

INVESTOR UPDATE

11 December 2018



Copper – Quellaveco

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Throughout this presentation a range of financial and non-financial measures are used to assess our performance, including a number of the financial measures that are not defined or specified under IFRS, which are termed ‘Alternative Performance Measures’ (APMs). Management uses these measures to monitor the Group’s financial performance alongside IFRS measures to improve the comparability of information between reporting periods and business units. These APMs should be considered in addition to, and not as a substitute for, or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS. APMs are not uniformly defined by all companies, including those in the Group’s industry. Accordingly, it may not be comparable with similarly titled measures and disclosures by other companies.

A FUNDAMENTALLY DIFFERENT BUSINESS vs 2012

Portfolio: Focus on quality assets

Number of assets¹

↓ **47%**

Operations Delivery: Operating model

Production Volumes²

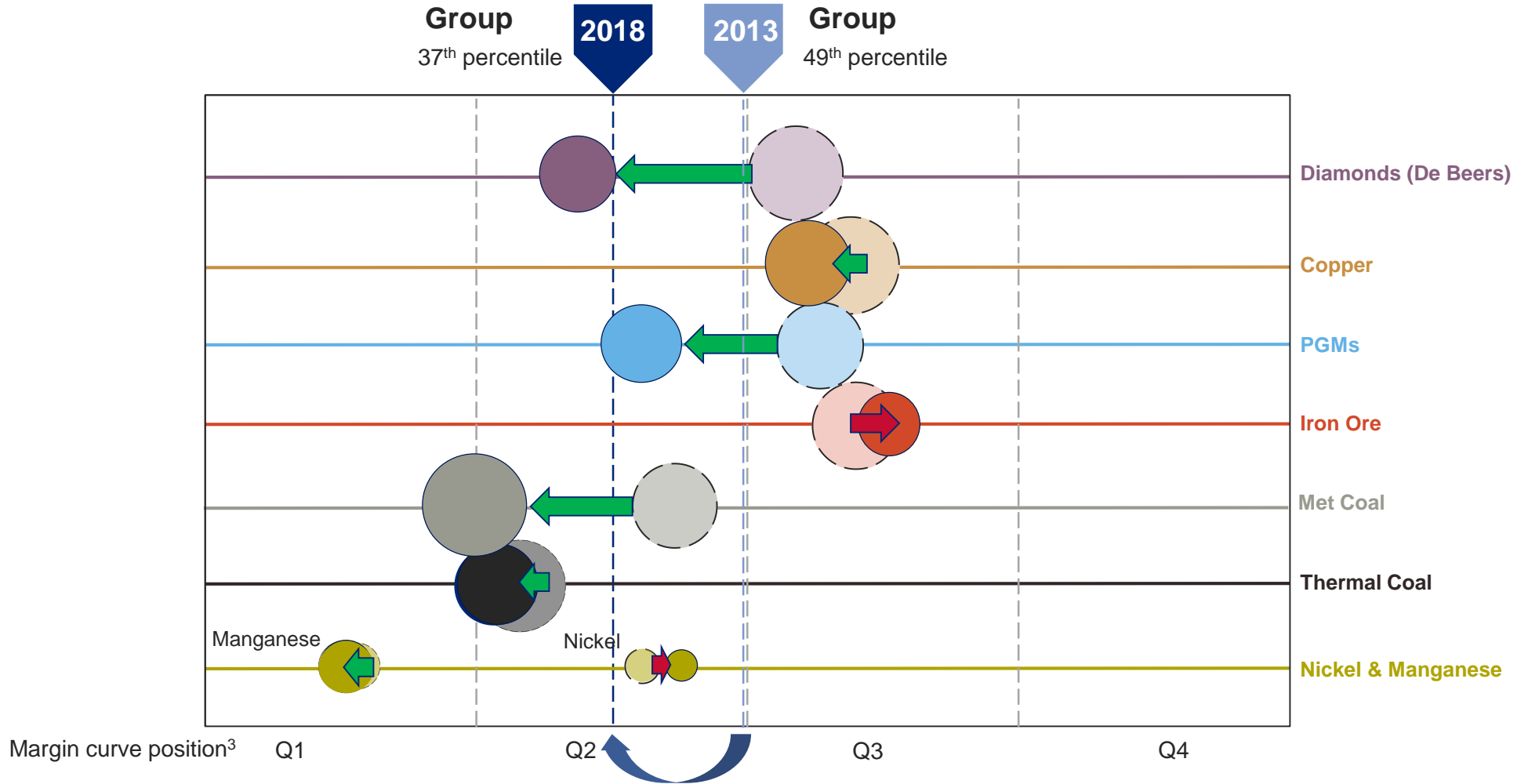
↑ **~10%**

Leadership & People: Efficiencies

Productivity¹

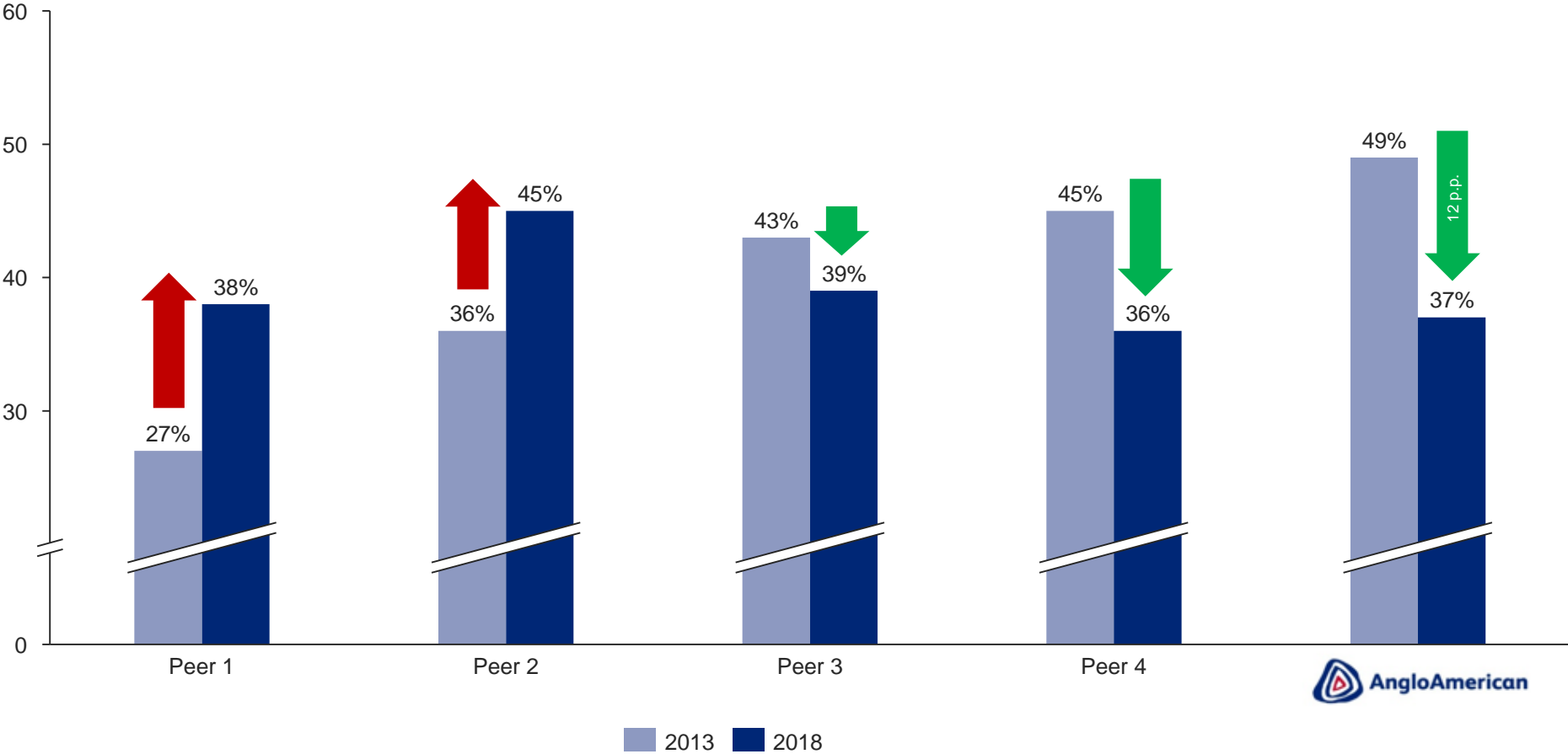
↑ **~95%**

OUR ASSET IMPROVEMENT JOURNEY



OUR LEADING MARGIN IMPROVEMENT

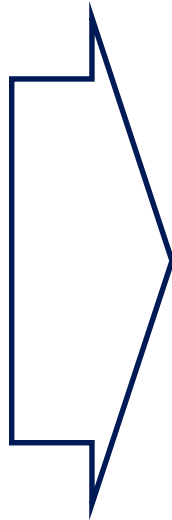
Average margin curve position⁴ (%)



STEP CHANGE IN PERFORMANCE AND SUSTAINABILITY

Operating Model

Stability and optimisation



P101

Exceeding industry best practice equipment performance



FutureSmart Mining

Game-changing technology and data analytics



Incremental improvement

Step change

PERFORMANCE UPDATE

Stephen Pearce



A WORLD CLASS COPPER BUSINESS

Portfolio strength

~1 Mtpa
Production
(post Quellaveco)

~120c/lb
Future C1 unit cost

A transformed business

~660kt
2018 production guidance

Q2
C1 unit cost: Lowest since
2010 with more to come...

Continuing delivery

~640ktpa
Average production
2019-2021

135-140c/lb
2019 C1 unit cost

Disciplined growth

**Organic growth potential and
optionality at Quellaveco,
Los Bronces & Collahuasi.**

CONTINUED DELIVERY OF IMPROVEMENTS

2018 production⁵

+2%

vs guidance, driven by Copper, PGMs & Diamonds

2019 production⁵

+3%

vs 2018

2018 unit costs⁵

-5%

vs guidance

flat in 2019, improvements offset inflation

2020 production⁵

+5%

vs 2019

OTHER 2018 GUIDANCE

2018 working capital build

~\$0.6bn

in PGMs, Kumba & De Beers

2018 cost and volume improvement^{6,7}

~\$0.4bn

~\$0.2bn offset by oil/cost inflation &
~\$0.2bn EBITDA⁷ held in working capital

Corporate cash outflows

~\$0.6bn

Treasury shares, FX translation &
bond buybacks

Depreciation⁷

~\$2.8bn

~\$3bn in 2019 due to production
increases and IFRS 16

Net interest

~\$0.4bn

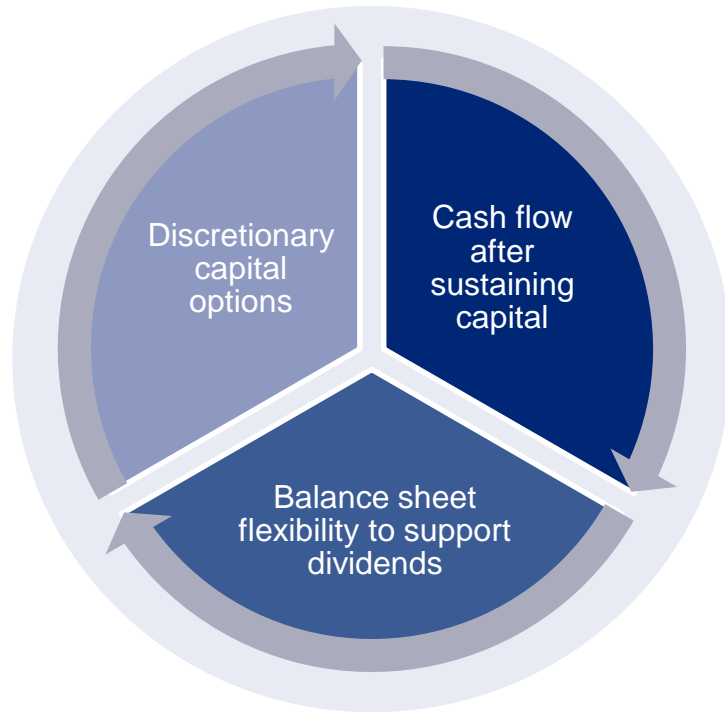
Tax rate⁷

~33%

31-33% going forward

CAPITAL ALLOCATION

Capital allocation framework⁸



Discretionary capital options

Portfolio upgrade

Future project options

Additional shareholder returns

Capital allocation 2016-2018⁸

Based on H2 consensus

~12

- Attributable free cash flow of ~\$10bn
- Add back discretionary spend

~(12)

- Reduced net debt by ~\$9bn
- Paid dividends of ~\$2bn
- Other adjustments

~0

- Discretionary capital including exploration/evaluation
- Offset by portfolio upgrading

LIFE EXTENSIONS WILL DELIVER VALUE; HIGHER NEAR-TERM SUSTAINING CAPEX

	2018	2019-2021 pa	Long term pa
Total sustaining capex⁹	~\$2.7bn	~\$3.2bn	\$2.8bn to \$3.1bn
SIB & Stripping ⁹	~\$2.5bn	~\$2.7bn	Increase from previous guidance due to expanded portfolio e.g. Quellaveco
Life extensions ⁹	~\$0.2bn	~\$0.5bn	Adding ~10 years life on average at ~500ktpa Cu Eq production ^{5,10}

~\$2.8bn total capex, including \$0.1bn growth

ATTRACTIVE HIGH RETURNING OPTIONS DRIVING GROWTH CAPEX


2019 growth capex⁹

\$0.6bn to \$0.9bn


driven by Quellaveco and technology projects

Disciplined capital allocation framework drives project selection¹¹

Anglo American share:

Quellaveco (Copper)		\$2.5bn to \$2.7bn ¹²	+180ktpa	from 2022	~4 year payback	>15% IRR
Marine Namibia (De Beers)		~\$0.2bn	+0.5Mctpa	from 2022	~3 year payback	>25% IRR
Moranbah-Grosvenor (Met Coal)		\$0.2bn to \$0.4bn	+4 to 6Mtpa	from 2021	~3-4 year payback	>30% IRR
Collahuasi (Copper)		\$0.9bn to \$1.1bn	+80ktpa	from 2024	~4 year payback	>20% IRR
Technology & Innovation		\$0.1bn to \$0.5bn pa				

GROWTH OPTIONALITY – POSITIONED FOR A CHANGING WORLD

	An Electrified World	A Greener World	A Richer World
~1Mt copper	✓	✓	✓
~37Mct diamonds (De Beers)			✓
~5Moz PGMs	✓	✓	✓
~70Mt high grade iron ore		 ✓ ✓	✓ Our high grade products suited to modern steel production
~30Mt premium coking coal			
~30Mt export thermal coal	✓		✓
~75kt nickel and ~3.5Mt manganese	✓		✓

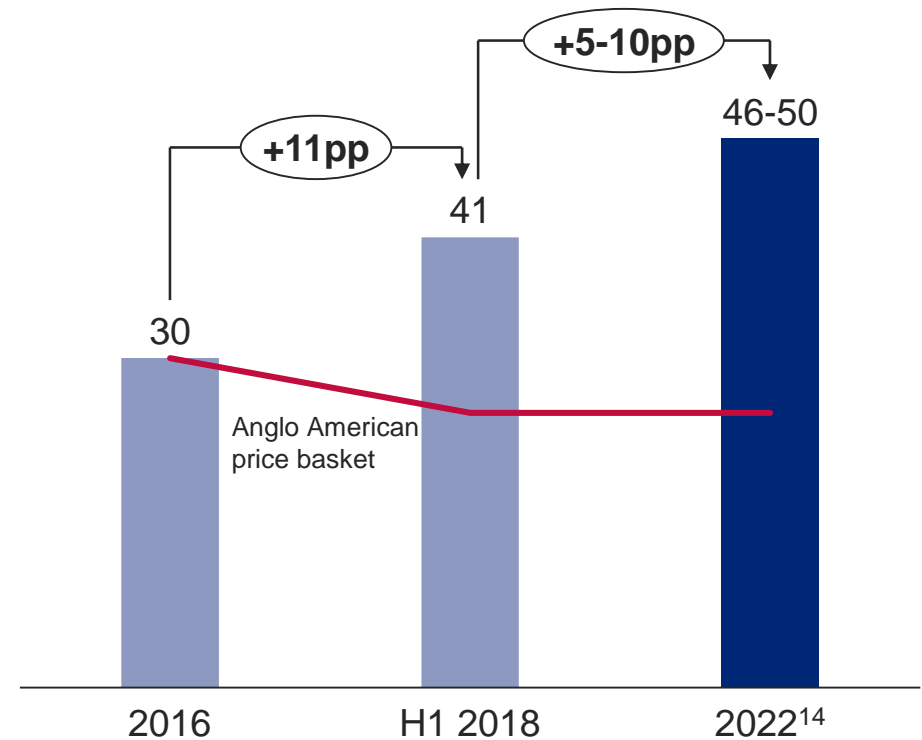
CONTINUED DELIVERY OF IMPROVEMENTS TO DRIVE MARGINS HIGHER

5-10pp

Margin¹³ uplift through \$3-4bn of cost & volume improvement⁶ (2018-2022), including \$0.5bn in 2019

- Operational Efficiency including P101 (1-5 years)
- Innovation and Technology (3-5 years)
- Project Delivery (3-5 years)

Mining EBITDA margin¹³ (%)

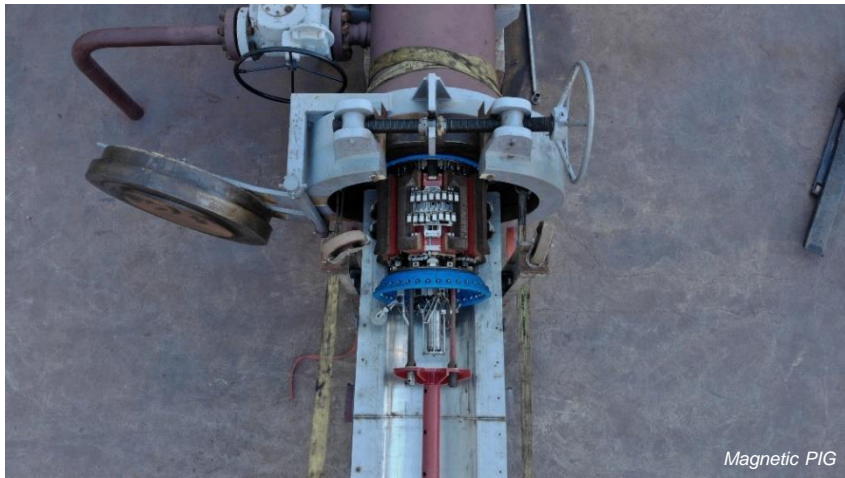


PROJECT UPDATE

Mark Cutifani



MINAS-RIO RESTART ON SCHEDULE



- ✓ Clean-up work complete
 - ✓ Pipeline scan complete
 - ✓ Results verified by two independent expert teams
 - ✓ 4km of pipeline replaced as a precaution
 - ✓ One of three required approvals for start up received
 - ✓ Additional monitoring equipment installed
- PIG inspection frequency increased to 2 years, from 5 years
 - Re-start anticipated in December 2018
 - FY 2018 forecast EBITDA now negative ~\$320m⁷
 - 2019 ramp-up at ~1.2Mt¹⁵ per month until final Step 3 operational licence (expected Q2 2019)
 - FY 2019 production: 16Mt to 19 Mt¹⁵

QUELLAVECO ON TRACK

Construction



- Asana River diversion complete
- Earthworks and concrete meaningfully progressed
- Main access road complete

Contracts and Procurement



- All awards on track:
~60% contracted;
~50% procurement complete
- Earthwork contracts awarded and mobilising
- Long-term, low-cost power supply secured

Engineering and Workforce



- Advanced engineering progress:
~60% complete
- ~6,000 workers onsite today, with
~50% from local community

2018 construction capex (100%)

\$0.3bn

Anglo American share¹⁶: Nil (funded from syndication proceeds)

2019 construction capex (100%)

\$1.3bn to \$1.5bn

Anglo American share¹⁶: \$0.4bn to \$0.6bn

BUILDING ON FIRM FOUNDATIONS

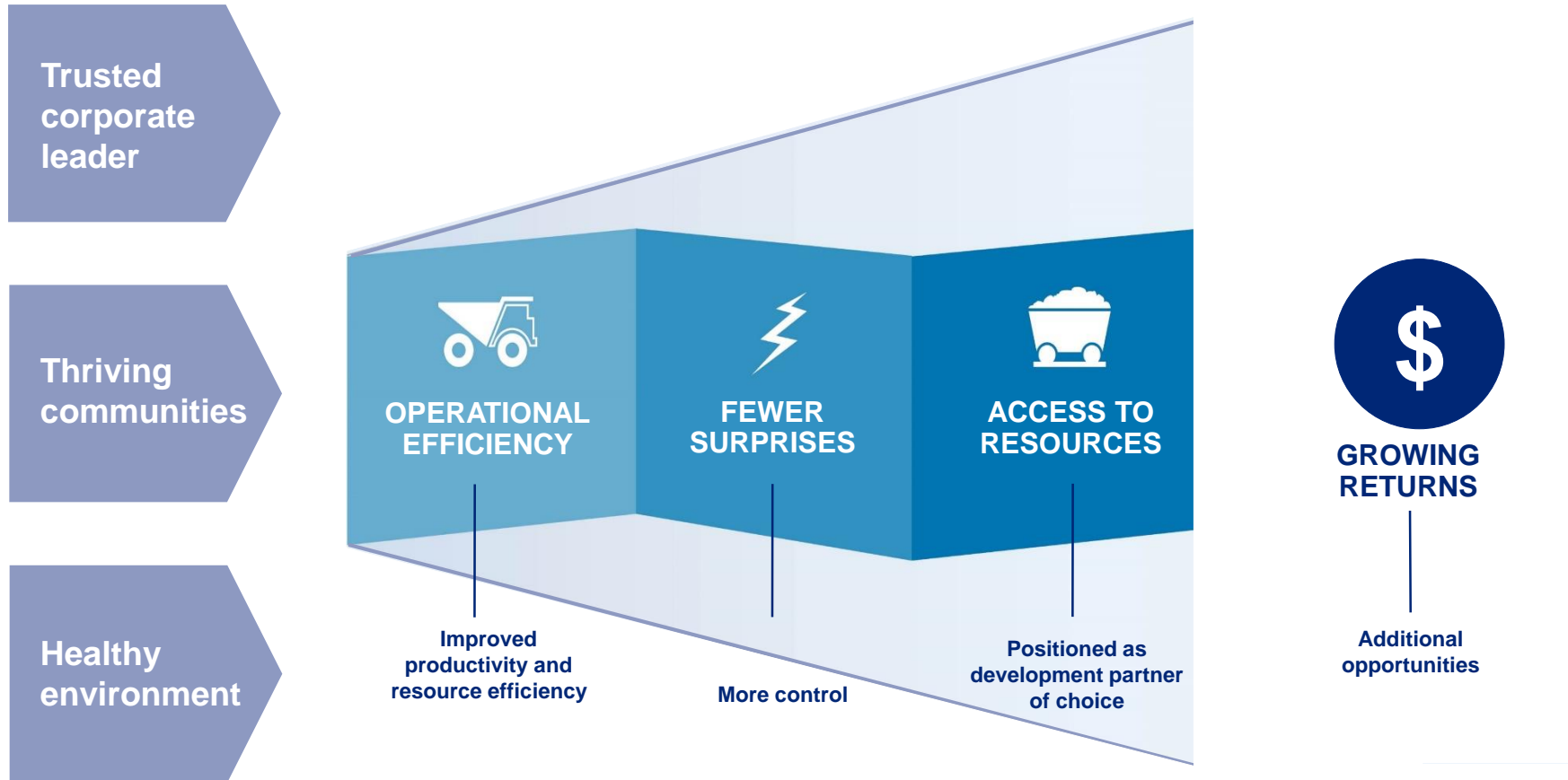
Mark Cutifani



LEADING RETURNS FOR THE LONG TERM

	H1 2018		Long term
ROCE ¹⁷	19%	⇒	20%+
Asset life ¹⁸	30 yrs	⇒	30 yrs

SUSTAINABILITY AT THE HEART OF OUR BUSINESS



INVESTMENT PROPOSITION

“Leading capabilities actively improving a world-class asset base to drive sustainable, competitive returns”

Assets	Capabilities	Returns
Focus on quality	Operating Model	Capital discipline
Long life	Innovation & Sustainability leader	Dividend payout ratio
Low-cost growth optionality	Marketing Model	Strong balance sheet

FOOTNOTES

1. 2012-2018 estimate. Includes benefits of portfolio upgrading.
2. 2012-2018 estimate. Copper equivalent is calculated using long-term consensus parameters. Excludes domestic / cost-plus production. Production shown on a reported basis. Includes assets closed or placed on care and maintenance. Includes sale of Union announced in February 2017 and Eskom-tied thermal coal operations announced in April 2017.
3. Size of bubble represents attributable revenue. Diamonds based on the inverse margin curve; 2014 figures for De Beers as 2013 not available. Copper & nickel are on a C1 basis. PGMs exclude recycled volumes but include by-products. Iron ore is fully adjusted for VIU and all business costs including freight. 2018 figures show Kumba Iron Ore only due to Minas Rio shutdown. Met and thermal coal use a VIU-adjusted total cash cost basis. Nickel and manganese based on separate industry cost curves
4. Includes non-AA mined commodities (e.g., zinc, bauxite). Excludes non-mining activities (e.g., petroleum, alumina/aluminium processing, marketing). Incorporates 2014 data for diamonds. 2018 excludes Minas-Rio due to shutdown.
5. Copper equivalent production is calculated using long term consensus parameters. It is normalised for the closures of Victor and Voorspoed (both De Beers) and the change in relationship with Sibanye from POC to tolling (PGMs). De Beers on an attributable basis; Copper production from the Copper business unit; Copper production shown on a contained metal basis; PGMs production reflects own mine production and purchases of metal in concentrate; Iron ore total based on the sum of Minas-Rio (wet basis) and Kumba (dry basis); Export thermal coal includes export primary production from South Africa and Colombia, and secondary South African production that may be sold into either the export or domestic markets; Nickel production from the Nickel business unit.
6. EBITDA variance. Volume variance calculated as increase/(decrease) in sales volumes multiplied by prior period EBITDA margin. For assets in the first 12 months following commercial production all EBITDA is included in the volume variance, as there is no prior period comparative. Cash costs include inventory movements.
7. All metrics in presentation shown on an underlying basis.
8. 'Cash flow after sustaining capital' comprises attributable free cash flow excluding discretionary capex and exploration / evaluation expenditure. 'Balance sheet flexibility to support dividends' includes other items, including translation differences, employee share scheme purchases and accrued interest. 'Discretionary capital options' comprises discretionary capex and exploration / evaluation expenditure.
9. Cash expenditure on property, plant and equipment including related derivatives, net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests. Shown excluding capitalised operating cash flows. For Quellaveco includes attributable share of capex, net of syndication proceeds, see appendix, slide 28.
10. Copper equivalent production derived from lifex projects in execution 2019-2021, including projects with capex incurred before 2019 and after 2021.
11. Project metrics shown on Anglo American disclosure basis. All metrics attributable except Quellaveco production shown on 100% basis in line with production disclosures for non-wholly owned subsidiaries.
12. See appendix, slide 43.
13. The margin represents the Group's underlying EBITDA margin for the mining business. It excludes the impact of PGMs purchases of concentrate, third party purchases made by De Beers, third party trading activities performed by Marketing, the Eskom-tied South African domestic thermal coal business and reflects Debswana accounting treatment as a 50/50 joint venture.
14. Based on H1 2018 prices and exchange rates, adjusted for CPI, assuming Quellaveco in commercial production in 2022.
15. Wet basis.
16. Anglo American share post share subscription proceeds. See appendix, slide 43.
17. Attributable ROCE is defined as attributable underlying EBIT divided by average attributable capital employed. It excludes the portion of the return and capital employed attributable to non-controlling interests in operations where Anglo American has control but does not hold 100% of the equity.
18. Weighted average asset life based on copper equivalent production.

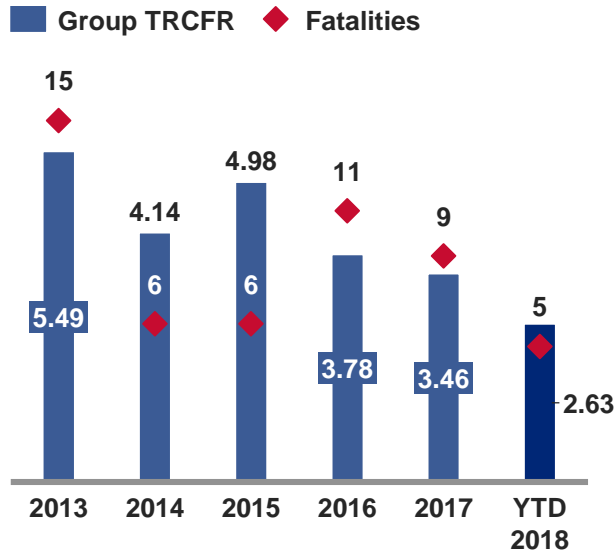
APPENDIX




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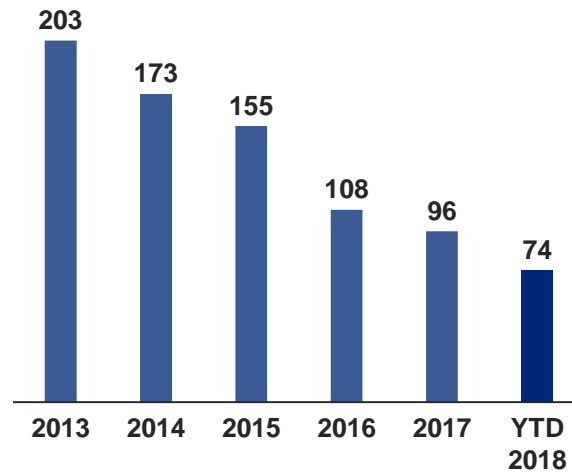
SAFETY, HEALTH & ENVIRONMENT

Safety



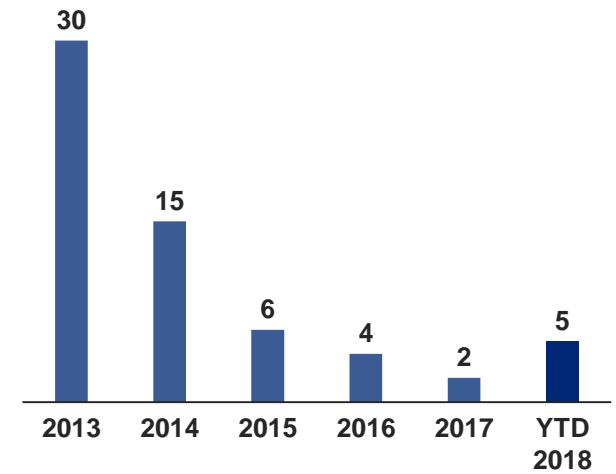
Health

Occupational health – new cases



Environment

Major incidents (Level 3-4)

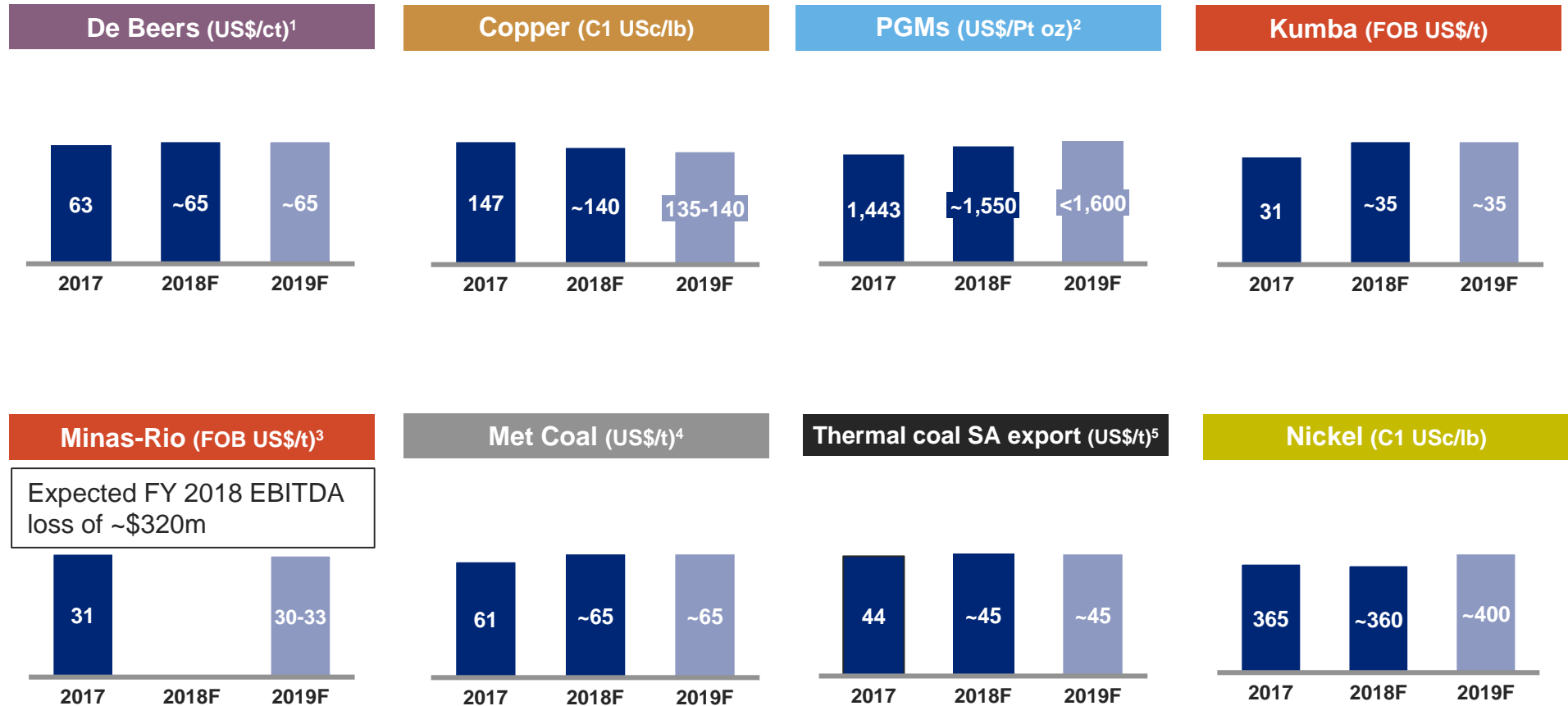


PRODUCTION OUTLOOK

	Units	2017	2018F	2019F	2020F	2021F <i>(new guidance)</i>
Diamonds¹	Mct	33.5	35-36 <i>(previously 34-36)</i>	31-33 <i>(previously ~32)</i>	33-35 <i>(previously ~32)</i>	35-37
Copper²	Kt	579	~660 <i>(previously 630-660)</i>	~630-660 <i>(previously 600-660)</i>	~620-680 <i>(previously 600-660)</i>	~590-650
Platinum³	Moz	2.4	2.45-2.5	~2.0-2.2 ⁴ <i>(previously ~2.0)</i>	~2.0-2.2 ⁴ <i>(previously ~2.0)</i>	~2.0-2.2 ⁴
Palladium³	Moz	1.6	1.5-1.6	1.3-1.4 ⁴	1.3-1.4 ⁴	1.3-1.4 ⁴
Iron ore (Kumba)⁵	Mt	45	43-44	43-44 ⁵ <i>(previously 44-45)</i>	43-45 ⁵ <i>(previously 44-45)</i>	43-45 ⁵
Iron ore (Minas-Rio)⁶	Mt	17	~3	16-19 <i>(previously 20-24)</i>	21-23 <i>(previously 24-26.5)</i>	22-24
Metallurgical coal⁷	Mt	20	~22 <i>(previously 20-22)</i>	22-24 <i>(previously 21-23)</i>	23-25 <i>(previously 21-23)</i>	25-27
Thermal coal⁸	Mt	29	~28 <i>(Previously 28-30)</i>	26-28 ⁸ <i>(previously 29-31)</i>	28-30 <i>(previously 29-31)</i>	28-30
Nickel	Kt	44	42-44	42-44	~45	~45

1. On a 100% basis except for the Gahcho Kué joint venture, which is on an attributable 51% basis. Production is subject to trading conditions. Reduction in 2019 volumes due to declining open pit production at Venetia and Victor end-of-mine-life.
2. Copper business unit only. On a contained-metal basis.
3. Produced ounces. Includes production from joint operations, associates and third-parties.
4. Decline from 2018 due to Rustenburg POC, which will be processed based on a tolling arrangement from 1 January 2019 and therefore is excluded from production guidance.
5. Dry basis. Subject to rail performance. Decrease from prior guidance reflects recovery from 2018 rail constraints.
6. Wet basis. Current guidance assumes production resuming in December 2018 and receipt of final operating license in H1 2019.
7. Excludes thermal coal production. Decrease in 2018 as South African operations transition into new areas, and due to lower Cerrejon production 2019-2021.
8. Export South Africa and Colombia production.

2018 UNIT COSTS GUIDANCE BEAT; IMPROVEMENT OFFSETS INFLATION IN 2019



Note: Unit costs exclude royalties, depreciation and include direct support costs only.

1. De Beers unit cost is based on De Beers' share of production. The increase in 2019 is primarily due to FX rates and higher ratio of waste costs expensed rather than capitalised.

2. Numbers given are per platinum ounce.

3. Minas-Rio operations are currently suspended following two leaks in the iron ore pipeline

4. Metallurgical Coal FOB/t unit cost excludes royalties and study costs.

5. Thermal Coal SA FOB/t unit cost comprises SA Trade only, excludes royalties.

NEW ACCOUNTING STANDARD FOR LEASES

- Leases mainly corporate offices and jewellery stores; very limited mining equipment
 - Previously accounted for 'off-balance sheet' with lease costs taken to P&L
-

New accounting from 2019

- Lease commitments brought onto the balance sheet, increasing net debt by:

~\$0.5bn

- Leases cash costs moved from P&L to balance sheet, replaced by depreciation and discount unwind in P&L
- Net increase in EBITDA:
 - Net impact on Underlying Earnings:

~\$0.2bn pa

~\$0.0bn pa

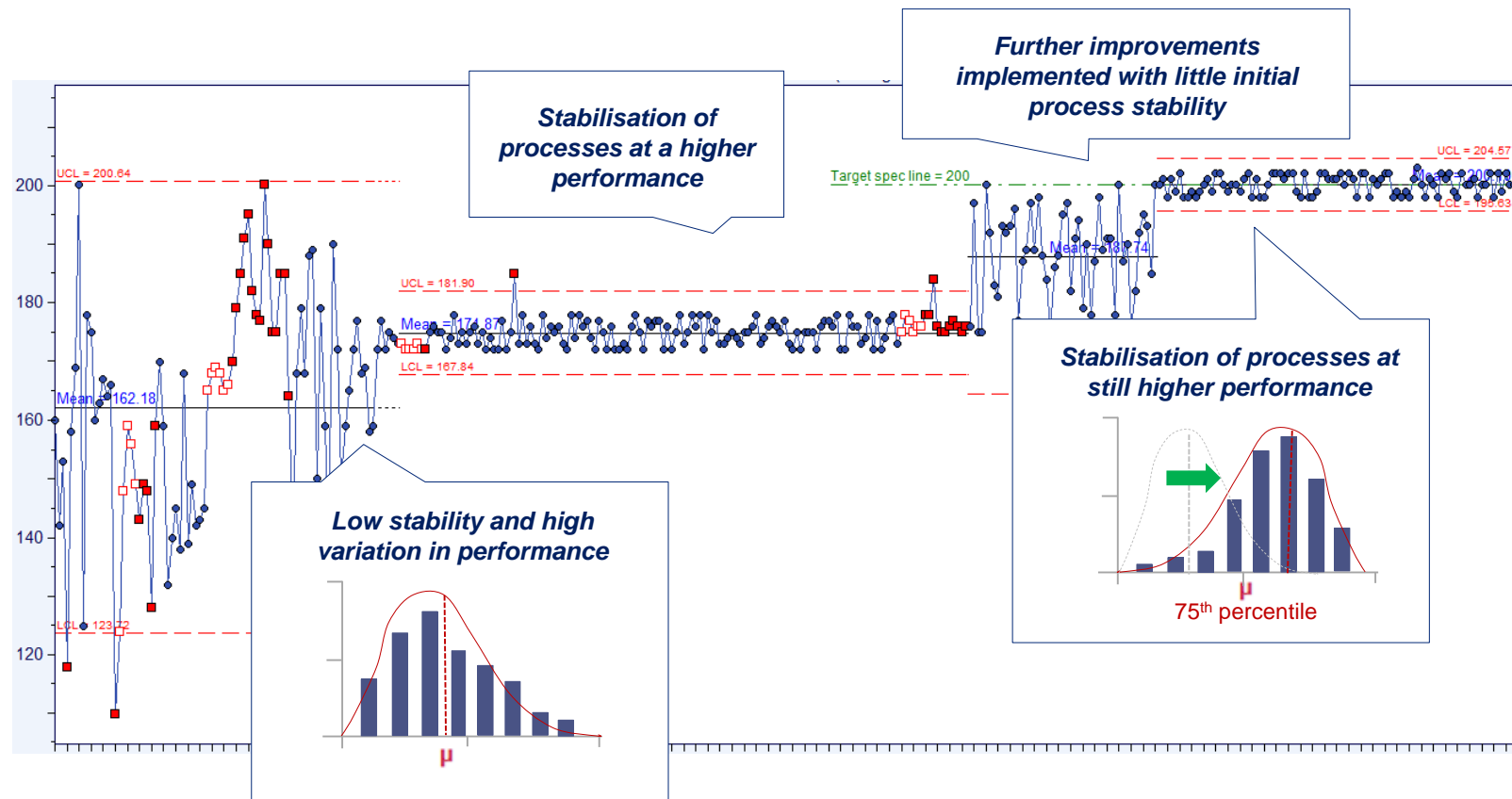
OPERATING MODEL, TECHNOLOGY AND INNOVATION



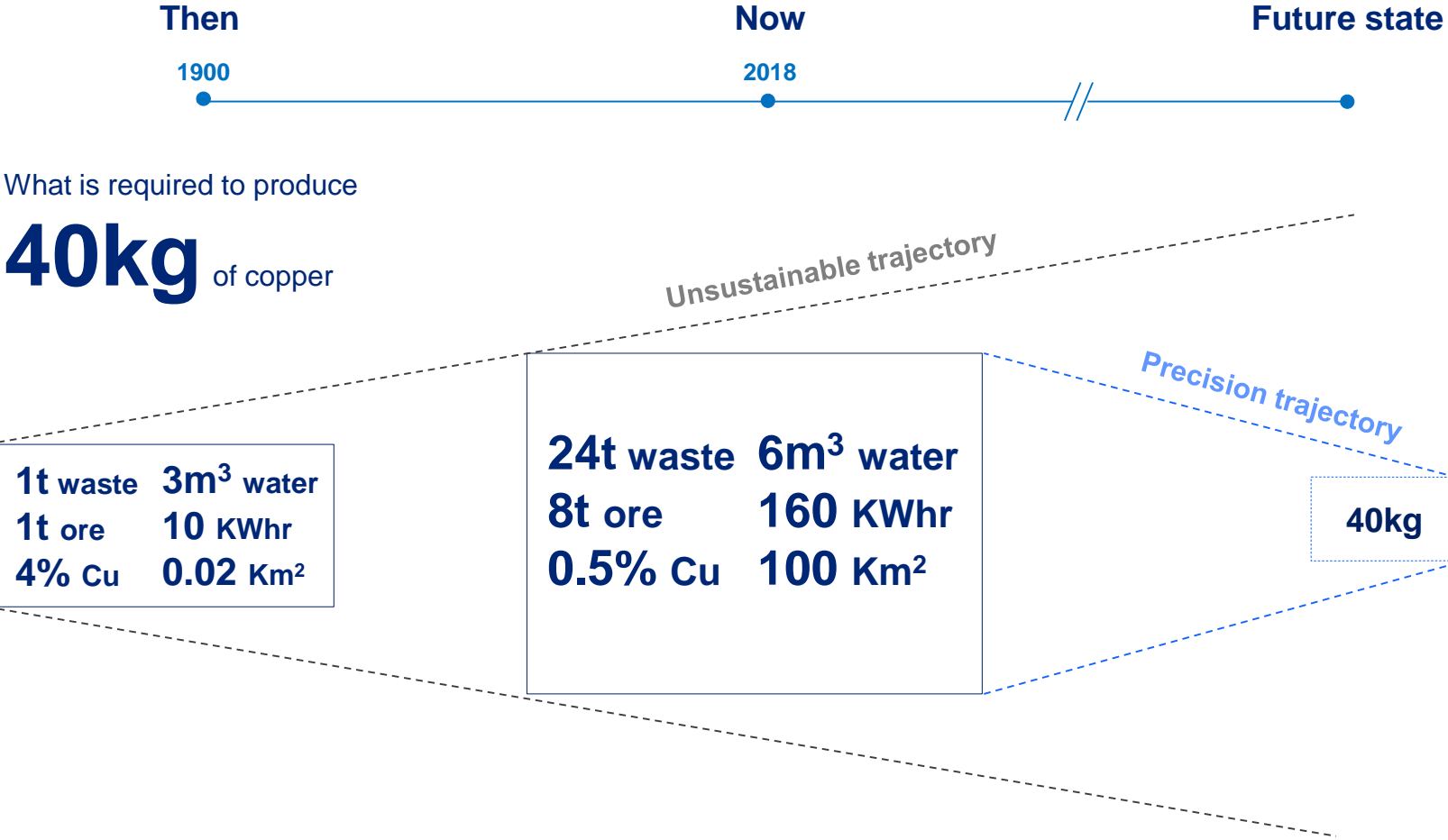
ANGLO AMERICAN OPERATING MODEL: A DIFFERENTIATED APPROACH

Apply a manufacturing approach to mining, through organised and efficient planning and execution of work

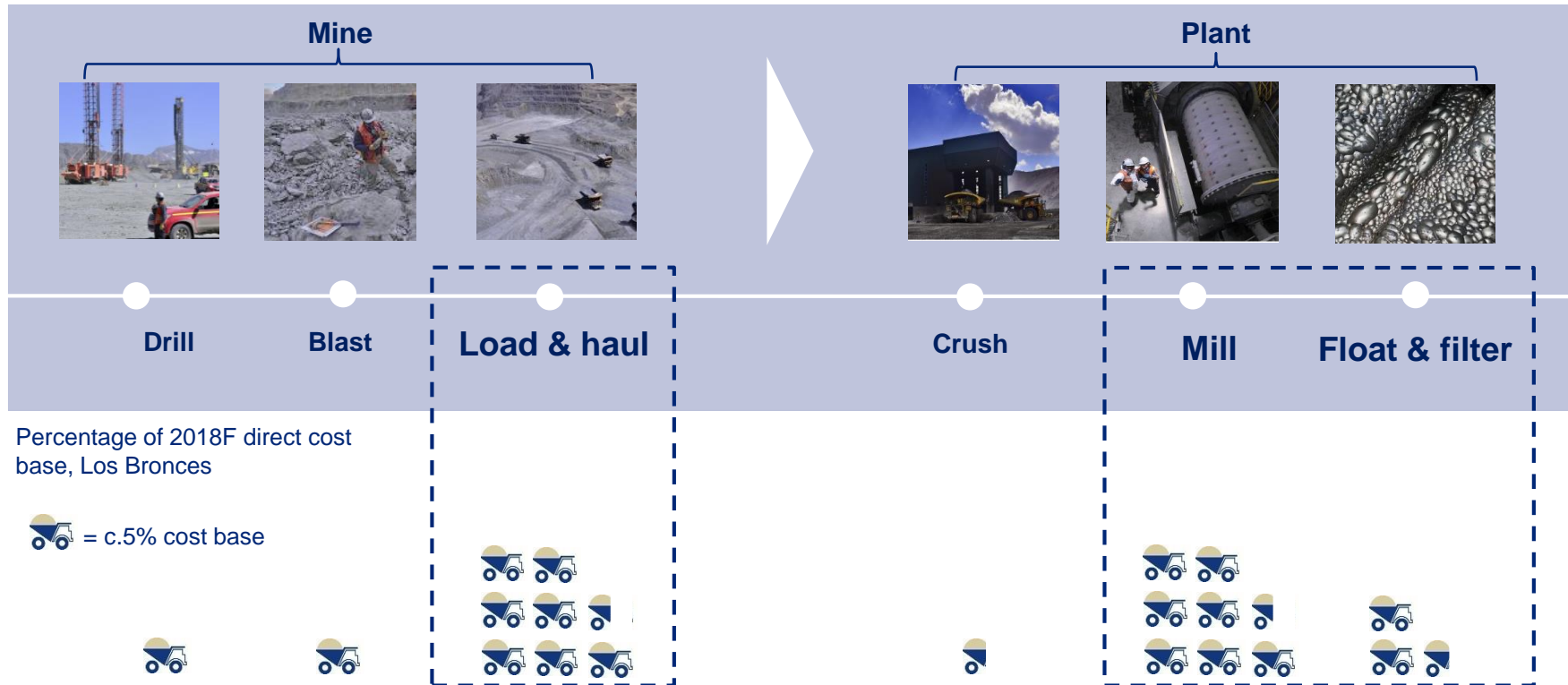
Work that is planned, scheduled and properly resourced is safer and delivers consistently and at a lower cost



INNOVATION IS NEEDED TO ENSURE SUSTAINABILITY



P101: FOCUSED ON THE KEY VALUE DRIVERS



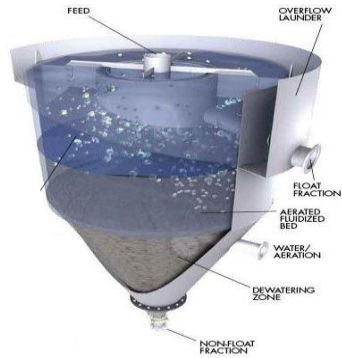
>45Mtpa
Shovel
performance

+10%
Throughput
increase

> 94%
Operating time

> 89%
Recoveries

A NUMBER OF GAME CHANGING TECHNOLOGIES



Coarse Particle Recovery



Dry Disposal



>50%

Reduction in water intensity



Advanced Fragmentation



Shock-break



Precision Classify



>50%

Reduction in energy intensity

COARSE PARTICLE RECOVERY: IMPROVED RECOVERIES



Technology

- Flotation process changed to allow for larger diameter material
- Ore is liberated and recovered at a higher grade

Benefits

- Significant increase in throughput
- Solidified disposal material

Applicability

- All Copper assets
- Platinum Group Metals

COARSE PARTICLE RECOVERY: IN COPPER



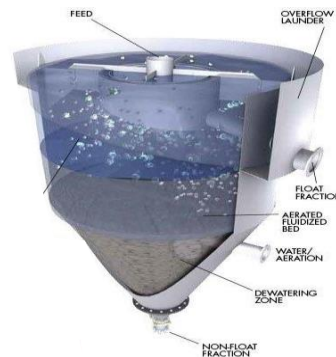
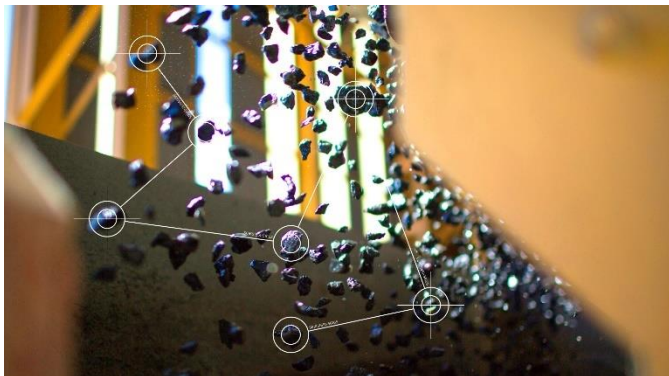
>10%

Increase in Operating
Free Cash Flow

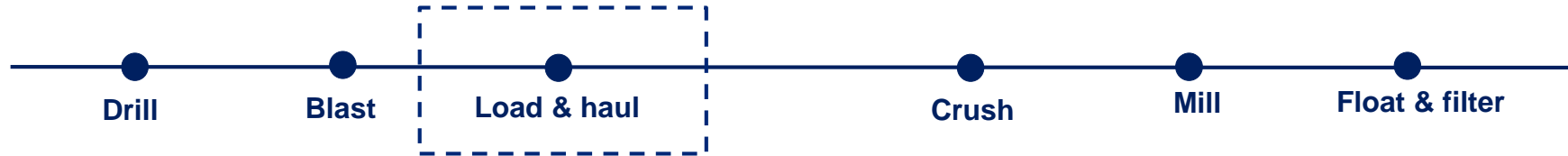


>20%

Decrease in water and
energy intensity



BULK SORTING: LESS WASTE TO CONCENTRATOR



Technology

- Uses sensors to determine ore content prior to processing
- Gangue is removed using natural heterogeneity of ore bodies

Benefits

- Provides immediate grade assays
- Unlocks production capacity by rejecting waste early
- Allows for lower cut off grades (LOM extension)
- Reduces bench cost and complexity

Applicability

- All Copper assets
- Platinum Group Metals and Iron Ore

BULK SORTING: IN COPPER



↓ **>10%**
Decrease in water and energy intensity



COPPER SITE VISIT

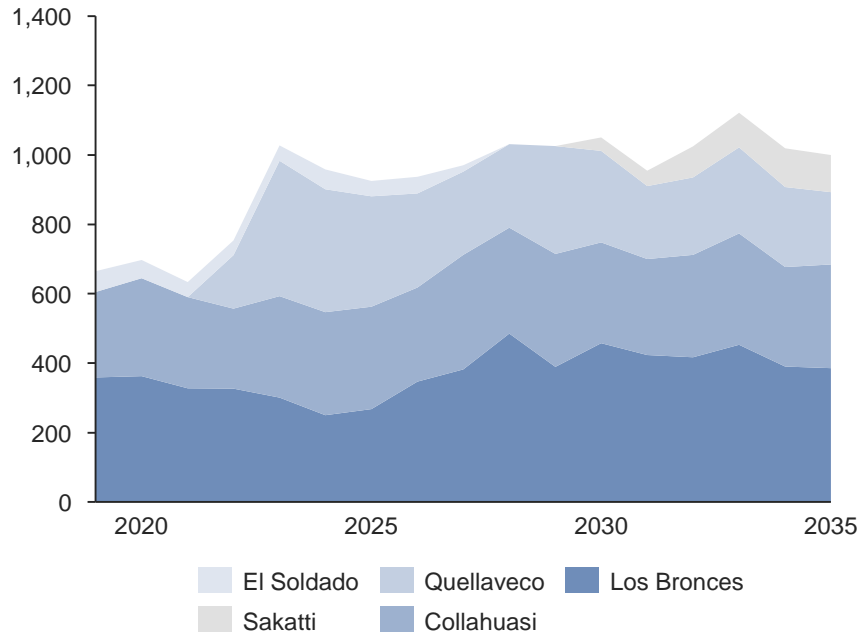


A UNIQUELY POSITIONED COPPER BUSINESS

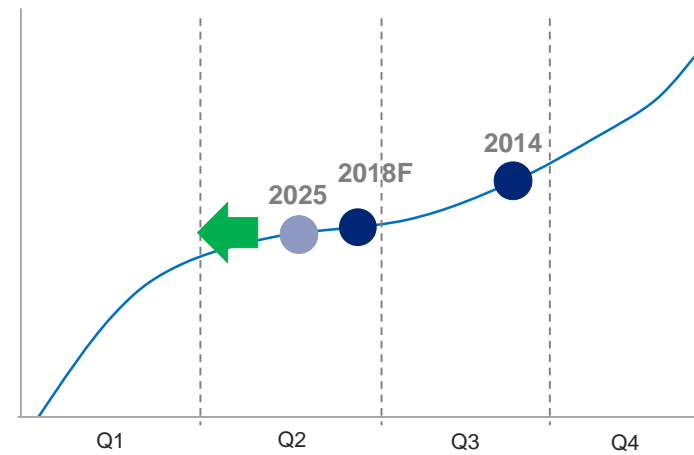
A step change in volumes...

...an improved cost position

Copper production (kt) ⁽¹³⁾



C1 unit costs (c/lb)



WORLD CLASS ASSETS

Los Bronces

52mt

Contained Copper Resources⁽⁵⁾

- 2018 forecast production: ~365kt
- Significant future growth optionality
- Contained copper in mineral resources is ~140x current production levels^(5,6)

Quellaveco

300kt

Average first 10 years production

- Q1 on cost curve, LoM 30 years
- Strong social support and all key permits in place
- Attractive returns: IRR>15%, four year payback, ROCE>20%

Collahuasi

3rd

Largest endowment in the world

- 48mt of contained copper in Exclusive Mineral Resources and 30mt in ore reserves⁽⁵⁾
- 2018 forecast production: 240-245kt (our 44% share)
- Q2 on cost curve with 2019 C1 costs of ~\$1.00/lb

El Soldado and Chagres

El Soldado

- 2018 forecast production: ~50kt
- Technology focus to improve competitive position

Chagres

- Best in Chile and best in class smelter
- 2018 production: ~140kt

QUELLAVECO – A WORLD CLASS COPPER PROJECT

Attractive returns

Low cost with significant potential

IRR
> 15%

Real, post-tax

ROCE
> 20%

Average over first 10 years

Focus on execution

Strong local support and all key permits in place

Payback
4 years

From first production (2022)

Job creation
~9,000

In construction phase
~2,500 jobs in normal operation

Successfully syndicated

Extending a long-standing relationship, confirms asset's value

Consideration
\$600m

\$500m upfront, \$100m contingent

Implied NPV
\$2.74bn

For 100% of the project

QUELLAVECO FINANCIAL MODELLING

Ownership	Anglo American 60%, Mitsubishi 40%
Accounting treatment	Fully consolidated with a 40% minority interest. Shareholder loans from minority shareholder to be consolidated in Anglo American Group net debt.
Project capex (nominal)	\$5.0-5.3 billion (100% basis - Anglo American share 60%, Mitsubishi share 40%).
Construction time / first production	<4 years, to begin from August 2018. First production in 2022.
Production (copper equivalent) (ktpa)	~330 average over first five years ~300 average over first 10 years ~240 average over 30 year Reserve Life
By-products	~6ktpa contained molybdenum (average over first 10 years), with silver content
C1 cash cost (\$/lb) (real)	0.96 average over first five years 1.05 average over first 10 years 1.24 average over 30 year Reserve Life
Grade (%TCu)	0.84% ROM average over first five years 0.73% ROM average over first 10 years 0.57% average over 30 year Reserve Life
Stay-in-business capex (real)	~\$70 million pa
Tax rate	~40%

QUELLAVECO ACCOUNTING

- Anglo American consolidates 100% of Quellaveco's P&L and Balance Sheet
- Mitsubishi's 40% share is shown as a non-controlling interest
- After the initial \$0.8bn equity injection by Mitsubishi, the project will be funded 60:40 through shareholder debt
- Group net debt by the end of the project will include ~\$1.7bn debt from Mitsubishi. This debt will be funded from Mitsubishi's 40% share of Quellaveco.

Illustrative project spend (mid-point of capex range)				
\$bn	2018	2019	2020-2022	Total
100% project capex	0.3	1.4	3.4	5.1
Anglo American 60% share	0.2	0.8	2.1	3.1
Less: syndication proceeds	0.2	0.3	-	0.5
Net Anglo American funding	-	0.5	2.1	2.6
Mitsubishi equity funding	0.1	0.2	-	0.3
Mitsubishi debt funding	-	0.4	1.3	1.7

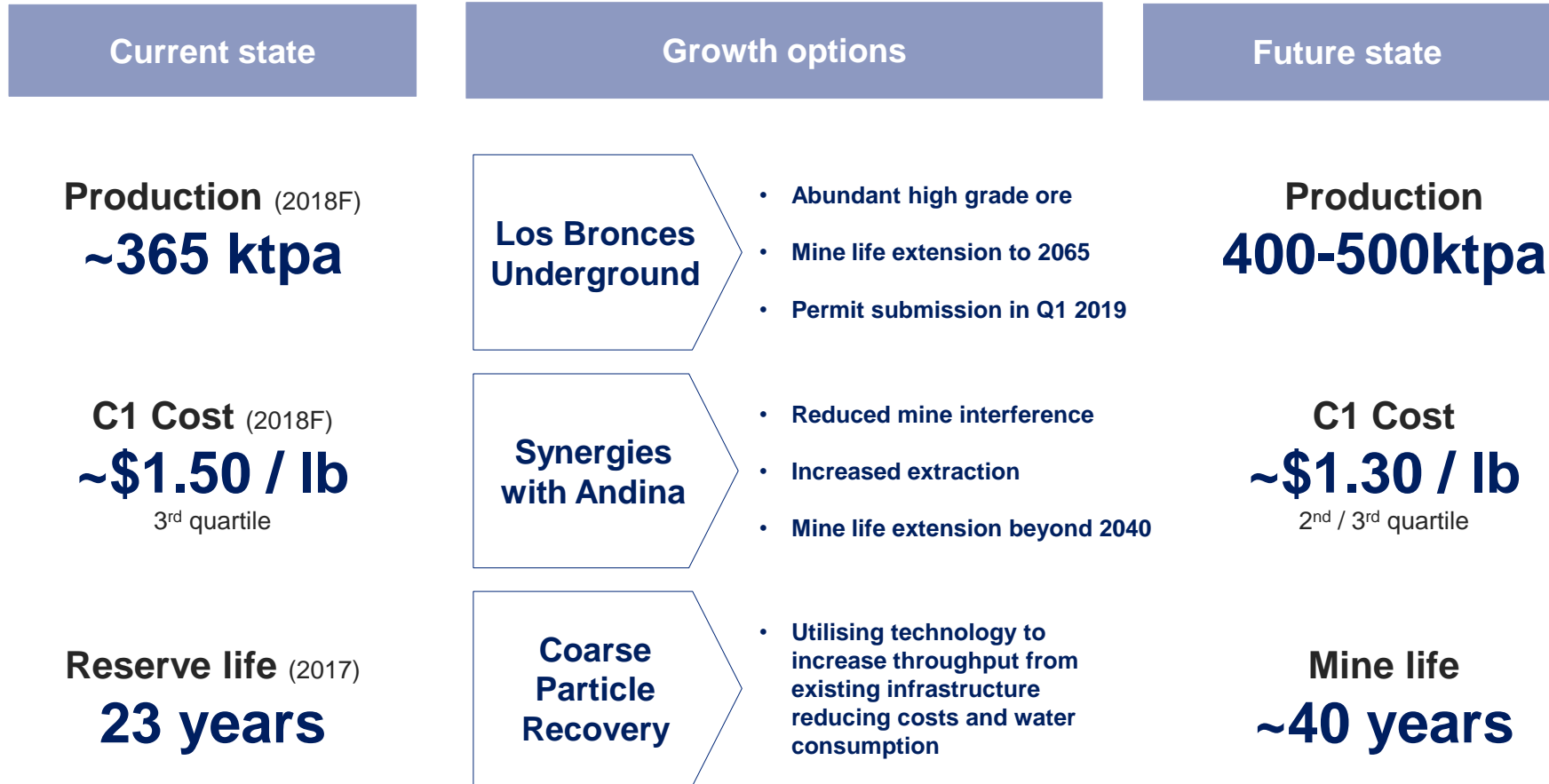
Temporary net debt benefit from \$0.5bn syndication proceeds cash received but not spent at 2018 year end

Consolidated Net debt (cash funded by Anglo)

Consolidated Net debt (but cash funded by Mitsubishi)

\$0.8bn syndication proceeds (equity funding)

LOS BRONCES – SIGNIFICANT GROWTH OPTIONALITY



COLLAHUASI – PLANT EXPANSION OPTIONS

Number of expansion options available

- **170ktpd**

Existing licence allows throughput of up to 170ktpd, from existing levels of 155-160ktpd prior to 2020

- **210ktpd**

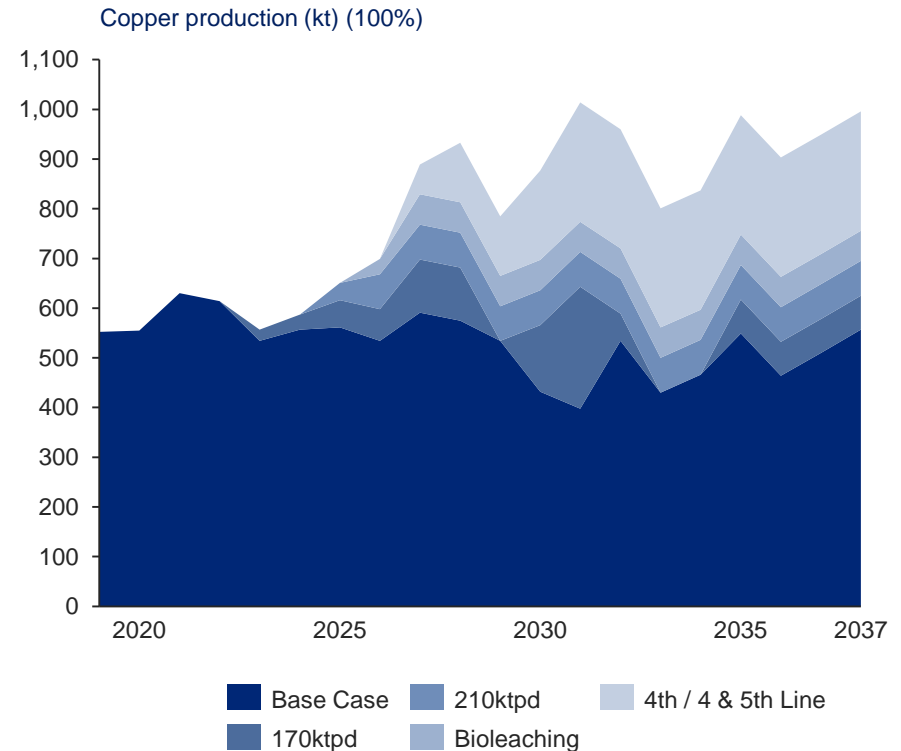
Investigating options to expand concentrator throughput capacity up to 210ktpd post 2020, ~\$1.2-1.5bn capex

- **Bioleaching**

As a part of the next EIA, optionality will also be sought to develop new leach pads that will enable us to implement a bioleaching process using the existing cathodes plant, ~\$0.9-1.1bn capex

- **4th / 5th line**

Optionality exists for a long-term major growth project to add additional extra lines. Combined with the above would take copper production to ~900-1,000ktpa



LONGER-TERM GROWTH OPTIONS

Sakatti

- Located in Finnish Lapland, in an established mining district, close to infrastructure
- Smaller high grade ore body
- Pre-feasibility studies in progress

Los Bronces District

- Located adjacent to proven production assets
- Synergies with existing infrastructure
- Attractive mineralisation

West Wall

- Located in strategic centre of Chile
- Close to port infrastructure, 150km from the project

Discovery

- Targeting deposits that can deliver high cash flows and strong returns
- Los Bronces and Quellaveco near-asset projects
- Exciting prospective districts in diversified geographies, including Brazil, Zambia, Australia and Ecuador

INVESTOR RELATIONS

Paul Galloway
paul.galloway@angloamerican.com
Tel: +44 (0)20 7968 8718

Robert Greenberg
robert.greenberg@angloamerican.com
Tel: +44 (0)20 7968 2124