

SENS Announcement

Anglo American Platinum Limited
 (Incorporated in the Republic of South Africa)
 (Registration number: 1946/022452/06)
 Share Code: AMS
 ISIN: ZAE000013181
 ("The Company" or "Anglo American Platinum")
 10 December 2021

Anglo American Platinum approves the Mototolo / Der Brochen life extension project, and provides an update on 2021 guidance and outlook

- Board approves the R3.9 billion Mototolo / Der Brochen life extension project
- The Future of Mogalakwena continues to make progress
- Refined PGM production guidance for 2021 increased to between 5.0 -5.1 million ounces

Approval of the Mototolo / Der Brochen life extension project

Anglo American Platinum announces that its Board has approved the Mototolo / Der Brochen life extension project. The development of the project leverages the existing Mototolo infrastructure, enabling mining to extend into the adjacent and down-dip Der Brochen resource, which will extend the life of mine beyond 30 years. The approval of the project supports the Company's strategic priority of maximising value from its core portfolio of assets, investing capital into this life-extension project which is expected to be value-accretive and generate strong returns.

The Der Brochen UG2 orebody will use the same bord and pillar extraction method as Mototolo mine, and will be a fully mechanised operation, positioned in the bottom half of the primary PGM producer cost curve. The project includes development of a new shaft to replace the depleting Mototolo reserves (Lebowa and Borwa shafts), maintaining the 240,000 tonnes per month mining rate. With the completion of the concentrator debottlenecking project in Q3 2021, production from Mototolo / Der Brochen is expected to be maintained at around 250,000 PGM ounces per year.

The execution of the project will begin in Q1 2022. The total capital investment is expected to be R3.9billion (c.\$245 million) in nominal terms. Capital investment is over six years, with the majority of capital invested in 2022, 2023 and 2024. The financial returns of the project are expected to be robust, with an IRR of over 25% and payback of around six years from first production (expected in late 2023), based on consensus pricing.

Natascha Viljoen, CEO of Anglo American Platinum, comments:

"The Der Brochen project is one example of the high-quality, low-cost expansion options we have available in our existing portfolio of assets that will allow us to continue delivering industry-leading returns to shareholders. We are also progressing our various workstreams at Mogalakwena to ensure we realise the full potential of this world-class resource to the benefit of stakeholders for many decades to come. In addition, the strong performance by our processing operations over the period illustrates the significant work we have been doing to improve asset reliability in the business. Despite the challenges posed by Covid-19, our business is well-positioned to continue benefiting from the strong market fundamentals for PGMs."

Future of Mogalakwena

The Future of Mogalakwena (FoM) work continues to make good progress in the six workstreams, which include:

- **Resource development plan** – optimal open-pit plan, including progressing underground opportunities;
- **Operational efficiencies (P101)** – optimise mine plan and operational performance;
- **Communities** – create trusting relationships and valued partnerships;
- **Technology and innovation** – develop and deploy technology, including hydrogen fuel-cell trucks;
- **Expanding concentrator capacity** – design and build the concentrator of the future; and,
- **Downstream processing** – utilise downstream processing to maximise value.

Each of these workstreams have a number of steps to unlock value. Whilst being integrated, it allows for separate approval stage gates and an optimised development pathway. It is therefore important that each workstream is fully understood to ensure the highest value creation for all stakeholders over the life of the asset of more than 50 years. The third concentrator feasibility study, which focuses only on the capital decision on the timing, size and technology of a third concentrator will continue into H1 2022 and will be submitted for Board approval once completed. This revised timeline does not impact the execution schedule of any of the workstreams. Further detail on the status of the Future of Mogalakwena project will be provided in the 2021 Annual Results announcement on 21 February 2022.

Update on guidance and outlook

Anglo American Platinum provides an update on its operational outlook and guidance as follows:

		2021 outlook	2022 forecast	2023 forecast	2024 forecast
	units				(New)
PGM Metal in concentrate (M&C)	million ounces	~4.3 <i>Previously: 4.2 - 4.4</i>	4.1 - 4.5 <i>Previously: 4.2 - 4.6</i>	4.1 - 4.5 <i>Previously: 4.2 - 4.6</i>	4.1 - 4.5
Platinum M&C	million ounces	~2.0	1.9 - 2.1	1.9 - 2.1	1.9 - 2.1
Palladium M&C	million ounces	~1.35	1.3 - 1.4 <i>Previously: 1.4 - 1.5</i>	1.3 - 1.4 <i>Previously: 1.4 - 1.5</i>	1.3 - 1.4
Other M&C	million ounces	~0.95	0.9 - 1.0	0.9 - 1.0	0.9 - 1.0
PGMs refined	million ounces	5.0 - 5.1 <i>Previously: 4.8 - 5.0</i>	4.2 - 4.6 <i>Previously: 4.7 - 5.1</i>	3.8 - 4.2 <i>Previously: 4.2 - 4.6</i>	4.1 - 4.5
Unit cost - ZAR	ZAR / PGM ounce	~13,000 <i>Previously: 12,000 - 12,500</i>	13,800 - 14,500		

Please note that PGMs stands for: platinum, palladium, rhodium, iridium, ruthenium, and gold

2021 guidance

Metal-in-concentrate (M&C) production is likely to be within guidance at c.4.3 million PGM ounces for 2021. Refined production guidance has been increased from 4.8–5.0 million ounces to 5.0–5.1 million ounces due to a continued strong performance from the ACP Phase A, leading to higher-than-expected refined production. The majority of the build-up in work-in-progress (WIP) inventory (due to the temporary closure of the ACP in 2020 for repairs) has been refined in 2021. The remaining build-up in WIP inventory will be refined in 2022.

Unit cost of production in 2021 was impacted by lower-than-expected M&C production caused by increased maintenance, as well as ongoing inflationary pressure on input costs due to higher diesel and fuel costs, and higher consumable input costs owing to the effects of Covid-19 on supply chains, as well as logistics constraints importing input goods into South Africa. As a result, unit cost guidance for the 2021 financial year will increase from R12,000 – 12,500 per PGM ounce to c.R13,000 per PGM ounce.

Capital expenditure guidance is maintained at R7.0–7.5 billion. Further capital expenditure guidance will be provided in the 2021 Annual Results release on 21 February 2022.

Outlook 2022

Due to the strong refined production performance in 2021, resulting in the majority of the built-up WIP inventory being processed, refined production guidance for 2022 has been revised to 4.2–4.6 million PGM ounces, to reflect the expected M&C production, the processing of the lower WIP inventory, and the scheduled Polokwane smelter rebuild.

The first full rebuild of the Polokwane smelter is scheduled for H2 2022. This pre-emptive rebuild is in line with our asset management strategy and our strategic priority of embedding resilience across the asset base and the business, including through a detailed programme of planned maintenance for all assets.

M&C production in 2022 will be impacted by planned maintenance, particularly at the Mogalakwena South Concentrator, which is aligned to the downtime at the Polokwane smelter. As a result, M&C production for 2022 is expected to be in the region of 4.1–4.5 million ounces.

Unit cost guidance for 2022 is expected to be R13,800 – R14,500 per PGM ounce, which reflects ongoing inflationary pressures expected to materialise in 2022 and increased physical mining activities at Mogalakwena.

Outlook 2023 – 2024

M&C PGM production will remain flat in 2023 and 2024 as Kroondal and parts of the upper section at Tumela mine, part of the Amandelbult complex, come to their end of life. This decrease in production is expected to be offset by the benefits of the P101 operational excellence programme, and the modernisation plans at Amandelbult, which should result in an increase in PGM volumes mined from the remaining portfolio of assets.

Part of the increase in mined volumes is expected to come from Mogalakwena, with its mine plan sequenced to mine through a higher base metals area from 2022. In conjunction with the Polokwane smelter rebuild in H2 2022, which will lead to a higher-than-normal ratio of material to be processed from Mogalakwena in 2023, there will be a short-term constraint on the Anglo Converter Plant (ACP). This will result in a temporary build-up in PGM WIP inventory, resulting in lower refined PGM production in 2023 of 3.8–4.2 million PGM ounces. Refined production in 2024 should recover to 4.1–4.5 million PGM ounces.

Anglo American Platinum investor call

Natascha Viljoen, CEO, and Craig Miller, Finance Director, will host an analyst and investor call at 11:00 (CAT). The conference call pre-registration details are as below and, on our website, and a replay will be available.

Conference call pre-registration:

<https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=8407748&linkSecurityString=ec89d9600>

Anglo American plc investor update

The Anglo American plc investor update presentation is available on the Anglo American website at: <https://www.angloamerican.com/investors/investor-presentations>.

This announcement contains forward-looking statements which are based on the Company's current beliefs and expectations about future events. The operational and financial forecasts provided in this announcement are estimates and have not been reviewed and reported on by the Company's external auditors.

Sponsor:

Merrill Lynch South Africa Proprietary Limited

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Notes to editors:

Anglo American Platinum Limited is a member of the Anglo American plc Group and is a leading primary producer of platinum group metals. The company is listed on the Johannesburg Securities Exchange (JSE). Its mining, smelting and refining operations are based in South Africa. Elsewhere in the world, the Group owns Unki Platinum Mine and smelter in Zimbabwe. Anglo American Platinum has two joint operations with several historically disadvantaged South African consortia as part of its commitment to the transformation of the mining industry. Anglo American Platinum is committed to the highest standards of safety and continues to make a meaningful and sustainable difference in the development of the communities around its operations.

www.angloamericanplatinum.com

Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive operations, with a broad range of future development options, provides many of the future-enabling metals and minerals for a cleaner, greener, more sustainable world and that meet the fast growing every day demands of billions of consumers. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and to mine, process, move and market our products to our customers – safely and sustainably.

As a responsible producer of diamonds (through De Beers), copper, platinum group metals, premium quality iron ore and metallurgical coal for steelmaking, and nickel – with crop nutrients in development – we are committed to being carbon neutral across our operations by 2040. More broadly, our Sustainable Mining Plan commits us to a series of stretching goals to ensure we work towards a healthy environment, creating thriving communities and building trust as a corporate leader. We work together with our business partners and diverse stakeholders to unlock enduring value from precious natural resources for the benefit of the communities and countries in which we operate, for society as a whole, and for our shareholders. Anglo American is re-imagining mining to improve people's lives.

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