

## Our strategy in action continued

### Diversity: key to success

As mining technologies become more sophisticated and skills shortages are fuelled by boom conditions in the industry, we are constantly looking at alternative ways of meeting the resourcing needs of our expanding business. Through our investment in our bursary and trainee programmes, we have attracted over 4,000 individuals into our early career pipeline, some drawn from local communities and others from further afield.

A key element of our future success will rest on how well we attract, retain and reward women – who are still represented in only modest numbers. Anglo American is aiming to steadily increase the proportion of women throughout its ranks like geologist Dania Tristá (right) from our Mantos Blancos operation in Chile.



### Growth

Anglo American has one of the strongest and highest quality project pipelines in world mining, which will deliver substantial volume growth. Currently under development are projects spanning a number of countries, totalling \$12 billion. Further out, and encompassing South Africa, Chile, Peru, Brazil, Alaska and Canada, are an additional \$29 billion of projects under consideration.

Anglo Platinum has a major expansion and replacement programme that will deliver progressively rising quantities of refined platinum, as well as other platinum group metals and nickel, through to 2015.

Coal is involved in a number of projects. In South Africa, the \$505 million Zondagsfontein project, to deliver 6.6 million tonnes of coal annually from 2010, has been given the go-ahead. In Australia, Dawson and Lake Lindsay will add an additional 9.7 Mtpa at full production.

In Base Metals, the \$1.5 billion Barro Alto expansion in Brazil is making good progress and, when fully on stream in 2011, will boost Anglo American's total attributable nickel production to an average of around 100,000 tonnes a year.

Los Bronces' \$1.7 billion expansion in Chile will almost double annual copper production at the mine to an initial production level exceeding 400,000 tonnes per annum, making it one of the ten largest copper mines in the world on completion of the expansion in 2011.

In Ferrous Metals, Kumba Iron Ore's \$754 million Sishen Expansion Project produced first commercial output in 2007 and is anticipated to ramp up to design capacity in 2009.

De Beers has two projects, both in Canada, and with a collective cost of around \$2 billion, at various stages of development. Snap Lake, De Beers' first mine in the country, produced its first diamonds in October and is ramping up to full output later this year. A second mine, Victor, is planned to enter production by mid-2008.

next section:

**How the Group and its subsidiaries performed in 2007, including business unit and financial reviews**

### Acquisitions and new business relationships

Complementing Anglo American's programme of organic growth, the Group is building its position in a number of key commodities, in particular copper and iron ore, through strategic value enhancing acquisitions.

The aim of becoming a significant player in the highly consolidated iron ore industry, with its high barriers to entry, has been boosted by the acquisition of 49% in the advanced MMX Minas-Rio project in Brazil. Phase 1 of the mine is expected to cost \$3.46 billion, with total projected output of 26.5 million tonnes of iron ore per annum by the end of the decade. The Minas-Rio project, the Amapá mine and the expansions at Kumba's Sishen mine will contribute towards the goal of lifting the Group's annual iron ore output to 150 million tonnes by 2017.

The Group increased its copper profile with its successful tender for the Michiquillay project in Peru and by becoming a 50% partner, with Northern Dynasty, in the copper-gold-molybdenum Pebble project in Alaska for a staged cash investment of \$1.425 billion. If approval is secured for Quellaveco in Peru, these three projects, combined with the Los Bronces and Collahuasi expansions, could see the Group's attributable copper production rising to around 1.6 million tonnes a year by 2016.

The acquisition of a 70% stake in the Foxleigh coal mine in Australia for \$620 million will further support our coal ambitions.

Recently, Anglo American and China Development Bank entered into a Memorandum of Understanding (MOU). The MOU represents a long term mutual commitment to establish a partnership to identify and develop mining projects in China, Africa and other parts of the world.

## Engagement

### Partnerships for a more sustainable future

At Anglo American, we believe that the pursuit of sustainable development goes hand in hand with best business practice. By our responsible custodianship of valuable resource endowments, which often include scarce water supplies, and our insistence on good governance, we hope to demonstrate to host governments and communities that resources, when developed wisely, can be of widespread ongoing benefit to their countries.

Through finding ways to maximise local economic linkages and benefits – for example, employing a majority of local people, establishing supply chain initiatives and

investing in social and physical infrastructure – and careful management of social and environmental impacts, we seek to develop positive outcomes as a result of our presence.

Leading community engagement initiatives is our Socio-Economic Assessment Toolbox (SEAT). Anglo American is also an active member of the UN Global Compact, the Extractive Industries Transparency Initiative and the round table on the Voluntary Principles on Security and Human Rights. We are also working to be a force for development through the Investment Climate Facility for Africa, Business Action for Africa, the International Council for Mining & Metals and the World Business Council for Sustainable Development. In addition, Anglo American has taken steps towards building a corporate partnership with the environmental NGO Fauna and Flora International (FFI). Anglo American and FFI intend to work together to craft a Biodiversity Performance Standard that will govern the approach to diversity management throughout the Group's operations.

### Our energy partnerships

Anglo American is broadening its range of relationships in the energy field. These are helping to create the potential for the Group to expand into downstream areas closely related to its core business. Through such relationships, risk can be shared and there is the mutual opportunity of accessing each other's complementary resources, including markets, technologies and capital.

Anglo American is involved with various parties in a number of energy ventures, including the commercialisation of fuel cell technology, the capture and commercial sale of methane from its coal mines, as well as in researching integrated carbon capture and storage projects. The Group is a member of the FutureGen Industrial Alliance, which consists of major energy and mining companies working in partnership with the US Department of Energy (DOE) to design, construct and operate the world's first 'near zero emissions' coal-fuelled power generation plant. Although in January 2008, the DOE announced an intention to establish an alternative programme, the Alliance intends to continue to work with the US Administration, Congress and other stakeholders to advance the project. Anglo American has also formed a Clean Coal Energy Alliance to develop the Monash brown coal to liquids project in Australia. In China, Anglo American, the Shaanxi Coalfield Geological Bureau and Shell are jointly looking at ways to develop, including downstream applications, a coal resource of more than 600 million tonnes. ■

**“Through our asset optimisation programme, we are identifying, and seeking to close, any value gaps between the performance of our operations and the industry's best in class”**