

‘Mining Industry Trends and Global Commodity Markets’

**Presentation by Cynthia Carroll,
Chief Executive
Anglo American plc**

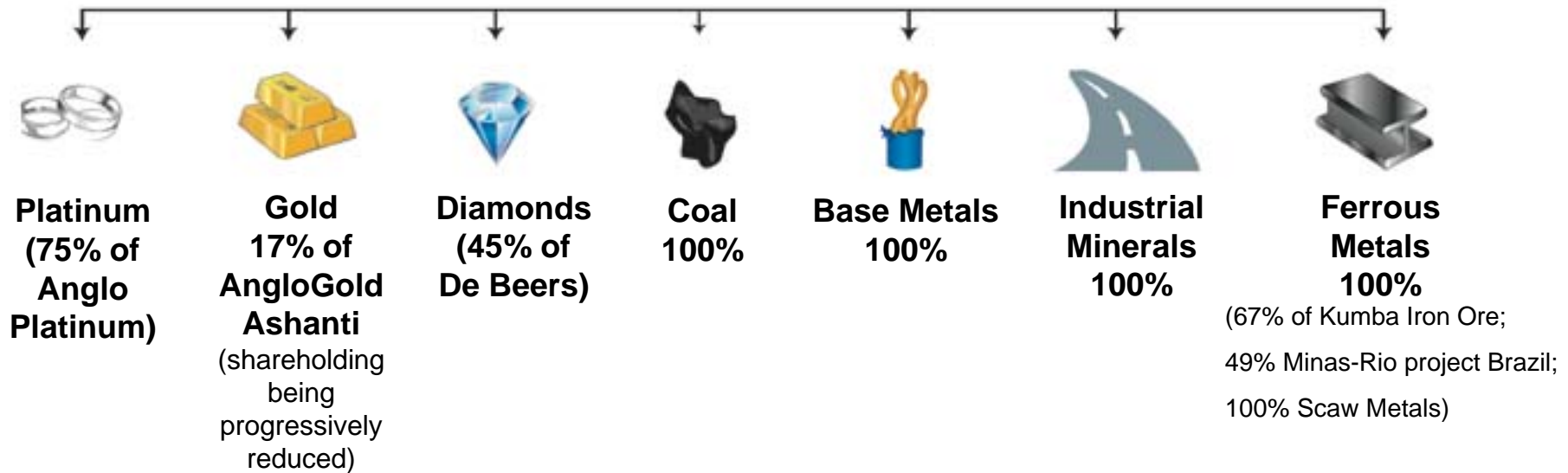
13 November 2007

China Mining Conference

- Introduction to Anglo American
- The current dynamics of commodity markets
- The emergence of international Chinese producers
- Key supply constraints:
 - Skills
 - Energy
 - Infrastructure and logistics
 - Water
 - Community consent

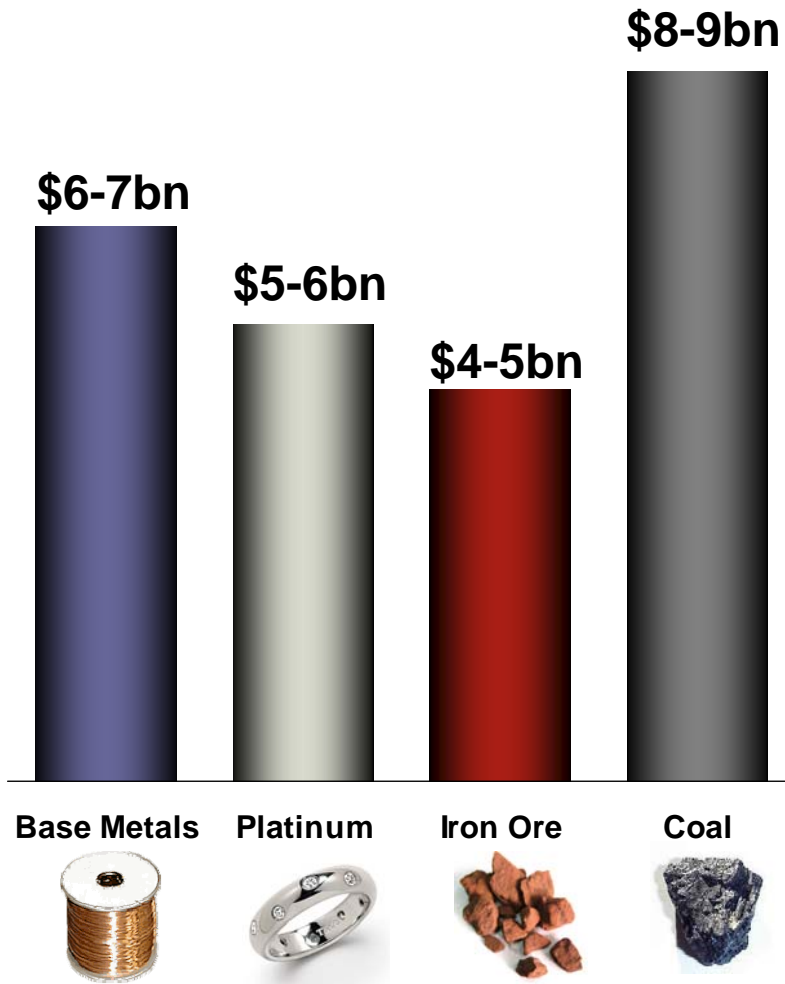
- Founded in 1917
- Opened up South African gold fields
- Grew to be Africa's largest company
- Moved primary listing to London in 1999
- Restructured to become focused mining company
- 150,000 employees and permanent contractors
- Active in 40 countries

Anglo American plc



Anglo Projected Expansions

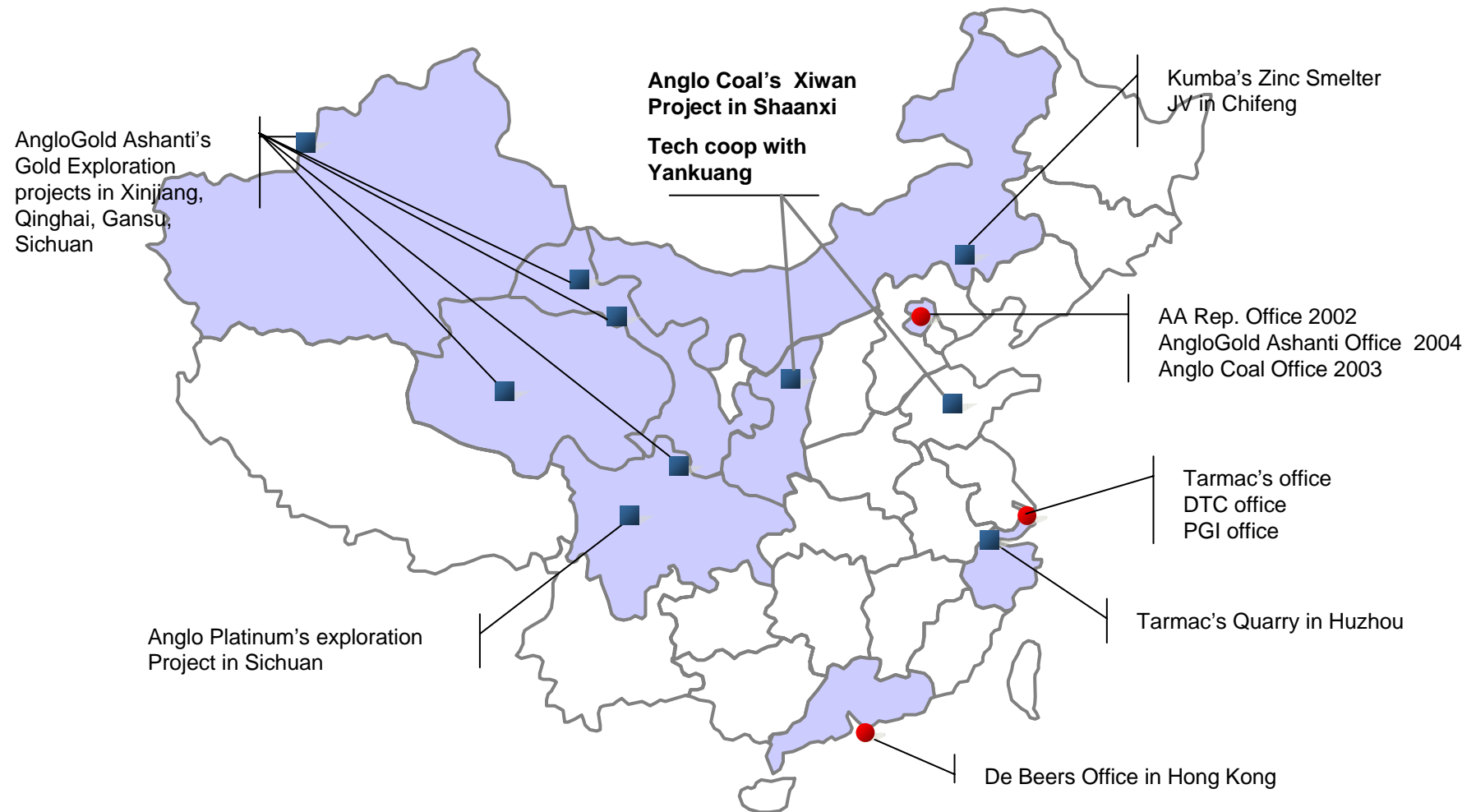
Project Pipeline*



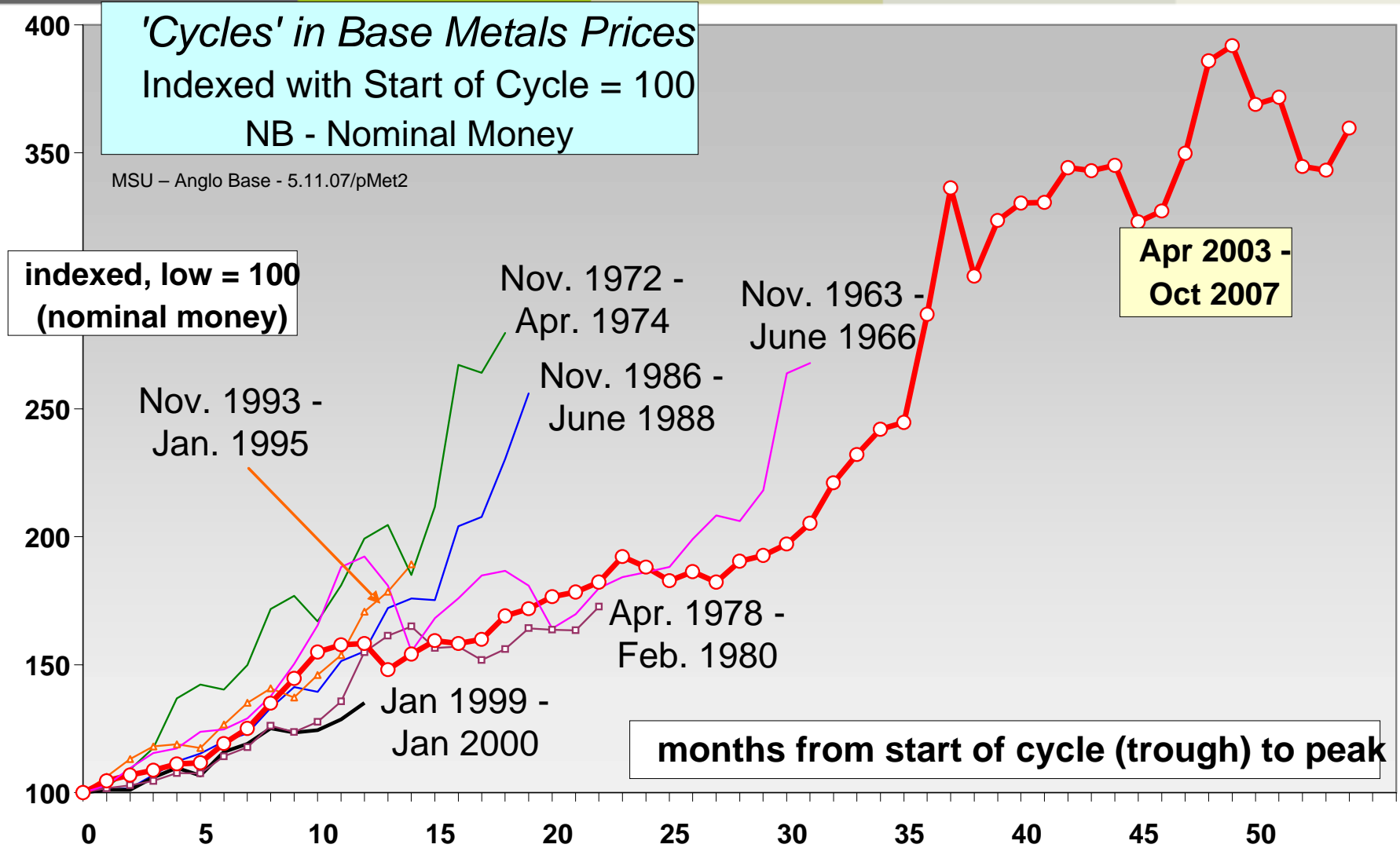
- \$8.2bn of approved projects
- c.\$20bn in brownfield and greenfield unapproved projects – many forecast to be in 1st or 2nd quartile of cost curve
- Potential to*:
 - Double copper production of 655kt by 2017
 - Double nickel production of 48kt by 2012
 - Treble iron ore production of 31mt by 2015
 - Double metallurgical coal production of 10mt by 2015

*includes both approved and unapproved projects

Anglo American in China

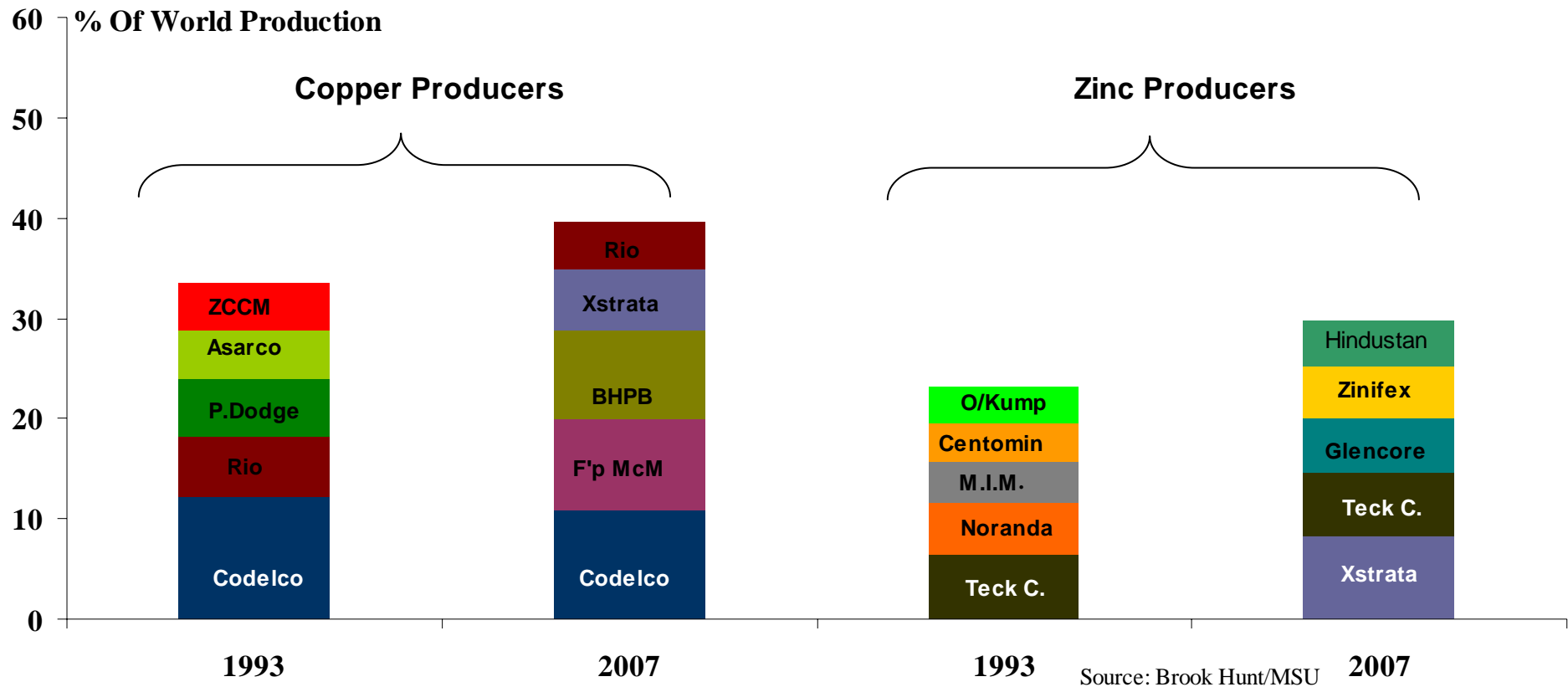


Stronger for Longer

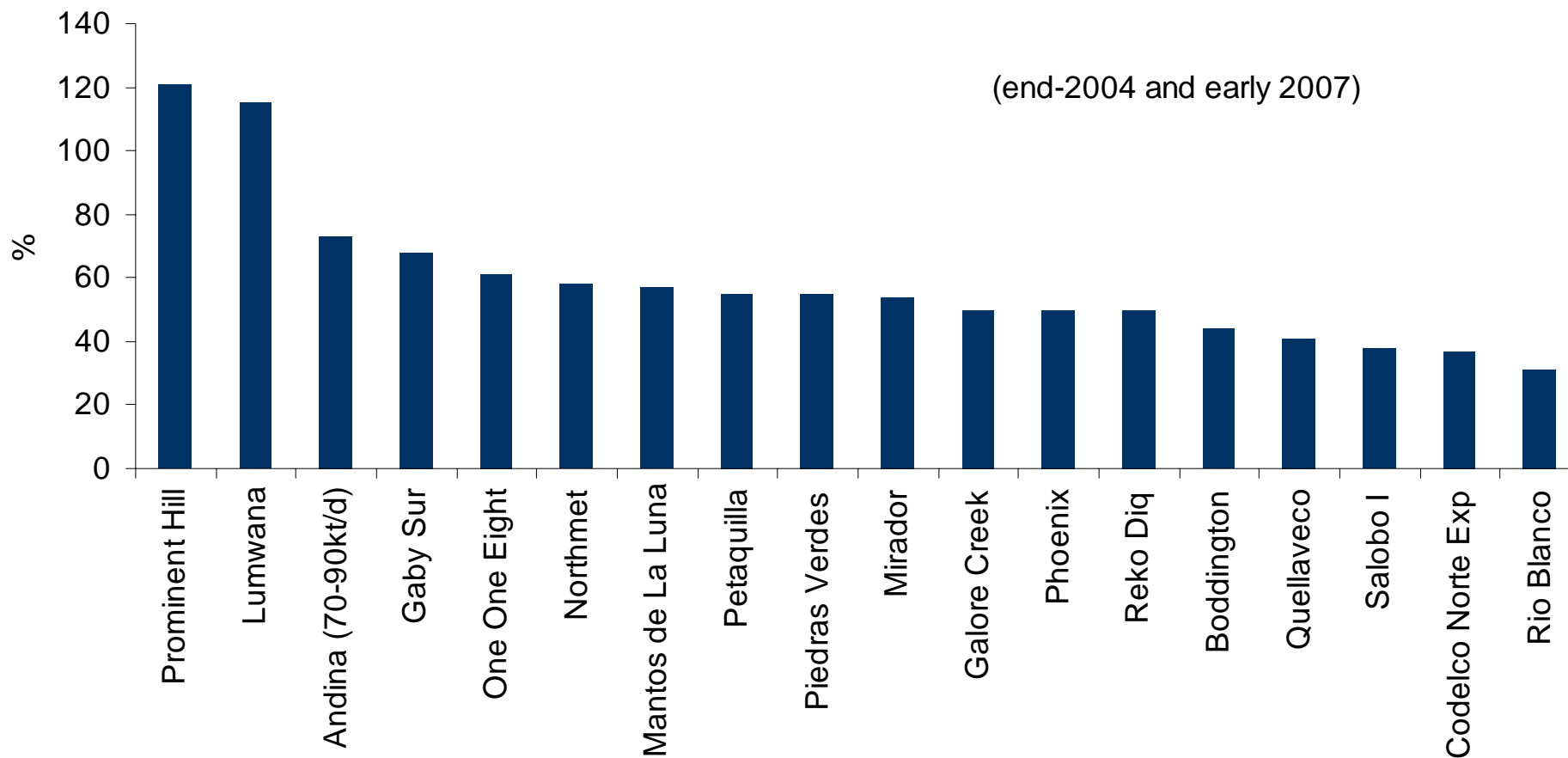


Industry Consolidation

Top 5 Cu & Zn Mine Producers' % Share of Global Mine Output



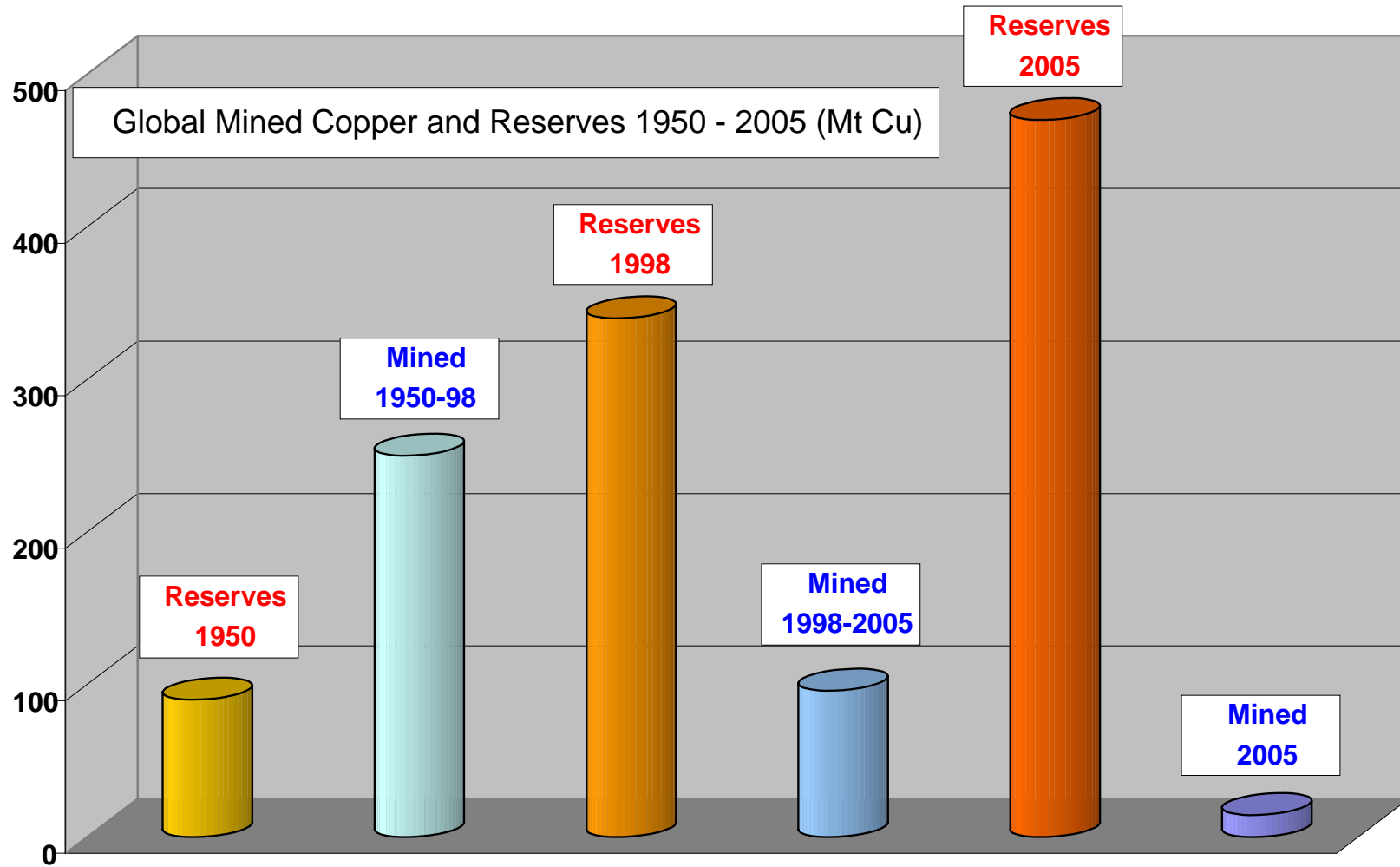
Estimated % increase in Copper Mine Project Capex Budgets



Source Brook Hunt

MSU - 26.6.07/Proj Cost Increases

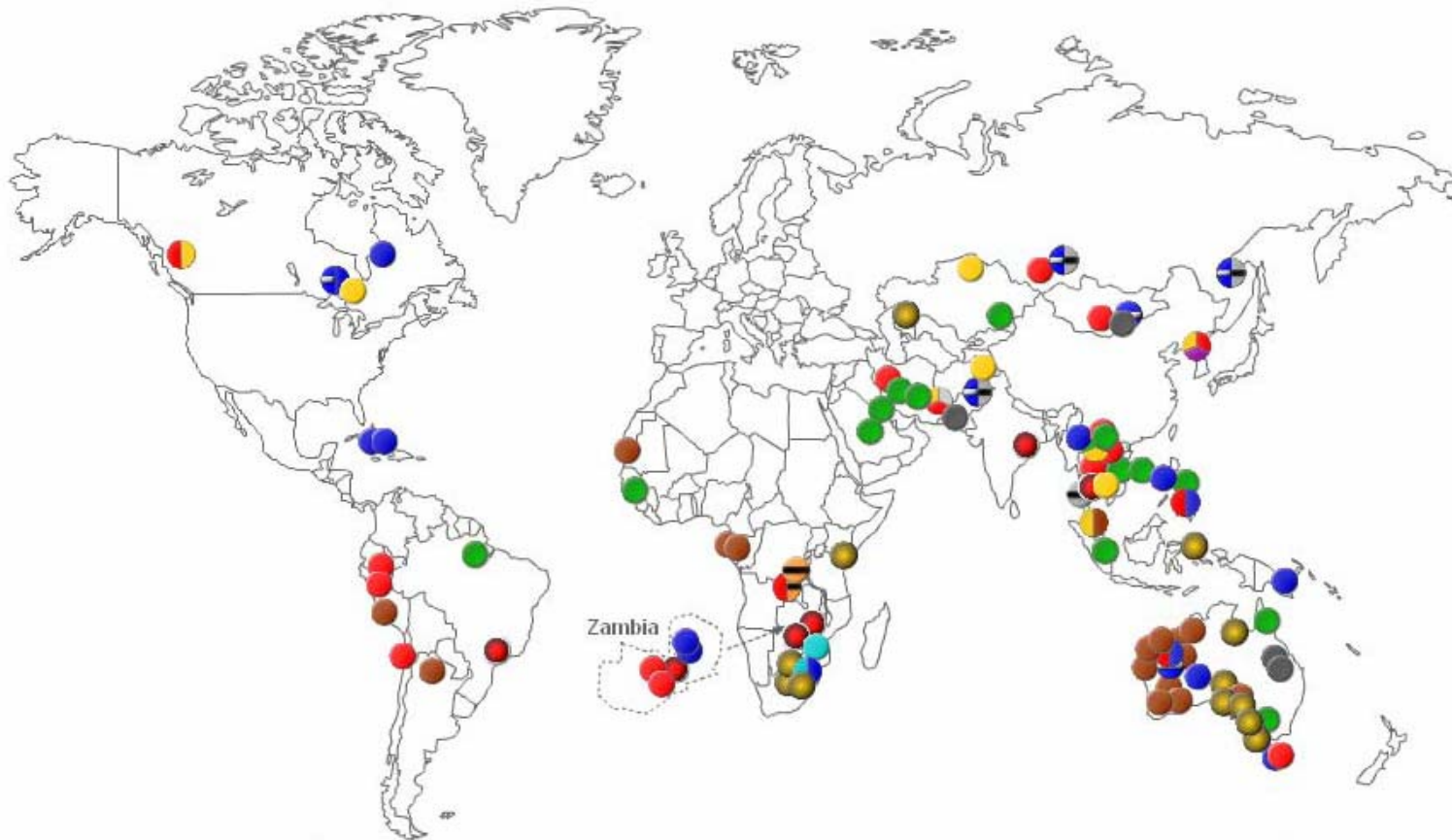
Estimated Reserves Keep Growing



Source: USGS, WBMS, Anglo MSU

MSU - 15.2.06/Cu Reserves

Recent Chinese International Investments on minerals and mining



International Benchmarks



ORGANISATION
FOR ECONOMIC
CO-OPERATION
AND DEVELOPMENT



Supply Constraints

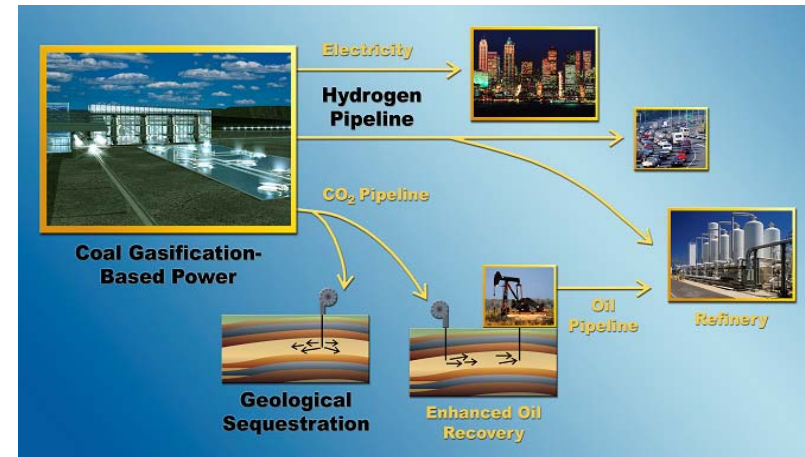
- Skills
- Energy
- Infrastructure and logistics
- Water
- Community consent



- Skills shortages have emerged as major challenges
- Limited output of relevant technical graduates
- More interventionist approach at artisan level
- Chinese graduate recruitment
- Premium on in-career training and talent management
- Diversity/Women in Mining



- Generating capacity has lagged growth
- Energy in security becoming significant operational issue
- Increased scope for self-generation
- Efficiency and carbon intensity reduction targets
- Growing scientific consensus around climate change
- Clean coal imperative
- Importance of greater certainty on post-Kyoto framework



FUTURGEN



- Rail and port bottlenecks impacting supply and financial results
- Governments need to keep their side of the bargain
- Infrastructure partnerships



- Demand growing – in parallel with development
- Reduced rainfall in some countries
- Potential source of conflict with other users
- Need to innovate - waste water
 - water conservation
 - production processes
 - water trading



Community Consent

- Mining generating fewer jobs for local people
- Community consent increasingly important
- Mishandling of community issues results in lost projects or major delays
- Need to evolve new benefit sharing models



- Economic conditions remain strong
- Demand for major metals robust: stocks low
- China's new international players – key partners
- Supply side constraints likely to continue
- Sustainable development considerations need to be integrated with core business planning