

A STRATEGY THAT DELIVERS PERFORMANCE



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“Our four strategic elements drive Anglo American towards our aim of being the leading global mining company – the investment, the partner and the employer of choice – through the operational excellence of world class assets in the most attractive commodities and a resolute commitment to the highest standards of safe and sustainable mining.”

Cynthia Carroll Chief Executive



INVESTING – IN WORLD CLASS ASSETS IN THE MOST ATTRACTIVE COMMODITIES

We own, operate and grow world class mining assets in those commodities that we believe deliver the best returns through the economic cycle and over the long term.

We aim to focus on those commodities in which we have advantaged positions and on large scale assets with long lives, low cost profiles and with clear expansion potential, that is: copper, diamonds, iron ore, metallurgical coal, nickel, platinum and thermal coal.

HIGHLIGHTS OF THE YEAR

- We successfully delivered three of our four strategic mining growth projects on or ahead of schedule during the year: the Barro Alto nickel operation in Brazil, the Los Bronces copper expansion in Chile and the Kolomela iron ore mine in South Africa.
- We also made good progress during the year at the Minas-Rio iron ore project in Brazil, the fourth of our strategic growth projects. We are continuing to manage a number of challenges in a high inflationary Brazilian mining environment. To mitigate these challenges, we are implementing various measures including acceleration activities within the previously announced 15% capital expenditure increase, to target first ore on ship in the second half of 2013.
- In December 2011, we announced the approval of the Grosvenor metallurgical coal project in the Bowen Basin of Queensland, Australia. This greenfield project is expected to produce 5 Mtpa of metallurgical coal from its underground longwall operation over a projected life of 26 years with capital expenditure forecast at \$1.7 billion.
- Beyond our organic growth programme, we took the unique opportunity in November to acquire the Oppenheimer family's shareholding in De Beers, taking our interest in the world's leading diamond company to up to 85%.

01 At the Sakatti exploration site in northern Finland, geophysicist Circé Malo-Lalande (left) discusses data obtained from our Ground Electromagnetic Superconducting Quantum Interference Device (EMSQUID) with Anglo American chief executive Cynthia Carroll.

02 Barro Alto: Safety technician Rodrigo Jordani Braga at the plant's viewing point.

03 Metallurgical Coal's head of operations Dieter Haage (right) and Joy Mining site manager Manie Swanepoel at Moranbah North's longwall.

04 Fishermen working in Corral de los Chanchos Bay, off the town of Chañaral in Chile, where our new desalination plant, which will serve the Mantoverde copper mine, will secure a sustainable water supply, while protecting the ocean environment.

05 Apprentices gain experience carrying out essential maintenance in Metallurgical Coal's Dawson mine workshops in Queensland, Australia. Before starting the job, a comprehensive risk management assessment is undertaken, which incorporates extensive safety measures, including isolation and lock-out procedures.



"The technology we have developed this year has been vital in the delivery of our strategic growth projects. This has been a very exciting year for Anglo American."

Brian Beamish Group Director of Mining and Technology

For more information on technology and innovation, visit www.angloamerican.com



ORGANISING – EFFICIENTLY AND EFFECTIVELY

In two vital areas of our business – asset optimisation (AO) and procurement – we have beaten our own expectations. The initial aim of capturing \$1 billion of value for each initiative originally covered the entire Group. By the 2011 year end, however, we had exceeded our targets in respect of both AO and procurement, each of which has delivered benefits of more than \$1 billion from core businesses alone over the past three years.

HIGHLIGHTS OF THE YEAR

- \$2.2 billion of sustainable AO benefits delivered from our businesses.
- The operation review (OR) process, initiated in 2010, got under way at various sites at all the business units; the ORs are a collaborative effort, creating teams that are able to identify value improvement opportunities and leverage our global best practice across the Group's complete mining value chain.
- AO knowledge and principles are being embedded within the business through a comprehensive change management programme.
- \$1.3 billion in procurement benefits were delivered by our businesses.
- A new corporate centre-led supply chain organisation model enabled more effective management of purchased materials and services; it is already operating in the top quartile of its peer group.
- Around three-quarters of Anglo American's total procurement spend of more than \$13 billion a year is in developing countries.

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OPERATING – SAFELY, SUSTAINABLY AND RESPONSIBLY

Operating safely, sustainably and responsibly is embedded in everything we do. The safety of our people is our key core value and we are relentless in striving to achieve our goal of zero harm.

We are committed to environmental stewardship and minimising the environmental impact of our operations.

We aim to make a sustainable and positive difference to community development and act with integrity to build respectful relationships with the societies in which we work.

HIGHLIGHTS OF THE YEAR

- In November 2011, Platinum announced details of Project Alchemy – a R3.5 billion (\$430 million) community economic empowerment transaction that will provide equity ownership to certain host communities around four operations that have not previously benefited from Platinum's extensive broad based black economic empowerment transactions, as well as key labour sending areas. The mine host communities that are set to benefit are those around Twickenham, Mogalakwena, Amandelbult and Rustenburg. Platinum has been involved in the upliftment of its mine host communities for a number of years and this transaction will help to develop self-sustaining communities that are not solely dependent on mining.
- The Barro Alto operation, consisting of the mine and the newly constructed nickel processing plant, has an exemplary safety record and was recently recognised as the safest mine in Brazil. The mine has operated for almost seven years – 2,509 days – without a single lost time injury. The project was completed with a benchmark LTIFR of 0.04.

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EMPLOYING – THE BEST PEOPLE

Our people are as vital to our success as our mining assets.

We are committed to our people, who determine how effectively we operate and build our reputation with our investors, partners and fellow employees every day, and whom we require to uphold our values.

Ultimately, it is our people who will realise our ambition and deliver our strategy to be the leading global mining company.

HIGHLIGHTS OF THE YEAR

- At the end of December 2011, 51% of Anglo American employees at management level in South Africa were 'historically disadvantaged South Africans'. We believe we are now well placed to achieve the enhanced targets for 2014 set out in South Africa's revised Mining Charter.
- During 2011, we invested \$79 million (2.2% of total employee costs) in direct training activities, and supported over 3,000 bursars, apprentices, graduates and other trainees.
- We are now in a position where more than 90% of employees in southern Africa check their HIV status every year. Regular HIV counselling and testing (HCT) ensures that we achieve early diagnosis of HIV infection and timely access to care.

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