segment and the secondary reporting format is by geographical segment.

The analysis of associates' revenue by business segment is provided here for completeness and consistency. The segmental analysis of associates' net income is shown below and the Group's aggregate investment in those associates required by IAS 14 *Segment Reporting*, is set out in note 16.

The Corporate Activities and Unallocated Costs segment includes insurance costs.

Discontinued operations comprise the Paper and Packaging and Gold segments. The results for discontinued operations are disclosed in note 35.

2. Segmental information continued

Primary reporting format – by business segment

US\$ million	Segment revenue		Segment result before special items and remeasurements ⁽¹⁾		Segment result after special items and remeasurements ⁽¹⁾	
	2008	2007	2008	2007	2008	2007
Subsidiaries and joint ventures						
Platinum	6,288	6,673	2,206	2,635	2,187	2,635
Base Metals	5,878	7,129	2,505	4,338	2,153	4,338
Ferrous Metals and Industries	4,455	4,207	1,857	1,155	1,242	1,158
Coal	5,319	2,880	1,742	365	1,723	224
Industrial Minerals	4,371	4,581	228	474	137	407
Exploration	–	–	(212)	(157)	(162)	(157)
Corporate Activities and Unallocated Costs	–	–	(345)	(292)	(430)	(333)
Total subsidiaries and joint ventures – continuing operations	26,311⁽²⁾	25,470⁽²⁾	7,981	8,518	6,850	8,272
Revenue and net income from associates						
Platinum	39	116	13	38	13	38
Diamonds	3,096	3,076	237	223	47	(229)
Ferrous Metals and Industries	2,394	1,193	724	189	724	198
Coal	1,117	694	329	190	329	190
Industrial Minerals	7	10	–	–	–	–
Total associates – continuing operations	6,653	5,089	1,303	640	1,113	197
Total operations including net income from associates – continuing operations	32,964	30,559	9,284	9,158	7,963	8,469
Net profit on disposals – continuing operations					1,009	460
Total profit from operations and associates – continuing operations					8,972	8,929

⁽¹⁾ Segment result is defined as being segment revenue less segment expense; that is operating profit. In addition 'Share of net income from associates' is shown by segment. There are no material inter-segment transfers or transactions that would affect the segment result. Special items and remeasurements are set out in note 7.

⁽²⁾ This represents segment revenue; the Group's share of associates' revenue is provided for additional information.

The table above represents continuing operations only, as disclosed in the income statement. Total Group revenue including share of revenue from associates and revenue from discontinued operations is \$32,964 million (2007: \$35,674 million) being \$32,964 million (2007: \$30,559 million) from continuing operations and nil (2007: \$5,115 million) from discontinued operations. See note 35 for summarised segmental disclosures relating to discontinued operations.

For information, a segmental analysis of associates' operating profit is set out below to show operating profit for the Group's continuing operations including associates.

US\$ million	Operating profit before special items and remeasurements ⁽¹⁾		Operating profit after special items and remeasurements ⁽¹⁾	
	2008	2007	2008	2007
Total subsidiaries and joint ventures – continuing operations	7,981	8,518	6,850	8,272
Associates				
Platinum	20	62	20	62
Diamonds	508	484	282	19
Ferrous Metals and Industries	1,078	277	1,078	277
Coal	498	249	498	249
Total associates – continuing operations	2,104	1,072	1,878	607
Operating profit including associates – continuing operations	10,085	9,590	8,728	8,879

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

US\$ million	2008	2007
Operating profit from associates before special items and remeasurements – continuing operations	2,104	1,072
Operating special items and remeasurements	(226)	(465)
Operating profit from associates after special items and remeasurements – continuing operations	1,878	607
Net profit on disposals	18	24
Net finance costs (before remeasurements)	(147)	(85)
Financing remeasurements	(15)	(4)
Income tax expense (after special items and remeasurements)	(606)	(303)
Minority interests (after special items and remeasurements)	(15)	(42)
Share of net income from associates – continuing operations	1,113	197

'Operating profit, including associates, before special items and remeasurements – continuing operations' is reconciled to 'Profit for the financial year – continuing operations' as follows:

US\$ million	2008	2007
Operating profit, including associates, before special items and remeasurements – continuing operations	10,085	9,590
Operating special items and remeasurements		
Subsidiaries and joint ventures	(1,131)	(246)
Platinum	(19)	–
Base Metals	(352)	–
Ferrous Metals and Industries	(615)	3
Coal	(19)	(141)
Industrial Minerals	(91)	(67)
Exploration	50	–
Corporate Activities and Unallocated Costs	(85)	(41)
Associates	(226)	(465)
Diamonds	(226)	(465)
Operating profit, including associates, after special items and remeasurements – continuing operations	8,728	8,879
Net profit on disposals		
Subsidiaries and joint ventures	1,009	460
Associates	18	24
Associates' net finance costs (before remeasurements)	(147)	(85)
Associates' financing remeasurements	(15)	(4)
Associates' income tax expense (before special items and remeasurements)	(623)	(305)
Associates' tax on special items and remeasurements	17	2
Associates' minority interests (before special items and remeasurements)	(31)	(42)
Associates' minority interests on special items and remeasurements	16	–
Total profit from operations and associates – continuing operations	8,972	8,929
Net finance costs (before remeasurements)	(452)	(137)
Financing remeasurements	51	29
Profit before tax – continuing operations	8,571	8,821
Income tax expense (after special items and remeasurements)	(2,451)	(2,693)
Profit for the financial year – continuing operations	6,120	6,128

Notes to the financial statements continued

2. Segmental information continued

Primary segment disclosures for segment assets, liabilities and capital expenditure are as follows:

US\$ million	Segment assets ⁽¹⁾		Segment liabilities ⁽²⁾		Net segment assets		Capital expenditure ⁽³⁾	
	2008	2007	2008	2007	2008	2007	2008	2007
Platinum	9,713	9,926	(668)	(692)	9,045	9,234	3,026	2,512
Base Metals	6,783	5,897	(1,309)	(908)	5,474	4,989	1,874	582
Ferrous Metals and Industries	11,823	4,517	(656)	(530)	11,167	3,987	7,688	2,412
Coal	5,300	4,987	(1,338)	(1,003)	3,962	3,984	1,705	1,052
Industrial Minerals	3,935	5,370	(600)	(861)	3,335	4,509	479	352
Exploration	3	1	(7)	–	(4)	1	1	–
Corporate Activities and Unallocated Costs	225	225	(298)	(346)	(73)	(121)	42	44
Continuing operations	37,782	30,923	(4,876)	(4,340)	32,906	26,583	14,815	6,954
Paper and Packaging	–	–	–	–	–	–	–	198
Discontinued operations	–	–	–	–	–	–	–	198
Total Group	37,782	30,923	(4,876)	(4,340)	32,906	26,583	14,815	7,152
Unallocated assets and liabilities								
Investments in associates	3,612	3,341	–	–	3,612	3,341		
Financial asset investments	3,288	4,780	–	–	3,288	4,780		
Deferred tax assets/(liabilities)	258	474	(4,555)	(4,650)	(4,297)	(4,176)		
Cash and cash equivalents	2,771	3,129	–	–	2,771	3,129		
Other financial assets/(liabilities) – derivatives	376	535	(1,497)	(586)	(1,121)	(51)		
Other non-operating assets/(liabilities)	1,651	1,580	(2,515)	(2,264)	(864)	(684)		
Other provisions	–	–	(544)	(293)	(544)	(293)		
Borrowings	–	–	(13,995)	(8,299)	(13,995)	(8,299)		
Net assets	49,738	44,762	(27,982)	(20,432)	21,756	24,330		

⁽¹⁾ Segment assets at 31 December 2008 are operating assets and consist of intangible assets of \$3,006 million (2007: \$1,556 million), tangible assets of \$29,545 million (2007: \$23,534 million), biological assets of \$3 million (2007: \$3 million), environmental rehabilitation trusts of \$244 million (2007: \$252 million), inventories of \$2,702 million (2007: \$2,344 million), retirement benefit assets of \$32 million (2007: \$52 million) and operating receivables of \$2,250 million (2007: \$3,182 million).

⁽²⁾ Segment liabilities at 31 December 2008 are operating liabilities and consist of non-interest bearing current liabilities of \$3,534 million (2007: \$2,965 million), restoration and decommissioning provisions of \$941 million (2007: \$931 million) and retirement benefit obligations of \$401 million (2007: \$444 million).

⁽³⁾ Capital expenditure reflects cash payments and accruals in respect of additions to intangible assets of \$24 million (2007: \$9 million), tangible assets of \$5,726 million (2007: \$4,129 million) and additions resulting from acquisitions of interests in subsidiaries and joint ventures of \$9,065 million (2007: \$3,014 million).

Other primary segment items included in the income statement are as follows:

US\$ million	Depreciation and amortisation		(Impairments)/reversals ⁽¹⁾		Other non-cash expenses ⁽²⁾	
	2008	2007	2008	2007	2008	2007
Platinum	507	455	–	–	7	8
Base Metals	340	344	(140)	–	113	94
Ferrous Metals and Industries	87	100	(6)	–	63	48
Coal	293	221	(40)	(153)	110	42
Industrial Minerals	259	258	(71)	(43)	44	55
Exploration	–	–	45	–	–	–
Corporate Activities and Unallocated Costs	23	20	(2)	–	54	45
Continuing operations	1,509	1,398	(214)	(196)	391	292
Paper and Packaging	–	234	–	(5)	–	12
Discontinued operations	–	234	–	(5)	–	12
Total Group	1,509	1,632	(214)	(201)	391	304

⁽¹⁾ See operating special items in note 7.

⁽²⁾ Other non-cash expenses include share-based payment charges, fair value movements relating to cash settled share-based payment provisions and charges in respect of environmental rehabilitation provisions and other provisions.

Secondary reporting format – by geographical segment

The Group's geographical analysis of revenue, allocated based on the country in which the customer is located, is as follows. The geographical analysis of the Group's attributable revenue from associates is provided for completeness and consistency.

US\$ million	Revenue	
	2008	2007
Subsidiaries and joint ventures		
South Africa	3,009	4,014
Rest of Africa	97	178
Europe	9,966	10,718
North America	1,476	1,686
South America	2,923	2,545
Australia and Asia	8,840	6,329
Total subsidiaries and joint ventures – continuing operations	26,311	25,470
Associates		
South Africa	942	796
Rest of Africa	225	82
Europe	1,985	1,498
North America	896	520
South America	84	52
Australia and Asia	2,521	2,141
Total associates – continuing operations	6,653	5,089
Total operations including associates – continuing operations	32,964	30,559

2. Segmental information continued

The Group's geographical analysis of segment assets, liabilities and capital expenditure, allocated based on where assets and liabilities are located, is as follows:

US\$ million	Segment assets		Segment liabilities		Net segment assets		Capital expenditure	
	2008	2007	2008	2007	2008	2007	2008	2007
South Africa	13,540	13,879	(1,633)	(1,661)	11,907	12,218	3,841	3,303
Rest of Africa	364	526	(30)	(32)	334	494	16	64
Europe	4,045	5,658	(910)	(1,057)	3,135	4,601	474	526
North America	629	465	(119)	(106)	510	359	195	151
South America	15,688	7,212	(1,431)	(935)	14,257	6,277	9,035	2,436
Australia and Asia	3,516	3,183	(753)	(549)	2,763	2,634	1,254	672
	37,782	30,923	(4,876)	(4,340)	32,906	26,583	14,815	7,152

Additional disclosure of secondary segmental information by origin (including attributable revenue and operating profit from associates) is as follows:

US\$ million	Revenue		Operating profit/(loss) before special items and remeasurements ⁽¹⁾		Operating profit/(loss) after special items and remeasurements ⁽¹⁾	
	2008	2007	2008	2007	2008	2007
Subsidiaries and joint ventures						
South Africa	11,708	12,003	4,468	4,043	4,363	4,044
Rest of Africa	280	540	78	351	78	351
Europe	4,545	4,995	(226)	425	(460)	320
North America	451	230	(33)	30	(25)	31
South America	5,825	6,234	2,612	3,697	1,787	3,697
Australia and Asia	3,502	1,468	1,082	(28)	1,107	(171)
Total subsidiaries and joint ventures – continuing operations	26,311	25,470	7,981	8,518	6,850	8,272
Associates						
South Africa	2,078	1,374	639	248	417	222
Rest of Africa	2,250	2,160	389	342	385	342
Europe	260	872	43	88	43	88
North America	254	63	4	17	4	(422)
South America	918	96	373	198	373	198
Australia and Asia	893	524	656	179	656	179
Total associates – continuing operations	6,653	5,089	2,104	1,072	1,878	607
Total operations including associates – continuing operations	32,964	30,559	10,085	9,590	8,728	8,879

⁽¹⁾ Special items and remeasurements are set out in note 7.

Notes to the financial statements continued

3. Profit for the financial year

The table below analyses the contribution of each business segment to the Group's operating profit including operating profit from associates for the financial year and its underlying earnings, which the directors consider to be a useful additional measure of the Group's performance. A reconciliation from 'Profit for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year' is given in note 12.

Operating profit including operating profit from associates is reconciled to 'Underlying earnings' and 'Profit for the financial year attributable to equity shareholders of the Company' in the table below:

	2008					
US\$ million	Operating profit/(loss) before special items and remeasurements ⁽¹⁾	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements ⁽²⁾	Net profit on disposals ⁽²⁾	Financing special items and remeasurements ⁽²⁾	Net interest, tax and minority interests
By business segment						
Platinum	2,226	2,207	19	–	–	(913)
Diamonds	508	282	226	–	–	(252)
Base Metals	2,505	2,153	352	–	–	(1,136)
Ferrous Metals and Industries	2,935	2,320	615	–	–	(1,539)
Coal	2,240	2,221	19	–	–	(659)
Industrial Minerals	228	137	91	–	–	(55)
Exploration	(212)	(162)	(50)	–	–	12
Corporate Activities and Unallocated Costs	(345)	(430)	85	–	–	(306)
Total/Underlying earnings – continuing operations and total Group	10,085	8,728	1,357	–	–	(4,848)
Underlying earnings adjustments – continuing operations and total Group			(1,357)	1,027	36	272
Profit for the financial year attributable to equity shareholders of the Company – continuing operations and total Group						5,215

⁽¹⁾ Operating profit includes associates' operating profit which is reconciled to 'Share of net income from associates' in note 2.

⁽²⁾ Special items and remeasurements are set out in note 7.

	2007					
US\$ million	Operating profit/(loss) before special items and remeasurements ⁽¹⁾	Operating profit/(loss) after special items and remeasurements	Operating special items and remeasurements ⁽²⁾	Net profit on disposals ⁽²⁾	Financing special items and remeasurements ⁽²⁾	Net interest, tax and minority interests
By business segment						
Platinum	2,697	2,697	–	–	–	(1,398)
Diamonds	484	19	465	–	–	(245)
Base Metals	4,338	4,338	–	–	–	(1,238)
Ferrous Metals and Industries	1,432	1,435	(3)	–	–	(827)
Coal	614	473	141	–	–	(124)
Industrial Minerals	474	407	67	–	–	(90)
Exploration	(157)	(157)	–	–	–	12
Corporate Activities and Unallocated Costs	(292)	(333)	41	–	–	(203)
Total/Underlying earnings – continuing operations	9,590	8,879	711	–	–	(4,113)
Underlying earnings adjustments – continuing operations			(711)	484	25	19
Profit for the financial year attributable to equity shareholders of the Company – continuing operations						5,294
Total/Underlying earnings – discontinued operations	526	291	235	–	–	(242)
Underlying earnings adjustments – discontinued operations			(235)	2,086	13	(138)
Profit for the financial year attributable to equity shareholders of the Company – discontinued operations						2,010
Total/Underlying earnings – total Group	10,116	9,170	946	–	–	(4,355)
Underlying earnings adjustments – total Group			(946)	2,570	38	(119)
Profit for the financial year attributable to equity shareholders of the Company – total Group						7,304

⁽¹⁾ Operating profit includes associates' operating profit which is reconciled to 'Share of net income from associates' in note 2.

⁽²⁾ Special items and remeasurements for continuing operations are set out in note 7. Special items and remeasurements for discontinued operations are set out in note 35.

4. Operating profit from subsidiaries and joint ventures

US\$ million	2008	2007
Group revenue	26,311	25,470
Cost of sales ⁽¹⁾	(15,551)	(14,095)
Gross profit – continuing operations	10,760	11,375
Selling and distribution costs	(1,631)	(1,453)
Administrative expenses	(1,643)	(1,510)
Other gains and losses (see below)	(424)	17
Exploration expenditure (see note 5)	(212)	(157)
Operating profit from subsidiaries and joint ventures – continuing operations	6,850	8,272

⁽¹⁾ Includes special items of \$352 million (2007: \$251 million), see note 7.

US\$ million	2008	2007
Operating profit is stated after charging:		
Depreciation of tangible assets (see note 14)	1,505	1,396
Amortisation of intangible assets (see note 13)	4	2
Rentals under operating leases	210	183
Research and development expenditure	36	41
Operating special items ⁽¹⁾	352	251
Employee costs (see note 6)	3,281	3,691
Adjustment due to provisional pricing ⁽²⁾	764	4

Other gains and losses comprise:

Fair value (losses)/gains on derivatives – unrealised	(698)	5
Fair value losses on derivatives relating to capital expenditure – realised	(120)	–
Other fair value losses on derivatives – realised	(108)	–
Foreign currency gains/(losses) on other monetary items	501	(4)
Gains on valuation of biological assets	1	16
On initial recognition	–	–
Change in fair value less estimated point of sale costs	1	16
Total other gains and losses	(424)	17

⁽¹⁾ For further information on special items and remeasurements see note 7.

⁽²⁾ Provisionally priced contracts resulted in a total (realised and unrealised) loss in revenue of \$865 million (2007: \$38 million gain) and gain in operating costs of \$101 million (2007: \$34 million loss).

US\$ million	2008	2007
Auditors' remuneration – continuing operations		
Audit		
United Kingdom	3	3
Overseas	7	7
Other services provided by Deloitte⁽¹⁾		
United Kingdom	2	2
Overseas	2	2

⁽¹⁾ 'Other services provided by Deloitte' includes charges incurred in respect of the interim review.

A more detailed analysis of auditors' remuneration for the total Group is provided below:

US\$ million	United Kingdom	Overseas	Total	2008 Paid/ payable to auditor (if not Deloitte)
Statutory audit services⁽¹⁾				
Anglo American plc Annual Report paid to the Company's auditor	2.2	–	2.2	–
Subsidiary entities – for purposes of Anglo American plc Annual Report	–	3.6	3.6	0.1
Subsidiary entities – additional local statutory requirements	0.6	3.8	4.4	0.5
Subsidiary entities – total	0.6	7.4	8.0	0.6
Total	2.8	7.4	10.2	0.6
Other services⁽¹⁾				
Other services pursuant to legislation	0.6	0.5	1.1	–
Tax services	0.2	0.6	0.8	–
Internal audit services	–	–	–	0.4
Corporate finance	0.1	–	0.1	–
Other	0.5	1.2	1.7	0.2
Total	1.4	2.3	3.7	0.6

⁽¹⁾ \$0.1 million was paid/payable in respect of the audit of Group pension schemes. Other services to these schemes amounted to nil.

US\$ million	United Kingdom	Overseas	Total	2007 Paid/ payable to auditor (if not Deloitte)
Statutory audit services⁽¹⁾				
Anglo American plc Annual Report paid to the Company's auditor	2.2	–	2.2	–
Subsidiary entities – for purposes of Anglo American plc Annual Report	–	4.8	4.8	0.1
Subsidiary entities – additional local statutory requirements	0.5	4.6	5.1	–
Subsidiary entities – total	0.5	9.4	9.9	0.1
Total	2.7	9.4	12.1	0.1
Other services⁽¹⁾				
Other services pursuant to legislation	0.7	0.5	1.2	–
Tax services	0.4	0.7	1.1	0.1
Corporate finance	–	0.1	0.1	–
Other	0.9	1.1	2.0	0.2
Total	2.0	2.4	4.4	0.3

⁽¹⁾ \$0.1 million was paid/payable in respect of the audit of Group pension schemes. Other services to these schemes amounted to \$0.1 million.

Notes to the financial statements continued

5. Exploration expenditure

Exploration expenditure is stated before special items.

US\$ million	2008	2007
By business segment		
Platinum	36	36
Base Metals	123	77
Ferrous Metals and Industries	18	12
Coal	35	32
	212	157

6. Employee numbers and costs

The average number of employees, excluding associates' employees and including a proportionate share of employees within joint venture entities, for continuing operations was:

Thousand	2008 ⁽¹⁾	2007 ⁽¹⁾
By business segment		
Platinum	56	53
Base Metals	9	10
Ferrous Metals and Industries	15	13
Coal	13	12
Industrial Minerals	11	11
Corporate Activities and Unallocated Costs	1	1
Continuing operations	105	100

⁽¹⁾ Amounts relating to discontinued operations are disclosed in note 35. Average number of employees, excluding associates' employees and including a proportionate share of employees within joint venture entities, for continuing and discontinued operations was 105,000 (2007: 116,000).

The average number of employees for continuing operations by principal location of employment was:

Thousand	2008	2007
South Africa	79	76
Rest of Africa	1	1
Europe	10	11
North America	1	1
South America	9	7
Australia and Asia	5	4
Continuing operations	105	100

Payroll costs in respect of the employees included in the tables above were:

US\$ million	2008 ⁽¹⁾	2007 ⁽¹⁾
Wages and salaries	2,774	3,145
Social security costs	153	158
Defined contribution plans	143	162
Defined benefit plans	49	65
Other post employment benefits	7	23
Share-based payments	155	138
Continuing operations	3,281	3,691

⁽¹⁾ Amounts relating to discontinued operations are disclosed in note 35. Total payroll costs, including discontinued operations, were \$3,281 million (2007: \$4,266 million).

In accordance with IAS 24 *Related Party Disclosures*, key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (executive and non-executive) of the Group.

Compensation for key management was as follows:

US\$ million	2008	2007
Salaries and short term employee benefits	20	28
Post employment benefits	2	4
Termination benefits	2	4
National insurance and social security	3	6
Share-based payments	11	9
Continuing operations	38	51

Key management includes members of the Board and the Executive Committee (ExCo).

Disclosure of directors' emoluments, pension entitlements, share options and long term incentive plan awards required by the Companies Act 1985 and those specified for audit by the Directors' Remuneration Report Regulations 2002 are included in the Remuneration report.

7. Special items and remeasurements

'Special items' are those items of financial performance that the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Group. Such items are material by nature or amount to the year's results and require separate disclosure in accordance with IAS 1 paragraph 86. Special items that relate to the operating performance of the Group are classified as operating special items and include impairment charges and reversals and other exceptional items, including significant legal provisions. Non-operating special items include profits and losses on disposals of investments and businesses.

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

- unrealised gains and losses on 'non-hedge' derivative instruments open at year end (in respect of future transactions) and the reversal of the historical marked to market value of such instruments settled in the year. The full realised gains or losses are recorded in underlying earnings in the same year as the underlying transaction for which such instruments provide an economic, but not formally designated, hedge (if the underlying transaction is recorded in the balance sheet, e.g. capital expenditure, the realised amount remains in remeasurements on settlement of the derivative). Such amounts are classified in the income statement as financing when the underlying exposure is in respect of net debt and otherwise as operating.
- foreign exchange gains and losses arising on the retranslation of dollar denominated De Beers preference shares held by a rand functional currency subsidiary of the Group. This is classified as financing.
- foreign exchange impact arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information (and hence deferred tax is susceptible to currency fluctuations). Such amounts are included within income tax expense.

Subsidiaries and joint ventures' special items and remeasurements Operating special items

US\$ million	2008	2007
Impairment of Tarmac assets and restructuring costs	(91)	(43)
Impairment of Lisheen	(78)	–
Impairment of Black Mountain	(62)	–
Impairment of Coal Australia assets	(40)	(153)
Reversal of impairment of Silangan exploration asset	45	–
Costs associated with 'One Anglo' initiatives	(72)	–
Provisions for onerous contracts	(39)	–
Costs associated with proposed sale of Tarmac	(3)	(55)
Other	(12)	–
Total operating special items – continuing operations	(352)	(251)
Tax	42	60
Minority interests	1	–
Net total attributable to equity shareholders of the Company – continuing operations	(309)	(191)

7. Special items and remeasurements continued

Following structural review of the Industrial Minerals business by management and as a result of trading conditions in the building industry, restructuring and impairment charges totalling \$91 million have been recorded. The impairment brings the carrying value in line with fair value (less costs to sell).

Impairments have been recorded at Black Mountain and Lisheen resulting from a reduction in the near term zinc and lead prices. These charges were based on a value in use assessment of recoverable amount using a pre-tax, risk free discount rate which equated to a post tax rate of 6%.

Costs associated with 'One Anglo' initiatives principally comprise advisory costs associated with procurement, shared services and information systems.

Operating remeasurements

US\$ million	2008	2007
Net (loss)/gain on non-hedge derivatives	(659)	5
Realised loss on derivatives relating to capital expenditure	(120)	–
Total operating remeasurements – continuing operations	(779)	5
Tax	252	(1)
Minority interests	135	–
Net total attributable to equity shareholders of the Company – continuing operations	(392)	4

The net loss on non-hedge derivatives principally related to a net unrealised loss on derivatives relating to capital expenditure held by Anglo Ferrous Brazil and Los Bronces and an unrealised loss on an embedded derivative at Minera Loma de Níquel. Realised losses on derivatives relating to capital expenditure were principally incurred on foreign currency instruments held by Anglo Ferrous Brazil and Los Bronces.

Profits and (losses) on disposals

US\$ million	2008	2007
Disposal of interest in China Shenhua Energy	551	–
Disposal of interest in Minera Santa Rosa SCM	142	–
Disposal of Northam Platinum Limited	101	–
Copebrás property compensation	96	–
Disposal of Tarmac Iberia	65	–
Disposal of Namakwa Sands ⁽¹⁾	49	–
Part disposal of Exxaro (formerly Kumba Resources)	–	234
Disposal of remaining interest in Highveld ⁽¹⁾	–	140
Part disposal of AngloGold Ashanti	–	67
Tongaat-Hulett and Hulammin BBBEE transactions ⁽¹⁾	–	(68)
Tarmac land sales	–	25
Disposal of Boschendal Phase II	–	21
Other	5	41
Net profit on disposals – continuing operations⁽²⁾	1,009	460
Tax	(47)	(71)
Minority interests	(43)	34
Net total attributable to equity shareholders of the Company – continuing operations	919	423

⁽¹⁾ See Disposals and demerger of subsidiaries and businesses note 33.

⁽²⁾ Includes charges associated with IFRS 2 on broad based black economic empowerment (BBBEE) and BEE transactions of nil (2007: \$68 million).

In April 2008 the Group sold its investment in China Shenhua Energy for \$704 million, generating a profit on disposal of \$551 million.

On 20 August 2008 the Group sold its 22.4% interest in Northam Platinum Limited for cash proceeds of \$205 million. This interest was transferred to a disposal group in September 2007, where it was held until sale.

The sale of the Group's 40% interest in Minera Santa Rosa SCM was completed in December 2008 for consideration of \$140 million. This investment had a nominal carrying value.

Financing remeasurements

US\$ million	2008	2007
Foreign exchange gain/(loss) on De Beers preference shares	28	(3)
Unrealised net gain on non-hedge derivatives related to net debt	23	32
Total financing remeasurements – continuing operations	51	29
Tax	–	(5)
Net total attributable to equity shareholders of the Company – continuing operations	51	24

The unrealised net gain on non-hedge derivatives related to net debt principally comprises an unrealised gain on an embedded interest rate derivative.

Tax remeasurements

US\$ million	2008	2007
Foreign currency translation of deferred tax balances	(153)	–
Minority interests	52	–
Net total attributable to equity shareholders of the Company – continuing operations	(101)	–

Total special items and remeasurements – continuing operations

US\$ million	2008	2007
Total special items and remeasurements before tax and minority interests – continuing operations	(71)	243
Tax remeasurements	(153)	–
Tax on special items and remeasurements	247	(17)
Minority interests	145	34
Net total special items and remeasurements attributable to equity shareholders of the Company – continuing operations	168	260

Associates' special items and remeasurements

Associates' operating special items and remeasurements

US\$ million	2008	2007
Impairment of De Beers' businesses	(79)	–
Impairment of De Beers' Canadian assets	–	(434)
Share of De Beers' restructuring costs	(37)	(15)
Share of De Beers' class action payment and related costs	(3)	(5)
Unrealised net loss on non-hedge derivatives	(101)	(3)
Other impairments	(6)	(8)
Total associates' operating special items and remeasurements – continuing operations	(226)	(465)
Tax	17	2
Minority interests	16	–
Net total associates' operating special items and remeasurements – continuing operations	(193)	(463)

Due to current trading conditions De Beers has recorded an impairment of \$176 million (attributable share \$79 million) in respect of certain of its businesses. The impairment brings the carrying value of these assets in line with fair value (less costs to sell), determined using discounted cash flow techniques.

Associates' profits on disposals

US\$ million	2008	2007
Disposal of interests in Williamson, Cullinan and Koffiefontein	15	–
Disposal of interests in Acerinox	–	12
Disposal of interest in Gope Exploration Company	–	8
Other	3	4
Associates' net profit on disposals – continuing operations	18	24

Notes to the financial statements continued

7. Special items and remeasurements continued

Associates' financing remeasurements

US\$ million	2008	2007
Unrealised net loss on non-hedge derivatives related to net debt	(15)	(4)
Total associates' financing remeasurements – continuing operations	(15)	(4)

Total associates' special items and remeasurements – continuing operations

US\$ million	2008	2007
Total associates' special items and remeasurements before tax and minority interests – continuing operations	(223)	(445)
Tax	17	2
Minority interests	16	–
Net total associates' special items and remeasurements – continuing operations	(190)	(443)

Operating special items and remeasurements – continuing operations

US\$ million	2008	2007
Operating special items	(352)	(251)
Operating remeasurements	(779)	5
Total operating special items and remeasurements (excluding associates) – continuing operations	(1,131)	(246)
Associates' operating special items	(125)	(462)
Associates' operating remeasurements	(101)	(3)
Total associates' operating special items and remeasurements – continuing operations	(226)	(465)
Total operating special items and remeasurements (including associates) – continuing operations	(1,357)	(711)
Operating special items (including associates)	(477)	(713)
Operating remeasurements (including associates)	(880)	2
Total operating special items and remeasurements (including associates) – continuing operations	(1,357)	(711)

8. Net finance costs

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

The weighted average interest rate applicable to interest on general borrowings capitalised for continuing operations was 12.0% (2007: 11.4%). Financing remeasurements are set out in note 7.

US\$ million	Before special items and remeasurements 2008	After special items and remeasurements 2008	Before special items and remeasurements 2007	After special items and remeasurements 2007
Investment income				
Interest and other financial income	324	324	323	323
Expected return on defined benefit arrangements	215	215	257	257
Dividend income from financial asset investments	50	50	36	36
Total investment income – continuing operations	589	589	616	616
Interest expense				
Amortisation of discount relating to provisions	(33)	(33)	(36)	(36)
Interest and other finance expense	(815)	(815)	(565)	(565)
Interest on defined benefit arrangements	(201)	(201)	(229)	(229)
Dividend on redeemable preference shares	(16)	(16)	(9)	(9)
	(1,065)	(1,065)	(839)	(839)
Less: interest capitalised	215	215	42	42
Total interest expense – continuing operations	(850)	(850)	(797)	(797)
Other financing (losses)/gains				
Net foreign exchange (losses)/gains	(173)	(145)	59	56
Fair value (losses)/gains on derivatives	(2)	21	(1)	12
Net fair value gains/(losses) on fair value hedges	2	2	(6)	(6)
Other net fair value (losses)/gains	(18)	(18)	(8)	11
Total other financing (losses)/gains – continuing operations	(191)	(140)	44	73
Net finance costs – continuing operations	(452)	(401)	(137)	(108)

9. Financial instrument gains and losses

The net gains and losses recorded in the Consolidated income statement, for the total Group, in respect of financial instruments were as follows:

US\$ million	2008	2007
At fair value through profit and loss		
Cash flow hedge derivatives ⁽¹⁾	(380)	(315)
Fair value hedge derivatives	(181)	(10)
Fair value hedge underlying instruments	183	4
Other fair value movements ⁽²⁾	(1,723)	198
Loans and receivables		
Foreign exchange	(121)	108
Interest income at amortised cost	287	308
Available for sale		
Net gain transferred on sale	476	298
Other income	50	36
Other financial liabilities		
Foreign exchange	479	(152)
Interest expense at amortised cost	(631)	(565)

⁽¹⁾ Gains and losses on derivative instruments designated in cash flow hedge relationships which have been realised in the year have been recorded in Group revenue (2007: Group revenue).

⁽²⁾ Includes the impact of provisional pricing which is disclosed in note 4.

10. Tax on profit on ordinary activities

a) Analysis of charge for the year from continuing operations

US\$ million	2008	2007
United Kingdom corporation tax at 28.5%	18	–
United Kingdom corporation tax at 30%	–	163
South Africa tax	840	812
Other overseas tax	1,155	1,259
Prior year adjustments	(78)	(1)
Current tax (excluding special items and remeasurements tax)	1,935	2,233
Deferred tax (excluding special items and remeasurements tax)	610	443
Tax (excluding special items and remeasurements tax)	2,545	2,676
Special items and remeasurements tax	(94)	17
Income tax expense – continuing operations	2,451	2,693

b) Factors affecting tax charge for the year

The effective tax rate for the year of 28.6% (2007: 30.5%) is approximately equal to the applicable standard rate of corporation tax for the year ended 31 December 2008 in the United Kingdom (28.5%) (2007: 30%). The reconciling items are:

US\$ million	2008	2007 ⁽¹⁾
Profit on ordinary activities before tax – continuing operations	8,571	8,821
Tax on profit on ordinary activities calculated at United Kingdom corporation tax rate of 28.5%	2,443	–
Tax on profit on ordinary activities calculated at United Kingdom corporation tax rate of 30%	–	2,646
Tax effect of share of net income from associates	(317)	(59)
Tax effects of:		
Special items and remeasurements		
Operating special items and remeasurements	28	15
Profits and losses on disposals and financing remeasurements	(255)	(71)
Tax remeasurements	153	–
Items not taxable/deductible for tax purposes		
Exploration expenditure	20	19
Non-deductible net foreign exchange loss	28	2
Non-deductible net interest expense	10	–
Other non-deductible expenses	127	83
Other non-taxable income	(78)	(41)
Temporary difference adjustments		
Changes in tax rates	(84)	12
Movements in tax losses	38	13
Enhanced tax depreciation	(26)	(91)
Other temporary differences	42	(14)
Other adjustments		
Secondary tax on companies and dividend withholding taxes	634	644
Effect of differences between local and UK rates	(181)	(517)
Prior year adjustments to current tax	(78)	(1)
Other adjustments	(53)	53
Income tax expense – continuing operations	2,451	2,693

⁽¹⁾ Comparatives have been reclassified to align with current year presentation.

IAS 1 requires income from associates to be presented net of tax on the face of the income statement. Associates' tax is therefore not included within the Group's total tax charge. Associates' tax included within 'Share of net income from associates' for the year ended 31 December 2008 is \$606 million (2007: \$303 million). Excluding special items and remeasurements this becomes \$623 million (2007: \$305 million).

The effective rate of tax before special items and remeasurements including share of associates' tax for the year ended 31 December 2008 was 33.4%. This was an increase from the equivalent effective rate of 31.8% in the year ended 31 December 2007. The main reasons for this net increase are tax losses not recognised for deferred tax purposes and changes in the geographical mix of profits around the Group, partially offset by changes in statutory tax rates and the impact of prior year adjustments. In addition, the 2007 rate benefited from the availability of enhanced tax depreciation on certain assets. In future periods it is expected that the effective tax rate, including associates' tax, will remain at or above the UK statutory tax rate.

11. Dividends

US\$ million	2008	2007
Final ordinary paid – 86 US cents per ordinary share (2007: 75 US cents)	1,021	1,058
Interim ordinary paid – 44 US cents per ordinary share (2007: 38 US cents)	517	469
Interim dividend paid – in specie ⁽¹⁾	–	3,718
	1,538	5,245

⁽¹⁾ In specie dividend relates to the Mondi demerger. See Disposals and demerger of subsidiaries and businesses note 33.

The Board has decided to suspend dividend payments.

As stated in note 28, the employee benefit trust has waived the right to receive dividends on the shares it holds although the waiver was temporarily suspended in respect of the Mondi demerger dividend in specie. Immediately after the dividend was paid, the waiver was reinstated.

12. Earnings per share

US\$	Continuing operations	Discontinued operations	2008 Total Group	Continuing operations	Discontinued operations	2007 Total Group
Profit for the financial year attributable to equity shareholders of the Company						
Basic earnings per share	4.34	–	4.34	4.04	1.54	5.58
Diluted earnings per share	4.29	–	4.29	3.99	1.51	5.50
Headline earnings for the financial year⁽¹⁾						
Basic earnings per share	3.78	–	3.78	4.10	0.08	4.18
Diluted earnings per share	3.74	–	3.74	4.04	0.08	4.12
Underlying earnings for the financial year⁽¹⁾						
Basic earnings per share	4.36	–	4.36	4.18	0.22	4.40
Diluted earnings per share	4.31	–	4.31	4.13	0.21	4.34

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

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

US\$ million (unless otherwise stated)	Continuing operations	Discontinued operations	2008 Total Group	Continuing operations	Discontinued operations	2007 Total Group
Basic and diluted earnings						
Profit for the financial year attributable to equity shareholders of the Company	5,215	–	5,215	5,294	2,010	7,304
Number of shares (million)						
Basic number of ordinary shares outstanding ⁽¹⁾			1,202			1,309
Effect of dilutive potential ordinary shares ⁽²⁾						
Share options and awards			13			18
Diluted number of ordinary shares outstanding⁽¹⁾			1,215			1,327

⁽¹⁾ Basic and diluted number of ordinary shares outstanding represent the weighted average for the year. The average number of ordinary shares in issue excludes the shares held by the employee benefit trusts and other Anglo American plc shares held by the Group.

⁽²⁾ Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. All outstanding share options and awards are potentially dilutive and have been included in the calculation of diluted earnings per share. No instruments are anti-dilutive for the year ended 31 December 2008 (2007: nil).

Notes to the financial statements continued

12. Earnings per share continued

The weighted average number of ordinary shares, and accordingly earnings per share, of the Group have been impacted by the effect of the share buyback programme as well as the Anglo American share consolidation which on 2 July 2007 resulted in 100 existing Anglo American ordinary shares being exchanged for 91 new Anglo American ordinary shares.

'Underlying earnings' is an alternative earnings measure which the directors believe provides a clearer picture of the underlying financial performance of the Group's operations. Underlying earnings is presented after minority interests and excludes special items and remeasurements (see note 7). Underlying earnings is distinct from 'Headline earnings', which is a JSE Limited defined performance measure.

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

Continuing operations	Earnings (US\$ million)		Basic earnings per share (US\$)	
	2008	2007	2008	2007
Profit for the financial year attributable to equity shareholders of the Company – continuing operations	5,215	5,294	4.34	4.04
Operating special items	209	196	0.17	0.15
Operating special items – tax	(27)	(54)	(0.02)	(0.04)
Operating special items – minority interests	(1)	–	–	–
Net profit on disposals ⁽¹⁾	(1,009)	(528)	(0.84)	(0.40)
Net profit on disposals – tax	47	71	0.04	0.05
Net profit on disposals – minority interests	43	(34)	0.04	(0.02)
Associates' special items	67	418	0.05	0.32
Associates' special items – tax	(1)	–	–	–
Associates' special items – minority interests	(2)	–	–	–
Headline earnings for the financial year⁽²⁾ – continuing operations	4,541	5,363	3.78	4.10
Operating special items ⁽³⁾	143	55	0.12	0.04
Operating special items – tax	(15)	(6)	(0.01)	–
Operating remeasurements	779	(5)	0.65	–
Operating remeasurements – tax	(252)	1	(0.21)	–
Operating remeasurements – minority interests	(135)	–	(0.11)	–
Financing remeasurements	(51)	(29)	(0.04)	(0.02)
Financing remeasurements – tax	–	5	–	–
Tax remeasurements	153	–	0.12	–
Tax remeasurements – minority interests	(52)	–	(0.04)	–
Associates' remeasurements	116	7	0.10	–
Associates' remeasurements – tax	(9)	–	(0.01)	–
Associates' remeasurements – minority interests	(9)	–	(0.01)	–
Associates' special items ⁽⁴⁾	40	20	0.03	0.01
Associates' special items – tax	(7)	(2)	(0.01)	–
Associates' special items – minority interests	(5)	–	–	–
IFRS 2 charges on BBBEE and BEE transactions	–	68	–	0.05
Underlying earnings for the financial year – continuing operations	5,237	5,477	4.36	4.18
Underlying earnings for the financial year – discontinued operations	–	284	–	0.22
Underlying earnings for the financial year – total Group	5,237	5,761	4.36	4.40

⁽¹⁾ Excluding associated IFRS 2 charges on BBBEE and BEE transactions.

⁽²⁾ Headline earnings for the financial year – total Group was \$4,541 million (2007: \$5,467 million).

⁽³⁾ Year ended 31 December 2008 includes costs associated with 'One Anglo' initiatives, Tarmac restructuring and proposed sale of Tarmac as well as provisions for onerous leases. Year ended 31 December 2007 includes costs associated with proposed sale of Tarmac.

⁽⁴⁾ Includes restructuring costs and legal settlements.

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

Discontinued operations	Earnings (US\$ million)		Basic earnings per share (US\$)	
	2008	2007	2008	2007
Profit for the financial year attributable to equity shareholders of the Company – discontinued operations	–	2,010	–	1.54
Operating special items	–	13	–	0.01
Operating special items – tax	–	(2)	–	–
Financing special items	–	2	–	–
Financing special items – tax	–	(8)	–	(0.01)
Net profit on disposals	–	(2,079)	–	(1.59)
Net profit on disposals – tax	–	165	–	0.13
Associates' special items	–	1	–	–
Associates' special items – tax	–	2	–	–
Headline earnings for the financial year – discontinued operations	–	104	–	0.08
Operating remeasurements	–	(3)	–	–
Operating remeasurements – tax	–	1	–	–
Financing remeasurements	–	(2)	–	–
Associates' remeasurements	–	204	–	0.16
Associates' remeasurements – tax	–	(20)	–	(0.02)
Underlying earnings for the financial year – discontinued operations	–	284	–	0.22

13. Intangible assets

US\$ million	2008			2007		
	Licences and other intangibles	Goodwill ⁽¹⁾	Total	Licences and other intangibles	Goodwill ⁽¹⁾	Total
Cost						
At 1 January	15	1,546	1,561	88	2,101	2,189
Acquired through business combinations	50	1,657	1,707	–	51	51
Additions	24	–	24	3	6	9
Transfer to assets held for sale	–	(23)	(23)	–	–	–
Disposal of assets	–	–	–	–	(2)	(2)
Disposal and demerger of businesses ⁽²⁾	–	–	–	(78)	(633)	(711)
Reclassifications	15	(15)	–	–	–	–
Currency movements	(2)	(250)	(252)	2	23	25
At 31 December	102	2,915	3,017	15	1,546	1,561
Accumulated amortisation						
At 1 January	5	–	5	55	–	55
Charge for the year ⁽³⁾	4	–	4	5	–	5
Impairments	2	–	2	–	–	–
Disposal and demerger of businesses ⁽²⁾	–	–	–	(57)	–	(57)
Currency movements	–	–	–	2	–	2
At 31 December	11	–	11	5	–	5
Net book value	91	2,915	3,006	10	1,546	1,556

⁽¹⁾ The goodwill balances provided are net of cumulative impairment charges of \$45 million as at 31 December 2008 (2007: \$45 million).

⁽²⁾ 2007 includes cost of \$711 million and accumulated amortisation of \$57 million relating to the demerger of Mondri.

⁽³⁾ Includes amounts in respect of discontinued operations of nil (2007: \$3 million).

The increase in goodwill relating to acquisition of subsidiaries represents the excess of purchase price over the fair value of the net assets, including mining reserves, of businesses acquired. Further detail is given in note 32.

13. Intangible assets continued

Impairment tests for goodwill

Goodwill is allocated for impairment testing purposes to cash generating units (CGUs) which reflect how it is monitored for internal management purposes. This allocation largely represents the Group's primary reporting segments set out below. Any goodwill associated with CGUs subsumed within these primary segments is not significant when compared to the goodwill of the Group, other than in Ferrous Metals and Industries where the material components of goodwill are split out below:

US\$ million	2008	2007
Platinum	230	230
Base Metals	208	162
Ferrous Metals and Industries		
Anglo Ferrous Brazil	1,556	–
Other Ferrous Metals and Industries	73	75
Coal	88	88
Industrial Minerals	760	991
	2,915	1,546

The recoverable amount of a CGU is determined based on a fair value or value in use calculation as appropriate. Value in use calculations use cash flow projections based on financial budgets and life of mine or non-mine production plans covering a five year period that are based on latest forecasts for commodity prices and exchange rates. Cash flow projections beyond five years are based on life of mine plans where applicable and internal management forecasts and assume constant long term real prices for sales revenue.

Cash flow projections are discounted using pre-tax discount rates equivalent to a real post tax discount rate of 6% (2007: 6%), that have been adjusted for any risks that are not reflected in the underlying cash flows. Where the recoverability of goodwill allocated to a CGU is supported by fair value less costs to sell, market observable data (in the case of listed subsidiaries, market share price at 31 December of the respective listed entity) or detailed cash flow models are used.

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

The Group acquired a controlling interest in Anglo Ferrous Brazil SA on 5 August 2008 resulting in the recognition of provisionally determined goodwill totalling \$1.6 billion. The recoverable amount of this goodwill has been reviewed with reference to fair value (less costs to sell) as informed by the market price paid by the Group (underpinned by a discounted cash flow model which has been updated to reflect latest available information).

14. Tangible assets

US\$ million	Mining properties and leases	Land and buildings	Plant and equipment	Other ⁽¹⁾	Total
Cost					
At 1 January 2008	12,652	2,256	12,902	5,363	33,173
Additions	436	47	357	4,886	5,726
Acquired through business combinations	6,341	73	436	508	7,358
Transfer to assets held for sale	(66)	(16)	(118)	–	(200)
Fair value adjustment	–	3	–	50	53
Disposal of assets	(5)	(14)	(182)	(44)	(245)
Disposal of businesses	(52)	(1)	(78)	–	(131)
Reclassifications ⁽²⁾	418	216	2,048	(2,682)	–
Currency movements	(2,600)	(389)	(2,702)	(1,466)	(7,157)
At 31 December 2008	17,124	2,175	12,663	6,615	38,577
Accumulated depreciation					
At 1 January 2008	2,652	653	6,126	208	9,639
Charge for the year	353	84	964	104	1,505
Impairments	123	19	114	–	256
Transfer to assets held for sale	(42)	–	(65)	–	(107)
Disposal of assets	(2)	(8)	(166)	(19)	(195)
Disposal of businesses	(12)	–	(29)	–	(41)
Currency movements	(511)	(114)	(1,281)	(119)	(2,025)
At 31 December 2008	2,561	634	5,663	174	9,032
Net book value					
At 31 December 2008	14,563	1,541	7,000	6,441	29,545
At 31 December 2007	10,000	1,603	6,776	5,155	23,534

⁽¹⁾ Other tangible assets include \$6,050 million of assets in the course of construction, which are not depreciated.

⁽²⁾ Relates mainly to amounts transferred from assets in the course of construction.

US\$ million	Mining properties and leases	Land and buildings	Plant and equipment	Other ⁽¹⁾	Total
Cost					
At 1 January 2007	9,250	3,833	19,400	3,481	35,964
Additions	98	56	379	3,596	4,129
Acquired through business combinations	2,855	21	53	34	2,963
Transfer to assets held for sale	(89)	(19)	(67)	(152)	(327)
Disposal of assets	(12)	(29)	(273)	(20)	(334)
Disposal and demerger of businesses ⁽²⁾	–	(1,836)	(8,003)	(692)	(10,531)
Reclassifications ⁽³⁾	228	116	817	(1,094)	67
Currency movements	322	114	596	210	1,242
At 31 December 2007	12,652	2,256	12,902	5,363	33,173
Accumulated depreciation					
At 1 January 2007	2,136	1,151	8,901	278	12,466
Charge for the year ⁽⁴⁾	323	114	1,139	51	1,627
Impairments ⁽⁵⁾	162	2	31	8	203
Transfer to assets held for sale	(30)	(10)	(33)	(2)	(75)
Disposal of assets	(7)	(13)	(245)	(18)	(283)
Disposal and demerger of businesses ⁽²⁾	–	(627)	(3,948)	(153)	(4,728)
Reclassifications	–	–	(23)	23	–
Currency movements	68	36	304	21	429
At 31 December 2007	2,652	653	6,126	208	9,639
Net book value					
At 31 December 2007	10,000	1,603	6,776	5,155	23,534
At 31 December 2006	7,114	2,682	10,499	3,203	23,498

⁽¹⁾ Other tangible assets includes \$4,850 million of assets in the course of construction, which are not depreciated.

⁽²⁾ Includes cost of \$9,242 million and accumulated depreciation of \$4,381 million relating to the demerger of Mondri.

⁽³⁾ Relates mainly to amounts transferred from assets in the course of construction and reclassification of asset values upon finalisation of Peace River Coal acquisition accounting.

⁽⁴⁾ Includes amounts in respect of discontinued operations of \$231 million.

⁽⁵⁾ Includes amounts in respect of discontinued operations of \$5 million.

Notes to the financial statements continued

14. Tangible assets continued

Included in the additions above is \$215 million (2007: \$42 million) of interest expense incurred on borrowings funding the construction of qualifying assets which has been capitalised during the year.

The net book value and depreciation charges relating to assets held under finance leases comprise:

US\$ million	2008		2007	
	Net book value	Depreciation	Net book value	Depreciation
Mining properties and leases	12	2	18	2
Land and buildings	34	24	44	13
Plant and equipment	19	5	17	3
Other	1	—	1	—
	66	31	80	18

The net book value of land and buildings comprises:

US\$ million	2008	2007
Freehold	1,492	1,536
Leasehold – long	39	51
Leasehold – short (less than 50 years)	10	16
	1,541	1,603

15. Environmental rehabilitation trusts

The Group makes voluntary contributions to controlled funds that were established to meet the cost of some of its restoration and environmental rehabilitation liabilities, primarily in South Africa.

US\$ million	2008	2007
At 1 January	252	197
Contributions made	36	37
Interest earned	16	12
Transfer to assets held for sale	—	(2)
Currency movements	(60)	8
At 31 December	244	252

The funds comprise the following investments:

US\$ million	2008	2007
Equity	23	19
Bonds	82	85
Cash	139	148
	244	252

These assets are primarily rand denominated. Cash is held in short term fixed deposits or earns interest at floating inter-bank rates and bonds earn interest at a weighted average fixed rate of 9% (2007: 11%) and are fixed for an average period of 10.2 years (2007: 9.5 years). These assets are recorded 'at fair value through profit and loss'.

These funds are not available for the general purposes of the Group. All income from these assets is reinvested to meet specific environmental obligations. These obligations are included in environmental rehabilitation costs under non-current provisions (see note 25).

16. Investments in associates

US\$ million	2008	2007
At 1 January	3,341	4,780
Net income from associates ⁽¹⁾	1,113	107
Dividends received ⁽²⁾	(599)	(327)
Transfer from subsidiary	—	393
Transfer to assets held for sale	—	(74)
Transfer to financial asset investments	—	(606)
Actuarial loss on post retirement benefits	(7)	(6)
Movement on cash flow hedge reserve	4	12
Movement on available for sale reserve	—	10
Other equity movements	4	31
Acquired	9	2
Disposed	—	(957)
Other capital distributions	—	(32)
Repayments of capitalised loans ⁽³⁾	—	(44)
Reversal of impairment	—	1
Currency movements	(253)	51
At 31 December ⁽⁴⁾	3,612	3,341

⁽¹⁾ Includes amounts in respect of discontinued operations of nil (2007: \$90 million loss).

⁽²⁾ Dividends received include nil (2007: \$52 million) relating to discontinued operations. In addition \$10 million (2007: nil) was received from associates classified as held for sale.

⁽³⁾ Excludes \$43 million (2007: \$43 million) redemption by De Beers of preference shares included within financial asset investments.

⁽⁴⁾ The fair value of investments in Tongaat-Hulett and Hulam in at 31 December 2008 are \$350 million (2007: \$667 million) and \$137 million (2007: \$292 million) respectively based on the closing share prices. With effect from 30 June 2007 the Group began accounting for these investments as associates under the equity method.

The Group's total investments in associates comprise:

US\$ million	2008	2007
Equity	3,279	2,968
Loans ⁽¹⁾	333	373
Total investments in associates	3,612	3,341

⁽¹⁾ The Group's total investments in associates include long term debt which in substance forms part of the Group's investment. These loans are not repayable in the foreseeable future.

The Group's share of the summarised financial information of associates is as follows:

US\$ million	2008	2007
Total non-current assets	5,224	5,734
Total current assets	3,003	1,864
Total current liabilities	(1,267)	(1,254)
Total non-current liabilities	(3,348)	(3,003)
Group's share of associates' net assets	3,612	3,341
Revenue	6,653	5,089
Operating costs	(4,775)	(4,482)
Net profit on disposals	18	24
Net finance costs	(147)	(85)
Financing remeasurements	(15)	(4)
Income tax expense	(606)	(303)
Minority interests	(15)	(42)
Group's share of associates' net income – continuing operations	1,113	197
Revenue	—	1,053
Operating costs	—	(1,072)
Net profit on disposals	—	7
Net finance costs	—	(30)
Financing remeasurements	—	13
Income tax expense	—	(51)
Minority interests	—	(10)
Group's share of associates' net income – discontinued operations	—	(90)
Group's share of associates' net income – total Group	1,113	107

16. Investments in associates continued

Segmental information is provided for primary and secondary reporting segments as follows:

US\$ million	Net income		Aggregate investment	
	2008	2007	2008	2007
By business segment				
Platinum	13	38	57	57
Diamonds	47	(229)	1,623	1,802
Ferrous Metals and Industries	724	198	1,121	778
Coal	329	190	809	702
Industrial Minerals	–	–	2	2
Total continuing operations	1,113	197	3,612	3,341
Gold	–	(92)	–	–
Paper and Packaging	–	2	–	–
Total discontinued operations	–	(90)	–	–
Total Group	1,113	107	3,612	3,341

US\$ million	Aggregate investment	
	2008	2007
By geographical segment		
South Africa	2,264	1,704
Rest of Africa	187	677
Europe	(56)	98
North America	22	36
South America	686	641
Australia and Asia	509	185
	3,612	3,341

The Group's share of associates' contingent liabilities incurred jointly by investors is \$166 million (2007: \$190 million).

Details of principal associates are set out in note 40.

17. Joint ventures

The Group's share of the summarised financial information of joint venture entities that is proportionately consolidated in the Group financial statements is as follows:

US\$ million	2008	2007
Total non-current assets	1,771	3,148
Total current assets	415	999
Total current liabilities	(389)	(358)
Total non-current liabilities	(509)	(2,862)
Group's share of joint venture entities' net assets	1,288	927
Revenue	1,414	1,631
Operating costs	(779)	(601)
Net finance costs	12	7
Income tax expense	(115)	(189)
Total continuing operations	532	848
Revenue	–	113
Operating costs	–	(96)
Net finance costs	–	(4)
Income tax expense	–	(4)
Total discontinued operations	–	9
Group's share of joint venture entities' profit for the financial year	532	857

The Group's share of joint venture entities' contingent liabilities incurred jointly with other venturers is \$22 million (2007: \$19 million) and its share of capital commitments is \$414 million (2007: \$457 million).

The Group also holds investments in a number of proportionately consolidated jointly controlled operations. The Group's share of joint venture operations' net assets is \$981 million (2007: \$480 million). The Group's share of joint venture operations' profit for the financial year is \$554 million (2007: \$100 million). The Group's share of joint venture operations' contingent liabilities incurred jointly with other venturers is \$98 million (2007: \$113 million) and its share of capital commitments is \$83 million (2007: nil).

Details of principal joint ventures are set out in note 40.

18. Financial asset investments

US\$ million	Loans and receivables	Available for sale investments ⁽¹⁾	Total
At 1 January 2008	938	3,842	4,780
Additions	–	827	827
Interest receivable	44	–	44
Net advances	153	–	153
Disposals	–	(626)	(626)
Disposal of businesses	(1)	–	(1)
Reversal of impairments	25	20	45
Movements in fair value	(11)	(888)	(899)
Currency movements	(213)	(822)	(1,035)
At 31 December 2008	935	2,353	3,288
Less: non-current portion	935	2,180	3,115
Current portion	–	173	173

⁽¹⁾ Balance at 31 December 2008 principally includes investment in AngloGold Ashanti Limited.

US\$ million	Loans and receivables	Available for sale investments	Total
At 1 January 2007	404	1,569	1,973
Additions	–	42	42
Interest receivable	59	–	59
Net advances	53	–	53
Disposals	–	(540)	(540)
Disposal and demerger of businesses	(12)	(79)	(91)
Transfer from investments in associates	–	606	606
Retained investment in Mondi	–	318	318
Movements in fair value	–	2,326	2,326
Other movements	1	–	1
Reclassifications	410	(395)	15
Currency movements	23	(5)	18
At 31 December 2007	938	3,842	4,780
Less: non-current portion	938	3,842	4,780
Current portion	–	–	–

No items were classified as 'At fair value through profit or loss' or 'Held to maturity' during either year presented.

No provision for impairment is recorded against financial assets classified as 'Loans and receivables' (2007: \$25 million).

19. Inventories

US\$ million	2008	2007
Raw materials and consumables	774	703
Work in progress	843	812
Finished products	1,085	829
	2,702	2,344

The cost of inventories recognised as an expense and included in cost of sales amounted to \$12,253 million (2007: \$14,585 million), of which nil (2007: \$2,212 million) relates to discontinued operations.

Inventories held at net realisable value amounted to \$561 million (2007: \$167 million).

The write-down of inventories recognised as an expense and included in cost of sales amounted to \$210 million (net of revaluation of provisionally priced purchases) (2007: \$34 million), of which nil (2007: \$7 million) relates to discontinued operations.

Notes to the financial statements continued

20. Trade and other receivables

US\$ million	2008			2007		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	1,969	57	2,026	3,000	30	3,030
Amounts owed by related parties	13	–	13	16	–	16
Other receivables	725	33	758	420	125	545
Prepayments and accrued income	222	4	226	136	4	140
	2,929	94	3,023	3,572	159	3,731

The historical level of customer default is minimal and as a result the 'credit quality' of year end trade receivables which are not past due is considered to be high. Of the year end trade receivables balance the following were past due at 31 December (stated after associated impairment provision):

US\$ million	2008	2007
Less than 1 month	85	232
Between 1-2 months	30	54
Between 2-3 months	10	16
Greater than 3 months	25	35
	150	337

The overdue debtor ageing profile above is typical of the industry in which certain of the Group's businesses operate. Given this, existing insurance cover (including letters of credit from financial institutions) and the nature of the related counterparties these amounts are considered recoverable.

Total trade receivables are stated net of the following impairment provision:

	US\$ million
At 1 January 2007	75
Charge for the year	10
Release of provision	(7)
Disposal and demerger of businesses	(56)
Uncollectible amounts written off, net of recoveries	(3)
Currency movements	3
At 1 January 2008	22
Charge for the year	16
Reclassification	14
Transfer to assets held for sale	(2)
Currency movements	(9)
At 31 December 2008	41

21. Trade and other payables

US\$ million	2008	2007
Trade payables	3,183	2,546
Tax and social security	74	115
Other payables ⁽¹⁾	1,162	868
Accruals and deferred income	351	421
	4,770	3,950

⁽¹⁾ On 20 August 2008 Anglo Platinum received \$307 million from a subsidiary of Mvelaphanda Resources Limited (Mvela) in respect of the anticipated disposal of a 50% interest in the Booyendal joint venture. These funds have been invested in accordance with the terms of sale and will only be released to Anglo Platinum upon ministerial approval. At 31 December 2008 an amount of \$253 million is included within other payables representing the obligation to repay the funds failing the receipt of such approval.

22. Financial assets

The carrying amounts and fair values of financial assets are as follows:

US\$ million	2008		2007	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
At fair value through profit and loss				
Trade and other receivables ⁽¹⁾	192	192	591	591
Other financial assets (derivatives) ⁽²⁾	376	376	535	535
Designated into fair value hedge				
Trade and other receivables ⁽¹⁾	–	–	14	14
Loans and receivables				
Cash and cash equivalents	2,771	2,771	3,129	3,129
Trade and other receivables ⁽¹⁾	2,605	2,605	2,986	2,986
Financial asset investments	906	935	918	938
Available for sale investments				
Financial asset investments	2,353	2,353	3,842	3,842
Total financial assets	9,203	9,232	12,015	12,035

⁽¹⁾ Trade and other receivables exclude prepayments.

⁽²⁾ Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 24.

The fair values of financial assets represent the market value of quoted investments and other traded instruments. For non-listed investments and other non-traded financial assets fair value is calculated using discounted cash flows with market assumptions, unless carrying value is considered to approximate fair value.

Financial asset risk exposures are set out in note 24.

23. Financial liabilities

The carrying amounts and fair values of financial liabilities are as follows:

US\$ million	2008		2007	
	Estimated fair value	Carrying value	Estimated fair value	Carrying value
At fair value through profit and loss				
Trade and other payables ⁽¹⁾	687	687	331	331
Other financial liabilities (derivatives) ⁽²⁾	1,497	1,497	586	586
Designated into fair value hedge				
Trade and other payables ⁽¹⁾	–	–	12	12
Borrowings	2,850	2,850	2,433	2,433
Financial liabilities at amortised cost				
Trade and other payables ⁽¹⁾	4,391	4,391	3,480	3,480
Borrowings	10,658	11,145	5,874	5,866
Total financial liabilities	20,083	20,570	12,716	12,708

⁽¹⁾ Trade and other payables exclude tax and social security and deferred income and include other non-current payables.

⁽²⁾ Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 24.

The fair value of financial liabilities is determined by reference to quoted market prices for similar issues, where applicable, otherwise the carrying value approximates fair value.

Financial liability risk exposures are set out in note 24.

23. Financial liabilities continued

An analysis of borrowings is set out below:

US\$ million	2008			2007		
	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Secured⁽¹⁾						
Bank loans and overdrafts	346	678	1,024	146	544	690
Obligations under finance leases ⁽²⁾	12	56	68	2	76	78
Other loans	—	—	—	—	29	29
	358	734	1,092	148	649	797
Unsecured						
Bonds issued under EMTN programme ⁽³⁾	154	2,679	2,833	1,461	800	2,261
Bank loans and overdrafts	5,114	3,335	8,449	2,383	482	2,865
Commercial paper	1,116	—	1,116	1,895	—	1,895
Obligations under finance leases ⁽²⁾	4	13	17	3	6	9
Other loans	38	450	488	5	467	472
	6,426	6,477	12,903	5,747	1,755	7,502
Total	6,784	7,211	13,995	5,895	2,404	8,299

⁽¹⁾ Assets with a book value of \$954 million (2007: \$719 million) have been pledged as security, of which \$663 million (2007: \$431 million) are tangible assets, \$160 million (2007: \$149 million) are financial assets and \$131 million (2007: \$139 million) are inventories. Of these assets \$284 million (2007: \$22 million) were pledged in respect of project financing arrangements.

⁽²⁾ The minimum lease payments under finance leases fall due as follows:

US\$ million	2008	2007
Within one year	24	13
Greater than one year, less than five years	43	42
Greater than five years	86	116
	153	171
Future finance charges on finance leases	(68)	(84)
Present value of finance lease liabilities	85	87

⁽³⁾ The Group issued \$2,404 million of bonds under the EMTN programme in 2008 (2007: \$9 million). All notes are guaranteed by Anglo American plc.

24. Financial risk management and derivative financial assets/liabilities

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board has approved and monitors the risk management processes, inclusive of documented treasury policies, counterparty limits, controlling and reporting structures. The risk management processes of the Group's independently listed subsidiaries are in line with the Group's own policy.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the balance sheet at year end is provided as follows (subcategorised into credit risk, liquidity risk and market risk).

Credit risk

The Group's principal financial assets are bank balances and cash, trade and other receivables and investments. The Group's maximum exposure to credit risk is as follows:

US\$ million	2008	2007
Cash and cash equivalents	2,771	3,129
Trade and other receivables	2,797	3,591
Financial asset investments	1,108	938
Other financial assets (derivatives)	376	535
Other guarantees and loan facilities	239	12
	7,291	8,205

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. Detail of the credit quality of trade receivables and the associated provision for impairment is disclosed in note 20.

Liquidity risk

The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short term business requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any group distribution restrictions that exist.

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

The expected undiscounted cash flows of the Group's financial liabilities (including associated derivatives), by remaining contractual maturity, based on conditions existing at the balance sheet date are as follows:

US\$ million	Within 1 year			1-2 years		
	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
31 December 2008						
Non-derivative financial liabilities	(191)	(405)	(11,385)	(179)	(245)	(732)
Net settled derivatives	156	(94)	8	164	(101)	(53)
	(35)	(499)	(11,377)	(15)	(346)	(785)

31 December 2007						
Non-derivative financial liabilities	(144)	(188)	(9,643)	(87)	(95)	(440)
Gross settled derivatives						
Receive leg	—	—	7	—	—	—
Pay leg	—	—	(1)	—	—	—
Net settled derivatives	102	(118)	291	52	(53)	(9)
	(42)	(306)	(9,346)	(35)	(148)	(449)

US\$ million	2-5 years			+5 years		
	Fixed interest	Floating interest	Capital repayment	Fixed interest	Floating interest	Capital repayment
31 December 2008						
Non-derivative financial liabilities	(472)	(422)	(4,348)	(345)	(114)	(2,412)
Net settled derivatives	443	(304)	9	345	(195)	(400)
	(29)	(726)	(4,339)	—	(309)	(2,812)

31 December 2007						
Non-derivative financial liabilities	(177)	(220)	(1,158)	(47)	(171)	(776)
Gross settled derivatives						
Receive leg	—	—	—	—	—	—
Pay leg	—	—	—	—	—	—
Net settled derivatives	130	(133)	112	35	(35)	—
	(47)	(353)	(1,046)	(12)	(206)	(776)

Notes to the financial statements continued

24. Financial risk management and derivative financial assets/liabilities continued

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

US\$ million	2008	2007
Expiry date		
Within one year ⁽¹⁾	2,994	2,877
Greater than one year, less than two years	5	322
Greater than two years, less than five years	3,081	3,865
Greater than five years	25	–
	6,105	7,064

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

In addition, the Group has dedicated, committed financing facilities for Minas-Rio and Barro Alto totalling \$1.6 billion, subject to certain disbursement conditions.

The Group also had a \$2 billion European Commercial Paper Programme established in October 2004. Drawings of \$304 million were made at 31 December 2008 (2007: \$1,090 million). The Group also had a Rand 20 billion South African Medium Term Note Programme, established in November 2007, on which total drawings of Rand 7,273 million (\$782 million) (2007: nil) were made at 31 December 2008. Of this drawing Rand 7,074 million (\$761 million) was issued as commercial paper.

Market risk

This is the risk that financial instrument fair values will fluctuate owing to changes in market prices. The significant market risks to which the Group is exposed are foreign exchange risk, interest rate risk and commodity price risk.

Foreign exchange risk

As a global business, the Group is exposed to many currencies principally as a result of non-US dollar operating costs incurred by US dollar functional currency companies and to a lesser extent, from non-US dollar revenues. The Group's policy is generally not to hedge such exposures as hedging is not deemed appropriate given the diversified nature of the Group though exceptions can be approved by the Board.

In addition, currency exposures exist in respect of non-US dollar approved capital expenditure projects. The Group's policy is that such exposure can be hedged at management's discretion, within certain pre-defined limits (or with Board approval).

The exposure of the Group's financial assets and liabilities (excluding intra-group loan balances) to currency risk is as follows:

US\$ million	Financial assets (excluding derivatives)	Impact of currency derivatives ⁽¹⁾	Derivative assets	Total financial assets – exposure to currency risk
At 31 December 2008				
US\$ ⁽²⁾	3,118	(108)	252	3,262
Rand	3,895	82	71	4,048
Sterling	547	(2)	–	545
Euro	136	–	–	136
Australian dollar	290	(4)	–	286
Other currencies	870	32	53	955
Total financial assets	8,856	–	376	9,232
At 31 December 2007				
US\$ ⁽²⁾	4,260	(99)	465	4,626
Rand	4,414	88	17	4,519
Sterling	839	–	–	839
Euro	301	–	–	301
Australian dollar	221	(3)	–	218
Other currencies	1,465	14	53	1,532
Total financial assets	11,500	–	535	12,035

US\$ million	Financial liabilities (excluding derivatives)	Impact of currency derivatives ⁽¹⁾	Derivative liabilities	Total financial liabilities – exposure to currency risk
At 31 December 2008				
US\$	(7,854)	(3,130)	(1,056)	(12,040)
Rand	(5,289)	(15)	(2)	(5,306)
Sterling	(1,628)	1,141	–	(487)
Euro	(1,821)	1,697	–	(124)
Australian dollar	(528)	–	–	(528)
Other currencies	(1,953)	307	(439)	(2,085)
Total financial liabilities	(19,073)	–	(1,497)	(20,570)

At 31 December 2007				
US\$	(3,261)	(2,962)	(560)	(6,783)
Rand	(3,879)	–	(26)	(3,905)
Sterling	(1,325)	606	–	(719)
Euro	(2,103)	1,886	–	(217)
Australian dollar	(406)	–	–	(406)
Other currencies	(1,148)	470	–	(678)
Total financial liabilities	(12,122)	–	(586)	(12,708)

⁽¹⁾ Where currency derivatives are held to manage financial instrument exposures the notional principal amount is 'reallocated' to reflect the remaining exposure to the Group.

⁽²⁾ Of these US\$ financial assets, \$97 million (2007: \$571 million) are subject to South African exchange controls and will be converted to rand within the next six months.

Interest rate risk

Fluctuations in interest rates impact on the value of short term investments and financing activities, giving rise to interest rate risk. Exposure to interest rate risk is particularly with reference to changes in US and South African interest rates. Exposure to Brazilian interest rates is expected to increase in the near term.

The Group policy is to borrow funds at floating rates of interest as this is considered to give somewhat of a natural hedge against commodity price movements, given the correlation 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 and option contracts to manage its exposure to interest rate movements on a portion of its existing debt. Also strategic hedging using fixed rate debt may be undertaken from time to time if considered appropriate.

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

The exposure of the Group's financial assets (excluding intra-group loan balances) to interest rate risk is as follows:

US\$ million	Interest bearing financial assets		Non-interest bearing financial assets		Total
	Floating rate	Fixed rate ⁽¹⁾	Equity investments	Other non-interest bearing	
At 31 December 2008					
Financial assets (excluding derivatives) ⁽²⁾	3,098	464	2,180	3,114	8,856
Derivative assets	196	–	–	180	376
Financial asset exposure to interest rate risk	3,294	464	2,180	3,294	9,232
At 31 December 2007					
Financial assets (excluding derivatives) ⁽²⁾	3,013	864	3,842	3,781	11,500
Derivative assets	1	11	–	523	535
Financial asset exposure to interest rate risk	3,014	875	3,842	4,304	12,035

⁽¹⁾ Includes \$360 million (2007: \$476 million) of preference shares in a BEE entity.

⁽²⁾ At 31 December 2008 and 2007 no interest rate swaps were held in respect of financial asset exposures.

24. Financial risk management and derivative financial assets/liabilities continued

Floating rate financial assets consist mainly of cash and bank term deposits. Interest on floating rate assets is based on the relevant national inter-bank rates. Fixed rate financial assets consist mainly of financial asset investments and cash, and have a weighted average interest rate of 13.5% (2007: 11%) and are fixed for an average period of four years (2007: four years). Equity investments are fully liquid and have no maturity period.

The exposure of the Group's financial liabilities (excluding intra-group loan balances) to interest rate risk is as follows:

US\$ million	Interest bearing financial liabilities Floating rate	Fixed rate	Non- interest bearing financial liabilities	Total
At 31 December 2008				
Financial liabilities (excluding derivatives)	(10,461)	(3,459)	(5,153)	(19,073)
Impact of interest rate swaps ⁽¹⁾	(2,829)	2,829	–	–
Derivative liabilities	–	–	(1,497)	(1,497)
Financial liability exposure to interest rate risk	(13,290)	(630)	(6,650)	(20,570)
At 31 December 2007				
Financial liabilities (excluding derivatives)	(5,425)	(2,822)	(3,875)	(12,122)
Impact of interest rate swaps ⁽¹⁾	(2,336)	2,336	–	–
Derivative liabilities	(45)	–	(541)	(586)
Financial liability exposure to interest rate risk	(7,806)	(486)	(4,416)	(12,708)

⁽¹⁾ Where interest rate swaps are held to manage financial liability exposures the notional principal amount is 'reallocated' to reflect the remaining exposure to the Group.

Interest on floating rate instruments is based on the relevant national inter-bank rates. Remaining fixed rate borrowings accrue interest at 8% (2007: 8%) and are at fixed rates for an average period of two years (2007: two years). Average maturity on non-interest bearing instruments is 17 months (2007: seven months).

Commodity price risk

The Group's earnings are exposed to movements in the prices of the commodities it produces.

The Group policy is generally not to hedge price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group uses forward, deferred and option contracts to hedge the price risk.

Certain of the Group's sales and purchases are provisionally priced and as a result are susceptible to future price movements. The exposure of the Group's financial assets and liabilities to commodity price risk is as follows:

US\$ million	Commodity price linked Subject to price movements	Fixed price ⁽¹⁾	Not linked to commodity price	Total
At 31 December 2008				
Total net financial instruments (excluding derivatives)	(291)	183	(10,109)	(10,217)
Commodity derivatives (net) ⁽²⁾	(318)	–	–	(318)
Other derivatives not related to commodity (net)	–	–	(803)	(803)
Total financial instrument exposure to commodity risk	(609)	183	(10,912)	(11,338)
At 31 December 2007				
Total net financial instruments (excluding derivatives)	325	461	(1,408)	(622)
Commodity derivatives (net) ⁽²⁾	(480)	–	–	(480)
Other derivatives not related to commodity (net)	–	–	429	429
Total financial instrument exposure to commodity risk	(155)	461	(979)	(673)

⁽¹⁾ Includes financial instruments whose commodity prices are set annually or via contract negotiation.

⁽²⁾ Includes \$249 million (2007: \$124 million) derivative embedded in a long term power contract.

Derivatives

In accordance with IAS 32 and IAS 39, the fair value of all derivatives are separately recorded on the balance sheet within other financial assets (derivatives) and other financial liabilities (derivatives). Derivatives that are designated as hedges are classified as current or non-current depending on the maturity of the derivative. Derivatives that are not designated as hedges are classified as current in accordance with IAS 1 even when their actual maturity is expected to be greater than one year.

The Group utilises derivative instruments to manage its market risk exposures as explained above. The Group does not use derivative financial instruments for speculative purposes, however it may choose not to designate certain derivatives as hedges. Such derivatives that are not hedge accounted are classified as 'non-hedges' and fair value movements are recorded in the income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Embedded derivatives

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contract and the host contract is not carried at fair value. Embedded derivatives may be designated into hedge relationships and are accounted for in accordance with the Group's accounting policy set out in note 1.

Cash flow hedges

In certain cases the Group classifies its forward exchange and commodity price contracts hedging highly probable forecast transactions as cash flow hedges. Where this designation is documented, changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the income statement (or hedged balance sheet item) in accordance with the Group's accounting policy set out in note 1.

Fair value hedges

The majority of interest rate swaps (taken out to swap the Group's fixed rate borrowings to floating rate, in accordance with the treasury policy) have been designated as fair value hedges. The respective carrying values of the hedged debt are adjusted to reflect the fair value of the interest rate risk being hedged. Subsequent changes in the fair value of the hedged risk are offset against fair value changes in the interest rate swap and classified within financing costs in the income statement.

Notes to the financial statements continued

24. Financial risk management and derivative financial assets/liabilities continued

Non-hedges

The Group may choose not to designate certain derivatives as hedges, for example certain forward foreign currency contracts that provide a natural hedge of non-US dollar debt in the income statement or where the Group is economically hedged but IAS 39 hedge accounting cannot be achieved. Where derivatives have not been designated as hedges, fair value changes are recognised in the income statement in accordance with the Group's accounting policy set out in note 1 and are classified as financing or operating depending on the nature of the associated hedged risk.

The fair value of the Group's open derivative position at 31 December (excluding normal purchase and sale contracts held off balance sheet), recorded within other financial assets (derivatives) and other financial liabilities (derivatives) is as follows:

US\$ million	2008		2007	
	Asset	Liability	Asset	Liability
Current				
Cash flow hedge ⁽¹⁾				
Forward foreign currency contracts	10	(75)	2	–
Forward commodity contracts	–	(49)	–	(304)
Other	–	–	11	–
Fair value hedge				
Forward foreign currency contracts	–	–	1	(12)
Interest rate swaps	140	–	–	–
Other	2	–	–	–
Non-hedge ('Held for trading') ⁽²⁾				
Forward foreign currency contracts	114	(529)	31	(25)
Cross currency swaps	40	(504)	404	(10)
Other	66	(279)	86	(150)
Total current derivatives	372	(1,436)	535	(501)
Non-current				
Cash flow hedge ⁽¹⁾				
Forward foreign currency contracts	–	(57)	–	–
Forward commodity contracts	–	(4)	–	(53)
Fair value hedge				
Interest rate swaps	4	–	–	(32)
Total non-current derivatives	4	(61)	–	(85)

⁽¹⁾ The timing of the expected cash flows associated with these hedges is as follows:

US\$ million	2008	2007
Within one year	(160)	(289)
Greater than one year, less than two years	(80)	(61)
Greater than two years, less than five years	(11)	–
Greater than five years	–	–
	(251)	(350)

The periods when these hedges are expected to impact the income statement generally follow the cash flow profile with the exception of hedging associated with capital projects which is included in the capitalised asset value and depreciated over the life of the asset. There are no material capital expenditure related hedges included in the above.

⁽²⁾ \$78 million (2007: \$160 million) of derivative assets and \$824 million (2007: \$126 million) of derivative liabilities not designated as hedges and that are classified as current in accordance with IAS 1 are due to mature after more than one year.

These marked to market valuations are in no way predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuations represent the cost of buying all hedge contracts at year end, at market prices and rates available at the time.

Normal purchase and normal sale contracts

Commodity based contracts that meet the scope exemption in IAS 39 (in that they are settled through physical delivery of the Group's production or are used within the production process), are classified as normal purchase or sale contracts. In accordance with IAS 39 these contracts are not marked to market.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to reduce the cost of capital.

In order to manage the short and long term capital structure, the Group adjusts the amount of ordinary dividends paid to shareholders, returns capital to shareholders (via, for example, share buybacks and special dividends), arranges debt to fund new acquisitions and also may sell non-core assets to reduce debt.

The Group monitors capital on the basis of the ratio of net debt to total capital less investments in associates (gearing). Net debt is calculated as total borrowings less cash and cash equivalents and current financial asset investments (excluding derivatives which provide an economic hedge of debt and including the net debt of disposal groups). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt. Gearing as at 31 December 2008 was 37.8% (2007: 20.0%). The increase during 2008 resulted primarily from acquisitions and capital expenditure, partially offset by strong operating cash flows and asset disposals.

Financial instrument sensitivities

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. The following analysis, required by IFRS 7, is intended to illustrate the sensitivity of the Group's financial instruments (as at year end) to changes in commodity prices, exchange rates and interest rates.

The sensitivity analysis has been prepared on the basis that the components of net debt, the ratio of fixed to floating interest rates of the debt and derivatives portfolio and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December. In addition, the commodity price impact for provisionally priced contracts is based on the related trade receivables and trade payables at 31 December. As a consequence, this sensitivity analysis relates to the position as at 31 December.

The following assumptions were made in calculating the sensitivity analysis:

- All income statement sensitivities also impact equity.
- The majority of debt and other deposits are carried at amortised cost and therefore carrying value does not change as interest rates move.
- No sensitivity is provided for interest accruals as these are based on pre-agreed interest rates and therefore are not susceptible to further rate changes.
- Changes in the carrying value of derivatives (from movements in commodity prices and interest rates) designated as cash flow hedges are assumed to be recorded fully within equity on the grounds of materiality.
- No sensitivity has been calculated on derivatives and related underlying instruments designated into fair value hedge relationships as these are assumed to materially offset one another.
- All hedge relationships are assumed to be fully effective on the grounds of materiality.
- Debt with a maturity below one year is floating rate, unless it is a long term fixed rate debt in its final year.
- Translation of foreign subsidiaries and operations into the Group's presentation currency has been excluded from the sensitivity.

Using the above assumptions, the following tables show the illustrative effect on the income statement and equity that would result from reasonably possible changes in the relevant commodity price, foreign currency or interest rates:

24. Financial risk management and derivative financial assets/liabilities continued

US\$ million	Income statement	Equity
Commodity price sensitivities		
2008		
10% increase in the copper price	47	47
10% decrease in the copper price	(47)	(47)
10% increase in the platinum price	(9)	(9)
10% decrease in the platinum price	9	9
10% increase in the coal price	–	(11)
10% decrease in the coal price	–	11
2007		
10% increase in the copper price	89	66
5% decrease in the copper price	(45)	(33)
10% increase in the platinum price	(8)	(8)
15% decrease in the platinum price	13	13
5% increase in the coal price	–	(15)
5% decrease in the coal price	–	15
Interest rate sensitivities		
2008		
25 bp increase in US interest rates	(6)	(6)
25 bp decrease in US interest rates	6	6
50 bp increase in South African interest rates	(11)	(10)
50 bp decrease in South African interest rates	11	10
2007		
75 bp decrease in US interest rates	(2)	(2)
50 bp decrease in South African interest rates	10	10
75 bp decrease in UK interest rates	5	5
Foreign currency sensitivities⁽¹⁾		
2008		
+10% US\$ to rand	45	42
-10% US\$ to rand	(46)	(43)
+10% US\$ to Australian dollar	20	19
-10% US\$ to Australian dollar	(20)	(18)
+10% US\$ to Brazilian real	(125)	(128)
-10% US\$ to Brazilian real	176	180
+10% US\$ to Chilean peso	(25)	(42)
-10% US\$ to Chilean peso	30	51
2007		
+5% US\$ to rand	18	18
-5% US\$ to rand	(18)	(17)
+5% US\$ to Australian dollar	(19)	(19)
-5% US\$ to Australian dollar	23	23
+5% US\$ to Brazilian real	(46)	(46)
-5% US\$ to Brazilian real	46	46
+5% US\$ to Chilean peso	8	8
-5% US\$ to Chilean peso	(9)	(9)

⁽¹⁾ + represents strengthening of US dollar against the respective currency.

The above sensitivities are calculated with reference to a single moment in time and will change due to a number of factors including:

- fluctuating trade receivable and trade payable balances;
- derivative instruments and borrowings settled throughout the year;
- fluctuating cash balances;
- changes in currency mix; and
- commercial paper with short term maturities, which is regularly replaced or settled.

As the sensitivities are limited to year end financial instrument balances they do not take account of the Group's sales and operating costs which are highly sensitive to changes in commodity prices and exchange rates. In addition, each of the sensitivities is calculated in isolation, while in reality commodity prices, foreign exchange rates and interest rates do not move independently.

25. Provisions for liabilities and charges

US\$ million	Environmental restoration ⁽¹⁾	Decommissioning ⁽¹⁾	Other	Total
At 1 January 2008	675	256	293	1,224
Acquired through business combinations	13	3	94	110
Disposal of businesses	(1)	–	–	(1)
Charged to the income statement	134	10	92	236
Capitalised	–	11	119	130
Reclassifications	4	3	17	24
Unwinding of discount	19	14	–	33
Amounts applied	(12)	–	(33)	(45)
Currency movements	(132)	(56)	(38)	(226)
At 31 December 2008	700	241	544	1,485

Maturity analysis of total provisions:

US\$ million	2008	2007
Current	168	142
Non-current	1,317	1,082
	1,485	1,224

⁽¹⁾ The Group makes voluntary contributions to controlled funds to meet the cost of some of its decommissioning, restoration and environmental rehabilitation liabilities (see note 15).

Environmental restoration

The Group has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Decommissioning

Provision is made for the present value of costs relating to the decommissioning of plant or other site restoration work. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Other

Other provisions primarily relate to cash settled share-based payments, indemnities, warranties and legal claims. It is anticipated that these costs will be incurred over a five year period.

26. Deferred tax

Deferred tax assets

US\$ million	2008	2007
At 1 January	474	372
(Charged)/credited to the income statement ⁽¹⁾	(31)	109
(Charged)/credited to the statement of recognised income and expense	(57)	30
Charged directly to equity	(40)	(2)
Acquired through business combinations	–	10
Transfer to assets held for sale	(14)	–
Disposal and demerger of businesses	–	(55)
Reclassifications	(21)	(2)
Currency movements	(53)	12
At 31 December	258	474

⁽¹⁾ Includes amounts in respect of discontinued operations of nil (2007: \$9 million).

Notes to the financial statements continued

26. Deferred tax continued

Deferred tax liabilities

US\$ million	2008	2007
At 1 January	4,650	3,687
Charged to the income statement ⁽¹⁾	398	456
(Credited)/charged to the statement of recognised income and expense	(130)	150
Charged directly to equity	25	–
Acquired through business combinations	798	904
Transfer to liabilities directly associated with assets held for sale	(28)	(77)
Disposal and demerger of businesses	(18)	(649)
Reclassifications	79	2
Currency movements	(1,219)	177
At 31 December	4,555	4,650

⁽¹⁾ Includes amounts in respect of discontinued operations of nil (2007: \$12 million).

The amount of deferred tax provided in the accounts is as follows:

US\$ million	2008	2007
Deferred tax assets		
Tax losses	13	14
Other temporary differences	245	460
	258	474
Deferred tax liabilities		
Capital allowances in excess of depreciation	2,333	2,640
Fair value adjustments	2,201	2,121
Tax losses	(117)	(46)
Other temporary differences	138	(65)
	4,555	4,650

The amount of deferred tax charged/(credited) to the income statement (including amounts related to discontinued operations) is as follows:

US\$ million	2008	2007
Capital allowances in excess of depreciation	460	373
Fair value adjustments	(96)	(63)
Tax losses	(18)	(27)
Other temporary differences	83	64
	429	347

The current expectation regarding the maturity of deferred tax balances is:

US\$ million	2008	2007
Deferred tax assets		
Recoverable within 12 months	62	163
Recoverable after 12 months	196	311
	258	474
Deferred tax liabilities		
Payable within 12 months	218	790
Payable after 12 months	4,337	3,860
	4,555	4,650

The Group had the following balances at 31 December 2008 in respect of which no deferred tax asset has been recognised:

US\$ million	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
Within one year	–	–	–	–
One to five years	43	–	–	43
After five years	21	–	–	21
No expiry date	2,600	1,166	5	3,771
	2,664	1,166	5	3,835

The Group had the following balances at 31 December 2007 in respect of which no deferred tax asset was recognised:

US\$ million	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
Within one year	8	–	–	8
One to five years	1	–	–	1
After five years	22	–	6	28
No expiry date	2,248	1,430	–	3,678
	2,279	1,430	6	3,715

The Group also has unused tax credits of \$356 million (2007: \$211 million) for which no deferred tax asset is recognised in the balance sheet. These tax credits have no expiry date.

No liability has been recognised in respect of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with investments in subsidiaries, branches and associates and interests in joint ventures, for which a deferred tax liability has not been recognised is \$23,866 million (2007: \$20,724 million), on which tax may be payable up to \$6,682 million (2007: \$5,906 million).

27. Retirement benefits

The Group operates defined contribution and defined benefit pension plans for the majority of its employees. It also operates post retirement medical arrangements in southern Africa and North America.

Defined contribution plans

The defined contribution pension and medical cost represents the actual contributions payable by the Group to the various plans. At 31 December 2008 there were no material outstanding or prepaid contributions and so no accrual or prepayment has been disclosed in the balance sheet in relation to these plans.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of the contribution payable by the Group in the financial year. The charge for the year for defined contribution pension schemes for continuing operations was \$134 million (2007: \$157 million) and for defined contribution medical schemes for continuing operations was \$9 million (2007: \$5 million).

Defined benefit pension plans and post retirement medical plans

The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group, in independently administered funds, in accordance with statutory requirements or local practice throughout the world. The unfunded pension plans are principally in South America.

The post retirement medical arrangements provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded.

The Group's provision of anti-retroviral therapy to HIV positive staff has not significantly impacted the post retirement medical plan liability.

Independent qualified actuaries carry out full valuations every three years using the projected unit method. The actuaries have updated the valuations to 31 December 2008.

The Group's plans in respect of pension and post retirement healthcare are summarised as follows:

	2008				2007			
US\$ million	Southern Africa	The Americas	Europe	Total	Southern Africa	The Americas	Europe	Total
Assets⁽¹⁾								
Defined benefit pension plans in surplus	32	–	–	32	48	–	4	52

⁽¹⁾ Amounts are included in 'Other non-current assets'.

27. Retirement benefits continued

	2008				2007			
US\$ million	Southern Africa	The Americas	Europe	Total	Southern Africa	The Americas	Europe	Total
Liabilities								
Defined benefit pension plans in deficit	–	(132)	(45)	(177)	–	(129)	(6)	(135)
Post retirement medical plans in deficit	(204)	(20)	–	(224)	(277)	(32)	–	(309)
	(204)	(152)	(45)	(401)	(277)	(161)	(6)	(444)
US\$ million	2008			2007	2006	2005	2004	
Defined benefit pension plans								
Present value of liabilities	(2,157)			(3,095)	(4,256)	(3,985)	(4,041)	
Fair value of plan assets	2,073			3,148	4,160	3,539	3,479	
Net (deficit)/surplus	(84)			53	(96)	(446)	(562)	
Surplus restriction	(61)			(136)	(163)	(107)	–	
Net deficit after surplus restriction	(145)			(83)	(259)	(553)	(562)	
Actuarial (loss)/gain on plan assets ⁽¹⁾	(392)			39	308	438	163	
Actuarial gain/(loss) on plan liabilities ⁽²⁾	208			(48)	(156)	(435)	(198)	
Post retirement medical plans								
Present value of liabilities	(241)			(329)	(422)	(650)	(654)	
Fair value of plan assets	17			20	16	22	15	
Net deficit	(224)			(309)	(406)	(628)	(639)	
Actuarial gain on plan assets ⁽³⁾	1			1	–	–	–	
Actuarial gain/(loss) on plan liabilities ⁽⁴⁾⁽⁵⁾	16			(29)	15	(67)	(22)	

⁽¹⁾ Net experience losses on pension plan assets were \$392 million (2007: gains of \$32 million; 2006: gains of \$314 million).

⁽²⁾ Net experience losses on pension plan liabilities were \$29 million (2007: \$112 million; 2006: \$113 million).

⁽³⁾ Net experience gains on medical plan assets were \$1 million (2007: losses of \$1 million; 2006: losses of \$1 million).

⁽⁴⁾ Net experience losses on medical plan liabilities were \$7 million (2007: \$4 million; 2006: gains of \$36 million).

⁽⁵⁾ Includes actuarial gains of \$11 million due to a change in modelling methodology.

Cumulative net actuarial losses recognised in the Consolidated statement of recognised income and expense are \$292 million (2007: \$163 million; 2006: \$126 million; 2005: \$228 million; 2004: \$57 million).

The market value of assets was used to determine the funding level of the plans. The market value of the assets of the funded plans was sufficient to cover 101% (2007: 105%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions. Companies within the Group are paying contributions as required in accordance with local actuarial advice. As the majority of the defined benefit pension plans are closed to new members, it is expected that contributions (in local currency) will increase as the members age.

The actual return on plan assets in respect of defined benefit pension schemes for continuing and discontinued operations was a loss of \$178 million (2007: gain of \$307 million).

Income statement

The amounts recognised in the income statement are as follows:

US\$ million	2008			2007		
	Pension plans	Post retirement medical plans	Total plans	Pension plans	Post retirement medical plans	Total plans
Analysis of the amount charged to operating profit						
Current service costs	43	5	48	54	8	62
Past service costs	1	–	1	3	–	3
Total within operating costs – continuing operations	44	5	49	57	8	65
Analysis of the amount charged to net finance costs						
Expected return on plan assets ⁽¹⁾	(214)	(1)	(215)	(255)	(2)	(257)
Interest costs on plan liabilities ⁽²⁾	180	21	201	207	22	229
Net (credit)/charge to net finance costs – continuing operations	(34)	20	(14)	(48)	20	(28)
Total charge to the income statement – continuing operations	10	25	35	9	28	37

⁽¹⁾ Included in 'Investment income'.

⁽²⁾ Included in 'Interest expense'.

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits under IAS 19 are detailed below (shown as weighted averages):

%	2008			2007		
	Southern Africa	The Americas	Europe	Southern Africa	The Americas	Europe
Defined benefit pension plans						
Average discount rate for plan liabilities	7.3	8.6	6.0	8.2	7.5	5.7
Average rate of inflation	4.0	3.7	2.7	5.5	3.6	3.4
Average rate of increase in salaries	5.3	5.4	2.7	6.8	4.5	3.5
Average rate of increase of pensions in payment	4.0	3.2	2.8	5.5	1.8	3.4
Average long term rate of return on plan assets ⁽¹⁾	7.6	11.3	5.9	8.5	10.6	6.8
Post retirement medical plans						
Average discount rate for plan liabilities	7.3	7.1	n/a	8.0	5.5	n/a
Average rate of inflation	4.0	0.5	n/a	5.3	2.6	n/a
Expected average increase in healthcare costs	5.4	3.8	n/a	6.8	4.4	n/a

⁽¹⁾ The long term expected return on plan assets has been set with reference to current market yields on government and corporate bonds and expected equity bond-outperformance in the relevant jurisdictions. The expected return on cash assets has been set with reference to expected bank base rates. The overall long term expected rate of return for each class is weighted by the asset allocation to the class at the balance sheet date.

Mortality assumptions are determined based on standard mortality tables with adjustments, as appropriate, to reflect experience of conditions locally. In southern Africa, the PA90 tables (2007: the SA85-90 and the PA90 tables) are used. The main schemes in Europe use the PXA00 tables (2007: PA92 tables). The main schemes in the Americas use the RV2004, AT83 and UP24 tables (2007: RV2004, AT83 and GAM94 tables). The mortality tables used imply that a male or female aged 60 at the balance sheet date has the following future life expectancy:

Years	Male		Female	
	2008	2007	2008	2007
Southern Africa	20.5	20.3	25.5	25.2
The Americas	22.4	22.0	26.5	26.1
Europe	25.7	25.3	28.1	26.8

Notes to the financial statements continued

27. Retirement benefits continued

The market value of the pension assets in defined benefit pension plans and long term expected rate of return as at 31 December 2008 and 31 December 2007 are as follows:

	Southern Africa		The Americas		Europe		Total
	Rate of return %	Fair value US\$ million	Rate of return %	Fair value US\$ million	Rate of return %	Fair value US\$ million	Fair value US\$ million
At 31 December 2008							
Equity	10.0	231	10.5	49	7.4	568	848
Bonds	6.6	422	11.7	137	5.2	427	986
Other	5.2	42	8.9	7	2.7	190	239
Fair value of pension plan assets		695		193		1,185	2,073
Present value of unfunded obligations		–		(102)		(6)	(108)
Present value of funded obligations		(602)		(223)		(1,224)	(2,049)
Present value of pension plan liabilities		(602)		(325)		(1,230)	(2,157)
Net surplus/(deficit) in pension plans		93		(132)		(45)	(84)
Surplus restriction related to pension plans		(61)		–		–	(61)
Recognised pension plan assets/(liabilities)		32		(132)		(45)	(145)
Amounts in the balance sheet							
Pension assets		32		–		–	32
Pension liabilities		–		(132)		(45)	(177)
		32		(132)		(45)	(145)
At 31 December 2007							
Equity	11.0	273	10.7	68	8.1	1,021	1,362
Bonds	7.6	654	10.8	167	5.2	568	1,389
Other	7.1	54	7.8	10	5.5	333	397
Fair value of pension plan assets		981		245		1,922	3,148
Present value of unfunded obligations		–		(105)		(4)	(109)
Present value of funded obligations		(853)		(269)		(1,864)	(2,986)
Present value of pension plan liabilities		(853)		(374)		(1,868)	(3,095)
Net surplus/(deficit) in pension plans		128		(129)		54	53
Surplus restriction related to pension plans		(80)		–		(56)	(136)
Recognised pension plan assets/(liabilities)	48		(129)		(2)	(83)	
Amounts in the balance sheet							
Pension assets		48		–		4	52
Pension liabilities		–		(129)		(6)	(135)
		48		(129)		(2)	(83)

27. Retirement benefits continued

Movement analysis

The changes in the present value of defined benefit obligations are as follows:

US\$ million	2008			2007		
	Pension plans	Post retirement medical plans	Total plans	Pension plans	Post retirement medical plans	Total plans
At 1 January	(3,095)	(329)	(3,424)	(4,256)	(422)	(4,678)
Current service costs ⁽¹⁾	(43)	(5)	(48)	(57)	(9)	(66)
Acquisition, disposal and demerger of businesses	—	—	—	1,442	150	1,592
Past service costs and effects of settlements and curtailments ⁽²⁾	(1)	—	(1)	(1)	—	(1)
Interest costs ⁽³⁾	(180)	(21)	(201)	(220)	(25)	(245)
Actuarial gains/(losses)	208	16	224	(48)	(29)	(77)
Benefits paid	145	16	161	137	18	155
Contributions paid by other members	(9)	(3)	(12)	(7)	(2)	(9)
Reclassifications	—	—	—	(2)	—	(2)
Currency movements	818	85	903	(83)	(10)	(93)
At 31 December	(2,157)	(241)	(2,398)	(3,095)	(329)	(3,424)

⁽¹⁾ Includes nil (2007: \$3 million) for pension plans and nil (2007: \$1 million) for post retirement medical plans in respect of discontinued operations.

⁽²⁾ Includes nil (2007: a gain of \$2 million) for pension plans in respect of discontinued operations.

⁽³⁾ Includes nil (2007: \$13 million) for pension plans and nil (2007: \$3 million) for post retirement medical plans in respect of discontinued operations.

The changes in the fair value of plan assets are as follows:

US\$ million	2008			2007		
	Pension plans	Post retirement medical plans	Total plans	Pension plans	Post retirement medical plans	Total plans
At 1 January	3,148	20	3,168	4,160	16	4,176
Expected return ⁽¹⁾	214	1	215	268	2	270
Actuarial (losses)/gains	(392)	1	(391)	39	1	40
Acquisition, disposal and demerger of businesses	—	—	—	(1,329)	—	(1,329)
Contributions paid by employer	50	11	61	69	16	85
Contributions paid by other members	9	5	14	7	2	9
Benefits paid	(145)	(16)	(161)	(137)	(18)	(155)
Reclassifications	—	—	—	2	—	2
Currency movements	(811)	(5)	(816)	69	1	70
At 31 December	2,073	17	2,090	3,148	20	3,168

⁽¹⁾ Includes nil (2007: \$13 million) for pension plans in respect of discontinued operations.

Assumed healthcare trend rates have a significant effect on the amounts recognised in the income statement. A 1% change in assumed healthcare cost trend rates would have the following effects:

US\$ million	1% increase		1% decrease	
	2008	2007	2008	2007
Effect on the sum of service costs and interest costs	3	4	(3)	(2)
Effect on defined benefit obligations	28	39	(26)	(22)

The Group expects to contribute approximately \$39 million to its defined benefit pension plans and \$20 million to its post retirement medical plans in 2009.

28. Called-up share capital and share-based payments

Called-up share capital

	2008		2007	
	Number of shares	US\$ million	Number of shares	US\$ million
Authorised:				
5% cumulative preference shares of £1 each	50,000	—	50,000	—
Ordinary shares of 54 ⁸⁶ / ₉₁ US cents each	1,820,000,000	1,000	1,820,000,000	1,000
		1,000		1,000
Called-up, allotted and fully paid:				
5% cumulative preference shares of £1 each	50,000	—	50,000	—
Ordinary shares of 54 ⁸⁶ / ₉₁ US cents each:				
At 1 January	1,342,911,897	738	1,541,653,607	771
Share consolidation	—	—	(138,749,193)	—
Treasury share cancellation	—	—	(60,000,050)	(33)
Other	7,123	—	7,533	—
At 31 December	1,342,919,020	738	1,342,911,897	738

During 2008 7,123 ordinary shares of 54⁸⁶/₉₁ US cents each were allotted to certain non-executive directors by subscription of their after tax directors' fees (2007: 4,143 ordinary shares of 50 US cents each and 3,390 ordinary shares of 54⁸⁶/₉₁ US cents each).

In 2008 5,649,992 ordinary shares of 54⁸⁶/₉₁ US cents each were purchased by the Company and held in treasury (2007: 27,073,161 ordinary shares of 50 US cents each and 14,631,542 ordinary shares of 54⁸⁶/₉₁ US cents each). Excluding shares held in treasury (but including the shares held by the Group in other structures, as outlined in the Tenon and Employee benefit trust sections below) the number of called-up, allotted and fully paid ordinary shares as at 31 December 2008 was 1,316,485,510; \$723 million (2007: 1,322,128,379; \$726 million).

On 20 June 2007 the Company cancelled 50 ordinary shares of 50 US cents each previously held in treasury. On 3 August 2007 the Company cancelled 60,000,000 ordinary shares of 54⁸⁶/₉₁ US cents previously held in treasury. As at 31 December 2008 the Company held 26,433,510 ordinary shares of 54⁸⁶/₉₁ US cents in treasury (2007: 20,783,518 ordinary shares of 54⁸⁶/₉₁ US cents).

Following the demerger of Mondi on 2 July 2007, a share consolidation became effective with the result that for every 100 existing ordinary shares of 50 US cents each, shareholders received 91 new ordinary shares of 54⁸⁶/₉₁ US cents each. This resulted in a reduction in the number of ordinary shares held of 138,749,193.

At general meetings, every member who is present in person has one vote on a show of hands and, on a poll, every member who is present in person or by proxy has one vote for every ordinary share held.

In the event of winding up, the holders of the cumulative preference shares will be entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up, on the cumulative preference shares held by them and any accrued dividend, whether such dividend has been earned or declared or not, calculated up to the date of the winding up.

No ordinary shares were allotted on exercise of employee share option plans (2007: nil).

Notes to the financial statements continued

28. Called-up share capital and share-based payments continued Tenon

Tenon Investment Holdings (Pty) Limited (Tenon), a wholly owned subsidiary of Anglo American South Africa Limited (AASA), has entered into agreements with Epoch Investment Holdings Limited (Epoch), Epoch Two Investment Holdings Limited (Epoch Two) and Tarl Investments Holdings Limited (Tarl) (collectively the Investment Companies), each owned by independent charitable trusts whose trustees are independent of the Group. Under the terms of these agreements, the Investment Companies have purchased Anglo American plc shares on the market and have granted to Tenon the right to nominate a third party (which may include Anglo American plc but not any of its subsidiaries) to take transfer of the Anglo American plc shares each has purchased on the market. Tenon paid the Investment Companies 80% of the cost of the Anglo American plc shares including associated costs for this right to nominate which together with subscriptions by Tenon for non-voting participating redeemable preference shares in the Investment Companies provide all the funding required to acquire the Anglo American plc shares through the market. These payments by Tenon are sourced from the cash resources of AASA. Tenon is able to exercise its right of nomination at any time up to 31 December 2025 against payment of an average amount of \$5.83 per share to Epoch, \$9.07 per share to Epoch Two and \$7.53 per share to Tarl which will be equal to 20% of the total costs respectively incurred by Epoch, Epoch Two and Tarl in purchasing shares nominated for transfer to the third party. These funds will then become available for redemption of the preference shares issued by the Investment Companies. The amount payable by the third party on receipt of the Anglo American plc shares will accrue to Tenon and, in accordance with paragraph 33 of IAS 32, any resulting gain or loss recorded by Tenon will not be recognised in the income statement of Anglo American plc.

Under the agreements, the Investment Companies will receive dividends on the shares they hold and have agreed to waive the right to vote those shares. The preference shares issued to the charitable trusts are entitled to a participating right of up to 10% of the profit after tax of Epoch and 5% of the profit after tax of Epoch Two and Tarl. The preference shares issued to Tenon will carry a fixed coupon of 3% plus a participating right of up to 80% of the profit after tax of Epoch and 85% of the profit after tax of Epoch Two and Tarl. Any remaining distributable earnings in the Investment Companies, after the above dividends, are then available for distribution as ordinary dividends to the charitable trusts.

The structure effectively provides Tenon with a beneficial interest in the price risk on these shares together with a participation in future dividend receipts. The Investment Companies will retain legal title to the shares until Tenon exercises its right to nominate a transferee.

At 31 December 2008 the Investment Companies together held 112,300,129 (2007: 106,356,408) Anglo American plc shares with a market value of \$2,511 million (2007: \$6,521 million) which represented 9% (2007: 8%) of the ordinary shares in issue (excluding treasury shares). The Investment Companies are not permitted to hold more than an aggregate of 10% of the issued share capital of Anglo American plc at any one time.

Although the Group has no voting rights in the Investment Companies and cannot appoint or remove trustees of the charitable trusts, the Investment Companies meet the accounting definition of a subsidiary in accordance with IAS 27 *Consolidated and Separate Financial Statements*. As a result, the Investment Companies are consolidated in accordance with the definitions of IAS 27 and the principles set out in SIC 12 *Consolidation – Special Purpose Entities*.

Employee benefit trust

The provision of shares to certain of the Company's share option and share incentive schemes is facilitated by an employee benefit trust. During 2008 5,248,591 (2007: 9,007,694) shares were sold to employees on exercise of their options, and provisional allocations were made to options already awarded. The cost of shares purchased by the trust is presented against retained earnings. The employee benefit trust has waived the right to receive dividends on these shares although the waiver was temporarily suspended in respect of the Mondi demerger dividend in specie. Immediately after the dividend was paid, the waiver was reinstated.

The market value of the 4,445,244 shares (2007: 9,693,835 shares) held by the trust at 31 December 2008 was \$99 million (2007: \$594 million).

The costs of operating the trust are borne by the Group but are not material.

28. Called-up share capital and share-based payments continued

Share-based payments

During the year ended 31 December 2008, the Group had six share-based payment arrangements with employees, the details of which are described in the remuneration report. All of the Group's schemes are equity settled, either by award of options to acquire ordinary shares (ESOS, SAYE and former AAC Executive Share Incentive Scheme) or award of ordinary shares (BSP, LTIP and SIP). The ESOS and former AAC Executive Share Incentive Scheme are now closed to new participants, having been replaced with the BSP.

The total share-based payment charge for continuing operations relating to Anglo American plc shares for the year was made up as follows:

US\$ million	2008	2007
ESOS	—	3
BSP	50	41
LTIP	53	43
Other schemes	9	7
	112	94

The fair values of options granted under the ESOS and SAYE schemes, being the more material option schemes, were calculated using a Black Scholes model. No ESOS awards were granted in 2008 or 2007. The assumptions used in these calculations for the current and prior years are set out in the tables below:

Arrangement	2008 SAYE ⁽¹⁾	2007 SAYE ⁽¹⁾
Date of grant	24/04/08	26/04/07
Number of instruments	307,297	315,716
Exercise price (£)	24.16	21.42
Share price at the date of grant (£)	30.20	26.78
Contractual life (years)	3.5-7.5	3.5-7.5
Vesting conditions ⁽²⁾	3-7	3-7
Expected volatility	35%	30%
Expected option life (years)	3.5-7.5	3.5-7.5
Risk free interest rate	4.6%	5.2%
Expected departures	5%pa	5%pa
Expected outcome of meeting performance criteria (at date of grant)	n/a	n/a
Fair value per option granted (weighted average) (£)	13.32	8.68

The fair value of ordinary shares awarded under the BSP and LTIP – ROCE, being the more material share schemes, was calculated using a Black Scholes model. The fair value of shares awarded under the LTIP – TSR scheme was calculated using a Monte Carlo model. The assumptions used in these calculations for the current and prior years are set out in the tables below:

Arrangement	2008			2007		
	BSP ⁽¹⁾	LTIP – ROCE ⁽¹⁾	LTIP – TSR ⁽¹⁾	BSP ⁽¹⁾	LTIP – ROCE ⁽¹⁾	LTIP – TSR ⁽¹⁾
Date of grant	29/02/08	17/03/08	17/03/08	09/03/07	23/03/07	23/03/07
Number of instruments	1,690,350	795,465	795,465	1,642,336	841,211	841,211
Exercise price (£)	—	—	—	—	—	—
Share price at the date of grant (£)	28.21	31.35	31.35	24.73	24.63	24.63
Contractual life (years)	3	3	3	3	3	3
Vesting conditions	(3)	(4)	(5)	(3)	(4)	(5)
Expected volatility	35%	35%	35%	30%	30%	30%
Expected option life (years)	3	3	3	3	3	3
Risk free interest rate	4.0%	3.7%	3.7%	5.1%	5.2%	5.2%
Expected departures	5%pa	5%pa	5%pa	5%pa	5%pa	5%pa
Expected outcome of meeting performance criteria (at date of grant)	44-100%	100%	n/a	44-100%	100%	n/a
Fair value per option granted (weighted average) (£)	31.22	26.93	19.69	24.67	23.96	18.34

⁽¹⁾ The number of instruments used in the fair value models differs to the total number of instruments awarded in the year due to awards made subsequent to the fair value calculations taking place. The fair value calculated per the assumptions above has been applied to the total number of awards. The difference in income statement charge is not considered significant.

⁽²⁾ Number of years continuous employment.

⁽³⁾ Three years continuous employment with enhancement shares having variable vesting based on non-market based performance conditions.

⁽⁴⁾ Variable vesting dependent on three years continuous employment and Group ROCE target being achieved.

⁽⁵⁾ Variable vesting dependent on three years continuous employment and market based performance conditions being achieved.

The expected volatility is based on historic volatility over the last five years. The expected life is the average expected period to exercise. The risk free rate of return is the yield on zero-coupon UK government bonds with a term similar to the expected life of the option.

The charges arising in respect of the other employee share schemes that the Group operated during the year are not considered material.

A progressive dividend growth policy has been assumed in all fair value calculations.

Notes to the financial statements continued

28. Called-up share capital and share-based payments continued

A reconciliation of option movements for the more significant share-based payment arrangements over the year to 31 December 2008 and the prior year is shown below. All options outstanding at 31 December 2008 with an exercise date on or prior to 31 December 2008 are deemed exercisable. Options were exercised regularly during the year and the weighted average share price for the year ended 31 December 2008 was £25.99 (2007: £29.09).

Executive Share Option Scheme⁽¹⁾

Options to acquire ordinary shares of 54⁸⁶/₉₁ US cents were outstanding under the terms of this scheme as follows:

At 31 December 2008

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2008	Options exercised in year	Options forfeited in year	Options outstanding 31 Dec 2008
1999	24 June 2002 to 23 June 2009	6.98	772,256	(247,973)	(9,950)	514,333
1999	19 October 2002 to 18 October 2009	8.00	29,000	–	(22,000)	7,000
2000	23 March 2003 to 22 March 2010	7.66	1,056,732	(267,610)	(73,000)	716,122
2000	12 September 2003 to 11 September 2010	10.19	15,000	(8,944)	(3,000)	3,056
2001	2 April 2004 to 1 April 2011	10.03	1,251,064	(211,600)	(159,844)	879,620
2001	13 September 2004 to 12 September 2011	8.00	26,750	–	(3,000)	23,750
2002	18 March 2005 to 17 March 2012	11.50	1,298,242	(220,781)	(133,600)	943,861
2002	13 September 2005 to 12 September 2012	8.05	11,000	–	(4,000)	7,000
2003	5 March 2006 to 4 March 2013	9.28	2,350,685	(417,174)	(170,500)	1,763,011
2003	13 August 2006 to 12 August 2013	11.41	32,937	(9,437)	(1,000)	22,500
2004	1 March 2007 to 28 February 2014	13.43	2,641,345	(540,912)	(173,266)	1,927,167
2004	10 August 2007 to 9 August 2014	11.52	84,373	(23,064)	(4,000)	57,309
2004	29 November 2007 to 28 November 2014	12.73	11,147	(2,356)	–	8,791
2005	6 January 2008 to 4 January 2015	12.12	37,579	–	–	37,579
2005	1 August 2008 to 31 July 2015	14.40	18,000	–	–	18,000
2005	19 August 2008 to 18 August 2015	13.94	5,500	(2,750)	–	2,750
			9,641,610	(1,952,601)	(757,160)	6,931,849

At 31 December 2007

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2007	Options exercised in year	Options forfeited in year	Options outstanding 31 Dec 2007
1999	24 June 2002 to 23 June 2009	6.98	1,076,806	(288,550)	(16,000)	772,256
1999	19 October 2002 to 18 October 2009	8.00	38,000	(9,000)	–	29,000
2000	23 March 2003 to 22 March 2010	7.66	1,446,216	(368,400)	(21,084)	1,056,732
2000	26 June 2003 to 25 June 2010	7.66	5,000	(5,000)	–	–
2000	12 September 2003 to 11 September 2010	10.19	29,000	(14,000)	–	15,000
2001	2 April 2004 to 1 April 2011	10.03	1,745,658	(430,250)	(64,344)	1,251,064
2001	13 September 2004 to 12 September 2011	8.00	26,750	–	–	26,750
2002	18 March 2005 to 17 March 2012	11.50	1,848,700	(451,295)	(99,163)	1,298,242
2002	13 September 2005 to 12 September 2012	8.05	11,000	–	–	11,000
2003	5 March 2006 to 4 March 2013	9.28	4,022,398	(1,420,359)	(251,354)	2,350,685
2003	13 August 2006 to 12 August 2013	11.41	59,760	(21,823)	(5,000)	32,937
2003	1 October 2006 to 30 September 2013	10.81	10,000	(10,000)	–	–
2004	1 March 2007 to 28 February 2014	13.43	6,796,976	(3,955,583)	(200,048)	2,641,345
2004	10 August 2007 to 9 August 2014	11.52	194,322	(87,949)	(22,000)	84,373
2004	29 November 2007 to 28 November 2014	12.73	11,147	–	–	11,147
2005	6 January 2008 to 4 January 2015	12.12	37,579	–	–	37,579
2005	1 August 2008 to 31 July 2015	14.40	18,000	–	–	18,000
2005	19 August 2008 to 18 August 2015	13.94	5,500	–	–	5,500
			17,382,812	(7,062,209)	(678,993)	9,641,610

See page 121 for footnote.

28. Called-up share capital and share-based payments continued

SAYE Share Option Scheme⁽¹⁾

Options to acquire ordinary shares of 54⁸⁶/₉₁ US cents were outstanding under the terms of this scheme as follows:

At 31 December 2008

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2008	Options granted in year	Options exercised in year	Options forfeited in year	Options outstanding 31 Dec 2008
2000	1 July 2007 to 31 December 2007	4.85	5,528	–	–	(5,528)	–
2001	1 July 2008 to 31 December 2008	8.45	36,294	–	(35,392)	(32)	870
2002	1 September 2007 to 29 February 2008	9.23	2,648	–	(429)	(2,219)	–
2002	1 September 2009 to 28 February 2010	9.23	24,738	–	(333)	(56)	24,349
2003	1 September 2008 to 28 February 2009	7.52	152,728	–	(147,206)	(1,333)	4,189
2003	1 September 2010 to 28 February 2011	7.52	40,908	–	–	–	40,908
2004	1 September 2007 to 29 February 2008	10.81	2,506	–	(2,089)	(417)	–
2004	1 September 2009 to 28 February 2010	10.81	72,162	–	(1,441)	(1,426)	69,295
2004	1 September 2011 to 29 February 2012	10.81	18,324	–	–	(195)	18,129
2005	1 September 2008 to 28 February 2009	10.15	275,727	–	(262,405)	(5,589)	7,733
2005	1 September 2010 to 28 February 2011	10.15	254,714	–	(7,419)	(9,924)	237,371
2005	1 September 2012 to 28 February 2013	10.15	48,059	–	(162)	(4,837)	43,060
2006	1 September 2009 to 28 February 2010	17.97	208,452	–	(2,459)	(36,051)	169,942
2006	1 September 2011 to 29 February 2012	17.97	122,114	–	(288)	(16,688)	105,138
2006	1 September 2013 to 28 February 2014	17.97	34,021	–	(133)	(5,189)	28,699
2007	1 September 2010 to 28 February 2011	21.42	178,172	–	(501)	(40,556)	137,115
2007	1 September 2012 to 28 February 2013	21.42	86,324	–	(64)	(14,174)	72,086
2007	1 September 2014 to 28 February 2015	21.42	36,918	–	–	(5,927)	30,991
2008	1 September 2011 to 29 February 2012	24.16	–	194,711	–	(26,486)	168,225
2008	1 September 2013 to 28 February 2014	24.16	–	76,937	–	(7,706)	69,231
2008	1 September 2015 to 29 February 2016	24.16	–	35,649	–	(3,271)	32,378
			1,600,337	307,297	(460,321)	(187,604)	1,259,709

At 31 December 2007

Year of grant	Date exercisable	Option price per share £	Options outstanding 1 Jan 2007	Options granted in year	Options exercised in year	Options forfeited in year	Options outstanding 31 Dec 2007
1999	1 September 2006 to 28 February 2007	6.38	1,728	–	(1,728)	–	–
2000	1 July 2007 to 31 December 2007	4.85	330,023	–	(324,172)	(323)	5,528
2001	1 July 2006 to 31 December 2006	8.45	1,531	–	(319)	(1,212)	–
2001	1 July 2008 to 31 December 2008	8.45	45,037	–	(7,792)	(951)	36,294
2002	1 September 2007 to 29 February 2008	9.23	105,884	–	(102,187)	(1,049)	2,648
2002	1 September 2009 to 28 February 2010	9.23	33,704	–	(7,544)	(1,422)	24,738
2003	1 September 2006 to 28 February 2007	7.52	6,940	–	(5,776)	(1,164)	–
2003	1 September 2008 to 28 February 2009	7.52	176,698	–	(16,963)	(7,007)	152,728
2003	1 September 2010 to 28 February 2011	7.52	49,827	–	(6,488)	(2,431)	40,908
2004	1 September 2007 to 29 February 2008	10.81	167,708	–	(160,787)	(4,415)	2,506
2004	1 September 2009 to 28 February 2010	10.81	92,595	–	(9,239)	(11,194)	72,162
2004	1 September 2011 to 29 February 2012	10.81	24,050	–	(1,588)	(4,138)	18,324
2005	1 September 2008 to 28 February 2009	10.15	323,567	–	(22,208)	(25,632)	275,727
2005	1 September 2010 to 28 February 2011	10.15	288,080	–	(8,936)	(24,430)	254,714
2005	1 September 2012 to 28 February 2013	10.15	60,555	–	(4,079)	(8,417)	48,059
2006	1 September 2009 to 28 February 2010	17.97	265,498	–	(9,868)	(47,178)	208,452
2006	1 September 2011 to 29 February 2012	17.97	146,950	–	(2,911)	(21,925)	122,114
2006	1 September 2013 to 28 February 2014	17.97	47,708	–	(1,798)	(11,889)	34,021
2007	1 September 2010 to 28 February 2011	21.42	–	185,798	(65)	(7,561)	178,172
2007	1 September 2012 to 28 February 2013	21.42	–	90,656	–	(4,332)	86,324
2007	1 September 2014 to 28 February 2015	21.42	–	39,262	–	(2,344)	36,918
			2,168,083	315,716	(694,448)	(189,014)	1,600,337

See page 121 for footnote.

Notes to the financial statements continued

28. Called-up share capital and share-based payments continued

Former AAC Executive Share Incentive Scheme⁽¹⁾

At 31 December 2008

Year of grant	Date exercisable	Weighted average option price per share £	Options outstanding 1 Jan 2008	Options exercised in year	Options expired in year	Options outstanding 31 Dec 2008
1998	1 January 2000 to 4 December 2008	–	679,800	(587,560)	(92,240)	–
1999	4 January 2001 to 4 January 2009	–	38,700	(33,900)	(4,800)	–
			718,500	(621,460)	(97,040)	–

At 31 December 2007

Year of grant	Date exercisable	Weighted average option price per share £	Options outstanding 1 Jan 2007	Options exercised in year	Options outstanding 31 Dec 2007
1990-1997	1 January 1999 to 15 December 2007	–	49,800	(49,800)	–
1998	1 January 2000 to 4 December 2008	3.37	2,636,080	(1,956,280)	679,800
1999	4 January 2001 to 4 January 2009	2.94	95,500	(56,800)	38,700
			2,781,380	(2,062,880)	718,500

See following page for footnote.

Long Term Incentive Plan⁽¹⁾⁽²⁾

Ordinary shares of 54⁸⁶/₉₁ US cents may be awarded for no consideration under the terms of this scheme. The number of shares outstanding is shown below:

At 31 December 2008

Year of grant	Vesting date	Shares outstanding 1 Jan 2008	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares outstanding 31 Dec 2008
2005	2 April 2008	1,806,992	–	(1,563,495)	(243,497)	–
2005	1 June 2008	61,993	–	(61,993)	–	–
2006	29 March 2009	1,423,723	–	(14,375)	(207,316)	1,202,032
2007	23 March 2010	1,760,571	–	(5,526)	(150,100)	1,604,945
2008	17 March 2011	–	1,623,929	–	(47,911)	1,576,018
2008	18 August 2011	–	83,200	–	–	83,200
		5,053,279	1,707,129	(1,645,389)	(648,824)	4,466,195

At 31 December 2007

Year of grant	Date exercisable/Vesting date	Shares outstanding 1 Jan 2007	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares expired in year	Shares outstanding 31 Dec 2007
2003	11 April 2006 to 10 April 2007	118,901	–	(116,351)	–	(2,550)	–
2004	25 March 2007	1,572,479	–	(738,356)	(834,123)	–	–
2004	26 April 2007	170,323	–	(79,975)	(90,348)	–	–
2004	1 September 2007	10,000	–	(10,000)	–	–	–
2005	2 April 2008	2,058,193	–	(233,001)	(18,200)	–	1,806,992
2005	1 June 2008	61,993	–	–	–	–	61,993
2006	29 March 2009	1,492,252	–	(31,618)	(36,911)	–	1,423,723
2007	23 March 2010	–	1,766,921	–	(6,350)	–	1,760,571
		5,484,141	1,766,921	(1,209,301)	(985,932)	(2,550)	5,053,279

See following page for footnotes.

28. Called-up share capital and share-based payments continued

Bonus Share Plan⁽³⁾

Ordinary shares of 54⁸⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below:

At 31 December 2008

Year of grant	Performance period end date	Shares outstanding 1 Jan 2008	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares outstanding 31 Dec 2008
2004	31 December 2006	5,684	–	(5,684)	–	–
2005	31 December 2007	1,847,813	–	(1,709,848)	(137,139)	826
2006	31 December 2008	1,424,558	–	(75,498)	(78,916)	1,270,144
2007	31 December 2009	1,544,288	–	(54,786)	(92,889)	1,396,613
2008	31 December 2010	–	1,701,688	(28,623)	(50,614)	1,622,451
		4,822,343	1,701,688	(1,874,439)	(359,558)	4,290,034

At 31 December 2007

Year of grant	Performance period end date	Shares outstanding 1 Jan 2007	Shares conditionally awarded in year	Shares vested in year	Shares forfeited in year	Shares outstanding 31 Dec 2007
2004	31 December 2006	459,737	–	(454,053)	–	5,684
2005	31 December 2007	2,293,706	–	(381,423)	(64,470)	1,847,813
2006	31 December 2008	1,815,462	–	(283,839)	(107,065)	1,424,558
2007	31 December 2009	–	1,643,559	(81,808)	(17,463)	1,544,288
		4,568,905	1,643,559	(1,201,123)	(188,998)	4,822,343

Share Incentive Plan

Ordinary shares of 54⁸⁶/₉₁ US cents may be awarded under the terms of this scheme for no consideration. The number of shares outstanding is shown below:

	Awards outstanding at 31 Dec 2008	Awards outstanding at 31 Dec 2007	Latest release date
Share Incentive Plan	968,341	921,574	7 December 2011

⁽¹⁾ The early exercise of share options is permitted at the discretion of the Company upon the termination of employment, ill health or death.

⁽²⁾ The LTIP awards are contingent on pre-established performance criteria being met. Further information in respect of this scheme is shown in the Remuneration report.

⁽³⁾ The BSP was approved by shareholders in 2004 as a replacement for the ESOS and the Deferred Bonus Plan. Further information in respect of the BSP, including performance conditions, is shown in the Remuneration report.

Notes to the financial statements continued

29. Reconciliation of changes in equity

US\$ million	Attributable to equity shareholders of the Company						Total equity
	Total share capital ⁽¹⁾	Retained earnings	Share-based payment reserve	Cumulative translation adjustment reserve	Fair value and other reserves	Minority interests	
Balance at 1 January 2007	3,484	19,738	247	(38)	840	2,856	27,127
Total recognised income and expense	–	7,276	–	58	1,891	844	10,069
Dividends paid	–	(1,527)	–	–	–	–	(1,527)
Dividends paid to minority interests	–	–	–	–	–	(757)	(757)
Dividend in specie relating to Mondi demerger	–	(3,718)	–	–	–	–	(3,718)
Acquisition, disposal and demerger of businesses	–	41	(45)	–	112	(1,196)	(1,088)
Issue of shares to minority interests	–	–	–	–	–	28	28
Group reinvestment of dividends in Anglo Platinum	–	–	–	–	–	86	86
Minority conversion of Anglo Platinum's preference shares	–	45	–	–	–	(45)	–
Exercise of share options in Anglo Platinum	–	–	–	–	–	51	51
Share buybacks	–	(6,167)	–	–	–	–	(6,167)
Purchase of shares for share schemes	–	(23)	–	–	–	–	(23)
Share-based payment charges on equity settled schemes	–	–	156	–	–	–	156
Issue of shares under employee share schemes	–	131	(94)	–	–	–	37
Current tax on exercised employee share schemes	–	23	–	–	–	–	23
Cancellation of treasury shares	(33)	–	–	–	33	–	–
IFRS 2 charges arising on BBBEE and BEE transactions	–	33	–	–	–	35	68
Other	–	3	(2)	–	(3)	(33)	(35)
Balance at 1 January 2008	3,451	15,855	262	20	2,873	1,869	24,330
Total recognised income and expense	–	5,113	–	(4,097)	(1,175)	487	328
Dividends paid	–	(1,538)	–	–	–	–	(1,538)
Dividends paid to minority interests	–	–	–	–	–	(796)	(796)
Acquisition and disposal of businesses (including issue of shares to minority interests)	–	6	–	–	–	(45)	(39)
Minority conversion of Anglo Platinum's preference shares	–	6	–	–	–	(6)	–
Share buybacks	–	(595)	–	–	–	–	(595)
Purchase of shares for share schemes	–	(88)	–	–	–	–	(88)
Share-based payment charges on equity settled schemes	–	–	146	–	–	11	157
Issue of shares under employee share schemes	–	97	(70)	–	–	–	27
Current tax on exercised employee share schemes	–	10	–	–	–	–	10
Treasury shares issued in subsidiary entities	–	6	–	–	–	–	6
Other	–	(45)	(50)	–	34	15	(46)
Balance at 31 December 2008	3,451	18,827	288	(4,077)	1,732	1,535	21,756

⁽¹⁾ Total share capital comprises called-up share capital of \$738 million (2007: \$738 million) and the share premium account of \$2,713 million (2007: \$2,713 million).

Fair value and other reserves comprise:

US\$ million	Available for sale reserve	Cash flow hedge reserve	Other reserves ⁽¹⁾	Total fair value and other reserves
Balance at 1 January 2007	491	(422)	771	840
Total recognised income and expense	1,889	2	–	1,891
Acquisition, disposal and demerger of businesses	(7)	116	3	112
Cancellation of treasury shares	–	–	33	33
Other	–	–	(3)	(3)
Balance at 1 January 2008	2,373	(304)	804	2,873
Total recognised income and expense	(1,285)	110	–	(1,175)
Other	–	–	34	34
Balance at 31 December 2008	1,088	(194)	838	1,732

⁽¹⁾ Other reserves comprise \$689 million (2007: \$689 million) legal reserve, \$34 million (2007: nil) revaluation reserve and \$115 million (2007: \$115 million) capital redemption reserve.

30. Consolidated cash flow analysis

a) Reconciliation of profit before tax to cash inflows from continuing operations

US\$ million	2008	2007
Profit before tax – continuing operations	8,571	8,821
Depreciation and amortisation	1,509	1,398
Share-based payment charges	155	138
Special items and remeasurements of subsidiaries and joint ventures	71	(243)
Net finance costs before remeasurements	452	137
Operating fair value gains before special items and remeasurements	(1)	(12)
Share of net income from associates	(1,113)	(197)
Provisions	46	77
Increase in inventories	(999)	(352)
Decrease/(increase) in operating receivables	80	(389)
Increase in operating payables	896	53
Other adjustments	(88)	(56)
Cash inflows from continuing operations	9,579	9,375

b) Reconciliation to the balance sheet

US\$ million	Cash and cash equivalents ⁽¹⁾		Short term borrowings		Medium and long term borrowings	
	2008	2007	2008	2007	2008	2007
Balance sheet	2,771	3,129	(6,784)	(5,895)	(7,211)	(2,404)
Balance sheet – disposal groups ⁽²⁾	8	–	–	(31)	–	–
Bank overdrafts	(35)	(17)	35	17	–	–
Bank overdrafts – disposal groups ⁽²⁾	–	(38)	–	–	–	–
Net debt classifications	2,744	3,074	(6,749)	(5,909)	(7,211)	(2,404)

⁽¹⁾ 'Short term borrowings' on the balance sheet include overdrafts which are included within cash and cash equivalents in determining net debt.

⁽²⁾ Disposal group balances are shown as 'Assets classified as held for sale' and 'Liabilities directly associated with assets classified as held for sale' on the balance sheet.

c) Movement in net debt

US\$ million	Cash and cash equivalents ⁽¹⁾	Debt due within one year	Debt due after one year	Current financial asset investments ⁽²⁾	Net debt excluding hedges	Hedges ⁽³⁾	Total net debt including hedges
Balance at 1 January 2007	2,980	(2,076)	(4,228)	–	(3,324)	193	(3,131)
Cash flow ⁽⁴⁾	34	(2,618)	(1,334)	–	(3,918)	–	(3,918)
Acquisition, disposal and demerger of businesses	–	468	1,858	–	2,326	–	2,326
Reclassifications	–	(1,394)	1,420	–	26	–	26
Movement in fair value	–	(7)	10	–	3	195	198
Other non-cash movements	–	–	18	–	18	–	18
Currency movements	60	(282)	(148)	–	(370)	–	(370)
Balance at 1 January 2008	3,074	(5,909)	(2,404)	–	(5,239)	388	(4,851)
Cash flow ⁽⁴⁾	(143)	(1,432)	(5,181)	210	(6,546)	(380)	(6,926)
Acquisition of businesses	–	(209)	(461)	–	(670)	–	(670)
Reclassifications	–	190	(190)	–	–	–	–
Movement in fair value	–	(11)	(176)	–	(187)	(305)	(492)
Other non-cash movements	–	–	(15)	–	(15)	–	(15)
Currency movements	(187)	622	1,216	(37)	1,614	–	1,614
Balance at 31 December 2008	2,744	(6,749)	(7,211)	173	(11,043)	(297)	(11,340)

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

⁽²⁾ Relates to amounts invested in unlisted preference shares (guaranteed by Nedbank Limited and Nedbank Group Limited) pending completion of the anticipated disposal of the Group's 50% interest in the Booyendal joint venture.

⁽³⁾ Derivative instruments that provide an economic hedge of assets and liabilities in net debt are included above to reflect the true net debt position of the Group at the year end. These consist of net current derivative liabilities of \$437 million (2007: \$396 million net assets) and net non-current derivative assets of \$140 million (2007: \$8 million net liabilities) and are classified within other financial liabilities and other financial assets respectively on the balance sheet.

⁽⁴⁾ Cash flow on debt due within one year includes nil relating to discontinued operations (2007: repayments of \$162 million). Similarly, cash flow on debt due after one year includes nil relating to discontinued operations (2007: receipts of \$993 million). Cash flow on debt due after one year includes repayment of finance leases of \$3 million (2007: nil) which is included within 'Other financing activities' in the Consolidated cash flow statement.

Notes to the financial statements continued

31. EBITDA by business segment

US\$ million	2008	2007
By business segment		
Platinum	2,732	3,155
Diamonds	665	587
Base Metals	2,845	4,683
Ferrous Metals and Industries	3,064	1,561
Coal	2,585	882
Industrial Minerals	487	732
Exploration	(212)	(157)
Corporate Activities and Unallocated Costs	(319)	(272)
EBITDA – continuing operations	11,847	11,171
EBITDA – discontinued operations	–	961
EBITDA – total Group	11,847	12,132

EBITDA is stated before special items and remeasurements and is reconciled to 'Total profit from operations and associates' as follows:

US\$ million	2008	2007
Total profit from operations and associates	8,972	8,929
Operating special items and remeasurements (including associates)	1,357	711
Net profit on disposals (including associates)	(1,027)	(484)
Associates' financing remeasurements	15	4
Depreciation and amortisation: subsidiaries and joint ventures	1,509	1,398
Share of associates' interest, tax, depreciation, amortisation and minority interests	1,021	613
EBITDA – continuing operations	11,847	11,171
EBITDA – discontinued operations	–	961
EBITDA – total Group	11,847	12,132

32. Acquisitions

Acquisition of subsidiaries

On 5 August 2008 the Group acquired a 63.3% shareholding in Anglo Ferrous Brazil SA, which holds a 51% interest in the Minas-Rio iron ore project (Minas-Rio) and a 70% interest in the Amapá iron ore system (Amapá) at a price of R\$28.147 (\$18.056) per share. At that time the Group committed to extend the offer to the minority shareholders of Anglo Ferrous Brazil SA. This offer was formally made on 31 October 2008 and as a result, the Group's shareholding in Anglo Ferrous Brazil SA at 31 December 2008 was 98.9%. Total cash paid to acquire a controlling interest was \$3.5 billion. A further \$2.0 billion was paid (including cash settlement of a related derivative instrument (\$0.7 billion)) to subsequently acquire minority interests.

This transaction followed on from the prior year acquisition of a 49% interest in each of Minas-Rio and LLX Minas-Rio, which owns the port of Açú (presented as a comparative in the Acquisition of material joint ventures section).

As a result of these transactions the Group's effective shareholding in each of the operating entities at 31 December 2008 was 99.4% in Minas-Rio, 49% in LLX Minas-Rio and 69.2% in Amapá.

In the year ended 31 December 2008, the Group purchased 7,941,964 shares (2007: 4,435,086 shares) in Anglo Platinum Limited for total consideration of \$1,108 million (2007: \$671 million). The cash paid in the year ended 31 December 2008 was \$1,113 million (2007: \$658 million). In the year ended 31 December 2007, the Group also acquired 3,353,108 shares in Anglo Platinum Limited through a dividend reinvestment plan. The Group's shareholding in Anglo Platinum Limited increased from 76.5% at 31 December 2007 to 79.6% at 31 December 2008.

The carrying value and fair value of the net assets at the date of acquisition of a controlling interest and related net cash outflows are shown below. The fair values presented are provisional, and will be finalised in 2009 when the final fair values arising from the fair value assessments are confirmed.

US\$ million	Anglo Ferrous Brazil SA ⁽²⁾		Other ⁽³⁾		2008 ⁽¹⁾	2007
	Carrying value	Provisional fair value	Carrying value	Fair value	Total provisional fair value	Total fair value
Net assets acquired						
Tangible assets	930	930	56	67	997	314
Other non-current assets	57	96	1	13	109	12
Current assets	319	388	69	69	457	65
Current liabilities	(278)	(278)	(35)	(36)	(314)	(54)
Non-current liabilities	(418)	(534)	(7)	(13)	(547)	(66)
Minority interests	(235)	(230)	–	–	(230)	(80)
	375	372	84	100	472	191
Add: Value attributable to reserves and resources acquired, net of deferred tax ⁽⁴⁾		1,590		59	1,649	4
Less: Investments in associates previously recorded		–		–	–	(9)
Less: Fair value of assets contributed		–		–	–	(59)
Fair value of net assets acquired		1,962		159	2,121	127
Partial funding of partner cash calls		–		–	–	(12)
Goodwill arising on acquisitions		1,556		54	1,610	51
Negative goodwill arising on acquisitions		–		–	–	(2)
Total cost of acquisitions		3,518		213	3,731	164
Satisfied by						
Net cash acquired		243		12	255	11
Cash paid in prior year		–		–	–	30
Net cash paid⁽⁵⁾⁽⁶⁾		3,275		201	3,476	123

⁽¹⁾ Had all these acquisitions of subsidiaries taken place at 1 January 2008, the Group's revenue would have been \$26,367 million and the Group's operating profit before special items and remeasurements would have been \$7,929 million for the year ended 31 December 2008.

⁽²⁾ Since the date of acquisition, Anglo Ferrous Brazil SA has contributed revenue of nil and operating loss before special items and remeasurements of \$70 million to the Group.

⁽³⁾ In total since the date of acquisition, these Other acquisitions have contributed revenue of \$179 million and operating profit before special items and remeasurements of \$16 million to the Group.

⁽⁴⁾ Represents the Group's share of value (implicit in the transaction) of reserves and resources, capitalised within tangible assets.

⁽⁵⁾ Includes net cash paid by discontinued operations of nil (2007: \$9 million).

⁽⁶⁾ \$2,411 million (2007: \$658 million) has been paid to acquire minority interests in existing subsidiaries. In 2008 this related primarily to Anglo Ferrous Brazil SA and Anglo Platinum Limited (2007: Anglo Platinum Limited). These payments are not reflected in the above net cash paid amount. This resulted in total net cash paid for the acquisition of subsidiaries in the year of \$5,887 million.

Acquisition of material joint ventures

The Group made one material acquisition of a joint venture in the year ended 31 December 2008 (2007: one).

On 29 February 2008 Anglo Coal Australia completed the acquisition of a 70% interest in the Foxleigh joint venture (Foxleigh) in Queensland, Australia. The total cost of acquisition was \$606 million. The Group has proportionately consolidated 70% of Foxleigh from 29 February 2008.

Notes to the financial statements continued

32. Acquisitions continued

The carrying value and provisional fair value of the net assets at the date of acquisition and related net cash outflow for material joint venture acquisitions are shown below:

US\$ million			2008	2007
	Carrying value	Foxleigh Provisional fair value	Minas-Rio 49% interest ⁽¹⁾ Fair value	Minas-Rio 49% interest Fair value
Net assets acquired				
Tangible assets				
Value attributable to reserves and resources acquired	–	684	151	1,770
Other tangible assets	108	108	–	86
Other non-current assets	–	–	–	16
Current assets	41	41	–	52
Current liabilities	(37)	(37)	–	(84)
Non-current liabilities	(47)	(190)	93	(632)
Fair value of net assets acquired and total cost of acquisitions	65	606	244	1,208
Satisfied by				
Net cash acquired		1	–	48
Deferred consideration		–	242	47
Costs accrued		–	–	1
Net cash paid⁽²⁾		605	2	1,112

⁽¹⁾ During the year further consideration of \$284 million (which is contingent on certain criteria being met) was recognised (reduced from the \$600 million recognised in the first half of 2008, as a result of a change in the assumptions with regards to payment and purchase of an additional interest in Minas-Rio) together with an adjustment to the net deferred tax liability recognised to reflect the future tax benefit from cash payments made on acquisition. These adjustments resulted in amendments to the 'Value attributable to reserves and resources acquired' and deferred tax in the acquisition balance sheet.

⁽²⁾ In addition, during the year there was further net cash paid of \$2 million (2007: \$2 million) for other joint venture acquisitions. This resulted in total net cash paid for investments in joint ventures of \$609 million (2007: \$1,114 million).

33. Disposals and demerger of subsidiaries and businesses

US\$ million	2008	2007
Net assets disposed		
Tangible assets	479	6,197
Other non-current assets	43	1,208
Current assets	210	4,194
Current liabilities	(83)	(2,416)
Non-current liabilities	(113)	(3,064)
Net assets⁽¹⁾	536	6,119
Minority interests	(116)	(1,200)
Group's share of net assets immediately prior to disposal	420	4,919
Less: Retained investments in associates	–	(393)
Less: Retained financial asset investments	–	(318)
Net assets disposed	420	4,208
Cumulative translation differences recycled from reserves	(2)	(334)
Fair value losses arising on transactions	–	68
Dividend in specie relating to Mondi demerger	–	(3,718)
Other	–	3
Net gain on disposals	119	157
Net sale proceeds	537	384
Net cash and cash equivalents disposed	(4)	(437)
Costs accrued	4	4
Deferred consideration	(56)	–
Realised foreign exchange	(13)	–
Net cash inflow/(outflow) from disposals and demerger⁽²⁾	468	(49)

⁽¹⁾ 2008 includes net assets of \$79 million no longer consolidated following loss of control of a subsidiary.

⁽²⁾ 2008 includes nil in relation to discontinued operations (2007: net cash outflow of \$159 million).

Disposals of businesses in the year ended 31 December 2008

The disposal of Namakwa Sands was the only material disposal of a business in the year.

Namakwa Sands

On 1 October 2008 Namakwa Sands was sold to Exxaro Resources Limited (Exxaro) for consideration of \$330 million including deferred consideration.

The net asset position at the date of disposal, together with the resulting profit on disposal and related cash inflow, is shown below:

US\$ million	2008
Tangible assets	296
Other non-current assets	4
Current assets	91
Current liabilities	(15)
Non-current liabilities	(84)
Net assets disposed	292
Cumulative translation differences recycled from reserves	1
Net gain on disposal	49
Net sale proceeds	342
Deferred consideration	(19)
Realised foreign exchange	(12)
Net cash inflow from disposal of Namakwa Sands	311

On 3 November 2008 as part of the same transaction, the Group completed the sale of a 26% interest in both the Black Mountain zinc, lead and copper operation and the Gamsberg zinc project for consideration of \$23 million.

33. Disposals and demerger of subsidiaries and businesses continued

Disposals and demerger of subsidiaries and associates in the year ended 31 December 2007

Significant disposals and demerger of subsidiaries and associates recorded during the year ended 31 December 2007 are summarised below. For further details refer to the Group's financial statements for the year ended 31 December 2007.

Mondi

On 2 July 2007 the Paper and Packaging business, Mondi, was demerged from the Group by way of a dividend in specie paid to shareholders of \$3,718 million. The Paper and Packaging business is presented as a discontinued operation. Refer to note 35 for financial information on discontinued operations. The Group held a 5.3% interest in Mondi at 31 December 2008 and 31 December 2007 through Epoch, Epoch Two and Tarl. Refer to note 28 for more information on these companies.

Highveld Steel and Vanadium Corporation (Highveld)

On 4 May 2007 the Group announced the disposal of the remaining 29.2% shareholding in Highveld to the Evraz Group SA (Evraz) for \$238 million. Evraz was granted an option, subject to regulatory approvals, over this stake as part of the original transaction in which the Group sold 49.8% of Highveld to Evraz and Credit Suisse (in July 2006). Evraz exercised their option on 26 April 2007 following requisite regulatory approvals.

Tongaat-Hulett Group

In December 2006 the Tongaat-Hulett Group announced the proposed unbundling and listing of Hulammin and simultaneous introduction of BBEE into both companies.

This transaction was effected on 25 June 2007, and empowerment parties acquired 25% of Tongaat-Hulett and 15% of Hulammin's operations. The Group commenced equity accounting both Tongaat-Hulett and Hulammin as of 25 June 2007. However, in accordance with SIC 12 Tongaat-Hulett and Hulammin are required to consolidate the entities housing the empowerment interests (as they supplied significant funding to these parties to effect the transaction). This has the effect, in accounting terms, of cancelling the shares issued to these parties. As a result, the Group has equity accounted 49.8% and 44.9% of Tongaat-Hulett and Hulammin, respectively. The Group's legal interest in Tongaat-Hulett at 31 December 2008 was 37.1% (2007: 37.2%). The Group's legal interest in Hulammin at 31 December 2008 was 38.4% (2007: 38.4%).

AngloGold Ashanti

On 2 October 2007 the Group sold 67.1 million shares in AngloGold Ashanti Limited for \$2.9 billion. This reduced the Group's shareholding from 41.6% to 17.3%. The Group's representation on the company's board was also withdrawn at this time. The remaining investment is accounted for as a financial asset investment. The Gold business is presented as a discontinued operation. Refer to note 35 for financial information on discontinued operations. The Group's shareholding at 31 December 2008 was 16.2% (2007: 16.6%).

34. Disposal groups and non-current assets held for sale

Net assets relating to Namakwa Sands, which were previously classified as held for sale at 31 December 2007, were disposed of on 1 October 2008 as disclosed in note 33.

The following assets and liabilities relating to disposal groups were classified as held for sale. The Group expects to complete the sale of these businesses within 12 months of the year end.

US\$ million	2008 Platinum disposal groups ⁽¹⁾	2007 Total ⁽²⁾
Intangible assets	–	3
Tangible assets	257	589
Investments in associates	–	74
Other non-current assets	2	4
Total non-current assets	259	670
Inventories	–	38
Trade and other receivables	8	50
Cash and cash equivalents	8	–
Total current assets	16	88
Total assets	275	758
Trade and other payables	(21)	(53)
Short term borrowings	–	(69)
Other current liabilities	–	(4)
Total current liabilities	(21)	(126)
Retirement benefit obligations	–	(4)
Deferred tax liabilities	(56)	(148)
Provisions for liabilities and charges	(3)	(9)
Total non-current liabilities	(59)	(161)
Total liabilities	(80)	(287)
Net assets	195	471

⁽¹⁾ This reflects the reclassification of operations to be sold under previously announced BEE deals. Due to the significant deterioration in global market conditions, coupled with a material decline in platinum group metal prices and constrained debt and equity markets, in the fourth quarter of 2008, the Lebowa mine plan and project pipeline, including the Middelpunt Hill UG2 expansion project, were placed under critical review in conjunction with Anoroaq. Anglo Platinum and Anoroaq remain committed to concluding the transaction as soon as practically possible and have extended the date for fulfilment of the conditions until 30 April 2009, thus it remains appropriate to classify these entities as held for sale. Northam Platinum Limited was sold on 20 August 2008 to Mvela. The cash inflow from the disposal was \$205 million. In the event ministerial approval is not received, the sale of Northam Platinum Limited would be unwound. The split of the total assets, total liabilities and net assets for the Platinum disposal groups is as follows:

	2008			2007		
US\$ million	Total assets	Total liabilities	Net assets	Total assets	Total liabilities	Net assets
Lebowa Platinum Mines Limited	265	(78)	187	243	(166)	77
Northam Platinum Limited	–	–	–	74	–	74
Other	10	(2)	8	11	(2)	9
	275	(80)	195	328	(168)	160

⁽²⁾ Disposal groups at 31 December 2007 related to Namakwa Sands and Platinum disposal groups.

The net carrying amount of assets and associated liabilities classified as held for sale during the year was not written down in 2008 or 2007.

Notes to the financial statements continued

35. Discontinued operations

On 2 July 2007 the Paper and Packaging business, Mondi, was demerged from the Group by way of a dividend in specie paid to shareholders.

On 2 October 2007 the Group sold 67.1 million shares in AngloGold Ashanti Limited which reduced the Group's shareholding from 41.6% to 17.3%. The Group's representation on the company's board was also withdrawn at this time. The remaining investment is accounted for as a financial asset investment.

Both of these operations are presented as discontinued.

The results of the discontinued businesses are shown below:

US\$ million	Before special items and remeasurements		Special items and remeasurements			
	2008	2007	2008	2007	2008	2007
Revenue	–	4,062	–	–	–	4,062
Total operating costs	–	(3,741)	–	(10)	–	(3,751)
Operating profit from subsidiaries and joint ventures – discontinued operations	–	321	–	(10)	–	311
Net profit on disposals	–	–	–	119	–	119
Share of net income from associates	–	97	–	(187)	–	(90)
Total profit from discontinued operations and associates	–	418	–	(78)	–	340
Net finance costs	–	(19)	–	–	–	(19)
Profit before tax – discontinued operations	–	399	–	(78)	–	321
Income tax expense	–	(81)	–	1	–	(80)
Profit for the financial year – discontinued operations	–	318	–	(77)	–	241
Profit on partial disposal of AngloGold Ashanti ⁽¹⁾	–	–	–	1,970	–	1,970
Transaction costs relating to the demerger of Mondi ⁽¹⁾	–	–	–	(10)	–	(10)
Tax on net profit on disposal and demerger of discontinued operations	–	–	–	(157)	–	(157)
Net profit after tax on disposal and demerger of discontinued operations	–	–	–	1,803	–	1,803
Total profit for the financial year – discontinued operations	–	318	–	1,726	–	2,044

⁽¹⁾ For further details of the demerger of the Paper and Packaging business and disposal of AngloGold Ashanti refer to note 33.

Summary discontinued segment information

Segment revenue and segment result by discontinued business segment were:

US\$ million	Segment revenue		Segment result before special items and remeasurements ⁽¹⁾		Segment result after special items and remeasurements ⁽¹⁾	
	2008	2007	2008	2007	2008	2007
Subsidiaries and joint ventures						
Paper and Packaging	–	4,062 ⁽²⁾	–	321	–	311
Revenue and net income from associates						
Gold	–	1,004	–	95	–	(92)
Paper and Packaging	–	49	–	2	–	2
Total associates	–	1,053	–	97	–	(90)
Total discontinued operations including net income from associates	–	5,115	–	418	–	221
Net profit on disposals			–	–	–	119
Total profit from discontinued operations and associates			–	418	–	340

⁽¹⁾ Segment result is defined as being segment revenue less segment expense; that is operating profit.

⁽²⁾ This represents segment revenue; the Group's share of associates of discontinued operations and discontinued associates' revenue figures are provided for additional information.

35. Discontinued operations continued

Summary discontinued special items and remeasurements

The following tables provide an analysis of special items and remeasurements for discontinued operations:

Subsidiaries and joint ventures' special items and remeasurements – discontinued operations

US\$ million	2008	2007
Operating special items	–	(13)
Operating remeasurements	–	3
Net profit on disposals	–	119
Financing special items	–	(2)
Financing remeasurements	–	2
Total special items and remeasurements before tax – discontinued operations	–	109
Tax	–	1
Net total special items and remeasurements attributable to equity shareholders of the Company – discontinued operations	–	110

Associates' special items and remeasurements – discontinued operations

US\$ million	2008	2007
Associates' operating special items and remeasurements	–	(225)
Associates' net profit on disposals	–	7
Associates' financing remeasurements	–	13
Total associates' special items and remeasurements before tax – discontinued operations	–	(205)
Tax	–	18
Net total associates' special items and remeasurements – discontinued operations	–	(187)

Employee numbers and costs – discontinued operations

The average number of employees, excluding associates' employees and including a proportionate share of employees within joint ventures, was:

Thousands	2008	2007
By business segment		
Paper and Packaging ⁽¹⁾	–	16
Discontinued operations	–	16

⁽¹⁾ 2007 includes employee numbers for Mondi for the period it was held as a subsidiary pro rated over the full year.

Payroll costs in respect of the employees included in the table above were:

US\$ million	2008	2007
Wages and salaries	–	473
Social security costs	–	95
Post retirement healthcare costs	–	1
Defined benefit pension plan costs	–	2
Share-based payments	–	4
Discontinued operations	–	575

36. Capital commitments

US\$ million	2008	2007
Contracted but not provided	3,465	2,373

37. Contingent liabilities and contingent assets

(i) Contingent liabilities

The Group is subject to various claims which arise in the ordinary course of business. Additionally, and as set out in the demerger agreement, Anglo American and Mondi have agreed to indemnify each other, subject to certain limitations, against certain liabilities. Having taken appropriate legal advice, the Group believes that the likelihood of a material liability arising is remote. At 31 December 2008 contingent liabilities in respect of the Group's subsidiaries comprise aggregate amounts of \$548 million (2007: \$488 million) in respect of loans and performance guarantees given to banks and other third parties and are primarily in respect of environmental restoration and decommissioning obligations. For information relating to contingent liabilities in respect of associates and joint ventures refer to notes 16 and 17 respectively.

No contingent liabilities were secured on the assets of the Group at 31 December 2008 or 31 December 2007.

(ii) Contingent assets

There were no significant contingent assets in the Group at 31 December 2008 or 31 December 2007.

(iii) Other

Minera Loma de Níquel

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

Anglo American and MLdN continue to strive to resolve the matter by way of constructive dialogue; however, Anglo American and MLdN believe that there is a valid legal basis to reverse the notices of termination and will pursue all appropriate legal and other remedies and actions to protect their respective interests both under Venezuelan and international law. As such, Anglo American anticipates restoration of these concessions and renewal of those that expire in 2012. As a result, the Group continues to consolidate MLdN and no impairment has been recorded for the year ended 31 December 2008.

At 31 December 2008 the Group's interest in the book value of MLdN, including its mineral rights, was \$443 million (2007: \$616 million), as included in the Group's balance sheet. In the 12 months to 31 December 2008 MLdN's contribution to Group operating profit was \$30 million (2007: \$370 million).

Anglo American Sur

Anglo American inherited a 1978 agreement with Codelco, the Chilean state mining company, when it acquired Disputada de Las Condes (since renamed Anglo American Sur) in 2002. The agreement grants Codelco the right, subject to certain conditions and limitations, to acquire up to a 49% minority interest in Anglo American Sur, the wholly owned Group company that owns the Los Bronces and El Soldado copper mines and the Chagres smelter. These conditions include limiting the window for exercising the right to once every three years in the month of January until January 2027. The right was not exercised in 2009. The calculations of the price at which Codelco can exercise its right are complex and confidential but do, inter alia, take account of company profitability over a five year period.

Notes to the financial statements continued

38. Operating leases

At 31 December 2008 the Group had the following outstanding commitments under non-cancellable operating leases:

US\$ million	2008	2007
Expiry date		
Within one year	64	52
One to two years	60	42
Two to five years	168	207
After five years	197	205
	489	506

Operating leases relate principally to land and buildings and vehicles.

39. Related party transactions

The Group has a related party relationship with its subsidiaries, associates and joint ventures (see note 40).

At 31 December 2008 the Group held \$88 million (2007: \$131 million) of 10% non-cumulative redeemable preference shares in DB Investments, the holding company of De Beers Société Anonyme. The Group has also made loans to De Beers during the year totalling \$118 million. The loans are interest free for two years, at which point they revert to a market rate of interest, and are convertible into ordinary shares. These loans are included within Financial asset investments.

In addition to the Group's normal funding requirements, the shareholders of De Beers have agreed to provide loans to De Beers, proportionate to their shareholdings, totalling \$500 million. Anglo American holds a 45% interest in De Beers and will therefore provide a loan of \$225 million.

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favourable than those arranged with third parties. These transactions are not considered to be significant.

Dividends received from associates during the year totalled \$609 million (2007: \$275 million), excluding nil (2007: \$52 million) from discontinued operations, as disclosed in the Consolidated cash flow statement.

At 31 December 2008 the directors of the Company and their immediate relatives controlled 3% (2007: 3%) of the voting shares of the Company.

Remuneration and benefits received by directors are disclosed in the directors' remuneration report. Remuneration and benefits of key management personnel including directors are given in note 6.

Information relating to pension fund arrangements is disclosed in note 27.

40. Group companies

The principal subsidiaries, joint ventures, associates and proportionately consolidated joint arrangements of the Group at 31 December 2008, and the Group percentage of equity capital, joint arrangements and joint venture interests are set out below. All these interests are held indirectly by the parent company and are consolidated within these financial statements. The Group has restricted the information to its principal subsidiaries as full compliance with Schedule 5 paragraph 15 of the Companies Act 1985 would result in a statement of excessive length.

Subsidiary undertakings	Country of incorporation	Business	Percentage of equity owned ⁽¹⁾	
			2008	2007
Platinum				
Anglo Platinum Limited	South Africa	Platinum	79.6%	76.5%
Coal				
Anglo Coal ⁽²⁾	South Africa	Coal	100%	100%
Anglo Coal Holdings Australia Limited	Australia	Coal	100%	100%
Peace River Coal Partnership	Canada	Coal	73.8%	65.9%
Base Metals				
Black Mountain Mining (Pty) Limited ⁽³⁾	South Africa	Zinc, lead and copper	74%	100%
Copebrás Limitada	Brazil	Fertilisers and acid	73%	73%
Namakwa Sands ⁽³⁾	South Africa	Mineral sands	–	100%
Gamsberg Zinc ⁽³⁾	South Africa	Zinc project	74%	100%
Anglo American Brasil Limitada (Barro Alto)	Brazil	Nickel project	100%	100%
Ambase Exploration (Namibia) Proprietary Limited (Skorpion)	Namibia	Zinc	100%	100%
Anglo American Brasil Limitada (Catalão)	Brazil	Niobium	100%	100%
Anglo American Sur SA	Chile	Copper	100%	100%
Anglo American Norte SA	Chile	Copper	99.9%	99.9%
Anglo American Brasil Limitada (Codemin)	Brazil	Nickel	100%	100%
Minera Loma de Níquel, CA	Venezuela	Nickel	91.4%	91.4%
Minera Quellaveco SA	Peru	Copper project	81.9%	81.9%
Lisheen ⁽⁴⁾	Ireland	Zinc and lead	100%	100%
Ferrous Metals and Industries				
Scaw Metals/Moly-Cop/AltaSteel	South Africa/Chile/Canada	Steel, engineering works and grinding media	74%-100%	74%-100%
Kumba Iron Ore Limited	South Africa	Iron ore	63%	63.4%
Anglo Ferrous Brazil SA	Brazil	Iron ore	98.9%	–
Anglo Ferrous Minas-Rio Mineração SA ⁽⁵⁾	Brazil	Iron ore project	99.4%	49%
Anglo Ferrous Amapá Mineração Limitada	Brazil	Iron ore system	69.2%	–
Industrial Minerals				
Tarmac Group Limited	UK	Construction materials	100%	100%
Tarmac France SA	France	Construction materials	100%	100%
Lausitzer Grauwacke GmbH	Germany	Construction materials	100%	100%
Tarmac Iberia SA	Spain	Construction materials	–	100%
WKSM SA	Poland	Construction materials	100%	100%
Tarmac CZ a.s.	Czech Republic	Construction materials	100%	100%
Tarmac SRL	Romania	Construction materials	60%	60%
Koca Beton Agregat Mining and Construction Industry and Trading Company Limited	Turkey	Construction materials	100%	100%
United Marine Holdings Limited ⁽⁶⁾	UK	Construction materials	100%	50%

⁽¹⁾ The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of equity owned, unless stated.

⁽²⁾ A division of Anglo Operations Limited, a wholly owned subsidiary.

⁽³⁾ Previously Black Mountain and Gamsberg Zinc were divisions of Anglo Operations Limited, a wholly owned subsidiary. On 1 October 2008 100% of Namakwa Sands and on 3 November 2008, 26% of each of Black Mountain Mining (Pty) Limited and Gamsberg Zinc were sold. Gamsberg Zinc is a division of Black Mountain Mining (Pty) Limited.

⁽⁴⁾ The Group's interest in the Lisheen operations is held through Anglo American Lisheen Mining Limited, Killorran Lisheen Mining Limited and Lisheen Milling Limited. The Group owns 100% of the equity of each of these companies.

⁽⁵⁾ At 31 December 2007 was named MMX Minas-Rio Mineração SA when a 49% interest was held and accounted for as a joint venture.

⁽⁶⁾ 50% held at 31 December 2007 was accounted for as a joint venture.

Notes to the financial statements continued

40. Group companies continued

Joint ventures	Country of incorporation	Business	Percentage of equity owned ⁽⁷⁾	
			2008	2007
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	44%	44%
Al Futtain Tarmac Quarry Products Limited	Dubai	Construction materials	49%	49%
LLX Minas-Rio Logística SA	Brazil	Iron ore	49%	49%
Midland Quarry Products Limited ⁽⁸⁾	UK	Construction materials	50%	50%
Associates				
DB Investments SA	Luxembourg	Diamonds	45%	45%
Queensland Coal Mine Management (Pty) Limited	Australia	Coal	33.3%	33.3%
Cerrejón Zona Norte SA	Colombia	Coal	33.3%	33.3%
Carbones del Cerrejón LLC	Anguilla	Coal	33.3%	33.3%
Carbones del Guasare SA	Venezuela	Coal	24.9%	24.9%
Tongaat-Hulett Limited ⁽⁹⁾	South Africa	Sugar, starch, glucose and property development	37.1%	37.2%
Hulamin Limited ⁽¹⁰⁾	South Africa	Aluminium	38.4%	38.4%
Samancor Holdings (Pty) Limited ⁽¹¹⁾	South Africa	Manganese	40%	40%
Groote Eylandt Mining Company (Pty) Limited (GEMCO) ⁽¹¹⁾	Australia	Manganese	40%	40%
Tasmanian Electro Metallurgical Company (Pty) Limited (TEMCO) ⁽¹¹⁾	Australia	Manganese	40%	40%
Proportionately consolidated jointly controlled operations⁽¹²⁾				
	Location	Business	Percentage owned	
			2008	2007
Drayton	Australia	Coal	88%	88%
Moranbah North	Australia	Coal	88%	88%
German Creek	Australia	Coal	70%	70%
Foxleigh	Australia	Coal	70%	—
Dawson	Australia	Coal	51%	51%

⁽⁷⁾ All equity interests shown are ordinary shares.

⁽⁸⁾ During the year the Group ceased accounting for Midland Quarry Products Limited as a subsidiary and began accounting for it as a joint venture as it is now considered to be jointly controlled.

⁽⁹⁾ Formerly The Tongaat-Hulett Group Limited.

⁽¹⁰⁾ Unbundled from Tongaat-Hulett in June 2007.

⁽¹¹⁾ These entities have a 30 June year end.

⁽¹²⁾ The wholly owned subsidiary Anglo Coal Holdings Australia Limited holds the proportionately consolidated jointly controlled operations.

41. Events occurring after end of year

Subsequent to the year end, the Group disposed of 15.5 million shares in AngloGold Ashanti for proceeds of \$434 million. As a result, the Group's shareholding in AngloGold Ashanti has reduced to 11.8%.

With the exception of the above there have been no material reportable events since 31 December 2008.

42. Financial statements of the parent company

a) Balance sheet of the Company, Anglo American plc, as at 31 December 2008

US\$ million	Note	2008	2007
Fixed assets			
Fixed asset investments	42c	12,925	12,883
Current assets			
Amounts due from subsidiaries		1,305	208
Prepayments and other debtors		138	114
Cash at bank and in hand		2	–
		1,445	322
Creditors due within one year			
Cash held on behalf of subsidiaries		(59)	(41)
Amounts owed to subsidiaries		(215)	(596)
Other creditors		(8)	(4)
		(282)	(641)
Net current assets/(liabilities)		1,163	(319)
Total assets less current liabilities		14,088	12,564
Net assets		14,088	12,564
Capital and reserves			
Called-up share capital	42b	738	738
Share premium account	42b	2,713	2,713
Capital redemption reserve	42b	115	115
Other reserves	42b	1,955	1,955
Share-based payment reserve	42b	22	22
Profit and loss account	42b	8,545	7,021
Total shareholders' funds (equity)		14,088	12,564

The financial statements were approved by the Board of directors on 19 February 2009.

Cynthia Carroll
Chief executive

René Médori
Finance director

Notes to the financial statements continued

42. Financial statements of the parent company continued

b) Reconciliation of movements in equity shareholders' funds

US\$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves ⁽¹⁾	Share-based payment reserve	Profit and loss account ⁽²⁾	Total
Balance at 1 January 2007	771	2,713	82	1,955	15	4,075	9,611
Profit for the financial year	–	–	–	–	–	11,404	11,404
Issue of treasury shares under employee share schemes	–	–	–	–	–	143	143
Share-based payments	–	–	–	–	11	–	11
Capital contribution to group undertakings	–	–	–	–	–	14	14
Cancellation of treasury shares	(33)	–	33	–	–	–	–
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(4)	4	–
Share buybacks	–	–	–	–	–	(2,383)	(2,383)
Dividends paid ⁽³⁾	–	–	–	–	–	(1,192)	(1,192)
Dividend in specie relating to Mondi demerger	–	–	–	–	–	(5,044)	(5,044)
Balance at 1 January 2008	738	2,713	115	1,955	22	7,021	12,564
Profit for the financial year	–	–	–	–	–	2,936	2,936
Issue of treasury shares under employee share schemes	–	–	–	–	–	41	41
Share-based payments	–	–	–	–	12	–	12
Capital contribution to group undertakings	–	–	–	–	–	20	20
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(12)	12	–
Share buybacks	–	–	–	–	–	(259)	(259)
Dividends paid ⁽³⁾	–	–	–	–	–	(1,226)	(1,226)
Balance at 31 December 2008	738	2,713	115	1,955	22	8,545	14,088

⁽¹⁾ At 31 December 2008 other reserves of \$1,955 million (2007: \$1,955 million) were not distributable under the Companies Act 1985.

⁽²⁾ At 31 December 2008 \$483 million (2007: \$421 million) of the Company profit and loss account of \$8,545 million (2007: \$7,021 million) was not distributable under the Companies Act 1985.

⁽³⁾ Dividends paid relate only to shareholders on the United Kingdom principal register excluding dividends waived by Greenwood Nominees Limited as nominees for Butterfield Trust (Guernsey) Limited, the trustee for the Anglo American employee share scheme. Dividends paid to shareholders on the Johannesburg branch register are distributed by a South African subsidiary in accordance with the terms of the Dividend Access Share Provisions of Anglo American plc's Articles of Association.

The audit fee in respect of the parent company was \$10,000 (2007: \$14,000). Fees payable to Deloitte for non-audit services to the Company are not required to be disclosed because they are included within the consolidated disclosure in note 4.

c) Fixed asset investments

US\$ million	Investments in subsidiaries	
	2008	2007
Cost		
At 1 January	12,891	12,883
Additions	22	5,093
Capital contributions	20	14
Disposals and demerger	–	(5,099)
At 31 December	12,933	12,891
Provisions for impairment		
At 1 January and 31 December	(8)	(8)
Net book value		
At 31 December	12,925	12,883

42. Financial statements of the parent company continued

d) Accounting policies: Anglo American plc, the Company

The Anglo American plc (the Company) balance sheet and related notes have been prepared in accordance with United Kingdom Generally Accepted Accounting Principles (UK GAAP) and in accordance with UK company law. The financial information has been prepared on a historical cost basis as modified by the revaluation of certain financial instruments.

A summary of the principal accounting policies is set out below.

The preparation of financial statements in accordance with UK GAAP requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Although these estimates are based on management's best knowledge of the amount, event or actions, following implementation of these standards, actual results may differ from those estimated.

As permitted by section 230 of the Companies Act 1985, the profit and loss account of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to \$2,936 million (2007: \$11,404 million).

Significant accounting policies

Deferred tax

Deferred tax is provided in full on all timing differences that result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, subject to the recoverability of deferred tax assets. Deferred tax assets and liabilities are not discounted.

Share-based payments

The Company has applied the requirements of FRS 20 *Share-based Payment*. In accordance with the transitional provisions, FRS 20 has been applied to all grants of equity instruments after 7 November 2002 that had not vested as at 1 January 2005.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the date of grant. For all share schemes with non-market related vesting conditions, the likelihood of vesting has been taken into account when determining the associated charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

The Company also makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Any payments received from subsidiaries are applied to reduce the related increases in investments in subsidiaries.

Accounting for share-based payments is the same as under IFRS 2 and details on the schemes and option pricing models relevant to the charge included in the Company financial statements are set out in note 28 to the consolidated financial statements of the Group for the year ended 31 December 2008.

Investments

Investments represent equity holdings in subsidiaries, joint ventures and associates and are held at cost less provision for impairment.

Introduction

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

The information on Ore Reserves and Mineral Resources was prepared by or under the supervision of Competent Persons as defined in the JORC or SAMREC Codes, which include the Recognised Overseas Professional Organisation (ROPO) recognition agreements. All Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. All the Competent Persons consent to the inclusion in this report of the matters based on their information in the form and context in which it appears. The names of the Competent Persons are lodged with the Anglo American plc Company Secretary and are available on request.

Anglo American Group companies are subject to a comprehensive programme of reviews aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The reviews are conducted by either suitably qualified Competent Persons from within a particular division, or from another division of the Group, or from independent consultants. The frequency and depth of the reviews is a function of the risks and/or uncertainties associated with a particular Ore Reserve and Mineral Resource, the overall value thereof and time that has lapsed since an independent third party review has been conducted. Those operations/projects subject to independent third party reviews during the year are indicated in footnotes to the tables.

The JORC and SAMREC Codes require the use of reasonable economic assumptions. These include long-range commodity price forecasts which are prepared by in-house specialists largely using estimates of future supply and demand and long term economic outlooks. Ore Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and relevant new information and therefore can vary from year to year. Mineral Resource estimates also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2008. Production forecasts for November and December have been considered to produce the estimates of the reported reserve figures. Unless otherwise stated, Mineral Resources are additional to those resources which have been modified to produce the Ore Reserves. The figures in the tables have been rounded and, if used to derive totals and averages, could cause minor computational differences. Ore Reserves in the context of this Annual Report have the same meaning as 'Mineral Reserves' as defined by the SAMREC Code.

In some cases it is relevant to consider a component of Inferred Resources in the Life of Mine (LOM) plan. These resources are declared without application of any modifying factors.

Tonnages are stated as dry metric tonnes unless otherwise stated. While metric units are predominantly applied, where relevant imperial units (e.g. troy ounces, calories and cubic feet) are also expressed.

Namakwa Sands is not reported as the business has been disposed of during 2008 as part of the BEE transaction with Exxaro. Black Mountain and the Gamsberg project are also affected by the same transaction and the attributable percentage to Anglo American plc decreased from 100% to 74% in both cases. Operations and projects which fall below the internal threshold (25% attributable interest) for reporting have been excluded from the Ore Reserves and Mineral Resources estimates.

* A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

In South Africa, the Minerals and Petroleum Resources Development Act, Number 28 of 2002 (MPRDA) was implemented on 1 May 2004, and effectively transferred custodianship of the previously privately held mineral rights to the State. Mining companies were given up to two years to apply for prospecting permit conversions and five years to apply for mining licence conversions for existing operations.

A Prospecting Right is a new order right issued in terms of the MPRDA that is valid for up to five years, with the possibility of a further extension of three years, that can be obtained either by the conversion of existing Old Order Prospecting Rights or through new applications. An Exploration Right is identical to a Prospecting Right, but is commodity specific in respect of petroleum and gas and is valid for up to three years which can be renewed for a maximum of three periods not exceeding two years each.

A Mining Right is a new order right issued in terms of the MPRDA valid for up to 30 years obtained either by the conversion of an existing Old Order Mining Right, or as a new order right pursuant to the exercise of the exclusive right of the holder of a new order Prospecting Right, or pursuant to an application for a new Mining Right.

A Production Right is identical to a Mining Right, but is commodity specific in respect of petroleum and gas.

In preparing the Ore Reserve and Mineral Resource statement for South African assets, Anglo American plc has adopted the following reporting principles in respect of Prospecting Rights and Mining Rights:

- Where applications for new order Mining Rights and Prospecting Rights have been submitted and these are still being processed by the relevant regulatory authorities, the relevant reserves and resources have been included in the statement;
- Where applications for the conversion of Old Order Mining Rights to new order Mining Rights have not yet been submitted and the required deadline (typically April 2009) for submission has not passed, the relevant reserves and resources have been included in the statement;
- Where applications for new order Prospecting Rights have been initially refused by the regulatory authorities, but are the subject of ongoing legal process and discussions with the relevant authorities and where Anglo American plc has reasonable expectations that the Prospecting Rights will be granted in due course, the relevant resources have been included in the statement (any associated comments appear in the footnotes).

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Platinum

Anglo Platinum

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The South African Code for Reporting of Mineral Resources and Mineral Reserves, The SAMREC Code, 2007). The Mineral Resources are additional to the Ore Reserves. Merensky and UG2 Reef Mineral Resources are reported over an economic and mineable cut appropriate to the specific reef. The mineable cuts collectively form the basis of the consolidated reef figures. Details of the individual operations appear in the Anglo Platinum Annual Report.

The figures reported represent 100% of the Mineral Resources and Ore Reserves attributable to Anglo Platinum Limited unless otherwise noted. Anglo American plc's interest in Anglo Platinum is 79.64%. Rounding of figures may cause computational discrepancies.

Anglo Platinum Ore Reserves	Classification	Tonnes ⁽¹⁾		Grade ⁽²⁾		Contained metal tonnes		Contained metal million troy ounces	
		2008	2007	2008	2007	2008	2007	2008	2007
Merensky Reef ⁽³⁾⁽⁴⁾⁽⁵⁾									
				4E PGE	4E PGE			Moz	Moz
	Proved	88.6	88.7	5.28	5.22	467.4	462.6	15.0	14.9
	Probable	129.4	117.2	5.21	5.11	674.1	598.5	21.7	19.2
	Total	217.9	205.8	5.24	5.16	1,141.5	1,061.1	36.7	34.1
UG2 Reef ⁽³⁾⁽⁶⁾⁽⁷⁾⁽⁸⁾									
				4E PGE	4E PGE			Moz	Moz
	Proved	469.9	415.7	4.19	4.37	1,970.8	1,816.0	63.4	58.4
	Probable	382.6	413.5	4.43	4.32	1,695.8	1,787.1	54.5	57.5
	Total	852.5	829.2	4.30	4.35	3,666.6	3,603.1	117.9	115.8
Platreef ⁽⁹⁾									
				4E PGE	4E PGE			Moz	Moz
	Proved	274.5	284.6	3.21	3.24	880.7	923.2	28.3	29.7
	Proved primary ore stockpile ⁽¹⁰⁾	20.6	19.8	2.58	2.54	53.1	50.1	1.7	1.6
	Probable	112.8	114.0	3.56	3.51	401.8	400.1	12.9	12.9
	Total	407.9	418.3	3.27	3.28	1,335.6	1,373.4	42.9	44.2
All Reefs									
				4E PGE	4E PGE			Moz	Moz
	Proved	853.6	808.6	3.95	4.02	3,372.1	3,251.9	108.4	104.6
	Probable	624.7	644.6	4.44	4.32	2,771.7	2,785.7	89.1	89.6
	Total	1,478.3	1,453.3	4.16	4.15	6,143.7	6,037.6	197.5	194.1
Total (alternative units) ⁽¹¹⁾		1,629.6Mton	1,601.9Mton	0.121oz/ton	0.121oz/ton				
Tailings ⁽¹²⁾									
				4E PGE	4E PGE			Moz	Moz
	Proved	—	—	—	—	—	—	—	—
	Probable	33.4	38.6	0.88	0.92	29.5	35.5	0.9	1.1
	Total	33.4	38.6	0.88	0.92	29.5	35.5	0.9	1.1
Total (alternative units) ⁽¹¹⁾		36.8Mton	42.6Mton	0.026oz/ton	0.027oz/ton				

⁽¹⁾ **Tonnage:** quoted as dry metric tonnes.

⁽²⁾ **Grade:** 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t).

⁽³⁾ **Merensky Reef and UG2 Reef:** In 2008 Anglo Platinum sold its 22.4% share in Northam to Mvelapanda Resources. The associated Merensky Reef and UG2 Reef Ore Reserves have been excluded from the 2008 Ore Reserve figures (16.1Mt equivalent to 2.5Moz).

⁽⁴⁾ **Merensky Reef:** The reserve pay-limit varies across all operations between 2.3g/t and 5.7g/t. The variability is a function of various factors including the depth of the orebody, geological complexity and infrastructure.

⁽⁵⁾ **Merensky Reef:** Increase in Ore Reserves is mainly attributable to changes at Amandelbult due to a re-evaluation of the structural and geological model. The re-evaluation shows a reduction in the geological losses and a commensurate increase in the Normal Merensky Reef facies. These increased Mineral Resources have been converted into Ore Reserves.

⁽⁶⁾ **UG2 Reef:** The reserve pay-limit varies across all operations between 1.6g/t and 4.7g/t. The variability is a function of various factors including the depth of the orebody, geological complexity and infrastructure.

⁽⁷⁾ **UG2 Reef:** Increase in Ore Reserve tonnage is mainly attributable to Amandelbult and Rustenburg. At Amandelbult re-evaluation of the geological losses was undertaken and at Rustenburg a change in the modifying factors resulted in increased Ore Reserves.

⁽⁸⁾ **UG2 Reef:** Application for conversion to New Order Mining Rights for Modikwa Platinum Mine is in the process of being finalised and it is expected that the application will be lodged early March 2009. Modikwa Platinum Mine has until 30 April 2009 to lodge this application.

⁽⁹⁾ **Platreef:** The reserve cut-off is 1.7g/t for fresh ore and 3.0g/t for weathered/oxidised ore.

⁽¹⁰⁾ **Platreef stockpiles:** These are reported separately as Proved Ore Reserves and aggregated into the summation tabulations.

⁽¹¹⁾ **Alternative units:** tonnage in million short tons (Mton) and grade in troy ounces per short ton (oz/ton).

⁽¹²⁾ **Tailings:** These are reported separately as Ore Reserves but are not aggregated in the total Ore Reserve figures. Operating tailings dams for current mining operations cannot be geologically assessed and therefore are not reported as part of the Ore Reserves. At Rustenburg Section historical dams have been evaluated and the tailings are included in the Ore Reserves statement.

Anglo Platinum Mineral Resources		Tonnes ⁽¹⁾ million		Grade ⁽²⁾ g/t		Contained metal tonnes		Contained metal million troy ounces	
Classification		2008	2007	2008	2007	2008	2007	2008	2007
Merensky Reef ⁽³⁾⁽⁴⁾⁽⁵⁾				4E PGE	4E PGE			Moz	Moz
Measured		131.9	107.8	5.39	5.33	710.9	574.4	22.9	18.5
Indicated		232.0	276.5	5.15	5.29	1,194.4	1,462.7	38.4	47.0
Measured and Indicated		363.9	384.3	5.24	5.30	1,905.3	2,037.1	61.3	65.5
Inferred		749.4	876.5	5.37	5.29	4,026.6	4,633.0	129.5	149.0
Total		1,113.3	1,260.8	5.33	5.29	5,931.9	6,670.1	190.7	214.4
UG2 Reef ⁽³⁾⁽⁴⁾⁽⁶⁾				4E PGE	4E PGE			Moz	Moz
Measured		323.6	337.2	5.78	5.69	1,868.9	1,919.0	60.1	61.7
Indicated		482.5	499.7	5.63	5.38	2,715.2	2,686.9	87.3	86.4
Measured and Indicated		806.1	836.9	5.69	5.50	4,584.1	4,605.9	147.4	148.1
Inferred		901.3	1,223.2	5.65	5.22	5,089.0	6,379.8	163.6	205.1
Total		1,707.3	2,060.0	5.67	5.33	9,673.1	10,985.7	311.0	353.2
Platreef ⁽⁷⁾				4E PGE	4E PGE			Moz	Moz
Measured		152.4	176.8	1.85	1.93	282.4	340.8	9.1	11.0
Indicated		898.8	790.6	2.18	2.21	1,956.8	1,749.4	62.9	56.2
Measured and Indicated		1,051.2	967.4	2.13	2.16	2,239.3	2,090.2	72.0	67.2
Inferred		1,331.3	1,408.0	1.89	1.88	2,519.3	2,647.7	81.0	85.1
Total		2,382.4	2,375.4	2.00	1.99	4,758.6	4,737.9	153.0	152.3
All Reefs				4E PGE	4E PGE			Moz	Moz
Measured		607.8	621.8	4.71	4.56	2,862.3	2,834.2	92.0	91.1
Indicated		1,613.3	1,566.8	3.64	3.77	5,866.4	5,899.0	188.6	189.7
Measured and Indicated		2,221.1	2,188.6	3.93	3.99	8,728.7	8,733.2	280.6	280.8
Inferred		2,982.0	3,507.6	3.90	3.89	11,634.9	13,660.5	374.1	439.2
Total		5,203.1	5,696.2	3.91	3.93	20,363.5	22,393.7	654.7	720.0
Total (alternative units) ⁽⁸⁾		5,735.4Mton	6,278.9Mton	0.114oz/ton	0.115oz/ton				
Tailings ⁽⁹⁾				4E PGE	4E PGE			Moz	Moz
Measured		—	—	—	—	—	—	—	—
Indicated		151.4	151.4	1.05	1.05	159.7	159.7	5.1	5.1
Measured and Indicated		151.4	151.4	1.05	1.05	159.7	159.7	5.1	5.1
Inferred		—	—	—	—	—	—	—	—
Total		151.4	151.4	1.05	1.05	159.7	159.7	5.1	5.1
Total (alternative units) ⁽⁸⁾		166.9Mton	166.9Mton	0.031oz/ton	0.031oz/ton				

⁽¹⁾ Tonnage: quoted as dry metric tonnes.

⁽²⁾ Grade: 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t).

⁽³⁾ Merensky Reef and UG2 Reef: In 2008 Anglo Platinum sold its 22.4% share in Northam to Mvelapanda Resources and expects to complete the sale of its 50% share in Booyssendal in 2009. Consequently the Mineral Resources associated with Booyssendal (Merensky Reef: 113Mt and 16.3Moz, UG2 Reef: 314Mt and 38.5Moz) and a component of Der Brochen (Merensky Reef: 24Mt and 3.7Moz, UG2 Reef: 31Mt and 4.9Moz) are excluded from the 2008 Mineral Resource figures.

⁽⁴⁾ Merensky Reef and UG2 Reef: Application for conversion to New Order Mining Rights for Modikwa Platinum Mine is in the process of being finalised and it is expected that the application will be lodged early March 2009. Modikwa Platinum Mine has until 30 April 2009 to lodge this application.

⁽⁵⁾ Merensky Reef: Depending on the reef characteristics a 2.3g/t to 3.8g/t cut-off has been used to identify Mineral Resources.

⁽⁶⁾ UG2 Reef: Depending on the reef characteristics a 2.3g/t to 3.7g/t cut-off has been used to identify Mineral Resources.

⁽⁷⁾ Platreef: A 1.0g/t cut-off has been used to identify Mineral Resources.

⁽⁸⁾ Alternative units: tonnage in million short tons (Mton) and grade in troy ounces per short ton (oz/ton).

⁽⁹⁾ Tailings: These are reported separately as Mineral Resources but are not aggregated in the total Mineral Resource figures. Operating tailings dams for current mining operations cannot be geologically assessed and therefore are not reported as part of the Mineral Resources. At Rustenburg Section historical dams have been evaluated and the tailings are included in the Mineral Resource statement.

The following operations and projects were reviewed during 2008 by independent consultants: Der Brochen, Magazynskraal, Mototolo, Pandora and Mogalakwena Mine (previously PPRust) – Zwartfontein North.

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Platinum continued

Anglo Platinum Ore Reserves Other Projects		Tonnes ⁽¹⁾ million		Grade ⁽²⁾ g/t		Contained metal tonnes		Contained metal million troy ounces	
	Classification	2008	2007	2008	2007	2008	2007	2008	2007
Zimbabwe									
Unki ⁽³⁾	Proved	4.2	5.2	3.60	3.60	15.1	18.8	0.5	0.6
Great Dyke	Probable	34.6	43.2	3.81	3.81	131.6	164.5	4.2	5.3
	Total	38.7	48.4	3.79	3.78	146.7	183.3	4.7	5.9
Total (alternative units) ⁽⁴⁾		42.7Mton	53.4Mton	0.110oz/ton	0.110oz/ton				
Anglo Platinum Mineral Resources Other Projects		Tonnes ⁽¹⁾ million		Grade ⁽²⁾ g/t		Contained metal tonnes		Contained metal million troy ounces	
	Classification	2008	2007	2008	2007	2008	2007	2008	2007
Zimbabwe									
Unki ⁽³⁾	Measured	6.3	7.9	4.08	4.08	25.7	32.1	0.8	1.0
Great Dyke	Indicated	9.3	11.7	4.28	4.28	39.9	49.9	1.3	1.6
	Measured and Indicated	15.6	19.5	4.20	4.20	65.6	82.0	2.1	2.6
	Inferred	78.9	98.7	4.29	4.29	338.8	423.5	10.9	13.6
	Total	94.6	118.2	4.28	4.28	404.4	505.5	13.0	16.3
Total (alternative units) ⁽⁴⁾		104.2Mton	130.3Mton	0.125oz/ton	0.125oz/ton				
South Africa				3E PGE	3E PGE			Moz	Moz
Anooraq-Anglo Platinum Boikgantsho ⁽⁵⁾									
Platreef	Measured	—	—	—	—	—	—	—	—
	Indicated	88.3	88.3	1.35	1.35	119.2	119.2	3.8	3.8
	Measured and Indicated	88.3	88.3	1.35	1.35	119.2	119.2	3.8	3.8
	Inferred	52.0	52.0	1.23	1.23	64.0	64.0	2.1	2.1
	Total	140.4	140.4	1.31	1.31	183.3	183.2	5.9	5.9
Total (alternative units) ⁽⁴⁾		154.7Mton	154.7Mton	0.038oz/ton	0.038oz/ton				
Sheba's Ridge ⁽⁶⁾				3E PGE	3E PGE			Moz	Moz
	Measured	111.8	138.2	0.85	0.87	95.1	120.4	3.1	3.9
	Indicated	128.4	128.4	0.95	0.95	122.1	122.1	3.9	3.9
	Measured and Indicated	240.1	266.6	0.90	0.91	217.2	242.4	7.0	7.8
	Inferred	0.9	0.9	0.85	0.85	0.8	0.8	0.0	0.0
	Total	241.0	267.5	0.90	0.91	218.0	243.2	7.0	7.8
Total (alternative units) ⁽⁴⁾		265.7Mton	294.9Mton	0.026oz/ton	0.027oz/ton				
Canada				3E PGE	3E PGE			Moz	Moz
River Valley ⁽⁷⁾	Measured	4.3	4.3	1.79	1.79	7.6	7.6	0.2	0.2
	Indicated	11.0	11.0	1.20	1.20	13.3	13.3	0.4	0.4
	Measured and Indicated	15.3	15.3	1.37	1.37	20.9	20.9	0.7	0.7
	Inferred	1.2	1.2	1.24	1.24	1.5	1.5	0.0	0.0
	Total	16.5	16.5	1.36	1.36	22.4	22.4	0.7	0.7
Total (alternative units) ⁽⁴⁾		18.2Mton	18.2Mton	0.040oz/ton	0.040oz/ton				
Brazil				3E PGE	3E PGE			Moz	Moz
Pedra Branca ⁽⁸⁾	Measured	—	—	—	—	—	—	—	—
	Indicated	—	—	—	—	—	—	—	—
	Measured and Indicated	—	—	—	—	—	—	—	—
	Inferred	6.6	6.6	2.27	2.27	15.0	15.0	0.5	0.5
	Total	6.6	6.6	2.27	2.27	15.0	15.0	0.5	0.5
Total (alternative units) ⁽⁴⁾		7.3Mton	7.3Mton	0.066oz/ton	0.066oz/ton				

- ⁽¹⁾ **Tonnage:** quoted as dry metric tonnes.
- ⁽²⁾ **Grade:** 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grammes per tonne (g/t).
3E PGE is the sum of platinum, palladium and gold grades in grammes per tonne (g/t).
- ⁽³⁾ **Unki:** The 2007 reported figures represented 100% of the project, reflective of Anglo American's shareholding at that time. Anglo Platinum currently holds an attributable interest of 80%, the reported figures for 2008 reflect this position.
- ⁽⁴⁾ **Alternative units:** tonnage in million short tons (Mton) and grade in troy ounces per short ton (oz/ton).
- ⁽⁵⁾ **Anooraq-Anglo Platinum Boikgantsho:** Anglo Platinum holds an attributable interest of 50%. A cut-off of US\$20.00/t gross metal value was applied for resource definition.
- ⁽⁶⁾ **Sheba's Ridge:** In 2007 Mineral Resources were based on the total project. However, the 2008 figures reflect the Joint Venture (JV) component between Anglo Platinum and Ridge Mining. Anglo Platinum holds an attributable 35% of the JV area.
- ⁽⁷⁾ **River Valley:** Anglo Platinum holds an attributable interest of 50%. A cut-off of 0.7g/t (platinum plus palladium) was applied for resource definition.
- ⁽⁸⁾ **Pedra Branca:** Anglo Platinum holds an attributable interest of 51%. A cut-off of 0.7g/t (3E PGE) was applied for resource definition.

The following Operations and Projects contributed to the combined 2008 Ore Reserve and Mineral Resource estimates stated per reef (excluding Other Projects):
(MR = Merensky Reef, UG2 = UG2 Reef, PR = Platereef)

Amandelbult Mine – MR/UG2
BRPM – MR/UG2
Der Brochen Project – MR/UG2
Ga-Phasha PGM Project – MR/UG2
Kroondal PSA 1 – UG2
Lebowa Platinum Mines – MR/UG2
Magazynskraal 3 JQ – MR/UG2
Marikana PSA 2 – UG2
Modikwa Platinum Mine – MR/UG2
Mogalakwena Mine (previously PPRust – Potgietersrust Platinums Ltd.) – PR
Mototolo – UG2
Other Exploration Projects (portions of Driekop) – UG2
Pandora – UG2
Rustenburg Mine – MR/UG2
Twickenham Platinum Mine Project – MR/UG2
Union Mine – MR/UG2
WBJV – MR/UG2

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Base Metals

Anglo Base Metals

The Ore Reserve and Mineral Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. The Mineral Resources are additional to the Ore Reserves.

The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Copper Division Ore Reserves	Attributable %	Classification	Tonnes million		Grade		Contained metal thousand tonnes	
			2008	2007	2008	2007	2008	2007
Los Bronces (OP)	100				%Cu	%Cu		
Sulphide (TCu) ⁽¹⁾		Proved	715.4	697.7	0.73	0.76	5,222	5,303
Flotation		Probable	890.7	782.7	0.55	0.58	4,899	4,540
		Total	1,606.1	1,480.4	0.63	0.66	10,121	9,842
Sulphide (TCu) ⁽²⁾		Proved	303.9	344.8	0.33	0.33	1,003	1,138
Dump Leach		Probable	492.6	672.6	0.22	0.25	1,084	1,682
		Total	796.5	1,017.4	0.26	0.28	2,087	2,819
El Soldado (OP and UG)	100				%Cu	%Cu		
Sulphide (TCu)		Proved	71.2	68.7	1.00	1.04	712	715
Flotation		Probable	44.2	50.7	0.89	0.82	393	418
		Total	115.4	119.4	0.96	0.95	1,105	1,133
Oxide (TCu)		Proved	3.2	1.5	0.89	0.87	28	13
Heap Leach		Probable	2.8	3.0	0.57	0.74	16	22
		Total	6.0	4.6	0.74	0.78	44	36
Mantos Blancos (OP)⁽³⁾	100				%Cu	%Cu		
Sulphide (ICu)		Proved	12.9	9.4	0.93	0.93	120	87
Flotation		Probable	18.5	19.3	0.94	1.05	173	203
		Total	31.3	28.7	0.94	1.01	293	291
Oxide (ASCu)		Proved	1.4	1.5	0.70	0.72	10	11
Vat and Heap Leach		Probable	37.6	44.0	0.45	0.44	169	195
		Total	39.0	45.5	0.46	0.45	179	205
Oxide (ASCu)		Proved	0.6	0.5	0.24	0.24	1	1
Dump Leach		Probable	11.6	9.4	0.26	0.27	30	26
		Total	12.1	10.0	0.26	0.27	31	27
Mantoverde (OP)⁽⁴⁾	100				%Cu	%Cu		
Oxide (ASCu)		Proved	45.6	53.5	0.60	0.62	273	332
Heap Leach		Probable	8.0	11.2	0.54	0.57	43	64
		Total	53.6	64.7	0.59	0.61	317	395
Oxide (ASCu)		Proved	20.9	28.1	0.36	0.36	75	101
Dump Leach		Probable	10.1	11.5	0.39	0.40	39	46
		Total	31.1	39.7	0.37	0.37	115	147
Collahuasi (OP)	44.0				%Cu	%Cu		
Oxide, Mixed and Secondary Sulphides (TCu) ⁽⁵⁾		Proved	0.2	43.9	1.60	0.80	4	352
Heap Leach		Probable	20.3	31.2	0.77	0.88	156	275
		Total	20.5	75.2	0.78	0.83	160	626
Sulphide (TCu) ⁽⁶⁾		Proved	315.4	279.0	0.99	0.99	3,123	2,762
Flotation – direct feed		Probable	1,224.1	1,180.0	0.95	0.96	11,629	11,328
		Total	1,539.5	1,459.1	0.96	0.97	14,752	14,091
Low Grade Sulphide (TCu)		Proved	–	–	–	–	–	–
Flotation – stockpile		Probable	675.1	670.1	0.51	0.51	3,443	3,418
		Total	675.1	670.1	0.51	0.51	3,443	3,418

Mining method: OP = Open Pit, UG = Underground.

TCu = total copper, ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper.

The metal price used for Ore Reserve definition is US\$1.15/lb, except for Los Bronces where a copper price of US\$1.25/lb has been applied.

⁽¹⁾ Los Bronces – Sulphide (Flotation): A change in the cut-off grade saw some former dump leach ore become available to the flotation circuit (87Mt @ 0.42% TCu).

⁽²⁾ Los Bronces – Sulphide (Dump Leach): Anhydrite-bearing low grade sulphide material has been excluded (108Mt @ 0.24% TCu).

⁽³⁾ Mantos Blancos: Changes in Ore Reserves are attributable to changes in economic parameters, production, inclusion of new information and subsequent refinement of the Mineral Resource models.

⁽⁴⁾ Mantoverde: Changes in Ore Reserves are attributable to production and a constraint to the Kuroki pit by the rights of the neighbouring Enami Mine.

⁽⁵⁾ Collahuasi – Oxide, Mixed and Secondary Sulphides: Significant reduction in Ore Reserves is due to a transfer of Ujina secondary sulphides to the flotation process (42Mt).

⁽⁶⁾ Collahuasi – Sulphide (Flotation): A portion of the Probable Reserves from Ujina have been re-allocated to Inferred Resources following third party audits. In contrast, infill drilling and model refinement at Rosario has resulted in an increase in Ore Reserves.

The Ore Reserves and Mineral Resources of the following operations were reviewed during 2008 by independent consultants: Los Bronces, El Soldado, Mantoverde and Mantos Blancos.

Copper Division
Mineral Resources

	Attributable %	Classification	Tonnes million		Grade		Contained metal thousand tonnes	
			2008	2007	2008	2007	2008	2007
Los Bronces (OP)⁽¹⁾	100				%Cu	%Cu		
Sulphide (TCu)		Measured	110.8	111.7	0.42	0.47	466	529
Flotation		Indicated	1,287.3	1,532.4	0.42	0.45	5,407	6,896
		Measured and Indicated	1,398.2	1,644.1	0.42	0.45	5,872	7,425
		Inferred in Mine Plan	50.7	43.1	0.46	0.67	233	289
Sulphide (TCu)		Measured	—	—	—	—	—	—
Dump Leach		Indicated	—	—	—	—	—	—
		Measured and Indicated	—	—	—	—	—	—
		Inferred in Mine Plan	190.6	312.4	0.18	0.19	343	594
El Soldado (OP and UG)⁽¹⁾	100				%Cu	%Cu		
Sulphide (TCu)		Measured	45.2	61.2	0.80	0.81	360	496
Flotation		Indicated	20.2	47.9	0.81	0.73	163	349
		Measured and Indicated	65.4	109.1	0.80	0.77	523	845
		Inferred in Mine Plan	12.9	10.8	0.77	0.74	99	80
Oxide (TCu)		Measured	0.1	0.1	0.67	0.87	1	1
Heap Leach		Indicated	0.1	0.2	0.81	0.84	1	2
		Measured and Indicated	0.3	0.3	0.75	0.85	2	3
		Inferred in Mine Plan	0.8	0.9	0.80	0.88	6	8
Mantos Blancos (OP)⁽¹⁾	100				%Cu	%Cu		
Sulphide (ICu)		Measured	14.5	17.7	0.72	0.75	104	133
Flotation		Indicated	112.7	112.8	0.66	0.70	743	791
		Measured and Indicated	127.2	130.5	0.67	0.71	848	924
		Inferred in Mine Plan	0.4	4.2	0.77	0.82	3	34
Oxide (ASCu)		Measured	0.3	1.0	0.56	0.59	2	6
Vat and Heap Leach		Indicated	9.5	9.7	0.57	0.55	54	53
		Measured and Indicated	9.8	10.7	0.57	0.55	56	59
		Inferred in Mine Plan	0.4	2.2	0.56	0.57	2	13
Oxide (ASCu)		Measured	—	—	—	—	—	—
Dump Leach		Indicated	—	—	—	—	—	—
		Measured and Indicated	—	—	—	—	—	—
		Inferred in Mine Plan	0.3	1.1	0.24	0.24	1	3
Mantoverde (OP)⁽¹⁾	100				%Cu	%Cu		
Oxide (ASCu)		Measured	51.8	57.1	0.39	0.38	200	217
Heap Leach		Indicated	40.6	59.6	0.39	0.36	157	215
		Measured and Indicated	92.4	116.7	0.39	0.37	357	432
		Inferred in Mine Plan	0.2	0.3	0.61	0.62	1	2
Oxide (ASCu)		Measured	—	—	—	—	—	—
Dump Leach		Indicated	3.5	4.3	0.32	0.33	11	14
		Measured and Indicated	3.5	4.3	0.32	0.33	11	14
		Inferred in Mine Plan	0.3	0.6	0.39	0.37	1	2
Sulphide Project (TCu) ⁽²⁾		Measured	1.2	—	0.78	—	9	—
Flotation		Indicated	57.1	—	0.72	—	411	—
		Measured and Indicated	58.2	—	0.72	—	420	—
		Inferred in Mine Plan	—	—	—	—	—	—
Collahuasi (OP)⁽¹⁾	44.0				%Cu	%Cu		
Oxide, Mixed and Secondary Sulphides (TCu)		Measured	—	—	—	—	—	—
Heap Leach		Indicated	2.0	6.0	1.18	0.79	24	48
		Measured and Indicated	2.0	6.0	1.18	0.79	24	48
		Inferred in Mine Plan	0.6	1.3	1.09	1.18	7	16
Sulphide (TCu)		Measured	1.4	3.5	0.78	1.28	11	45
Flotation – direct feed		Indicated	289.3	570.3	0.85	1.10	2,459	6,274
		Measured and Indicated	290.7	573.8	0.85	1.10	2,470	6,318
		Inferred in Mine Plan	258.9	374.0	0.93	0.95	2,407	3,553
Low Grade Sulphide (TCu)		Measured	1.2	2.9	0.47	0.50	5	14
Flotation – stockpile		Indicated	109.3	154.6	0.50	0.50	547	773
		Measured and Indicated	110.5	157.5	0.50	0.50	552	787
		Inferred in Mine Plan	90.0	201.0	0.50	0.50	450	1,005

Mining method: OP = Open Pit, UG = Underground.
 TCu = total copper, ICu = insoluble copper (total copper less acid soluble copper), ASCu = acid soluble copper.

⁽¹⁾ **Copper Resources:** In 2007 Measured and Indicated Resources were declared as estimated. In 2008 a test of reasonable eventual economic extraction was applied through consideration of an optimised pit shell based on the Anglo Base Metals long-term copper price. Materials outside the optimised shell are now excluded from the Mineral Resource statement. The decrease in Measured and Indicated Mineral Resources evident at most of operations is a result of this. Inferred Mineral Resources with reasonable prospects of eventual economic extraction not considered in the Mine Plan in 2008 are as follows:- (Tt = Thousand tonnes)

	Tonnes	Grade (% Cu)	Contained metal	Economic criteria
Los Bronces – Sulphide (Flotation):	2,472Mt	0.39% (TCu)	9,639Tt	Pit Shell @ US\$1.8/lb
El Soldado – Sulphide (Flotation):	70.3Mt	0.56% (TCu)	394Tt	Pit Shell @ US\$1.8/lb
El Soldado – Oxide (Heap Leach):	0.7Mt	0.84% (TCu)	6 Tt	Pit Shell @ US\$1.8/lb
Mantos Blancos – Sulphide (Flotation):	14.8Mt	0.59% (ICu)	87Tt	Pit Shell @ US\$1.8/lb
Mantos Blancos – Oxide (Vat and Heap Leach):	1.6Mt	0.59% (ASCu)	10Tt	Pit Shell @ US\$1.8/lb
Mantoverde – Oxide (Heap Leach):	5Mt	0.53% (ASCu)	26Tt	Pit Shell @ US\$1.7/lb (Difference due to relative timing of resource finalisation)
Mantoverde – Sulphide Project:	111.6Mt	0.66% (TCu)	736Tt	Pit Shell @ US\$1.7/lb (Difference due to relative timing of resource finalisation)
Collahuasi – Oxide, Mixed and Secondary Sulphides (Heap Leach):	2.3Mt	0.76% (TCu)	17Tt	Pit Shell @ US\$1.8/lb
Collahuasi – Sulphide (Flotation):	1,372Mt	0.90% (TCu)	12,350Tt	Pit Shell @ US\$1.8/lb
Collahuasi – Low Grade Sulphide (stockpile):	627.7Mt	0.50% (TCu)	3,138Tt	Pit Shell @ US\$1.8/lb

⁽²⁾ **Mantoverde – Sulphide Project:** The project is in a Pre-Feasibility Study stage with completion planned for mid-2009.

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Base Metals continued

Zinc Division		Classification	Tonnes million		Grade		Contained metal thousand tonnes	
Ore Reserves	Attributable %		2008	2007	2008	2007	2008	2007
Black Mountain (UG)⁽¹⁾	74.0							
Deeps⁽²⁾								
Zinc					%Zn	%Zn		
		Proved	2.9	1.3	3.71	2.50	109	32
		Probable	5.9	7.4	2.89	3.75	170	279
		Total	8.8	8.7	3.16	3.56	280	311
Copper					%Cu	%Cu		
		Proved			0.45	0.21	13	3
		Probable			0.37	0.81	22	61
		Total			0.40	0.72	35	63
Lead					%Pb	%Pb		
		Proved			3.16	4.48	93	59
		Probable			2.86	4.05	168	301
		Total			2.96	4.12	261	360
Lisheen (UG)⁽³⁾	100							
Zinc					%Zn	%Zn		
		Proved	6.6	6.9	11.72	11.25	779	782
		Probable	1.6	2.7	12.01	13.68	192	373
		Total	8.2	9.7	11.78	11.94	970	1,155
Lead					%Pb	%Pb		
		Proved			1.91	1.98	127	138
		Probable			1.81	1.61	29	44
		Total			1.89	1.88	156	182
Skorpion (OP)⁽⁴⁾	100							
Zinc					%Zn	%Zn		
		Proved	4.8	6.4	12.94	12.74	624	821
		Probable	4.1	5.1	10.06	9.72	417	491
		Total	9.0	11.5	11.61	11.41	1,041	1,312

Mining method: OP = Open Pit, UG = Underground.
For the polymetallic deposits, the tonnage figures apply to each metal.

⁽¹⁾ **Black Mountain:** On 18 January 2007, Exxaro exercised its option to acquire a 26% interest in Black Mountain. The sale was contingent on the conversion of Old Order to New Order Mining Rights which was granted in November 2008.

⁽²⁾ **Black Mountain – Deeps:** Production has been partially offset by updated geological, resource and reserve modelling based on additional information.

⁽³⁾ **Lisheen:** Changes are attributable to production.

⁽⁴⁾ **Skorpion:** Changes in Ore Reserves are attributable to production and changes to the operating cost (economic assumptions).

The Ore Reserves and Mineral Resources of the following operations were reviewed during 2008 by independent consultants: Black Mountain and Skorpion.

Zinc Division		Classification	Tonnes million		Grade		Contained metal thousand tonnes	
Mineral Resources	Attributable %		2008	2007	2008	2007	2008	2007
Black Mountain (UG)	74.0							
Deeps⁽¹⁾								
Zinc					%Zn	%Zn		
		Measured	1.6	0.5	3.74	2.23	61	11
		Indicated	2.6	4.5	3.66	3.53	96	160
		Measured and Indicated	4.3	5.0	3.69	3.40	158	171
		Inferred in Mine Plan	2.4	3.1	4.39	3.96	104	124
Copper					%Cu	%Cu		
		Measured			0.63	0.65	10	3
		Indicated			0.57	0.61	15	28
		Measured and Indicated			0.59	0.61	25	31
		Inferred in Mine Plan			1.09	1.23	26	38
Lead					%Pb	%Pb		
		Measured			3.41	1.97	56	10
		Indicated			4.29	4.40	113	200
		Measured and Indicated			3.95	4.16	169	210
		Inferred in Mine Plan			1.39	1.28	33	40
Swartberg⁽²⁾								
Zinc					%Zn	%Zn		
		Measured	—	—	—	—	—	—
		Indicated	17.3	17.3	0.63	0.63	109	109
		Measured and Indicated	17.3	17.3	0.63	0.63	109	109
		Inferred in Mine Plan	—	—	—	—	—	—
Copper					%Cu	%Cu		
		Measured			—	—	—	—
		Indicated			0.70	0.70	121	121
		Measured and Indicated			0.70	0.70	121	121
		Inferred in Mine Plan			—	—	—	—
Lead					%Pb	%Pb		
		Measured			—	—	—	—
		Indicated			2.87	2.87	497	497
		Measured and Indicated			2.87	2.87	497	497
		Inferred in Mine Plan			—	—	—	—
Lisheen (UG)⁽³⁾	100							
Zinc					%Zn	%Zn		
		Measured	0.9	1.0	12.91	12.67	114	123
		Indicated	0.4	0.5	11.39	12.95	44	61
		Measured and Indicated	1.3	1.4	12.45	12.76	158	184
		Inferred in Mine Plan	0.2	0.4	17.84	18.24	37	68
Lead					%Pb	%Pb		
		Measured			2.23	2.30	20	22
		Indicated			1.74	1.86	7	9
		Measured and Indicated			2.08	2.16	26	31
		Inferred in Mine Plan			2.49	3.05	5	11
Skorpion (OP)⁽⁴⁾	100							
Zinc					%Zn	%Zn		
		Measured	0.2	0.0	7.29	6.99	13	2
		Indicated	1.0	0.2	7.87	6.94	79	15
		Measured and Indicated	1.2	0.2	7.78	6.95	92	17
		Inferred in Mine Plan	0.1	0.8	9.61	9.16	12	71

Mining method: OP = Open Pit, UG = Underground.
For the polymetallic deposits, the tonnage figures apply to each metal.

⁽¹⁾ **Black Mountain – Deeps:** Broken Hill and the Deeps Mineral Resources are combined for reporting purposes. There are no Inferred Mineral Resources external to those considered in the Mine Plan. At Black Mountain the definition of Mineral Resources is based on economic and financial parameters determined from the 2000 Feasibility Study. Mineral Resources are estimated to contain 6,646kt of material grading 40g/t silver as a by-product.

⁽²⁾ **Black Mountain – Swartberg:** The Swartberg mine was placed on care and maintenance from January 2007. The Ore Reserves were removed from the mine plan and converted to Mineral Resources. Mineral Resources are estimated to contain 17,323kt of material grading 35g/t silver as a by-product.

⁽³⁾ **Lisheen:** Mineral Resources are quoted above a 6% ZnEq cut-off. Inferred Mineral Resources with reasonable prospects of eventual economic extraction consist of 0.2Mt with a Zn grade of 12.04% containing 28kt zinc metal and a Pb grade of 2.63% containing 6kt lead metal.

⁽⁴⁾ **Skorpion:** The current Mineral Resources are constrained by geological contacts. A major Mineral Resource update is planned for 2009 on completion of the current drill program. This will include a review of the parameters that control the eventual economic extraction outlook. At present, the Inferred Mineral Resources external to the current Mine Plan consist of 1.0Mt with an average Zn grade 8.87% containing 92kt zinc metal.

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Base Metals continued

Nickel Division		Classification	Tonnes million		Grade		Contained metal thousand tonnes	
Ore Reserves	Attributable %		2008	2007	2008	2007	2008	2007
Barro Alto (OP) ⁽¹⁾	100							
Laterite					%Ni	%Ni		
		Proved	9.5	12.3	1.66	1.61	158	199
		Probable	31.2	27.1	1.72	1.81	535	491
		Total	40.7	39.5	1.70	1.75	693	690
Codemin (OP)	100							
Laterite					%Ni	%Ni		
		Proved	3.2	3.2	1.33	1.33	42	42
		Probable	0.5	0.5	1.33	1.33	7	7
		Total	3.7	3.7	1.33	1.33	49	49
Loma de Níquel (OP)	91.4							
Laterite					%Ni	%Ni		
		Proved	12.1	11.9	1.48	1.49	179	178
		Probable	21.0	22.1	1.46	1.47	306	324
		Total	33.1	34.0	1.47	1.48	485	502
Nickel Division		Classification	Tonnes million		Grade		Contained metal thousand tonnes	
Mineral Resources	Attributable %		2008	2007	2008	2007	2008	2007
Barro Alto (OP) ⁽¹⁾	100							
Laterite					%Ni	%Ni		
		Measured	4.3	—	1.32	—	57	—
		Indicated	16.8	16.9	1.27	1.36	213	230
		Measured and Indicated	21.1	16.9	1.28	1.36	270	230
		Inferred in Mine Plan	38.7	37.5	1.55	1.56	599	585
Codemin (OP) ⁽²⁾	100							
Laterite					%Ni	%Ni		
		Measured	3.4	3.3	1.29	1.29	43	43
		Indicated	3.5	3.5	1.25	1.25	44	44
		Measured and Indicated	6.9	6.9	1.27	1.27	87	87
		Inferred in Mine Plan	—	—	—	—	—	—
Loma de Níquel (OP) ⁽³⁾	91.4							
Laterite					%Ni	%Ni		
		Measured	0.9	1.2	1.38	1.40	13	16
		Indicated	4.8	4.8	1.45	1.45	69	70
		Measured and Indicated	5.7	6.0	1.44	1.44	82	86
		Inferred in Mine Plan	1.7	1.7	1.39	1.39	23	23

Mining method: OP = Open Pit.

⁽¹⁾ **Barro Alto:** Mineral Resources are quoted above a 0.9% Ni cut-off. An additional 0.42Mt of stockpiled ferruginous material with an estimated grade of 1.50% Ni containing 6,000 tonnes of nickel is available. Ore from Barro Alto is currently being processed at the Codemin plant. Inferred Mineral Resources external to the LOM comprise 21.8Mt with an average grade of 1.27% Ni, containing 275,000 tonnes of nickel.

⁽²⁾ **Codemin:** Mineral Resources are quoted above a 0.9% Ni cut-off.

⁽³⁾ **Loma de Níquel:** Mineral Resources are quoted above a 0.8% Ni cut-off (less than 35% Fe). Inferred Mineral Resources external to the LOM comprise 4.5Mt with an average grade of 1.50% Ni, containing 68,000 tonnes of nickel. Includes Ore Reserves and Mineral Resources in concessions cancelled by MIBAM, which Anglo American plc anticipates will be restored. Refer to note 37 (iii) to the financial statements for further information regarding these nickel exploration and exploitation concessions.

The Ore Reserves and Mineral Resources of Barro Alto, Codemin and Loma de Níquel will be reviewed during 2009 by independent consultants.

Niobium Ore Reserves		Classification	Tonnes million		Grade		Contained product thousand tonnes	
Attributable %			2008	2007	2008	2007	2008	2007
Catalão (OP)	100							
Carbonatite					%Nb ₂ O ₅	%Nb ₂ O ₅		
		Proved	10.6	11.9	1.21	1.24	128	147
		Probable	4.0	4.2	1.14	1.15	46	48
		Total	14.6	16.0	1.19	1.21	174	195

Niobium Mineral Resources		Classification	Tonnes million		Grade		Contained product thousand tonnes	
Attributable %			2008	2007	2008	2007	2008	2007
Catalão (OP)⁽¹⁾	100							
Carbonatite					%Nb ₂ O ₅	%Nb ₂ O ₅		
		Measured	16.6	0.2	1.26	1.05	210	2
		Indicated	9.0	0.3	1.18	0.91	106	3
		Measured and Indicated	25.6	0.5	1.23	0.96	316	4
		Inferred in Mine Plan	0.6	0.6	0.88	0.90	5	5

Phosphate products Ore Reserves		Classification	Tonnes million		Grade	
Attributable %			2008	2007	2008	2007
Copebrás (OP)	73.0					
Carbonatite					%P ₂ O ₅	%P ₂ O ₅
		Proved	78.7	79.6	13.4	13.3
		Probable	160.4	152.1	13.3	13.4
		Total	239.1	231.7	13.3	13.3

Phosphate products Mineral Resources		Classification	Tonnes million		Grade	
Attributable %			2008	2007	2008	2007
Copebrás (OP)⁽²⁾	73.0					
Carbonatite					%P ₂ O ₅	%P ₂ O ₅
		Measured	3.2	0.5	9.4	12.4
		Indicated	84.4	20.3	10.4	11.4
		Measured and Indicated	87.6	20.8	10.4	11.4
		Inferred in Mine Plan	16.9	15.8	12.9	12.9

Mining method: OP = Open Pit.

⁽¹⁾ **Catalão:** Mineral Resources are quoted above a 0.7% Nb₂O₅ cut-off (decreased from previous 1% Nb₂O₅ cut-off). Inferred Mineral Resources external to the LOM comprise 4.3Mt with an average grade of 1.14% Nb₂O₅, containing 49,000 tonnes of product.

⁽²⁾ **Copebrás:** Mineral Resources are quoted above a 7% P₂O₅ cut-off. Inferred Mineral Resources external to the LOM comprise 48.1Mt with an average grade of 9.64% P₂O₅.

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Base Metals continued

Projects			Tonnes million		Grade		Contained metal thousand tonnes	
Ore Reserves	Attributable %	Classification	2008	2007	2008	2007	2008	2007
Quellaveco (OP)⁽¹⁾	80.0							
Copper					%Cu	%Cu		
Sulphide		Proved	253.3	250.1	0.76	0.76	1,925	1,901
Flotation		Probable	636.8	688.3	0.61	0.59	3,885	4,061
		Total	890.1	938.4	0.65	0.64	5,810	5,962
Gamsberg (OP)⁽²⁾	74.0							
Zinc					%Zn	%Zn		
		Proved	34.2	34.3	7.55	7.55	2,580	2,585
		Probable	110.3	110.3	5.55	5.55	6,124	6,124
		Total	144.4	144.5	6.03	6.03	8,704	8,709
Projects								
Mineral Resources	Attributable %	Classification	2008	2007	2008	2007	2008	2007
Quellaveco (OP)⁽¹⁾	80.0							
Copper					%Cu	%Cu		
Sulphide		Measured	1.9	1.5	0.39	0.53	8	8
Flotation		Indicated	193.9	176.7	0.43	0.46	834	813
		Measured and Indicated	195.9	178.2	0.43	0.46	842	821
		Inferred in Mine Plan	21.8	41.1	0.60	0.54	131	222
Pebble (OP/UG)⁽³⁾⁽⁷⁾⁽⁸⁾⁽⁹⁾	50.0							
Copper					%Cu	%Cu		
		Measured ⁽⁴⁾	500.0	655.0	0.34	0.34	1,700	2,227
		Indicated ⁽⁵⁾	4,120.0	1,760.0	0.48	0.30	19,776	5,280
		Measured and Indicated	4,620.0	2,415.0	0.46	0.31	21,476	7,507
		Inferred ⁽⁶⁾	2,270.0	3,180.0	0.37	0.60	8,399	19,234

Mining method: OP = Open Pit, UG = Underground.

⁽¹⁾ **Quellaveco:** Based on a feasibility study completed in 2000. Mineral Resources are quoted using a US\$ 1.80/lb resource pit constraint. Inferred Mineral Resources with reasonable prospects of eventual economic extraction not considered in the Mine Plan in 2008 are as follows:- (Tt = Thousand tonnes)

Tonnes	Grade (% Cu)	Contained metal	Economic criteria
392.7Mt	0.48% (Tcu)	1,885Tt	Pit Shell @US\$1.8/lb

⁽²⁾ **Gamsberg:** Based on a feasibility study completed in 2000 and reviewed in 2006 to account for prevailing economic and financial assumptions. Ore Reserves have reduced due to mining of approximately 0.06Mt of material with an average grade of 7.28% Zn via the exploration adit which was processed at the Black Mountain concentrator. An optimised pit shell includes Inferred Resources of 54.2Mt with an average grade of 4.10% Zn. Gamsberg is owned by Black Mountain Mining (Pty) Ltd – 74% owned by Anglo Operations Limited and 26% by Exxaro group of companies.

⁽³⁾ **Pebble:** Copper Equivalent (CuEq) calculations use metal prices of US\$1.80/lb copper, US\$800/oz gold and US\$10.00/lb for molybdenum. The CuEq calculation takes into consideration the relative difference in recovery between the copper, gold and molybdenum. The estimates of metallurgical recoveries used in the calculation were 91% for copper, 75% for gold and 90% for molybdenum in the western side of the deposits (formerly Pebble West) and 93% for copper, 80% for gold and 94% for molybdenum in the eastern side of the deposit (formerly Pebble East). The estimates of metallurgical recovery are preliminary results from the ongoing Prefeasibility study. For 2007, the calculation of CuEq did not take the relative difference in recoveries into account. By definition, Mineral Resources do not have demonstrated economic viability and neither should it be assumed that all or part of the Inferred Resources will necessarily convert to Indicated or Measured Resources. A test for "reasonable prospects for eventual economic extraction" has been carried out and the mineral resources fall within a volume defined by metal price estimates of US\$2.50/lb for copper, US\$900/oz for gold and US\$25/lb for molybdenum. The resources are based on drilling to June 2008 and a block model created in July 2008. The resources in the table are based on a cut-off grade of 0.4%CuEq. At a cut-off of 0.6%CuEq the estimates of Measured plus Indicated Resources are 3090 million tonnes at 0.56%Cu, 0.42g/t Au and 0.030%Mo (0.96%CuEq).

⁽⁴⁾ **Pebble co-product estimated grades 2008 (Measured):** Gold 0.36g/t, Molybdenum 0.018%. CuEq average grade 0.63%.

⁽⁵⁾ **Pebble co-product estimated grades 2008 (Indicated):** Gold 0.37g/t, Molybdenum 0.027%. CuEq average grade 0.83%.

⁽⁶⁾ **Pebble co-product estimated grades 2008 (Inferred):** Gold 0.35g/t, Molybdenum 0.026%. CuEq average grade 0.71%.

⁽⁷⁾ **Pebble:** Previously the deposit was divided into Pebble West and Pebble East. In 2007 Measured and Indicated Resources were all reported from Pebble West at a cut-off of 0.4%CuEq while for the Inferred Resources, Pebble West (760Mt at 0.27%Cu containing 2,052kt of copper) were reported at a cut-off of 0.4%CuEq and Pebble East (2,420Mt at 0.71%Cu containing 17,182kt of copper) were reported at a cut-off of 0.8%CuEq.

⁽⁸⁾ **Pebble:** Significant changes between 2007 and 2008 resources, include a major upgrade of Inferred Resources in the former Pebble East to Indicated, the change in the cut-off grade of resources reported from the former Pebble East from 0.8%CuEq to 0.4%CuEq, the application of the test for reasonable prospects for eventual economic extraction and the inclusion of relative recoveries in the calculation of the CuEq. Less significant changes were due to classification methodology.

⁽⁹⁾ **Pebble:** The property comprises a continuous block of 1,335 located Alaska State mineral claims which total 98,000 acres (39,659 hectares) and which are currently valid. The claims must be renewed annually before 1 December through the payment of rental fees (approx. US\$200,000) and registration of work conducted or payment of cash in lieu (approx. US\$250,000). There are no known factors affecting the claims.

The Mineral Resources of the following projects were reviewed during 2008 by independent consultants: Pebble.

Ferrous Metals

Kumba Iron Ore

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The SAMREC Code, 2007. The Mineral Resources are reported as exclusive of those Mineral Resources modified to produce the Ore Reserve figures, i.e. the Ore Reserves are excluded from the Mineral Resource figures. In contrast, in 2007, Anglo American reported Mineral Resources for Kumba Iron Ore inclusive of Ore Reserves. The change to an exclusive reporting basis is in alignment with Anglo American's reporting practice. These exclusive Mineral Resources are taken from the Kumba Iron Ore Annual Report of 2007.

The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. Rounding of figures may cause computational discrepancies.

Iron Ore		Classification	Tonnes million		Grade		Saleable product million tonnes	
Ore Reserves	Attributable %		2008	2007	2008	2007	2008	2007
Sishen Iron Ore Mine (OP) ⁽¹⁾	36.6				%Fe	%Fe		
		Proved	709.2	805.3	59.7	59.5	536@65.0% Fe	598@65.2% Fe
		Probable	247.7	227.2	59.3	60.0	187@65.1% Fe	174@65.3% Fe
		Total	956.9	1,032.5	59.6	59.6	723@65.0% Fe	772@65.2% Fe
Thabazimbi Iron Ore Mine (OP)	46.6				%Fe	%Fe		
		Proved	4.1	7.8	64.5	62.9	4@64.9% Fe	7@63.5% Fe
		Probable	0.8	1.5	64.9	62.7	1@65.1% Fe	1@63.1% Fe
		Total	4.9	9.3	64.6	62.9	5@64.9% Fe	8@63.4% Fe
Sishen South Iron Ore Project (OP) ⁽²⁾	46.6				%Fe	%Fe		
		Proved	123.1	97.7	64.2	64.7	123@64.1% Fe	97@64.7% Fe
		Probable	91.0	78.2	63.9	63.6	91@63.9% Fe	78@63.6% Fe
		Total	214.1	175.9	64.1	64.2	214@64.0% Fe	176@64.2% Fe

Iron Ore		Classification	Tonnes million		Grade	
Mineral Resources	Attributable %		2008	2007	2008	2007
Sishen Iron Ore Mine (OP)	36.6				%Fe	%Fe
Within Pit		Measured	44.8	31.2	59.5	60.7
		Indicated	14.5	23.2	57.7	59.7
		Measured and Indicated	59.3	54.5	59.1	60.3
		Inferred in Mine Plan	4.2	4.9	61.8	62.4
Outside Pit ⁽³⁾		Measured	713.9	617.8	54.6	55.2
		Indicated	701.0	588.5	57.4	58.6
		Measured and Indicated	1,414.8	1,206.3	56.0	56.9
		Inferred	146.6	109.7	59.4	61.0
Thabazimbi Iron Ore Mine (OP)	46.6				%Fe	%Fe
Within Pit		Measured	0.7	0.5	61.0	62.3
		Indicated	0.0	0.1	61.8	61.6
		Measured and Indicated	0.7	0.5	61.0	62.2
		Inferred in Mine Plan	0.3	0.3	61.8	61.6
Outside Pit		Measured	18.0	18.1	62.4	62.4
		Indicated	4.8	4.9	63.4	63.4
		Measured and Indicated	22.9	23.0	62.6	62.6
		Inferred	2.6	2.7	63.5	63.4
Sishen South Iron Ore Project (OP)	46.6				%Fe	%Fe
Within Pit ⁽⁴⁾		Measured	0.9	–	61.1	–
		Indicated	0.8	–	61.6	–
		Measured and Indicated	1.7	–	61.3	–
		Inferred in Mine Plan	35.4	–	65.5	–
Outside Pit		Measured	48.6	31.3	65.1	65.6
		Indicated	20.0	55.6	65.0	64.3
		Measured and Indicated	68.6	86.8	65.1	64.8
		Inferred	47.1	10.1	62.5	63.4

Mining method: OP = Open Pit.

The tonnage is quoted as dry metric tonnes and abbreviated as Mt for million tonnes.

Kumba Iron Ore delimit resources within an economic shell based on double the Free On Rail forward-looking long-term iron ore price.

The Mineral Resources in addition to those considered for the Life of Mine (LOM) are reported as Outside Pit.

The Zandriverspoort Project is no longer reported as Anglo American's shareholding (23.3%) is below the internal threshold for reporting. Details of this project are presented in the Kumba Iron Ore Annual Report.

⁽¹⁾ Sishen Iron Ore Mine – Ore Reserves: Decrease is predominantly reflective of production with a lesser contribution from changes to the geological model.

⁽²⁾ Sishen South Iron Ore Project – Ore Reserves: Increase is attributable to an updated geological model, changes in economic assumptions including the increased forward-looking Free On Rail iron-ore price and a reduced cut-off grade.

⁽³⁾ Sishen Iron Ore Mine – Outside Pit: Increase is due to revision of geological model based on exploration drilling and the increased forward-looking Free On Rail iron-ore price.

⁽⁴⁾ Sishen South Iron Ore Project – Within Pit: Increase is mainly a response to the increased forward-looking Free On Rail iron-ore price.

The Mineral Resources of the following operations were reviewed during 2008 by independent consultants: Sishen Iron Ore Mine.

Ferrous Metals continued

Anglo Ferrous Brazil

The Minas-Rio project is located in the state of Minas Gerais, Brazil and will include open pit mines and a beneficiation plant producing high grade pellet feed which will be transported, through a slurry pipeline, over 500km to the Port of Açu in the state of Rio de Janeiro. The project will largely be based on the two main deposits of Serra do Sapo and Itapanhoacanga. Two ore types, Friable and Hard Itabirite, have been identified at Serra do Sapo and Itapanhoacanga. Only the Friable Itabirite at Serra do Sapo is being considered for Phase 1 of the project. The planned annual capacity of Phase 1 is 26.5Mtpa of iron ore pellet feed (wet tonnes), for start up during the second quarter of 2012.

The estimates of Mineral Resources have been audited by an independent Qualified Person from SRK who has compiled a NI 43-101 compliant Technical Report. In the case of the Serra do Sapo deposit a new Mineral Resource estimate was prepared in 2008 by Anglo Ferrous Brazil and audited by SRK. The Mineral Resources are also JORC compliant. The Qualified Person has consented to the inclusion of the resources in the table below, and associated footnotes, and agrees with the context and form in which they occur.

The figures reported represent 100% of the Mineral Resources. Anglo American plc's effective interest in the Minas Rio Project is 99.4%. Rounding of figures may cause computational discrepancies.

Minas-Rio Project⁽¹⁾⁽⁷⁾⁽⁸⁾

Iron Ore

Mineral Resources	Attributable %	Classification	2008	Tonnes million	2007	2008	Grade
						%Fe	%Fe
Itapanhoacanga (OP)⁽³⁾⁽⁴⁾	99.4						
Friable Itabirite		Measured	—	—	—	—	—
		Indicated	83.0	83.0	40.3	40.3	40.3
		Measured and Indicated	83.0	83.0	40.3	40.3	40.3
		Inferred ⁽²⁾	284.0	284.0	40.4	40.4	40.4
Hard Itabirite		Measured	—	—	—	—	—
		Indicated	—	—	—	—	—
		Measured and Indicated	—	—	—	—	—
		Inferred ⁽²⁾	32.0	32.0	34.2	34.2	34.2
Serra do Sapo (OP)⁽⁵⁾	99.4					%Fe	%Fe
Friable Itabirite and Hematite ⁽⁶⁾		Measured	462.0	—	38.1	—	—
		Indicated	565.8	222.0	37.5	41.0	41.0
		Measured and Indicated	1,027.8	222.0	37.8	41.0	41.0
		Inferred ⁽²⁾	143.9	313.0	34.3	39.5	39.5
Hard Itabirite		Measured	—	—	—	—	—
		Indicated	1,650.5	171.0	31.0	34.8	34.8
		Measured and Indicated	1,650.5	171.0	31.0	34.8	34.8
		Inferred ⁽²⁾	680.8	141.0	30.3	34.2	34.2

Mining method: OP = Open Pit.

⁽¹⁾ **Minas-Rio Project:** All Mineral Resources are stated as wet metric tonnes and the moisture content is estimated at 7%.

⁽²⁾ **Minas-Rio Project – Inferred Resources:** Due to the uncertainty in the estimates of Inferred Resources, it should not be assumed that all of the Inferred Resources will necessarily upgrade to Indicated or Measured Resources.

⁽³⁾ **Itapanhoacanga:** Cut-off grade used is 33% Fe.

⁽⁴⁾ **Itapanhoacanga – Further lower grade resources above a cut-off of 20% Fe:**
Friable Itabirite – an estimated 7Mt of Indicated Mineral Resources at an estimated average grade of 32% Fe;
Friable Itabirite – an estimated 78Mt of Inferred Mineral Resources at an estimated average grade of 29% Fe; and
Hard Itabirite – an estimated 19Mt of Inferred Mineral Resources at an estimated average grade of 31% Fe.

⁽⁵⁾ **Serra do Sapo:** A new geological model and resource estimate was completed during 2008. A significant increase in Mineral Resources has occurred due to the inclusion of new drill results. Additional increases are attributable to a lowering of cut-off grade to 25% Fe from the previous 33% Fe.

⁽⁶⁾ **Serra do Sapo – Friable Itabirite and Hematite:** The hematite material has been included within the friable material type, as it is an attractive material type economically but not significant in tonnage terms.

⁽⁷⁾ **Serra deposit – Resources above a cut-off of 33% Fe:**
Friable plus Hard Itabirite – an estimated 25Mt of Indicated and 56Mt of Inferred Mineral Resources at an estimated average grade of approximately 38% Fe.
Further lower grade resources above a cut-off of 20% Fe:
Friable plus Hard Itabirite – an estimated 101Mt of Indicated and 256Mt of Inferred Mineral Resources at an estimated average grade of 29% Fe.

⁽⁸⁾ **João Monlevade deposit – Resources above a cut-off of 30% Fe:**
Friable Itabirite – an estimated 133Mt of Inferred Mineral Resources at an estimated average grade of 47% Fe.

Amapá iron ore system

Iron Ore

Anglo American acquired an effective 69.2% interest in the Amapá project during 2008. During 2008 new exploration drilling was conducted within the project mineral rights area. A resource and reserve estimate incorporating all project data will be prepared in 2009.

Samancor

The Ore Reserve and Mineral Resource estimates were compiled in accordance with The SAMREC Code, 2007 and The JORC Code, 2004 as applicable. The Mineral Resources are reported as inclusive of those Mineral Resources modified to produce the Ore Reserve figures, i.e. the Ore Reserves are included in the Mineral Resource figures.

The figures reported represent 100% of the Ore Reserves and Mineral Resources. Rounding of figures may cause computational discrepancies.

Manganese Ore Reserves		Classification	Tonnes million		Grade		% Yield	
	Attributable %		2008	2007	2008	2007	2008	2007
GEMCO (OP)⁽¹⁾	40.0				%Mn	%Mn		
		Proved	71.9	81.8	48.2	48.2	49.4	49.3
		Probable	43.9	44.7	47.1	47.2	47.0	47.0
		Total	115.8	126.5	47.8	47.8	48.5	48.5
Hotazel Manganese Mines	40.0				%Mn	%Mn		
Mamatwan (OP) ⁽²⁾		Proved	40.5	44.0	37.7	37.6		
		Probable	8.1	8.1	36.8	36.4		
		Total	48.6	52.1	37.6	37.4		
Wessels (UG) ⁽³⁾		Proved	3.9	4.6	46.5	46.0		
		Probable	14.9	14.8	45.3	45.2		
		Total	18.8	19.4	45.5	45.4		
Manganese Mineral Resources		Classification	Tonnes million		Grade		% Yield	
	Attributable %		2008	2007	2008	2007	2008	2007
GEMCO (OP)⁽⁴⁾	40.0				%Mn	%Mn		
		Measured	74.6	80.1	46.3	46.5	44.2	44.2
		Indicated	47.5	47.7	46.0	46.0	44.0	44.0
		Measured and Indicated	122.1	127.8	46.2	46.3	44.1	44.1
Hotazel Manganese Mines⁽⁵⁾	40.0				%Mn	%Mn		
Mamatwan (OP) ⁽⁶⁾		Measured	51.8	56.2	37.6	37.6		
		Indicated	13.9	15.6	36.3	36.4		
		Measured and Indicated	65.7	71.8	37.3	37.3		
Wessels (UG) ⁽⁷⁾		Measured	6.7	8.8	47.3	46.0		
		Indicated	119.6	30.7	44.0	45.3		
		Measured and Indicated	126.3	39.5	44.1	45.5		

Mining method: OP = Open Pit, UG = Underground.

Mamatwan tonnages stated as wet metric tonnes. Wessels and GEMCO tonnages stated as dry metric tonnes.

⁽¹⁾ **GEMCO – Ore Reserves:** Changes are the result of pricing changes (increases) between FY07 and FY08. Culturally significant areas have also been excised from the Ore Reserves (G Quarry rainforest) adjacent to the local community. This excision equates to 3.24Mt of ROM for 1.29Mt of product at 47.6% Mn at a yield of 40%.

⁽²⁾ **Mamatwan – Ore Reserves:** X-Zone included as a reserve.

⁽³⁾ **Wessels – Ore Reserves:** Dilution factors as per Ukwazi Mining were used for the resource to reserve conversion. Note that the reserve estimation includes a fines portion of 24% which defines the difference between ROM and quality product. Changes due to following: Revised structural interpretation and model of the Lower Body; Wessels Mine used to be a high grade mine – mean manganese content for W1Lump being 48%. As a result only this high grade portion was previously declared while a low grade portion, W4Lump at a mean grade of 41.8% manganese, was declared as an exclusive resource, with the selling of this product being dependent on marketing requirements. Positive changes in market conditions now allow for the inclusion of all grades above a cut-off of 37.5% Mn; The traditional W1L at a mean grade of 48% was also adjusted to 47% Mn; Changes also due to mine production depletion.

⁽⁴⁾ **GEMCO – Mineral Resources:** The resource has only been depleted due to mine production.

⁽⁵⁾ **Hotazel Manganese Mines:** An agreement has been signed between Samancor Manganese and an empowerment consortium Ntsimbintle Mining (Pty) Ltd, but remains subject to government approval. When approved, this transaction allows for the inclusion of part of the Prospecting Rights held by Ntsimbintle into the Wessels and Mamatwan Mining Areas in exchange for 9% of the equity in Hotazel Manganese Mines, thereby adding the resources within the Ntsimbintle Prospecting Right to the Wessels and Mamatwan Mining Rights. The Anglo American share of Wessels and Mamatwan mines (Hotazel Manganese Mines) will consequently drop to 36.4%.

⁽⁶⁾ **Mamatwan – Mineral Resources:** Mineral Resources have been declared above a 35% Mn cut-off grade and also exclude those resources to be contributed by Ntsimbintle Mining (Pty) Ltd.

⁽⁷⁾ **Wessels – Mineral Resources:** Changes due to following: Revised structural interpretation and model of the Lower Body; The Upper Body, after extensive evaluation, was added as an Indicated Resource. Changes also due to mine production depletion. Figures exclude those resources to be contributed by Ntsimbintle Mining (Pty) Ltd.

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Coal

Anglo Coal

The Coal Reserve and Coal Resource estimates were compiled in accordance with the Australasian Code for Reporting of Mineral Resources and Ore Reserves (The JORC Code, 2004) as a minimum standard. Where relevant, the estimates were also prepared in compliance with regional codes and requirements (e.g. The SAMREC Code, 2007). The Coal Resources are additional to those resources which have been modified to produce the Coal Reserves. The tonnage is quoted as wet metric tonnes at the appropriate in-situ moisture content.

The figures reported represent 100% of the Ore Reserves and Mineral Resources, the percentage attributable to Anglo American plc is stated separately. A change to the 100% reporting basis necessitated a change to certain figures as reported in 2007. Rounding of figures may cause computational discrepancies.

Coal Reserves ⁽¹⁾		Classification	ROM Tonnes ⁽³⁾		Yield ⁽⁴⁾		CV/CSN ⁽⁵⁾		Saleable Tonnes ⁽³⁾	
Australia	Attributable % ⁽²⁾		2008	2007	2008	2007	2008	2007	2008	2007
Callide (OC)	100		million	million	%	%	kcal/kg	kcal/kg	million	million
Domestic Power		Proved	134.6	204.8	97.4	98.7	4,530	4,610	131.0	202.1
		Probable	87.7	27.0	99.2	98.1	4,550	4,480	87.0	26.5
		Total	222.3	231.8	98.1	98.6	4,540	4,590	218.0	228.5
Capcoal (UG/OC)	71.6		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	125.8	135.6	38.9	41.1	7,400	7,400	53.1	57.8
		Probable	90.3	90.1	39.1	41.3	7,400	7,400	38.6	38.6
		Total	216.1	225.6	39.0	41.2	7,400	7,400	91.7	96.5
Coking		Proved			%	%	CSN	CSN	million	million
		Probable			29.8	29.9	8.5	8.5	39.1	42.6
		Total			17.2	17.3	8.5	8.5	16.3	16.3
					24.5	24.9	8.5	8.5	55.4	58.9
Dawson (OC)	51.0		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	205.1	213.6	53.2	53.3	6,600	6,610	114.1	117.8
		Probable	123.0	123.0	30.5	30.6	6,620	6,570	38.9	39.1
		Total	328.1	336.6	44.7	45.0	6,610	6,600	153.0	156.9
Coking		Proved			%	%	CSN	CSN	million	million
		Probable			28.0	28.0	7.5	7.5	59.6	62.9
		Total			47.5	47.5	7.5	7.5	61.4	61.4
					35.3	35.1	7.5	7.5	121.0	124.3
Drayton (OC)	88.2		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	26.5	30.7	69.8	69.8	6,720	6,720	18.5	21.4
		Probable	14.4	14.6	69.8	69.8	6,740	6,740	10.1	10.2
		Total	40.9	45.3	69.8	69.8	6,730	6,730	28.6	31.6
Domestic Power		Proved			%	%	kcal/kg	kcal/kg	million	million
		Probable			25.0	25.0	5,780	5,780	6.6	7.7
		Total			25.0	25.0	5,780	5,780	3.6	3.7
					25.0	25.0	5,780	5,780	10.2	11.3
Moranbah North (UG)	88.0		million	million	%	%	CSN	CSN	million	million
Coking		Proved	118.4	119.5	75.8	77.4	7.5	8.0	95.0	97.7
		Probable	17.3	23.3	74.0	73.0	8.0	7.5	13.6	17.9
		Total	135.8	142.8	75.6	76.7	7.5	8.0	108.6	115.6
Australia Export Thermal	61.8		million	million	%	%	kcal/kg	kcal/kg	million	million
		Proved	610.4	704.1	50.8	51.5	6,840	6,860	185.7	197.1
		Probable	332.8	278.0	38.8	39.9	6,980	6,950	87.6	87.9
		Total	943.2	982.1	45.4	46.5	6,880	6,890	273.3	285.0
Australia Coking	69.1				%	%	CSN	CSN	million	million
		Proved			51.8	52.2	8.0	8.0	193.7	203.1
		Probable			46.0	47.1	8.0	7.5	91.4	95.7
		Total			48.6	49.2	8.0	8.0	285.0	298.9
Australia Domestic Power	99.5				%	%	kcal/kg	kcal/kg	million	million
		Proved			93.9	96.0	4,590	4,650	137.6	209.7
		Probable			96.3	89.2	4,600	4,640	90.7	30.1
		Total			94.8	95.2	4,590	4,650	228.3	239.9

Mining method: OC = Open Cast, UG = Underground.

For the multi-product operations, the ROM tonnage figures apply to each product.

The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account.

Attributable percentages for country totals are weighted by saleable tonnes and should not be directly applied to the ROM tonnage.

Additional footnotes appear at the end of the section.

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

Coking refers to a high-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in steel industry, particularly from Australian operations; quality measured as crucible swell number (CSN). Metallurgical refers to semi soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal.

Domestic Power refers to low- to high-volatile thermal or semi-soft coal primarily for domestic consumption for power generation, predominantly in Australia and South Africa; quality measured by calorific value.

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

Coal Reserves⁽¹⁾

Canada	Attributable % ⁽²⁾	Classification	ROM Tonnes ⁽³⁾		Yield ⁽⁴⁾		CV/CSN ⁽⁵⁾		Saleable Tonnes ⁽³⁾	
			2008	2007	2008	2007	2008	2007	2008	2007
Trend (OC)	74.0		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	10.4	11.4	2.0	—	5,660	—	0.2	—
		Probable	4.2	4.2	2.8	—	5,660	—	0.1	—
		Total	14.6	15.6	2.2	—	5,660	—	0.3	—
Coking					%	%	CSN	CSN	million	million
		Proved			68.0	67.4	7.0	7.0	7.4	8.0
		Probable			67.3	66.4	7.0	7.0	3.0	2.8
		Total			67.8	67.1	7.0	7.0	10.4	10.8
Canada Export Thermal	74.0		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	10.4	11.4	2.0	—	5,660	—	0.2	—
		Probable	4.2	4.2	2.8	—	5,660	—	0.1	—
		Total	14.6	15.6	2.2	—	5,660	—	0.3	—
Canada Coking	74.0				%	%	CSN	CSN	million	million
Coking		Proved			68.0	67.4	7.0	7.0	7.4	8.0
		Probable			67.3	66.4	7.0	7.0	3.0	2.8
		Total			67.8	67.1	7.0	7.0	10.4	10.8

Coal Reserves⁽¹⁾

Colombia	Attributable % ⁽²⁾	Classification	ROM Tonnes ⁽³⁾		Yield ⁽⁴⁾		CV/CSN ⁽⁵⁾		Saleable Tonnes ⁽³⁾	
			2008	2007	2008	2007	2008	2007	2008	2007
Cerréjon (OC)	33.3		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	519.3	649.0	96.9	100	6,200	6,130	502.9	661.2
		Probable	241.0	211.2	96.9	100	6,200	6,220	233.4	215.4
		Total	760.2	860.2	96.9	100	6,200	6,160	736.3	876.6
Colombia Export Thermal	33.3		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	519.3	649.0	96.9	100	6,200	6,130	502.9	661.2
		Probable	241.0	211.2	96.9	100	6,200	6,220	233.4	215.4
		Total	760.2	860.2	96.9	100	6,200	6,160	736.3	876.6

Mining method: OC = Open Cast, UG = Underground.

For the multi-product operations, the ROM tonnage figures apply to each product.

The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account.

Attributable percentages for country totals are weighted by saleable tonnes and should not be directly applied to the ROM tonnage.

Additional footnotes appear at the end of the section.

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

Coking refers to a high-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in steel industry, particularly from Australian operations; quality measured as crucible swell number (CSN).

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

Domestic Power refers to low- to high-volatile thermal or semi-soft coal primarily for domestic consumption for power generation, predominantly in Australia and South Africa; quality measured by calorific value.

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

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Coal continued

Coal Reserves ⁽¹⁾		Classification	ROM Tonnes ⁽³⁾		Yield ⁽⁴⁾		CV/CSN ⁽⁵⁾		Saleable Tonnes ⁽³⁾	
South Africa	Attributable % ⁽²⁾		2008	2007	2008	2007	2008	2007	2008	2007
Goedehoop (UG/OC)	100		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	50.5	46.7	49.9	57.5	6,200	6,160	26.3	27.5
		Probable	81.2	103.7	54.2	52.9	6,130	6,170	45.1	56.1
		Total	131.7	150.4	52.6	54.4	6,150	6,160	71.4	83.6
Metallurgical		Proved			%	%	kcal/kg	kcal/kg	million	million
		Probable			2.0	3.3	6,990	7,080	1.0	1.5
		Total			—	4.2	—	7,010	—	4.4
					0.8	3.9	6,990	7,030	1.0	5.9
Greenside (UG)	100		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	19.5	9.3	63.2	64.2	6,200	6,200	12.6	6.3
		Probable	12.2	47.6	60.3	60.3	6,220	6,190	7.5	30.4
		Total	31.7	56.9	62.1	60.9	6,230	6,200	20.1	36.7
Isibonelo (OC)	100		million	million	%	%	kcal/kg	kcal/kg	million	million
Domestic Synfuel		Proved	90.6	91.5	100	100	4,660	4,870	90.6	91.3
		Probable	—	—	—	—	—	—	—	—
		Total	90.6	91.5	100	100	4,660	4,870	90.6	91.3
Kleinkopje (OC)	100		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	81.9	75.2	32.9	57.7	6,220	6,170	27.3	43.8
		Probable	25.4	64.0	49.0	52.8	6,230	6,180	12.6	33.9
		Total	107.4	139.2	36.7	55.4	6,220	6,170	39.9	77.7
Domestic Power		Proved			%	%	kcal/kg	kcal/kg	million	million
		Probable			40.6	—	4,530	—	33.2	—
		Total			—	—	—	—	—	—
					31.0	—	4,530	—	33.2	—
Kriel (UG/OC)	73.0		million	million	%	%	kcal/kg	kcal/kg	million	million
Domestic Power		Proved	82.1	94.8	100	100	4,800	4,920	82.1	94.8
		Probable	62.4	61.4	100	100	4,500	4,730	62.4	61.4
		Total	144.5	156.2	100	100	4,670	4,850	144.5	156.2
Landau (OC)	100		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	37.5	37.8	50.1	58.5	6,270	6,250	18.8	22.2
		Probable	27.8	35.7	48.4	64.9	6,260	5,730	13.4	23.5
		Total	65.3	73.5	49.4	61.6	6,270	5,980	32.3	45.7
Domestic Power		Proved			%	%	kcal/kg	kcal/kg	million	million
		Probable			10.6	—	3,340	—	4.0	—
		Total			15.3	—	4,690	—	4.2	—
					12.6	—	4,040	—	8.2	—
Mafube (OC)	50.0		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	40.6	44.3	54.2	53.6	6,290	6,260	22.0	23.9
		Probable	66.8	—	36.9	—	6,270	—	24.7	—
		Total	107.3	44.3	43.4	53.6	6,280	6,260	46.7	23.9
Domestic Power		Proved			%	%	kcal/kg	kcal/kg	million	million
		Probable			28.0	25.9	5,380	5,050	11.4	12.1
		Total			31.3	—	5,080	—	20.9	—
					30.1	25.9	5,190	5,050	32.3	12.1
New Denmark (UG)	100		million	million	%	%	kcal/kg	kcal/kg	million	million
Domestic Power		Proved	41.9	62.6	100	100	4,900	5,140	41.9	62.6
		Probable	87.6	102.1	100	100	4,850	5,100	87.6	102.1
		Total	129.5	164.7	100	100	4,870	5,120	129.5	164.7
New Vaal (OC)	100		million	million	%	%	kcal/kg	kcal/kg	million	million
Domestic Power		Proved	444.9	477.2	91.2	91.7	3,500	3,720	417.6	448.0
		Probable	—	—	—	—	—	—	—	—
		Total	444.9	477.2	91.2	91.7	3,500	3,720	417.6	448.0
Nooitgedacht 5 Seam (UG)	100		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	2.9	3.6	39.9	—	6,200	—	1.2	—
		Probable	—	—	—	—	—	—	—	—
		Total	2.9	3.6	39.9	—	6,200	—	1.2	—
Metallurgical		Proved			%	%	kcal/kg	kcal/kg	million	million
		Probable			30.5	71.9	6,510	6,470	0.9	2.6
		Total			—	—	—	—	—	—
					30.5	71.9	6,510	6,470	0.9	2.6
Zondagsfontein (UG/OC)	73.0		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal		Proved	—	—	—	—	—	—	—	—
		Probable	117.7	—	40.1	—	6,340	—	47.5	—
		Total	117.7	—	40.1	—	6,340	—	47.5	—
Domestic Power		Proved			%	%	kcal/kg	kcal/kg	million	million
		Probable			40.5	—	4,880	—	49.8	—
		Total			40.5	—	4,880	—	49.8	—

Mining method: OC = Open Cast, UG = Underground.

For the multi-product operations, the ROM tonnage figures apply to each product.

The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account.

Additional footnotes appear at the end of the section.

Coal Reserves⁽¹⁾

South Africa		Attributable % ⁽²⁾	Classification	2008	2007	2008	2007	2008	2007	2008	2007
South Africa Export Thermal		86.0		million	million	%	%	kcal/kg	kcal/kg	million	million
	Proved			892.4	943.0	48.0	57.7	6,240	6,200	108.2	123.8
	Probable			481.0	414.5	46.3	56.4	6,240	6,100	150.9	143.8
	Total			1,373.4	1,357.5	46.5	56.9	6,240	6,150	259.1	267.6
South Africa Metallurgical		100				%	%	kcal/kg	kcal/kg	million	million
	Proved					15.8	46.5	6,760	6,700	1.9	4.2
	Probable					—	4.2	—	7,010	—	4.4
	Total					15.2	24.8	6,760	6,860	1.9	8.6
South Africa Domestic Power		91.6				%	%	kcal/kg	kcal/kg	million	million
	Proved					88.4	93.2	3,870	4,070	590.1	617.5
	Probable					78.8	100	4,780	4,970	225.0	163.5
	Total					85.4	94.6	4,120	4,260	815.1	780.9
South Africa Synfuel		100				%	%	kcal/kg	kcal/kg	million	million
	Proved					100	100	4,660	4,870	90.6	91.3
	Probable					—	—	—	—	—	—
	Total					100	100	4,660	4,870	90.6	91.3

Coal Reserves⁽¹⁾

Venezuela		Attributable % ⁽²⁾	Classification	ROM Tonnes ⁽³⁾		Yield ⁽⁴⁾		CV/CSN ⁽⁵⁾		Saleable Tonnes ⁽³⁾	
				2008	2007	2008	2007	2008	2007	2008	2007
Guasare (OC)		25.0		million	million	%	%	kcal/kg	kcal/kg	million	million
Export Thermal			Proved	136.6	141.0	100	100	7,320	7,100	141.1	145.5
			Probable	—	—	—	—	—	—	—	—
			Total	136.6	141.0	100	100	7,320	7,100	141.1	145.5
Venezuela Export Thermal		25.0		million	million	%	%	kcal/kg	kcal/kg	million	million
			Proved	136.6	141.0	100	100	7,320	7,100	141.1	145.5
			Probable	—	—	—	—	—	—	—	—
			Total	136.6	141.0	100	100	7,320	7,100	141.1	145.5

Total Coal Reserves	Attributable % ⁽²⁾	Classification	ROM Tonnes ⁽³⁾		Yield ⁽⁴⁾		CV/CSN ⁽⁵⁾		Saleable Tonnes ⁽³⁾	
			2008	2007	2008	2007	2008	2007	2008	2007
Export Thermal	47.7		million	million	%	%	kcal/kg	kcal/kg	million	million
		Proved	2,169.1	2,448.5	82.6	74.7	6,500	6,390	938.1	1,127.6
		Probable	1,059.0	907.9	69.9	61.9	6,360	6,330	472.0	447.2
		Total	3,228.0	3,356.4	77.9	69.7	6,450	6,370	1,410.1	1,574.7
Metallurgical	100				%	%	kcal/kg	kcal/kg	million	million
		Proved			15.8	46.5	6,760	6,700	1.9	4.2
		Probable			—	4.2	—	7,010	—	4.4
		Total			15.2	24.8	6,760	6,860	1.9	8.6
Coking	69.3				%	%	CSN	CSN	million	million
		Proved			52.4	52.7	8.0	8.0	201.1	211.1
		Probable			46.7	47.7	7.5	7.5	94.3	98.5
		Total			49.2	49.8	8.0	8.0	295.4	309.7
Domestic Power	93.3				%	%	kcal/kg	kcal/kg	million	million
		Proved			89.5	93.9	4,010	4,220	727.7	827.2
		Probable			83.8	98.3	4,730	4,910	315.6	193.6
		Total			87.5	94.7	4,230	4,350	1,043.4	1,020.8
Synfuel	100				%	%	kcal/kg	kcal/kg	million	million
		Proved			100	100	4,660	4,870	90.6	91.3
		Probable			—	—	—	—	—	—
		Total			100	100	4,660	4,870	90.6	91.3

Mining method: OC = Open Cast, UG = Underground.

For the multi-product operations, the ROM tonnage figures apply to each product.

The Saleable tonnage cannot be calculated directly from the ROM reserve tonnage using the air dried yields as presented since the difference in moisture content is not taken into account.

Attributable percentages for country totals are weighted by saleable tonnes and should not be directly applied to the ROM tonnage.

Additional footnotes appear at the end of the section.

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

Coking refers to a high-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in steel industry, particularly from Australian operations; quality measured as crucible swell number (CSN).

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

Domestic Power refers to low- to high-volatile thermal or semi-soft coal primarily for domestic consumption for power generation, predominantly in Australia and South Africa; quality measured by calorific value.

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

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Coal continued

Coal Resources – Mine Leases⁽⁶⁾

Australia	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Callide (OC)	100		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	317.8	253.9	4,800	4,950
		Indicated	375.3	346.0	4,740	4,790
		Measured and Indicated	693.1	599.9	4,770	4,860
		Inferred in Mine Plan ⁽⁸⁾	0.4	1.5	4,050	3,890
Capcoal (UG/OC)	71.6		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	181.2	121.1	7,160	7,160
		Indicated	119.8	103.8	7,160	7,160
		Measured and Indicated	301.0	224.9	7,160	7,160
		Inferred in Mine Plan ⁽⁸⁾	8.6	13.5	7,160	7,160
Dawson (OC)	51.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	162.3	5.9	6,560	6,350
		Indicated	215.1	33.0	6,590	6,350
		Measured and Indicated	377.4	38.9	6,580	6,350
		Inferred in Mine Plan ⁽⁸⁾	2.7	2.9	6,540	6,540
Drayton (OC)	88.2		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	9.3	6.8	6,730	6,740
		Indicated	12.4	11.7	6,760	6,760
		Measured and Indicated	21.7	18.4	6,750	6,750
		Inferred in Mine Plan ⁽⁸⁾	1.3	1.4	6,860	6,860
Foxleigh (OC)	70.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	1.8	–	7,680	–
		Indicated	71.0	–	7,420	–
		Measured and Indicated	72.7	–	7,430	–
		Inferred in Mine Plan ⁽⁸⁾	–	–	–	–
Moranbah North (UG)	88.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	32.4	35.4	6,730	6,730
		Indicated	22.4	18.4	6,730	6,730
		Measured and Indicated	54.7	53.9	6,730	6,730
		Inferred in Mine Plan ⁽⁸⁾	0.6	0.8	6,730	6,730
Australia Sub Total	80.2		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	704.7	423.1	5,930	5,780
		Indicated	816.0	512.9	5,900	5,480
		Measured and Indicated	1,520.7	936.0	5,920	5,620
		Inferred in Mine Plan ⁽⁸⁾	13.6	20.1	6,910	6,790

Coal Resources – Mine Leases⁽⁶⁾

Canada	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Trend (OC)	74.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	–	3.2	–	7,500
		Indicated	–	0.1	–	7,500
		Measured and Indicated	–	3.3	–	7,500
		Inferred in Mine Plan ⁽⁸⁾	2.4	2.5	7,500	7,500
Canada Sub Total	74.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	–	3.2	–	7,500
		Indicated	–	0.1	–	7,500
		Measured and Indicated	–	3.3	–	7,500
		Inferred in Mine Plan ⁽⁸⁾	2.4	2.5	7,500	7,500

Coal Resources – Mine Leases⁽⁶⁾

Colombia	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Cerréjon (OC)	33.3		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	667.1	204.1	6,400	6,520
		Indicated	712.8	990.2	6,290	6,210
		Measured and Indicated	1,379.9	1,194.3	6,340	6,270
		Inferred in Mine Plan ⁽⁸⁾	–	1.9	–	7,220
Colombia Sub Total	33.3		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	667.1	204.1	6,400	6,520
		Indicated	712.8	990.2	6,290	6,210
		Measured and Indicated	1,379.9	1,194.3	6,340	6,270
		Inferred in Mine Plan ⁽⁸⁾	–	1.9	–	7,220

Mining method: OC = Open Cast, UG = Underground.
Attributable percentages for country totals are weighted by Measured and Indicated MTIS.
Additional footnotes appear at the end of the section.

Coal Resources – Mine Leases⁽⁶⁾

South Africa	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Goedehoop (UG/OC)	100	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	135.4	132.9	5,010	5,910
		Indicated	83.8	100.6	5,320	5,430
		Measured and Indicated	219.2	233.5	5,130	5,700
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—
Greenside (UG)	100	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	—	—	—	—
		Indicated	—	—	—	—
		Measured and Indicated	—	—	—	—
		Inferred in Mine Plan ⁽⁸⁾	27.7	26.6	5,120	6,560
Isibonelo (OC)	100	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	—	—	—	—
		Indicated	25.8	25.8	5,330	5,330
		Measured and Indicated	25.8	25.8	5,330	5,330
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—
Kleinkopje (OC)	100	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	31.9	—	4,960	—
		Indicated	—	—	—	—
		Measured and Indicated	31.9	—	4,960	—
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—
Kriel (UG/OC)	73.0	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	61.8	56.9	5,280	5,490
		Indicated	34.7	39.5	4,710	4,740
		Measured and Indicated	96.5	96.5	5,080	5,180
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—
Landau (OC)	100	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	34.0	11.2	5,750	5,970
		Indicated	66.3	62.7	6,050	6,090
		Measured and Indicated	100.2	73.9	5,950	6,070
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—
Mafube (OC)	50.0	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	4.2	12.6	5,300	5,400
		Indicated	—	41.9	—	5,420
		Measured and Indicated	4.2	54.5	5,300	5,410
		Inferred in Mine Plan ⁽⁸⁾	10.7	—	5,420	—
New Denmark (UG)	100	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	—	—	—	—
		Indicated	—	—	—	—
		Measured and Indicated	—	—	—	—
		Inferred in Mine Plan ⁽⁸⁾	78.7	78.6	5,840	5,850
New Vaal (OC)	100	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	2.5	—	4,230	—
		Indicated	—	8.4	—	3,820
		Measured and Indicated	2.5	8.4	4,230	3,820
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—
Nooitgedacht 5 Seam (UG)	100	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	1.1	1.1	6,240	6,240
		Indicated	—	—	—	—
		Measured and Indicated	1.1	1.1	6,240	6,240
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—
Zondagsfontein (UG/OC)	73.0	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	90.8	202.1	4,480	5,150
		Indicated	220.3	343.2	5,200	5,120
		Measured and Indicated	311.2	545.3	4,990	5,130
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—
South Africa Sub Total	85.8	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	361.7	416.8	4,990	5,470
		Indicated	430.9	622.1	5,320	5,260
		Measured and Indicated	792.6	1,038.9	5,170	5,340
		Inferred in Mine Plan ⁽⁸⁾	117.1	105.2	5,630	6,030

Mining method: OC = Open Cast, UG = Underground.
Attributable percentages for country totals are weighted by Measured and Indicated MTIS.
Additional footnotes appear at the end of the section.

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Coal continued

Coal Resources – Mine Leases⁽⁶⁾

Venezuela	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Guasare (OC)	25.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	26.9	26.9	7,910	7,910
		Indicated	79.5	79.5	7,860	7,860
		Measured and Indicated	106.5	106.5	7,870	7,870
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—
Venezuela Sub Total	25.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	26.9	26.9	7,910	7,910
		Indicated	79.5	79.5	7,860	7,860
		Measured and Indicated	106.5	106.5	7,870	7,870
		Inferred in Mine Plan ⁽⁸⁾	—	—	—	—

Coal Resources – Mine Leases⁽⁶⁾

Total Mine Leases	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
	62.8		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	1,760.5	1,074.2	5,950	5,860
		Indicated	2,039.2	2,204.9	5,990	5,830
		Measured and Indicated	3,799.7	3,279.0	5,970	5,840
		Inferred in Mine Plan ⁽⁸⁾	133.1	129.7	5,800	6,190

Coal Resources – Projects⁽⁶⁾

Australia	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Dartbrook (UG/OC)	78.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	170.1	170.1	6,200	6,200
		Indicated	51.9	51.9	6,200	6,200
		Measured and Indicated	222.1	222.1	6,200	6,200
Grosvenor (UG)	100		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	227.8	195.9	6,650	6,230
		Indicated	111.9	95.7	6,660	6,230
		Measured and Indicated	339.7	291.6	6,650	6,230
Saddlers Creek (UG)	88.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	398.9	129.9	6,440	6,460
		Indicated	137.9	322.5	6,340	6,560
		Measured and Indicated	536.8	452.4	6,410	6,530
Taroom (OC)	51.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	36.4	—	5,560	—
		Indicated	89.0	—	5,580	—
		Measured and Indicated	125.5	—	5,570	—
Theodore (OC)	51.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	—	—	—	—
		Indicated	358.2	262.4	6,250	6,290
		Measured and Indicated	358.2	262.4	6,250	6,290
Australia Sub Total	77.9		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	833.2	495.9	6,410	6,280
		Indicated	749.0	732.5	6,240	6,390
		Measured and Indicated	1,582.2	1,228.5	6,330	6,350

Mining method: OC = Open Cast, UG = Underground.
Attributable percentages for country totals are weighted by Measured and Indicated MTIS.
Additional footnotes appear at the end of the section.

Coal Resources – Projects⁽⁶⁾

Canada	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Roman Mountain (OC)	74.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	18.2	–	6,810	–
		Indicated	6.3	–	6,810	–
		Measured and Indicated	24.5	–	6,810	–
Canada Sub Total	74.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	18.2	–	6,810	–
		Indicated	6.3	–	6,810	–
		Measured and Indicated	24.5	–	6,810	–

Coal Resources – Projects⁽⁶⁾

China	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Xiwan (UG/OC)	60.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	199.6	109.8	6,620	6,540
		Indicated	128.2	389.5	6,600	6,600
		Measured and Indicated	327.8	499.2	6,610	6,590
China Sub Total	60.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	199.6	109.8	6,620	6,540
		Indicated	128.2	389.5	6,600	6,600
		Measured and Indicated	327.8	499.2	6,610	6,590

Coal Resources – Projects⁽⁶⁾

South Africa	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Elders (UG/OC)	73.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	87.7	14.8	5,200	5,210
		Indicated	36.6	150.9	5,170	5,110
		Measured and Indicated	124.3	165.7	5,190	5,120
Kriel East (UG)	73.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	41.4	–	4,980	–
		Indicated	50.8	–	4,940	–
		Measured and Indicated	92.2	–	4,960	–
New Largo (OC)	73.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	199.9	639.4	4,000	4,300
		Indicated	186.3	128.2	4,050	4,220
		Measured and Indicated	386.3	767.6	4,020	4,290
Nooitgedacht 2+4 Seam (UG)	100		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	–	–	–	–
		Indicated	61.6	61.6	5,320	5,320
		Measured and Indicated	61.6	61.6	5,320	5,320
South Rand (UG/OC)	73.0		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	36.4	17.5	5,560	4,830
		Indicated	220.7	0.5	5,590	4,830
		Measured and Indicated	257.1	18.0	5,590	4,830
Vaalbank (UG/OC)	100		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	54.6	54.6	3,900	3,900
		Indicated	23.4	23.4	3,900	3,900
		Measured and Indicated	77.9	77.9	3,900	3,900
South Africa Sub Total	76.8		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	420.0	726.3	4,470	4,300
		Indicated	579.4	364.6	4,910	4,760
		Measured and Indicated	999.5	1,090.8	4,730	4,450

Mining method: OC = Open Cast, UG = Underground.
Attributable percentages for country totals are weighted by Measured and Indicated MTIS.
Additional footnotes appear at the end of the section.

Ore Reserves and Mineral Resources estimates as at 31 December 2008

Coal continued

Coal Resources – Projects ⁽⁶⁾	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Total Projects	75.5		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	1,471.0	1,331.9	5,890	5,220
		Indicated	1,462.9	1,486.6	5,750	6,050
		Measured and Indicated	2,933.9	2,818.5	5,820	5,660

Coal Resources – Mine Lease & Projects ⁽⁶⁾	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Total Coal Resources	68.3		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	3,231.5	2,406.1	5,920	5,510
		Indicated	3,502.2	3,691.4	5,890	5,920
		Measured and Indicated	6,733.7	6,097.5	5,910	5,760
		Inferred in Mine Plan ⁽⁸⁾	133.1	129.7	5,800	6,190

Brown Coal Resources ⁽⁶⁾	Attributable % ⁽²⁾	Classification	Tonnes		CV	
			2008	2007	2008	2007
Monash Energy (OC)	100		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	5,095.0	5,095.0	1,820	1,820
		Indicated	5,221.0	5,221.0	1,790	1,790
		Measured and Indicated	10,316.0	10,316.0	1,800	1,800
Total Brown Coal Resources	100		MTIS ⁽⁶⁾	MTIS ⁽⁶⁾	GAR ⁽⁷⁾	GAR ⁽⁷⁾
		Measured	5,095.0	5,095.0	1,820	1,820
		Indicated	5,221.0	5,221.0	1,790	1,790
		Measured and Indicated	10,316.0	10,316.0	1,800	1,800

Mining method: OC = Open Cast, UG = Underground.
Attributable percentages for country totals are weighted by Measured and Indicated MTIS.
Additional footnotes appear at the end of the section.

Coal Bed Methane

Anglo Coal

Coal Bed Methane (CBM) estimates were compiled by an external independent consultant in accordance with the guidelines and recommendations contained in the Petroleum Resources Management System 2007 sponsored by the Society of Petroleum Engineers (SPE) and the World Petroleum Council (WPC).

CBM Reserves Australia	Attributable % ⁽²⁾	Classification	Saleable Volume ⁽⁹⁾		Saleable Energy Content ⁽⁹⁾	
			2008	2007	2008	2007
Dawson	51.0		MMcf	MMcf	PJ	PJ
		Proved: 1P	49,882	55,254	53	58
		Probable: 2P-1P	100,259	100,259	106	106
		Total: 2P	150,141	155,513	159	164
Harcourt	25.5		MMcf	MMcf	PJ	PJ
		Proved: 1P	—	—	—	—
		Probable: 2P-1P	36,902	—	39	—
		Total: 2P	36,902	—	39	—
Total CBM Reserves	46.0		MMcf	MMcf	PJ	PJ
		Proved: 1P	49,882	55,254	53	58
		Probable: 2P-1P	137,161	100,259	145	106
		Total: 2P	187,043	155,513	197	164

⁽¹⁾ Coal Reserves are quoted on a Run Of Mine (ROM) reserve tonnage basis which represents the tonnes delivered to the plant. Saleable reserve tonnage represents the product tonnes produced. Coal Reserves (ROM and Saleable) are on the applicable moisture basis.

⁽²⁾ Attributable (%) refers to 2008 only. For the 2007 Reported and Attributable figures, please refer to the 2007 Annual Report.

⁽³⁾ The tonnage is quoted as metric tonnes and where applicable abbreviated as Mt for million tonnes.

⁽⁴⁾ Yield (%) represents the ratio of Saleable reserve tonnes to ROM reserve tonnes and is quoted on a constant moisture basis or on an air dried to air dried basis. The total yield is calculated on the ROM reserves and may differ from the individual yields given for Proved and Probable Reserves.

⁽⁵⁾ The coal quality for the Coal Reserves is quoted as either Calorific Value (CV) or Crucible Swell Number (CSN) on a Gross As Received (GAR) basis. Coal quality parameters for the Coal Reserves for Coking, Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Domestic Synfuels collieries meet the specifications of the individual supply contracts. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.

⁽⁶⁾ Coal Resources are quoted on a Mineable Tonnage In-Situ (MTIS) basis in million tonnes which are in addition to those resources which have been modified to produce the reported Coal Reserves. Coal Resources are on an in-situ moisture basis.

⁽⁷⁾ The coal quality for the Coal Resources is quoted on an in-situ heat content as Calorific Value (CV) on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.

⁽⁸⁾ Inferred in Mine Plan refers to Inferred Coal Resources that are included in the life of mine schedule of the respective collieries but which are not reported as Coal Reserves.

⁽⁹⁾ CBM Reserves are reported in terms of saleable volume (million cubic feet – MMcf) and saleable energy (Petajoules – PJ, or one thousand trillion Joules).

Summary of material changes (±10%) at reporting level

Australia	
Callide:	An increase of approximately 93 Mt in resources is due to additional new drilling information.
Capcoal:	Resource and reserve numbers were derived by depletion. Resources in Mine Lease were adjusted by approximately 71 Mt that were previously allocated to resources in the mine plan. An attributable percentage of 71.6% was calculated from the Anglo Coal ownership of 70% in the Mitsui JV and 86.4% in the Marubeni JV weighted against Saleable Reserves, and does not reflect the shareholding in the respective entities.
Dawson:	Resource and reserve numbers were derived by depletion. Resources in Mine Lease were adjusted by approximately 338 Mt that were previously allocated to resources in the mine plan.
Drayton:	Resource and reserve numbers were derived by depletion.
Foxleigh:	Foxleigh was a new acquisition in March 2008, but no reliable reserve estimates are available and all reserves are therefore reported as Resources in Mine Lease only.
Grosvenor:	An increase of approximately 46 Mt in resources was due to exploration drilling.
Jellinbah:	Not reported in 2008 due to <25% attributable interest.
Saddlers Creek:	An increase of approximately 84 Mt in resources was due to exploration drilling particularly in the deep underground areas.
Taroom:	Not reported previously – exploration drilling resulted in upgrade in classification and initial reporting of resources.
Theodore:	Not reported previously – increase of approximately 95 Mt in resources due to initial reporting of Theodore Central.
Canada	
Trend:	A decrease of approximately 3 Mt from resources to non-economic representing the coal between the original pit shell and the new pit shell design.
Roman Mountain:	Not reported previously – exploration drilling resulted in upgrade in classification and initial reporting of resources.
China	
Xiwan:	The deeper potential underground resources of approximately 212 Mt were reclassified as intrinsically non-economic pending further mineability investigation.
Colombia	
Cerrjón:	An increase of approximately 574 Mt in reserves and approximately 798 Mt in resources was due to the change in reporting basis from 33.3% to 100% in 2008. A decrease in reserves of approximately 30 Mt was due to changes in the geological model. A reduction in resources of approximately 62 Mt was due to changes in the geological model, whereas a gain of approximately 246 Mt in resources was due to a consolidation of resource blocks resulting in new resources not previously reported.
South Africa	
Elders:	A decrease of approximately 35 Mt in resources was due to a reclassification of Inferred Resources previously reported as Indicated Resources.
Goedehoop:	A decrease in Saleable of metallurgical coal of approximately 5.6 Mt was due to a change of product mix, and the decision to cease production of such coal.
Greenside:	A decrease of approximately 21 Mt in resources was due to the exclusion of low yield areas.
Kleinkopje:	Changes in block ranking and cut-off depths resulting in transfer of reserves >70 m from surface and a resulting decrease of approximately 33 Mt in reserves and corresponding increase in resources. The Saleable products changed from Export Thermal to mixed Export Thermal and Domestic Thermal (Power Station) due to the change in product mix from 5 West, which now supplies Domestic Thermal product.
Landau:	Approximately 8 Mt of reserve was reclassified as non-economic pending the Environmental Management Programme Report (EMPR) approval at Umlalazi South. Saleable products changed from Export Thermal to mixed Export Thermal and Domestic Thermal (Power Station) due to the change in product mix from Navigation West, which now supplies a mixed product.
Mafube:	An increase in reserves and resources resulted from the change of reporting basis from 50% to 100% in 2008. All reserves are classified as Probable pending the outcome of EMPR approval. A significant increase of approximately 68 Mt reserves is due to the conversion of Resources in Mine Lease at Nootgedacht.
New Denmark:	A decrease of approximately 30 Mt in reserves was due to changes in layout and mine design.
New Largo:	A loss of approximately 725 Mt resulted from changes to the geological model from raw coal to washed product model.
New Vaal:	An increase of approximately 269 Mt in resources resulted from an increased amount of wash data through exploration.
South Rand:	Approximately 8 Mt of resources was sterilised due to permanent infrastructure and out-of-pit losses.
Zondagsfontein:	An increase of approximately 239 Mt in resources resulted from exploration drilling. An increase of approximately 118 Mt resulted from the conversion of resources to reserves following mine planning after approval of project, but was assigned to the Probable category pending Mining Right approval.
Venezuela	
Guasare:	The 2008 Guasare resource and reserve numbers have been derived by depletion. An increase of approximately 106 Mt in reserves and approximately 80 Mt in resources resulted from the change in reporting basis from 25% to 100% in 2008.
Brown Coal	
Monash Energy:	Resource estimates have not changed from 2007 because no additional data were added in 2008. The brown coal is a substantial resource suitable as a feedstock to many chemical processes but requires technological breakthroughs to allow the economic development of clean coal plants.
Coal Bed Methane	
Dawson:	Initial reserves calculated in 2006 were depleted for gas production, consumption and venting for the 2008 estimates.
Harcourt:	CBM resources for PLA 210 are reported for the first time in 2008.

Assumption with respect to Mineral Tenure

South Africa:	All pending mining right conversions and applications were granted in 2008. Cession of the Mining Right at Kriel Colliery from Anglo Coal to Anglo Inyosi Coal (Pty) Limited remains pending, although Anglo Coal has reasonable expectation that this will be granted in due course. Three Prospecting Rights are still the subject of ongoing legal review and Anglo Coal has reasonable expectations that these rights will be granted in due course, and the relevant Project Coal resources have been included in the statement. Cession of Prospecting Rights from Anglo Coal to Anglo Inyosi Coal (Pty) Limited was granted during 2008, with the exception of the South Rand project. Anglo Coal has reasonable expectation that these rights will be granted in due course, and the relevant Project Coal resources have been included in the statement.
Venezuela:	Although the Carbones del Guasare mining concession terminates in 2013, Coal Resources in the Mine Lease that may be included in a mine plan beyond this date are included in the 2008 statement.

Royalty Payment

South Africa:	Royalty payments are scheduled to commence in April 2009 and have been taken into consideration in economic assessment of the reserves.
----------------------	---

Reviews by independent third parties were carried out in 2008 on the following Operations and Project areas:

Australia:	Callide, Dawson, Grosvenor, Moranbah North, Saddlers Creek
China:	Xiwan
South Africa:	Elders Extension, Isibonelo, Kriel, Mafube

Production statistics

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

	2008	2007
Anglo Platinum (troy ounces)⁽¹⁾⁽²⁾		
Platinum	2,386,600	2,474,000
Palladium	1,318,800	1,389,700
Rhodium	299,300	328,800
	4,004,700	4,192,500
Nickel (tonnes) ⁽³⁾	15,500	19,200
Copper (tonnes) ⁽³⁾	8,800	11,000
Gold	78,500	97,900
Anglo Coal (tonnes)		
South Africa		
Eskom	36,158,100	34,064,000
Trade – Thermal	22,286,800	23,952,400
Trade – Metallurgical	971,900	1,143,700
	59,416,800	59,160,100
Australia		
Thermal	14,696,300	15,059,300
Metallurgical	13,144,900	10,145,400
	27,841,200	25,204,700
South America		
Thermal	11,484,500	11,259,800
Canada		
Thermal	140,100	–
Metallurgical	632,300	–
	772,400	–
Total	99,514,900	95,624,600
Anglo Coal (tonnes)		
South Africa		
Bank	–	51,900
Greenside	3,401,100	3,314,900
Goedehoop	7,449,400	8,456,200
Isibonelo	5,152,100	5,001,000
Kriel	10,344,400	11,210,100
Kleinkopje	4,545,600	3,490,700
Landau	4,089,300	4,058,200
New Denmark	5,272,500	5,134,700
New Vaal	17,034,400	17,119,500
Nooitgedacht	454,600	565,700
Mafube	1,673,400	757,200
	59,416,800	59,160,100
Australia		
Callide	9,582,700	10,031,100
Drayton	3,711,500	3,902,700
German Creek (Capcoal)	5,621,900	4,115,700
Jellinbah East	1,033,900	891,800
Moranbah	3,181,500	3,211,600
Dawson Complex	3,537,200	3,051,800
Foxleigh	1,172,500	–
	27,841,200	25,204,700
South America		
Carbones del Guasare	1,074,200	1,384,400
Carbones del Cerrejón	10,410,300	9,875,400
	11,484,500	11,259,800
Canada		
Peace River Coal	772,400	–
Total	99,514,900	95,624,600

⁽¹⁾ See the published results of Anglo Platinum Limited for further analysis of production information.

⁽²⁾ Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited and 2007 information has been adjusted accordingly. Northam Platinum Limited was sold on 20 August 2008.

⁽³⁾ Also disclosed within total attributable nickel and copper production.

			2008	2007
De Beers (diamonds recovered – carats)				
100% basis (Anglo American 45%)				
Debswana			32,276,000	33,638,000
Namdeb			2,122,000	2,176,000
De Beers Consolidated Mines			11,960,000	14,998,000
Williamson			134,000	220,000
Canada			1,640,000	81,000
			48,132,000	51,113,000
Anglo Base Metals				
Copper				
Collahuasi				
100% basis (Anglo American 44%)				
Ore mined		tonnes	57,699,800	61,969,800
Ore processed	Oxide	tonnes	7,317,400	7,129,200
	Sulphide	tonnes	42,377,400	43,679,900
Ore grade processed	Oxide	% Cu	0.6	0.8
	Sulphide	% Cu	1.1	1.0
Production	Copper concentrate	dry metric tonnes	1,574,000	1,346,000
	Copper cathode	tonnes	49,400	58,100
	Copper in concentrate	tonnes	415,000	393,900
Total copper production for Collahuasi		tonnes	464,400	452,000
Anglo American Sur				
Los Bronces mine				
Ore mined		tonnes	21,045,100	26,503,300
Marginal ore mined		tonnes	36,008,900	35,744,000
Las Tortolas concentrator	Ore processed	tonnes	20,012,700	21,125,300
	Ore grade processed	% Cu	1.1	1.0
	Average recovery	%	84.9	85.3
Production	Copper concentrate	dry metric tonnes	677,900	607,400
	Copper cathode	tonnes	45,800	48,300
	Copper in concentrate	tonnes	190,000	182,900
	Total	tonnes	235,800	231,200
El Soldado mine				
Ore mined	Open pit – ore mined	tonnes	5,305,800	6,283,000
	Open pit – marginal ore mined	tonnes	21,700	76,600
	Underground (sulphide)	tonnes	1,312,700	1,514,900
	Total	tonnes	6,640,200	7,874,500
Ore processed	Oxide	tonnes	821,800	791,900
	Sulphide	tonnes	7,179,700	7,400,900
Ore grade processed	Oxide	% Cu	1.3	1.4
	Sulphide	% Cu	0.8	1.1
Production	Copper concentrate	dry metric tonnes	174,100	229,700
	Copper cathode	tonnes	6,700	7,500
	Copper in concentrate	tonnes	43,100	65,300
	Total	tonnes	49,800	72,800
Chagres Smelter				
	Copper concentrate smelted	tonnes	148,400	168,100
Production	Copper blister/anodes	tonnes	146,100	164,100
	Acid	tonnes	486,600	493,400
Total copper production for Anglo American Sur		tonnes	285,600	304,000

Production statistics continued

			2008	2007
Anglo Base Metals (continued)				
Anglo American Norte				
Mantos Blancos mine				
Ore processed	Oxide	tonnes	4,694,800	4,587,900
	Sulphide	tonnes	4,311,100	3,879,800
	Marginal ore mined	tonnes	5,003,000	5,862,900
Ore grade processed	Oxide	% Cu (soluble)	0.7	0.7
	Sulphide	% Cu (insoluble)	1.2	1.1
	Marginal ore	% Cu (soluble)	0.3	0.3
Production	Copper concentrate	dry metric tonnes	132,300	105,900
	Copper cathode	tonnes	39,600	48,700
	Copper in concentrate	tonnes	46,800	40,200
	Total	tonnes	86,400	88,900
Mantoverde mine				
Ore processed	Oxide	tonnes	9,556,900	9,280,700
	Marginal ore	tonnes	4,300,400	5,511,100
Ore grade processed	Oxide	% Cu (soluble)	0.7	0.7
	Marginal ore	% Cu (soluble)	0.4	0.3
Production	Copper cathode	tonnes	62,500	61,000
Total copper production for Anglo American Norte		tonnes	148,900	149,900
Black Mountain		tonnes	2,500	2,200
Total Anglo Base Metals copper production		tonnes	641,300	655,000
Anglo Platinum copper production				
Production ⁽¹⁾		tonnes	8,800	11,000
Total attributable copper production		tonnes	650,100	666,000
Nickel, Niobium, Mineral Sands and Phosphates				
Nickel				
Codemin				
Ore mined		tonnes	498,400	539,300
Ore processed		tonnes	475,900	522,600
Ore grade processed		% Ni	2.1	2.1
Production		tonnes	9,100	9,900
Loma de Níquel				
Ore mined		tonnes	811,000	1,183,200
Ore processed		tonnes	676,800	1,096,100
Ore grade processed		% Ni	1.6	1.6
Production		tonnes	10,900	15,700
Total Anglo Base Metals nickel production		tonnes	20,000	25,600
Anglo Platinum nickel production				
Production ⁽¹⁾		tonnes	15,500	19,200
Total attributable nickel production		tonnes	35,500	44,800
Niobium				
Catalão				
Ore mined		tonnes	768,100	852,500
Ore processed		tonnes	818,100	831,700
Ore grade processed		Kg Nb/tonne	11.1	10.9
Production		tonnes	4,600	4,700

⁽¹⁾ Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited and 2007 information has been adjusted accordingly. Northam Platinum Limited was sold on 20 August 2008.

			2008	2007
Anglo Base Metals (continued)				
Mineral Sands				
Namakwa Sands ⁽¹⁾				
Ore mined		tonnes	13,418,600	18,111,700
Production	Ilmenite	tonnes	240,900	300,300
	Rutile	tonnes	19,100	24,500
	Zircon	tonnes	97,400	114,800
Smelter production	Slag tapped	tonnes	118,500	151,300
	Iron tapped	tonnes	78,800	101,800
Phosphates				
Copebrás				
Sodium tripolyphosphate		tonnes	10,200	56,700
Phosphates		tonnes	982,100	1,037,800
Zinc and Lead				
Black Mountain				
Ore mined		tonnes	1,199,800	1,065,200
Ore processed		tonnes	1,204,800	1,099,600
Ore grade processed	Zinc	% Zn	3.0	3.2
	Lead	% Pb	4.2	4.3
	Copper	% Cu	0.4	0.3
Production	Zinc in concentrate	tonnes	27,900	28,300
	Lead in concentrate	tonnes	47,000	41,900
	Copper in concentrate	tonnes	2,500	2,200
Lisheen				
Ore mined		tonnes	1,561,900	1,584,700
Ore processed		tonnes	1,516,900	1,513,600
Ore grade processed	Zinc	% Zn	12.1	12.0
	Lead	% Pb	1.6	1.9
Production	Zinc in concentrate	tonnes	167,200	164,700
	Lead in concentrate	tonnes	15,900	20,200
Skorpion				
Ore mined		tonnes	1,390,400	1,402,300
Ore processed		tonnes	1,333,300	1,379,600
Ore grade processed	Zinc	% Zn	11.7	11.7
Production	Zinc	tonnes	145,400	150,100
Total attributable zinc production		tonnes	340,500	343,100
Total attributable lead production		tonnes	62,900	62,100

⁽¹⁾ Production information included until date of disposal on 1 October 2008.

Production statistics continued

		2008	2007
Anglo Ferrous Metals and Industries			
Kumba Iron Ore			
Lump	tonnes	22,042,000	19,043,000
Fines	tonnes	14,657,000	13,357,000
Amapá⁽¹⁾			
Sinter feed	tonnes	128,000	–
Pellet feed	tonnes	584,000	–
Total iron ore production	tonnes	37,411,000	32,400,000
Scaw Metals			
South Africa – Steel Products	tonnes	771,000	776,000
International – Steel Products	tonnes	879,000	803,000
Samancor Manganese⁽²⁾			
Manganese ore	tonnes	2,704,000	2,411,000
Manganese alloys ⁽³⁾	tonnes	306,000	310,000
Anglo Industrial Minerals			
Aggregates	tonnes	93,095,000	95,393,300
Lime products	tonnes	1,353,000	1,468,200
Concrete	m ³	6,312,000	8,858,400

⁽¹⁾ Production from Amapá is included from 5 August 2008. Amapá is not currently in commercial production. Until commercial production is reached all revenue and related costs are being capitalised. Amapá production for full year 2008 was 1.2 Mt.

⁽²⁾ Saleable production.

⁽³⁾ Production includes Medium Carbon Ferro Manganese.

Quarterly production statistics⁽¹⁾

	Quarter ended					% Change	
	December 2008	September 2008	June 2008	March 2008	December 2007	December Q08 v September Q08	December Q08 v December Q07
Anglo Platinum⁽²⁾							
Platinum (troy ounces)	842,300	543,200	572,500	428,600	669,000	55%	26%
Palladium (troy ounces)	450,500	321,700	300,800	245,800	381,900	40%	18%
Rhodium (troy ounces)	107,100	75,300	59,400	57,500	87,400	42%	23%
Nickel (tonnes)	4,100	4,000	3,700	3,700	5,000	3%	(18)%
Anglo Coal (tonnes)							
Eskom	9,465,900	9,692,200	8,637,000	8,363,000	8,193,800	(2)%	16%
Thermal	12,247,300	12,377,600	12,819,800	11,163,000	12,764,100	(1)%	(4)%
Metallurgical	3,955,200	3,631,600	4,389,300	2,773,000	2,599,200	9%	52%
De Beers (diamonds recovered – carats)							
100% basis (Anglo American 45%)							
Diamonds	10,795,000	13,111,000	12,452,000	11,774,000	12,143,000	(18)%	(11)%
Anglo Base Metals (tonnes)							
Copper	172,000	148,600	161,000	159,700	176,400	16%	(2)%
Nickel	4,800	5,600	5,000	4,600	6,500	(14)%	(26)%
Zinc	82,900	86,500	88,200	82,900	87,700	(4)%	(5)%
Lead	14,400	16,700	14,700	17,100	18,100	(14)%	(20)%
Anglo Ferrous Metals and Industries (tonnes)							
Iron ore ⁽³⁾	10,098,000	10,250,000	8,873,000	8,190,000	8,992,000	(1)%	12%
South Africa Steel Products	167,000	187,000	211,000	206,000	178,000	(11)%	(6)%
International Steel Products	215,000	230,000	221,000	213,000	212,000	(7)%	1%
Manganese ore ⁽⁴⁾	565,000	732,000	741,000	666,000	645,000	(23)%	(12)%
Manganese alloys ⁽⁴⁾⁽⁵⁾	72,000	81,000	76,000	77,000	84,000	(11)%	(14)%

⁽¹⁾ Excludes Anglo Industrial Minerals.

⁽²⁾ Northam Platinum Limited was transferred to a disposal group in September 2007. Production information excludes Northam Platinum Limited and 2007 information has been adjusted accordingly. Northam Platinum Limited was sold on 20 August 2008.

⁽³⁾ Production from Amapá is included from 5 August 2008. Amapá is not currently in commercial production. Until commercial production is reached all revenue and related costs are being capitalised. Amapá production for full year 2008 was 1.2 Mt.

⁽⁴⁾ Saleable production.

⁽⁵⁾ Production includes Medium Carbon Ferro Manganese.

Exchange rates and commodity prices

		2008	2007
US\$ exchange rates			
Average prices for the year			
Rand		8.27	7.05
Sterling		0.54	0.50
Euro		0.68	0.73
Australian dollar		1.17	1.19
Chilean peso		524	522
Closing spot prices			
Rand		9.30	6.84
Sterling		0.69	0.50
Euro		0.72	0.68
Australian dollar		1.44	1.14
Chilean peso		637	498
Commodity prices			
Average market prices for the year			
Platinum ⁽¹⁾	US\$/oz	1,585	1,304
Palladium ⁽¹⁾	US\$/oz	355	355
Rhodium ⁽¹⁾	US\$/oz	6,564	6,200
Copper ⁽²⁾	US cents/lb	315	323
Nickel ⁽²⁾	US cents/lb	953	1,686
Zinc ⁽²⁾	US cents/lb	85	147
Lead ⁽²⁾	US cents/lb	95	118
31 December spot prices			
Platinum ⁽¹⁾	US\$/oz	922	1,537
Palladium ⁽¹⁾	US\$/oz	186	368
Rhodium ⁽¹⁾	US\$/oz	1,250	6,850
Copper ⁽²⁾	US cents/lb	132	303
Nickel ⁽²⁾	US cents/lb	490	1,170
Zinc ⁽²⁾	US cents/lb	51	104
Lead ⁽²⁾	US cents/lb	43	115

⁽¹⁾ Source: Johnson Matthey.

⁽²⁾ Source: LME daily prices.

Key financial data

US\$ million (unless otherwise stated)	2008	2007	2006 ⁽¹⁾	2005 ⁽¹⁾	2004 ⁽¹⁾
Group revenue including associates	32,964	30,559	29,404	24,872	22,610
Less: Share of associates' revenue	(6,653)	(5,089)	(4,413)	(4,740)	(5,429)
Group revenue	26,311	25,470	24,991	20,132	17,181
Operating profit including associates before special items and remeasurements	10,085	9,590	8,888	5,549	3,832
Special items and remeasurements (excluding financing special items and remeasurements)	(330)	(227)	24	16	556
Net finance costs (including financing remeasurements), tax and minority interests of associates	(783)	(434)	(398)	(315)	(391)
Total profit from operations and associates	8,972	8,929	8,514	5,250	3,997
Net finance costs (including financing special items and remeasurements)	(401)	(108)	(71)	(220)	(385)
Profit before tax	8,571	8,821	8,443	5,030	3,612
Income tax expense	(2,451)	(2,693)	(2,518)	(1,208)	(765)
Profit for the financial year – continuing operations	6,120	6,128	5,925	3,822	2,847
Profit for the financial year – discontinued operations	–	2,044	997	111	1,094
Profit for the financial year – total Group	6,120	8,172	6,922	3,933	3,941
Minority interests	(905)	(868)	(736)	(412)	(440)
Profit attributable to equity shareholders of the Company	5,215	7,304	6,186	3,521	3,501
Underlying earnings ⁽²⁾ – continuing operations	5,237	5,477	5,019	3,335	2,178
Underlying earnings ⁽²⁾ – discontinued operations	–	284	452	401	506
Underlying earnings ⁽²⁾ – total Group	5,237	5,761	5,471	3,736	2,684
Earnings per share (\$) – continuing operations	4.34	4.04	3.51	2.35	1.84
Earnings per share (\$) – discontinued operations	–	1.54	0.70	0.08	0.60
Earnings per share (\$) – total Group	4.34	5.58	4.21	2.43	2.44
Underlying earnings per share (\$) – continuing operations	4.36	4.18	3.42	2.30	1.52
Underlying earnings per share (\$) – discontinued operations	–	0.22	0.31	0.28	0.35
Underlying earnings per share (\$) – total Group	4.36	4.40	3.73	2.58	1.87
Ordinary dividend per share (US cents)	44.0	124.0	108.0	90.0	70.0
Special dividend per share (US cents)	–	–	67.0	33.0	–
Weighted average basic number of shares outstanding (million)	1,202	1,309	1,468	1,447	1,434
EBITDA ⁽³⁾ – continuing operations	11,847	11,171	10,431	7,172	5,359
EBITDA ⁽³⁾ – discontinued operations	–	961	1,766	1,787	1,672
EBITDA ⁽³⁾ – total Group	11,847	12,132	12,197	8,959	7,031
EBITDA interest cover ⁽⁴⁾ – total Group	28.3	42.0	45.5	20.0	18.5
Operating margin (before special items and remeasurements) – total Group	30.6%	28.4%	25.4%	18.5%	14.7%
Ordinary dividend cover (based on underlying earnings per share) – total Group	9.9	3.5	3.5	2.9	2.7
Balance sheet					
Intangible and tangible assets	32,551	25,090	25,632	33,368	35,816
Other non-current assets and investments	7,494	9,111	7,969	5,556	5,547
Working capital	861	1,966	3,096	3,538	3,543
Other net current liabilities	(1,565)	(877)	(1,177)	(1,492)	(611)
Other non-current liabilities and obligations	(6,729)	(6,261)	(5,790)	(8,399)	(8,339)
Cash and cash equivalents and borrowings ⁽⁵⁾	(11,051)	(5,170)	(3,244)	(4,993)	(8,243)
Net assets classified as held for sale	195	471	641	–	–
Net assets	21,756	24,330	27,127	27,578	27,713
Minority interests	(1,535)	(1,869)	(2,856)	(3,957)	(4,588)
Equity attributable to the equity shareholders of the Company	20,221	22,461	24,271	23,621	23,125
Total capital ⁽⁶⁾	32,799	29,569	30,451	32,571	35,956
Cash inflows from operations – continuing operations	9,579	9,375	9,012	5,963	3,857
Cash inflows from operations – discontinued operations	–	470	1,045	1,302	1,434
Cash inflows from operations – total Group	9,579	9,845	10,057	7,265	5,291
Dividends received from associates and financial asset investments – continuing operations	659	311	251	468	380
Dividends received from associates and financial asset investments – discontinued operations	–	52	37	2	16
Dividends received from associates and financial asset investments – total Group	659	363	288	470	396
Return on capital employed ⁽⁷⁾ – total Group	36.8%	37.8%	32.4%	19.2%	14.6%
EBITDA/average total capital ⁽⁶⁾ – total Group	38.0%	40.4%	38.7%	26.0%	21.2%
Net debt to total capital (gearing) ⁽⁸⁾	37.8%	20.0%	12.9%	17.0%	25.4%

⁽¹⁾ Comparatives were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.

⁽²⁾ Underlying earnings is net profit attributable to equity shareholders, adjusted for the effect of special items and remeasurements and any related tax and minority interests.

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

⁽⁴⁾ EBITDA interest cover is EBITDA divided by net finance costs, excluding other net financial income, exchange gains and losses on monetary assets and liabilities, amortisation of discounts on provisions, special items and financial remeasurements, but including share of associates' net interest expense.

⁽⁵⁾ This differs from the Group's measure of net debt as it excludes the net debt of disposal groups (2008: \$8 million; 2007: \$(69) million; 2006: \$(80) million; 2005: nil; 2004: nil), and excludes the impact of derivative instruments that provide an economic hedge of assets and liabilities in net debt (2008: liabilities of \$297 million; 2007: assets of \$388 million; 2006: assets of \$193 million; 2005: nil; 2004: nil). For more detail see note 30 Consolidated cash flow analysis.

⁽⁶⁾ Total capital is net assets excluding net debt (excluding the impact of derivative instruments).

⁽⁷⁾ Return on capital employed is calculated as total operating profit before impairments for the year divided by the average of total capital less other investments and adjusted for impairments.

⁽⁸⁾ Net debt to total capital is calculated as net debt (excluding the impact of derivative instruments) divided by total capital less investments in associates.

Summary by business segment

US\$ million	Revenue ⁽¹⁾		EBITDA ⁽²⁾		Operating profit/(loss) ⁽³⁾		Underlying earnings	
	2008	2007	2008	2007	2008	2007	2008	2007
Continuing operations								
Platinum	6,327	6,789	2,732	3,155	2,226	2,697	1,313	1,299
Diamonds	3,096	3,076	665	587	508	484	256	239
Base Metals	5,878	7,129	2,845	4,683	2,505	4,338	1,369	3,100
Copper	3,907	4,507	2,226	3,192	2,017	2,983	1,171	2,060
Collahuasi	1,134	1,383	682	1,062	613	998	367	701
Anglo American Sur	1,965	2,273	1,265	1,630	1,157	1,518	699	1,026
Anglo American Norte	808	851	288	507	255	474	113	340
Other	–	–	(9)	(7)	(8)	(7)	(8)	(7)
Nickel, Niobium, Mineral Sands and Phosphates	1,381	1,583	563	842	507	786	218	555
Codemin	198	325	132	242	123	234	94	178
Loma de Níquel	210	553	48	390	30	370	(97)	243
Catalão	141	106	80	57	78	55	70	60
Namakwa Sands	177	184	59	44	59	44	46	31
Copebrás	655	415	244	109	217	83	105	43
Zinc	590	1,039	209	729	136	654	128	558
Black Mountain	115	165	37	93	26	83	28	65
Lisheen	196	364	40	242	22	227	15	174
Skorpion	279	510	132	394	88	344	85	319
Other	–	–	(153)	(80)	(155)	(85)	(148)	(73)
Ferrous Metals and Industries	6,849	5,400	3,064	1,561	2,935	1,432	1,396	605
Kumba Iron Ore	2,573	1,635	1,667	879	1,618	834	558	274
Scaw Metals	1,927	1,432	309	204	274	172	165	97
Samancor Manganese	1,526	665	998	249	980	225	658	169
Tongaat-Hulett/Hulamin ⁽⁴⁾	817	1,293	115	140	92	114	53	44
Anglo Ferrous Brazil	–	–	(4)	(9)	(8)	(9)	(30)	5
Highveld Steel	–	369	–	108	–	108	–	18
Other	6	6	(21)	(10)	(21)	(12)	(8)	(2)
Coal	6,436	3,574	2,585	882	2,240	614	1,581	490
South Africa	2,210	1,538	814	481	736	414	543	296
Australia	3,119	1,389	1,353	166	1,144	9	797	24
South America	947	627	446	271	396	227	257	175
Canada	139	–	15	–	8	–	11	–
Projects and corporate	21	20	(43)	(36)	(44)	(36)	(27)	(5)
Industrial Minerals	4,378	4,591	487	732	228	474	173	384
Exploration	–	–	(212)	(157)	(212)	(157)	(200)	(145)
Corporate Activities and Unallocated Costs	–	–	(319)	(272)	(345)	(292)	(651)	(495)
Total continuing operations	32,964	30,559	11,847	11,171	10,085	9,590	5,237	5,477
Discontinued operations								
Gold	–	1,004	–	401	–	202	–	95
Paper and Packaging	–	4,111	–	560	–	324	–	189
Mondi Packaging	–	2,296	–	316	–	195	–	137
Mondi Business Paper	–	1,204	–	198	–	105	–	62
Other	–	611	–	46	–	24	–	(10)
Total discontinued operations	–	5,115	–	961	–	526	–	284
Total Group	32,964	35,674	11,847	12,132	10,085	10,116	5,237	5,761

⁽¹⁾ Revenue includes the Group's share of revenue of joint ventures and associates. Base Metals' revenue is shown after deduction of treatment charges and refining charges (TC/RCS).

⁽²⁾ EBITDA is operating profit before special items, remeasurements, depreciation and amortisation in subsidiaries and joint ventures and share of EBITDA of associates.

⁽³⁾ Operating profit includes operating profit before special items and remeasurements from subsidiaries and joint ventures and share of operating profit (before interest, tax, minority interests, special items and remeasurements) of associates.

⁽⁴⁾ Includes 100% of the results of the Tongaat-Hulett Group from 1 January to 25 June 2007, and the Group's equity accounted share of Tongaat-Hulett and Hulamin since that date. For more detail see note 33 to the Financial statements.

Reconciliation of subsidiaries' and associate's reported earnings to the underlying earnings included in the consolidated financial statements

for the year ended 31 December 2008. Note only key reported lines are reconciled.

US\$ million	2008	2007
Anglo Platinum Limited		
IFRS headline earnings (US\$ equivalent of published)	1,607	1,748
Exploration	36	36
Exchange rate difference	64	4
Operating remeasurements (net of tax)	17	–
Other adjustments	6	(10)
	1,730	1,778
Minority interests	(376)	(443)
Depreciation on assets fair valued on acquisition (net of tax)	(41)	(36)
Contribution to Anglo American plc underlying earnings	1,313	1,299
DB Investments (DBI)		
De Beers underlying earnings (100%)	515	483
Difference in IAS 19 accounting policy	18	13
De Beers underlying earnings – Anglo American plc basis (100%)	533	496
Anglo American plc's 45% ordinary share interest	240	223
Income from preference shares	13	16
Other	3	–
Contribution to Anglo American plc underlying earnings	256	239
Kumba Iron Ore Limited (KIO)		
IFRS headline earnings (US\$ equivalent of published) ⁽¹⁾	872	434
Exploration	8	–
Other adjustments	12	7
	892	441
Minority interests	(328)	(155)
Depreciation on assets fair valued on acquisition (net of tax)	(6)	(12)
Contribution to Anglo American plc underlying earnings	558	274

⁽¹⁾ KIO IFRS headline earnings for the year ended 31 December 2008 assume a minority interest of 20% in KIO's underlying mining assets.

The business – an overview

Precious

Anglo Platinum	Overall ownership: 79.6%
-----------------------	---------------------------------

100% owned

South Africa
Rustenburg Section
Amandelbult Section
Mogalakwena Mines (formerly Potgietersrust Platinums)
Lebowa Platinum Mines
Western Limb Tailings Retreatment
Waterval Smelter (including converting process)
Polokwane Smelter
Rustenburg Base Metals Refinery
Precious Metals Refinery
Twickenham Mine

Other interests

South Africa	
Union Section	85%

Joint ventures or sharing agreements

Modikwa Platinum Joint Venture	50%
Kroondal Pooling and Sharing Agreement	50%
Bafokeng-Rasimone Joint Venture	50%
Marikana Pooling and Sharing Agreement	50%
Mototolo Joint Venture	50%
Masa Chrome Company	74%
Pandora Venture	42.5%

De Beers⁽¹⁾

Overall ownership: **45%**

100% owned

South Africa
De Beers Group Services (Exploration and Services)
De Beers Marine
Canada
De Beers Canada
Snap Lake
Victor

Trading and Marketing
The Diamond Trading Company

Other interests

South Africa	
De Beers Consolidated Mines ⁽²⁾	
Finsch	78%
Kimberley Mines	78%
Namaqualand Mines	78%
The Oaks	78%
Venetia	78%
South African Sea Areas (SASA)	78%

Namibia	
Namdeb (Mining Area No. 1, Orange River Mines, Elizabeth Bay and Marine concessions)	50%
De Beers Marine Namibia	70%

Trading and Marketing

DTC Botswana	50%
Namibia DTC	50%

Industrial Diamonds

Element Six	60%
-------------	-----

Diamond jewellery retail

De Beers Diamond Jewellers	50%
----------------------------	-----

Base

Anglo Base Metals	Overall ownership: 100%
--------------------------	--------------------------------

100% owned

Copper	Zinc/Lead
Chagres (Chile)	Lisheen (Ireland)
El Soldado (Chile)	Skorpion (Namibia)
Los Bronces (Chile)	
Mantos Blancos (Chile)	Niobium
Mantoverde (Chile)	Catalão (Brazil)
Michiquillay (Peru)	
Nickel	
Codemín (Brazil)	
Barro Alto (Brazil)	

Other interests

Copper	
Collahuasi (Chile)	44%
Palabora (South Africa)	17%
Quellaveco (Peru)	82%
Pebble (US)	50%

Nickel

Loma de Níquel (Venezuela)	91%
----------------------------	-----

Zinc/Lead

Black Mountain (South Africa)	74%
Gamsberg (South Africa)	74%

Phosphate products

Copebrás (Brazil)	73%
-------------------	-----

Bulk

Anglo Ferrous Metals and Industries Overall ownership: 100%

100% owned

Industries

Vergelegen (South Africa)

Other interests

Ferrous Metals

Kumba Iron Ore (South Africa)	63%
Samancor (South Africa and Australia)	40%
Minas-Rio (Brazil)	99.4%
Amapá (Brazil)	69.2%
LLX Minas-Rio (Brazil)	49%
Scaw Metals (worldwide)	74%-100%
Exxaro Resources (southern Africa and Australia)	10%

Industries

Tongaat-Hulett (southern Africa)	37.1%
Hulamin (South Africa)	38.4%

Anglo Coal Overall ownership: 100%

100% owned

South Africa

Bank

Goedehoop

Greenside

Isibonelo

Kleinkopje

Kriel⁽³⁾

Landau

New Denmark

New Vaal

Nooitgedacht

Australia

Callide

Australia – other

Monash Energy Holdings Ltd

Other interests

South Africa

Mafube 50%

South Africa – other

Richards Bay Coal Terminal 27%

Canada

Peace River Coal 74%

Colombia

Carbones del Cerrejón 33%

Venezuela

Carbonos del Guasare 25%

Australia

Dawson Complex 51%

Drayton 88%

German Creek 70%

Jellinbah East 23%

Moranbah North 88%

Foxleigh 70%

Australia – other

Dalrymple Bay Coal

Terminal Pty Ltd 32%

Newcastle Coal Shippers

Pty Ltd 20%

Other business

Anglo Industrial Minerals Overall ownership: 100%

100% owned

Aggregates and Building Materials

Tarmac Group (UK)

Tarmac France (France and Belgium)

Tarmac Germany

Tarmac Poland

Tarmac Czech Republic

Tarmac Turkey

Tarmac International Holdings (Europe and Middle East)

United Marine Holdings⁽⁴⁾

Other interests

Aggregates and Building Materials

Tarmac Romania 60%

⁽¹⁾ An independently managed associate.⁽²⁾ De Beers' 78% holdings include a 4% indirect holding via the Key Employee Trust.⁽³⁾ Kriel forms part of the proposed Anglo Inyosi Coal of which Anglo Coal will own 73%. The outstanding conditions precedent to the transactions are expected to be fulfilled in the first half of 2009 following which the transaction will complete.⁽⁴⁾ On 26 January 2008 the Group acquired the remaining 50% shareholding in United Marine Holdings.

Shareholder information

Annual General Meeting

Will be held at 11:00 am on 15 April 2009, at The Royal Society, 6-9 Carlton House Terrace, London, SW1Y 5AG.

Shareholders' diary 2009/10

Interim results announcement	August 2009
Annual results announcement	February 2010
Annual Report	March 2010
Annual General Meeting	April 2010

Shareholding enquiries

Enquiries relating to shareholdings should be made to the Company's UK Registrars, Equiniti or the South African Transfer Secretaries, Link Market Services South Africa (Pty) Limited, at the relevant address below:

UK Registrars

Equiniti
The Causeway
Worthing
West Sussex BN99 6DA
England
Telephone:

In the UK: 0871 384 2026*

* Calls charged at 8p per minute from a BT landline. Other telephony providers' costs may vary.

From outside the UK: +44 121 415 7558

Transfer Secretaries in South Africa

Link Market Services South Africa (Pty) Limited
11 Diagonal Street
Johannesburg 2001, South Africa
(PO Box 4844, Johannesburg 2000)
Telephone: +27 (0) 11 630 0800

Enquiries on other matters should be addressed to the Company Secretary at the following address:

Registered and Head Office

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England
Telephone: +44 (0)20 7968 8888
Fax: +44 (0)20 7968 8500
Registered number: 3564138
Website: www.angloamerican.co.uk

Additional information on a wide range of shareholder services can be found in the Shareholder Information section of the Notice of AGM and on the Group's website.

Other Anglo American publications

- 2007/8 Fact Book
- 2008 Notice of AGM and Shareholder Information Booklet
- 2008 Report to Society
- Optima – Anglo American's current affairs journal
- Transformation Report
- Good Citizenship: Our Business Principles

If you would like to receive copies of Anglo American's publications, please write to:

Investor and Corporate Affairs Department

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Alternatively, publications can be ordered online at:
<http://www.angloamerican.co.uk/aa/siteservices/requestreport/>

The 2008 Annual Report and the booklet containing the Notice of AGM and other shareholder information are available free of charge from the Company, its UK Registrars and South African Transfer Secretaries.

Charitable partners

This is just a selection of the charities which Anglo American, The Chairman's Fund and the Anglo American Group Foundation have worked with in 2008:





Printed on Revive 50:50 Silk and Revive 100 Uncoated paper. Revive 50:50 Silk is made from pre and post consumer waste and virgin wood fibre, Revive 100 Uncoated is made from 100% de-inked post consumer waste. Both have been independently certified in accordance with the FSC (Forest Stewardship Council).

Printed at St Ives Westerham Press Ltd, ISO14001, FSC certified and CarbonNeutral®

Designed by Addison
www.addison.co.uk

Anglo American plc

20 Carlton House Terrace
London SW1Y 5AN
England

Tel +44 (0)20 7968 8888
Fax +44 (0)20 7968 8500
Registered number 3564138

www.angloamerican.co.uk

