# ANGLO AMERICAN SA FINANCE LIMITED

*(Incorporated in the Republic of South Africa, Registration number 2003/015144/06)*

**Unconditionally and irrevocably guaranteed, by**

# ANGLO AMERICAN PLC

*(incorporated with limited liability under the Companies Act 1985 and registered in England and Wales under the registered number 03564138)*

***This Supplement will be made available in English only***

---

## Supplement to the
## ZAR 20,000,000,000.00
## Anglo American SA Finance Limited Domestic Medium Term Note Programme

---

On or about 14 November 2007, the Issuer established a ZAR20,000,000,000 Domestic Medium Term Note Programme (the "**Programme**"), in terms of which it issued Notes in the currency agreed between the Issuer and the Relevant Dealers (as defined below). The Issuer updated the Programme in terms of a Programme Memorandum dated 27 March 2009 and a Supplement to the Programme Memorandum dated 9 May 2011 and issued a restated Programme Memorandum dated 7 March 2012 and issued a restated Programme Memorandum dated 20 May 2013 and issued a restated Programme Memorandum dated 25 March 2014 and issued a restated Programme Memorandum dated 14 May 2015 and issued a restated Programme Memorandum dated 22 April 2016 and issued a restated Supplement dated 22 March 2017 and issued a restated Programme Memorandum dated 8 May 2018 (collectively, the "**Previous Programme Memorandum**").

The Issuer now wishes to update certain information in the Previous Programme Memorandum as described herein. This Supplement (the "**Supplement**") supersedes and replaces the relevant sections of the Previous Programme Memorandum with effect from the date hereof. This Supplement does not amend the Terms and Conditions of any Notes. This Supplement must be read in conjunction with the Programme Memorandum dated 08 May 2018.

---

*Arranger and Debt Sponsor*

**The Standard Bank of South Africa Limited**

*Dealers*

**Absa Capital, a division of Absa Bank Limited**

**Deutsche Bank AG (Johannesburg Branch)**

**FirstRand Bank Limited**

**Investec Bank Limited**

**Nedbank Capital, a division of Nedbank Limited**

**The Standard Bank of South Africa Limited**

This Supplement is dated 7 June 2019

## TABLE OF CONTENTS

*The section headed "**Risk Factors**" in the Programme Memorandum dated 8 May 2018 is superseded and replaced, in its entirety, with the following.*

## RISK FACTORS

*The Issuer and the Guarantor believe that the following factors may affect its ability to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is in a position to express a view on the likelihood of any such contingency occurring.*

*In addition, factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme are also described below.*

*The Issuer and the Guarantor believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Programme Memorandum and reach their own views prior to making any investment decision.*

**Factors that may affect the Issuer's ability to fulfil their obligations under notes issued under the Programme and the Guarantor's ability to fulfil its obligations under the Guarantee in respect of such Notes.**

Unless otherwise specified by reference to Anglo American or the Issuer, the risks apply in the context of the Group (as defined in "*Description of Anglo American plc and the Anglo American Group*"), and are also applicable to each of Anglo American plc and AASAF.

In this context, the following specific risks have been identified:

**Damage to or breakdown of a physical asset, including due to fire, explosion, natural catastrophe, theft or terrorism may adversely affect the Group's operating results and result in loss of revenue, loss of cash flow or other losses.**

Damage to or breakdown or loss of a physical asset, including as a result of fire, explosion, natural catastrophe, theft of value products or terrorism, can result in a loss of assets and subsequent financial losses. The Group's operations and development projects are exposed to natural risks such as earthquakes and extreme weather conditions. Other catastrophic risks faced by the Group include failure of mine pit slopes, or breaches of tailing dam walls, fire and explosion in underground mines or in buildings, plant and equipment, and sudden and unexpected failure of mineshafts. The occurrence of one or more of these events could potentially lead to multiple fatalities and injuries, long term environmental damage, significant reputational damage, greater regulatory scrutiny and loss of, or delays in obtaining, licences to operate. In particular, in response to recent tailings dam breaches, there may be greater scrutiny and regulation of tailings dams which could result in additional permitting requirements, delays in obtaining permits and higher costs, particularly in Brazil. Leaks from pipelines or other storage vessels can cause environmental damage or create safety implications. The financial impact associated with clean-up costs and legal liability claims could be substantial. The Group's insurance with respect to any catastrophic or other significant event risk may not be sufficient to cover its financial loss flowing from an event, and insurance is not available or is unavailable on economically viable terms for many risks the Group may face. The occurrence of events for which the Group is not insured, or for which the Group's insurance is insufficient, may materially and adversely affect the Group's revenues, operating results, cash flows and financial condition.

**Safety, health and environmental exposures and related regulations may expose the Group to additional litigation, compliance costs, interruptions to operations, unforeseen environmental remediation expenses and loss of reputation.**

Mining is a hazardous industry and is highly regulated by safety, health and environmental laws and regulations. Working conditions including aspects such as weather, altitude and temperature can add to the inherent dangers of mining, whether underground or in open pit mines. Failure to provide a safe and healthy working environment or an environmentally acceptable one in accordance with the relevant applicable legislation may result in government authorities forcing closure of mines on a temporary or permanent basis or refusing mining right applications.

Inability to deliver a sustained improvement in safety performance or occupational health may result from management interventions and training initiatives failing to translate into behavioural change by all employees and contractors. Non-compliance with critical controls is a common failure in safety incidents which can lead to loss of life, workplace injuries and safety-related stoppages, all of which immediately impact production and in the long term, threaten the Group's licence to operate. As a consequence, the Group could face civil or criminal fines and penalties, liability to employees and third parties for injury, illness or death, statutory liability for environmental remediation, mandatory operational changes and other financial consequences, which may be significant. The Group is currently subject to ongoing litigation relating to some of these areas of risk, and may face additional litigation in the future. In the last few years, local claimants in countries outside Europe and the U.S. have increasingly sought to raise claims arising from local environmental incidents in European and U.S. courts. Although the success of these attempts remains uncertain, the Group could face the threat of similar claims.

The mining process, including blasting and processing ore bodies, can generate environmental impacts including dust and noise and may require the storage of waste materials (including in liquid form). Risk in the form of dust, noise or leakage of product or polluting substances from pipelines or site operations or uncontrolled breaches of mine residue facilities such as tailings dams have the potential of generating harm to the Group's employees, communities and the environment near the Group's operations. Potential impacts include fines and penalties, statutory liability for environmental remediation, mandatory operational changes and other financial consequences that may be significant. Governments may force closure of mines on a temporary or permanent basis or refuse future mining right applications.

The Group could also suffer impairment of its reputation, industrial action or difficulty in recruiting and retaining skilled employees. Any future changes in laws, regulations or community expectations governing the Group's operations could result in increased compliance and remediation costs.

Any of the foregoing developments could have a materially adverse effect on the Group's results of operations, cash flows or financial condition.

**The business, results of operations, cash flows and financial condition of the Group have been and may continue to be adversely affected by commodity and diamond price fluctuations and weaker economic conditions.**

Commodity and diamond prices are determined principally by international markets and global supply and demand dynamics. Fluctuations in commodity and diamond prices have given rise, and may continue to give rise, to commodity price risk across the Group. Historically, such prices have been subject to substantial variation.

Volatility or falls in commodity and diamond prices may have an adverse effect on the Group's operating results, cash flows and financial condition and could prevent the Group from completing certain transactions that are important to the business and which may have an adverse effect on its financial position. For example, the Group may not be able to sell assets at the values or within the timelines expected, complete planned acquisitions or create joint ventures.

Adverse and volatile economic conditions, coupled with a negative price environment, can also limit the Group's visibility in terms of anticipated revenues and costs, and can affect the Group's ability to approve, finance or implement planned projects and repay debt. In addition, rating agencies and industry analysts are likely to take such conditions into account when assessing the business and creditworthiness of the Group, and any adverse determinations, including ratings downgrades, may make it more difficult or expensive for the Group to raise capital in the future and may adversely affect the market price of the Notes. Furthermore, certain of the Group's financings contain financial and operational covenants. The Group's ability to comply with such covenants may come under greater pressure in a volatile economic environment and may therefore restrict the Group's financial flexibility.

If global economic growth weakens in the medium to long term, the ability of the Group to grow or maintain revenues in future years may be adversely affected, the Group may not be able to compete for new, complex projects that require significant capital investment and, at certain long-term price levels for a given commodity and certain of the Group's extractive operations with respect to that commodity may not be economic. The Group may have to suspend certain operations in order to reduce or stop production for a period of time. Such developments could have a materially adverse effect on the Group's business, operational results, cash flows and financial condition.

**Slower levels of growth in Chinese demand for commodities may negatively impact pricing.**

China is an important driver of global demand and pricing for commodities worldwide. Slower levels of GDP growth in China, in combination with a number of other factors including trade disputes, could have a negative impact on commodity prices generally, which would have a negative impact on the Group's business and revenues. These factors include slower or flattened economic growth, unsuccessful economic reforms, government policies that affect commodities markets, reduced urbanisation or industrialisation and a slowing expansion of the middle class. Slowing demand for commodities from China, whether caused by these factors or otherwise, could have a material adverse effect on the Group's business, operational results, cash flows, financial condition and the Group's competitive position.

**Regulatory, political, economic and social conditions in the countries in which the Group's business operates could adversely affect the Group's business.**

The Group's business is affected by political, economic, regulatory and social conditions in the countries and jurisdictions in which the Group operates. The Group is exposed to various risks resulting from developments and changes (due to elections or other means) to political or fiscal regimes or other legal or regulatory regimes that may result in restrictions on the export of currency, expropriation of assets, nationalisation, political instability, corruption, terrorism, the imposition of royalties or new taxes, failure to effect or renew agreements with host governments and requirements for local ownership or beneficiation. Furthermore, tax laws and regulations in countries in which the Group operates may be subject to change, varying or adverse interpretation or inconsistent enforcement in a manner that is adverse to the Group. The Group has been and will continue to be subject to the risk of adverse or aggressive interpretations of tax laws or regulations or the imposition of arbitrary or onerous taxes, interest charges and penalties. The Organisation for Economic Co-operation and Development and other government agencies in jurisdictions in which the Group operates have increasingly focused on issues related to the taxation of multinational corporations, including base erosion and profit shifting. The Group could also be exposed to significant fines and penalties and to enforcement measures, including, but not limited to, tax assessments, despite its best efforts at compliance. In response to tax assessments or similar tax deficiency notices in particular jurisdictions, the Group may be required to pay the full amount of the tax assessed (including stated penalties and interest charges) or post security for such amounts notwithstanding that the Group may contest the assessment and related amounts.

Actual or potential developments and changes may undermine investor confidence, which may hamper investment and thereby reduce economic growth, and otherwise may adversely affect the economic or other conditions under which the Group operates in ways that could have a materially negative effect on the Group's business.

**Uncertainty and instability in the mining industry, including the South African Mining Charter and other applicable regulation, legislation or tax regimes in any country in which the Group operates could adversely affect the Group's business.**

The Group's businesses may be affected by political, regulatory or legal developments in any of the countries and jurisdictions in which the Group operates. These may include changes to fiscal regimes or other regulatory regimes that may result in restrictions on the export of currency, expropriation of assets, imposition of royalties or new taxes and requirements for local ownership or beneficiation. Political instability can also result in civil unrest or nullification of existing agreements, mining permits or leases which may adversely affect the Group's operations or results of operations. Uncertainty over future business conditions can lead to a lack of confidence in making investment decisions, which can influence future financial performance. The Group may in the future incur significant costs as a result of changes in the interpretation of existing laws and guidelines or the imposition of new conditions on the Group's mining rights.

A new mining charter (referred to as "**MCIII**") was published in the Government Gazette in South Africa on 27 September 2018, with a further amendment published on 20 December 2018. Importantly, MCIII purports to introduce new requirements relating to equity ownership by black South Africans of the mining industry, particularly in respect of new mining rights. All of the Group's existing mines in South Africa were granted on the basis of 30 year mining rights and these rights are currently expected to endure for a further 15 to 20 years. As such the additional equity ownership requirements for new mining rights are currently expected only to impact the Group to the extent that the Group embarks upon the development of a new mine in South Africa. A recent decision of the High Court of South Africa in the matter of the *Chamber of Mines of South Africa v Minister of Mineral Resources and Others* has drawn into question the legal status of the mining charter, and by implication MCIII. The Minister of Mineral Resources has noted an appeal against this judgement. Timeline for conclusion of the appeal is not known. In addition, on 26 March 2019, the Minerals Council of South Africa (previously known as the Chamber of Mines) instituted an application for the review and setting aside of certain provisions of the Broad Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry 2018 (the "Mining Charter"). The Council's primary challenge relates to the provisions on how continuing consequences of previous empowerment transactions (the so called "once empowered, always empowered" principle) are not recognised in the renewal and transfer of mining rights.

Owing to the lack of clarity as to the legal status of MCIII, combined with the legal processes associated with the appeal, there is significant uncertainty as to when and how MCIII will impact the Group. For further details regarding MCIII, see "*General Information- South African Mining Charter*".

Any of these risks may materially and adversely affect the Group's results of operations, cash flows and financial condition or deprive the Group of the economic benefits of ownership of its assets. Increased costs can also be incurred as a result of additional regulations or resource taxes, while the ability to execute strategic initiatives that reduce costs or divest assets may also be restricted.

**The Group may be unable to obtain, renew or amend or extend required licences, permits and other authorisations and/or such licences, permits and other authorisations may be suspended, terminated or revoked prior to their expiration.**

The Group currently conducts, and will in the future be required to conduct, its operations (including prospecting and exploration activities) pursuant to licences, permits and other authorisations. Any delay and/or refusal by relevant government authorities in the obtaining or renewing of a licence, permit or other authorisation may require a delay in the Group's investment or development of a resource or the Group's implementation of new technology and innovation which may adversely affect the Group's production output and revenues and may have a material adverse effect on the Group's results of operations, cash flows and financial condition. In addition, the Group's existing licences, permits and other authorisations may be suspended, terminated or revoked if the Group fails to comply with the relevant requirements. For example, the operations at, and expansion of, Minas Rio are dependent on the

Group acquiring and maintaining environmental licences. In December 2018, Minas-Rio received regulatory approval relating to the Step 3 environmental licence for the mine area of the Minas-Rio operation in Brazil. Additional licences for other structures are still to be obtained, such as the heightening of the tailings dam. In addition, in light of new rules being implemented in Brazil in response to recent tailings dam breaches, the Group may encounter consequential delays in obtaining the environmental licence for the heightening of the tailings dam.

In South Africa, if MCIII is implemented, the Group may in the future incur significant costs as a result of the implementation of new Black Economic Empowerment ("**BEE**") ownership requirements in relation to applications for new mining rights or for the renewal of existing rights. In addition, MCIII has sought to introduce additional requirements for applications for renewals of licences and permits issued under the Diamonds Act and the Precious Metals Act. In this regard, MCIII contemplates that:

- additional ownership requirements will apply immediately to applications for new mining rights;
- additional ownership requirements will apply to applications for renewals of existing mining rights at the point of application. The Group's existing mining rights are currently expected to endure for 15 to 20 years;
- additional ownership requirements will apply to applications for renewals of diamond dealer licences and may apply to applications for renewals of diamond export and diamond import permits upon application for renewal. The Group's existing licences and permits are currently expected to endure for five years in the case of the Group's diamond dealer licences and one year for the Group's import and export permits; and
- additional ownership requirements will apply to applications for renewals of precious metals refining and processing licences and may apply to applications for renewals of import and export permits, upon application for renewal. The Group's existing licences and permits are currently expected to endure for 40 years in the case of the Group's precious metals refining and processing licences and one year for the Group's import and export permits.

In all of the jurisdictions in which the Group operates mines, should the Group fail to fulfil the specific terms of any of its licences, permits and other authorisations or if the Group operates its business in a manner that violates applicable law, regulators may impose fines or suspend or terminate the licence, permit or other authorisation, any of which could have a material adverse effect on the Group's results of operations, cash flows and financial condition.

**Failure to prevent acts of fraud, bribery, corruption or anti-competitive behaviour could adversely affect the Group's business.**

Potential impacts of violations of laws governing fraud, bribery, corruption, money laundering and trade sanctions or anti-competitive behaviour include prosecution, fines, penalties and reputational damage. The Group may suffer financial loss if it is the victim of a fraudulent act. The Group has introduced a Code of Conduct and developed training, compliance and audit programs to address the risks of contravening laws on bribery, corruption, sanctions, anti-competitive behaviour and other matters of legal compliance; however, as indicated by indices prepared by independent non-governmental organisations, the Group operates in countries where the risk of corruption is high, and certain industries in which the Group operates have in the past faced prosecution for anti-competitive behaviour.

**Unplanned and unexpected operational issues may affect delivery of the Group's earnings before interest, tax, depreciation and amortisation ("EBITDA") improvement targets.**

In order to support the Group's continuous financial performance enhancement goal, net cost and volume improvements are targeted. Risks to delivery include unplanned or unexpected operational issues, lack of joint venture partner support, limited and stretched resources to manage complex and multi-disciplinary projects and inability to deliver savings through implementation of new technology and innovation. Failure to deliver the Group's EBITDA improvement targets could adversely affect the Group's cash flow levels, reduce investor confidence and adversely affect the Group's business.

**The Group's operations and development projects could be adversely affected by shortages of, as well as lead times to deliver, certain key inputs.**

The inability to obtain, in a timely manner, strategic consumables, raw materials, mining and processing equipment could lead to lower output volumes and could have an adverse impact on the Group's results of operations, development projects and financial condition. During periods of strong demand for commodities, increased demand for such supplies may result in periods when supplies are not always available or cause costs to increase above normal inflation rates. Any interruption to the Group's supplies or increase in the Group's costs would adversely affect the Group's operating results and cash flows, and such effects could be material.

**The use of mining contractors at certain of the Group's operations may expose those operations to delays or suspensions in mining activities.**

Mining contractors are used at a number of the Group's operations to perform various operational tasks, including carrying out mining activities and delivering ore to processing plants. In periods of high commodity prices, demand for contractors may exceed supply resulting in increased costs or lack of availability of key contractors. Disruptions of operations or increased costs also can occur as a result of disputes with contractors or a shortage of contractors with particular capabilities. Additionally, because the Group does not have the same control over contractors as it does over employees, there is a risk that contractors will not operate in accordance with the Group's safety standards or other policies. To the extent that any of the foregoing risks materialise, the Group's operating results and cash flows could be adversely affected, perhaps materially.

**The Group's operations and development projects could be adversely affected by shortages of appropriately skilled employees as the Group competes with mining and other companies to recruit, develop and retain such employees.**

The ability of the Group to recruit, develop and retain personnel with appropriate skills is affected by global competition for skilled labour, particularly in periods of high commodity prices when demand for such personnel typically increases. Any failure to retain skilled employees or to recruit new staff may lead to increased costs, interruptions to existing operations and delay of new projects.

**Labour disruptions could have an adverse effect on the Group's results of operations, cash flows and financial condition.**

There is a risk that strikes or other types of conflict with unions or employees may occur at any one of the Group's operations, development projects or suppliers of critical goods and services or in any of the geographic regions in which the Group operates. In key countries where the Group operates, the majority of employees are members of trade unions, especially in South Africa and South America. Labour disruptions may be used not only for reasons specific to the Group's business, but also to advocate labour, political or social goals. Any labour disruptions could increase operational costs and decrease revenues, and if such disruptions are material, they could adversely affect, possibly significantly, the Group's results of operations, cash flows and financial condition.

**Failure to meet production, construction, delivery and cost targets can adversely affect both operational performance and the Group's ability to implement projects in a timely and efficient manner, resulting in increased costs.**

Failure to meet production targets can result in increased unit costs, and such increases may be especially pronounced at operations with higher levels of fixed costs. Unit costs may exceed forecasts, adversely affecting performance and results of operations. Results of operations can be affected by a range of technical and engineering factors. In addition, failure to meet project delivery times and costs could have a negative effect on operational performance and lead to increased costs or reductions in revenue and profitability. Such increases could materially and adversely affect the economics of a project, and consequently the Group's results of operations, cash flows and financial condition.

**Substitution of commodities mined by the Group could adversely affect sales volumes and revenue.**

Reduced demand for products mined by the Group through substitution due to technological developments, for example alternatives being developed to the use of platinum group metals in catalytic converters, or substitution of supply through recycling could have an adverse effect on the Group's results of operations, cash flows and financial condition.

Technological developments are resulting in increased production and distribution of manufactured synthetic gem diamonds. These may be fraudulently sold as natural stones (undisclosed) or marketed and sold as synthetics (disclosed). Increased competition from disclosed synthetics may lead to a potential reduction in rough diamond sales, which could have a material adverse effect on the Group's revenue, cash flow, profitability and value.

**Restrictions in the Group's ability to access necessary infrastructure services, including utilities and transportation, may adversely affect the Group's operations.**

Inadequate supply of the critical infrastructure elements for mining activity could result in reduced production or sales volumes or impact the Group's development projects, which could have a negative effect on the Group's financial performance. Prioritisation, restrictions on supply or disruptions in the supply of essential utility services, such as water and electricity, can reduce or halt the Group's production for the duration of the restriction or disruption and, when unexpected, may cause loss of life or damage to the Group's mining equipment or facilities, which may in turn affect the Group's ability to recommence operations on a timely basis. Adequate provision of transportation services, in particular rail services and timely port access, are critical to getting the Group's products to market and disruptions to such services may affect the operations of the Group. The Group is largely dependent on third party providers of utility and transportation services including rail, port and shipping services, and their provision of services, maintenance of networks and expansion and contingency plans are outside the Group's control.

In certain instances, the Group's growth plans are reliant on third party rail providers expanding their carrying capacity.

In South Africa, there is a risk that the electricity supply may not be able to meet the country's demands, leading to unplanned outages and failure of the national grid. The Group is a significant consumer of power owing to the extent of its operations in South Africa. The risk is created through the lack of investment in generating capacity and a maintenance backlog in some generating facilities leading to unplanned outages and/or potential extraordinary tariff increases. Unplanned and short-notice power supply outages can lead to production shortfalls, with a negative effect on revenue, costs and productivity. There are potential safety implications, particularly for underground mines and process activities. Loss of critical computing systems can interrupt normal business activities.

However, any such events are likely to adversely affect the Group's production volumes and may increase its costs, which would in turn adversely affect the Group's results of operations and cash flows, and such effects could be material.

**The Group's business may be adversely affected by attacks from third parties on the Group's information systems.**

The Group maintains and relies on information technology infrastructure, applications and communications networks to support its business activities. These systems may be subject to security breaches or other incidents that may result in the loss, disclosure or corruption of personal (in breach of applicable data protection legislation), sensitive or proprietary information, including information relating to acquisitions and divestments, strategic decision-making, investment market communications or commercially sensitive information relating to major contracts. Security breaches may also result in misappropriation of funds, fraud, disruptions to the Group's business operations, environmental damage, increased health and safety risks to people, poor product quality, loss of intellectual property, legal or regulatory breaches and liability or reputational damage. Damage is also possible to equipment that is critical to mining or processing of ore, resulting in interruption to production and possible financial loss.

This risk arises from cyber-crime or activist activity aimed at causing disruption or attempts by third parties to access sensitive information. The pace of technological development makes it challenging to prevent increasingly sophisticated methods of attacking information technology systems.

**Failure to manage relationships with local communities, government and non-governmental organisations or recognise and respond to changing social expectations could adversely affect the Group's future growth potential.**

The Group operates in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. These disputes are not always predictable and may cause disruption to projects or operations. The Group's operations can also have an impact on local communities, including the need, from time to time, to relocate communities or infrastructure networks such as railways and utility services. Implementation of new technologies may have implications for employment or prospects for future employment in local communities. Failure to manage relationships with local communities, government and non-governmental organisations may negatively affect the Group's reputation, as well as the Group's ability to bring projects into production, which could in turn affect the Group's revenues, results of operations and cash flows, potentially in a material manner.

Failure to recognise and respond to changing stakeholder expectations and global trends regarding issues such as the environment, corruption, human rights and diversity/inclusion matters could affect the Group's growth opportunities and the Group's future revenues and cash flows.

**The Group is subject to risks associated with litigation and regulatory proceedings.**

As with most large corporations, the Group is involved from time to time as a party to various lawsuits, arbitrations, regulatory proceedings, investigations or other disputes. Litigation, arbitration and other such legal proceedings or investigations involve inherent uncertainties and, as a result, the Group faces risks associated with adverse judgements or outcomes in these matters. Among other matters, regulatory proceedings or litigation could occur in relation to matters such as data breaches (including personal or sensitive data under relevant data protection legislation) or allegations of discrimination or harassment. Even in cases where the Group may ultimately prevail on the merits of any dispute, it may face significant costs defending its rights, lose certain rights or benefits during the pendency of any proceeding or suffer reputational damage as a result of its involvement. The Group is currently engaged in a number of legal and regulatory proceedings and arbitrations in various jurisdictions, including as described under "General"

There can be no assurance as to the outcome of any litigation, arbitration or other legal proceeding or investigations, and the adverse determination of material litigation could have a materially adverse effect on the Group's business, operational results, cash flows and financial condition.

**Climate change as well as existing and proposed legislation and regulations on greenhouse gas emissions may adversely affect certain of the Group's operations.**

The Group is a significant user of energy and is also a major coal producer and exporter. The Group's operations are exposed to changes in climate and the need to comply with changes in the regulatory environment aimed at reducing the effect of climate change. Various regulatory measures aimed at reducing greenhouse gas emissions and improving energy efficiency may affect the Group's operations and customer demand for its products over time. Policy developments at an international, regional, national and sub-national level, and emissions trading systems, such as the Emissions Trading System of the European Union, have implications on the profitability of the Group where the Group's greenhouse gas-intensive and energy-intensive assets are concerned.

Potential impacts from climate change for Group assets depend on the circumstances at individual sites but increased rainfall, flooding, water shortages and higher average temperatures may increase costs, reduce production levels or impact the results of operations.

**The Group may have fewer reserves or resources than its estimates indicate.**

The Group's resources and reserves estimates are based on a number of assumptions which are inherently prone to variability. The Group's Mineral Resources and Ore Reserves estimates are stated as at 31 December 2018 and such calculations are based on a number of assumptions, including the price of commodities, production costs, recovery rates, the availability and quality of geological and technical information, industry practice and subjective judgements made by management and the Group's other competent persons with regard to the presence and grade of ore bodies and the ability to extract and process the ores economically. There are also risks associated with such estimates, including that the ore mined may be different from the resource estimates in quality, volume, overburden strip ratio or stripping cost. In addition, ores may not ultimately be extracted at a profit.

If Anglo American encounter mineralisation or geological or mining conditions different from those predicted by historical drilling, sampling and similar examinations, Anglo American may have to adjust the Group's mining plans in a way that could materially and adversely affect the Group's business, financial condition and results of operations and reduce the estimated amount of resources and reserves available for production and expansion plans.

In addition, the Group's portfolio of mineral resources and reserves includes inferred mineral resources. Inferred mineral resources have a great amount of uncertainty as to their existence and physical properties and their economic and legal feasibility. It cannot be assumed that all or any part of an inferred mineral resource will ever be upgraded to a higher category. Furthermore, there is no guarantee that all or any part of an inferred mineral resource will ever be upgraded to a measured or indicated mineral resource category. The inclusion of resources estimates should not be regarded as a representation that these amounts could be exploited economically. There is no guarantee that the resources estimated are capable of being directly reclassified as reserves, nor that all or any part of the inferred mineral resources will ever be upgraded to a measured or indicated mineral resource category.

Future fluctuations in the variables underlying the Group's estimates may result in material changes to the Group's reserve estimates and such changes could materially and adversely affect the Group's results of operations, cash flows, financial condition and prospects.

**Failure to discover new reserves, enhance existing reserves or adequately develop new projects could adversely affect the Group's business.**

Exploration and development are costly, speculative and often unproductive, but are necessary for the Group's business. Failure to discover new reserves, to maintain the Group's existing mineral rights, to enhance existing reserves or to extract resources from such reserves in sufficient amounts and in a timely manner could materially and adversely affect the Group's results of operations, cash flows, financial condition and prospects. In addition, the Group may not be able to recover the funds it spends on identifying new mining opportunities through the Group's exploration programme.

Increasingly stringent requirements relating to regulatory, environmental and social approvals can result in significant delays in construction of the Group's facilities and may adversely affect the economics of new mining projects, the expansion of existing operations and, consequently, the Group's results of operations, cash flows and financial condition, and such effects could be material.

**The Group may be adversely affected by currency exchange rate fluctuations and interest rate movements.**

Because of the global nature of the Group's business, it is exposed to currency risk principally where transactions are not conducted in U.S. dollars or where assets and liabilities are not U.S. dollar-denominated. The majority of the Group's sales revenue is denominated in U.S. dollars, while the majority of its operating costs are influenced by the currencies of the countries where the Group's operations are located and by the currencies in which the costs of imported equipment and services are denominated. The South African rand, Chilean peso, Brazilian real, Australian dollar, Canadian dollar, Sterling and U.S. dollar are the most important currencies influencing the Group's operating costs and asset valuations. Because the Group's policy is generally not to hedge such exposures, fluctuations in the exchange rates of these currencies may adversely affect the Group's operating results, cash flows or financial condition to a material extent.

The Group's policy is to borrow funds at floating rates of interest given the link with economic output, interest rates and therefore the expected correlation, over the longer term, with commodity prices. The Group uses interest rate swap contracts to manage its exposure to interest rate movements on its debt. Strategic hedging using fixed rate debt may also be undertaken from time to time. However, if the Group is subjected to volatile interest rate fluctuations, its operating results, cash flows, competitive position and financial condition could be materially and adversely affected.

**Inflation may have an adverse effect on the Group's results of operations and cash flows.**

Because the Group cannot control the market price at which commodities it produces are sold, it may be unable to pass through increased costs of production to its customers. As a result, it is possible that significantly higher future inflation in the countries in which the Group operates may increase future operational costs without a corresponding increase in the U.S. dollar price of the commodities it produces, or a concurrent depreciation of the local currency against the U.S. dollar.

Cost inflation in the mining sector is more apparent during periods of high commodity prices because demand for mining-related products and services can tend to exceed supply during such periods, although such inflation can occur at any point in the commodity cycle and, in the past, the Group has also experienced cost inflation during periods of decreasing commodity prices. A lag in the reduction of input costs relative to declining commodity prices will have a similar negative effect on the Group's operations. Any such increased costs or delays in cost reductions may adversely affect the Group's profit margins, cash flows and results of operations, and such effects could be material.

**The business of the Group may be adversely affected by liquidity and counterparty risk.**

The Group is exposed to liquidity risk arising from the need to finance its ongoing operations and growth as well as refinance its debt maturities as they fall due. Global credit markets have been severely constrained in the past, and the ability of the Group to obtain funding has been and may in the future be significantly reduced.

Any future potential credit rating downgrade may have a negative impact on its ability to obtain funding and may further increase the cost of financing or require the Group to agree to more onerous financing terms and may adversely affect the value of the Notes.

If the Group is unable to obtain sufficient funding, either due to banking and capital market conditions generally, or due to factors specific to its business, the Group may not have sufficient cash to meet ongoing financing needs and other requirements, which in turn could materially and adversely affect the financial condition of the Group and could result in a loss of all or part of investors' investment in the Notes.

To the extent that the Group's operating cash flows are insufficient to meet its debt service obligations, including payments of interest and principal on the Notes, the Group will need to use proceeds from disposals of assets, or use alternative funding sources such as its revolving credit bank facility. There can be no assurance, however, that such cash flows or proceeds will be sufficient or that refinancing will be available on commercially viable terms. Any failure to meet the Group's debt service obligations or to obtain refinancing on commercially viable terms, would have a material adverse effect on the Group's financial condition and could result in a loss of all or part of investors' investment in the Notes.

In addition, the Group is exposed to counterparty risk from customers and financial institutions that could result in financial losses should those counterparties become unable to meet their obligations to the Group. Furthermore, the Treasury operations of the Group's joint ventures and associates are independently managed and may expose the Group to liquidity, counterparty and other financial risks.

Should the Group's counterparties be unable to meet their obligations to the Group, or should the treasury operations of the Group's joint ventures or associates incur losses, the Group's operating results, cash flows, competitive position and financial condition could be materially and adversely affected.

**The Group faces certain risks from the high infection rates of HIV/AIDS that may adversely affect the Group's business and the communities in which the Group operates.**

The Group recognises that the HIV/AIDS epidemic in sub-Saharan Africa is a significant threat to economic growth and development in that region and affects its business. In addition to the costs associated with the provision of anti-retroviral therapy to employees and their dependents and occupational health services (both of which will increase if the incidence of HIV/AIDS spreads), there is a risk that the recruitment and retention of the skilled personnel needed to maintain and grow the Group's business in southern Africa (and other regions where HIV/AIDS is a major social issue) will not be possible. If this occurs, the Group's business would be adversely affected.

**The Group's non-controlled assets may not comply with the Group's standards.**

Some of the Group's operations are controlled and managed by joint venture partners, associates or by other companies. Management of non-controlled assets may not comply with the Group's standards, for example, on safety, health and environmental matters or on financial or other controls and procedures. This may lead to higher costs and lower production and adversely affect the Group's results of operations, cash flows, financial condition or reputation.

**Investor activism may result in an inability to execute the Group's strategy should investors seek to influence management to take an alternative direction.**

Any larger, influential shareholder, or shareholders may exert pressure on management to take a direction they assert is more conducive to realising higher returns. This pressure may cover the Group's portfolio composition, commodity choices or geographical locations in which the Group operates or plans to operate in, any of which may have an adverse impact on the Group's results or financial condition.

**Certain factors may affect the Group's ability to support the carrying value of its property, plants and equipment, acquired properties, investments and goodwill on the Group's balance sheet.**

The Group reviews and tests the carrying value of its assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, the Group prepares estimates of expected future cash flows for each group of assets. Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve and production estimates, together with economic factors such as spot and forward commodity prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

If any of these uncertainties occur, either alone or in combination, it could require management to recognise an impairment, which could materially and adversely affect the Group's results of operations or financial condition.

**Inaccurate assumptions in respect of critical accounting judgements could adversely affect financial results.**

In the course of preparing financial statements, the Group's management necessarily makes judgements and estimates that can have a significant impact on the Group's financial statements. The most critical of these relate to impairment and impairment reversals of assets, taxation, contingent liabilities, joint arrangements, estimation of ore reserves, assessment of fair value, restoration, rehabilitation and environmental costs, retirement benefits and deferred stripping. The use of inaccurate assumptions in calculations for any of these estimates could have a significant impact on the Group's results of operations and financial condition.

**The Group is exposed to certain tax risks**

The Group is subject to corporate and other tax rules in the jurisdictions in which it operates. Changes in tax rates, tax relief and tax laws, changes in practice or interpretation of the law by the relevant tax authorities, increasing challenges by relevant tax authorities, or any failure to manage tax risks adequately could result in increased charges, financial loss, penalties and reputational damage, which may have a negative impact on the Group's financial condition and results of operation. In addition, tax enforcement has become a higher priority for many tax authorities in jurisdictions in which the Group operates, which has led to an increase in tax audits, enquiries and challenges, or the testing through litigation of the boundaries of the correct interpretation of legislation. Tax authorities may also actively pursue additional taxes based on retroactive changes to tax laws and the Group may have disagreements with tax authorities which could result in a material restatement to the tax position.

**The holding company structure of the Group means that the claims of creditors of subsidiaries of Anglo American will generally have priority over claims on the guarantee obligations.**

Anglo American is a holding company and derives the majority of its operating income and cash flow from its subsidiaries. It must rely upon distributions from its subsidiaries to generate funds necessary to meet its obligations, including any payments under the Guarantee in respect of Notes issued by AASAF. The Notes and the obligations of Anglo American under the Guarantee will constitute (subject to the provisions of Condition 3) unsecured obligations of the Issuer or, as the case may be, the Guarantor, and will rank *pari passu* with all their other future unsecured and unsubordinated obligations. These obligations will also be structurally subordinated to the holders of secured and unsecured debt and other creditors of subsidiaries of Anglo American.

**AASAF is a finance vehicle, with no independent business operations.**

AASAF is a finance vehicle, the primary business of which is the raising of money for the purpose of on-lending to other members of the Group. Accordingly, substantially all the assets of AASAF are loans and advances made to other members of the Group. The ability of Anglo American to satisfy its obligations in respect of the Notes depends upon payments being made to it by other members of the Group in respect of loans and advances made by it.

**Factors which are material for the purpose of assessing the market risks associated with notes issued under the programme**

The Notes may not be a suitable investment for all investors.

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in the Programme Memorandum or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii)have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv)understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

***Risks related to the structure of a particular issue of Notes***

A range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common of such features:

*Notes subject to optional redemption by the Issuer*

An optional redemption feature of Notes is likely to limit their market value. During any period when the Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

*Fixed/Floating Rate Notes*

Fixed/Floating Rate Notes are Notes which bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Where the Issuer has the right to effect such a conversion, this will affect the secondary market and the market value of the Notes since the Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the Issuer converts from a fixed rate to a floating rate in such circumstances, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the Issuer converts from a floating rate to a fixed rate in such circumstances, the fixed rate may be lower than then prevailing market rates.

*Notes issued at a substantial discount or premium*

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of such securities, the greater the price volatility as compared to more conventional interest-bearing securities with comparable maturities.

***Risks related to Notes generally***

Set out below is a description of material risks relating to the Notes generally:

*Modification, waivers and substitution*

The conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

*Notes where denominations involve integral multiples: definitive Notes.*

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to a Specified Denomination.

If such Notes in definitive form are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

***Risks related to the market generally***

Set out below is a brief description of the material market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

*The secondary market generally*

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

*Exchange rate risks and exchange controls*

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

*Interest rate risks*

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

*Credit ratings may not reflect all risks*

One or more independent credit rating agencies may assign credit ratings to the Issuer, the Guarantor or the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. Any ratings decline could adversely affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

***Legal investment considerations may restrict certain investments***

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (i) Notes are legal investments for it, (ii) Notes can be used as collateral for various types of borrowing and (iii) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

Refer to the Corporate Governance Statement of the Guarantor, as incorporated in the "Governance" section of its annual report to shareholders, and the Applicable Pricing Supplement, for more detail on the risks faced by the Guarantor. The most recent annual report is available on the Guarantor's website (www.angloamerican.com) i.e. http://www.angloamerican.com/investors/annual-reporting

*The section headed "**Description of Anglo American plc (the "Guarantor") and the Anglo American Group**" in the Programme Memorandum dated 8 May 2018 is superseded and replaced, in its entirety, with the following.*

# DESCRIPTION OF ANGLO AMERICAN PLC (THE "GUARANTOR") AND THE ANGLO AMERICAN GROUP

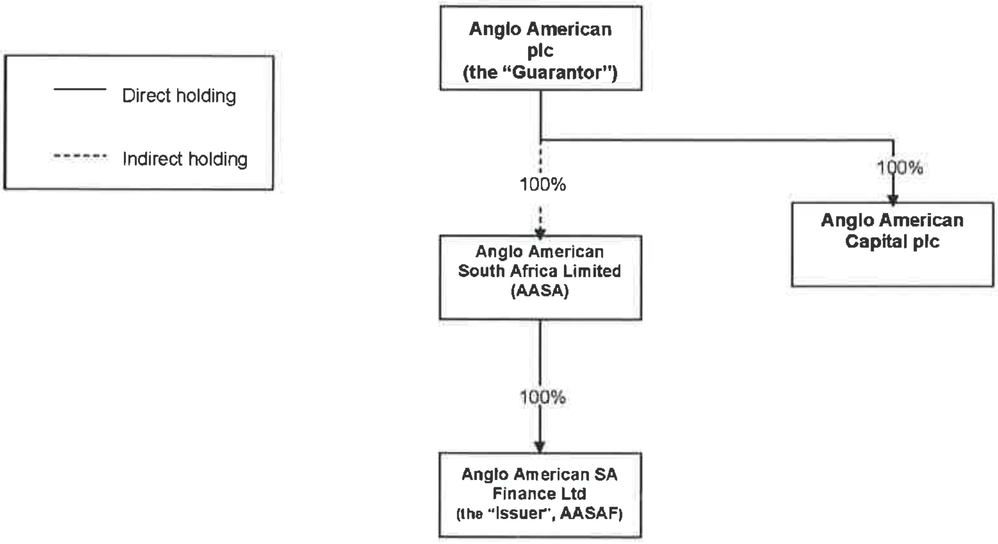
## 1. INTRODUCTION AND BACKGROUND

Anglo American plc ("Anglo American") was incorporated on 14 May 1998 with limited liability under the Companies Act 1985 and registered in England and Wales under the registered number 03564138 and is the holding company of the group of companies comprising Anglo American and its subsidiaries (the "Group"), which was created in 1999 from the combination of Anglo American Corporation of South Africa Limited and Minorco S.A. Anglo American's principal and registered office is located at 20 Carlton House Terrace, London SW1Y 5AN, England and the telephone number of its registered office is: +44 20 7968 8888.

## 2. OWNERSHIP AND CONTROL

Anglo American is a public company with its primary listing on the London Stock Exchange and secondary listings on the Johannesburg, the Swiss, the Botswana and the Namibian Stock Exchanges.

The Group is structured as follows:




## 3. DESCRIPTION OF BUSINESS

Anglo American is one of the world's largest mining companies. Anglo American's portfolio of mining businesses spans bulk commodities - iron ore, metallurgical coal and thermal coal; base metals and minerals – copper, nickel and manganese; and platinum and diamonds – in which it is a global leader.

The principal Anglo American business segments are:

**De Beers**. This business segment has mining operations in Botswana, South Africa, Namibia and Canada through its 85 per cent. interest in De Beers. The remaining interest is held by the Government of the Republic of Botswana. De Beers is the world's leading diamond business, producing approximately one third of the world's rough diamonds by value.

**Copper**. The Group has interests in four copper operations in Chile. The Group has a 50.1 per cent. interest in Anglo American Sur, which includes the Los Bronces and El Soldado mines as well as the Chagres smelter. The Group also has a 44 per cent. interest in the Collahuasi mine. The mines also produce associated by-products such as molybdenum and silver. In addition, the Group has a 60 per cent. interest in the greenfield Quellaveco project in Peru which is currently being developed.

**Platinum**. Anglo American's subsidiary, Anglo American Platinum Limited ("**Platinum**"), is listed on the Johannesburg Stock Exchange and located in South Africa and is a leading primary producer of platinum by production volume. At 31 December 2018, the Group held a 79.4 per cent. interest in Platinum.

**Iron Ore.** This business segment's iron ore operations are represented in South Africa by a controlling interest of 69.7 per cent. in Kumba Iron Ore Limited ("**Kumba**"), a company listed on the Johannesburg Stock Exchange, and in Brazil by a 100 per cent. interest in Anglo American Minério de Ferro Brasil SA ("**Minas-Rio**") and a 50 per cent. interest in Ferroport Logística Comercial Exportadora SA (formerly referred to as LLX Minas-Rio), which owns the iron ore facility at the port of Açu.

**Coal.** This business segment has operations in South Africa, Colombia, Australia and Canada.

**South Africa**. Coal South Africa's export product is derived from the Group's three wholly-owned and operated mines – Goedehoop, Greenside and, Khwezela as well as the 73 per cent. owned mine Zibulo. The Group also has product from Mafube colliery, a 50:50 joint venture with diversified resources group Exxaro. The Group's Isibonelo mine is engaged in the production of thermal coal for Sasol Synthetic Fuels ("Sasol"). This was historically conducted in terms of a long term supply contract with the future terms of supply currently being renegotiated following the termination of the agreement by Anglo Coal in January 2019. Sasol is disputing the termination of the previous long term supply contract. The Group's operations route all export coal through the Richards Bay Coal Terminal in which the Group hold a 23.2 per cent. stake. The Group also retains a 37 per cent. interest in the double-stage Phola Coal Processing Plant, a 50:50 joint venture with South32.

**Colombia**. Anglo American, BHP Billiton and Glencore each own a one-third shareholding in Carbones del Cerrejón LLC, Cerrejón Zona Norte SA and CMC - Coal Marketing Company Limited (collectively known as "**Cerrejón**"). Cerrejón is the country's largest thermal coal exporter and owns and operates its own rail and deep water port facilities. Cerrejón sells into the export thermal and pulverized coal injection markets.

**Australia**. In Australia, the Group operates five mines, one wholly owned and four in which the Group has a majority interest. All of the mines are located towards the east coast of Australia, in Queensland's Bowen Basin producing both metallurgical and thermal coal products.

**Canada**. The coal segment includes the wholly owned Peace River Coal Inc. ("**PRC**"), comprising the Trend metallurgical coal mine and various exploration leases in British Columbia. In September 2014, the Group announced that it had decided, in view of the subdued hard coking coal price environment, to place PRC on care and maintenance to preserve the long term future of the operation.

**Nickel and Manganese**. This segment comprises two 100 per cent. owned ferronickel operations, Codemin and Barro Alto in Brazil. Its manganese operations (manganese ore mining and alloy production) are represented in South Africa by a 40 per cent. shareholding in Samancor Holdings, in Australia by a 40 per cent. shareholding in each of the Australian based operations Groote Eylandt Mining Company ("**GEMCO**") and Tasmanian Electro Metallurgical Company ("**TEMCO**"), and in Singapore by a 40 per cent. shareholding in Samancor Marketing Pte. Ltd. The Group's investments in manganese operations are collectively known as "Samancor".

**Corporate and other**. This segment comprises the Other Mining and Industrial business unit, which is not considered to be individually significant to the Group, together with unallocated corporate costs and exploration costs. Exploration costs represent the cost of the Group's exploration activities across all segments.

**Board of Directors**

The Directors of Anglo American plc and their functions and principal directorships outside the Anglo American Group are as follows:

| **Name** | **Title** | **Principal activities outside the Anglo American Group** |
|---|---|---|
| Mark Cutifani | Executive Director, Chief Executive | Independent Director of Total S.A. and The Power of Nutrition. |
| Stephen Pearce | Executive Director, Finance | Appointed as a Non-Executive director of BAE Systems plc with effect from 1 June 2019. |
| Tony O'Neill | Executive Director, Technical | N/A |
| Stuart Chambers | Non-Executive Director, Chairman | Chairman and a Non-Executive Director of Travis Perkins plc. |
| Dr Byron Grote | Non-Executive Director | Non-Executive director of Standard Chartered plc and Tesco plc and Vice Chairman of the Supervisory Board of Akzo Nobel. |

| | | |
|---|---|---|
| Anne Stevens | Non-Executive Director | N/A |
| Ian Ashby | Non-Executive Director | Non-Executive Director of Nevsun Resources Ltd, Alderon Iron Ore Corporation, New World Resources PLC and Genco Shipping & Trading, and in an advisory capacity with Apollo Global Management and Temasek. |
| Jim Rutherford | Non-Executive Director | Independent director of the Tantallon India Fund Board. |
| Dr Mphu Ramatlapeng | Non-Executive Director | Executive Vice President of HIV/AIDS and Tuberculosis programs for the Clinton Health Access Initiative, and Vice Chair of the Global Fund to Fight AIDS, TB and Malaria. |
| Nolitha Fakude | Non-Executive Director | Non-Executive Director of the JSE Limited and African Oxygen Limited and a Patron of Guild Cottage home for girls. |
| Marcelo Bastos | Non-Executive Director | Non-executive director of Aurizon Holdings Ltd, Golder Associates and Iluka Resources Ltd. |

The business address of each of the above is 20 Carlton House Terrace, London SW1Y 5AN.

As disclosed above, a number of the Board of Directors have roles outside the Anglo American Group. From time to time any such role may give rise to an actual or potential conflict of interest between such directors' duties to Anglo American and their duties arising from such other roles.

Anglo American's policy requires that if a director becomes aware that they have a direct or indirect interest in an existing or proposed transaction involving Anglo American, the director is required to notify the Board at the next Board meeting or by written declaration and is required to continuously update any changes in his/her interests.

Save as disclosed in the two preceding paragraphs, there are no potential conflicts of interest between the duties of each Director to Anglo American and his/her private interests or other duties.

In accordance with Anglo American's Articles of Association and relevant legislation, a quorum of the Board, which does not include the director with the potential conflict of interest, can authorise potential conflicts of interest and such authorisations can be limited in scope and are reviewed on an annual basis.

*The section headed* ***"Description of Anglo American SA Finance Limited (the "Issuer")"*** *in the programme memorandum dated 8 May 2018 is superseded and replaced, in its entirety, with the following.*

# DESCRIPTION OF ANGLO AMERICAN SA FINANCE LIMITED (THE "ISSUER")

## 1 DETAILS AND BUSINESS OF THE ISSUER

Anglo American SA Finance Limited is a public company incorporated in South Africa and governed by the Companies Act 71 of 2008, as amended. The Issuer is a wholly owned subsidiary of Anglo American South Africa Limited ("AASA"), a public company incorporated in South Africa. AASA is a wholly owned subsidiary of Anglo American plc, which is incorporated in the United Kingdom. The Issuer is the finance company for the Anglo American South African Group of companies. The current statutory documents of the Issuer are available for inspection, upon request, at its registered office.

## 2 MANAGEMENT AND SECRETARY OF THE ISSUER

The directors of Anglo American SA Finance Limited and their principal functions outside Anglo American SA Finance Limited are as follows:

| **Name** | **Title** | **Principal functions outside AASAF** |
|---|---|---|
| Rudi George Churr | Director | Regional Tax Manager: South Africa |
| Fiona Jane Edmundson | Director | Deputy Head Group Legal: South Africa |
| Christina Goosen | Director | Deputy Head of Corporate Finance: South Africa |
| Nicholas John Mason-Gordon | Director | Treasurer: Anglo American South Africa Limited |

Anglo Operations Proprietary Limited is the Company Secretary of the Issuer, the registered office of the Company Secretary is:

44 Main Street, Johannesburg, 2001.

## 3 REGISTERED OFFICE

44 Main Street, Johannesburg, 2001
Telephone number: +27(0) 11 638 9111

## 4 AUDITORS

Deloitte & Touche

*The section headed **"General Information"** in the Programme Memorandum dated 8 May 2018 is superseded and replaced, in its entirety, with the following.*

## GENERAL INFORMATION

### AUTHORISATION

All consents, approvals, authorisations or other orders of all regulatory authorities required by the Issuer under the laws of the Republic of South Africa have been given for the establishment of the Programme and the issue of Notes and for the Issuer and the Guarantor to undertake and perform their obligations under the Programme Agreement, the Notes and the Guarantee.

The Issuer is established and resident in South Africa and as such is not required to obtain exchange control approval for the registration of the Programme with the JSE. If exchange control approval is required for the issue of any Tranche of Notes, such exchange control approval will be obtained prior to the issue of such Tranche of Notes.

### LISTING

The Programme has been registered with the JSE. Notes to be issued under the Programme will be listed on the JSE (subject to all applicable rules and procedures of the JSE, as the case may be) or on such other or further financial exchange(s) as may be determined by the Issuer and the Relevant Dealer(s), subject to all applicable laws. Unlisted Notes may be issued under the Programme. Unlisted Notes are not regulated by the JSE.

### CLEARING SYSTEMS

The Notes have been accepted for clearance through the Central Depository, which forms part of the JSE clearing system that is managed by Strate Limited and may be accepted for clearance through any additional clearing system as may be agreed between the JSE and the Issuer.

### SETTLEMENT AGENTS

As at the date of this Supplement, the Settlement Agents are Citibank N.A., Johannesburg Branch,, FirstRand Bank Limited, (RMB Custody and Trustee Services),, Nedbank Limited, The Standard Bank of South Africa Limited, Standard Chartered Bank, Johannesburg Branch, Société Générale, Johannesburg Branch and the South African Reserve Bank.

### SETTLEMENT, TRANSFER AND CLEARING

Notes will be issued, cleared and transferred in accordance with the procedures and rules set out by the JSE and the Central Depository. Notes will be settled through Settlement Agents who will comply with the electronic settlement procedures. The Central Depository will maintain securities accounts for the Participants who, in turn, will maintain securities accounts for investors in the Notes.

The Participants will be responsible for the settlement of scrip and payment transfers through the Central Depository and the South African Reserve Bank. Individual Certificates will only be issued to Noteholders in terms of the procedures set out in Condition 14. Transfer of Notes shall be undertaken in accordance with the rules of the Central Depository as well as the Terms and Conditions, save for the transfer of Individual Certificates which shall take place in accordance with the procedures set out in Condition 16.

The Participants and the Transfer Agent shall not be required to recognise any notice of any trust nor recognise the right of any other person other than the beneficial holder of Notes.

No transfer of Notes will be made in the Register unless the prescribed transfer form and the Individual Certificate (if any) has been properly lodged with the Transfer Agent.

### MATERIAL CHANGE

After due and careful enquiry the Issuer confirms that the following material changes to its financial and trading position have occurred since its latest audited financial statements dated 31 December 2018:

- Operating profit has decreased by more than 10% during the first two months of 2019 when compared to the first two months of financing arm 2018. This is due to a reduction in net interest income as loans to group companies and deposits from group companies decreased.
- Underlying earnings have decreased by more than 10% during the first two months of 2019 when compared to the first two months of 2018. This is due to a reduction in net interest income as loans to group companies and deposits from group companies decreased.

There has been no involvement by Deloitte & Touche in making the aforementioned statement.

### LITIGATION AND RELATED MATTERS

As with most large corporations, the Group is involved from time to time as a party to various lawsuits, arbitrations, regulatory proceedings or other disputes. Litigation, arbitration and other such legal proceedings involve inherent uncertainties and, as a result, the Group faces risks associated with adverse judgements or outcomes in these matters. Even in cases where the Group may ultimately prevail on the merits of any dispute, it may face significant costs defending its rights, lose certain rights or benefits during the pendency of any proceeding or suffer reputational damage as a result of its involvement. The Group is currently engaged in a number of legal and regulatory proceedings in various jurisdictions, including as described below.

***Proceedings in South Africa***

**Current litigation**

Anglo American South Africa ("**AASA**") is named as one of 32 respondents in a consolidated class certification application filed in the South Gauteng High Court (Johannesburg) on behalf of former mineworkers (or their dependants or survivors) who allegedly contracted silicosis or tuberculosis as a result of having worked for various gold mining companies including some in which AASA was a shareholder and to which AASA provided various technical and administrative services. The high court has certified two classes of claimants: those who have silicosis or who died from silicosis and those with tuberculosis or who died from tuberculosis. AASA and other respondents are appealing the ruling, which had been set down for hearing from 19 to 23 March 2018, but was subsequently postponed indefinitely based on the progress made in the settlement negotiations with the claimants' representatives.

**Industry working group**

Anglo American South Africa ("AASA"), AngloGold Ashanti, Gold Fields, Harmony Gold and Sibanye Gold announced in November 2014 that they had formed an industry working group to address issues relating to compensation and medical care for occupational lung disease in the gold mining industry in South Africa. The working group was subsequently extended in 2015 to include African Rainbow Minerals. At the same time, the industry working group has been engaging all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These engagements have sought comprehensive solutions to address legacy compensation issues and future legal frameworks that is fair to past and current employees and enables companies to continue to be competitive over the long term. The companies in the working group continue to defend the legal proceedings filed against them.

The parties reached a settlement agreement in May 2018. This settlement (i) requires approval by the High Court, and (ii) contains a provision that no more than 2000 people opt out of the approved settlement agreement, failing which the defendant companies have the right (but not the obligation) to invalidate the settlement. The settlement agreement, if approved by the High Court, will establish an independent Trust which will be responsible for tracking and tracing potential claimants, conducting benefit evaluations to determine whether the claimants qualify for benefits, and the disbursements of compensation to qualifying claimants. The compensation from the Trust will be in addition to the statutory benefit the claimants may receive. The Trust is established on a defined benefit model, with compensation payable to all potentially qualifying claimants. Funding for payment of compensation will be provided on a drip feed model over the 13-year duration of the Trust.

AASA's anticipated share of the total cost of implementing the agreement is currently estimated at circa U.S.$101 million. The ultimate cost of the settlement will depend on the number of eligible claimants, claim history and disease prevalence.

Court approval of the agreement is contemplated to be achieved in two stages: (i) a provisional Court approval order which also stipulates the manner in which service of the provisional order is be advertised, and (ii) a final order which will be sought after all interested and affected parties have been provided an opportunity to make representations. The provisional Court order was granted on 13 December 2018. A comprehensive notification process has been actioned, and the hearing to consider the grant of the final order was held on 29 and 30 May 2019. Judgment is expected to be received before the end of July 2019.

**Settled litigation**

AASA was also a defendant in approximately 4,400 separate lawsuits filed in the North Gauteng High Court (Pretoria), which were referred to arbitration. These 4,400 claims (approximately 1,200 of which were separately instituted against AngloGold Ashanti) were settled by AASA and AngloGold Ashanti in 2016, without admission of liability for an amount which is not material to AASA.

**Recent developments**

**Disposals**

*Union mine (Platinum)*

On 1 February 2018, the Group completed the sale of its interests in the Union platinum mine and Masa Chrome Company Proprietary Limited (Platinum) to a subsidiary of Siyanda Resources Proprietary Limited for consideration comprising upfront cash of R400 million (U.S.$34 million) and deferred consideration based on the operation's free cash flow generation over a ten year period.

The fair value of the Union mine and its associated Mineral Resources is expected to be recovered principally through the sale. An impairment of U.S.$197 million (U.S.$113 million after tax and non-controlling interests) has been recorded to bring the operation's carrying value into line with its fair value less costs of disposal. The impairment charge has been recorded principally against property, plant and equipment.

*Thabazimbi (Iron Ore)*

Sishen Iron Ore Company Proprietary Limited ("**SIOC**") and ArcelorMittal South Africa Limited ("**AMSA**") concluded an agreement to transfer Thabazimbi mine (the "**Mine**") to AMSA in November 2016.

Until 2014, Thabazimbi was a captive mine owned and run by SIOC, but supplying ore exclusively to and funded by AMSA. As a result, AMSA is accountable for 96 per cent. of the Mine's current rehabilitation liability, with SIOC responsible for the site's management and the remaining liability. The transfer simplified this arrangement by making AMSA solely responsible for Thabazimbi's closure and rehabilitation.

Mining activities at Thabazimbi ceased in September 2015 and the remaining plant operations ceased on 31 March 2016.

On 12 October 2018, Kumba and AMSA announced that all the conditions precedent to the transfer of the Mine, together with the mining rights, had either been fulfilled or waived. The employees, assets and liabilities as well as the mining rights and the assumed liabilities of the Mine were transferred at a nominal purchase consideration from SIOC to Thabazimbi Iron Ore Mine (Pty) Ltd (previously ArcelorMittal South Africa Operations (Pty) Ltd, a wholly-owned subsidiary of AMSA) on 1 November 2018.

*Drayton (Coal)*

On 26 February 2018, Anglo American announced that it had completed the sale of its 88.17 per cent. interest in the Drayton thermal coal mine and Drayton South project (together, "**Drayton**"), located in New South Wales, Australia to Malabar Coal Limited following the announcement of the sale and purchase agreement in May 2017. The terms of the transaction remain confidential.

Anglo American ceased mining activities at the Drayton mine during 2016.

*Eskom-tied domestic thermal coal operations in SA (Coal)*

In April 2017, Anglo American announced the sale of its Eskom-tied domestic thermal coal operations in South Africa to a wholly owned subsidiary of Seriti Resources Holdings Proprietary Limited ("**Seriti**"), a company majority owned by historically disadvantaged South Africans and led by a management team with extensive experience of operating and developing large coal mines in South Africa.

The Eskom-tied domestic thermal coal operations consist of the New Vaal, New Denmark and Kriel collieries, as well as four closed collieries (the "**Operations**"). The transaction will result in Seriti becoming the second largest provider of thermal coal to Eskom, supplying almost a quarter of Eskom's current annual coal requirements.

On 1 March 2018, Anglo American announced the completion of the sale of the Operations to Seriti. The consideration payable for the Operations as at 1 January 2017 is ZAR2.3 billion (approximately U.S.$164 million).

*New Largo (Coal)*

On 1 August 2018, the Group announced the completion of the sale of New Largo in South Africa, by its 73 per cent.-held subsidiary Anglo American Inyosi Coal (Proprietary) Limited, to New Largo Coal Proprietary Limited, which is owned by Seriti Resources Proprietary Limited and Coalzar Proprietary Limited, two companies majority owned and controlled by historically disadvantaged South Africans, and the Industrial Development Corporation SOC Limited.

*Bafokeng Rasimone (Platinum)*

In December 2018, Platinum announced that all conditions precedent to the sale and purchase agreement with Royal Bafokeng Platinum Limited and Royal Bafokeng Resources Proprietary Limited had been fulfilled, meaning Rustenburg Platinum Mines Limited had completed the disposal of its 33 per cent. interest in the Bafokeng Rasimone Platinum Mine joint venture.

**Acquisitions and Investments**

*Peregrine (De Beers)*

On 13 September 2018 De Beers announced the completion of the purchase of Peregrine Diamonds Ltd, for a total cash consideration of C$107 million. The acquisition includes the high quality Chidliak diamond resource located in Canada's Nunavut Territory and other properties elsewhere in Nunavut and the Northwest Territories.

*Mototolo (Platinum)*

On 1 November 2018, Anglo American Platinum announced the completion of the acquisition of both Glencore Operations South Africa Proprietary Limited's 40.2 per cent. interest and Kagiso Platinum Ventures Proprietary Limited's 9.8 per cent. interest in the Mototolo joint venture. With effect from 1 November 2018, Mototolo became a wholly-owned operation of Anglo American Platinum.

*Venture Capital Fund (Platinum)*

On 17 July 2018 Anglo American reported that its 78 per cent. owned subsidiary, Anglo American Platinum Limited, had announced its subsidiary, Anglo Platinum Marketing Limited, had subscribed for interests in two UK based venture capital funds (the "**Funds**"), with a total aggregate commitment of U.S.$100 million. Anglo American Platinum's commitment to the Funds is matched by a U.S.$100 million commitment from South Africa's Government Employees Pension Fund represented by the Public Investment Corporation SOC Ltd.

*Quellaveco (Copper)*

Anglo American announced on 26 July 2018 that its Board had approved the development of the Quellaveco copper project in Peru. This follows the completion of the transaction announced in June 2018, whereby Mitsubishi Corporation ("**Mitsubishi**") increased its interest in Anglo American Quellaveco S.A. ("**AAQSA**"), which owns the Quellaveco project, to 40 per cent via the issuance of new shares. The development has an expected capital cost of U.S.$5.0 billion to U.S.$5.3 billion and will be funded on an attributable basis: 60 per cent. by Anglo American and 40 per cent. by Mitsubishi, with the initial subscription by Mitsubishi to increase its interest reducing Anglo American's share of capital contributions to AAQSA for the development of the Quellaveco project by U.S.$500 million and an additional U.S.$351 million to fund its initial share of capital expenditure, resulting in a total subscription of U.S.$851 million. First production of copper is expected in 2022, ramping up to full production in 2023.

**Other developments**

*Kumba*

Sishen's application to extend the mining right area to include the Dingleton properties through the inclusion of the adjacent Prospecting Rights was granted on 25 June 2017 and notarially executed on 29 June 2018. The grant allows Sishen mine to expand its current mining operations within the adjacent Dingleton area.

*South African Mining Charter*

A new mining charter (referred to as "**MCIII**") was published in the Government Gazette in South Africa on 27 September 2018, with a further amendment published on 20 December 2018. Anglo American is encouraged by MCIII which includes a number of improvements when compared to previous charters, but have identified a number of ongoing concerns:

- in the recent decision of the High Court of South Africa in the matter of the *Chamber of Mines of South Africa v Minister of Mineral Resources and Others*, the Court affirmed Anglo American's view as to the legal status of the charter. However, the Minister of Mineral Resources has noted an appeal against the decision. Until that appeal has been determined, continued regulatory uncertainty persists which impacts directly on the basis for implementation of MCIII;

- the purported application of MCIII to licences and permits granted under the Precious Metals Act and the Diamonds Act, some of which must be renewed annually; and

- the inclusion of provisions in MCIII suggesting that new and further BEE ownership transactions will need to be concluded at the point of renewal of a mining right, which is contrary to the prevailing provisions of the Mineral and Petroleum Resources Development Act that regulate the renewal of mining rights.

On 26 March 2019, the Minerals Council of South Africa (previously known as the Chamber of Mines) instituted an application for the review and setting aside of certain provisions of the Broad Based Socio-Economic Empowerment Charter for the Mining and Minerals Industry 2018 (the "Mining Charter"). The Council's primary challenge relates to the provisions on how continuing consequences of previous empowerment transactions (the so called "once empowered, always empowered" principle) are not recognised in the renewal and transfer of mining rights.

Anglo American continues to engage with the Government of South Africa around resolving these concerns.

*Minas-Rio*

In December 2018, Minas-Rio received regulatory approval relating to the Step 3 environmental licence for the mine area of the Minas-Rio operation in Brazil. Access to the Step 3 areas provides greater operational flexibility and access to higher grade iron ore to support the increase of production of operation towards its full design capacity of 26.5 Mt (wet basis). Minas-Rio also resumed operations on 21 December 2018, following an extensive and detailed technical inspection of the pipeline, confirming its integrity after Minas-Rio suspended operations on 29 March 2018 following a second leak in the pipeline on this date.

*Changes in regulations related to tailings disposal in Brazil*

On 25 February 2019, the State of Minas Gerais issued State Law nr. 23.291/2019 providing for a new policy for tailings disposal in the State. The new rules include stricter procedures for tailings storage facilities and eliminate the possibility of upstream heightening of tailings storage facilities.

On 15 February 2019, the Brazilian National Mining Agency also issued new regulations on tailings storage facilities and banning upstream construction and heightening of tailings storage facilities.

Since the Group's tailings storage facility is to be heightened using the downstream method, the banning of upstream heightening of tailings storage facilities is not currently expected to impact directly on the Group, however other aspects of the new rules, including the reporting requirements and licensing rules, will apply.

**SIGNED** at Johannesburg on this 7th day of June 2019

For and on behalf of

**ANGLO AMERICAN SA FINANCE LIMITED**

**(AS ISSUER)**

| | |
|---|---|
| Signature: | Signature: |
| N. MASON-GORDON | C GOOSEN |
| Name: | Name: |
| DIRECTOR | DIRECTOR |
| Designation: | Designation: |

Address: 44 Main Street, Johannesburg, 2001

Tel: 011 638 9111

## CORPORATE INFORMATION

**ISSUER**
**Anglo American SA Finance Limited**
Registration number: 2003/015144/06
44 Main Street
Johannesburg, 2001
PO Box 61587 Marshalltown, 2107
South Africa
Contact: Company Secretary
Contact details: +27 11 638 3425

**GUARANTOR**
**Anglo American plc**
20 Carlton House Terrace
London SW1Y 5AN
England
Contact: Company Secretary
Contact details: +44 207 968 8493

**ARRANGER, DEALER AND DEBT SPONSOR**
**The Standard Bank of South Africa Limited**
3rd Floor, East Wing
30 Baker Street
Rosebank
Johannesburg
2196
South Africa
Contact: Debt Sponsor
Contact details: +27 11 721 6125

**LEGAL ADVISERS TO THE ARRANGER AND DEALERS**
**Cliffe Dekker Hofmeyr Inc**
1 Protea Place
Sandown, 2196
Private Bag X40 Benmore, 2010
South Africa
Contact: Director

**LEGAL ADVISERS TO THE ISSUER**
**Webber Wentzel**
90 Rivonia Road,
Sandton, Johannesburg, 2196
PO Box 61771, Marshalltown,
Johannesburg, 2107, South Africa
Contact: Partner

**LEGAL ADVISERS TO THE GUARANTOR (as to English Law)**
**Linklaters LLP**
1 Silk Street
London
EC2Y 8HQ, United Kingdom
Contact: Partner

**AUDITORS TO THE ISSUER**
**Deloitte & Touche**
Deloitte Place
The Woodlands Drive
Woodmead, Gauteng
Private Bag X6 Gallo Manor, 2052
South Africa
Contact: Partner

**TRANSFER AGENT**
**Computershare Investor Services (Pty) Ltd**
Rosebank Towers, 15 Biermann Avenue, Rosebank, 2196,
South Africa
Private Bag x117, Marshalltown, 2107 South Africa
Contact: Client Relationship Manager

**PAYING AGENT**
**Anglo American SA Finance Limited**
44 Main Street
Johannesburg, 2001
PO Box 61587 Marshalltown, 2107
South Africa
Contact: Company Secretary