

ORE RESERVES AND MINERAL RESOURCES

INTRODUCTION

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

The information on Ore Reserves and Mineral Resources was prepared by or under the supervision of Competent Persons as defined in the JORC or SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. All the Competent Persons consent to the inclusion in this report of the information in the form and context in which it appears. The names of the Competent Persons are lodged with the Anglo American plc Company Secretary and are available on request.

Anglo American Group companies are subject to a comprehensive programme of reviews aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The reviews are conducted by suitably qualified Competent Persons from within the Anglo American Group, or by independent consultants. The frequency and depth of the reviews is a function of the perceived risks and/or uncertainties associated with a particular Ore Reserve and Mineral Resource, the overall value thereof and time that has lapsed since an independent third party review has been conducted. Those operations/projects subject to independent third party reviews during the year are indicated in footnotes to the tables.

The JORC and SAMREC Codes require the use of reasonable economic assumptions. These include long-range commodity price forecasts which are prepared by in-house specialists largely using estimates of future supply and demand and long term economic outlooks. Ore Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and relevant new information and therefore can vary from year to year. Mineral Resource estimates also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2010. Unless otherwise stated, Mineral Resources are additional to those resources which have been modified to produce the Ore Reserves and are reported on a dry tonnes basis. The figures in the tables have been rounded and, if used to derive totals and averages, 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.

It is accepted that mine design and planning may include a portion of Inferred Mineral Resources. Inferred Mineral Resources in the Life of Mine (LOM) are described as 'Inferred (in LOM)' separately from the remaining Inferred Mineral Resources described as 'Inferred (ex. LOM)', as required. These resources are declared without application of any modifying factors.

Operations and projects which fall below the internal threshold (25% attributable interest) for reporting have been excluded from the Ore Reserves and Mineral Resources estimates. A number of assets were disposed of during 2010 hence the following operations and projects are not reported in 2010: Skorpion, Taroom, Dawson & Harcourt CBM and Guasre.

In South Africa, the Minerals and Petroleum Resources Development Act, Number 28 of 2002 (MPRDA) was implemented on 1 May 2004, and effectively transferred custodianship of the previously privately held mineral rights to the State. Mining companies were given up to two years to apply for prospecting permit conversions and five years to apply for mining licence conversions for existing operations.

A Prospecting Right is a new order right issued in terms of the MPRDA that is valid for up to five years, with the possibility of a further extension of three years, that can be obtained either by the conversion of existing Old Order Prospecting Rights or through new applications. An Exploration Right is identical to a Prospecting Right, but is commodity specific in respect of petroleum and gas and is valid for up to three years which can be renewed for a maximum of three periods not exceeding two years each.

A Mining Right is a new order right issued in terms of the MPRDA valid for up to 30 years obtained either by the conversion of an existing Old Order Mining Right, or as a new order right pursuant to the exercise of the exclusive right of the holder of a new order Prospecting Right, or pursuant to an application for a new Mining Right. A Production Right is identical to a Mining Right, but is commodity specific in respect of petroleum and gas.

In preparing the Ore Reserve and Mineral Resource statement for South African assets, Anglo American plc has adopted the following reporting principles in respect of Prospecting Rights and Mining Rights:

- Where applications for new order Mining Rights and Prospecting Rights have been submitted and these are still being processed by the relevant regulatory authorities, the relevant reserves and resources have been included in the statement
- Where applications for new order Prospecting Rights have been initially refused by the regulatory authorities, but are the subject of ongoing legal process and discussions with the relevant authorities and where Anglo American plc has reasonable expectations that the Prospecting Rights will be granted in due course, the relevant resources have been included in the statement (any associated comments appear in the footnotes).

DEFINITIONS

An 'Ore Reserve' is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves.

A 'Proved Ore Reserve' is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A 'Probable Ore Reserve' is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.

A 'Mineral Resource' is a concentration or occurrence of material of intrinsic economic interest in or on the Earth's crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which tonnage, grade and mineral content can be estimated with a low level of confidence. It is inferred from geological evidence and assumed but not verified geological and/or grade continuity. It is based on information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes which may be limited or of uncertain quality and reliability.