

**LAUNCH OF CONSTRUCTION PHASE OF VENETIA UNDERGROUND PROJECT****VENETIA MINE, SOUTH AFRICA****MARK CUTIFANI****TUESDAY 22 OCTOBER 2013**

Ladies and Gentlemen,

South Africa is home to many of the world's most famous diamond mines and Venetia, opened in 1992, is today our country's most significant. For 125 years, De Beers has been a part of South African mining and business. Throughout that period, it has consistently developed longstanding partnerships in the diamond industry in South Africa. The journey of mineral discovery, investment, marketing and the consequences of industrialisation have brought us all together with a common interest in this great industry - be we in government, mining companies, investors, union representatives, communities associated with the mines, or service and product suppliers.

As many of you may know, I am a massive promoter of mining, as an industry – but I don't think we generally do a good enough job of telling our story - mining deserves a better reputation; globally it takes up less than 1% of the earth's surface, while driving, directly and indirectly, around 45% of the world's economy. Across the globe, mining is the most important activity, after agriculture. Without mining, we would not be able to feed 50% of the world's population, our carbon gas would be uncontrollable and we would not have sufficient fresh water to supply the world's population. Mining touches everyone's life, resulting in products that make the world work.

In South Africa, I feel that the wider and enabling benefits of mining are not well known outside of our industry. For decades, mining was the flywheel of our economy, with the expansion of the mining sector also spawning thousands of South African businesses outside of the sector.

In 2012, almost one fifth of South Africa's economy was attributable back to the mining sector. In that same year, the mining sector, with related services, employed around 1.3 million people (14% of total employment) in South Africa, creating over 500 thousand jobs directly and another over 800 thousand jobs indirectly. The social multiplier of mining is very significant for South Africa. Given a dependency ratio of about 10 to 1, this means that more than 13 million people depended on the jobs created by the mining sector for their daily bread.

This province also benefits greatly from mining - the second largest mining province is Limpopo, where mining GDP was 52,2 billion rand in 2012 and mining accounted for 27,2% of the provincial GDP.

So, with that broader context, let's turn now to the project we are so proud to be launching today.

Who could imagine that the work of this construction team here at Venetia, between now and 2021, will result in enough rock being excavated safely, to pave a road from here, near Musina, all the way to Cape Town –AND back for good measure! All 2,838 km of rock, 1.7 million cubic metres produced when we open up 73 kilometres of shafts, tunnels, workshops and ventilation systems underneath the existing Venetia open pit mine, which is still being worked above them.

That's real scale –

As is the 20 billion Rand vote of confidence for the construction of this mine. Not unlike the 1.1 billion Rand voted for the construction of the original mine back in 1992 - in those uncertain times when it was clear that apartheid's days were numbered, but when the future of South Africa was still very cloudy in the minds of many investors – though not in the minds of Anglo American, nor De Beers.

### **Working as one to realise the potential of a mine**

As we celebrate the launch of the construction phase of the Venetia Underground Project (VUP), permit me to give you a flavour of its complexity. Such an undertaking begins by employing a few dozen people, fast rising to the first few hundred trained and fully inducted people, including many recruited locally. In 2016, when the lateral development work begins beneath our feet there will be an exciting hive of activity - designed with optimum safety in mind - engaging the skills of upwards of a thousand people, peaking at 1 400 people in 2017. This work will be made possible by hundreds of women and men in geosciences laboratories, modelling the mine and business plans, in investment committees, project offices in both cities and in temporary villages, in shaft sinking teams, tunnelling, blasting, ventilation, load and haul operations and hundreds of other important jobs...to bring about ... by 2021, the liberation of the first 0.2 grammes of diamond – one carat mined from the new underground operation, then processed through the metallurgical recovery plant you see operating today.

### **Commitment to South African development**

Mining has a crucial role to play in laying the foundations for communities to develop and prosper, especially in rural and remote areas, where they would otherwise have few opportunities. Venetia Mine joins in that mission. It has already created more than 2,500 permanent jobs and, indirectly, the mine benefits thousands more people in the community, in Limpopo Province and in the rest of the country. Local procurement, training and up-skilling is central to our thinking for Venetia - both in the construction phase and also in the many decades after the mine converts into an underground operation. De Beers Consolidated Mines, having Ponahalo Holdings as our 26% BEE shareholder, is a part of the global De Beers Group of Companies, now a part of the Anglo American plc group. The tangible and significant impact of skills development, and the potential to sustainably uplift rural communities, is the massive developmental potential that exists here at the heart of Venetia.

Anglo American's roots are firmly in South Africa, and we have been a proud investor here for almost 100 years. Over the last 14 years alone, Anglo American has invested nearly 200 billion Rand in

South Africa, emphasising our commitment and making a real difference for South Africa and all South Africans.

Anglo American is the largest mining company in southern Africa, with over 95,000 employees and contractors. Our export revenues generated were 103 billion Rand in 2012 alone. We are one of the largest contributors to the South African fiscus – in 2012, our South African companies generated direct and indirect taxes of over 14 billion Rand, to fund much of what the country requires to build the capacity to compete successfully – education, infrastructural development, healthcare...and so much more - in short, to help address the evil triplets of poverty, inequality and unemployment.

In addition to the indirect benefits, in 2012 alone, Anglo American's South African business units spent 777 million Rand directly on mine community initiatives, covering healthcare, education and infrastructure development - the cumulative value between 2008 and 2012 was 2.6 billion Rand. We are proud of this heritage and the good Anglo American has done for South Africa over the years.

### **De Beers and Anglo American mining as a part of a larger community**

The Venetia Mine already touches the lives of the many communities who live in this region and Province of Limpopo – famous for its archaeological evidence of an early trading centre at Mapungubwe – a place which encapsulates part of our national identity and our rich heritage as a nation.

The positive social impact of skills development, the acquisition of economically valuable experience and the potential to uplift rural and sometimes poorer communities, is what exists here at the heart of Venetia. Venetia Mine has a sound record - for example in partnership with the Department of Education in Limpopo, it provided infrastructure to 11 schools in the Musina and Blouberg areas, including classrooms, ablution facilities, administration blocks and water provision.

Through the Rural Schools Programme, De Beers Venetia Mine, again in partnership with the Department of Education, built boarding facilities for children with special needs at Ratanang Special School in Senwabarwana, Limpopo. This boarding school houses more than 300 children and has matron's quarters, dormitories and a security guard house.

The mine introduced a teacher subsidy programme to three local schools in the Musina area providing funding for additional Mathematics and Science educators. It also focusses on providing scholarships to needy, yet academically deserving, learners who struggle to pay their school fees. Finally, the teacher subsidy programme provides schools with grants to help them improve the quality of education in their classrooms.

### **Enterprise Development**

The De Beers Zimele initiative, established by De Beers to improve its existing enterprise development programmes, aims to develop and nurture commercially viable businesses, while bringing about black economic empowerment through the creation of small and medium enterprises.

De Beers integrated with, and took advice from, the long established Anglo American Zimele, inaugurated back in 1989. The word “Zimele” is derived from the African languages Zulu and Xhosa and translates as “to be independent” or “to stand on one’s own feet”. In 2012, De Beers Zimele’s Venetia Business Hub provided 3.4 million rand in funding to 17 small businesses. As a result, a total of 207 jobs were created and/or sustained. Funding was provided to entrepreneurs, ranging from loans of 1 000 rand to 1 million rand, at a 6% per annum interest rate. The Venetia Hub has supported different types of local enterprises - from Mushosa Trading CC, a transport business, to Capricorn Poultry Power - a retail business which specialises in chicken. On a larger scale, Anglo American Zimele boasts 20 years of successful enterprise development expertise in South Africa. Since inception, Zimele has invested in over 1,300 businesses and created over 25,000 employment opportunities.

### **Mining with respect**

I have outlined the many positive impacts of mining, but human economic activity does cause disturbance to our environment. The Venetia Mine was designed with respect to the environment it operates in. This mine is close to an area once proclaimed a national park by Gen. Smuts’ government, de-proclaimed by a later government, and now restored by this government with SanParks management to what is a World Heritage Site.

We are proud that the open pit operation and underground project have acquired all the necessary environmental approvals for its current and future operations, but none of that would have been possible without true partnership – I would like to specifically thank Minister of Mineral Resources, Susan Shabangu and her regional team led by Chief Director, Ms Kobe; Minister of Water and Environmental Affairs, Edna Molelwa and her team, led by Deputy Director General Mketheni; Former MEC of Limpopo Economic Development, Environment and Tourism, Ms Pinky Kekane; and the Premier’s office for all their support and guidance in getting to this point.

De Beers has a long, positive record and experience in being the custodian of the land and the history that goes with this site and we have given similar attention to environmental considerations in the design of the underground mine.

Through the feasibility phase of the project, the environmental and engineering teams collaborated closely to ensure environmental impacts were minimised or mitigated. The underground mine infrastructure layout is placed well outside the 1:100 year floodline and, considering the impact of flooding earlier this year, I, for one, am very relieved!

The footprint of the mine was not extended due to the adjacent 32 000 ha Venetia Limpopo conservation area and the World Heritage Site of Mapungubwe. De Beers, in South Africa, returns nine times the actual areas disturbed by mining activities and related infrastructure, for conservation purposes. The Diamond Route is a unique example for any company, let alone a mining one, where, because of its previous and current activities, it is able to conserve and open to the public, ecological sites for educational and recreational activity.

**Final words**

To conclude, whilst De Beers is now a leading global brand, trading around the world, and mixing in all sorts of circles – it is, importantly, also an international ambassador for South Africa.

For Anglo American, De Beers is a business with which we have a long and shared history and one we are very proud of. The reason we are all here today, to formally begin the works on Venetia's next phase of life, is testament to South Africa and clearly demonstrates our commitment to the country, to diamonds, to Limpopo and to the many people who will benefit from Venetia mine.