



A Leading South African Export Coal Business

Anglo American Coal South Africa

March 2021



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Today's presenters



July Ndlovu

Chief Executive Officer



Deon Smith

Chief Financial Officer

Our value proposition

Our mission is to remain a sustainable and high-quality thermal coal business with an enviable cash cost position poised to deliver attractive returns through the cycle



1 Leading South African thermal coal exporter

2 Integrated rail and port infrastructure

3 Low cash cost and high margin assets, well-positioned to benefit from favourable thermal coal market environment

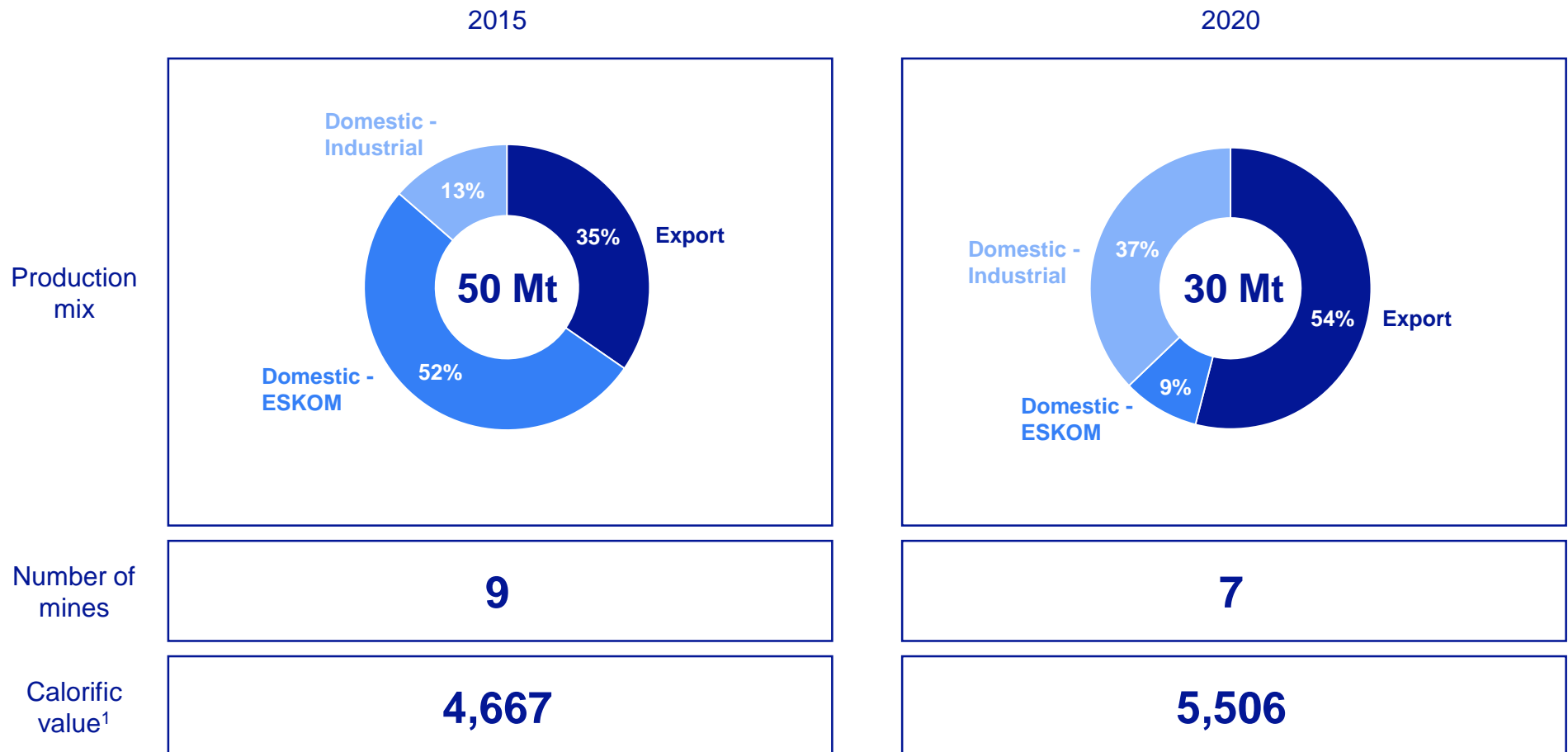
4 Strong pipeline of brownfield and greenfield options

5 Right-sized organisational model

6 Experienced management team

A transformed business

Portfolio materially upgraded over the past 5 years



2020 snapshot of our operations

16.5 Mt

Export production

\$38/t

FOB cost per saleable
tonne²

\$51/t

FOB cost per export
saleable tonne³

137 Mt

Reserves⁴

756 Mt

Resources⁵

**5 - 11
years**

Range of asset lives⁶

High quality operations delivering premium products

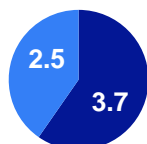
Open cast operations

1 Mafube 50%



Reserves⁷ 18 Mt
Resources⁸ 33 Mt
LOM 11 years

2 Khwezela 100%⁹



Reserves⁷ 17 Mt
Resources⁸ 57 Mt
LOM 8 years

3 Isibonelo 100%

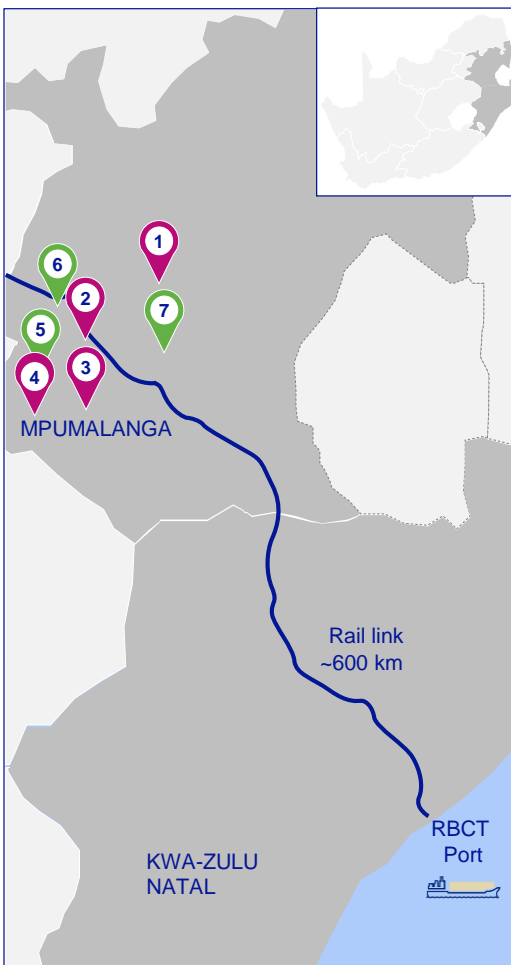


Reserves⁷ 27 Mt
Resources⁸ 7 Mt
LOM 6 years

4 Rietvlei 34%¹⁰



Reserves⁷ 2 Mt
Resources⁸ 10 Mt
LOM 3 years



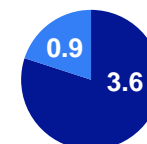
Underground operations

5 Zibulo 73%¹¹



Reserves⁷ 34 Mt
Resources⁸ 409 Mt
LOM 9 years

6 Greenside 100%



Reserves⁷ 21 Mt
Resources⁸ 19 Mt
LOM 6 years

7 Goedehoop 100%

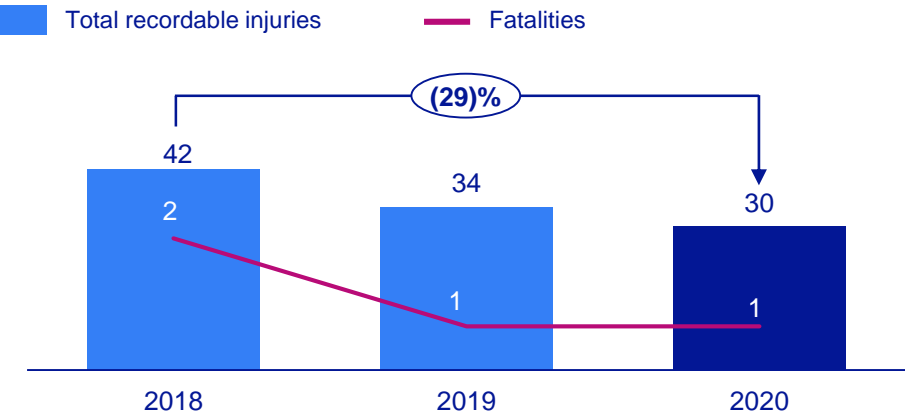


Reserves⁷ 18 Mt
Resources⁸ 221 Mt
LOM 5 years

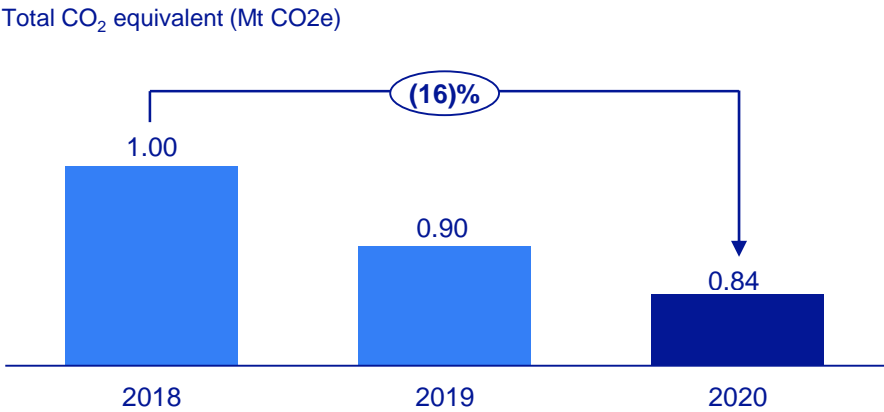
■ 2020 Export production (Mt) ■ 2020 Domestic production (Mt)

Improving the lives of our stakeholders

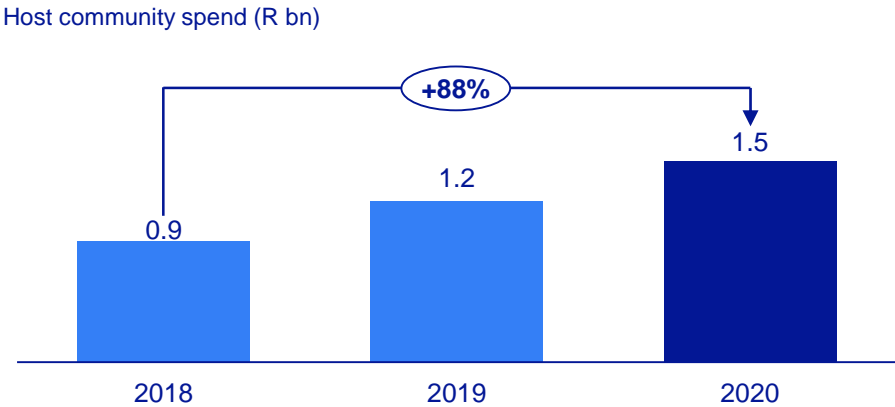
Safety



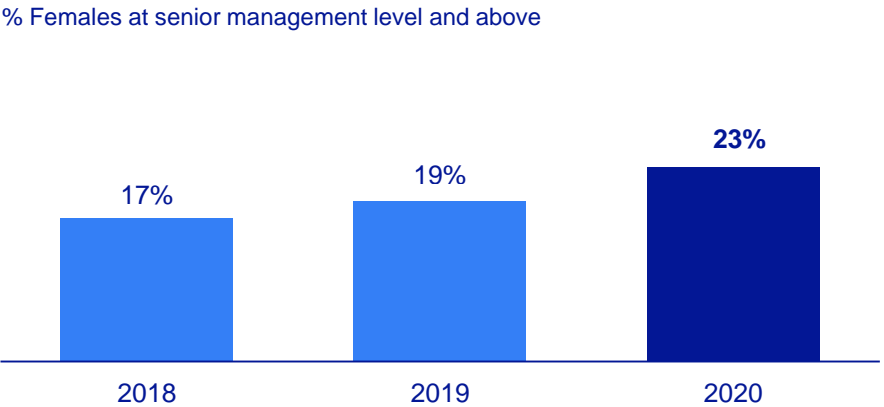
GHG Emissions



Inclusive Procurement



Diversity



Important social contributor to South Africa

R21bn¹² economic contributions

R60m¹² social development spend

Livelihoods

~ 12,600 people supported

Health

~ 63,000 people benefited

Water

~ 91,250 people supplied

Education

~ 23,100 learners and 24 schools

Case study 1 - Improving healthcare at Mafube

- Built clinic to serve Sikhululiwe agricultural village and environs
- Department of Health partnership; R14m investment
- Previously residents relied on monthly visits from mobile clinic
- Consultations, counselling, dentistry, maternal care, emergency care, pharmacy, ambulance

Case study 2 – Community Scholarship Programme

- Scholarships for students from our host communities
- Beneficiaries have excelled in a broad range of academic disciplines including Medicine, Marketing and Actuarial Science
- Programme has invested R40m into the education of more than 100 students since 2014

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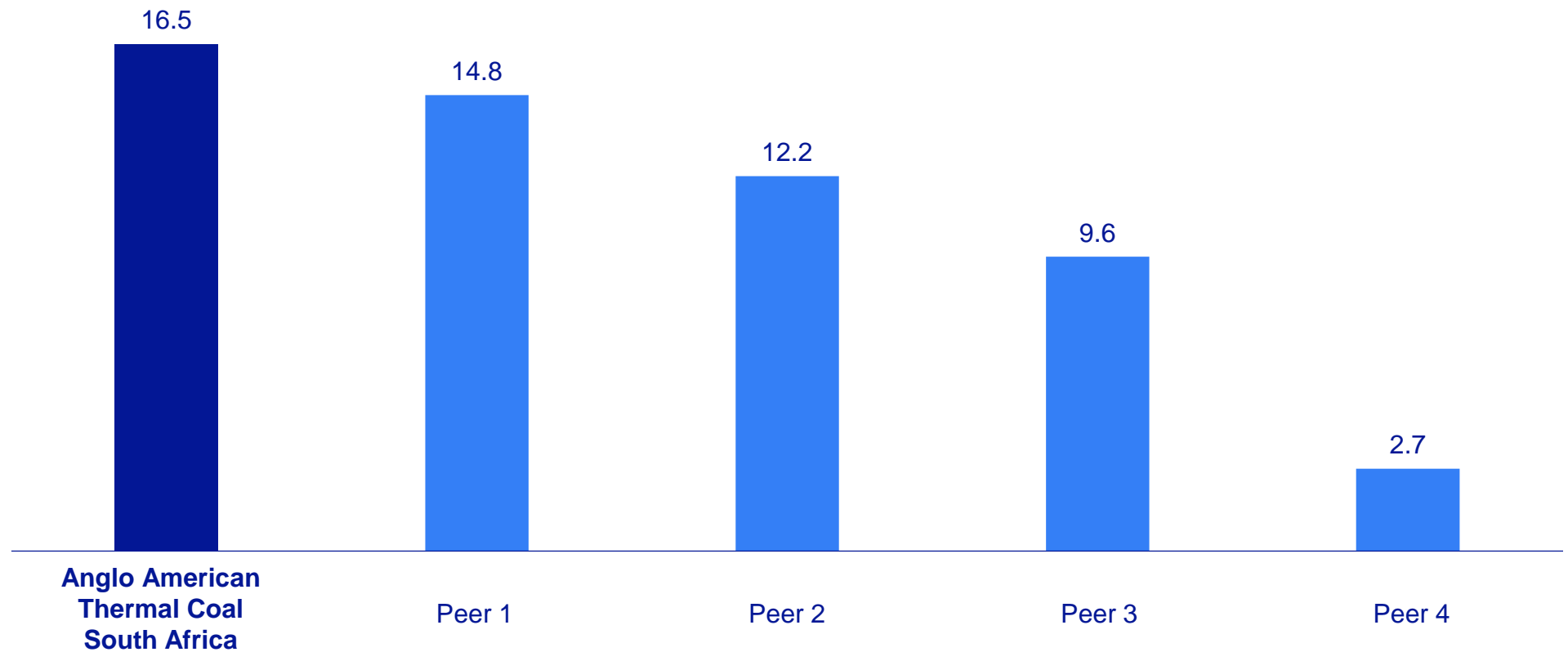
4 Strong pipeline of brownfield and greenfield options

5 Right-sized organisational model

6 Experienced management team

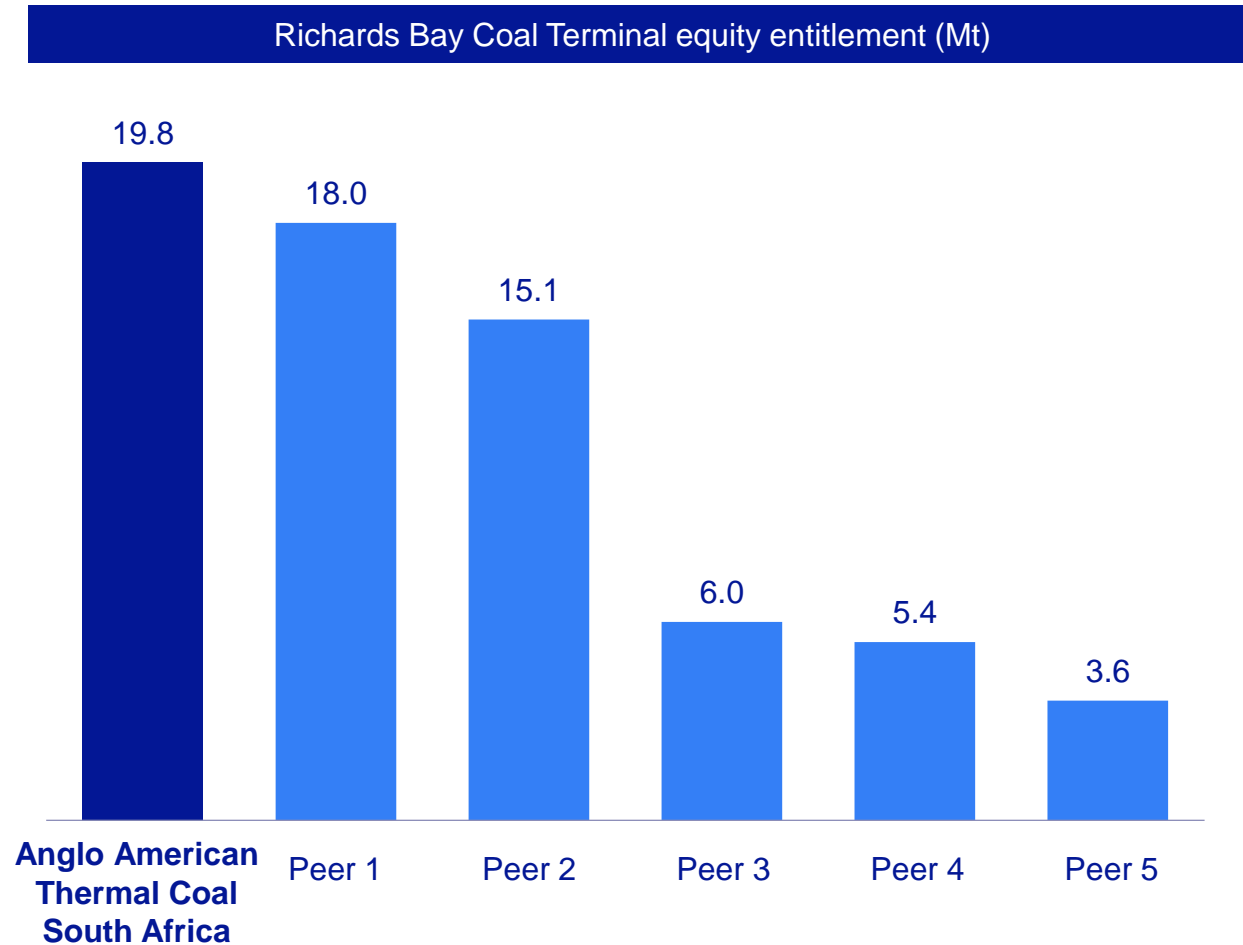
Leading South African thermal coal exporter

2020 attributable export production
Mt



Integrated rail and port infrastructure

- Well positioned on established rail network
- Secure access to export markets
- Optionality through RBCT entitlement



Track record of improvement with further potential

Portfolio Management

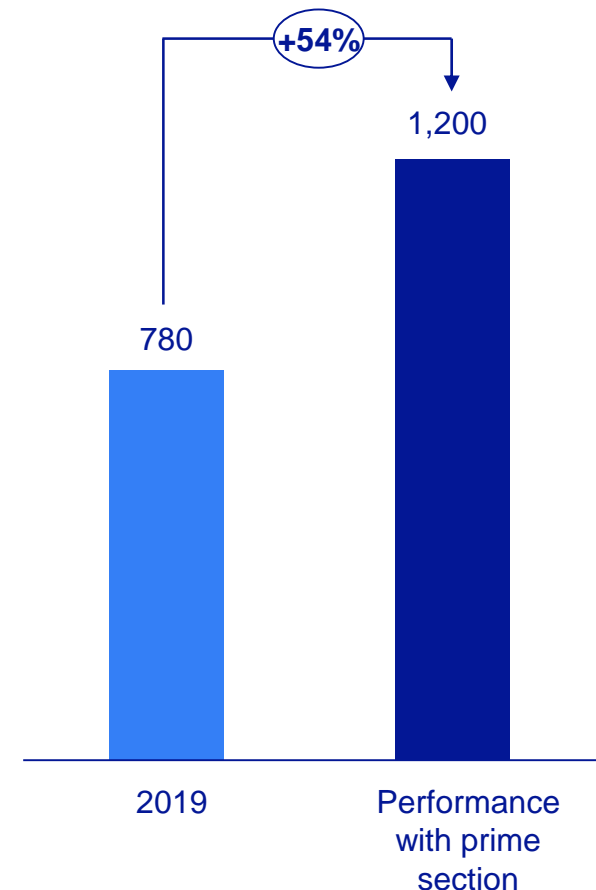
- **Mafube delivered on time and on budget**
- **Navigation** (Khwezela) in ramp-up and is poised to deliver further value creation
- **Closing high cost operations**

Improvement Initiatives

- **Operating Model** implementation
- **Breakthrough productivity**
 - Automated dozers and drills at Mafube
 - Implementation of new methods to maximise cutting time
- **Redeployment of equipment** from closed operations

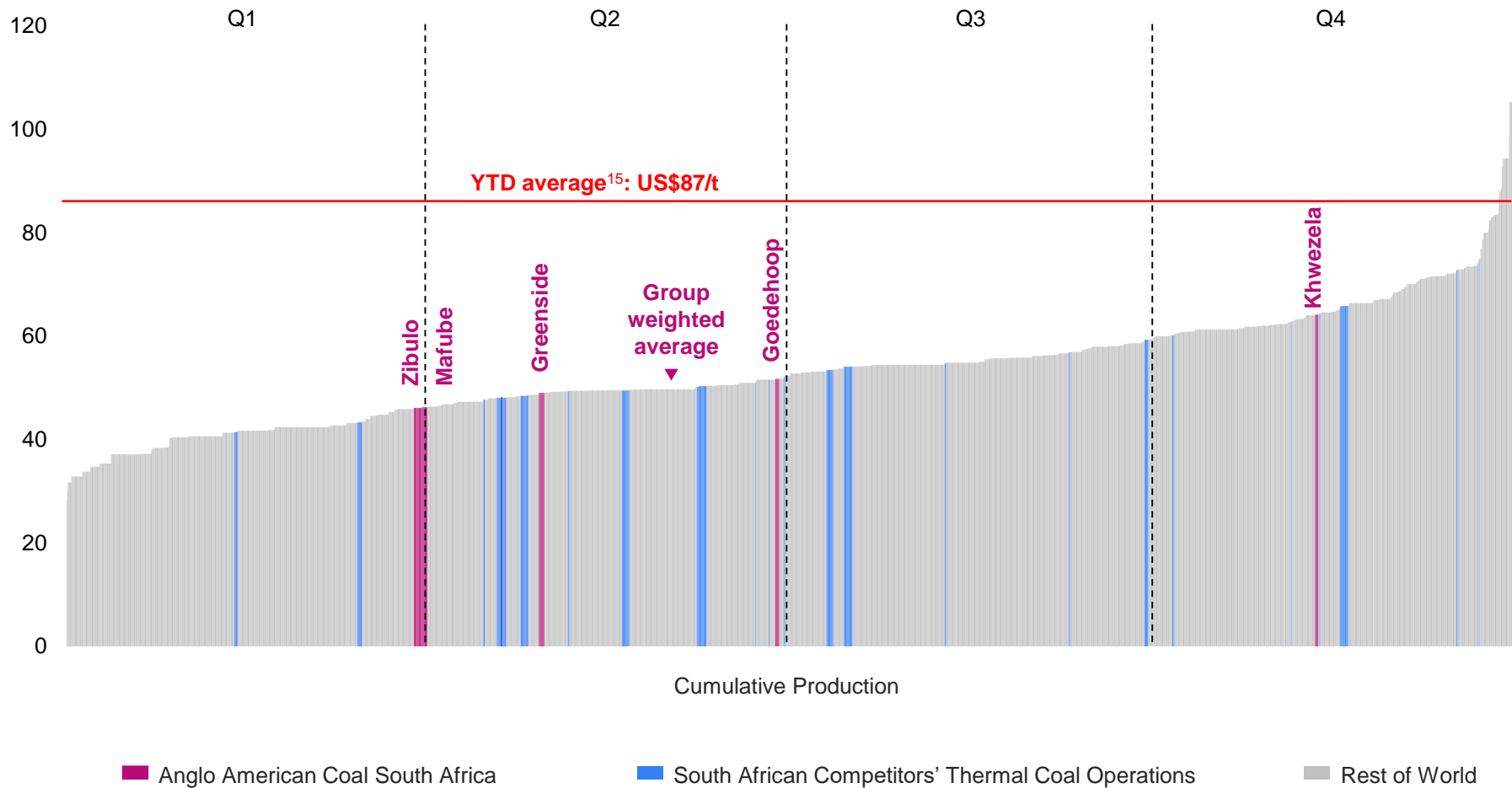
Goedehoop prime section¹³

kt ROM per annum



Low cost position underpins cash generation

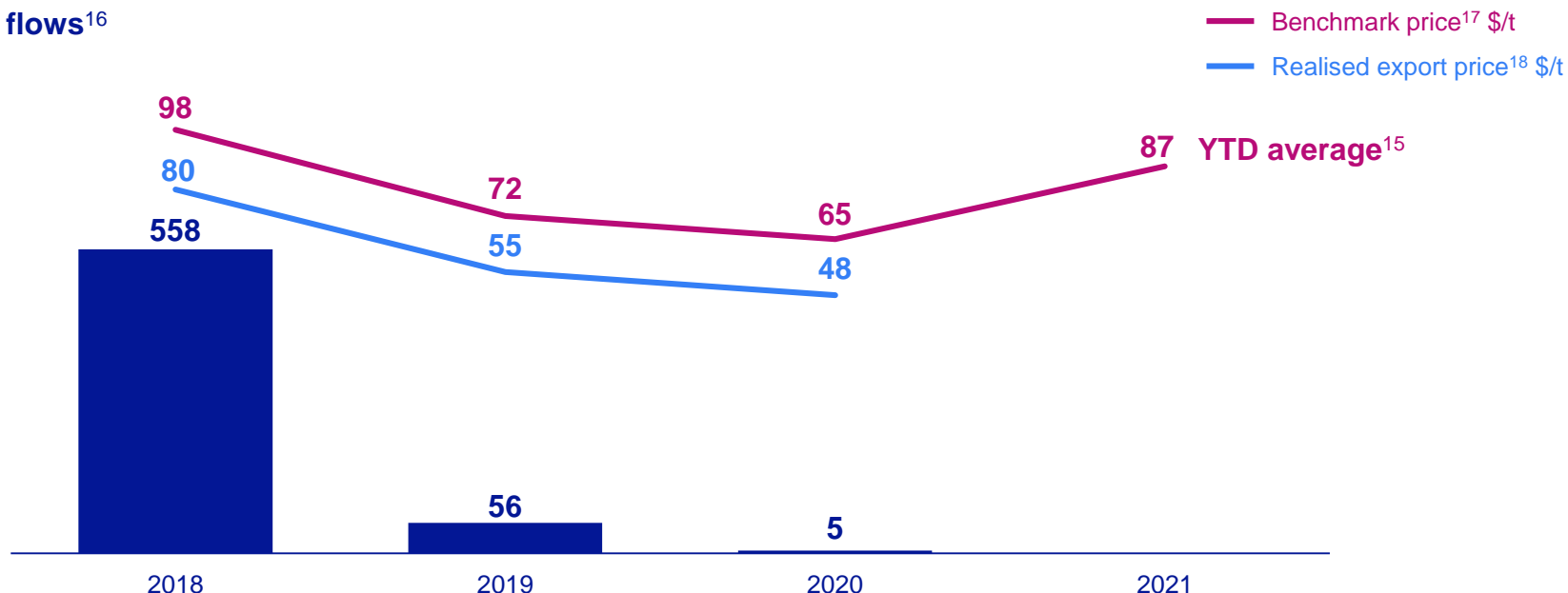
2021 Global energy adjusted seaborne thermal FOB total cash cost curve¹⁴
\$/t



On a path to restore strong cash flow generation

Generated over \$550m of operating cash flows in 2018, continuing the trend from 2017

Operating cash flows¹⁶
\$m



2019 and 2020 impacted by significantly lower export coal prices and lower production volumes in 2020

Delivering productivity improvements and cost savings

Well positioned to capitalise on improvement in market prices

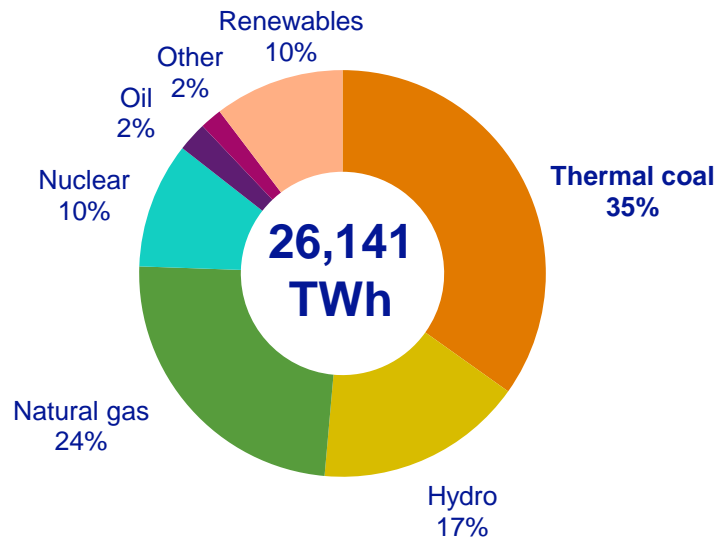
Thermal coal to remain a highly competitive source for electricity generation

2020

Global thermal coal power generation¹⁹

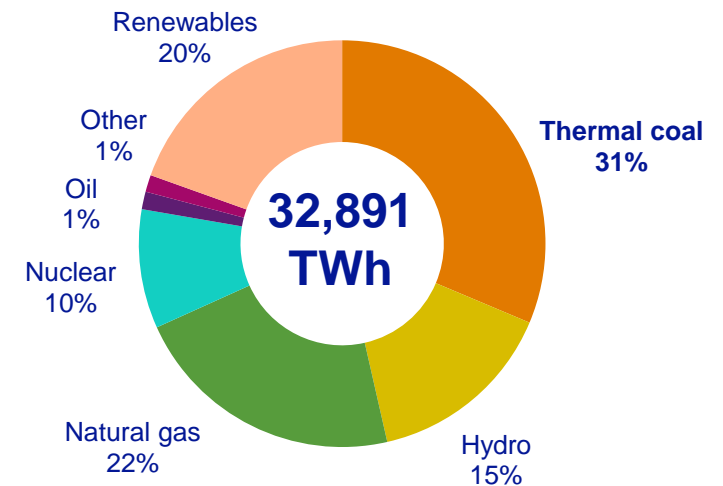
9,235 TWh

Global power generation¹⁹



2030

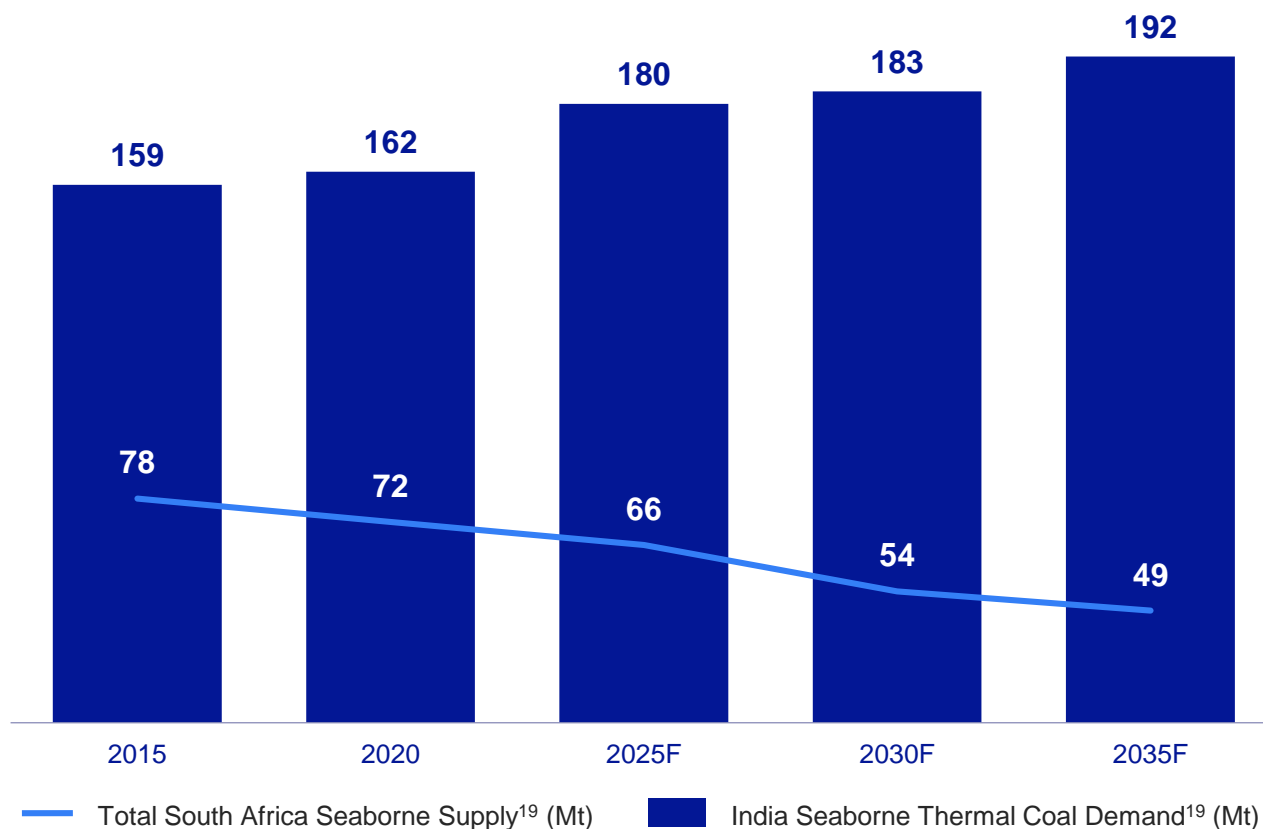
10,391 TWh



Demand outlook from our key export destination is positive

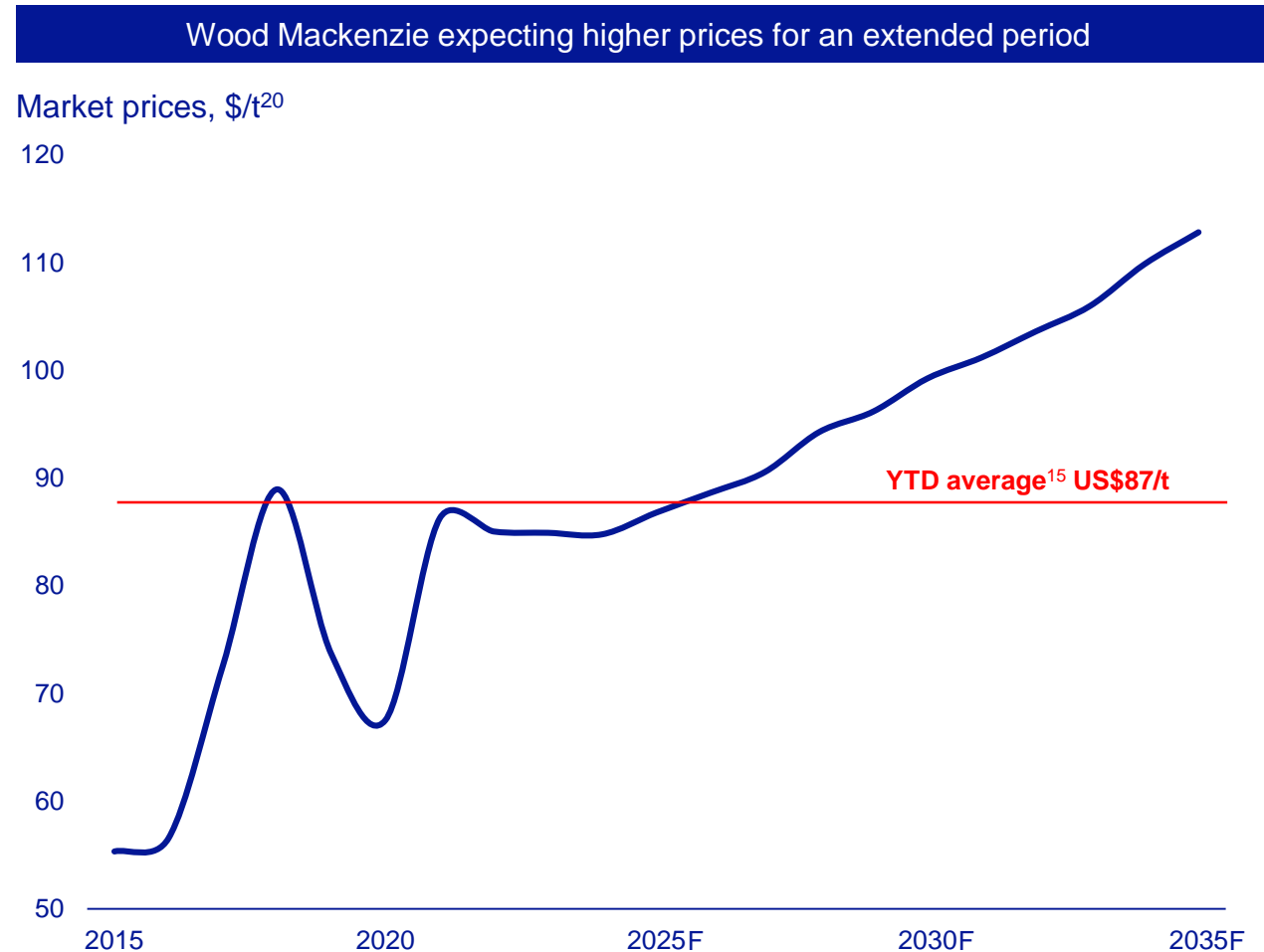
Indian demand to grow while South African export supply declines

- India is the largest export market for South African thermal coal
 - Currently 17% of global seaborne demand and growing
- Existing South African thermal coal operations depleting with no new supply coming



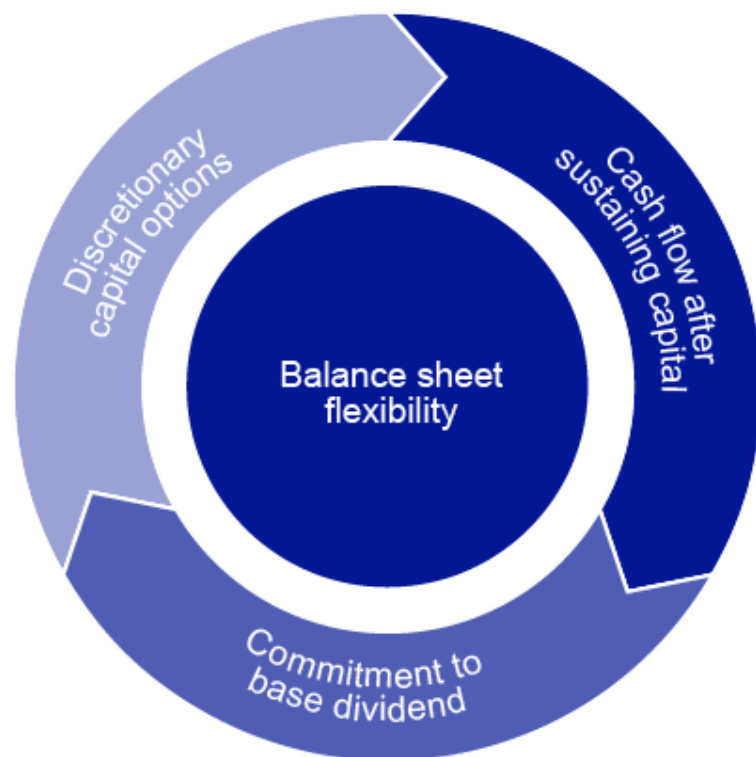
These positive fundamentals support higher prices

- Market is gearing towards higher-energy, less emissions-intensive thermal coal
- Our high calorific export products are well-suited to this environment



Robust and transparent approach to capital allocation

Anglo American Capital Allocation Framework



- Balanced and disciplined approach to allocating strong cash flow generation
- Track record of selecting and bringing attractive life extension (lifex) options into LOM production
- Strict criteria on returns and risk when evaluating lifex options
- Focus on value accretive projects with fast payback and high ROCE

Low risk, high return, brownfield life extension options

**5 – 11
years**

Range of asset lives⁶

Khwezela 100%

Progressing to feasibility study phase

LOM +10 years (2037)

+4.6Mt production

Zibulo 73%

2-seam concept in pre-feasibility phase

LOM +10 years (2039)

+6.8Mt production

**5 – 19
years**

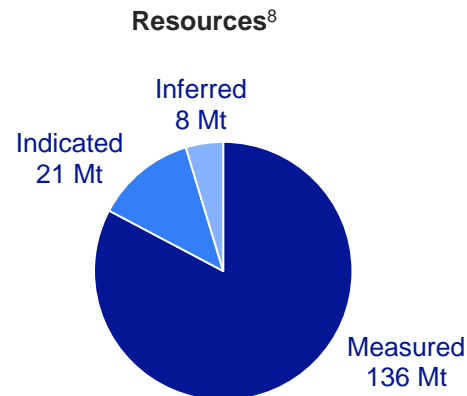
Range of asset lives⁶

High quality projects offer optionality

Significant resource endowment

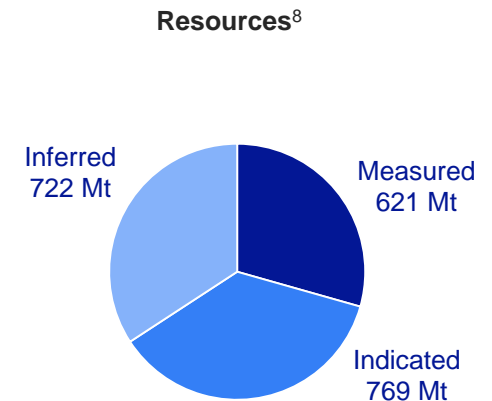
1 Elders Project

- Underground exploration project
- Pre-feasibility and feasibility studies completed in 2015 and 2018/19 respectively
- Located in same area as our existing operations and infrastructure
- 14+ year LOM expected



2 Dalyshope Project

- Opencast exploration project
- Currently in feasibility study phase
- Located in close proximity to Matimba and Medupi power stations in Limpopo province
- Proposed plan to establish small-scale thermal coal operation for the domestic market

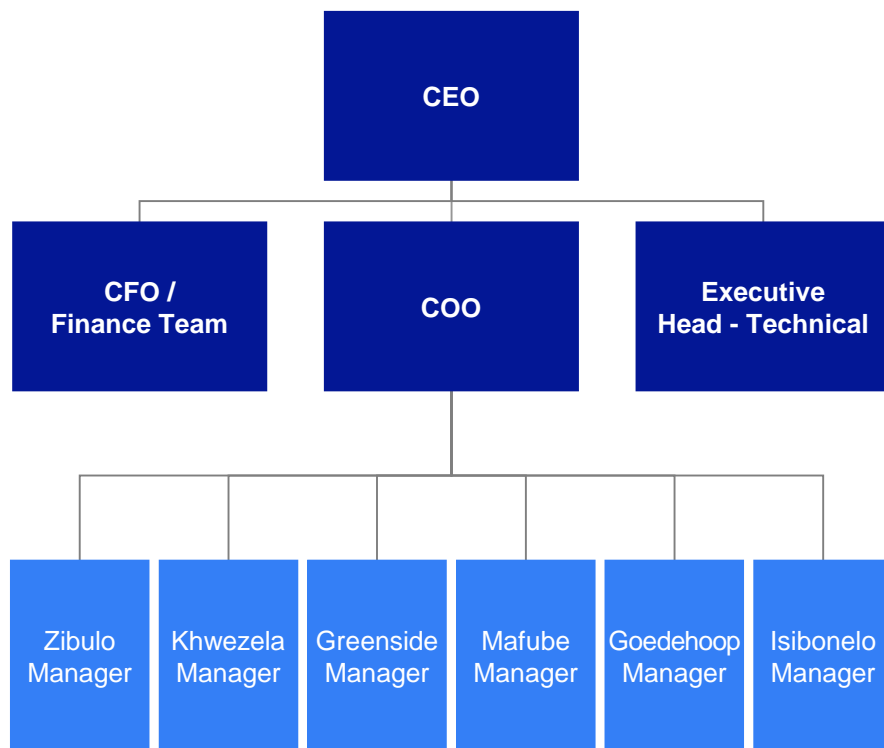


Right-sized organisational model

Lean operating structure and established leaders

Focused on safety and business improvement

Small corporate function










Responsibility directly at the mine level⁶

- Elimination of fatalities
- Deliver maximum operating performance
- Maintain our discipline on costs
- 'Buy better and use better' procurement

Experienced management team

- Accomplished management team
- Decades of experience
- Track record of delivering productivity improvements

Executive management team			
July Ndlovu Chief Executive Officer	Deon Smith Chief Financial Officer	Johan Van Schalkwyk Chief Operating Officer	
30 	15 	24 	
Leslie Martin Executive Head: Technical	Carina Venter Executive Head: SHE ²¹	Lesego Mataboge Executive Head: Human Resources	Mpumi Sithole Executive Head: Corporate Affairs
25 	21 	24 	11 

 Years of mining experience

Recap on our value proposition

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6 Experienced management team

Appendix



Leading and promoting black ownership

Driver of transformation and creator of new thermal coal businesses to service the economy

	2018	<p>Sale of New Largo project to New Largo Coal, owned by Seriti Resources and Coalzar, both majority owned and controlled by HDPs, and the IDC</p>
	2018	<p>Sale of Eskom-tied mines (Kriel, New Denmark and New Vaal) to Seriti Resources giving rise to the creation of a new BEE thermal coal mining champion</p>
	2007	<p>Sale of 27% interest in the Kriel colliery and greenfield coal projects to Inyosi Coal, a BEE consortium. Subsequently led to the development of the Zibulo mine and the Phola facility</p>
	2007	<p>Creation of joint venture arrangement on the Mafube colliery with Exxaro</p>
Eyesizwe	2000	<p>Disposal of NCC, Matla and Arnot collieries to Eyesizwe was an integral step in the eventual formation of Exxaro</p>

Supplementary data

	2018	2019	2020
Export sales volumes (Mt) ²²	19.2	19.8	18.2
Export saleable production (Mt)	18.4	17.8	16.5
Benchmark price ¹⁷ (\$/t)	98	72	65
Realised export price ¹⁸ (\$/t)	80	55	48
Realised domestic price (\$/t)	24	19	17
FOB cost per saleable tonne ² (\$/t)	44	45	38
FOB cost per export saleable tonne ³ (\$/t)	61	53	51
ZAR:USD rate	13.25	14.45	16.46

Footnotes

1. Weighted average calorific value based on total saleable reserves attributable to Anglo American Coal South Africa including from mineral resource deposit operations of Goedeheop and Greenside in kcal/kg, as at 31-Dec-15 and 31-Dec-20
2. FOB cost per saleable tonne, excluding royalties and study costs for the trade operations
3. Defined as (Mine cash cost - cost of coal bought external -Royalty – revenue from domestic sales)/total export saleable production+ Railage cost/ railed tons + other FOB selling expenses/ port tons
4. Total proved and probable reserves including from mineral resource deposit operations of Goedeheop and Greenside attributable to Anglo Coal South Africa as at 31-Dec-20
5. Total mineable tonnes in situ (MTIS) resources include measured, indicated, inferred (in and ex. LOM plan) resources attributable to Anglo Coal South Africa including from mineral resource deposit operations of Goedeheop and Greenside as at 31-Dec-20; excludes proved and probable reserves
6. Managed operations only
7. Total attributable proved and probable reserves as at 31-Dec-20
8. Total attributable MTIS resources include measured, indicated, inferred (in and ex. LOM plan) resources as at 31-Dec-20; excludes proved and probable reserves
9. Includes export parity production
10. Rietvlei is operated by Butsanani - Anglo American has a 67% share in Butsanani, which in turn has 51% in Rietvlei
11. 3.1 Mt of thermal coal to the export market with the balance representing coal sold to the industrial or export markets at export parity prices
12. All figures on this slide sourced from Anglo American 2019 Transformation Report
13. A 'prime section' refers to a board and pillar section equipped with two continuous miners (CMs), but where for ventilation purposes only one CM cuts coal at any time, while the other is relocated and undergoes minor maintenance such as pick changes. Shuttle cars and conveyor infrastructure are shared by the CMs
14. Wood Mackenzie 2021 FOB total USD cash cost calculated as C1 Cash Cost + Royalty & Levies; where C1 Cash Cost is the sum of Mining Cost, Coal Preparation, Transportation, Port and Overheads; Costs converted from local currencies based on Wood Mackenzie FX assumptions, exclude domestic thermal coal volumes and energy adjusted to 6,322 kcal/kg; ZAR:USD = 16.59
15. FOB South Africa average market price from 1 January 2021 to 5 March 2021
16. Cash flow from operations defined as net cash (outflow) / inflow from operating activities before income taxes
17. Average annual FOB South Africa market price in US\$/t
18. Realised price is derived from the market price for benchmark quality coal, less quality and product discounts, less marketing margin
19. Wood Mackenzie 2021 data and forecasts
20. FOB South Africa market price in US\$/t; Wood Mackenzie price forecasts in nominal terms (2% inflation assumed to convert from Wood Mackenzie price forecasts which are in 2020 real terms)
21. SHE - Safety, Health and Environment
22. Export sales volumes exceed export saleable production as it is supplemented by third party coal purchases