

Company Registration No. 4834745

Ferro Nickel Marketing Limited

Report and Financial Statements

31 December 2007

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Ferro Nickel Marketing Limited

Report and financial statements 2007

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Ferro Nickel Marketing Limited

Report and financial statements 2007

Officers and professional advisers

Directors

B R Beamish
A W Hodges (appointed 19 March 2007)
N Jordan
J C Posthumus
PG Whitcutt (appointed 22 August 2008)
B K Wood

Secretary

A W Hodges (appointed 19 March 2007)

Registered Office

20 Carlton House Terrace
London, United Kingdom
SW1Y 5AN

Auditors

Deloitte & Touche LLP
Chartered Accountants
2 New Street Square
London, United Kingdom
EC4A 3BZ

Ferro Nickel Marketing Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2007. The results of the year are set out on page 8.

Principal activities and enhanced business review

Ferro Nickel Marketing Limited's principal activity is the trading and marketing of nickel purchased from Minera Loma de Niquel, a fellow subsidiary of Anglo American plc. The Company earns a 2% margin on goods purchased from Minera Loma de Niquel.

The directors consider that the key performance indicators for the Company are the level of turnover and the gross margin. Turnover grew by 60%, principally as a result of the sustained increase in nickel prices during 2007. In addition, the margin has also risen from 1.9% to 2.3% principally due to the impact of exports in kind of which the Company takes the upside from the changes in pricing between initial and final pricing.

The directors are satisfied with the Company's performance and financial position.

Financial risk management policies and objectives

Cash flow risk

During 2006, the company had some exposure to the Venezuelan Bolivar by virtue of the purchases and creditor balances with Minera Loma de Niquel. These balances were settled in 2006 by means of security swap transactions. All purchases from Minera Loma de Niquel are now denominated in US dollars and accordingly, the directors consider that there is limited cash flow risk attached.

Credit risk

The company's principal financial assets are bank balances and trade receivables. The directors consider that there is limited cash flow or credit risk attached to the trade debtors on the basis that the company has long-standing relationships with all customers. There is no provision for doubtful debt. There is no significant concentration of credit risk, with exposure spread over a significant number of counterparties and customers.

The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

The directors do not consider that the company is subject to significant liquidity risk as cash in and out flows are regular and easily forecast throughout the year.

Price risk

The company generally sells nickel output at prevailing market prices, subject to final pricing adjustments after delivery to the customer and is therefore exposed to changes in market prices for nickel both in respect of future sales and previous sales which remain open as to final pricing.

The company no longer enters into financial derivatives. From time to time during 2006, the Company entered into security swap transactions involving the purchase and sale of US and Venezuelan Government-issued debt as a means of obtaining favourable rates of exchange between US dollars and Venezuelan Bolivars within the confines of Venezuelan state law. The company no longer enters into this type of transaction.

Operational risk

In January 2008, Minera Loma de Niquel ("MLdN") was notified of the intention of the Venezuelan Ministry of Basic Industries and Mining ("MIBAM") to cancel 13 of its exploration and exploitation concessions due to MLdN's alleged failure to fulfil certain conditions of the concessions. These concessions do not include the concessions where the current mining operations and metallurgical facilities are located. MLdN believes that it has complied with the conditions of these concessions and has lodged administrative appeals against the notices of termination. Since the MIBAM has not ruled on these appeals within the applicable statutory time periods, MLdN is now entitled to file further appeals with the Tribunal Supremo de Justicia, a course of action which it is currently considering. Operations

Ferro Nickel Marketing Limited

Directors' report

are continuing as normal. Anglo American and MLdN continue to strive to resolve the matter by way of constructive dialogue, however Anglo American and MLdN believe that there is a valid legal basis to reverse the notices of termination and will pursue all appropriate legal and other remedies and actions to protect their respective interests both under Venezuelan and international law.

Future Prospects

The directors expect the Company to continue to grow and to trade profitably in the future.

Dividend

An interim dividend of US\$20 million (2006 US\$ nil) was declared and paid on 26 June 2007 to the ordinary shareholders on the register on 25 June 2007. The directors do not recommend the payment of a final dividend (2006 US\$ nil).

Directors

The following served as directors throughout the year and to the present time except where noted below:

B R Beamish	
P R Giesbers	(resigned 22 August 2008)
M J Gordon	(resigned 22 August 2008)
A W Hodges	(appointed 19 March 2007)
N Jordan	
J C Posthumus	
P G Whitcutt	(appointed 22 August 2008)
G A Wilkinson	(resigned 19 March 2007)
B K Wood	

Disclosure of information to Auditors

Each director, at the date of approval of this report, confirms that

- so far as he is aware, there is no relevant audit information which has not been disclosed to the auditors, and
- he has taken the necessary steps to ensure that he is aware of all relevant information and that this information has been communicated to the auditors.

This information is given and should be interpreted in accordance with the provisions of S 234ZA of the Companies Act 1985.

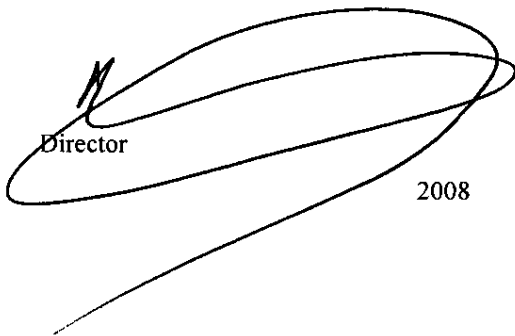
Auditors

In accordance with Section 386 of the Companies Act 1985, Deloitte & Touche LLP are deemed to remain in office as auditors under the terms of an Elective Resolution dated 16 July 2003.

Ferro Nickel Marketing Limited

Directors' report

Approved by the Board of Directors
and signed on behalf of the Board

A large, stylized handwritten signature in black ink, consisting of several overlapping loops and a long trailing stroke extending downwards and to the left.

Director

2008

Ferro Nickel Marketing Limited

Statement of directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable UK Accounting Standards have been followed, and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Independent auditors' report to the members of Ferro Nickel Marketing Limited

We have audited the financial statements of Ferro Nickel Marketing Limited for the year ended 31 December 2007 which comprise the profit and loss account, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report to the members of Ferro Nickel Marketing Limited (continued)

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Deloitte & Touche LLP

Deloitte & Touche LLP
Chartered Accountants and Registered Auditors
London
United Kingdom

31 October 2008

Ferro Nickel Marketing Limited

Profit and loss account Year ended 31 December 2007

	Note	2007 US\$	2006 US\$
Turnover	2	551,146,985	343,524,124
Cost of sales		(537,953,867)	(336,653,642)
Gross profit		13,193,118	6,870,482
Administrative expenses		(71,000)	(65,000)
Other operating expenses		(4,625,348)	(2,168,269)
Other operating income	4	(402,888)	3,401,750
Operating profit		8,093,882	8,038,963
Interest income	5	7,641,254	3,089,673
Profit on ordinary activities before taxation	3	15,735,136	11,128,636
Tax on profit on ordinary activities	6	(4,720,541)	(3,338,591)
Profit on ordinary activities after taxation		11,014,595	7,790,045

There are no recognised gains or losses in shareholders' funds in either year other than the profit for the year, consequently no statement of total recognised gains and losses has been presented

Ferro Nickel Marketing Limited

Balance sheet As at 31 December 2007

	Note	2007 US\$	2006 US\$
Current assets			
Debtors	7	53,655,899	38,501,069
Cash at bank and in hand		82,455,636	109,288,396
		<u>136,111,535</u>	<u>147,789,465</u>
Creditors amounts falling due within one year	8	<u>(123,482,046)</u>	<u>(126,174,571)</u>
Net current assets		<u>12,629,489</u>	<u>21,614,894</u>
Total assets less current liabilities		<u>12,629,489</u>	<u>21,614,894</u>
Net assets		<u>12,629,489</u>	<u>21,614,894</u>
Capital and reserves			
Called up share capital	9	2	2
Profit and loss account	10	12,629,487	21,614,892
Total Shareholders' funds	10	<u>12,629,489</u>	<u>21,614,894</u>

These financial statements were approved by the Board of Directors on

31 Oct 2008

Signed on behalf of the Board of Directors



Director

Ferro Nickel Marketing Limited

Notes to the accounts

Year ended 31 December 2007

1 Accounting policies

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. Accounting policies adopted are consistent with those adopted in the prior period and are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Functional and reporting currency

As permitted by UK company law, the Company reports are in US dollars, the currency in which its business is conducted. Transactions in currencies other than US dollars ("foreign exchange") are recorded in US dollars at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into US dollars at the rates prevailing on the balance sheet date. All differences are taken to the income statement.

Cash Flow Statement

As permitted by FRS1 (Revised 1996) "Cash flow statements", the Company has not prepared a cash flow statement because it is a wholly owned subsidiary and consolidated financial statements in which the Company is included are publicly available.

Revenue recognition

Turnover represents the net invoice value of goods provided to third parties. Revenue is recognised at the actual date of delivery when title passes to the customer.

Taxation

Current tax is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted at the balance sheet date.

2. Turnover

Turnover represents amounts derived from the provision of goods and services which fall within the Company's ordinary activities after deduction of trade discounts and Value Added Tax. Turnover and pre-tax profit, all of which arises in the United Kingdom, is attributable to nickel trading.

	2007 US\$	2006 US\$
Sales	<u>551,146,985</u>	<u>343,524,124</u>

3 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging

	2007 US\$	2006 US\$
Auditors' remuneration for audit services	<u>16,000</u>	<u>15,600</u>

The Company has no employees (prior year nil). The directors receive no emoluments in respect of their services in connection with the Company.

Ferro Nickel Marketing Limited

Notes to the accounts Year ended 31 December 2007

4. Other operating income

	2007 US\$	2006 US\$
Other foreign exchange gains		3,386,565
Net procurement commission	(402,888)	15,185
	<u>(402,888)</u>	<u>3,401,750</u>

5. Interest income

	2007 US\$	2006 US\$
Interest on bank deposits	7,641,254	3,089,673
	<u>7,641,254</u>	<u>3,089,673</u>

6 Tax on profit on ordinary activities

The current tax assessed for the period is equal to the standard rate of corporation tax in the UK

	2007 US\$	2006 US\$
Profit on ordinary activities before tax	15,735,136	11,128,636
UK corporation tax at 30% on profits for the period		
Group relief	(4,720,541)	(3,338,591)
Total current tax	(4,720,541)	(3,338,591)
Deferred tax charge	-	-
Tax on profit on ordinary activities	<u>(4,720,541)</u>	<u>(3,338,591)</u>

7. Debtors

	2007 US\$	2006 US\$
Trade debtors	53,655,899	38,038,697
Accrued income	-	462,372
	<u>53,655,899</u>	<u>38,501,069</u>

Ferro Nickel Marketing Limited

Notes to the accounts Year ended 31 December 2007

8. Creditors: amounts falling due within one year

	2007 US\$	2006 US\$
Accruals and deferred income	771,144	11,913,608
Trading amounts owed to group undertakings	101,492,961	108,557,341
Other creditors	13,158,810	
Group relief payable	8,059,131	5,703,622
	<u>123,482,046</u>	<u>126,174,571</u>

Accruals and deferred income for 2007 represent accrued administrative expenses for sales made to customers. In 2006, accruals and deferred income included US\$10.6 million representing amounts received in advance for sales made to customers.

9. Called up share capital

	2007 US\$	2006 US\$
Authorised:		
50,000,000 Ordinary shares of US\$1.00 each	<u>50,000,000</u>	<u>50,000,000</u>
Called up, allotted and fully paid		
2 Ordinary shares of US\$1.00 each	<u>2</u>	<u>2</u>

10. Movement in reserves

	2007 US\$	2006 US\$
At 1 January	21,614,892	13,824,846
Interim dividend paid during the year	(20,000,000)	-
Profit for the financial year	<u>11,014,595</u>	<u>7,790,046</u>
As at 31 December	<u>12,629,487</u>	<u>21,614,892</u>

11. Related Party Transactions

At 31 December 2007, Anglo American plc is the Company's ultimate parent company. The company has taken advantage of the exemption granted by paragraph 3 (c) of Financial Reporting Standard 8 not to disclose related party transactions with Anglo American group companies.

Ferro Nickel Marketing Limited

Notes to the accounts

Year ended 31 December 2007

12 Ultimate parent company

The immediate parent company is Anglo American Finance (UK) Limited, a company incorporated in Great Britain

The ultimate parent company and ultimate controlling entity is Anglo American plc, a company incorporated in Great Britain. Anglo American plc is the parent undertaking of the largest and smallest group which includes the Company and for which group accounts are prepared. Financial statements may be obtained from the Company Secretary, 20 Carlton House Terrace, London SW1Y 5AN.