

SENS Announcement

Anglo American Platinum Limited

(Incorporated in the Republic of South Africa)

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("The Company" or "Anglo American Platinum")

9 December 2022

Anglo American Platinum provides an update on 2022 guidance and outlook

- M&C production and refined production for 2022 expected to be within guidance
- 2023-2025 guidance adjusted to reflect new operating conditions
- The Future of Mogalakwena workstreams continue to make progress

Natascha Viljoen, CEO of Anglo American Platinum, comments:

"Despite navigating through several headwinds, we maintained a stable operating environment and expect to close the financial year within guidance, with metal-in-concentrate of around 4.0 million ounces and refined production of around 3.8 million ounces. We continue to experience high levels of inflationary cost pressures, leading to a unit cost of around R15,300 per PGM ounce and will continue with our strong focus on cost mitigation and containment in 2023. We have updated our operational outlook and revised our medium-term production guidance with a focus on ensuring safe and stable operational momentum. We continue to progress the Future of Mogalakwena, with a view that a decision on the third concentrator will be made within 18-24 months to ensure capital efficiency, improve technology deployment, and mitigate supply chain and inflationary pressures to enable the successful execution of a highly value accretive project."

Update on guidance and outlook

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

		2022 outlook	2023 forecast	2024 forecast	2025 forecast
	units				(New)
PGM metal-in-concentrate (M&C)	million ounces	~4.0	3.6 - 4.0	3.6 - 4.0	3.5 - 3.9
		<i>Previously: 3.8 - 4.1</i>	<i>Previously: 4.1 - 4.5</i>	<i>Previously: 4.1 - 4.5</i>	
Platinum M&C	million ounces	~1.9	1.65 - 1.85	1.65 - 1.85	1.6 - 1.8
			<i>Previously: 1.9 - 2.1</i>	<i>Previously: 1.9 - 2.1</i>	
Palladium M&C	million ounces	~1.2	1.15 - 1.25	1.15 - 1.25	1.1 - 1.2
			<i>Previously: 1.3 - 1.4</i>	<i>Previously: 1.3 - 1.4</i>	
Other M&C	million ounces	~0.9	0.8 - 0.9	0.8 - 0.9	0.8 - 0.9
			<i>Previously: 0.9 - 1.0</i>	<i>Previously: 0.9 - 1.0</i>	
Refined PGM	million ounces	~3.8	3.6 - 4.0	3.6 - 4.0	3.3 - 3.7
		<i>Previously: 3.7 - 3.9</i>	<i>Previously: 3.8 - 4.2</i>	<i>Previously: 4.1 - 4.5</i>	
Unit cost (ZAR)	ZAR / PGM ounce	~15,300	16,800 - 17,800		
		<i>Previously: 14,000 - 15,000</i>			

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

2022 guidance

In the year, we maintained a stable operating performance navigating multiple headwinds including Eskom load-shedding, rainfall, and lower grades at Mogalakwena to deliver our M&C production. Mototolo and Unki are expected to deliver strong production following the successful completion of the debottlenecking projects in 2021. As a result, we expect to end the year with M&C production of around 4 million PGM ounces, within guidance.

As we continue our asset integrity and reliability programme, we have focused on our capital reinvestment into our processing assets, with the full rebuild of the Polokwane smelter starting in Q3 this year. Despite the setbacks with sub-standard materials being delivered for the smelter, and supply chain constraints, we have resolved all the issues, we have now completed the smelter rebuild and the reheat of the smelter will start on 10 December, with the first matte tap expected in early January.

Due to Eskom load-shedding and the delay in the Polokwane smelter rebuild, total built-up work-in-progress inventory at the end of the year will be c.350,000 PGM ounces. As a result, refined production should be c.3.8 million PGM ounces, again within guidance. The build-up in work-in-progress inventory should be largely refined in 2023, with c.100,000 PGM ounces to be refined in 2024, which equates to a total R7.0 billion EBITDA benefit over the two years at current spot prices and ZAR/USD exchange rates.

Unit cost of production in 2022 has been impacted by ongoing inflationary pressure on input costs due to higher diesel, fuel, and consumable prices owing to the effects of Covid-19 on supply chains, import logistics constraints, Eskom load-shedding, as well as lower production. As a result, unit cost guidance for the 2022 financial year will be c.R15,300 per PGM ounce or \$950 per PGM ounce.

Total capital expenditure for 2022 is expected to be around R17.3 billion, including stay-in-business capital of around R9.5 billion.

Outlook 2023 – 2025

We have revised our medium-term outlook to reflect our revised operational environment. In 2023 and 2024, metal-in-concentrate production will reduce due to:

1. Lower grade at Mogalakwena. The results of our increased exploration drilling initiative has increased the confidence of our Mineral Resource, and has reflected a reduction in higher-grade ore volumes, lowering the overall weighted-average grade at the mine.
2. Infrastructure closures, challenging geological ground conditions and the current opencast operations coming to the end of life-of-mine, will result in lower volumes from Amandelbult. A decision has been taken to close the aging Merensky concentrator. The UG1 and UG2 concentrator plants can process the mined production, driving better efficiencies, lower costs, and reduced ongoing capital expenditure. The cost benefits in closing the plant will be around R200 million per annum. Work continues on the mechanised section at Amandelbult, albeit with a slower production ramp-up of ounces. A decision will be taken at the end of 2023 as to whether to continue with the program or adopt a modernised conventional method of mining.
3. Our expectation that we will continue to receive lower purchase-of-concentrate volumes than previously anticipated.

The Kroondal Joint Operation, which is 50% own-mined material and 50% purchase-of-concentrate material and is coming towards the end of its life-of-mine, and the Siyanda purchase-of-concentrate agreement both switch to tolling agreements in 2024 and 2025, respectively. This will result in lower M&C production volumes, reflecting the change in commercial terms. As a result, M&C production is expected to be between 3.6 – 4.0 million PGM ounces for the next two years, with the impact of the move to higher proportions of tolling material in 2025 moving M&C production guidance to 3.5 – 3.9 million PGM ounces.

With the Polokwane smelter back online, all produced metal-in-concentrate should be refined, as well as the release of the build-up in work-in-progress inventory. Incorporating normalised recovery losses, we expect refined production, excluding tolling in 2023-2024 to be 3.6 – 4.0 million PGM ounces and 3.3 – 3.7 million PGM ounces in 2025.

Unit cost guidance for 2023 will increase to between R16,800 – R17,800 per PGM ounce, or between \$990-\$1,050 per PGM ounce, as we expect to see a continuation of high energy, chemical, explosives, diesel, and other imported input costs, as well as lower production.

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.
- **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.

Significant work has taken place on the options for the third concentrator although our immediate focus is to continue to improve the operating performance at Mogalakwena so that we deliver sustainable production.

The construction of the concentrator, subject to approval, is likely to commence in 18-24 months. The time between now and then will be used to further improve capital investment efficiencies and therefore returns on the asset. This also allows for time to address current supply chain disruptions, availability of construction resources and the impact of a high inflation environment.

Over the next 18-24 months we will specifically focus on:

1. Further optimising the specifications and configuration of the new concentrator to ensure we maximise returns.
2. Incorporating our latest in-field learnings for the technologies, which are currently deployed on the North concentrator. This includes coarse particle recovery (CPR), which brings significant energy and water efficiency and tailings reduction benefits.
3. Finalising plant designs, procurement packages and securing the resources to ensure a successful execution of the project.

We believe we are being disciplined in our capital allocation to ensure we deliver the highest value option, and the additional time allows us to improve technology deployment and capital efficiency. There is minimal net present value (NPV) impact from starting construction in 2026 or 2028 due to availability and quality of ore to be fed into the concentrator. As the twin underground decline ramps up, higher grade material will be available to feed into the concentrator, which offsets the 18-24 months decision to start construction of the third concentrator.

Anglo American Platinum update call

Natascha Viljoen, CEO, and Craig Miller, Finance Director, will host an update call at 14:30 (SAST). 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=3610499&linkSecurityString=7e755812e>

Anglo American Platinum media call

Natascha Viljoen and Craig Miller will also host a media call at 13:30 (SAST).

Conference call pre-registration:

<https://services.choruscall.za.com/DiamondPassRegistration/register?confirmationNumber=5916736&linkSecurityString=cf3673640>

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 (Pty) Limited t/a BofA Securities

For further information, please contact:

Investors:

Emma Chapman
(SA) +27 (0) 76 480 1570
emma.chapman@angloamerican.com

Media:

Nomonde Ndwalaza
(SA) +27 (0) 66 311 1133
nomonde.ndwalaza@angloamerican.com

Yuraisha Moodley
yuraisha.moodley@angloamerican.com

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 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 steelmaking coal, 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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