

SE BRE
 HD **Anglo bid to beat lower price woes**
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ANGLO American, a **mining company** with **operations** from Australia to Chile, will probably meet earnings targets by increasing production and cutting expenses amid declining commodity prices.

"We have delivered on our major commitments to shareholders," chief executive Mark Cutifani said before the **company's** investor day conference in London yesterday. "We have successfully turned around a number of our priority **operations** this year, principally in our **copper**, Kumba **Iron Ore** and **coal** businesses."

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Seventy-one percent of Anglo's "priority assets" were now performing above plans, compared with 21 percent in 2012, Anglo said.

Coal

Cutifani also said the **company** was considering the **sale** of a couple of **coal** assets in Australia and talking to stakeholders about its South African **coal operations**, too.

Coal prices have fallen to multi-year lows this year due to a glut of supply and weaker demand growth, pushing some producers to curtail activity at sell-or-shut **coal** mines.

"We have indicated a couple of **coal** assets in Australia will be considered for **sale**," Cutifani said ahead of the **company's** investor day.

"We have also indicated, when talking about some of the **coal** assets in South Africa, that we have just started to talk with stakeholders in terms of domestic supply on the thermal **coal** side."

Cutifani, who began a review of **operations** after joining Anglo in April last year, plans to sell assets that fail to meet his goal of increasing the **company's** return on capital to at least 15 percent by 2016.

That includes the **sale** of four labour-intensive platinum mines in South Africa after a five-month strike that ended in June. He is also seeking buyers for three **copper** mines and a smelter in Chile.

Anglo, which cut its capital expenditure forecast by a range of \$500 **million** (R5.7 **billion**) to \$800m for this year and \$800m to \$1bn next year, delivered its Minas-Rio **iron ore** project in Brazil about \$400m under its revised budget, it said.

Anglo on October 25 started **iron ore** shipments from the \$8.8bn Minas-Rio mine.

The start of the project, which faced delays and cost overruns since it was bought in 2008, coincides with a slump in **iron ore** prices as Australian and Brazilian producers expand capacity and demand from **China**, the biggest user, stalls.

Minas-Rio would raise production to 26.5 **million** tons a year over the next 18 months to 20 months to an operating cost of \$33 to \$35 per wet ton, Cutifani said.

Anglo targeted productivity improvements of about 80 percent from about 35 percent fewer workers through growth and restructuring, it said.

The **company** is also looking to fund the 2016 dividend from its cash flow.

CO kuiron : Kumba Iron Ore Limited | aamcr : Anglo American PLC

IN i211 : Metal Ore Mining | i22 : Primary Metals | i221 : Iron/Steel/Ferroalloys | ibasicm : Basic
Materials/Resources | imet : Mining/Quarrying | i2111 : Iron Ore Mining

RE austr : Australia | apacz : Asia Pacific | ausnz : Australia/Oceania

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