

Minerals & Materials

Will Tang
Tracy Wicaksana
Raymond Wang

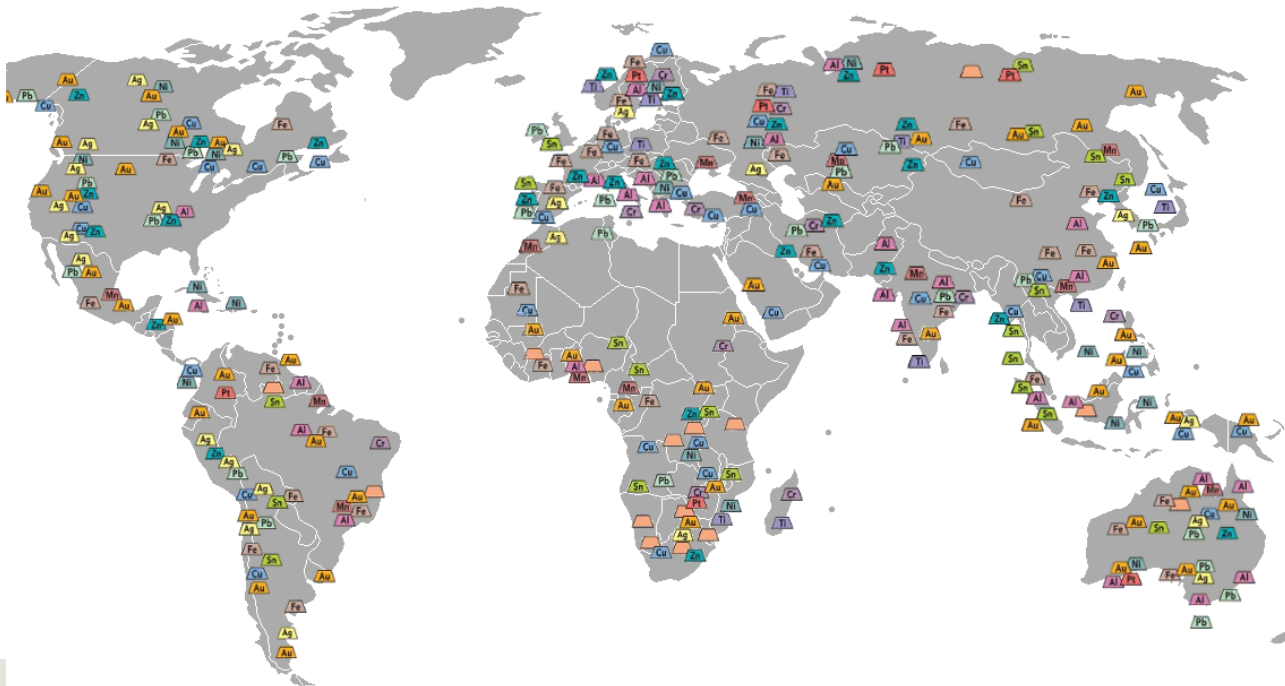


Agenda

- Industry overview
- BHP Billiton
- Barrick
- Xstrata

Mining Industry Overview

- Mining is the extraction of valuable minerals or other geological materials from the earth, from an ore body, vein or (coal) seam.



Financial Structure

■ Cost Structure

- Exploration, research and development
- General operation costs
- Depreciation, depletion and amortization
- Interest expenses
- Other

■ Revenue Composition

- Financial activities revenue (ie. Hedging)
- Mining revenue
- Interest income revenue



Mining Industry Overview

- Risk Factors
 - Development and operation
 - Commodity price
 - Interest rate risk
 - The global financial crisis
 - Foreign exchange rate fluctuations
 - Government and political risks, licenses and permits
 - Health, safety, environmental and accidents
 - Energy Risk
 - Derivative Instrument Risk
 - Credit risk
 - Market liquidity risk
 - Mark-to-market risk
 - Others

Gold

▣ Market value

The global gold market grew by 41.1% in 2010 to reach a value of \$83.8 billion.

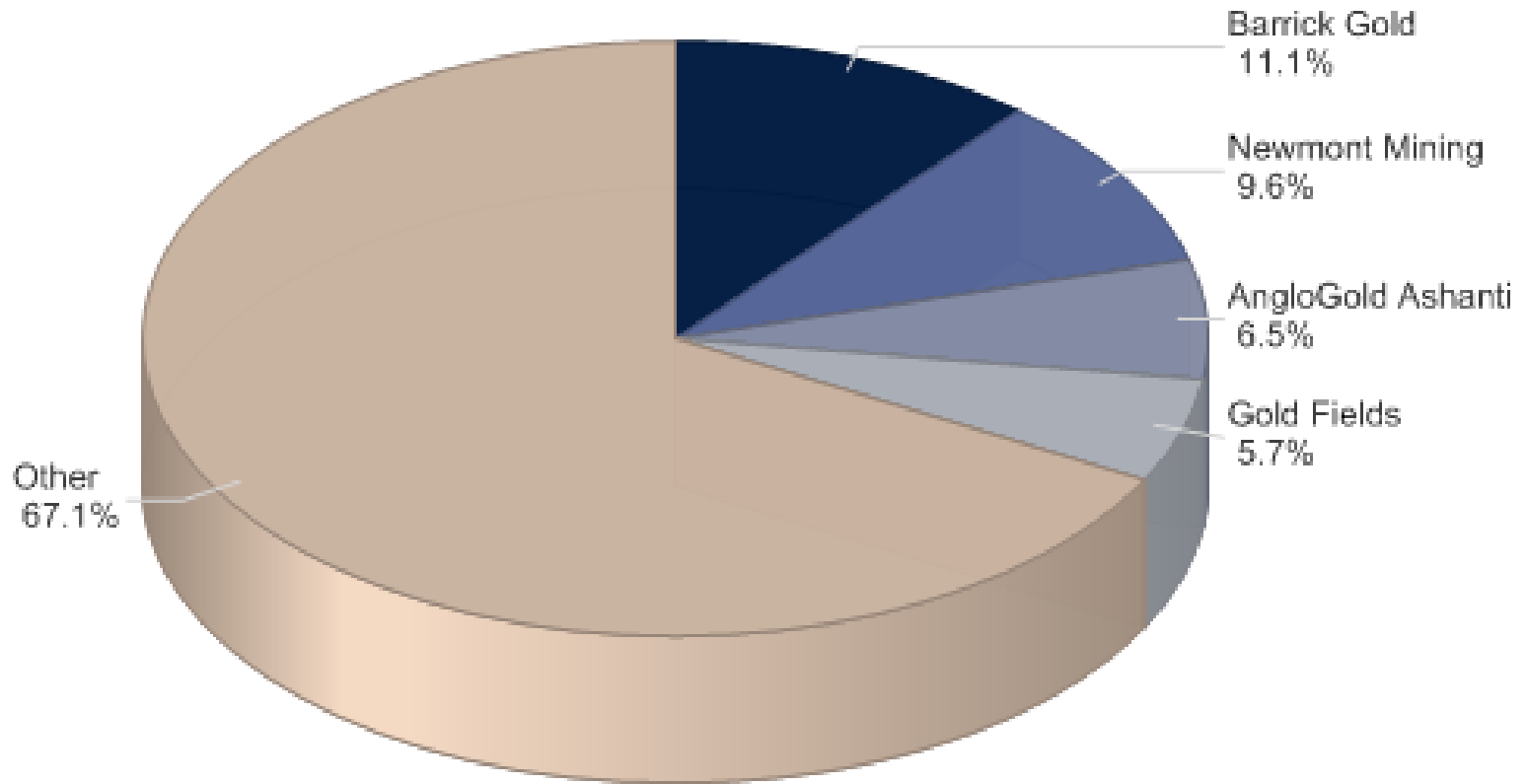
▣ Market value forecast

In 2015, the global gold market is forecast to have a value of \$131.5 billion, an increase of 57% since 2010.

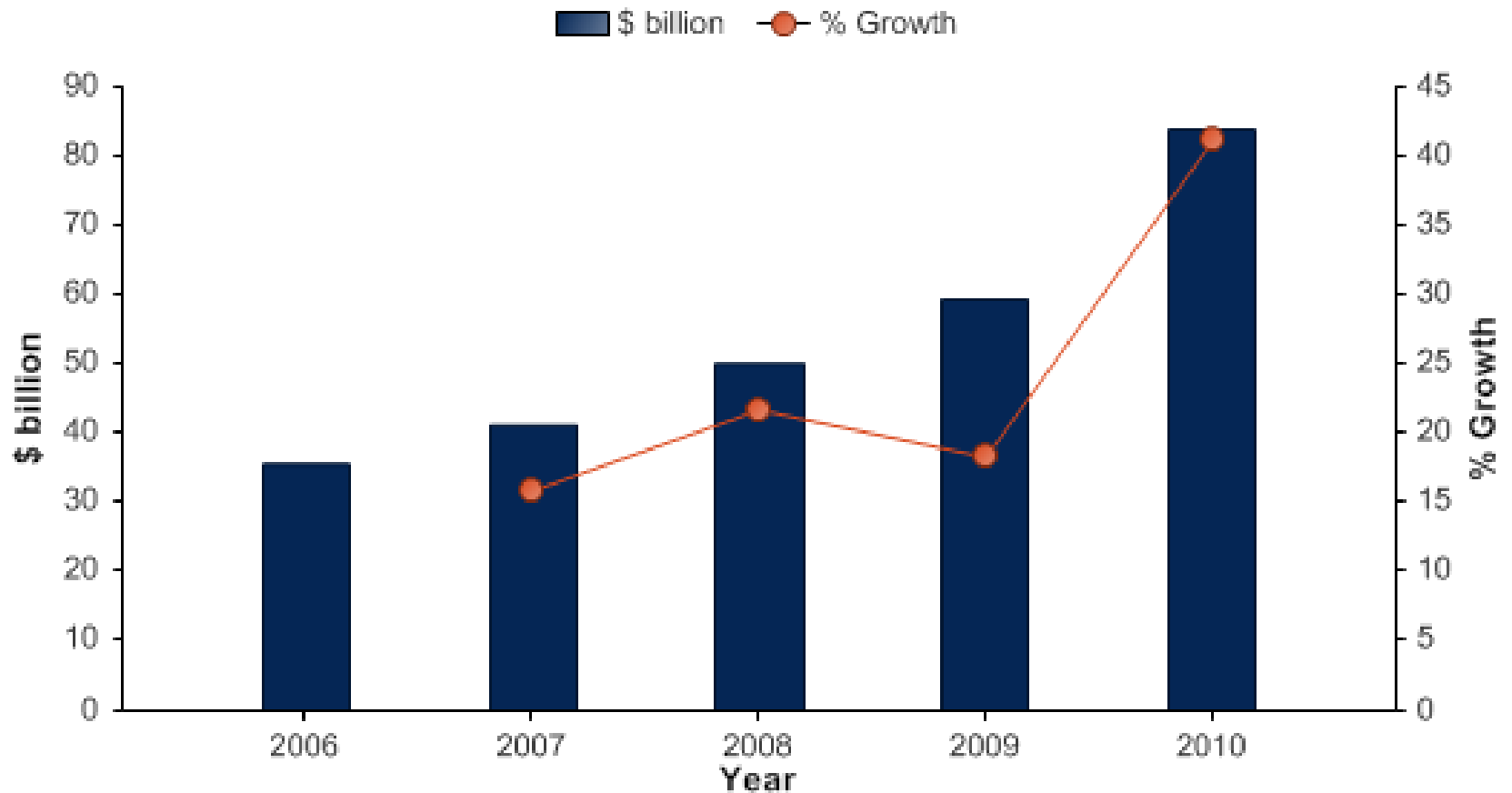
▣ The gold market is usually in **contango**

▣ Over the counter trade (**OTC**)

Global gold market share: % share, by value, 2010

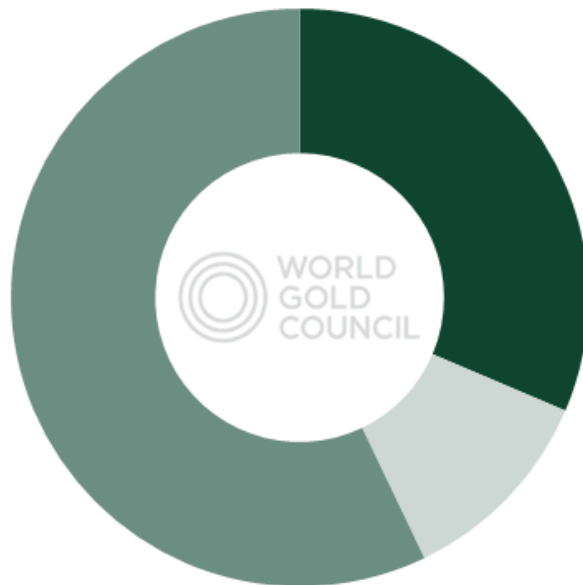


Global gold market value: \$ billion, 2006–10



Market Demand

Demand flows, 5-year average (Q4'05 to Q3'10)



■ Investment* (1,182 t) 31%

■ Industrial (433 t) 11%

■ Jewelry (2,151 t) 57%

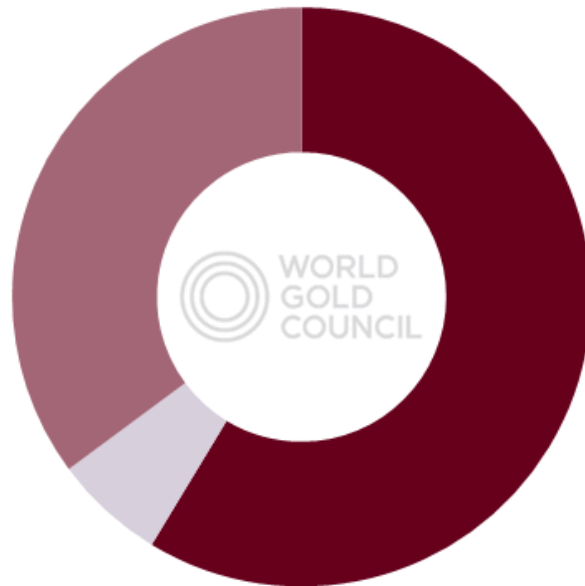
India (27%), China, and the Middle East accounted for approximately 70% of world demand in 2009.

Source: GFMS, WGC

* Includes identifiable and non-identifiable investment

Market Supply

Supply flows, 5-year average (Q4'05 to Q3'10)



- Mine production** (2,209 t) 59%
- Net official sector sales (234 t) 6%
- Recycled gold (1,323 t) 35%

Source: GFMS, WGC
** Net of producer hedging

Alternative Investment

- Safe Haven
- Generally speaking, when people feel secure, gold prices fall; when people feel insecure, prices rise. This is reflected by the short term demand fluctuation.
- Alternative investment to USD (uncertainty)

\$GOLD (Gold - Spot Price (EOD)) CME

1-Nov-2011

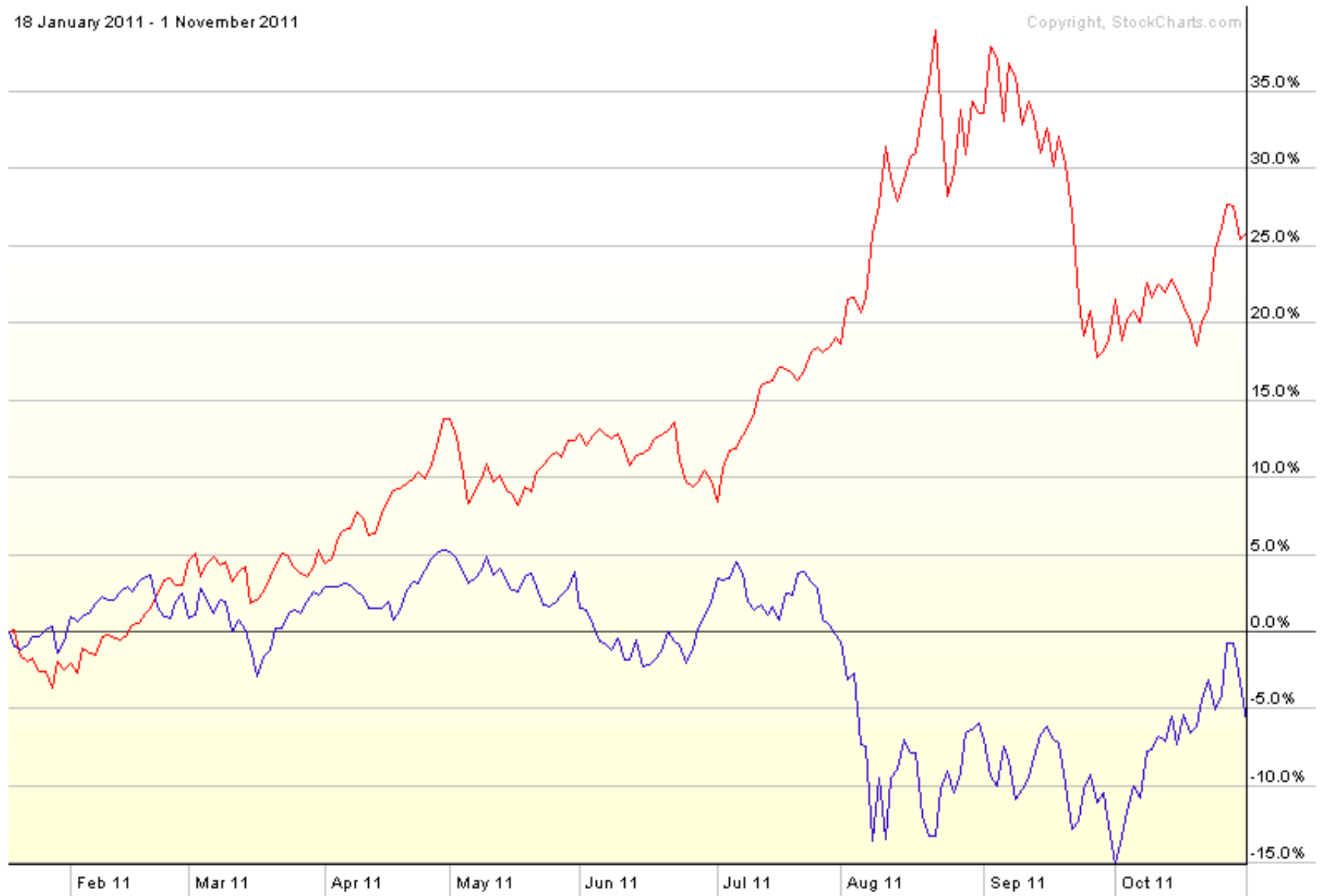
© StockCharts.com
Open 1715.70 **High** 1725.60 **Low** 1681.20 **Close** 1721.50 **Volume** 165.4K **Chg** +5.50 (+0.32%) ▲



Gold (EOD) S&P 500

18 January 2011 - 1 November 2011

Copyright, StockCharts.com



200 days

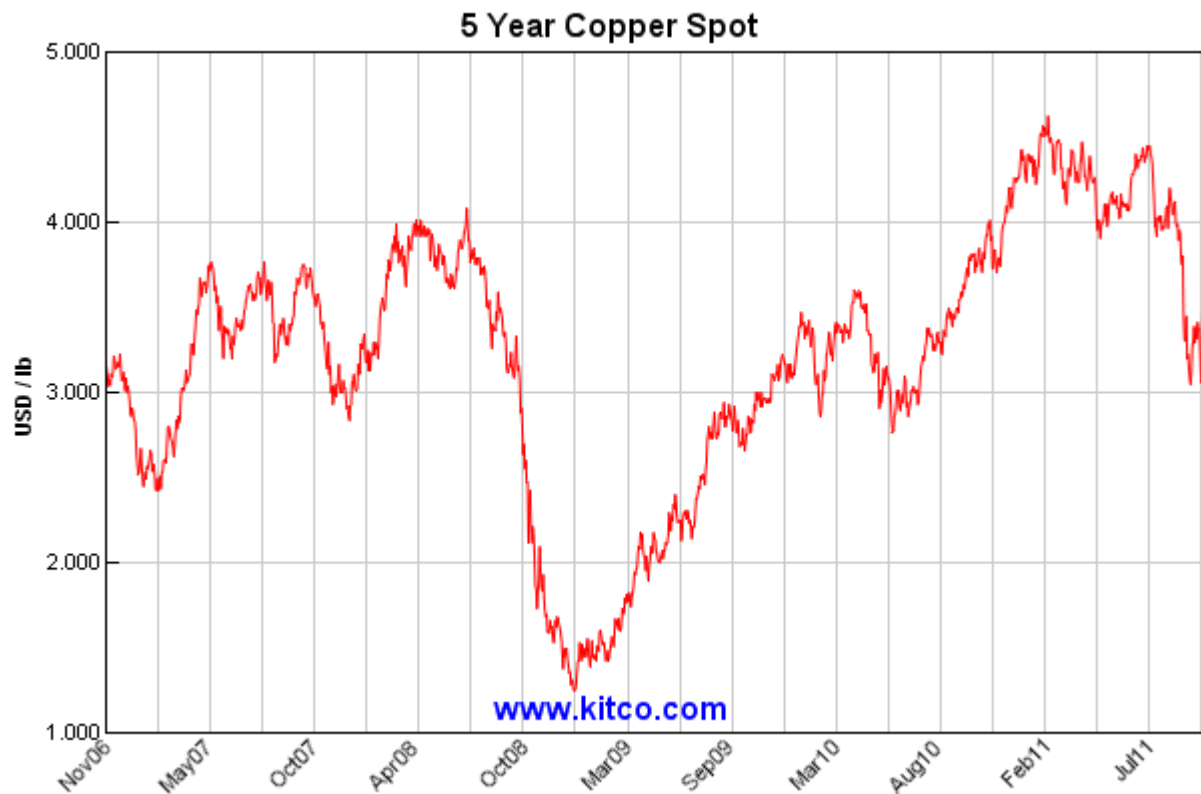
Price Driver

- Increase of gold holding
- Global gold mine production declining
- Gold sales from the official sector under the Central Bank Gold Agreement (CBGA). Central banks became net buyers of gold in 2010 for the first time in 21 years.

Copper

- An Internationally traded commodity
- Infinite recyclable life
- Prices (Contango):
 - Volatile
 - Cyclical
 - Determined by the major metals exchanges
 - New York Mercantile Exchange (COMEX)
 - London Metals Exchange (LME)
 - Shanghai Futures Exchange (SHFE0)
- Price might also be affected through speculative trading and currency exchange

Copper Price



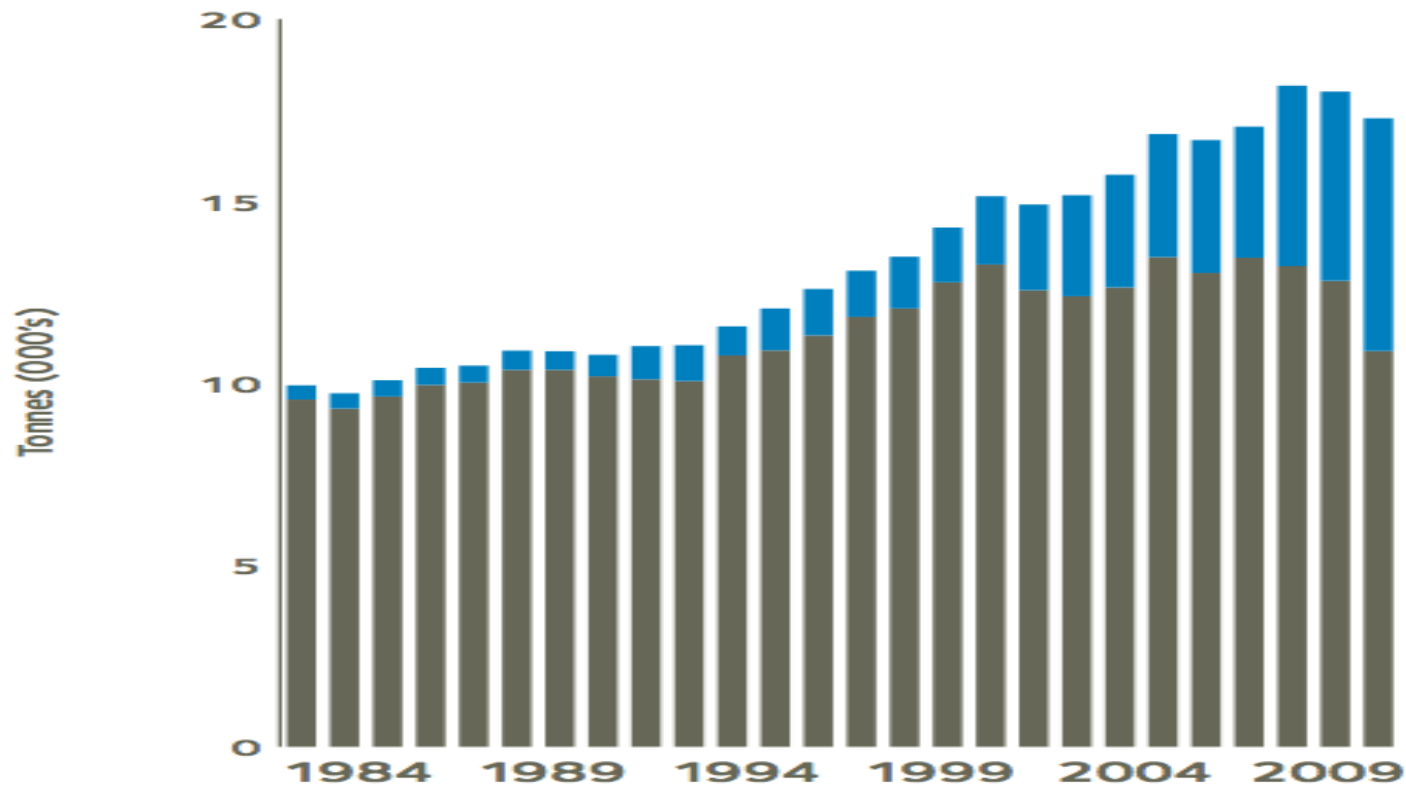
Copper Demand

- Factors affecting demand
 - Global Economic Conditions
 - Instability Decreases Demand (US. and Europe)
 - Industrialization
 - Increases consumption (China and India)
 - Copper imports by China advanced to a record in 2009, driving global prices up 140 percent.

Global Copper Demand

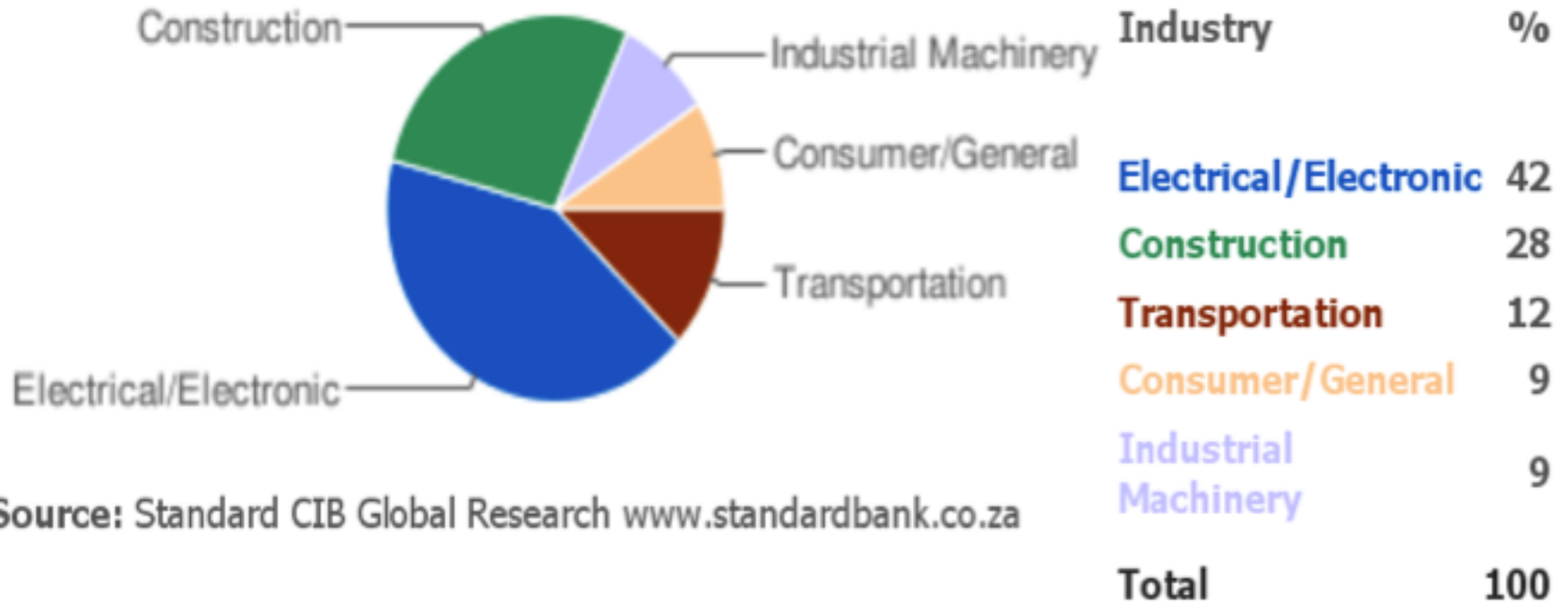
Global Demand for Copper

(tonnes in millions)



Copper Consumption

Industrial consumption

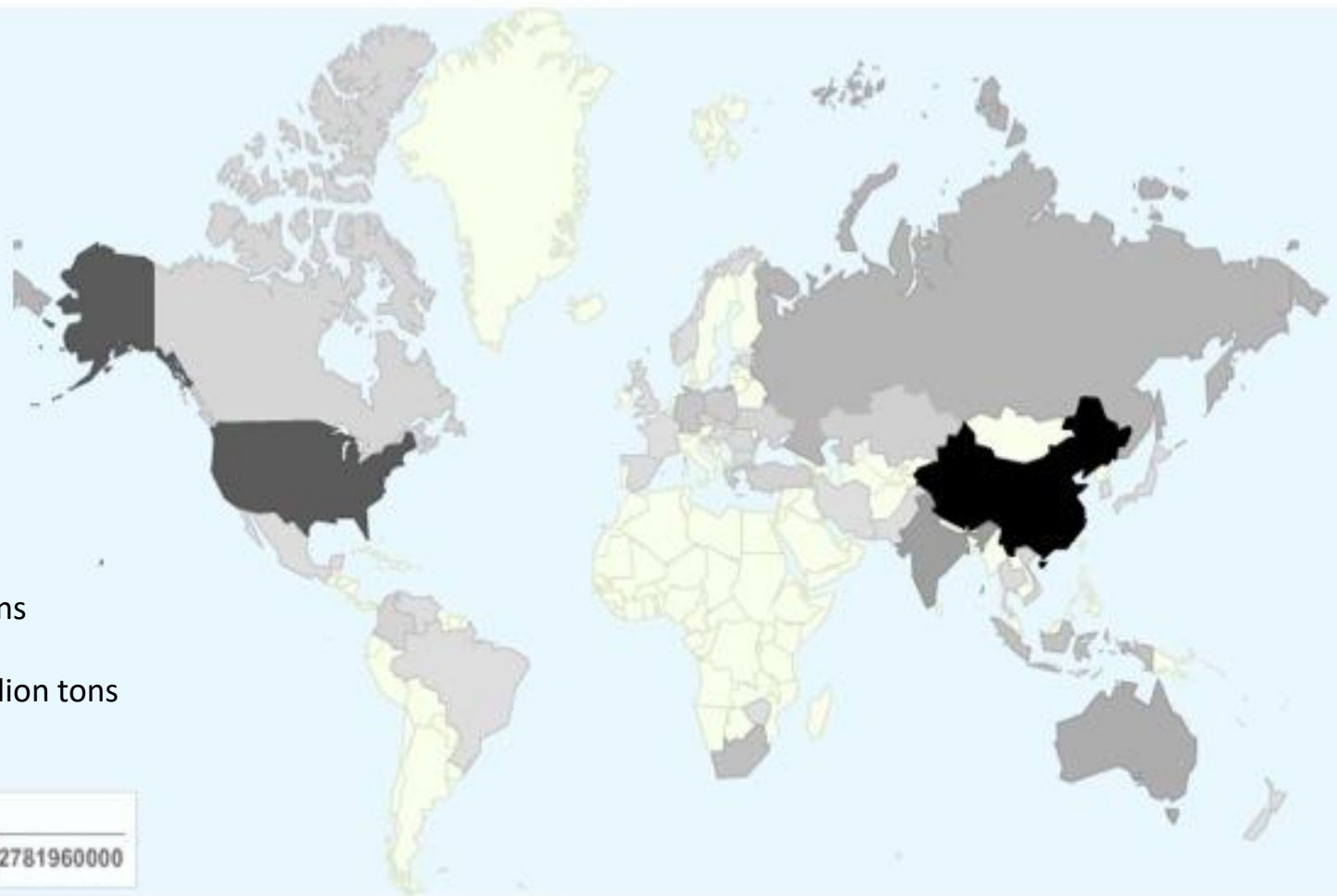


Source: Standard CIB Global Research www.standardbank.co.za

COAL

- The world's most abundant and widely distributed fossil fuel
- Was the most important source of the world's primary energy until it was taken over by the oil in the late 1960s
- 70% of the total world coal production is consumed for electricity generation (Thermal Coal)
- Other uses: steel production (Coking Coal), cement manufacturing, and as a liquid fuel

COAL Consumption



COAL Prices

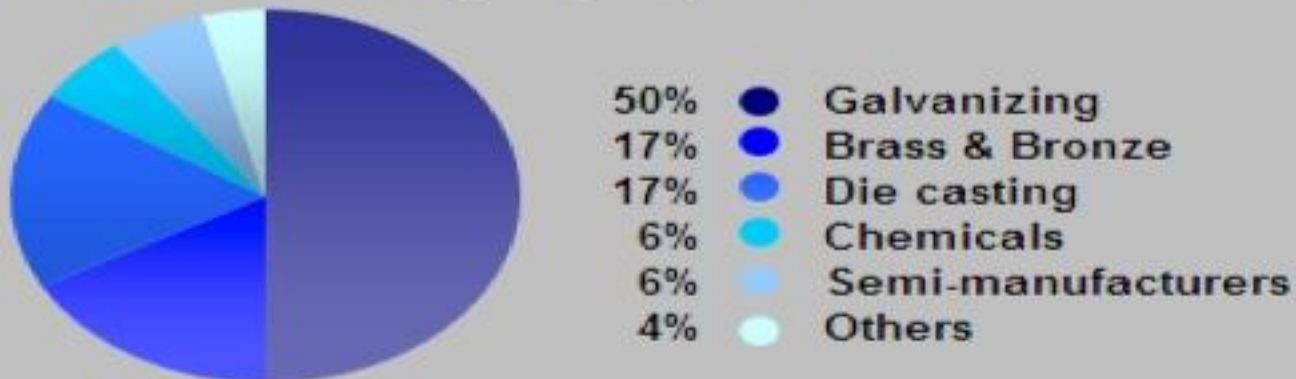


ZINC

- ▣ Zinc is the 4th most common metal
- ▣ More than 50 countries around the world mine zinc ore, with the largest producers : Australia, Canada, Peru, and the United States
- ▣ Mining methods:
 - Mined underground: 80% of the world' s zinc
 - Mined in open pits: 8% of the world' s zinc
 - Combination: 12% of the world' s zinc

Uses of ZINC

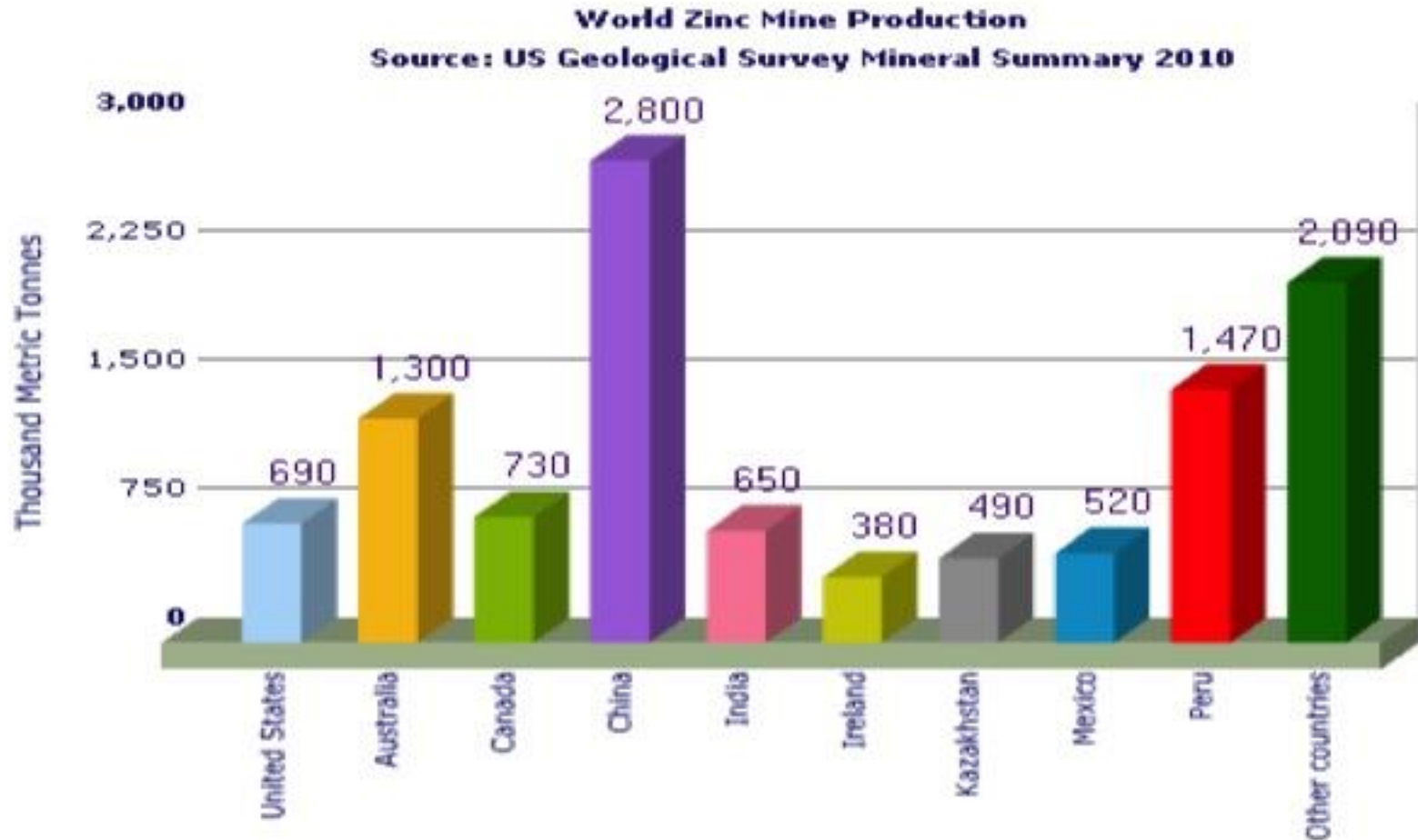
Zinc is used in many ways - by end use



Global demand for zinc is driven mainly by its use in galvanizing, brass and bronze and die-casting

Source: ILZSG

ZINC Production



ZINC Prices

ZINC PRICE
Jan 4, 2002 - Sep 16, 2011

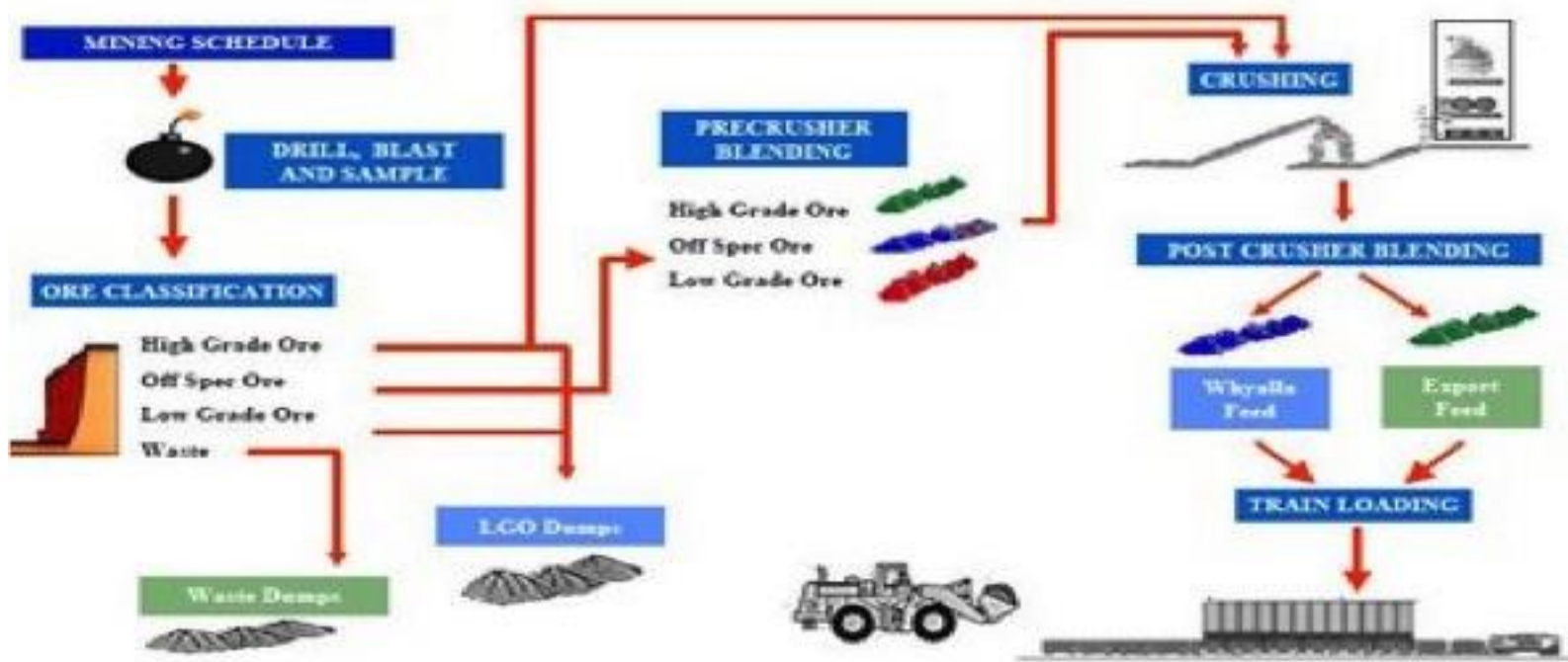


Iron Ore

- Elemental Iron is ranked 4th in abundance in the earth's crust and is the major constituent of the Earth's core
- 98% of iron ore is used to make steel
- Major producers of iron ore include Australia, Brazil, China, Russia and India

Iron Ore

Iron Ore Operations Flowchart



Iron Ore Prices

Iron Ore Prices (2011 \$/dry metric ton)





Company Overview



- A global mining, oil and gas company
- Based in Melbourne, Australia and with a major management office in London, United Kingdom
- The world's largest mining company measured by revenue
- The world's third-largest company measured by market capitalization
- In 2001, Billiton Plc merged with the Broken Hill Proprietary Company Limited (BHP) to form BHP Billiton



Executives



Chairman: Jacques Nasser

After serving as a Director of BHP Billiton Since 2006, he was appointed Chairman on March 31, 2010

33 year career with Ford

From 1998 to 2001, President and CEO of Ford Motor Company



CEO: Dr. Marius Kloppers

In 2007, he was appointed CEO of BHP Billiton

Before joining Billiton in 1993, he worked with management consultants McKinsey & Co in Netherlands



Operation



Operating in nine businesses:

Petroleum

Aluminum

Base Metals (including Uranium)

Diamonds & Specialty Products

Stainless Steel Materials

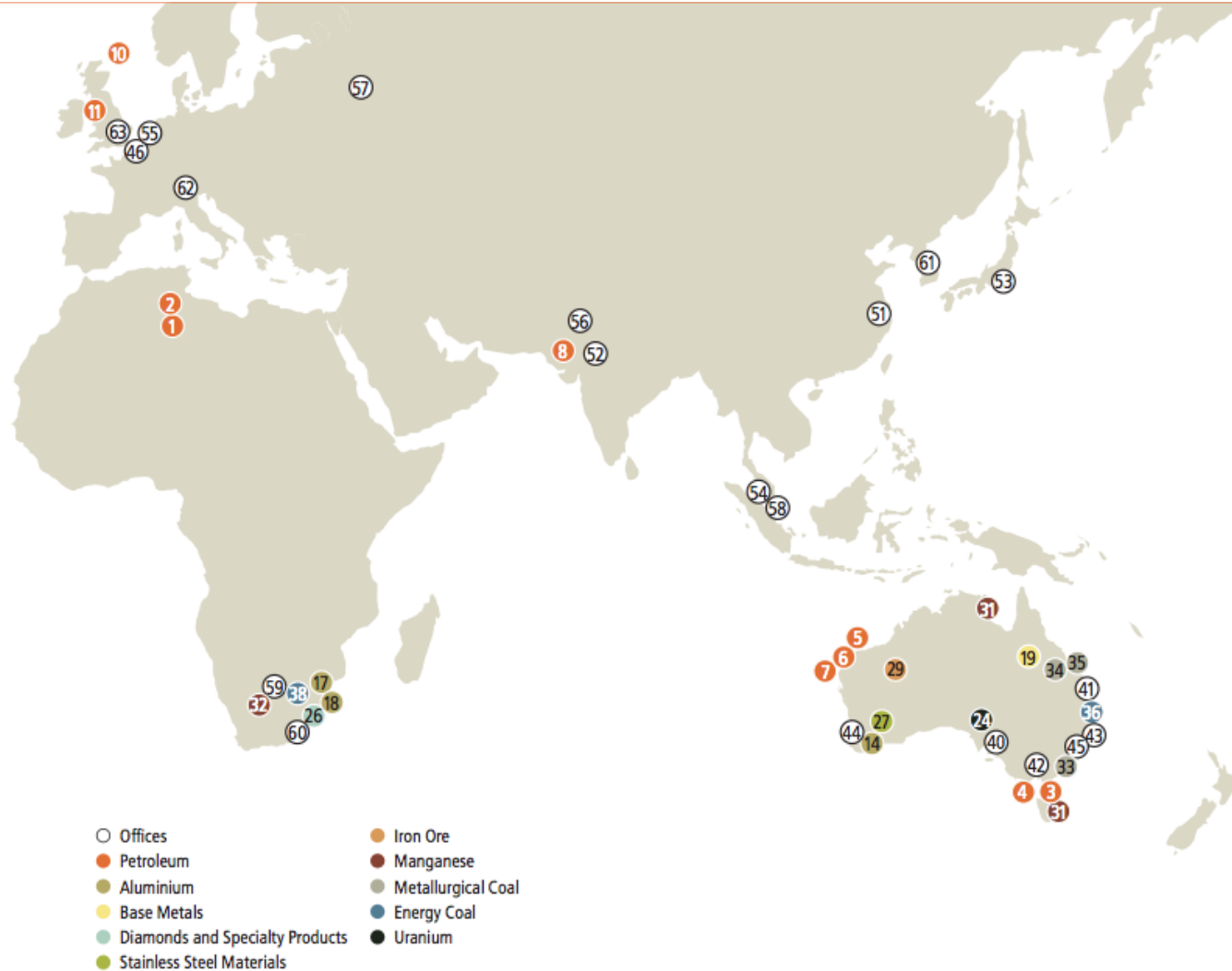
Iron Ore

Manganese

Metallurgical Coal



Operation Locations



Production volumes

- for this year and the previous 2 years

World-class assets

Actual production volumes for this year and the previous two years are shown below. Further details appear in section 2.3 of this Report.

Year ended 30 June	2011	2010	2009
World-class assets			
Production			
Total Petroleum production (millions of barrels of oil equivalent)	159.38	158.56	137.97
Alumina ('000 tonnes)	4,010	3,841	4,396
Aluminium ('000 tonnes)	1,246	1,241	1,233
Copper ('000 tonnes)	1,139.4	1,075.2	1,207.1
Nickel ('000 tonnes)	152.7	176.2	173.1
Iron ore ('000 tonnes)	134,406	124,962	114,415
Manganese alloys ('000 tonnes)	753	583	513
Manganese ores ('000 tonnes)	7,093	6,124	4,475
Metallurgical coal ('000 tonnes)	32,678	37,381	36,416
Energy coal ('000 tonnes)	69,500	66,131	66,401

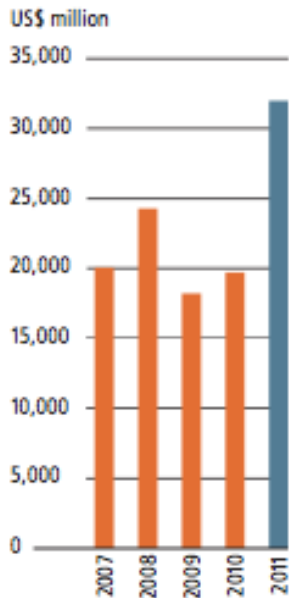
Operating & Financial review

- Financial strength and discipline:
 - A solid “A” credit rating

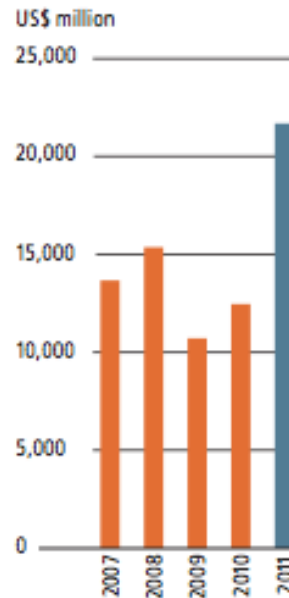
- Capital management priorities are:
 - Reinvest in our extensive pipeline of world-class
 - Ensure a solid balance sheet
 - Return excess capital to shareholders

General Performance

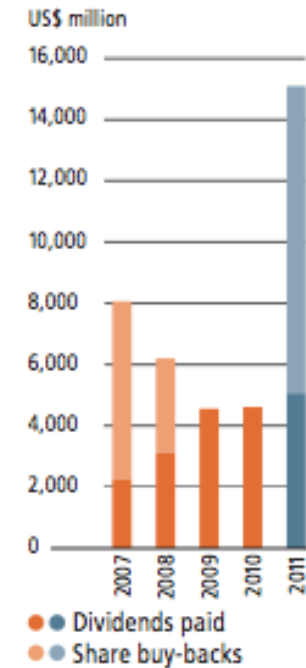
Underlying EBIT US\$32.0 billion



Attributable profit – excluding exceptional items US\$21.7 billion

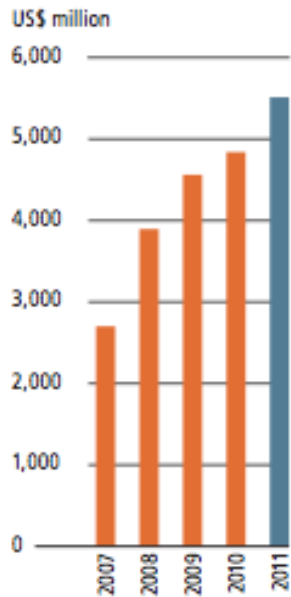


Total return to shareholders US\$15.1 billion

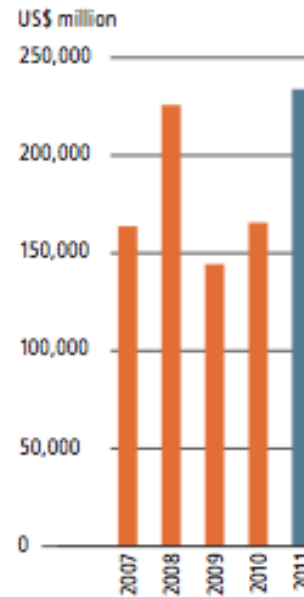


General Performance

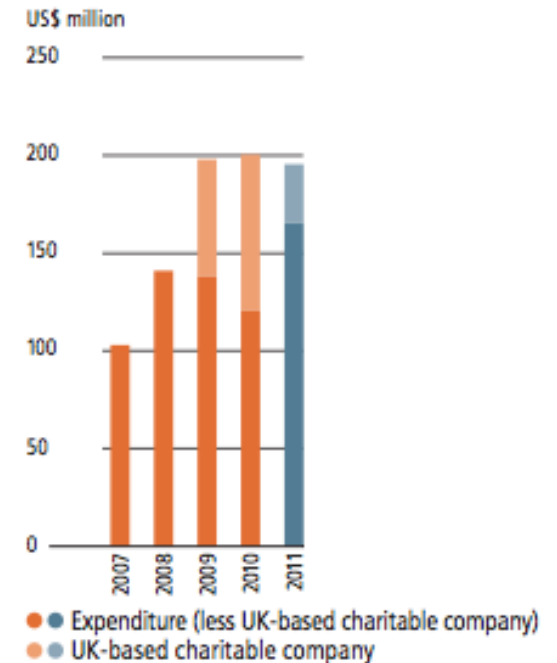
Dividends declared **US\$5.5 billion**



Market capitalisation at 30 June **US\$233.9 billion**

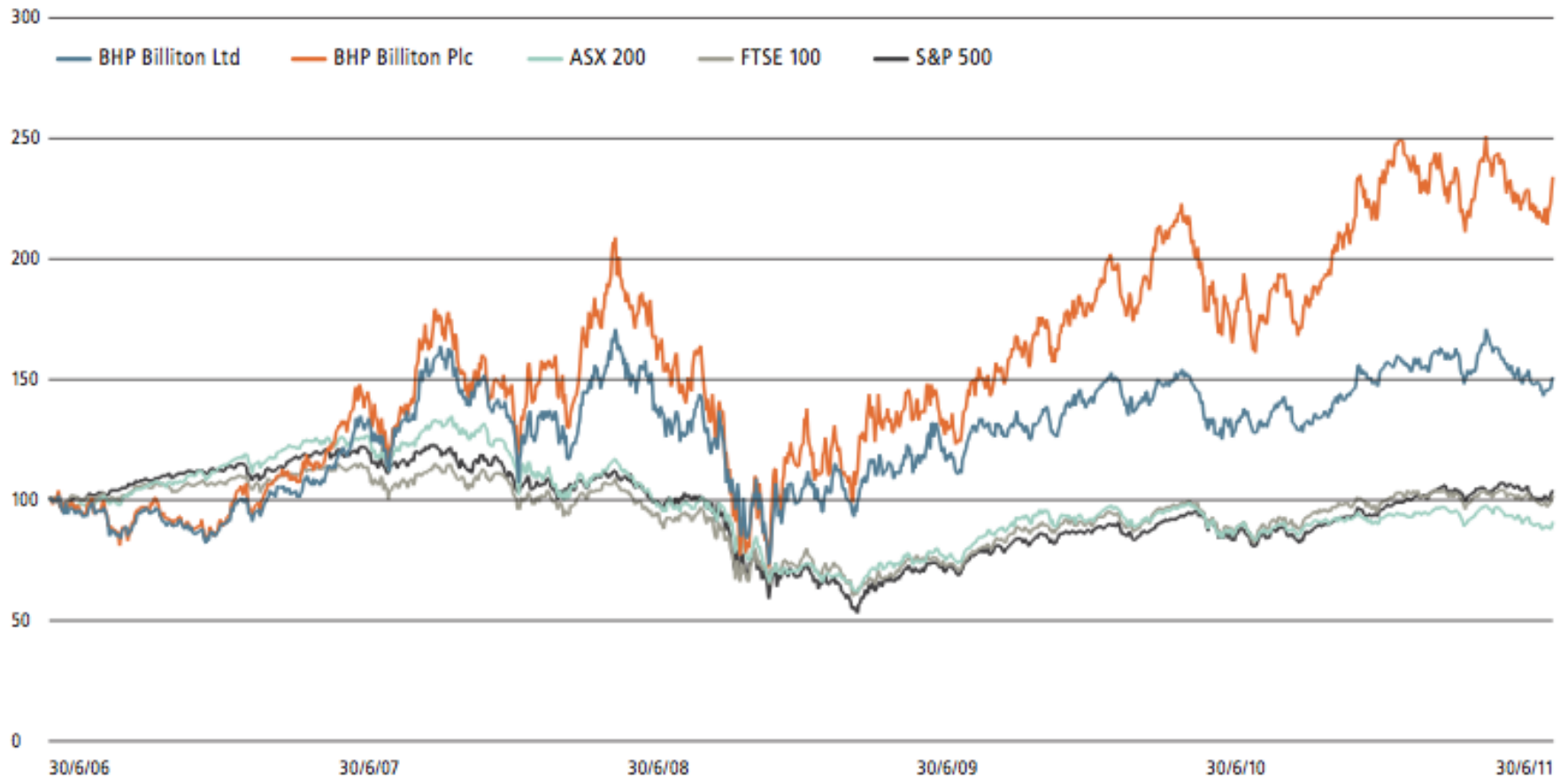


Community contributions at 30 June **US\$195.5 million**



General Performance

Relative share price performance index – five year



Consolidated Income Statement

	Notes	2011 US\$M	2010 US\$M	2009 US\$M
Revenue				
Group production		67,903	48,193	44,113
Third party products	2	3,836	4,605	6,098
Revenue	2	71,739	52,798	50,211
Other income	4	531	528	589
Expenses excluding net finance costs	5	(40,454)	(33,295)	(38,640)
Profit from operations		31,816	20,031	12,160
Comprising:				
Group production		31,718	19,920	11,657
Third party products		98	111	503
		31,816	20,031	12,160
Financial income	6	245	215	309
Financial expenses	6	(806)	(674)	(852)
Net finance costs	6	(561)	(459)	(543)
Profit before taxation		31,255	19,572	11,617
Income tax expense	7	(6,481)	(6,112)	(4,784)
Royalty related taxation (net of income tax benefit)	7	(828)	(451)	(495)
Total taxation expense	7	(7,309)	(6,563)	(5,279)
Profit after taxation		23,946	13,009	6,338
Attributable to non-controlling interests		298	287	461
Attributable to members of BHP Billiton Group		23,648	12,722	5,877
Earnings per ordinary share (basic) (US cents)	8	429.1	228.6	105.6
Earnings per ordinary share (diluted) (US cents)	8	426.9	227.8	105.4
Dividends per ordinary share – paid during the period (US cents)	9	91.0	83.0	82.0
Dividends per ordinary share – declared in respect of the period (US cents)	9	101.0	87.0	82.0

The accompanying notes form part of these financial statements.

Net Finance Costs

	2011 US\$M	2010 US\$M	2009 US\$M
Financial expenses			
Interest on bank loans and overdrafts ^(a)	19	24	47
Interest on all other borrowings ^(a)	471	460	527
Finance lease and hire purchase interest	12	14	15
Dividends on redeemable preference shares	–	–	1
Discounting on provisions and other liabilities	411	359	315
Discounting on post-retirement employee benefits	128	130	132
Interest capitalised ^(b)	(256)	(301)	(149)
Fair value change on hedged loans	(140)	131	390
Fair value change on hedging derivatives	110	(138)	(377)
Exchange variations on net debt	51	(5)	(49)
	806	674	852
Financial income			
Interest income ^(c)	(141)	(117)	(198)
Expected return on pension scheme assets	(104)	(98)	(111)
	(245)	(215)	(309)
Net finance costs	561	459	543

Consolidated Statement of Comprehensive Income



	Notes	2011 US\$M	2010 US\$M	2009 US\$M
Profit after taxation		23,946	13,009	6,338
Other comprehensive income				
Actuarial losses on pension and medical schemes		(113)	(38)	(227)
Available for sale investments:				
Net valuation (losses)/gains taken to equity		(70)	167	3
Net valuation (gains)/losses transferred to the income statement		(47)	2	58
Cash flow hedges:				
(Losses)/gains taken to equity		–	(15)	710
Realised losses transferred to the income statement		–	2	22
Unrealised gains transferred to the income statement		–	–	(48)
Gains transferred to the initial carrying amount of hedged items		–	–	(26)
Exchange fluctuations on translation of foreign operations taken to equity		19	1	27
Exchange fluctuations on translation of foreign operations transferred to the income statement		–	(10)	–
Tax recognised within other comprehensive income	7	120	111	(253)
Total other comprehensive income		(91)	220	266
Total comprehensive income		23,855	13,229	6,604
Attributable to non-controlling interests		284	294	458
Attributable to members of BHP Billiton Group		23,571	12,935	6,146

The accompanying notes form part of these financial statements.

For the year ended 30 June 2011

Consolidated Balance Sheet



	Notes	2011 US\$M	2010 US\$M
ASSETS			
Current assets			
Cash and cash equivalents	23	10,084	12,456
Trade and other receivables	10	8,197	6,543
Other financial assets	11	264	292
Inventories	12	6,154	5,334
Current tax assets		273	189
Other		308	320
Total current assets		25,280	25,134
Non-current assets			
Trade and other receivables	10	2,093	1,381
Other financial assets	11	1,602	1,510
Inventories	12	363	343
Property, plant and equipment	13	68,468	55,576
Intangible assets	14	904	687
Deferred tax assets	7	3,993	4,053
Other		188	168
Total non-current assets		77,611	63,718
Total assets		102,891	88,852

Other Financial Assets

11 Other financial assets

	2011 US\$M	2010 US\$M
Current		
At fair value		
Cross currency and interest rate swaps	49	23
Forward exchange contracts	26	28
Commodity contracts	173	240
Other derivative contracts	16	1
Total current other financial assets	264	292
Non-current		
At fair value		
Cross currency and interest rate swaps	705	595
Commodity contracts	41	42
Other derivative contracts	114	111
Shares – available for sale	580	657
Other investments – available for sale ^(a)	162	105
Total non-current other financial assets	1,602	1,510

Consolidated Balance Sheet

LIABILITIES			
Current liabilities			
Trade and other payables	15	9,718	6,467
Interest bearing liabilities	16	3,519	2,191
Other financial liabilities	17	288	511
Current tax payable		3,693	1,685
Provisions	18	2,256	1,899
Deferred income		259	289
Total current liabilities		19,733	13,042
Non-current liabilities			
Trade and other payables	15	555	469
Interest bearing liabilities	16	12,388	13,573
Other financial liabilities	17	79	266
Deferred tax liabilities	7	2,683	4,320
Provisions	18	9,269	7,433
Deferred income		429	420
Total non-current liabilities		25,403	26,481
Total liabilities		45,136	39,523
Net assets		57,755	49,329
EQUITY			
Share capital – BHP Billiton Limited	19	1,183	1,227
Share capital – BHP Billiton Plc	19	1,070	1,116
Treasury shares	19	(623)	(525)
Reserves	20	2,001	1,906
Retained earnings	20	53,131	44,801
Total equity attributable to members of BHP Billiton Group		56,762	48,525
Non-controlling interests	20	993	804
Total equity		57,755	49,329

Interest Bearing Liabilities

16 Interest bearing liabilities

	2011 US\$M	2010 US\$M
Current		
Unsecured bank loans	484	393
Notes and debentures	2,458	1,424
Secured bank loans	160	184
Finance leases	63	63
Secured other	18	–
Unsecured other	332	126
Unsecured bank overdrafts and short-term borrowings	4	1
Total current interest bearing liabilities	3,519	2,191
Non-current		
Unsecured bank loans	526	361
Notes and debentures	10,122	12,012
Secured bank loans ^(a)	580	424
Redeemable preference shares ^(b)	15	15
Finance leases	129	162
Unsecured other ^(a)	448	250
Secured other ^(a)	568	349
Total non-current interest bearing liabilities	12,388	13,573

Other Financial Liabilities

17 Other financial liabilities

	2011 US\$M	2010 US\$M
Current		
Cross currency and interest rate swaps	53	282
Forward exchange contracts	3	6
Commodity contracts	196	194
Other derivative contracts	36	29
Total current other financial liabilities	288	511
Non-current		
Cross currency and interest rate swaps	–	174
Commodity contracts	23	41
Other derivative contracts	56	51
Total non-current other financial liabilities	79	266

Consolidated Cash Flow

	Notes	2011 US\$M	2010 US\$M	2009 US\$M
Operating activities				
Profit before taxation		31,255	19,572	11,617
Adjustments for:				
Non-cash exceptional items		(150)	(255)	5,460
Depreciation and amortisation expense		5,039	4,759	3,871
Net gain on sale of non-current assets		(41)	(114)	(38)
Impairments of property, plant and equipment, financial assets and intangibles		74	35	190
Employee share awards expense		266	170	185
Financial income and expenses		561	459	543
Other		(384)	(265)	(320)
Changes in assets and liabilities:				
Trade and other receivables		(1,960)	(1,713)	4,894
Inventories		(792)	(571)	(116)
Trade and other payables		2,780	565	(847)
Net other financial assets and liabilities		46	(90)	(769)
Provisions and other liabilities		387	(306)	(497)
Cash generated from operations		37,081	22,246	24,173
Dividends received		12	20	30
Interest received		107	99	205
Interest paid		(562)	(520)	(519)
Income tax refunded		74	552	–
Income tax paid		(6,025)	(4,931)	(5,129)
Royalty related taxation paid		(607)	(576)	(906)
Net operating cash flows		30,080	16,890	17,854

Investing activities			
Purchases of property, plant and equipment	(11,147)	(9,323)	(9,492)
Exploration expenditure	(1,240)	(1,333)	(1,243)
Exploration expenditure expensed and included in operating cash flows	981	1,030	1,009
Purchase of intangibles	(211)	(85)	(141)
Investment in financial assets	(238)	(152)	(40)
Investment in subsidiaries, operations and jointly controlled entities, net of their cash	(4,807)	(508)	(286)
Payment on sale of operations	–	(156)	(126)
Cash outflows from investing activities	(16,662)	(10,527)	(10,319)
Proceeds from sale of property, plant and equipment	80	132	164
Proceeds from financial assets	118	34	96
Proceeds from sale or partial sale of subsidiaries, operations and jointly controlled entities, net of their cash	–	376	17
Net investing cash flows	(16,464)	(9,985)	(10,042)
Financing activities			
Proceeds from interest bearing liabilities	1,374	567	7,323
Proceeds from debt related instruments	222	103	354
Repayment of interest bearing liabilities	(2,173)	(1,155)	(3,748)
Proceeds from ordinary shares	32	12	29
Contributions from non-controlling interests	–	335	–
Purchase of shares by Employee Share Ownership Plan (ESOP) Trusts	(469)	(274)	(169)
Share buy-back – BHP Billiton Limited	(6,265)	–	–
Share buy-back – BHP Billiton Plc	(3,595)	–	–
Dividends paid	(5,054)	(4,618)	(4,563)
Dividends paid to non-controlling interests	(90)	(277)	(406)
Net financing cash flows	(16,018)	(5,307)	(1,180)
Net (decrease)/increase in cash and cash equivalents	(2,402)	1,598	6,632
Cash and cash equivalents, net of overdrafts, at the beginning of financial year	12,455	10,831	4,173
Effect of foreign currency exchange rate changes on cash and cash equivalents	27	26	26
Cash and cash equivalents, net of overdrafts, at the end of the financial year	10,080	12,455	10,831

Financial Risk Factors

- ▣ Commodity price risk
- ▣ Currency exchange rate risk
- ▣ Interest rate risk
- ▣ Counterparty credit risk



Financial Risk Management



- The identification and management of risk is central to achieving the corporate objective of delivering long-term value to shareholders
- Risk profile for the whole business
 - Covers both operational and strategic risks
- Group's Portfolio Risk Management Strategy
- A cash flow at Risk (CFaR) framework
- We do not generally believe that active currency and commodity hedging provides long-term benefits to our shareholders.

Risk Management

CHIEF EXECUTIVE OFFICER

- Holds delegated authority from the Board to achieve the corporate objective.
- Authority extends to all matters except those reserved for the Board's decision.
- CEO has delegated authority to management committees and individual members of management – but CEO remains accountable to Board for all authority delegated to him.



Group Management Committee

- Established by the CEO, the GMC is the Group's most senior executive body.
- Purpose is to provide leadership to the Group, determining its priorities and the way it is to operate, thereby assisting the CEO in pursuing the corporate objective.
- Is a forum to debate high-level matters important to the Group and to ensure consistent development of the Group's strategy.
- See section 4.2 for GMC members.

Financial Risk Management Committee

- Purpose is to assist the CEO to monitor and oversee the management of the financial risks faced by the Group, including:
 - commodity price risk;
 - currency risk;
 - interest rate risk;
 - counterparty credit risk;
 - financing risk;
 - insurance.

Investment Committee

- Purpose is to ensure rigorous and consistent investment processes are in place and working effectively, so that:
 - investments are aligned with Group's priorities and strategy;
 - key risks and opportunities are identified and managed;
 - shareholder value is maximised.

Financial Risk Management

- The strategy, financial instruments are employed in three distinct activities
 - Risk mitigation
 - Assessment of portfolio CFaR against Board-approved limits
 - Execution of transaction within approved mandates
 - Economic hedging of commodity sales, operating costs and debt instruments
 - Measuring and reporting the exposure in customer commodity contracts and issued debt instruments
 - Executing hedging derivatives to align the total group exposure to the index target
 - Strategic financial transactions
 - Exposures managed within value at risk and stop loss limits
 - Execution of transactions within approved mandates

Interest Rate Risk

- Exposed to interest rate risk on its outstanding borrowings and investments from the possibility that changes in interest rates will affect future cash flows or the fair value of fixed interest rate financial instruments
- Entered into interest rate swaps and cross currency interest rate swaps to convert most of the centrally managed debt into US dollar floating interest rate exposures.

Interest Rate Risk

	Fair value	
	2011 US\$M	2010 US\$M
Interest rate swaps		
US dollar swaps		
<i>Pay floating/receive fixed</i>		
Not later than one year	49	13
Later than one year but not later than two years	109	90
Later than two years but not later than five years	248	200
Later than five years	172	288
Cross currency interest rate swaps		
Euro to US dollar swaps		
<i>Pay floating/receive fixed</i>		
Not later than one year	–	10
Later than two years but not later than five years	134	17
Euro to US dollar swaps		
<i>Pay fixed/receive fixed</i>		
Later than two years but not later than five years	42	–
Later than five years	–	(174)
Forward exchange contracts		
Euro to US dollar foreign exchange contract		
<i>Pay US dollar/receive Euro</i>		
Not later than one year	(53)	(282)
Total fair value of derivatives	701	162

Currency Exchange Rate Risk

- Exposed to exchange rate transaction risk on foreign currency sales and purchases (currency hedging)
 - Translational exposure in respect of non-functional currency monetary items
 - Transactional exposure in respect of non-functional currency expenditure and revenues

Exchange rates

The following exchange rates relative to the US dollar have been applied in the financial statements:

	Average year ended 30 June 2011	Average year ended 30 June 2010	Average year ended 30 June 2009	As at 30 June 2011	As at 30 June 2010	As at 30 June 2009
Australian dollar ^(a)	0.99	0.88	0.75	1.07	0.85	0.81
Brazilian real	1.68	1.80	2.08	1.57	1.81	1.95
Canadian dollar	1.00	1.06	1.16	0.97	1.06	1.16
Chilean peso	486	529	582	470	545	530
Colombian peso	1,843	1,970	2,205	1,779	1,920	2,159
South African rand	7.01	7.59	9.01	6.80	7.68	7.82
Euro	0.73	0.72	0.73	0.69	0.82	0.71
UK pound sterling	0.63	0.63	0.63	0.62	0.66	0.60

^(a) Displayed as US\$ to A\$1 based on common convention.

Currency Exchange Rate Risk

- Translational exposure in respect of non-functional currency monetary items

2011	Net financial assets/(liabilities) – by currency of denomination					Total US\$M
	US\$ US\$M	A\$ US\$M	SA rand US\$M	GBP US\$M	Other US\$M	
<i>Functional currency of Group operation</i>						
US dollars	–	(4,344)	187	23	(1,414)	(5,548)
Australian dollars	(1)	–	–	–	–	(1)
UK pounds sterling	(3)	–	–	–	–	(3)
	(4)	(4,344)	187	23	(1,414)	(5,552)

2010	Net financial assets/(liabilities) – by currency of denomination					Total US\$M
	US\$ US\$M	A\$ US\$M	SA rand US\$M	GBP US\$M	Other US\$M	
<i>Functional currency of Group operation</i>						
US dollars	–	(1,398)	90	31	(942)	(2,219)
Australian dollars	(1)	–	–	–	–	(1)
UK pounds sterling	4	–	–	–	–	4
	3	(1,398)	90	31	(942)	(2,216)

Commodity Price Risk

- Financial instruments with commodity price risk included in the following tables are those entered into for the following activities:
 - Economic hedging of prices realized commodity contracts
 - Purchased and sales of physical contracts that can be cash-settled
 - Derivatives embedded within other supply contracts

Year ended 30 June	2011	2010	2009
Commodity			
Aluminium (LME cash) ⁽¹⁾ (US\$/t)	2,375	2,018	1,862
Alumina ⁽²⁾ (US\$/t)	369	314	255
Copper (LME cash) ⁽¹⁾ (US\$/lb)	3.92	3.04	2.23
Crude oil (WTI) (US\$/bbl)	89.47	75.14	70.29
Energy coal (API 4) ⁽¹⁾ (US\$/t)	116.7	75.93	95.16
Natural gas (US\$/MMbtu) ⁽³⁾	4.16	4.21	5.96
Iron ore ⁽⁴⁾⁽⁵⁾ (US\$/dmt)	162.98	118.61	89.83
Manganese Alloys ⁽⁶⁾ (US\$/t)	1,319	1,328	1,854
Manganese Ores ⁽⁷⁾⁽⁸⁾ (US\$/dmtu)	6.29	6.46	9.43
Metallurgical coal ⁽⁹⁾⁽¹⁰⁾ (US\$/t)	244.47	146.75	257.25
Nickel (LME cash) ⁽¹⁾ (US\$/lb)	10.86	8.78	6.03

Commodity Price Risk

Forward commodity and other derivative contracts

	2011		2010	
	Fair value of asset US\$M	Fair value of liability US\$M	Fair value of asset US\$M	Fair value of liability US\$M
Aluminium	7	30	21	26
Copper	111	102	83	84
Zinc	2	2	29	19
Lead	6	8	40	26
Silver	18	27	4	9
Nickel	25	13	47	36
Iron ore	2	5	–	2
Energy coal	16	41	21	31
Metallurgical coal	–	–	–	2
Petroleum	4	24	–	33
Gas	129	52	111	31
Freight	24	7	38	13
Other	–	–	–	3
Total	344	311	394	315
Comprising:				
Current	189	232	241	223
Non-current	155	79	153	92

Commodity Price Risk

The Group's exposure at 30 June 2011 to the impact of movements in commodity prices upon the financial instruments, other than those designated as embedded derivatives, is set out in the following table.

	Units of exposure	2011		2010	
		Net exposure receive/ (deliver)	Impact on equity and profit after taxation of 10% movement in market price US\$M	Net exposure receive/ (deliver)	Impact on equity and profit after taxation of 10% movement in market price US\$M
Aluminium	'000 tonnes	(74)	(18)	(8)	(2)
Copper	'000 tonnes	29	27	20	18
Zinc	'000 tonnes	(8)	(2)	4	–
Lead	'000 tonnes	(9)	(2)	(13)	–
Silver	Million ounces	(1)	(1)	(3)	(3)
Nickel	'000 tonnes	(1)	(3)	(1)	(2)
Iron ore	'000 tonnes	1,102	18	273	3
Energy coal	'000 tonnes	1,089	13	1,370	13
Petroleum	'000 barrels	25	2	–	–
Gas	'000 therms	–	–	–	–
Freight	Time charter days	(1,823)	(3)	(1,490)	(4)
	'000 voyage charter tonnes	165	–	510	1

Commodity Price Risk

- Provisionally priced commodity sales contracts
 - Provisional pricing mechanisms embedded within these sales arrangements have the character of a commodity derivative and are carried at fair value as part of trade receivables.

	Units of exposure	2011		2010	
		Net exposure receive/ (deliver)	Impact on equity and profit after taxation of 10% movement in market price US\$M	Net exposure receive/ (deliver)	Impact on equity and profit after taxation of 10% movement in market price US\$M
Copper	'000 tonnes	(239)	(145)	(237)	(100)

Liquidity Risk

- Arises from the possibility that it may not be able to settle or meet its obligations as they fall due
- Additional liquidity risk arises on debt related derivatives due to the possibility that a market for derivatives might not exist in some circumstances
- Moody's Investors service: Long-term credit rating of A1
- Standard & Poor's: Long-term credit rating of A+

Standby arrangements and unused credit facilities

Details of major standby and support arrangements are as follows:

	Facility available 2011 US\$M	Used 2011 US\$M	Unused 2011 US\$M	Facility available 2010 US\$M	Used 2010 US\$M	Unused 2010 US\$M
Revolving credit facility ^(a)	4,000	–	4,000	3,000	–	3,000
Other facilities ^(b)	61	–	61	58	–	58
Total financing facilities	4,061	–	4,061	3,058	–	3,058

Maturity Profile of Financial Liabilities

- The maturity profile of the Group's financial liabilities based on the contractual amounts, taking into account the derivatives related to debt, is as follows:

2011	Bank loans, debentures and other loans US\$M	Expected future interest payments US\$M	Derivatives related to net debt US\$M	Other derivatives US\$M	Obligations under finance leases US\$M	Other financial liabilities US\$M	Total US\$M
Due for payment:							
In one year or less or on demand	3,702	720	54	247	67	9,429	14,219
In more than one year but not more than two years	1,946	588	–	44	34	44	2,656
In more than two years but not more than three years	2,715	499	–	6	30	33	3,283
In more than three years but not more than four years	179	369	–	4	31	7	590
In more than four years but not more than five years	2,971	347	–	9	53	29	3,409
In more than five years	3,733	867	–	4	38	381	5,023
	15,246	3,390	54	314	253	9,923	29,180
Carrying amount	15,700	–	53	314	192	9,921	26,180

Credit Risk

- Arises from the non-performance by counterparties of their contractual financial obligations toward the Group.
- To manage credit risk:
 - Credit approvals
 - Granting and renewal of counterparty limits and daily monitoring of exposures against these limits
 - The financial viability of all counterparties is regularly monitored and assessed
- Counterparties
 - Receivables counterparties
 - Payment guarantee counterparties
 - Derivative counterparties
 - Cash investment counterparties

Credit Risk

■ Industry credit

- In line with our asset portfolio, the group sells into a diverse range of industries and customer sectors

	Gross amount US\$M	Receivables past due and impaired US\$M	Receivables neither past due nor impaired US\$M	Receivables past due but not impaired			
				Less than 30 days US\$M	31 to 60 days US\$M	61 to 90 days US\$M	Over 90 days US\$M
2011							
Trade receivables	6,219	151	5,782	230	3	4	49
Other receivables	4,242	20	3,880	74	6	13	249
Total	10,461	171	9,662	304	9	17	298

	Gross amount US\$M	Receivables past due and impaired US\$M	Receivables neither past due nor impaired US\$M	Receivables past due but not impaired			
				Less than 30 days US\$M	31 to 60 days US\$M	61 to 90 days US\$M	Over 90 days US\$M
2010							
Trade receivables	5,092	147	4,907	27	6	1	4
Other receivables	2,994	15	2,864	32	10	3	70
Total	8,086	162	7,771	59	16	4	74

Credit Risk

□ Fair values

- All financial assets and financial liabilities, other than derivatives, are initially recognized at the fair value of consideration paid or received, net of transaction costs as appropriate, and subsequently carried at fair value or amortised cost
- Derivatives are initially recognized at fair value on the date the contract is entered into and subsequently remeasured at their fair value. This measurement of fair value is principally based on quoted market prices.

Financial assets and liabilities

2011	Notes	Loans and receivables US\$M	Available for sale securities US\$M	Held at fair value through profit or loss US\$M	Other financial assets and liabilities at amortised cost US\$M	Total US\$M
Financial assets						
Cash and cash equivalents	23	10,084	–	–	–	10,084
Trade and other receivables ^(a)	10	7,600	–	1,003	–	8,603
Cross currency and interest rate swaps	11	–	–	754	–	754
Forward exchange contracts	11	–	–	26	–	26
Commodity contracts	11	–	–	214	–	214
Other derivative contracts	11	–	–	130	–	130
Interest bearing loans receivable	10	1,044	–	–	–	1,044
Shares	11	–	580	–	–	580
Other investments	11	–	162	–	–	162
Total financial assets		18,728	742	2,127	–	21,597
Non-financial assets						81,294
Total assets						102,891
Financial liabilities						
Trade and other payables ^(b)	15	–	–	–	9,906	9,906
Cross currency and interest rate swaps	17	–	–	53	–	53
Forward exchange contracts	17	–	–	3	–	3
Commodity contracts	17	–	–	219	–	219
Other derivative contracts	17	–	–	92	–	92
Unsecured bank overdrafts and short-term borrowings	16	–	–	–	4	4
Unsecured bank loans	16	–	–	–	1,010	1,010
Notes and debentures ^(c)	16	–	–	–	12,580	12,580
Secured bank and other loans	16	–	–	–	1,326	1,326
Redeemable preference shares	16	–	–	–	15	15
Finance leases	16	–	–	–	192	192
Unsecured other	16	–	–	–	780	780
Total financial liabilities		–	–	367	25,813	26,180
Non-financial liabilities						18,956
Total liabilities						45,136



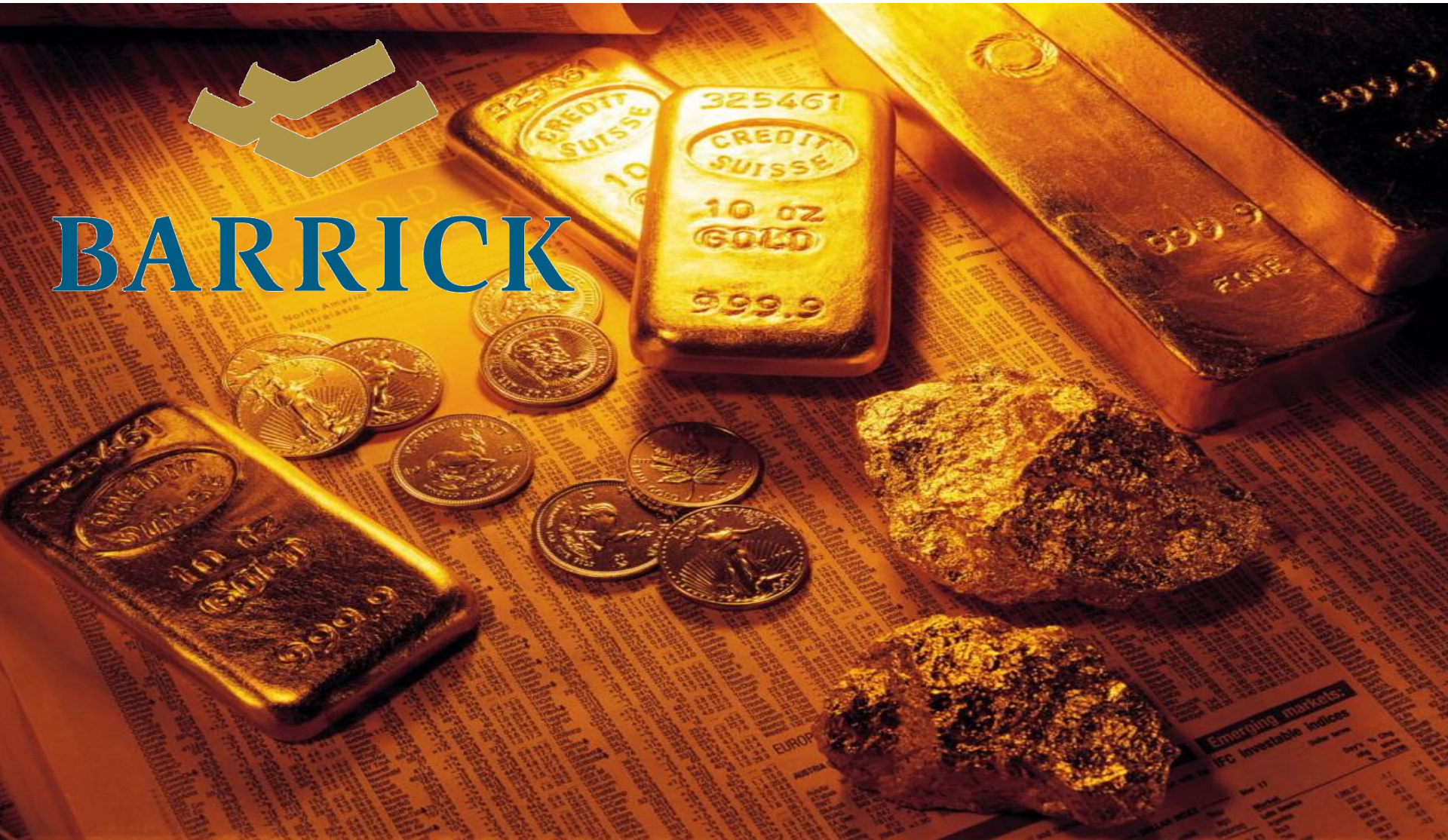
bhpbilliton
resourcing the future



BARRICK



BARRICK



Company Overview



- Largest pure gold mining company in the world
- Proven and probable mineral reserves of 140 million ounces of gold
- Headquarters in Toronto, Ontario
- Founded and went public in 1983



Worldwide Operation



- Operates in Australia, Africa, North America and South America
- A portfolio of 26 operating mines



Stock Price



BARRICK GOLD CORPORATION (Toronto: ABX.TO)

Last Trade:	52.86	Day's Range:	52.78 - 54.05
Trade Time:	2:28PM EST	52wk Range:	42.06 - 55.99
Change:	↓ 0.86 (1.60%)	Volume:	1,334,696
Prev Close:	53.72	Avg Vol (3m):	3,581,220
Open:	53.60	Market Cap:	52.85B
Bid:	52.87	P/E (ttm):	12.67
Ask:	52.88	EPS (ttm):	4.17
1y Target Est:	64.77	Div & Yield:	N/A (N/A)

[+ Add to Portfolio](#)

[f Like](#) 6 [?](#)

BARRICK GOLD CORPORATION



Executives



□ Peter Munk

- Founder & Chairman of the Board
- Companion of the Order of Canada, the highest honor for a private citizen.



□ Aaron Regent

- Appointed CEO on January 16, 2009
- Compensation for 2009 was 21 million
- Chartered Accountant



Strategic Move



□ Retiring Barrick's hedge book

- Barrick used \$3.4-billion of the stock sale proceeds to buy back all of its fixed-price contracts and the majority of its floating spot price contracts.
- From 2004 to 2009, Barrick's hedge book liabilities have more than doubled, rising to \$5.6-billion from \$1.9 billion.



"I wanted to own gold companies and not companies involved in the hedging business."

- Charles Oliver, portfolio manager

FINANCIAL AND OPERATING Highlights



BARRICK

- The market price of gold is the most significant factor in determining the earnings and cash flow-generating capacity of Barrick's operations.

- Q3 2011
 - Net Earning increased 52%
 - Cash margins rose 51% to \$1,415 per ounce
 - Average Realized Gold Price was **\$1,743** per ounce
 - Total cash costs of \$453 per ounce and net cash costs of \$328 per ounce

- Stable Production
 - Sold **5.7 million** ounce gold in the past 9 month, with **\$10.5 billion** revenue

Operation



BARRICK

Barrick Gold Corporation
(in United States dollars)
(Unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2011	2010	2011	2010
Operating Results				
Gold production (thousands of ounces) ¹	1,928	2,060	5,862	6,065
Gold sold (thousands of ounces)	1,908	1,949	5,685	5,911
Per ounce data				
Average spot gold price	\$ 1,702	\$ 1,227	\$ 1,534	\$ 1,178
Average realized gold price ²	1,743	1,237	1,550	1,184
Net cash costs ⁴	328	298	325	297
Total cash costs ²	453	403	445	399
Depreciation ³	153	141	149	138
Other ⁴	16	7	16	6
Total production costs	622	551	610	543
Copper credits	125	105	120	102
Copper production (millions of pounds)	140	84	308	286
Copper sold (millions of pounds)	146	90	309	288
Per pound data				
Average spot copper price	\$ 4.07	\$ 3.29	\$ 4.20	\$ 3.25
Average realized copper price ²	3.54	3.43	3.87	3.20
Total cash costs ²	1.91	1.12	1.65	1.10
Depreciation ³	0.29	0.25	0.27	0.22
Total production costs	2.20	1.37	1.92	1.32

Production



Summary of Operating Results¹

(\$ millions, except per ounce/pound data in dollars)	For the years ended December 31					
	Gold			Copper		
	2010	2009	2008	2010	2009	2008
Production (000s oz/millions of lbs) ²	7,765	7,397	7,657	368	393	370
Sales						
000s oz/millions lbs	7,734	7,279	7,595	391	380	367
\$ millions ³	\$ 9,742	\$ 7,191	\$ 6,656	\$ 1,346	\$ 1,155	\$ 1,228
Market price ⁴	1,225	972	872	3.42	2.34	3.15
Realized price ^{4,5}	1,228	985	872	3.41	3.16	3.39
Cost of sales (\$ millions)	3,799	3,431	3,426	433	444	436
Total cash costs ^{2,4,5}	457	464	443	\$ 1.11	\$ 1.17	\$ 1.19
Net cash costs ^{2,4,5}	\$ 341	\$ 360	\$ 337			

Consolidated Balance Sheets



BARRICK

Barrick Gold Corporation

(in millions of United States dollars) (Unaudited)

As at September 30,

As at December 31,

As at January 1,

	2011	2010	2010
ASSETS			
Current assets			
Cash and equivalents (note 18A)	\$ 2,965	\$ 3,968	\$ 2,564
Accounts receivable	444	370	259
Inventories (note 15)	2,249	1,798	1,488
Other current assets	906	935	518
Total current assets (excluding assets classified as held for sale)	6,564	7,071	4,829
Assets classified as held for sale	-	-	100
Total current assets	6,564	7,071	4,929
Non-current assets			
Equity in investees (note 14)	440	396	1,124
Other investments	188	171	62
Property, plant and equipment (note 16)	27,007	17,890	13,378
Goodwill (note 17)	9,557	6,096	5,197
Intangible assets	500	475	275
Deferred income tax assets	537	625	601
Other assets	2,034	1,913	1,358
Total assets	\$ 46,827	\$ 34,637	\$ 26,924

Consolidated Balance Sheets



BARRICK

LIABILITIES AND EQUITY			
Current liabilities			
Accounts payable	1,890	1,511	1,221
Debt	198	14	54
Current income tax liabilities	451	550	104
Other current liabilities	354	416	366
Total current liabilities (excluding liabilities classified as held for sale)	2,893	2,491	1,745
Liabilities classified as held for sale	-	-	49
Total current liabilities	2,893	2,491	1,794
Non-current liabilities			
Debt (note 18B)	13,185	6,624	6,124
Provisions (note 20)	2,137	1,768	1,408
Deferred income tax liabilities	3,396	1,971	960
Other liabilities (note 19)	752	566	884
Total liabilities	22,363	13,420	11,170
Equity			
Capital stock (note 21)	17,873	17,820	17,392
Retained earnings (deficit)	3,777	611	(2,535)
Accumulated other comprehensive income	411	727	232
Other	314	314	143
Total equity attributable to Barrick Gold Corporation shareholders	22,375	19,472	15,232
Non-controlling interests (note 22)	2,089	1,745	522
Total equity	24,464	21,217	15,754
Contingencies and commitments (note 16 and 23)			
Total liabilities and equity	\$ 46,827	\$ 34,637	\$ 26,924

Consolidated Statements of Income



BARRICK

Barrick Gold Corporation

(in millions of United States dollars, except per share data) (Unaudited)

Three months ended

Nine months ended

September 30,

September 30,

2011

2010

2011

2010

Revenue (notes 5 and 6)	\$ 4,007	\$ 2,788	\$ 10,523	\$ 7,990
Costs and expenses				
Cost of sales (notes 5 and 7)	1,730	1,301	4,583	3,831
Corporate administration	43	37	123	115
Exploration and evaluation (note 8)	94	56	248	156
Other expense (note 10A)	135	96	391	330
Impairment charges (reversals) (note 10B)	19	(29)	23	(53)
	2,021	1,461	5,368	4,379
Other income (note 10C)	76	35	238	92
Income (loss) from equity investees (note 14)	8	(3)	13	(27)
Gain (loss) on non-hedge derivatives (note 18E)	32	(4)	8	84
Income before finance items and income taxes	2,102	1,355	5,414	3,760
Finance items (note 11)				
Finance income	3	5	10	11
Finance costs	(68)	(40)	(148)	(153)
Income before income taxes	2,037	1,320	5,276	3,618
Income tax expense (note 12)	(654)	(376)	(1,698)	(1,052)
Income from continuing operations	1,383	944	3,578	2,566
Income from discontinued operations (note 4G)	-	11	-	82
Net income	\$ 1,383	\$ 955	\$ 3,578	\$ 2,648

Consolidated Statements of Comprehensive Income



Barrick Gold Corporation (in millions of United States dollars) (Unaudited)	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Net income	\$ 1,383	\$ 955	\$ 3,578	\$ 2,648
Other comprehensive income, net of taxes				
Unrealized gains (losses) on available-for-sale ("AFS") financial securities, net of tax \$10, \$3, \$7, \$1	(75)	28	(70)	27
Realized (gains) losses and impairments on AFS financial securities, net of tax \$1, \$1, \$6, \$nil	(6)	(7)	(50)	(8)
Unrealized gains (losses) on derivatives designated as cash flow hedges, net of tax \$4, \$118, \$17, \$76	(162)	435	165	294
Realized gains on derivatives designated as cash flow hedges, net of tax \$3, \$4, \$49, \$13	(124)	(15)	(300)	(52)
Currency translation adjustments, net of tax \$nil, \$nil, \$nil, \$nil	(94)	14	(61)	1
Total other comprehensive income (loss)	(461)	455	(316)	262
Total comprehensive income	\$ 922	\$ 1,410	\$ 3,262	\$ 2,910
Attributable to:				
Equity holders of Barrick Gold Corporation	\$ 904	\$ 1,397	\$ 3,209	\$ 2,883
Non-controlling interests	\$ 18	\$ 13	\$ 53	\$ 27

Financial Results



BARRICK

Barrick Gold Corporation
(in United States dollars)
(Unaudited)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2011	2010	2011	2010
Financial Results (millions)				
Revenues	\$ 4,007	\$ 2,788	\$ 10,523	\$ 7,990
Net earnings ⁵	1,365	942	3,525	2,621
Adjusted net earnings ²	1,385	912	3,506	2,499
EBITDA ²	2,460	1,669	6,378	4,751
Operating cash flow	1,889	1,397	4,014	3,635
Adjusted operating cash flow ²	1,918	1,441	4,295	3,719
Per Share Data (dollars)				
Net earnings (basic)	1.37	0.96	3.53	2.66
Adjusted net earnings (basic) ²	1.39	0.93	3.51	2.54
Net earnings (diluted)	1.36	0.94	3.52	2.63
Weighted average basic common shares (millions)	1,000	986	999	985
Weighted average diluted common shares (millions) ⁶	1,001	998	1,001	997
Return on equity ²	25%	21%	22%	20%

	As at	As at
	September 30,	December 31,
	2011	2010

Financial Position (millions)

Cash and equivalents	\$ 2,965	\$ 3,968
Non-cash working capital	1,991	1,696
Adjusted debt ²	13,049	6,392
Net debt ²	10,086	2,427
Average shareholders' equity	20,924	17,352

Risk Exposures



BARRICK

- Exposure to gold price (commodity price)
- Foreign Currency Exchange Rates
- Interest Rates Risk
- Derivative Risk
 - Credit Risk
 - Market Liquidity Risk
 - Mark-to-Market Risk
- License to operate
- Project development
- Global economic conditions

Hedging Strategies



- Objective: The primary objective of our risk management program is to mitigate variability associated with changing market values related to the hedged item.
- Actively hedge **foreign exchange economic risks and key input commodities**, including the fuel hedge provided by Barrick Energy.
- providing **full leverage** of production and reserves/resources to market gold prices.
- **Gold Leverage**
 - **Unhedged on all future gold production**
 - Meet annual production targets
 - Grow reserve/resource base

Gold Leverage



BARRICK

- For a producer who is unhedged against spot gold prices, its gross margin per ounce is said to be leveraged.

- For example:
 - if producer has a cost of \$300 per ounce and the spot gold price is \$600 then their gross margin is \$300.
 - If spot gold price rises by 10%, then gross margin will rise by 20%; if it decreases by 10% then gross margin will decrease by 20%

WHAT BARRICK DOES TO HEDGE AGAINST THESE RISKS



- Interest rate swaps
- Foreign currency contracts for non-US expenditures
- Commodity hedging for inputs such as diesel, electricity, propane and natural gas, as well as its production outputs for both copper and silver

Summary of Financial Instruments



Financial Instrument	Principal/Notional Amount			Associated Risks
Cash and equivalents		\$ 3,968	million	<ul style="list-style-type: none"> • Interest rate • Credit
	CAD	372	million	<ul style="list-style-type: none"> • Credit
	CLP	244,395	million	<ul style="list-style-type: none"> • Market/liquidity
Derivative instruments - currency contracts	AUD	4,217	million	
Derivative instruments - copper contracts		207	million lbs	<ul style="list-style-type: none"> • Market/liquidity • Credit
	Fuel	4.7	million bbls	<ul style="list-style-type: none"> • Market/liquidity
Derivative instruments - energy contracts	Propane	19	million gallons	<ul style="list-style-type: none"> • Credit
	Pay float interest rate swaps	(\$200)	million	
	Receive float interest rate swaps	\$100	million	<ul style="list-style-type: none"> • Credit
Derivative instruments - interest rate contracts	Receive float interest rate swaptions	\$ 200	million	<ul style="list-style-type: none"> • Market/liquidity



BARRICK

- Hedge Against Interest Rate Risk
 - \$200 M USD receive-fixed interest rate swaps outstanding

- Hedge Against Foreign Exchange Risk
 - Been designated against forecasted non-US dollar denominated expenditures.
 - In total, Barrick has AUD \$4,488 million, CAD \$364 million, CLP 211 billion and EUR 35 million designated as cash flow hedges of our anticipated operating, administrative, sustaining capital and project capital spend

Foreign currency contracts



AUD Currency Contracts

	Contracts (AUD millions)	Effective Average Hedge Rate (AUDUSD)	% of Expected AUD Exposure ¹
2011	1,638	0.79	92%
2012	1,182	0.75	84%
2013	882	0.72	72%
2014	515	0.75	46%

CAD Currency Contracts

	Contracts ² (CAD millions)	Effective Average Hedge Rate (USDCAD)	% of Expected CAD Exposure ¹
2011	353	1.02	74%
2012	19	1.02	5%

CLP Currency Contracts

	Contracts (CLP millions) ³	Effective Average Hedge Rate (USDCLP)	% of Expected CLP Exposure ⁴
2011	172,595	507	57%
2012	71,800	513	27%

Hedge Against Commodity Price Risk



- Commodity Contracts Diesel/Propane/Electricity/Natural Gas
- In total, we have fuel contracts totaling 3,385 thousand barrels of diesel, 540 thousand barrels of Brent crude, and 8 million gallons of propane **designated as cash flow hedges of our anticipated usage of fuels in our operations.**
- Continue purchase 89M lbs of copper collars, 45M oz. of silver collars (**hedge against sale**)

Summary of Derivatives at September 30, 2011



BARRICK

	Notional Amount by Term to Maturity				Accounting Classification by Notional Amount			Fair value (USD)
	Within 1 year	2 to 3 years	4+ years	Total	Cash flow hedge	Fair value hedge	Non-Hedge	
US dollar interest rate contracts								
Total receive - fixed swap positions	\$ -	\$ 200	\$ -	\$ 200	\$ -	\$ 200	\$ -	\$ 9
Currency contracts								
A\$:US\$ contracts (A\$ millions)	2,086	1,795	1,007	4,888	4,488	-	400	452
C\$:US\$ contracts (C\$ millions)	543	141	-	684	364	-	320	(13)
CLP:US\$ contracts (CLP millions) ¹	162,644	396,058	64,300	623,002	211,462	-	411,540	(46)
EUR:US\$ contracts (EUR millions)	35	-	-	35	35	-	-	(2)
PGK:US\$ contracts (PGK millions)	162	-	-	162	-	-	162	1
Commodity contracts								
Copper collar sell contracts (millions of pounds)	350	62	-	412	377	-	35	239
Copper bought floor contracts (millions of pounds)	26	14	-	40	40	-	-	31
Copper net call spread contract (millions of pounds)	3	-	-	3	-	-	3	-
Copper net collar buy contracts (millions of pounds)	20	-	-	20	-	-	20	(2)
Silver collar sell contracts (millions of ozs)	-	12	33	45	45	-	-	76
Diesel contracts (thousands of barrels) ²	842	3,063	340	4,245	3,925	-	320	(5)
Propane contracts (millions of gallons)	7	1	-	8	8	-	-	4
Natural Gas contracts (thousands of GJ)	122	-	-	122	122	-	-	-
Electricity contracts (thousands of megawatt hours)	38	26	-	64	-	-	64	1

Fair Values



Fair Values of Derivative Instruments

	Asset Derivatives			Liability Derivatives				
	Consolidated Balance Sheet Classification	Fair Value at September 30, 2011	Fair Value at December 31, 2010	Fair Value at January 1, 2010	Consolidated Balance Sheet Classification	Fair Value at September 30, 2011	Fair Value at December 31, 2010	Fair Value at January 1, 2010
Derivatives designated as accounting hedges								
US dollar interest rate contracts	Other assets	\$ 9	\$ 6	\$ -	Other liabilities	\$ -	\$ -	\$ -
Currency contracts	Other assets	533	831	374	Other liabilities	100	1	9
Commodity contracts	Other assets	383	112	53	Other liabilities	53	192	131
Total derivatives designated as accounting hedges		\$ 925	\$ 949	\$ 427		\$ 153	\$ 193	\$ 140
Non-hedge derivatives								
US dollar interest rate contracts	Other assets	\$ -	\$ -	\$ 1	Other liabilities	\$ -	\$ 5	\$ 7
Currency contracts	Other assets	1	30	15	Other liabilities	42	7	9
Commodity contracts	Other assets	16	147	61	Other liabilities	2	73	43
Total non-hedge derivatives		\$ 17	\$ 177	\$ 77		\$ 44	\$ 85	\$ 59
Total derivatives		\$ 942	\$ 1,126	\$ 504		\$ 197	\$ 278	\$ 199

Cash Flow on Hedge



BARRICK

Cash Flow Hedge Gains (Losses) in OCI

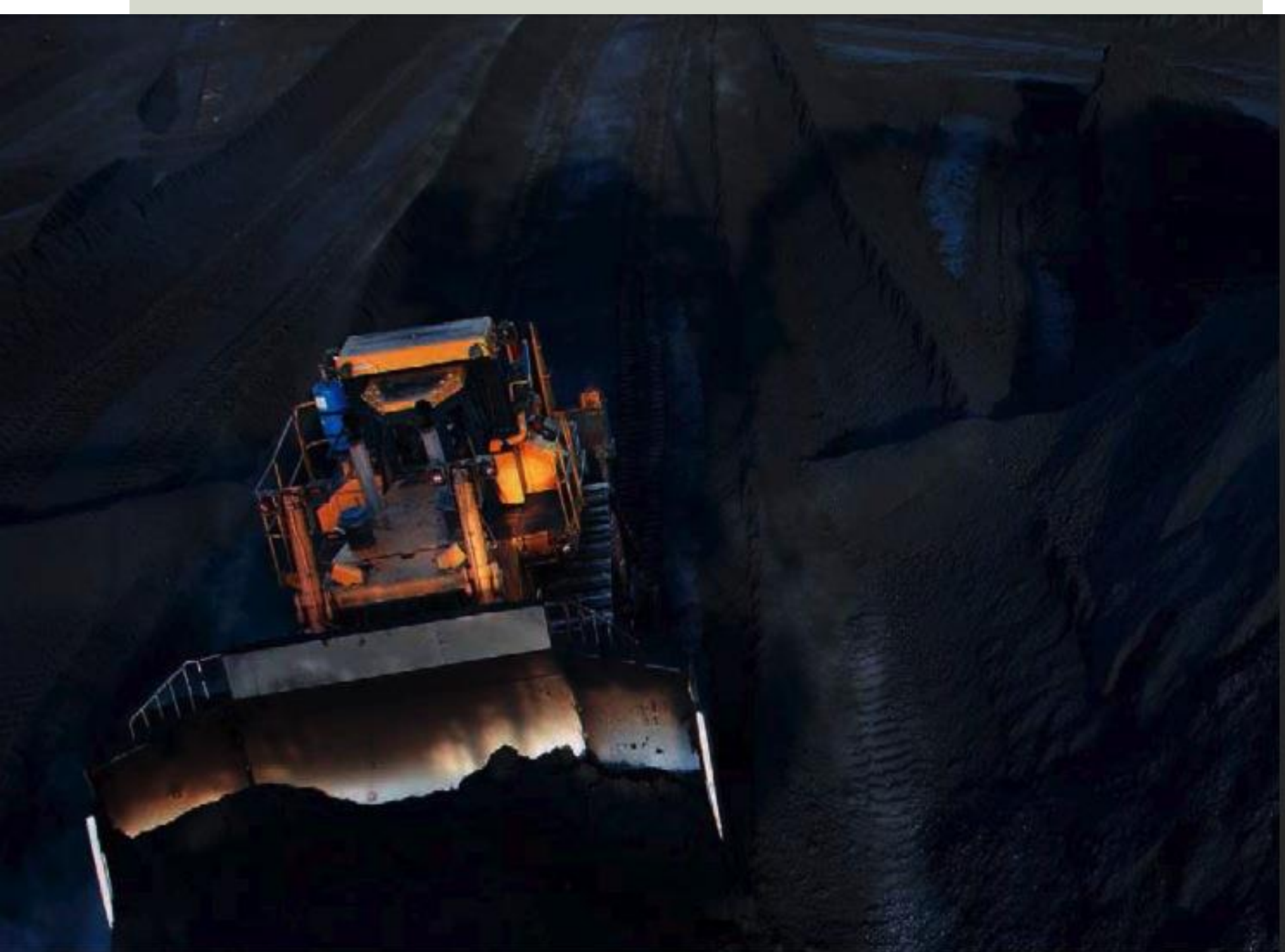
	Commodity price hedges			Currency hedges			Interest rate hedges	Total
	Gold/Silver	Copper	Fuel	Operating costs	Administration/other costs	Capital expenditures	Long-term debt	
At January 1, 2010	\$ 3	\$ (33)	\$ (4)	\$ 309	\$ 19	\$ 25	\$ (30)	\$ 289
Effective portion of change in fair value of hedging instruments	-	(41)	29	552	56	53	-	649
Transfers to earnings:	-	-	-	-	-	-	-	-
On recording hedged items in earnings/PP&E ¹	(2)	54	26	(145)	(33)	(13)	3	(110)
At December 31, 2010	\$1	\$ (20)	\$ 51	\$ 716	\$ 42	\$ 65	\$ (27)	\$ 828
Effective portion of change in fair value of hedging instruments	25	196	18	(43)	(5)	(2)	(7)	182
Transfers to earnings:	-	-	-	-	-	-	-	-
On recording hedged items in earnings/PP&E ¹	(2)	7	(35)	(258)	(19)	(44)	2	(349)
At September 30, 2011	\$ 24	\$ 183	\$ 34	\$ 415	\$ 18	\$ 19	\$ (32)	\$ 661

Gains(Losses) on Non-hedge Derivatives



BARRICK

	For the three months ended September 30		For the nine months ended September 30	
	2011	2010	2011	2010
Gains (losses) on non-hedge derivatives				
Commodity contracts				
Gold	\$ 46	\$ 10	\$ 53	\$ 25
Copper	(7)	1	(82)	34
Fuel	(70)	-	(41)	-
Currency contracts	(58)	36	(89)	16
Interest rate contracts	-	(8)	7	(11)
	(89)	39	(152)	64
Gains (losses) attributable to silver collar hedges ¹	73	-	47	-
Gains (losses) attributable to copper option collar hedges ¹	51	(51)	124	16
Gains (losses) attributable to currency option collar hedges ¹	(3)	3	(17)	(4)
Hedge ineffectiveness	-	5	6	8
	121	(43)	160	20
	\$ 32	\$ (4)	\$ 8	\$ 84



Company Overview



- A global diversified mining group with its headquarters in Zug, Switzerland
- The fourth largest diversified mining company, with a market value in excess of \$64 billion
- Listed on the London and Swiss Stock Exchanges
- Recognized as the industry leader in the Dow Jones Sustainability Index for the fourth consecutive year

“Xstrata is in the midst of a fundamental transformation through the development of our organic growth pipeline”

Mick Davis
Chief Executive



“Against a more encouraging macro-economic backdrop, Xstrata delivered its second best financial performance since its IPO”

Willy Strothotte
Chairman



Operation

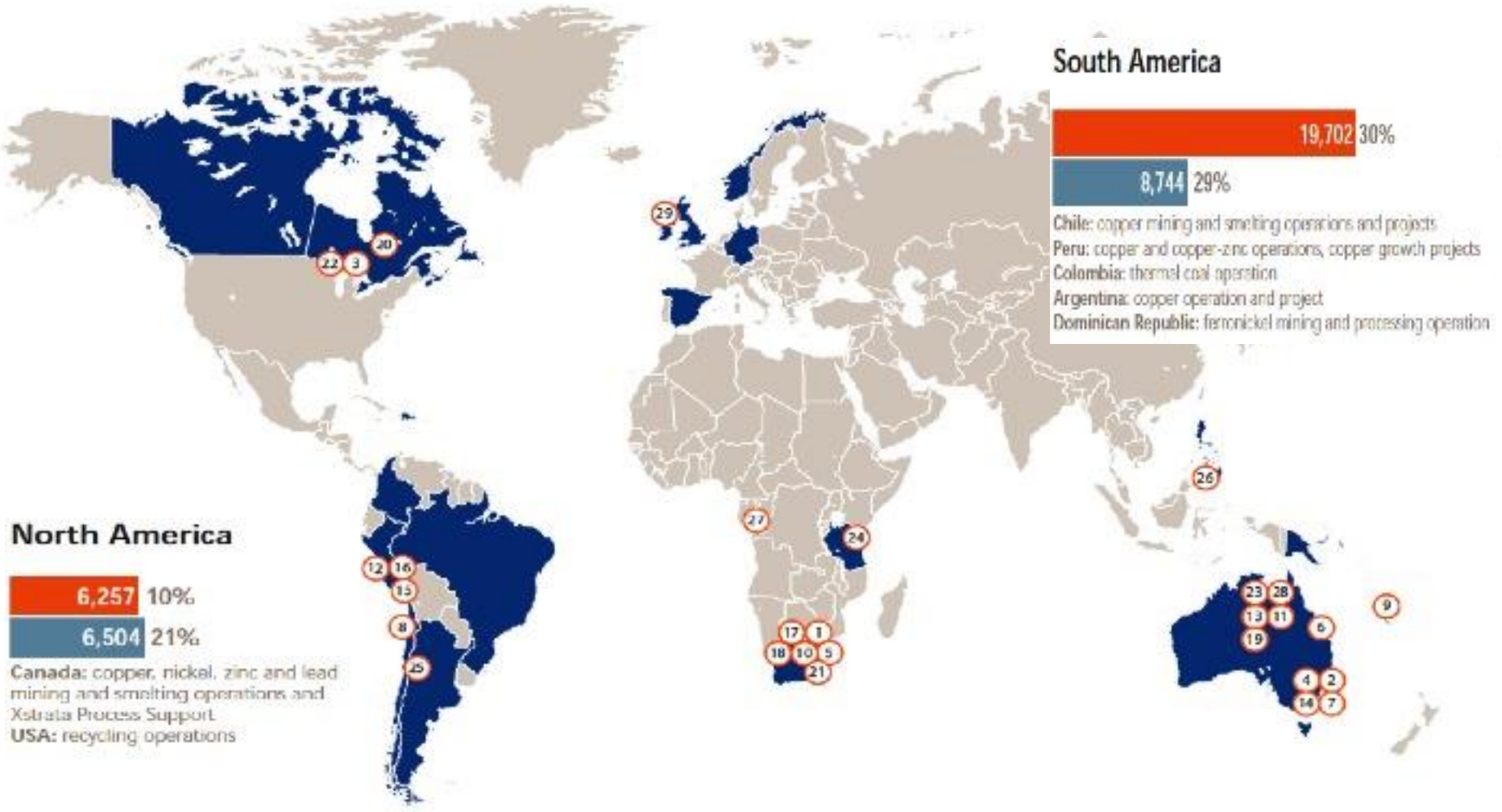


Commodity business:

- Copper
- Coking Coal
- Thermal Coal
- Ferrochrome
- Nickel
- Vanadium
- Zinc



Location



Financial Highlights



- Operating profit up 75% to \$7.7 billion during 2009
- Record real cost savings of \$541 million achieved (3.4% of the cost base), the 9th consecutive year of cost reductions
- Strong cash generation of just under \$10 billion
- Gearing reduced to 15% from 26% and net debt by 38% to \$7.6 billion, despite total capital expenditure of \$6.1 billion during the year

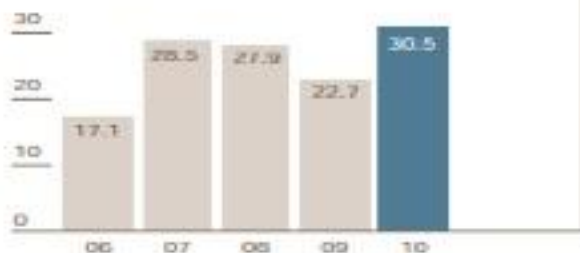
Operational Highlights



- 20 major expansions and new mines currently in construction, including 10 projects approved during 2010
- Three major new mines successfully commissioned: Nickel Rim South, Goedgevonden, and Blakefield South
- 20% annual reduction in total recordable injury frequency rate; sector leader in the Dow Jones Sustainability Index for the 4th year running

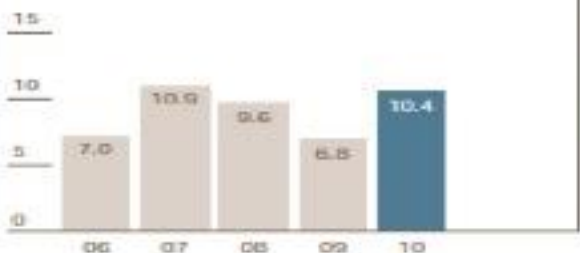
Revenue
\$bn

\$30,499m +34%
2009 \$22,732m



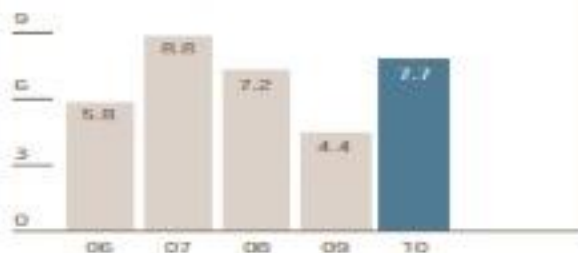
Operating EBITDA*
\$bn

\$10,386m +53%
2009 \$6,788m



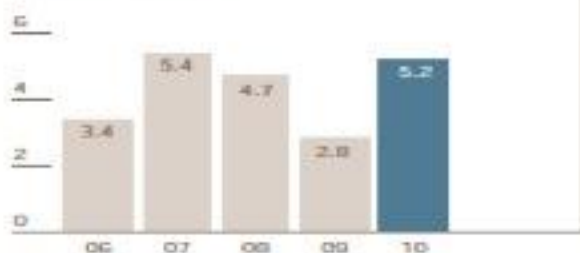
Operating profit*
\$bn

\$7,654m +75%
2009 \$4,369m



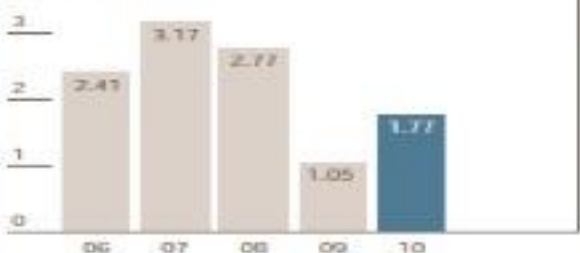
Attributable profit*
\$bn

\$5,152m +86%
2009 \$2,773m



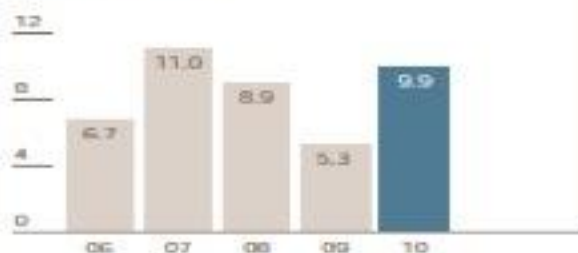
Earnings per share (basic)**
\$

\$1.77 +69%
2009 \$1.05



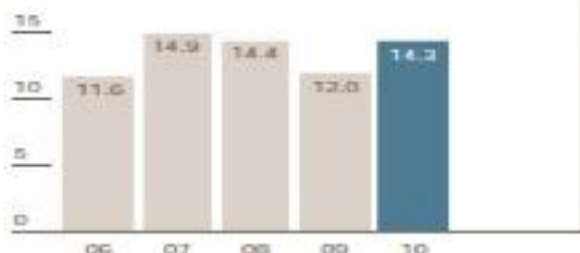
Cash generated from operations
\$bn

\$9,949m +88%
2009 \$5,304m



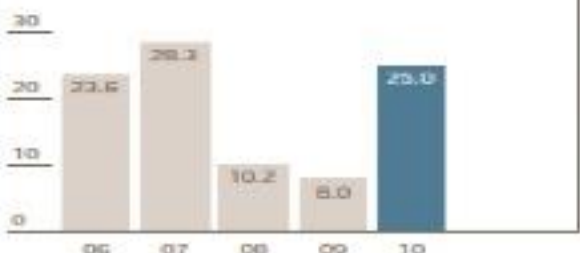
Net assets per share**
\$

\$14.34 +19%
2009 \$12.04



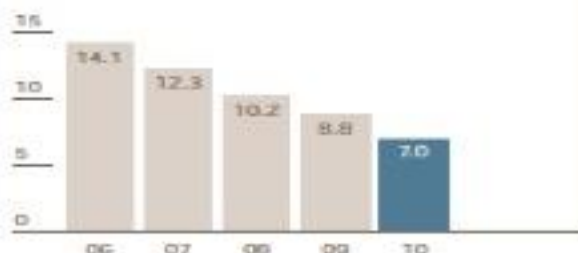
Dividends per share†
US¢

25.0¢ +212%
2009 8.0¢



Total recordable injury frequency rate**
per million hours worked

7.0 20% improvement
2009 8.8

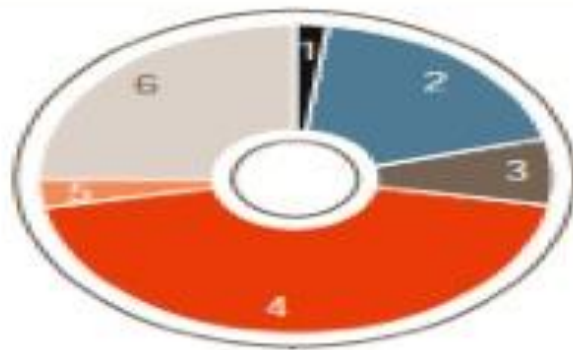


General Performance



Revenue by destination 2010

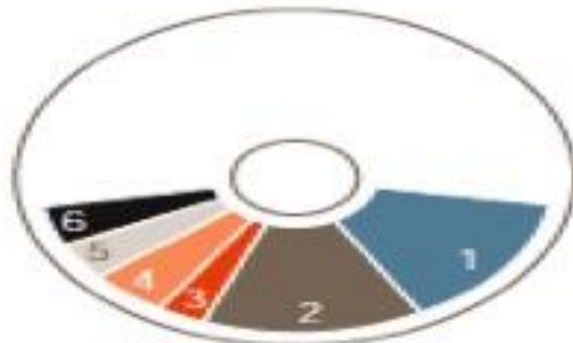
(%)



	9%
1 Africa	2
2 North America	19
3 South America	7
4 Asia	44
5 Australasia	3
6 Europe	25

Revenue by destination Asia split 2010

(%)

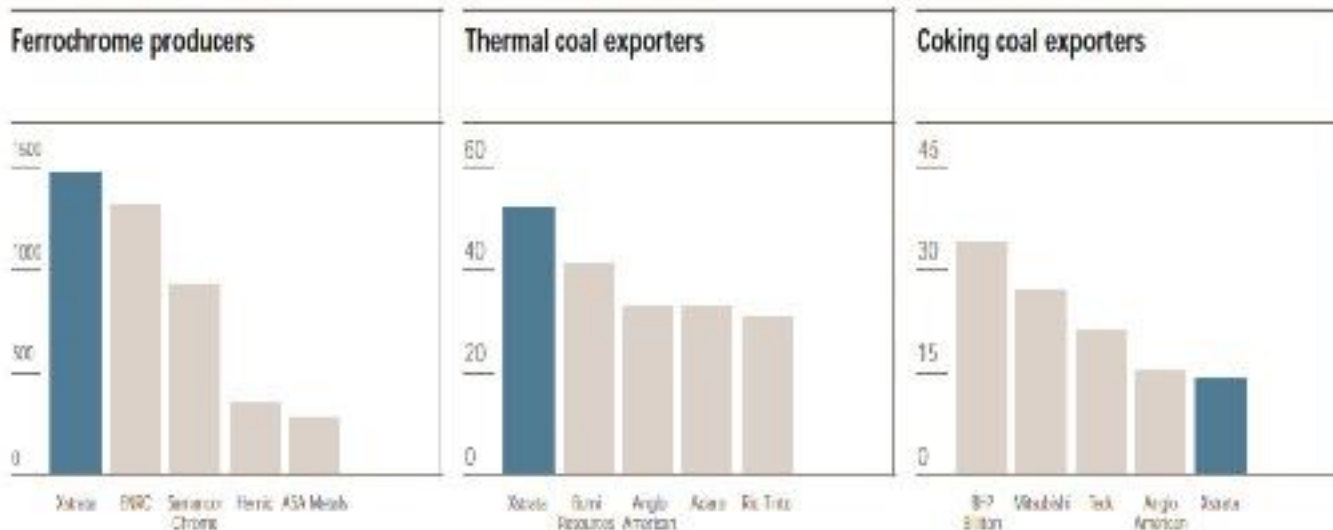


	9%
1 China	14
2 Japan	14
3 India	3
4 Korea	5
5 Taiwan	4
6 Other Asia	4

Market Overview



- Xstrata's portfolio of exposures is diversified by commodity, geography, currency, and end-user market
- Xstrata's key competitors are Anglo American plc, BHP Billiton plc, and Rio Tinto plc



Strategic priorities

Develop our portfolio of significant organic growth projects to deliver new production on time and on budget

Achieve further improvements to the net present value of our business

Improve our health and safety, environmental and social performance and, in particular, to operate a fatality-free business

Retain key personnel and offer our people a rewarding and non-discriminatory workplace with development opportunities

Maintain a robust and appropriate capital structure

Identify and execute opportunities to create value through acquisitions, divestments, mergers or strategic partnerships

Progress in 2010

- Three major new mines successfully commissioned in 2010
- 10 projects approved and entered implementation with capital spend of \$10 billion, 20 projects currently in construction
- \$7.5 billion of project approvals due in 2011
- Record real cost savings of \$541 million from efficiency initiatives and new, lower cost production
- Increased copper mineral resources at Antapaccay, Collahuasi, El Pachón, Frieda River and Las Bambas
- Three fatalities at managed operations in 2010
- 20% reduction in total recordable injury frequency rate (including contractors)
- Corporate social involvement of \$81.3 million (cash) and \$2.5 million (in-kind)
- 7.1% voluntary turnover in 2010, 11% higher than 2009
- Accelerated leadership development programme continued across Group
- Career development processes in place across the Group including annual performance reviews
- Extension of bank facilities through \$4 billion syndicated loan with no financial covenants
- Increased headroom of \$8.7 billion
- Cash generation from operations of \$9.95 billion
- Net debt reduced to \$7.6 billion
- Acquisition of Sphere Resources (iron ore projects in Mauritania); majority ownership secured, integration underway
- Completion of divestment of El Morro to New Gold

Key performance indicators

- Targeted 50% volume growth over 2009 levels by end 2014
- 20% reduction in operating costs by end 2014
- Real cost savings (see page 37)
- Increase in average mine life: 50+ years in 2010
- Increase in total mineral resources: up 60% on 2006 levels in 2010
- Zero fatalities
- Total recordable injury frequency rate (see page 38)
- Environmental incidents (see page 39)
- Corporate social involvement (see page 41)
- Voluntary turnover (see page 41)
- Training spend and hours per employee (see page 41)
- Gearing (net debt / net debt + equity)
- Cash generation from operations (see page 3)
- Net debt position
- Successful integration of acquired assets, realisation of anticipated synergies (if applicable)

Consolidated income statement

For the year ended 31 December 2010

US\$m	Notes	Before exceptional items	Exceptional items [†]	Total 2010	Before exceptional items	Exceptional items [†]	Total 2009
Revenue		30,499	-	30,499	22,732	-	22,732
Operating costs*	10	(20,113)	7	(20,106)	(15,944)	388	(15,556)
Operating profit before interest, taxation, depreciation and amortisation		10,386	7	10,393	6,788	388	7,176
Depreciation and amortisation	10	(2,732)	-	(2,732)	(2,419)	-	(2,419)
Impairment of assets		-	(559)	(559)	-	(2,553)	(2,553)
Operating profit		7,654	(552)	7,102	4,369	(2,165)	2,204
Share of results from associates	20	15	(6)	9	(56)	(277)	(333)
Profit before interest and taxation		7,669	(558)	7,111	4,313	(2,442)	1,871
Finance income	10	152	-	152	407	47	454
Finance costs	10	(620)	(35)	(655)	(754)	(41)	(795)
Profit before taxation		7,201	(593)	6,608	3,966	(2,436)	1,530
Income tax (charge)/credit	11	(1,782)	129	(1,653)	(993)	324	(669)
Profit/(loss) for the year		5,419	(464)	4,955	2,973	(2,112)	861

Attributable to:

Equity holders of the parent		5,152	(464)	4,688	2,773	(2,112)	661
Non-controlling interests		267	-	267	200	-	200
		5,419	(464)	4,955	2,973	(2,112)	861

Earnings per share (US\$)

- basic	12	1.77	(0.16)	1.61	1.05	(0.80)	0.25
- diluted	12	1.74	(0.16)	1.58	1.03	(0.78)	0.25

[†] Exceptional items are significant items of income and expense, presented separately due to their nature or the expected infrequency of the events giving rise to them.

* Before depreciation, amortisation and impairment charges.

Finance Income



Finance income

US\$m	2010	2009
Bank and interest received from third parties	76	46
Call option premium	42	208
Dividends	4	1
Earnings from other financial assets	29	146
Other	1	6
Finance income before exceptional items	152	407
Gain on forward exchange contracts in respect of the rights issue (refer to notes 12 and 26)	-	47
Exceptional finance income	-	47
Total finance income	152	454

Finance cost



Finance costs

Amortisation of loan issue costs	12	5
Convertible borrowings amortised cost charge	4	4
Discount unwinding	117	100
Finance charges payable under finance leases and hire purchase contracts	24	6
Foreign currency losses on other loans*	186	182
Interest on bank loans and overdrafts	29	89
Interest on convertible borrowings and capital market notes	205	295
Interest on non-controlling interest loans	6	6
Interest on other financial liabilities	9	12
Hedge ineffectiveness	6	17
Other	22	38
Finance cost before exceptional items	620	754
Loan issue costs written-off on facility refinancing	35	41
Exceptional finance cost	35	41
Total finance cost	655	795

* These amounts mainly relate to foreign currency losses on US and Canadian dollar inter-company loans in Australian entities.

Condensed Interim Consolidated Income Statement



US\$m	Notes	(Unaudited) Before exceptional items	(Unaudited) Exceptional items [†]	(Unaudited) 6 months 30.06.11	(Unaudited) Before exceptional items	(Unaudited) Exceptional items [†]	(Unaudited) 6 months 30.06.10	(Audited) Before exceptional items	(Audited) Exceptional items [†]	(Audited) 12 months 31.12.10
Revenue		16,777	-	16,777	13,608	-	13,608	30,499	-	30,499
Operating costs*		(10,957)	-	(10,957)	(9,114)	-	(9,114)	(20,113)	-	(20,113)
Other exceptional items*	7	-	57	57	-	-	-	-	7	7
Operating profit before interest, taxation, depreciation and amortisation		5,820	57	5,877	4,494	-	4,494	10,386	7	10,393
Depreciation and amortisation		(1,574)	-	(1,574)	(1,258)	-	(1,258)	(2,732)	-	(2,732)
Impairment of assets	7	-	-	-	-	-	-	-	(559)	(559)
Operating profit		4,246	57	4,303	3,236	-	3,236	7,654	(552)	7,102
Share of results from associates		8	-	8	(2)	(4)	(6)	15	(6)	9
Profit before interest and taxation		4,254	57	4,311	3,234	(4)	3,230	7,669	(558)	7,111
Finance income		61	-	61	232	-	232	152	-	152
Finance costs		(273)	-	(273)	(240)	(9)	(249)	(620)	(35)	(655)
Profit before taxation		4,042	57	4,099	3,226	(13)	3,213	7,201	(593)	6,608
Income tax (charge)/credit	13	(1,044)	(6)	(1,050)	(800)	2	(798)	(1,782)	129	(1,653)
Profit/ (loss) for the period		2,998	51	3,049	2,426	(11)	2,415	5,419	(464)	4,955
Attributable to:										
Equity holders of the parent		2,865	51	2,916	2,299	(11)	2,288	5,152	(464)	4,688
Non-controlling interests		133	-	133	127	-	127	267	-	267
		2,998	51	3,049	2,426	(11)	2,415	5,419	(464)	4,955
Earnings per share (US\$)										
- basic	15	0.98	0.02	1.00	0.79	-	0.79	1.77	(0.16)	1.61
- diluted	15	0.96	0.02	0.98	0.78	-	0.78	1.74	(0.16)	1.58

[†] Exceptional items are significant items of income and expense, presented separately due to their nature or the expected infrequency of the events giving rise to them

* Before depreciation, amortisation and impairment charges.

Statement of comprehensive income

For the year ended 31 December 2010

US\$m	2010	2009
Profit for the year	4,955	861
Income and expenses recognised directly in equity:		
Actuarial losses on defined benefit pension plans	(301)	(122)
Income tax	76	40
Gains on available-for-sale financial assets	118	209
Income tax	(13)	(9)
Gains on cash flow hedges	88	456
Income tax	(41)	(105)
Foreign currency translation differences	2,459	3,930
Income tax	(48)	(73)
	2,338	4,326
Transfers to the income statement:		
Gains on cash flow hedges	(115)	(312)
Income tax	45	55
(Gains)/losses on available-for-sale financial assets	(73)	1
Other comprehensive income	2,195	4,070
Total comprehensive income for the year	7,150	4,931
Attributable to:		
Equity holders of the parent	6,896	4,731
Non-controlling interests	254	200
	7,150	4,931

Condensed Interim Consolidated Statement of Comprehensive Income

For the six months ended 30 June 2011

US\$m	(Unaudited) 6 months 30.06.11	(Unaudited) 6 months 30.06.10	(Audited) 12 months 31.12.10
Profit for the period	3,049	2,415	4,955
Income and expenses recognised directly in equity:			
Actuarial losses on defined benefit pension plans	(25)	(234)	(301)
Income tax	6	63	76
(Losses)/gains on available-for-sale financial assets	(9)	(35)	118
Income tax	(12)	(4)	(13)
Gains/(losses) on cash flow hedges	26	(140)	88
Income tax	(7)	34	(41)
Foreign currency translation differences	933	(1,496)	2,459
Income tax	(18)	21	(48)
	894	(1,791)	2,338
Transfers to the income statement:			
Gains on cash flow hedges	(74)	(60)	(115)
Income tax	25	19	45
Gains on available-for-sale financial assets	(29)	-	(73)
Other comprehensive income	816	(1,832)	2,195
Total comprehensive income for the period	3,865	583	7,150
Attributable to:			
Equity holders of the parent	3,734	475	6,896
Non-controlling interests	131	108	254
	3,865	583	7,150

Consolidated statement of financial position

As at 31 December 2010

US\$m	Notes	2010	2009
Assets			
Non-current assets			
Intangible assets	14, 15	8,403	8,422
Property, plant and equipment	16	45,884	39,397
Biological assets	17	23	20
Inventories	18	45	44
Trade and other receivables	19	168	81
Investments in associates	20	1,786	1,790
Available-for-sale financial assets	22	347	364
Derivative financial assets	23	570	698
Other financial assets	24	514	348
Pension assets	35	1	1
Prepayments		32	29
Deferred tax assets	11	299	213
		58,072	51,407
Current assets			
Inventories	18	4,763	4,570
Trade and other receivables	19	4,463	3,306
Derivative financial assets	23	236	159
Other financial assets	24	-	2,424
Prepayments		270	232
Cash and cash equivalents	25	1,722	1,177
Assets classified as held-for-sale	8	183	549
		11,637	12,417
Total assets		69,709	63,824

Equity and liabilities**Capital and reserves – attributable to equity holders of Xstrata plc**

Issued capital	26	1,482	1,469
Share premium	26	15,478	15,096
Own shares	26	(1,181)	(1,306)
Convertible borrowings – equity component	26, 29	–	56
Other reserves	26	8,039	5,606
Retained earnings		16,458	12,361
		40,276	33,282
Non-controlling interests		1,745	1,637
Total equity		42,021	34,919

Non-current liabilities

Trade and other payables	27	88	32
Interest-bearing loans and borrowings	28	7,154	13,252
Convertible borrowings	29	–	335
Derivative financial liabilities	30	366	505
Other financial liabilities	31	656	538
Provisions	32	3,368	2,844
Pension deficit	35	625	412
Deferred tax liabilities	11	6,368	5,775
Other liabilities	33	9	9
		18,634	23,702

Current liabilities

Trade and other payables	27	4,802	3,697
Interest-bearing loans and borrowings	28	2,318	206
Derivative financial liabilities	30	383	52
Provisions	32	711	623
Income taxes payable		654	526
Other liabilities	33	30	39
Liabilities classified as held-for-sale	8	156	60
		9,054	5,203

Total liabilities**27,688** 28,905**Total equity and liabilities****69,709** 63,824

Derivative Financial Assets



US\$m	2010	2009
Current:		
At fair value:		
Foreign currency cash flow hedges	126	144
Fair value interest rate hedges	77	-
Other interest rate derivatives	1	-
Other foreign currency derivatives	32	15
	236	159
Non-current:		
At fair value:		
Foreign currency cash flow hedges	-	84
Fair value interest rate hedges	529	566
Other interest rate derivatives	41	48
	570	698
Total	806	857

Capital and Reserves



US\$m	Revaluation reserves	Other reserves	Net unrealised gains/(losses)	Foreign currency translation	Total
At 31 December 2008	1,440	1,229	(107)	(1,108)	1,454
Gains on available-for-sale financial assets	-	-	209	-	209
Realised losses on available-for-sale financial assets	-	-	1	-	1
Gains on cash flow hedges	-	-	456	-	456
Realised gains on cash flow hedges*	-	-	(312)	-	(312)
Foreign currency translation differences	-	-	-	3,930	3,930
Deferred tax	-	-	(59)	(73)	(132)
At 31 December 2009	1,440	1,229	188	2,749	5,606
Gains on available-for-sale financial assets	-	-	118	-	118
Realised gains on available-for-sale financial assets	-	-	(73)	-	(73)
Gains on cash flow hedges	-	-	117	-	117
Realised gains on cash flow hedges*	-	-	(131)	-	(131)
Foreign currency translation differences	-	-	-	2,459	2,459
Deferred tax	-	-	(9)	(48)	(57)
At 31 December 2010	1,440	1,229	210	5,160	8,039

* Recycled gains of US\$115 million (2009 US\$312 million) are included in Revenue in the income statement, including non-controlling interests.

Interest-bearing Loans and Borrowings



US\$m	2010	2009
Current:		
At amortised cost:		
Bank overdrafts	12	12
Bank loans – other unsecured	40	46
Capital market notes	2,192	97
Non-controlling interest loans	–	5
Obligations under finance leases and hire purchase contracts ⁽ⁱ⁾	74	46
	2,318	206
Non-current:		
At amortised cost:		
Syndicated bank loans – unsecured	–	3,827
Bank loans – other unsecured	173	174
Capital market notes	6,550	8,924
Non-controlling interest loans	243	181
Obligations under finance leases and hire purchase contracts ⁽ⁱ⁾	177	135
Other loans	11	11
	7,154	13,252
Non-current:		
At amortised cost:		
Convertible borrowings (refer to note 29)	–	335
Total	9,472	13,793
Less cash and cash equivalents (refer to note 25)	(1,722)	(1,177)
Net debt excluding hedges*	7,750	12,616
Hedges**	(112)	(326)
Net debt including hedges*	7,638	12,290

(i) Secured over specific items of plant and equipment (refer to note 16).

* Net debt is defined as loans and borrowings net of cash and cash equivalents.

** Derivative financial instruments that have been designated specifically to provide a hedge of capital market notes have been included above to reflect a more accurate economic position of the Group's overall net debt at year end.

Capital Market Notes



Facility	Denomination	At 31 Dec 10 US\$m	Fixed or floating interest rate	Effective interest rate % in 2010	Maturity	At 31 Dec 09 US\$m	Effective interest rate % in 2009
Series B senior unsecured notes ^(a)	US\$	13	Fixed	6.75	Jun 11	26	6.75
Series B senior unsecured notes ^(a)	US\$	52	Fixed	7.00	Jun 11	52	7.00
Unsecured notes ^(a)	US\$	751	Fixed	5.50	Nov 11	770	5.50
Unsecured notes ^(a)	US\$	1,144	Fixed	5.80	Nov 16	1,096	5.80
Unsecured notes ^(a)	EUR	722	Fixed	4.88	Jun 12	782	4.88
Unsecured notes ^(a)	EUR	774	Fixed	5.25	Jun 17	810	5.25
Unsecured notes ^(a)	US\$	494	Fixed	6.90	Nov 37	494	6.90
Unsecured notes ^(a)	EUR	1,039	Fixed	5.88	May 11	1,133	5.88
Unsecured notes ^(a)	EUR	874	Fixed	6.25	May 15	919	6.25
Unsecured notes ^(a)	GBP	842	Fixed	7.38	May 20	845	7.38
Senior debentures ^(b)	US\$	308	Fixed	6.03	Feb 11	327	6.03
Senior debentures ^(b)	US\$	265	Fixed	5.88	Jun 12	271	5.88
Senior debentures ^(b)	US\$	305	Fixed	6.06	Jul 12	308	6.06
Senior debentures ^(b)	US\$	391	Fixed	6.34	Oct 15	377	6.34
Senior debentures ^(b)	US\$	264	Fixed	6.16	Jun 15	257	6.16
Senior debentures ^(b)	US\$	240	Fixed	6.39	Jun 17	238	6.39
Senior debentures ^(b)	US\$	234	Fixed	6.77	Jun 35	234	6.77
Commercial paper ^(d)	US\$	30	Floating	0.42	Jan 11	82	0.92
		8,742				9,021	

Derivative Financial Liability



US\$m	2010	2009
Current:		
At fair value:		
Commodity cash flow hedges	50	52
Foreign currency cash flow hedges	170	-
Other foreign currency derivatives	163	-
	383	52
Non-current:		
At fair value:		
Foreign currency cash flow hedges	352	356
Other foreign currency derivatives	-	135
Other interest rate derivatives	14	14
	366	505
Total	749	557

Consolidated cash flow statement

For the year ended 31 December 2010

US\$m	Notes	2010	2009
Profit before taxation		6,608	1,590
Adjustments for:			
Finance income	10	(152)	(454)
Finance cost	10	655	795
Share of results from associates	20	(9)	333
Net profit on disposal of property, plant and equipment		(1)	-
Liability fair value adjustments	10	(19)	(350)
Profit on loss of control of joint venture	10	-	(194)
Depreciation	10	2,639	2,334
Amortisation	10	93	85
Impairment of assets	10, 15	559	2,553
Share-based compensation plans	10	178	334
Increase in trade and other receivables		(1,176)	(1,344)
Increase in other assets		(414)	(186)
Increase in inventories		(38)	(665)
Increase in trade and other payables		691	318
Increase in provisions		332	218
Other non-cash movements		5	(3)
Cash generated from operations		9,949	5,304
Income tax paid		(1,442)	(749)
Interest paid		(332)	(496)
Interest received		34	73
Dividends received – other		4	1
Net cash flow from operating activities		8,213	4,131
Purchase of property, plant and equipment		(5,819)	(3,568)
Proceeds from sale of property, plant and equipment		22	10
Purchase of intangible assets	14	(11)	(16)
Proceeds from the sale of available-for-sale assets	22	135	1
Proceeds from restructure of joint venture		-	43
Purchase of other financial assets		-	(2,000)
Proceeds from disposal of other financial assets	24	2,250	-
Acquisition of interest in associates	20	(58)	(112)
Acquisition of subsidiaries, net of cash acquired	7	(365)	-
Proceeds from disposal of joint ventures, net of disposal costs and cash disposed	8	463	-
Proceeds from disposal of subsidiaries, net of disposal costs and cash disposed	8	3	-
Investment in other financial assets		-	(110)
Distributions from other financial assets		104	-
Net cash flow used in investing activities		(3,196)	(5,752)
Issue of share capital		-	5,567
Purchase of own shares	26	(11)	(6)
Disposal of own shares		14	15
Proceeds from interest-bearing loans and borrowings		79	4,892
Repayment of interest-bearing loans and borrowings		(3,930)	(8,748)
Payment of finance lease liabilities		(51)	(21)
Dividends paid to equity holders of the parent	13	(379)	-
Dividends paid to non-controlling interests		(243)	(199)
Net cash flow from financing activities		(4,521)	1,600
Net (decrease)/increase in cash and cash equivalents		496	(21)
Net foreign exchange difference		49	41
Cash and cash equivalents at 1 January		1,165	1,186
Cash and cash equivalents at 31 December	25	1,710	1,165

Risk Management Philosophy



“ Our approach to risk management is value-driven. A structured and comprehensive risk management system has been implemented across our businesses ”

Risk is an intrinsic aspect of business and is inseparable from opportunity. The objective of our risk management system is to ensure an environment where we can confidently grow shareholder value and pursue business opportunities while developing and protecting our people, our assets, our environment and our reputation.

Risk Management Philosophy



- ▣ Risks arise from exposures are managed by the Treasury Committee, which operates as a sub-committee of the Executive Committee
- ▣ The responsibilities of the Treasury Committee include the recommendation of policies to manage financial instrument risks.
- ▣ These recommendations are reviewed and approved by Board Of Directors and implemented by the Group's Treasury Department

Derivative Financial Instrum and Hedging



- Interest rate swaps
- Forward currency contract
- Forward commodity contracts

Financial Risk Factors



- ▣ Commodity price risk
- ▣ Credit risk
- ▣ Interest rate risk
- ▣ Liquidity risk
- ▣ Foreign currency risk
- ▣ Political risk

Credit Risk



- The major exposure to credit risk is in respect of trade receivables.
- The credit quality of the Group's significant customers is monitored by the Credit Department.

US\$m	Neither impaired nor past the due date	Less than 30 days	Past the due date but not impaired			More than 1 year	Total
			Between 30 and 90 days	Between 91 and 180 days	Between 181 and 365 days		
Trade debtors:							
2010	3,758	34	68	14	1	4	3,879
2009	2,607	144	49	42	14	-	2,856

Liquidity risk



- The risk that the Group may not be able to settle or meet its obligations on time or at a reasonable price
- Utilizing both short and long term cash flow forecast to manage the risk
- Using S&P (BBB) and Moody's (Baa2) to assess the ongoing credit-worthiness

US\$m	2010	2009
Expiring in:		
Less than 1 year	52	55
Between 1 and 2 years	4,680	-
Between 2 and 3 years	2,000	6,299
Between 4 and 5 years	2,000	-
	8,732	6,354

US\$m	Due within 1 year	Due between 1-2 years	Due between 2-3 years	Due between 3-4 years	Due between 4-5 years	Due after 5 years	Total
At 31 December 2010:							
Non-derivative financial assets:							
Interest bearing cash and cash equivalents	1,680	-	-	-	-	-	1,680
Other financial assets	4,505	117	-	-	-	912	5,534
Derivative financial assets:							
Derivatives contracts	236	73	-	-	143	354	806
Non-derivative financial liabilities:							
Interest-bearing loans and borrowings	2,318	1,526	13	13	1,576	4,026	9,472
Interest payments on loans and borrowings	570	390	350	350	307	1,611	3,578
Other non-interest-bearing liabilities	4,802	-	-	-	-	744	5,546
Derivative financial liabilities:							
Derivatives contracts	383	12	-	-	136	218	749

Interest rate risk



- The main exposure is the movement in the LIBOR
- The Group prefers to borrow and invest at the floating interest rates
- Undertaking a fixed rate hedging or interest rate swaps, where the movements in the short term interest rates is more significant

US\$m	Principal amount 2010	Average rate % 2010	Fair value 2010	Principal amount 2009	Average rate % 2009	Fair value 2009
At fair value:						
Interest rate swap from US\$ fixed rates:						
Less than 1 year	2,255	1.26	78	-	-	-
Maturing between 1 and 2 years*	925	1.11	73	2,255	2.01	137
Maturing between 2 and 3 years*	-	-	-	925	1.75	90
Maturing between 4 and 5 years*	1,439	1.95	143	-	-	-
Maturing greater than 5 years*	2,660	1.65	346	4,099	2.42	380
Interest rate swap to US\$ fixed rates:						
Maturing between 1 and 2 years	100	4.54	(6)	-	-	-
Maturing between 2 and 3 years	-	-	-	100	4.54	(7)
	7,379	1.56	634	7,379	2.24	600

Interest rate risk



US\$m	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due more than 5 years	2010
Fixed rate by balance sheet category:							
Cash and cash equivalents	794	-	-	-	-	-	794
Capital market notes*	(2,162)	(1,292)	-	-	(1,528)	(3,730)	(8,712)
Non-controlling interest loans	-	(81)	-	-	-	(162)	(243)
Finance leases/hire purchase contracts	(71)	(9)	(5)	(5)	(4)	(19)	(113)
Other loans	-	-	-	-	-	(5)	(5)
	(1,439)	(1,382)	(5)	(5)	(1,532)	(3,916)	(8,279)
Fixed rate by currency:							
AUD	(7)	(1)	(1)	(1)	-	(161)	(171)
CAD	(2)	(3)	(3)	(3)	(3)	(9)	(23)
CLP	21	-	-	-	-	-	21
EUR	(1,040)	(722)	-	-	(874)	(774)	(3,410)
GBP	10	-	-	-	-	(842)	(832)
US\$	(421)	(655)	(1)	(1)	(655)	(2,119)	(3,852)
ZAR	-	(1)	-	-	-	(11)	(12)
	(1,439)	(1,382)	(5)	(5)	(1,532)	(3,916)	(8,279)
Floating rate by balance sheet category:							
Cash and cash equivalents	886	-	-	-	-	-	886
Capital market notes	(30)	-	-	-	-	-	(30)
Bank loans – other unsecured	(40)	(139)	-	-	(34)	-	(213)
Bank overdrafts	(9)	-	-	-	-	-	(9)
	807	(139)	-	-	(34)	-	634
Floating rate by currency:							
AUD	235	-	-	-	-	-	235
ARS	12	-	-	-	-	-	12
CAD	8	-	-	-	-	-	8
CLP	22	-	-	-	-	-	22
EUR	20	-	-	-	-	-	20
GBP	1	-	-	-	-	-	1
NOK	3	-	-	-	-	-	3
US\$	453	(139)	-	-	(34)	-	280
ZAR	46	-	-	-	-	-	46
Other	7	-	-	-	-	-	7
	807	(139)	-	-	(34)	-	634

* These borrowings are subject to interest rate swaps.

US\$m	Falling due within 1 year	Falling due between 1-2 years	Falling due between 2-3 years	Falling due between 3-4 years	Falling due between 4-5 years	Falling due more than 5 years	2009
Fixed rate by balance sheet category:							
Cash and cash equivalents	262	-	-	-	-	-	262
Capital market notes*	(14)	(2,293)	(1,360)	-	-	(5,271)	(8,938)
Non-controlling interest loans	(5)	-	(81)	-	-	(100)	(186)
Convertible borrowings	-	-	-	-	-	(335)	(335)
Finance leases/hire purchase contracts	(28)	(29)	(2)	(2)	(2)	(27)	(90)
Other loans	-	-	-	-	-	(10)	(10)
	215	(2,322)	(1,443)	(2)	(2)	(5,743)	(9,297)
Fixed rate by currency:							
AUD	(6)	(27)	-	-	-	(105)	(138)
CAD	-	(1)	(1)	(1)	(1)	(16)	(20)
CLP	12	-	-	-	-	-	12
EUR	-	(1,133)	(782)	-	-	(1,729)	(3,644)
GBP	10	-	-	-	-	(845)	(835)
US\$	200	(1,161)	(660)	(1)	(1)	(3,038)	(4,661)
ZAR	(1)	-	-	-	-	(10)	(11)
	215	(2,322)	(1,443)	(2)	(2)	(5,743)	(9,297)
Floating rate by balance sheet category:							
Cash and cash equivalents	869	-	-	-	-	-	869
Capital market notes	(82)	-	-	-	-	-	(82)
Syndicated bank loans - unsecured	-	-	(3,840)	-	-	-	(3,840)
Bank loans - other unsecured	(47)	(35)	(139)	-	-	-	(221)
Bank overdrafts	(11)	-	-	-	-	-	(11)
	729	(35)	(3,979)	-	-	-	(3,285)
Floating rate by currency:							
AUD	173	-	-	-	-	-	173
ARS	16	-	-	-	-	-	16
CAD	6	-	-	-	-	-	6
CLP	17	-	-	-	-	-	17
EUR	21	-	-	-	-	-	21
GBP	1	-	-	-	-	-	1
NOK	2	-	-	-	-	-	2
US\$	424	(34)	(3,979)	-	-	-	(3,589)
ZAR	65	(1)	-	-	-	-	64
Other	4	-	-	-	-	-	4
	729	(35)	(3,979)	-	-	-	(3,285)

* These borrowings are subject to interest rate swaps.

Foreign currency risk



- Mitigate the risk by maintaining a diversified portfolio of assets across several different geographies and operating currencies.

- Using currency cash flow hedging to reduce short term exposure to fluctuations in the USD against local currencies

Foreign currency risk



US\$m	Contract amount 2010	Average forward rate 2010	Fair value 2010	Contract amount 2009	Average forward rate 2009	Fair value 2009
Forward contracts – sell US\$/buy AUD:						
Maturing in less than 1 year	876	0.9125	97	1,250	0.8250	100
	876	0.9125	97	1,250	0.8250	100
Forward contracts – sell US\$/buy EUR:						
Maturing in less than 1 year	1,174	1.5650	(170)	–	–	–
Maturing between 1 and 2 years*	675	1.3500	(6)	1,174	1.5650	(100)
Maturing between 2 and 3 years*	–	–	–	675	1.3500	41
Maturing between 4 and 5 years*	939	1.5650	(136)	–	–	–
Maturing after 5 years*	675	1.3500	(6)	1,614	1.4673	(39)
	3,463	1.4812	(318)	3,463	1.4776	(98)
Forward contracts – sell US\$/buy GBP:						
Maturing after 5 years*	985	1.9700	(204)	985	1.9700	(176)
	985	1.9700	(204)	985	1.9700	(176)
Forward contracts – sell US\$/buy ZAR:						
Maturing in less than 1 year	348	7.3373	29	543	8.1681	44
Maturing between 1 and 2 years	–	–	–	20	8.5978	2
	348	7.3373	29	563	8.1834	46

* Relates to the Unsecured notes (refer to note 28).

** The timing of hedged cash flows is expected to coincide with the maturities of the hedging instruments to which they relate.

Foreign currency risk cont



US\$m	Contract amount 2010	Average forward rate 2010	Fair value 2010	Contract amount 2009	Average forward rate 2009	Fair value 2009
Forward contracts – sell CAD/buy US\$:						
Maturing in less than 1 year	320	1.5013	(163)	-	-	-
Maturing between 1 and 2 years	-	-	-	300	1.5350	(135)
	320	1.5013	(163)	300	1.5350	(135)
Forward contracts – sell US\$/buy CAD:						
Maturing in less than 1 year	1,364	1.0196	32	1,172	1.0585	14
	1,364	1.0196	32	1,172	1.0585	14
Forward contracts – sell US\$/buy AUD:						
Maturing in less than 1 year	-	-	-	10	0.7816	1
	-	-	-	10	0.7816	1

Commodity Price risk



- Affect the operating profit and earnings
- The risk is managed by maintaining a diversified portfolio of commodities
- The group does not implement a large-scale strategic hedging to reduce costs and maintain low cost.

Commodity Price risk



The Australian and South African operations have entered into coal forwards to hedge prices of future sales of coal. The open forwards and collars commodity contracts as at 31 December 2010 are as follows:

	Tonnes 2010	Average price US\$ 2010	Fair value US\$m 2010	Tonnes 2009	Average price US\$ 2009	Fair value US\$m 2009
Coal forwards – US\$ denominated contracts:						
FOB						
Maturing in less than 1 year	1,320,000	97.32	(32)	5,640,000	75.92	(36)
	1,320,000	97.32	(32)	5,640,000	75.92	(36)
Coal forwards – US\$ denominated contracts:						
CIF						
Maturing in less than 1 year	935,000	104.70	(22)	315,000	71.80	(6)
	935,000	104.70	(22)	315,000	71.80	(6)
Copper forwards – US\$ denominated contracts:						
Maturing in less than 1 year	-	-	-	14,950	6,674	(10)
	-	-	-	14,950	6,674	(10)

Recommendations

- Maintain hedging strategy on both commodity prices and foreign currencies
- Access capital and managing cash flow and liquidity requirements
- Create hedging strategy to mitigate liquidity risk
 - Withdrawal option
 - Liquidity option