



News Release

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Anglo American plc AGM 2008 Address to shareholders by the Chairman and Chief Executive

At Anglo American plc's Annual General Meeting for shareholders in London today (15 April 2007), Sir Mark Moody-Stuart, chairman, and Cynthia Carroll, chief executive, made the following remarks:

Sir Mark Moody-Stuart, Chairman, Anglo American plc:

Ladies and Gentlemen, welcome to the Anglo American Annual General Meeting. We meet to review a further highly successful year in which operating profit from core operations rose by 12% to \$8.9 billion – allowing us to continue with our progressive dividend policy through the Board's recommendation of a 15% increase in our dividend to 86 cents which, if accepted, will take our dividends for the year to 124 cents per share. I commend the Board's proposal to you.

I am also pleased to note the significant progress made by the company under the leadership of Cynthia Carroll and her executive team. There is a new vigour and vitality in the company. A raft of important initiatives has been launched to: improve operational performance; to realise synergies between our businesses and to improve the consistency of application of policies and standards across our operations. In addition, the level and quality of engagement with key stakeholders has been significantly increased.

This refreshed approach has been most evident in the handling of safety issues, which has been a consistent area of concern for the Board. Cynthia Carroll has exerted impressive leadership in this area, challenging ingrained assumptions about the inherent dangers involved in mining and creating real belief in the concept of 'zero harm'. Managers are aware that they will not progress in the organisation if they have a poor safety record. Furthermore, through the temporary closure of Rustenburg platinum mine for comprehensive retraining of the workforce in the aftermath of a series of fatal incidents, Cynthia gave a palpable demonstration of commitment to our long-standing dictum that safety must come before production. In so doing she has begun to change the nature of the debate about safety across the South African mining industry with the involvement of Government and the unions. There is still a long way to go but there are some encouraging signs that we are achieving a step change in performance. The challenge will be to ensure that the current intense focus on safety continues and that the current improvement becomes sustainable through a change in culture.

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The Board also believes that an intelligent balance is being struck between an awareness, on one hand, that in the current climate assets are relatively expensive and, on the other, of the importance of increased corporate activity for the long-term growth potential of the Group. We have been bolder than in previous years and made several acquisitions to complement the organic growth of the portfolio. These have strengthened our portfolio of copper and coal assets and we have taken major strides in delivering against our objective of establishing the Group as a significant player in the iron ore business through the MMX acquisition in Brazil. The disposal of non-core assets over the last two years was intended to provide a platform for the growth of our core businesses. That growth will come from a combination of an impressive project pipeline, targeted acquisitions and the hard, and unglamorous, grind of improving the efficiency of our existing assets.

In another year of strong financial results I wish to thank each and every one of our employees for their contribution. Over the last year the Board and Board Committees have met in South Africa twice and in Chile. In addition, I have personally visited Anglo activities in Australia, China and the Philippines. In each of these countries I have been impressed by the professionalism of the Anglo people whom I have met. We have some of the best people in the industry and there is a widespread commitment to excellence and to 'doing the right thing'. There is also a good awareness of our Business Principles and key policies. We are currently updating and reviewing our 'Good Citizenship' business principles based on internal and external stakeholder input. Copies of the current document are available at the meeting. The process is almost complete but if any investor would like to contribute to this work, your feedback would be welcome.

Commodity prices remained high over the last year reflecting both the strength of the global economy for most of this period and, in particular, the unprecedented rate of urbanisation in both China and India. But another factor at work has been the industry's relatively muted ability to expand the supply of key commodities at the anticipated rate. The factors that have constrained supply growth include: lengthier permitting processes; the increased importance of gaining community consent; bottlenecks in the supply chain, skills shortages and constraints in the supply of water and energy. These underline the extent to which the mining sector cannot afford to be insular in how it relates to the outside world and how sustainable development considerations are increasingly central to our ability to do business. Moreover, society increasingly expects us to contribute to finding solutions to global challenges such as poverty, delivering against the Millennium Development Goals and climate change.

Some of you may be aware of a pamphlet recently produced by 'Action Aid' in South Africa. This alleged that in communities in the Limpopo Province of South Africa our subsidiary, Anglo Platinum, has been forcing people off their traditional land, has failed adequately to compensate families who are resettled, has not provided them with sufficient alternative agricultural land and has polluted water at schools close to the Potgietersrust platinum mine. I will not go into these issues in detail now – although some of them will, no doubt, be raised in questions – but there is another side to this story.

The resettlement of three communities has been planned or under discussion with the affected communities for almost a decade. In the case of the village of Ga Pila out of over 700 households, only 27 have failed to move; and in the cases of the two Mothotlo villages, which is still underway, over 820 households out of 956 have already moved. Moreover, they have moved to better houses, to villages with improved schools; they now have a clinic and have received more and better agricultural land.

South African law – as in this country – provides for communities to be moved in order to facilitate projects of national importance. But we have instead worked on the basis of obtaining the freely given consent of the community and traditional authorities through negotiation. The fact that all 956 households have signed agreements, together with the support given by the traditional and political leaders in the region, are an indication that the resettlement is based on a fair compensation model.

This is not to deny that in an area that has great social challenges that there are enduring problems of poverty and lack of development – but it is our objective that in the coming years the resettled communities will receive a significant net benefit from the mine and the opportunities which it generates.

We take the allegations from Action Aid about water pollution at local schools extremely seriously. On a precautionary basis Anglo Platinum is, with the agreement of the municipality, providing alternative drinking water for the community. We believe that there is, indeed, a problem of elevated nitrates in water from shallow wells in many villages in the wider area – and I welcome that Action Aid brought this to attention. Contrary to what is stated by Action Aid, the data available to Anglo Platinum indicates that this arises from pit latrines or geological factors and not from the mine. Further work is under way to identify the source of the problem and to devise solutions.

In many rural communities in Limpopo Province and elsewhere, often remote from any mining, there is a problem with water quality in shallow wells which can arise from sewage, cattle kraals or indeed underlying geology. It is a major challenge for frequently under-resourced municipalities to fulfil their responsibilities of providing clean water to communities. There are clear limits to what Anglo American or Anglo Platinum can do, but I know that we are happy to work with development NGOs and development agencies to see whether workable solutions can be found to this wider problem. Together with the public authorities we have sought to work with Action Aid – but I understand that last week the municipality felt obliged to adjourn a meeting to compare scientific data when Action Aid tried to turn it into a media circus.

Copies of a detailed rebuttal of the points made by Action Aid are available here today and they are also available on the Anglo Platinum and Anglo American websites.

I have worked in the resources sector throughout my career and believe passionately in its ability, when responsibly done, to contribute to wider development. The sector

has some distinctive features compared with other industries, of which I would highlight five.

Firstly, we typically exploit resources which are not owned by ourselves but by host governments on behalf of their people – which underlines the conditional nature of our licence to operate. There is, in each country, a legitimate argument to be made about the extent to which a proportion of royalties and tax revenues are recycled to the areas where mining takes place.

Secondly, in adding value to natural resources, the sustainability challenge is to ensure that, during the lifetime of a mine, we contribute to building the social and human capital of the communities where we work so that their capacities and access to opportunity are increased.

Thirdly, our assets are immobile, involve significant up-front capital expenditure and are long-term investments - meaning that we have to live with the judgements we make about our ability to operate ethically in particular locations. This means that we have a very active interest in good governance and a clear preference for working in jurisdictions where the rule of law operates and where there is effective and predictable enforcement of environmental and other legislation which governs our business.

Fourthly, our social and environmental footprint is often significant, bringing with it commensurate responsibilities to local communities – including the need to improve our ability to understand our indirect and cumulative impacts.

And, fifthly, mineral resources are often found in areas where there has previously been limited development and where the sector may offer the only route for progress. This often means working with national and local governments with limited capacities or in weak governance zones and where we may find ourselves thrust into roles more properly filled by the State. It underlines the importance of our seeking to contribute to improving governance through initiatives like the Extractive Industries Transparency Initiative and the Investment Climate Facility for Africa and of the central role of partnerships with governments, international institutions, NGOs, community based organisations and other businesses in producing better development outcomes.

These factors provide a backdrop of almost unique complexity for a business. They suggest that we will not always get our interactions right across some 40 countries. But it would be disingenuous of our critics to ignore the efforts that we invest in maximising the likelihood of our getting things right. Hence our leading edge Socio-Economic Assessment Toolbox – or SEAT – process that is now implemented at every one of our established operations; our well established programmes for enterprise development; our leadership in HIV/AIDS; and our new toolbox for long term mine closure planning. I welcome too our growing network of partnerships with NGOs including CARE International on development issues and Fauna and Flora International on biodiversity.

Furthermore, it is important that we look at our contribution to society in the round. Our return to shareholders is a fundamental part of our role as a company but I draw your attention too to the developmental opportunities that we deliver to society including through innovation and building the skills of those who work for or with us. Moreover, it is instructive to note that in 2007 whilst we generated \$5.9 billion for investors, we also paid \$11 billion to our suppliers, including almost \$5 billion to suppliers in Africa; we paid \$3.6 billion in wages and employee benefits; and paid or generated some \$3.8 billion in taxes and royalties for our host governments to reinvest in services like health and education. The business which we generate for suppliers, in turn, generates further tax revenues.

Finally, ladies and gentlemen, I should thank members of the Board for their work over the last year. In this period, we have seen the departure of David Hathorn as an Executive Director following the demerger of Mondi; of Ralph Alexander and of Bobby Godsell. Let me thank all of them for their contributions. David Hathorn has the important job of leading an independent company in which many of you may, like me, also be shareholders. Ralph Alexander has become chief executive of an energy company with interests in alternative energy sources. I wish them both every success. Bobby Godsell has retired from AngloGold Ashanti and I would like to thank him in particular for his work over many years in both Executive and Non-Executive roles as well as for the significant role he played in the peaceful transition to democracy in South Africa.

I am also pleased to welcome Sir C.K. Chow to the Board. He brings a formidable track record in international business to the Board as well as specific insights into the Asia Pacific region – from where we have not previously had strong representation.

I will now ask our Chief Executive, Cynthia Carroll, to address the meeting.

Cynthia Carroll, Chief Executive, Anglo American plc:

Thank you, Sir Mark, and I too would like to welcome you all here today.

We announced our full year results for 2007 on 20th February and you will now have also seen our Annual Report. I will therefore give you just a brief overview of our considerable achievements of 2007 and the outlook for the year ahead.

Financial headlines

As you have heard, Anglo American had a record financial performance in 2007. The Group reported a total operating profit of \$10.1 billion and a record \$5.8 billion of total Group underlying earnings.

Several factors contributed to this; among them:

- Robust pricing in our core commodity segments, especially copper, platinum and iron ore;

- Higher production levels; and
- Continued progress in driving cost savings, totalling \$380 million for the year.

In addition to the increased level of the final dividend recommended by the Board, we are continuing with our announced \$4 billion share-buyback programme, which will amount to a \$14.5 billion capital return to shareholders since the beginning of 2006. We are also working to optimise our capital structure and seek to achieve our target gearing of 40% in the near term. This represents about \$14 billion in net debt, which will support our substantial near- and medium-term growth plans.

Safety

I too would like to comment on the changes we have made in our approach to safety in the past year.

2007 marked a turning point in our approach to safety, in response to an unacceptable fatality performance across the Group. It had become clear that a gradual approach was not delivering the dramatic lowering of injury, and particularly fatality, rates that we were seeking. A step-change was needed. We therefore launched a series of initiatives to drive consistent safety messages and practices across our businesses. We held two safety summits in the year and have shown we are prepared to do what is necessary to meet this challenge head-on, by shutting down mine shafts where safety performance has not been up to our standards.

Although these are early days, we do appear to be making progress. A dreadful first half saw 29 people lose their lives at our operations, but during the second six months the fatality figure reduced to 11. In September, we achieved a fatality-free month – so we know it can be done.

It is very encouraging to be able to report that in 2008 our fatality frequency rate has continued on its downward path, while there are also indications that the lost-time injury frequency rate, which had reached something of a plateau, is also turning down. We expect to build upon this progress this year and beyond, and I continue to believe strongly that optimally run businesses have good safety records.

Sustainable development

In the area of sustainable development, we are looking at how we can stretch our contribution to the fullest through partnership with others. For example, our SEAT community-engagement toolbox, now in its more demanding second phase, is being accorded ever-wider international recognition.

In 2008, we have also introduced new policy frameworks for safety, health and the environment, and are making headway with strategic work on water and energy efficiency. We will be reviewing our performance and setting new targets as a result. Increased transparency, higher performance standards and attracting and retaining skills are essential to achieving against these ever more challenging targets.

The global climate is changing and, with it, an increased likelihood of impact on our

operations and increased tensions around water. It is now urgent and evident that it must be a consideration in everything we do. We operate in some of the world's most arid areas – in Chile, in Australia, in the western regions of southern Africa. Increasingly we must compete for water resources and account for the full social and environmental costs. To do so successfully means we must be technically innovative and contribute to wider environmental and social solutions. Examples include a water-treatment plant at eMalahleni and a wetlands conservation area near Isibonelo, both coal mines in South Africa and mist traps to harvest water for the community surrounding our Mantos Blancos copper mine in Chile. At Emalahleni, the plant, which processes water from underground collieries, will generate a water recovery exceeding 99%, while the Los Bronces expansion will reduce the use of fresh water by 40% per tonne of copper produced.

Everyone is well aware that our industry is enjoying a prolonged period of strong growth and sustained demand for our products. One of the challenges of this environment is a shortage of skilled labour, something we are addressing by highlighting the importance of diversity within our Group. Most notably, this includes the emphasis we are placing on attracting, retaining and rewarding women, who are still represented in only modest numbers. In 2007, women represented 15.3 per cent of our management numbers and we are aiming to continue to increase the proportion of women across the businesses and throughout the ranks. Achieving such diversity is key to our success.

Progress on strategic objectives

In relation to our strategy, we made good progress in 2007 in becoming a leading focused mining company. To achieve this goal of focusing on our three core commodity groupings – precious, base metals and bulk – further steps in the Group's restructuring were completed successfully during the year.

The Company disposed of its remaining 29% holding in Highveld Steel in May and Hulamin was unbundled from Tongaat-Hulett in June. Mondi, the paper and packaging business, was demerged in July and, in line with the intention to ultimately exit AngloGold Ashanti, we reduced our holding from 41.6% to 16.6% by the year end, realising in excess of \$2.9 billion.

The decision was also taken to sell Tarmac, the construction materials business. Tarmac had a very strong operational performance in 2007, with a number of its business improvement initiatives starting to make a significant impact. However, we have decided not to launch the marketing phase of the sale process until credit market conditions improve. Tarmac continues to be managed to maximise shareholder value and this includes active reviews of its portfolio.

We are bringing greater rigour to Anglo American's operating platform by introducing a value based management (VBM) methodology in all business units. A pilot project has been completed in Anglo Coal and VBM is now being rolled out into all of the businesses. In addition, an asset optimisation initiative will maximise operational

efficiencies at site level and allow benchmarking of performance and the spread of best practices.

We have recently completed a comprehensive review to determine the best approach for delivering key business-support functions. This has led to the establishment of three shared-services centres, providing common accounting and employee services, located in existing offices in Asia-Pacific, South America and South Africa.

During the year, we also launched a centralised procurement programme to leverage the benefits of operating on a worldwide scale. Initial projections point to the Group achieving around a billion dollars of procurement and shared-services savings in the next three years.

Improved government relations

2007 marked a shift in our relations with governments. For example, in South Africa, we took bold steps to try to dramatically raise our overall safety performance, at a significant sacrifice to production. We also showed our willingness to work with government agencies in addressing the HIV/AIDS epidemic, while in 2008 we have provided management expertise in helping tackle the country's power-supply problems. The company also made significant progress during 2007 in meeting the transformation requirements in respect of employment equity and black economic empowerment in terms of the South African Mining Charter – culminating in groundbreaking equity participation arrangements in Anglo Platinum's assets.

These are just some of the moves that are yielding benefits for our Group. I would also like to think that it was not just coincidental that in February we were able to announce that we were to be awarded new order mining rights for all of Anglo American's mining operations in South Africa. We have made substantial progress in recent weeks and expect to be able to finalise the conversions shortly. This provides greater certainty for our businesses and will enable the Group to continue to make a strong contribution to the country's prosperity and economic growth.

Furthermore, in Chile, our enterprise-development programme, based on our highly successful Anglo Zimele small-business development model in South Africa, was recognised through the award of one of only seven medals issued by the Chilean government to commemorate the country's bicentenary.

Project expertise driving profitable growth

In terms of projects, Anglo American has one of the strongest and highest quality pipelines in the entire mining sector. Over the past year, this doubled to more than \$40 billion. Our Base Metals, Iron Ore, Coal and Platinum businesses each have project pipelines of \$5 billion or higher. In the near term, we have \$12 billion in approved projects and have around \$30 billion in projects under consideration, with nearly half in the attractive base metals market and a quarter in seaborne iron ore.

We are making excellent progress with the development of our projects – just to give you a few examples, in November we announced the \$1.7bn expansion of Los

Bronces copper project in Chile which, on completion in 2011, will increase production by an average of 170,000 tpa, making Los Bronces one of the 10 largest copper mines in the world. The \$1.5 billion Barro Alto nickel project in Brazil is also making good progress and is also due to come fully on stream in 2011, taking our total attributable nickel production to 100,000 tonnes a year. And in platinum, the \$692 million PPRust North expansion project is expected to reach full capacity in 2009, when it will mill an additional 600,000 tonnes of ore per month.

Over the next 5 to 10 years, our project pipeline has the potential to increase Anglo's share in all of our core market segments. Moreover, we are now exploring for minerals in 25 countries around the globe, and we will continue to drive our exploration efforts to further enrich our organic growth pipeline.

Acquisitions to fuel further growth

During 2007, Anglo American was active in identifying and successfully acquiring major new projects in countries where we have an existing presence and in new geographies, as well as opening new offices in India and the Democratic Republic of Congo, further expanding our geographic footprint. The acquisition of a 49% stake in the Minas-Rio iron ore project in Brazil is helping to build critical mass for our Group in an extremely consolidated industry, with high barriers to entry and where we are a relatively new entrant. This shareholding and the recent announcement that we have acquired control of Minas-Rio and the Amapá iron ore mine, together with the expansions at Kumba in South Africa, could result in the Group's attributable iron ore production rising to 150 million tonnes a year and securing around 10% of the high-margin seaborne iron ore trade by 2017. Similarly in copper, the acquisition of Michiquillay in Peru and the purchase of a 50% stake in the Pebble copper project in Alaska, combined with expansions in Chile at Los Bronces and Collahuasi, could see the Group's attributable copper production rising to around 1.6 million tonnes a year by 2016.

We also formed an exciting strategic partnership with China Development Bank to jointly identify and develop mining projects in China, Africa and elsewhere. This marks a positive and differentiating feature of Anglo's engagement with China.

As for the M&A activity in the sector, I have been asked many times in the last several months about how Anglo sees itself in an environment of industry consolidation. Well, I can tell you that we are not sitting idle. We are being fleet-footed and are expediting our project pipeline in order to capitalise on the attractive near- and longer-term pricing environment. And we continue to make targeted, value-enhancing acquisitions that are complementary to our existing portfolio and in line with our growth strategy as a focused mining company.

We will pursue all acquisitive growth opportunities that we believe make sense for Anglo, and we are working to ensure that we are maximising Anglo's value to our shareholders.

Outlook

Turning to the outlook, we remain very positive on copper, bulk commodities, especially iron ore and metallurgical coal, and for platinum group metals. Over the next 10 years, we anticipate strong demand growth of 4 to 5% compounded annually for most key commodities – driven mainly by China, as well as by India and other developing countries. This is likely to be bolstered by higher than historical real prices, tight supply and robust demand growth.

Tempering that, however, is the continuation of high cost inputs in the form of energy, fuel and consumables, combined with rising capital costs and critical staff shortages. Added to these, there are problems relating to assurance of electricity supply – most critically in South Africa, where we are working with Eskom and the government to implement solutions – but also potentially in Chile and Brazil.

Conclusion

In conclusion, we are looking beyond the recent significant restructuring with a focus on driving value through both performance optimisation and growth. In addition, we are continuing to strengthen and refocus the management team, with the recent appointments of Ian Cockerill from Gold Fields to become CEO of Anglo Coal, Kuseni Dlamini as Head of Anglo South Africa and Russell King as Chief Strategy Officer.

Anglo American is strongly positioned with our unique portfolio of assets. We have the best resources in the world in platinum, while De Beers remains the paramount name in diamonds. We are building strong positions in base metals, iron ore and coal – with all businesses poised to deliver significant value creation from existing operations and expansion projects, complemented by M&A. Our mines have among the longest lives in the industry, and our overall cost position continues to improve.

And, not to be biased...I think we have amongst the best people in the world with diverse backgrounds and deep expertise. Their ability to deal at times with unforeseen developments is second to none.

By bringing the Group together under one umbrella and creating a 'One Anglo' culture, we are extracting the maximum value from each and every part of the business.

These are truly exciting times for Anglo American and for our sector and I look forward to another successful year.

Thank you.