

QUELLAVECO

A WORLD CLASS COPPER PROJECT

TOM MCCULLEY, CEO QUELLAVECO
27 NOVEMBER 2018

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QUELLAVECO – MANY COMPANIES, ONE TEAM



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While risks remain we are confident Quellaveco is well positioned for success

A WORLD CLASS COPPER PROJECT SUPPORTED BY...



- 1 Highly experienced management team, leading EPCM contractor
- 2 In-depth knowledge of project: world-class feasibility study
- 3 Favourable geology: high-grade ore in payback period; 30-year reserve life; significant endowment potential
- 4 Q1 cost position driven by inherent structural advantages, with well-understood processing technology
- 5 Fully permitted with good social credentials
- 6 Execution on-track, benefiting from significant early works
- 7 Robust financials, meeting Group's investment criteria

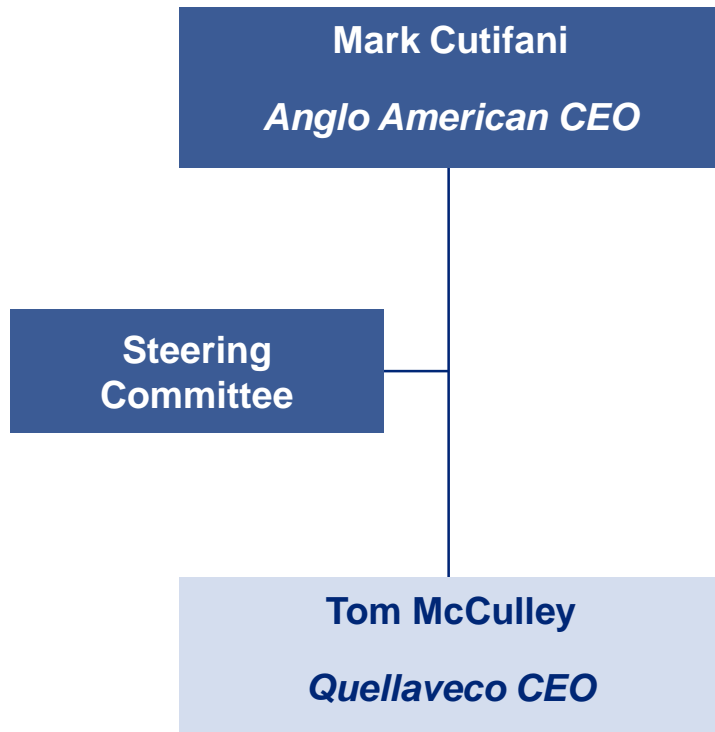
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EXPERIENCED LEADERSHIP TEAM

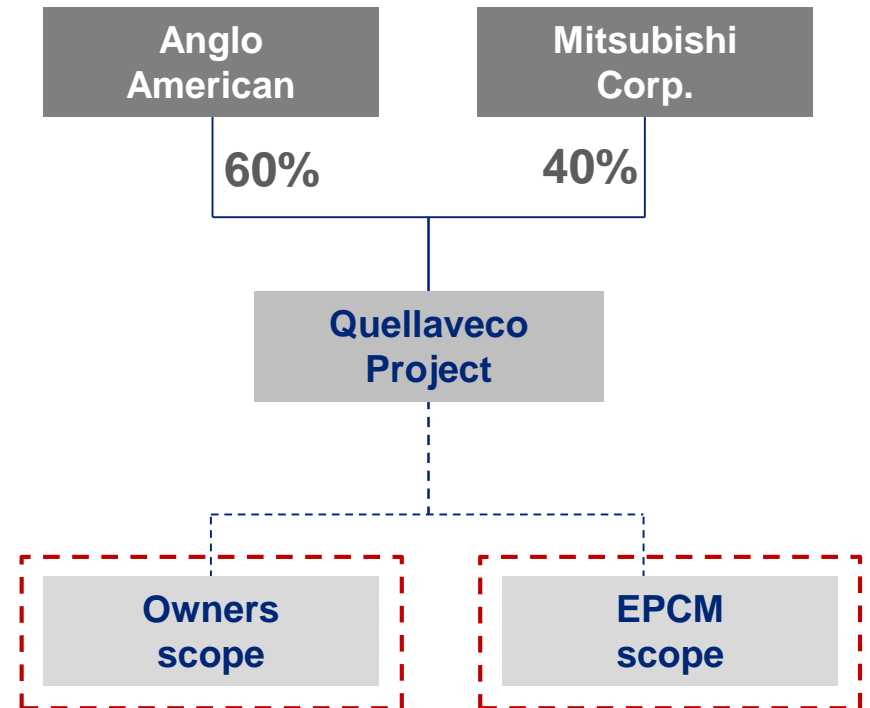
						
Tom McCulley Chief Executive Officer	Christoff Kuhn Project Director	Peter White Chief Financial Officer	Tito Cacho Operations	Diego Ortega Corporate Affairs	Carlos Dominguez Human Resources	Craig LaFortune Project Director (Fluor)
<ul style="list-style-type: none"> • Anglo American Group Head of Projects • Previously VP for Investments and Value Management at Newmont • Extensive experience delivering large scale greenfield projects • 4 years with Anglo American 	<ul style="list-style-type: none"> • Management and Engineering Professional with 20+ years of experience • Owner and EPCM project study and execution experience • Previously Project Director for De Beers' Venetia Underground Project • 8 years with Anglo American 	<ul style="list-style-type: none"> • Qualified Chartered Accountant with 20 years of experience • Previously served as Financial Controller for Anglo American Copper • 11 years with Anglo American, having started career with PwC 	<ul style="list-style-type: none"> • Qualified Mining Engineer and MBA with 20+ years of multi-commodity experience in the mining industry • Global exposure including senior roles at Hudbay Minerals, First Quantum Minerals, Gold Fields and BHP Billiton across three continents 	<ul style="list-style-type: none"> • Qualified Corporate Affairs, Social Performance and Legal Senior Executive with 18+ years of national and international experience in mining sector • Previously held senior roles in mining law firms and MMG, Gold Fields and Rio Tinto 	<ul style="list-style-type: none"> • 35 years of experience in various industries • 9 years with Anglo American, as Head of HR for Peru • Previously held senior HR management roles with other Peruvian mining companies including Milpo and Yanacocha 	<ul style="list-style-type: none"> • SVP of Project Management • Last assignment was US\$4bn Infrastructure Project for Petronas • Experienced in leading multi-billion dollar EPC(M) projects and JV Partnership project execution • 30 years with Fluor

ROBUST GOVERNANCE AND LEADING EPCM PARTNER

Anglo American Group Governance



Quellaveco Project Structure



Why Fluor?

- Won competitive bid process
- Stand-out Project Director
- Relevant experience from nearby project
- Significant existing experience on Quellaveco
- Long-term senior management relationships

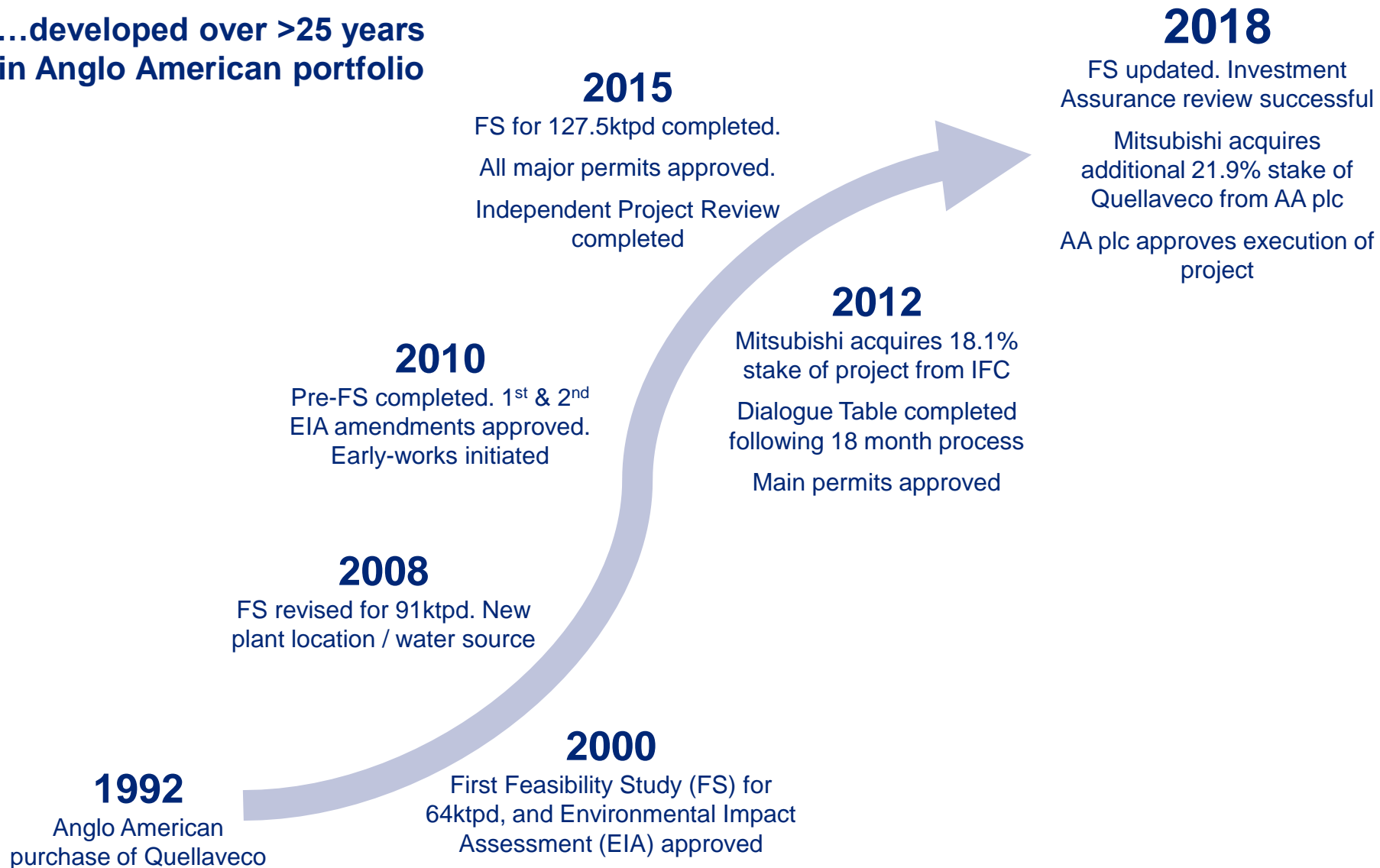
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While risks remain we are confident Quellaveco is well positioned for success

IN-DEPTH KNOWLEDGE OF THE PROJECT

...developed over >25 years
in Anglo American portfolio



PERU – AN ATTRACTIVE MINING JURISDICTION

The world's second largest producer of copper, with mining accounting for ~10% of GDP



Project supported by Central, Regional and Local government

Central government	<ul style="list-style-type: none">• Government supports project execution, acknowledging importance to national economy• Legislation supports mining
Regional / Local government	<ul style="list-style-type: none">• Supportive of project• Continuous engagement

The south of Peru is an established mining location

- Fastest growing copper producing region in Peru
- Hosts many of the world's foremost mining companies
- Established infrastructure and skilled workforce
- Clear policy and regulatory framework

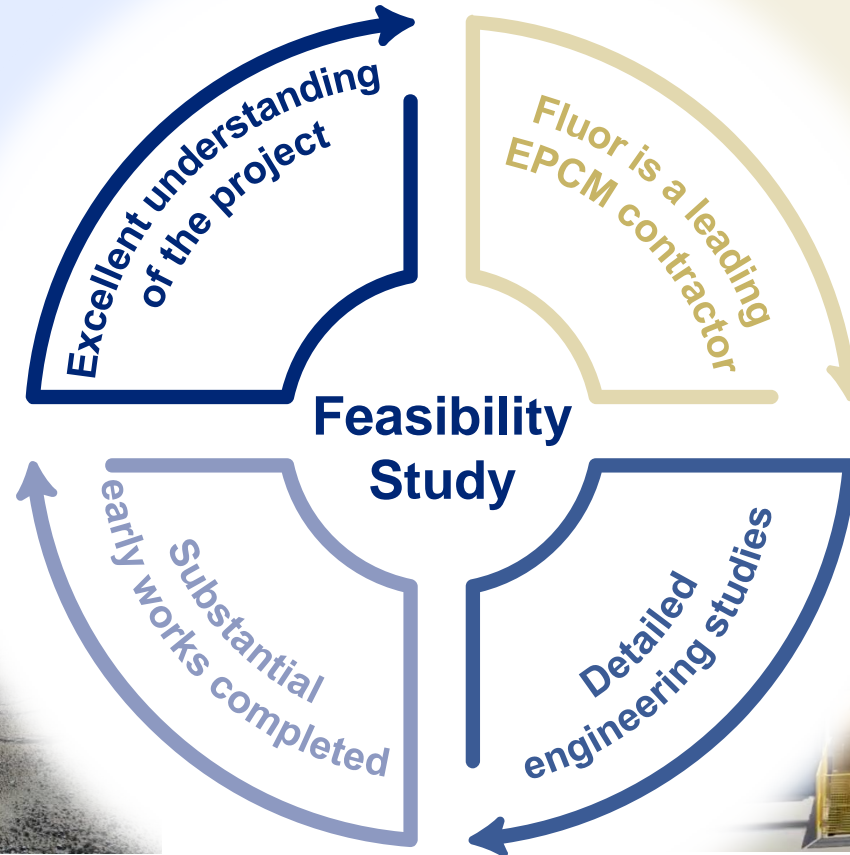
WORLD-CLASS FEASIBILITY STUDY



- In-depth understanding of project
- World-class independent reviews

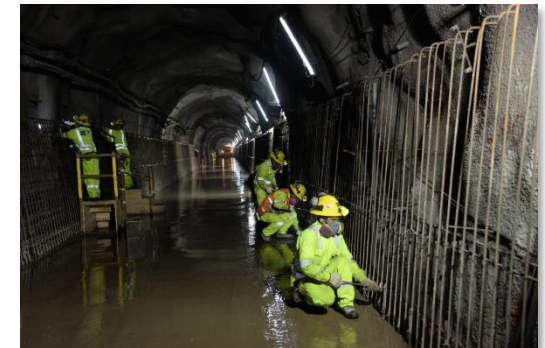
FLUOR®

- Strong presence in South America
 - Extensive Quellaveco experience
 - Excellent credentials, verified by completion of nearby project



NOT YOUR TYPICAL GREENFIELD...

Significant early works completed	
Detailed Geological Model	✓ 120km of drilling supports 7.6Mt Contained Copper Ore Reserves and 6.0Mt of Contained Copper Mineral Resources ¹
Advanced Geotechnical Understanding	✓ Excellent understanding of grinding area geotechnical conditions
Detailed Engineering	✓ Advanced progress of detailed engineering works underscores confidence in capex estimate
Permitting	✓ All major permits for construction obtained
Land Access	✓ Secured full access to / ownership of dam, mine, concentrator and tailings facility
Site Access	✓ Main access road and Asana River diversion in advanced stages of construction
Water Infrastructure	✓ All water reservoirs and ponds for construction completed
Mobilisation of People and Contractors	<ul style="list-style-type: none"> ✓ Platforms for all construction and operations camps completed ✓ Key packages awarded and contractors mobilising



...CULMINATING IN PROJECT APPROVAL IN JULY 2018

Located at ~3,500m above sea level in south of Peru, 34km from the city of Moquegua



Quellaveco – Key statistics

Overview	Commodities:	Copper (molybdenum by-product)
	Mine:	Open-pit, 1.3Bt Reserves, 0.57% TCu ¹
	Returns:	>15% IRR, >20% ROCE, 4-yr payback
	Workforce:	~9,000 at peak construction ~2,500 steady state operations
	Ownership:	Anglo American (60%), Mitsubishi (40%)
Construction	Construction time:	< 4 years from August 2018
	Commissioning:	First production 2022 Ramp-up during 2023
	Permitting:	Key construction permits obtained
	Capex:	\$5.0-5.3bn (nominal, 100% basis) \$2.5-2.7bn (nominal, attributable to AA)
Operation	Throughput rate:	127.5ktpd
	Production:	~330ktpa average first five years ~300ktpa average first 10 years
	Reserve life:	~30 years

(1) Estimates as at 31 December 2017. Please refer to the Anglo American plc Ore Reserves and Mineral Resources Report 2017 for a breakdown of the classification categories.

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While risks remain we are confident Quellaveco is well positioned for success

HIGH-GRADE ORE IN 4-YEAR PAYBACK PERIOD

...with high degree of confidence in ore body

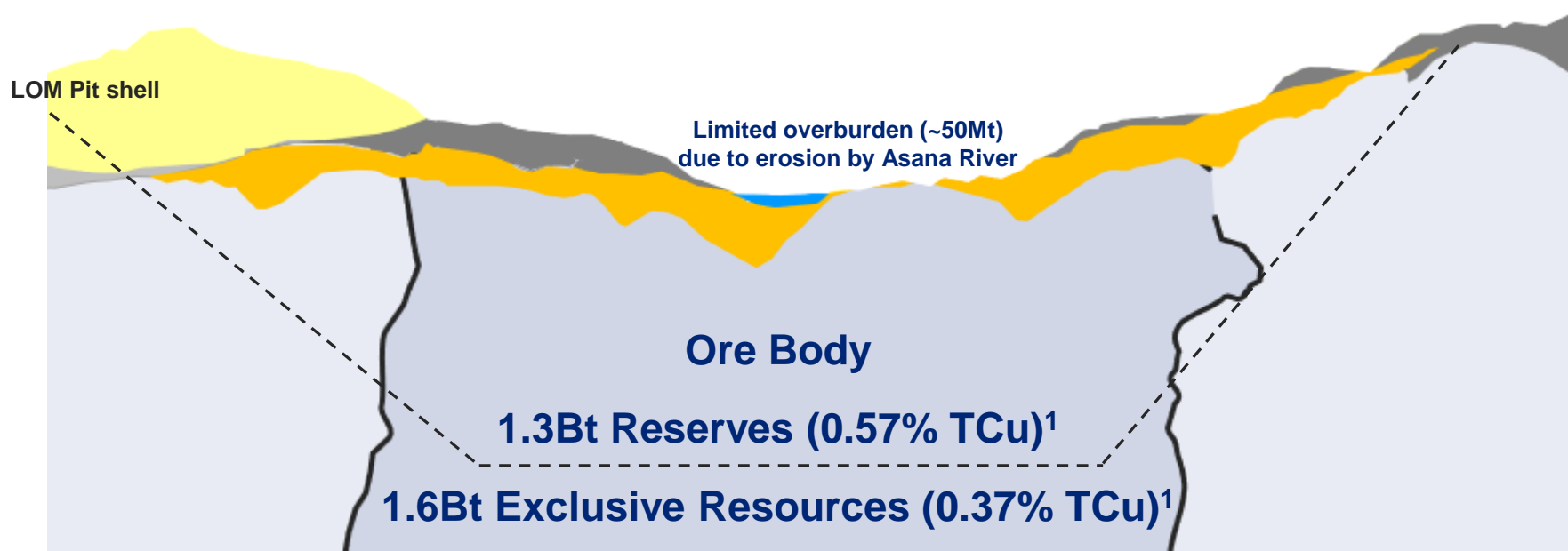
First five years:

~330ktpa production

0.84% TCu grade

>90% Proved Reserves

In payback period: Softer, near-surface, easily accessible high-grade secondary ore

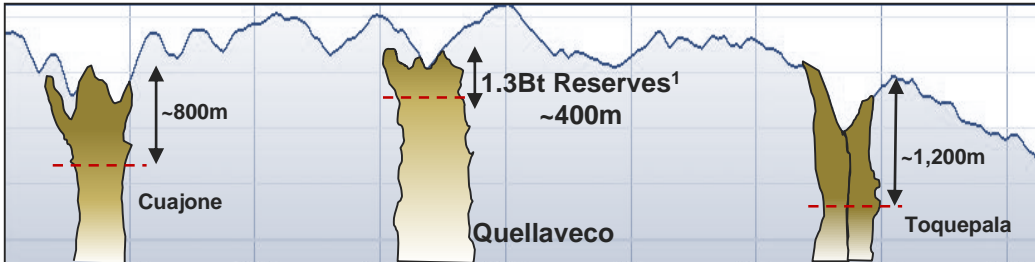


(1) Estimates as at 31 December 2017. Please refer to the Anglo American plc Ore Reserves and Mineral Resources Report 2017 for a breakdown of the classification categories.

30-YEAR RESERVE LIFE WITH SIGNIFICANT POTENTIAL

Favourable mineralisation characteristics

4,000m above sea level



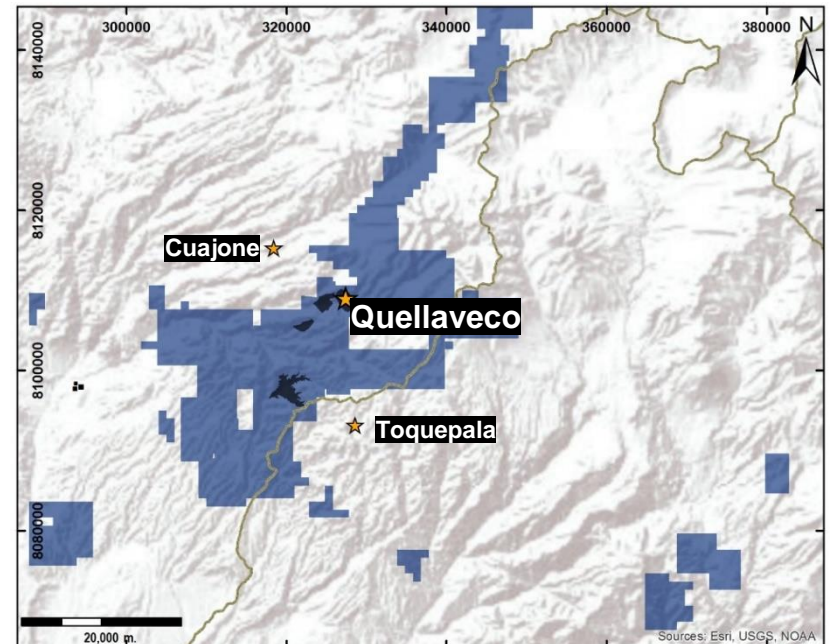
2,000m above sea level

Mineralisation open at depth, to north and to south

Neighbouring mines operating >40 years and 2-3x deeper

Quellaveco at start of its resource journey

Quellaveco licence area: significant potential and several prospective anomalies



Anglo American Tenements

(1) @ 0.57% grade

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STRUCTURAL COST ADVANTAGES: LOW-COST MINING

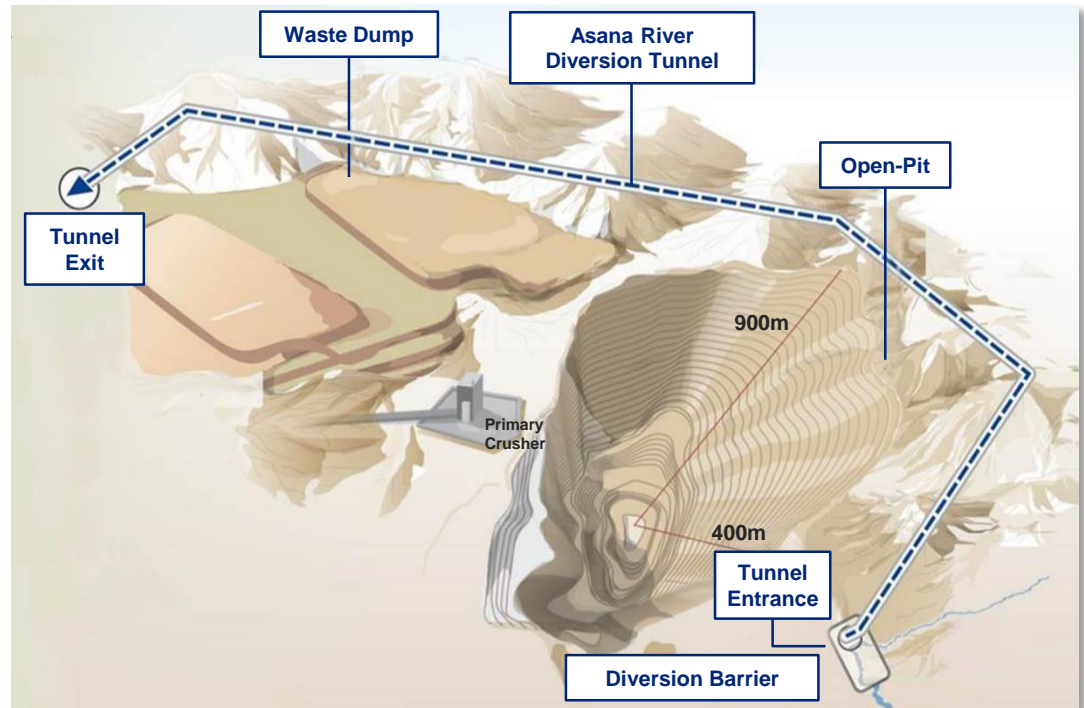
Open-pit operation, with optimal design based on latest resource block model

Low strip-ratio

- Ore body uncovered through erosion by the Asana River...
- ...leading to low strip ratio of 0.8x (LOM)

Efficient hauling

- Central location of primary crusher...
- ...leading to short haulage distances, with downhill loaded cycle for most of first ten years



Resulting in an efficient operation with smaller fleet requirement and low consumables

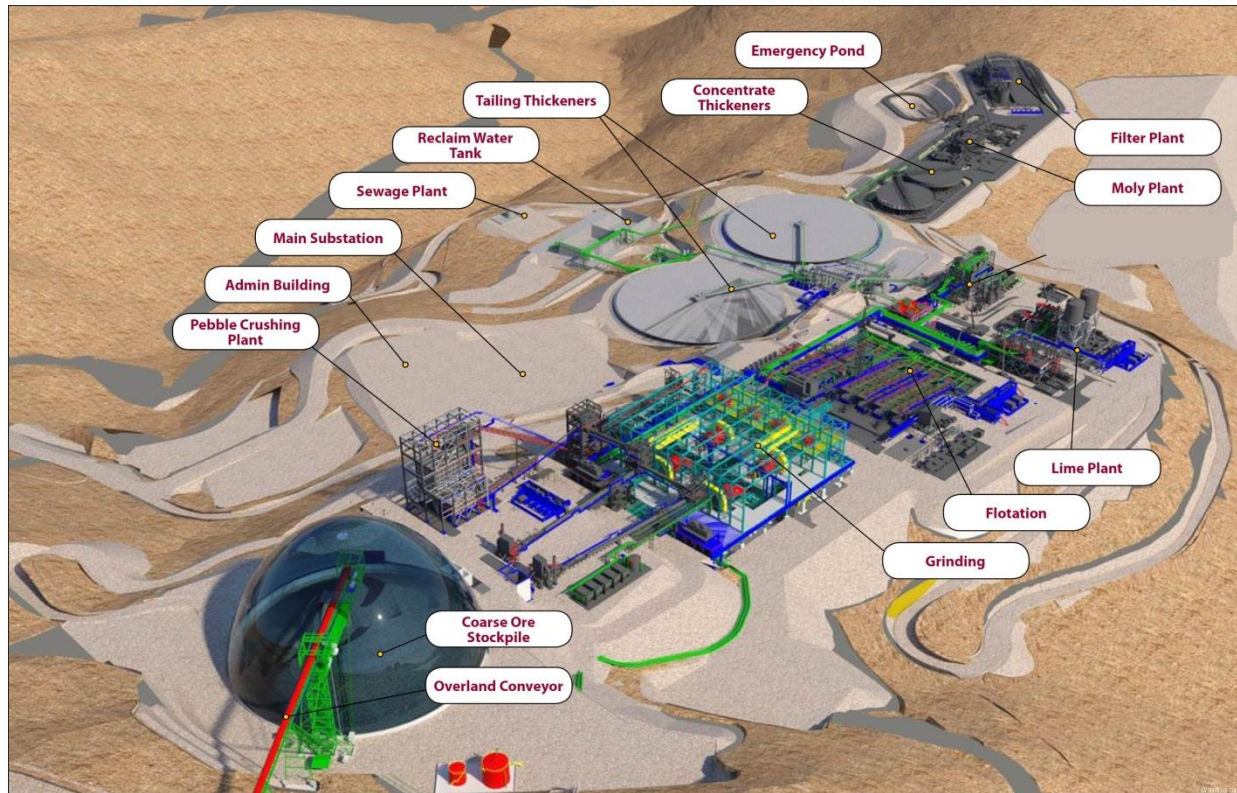
OVERBURDEN STRIPPED BY ASANA RIVER



CONVENTIONAL, WELL-UNDERSTOOD PROCESSING

Two grinding lines, designed for hard ore, to produce high-grade copper concentrate

Plant overview



Conventional processing

- Plant designed for hard ore, with softer ore to be processed in early years
- One SAG and one Ball Mill on each grinding line, with space for a third line
- Initial permitted throughput capacity of 127.5ktpd
- Current design capacity 150ktpd
- Average copper concentrate grade >40% in first 5 years, >30% over LOM

HIGHLY COMPETITIVE Q1 COST POSITION

Key structural cost advantages expected to deliver a Q1 cash cost position

C1 cash cost

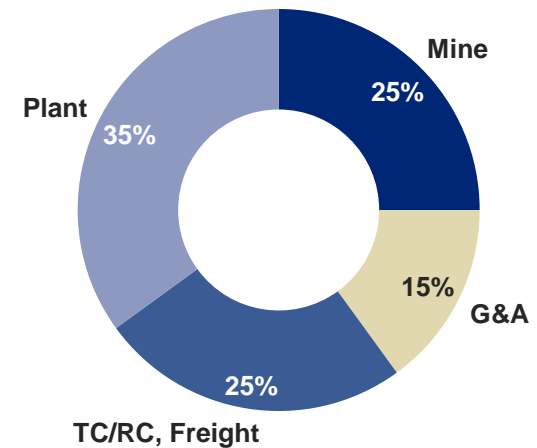
\$1.05/lb

Average over first 10 years

Structural cost advantages

- Low strip-ratio
- Efficient and short hauling
- Competitive labour and power costs

C1 cash unit cost
(excl. by-products)

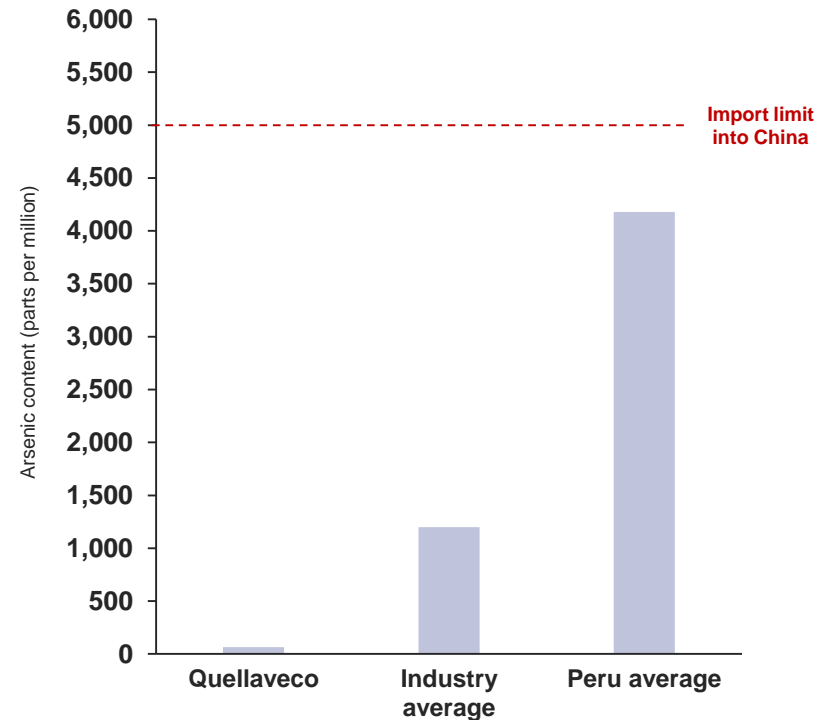


MARKETING ADVANTAGES FROM HIGH-GRADE CONCENTRATE AND LOW IMPURITIES

Quality of concentrate offers marketing advantages

- High grade copper concentrate with low impurities
 - >40% concentrate grade in first 5 years;
>30% over LOM
 - Clean concentrate with exceptionally low arsenic levels
 - Low levels for other impurities
- Attractive feedstock for Chinese smelters
- Blending opportunities with lower quality concentrates

Arsenic content benchmarking



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ALL MAJOR CONSTRUCTION PERMITS IN PLACE

Major Permits

Permits	Status
 Environmental Impact Study	APPROVED
 Beneficiation Concession	APPROVED
 Mining Plan	APPROVED
 Mining Closure Plan	APPROVED

Water Licences

Licences	Status
 Construction Water Authorisation	APPROVED
 Operations Water Licence (grant on start of operations)	WIP

COMMITTED TO WORKING WITH LOCAL COMMUNITIES

Dialogue Table focussed on three key areas...

Water

Supply and optimal use of water resources



Environment

Compliance and monitoring of environmental commitments



Local stakeholders

Sustainable development projects



...with firm commitments

26

Agreements directly from the Dialogue Table

31

Bodies from 3 different municipalities

~\$300m

Community investment commitment over next 30 years

LICENCE TO OPERATE TO UNDERPIN PROJECT SUCCESS

Sustainability at the heart of Anglo American values, reflected in approach to Quellaveco's development

Safety and Health

Safety

- Comprehensive health and safety programme based on principles and values of Anglo American and Fluor
- Zero-harm objective

Health

- Support health and sanitation, and assist communities in obtaining access to required services
- Recent health initiative resulted in reduction of malnutrition, infant mortality, and improvement in living conditions



Environment

Policy & Programme

- Robust environmental programme
- Environmental controls and water scheme reviewed and accepted by local communities
- Regular, scheduled monitoring of air, water, noise, flora and fauna in place with local residents' participation
- Segregate waste, establish recycling and manage the proper disposal of waste
- Full compliance with commitments and no major incidents to date



LICENCE TO OPERATE TO UNDERPIN PROJECT SUCCESS

Project benefits from unique social credentials

- Commitment to hire 80% of unskilled workforce from local community: **>80% achieved to date**
- At peak construction, **~9,000 jobs to be created** (~2,500 in normal operation)
- Goods and services purchased from **>300 local suppliers**
- **Local business fair** to bring together contractors with local suppliers

Economic programmes



- Support integrated and sustainable rural development
- Water and natural resource management

Education programmes



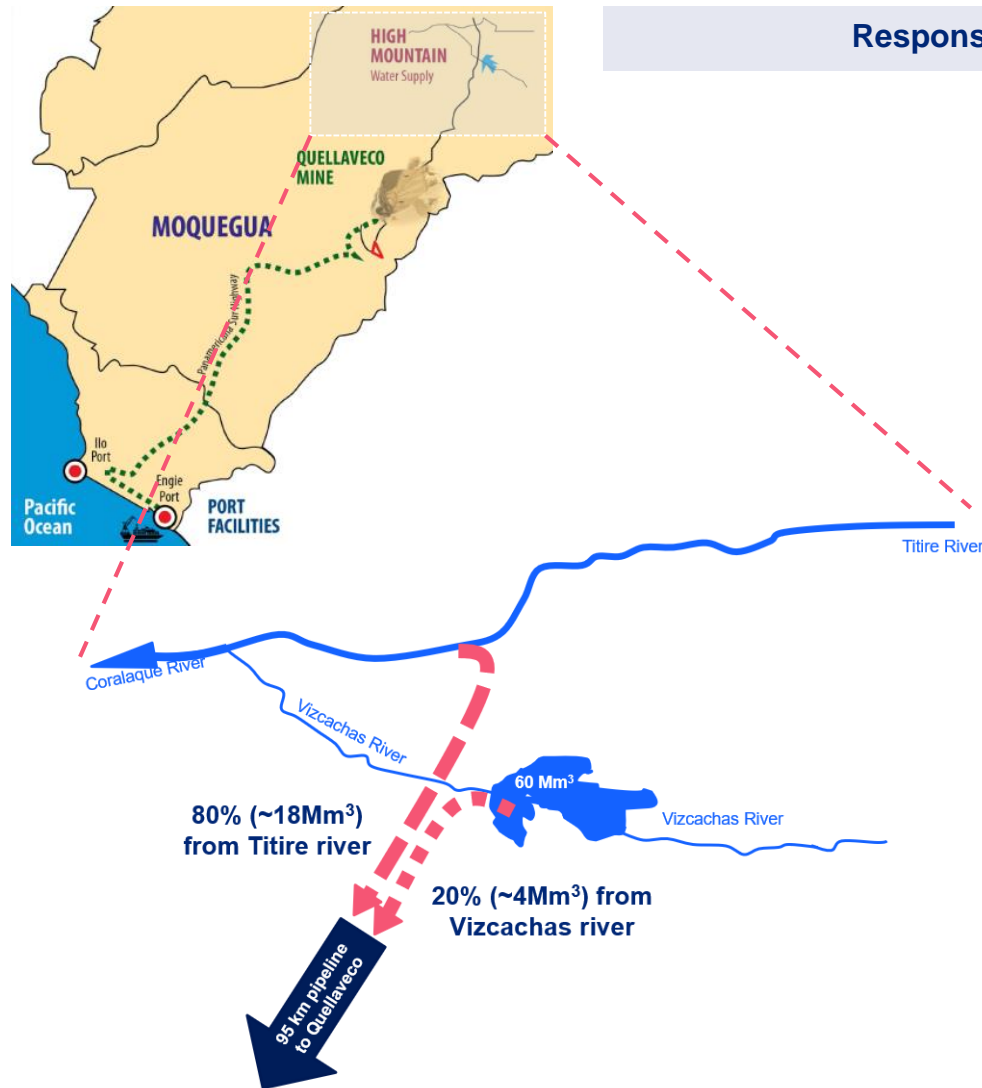
- Reduce gaps in existing education system
- Focus on early intervention, assisting families with disabled children, and providing adult education

Enterprise programmes



- Assist public and private organisations by improving access to markets as well as helping small businesses to secure financing
- Training courses to improve negotiating skills

DELIVERING IMPROVED QUALITY AND VOLUME OF WATER TO LOCAL COMMUNITIES



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WHAT ARE WE BUILDING...

Area 1000 – High Mountain Water

- Vizcachas River: dam and reservoir
- Titire River water intake
- 95km water pipeline to transport water to plant

Area 2000 – Quellaveco Mine

- Asana River diversion system
- Overland conveyor, incl. tunnel
- Pre-strip of ~50Mt

Area 3000 – Papujune Plant

- Conventional processing plant
- Two grinding lines: one SAG and one Ball Mill each, with space for third line

Area 4000 – Tailings Dam

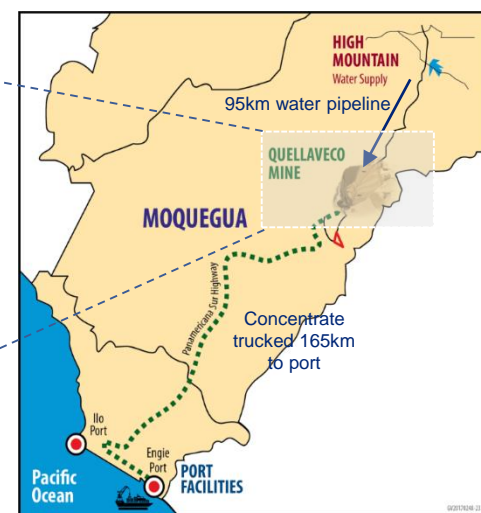
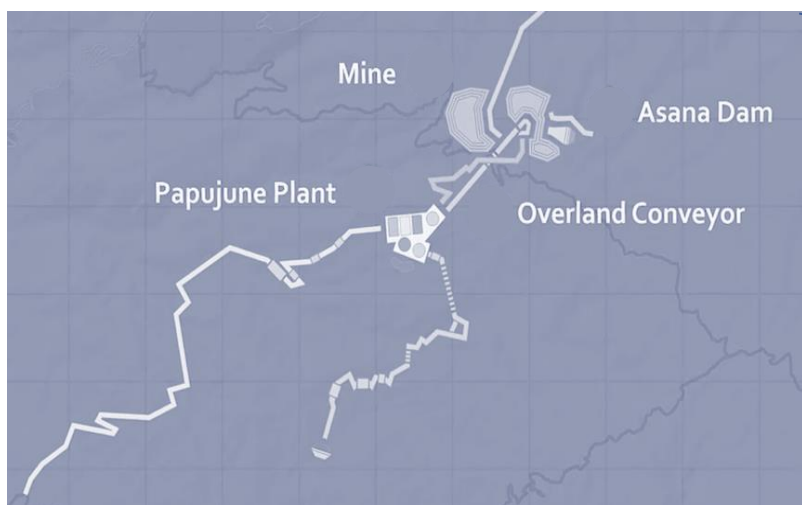
- ~1.3Bt storage capacity tailings dam
- Downstream method, designed and reviewed by world-leading experts

Area 5000 – Infrastructure

- Port expansion, with new ship-loading and storage facility
- Power lines and substation
- Access roads

Area 6000 – Temp. Facilities

- 4,000-bed workers camp
- Concrete batch plants



ACHIEVEMENTS TO DATE

Engineering



- Utilising global Fluor network of engineers across four locations
- Advanced progress: ~60% complete

Contracts and Procurement



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

Milestones



- On-track to achieve first major milestone of river diversion in early-December
- Earthworks and concrete meaningfully progressed
- ~6,000 workers onsite today, with ~50% from local community

ON TRACK SINCE PROJECT APPROVAL

Area 1000 – High Mountain Water

- ✓ Vizcachas River diversion on track
 - ✓ Dam and water intake in progress
 - ✓ 95km water pipeline construction on track to begin in 2019
-

Area 3000 – Papujune Plant

- ✓ Mass earthworks in progress
 - ✓ Concrete works on track to begin in 2019
-

Area 5000 – Infrastructure

- ✓ Main access road complete
- ✓ Power supply contract awarded, power infrastructure mobilised

Area 2000 – Quellaveco Mine

- ✓ Asana River diversion on-track to complete early-December
 - ✓ Mass earthworks begun
 - ✓ Structural, Mechanical, Piping, Electrical (SMPE) contracts in final negotiations
-

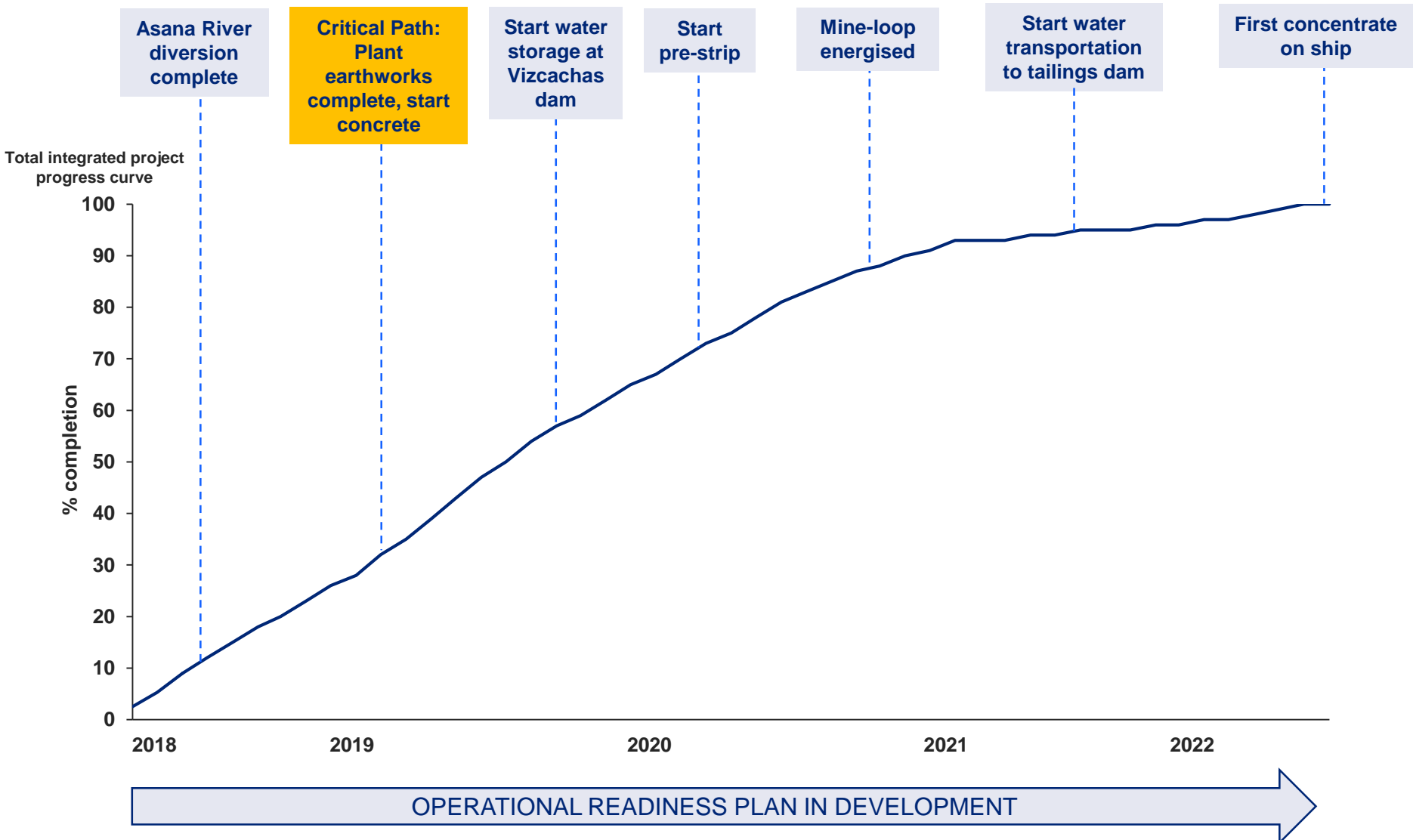
Area 4000 – Tailings Dam

- ✓ Access roads in progress
 - ✓ Excavation work awarded and mobilising
-

Area 6000 – Temporary Facilities

- ✓ 2,000 bed camp complete
- ✓ Further 2,000 beds in progress

SCHEDULE TO COMPLETION



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ATTRACTIVE RETURNS PROFILE

Robust financial returns on project capex of \$5.0-5.3bn

IRR

>15%

Real, post-tax

ROCE

>20%

Average over first 10 years

Payback period

4 years

From first production in 2022

EBITDA margin

>50%

Average over first 10 years

Construction capex

\$2.5-2.7bn

Anglo American share post-syndication

Implied NPV

\$2.74bn

Based on recent syndication transaction

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APPENDIX



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%