

News Release

9 December 2022

Anglo American builds operational momentum for next phase of value-driven growth

Anglo American plc (“Anglo American”) is today providing an update on its performance during 2022 and capital expenditure and production guidance for the next three financial years.

Duncan Wanblad, Chief Executive of Anglo American, said: “This year has seen us focus on our immediate priorities of safety and restoring normal operational disciplines given the pandemic related disruptions of the last few years. In 2022, these have been added to by geopolitically-led economic volatility, and extreme weather and other localised disruptions at our operations.

“As we have built operational momentum in the second half, we have also moderated our near term production growth plans with a clear priority to deliver a stable platform from which to build strengthened and repeatable performance. This allows us to invest in increased ore reserve flexibility and systematically implement our P101 best practice programme of equipment and process performance. We have also taken the opportunity to re-phase certain of our growth investments to ensure optimal sequencing for long term value creation in the current high inflationary and dynamic external environment.

“Anglo American offers a highly differentiated investment proposition, founded upon our high quality diversified portfolio of future-enabling products and our depth of growth optionality, underpinned by our operating model and track record of innovation. Together, these position us strongly for the structurally attractive longer term, notwithstanding current market volatility. Our unwavering focus is on driving safe, consistent performance across our operations, delivering value-adding growth and progressing towards our full suite of sustainability ambitions – including our 2040 carbon neutral operations commitment.”

Anglo American to continue its improvement and growth momentum:

2022

- Production down by c.3%⁽¹⁾: Quellaveco copper ramp-up and strong diamond production, offset by ore grades in Chile and lower production from Kumba and PGMs
- Unit costs up c.16%⁽²⁾: above CPI inflation and some production decreases
- Capex of c.\$5.7 billion: lower due to supply chain disruptions, people availability and FX
- Year-end working capital build of \$2.0 - 2.5 billion, subject to pricing: inventories expected to partially unwind in 2023

2023

- Production expected to increase by 5%⁽¹⁾ as Quellaveco ramps up
- Unit costs expected to increase by c.3%⁽²⁾: inflation expected to moderate; and the benefit of Quellaveco
- Capex forecast of \$6.0 - 6.5 billion, including \$0.8 billion for Woodsmith
- Expected review of Woodsmith year-end carrying value for accounting purposes

2024

- Production expected to increase by 5%⁽¹⁾: led by copper, iron ore and steelmaking coal
- Capex forecast of \$5.5 - 6.0 billion

2025

- Production expected to be in line with 2024
- Capex forecast of \$5.0 - 5.5 billion

Anglo American plc

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Stephen Pearce, Finance Director of Anglo American, commented: "We have set up Anglo American as a resilient business through the cycle, both through the quality of the portfolio and our balanced approach to capital allocation. That balance supports investment in business improvement and value accretive growth, while also providing attractive shareholder returns through the cycle, translating into \$7.5 billion in cash returns to shareholders in 2021 and 2022 to date. Our resilience also relies on having a highly competitive cost base – and we are acting to reduce the impact of inflation across our cost base and limiting the extent to which it is entrenched on the balance sheet through capex.

"At Woodsmith, our next major greenfield project after Quellaveco, we have approved \$0.8 billion of capex for 2023, focused on shaft sinking and other critical infrastructure as part of our phased approach. As we have said for some time, we are improving the project's configuration to ensure we realise the full commercial value over the expected multi-decade asset life. This will extend the development schedule and the capital budget, compared to what was anticipated prior to our ownership, and so potentially impact our carrying value of Woodsmith for accounting purposes at the year end. Looking ahead, we are even more positive today about the prospects for Woodsmith and its potential to become a high margin, major contributor to our diversified product portfolio given the outstanding nature of the resource and the premium pricing upside we expect to realise for Poly4 - the highly effective, low carbon fertiliser we will produce."

Duncan Wanblad concluded: "Our mid-year commissioning and ramp-up of our new Quellaveco copper operation in Peru is testament to the determination of the entire team through the considerable adversity of pandemic disruption. Quellaveco alone increases our global production base by 10%⁽³⁾ and is the cornerstone of our margin-enhancing growth potential of 25%⁽¹⁾ over the next decade, with further optionality beyond, focused on our future-enabling metals and minerals, from copper to crop nutrients. We are sequencing options appropriately, based on capital efficiency and returns, cognisant of balancing the current macro uncertainties with the compelling longer term supply and demand dynamics.

"The fundamental demand picture for mined metals and minerals is ever stronger as most of the world's major economies accelerate their decarbonisation efforts and as the global population increases and continues to urbanise. We aim to keep growing our business into that demand, drawing on the range of margin-enhancing organic options within our business."

The presentation which contains the details relating to the information referred to above will be available on the Anglo American website at 8am UK time today at:
www.angloamerican.com/investors/investor-presentations

⁽¹⁾ Copper equivalent production basis. Calculated including the equity share of De Beers' production and using long term consensus parameters. It is normalised to reflect the demerger of the South Africa thermal coal operations and the sale of our interest in Cerrejón. Future production levels are indicative and subject to final approval.

⁽²⁾ Copper equivalent unit costs are shown on nominal terms and calculated as the total USD cost base divided by copper equivalent production. Copper equivalent unit cost is normalised to reflect the demerger of the South Africa thermal coal operations and the sale of our interest in Cerrejón.

⁽³⁾ Copper equivalent volume growth from 2021 baseline, pre the commissioning of Quellaveco.

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 operations, with a broad range of future development options, provides many of the future-enabling metals and minerals for a cleaner, greener, more sustainable world and that meet the fast growing every day demands of billions of consumers. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and to mine, process, move and market our products to our customers – safely and sustainably.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, premium quality iron ore and steelmaking coal, and nickel – with crop nutrients in development – we are committed to being carbon neutral across our operations by 2040. More broadly, our Sustainable Mining Plan commits us to a series of stretching goals to ensure we work towards a healthy environment, creating thriving communities and building trust as a corporate leader. We work together with our business partners and diverse stakeholders to unlock enduring value from precious natural resources for the benefit of the communities and countries in which we operate, for society as a whole, and for our shareholders. Anglo American is re-imagining mining to improve people's lives.

www.angloamerican.com



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Forward-looking statements:

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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, safety, health or environmental incidents, the effects of global pandemics and outbreaks of infectious diseases, the outcome of litigation or regulatory proceedings, 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 courts, regulators and governmental authorities such as in relation to permitting or forcing closure of mines and ceasing of operations or maintenance of Anglo American's assets 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. These forward-looking statements speak only as of the date of this document. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers, the UK Listing Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the SIX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglo American's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

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