

NEWS RELEASE

23 April 2020

Anglo American business update in response to COVID-19

Anglo American is today providing an update on the current status of its global operations, production guidance for 2020, and various actions it is taking across the business given the uncertainty surrounding the impact of the COVID-19 pandemic.

Anglo American Chief Executive, Mark Cutifani, said: “Ensuring the safety of our people, their families and our host communities continues to be our priority in all our decision-making as we respond to the COVID-19 pandemic. Now, more than ever, we continue to play a vital role in many of our operating countries in providing support where it’s most needed.

“Most of our sites around the world are continuing to operate, with our focus on safety reflected through appropriate health, hygiene and distancing measures. We are taking all necessary steps to ensure the security and integrity of our assets for the long term, preserving our ability to swiftly return affected operations to normal levels of production when appropriate.

“We are also implementing a number of cash improvement measures, including operating cost reductions of at least \$0.5 billion and an approximately \$1.0 billion reduction to our 2020 capital expenditure guidance. This further builds on our already robust current liquidity position of \$14.5 billion. Anglo American is a resilient and diversified metals and minerals business with a portfolio of attractive growth options spanning different products and time horizons. We are acting to protect our optionality through this uncertain period and will continue to act in the best interests of our shareholders, our employees, customers and our broad range of stakeholders across society.”

Operational update

Anglo American continues to support the actions taken by governments in its host countries to curb the spread of COVID-19 and safeguard people’s health and wellbeing. We have implemented appropriate measures across the operations, with a focus on de-densification of the workforce, rigorous health screening, and isolation where needed.

- At De Beers, lockdown measures have significantly impacted diamond production in southern Africa, manufacturing in India and retail operations in the United States, while consumer demand has returned to the Chinese market. Production guidance for 2020 has been reduced in line with anticipated demand by c.7 million carats to 25-27 million carats, with lower volumes at all operations.
- At our copper operations in Chile, Los Bronces and Collahuasi, production is at normal levels despite the workforce being reduced, by 50% and 40% respectively, to ensure adequate de-densification and health screening measures.
- At Platinum Group Metals, Mogalakwena is operating with a c.50% level of workforce. Amandelbult, Mototolo, the joint venture mines and the Mortimer and Waterval smelters are on temporary care and maintenance. Polokwane smelter is continuing to operate. Repair of the ACP is progressing well and is on track to start-up within the expected timeframe, by 25 May. We anticipate overall PGM production levels will progressively build, with full production expected by year-end.
- At our Kumba iron ore operations in South Africa, we are operating with a c.50% level of workforce, with production expected to progressively increase through May and June. Minas-Rio in Brazil is operating at normal levels with appropriate safety protocols in place to ensure social distancing. The scheduled one-month production stoppage to carry out routine internal

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Registered office as above. Incorporated in England and Wales under the Companies Act 1985.

Registered Number: 3564138 Legal Entity Identifier: 549300S9XF92D1X8ME43

scanning of the pipeline has been deferred to the second half of the year (previously scheduled for Q2).

- Metallurgical coal operations in Australia are continuing at normal levels despite revised rotations to manage social distancing and the impact of interstate travel restrictions.
- Export thermal coal operations in South Africa continue with a c.50% level of workforce, with production expected to progressively increase through May and June. The Cerrejón thermal coal joint venture in Colombia is on temporary care and maintenance.
- The Barro Alto nickel operation in Brazil is continuing at normal levels with appropriate protocols in place to ensure social distancing.

Projects update

Anglo American benefits from an extensive pipeline of high quality growth projects. However, the prevailing measures to deal with COVID-19 and economic uncertainty are likely to result in delays to both project approvals and commissioning of certain in-progress projects.

In Peru, where strict national quarantine measures are in place, we withdrew most of our 15,000 strong workforce from our Quellaveco copper project site in mid-March, maintaining only critical works. In support of the government's continuing efforts to control the spread of COVID-19, we have now decided to suspend non-critical works for up to three months, thereby providing greater certainty for planning a safe and responsible restart. Given the very good development progress achieved to date, we still expect first production in 2022, with the project now likely to be at the upper end of the \$5.0-5.3 billion guidance (100% basis), pending final confirmation once the project remobilises. 2020 capex for the project on a 100% basis is revised to \$1.2-1.5 billion (previously \$1.5-1.7 billion), with our 60% share being \$0.7-0.9 billion (previously \$0.9-1.0 billion).

At the Woodsmith Project in the UK, strict social distancing measures are allowing essential work to progress, with 2020 capex expected to remain at ~\$0.3 billion¹⁰.

2020 production guidance update

The impact of the known disruptions on the previously issued 2020 production guidance is summarised as follows:

	Units	Previously issued	Impact of known disruptions ¹	Duration of known disruptions ¹	Production post known disruptions ¹
Diamonds ²	Mct	32-34	~7	See note 2	25-27
Copper ³	kt	620-670	-	-	620-670
Platinum – M&C ⁴	Moz	2.0-2.2	0.5	See note 4	1.5-1.7
Palladium – M&C ⁴	Moz	~1.4	0.2-0.4	See note 4	1.0-1.2
Kumba Iron Ore ⁵	Mt	41.5-42.5	3.5-4.5	35 days	37-39
Minas-Rio Iron Ore ⁶	Mt	22-24	-	-	22-24
Metallurgical Coal ⁷	Mt	19-21	-	-	19-21
Thermal Coal ⁸	Mt	~26	~4	35 days	~22
Nickel ⁹	kt	42-44	-	-	42-44

Capital deferral and cost savings

As a result of numerous structural and performance actions taken in recent years, Anglo American is a significantly more resilient business and well placed to respond to these unprecedented circumstances. There is significant uncertainty about the measures required to control COVID-19 and the human and economic consequences that may eventuate. Anglo American has therefore planned a range of escalating measures to ensure that the business withstands additional macro-economic volatility, while safeguarding long-term shareholder and stakeholder interests.

We have initially identified operating cost savings of at least \$0.5 billion in addition to c.\$1.5 billion earnings benefit arising from both weaker producer currencies and oil prices, based on previously guided sensitivities, at spot rates. Operating cost measures being implemented include restrictions on discretionary spending, including certain R&D and marketing spend, reductions in central overheads, demobilisation of non-essential services and deferral of certain exploration and evaluation activities. Given the level of uncertainty in the operational outlook, the 2020 cost and volume target of \$0.4 billion is under review.

There has been some re-prioritisation of discretionary capital expenditure and this, coupled with favourable foreign exchange from the stronger US dollar, is expected to result in a c.\$1 billion¹⁰ reduction to the previously issued capital expenditure guidance¹¹ for 2020, with new guidance of \$4.0-\$4.5 billion, including Woodsmith. Revisions to 2020 capital plans may impact spend in future years.

Balance sheet and liquidity

Anglo American is in a strong financial position going into this period of global uncertainty following consistent and disciplined implementation of its balanced capital allocation policy. Gearing is in line with long-term objectives and the liquidity position is robust. The Group had liquidity of \$14.5 billion at the end of March, with more than \$6 billion of cash, including the proceeds from \$1.5 billion of US bond issuances.

There are no financial covenants associated with the Group's bonds or the core \$4.5 billion revolving credit facility, the maturity of which was extended to March 2025 on 10 February 2020 and remains undrawn. Anglo American is committed to maintaining its investment grade credit ratings. We will continue with our balanced capital allocation strategy, including appropriate action to protect and enhance our strong liquidity position during this period of heightened economic uncertainty. The Group's dividend in relation to the second half of 2019 is due to be paid as planned on 7 May subject to shareholder approval at the AGM on 5 May.

Supporting our employees and host communities

We have implemented an extensive health awareness and support programme called "WeCare", specifically to protect the health and wellbeing of our employees and full-time contractors, and also measures in support of our host communities, around the world during the COVID-19 pandemic. As part of this programme, we are helping colleagues better understand how to protect themselves and others from catching the virus, monitoring their health to pick up early symptoms, and to manage their health if they test positive for COVID-19. For example, all operational colleagues are self-monitoring for symptoms, including checks prior to, during and after their shift, with any symptoms being reported via our 'Engage' app that triggers medical assistance.

For further details of Anglo American's global response to support employees and host communities, please visit: <https://www.angloamerican.com/sustainability/covid-19-update>.

Footnotes

1. Subject to further COVID-19-related disruption.
2. On a 100% basis except for the Gahcho Kué joint venture, which is on an attributable 51% basis. The impact of known disruptions includes the impact of COVID-19 on mining operations, wholesale trading activity and consumer traffic in key consumer markets. Production guidance continues to be subject to continuous review based on the disruptions related to COVID-19 as well as the timing and scale of the recovery in trading conditions.
3. Copper business unit only. On a contained-metal basis. Subject to water availability.
4. Produced metal in concentrate ounces. Includes production from joint operations, associates and third-parties. Platinum ~65% own mined production, palladium ~75% own mined production.
5. Dry basis. Subject to rail and port performance.
6. Wet basis.
7. Excludes thermal coal production.
8. Export South Africa and Colombia production.
9. Nickel business unit only.
10. Assumes spot foreign exchange rates.
11. Previous capital expenditure guidance was \$5.0-5.5 billion, including Woodsmith.

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Notes to editors:

Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive mining operations and undeveloped resources provides the metals and minerals that enable a cleaner, greener, more sustainable world and that meet the fast growing consumer-driven demands of the world's developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and mine, process, move and market our products to our customers around the world – safely, responsibly and sustainably.

As a responsible miner – of diamonds (through De Beers), copper, platinum group metals, iron ore, coal and nickel – we are the custodians of what are precious natural resources. We work together with our business partners and diverse stakeholders to unlock the sustainable value that those resources represent for our shareholders, the communities and countries in which we operate, and for society as a whole. Anglo American is re-imagining mining to improve people's lives.

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Forward-looking statements:

This announcement includes forward-looking statements. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding Anglo American's financial position, business, acquisition and divestment strategy, dividend policy, plans and objectives of management for future operations (including development plans and objectives relating to Anglo American's products, production forecasts and Ore Reserves and Mineral Resource estimates), are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anglo American, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Anglo American's present and future business strategies and the environment in which Anglo American will operate in the future. Important factors that could cause Anglo American's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, the effects of global pandemics and outbreaks of infectious diseases, the availability of mining and processing equipment, the ability to produce and transport products profitably, the availability of transport infrastructure, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as permitting and changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights and such other risk factors identified in Anglo American's most recent Annual Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements.

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Legal Entity Identifier: 549300S9XF92D1X8ME43