



# Economic sustainability during an economic crisis

Vusi Maseko

Head: Projects and Joint Ventures  
Anglo Coal South Africa

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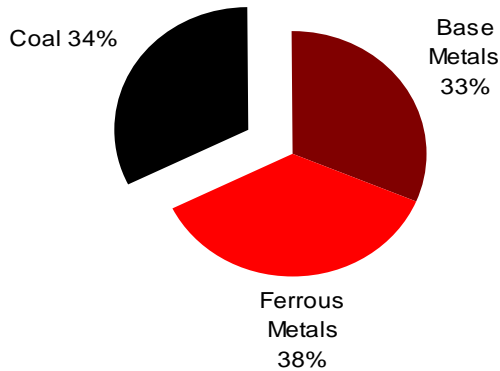
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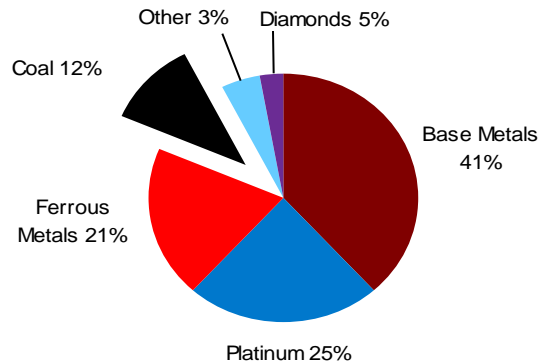
# Coal—An Increasingly Important Contributor to Anglo

H1 2009 Coal Operating Profit = US\$720m



H1 2009 Anglo Operating Profit = US\$2.1bn

H1 2008 Operating Profit = US\$731m



H1 2008 Anglo Operating Profit = US\$6.2bn

- **A Key Contributor to our Portfolio Business**

Increasing contribution to group operating profit from improving operations and market strength

- **Pioneer of “Asset Optimisation” in the Group**

Benefits of systematic, structured approach having a material impact on performance

- **A High-priority Growth Platform**

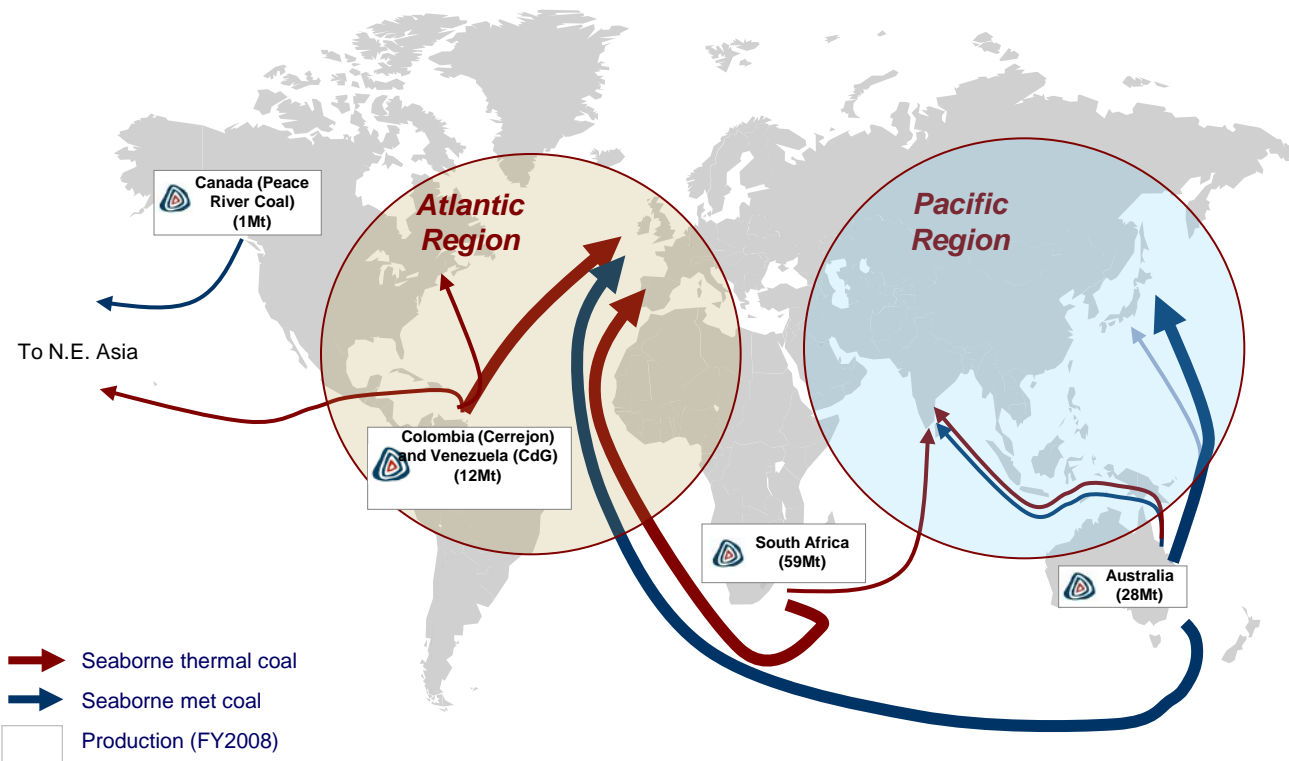
Near-term focus on high-return, low risk brownfields and robust organic pipeline for longer-term

- **A Clear Ambition**

Anglo aims to bring to account high value Seaborne thermal

# Coal—Anglo Strategy

Anglo is a geographically diverse leading coal supplier, with attractive growth options for the future, focusing on structurally attractive Seaborne metallurgical and Seaborne thermal coal markets and significant access to customers in the growing Pacific region



Arrow size is an indicator of the relative size of the export route

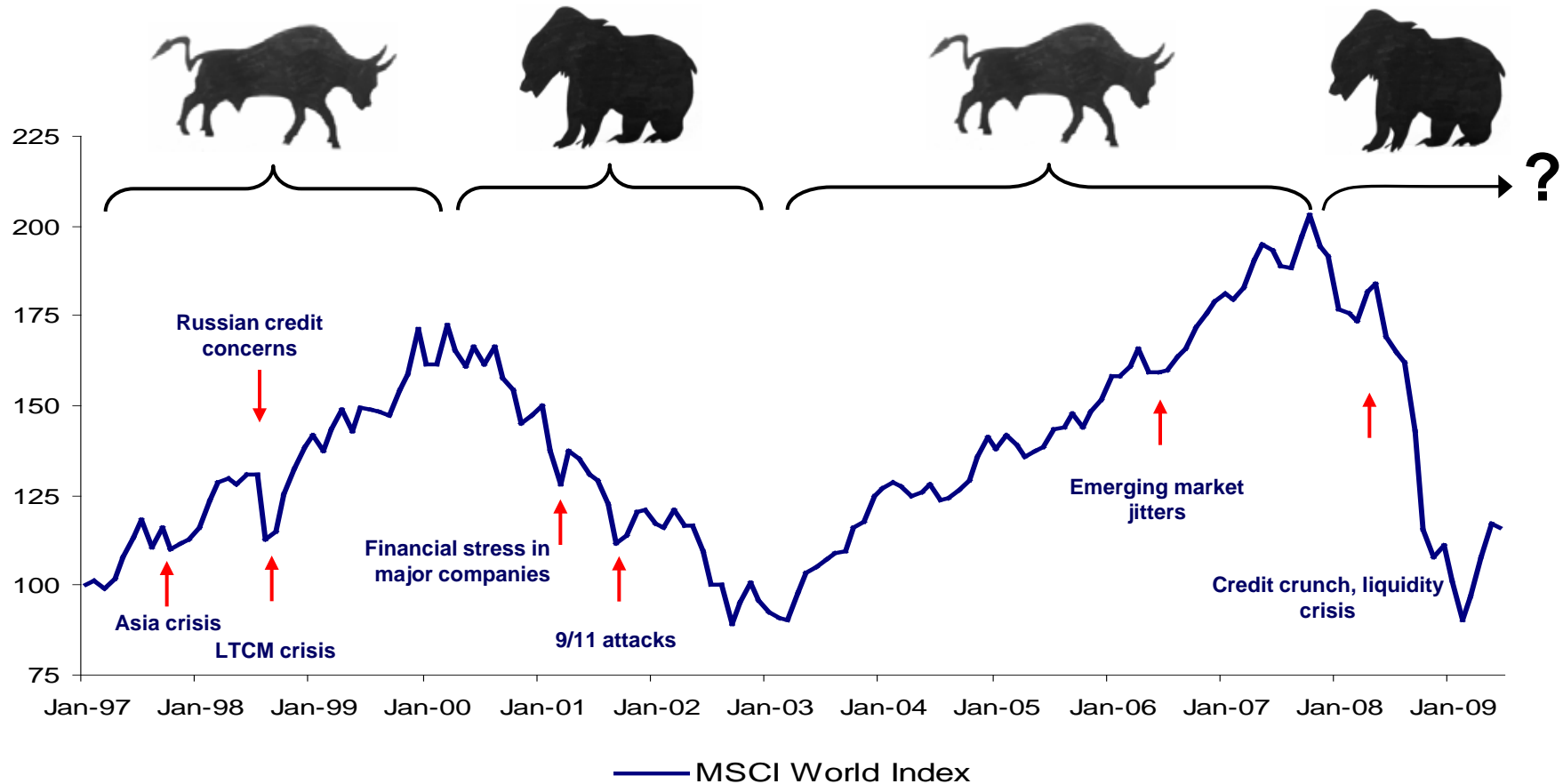
Notes:

1. RSA Seaborne thermal sales tons = 16Mt; RSA Domestic thermal sales tons = 43Mt
2. Saleable production has been reported on an attributable basis

- Seaborne Metallurgical Coal Market
  - 4<sup>th</sup> largest producer from large, long-life, low cost assets
  - Long-term reliable supplier of hard coking coal, and a significant supplier of PCI coal
- Seaborne Thermal Coal Market
  - 4<sup>th</sup> largest producer with one of the lowest cost positions
  - Geographically diverse supply from South Africa, Australia and Colombia

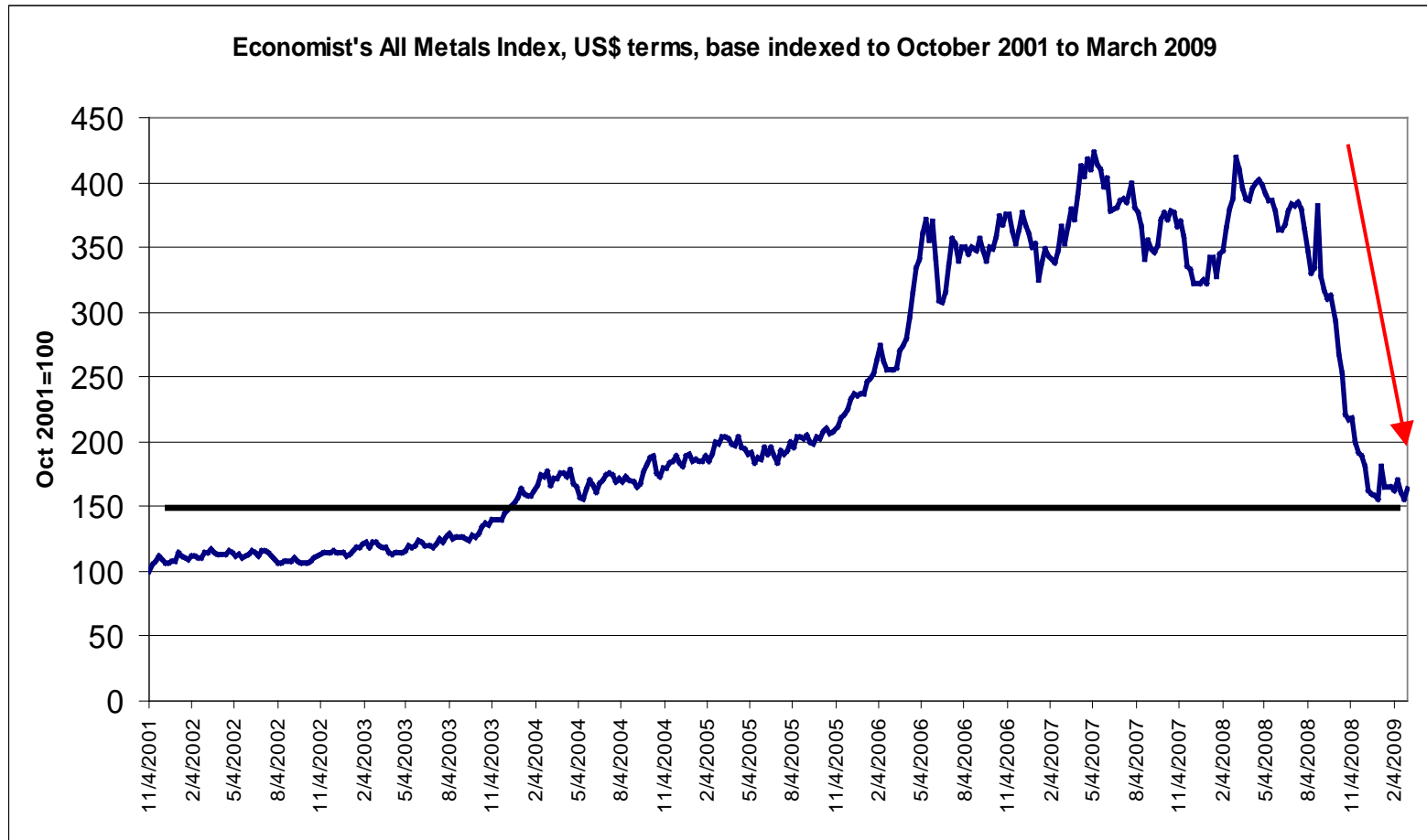
# Everything works in cycles – plan beyond the cycle!

## A rocky ride through markets



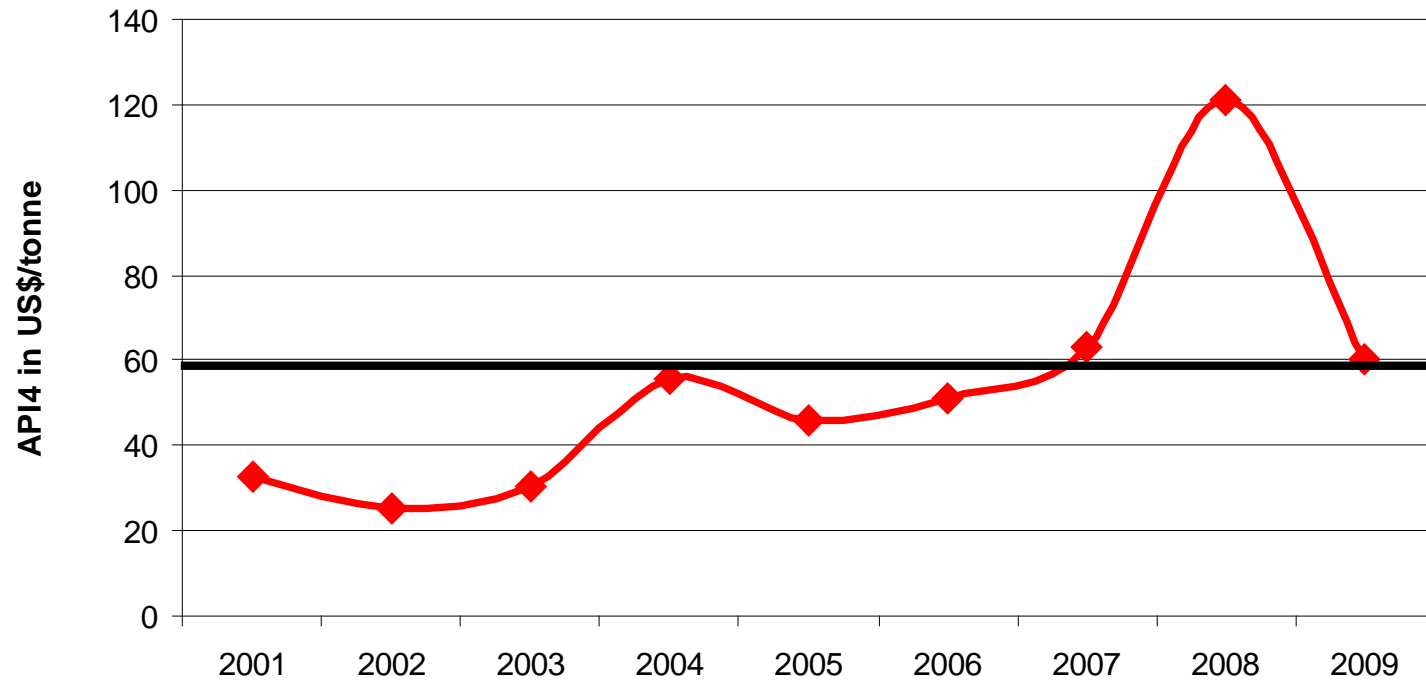
# Commodity price collapse

*With some exceptions, commodity prices significantly lower...*



# Export thermal coal prices

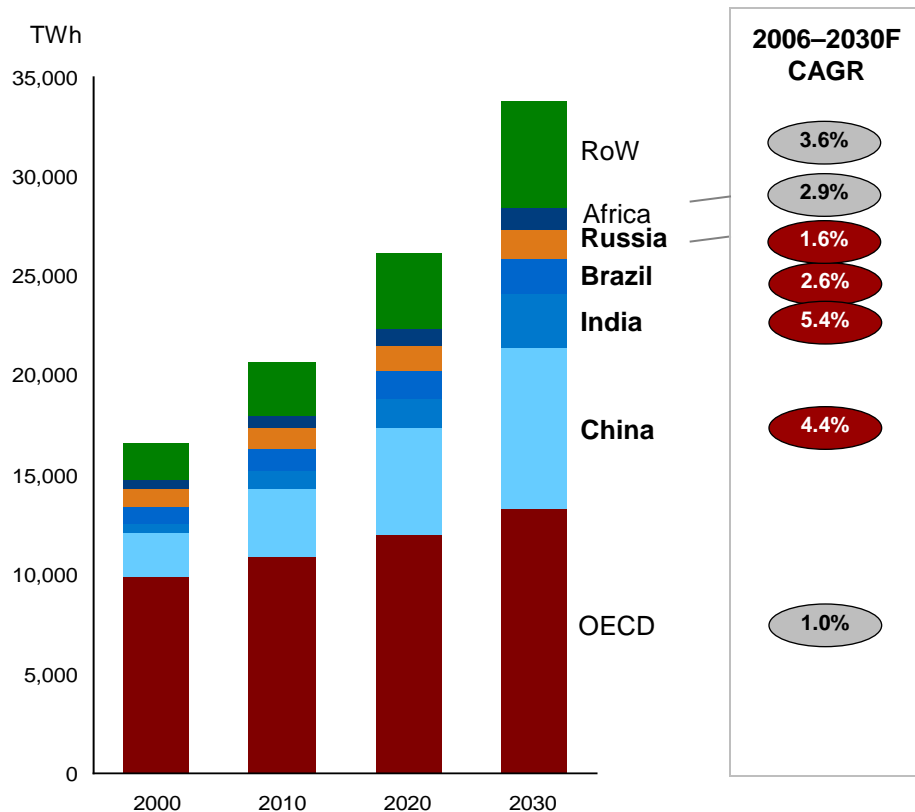
***API4 prices 50% down but third highest in recent history!***



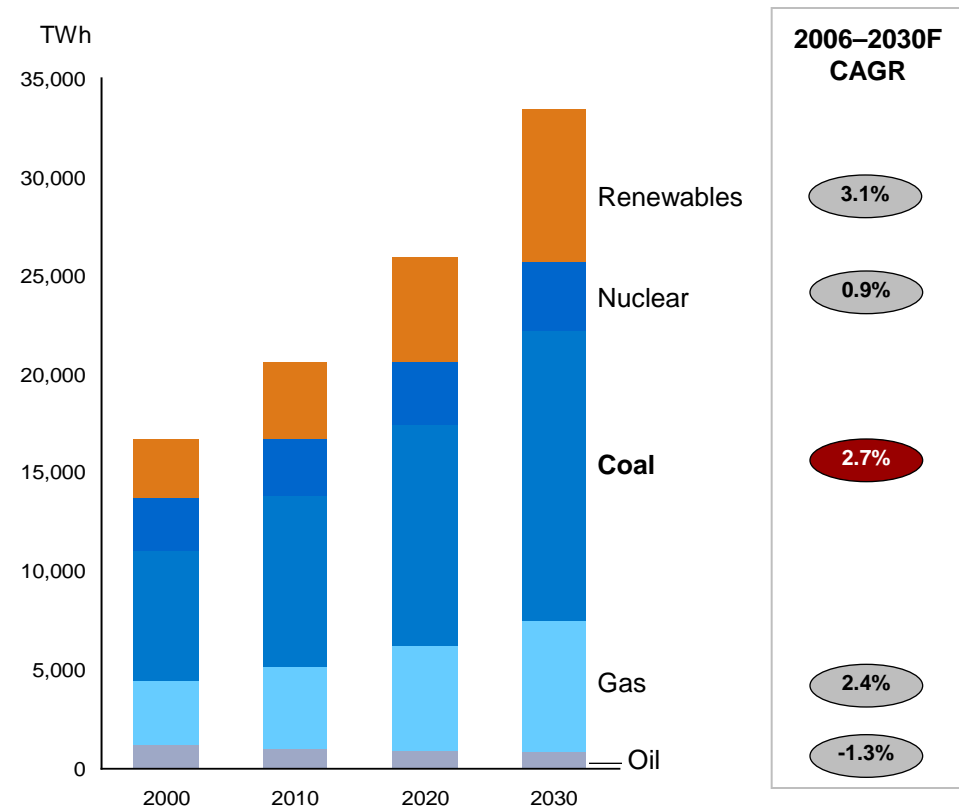
# Thermal Coal—Attractive Industry Fundamentals

Economic growth in “BIC” countries, particularly India and China, is forecast to continue driving significant increases in electricity and thermal coal consumption

### Electricity Generation by Region (2000–2030)



### Electricity Generation by Fuel (2000–2030)



Note: Brazil electricity generation modelled as part of Latin America country group  
 Source: IEA World Energy Outlook 2008

# Contribution of SA mining industry

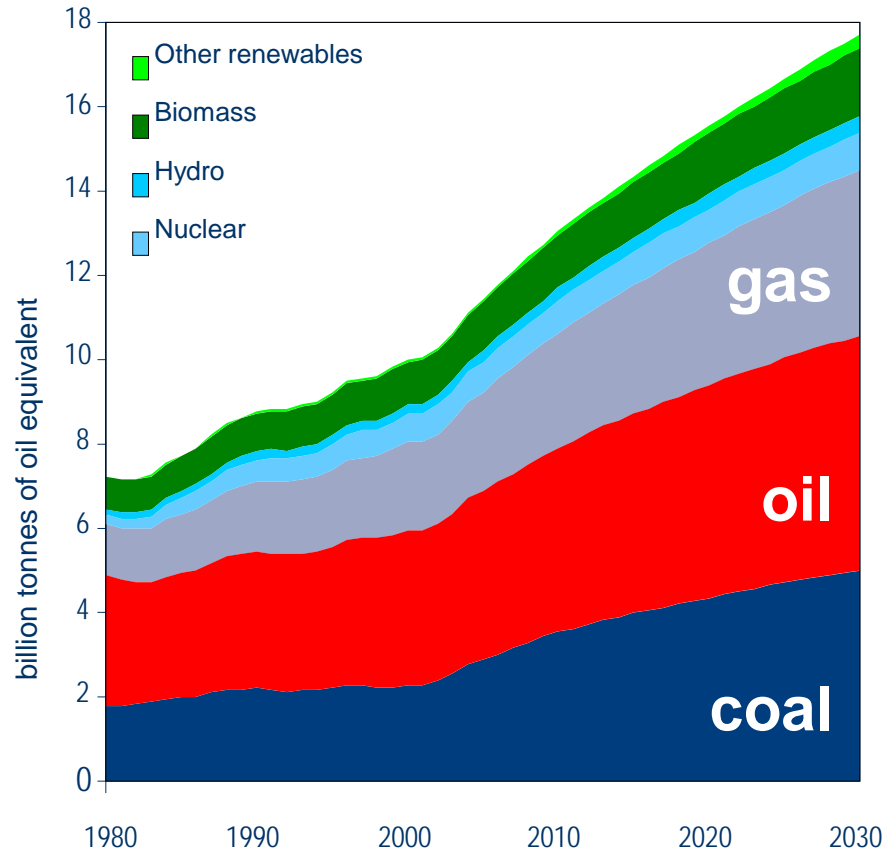
***The essential core of South Africa's economy remains***

- 35% of market value of JSE
- Employing 500,000 people – and another 500,000 indirectly
- 7% of GDP – and 17.2% if indirect effect is added
- 9% of total fixed investment – and 18% if indirect effects added
- 33% of all BEE deals in SA over the past 11 years
- 50% of volume of rail & ports
- Providing coal for 93% of electricity generation

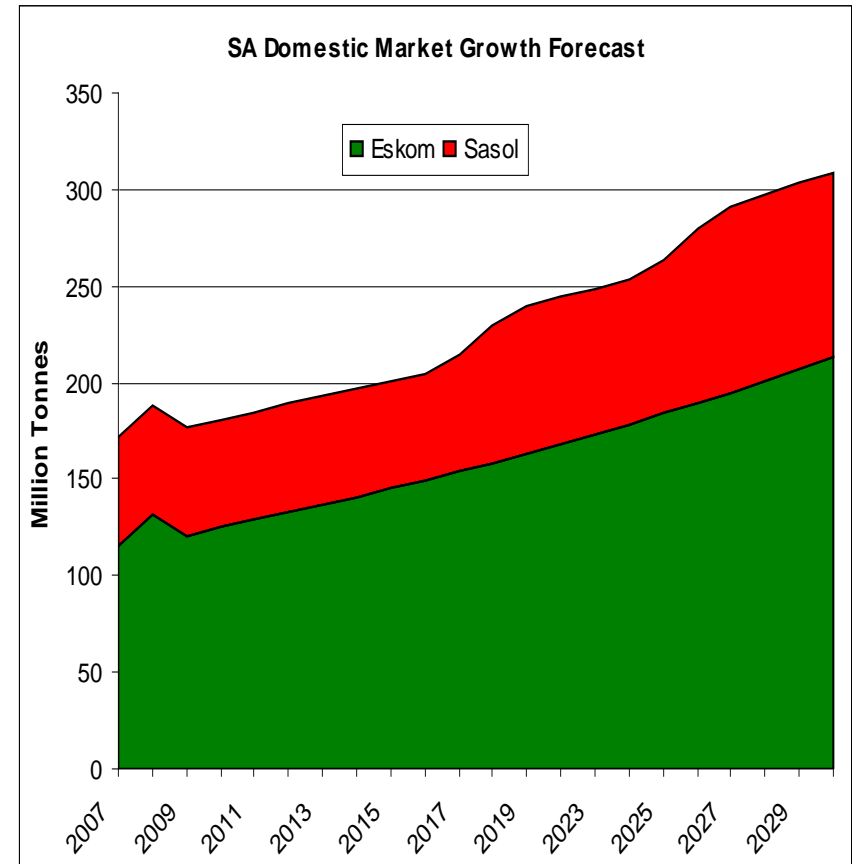
# Global and Regional energy demand prospects to 2025

## Expansion opportunities to meet growing demand

- Robust world energy demand forecasts



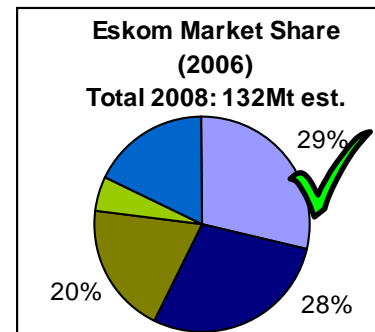
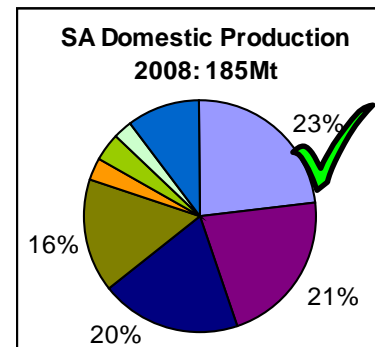
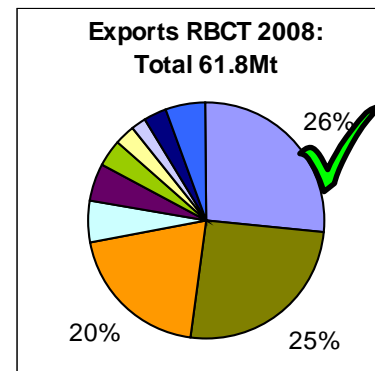
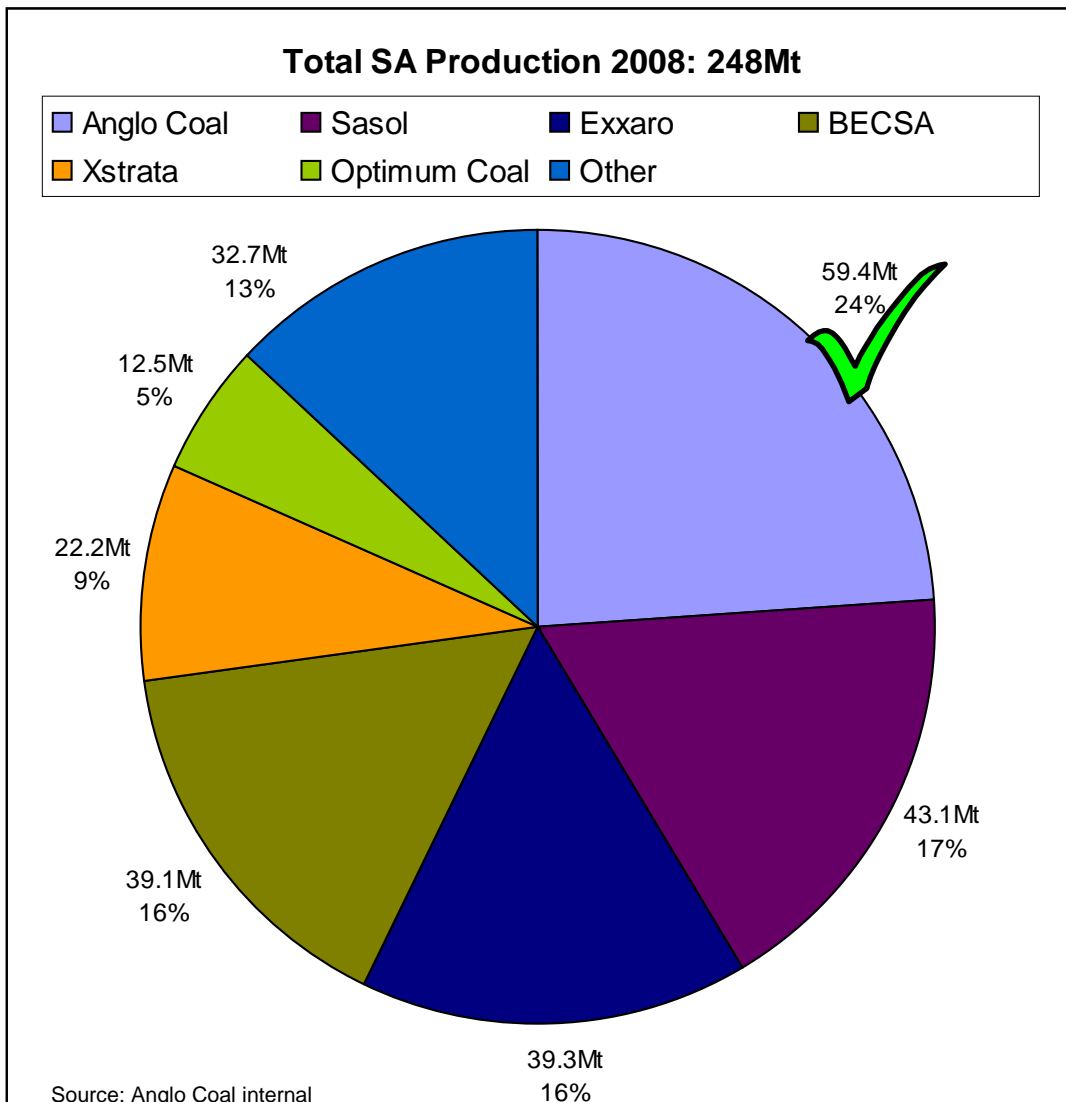
- Unprecedented Power and CTL demand offer largest opportunities for market growth in SADC region\*



\* Eskom Coal Demand Forecast assuming 3% long term demand growth post 2009 crisis – 2009 demand currently running at 8% below 2008 levels  
Sasol forecast assuming Project Mafutha Phases 1 & 2 proceed

# Anglo Coal SA regional position

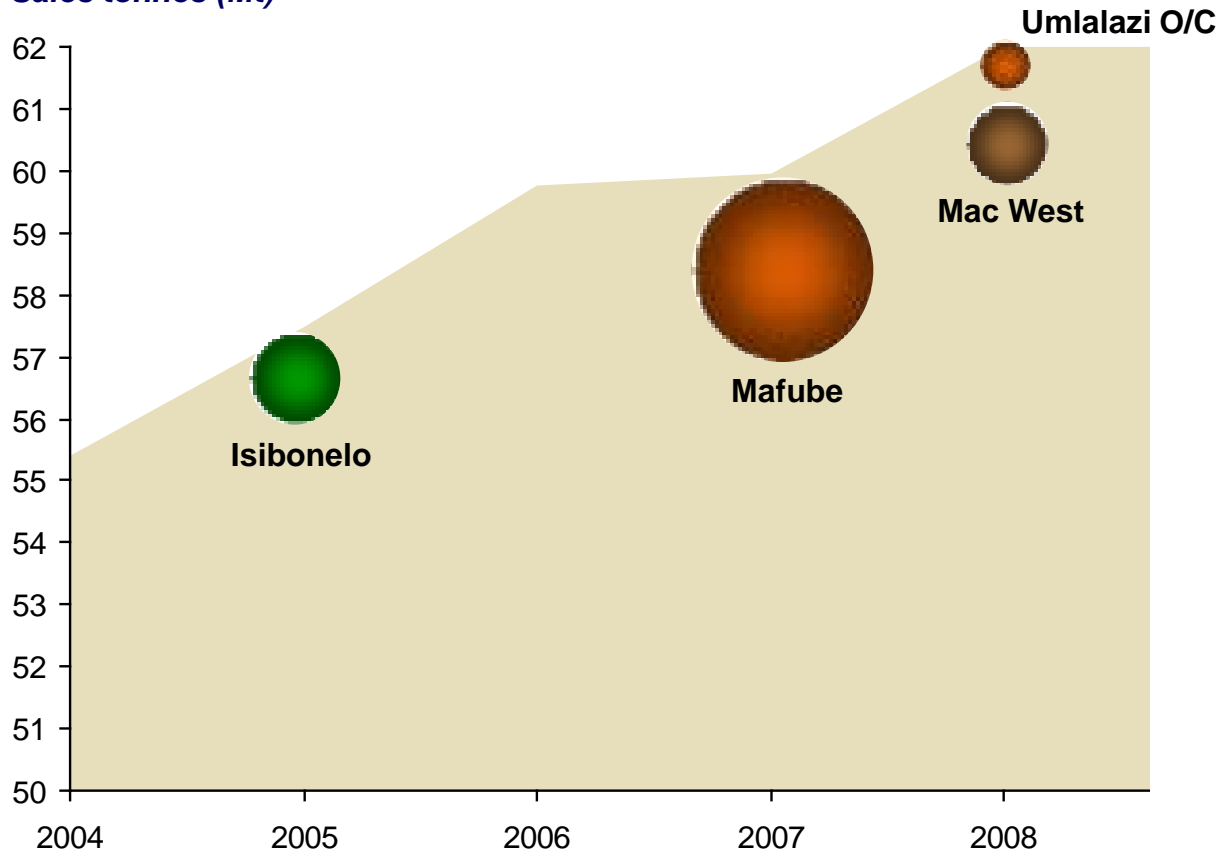
**...Anglo Coal SA is the leading coal company in Africa**



# Projects delivered in the last 5 years

Commitment to regional investment: ~ZAR3.5bn in the last 5 years

Sales tonnes (Mt)



## **Isibonelo:**

- 5Mtpa thermal coal supply to Sasol
- ZAR724m capital investment

## **Mafube:**

- 5.4Mtpa export thermal coal & domestic thermal supply to Eskom's Arnot power station
- ZAR1,910m capital investment

## **Mac West:**

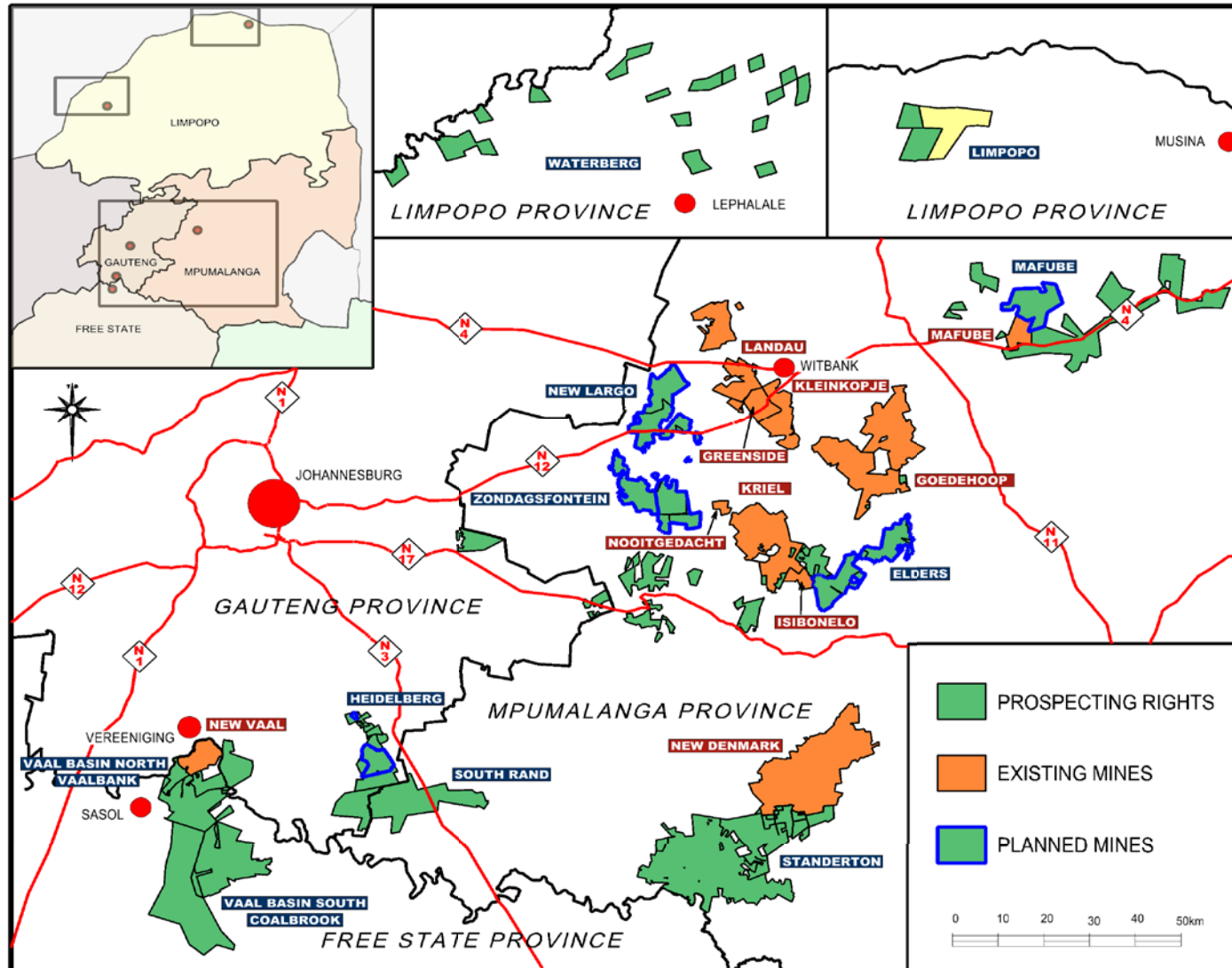
- 2.7Mtpa domestic thermal supply to Eskom's Lethabo power station
- ZAR637m capital investment

## **Umlalazi Opencast:**

- 1.2Mtpa multiproduct operation (temporarily diverted to Eskom in 2008)
- ZAR221m capital investment



# Locality Plan



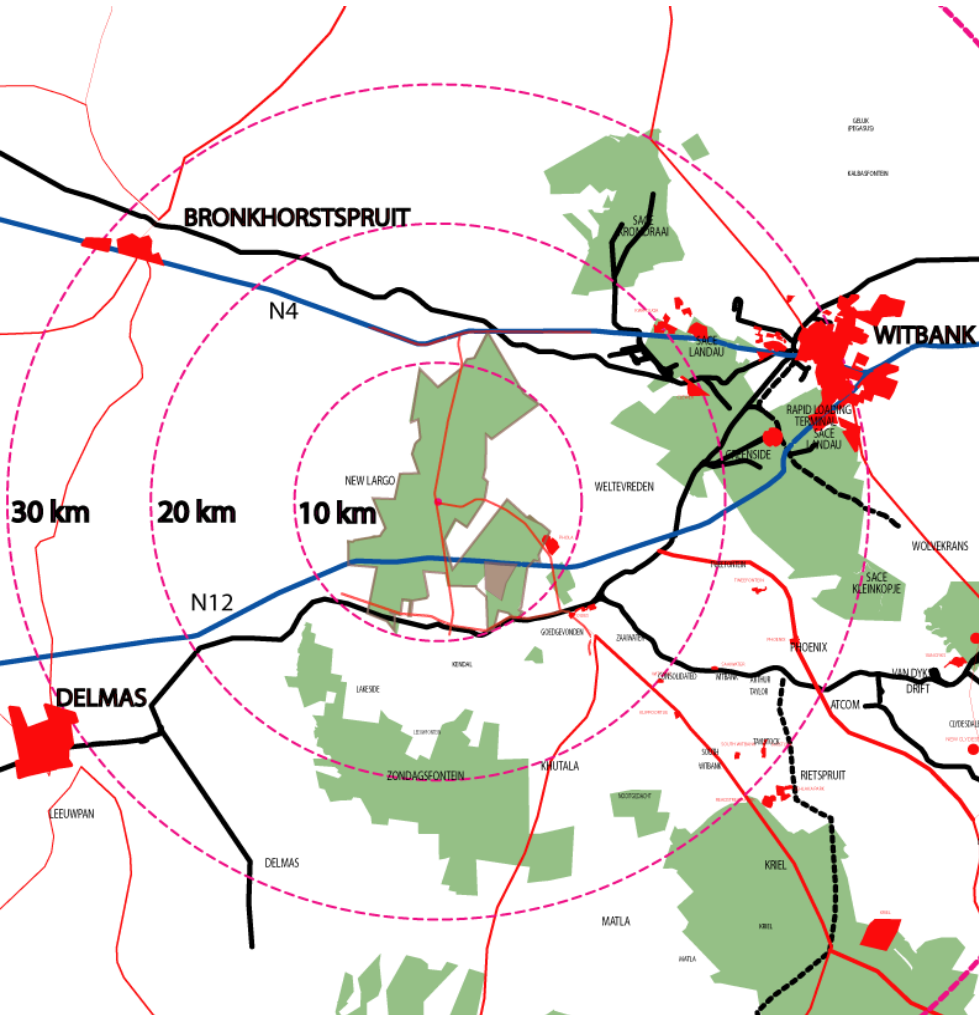
# Thermal Coal – Project Delivery

***Zondagsfontein project: R4Bn establishment capital, on time & within budget***



- 6 Mtpa of Seaborne and Eskom thermal coal
- 1st quartile FOB cash cost position on the Seaborne thermal cost curve
- Creating 1 000 jobs

# New Largo Project Plan



- Prospecting rights granted
- Environmental Risk Assessment complete
- EIA and EMP
  - Scoping Report near completion
  - Baseline studies complete
- Geological drilling well advanced
- Anglo Coal currently completing pre-feasibility study
  - Washing plant included in design
  - 17 Mtpa saleable coal

# Sustainable development successes

- Community development driven by LED and IDP's, supported by SLP's, SEAT, Chairman's Fund and Zimele - R48 million spent in 2008
- Community trust established
- Engagement with communities and local government
- Signatory to the Nkangala Growth and Development Summit Agreement



# Innovation as a differentiator

***Waterberg Coal Bed Methane – 0.2MW plant commissioned June 09***

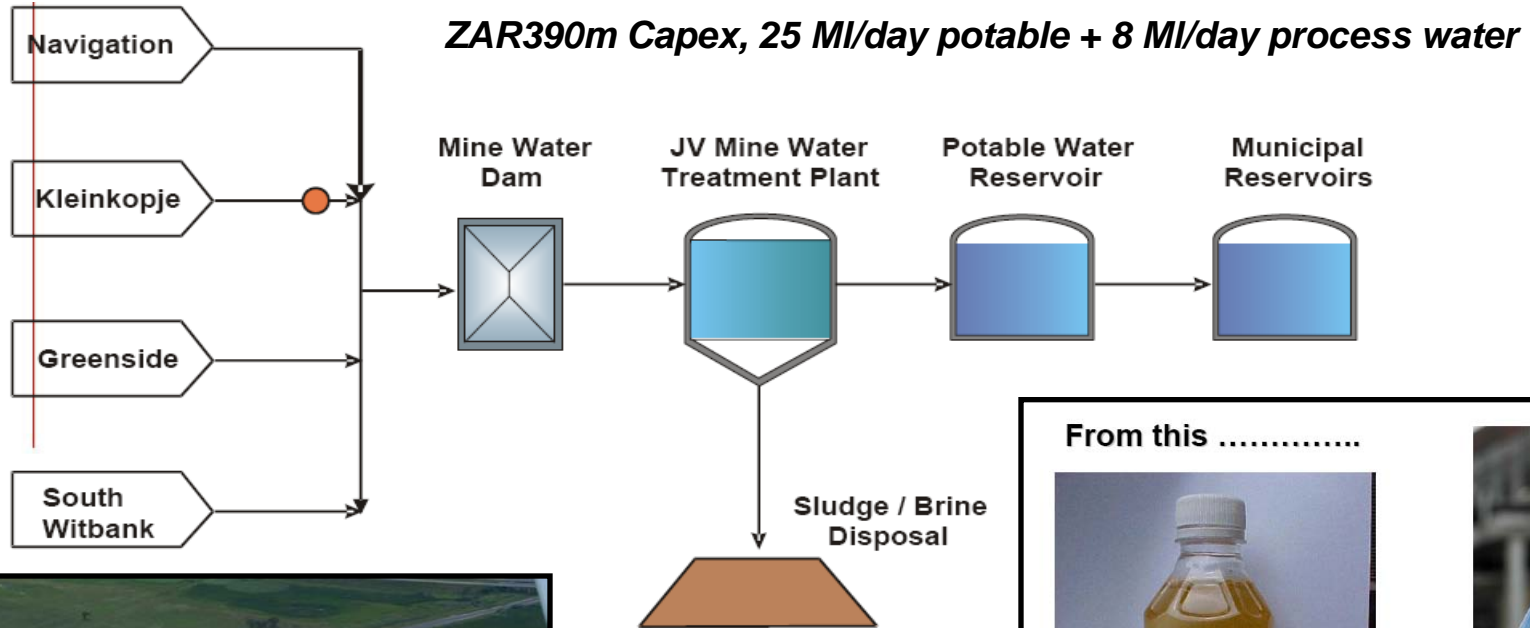


Fuel cell operational:  
clean energy!



# Not negotiable: sustainable development

## Emalahleni Water Reclamation Project



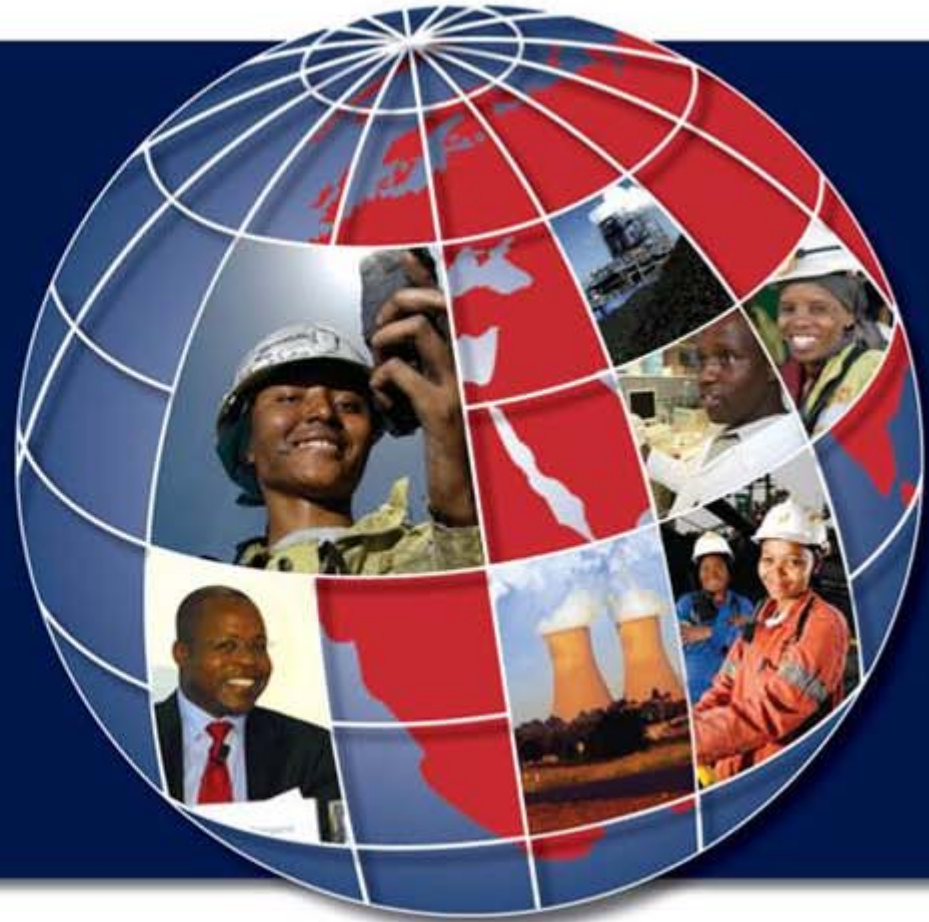
From this .....



To this.....!!!

# Not negotiable: our people

**Winner of GBC Award, June 2009, Washington DC: Anglo Coal South Africa**



**Best Workplace Programme in the world**

# Key Success Factors

***A competitive toolkit weathers all storms!***

## **At all times and in all cycles**

- Keep challenging your own assumptions
- Stick to the basics
  - Business essentials
  - Employee participation
  - Customer strategy
  - Stakeholder strategy
- Instill hope!!!

## **...and never compromise on**

- Safety & Sustainable Development
- Skills development
- Values and growth

Anglo remains well-positioned through the downturn and into the future.

## Anglo Coal South Africa has:

- A **well-balanced** commodity portfolio
- A **competitive cost position** in Seaborne thermal and domestic thermal coal
- **Long-term stable customer relationships**
- **Attractive growth options**

