BRAZILIAN PHOSPHATE FERTILISER MARKET TREND

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Real Mining. Real People. Real Difference.

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OUR AMBITION IS TO BE THE LEADING GLOBAL MINING COMPANY, BECOMING THE INVESTMENT, PARTNER AND EMPLOYER OF CHOICE

Anglo American Portfolio

Copebras is now Anglo American's Phosphates business

- We are now officially Anglo American and we continue committed to strengthen our relationship so that we can grow together, always having safe work and respect for the environment as fundamental values for our development

Brazilian Phosphate Fertiliser Demand – Strong and Positive Fundamentals

Brazilian Phosphate Fertiliser Supply – Focusing on Reducing Imports

Challenges to Deliver the Projects

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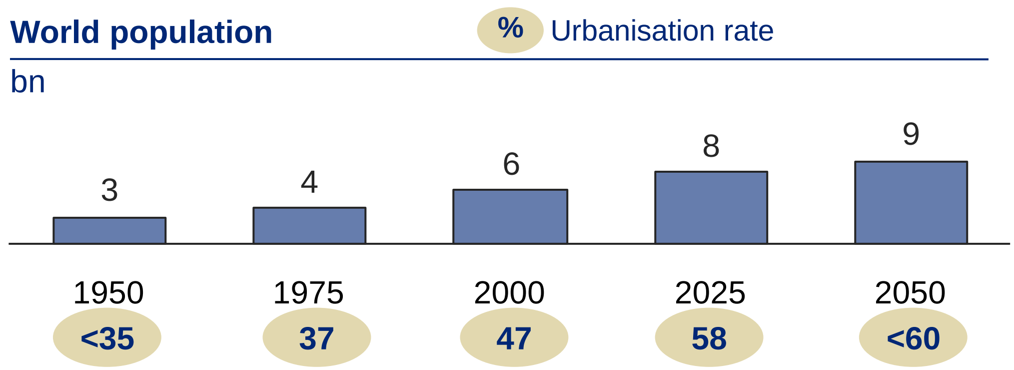
Anglo American Phosphates

Conclusions

KEY MARKET DRIVERS FOR FOOD DEMAND AND BIOFUELS INDICATE A SHARP EXPANSION OF GLOBAL NEEDS

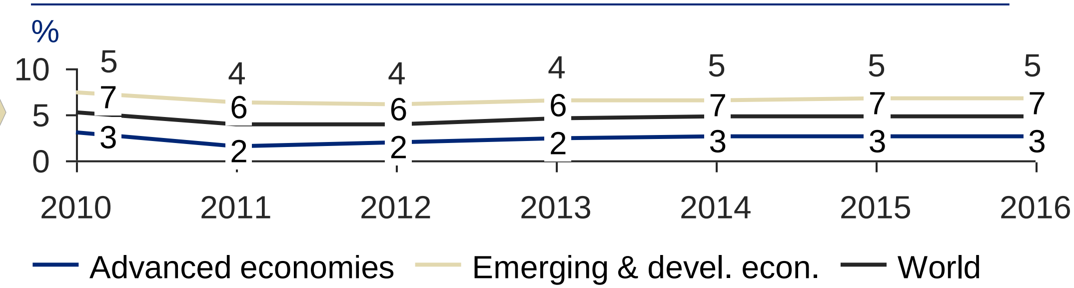
Population growth & urbanization

World population



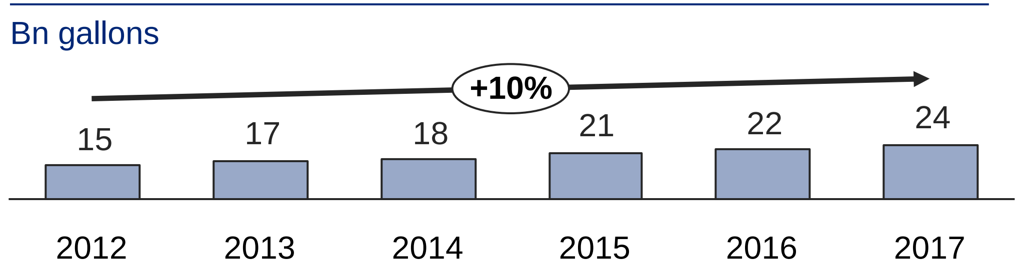
Economic growth

GDP growth rates



Biofuels production

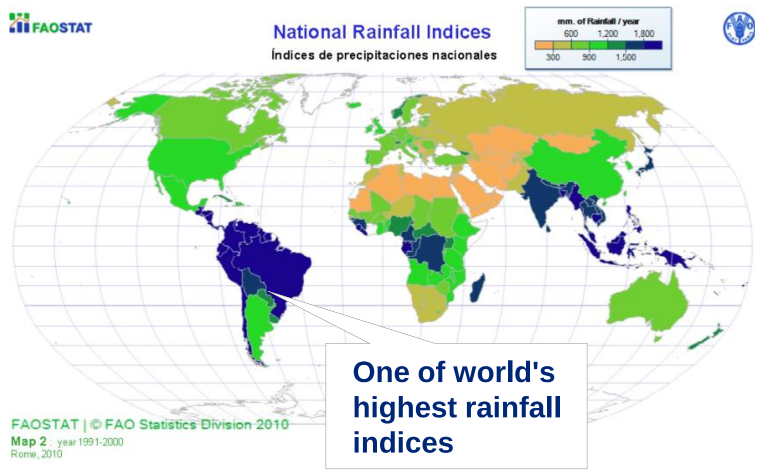
Renewable Fuel Standard



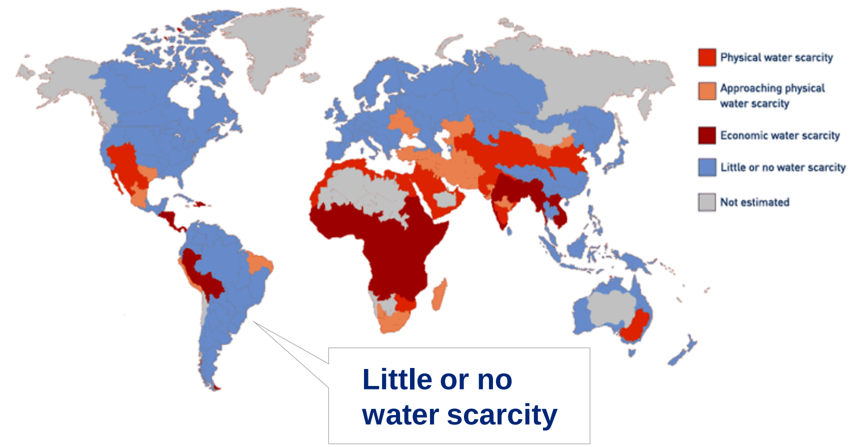
SOURCE: MB Agro; FAO STAT ; IMF World Economic Outlook Sept 2011; AA Phosphates analysis

UNDER THIS CONTEXT, BRAZIL IS SEEN AS A POWERHOUSE AND A KEY STRATEGIC PARTNER...

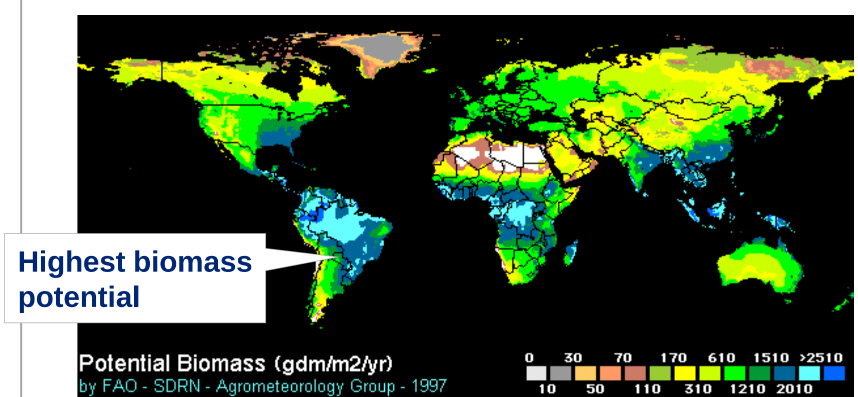
Brazil enjoys high national rainfall rates...



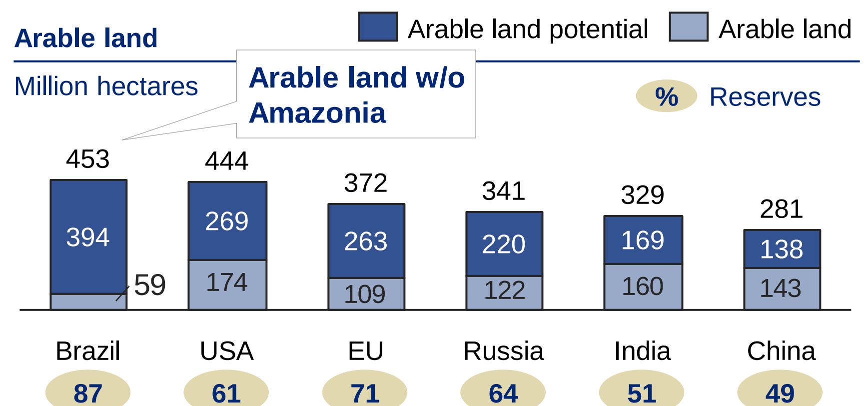
... and extensive water resources



Brazil has strong biomass production potential...



... with one of the highest arable land potential



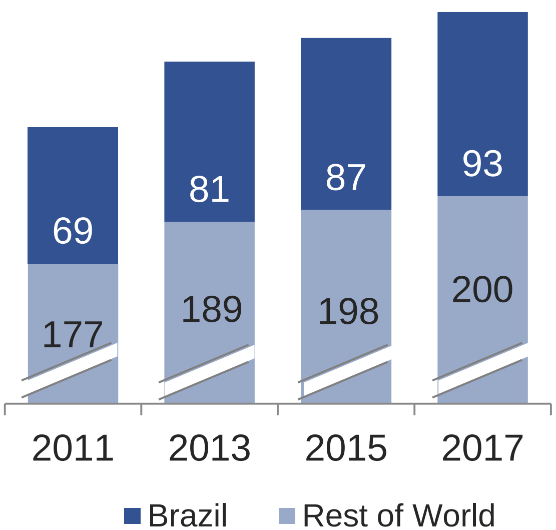
SOURCE: FAO STAT; FAO SDRN; MB Agro; USDA; AA Phosphates analysis

…WITH MAJOR CROPS IN BRAZIL GROWING CLEARLY FASTER THAN WORLD PRODUCTION

Soy production in Brazil expected to grow almost **twice as fast** as in the world (5% vs 3% p.a.)

Soy (grain) production forecast (Mt)

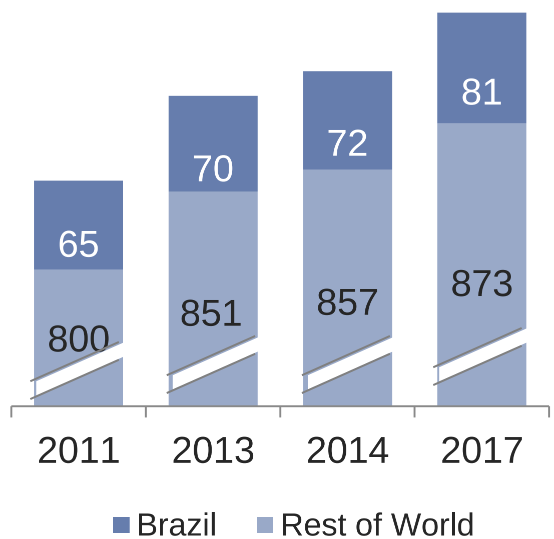
CAGR (2011-17) **5%** **3%**



Corn production in Brazil expected to grow **twice as fast** as in the world (4% vs 2% p.a.)

Corn production forecast (Mt)

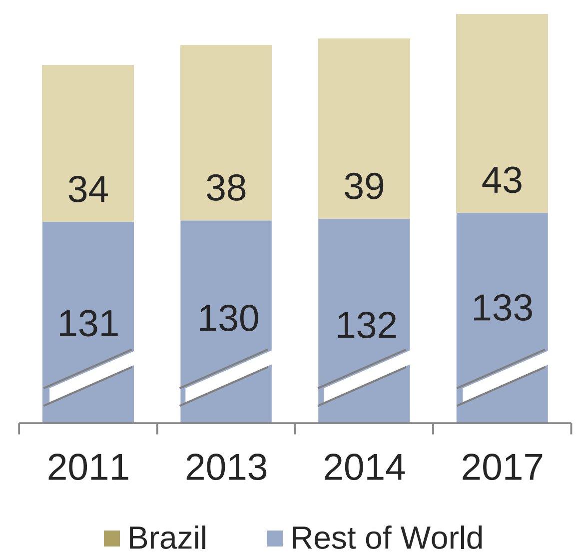
CAGR (2011-17) **4%** **2%**



Sugar production in Brazil expected to grow **four times faster** than world (4% vs 1% p.a.)

Sugar cane production forecast (Mt)

CAGR (2011-17) **4%** **1%**

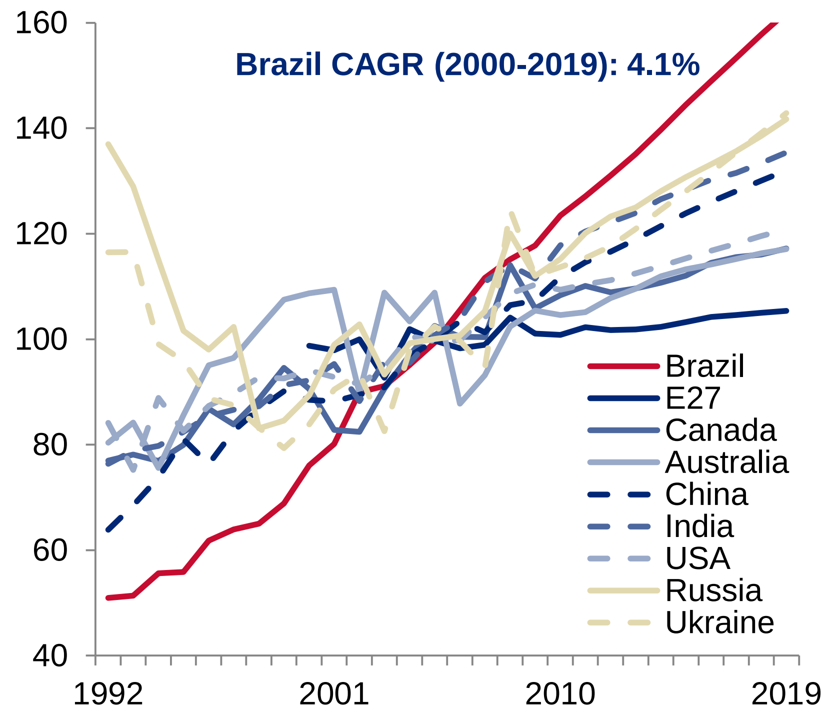


SOURCE: MB Agro

… AND SHOULD DRIVE FERTILISER DEMAND UP

Brazilian agricultural sector by far fastest growing in the world and …

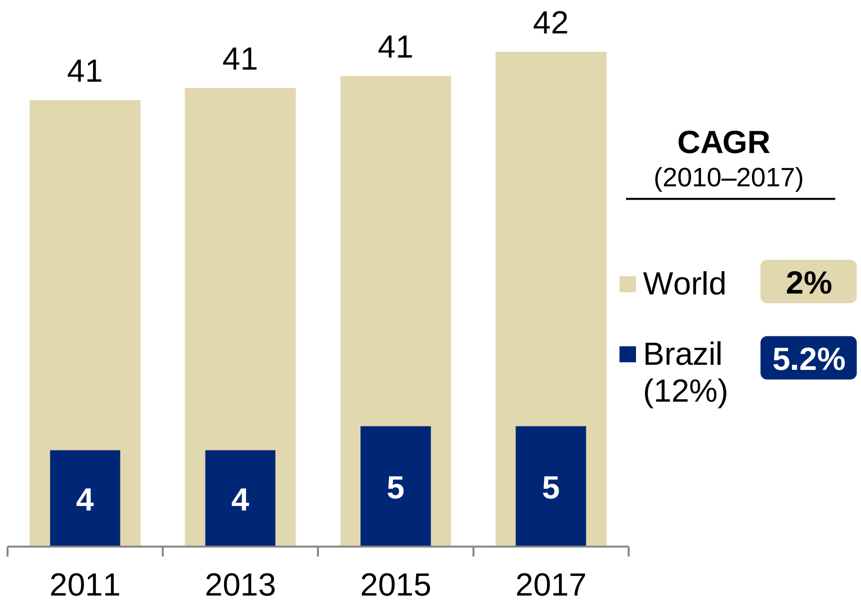
Index 2004-06 = 100



...and expected to increase to 5% p.a. from 2011 to 2017, accounting for 12% of global demand

Global and Brazilian fertiliser demand (2010 -2017)

Mt P_2O_5



SOURCE: ANDA, CONAB

Brazilian Phosphate Fertiliser Demand – Strong and Positive Fundamentals

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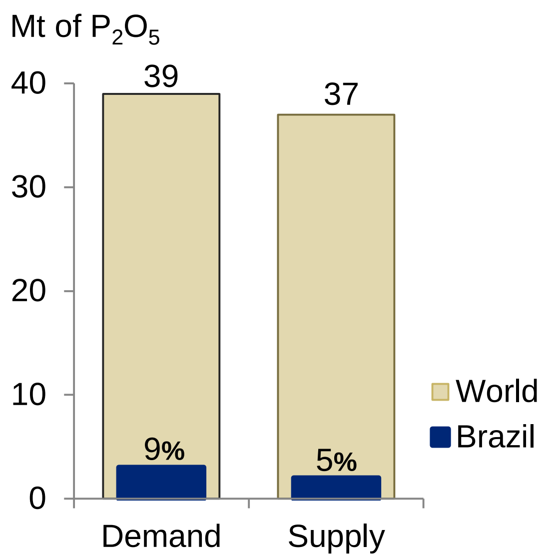
THE POSITIVE SCENARIO IS FOSTERING NEW PHOSPHATES PROJECTS AIMING TO REDUCE THE CURRENT NATIONAL GAP WITH IMPORTS

Brazil represents 9% of world's demand, but only 5% of supply...

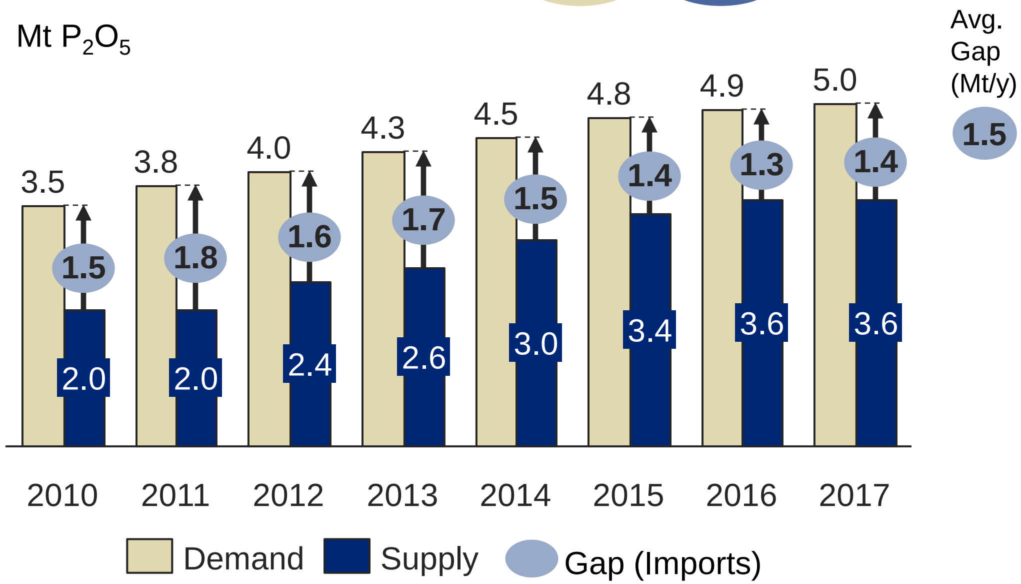
Brazilian's share of global phosphate demand/supply (2009)



...and will due to national undersupply remain a fertiliser importer

Brazilian demand/supply balance

CAGR (2010-17): **5,2%** **8,8%**



SOURCE: IFA, ANDA

AngloAmerican

- Brazilian Phosphate Fertiliser Demand – Strong and Positive Fundamentals
- Brazilian Phosphate Fertiliser Supply – Focusing on Reducing Imports
- **Challenges to Deliver the Projects**
- Brazilian Market Trends
- Anglo American Phosphates
- Conclusions

HOWEVER, THE CHALLENGES FOR EXPANSION PROJECTS ARE INCREASING AND GETTING MORE COMPLEX ON OUR CURRENT ENVIRONMENT

Capital Restrictions

- Strategic divestments and reallocation of capital
- Largest mining companies announcing cuts on budget for capital expenditures in 2013
- Use of resources from BNDES from mining sector decreases 45% in 2012 (from Jan to Aug)

EPCM – Eng., Procurement and Construction Management

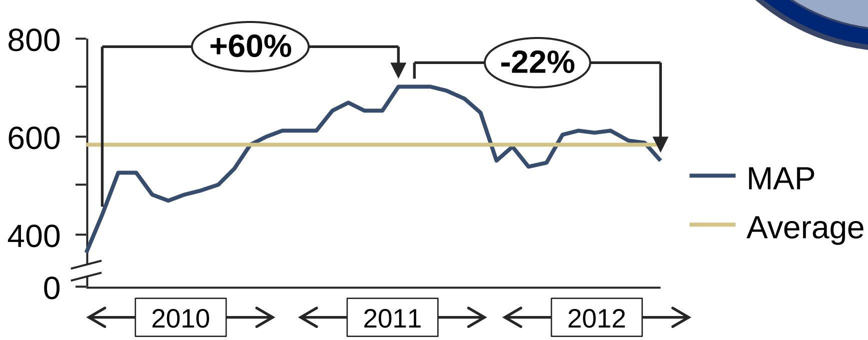
- Cost Inflation - averaging roughly 5–7% in the last 10 years
- Workforce shortage - Identifying, attracting and retaining critical operational and construction skills remains a top priority for the mining and metal sector

Projects to be delivered:

- **On Safety**
- **On Time**
- **On Budget**

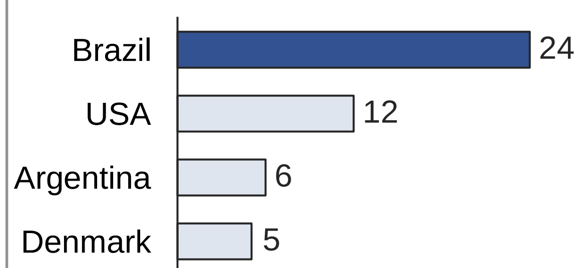
Price Volatility

MAP prices - USD / t



Licensing (Environment)

Average months to obtain an environmental permit:



Exame

[1] Federal Government Broadcast Alerts, 3 October; Canadian Mining Industry Employment and Hiring Forecasts, 2011

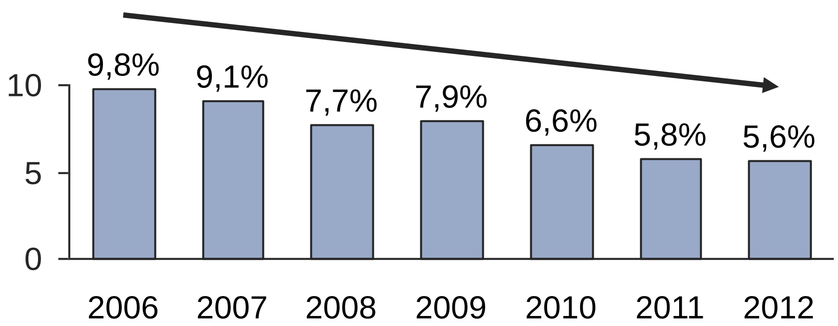
[2] Deutche Bank, Commodity Online, 16 April 2012

SOURCE: BNDES release 2012; AA Phosphates historic prices; Exame Edição 1031

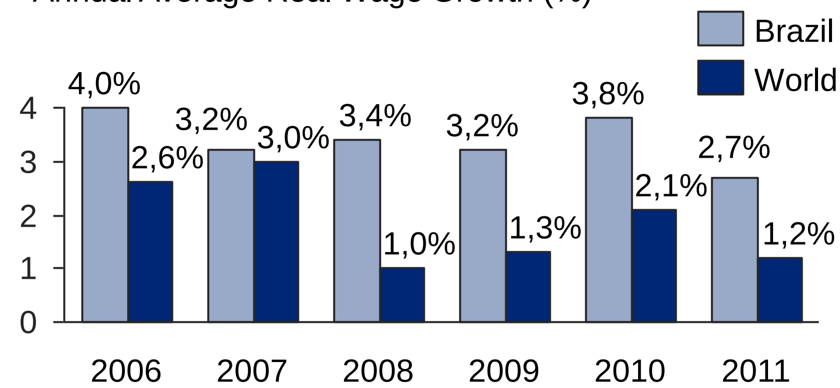
THERE IS AN UPWARD TREND COST IMPACTED BY UNCONTROLLABLE MACROINDICATORS...

.. the unemployment rate declining and the average wage rising sustain the upward trend on workforce cost...

Brazilian Unemployment Rate (%)

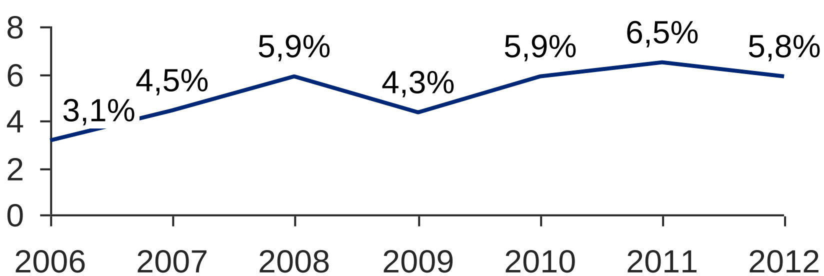


Annual Average Real Wage Growth (%)



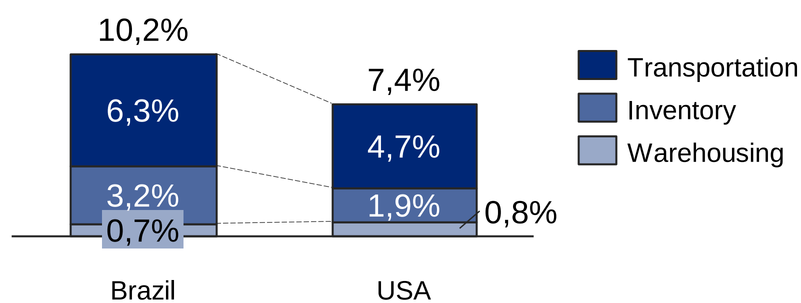
... inflation has been directly impacted by the lowest interest rates that Brazil already praticed ...

Inflation (%)



.. and logistics costs are largely representative

Logistics Costs Related to GDP (%)



SOURCE: IBGE - Pesquisa Mensal do Emprego; IPEA - Mercado de Trabalho; BC - Relatório de Inflação; Instituto ILOS

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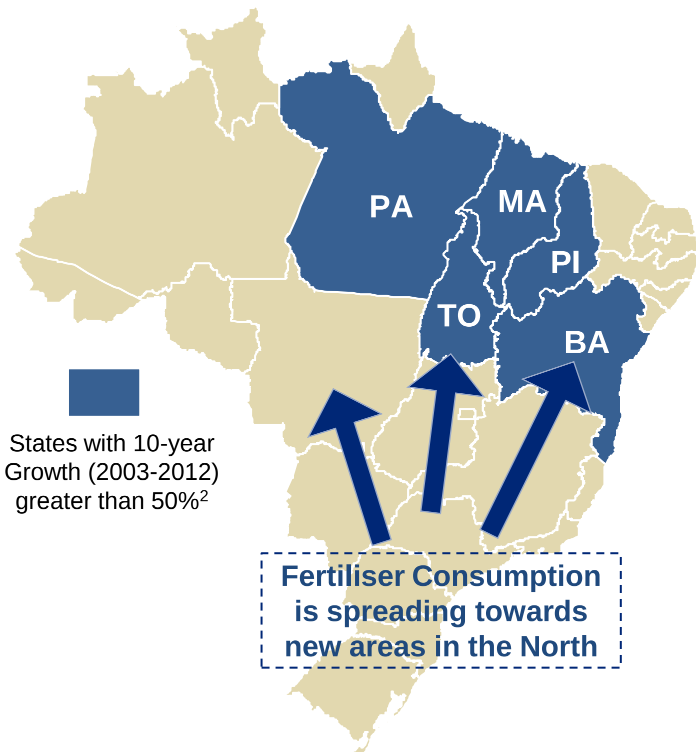
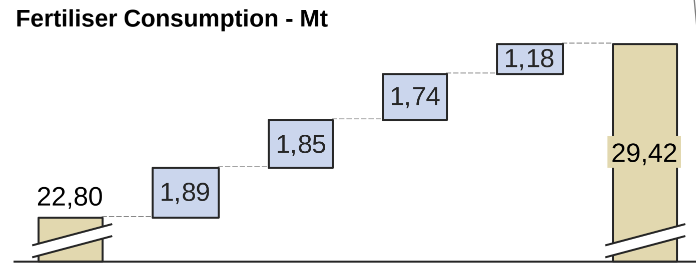
BRAZIL FERTILISER CONSUMPTION IS GROWING FASTER IN THE NORTH AND A NEW AGRICULTURAL FRONTIER IS COMING OUT

Domestic Fertiliser Consumption (last 10 years)[1]





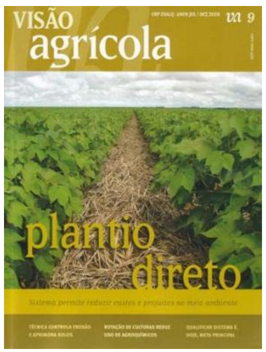
	2003	Norte / Nordeste	Sudeste	Centro-Oeste	Sul	2012
% on Sector Growth		29%	28%	26%	18%	
CAGR (03-12)		5,9%	2,8%	2,1%	1,6%	
Share 2003		11%	28%	33%	27%	
2012		15%	28%	32%	25%	

- North Region presents the highest growth
- Its participation on fertiliser demand have been raising due to:
  - **Land and water** availability
  - **Good weather** conditions
- The challenge is the infrastructure to leak grain production (ports, roads, rails, etc)
- Centre West is the biggest region in terms of fertiliser consumption

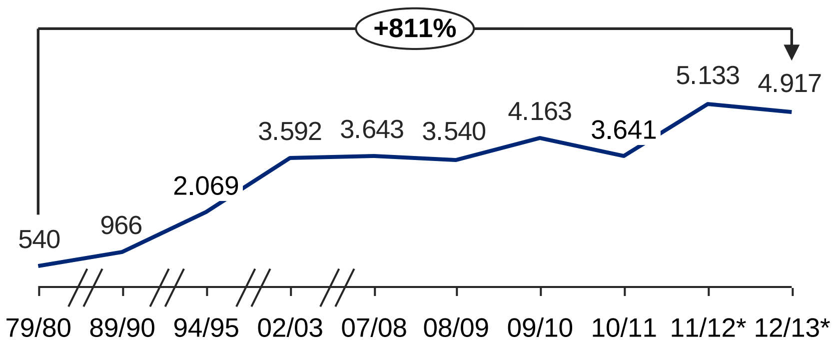
[1] ANDA – Associação Nacional para Difusão de Adubos
[2] Representing a share of at least 1% of the national market

TECHNOLOGIES DEVELOPMENT HAS ENABLED BRAZIL TO HAVE 2 CROPS/YEAR

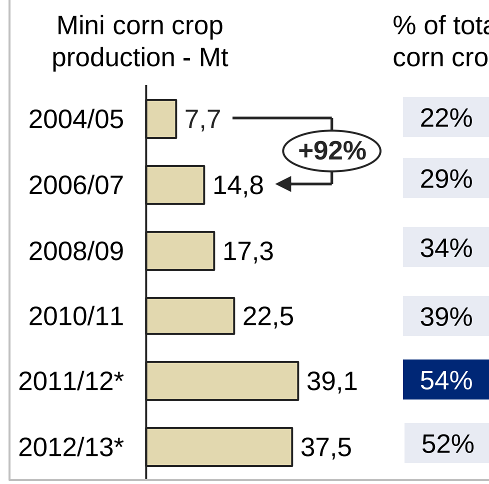
New technologies and better expertise have been raising the productivity of the mini crops with the “plantio direto” system



Productivity mini corn crops – kg/ha



Changing Brazilian scenario, therefore fertiliser dynamics



For the first time mini corn crop surpassed normal crop in terms of volume produced

08/07/2012 08h15 - Atualizado em 08/07/2012 08h15

Safrinha de milho deve ser maior do que safra principal, segundo IBGE

Boa produção e preço alto faz agricultores já planejarem seus investimentos. No mercado internacional, alta do milho é de 10,7% e da soja, de 5,7%.

Do Globo Rural — Comente agora — Tweetar 17 — Recomendar 12

Na propriedade de Guilherme Vilke que fica em Sorriso, norte de Mato Grosso, a colheita dos 1.500 hectares de milho safrinha está em ritmo acelerado. Esse ano ele deve colher 100 sacas por hectare.

Leonildo Bares, que plantou 650 hectares de milho safrinha em Sinop, está feliz

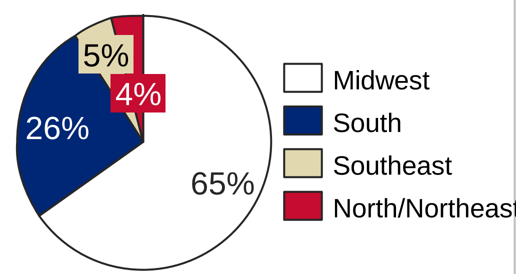
"A safrinha do milho se tornou safrão. Foi surpreendente e sem dúvida contribuiu de forma decisiva para que tivéssemos a maior safra de grãos da história do país em 2011/2012”

“The mini corn crop has become a huge crop one. It’s surprising, we have no doubts that it contributed for the largest grain harvest of our history in 2011/2012”

Mendes Ribeiro (Agriculture Minister)

Mini crop concentrated in Midwest

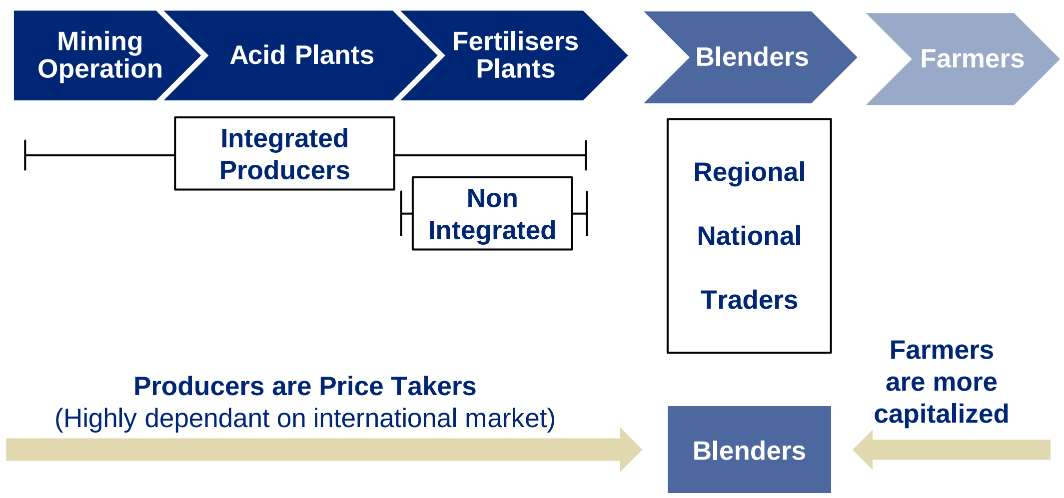
Mini Corn Crop 2012 Production by Region



SOURCE – CONAB
* Estimation

NPK DISTRIBUTOR SECTOR IS ALSO FACING IMPORTANT CHANGES

Phosphate Industry Chain



- Roles on Phosphate Chain are **clearer** on the past few years
- Blenders performing **a crucial role for fertiliser distribution**
- Producers are **not interested** to go downstream
- Blenders being pressured since **farmers are more capitalized and have more bargaining power**

Blenders Sector Trend

- Market share of regional blenders falling year by year
- Decrease number of blenders: 100 today against more than 300 in the beginning of twenties
- Increasing number of acquisitions and new entrants
- Producers not going downstream

- Blenders continue to be **important** and **strategic** for the Brazilian fertiliser industry
- Blenders **market concentration** might increase in the coming years

SOURCE: AMA; Sales Team Analysis

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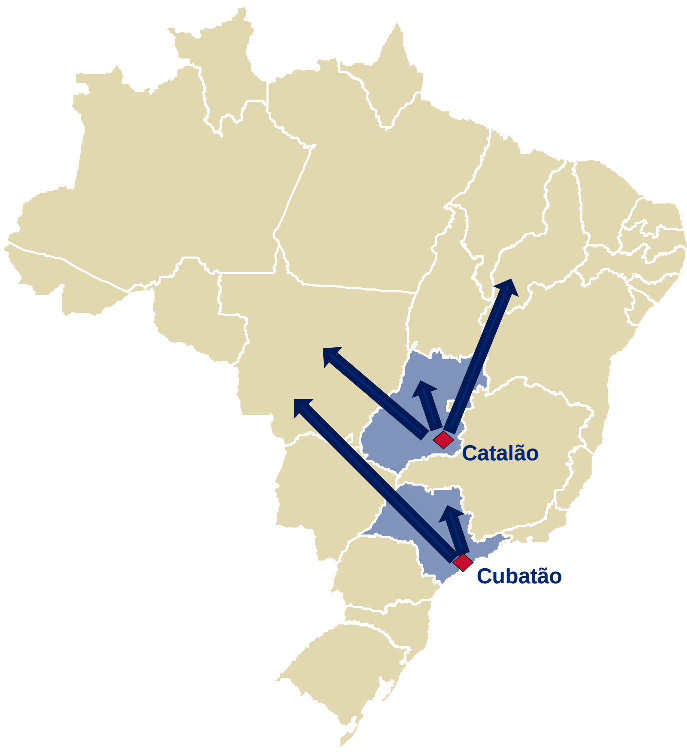
ANGLO AMERICAN PHOSPHATES IS INVESTING TO MEET FERTILISER DEMAND GROWTH IN BRAZIL

Anglo American Phosphate is very well located to meet Brazilian Fertiliser demand at a competitive cost...



Ouvidor – GO

- Mine – 1,3 Mt
- @P_2O_5 – 12% in mine
- @P_2O_5 – 36% after beneficiation

Catalão Site

- 7 km from the mine
- Current Capacity:
  - SSP – 600 kt
  - MAP/GTSP – 200 kt
  - DCP – 100 kt

Cubatão Site

- Favourable logistic for being close to Santos Port and to meet SP and MT market
- Current Capacity (final product):
  - SSP – 400 kt
  - Phosp Acid – 150 kt
  - DCP – 60 kt

..and Anglo has also a relevant project to duplicate the phosphate rock capacity at Catalão site

Main characteristics:

- Additional capacities:
  - Phosphate Rock – 1,4 Mt
  - Phosphoric Acid – 0,5 Mt
  - Sulphuric Acid – 1,1Mt
  - Fertiliser – 0,7 Mt
- Stage: FEL 2

- Brownfield Project with low Capex / additional capacity
- In-house knowledge
- Long Life of Mine (more than 40 years)
- Highest P2O5 content in Brazil

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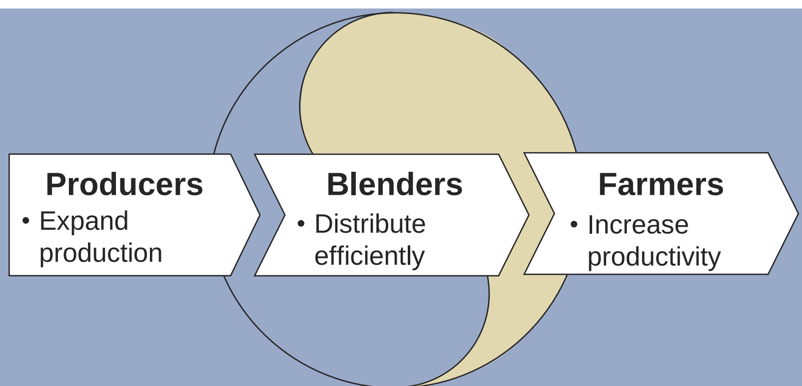
CONCLUSIONS

Agriculture **positive** environment

Brazil plays a **crucial** market role

There are still **challenges** on expanding

Interdependent Fertilizer Value chain



- Value chain integrants need to work together to:
  - Overcome the Brazilian challenges
  - Support the country to achieve its targets
- Anglo American Phosphates is committed to efficiency and growth, contributing to the market expansion

Safety | Care and respect | Integrity | Accountability | Collaboration | Innovation

AngloAmerican

THANK YOU