

NEWS RELEASE

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Anglo American plc Annual General Meeting – Address to shareholders

Anglo American plc held its Annual General Meeting for shareholders in London today. The following remarks were made by the Chairman and the Chief Executive.

Stuart Chambers, Chairman of Anglo American plc, made the following remarks:

Now, as it is my first AGM and before I ask Mark Cutifani, our chief executive, to give you an overview of recent performance and an update on what you can expect in the next few years, allow me to share some of my perspectives on this extraordinary company.

Anglo American is an iconic brand in mining and, as you can imagine, being appointed your Chairman is not just a pleasure, it is a privilege. Your company today is a radically changed business to what it was just five years ago. The quality of the asset portfolio, its operating performance, and the transformed financial position of the Group are testament to the leadership of the executive team led by Mark, in what were trying times.

I would also add that having now visited some 15 of the operations, I have been deeply impressed by the quality of the Anglo American people I have met around the world and their enthusiasm for the future.

As a global diversified miner, we operate and sell products all over the world, providing many of the materials which are used to make products which benefit us all in our daily lives. But with that ubiquity and reach comes responsibility. We must recognise that what we do touches the lives of many people – not just our employees, customers and suppliers, but also the communities and national economies where we operate.

So, when we set about delivering profitable growth in order to increase the value of your company through the cycle – it is not just what we do that matters or is good enough anymore, if it ever was. It is how we go about it. Not only must we strive, every year, to operate more safely, more cost effectively, more productively than the year before; but we must also do so sustainably for the environment and for the communities around our operations. Many of you in this room care about – and have a right to expect – that we go about our business responsibly and sustainably – that we do the right things. But what does sustainability really mean?

True sustainability covers many things, of course. Let me give you a few examples, from where I sit:

- It means ensuring that it isn't only shareholders and employees who benefit from the successful development of a mine – but also the communities and countries where the mines are located. We support the United Nations Sustainable Development Goals through our Sustainability Strategy and one commitment we have made is for every direct mining job we create at a mine, to develop five more indirect jobs locally to the benefit of communities.
- Secondly, it also means innovating to develop new mining technologies to reduce the physical impact of mining on the environment – in terms of water usage, energy consumption, emissions and so on. And to deploy these technologies at existing as well as new mining operations.
- Thirdly, to strive towards our goal of zero harm to our employees. This has been our big disappointment in 2017. Although the Group's recordable injury rate has improved by more than 40% over the five years since 2012, the fact that people are dying at work is simply unacceptable. Mark will describe later what we are doing to address this, which includes a newly-established taskforce dedicated to the elimination of fatal incidents. I

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do wish to reassure you all, however, that safety is always uppermost in the minds of the Board as we work closely with Mark and his management team in addressing this challenge for our business. These are human tragedies and we must do better.

- Fourthly, we celebrated Anglo American's 100th birthday last Autumn – an impressive innings for any company. Our average life of mine today is 30 years. Your Board must ensure that, for example, in 5, 7, 9 years' time, that life of mine averages at least the same 30 years, achieved through sustained investment in exploration and endowment development – and to do everything we can to secure the sustainability of the business for the next 100 years. We must balance short term performance initiatives with medium term plans and long term investments, which collectively secure the long term future of Anglo American for all our stakeholders.

Sustainability means all of these things and more. If we don't behave in this way as an industry, we will lose our licence to operate and the business will become unsustainable.

So, in summary, it is important that we think about what our purpose is as a business. Simply put, it is to re-imagine mining to improve people's lives. The lives of everybody involved in, or affected in some way by, what we do. This Board's commitment is to strive to live up to that Purpose as we go forward and create an ever more valuable company for you, and a company you are proud to own shares in.

Let me now invite Mark Cutifani to provide you with an overview of the Group's performance during 2017.

Mark Cutifani, Chief Executive of Anglo American plc, made the following remarks.

Thank you, Chairman. And good afternoon, ladies and gentlemen – it's a great privilege to take you through our 2017 performance – a year in which we continued to deliver on our commitments and saw the benefits come through from the deep-rooted changes we have made to the business over the last five years.

We are now in a position to build on these firm foundations. We have a fundamentally different business: more resilient, competitive, delivering solid returns and the good news is that we see so much more opportunity ahead. We have established a new base to deliver consistent and improving performance.

Our focus on quality assets and the portfolio decisions that we made – along with internal restructuring and work process changes – have underpinned our broad-based business delivery. Combined with an improved price environment, we delivered a strong financial result for 2017. Let me begin with some of the headline numbers.

We set out to further strengthen the balance sheet in 2017 and we did so through a combination of wide-ranging self-help work, in terms of productivity, costs and capital discipline, along with receiving better than expected prices for many of our products.

For the year, I am pleased to say that we produced 5% more physical product compared to 2016 and we exceeded our cost and volume improvement target, delivering \$1.1 billion business improvement.

The hard work in the nuts and bolts of the business supported a 93% increase in attributable free cash flow to \$4.9 billion. Underlying EBITDA increased by 45% to \$8.8 billion and we improved our underlying EBITDA margin to 40%. And we ended the year showing a \$4 billion reduction in net debt, at \$4.5 billion, well ahead of our target – even after dividend payments. Given where we are in the commodity price cycle, we do intend to strengthen the balance sheet further during this current year.

In delivering improved free cash flow, we also restored dividend payments six months early at the half year – which I'm sure you will have noticed – while also regaining our investment grade rating. Combined with the proposed final dividend payment of 54 cents per share, payable in a

few days' time, total dividends paid to shareholders in respect of 2017 will amount to \$1.02 per share. This is our highest dividend in 10 years. So far, so good.

However, as the Chairman said just now, we are all disappointed with one critical aspect of our business – that of safety. Our safety record in 2017 is extremely disappointing. We lost nine of our people in fatal accidents, all in South Africa. Let me assure you that we have made significant and urgent operational interventions to manage activity risks to end fatal incidents across all operations. Preventing workplace deaths is not a journey, it needs to happen right now. That is why we have launched a taskforce to eliminate fatal incidents from our company as a matter of urgency. Through the taskforce, we will ensure that control strategies for the top five fatal risks are in place by the end of the year – at every operation. And we will maintain momentum on our existing safety strategy in parallel with this work.

Every leader in our business understands it is simply unacceptable to continue to work where there is a likely consequence of injury. Safety is our most critical area of focus, and while we must recognise significant progress over recent years, reducing our safety incident rates by more than 40%, we still have a long way to go to zero harm.

In terms of health and the environment, our excellent progress reflects the work we have been doing on a number of fronts – and it is good to see such large reductions in incidence rates in both areas. We are also pleased that just last week, the landmark agreement was reached by a group of companies in South Africa, including Anglo American South Africa, with the claimants in the silicosis and tuberculosis class action litigation.

At the heart of the turnaround of Anglo American is the implementation of our Operating Model. This way of working has transformed day-to-day performance and is now delivering material and sustainable benefits.

Compared to our 2012 baseline, we delivered 9% more product in 2017, at a 26% lower unit cost and from half the number of assets. That represents an 80% productivity increase over that five-year period – and 28% in 2017 alone. In dollar terms, that represents \$4.2 billion of annual underlying EBITDA improvement from costs and volumes.

Such improvements are generally achieved without additional capital, so we continue to improve our ability to generate free cash flow and increase returns from existing capital employed. While we have delivered a material operational turnaround in recent years, we still believe there is significant further improvement ahead. In 2018, we expect a further \$800 million of benefit and, by 2022, we are targeting an additional \$3-4 billion annual underlying EBITDA run-rate improvement from production volumes, productivity improvements and cost reductions.

The quality, long life and growth potential of our mineral assets are the foundation of our global business. We have transformed the nature and quality of Anglo American's portfolio, contributing to the materially improved financial and operational performance. We have moved from a total of 68 assets in early 2013 to 36. The disciplined and natural process of divesting assets that do not meet our return criteria or long-term value potential will continue.

As we have divested less attractive assets, we have replaced them with assets of a higher quality and cash generation profile, thereby lifting the overall quality of the portfolio. New portfolio contributors include Grosvenor in Metallurgical Coal, Gahcho Kué at De Beers and the Minas-Rio iron ore mine, while we also progress undeveloped options, ensuring a well-phased organic growth pipeline. We have been careful to continue to invest in and advance a range of growth options, ranging from relatively low capital, high return, quick payback brownfield expansions to larger greenfield opportunities.

Our most advanced such option is the Quellaveco copper deposit in southern Peru. This is a world-class project with a significant resource endowment, a first quartile cost position, and a 30-year mine life with significant expansion and life extension potential. Importantly, we have significantly de-risked the project by securing the major permits and we benefit from considerable local community and government support. We are finalising our verification work now, we are in the process of selling a minority share and we expect to bring the proposition to the Board for consideration during this year.

As we look to the future, both the Board and the executive team are firmly aligned on the required pace and scale of change in our industry to make it truly sustainable. In many ways, mining processes are much the same today as they have been for many decades – and that is not a sustainable path, given society's rightful expectations of us – whether in relation to energy and water usage, for example, or how we can best contribute to those communities and countries where we operate.

Many of you may have heard me talk before about innovation in its broadest form and how we believe this is the key to unlocking a truly sustainable future for our industry. We call our approach FutureSmart Mining™.

Innovation in technology is a major area of focus for us and we are working in partnership with others well beyond the shores of our own industry to think differently about the future of mining, to find solutions that will materially improve efficiencies and our competitive positions.

The technologies we are developing will fundamentally change the way we extract and process our products and will provide the next step-changes in operating performance – creating significant safety improvements and major energy, water and capital cost savings. From technologies that are available today, to those such as swarm robotics and the use of 'shock breaking' instead of energy intensive grinding mills, the future of mining will be very different.

For example, picture a mine that can save more than half of its current energy consumption by turning rocks into powder using shock technology – which you can see on the screen. We are piloting this technology now, having tested it successfully at our Mogalakwena platinum mine in South Africa, as part of our journey towards carbon-neutral mining.

Or if we consider the role of water in our business and the scarcity of this precious resource. Our ambition is, where possible, to eliminate the use of fresh water from our mining processes. We are focusing on two areas: water balance management and waterless (or dry) separation.

Dry separation involves finding new ways for dry crushing and grinding of ore to the required particle size. Essentially, it allows for de-watering waste far earlier in the process and is also far more energy efficient. New chemistry is opening up different techniques and equipment that will facilitate rapid dewatering and bring true dry disposal one step closer.

It is innovations such as these that will make previously inaccessible or uneconomic orebodies mineable, both technically and in an acceptable way to our host communities and countries. We intend to remain at the forefront of this technology revolution.

Looking at sustainability more broadly, Anglo American has a long track record as a leader in sustainable, responsible mining, and a reputation for doing the right thing. Building upon this position we have recently introduced what we believe to be a progressive and industry-leading Sustainability Strategy, aligned with the United Nations' Sustainable Development Goals. We believe this strategy will positively transform how stakeholders experience our business.

The strategy itself is focused on three global sustainability pillars – to be the Trusted Corporate Leader to support Thriving Communities and to create Healthy Environments – each encompassing three global stretch goals. These goals are deliberately ambitious, they will challenge our business to innovate and change, and we are mobilising our people and resources to deliver them by 2030.

Our goals include:

- Creating five jobs off-site for every job on-site in our host communities;
- Working with governments to ensure every school in our host communities performs amongst the top 20% of state schools in the country;
- Reducing greenhouse gas emissions by 30%;
- Improving energy efficiency by 30%; and
- Reducing freshwater abstraction by 50% in water-scarce regions.

By delivering on these commitments, in part through a collaborative approach to regional development, we will transform the way Anglo American does business and present a different picture of the future of mining.

In fact, if Anglo American is to play its part in creating a sustainable future for the world and improving the lives of all of us who live here, then we must be prepared to challenge our business and ourselves, by bringing an innovative mindset to the way we mine and the way we engage – to re-imagine mining. That is our clear Purpose, as Stuart mentioned a little earlier.

As I have described, the Anglo American that you see today could barely be more different from just a few years ago. As a result of the tough business decisions we made through the downturn, our adherence to our plan to drive operational performance and maintain capital discipline, and to preserve and advance future opportunities, we are well set to continue to deliver value to you, our shareholders.

We believe that our approach is different – from the quality focus of our assets; to the capabilities of our innovative people to get the best out of those assets; to the operating and capital discipline that understands our job is to deliver cash flow and returns... sustainably. And sustainably means that we are acutely aware of the role we play in society and the responsibilities that go with it.

Ladies and gentlemen, we are working closely with the Board, led by Stuart Chambers, on the path from base camp to the summit. Let me speak for the whole management team and all our employees when I say that we are excited about the opportunities that we see for the business to fulfil this great company's full potential.

Thank you.