

# **ANGLO AMERICAN SITE VISIT**

## **PLATINUM BUSINESS OVERVIEW AND UPDATE**

**23 NOVEMBER 2016**



*Mogalakwena mine – North pit haul truck and drill rigs*

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# AGENDA

- 07:00 – Business overview and update from Chris Griffith, CEO of Platinum
- 07:45 – Q&A
- 08:00 – Presentation on Mogalakwena mine from GM Richard Cox
- 08:45 – Q&A
- 09:00 – Depart for Mogalakwena mine
- 10:00 – Arrive at Mogalakwena – Safety briefing and visual & simulation experiences
- 10:30 – North pit viewing point
- 11:15 – In pit experience – Rope Shovel, Truck & Drill
- 13:30 – Lunch
- 14:30 – Discussion on Operating model and throughput improvement
- 15:00 – Visit to the Comminution circuit and Floating circuits of the North Concentrator
- 16:30 – Depart Mogalakwena to The Ranch Hotel

# WHAT TO EXPECT FROM THE VISIT

Our Assets, Our Business Processes and Innovation support People driving competitive advantage

## A world class resource

- An unparalleled resource in the platinum industry in terms of **geology** and **accessibility**
- A **long life asset** with significant **scalability potential** supported by a tier one endowment

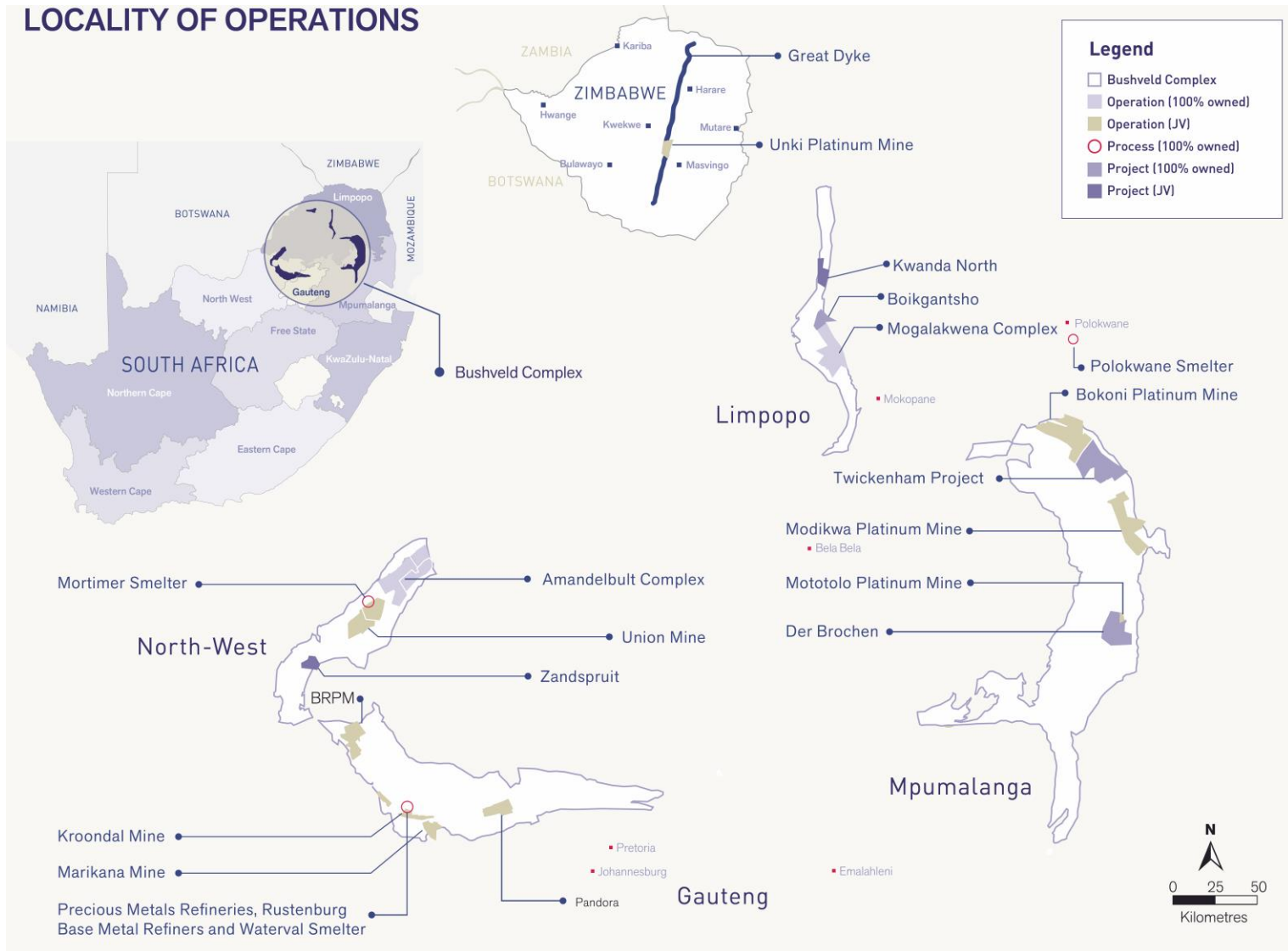
## Our Business Processes in action

- The **processes** we have in place to enhance our operating performance
- The impact of the operational improvements that are driving **enhanced productivity and profitability**

## Our People

- A team of **highly skilled operators**
- The **support structures and approach to innovation** that leverage our Group-wide expertise to optimise operational outcomes

# PLATINUM BUSINESS – MAP OF OPERATIONS



# PLATINUM BUSINESS OVERVIEW

	Assets	Reserves (4E Moz)	Inclusive Resources (4E Moz)	
<b>Leading position</b> (23,000 employees)	<b>Mogalakwena</b>	<b>116.0</b>	<b>286.4</b>	➤ Focus is on <b>highest quality assets</b>  ➤ <b>Mechanised</b> or mechanisation potential  ➤ Margin maximisation through <b>processing</b> and <b>marketing</b>
	<b>Amandelbult*</b>	<b>12.2</b>	<b>122.5</b>	
	Unki	5.1	32.5	
	BRPM* (33% attributable)	5.4	23.2	
	Mototolo	1.2	1.9	
	Modikwa*	3.5	35.4	
	<b>Processing infrastructure</b>			
<b>Other assets</b> (6,000 employees)	Union* (85% attributable)	<b>5.8</b>	<b>40.0</b>	➤ Managed for cash and quality of returns  ➤ Disposed where value accretive
	Bokoni* (49% attributable)	<b>6.0</b>	<b>75.6</b>	
	Kroondal (50% attributable)	1.6	2.1	

\* Combined Merensky and UG2 Reefs  
Reference: 2015 Anglo American Platinum Annual Report



# PLATINUM LEADERSHIP TEAM

World class and experienced leadership team



**Chris Griffith**  
CEO



**Dean Pelser**  
Mining



**Gordon Smith**  
Technical



**Ian Botha**  
Finance Director



**Gary Humphries**  
Processing



**Indresen Pillay**  
Safety & Projects



**Seara Mkhabela**  
Corporate Affairs



**Vishnu Pillay**  
JVs & Non-core



**Andrew Hinkly**  
Marketing

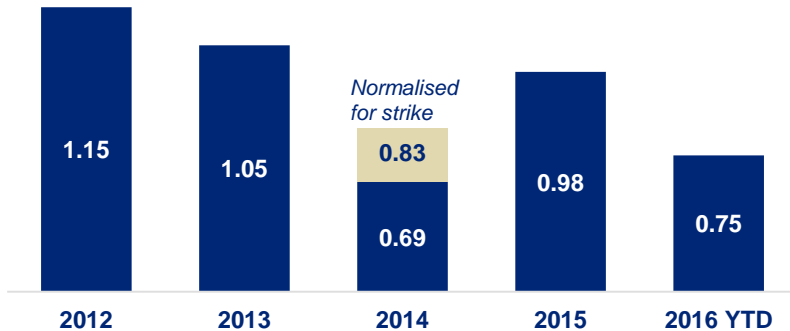


**Lorato Mogaki**  
HR

# SAFETY

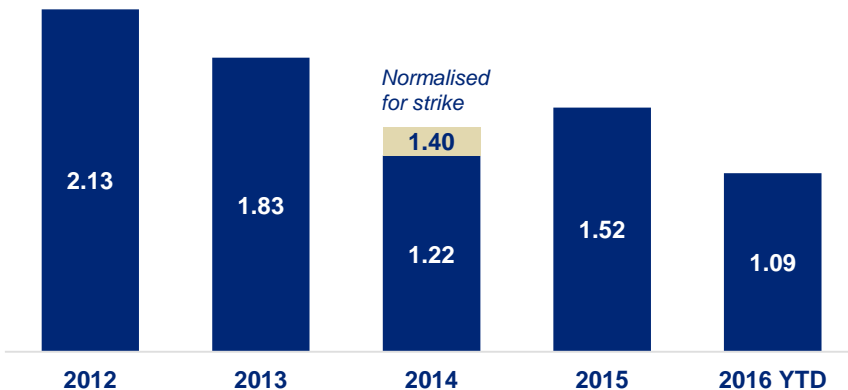
Strong focus on critical controls to ensure safety performance on all measures improves

## Lost time injury frequency rate per (200,000 hours)



- Tragically 7 fatalities YTD 2016
- Lost time injury frequency rate has improved 35% from 2012, to 0.75 2016 YTD
- Total recorded injury frequency rate has reduced by over 48% since 2012 to 1.09 2016 YTD
- Section 54 safety stoppages continue albeit less impact per stoppage
- Focus on ensuring critical controls are enforced and consistent application of safe and efficient operating practices
- Improving supervision and leadership capabilities will be a focus going forward.

## Total recordable case frequency rate (200,000 hours)





# PLATINUM STRATEGIC OBJECTIVES

Our value driven strategy is built around three key deliverables

1

## Portfolio repositioning ambition

- Assets positioned in the first half of the cost curve
- At least 70% mechanised mining
- A more highly skilled work force
- Safer operations
- Less complex organisation

2

## Operational excellence

- Optimising operations to ensure our assets achieve their full potential

3

## Market development, innovation and sustainability

- Creating incremental demand for PGMs
- Unlocking value through modernisation in mining and processing technology
- Investing in building relationships to create a sustainable and productive environment in which we operate

# BUSINESS UPDATE

Portfolio progress; positive industrial relations engagement; challenges at Waterval smelter

1

## Portfolio repositioning

- **Rustenburg** sale completed
- **Amandelbult long-dated resource** disposal announced
- **Pandora** disposal announced

2

## Wage settlement

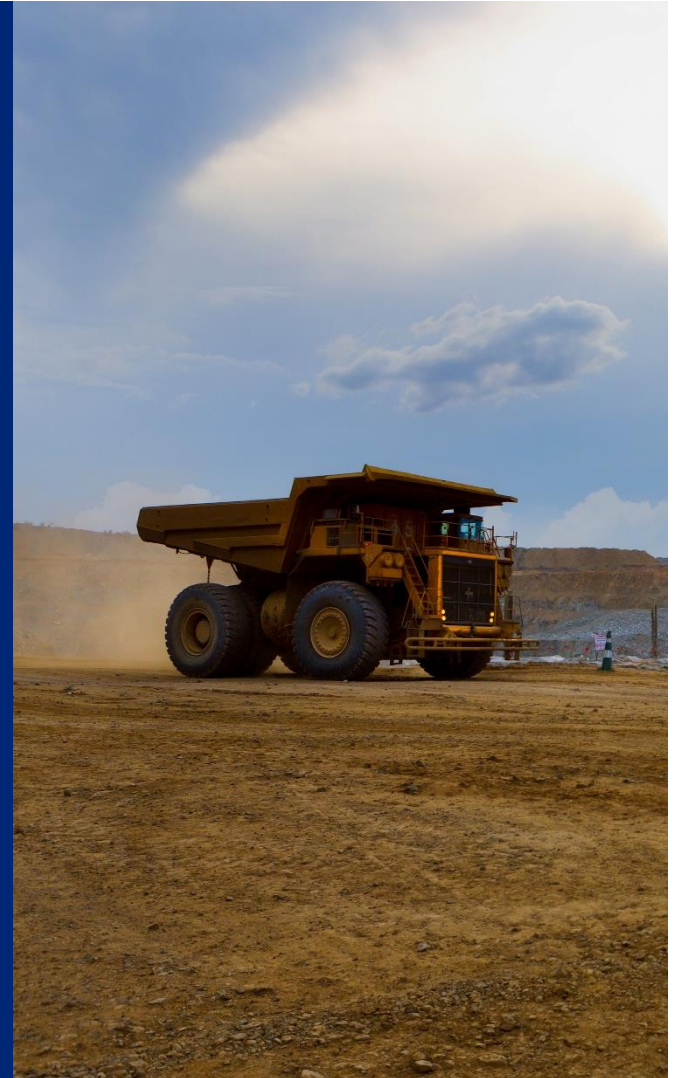
- **Constructive and collaborative** negotiation process with Unions
- **Three year wage deal** negotiated, retrospectively applied from 1 July 2016
- Cost-to-company increase of 6.71% in year 1, 6.56% in year two and 6.96% in year three, or **6.74% on average over the three year period**

3

## Waterval smelter run-out

- Run-out of molten furnace matte detected at Waterval smelter on 10 Sept 2016
- Safe shutdown implemented and furnace rebuild brought forward
- Capital expenditure for the unplanned rebuild will be circa R125 million
- Impacted refined production by C.75koz in 2016 – to be fully made up in 2017

# PORTFOLIO REPOSITIONING



# PORTFOLIO REPOSITIONING

Our focus remains on repositioning to generate long term value through the cycle

## Anglo American Platinum retained portfolio

### Retained assets

- **Mogalakwena**
- **Amandelbult**
- **Unki**
- **BRPM (JV)**
- **Mototolo (JV)**
- **Modikwa (JV)**
- **Processing**

### Optionality - projects

- **For now** – high value, capital light, short payback
  - + Amandelbult Chrome Plant
  - + Mogalakwena debottlenecking & ore sorting
  - + Unki smelter
  - + Dishaba UG2 reef
- **Major projects for the future**
  - Decisions delayed after 2017
  - In-line with market demand
  - Dependent on strength of balance sheet
  - Options include:
    - Mogalakwena expansions
    - Unki expansions
    - Der Brochen
    - Twickenham
    - Styl drift project (continues)

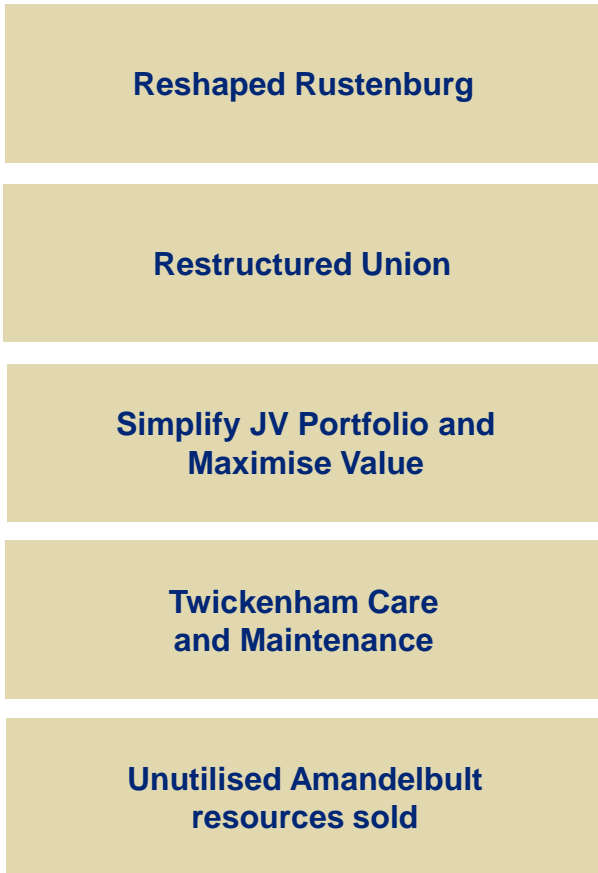
## Core attributes

- **Leading industry position**
- **Highest quality assets**
- **Low cost production**
- **Reduced safety risks**
- **Low cost / high value optionality**

# PORTFOLIO TRANSITION TO DATE

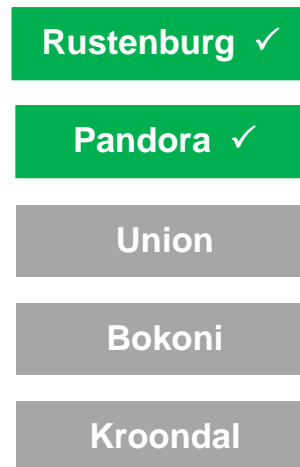
## Repositioning of the portfolio making progress

### Restructuring since 2013...

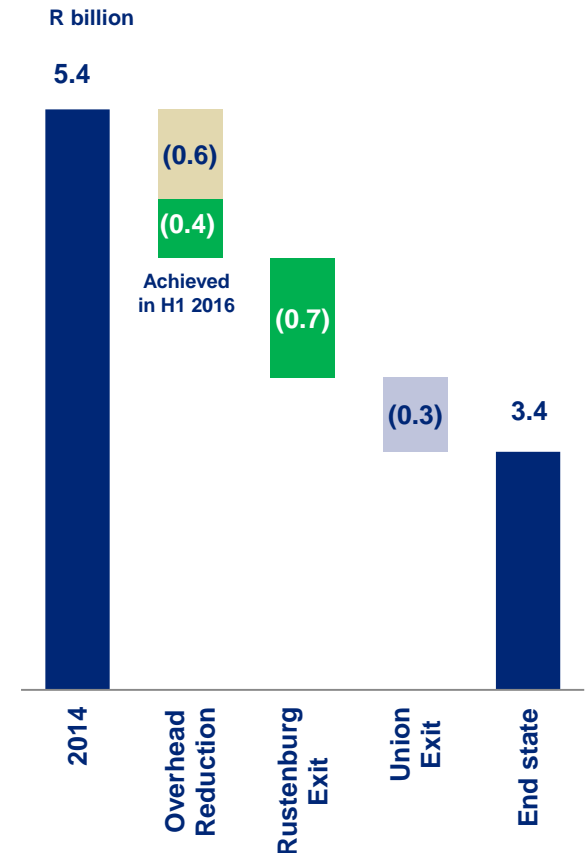


### ...now repositioning the portfolio...

#### Non-core Assets

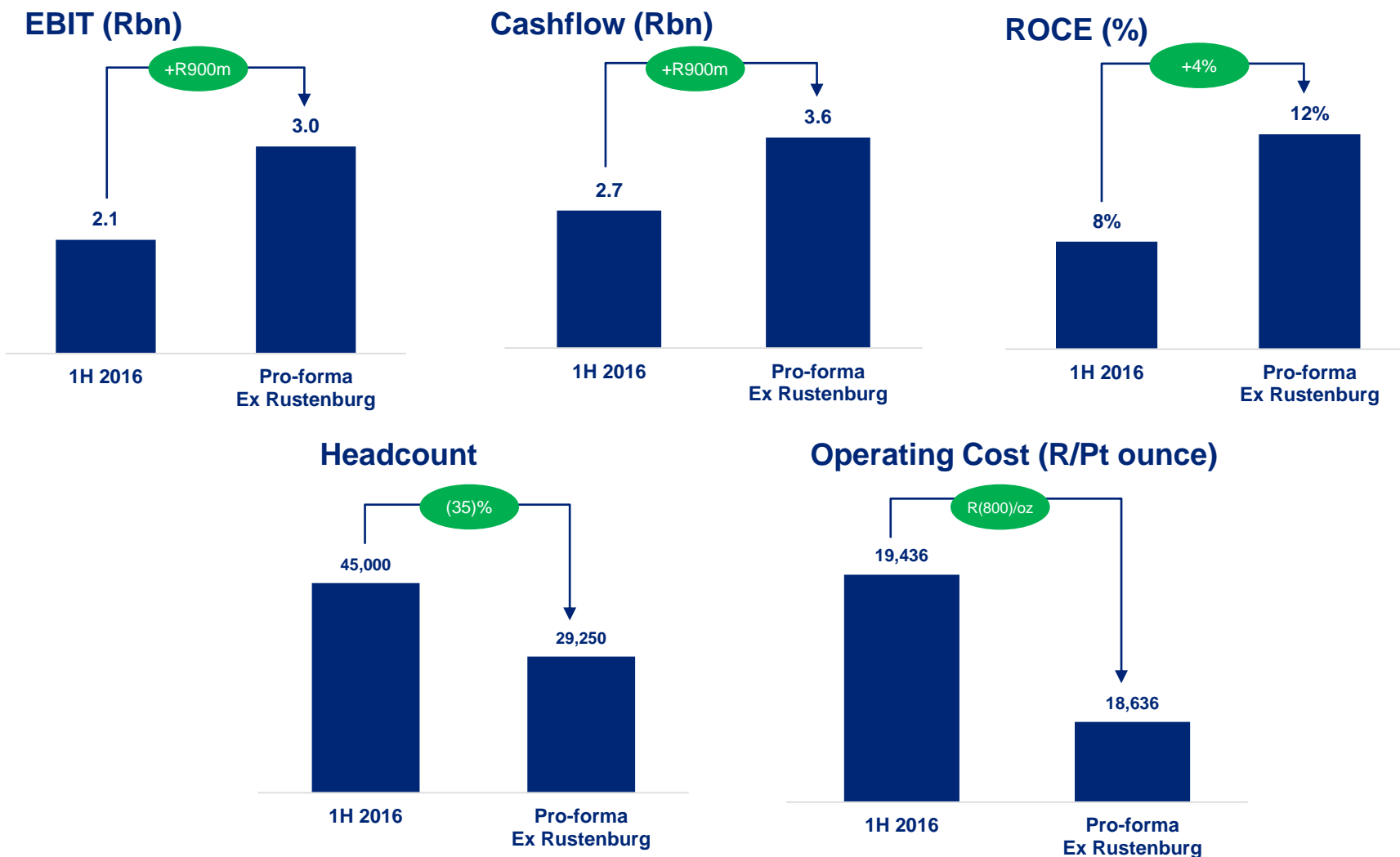


### ...and rightsizing the overhead



# BENEFICIAL FINANCIAL IMPACT OF RUSTENBURG EXIT

The Rustenburg disposal is earnings, cashflow and ROCE accretive for AAP

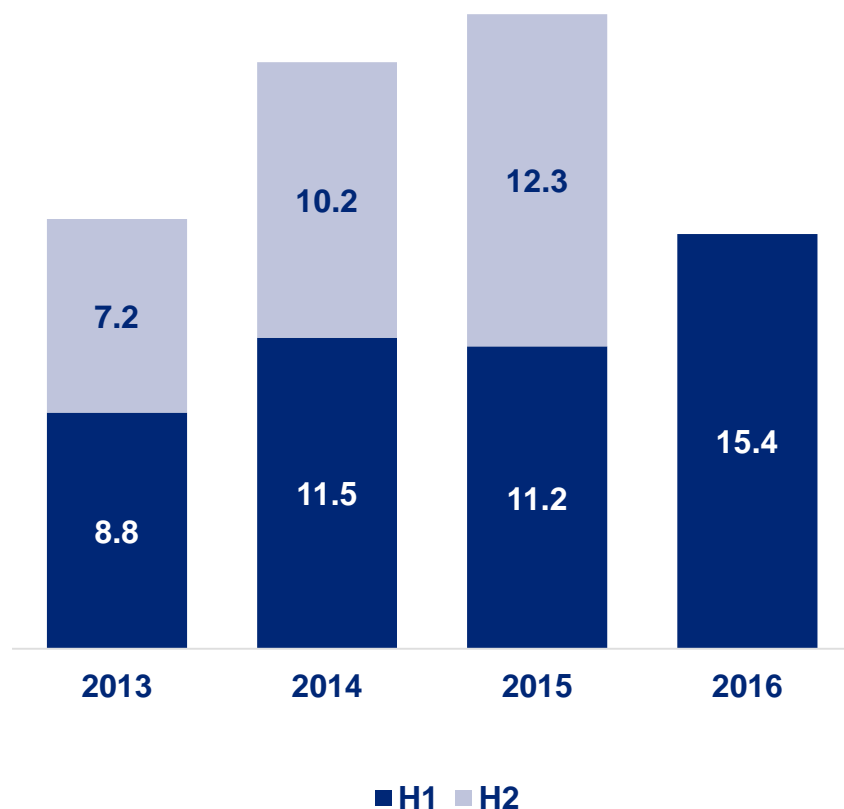




# EXIT OF 42.5% STAKE IN PANDORA

Another major milestone completed in the repositioning of the portfolio

Platinum ounces from Baobab ('000) <sup>(1)</sup>



Transaction summary

- Signed a sale and purchase agreement to dispose of a 42.5% stake in Pandora mine to JV partner Lonmin plc on 10 November 2016
- Proceeds made up of:
  - Deferred payment of R400 million (c.\$30 million)<sup>(2)</sup> in nominal terms over 6 years; and
  - Full use and operational control of Baobab concentrator for a 3 year period, unlocking further potential at Mogalakwena through guaranteed increased processing capacity
- Allow AAP to integrate the Baobab operation into supply chain activities, resulting in cost reduction opportunities

(1) Production declared by Lonmin

(2) USD exchange rate assumed at \$1: R14.82

# AMANDELBULT SALE OF MINERAL RESOURCES

The sale of resources outside of mine plan releases further capital

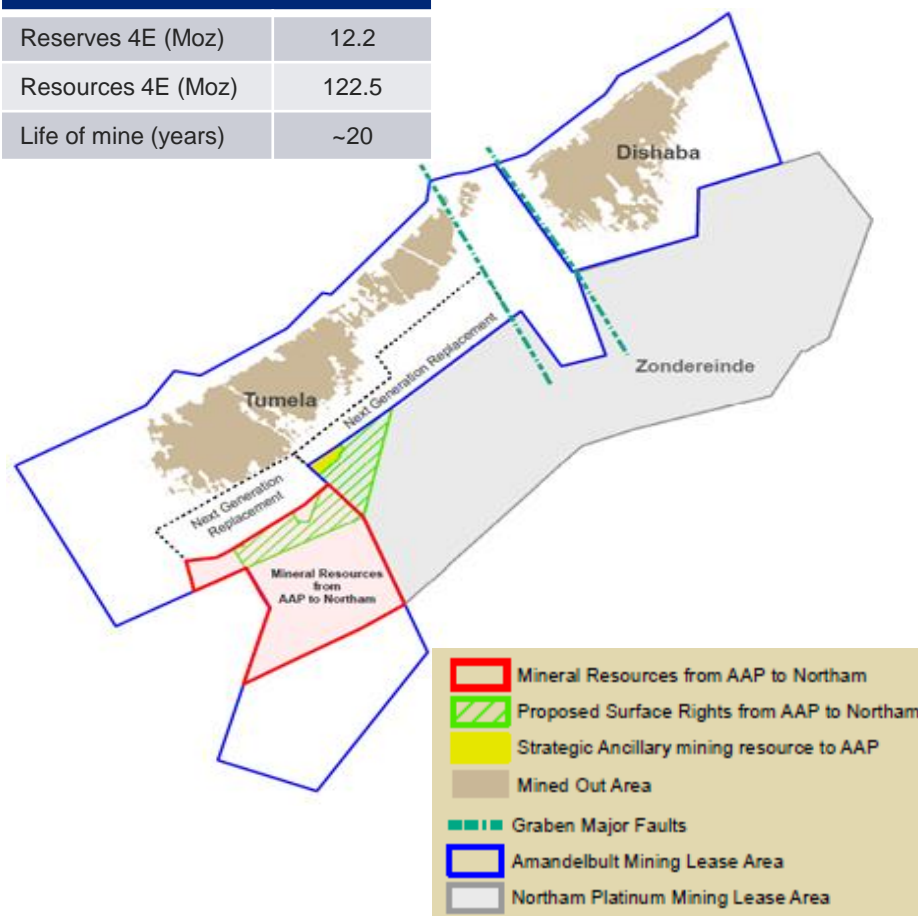
## Transaction summary

- On 11 October announced disposal of mineral resources within the Amandelbult mining right and surface properties to Northam
- Consideration comprising R1 billion (c.\$70 million)<sup>(1)</sup> in cash and an ancillary mineral resource within Northam's Zondereinde mining right, bordering Amandelbult
- The transaction will result in the realisation for value of resources that were not in the mine plan, contributing to deleveraging
- In addition, the mineral resource acquired provides further flexibility for the placement of future infrastructure of next generation replacement

## Amandelbult

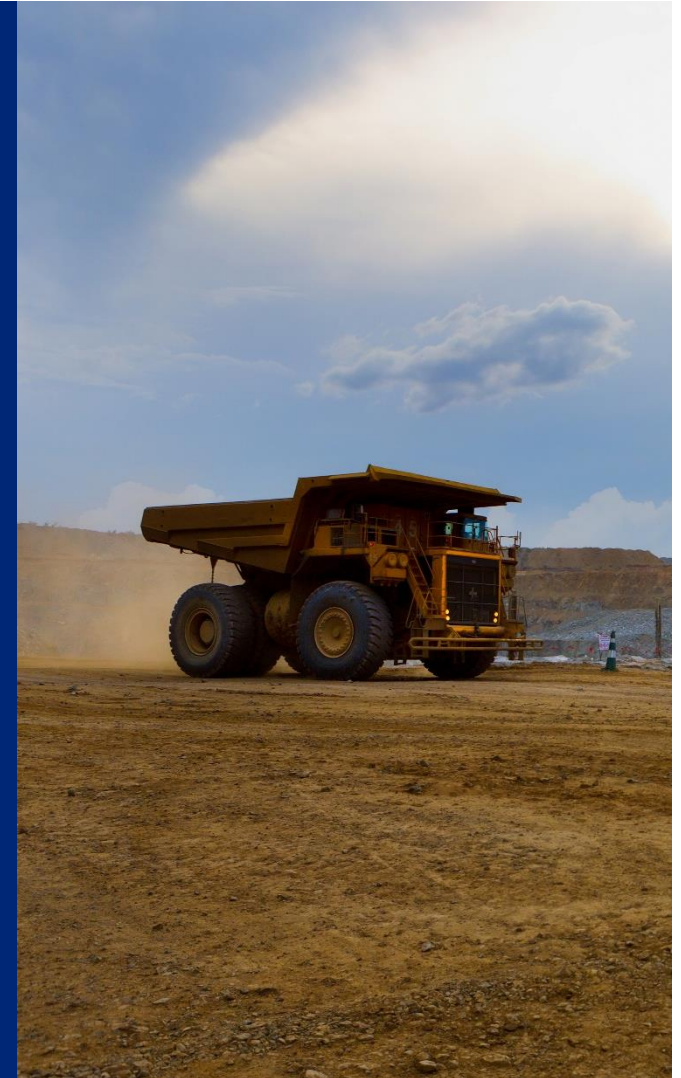
### 2015 Amandelbult overview

Reserves 4E (Moz)	12.2
Resources 4E (Moz)	122.5
Life of mine (years)	~20



(1) USD exchange rate assumed at \$1: R14.82

# OPERATIONAL EXCELLENCE

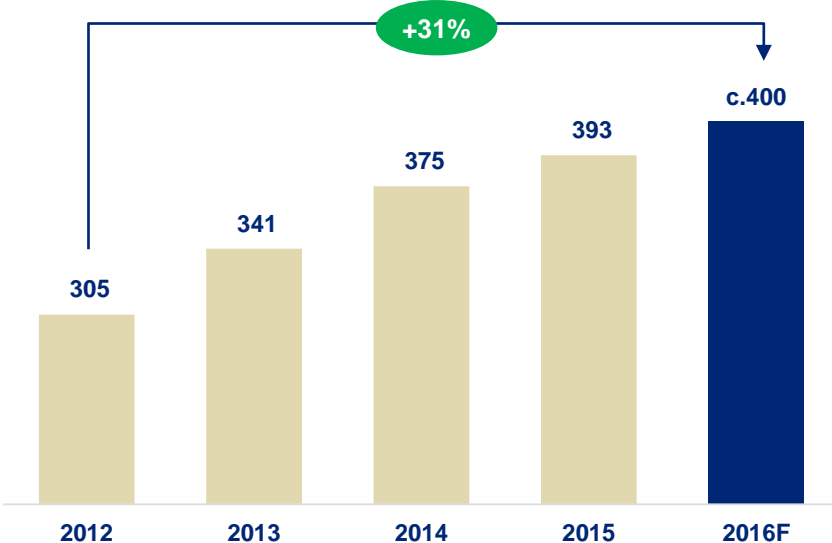


# FOCUS ON OPERATIONAL EXCELLENCE

Ensure all assets are optimised to improve cash flow generation and returns

## Mogalakwena

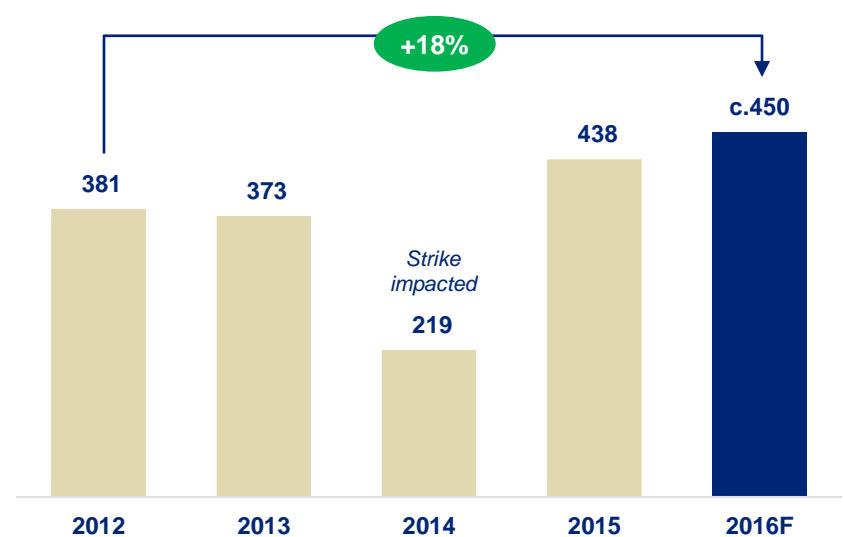
Platinum production ('000 ounces)



- 95 koz increase in production – almost no project capex
- Optimised efficiencies at the operation in mining and processing
- Studying alternate options to scale production – less capital and higher return

## Amandelbult

Platinum production ('000 ounces)



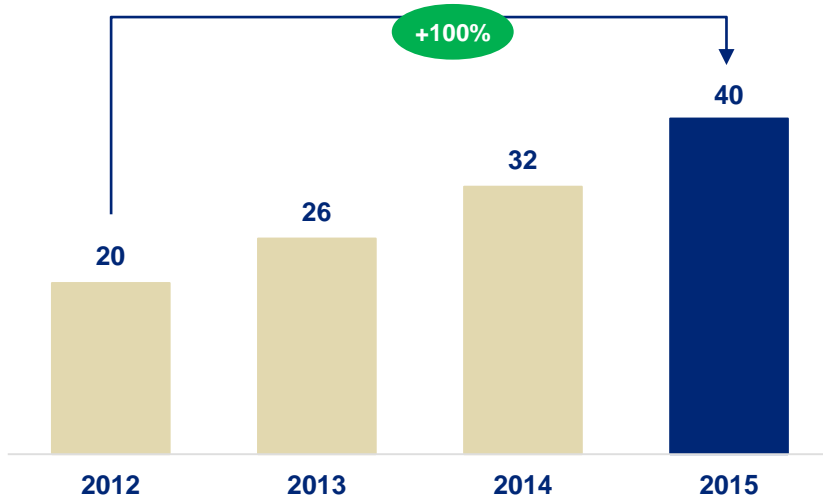
- Extracting the full potential of the resource – chrome recovery plant an example of value accretion
- Half level optimisation to maximise earnings at each half level through revenue enhancement and cost control
- Tumela Upper replacement, through pre-developed Dishaba UG2 – limited capital

# FOCUS ON OPERATIONAL EXCELLENCE

Ensure all assets are optimised to improve cash flow generation and returns

## Process

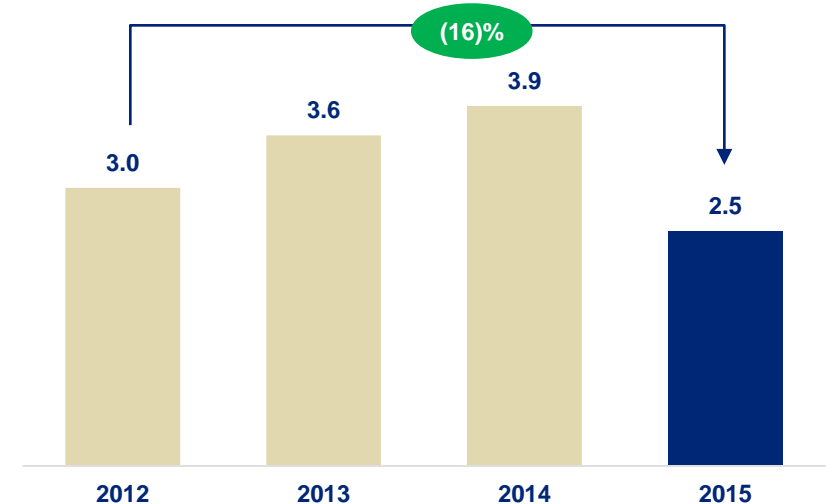
Base Metal production ('000 tonnes)



- Delivering optimal utilisation and increased efficiency
  - BMR ramp-up
  - Improve copper recovery (2014: 66% to 2015: 74%)
  - Smelter rebuild times dramatically reduced

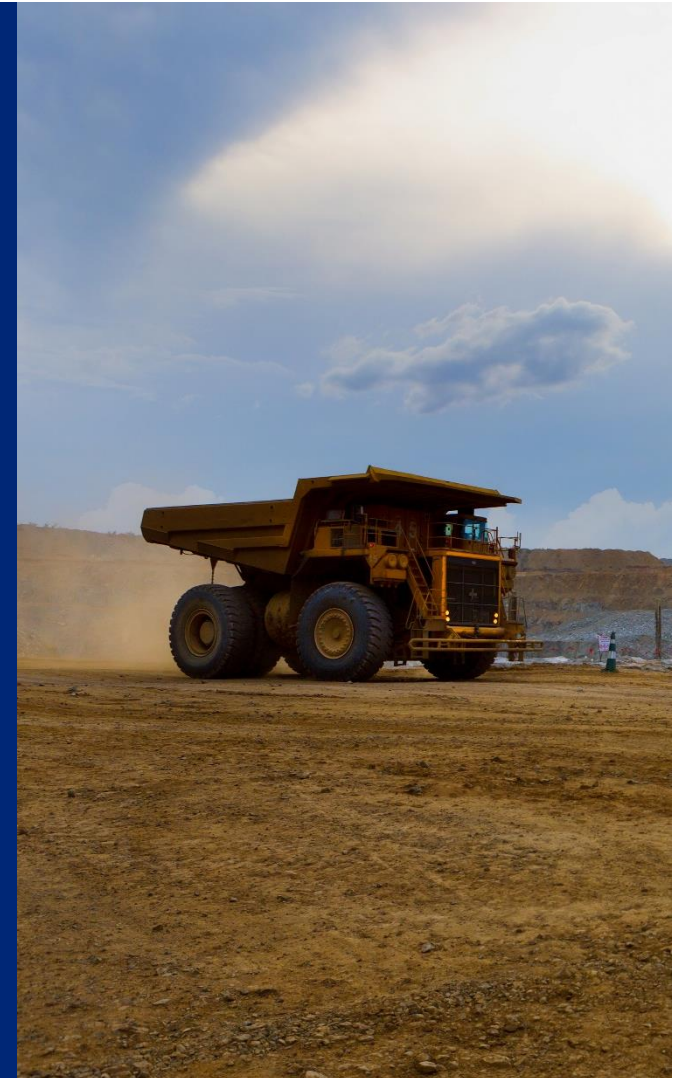
## Stay in business capex

Rand billion



- Capital allocation to maximise value, by
  - Specialised capital excellence team
  - SIB investment committee
  - Revised project execution strategy
- Ensuring thoughtful, risk-based approach, allocation of capital to sustain operations
- Sustainable at current levels

# MARKET DEVELOPMENT, INNOVATION AND SUSTAINABILITY





# DEVELOP MARKET FOR PGMS & PREPARE FOR THE FUTURE

Focussed investment in key areas to ensure a successful future

## *Market Development*

- **Automotive** – fuel cell market development, hydrogen infrastructure development through PGM Investment Fund
- **Jewellery** – PGI<sup>(1)</sup> focus on China and India
- **Investment** – product availability through WPIC<sup>(2)</sup>



Hyundai ix35 fuel cell vehicle

## *Mining Innovation*

- **Testing** – Centre at Twickenham to test mechanised and cutting technology
- **Fuel cells** – applications to support fuel cell usage – fuel cell dozers and locos
- **Process** – ore sorting technology to improve recovery



RMDS Rapid mining development system

## *People & Communities*

- **Modernisation** – Investment in colleges and schools to secure new skill sets required with mechanisation
- **Cultural Transformation** – engaging with employees and unions to create strong relationships
- **Social Labour Plans** – ensure communities live in stable and serviced communities

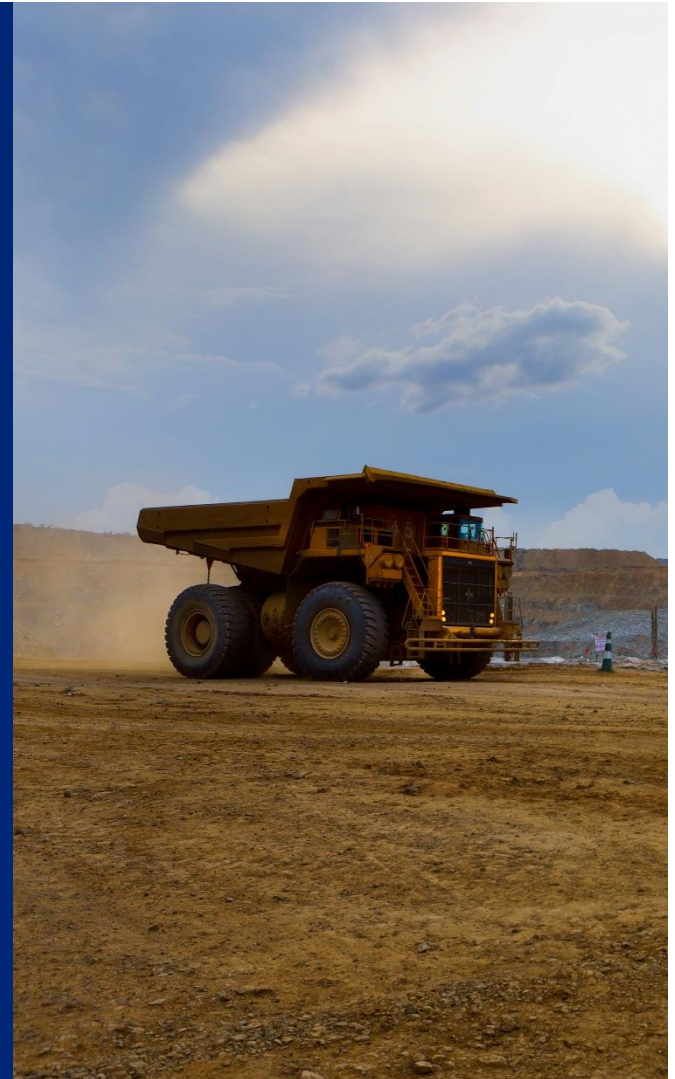


Operator being trained with simulator technology

(1) PGI is the Platinum Guild International

(2) WPIC is the World Platinum Investment Council

# OUTLOOK



# OUTLOOK FOR 2016

2016 guidance remains in place <sup>(1)</sup>

- Platinum production expected to be towards the upper end of guidance of 2.3 to 2.4 million ounces (metal in concentrate)
- Unit cash cost guidance unchanged at between R19,250 – R19,750 per platinum ounce
- Direct overhead / indirect savings of R0.8 billion (c.\$55m) targeted for 2016
- Capital expenditure guidance remains between R3.5 billion to R4.0 billion (c.\$235 to \$270 million) (previously R3.7 billion to R4.2 billion or c.\$250 to \$285 million)
- Capitalised waste stripping at Mogalakwena on track to remain at R1.2 billion (c.\$80 million)

(1) USD exchange rate assumed at \$1: R14.82

# CONCLUSION

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1

## Repositioning Our Portfolio

- **Significant portfolio change** in the current year to enhance overall industry positioning
- **Rustenburg** sale completed, with **Amandelbult resource** disposal and **Pandora** disposal announced

2

## Driving Operational Excellence

- **Operating model** roll out is driving operational improvements
- Enhanced governance to improve **capital allocation**

3

## Market development and innovation

- Driving **demand development** in established markets
- Developing **mechanised mining** techniques
- Supporting initiatives to **create new sources of demand**

# Q&A