

BULKS SEMINAR & SITE VISIT

Seamus French, Bulks CEO

Brisbane, 12 November 2019



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BULKS SEMINAR AGENDA

Overview

Seamus French, Bulks CEO

Operational Excellence & Technology

Dave Palmer, Head of P101

Iron Ore Market

Timo Smit, Head of Iron Ore Marketing

Kumba Iron Ore

Themba Mkhwanazi, Kumba CEO

Minas-Rio & Nickel

Bill Bruijn, Brazil CEO

Samancor & Cerrejón

Seamus French, Bulks CEO

Thermal Coal

July Ndlovu, Thermal Coal CEO

Metallurgical Coal Market

Rod Elliott, Head of Metallurgical Coal Marketing

Metallurgical Coal

Tyler Mitchelson, Metallurgical Coal CEO

BULKS: A HIGH QUALITY BUSINESS

**High quality products for
future demand**

**Proven track record of
operational excellence**

**Further improvement &
value growth to come**

FUNDAMENTAL DEMAND DRIVERS EVOLVING

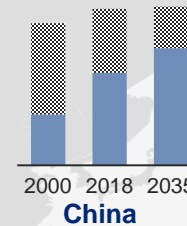
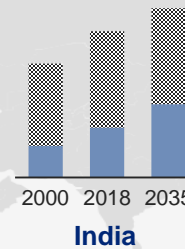
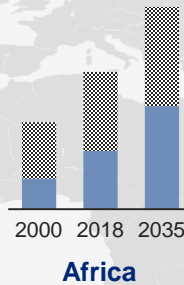
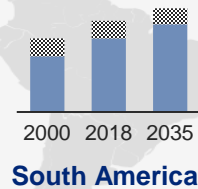
Population growth

Urbanisation

Wealth creation

~1.4 billion

global population increase by 2035



■ Rural population
■ Urban population

STRATEGIC CONTEXT SHAPED BY MULTIPLE FACTORS

Social & political

Environment

Technology

Circular economy & sustainable consumption

Mining technology

Communities

Climate change

Advanced manufacturing

Future consumers

Renewable energy

Autonomous vehicles

OUR ASSET QUALITY PLAYS TO GLOBAL DEMAND THEMES

Diamonds

World leader

Copper

World class growth

PGMs

World leader

Bulks

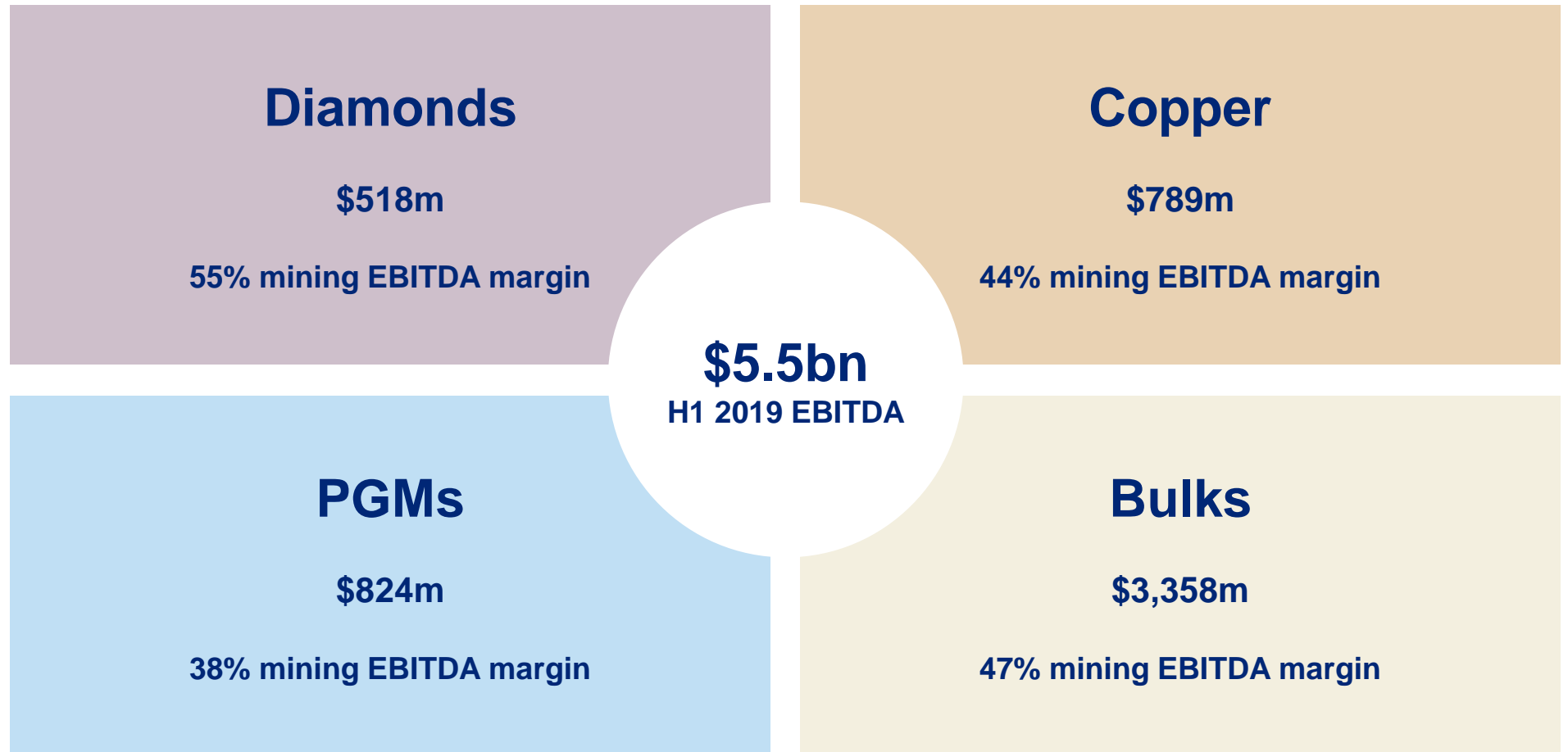
High quality niche

Consumer World

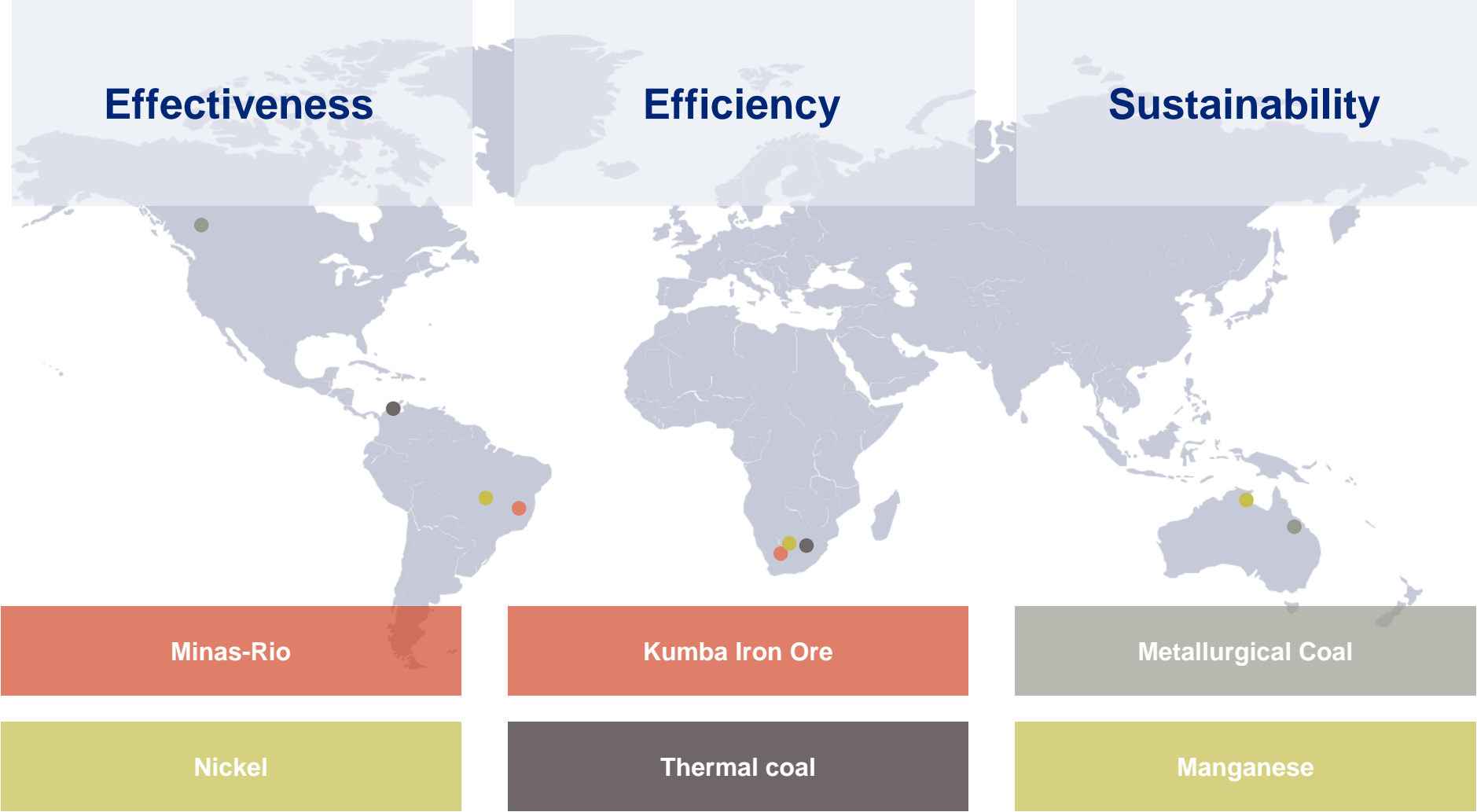
Greener World

Electrified World

BULKS A KEY CONTRIBUTOR TO ANGLO AMERICAN EBITDA



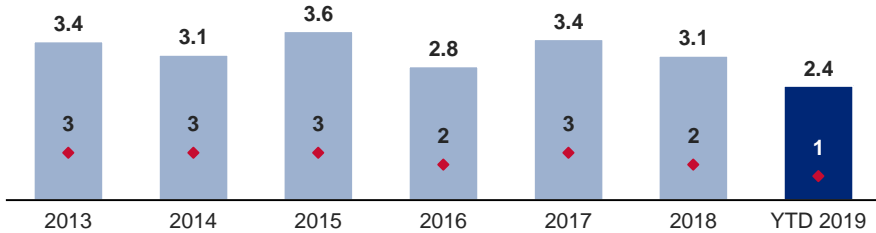
BULKS: SUSTAINABLE CASH GENERATION & RETURNS



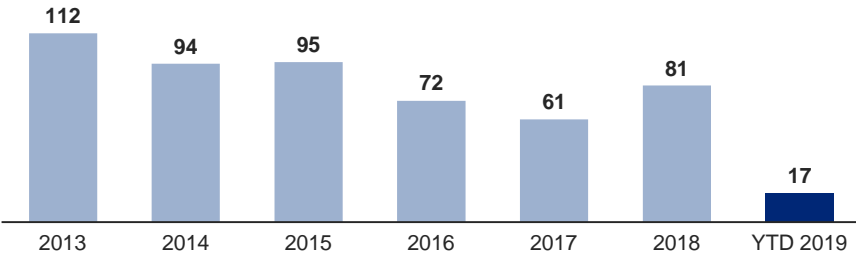
SAFETY & SUSTAINABILITY INTEGRAL TO BULKS BUSINESS

Safety, Health & Environment

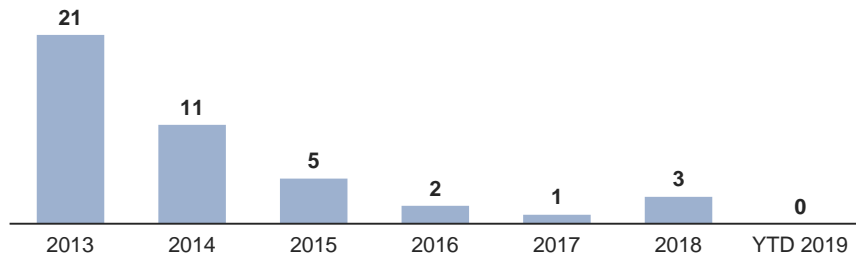
■ TRCFR^{1,2} ◆ Fatalities



Occupational health – new cases^{1,3}



Major incidents^{1,4}



Sustainability driven by FutureSmart™



Operational efficiency



Fewer surprises



Access to resource



PORTFOLIO TRANSFORMATION

High quality products for future demand



Real Mining. Real People. Real Difference.

BULKS: A FUNDAMENTALLY DIFFERENT BUSINESS

Bulks portfolio upgrade

Number of assets

↓ 40%

Adjusted cost curve⁵

Met coal

Iron ore

Thermal coal

Q1

Q2

Q1

2013: Q2

2013: Q3

2013: Q1

Bulks operating improvement

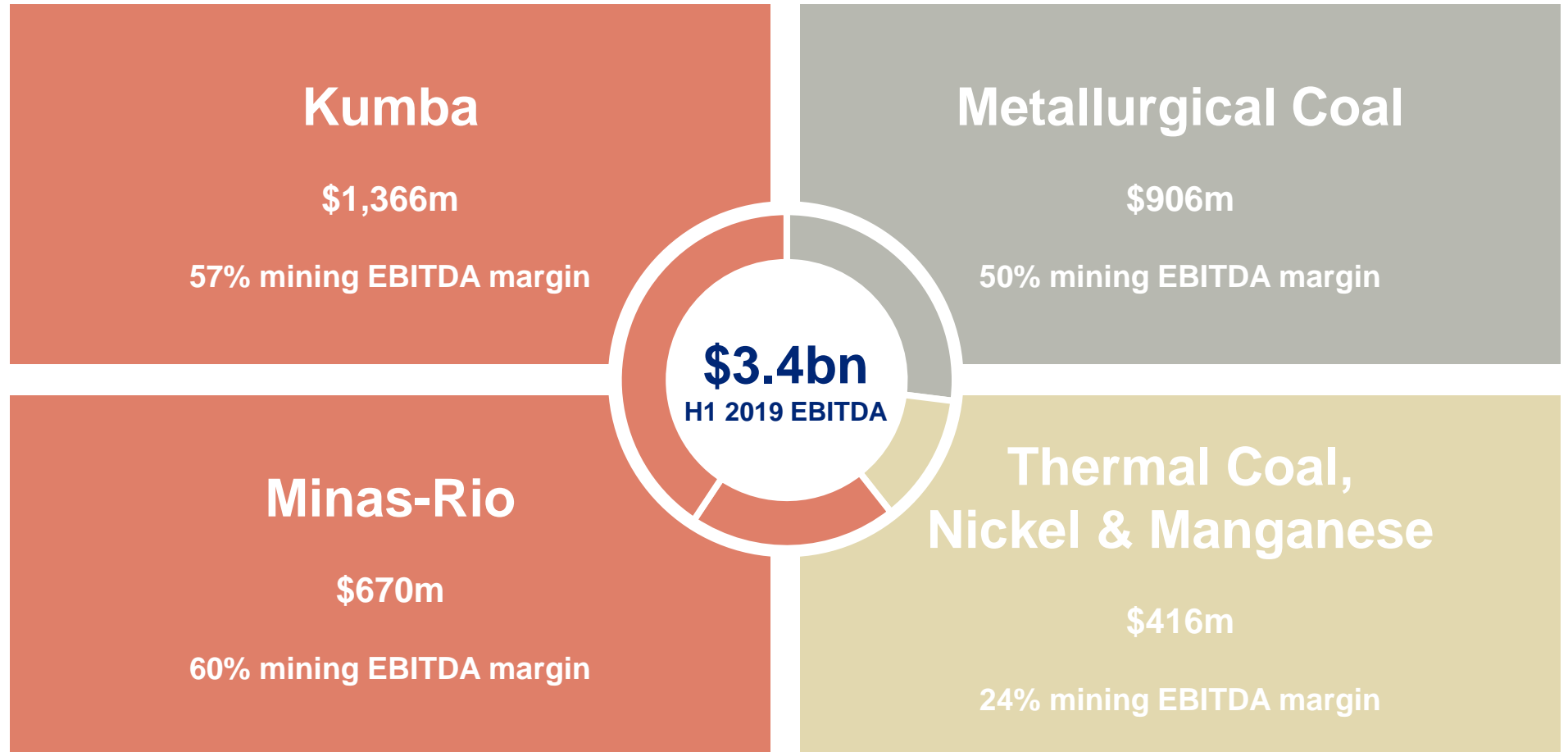
Production volumes⁶

↑ 27%

Unit costs⁷

↓ 30%

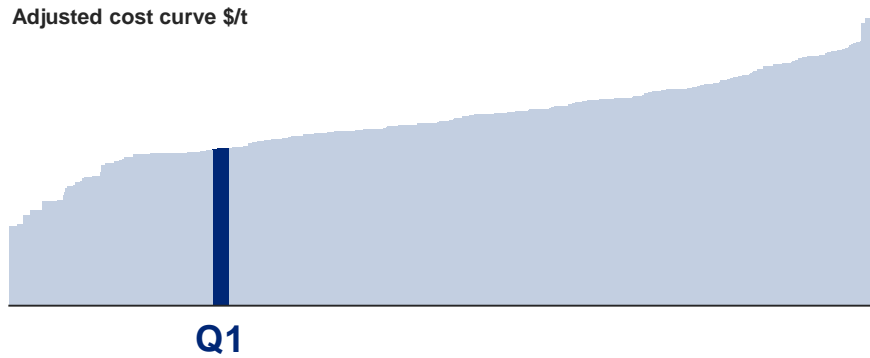
HIGH QUALITY AND DIVERSIFIED



COMPETITIVE MARGINS DRIVEN BY QUALITY PRODUCTS

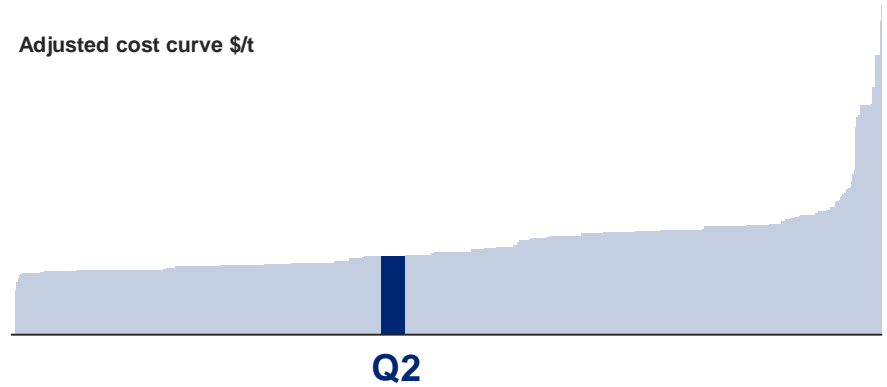
Metallurgical coal

Adjusted cost curve \$/t



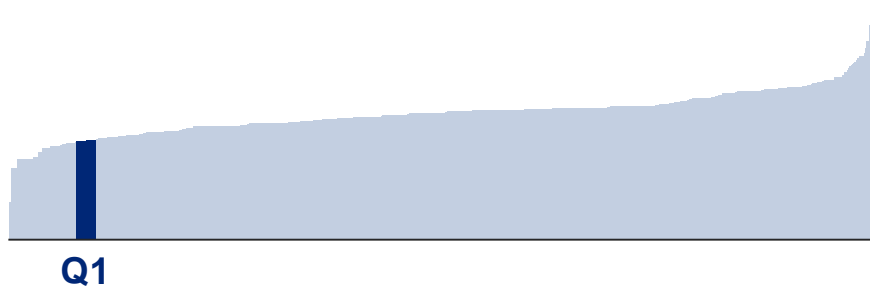
Iron ore

Adjusted cost curve \$/t



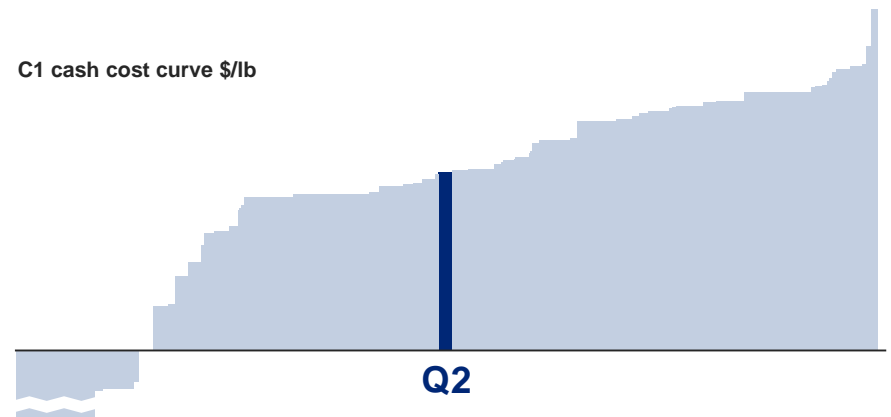
Thermal coal

Adjusted cost curve \$/t



Nickel

C1 cash cost curve \$/lb



TRANSFORMATION JOURNEY

+200% longwall performance improvement



Kumba pit re-design



Minas-Rio ramp up to 23Mt

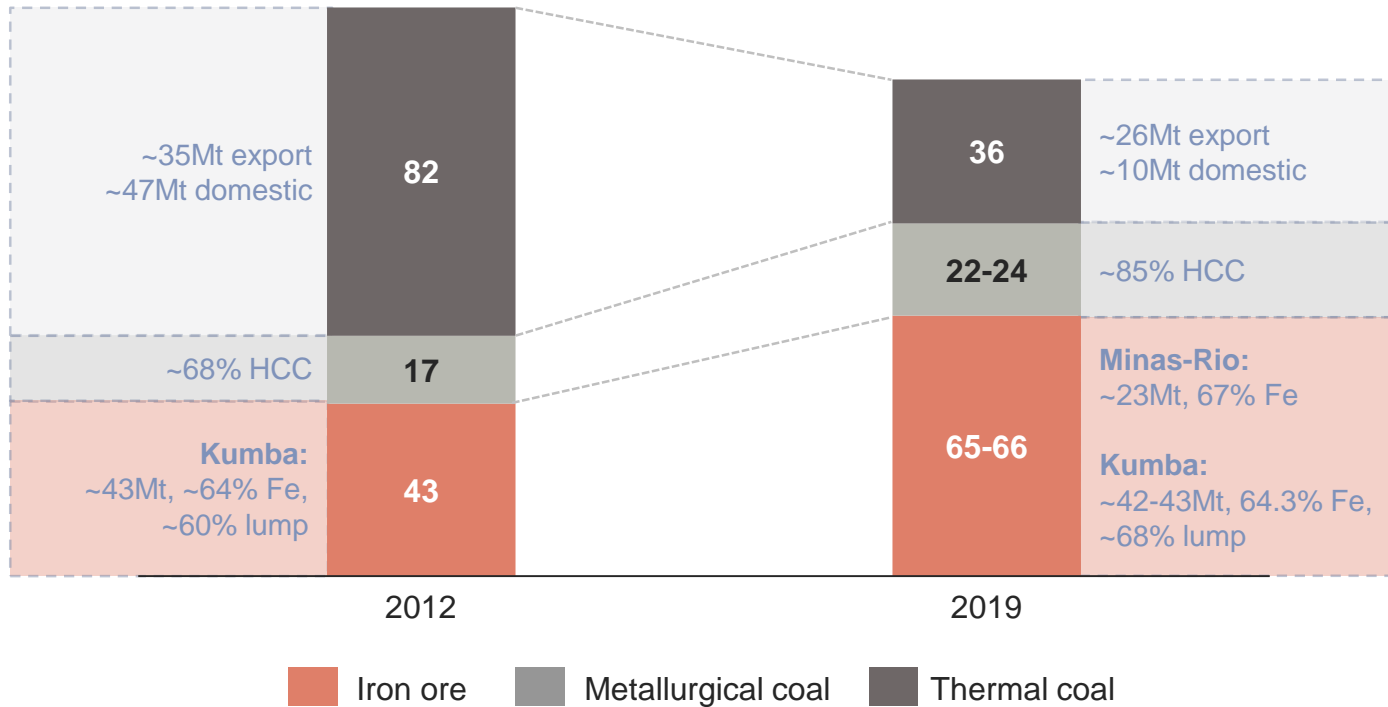


**Divested lower quality assets
(Foxleigh, Callide & SA domestic)**



A FOCUS ON QUALITY

Bulk commodities (Mt)



THERMAL COAL'S POSITION IN OUR PORTFOLIO

Today's global electricity mix

~38% Thermal coal

Our thermal coal volumes

↓ 56% vs 2012

Premium assets

12 year life⁹

**Responsible
stewardship**

QUALITY ASSETS SUITED TO FUTURE DEMAND

Metallurgical Coal

High quality portfolio

~85%

Hard coking coal

Asset life⁸

23 years

Minas-Rio

High quality niche

~67% Fe

Pellet feed products

Asset life

48 years

Kumba

High quality niche

~64.5% Fe

of which 68% is lump

Asset life

14 years

with extension potential

Integrated marketing business

OPERATIONAL EXCELLENCE

Proven track record of operational excellence

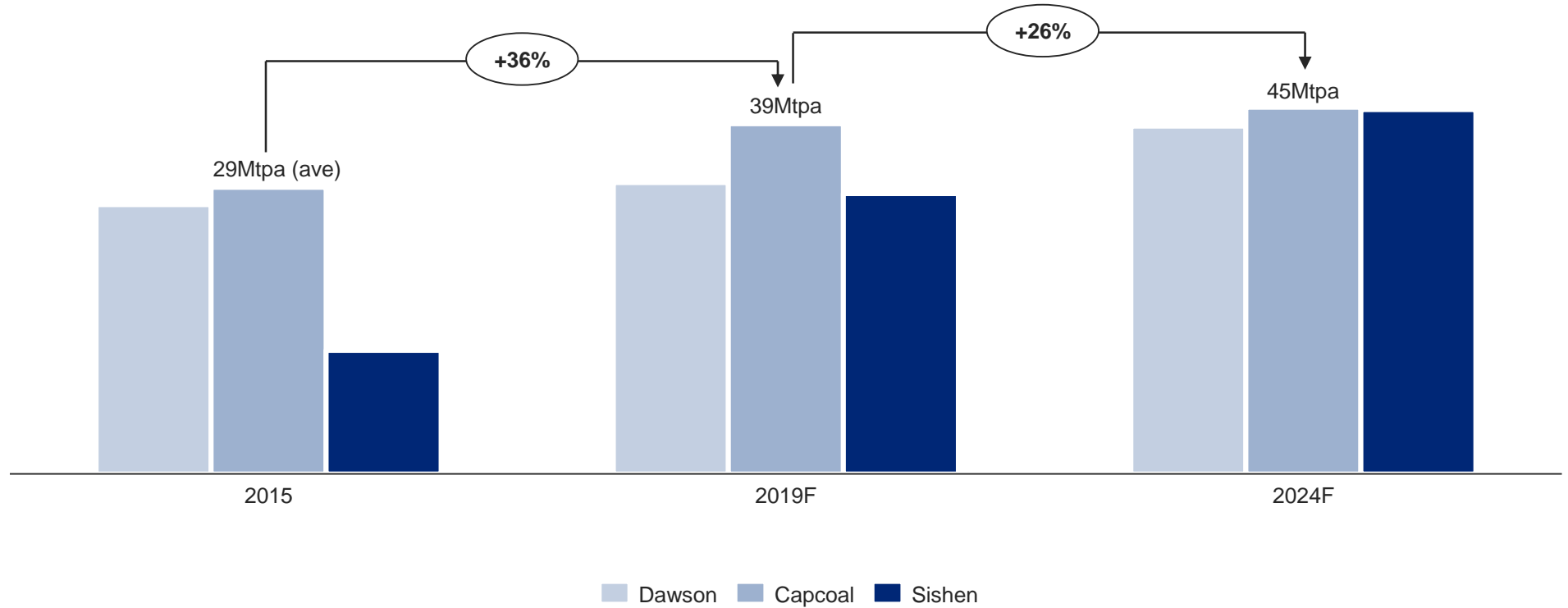


Double sided loading at Kolomela

BEST OPERATING PRACTICE

Sharing best practice: Operating excellence

Large rope shovel performance



HISTORY OF DELIVERY IN METALLURGICAL COAL

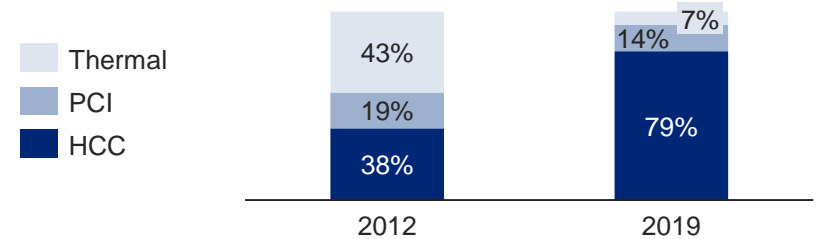
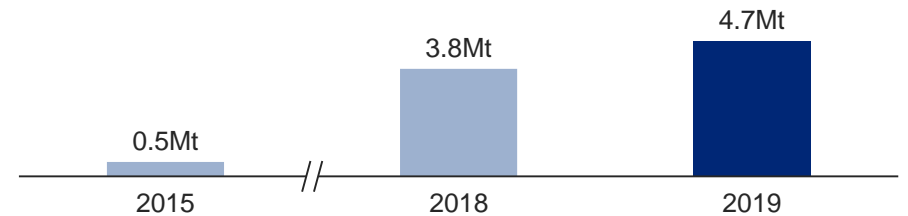
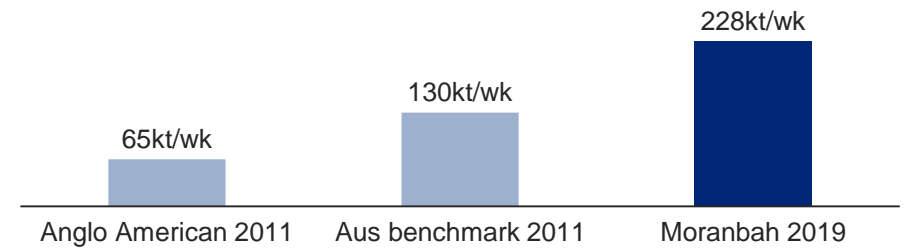
In 2011 we told our investors we will...

Set benchmark for longwall productivity in Australia

Deliver Grosvenor project

Reshape portfolio to increase proportion of highest margin HCC volumes

By 2019 we have...





GROWING VALUE

Further improvement and growth to come



Moranbah Grosvenor wash plant

Real Mining. Real People. Real Difference.

IMPROVEMENT DRIVEN BY OPERATING MODEL

Minas-Rio plant recovery

+28%

Mass recovery 99%¹⁰ from 77%

Process stabilisation

Plant technology improvements

Met Coal LW productivity

+200%

Automation 100% from 45%

Recruited best practice operators

Longwall mine of the future

Large shovel efficiency

+125%

Planning & scheduling

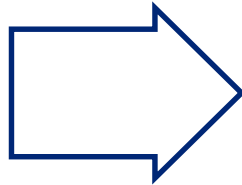
Performance benchmarking

Sharing best operating practice

Operating Model implementation

STEP-CHANGE IN PERFORMANCE & SUSTAINABILITY

Operating Model

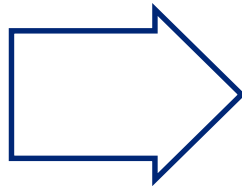


P101

Exceeding industry best-in-class equipment & process performance

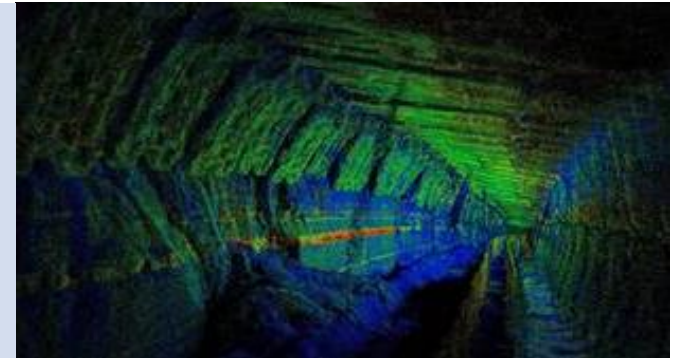


Technical change



FutureSmart Mining™

Innovative technology; data analytics; sustainability



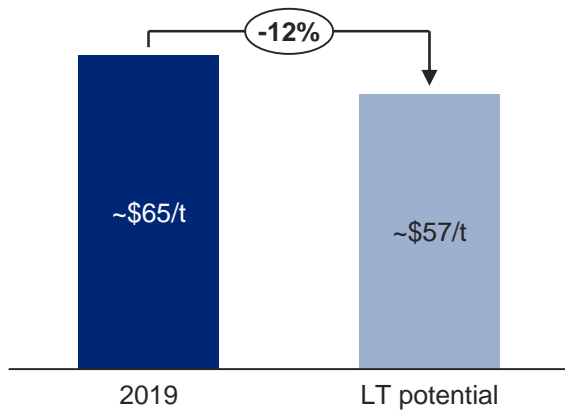
Incremental improvement

Step-change

P101 DRIVING UNIT COSTS IMPROVEMENT

Metallurgical Coal

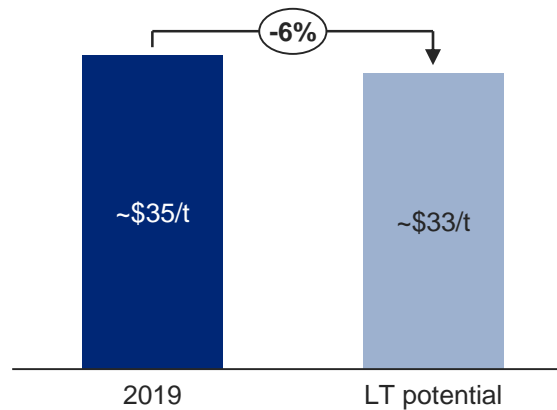
FOB unit cost¹¹



Longwall productivity

Kumba Iron Ore

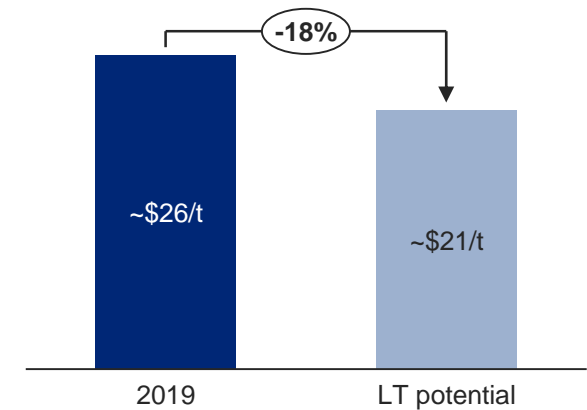
FOB unit cost¹¹



Mining equipment efficiency

Minas-Rio

FOB unit cost¹¹



Processing optimisation

DISCIPLINED GROWTH & CONTINUITY

Moranbah-Grosvenor (Met coal)



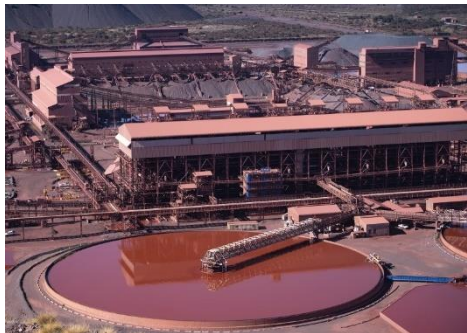
Debottleneck wash plant
Maximise longwall potential
+4-6Mtpa, \$300-400m capex

Aquila (Met coal)



Grasree lifex, +6 years
Premium HCC
3.5Mtpa, \$226m capex

Sishen & Kolomela (Iron ore)



Increase operational efficiency
Process low-grade 43% Fe ore
Regional exploration

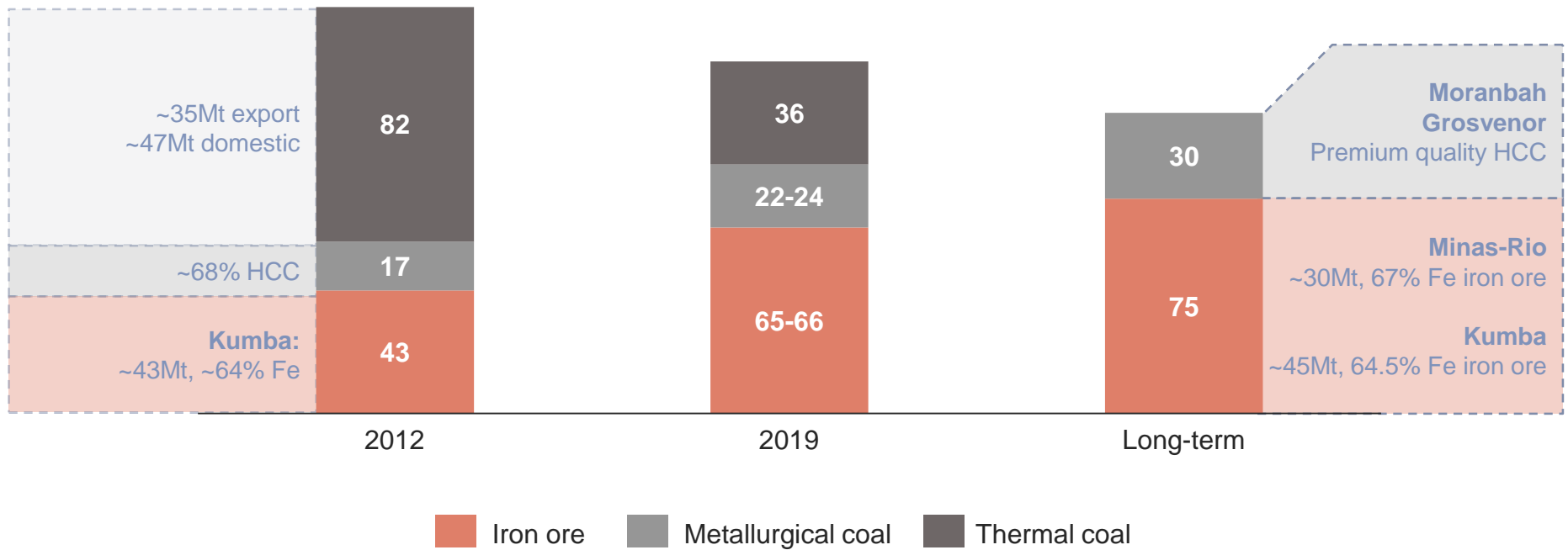
Minas-Rio optimisation (Iron ore)



Debottleneck to 27.5Mtpa
Explore options to utilise full pipeline potential ~30Mtpa with limited capex

CONTINUED SHIFT TOWARDS HIGH QUALITY STEELMAKING

Bulk commodities



Nickel & Manganese: high quality steel making and electrification

VALUE ACCRETIVE GROWTH FOR OUR SHAREHOLDERS

Growth in...

quality volume

64-67% Fe grade iron ore
Premium quality HCC

margins

>40% EBITDA margin
Low quartile cost positions

returns

>20% IRR
Rapid payback

within disciplined capital allocation framework

FOOTNOTES

1. Data relates to subsidiaries and joint operations over which Anglo American has management control.
2. Total Recordable Cases Frequency Rate per million hours.
3. New cases of occupational disease.
4. Reflects level 3-5 incidents. Environmental incidents are classified in terms of a 5-level severity rating. Incidents with medium, high and major impacts, as defined by standard internal definitions, are reported as level 3-5 incidents.
5. Average quality adjusted cost curve position. Source: Wood Mackenzie; CRU. Includes non-AA mined commodities (e.g. zinc, bauxite). Excludes non-mining activities (e.g. petroleum, alumina/aluminium processing, marketing).
6. Production volumes include metallurgical coal (excluding Foxleigh, Drayton, Callide and Peace River Coal), thermal coal (export volumes only) and iron ore only.
7. Iron ore equivalent unit cost calculated on an FOB unit cost basis excluding royalties, depreciation, off-site overheads and study costs. Includes metallurgical coal (excluding Foxleigh, Drayton, Callide and Peace River Coal), thermal coal (export volumes only) and iron ore only.
8. Weighted based on copper equivalent production including Teviot Brook. Average life of 18 years on an unweighted basis.
9. Weighted based on copper equivalent production. Average life of 11 years on an unweighted basis.
10. Mass recovery shown as a proportion of theoretical target level.
11. FOB unit cost excludes royalties, depreciation, off-site overheads and study costs. Thermal coal unit cost comprises the trade mines only.