Comment by Valli Moosa

Anglo American Platinum Limited Annual General Meeting

Ladies and gentlemen, welcome to this annual general meeting of Anglo American Platinum Limited.

Before we commence the formal proceedings of the meeting, I would like us all to take a moment's silence to recognise the two employees who lost their lives tragically in work related activities during the past year:

- Mr Michael Malesa was fatally injured when he was struck by a utility vehicle underground at Twickenham mine on 26 January; and
- Mr Joseph Khesa sustained fatal injuries in a fall of ground at Thembelani mine on 12 May

[Max 30 seconds silence]

Thanks you, our condolences once again go out to their families, loved ones, friends and colleagues.

2015 was dominated by the continued decline in commodity prices and these low commodity prices have had far-reaching consequences for Amplats, and the platinum mining sector in South Africa as a whole. Even though the platinum market was in a slight deficient in 2015, by some ~700,000 ounces, we believe the prospect, and actual, raising of interests rates in the United States of America (USA); China's slowdown, a fragile world economy and continued abundance of metal supply from above-ground stock levels created this 'perfect storm', driving down platinum group metal (PGM) prices.

For the full basket of metals we produce, there was a 30% decline in prices in 2015, from USD 2,215 to USD 1,555, with the drop being more acute in the second half when the basket price fell 19%. Platinum and palladium prices specifically fell 28% and 30% respectively in 2015, with a 19% decline in the platinum price in the second half, down from USD 1,212 at the beginning of the year to USD876 by year end, while palladium prices declined 14% on average from USD803 in 2014 to USD717 in 2015. The depreciation of the rand during the year **did not** offset the decline in commodity prices, and the underlying factors behind the decline have continued into 2016.

In this challenging commodity price environment, there is no doubt that our modernisation strategy, started in 2012 and which I have discussed on previous occasions, is the correct approach for our business.

Guided by this strategy, the board and management team have focused on governing and managing the business for the current low PGM pricing environment and taking appropriate action to, among others, maintain the focus on the safety goal of zero harm; ensure disciplined capital spend; control costs; reduce overheads and indirect spending; and improve metal sales volumes.

As a result management have successfully been able in the past year to:

- Achieve the best ever safety performance, with 232 days fatal free by year end (previous best performance was 180 days **and as of today at 341 fatal free days**). Other notable safety achievements in 2015 included Amandelbult mine attaining over 4 million fatal free shifts (more than 800 days fatal free); Mogalakwena mine achieving 2 million fatal free shifts, a new record; and Waterval Smelter achieved 1 year LTI-free;
- Catch-up on the implementation back-log of community projects detailed in the company's social and labour plans;
- Produce the same volume of PGMs with ~14,000 less employees than 2 years ago. Notwithstanding a reduction of 350,000 loss making platinum ounces, which has been offset by the improvement in mining and processing efficiencies at retained operations;
- Ensure all operations were **cash flow positive** during the year, despite the weak pricing environment which I already mentioned;
- **generate free cash** flow of R1.8 billion (R4 billion if the once-off tax payment and restructuring costs are excluded);
- On a normalised basis, excluding one-off items, headline earnings increased from R786 million to R1.2 billion and profit attributable to ordinary shareholders increased from R624 million to R1.2 billion. This primarily due to the improvement in operational performance and an increase in sales volumes. However the business had a one-off restructuring cost of R900m and impairments/ write-offs on the carrying value of assets of R14.2 billion (post-tax), of which R2.0 billion impacting headline earnings;
- **net debt** was reduced from R14.6 billion to R12.8 billion by year end; an accomplishment that appears elusive to many other platinum producers who have had to go back to shareholders to recapitalise their businesses.

The Board are also pleased with the good progress made during 2015 on the strategy journey to reposition the portfolio of assets. Notably, the company announced the disposal of the Rustenburg mines on 9 September 2015 to a subsidiary of Sibanye Gold Limited. This is a significant step in transitioning the portfolio, allowing the company to focus its management and capital allocation on priority projects in a more cohesive portfolio. Progress is being made in fulfilling the conditions precedent to this transaction and we anticipate that the sale will be concluded towards the end of 2016.

The process to exit both the Union and Bokoni mines continues and discussions with our partners, potential buyers and government are ongoing.

In terms of the outlook for 2016, the uncertain global economic environment, challenging global market conditions and a depressed pricing environment are expected to persist in 2016. As such, we will continue to evaluate, and take the necessary steps, to ensure the company's operations remain cash positive and the integrity of the balance sheet is maintained through this difficult period.

Finally, I draw the attention of shareholders to our integrated annual report and our sustainable development report which supplement our annual financial statements, and provide much detailed information about our business.

Thank you for your presence. I now declare this annual general meeting open.

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