

Anglo American's growth and investment in South Africa

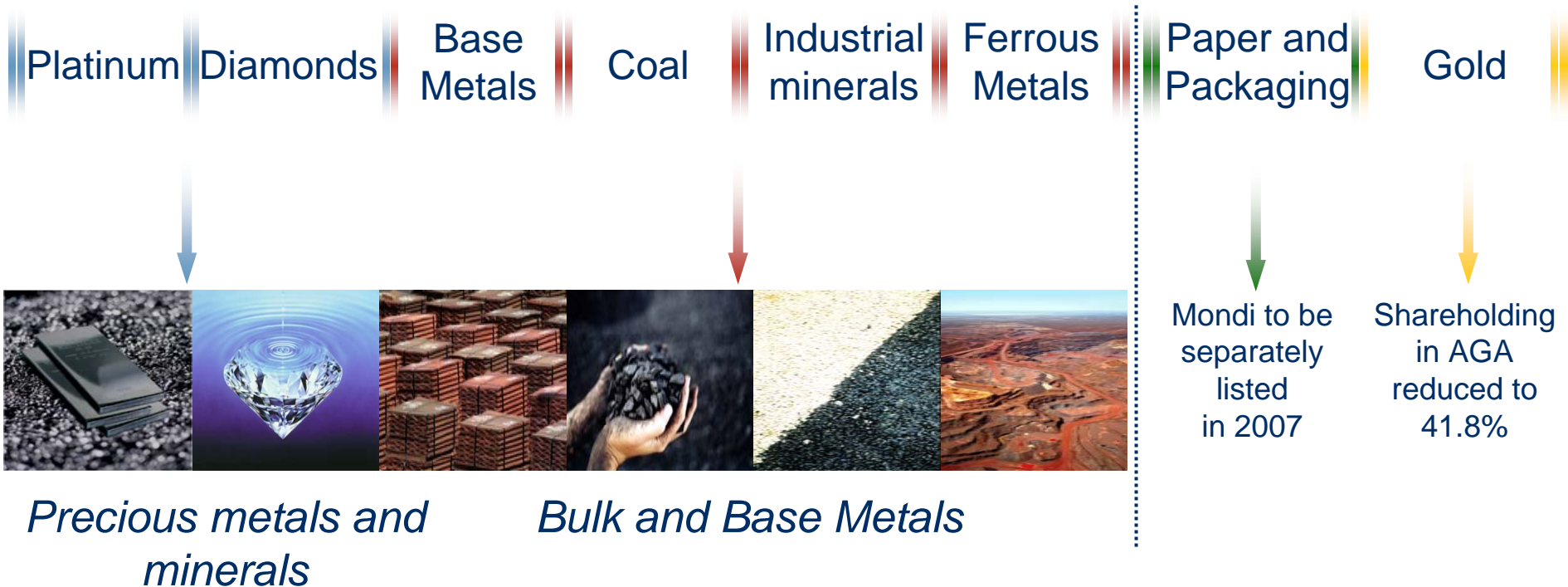
Philip Baum

Anglo American South Africa Ltd

A once-in-a-generation confluence of positive forces?

- **Record-high commodity prices.**
- **Improving growth performance**
- **Rising levels of FDI.**
- **Search for new deposits.**
- **Africa is the major source of many of the globe's unexploited mineral reserves.**

Anglo American... a focussed global mining company



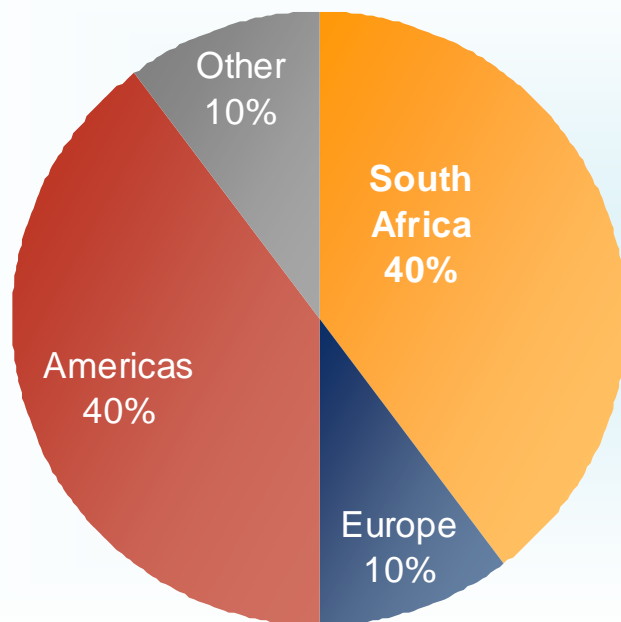
1999-2006

- **Compound annual growth rates:**
 - **EPS: 21% pa**
 - **EBITDA: 19% pa**
 - **DPS: 16% pa**
- **Since 1999 total shareholder return (incl dividends) +275% in US\$ - versus +15% in FTSE 100**
- **In Rand terms Anglo American share price +540% since 1999 – versus +316% in JSE All-Share Index**
- **\$10bn cash returned to shareholders since 1999 (dividends, special dividends & share buyback)**
- **Additional \$4bn share buyback is underway**

South Africa: one of the central pillars of the Group's current operations...

Operating profit*

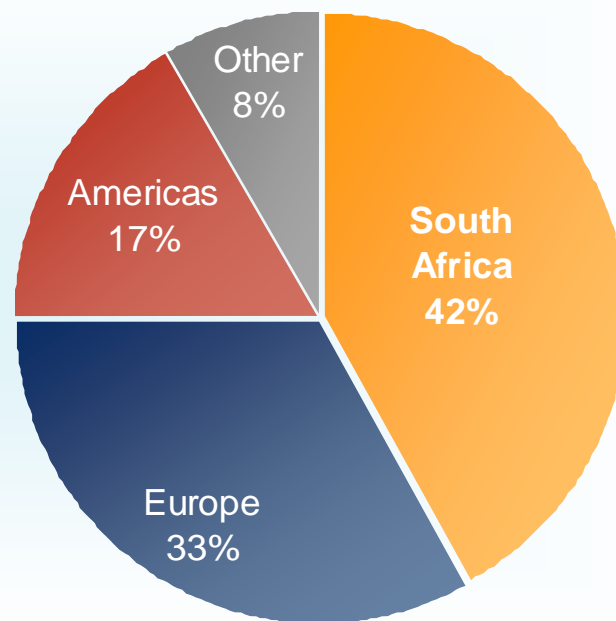
H1 2006



R28 747m (\$4 563m)

Net Assets

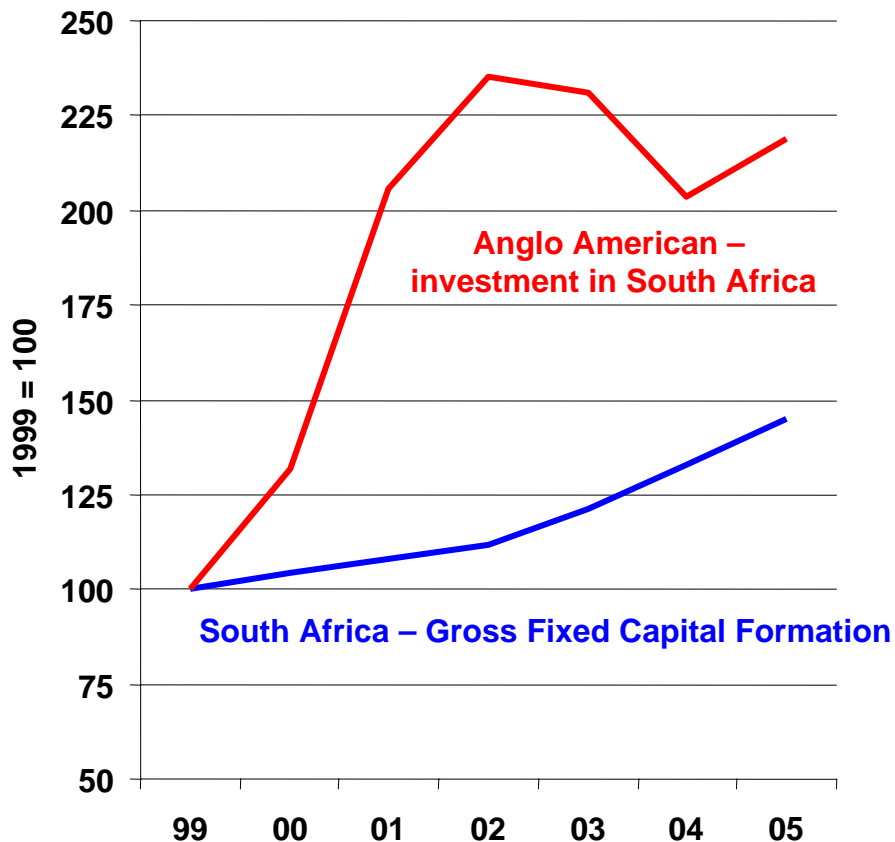
H1 2006



R170 347m (\$27,039m)

* Before special items & remeasurements

SA: Gross fixed capital formation (annual)



Source: SA Reserve Bank & Anglo American SA

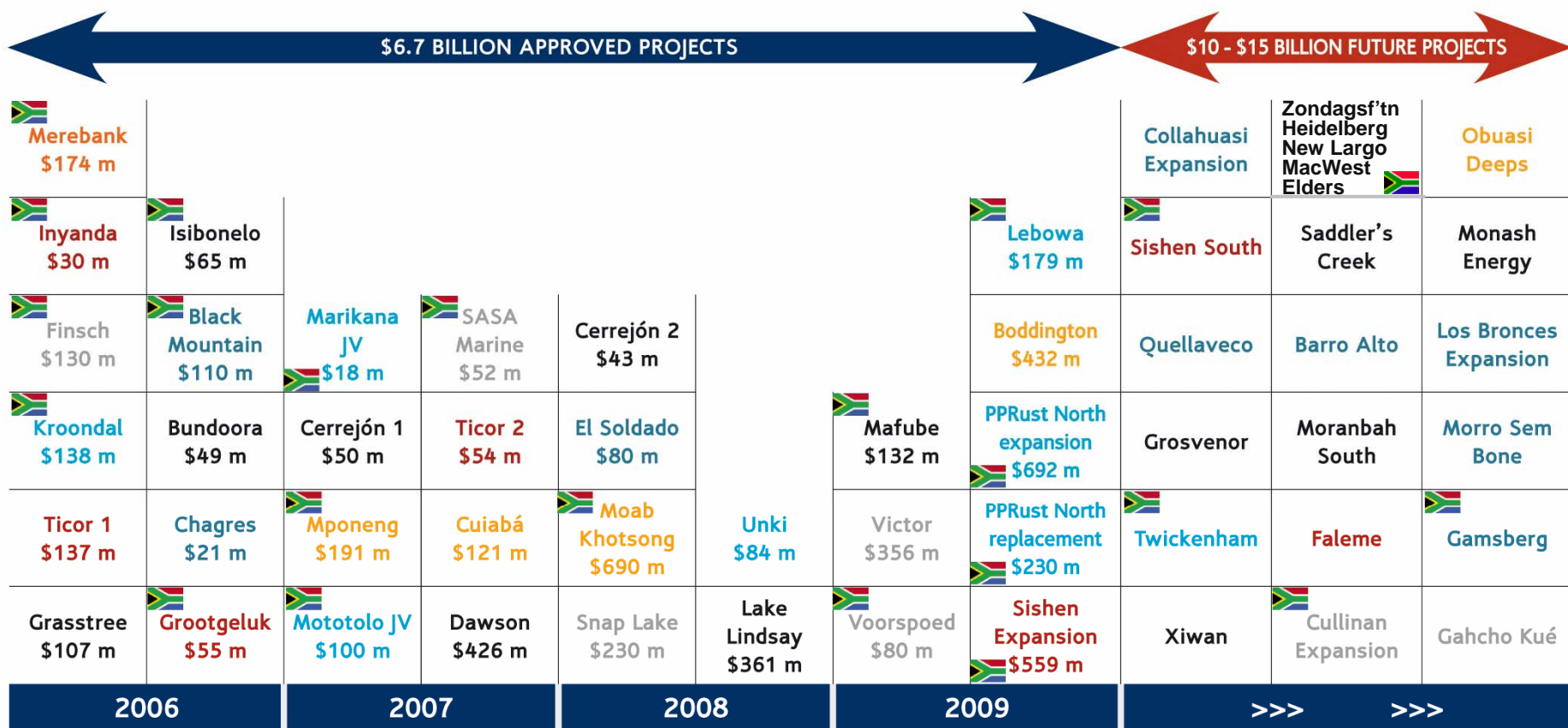
- From 1999-June 2006 Anglo American invested R129bn (R154bn in 2006 Rands) in South Africa.
- This makes Anglo by far the largest private sector investor in SA over this period.
- To put this investment in perspective, the total investment in the new motor vehicle manufacturing industry, for example, was R20bn over the same period*.
- In 2007 Anglo Platinum alone has budgeted to spend R10bn on capex.

* Naamsa Annual Report, 2006

Supported by a strong project pipeline in SA and the rest of the world

Anglo American's investment project pipeline 2006-2009

- Anglo American plc has an approved budgeted project pipeline of R44 billion (\$6.7 billion) from 2006-2009
- R23 billion (\$3.5 billion or 52%) of the total approved project pipeline budget is to be invested in South Africa

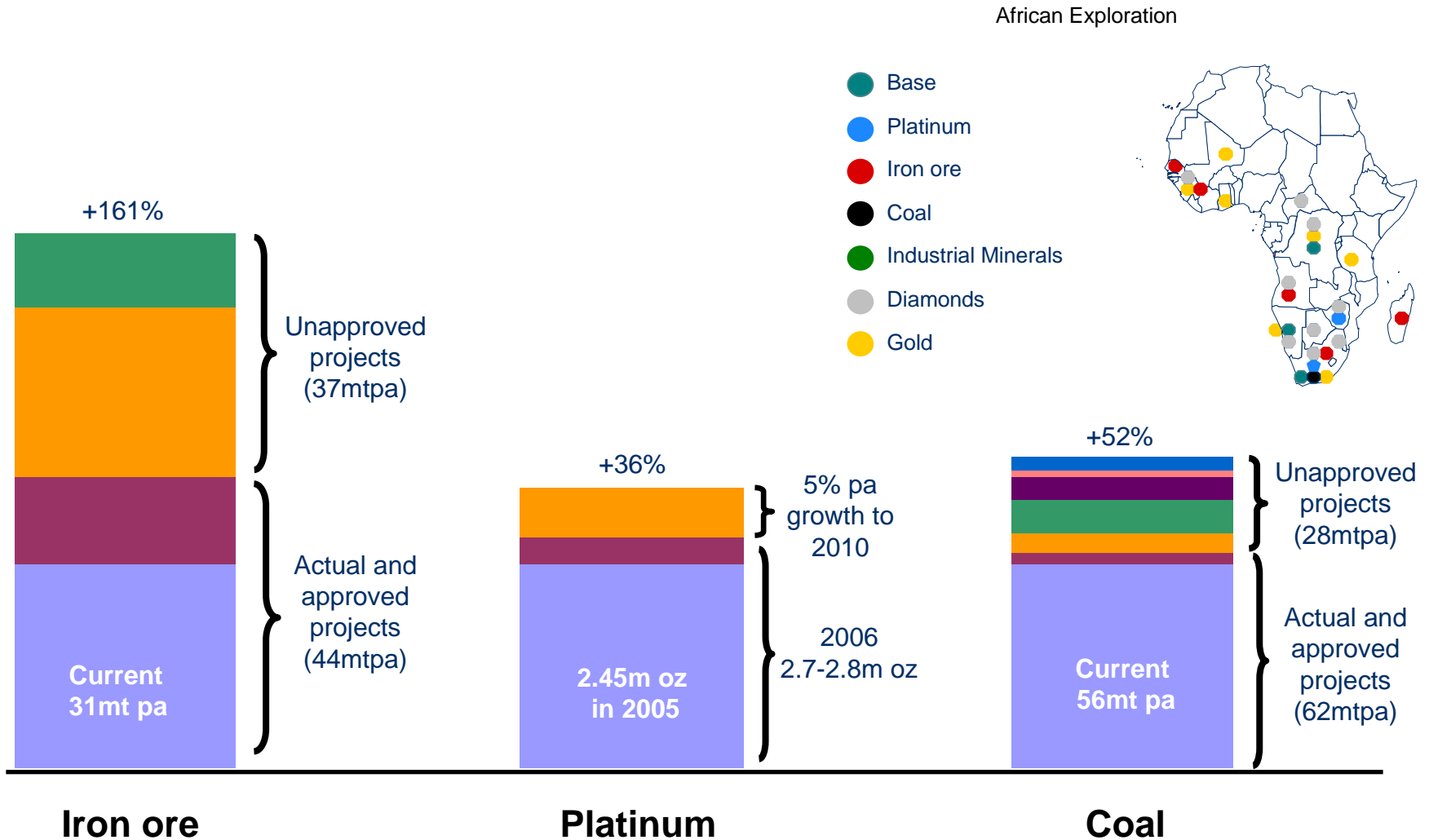


● Anglo Platinum
● Ferrous Metals

● Diamonds
● Coal

● AngloGold Ashanti
● Base Metals

Providing significant growth potential

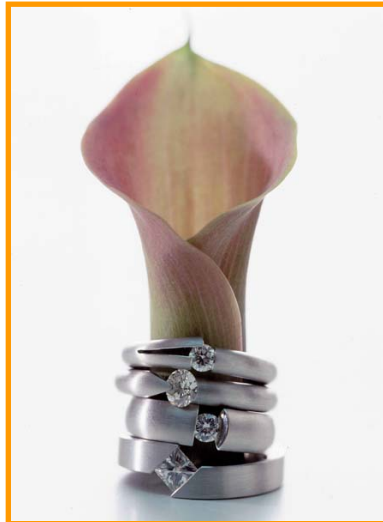


Ownership: Major BEE Transactions and Joint Ventures

- Anglo American has been the catalyst in the formation of today's **leading BEE South African mining houses** with an estimated market capitalisation of **R43bn**
- Other BEE transactions: African Life (**R0.3bn**), JCI (**R5.6bn**), Johnnic (**R2.6bn**), Mondi Shanduka Packaging and Newsprint (**R3.3bn**), Tongaat-Hulett (**R2.1bn**), Hulamin (**R0.9bn**)

ARM

Gold & Platinum
Market cap
R15.3bn



Eyesizwe

Coal
Equity value
R1.6bn



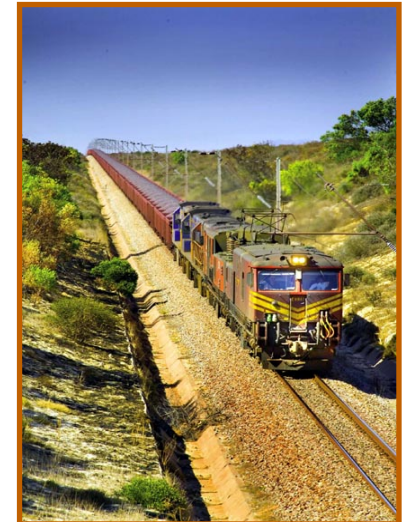
Mvelaphanda

Gold & Platinum
Market cap
R5.6bn



Exxaro

Coal, heavy minerals,
zinc, iron ore
Market cap
R20bn

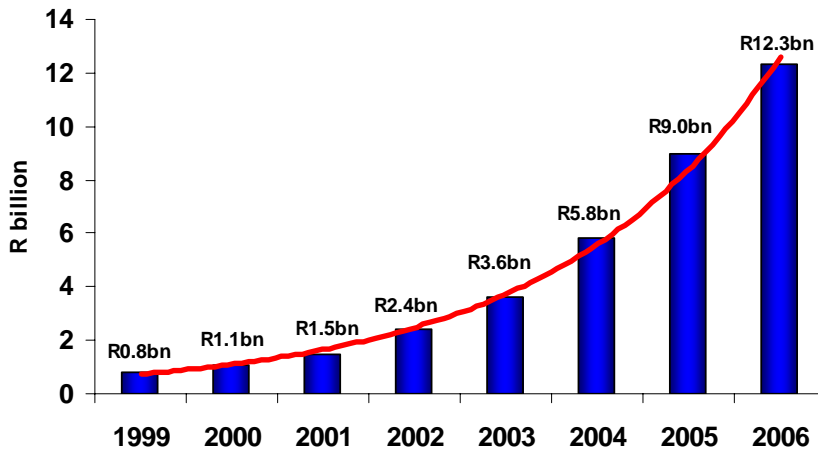


- **Anglo has already achieved 40% HDSA participation in management, but recognises that more is needed at a senior level.**
- **Average spend on skills development by the top 200 listed SA companies is 2.8% of payroll cost - Anglo SA is 3% of payroll.**
- **In addition, Anglo has:**
 - **Trained some 3 000 artisans over past 5 years**
 - **More than 400 bursars are receiving tertiary training**
 - **Committed to employing additional 200 engineering undergraduates in 2007 & 400 by end-2008 in support of the JIPSA initiative**
- **Anglo is committed to supporting and developing economic empowerment in South Africa and considers transformation a strategic imperative of doing business in South Africa**

BEE Procurement and Enterprise Development

- **BEE procurement and business development spend** (including Anglo Zimele) increased significantly from R0.8 billion in 1999 to **R12.3 billion in 2006** (excluding De Beers) – **up 37% from R9bn in 2005**.
- BEE procurement as % of total available spend continues to increase from 19% (2004) to **26% (2006)**

Anglo's BEE Procurement and Business Development Spend Since 1999 (excluding De Beers)



Anglo Zimele

- Investments collectively turned over **R702 million in 2006** from R561 million in 2005 (**+25%**)
- Currently invested in **30 businesses** employing **2 322 people**

Anglo Khula Mining Fund

- Investments collectively turned over **R217 million in 2006**

- **South Africa is the birthplace of Anglo American and remains the cornerstone of our global operations.**
- **Our significant investments in South Africa and strong project pipeline will ensure that South Africa retains a central position in Anglo's operations.**
- **Anglo embraces the requirements of the Mining Charter as a strategic imperative for doing business in this country.**
- **Our South and southern African operations provide a solid foundation for Anglo to compete against all-comers on the African Continent.**

