



Check against delivery.

Speech by Cynthia Carroll, CEO, Anglo American plc
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Good morning ladies and gentlemen. Thank you very much to Tom Maloney, Jason Brune and the Resource Development Council for hosting this breakfast. And thank you to all of you for joining us this morning.

I've visited Alaska many times in my early career as a geologist, so it's always great to be back. So many of my colleagues at Anglo American share that sentiment - our former chairman, Sir Mark Moody-Stuart told me all about his visits to Iliamna and Dillingham; and of course John Mackenzie, CEO of our copper division was with you only recently. But for me personally, it's been over three years, so can I say what a pleasure it is to be in Alaska again.

During this visit I have been meeting many Alaskans who have an interest in Pebble: Pebble's own staff here in Anchorage and on the ground in Iliamna, the people from the Iliamna and Newhalen communities, local municipal and village leaders, representatives from various State agencies, business and political leaders, the media of course... I have heard a very wide range of views about Pebble, and I will talk share some reflections on what I have heard later in this speech.

But first, I thought it might be of interest to take a look at what has happened in the mining world, and the global economy, since I was here last. Because the last few years have been nothing if not eventful, with dramatic economic swings, and now some equally dramatic political events unfolding in North Africa and the Middle East.

Following the collapse of several major financial institutions in late 2008, there was widespread fear of a global economic depression. The world economy suffered a severe setback with a contraction in world GDP, most notably in the advanced economies. But thankfully, we escaped the nightmare of a second Great Depression. The US and China led a massive co-ordinated policy stimulus. These interventions helped to stabilize the financial system and support economic activity, particularly in the emerging economies.

This was a roller-coaster ride and, for us in the mining industry, I can assure you that the vertigo was intense! World trade came to a virtual standstill. Mining stocks plummeted, some losing up to 80% of their value as metal prices fell sharply. Capital projects were put on hold across the industry. Hatches were battened down for the storm. At Anglo American, we followed a clear and decisive strategy. We focused on tight cost control and operational efficiency, we optimised our asset and supply-chain performance; and we prioritised capital allocation on our major strategic growth projects already under way in South America and South Africa – these included copper, iron ore and nickel projects. In controlling our costs, what we did not do was to lower our standards in the conduct of our operations or our environmental or safety controls. In fact, we have consistently raised those standards and our performance has reflected this.

This strategy has served us extremely well as the mining sector has bounced back from the recession. Because of our continued investment, we are now in a position to start up a new mining operation every six to nine months over the next three years, supplying essential commodities to help fuel global economic growth.



The largest emerging economies – particularly China – have led the recovery. China has continued to grow rapidly in recent years. Other economies – such as India and Brazil – have also recovered quickly. Even more encouraging, there are now signs that the US is beginning to grow more strongly.

And an improving economic picture is good news for the mining industry. Over the next decade or two, the industrialization and urbanization of China and India will lift millions of people out of poverty, fuelling demand for industrial commodities. Already in 2009 China consumed close to half the world's coal, aluminum and zinc production, 35% of the world's copper production and 30% of the world's iron ore. It used twice as much crude steel as the European Union, US and Japan combined.

This is what is driving our business today: the world needs metals and minerals now more than ever. The products that Anglo American produces are absolutely vital to fuel growth in developing economies and to support the ongoing technological revolution in developed countries.

For some advanced economies – such as the US – the domestic mining industry is central to creating economic growth, from sparking investment in critical infrastructure, to providing the critical minerals for a sustainable, green economy.

While all this talk of global trends and demand in far-off countries can seem quite remote, I can assure you that it is highly relevant to the American economy. Mining matters to each and every one of us in some very immediate ways. Mining is truly the lifeblood of the 21st Century economy.

It is worth recalling briefly how much we all depend on mining. Look around you in this room, this building and imagine for a second what would be left if we stripped out all the products that have been mined or quarried. There would not be much structure left between ourselves and the elements; and I venture to suggest not much of the chairs that you are sitting on. And it would be no good looking for a taxi or for your car to take you home. Neither would exist. It is so easy to take for granted the work that companies such as ours do. But the bottom line is that mining is a vital part of all our lives.

Take copper: Pebble is primarily a copper mine, so it's an appropriate metal to choose.

Copper is in your pockets or your handbags in the electronics of your mobile phones. If you have an average car, you are driving around Anchorage with over 40 pounds of copper. And if you have a modern hybrid, you actually have nearly twice as much! Copper is helping drive the green revolution: demand for copper from wind turbines is growing all the time. More traditionally, copper wiring is what is helping you to hear the words that I am speaking now through this sound system; I strongly suspect that it is a vital element of the plumbing of this building and of many of your homes. Its essential properties make it irreplaceable for energy efficiency.

Copper is easy to take for granted, and almost impossible to do without.

So let me turn now to the Pebble, a world class copper resource. I want to look at what Pebble has achieved since I was last here; where the project stands now; and I'm going to say a few words in response to some things that others have been saying about us.

When I was last here, I set out some clear principles to which the Pebble Partnership had agreed, and these are now entrenched as the core principles of the Pebble Partnership.



I said that at Pebble, we must listen before we act. And that Pebble will apply the world's best and most advanced science. Well, it has been more than three years since I said that, so I don't think that anyone can accuse Pebble of rushing to development. Of course, the project has not stood still by any means. Pebble geologists have conducted extensive work to further delineate what has emerged as a truly world class copper deposit; Pebble's environmental consultants have been working on what will probably be the most comprehensive scientific environmental baseline assessment of any part of Alaska, investing over \$100 million in the process; Pebble's engineers have been examining in great detail a range of options for different mining and associated infrastructure scenarios.

But most importantly, while they have been conducting that work, Pebble's CEO John Shively and his team have been criss-crossing the region, visiting villages, talking to native Alaskan leaders and organizations, engaging with interest groups of all kinds. They have held extensive consultations, both in region and around the State. They have met stakeholder groups from the lower 48 who as you know have decided to take an active interest in how Alaska chooses to manage State lands. A deep understanding of the interests and concerns around the project is critically important for the team's project planning.

What we have heard over and over again is that large parts of the state still lack basic energy, communication, and transportation services because Alaska has not yet benefited from the infrastructure development that transformed the lower-48 last century. Alaska is still a young state.

As a result, the cost of basic necessities like milk and diesel are excessively high. These high costs combined by a lack of job opportunities place the very existence of many Native villages at risk.

If nothing is done, soon many of these rural villages will be gone.

Pebble can help spur the construction of modern transportation, communication, and energy infrastructure that places like Southwest Alaska desperately need to reduce their cost of living. I committed three years ago that Pebble must help build sustainable communities. And I announced the creation of a dedicated, multi-year, multi-million dollar fund to help do just that. The Pebble Fund is now in its fourth year, and to date it has awarded nearly 2.5 million dollars to 76 projects in South-West Alaska, leveraging other funds to deliver total project value of over \$12 million dollars. As I undertook, the Pebble Fund is managed by an independent Board and we are grateful for the excellent work they are doing, scrutinizing and selecting high quality projects.

I also committed to independent, expert scientific review of Pebble's work. I am very pleased that in 2008, the Keystone Center agreed to work with Pebble in this area, to review Pebble's science and promote a genuinely informed stakeholder dialogue on the project. The Keystone Centre is a prestigious organization – and their prestige derives from their track record as a genuinely independent facilitator – regardless of funding or existing interests. Constructing such a dialogue is no easy process, when opinions are so polarized. It requires mine proponents to listen to views against the project that they believe to be fundamentally wrong. And it requires opponents to reconsider their positions. But I continue to believe that such a process is vital if stakeholders are to have confidence that the information available to them – the information on which they will judge the project – is genuinely world class and robust. The Keystone process has already begun, and will this year be focusing on independent review of Pebble's environmental baseline data. I encourage all of you to participate in this process. The Pebble Partnership are demonstrating unparalleled transparency. You will emerge better informed as a result.



I said that Pebble must be for Alaskans, and committed that Pebble should be an Alaskan project. I didn't know at the time that we would be fortunate enough to reel in the RDC's very own President, but I can say that we are absolutely delighted to have John Shively at the helm of the project. I think that you all know John's exemplary record and commitment to working for Alaska and in particular for rural Alaskans. I can't think of anyone more appropriate to run Pebble.

And of course John has continued and expanded Pebble's Alaskan hire policy. John has an established Alaskan management team. Even in the downturn of 2009, he was able to increase the percentage of local and regional workers at our site operation by nearly 10%. Today, about a quarter of the PLP workforce is from the South-West region and nearly 75% are Alaskans.

And finally I said that Pebble must coexist with healthy fish, wildlife and other natural resources. And here of course I come to the core of many of the concerns that have been expressed about the Pebble project.

I want to address these concerns very directly. Firstly, I want to make one thing absolutely clear: fish and mining can co-exist. Much of what I hear from the opposition to Pebble claims that this is not possible. They are purely and simply wrong. With the proper protections, copper mining can co-exist with a healthy Salmon fishery. I stand by the commitment that I made to you in 2007 that without proper environmental protections, Pebble should not be built. There are many examples in Alaska of mining co-existing with healthy fisheries – Red Dog, Fort Knox, Greens Creek – not to mention of course the history of the Copper River. But perhaps the most striking example on the West Coast of North America is the Fraser River. This major river system does not just have one or two copper mines in its headwaters: it has several mines and a whole host of other industries from logging to gravel, agriculture, and extensive urban development. These are industries that have been active for many decades. For example the Highland Valley mine is the largest copper mine in Canada and has been operating for nearly 40 years. Yet the Fraser River supports a vigorous Salmon run. Better still, in 2010 the Fraser River system saw a sockeye salmon return of 34 million – the highest since 1913.

Does this mean that Pebble can be complacent? Categorically no. Pebble must develop proper protections to ensure that the salmon streams in its vicinity are fully protected. Mining and fisheries can co-exist.

There has been a great deal of rhetoric propagated against the project since I was last here. There have been multiple attempts to block Pebble – through a ballot measure, through the Alaskan legislature, and more recently through federal agencies. And there have been a number of campaigns led by national environmental groups and other parties.

Anglo American has a myriad of relationships with the non-governmental sector. I greatly value those partnerships.

But I do not accept that campaigning environmental groups from outside Alaska with strong vested interests in raising funds through opposing our project, have any legitimacy in the debate. And there are a number of these outside groups that, quite predictably, have lined up against our project.

You may have heard of a campaign called "no dirty gold" promoted by a Washington-based NGO and supported by a few high profile jewelry companies such as Tiffany's. These companies have been pressured into alleging that any gold that may in the future be produced from the Pebble deposit would somehow be "dirty".



I absolutely reject this position. To these companies I say: you are right that dirty gold does exist: dirty gold is gold that is produced in jurisdictions that do not ensure respect for human rights, that allow mining to foster armed conflict. Dirty gold is gold that is produced without proper environmental protections. Dirty gold is gold that is produced without investment in sustainable communities, without respect for local conditions, without contribution to local economies. Dirty gold is gold that is mined without respect for workers' rights. Dirty gold is gold that is produced in unsafe conditions, where workers lives are in danger daily.

Ethical gold does exist. Ethical gold is produced in well-managed jurisdictions, with respect for the workforce and communities, with strict environmental controls and where the extractive companies involved are committed to the highest standards in the industry. Companies like Anglo American. Jurisdictions like Alaska. I can assure both you here in Anchorage today, and the companies who support this misguided campaign, that the minerals – copper, gold, molybdenum – produced by Pebble will be among the cleanest, most ethically produced in the industry. They will be products for Alaskans to be proud of.

I have set out how Pebble has delivered on the clear commitments made in 2007. I have also said that Anglo American does not want to go where communities oppose our presence. That remains my firm commitment. But to those who quote opinion polls at me, I do not accept that this is an assessment that can be made today. There is still no mine plan, no formal proposal from Pebble.

And here I would like to be clear that the Preliminary Economic Assessment issued last week by our Partner in the Pebble Project, Northern Dynasty Minerals Ltd, represents just one view of the possibilities of the Project. Northern Dynasty feel they need to provide information about the project to their shareholders even though that information is still preliminary. Pebble will only publish a detailed plan once that has been properly developed and approved by Pebble's board. The fact is that the Pebble Partnership is still studying multiple options as it works towards completion of a Pre-Feasibility Study in 2012. John Shively has made repeatedly clear that when the Partnership does have a preferred option, he and his team will engage in extensive further consultation in advance of taking any proposal to permitting.

The regulatory process, through which Pebble will need to secure over 60 major types of permit from state and federal agencies, has not even begun. So there is no proper understanding of the risks and the benefits. Pebble is working hard to help foster just that understanding. But until stakeholders have all the information at their disposal to make their decisions, I simply cannot accept that it is right to make a judgment on the project. I reject calls from Pebble opponents for premature decisions to be taken based on fearmongering not facts, and I stand by my word.

I can see it's very easy for people thousands of miles away to have a romanticized notion of what life is really like here, but some of the rhetoric coming out of the lower 48 appears blind to the realities of life in rural South-West Alaska.

From what I know, the reality is that the environment can be extremely challenging for rural Alaskans. Communities are under severe and increasing threat of decline and even in some cases, disappearance. School populations in the region have declined dramatically: in the Lake and Peninsular and Bristol Bay boroughs, school students have declined by more than a third from 760 in 2000 to 502 in 2010. I've learned that the school at Pedro Bay, not far from our project, has been closed due to a lack of students. We all know that the school is the heart of any small community. I truly believe that a responsibly managed project such as Pebble could provide the lifeline for these communities; it could provide the incentive for families to return, for schools to reopen, for communities to find a new life.

Pebble offers the prospect of hope and renewal.



Some will not, or simply do not want to, see these realities: that mining and fishing have been proven to be able to co-exist; and that Pebble can be a lifeline for communities in genuine distress.

Recently the Environmental Protection Agency, having been lobbied intensively by Pebble Opponents, announced a study of the Bristol Bay Watershed. Two weeks ago the New York Times said "The E.P.A. is right to do this study. We are certain it will find that the mine presents unacceptable risks and should not be allowed to proceed". I find this statement baffling: the same groups who claim that good science should drive decision-making are today "certain" – before any study has even begun – of what the results of the study should be. I simply ask, is this good science, or is this prejudice?

The EPA has an important role to play in the permitting process. The intervention of the Agency at this stage, however, introduces great uncertainty for anyone engaged in economic activity in the region. Uncertainty deters investment at a time when the United States, and the State of Alaska need the revenue and jobs that major projects such as Pebble bring to the table. I agree with Senator Murkowski, who has said: "Any effort by the agency to block responsible development before a project has even been proposed would be unprecedented and would have a chilling effect on the state's economy". Investors such as ourselves look to the regulatory framework of the United States of America as rigorous but reliable. I hope and trust that the EPA will commit to refraining from exercising any premature veto over development in Bristol Bay and instead play its well-established role during the consideration of permit applications.

This takes me on to a subject on which I would like to close my speech: the United States of America, and the State of Alaska, has a world class ore body in its territory. An ore body, on state land designated for mining, whose development would bring billions of dollars of investment and help generate many hundreds, perhaps thousands of much-needed jobs for many decades. The USA – and the wider world – depend increasingly on the kinds of minerals that lie underground, north of the villages of Iliamna and Newhalen and west of Nondalton. Over the years, a permitting process has been built up which applies among the most rigorous environmental standards in the world. Your standards can ensure co-existence of a healthy mining operation, and a healthy Salmon fishery.

I also know that the Federal government has put more than a third of your state in to protected areas where development is unlikely ever to take place. On the other hand, the State of Alaska has received lands that Alaskans assume will be used to support your economy. Pebble is located on just such lands. We have been invited in to see whether we can develop those lands. We should be given the opportunity to prove we can do it right.

So I say to you that you face a choice: to grasp this opportunity; reinforce the United States of America and Alaska as a jurisdiction that is open for responsible business; allow due process to continue; leave open the opportunity to reinvigorate an entire region, helping protect not destroy Native culture that is critically at risk; open up a major new revenue stream for the Alaskan treasury, potentially for many generations of Alaskans; take decisions on all this only once the information has been made fully available through the most transparent development project that Alaska has ever seen? To take your time, to gather reliable information, and decide on the facts.

Or to listen to disingenuous propaganda that seeks to force you into a false choice, between mining and fish.

But as things stand today, I believe that you will not have to make this choice: that Alaska – a proud State with a proud history of natural resource development – can have both.

Thank you very much.