

News Release

Anglo American plc (the “Company”)
Registered office: 17 Charterhouse Street, London EC1N 6RA
Registered number: 3564138 (incorporated in England and Wales)
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25 November 2024

Anglo American to generate up to US\$4.9 billion of total cash proceeds from sale of steelmaking coal business: agrees sale of remaining steelmaking coal portfolio to Peabody Energy for up to US\$3.8 billion

Anglo American announces that it has now entered into definitive agreements to sell the entirety of its steelmaking coal business, to generate up to US\$4.9 billion in aggregate gross cash proceeds¹, including the already announced sale of Anglo American’s interest in Jellinbah for approximately US\$1.1 billion.

Announced today, Anglo American has agreed to sell its portfolio of steelmaking coal mines that it operates in Australia (“Steelmaking Coal Portfolio”) to Peabody Energy (“Peabody”) for a cash consideration of up to US\$3.775 billion (“the Transaction”).

Peabody’s agreed cash consideration of up to US\$3.775 billion comprises an upfront cash consideration of US\$2.05 billion at completion; deferred cash consideration² of US\$725 million; the potential for up to US\$550 million in a price-linked earnout³; and contingent cash consideration⁴ of US\$450 million linked to the reopening of the Grosvenor mine.

Duncan Wanblad, Chief Executive of Anglo American, said “The sale of our steelmaking coal business is another important step towards delivering the strategy that we set out in May to create a world class copper, premium iron ore and crop nutrients business. Through focus, asset quality and outstanding growth options, Anglo American will offer a highly differentiated investment proposition supported by strong cash generation and the capabilities and longstanding relationship networks that can deliver our full potential. We are absolutely focused on delivering that strategy and unlocking the associated value as we streamline our cost structures and create a much simpler, more resilient and more agile business that will enable full market value recognition.

“All the transactions to deliver our portfolio transformation are well in train – the demerger of Anglo American Platinum is expected by mid-2025 and we have seen strong interest in our nickel business with the sale process well progressed. We expect De Beers to follow, recognising its unmatched industry and brand position and good progress in working with stakeholders to position the business for long term success as we work toward separation for value. We are well progressed with the delivery of \$1 billion of cost savings and have detailed plans in place to deliver at least an additional US\$800 million in pre-tax recurring cost benefits on a run-rate basis from the end of 2025 as we progress the portfolio transformation.

“In steelmaking coal, through a combination of today’s announced Transaction and our previously announced agreement to sell our interest in Jellinbah, we stand to unlock up to US\$4.9 billion of value, reflecting the high quality of the assets and adding to our balance sheet resilience. Peabody is a long-established and respected operator and we will work together and with our workforce, local communities, government, customers and partners to ensure a successful transition.”

Jim Grech, President and Chief Executive Officer of Peabody, commented: “We’re pleased to acquire these world-class assets from Anglo American, a company that shares our strong values of safety, sustainability and

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social license to operate. We look forward to integrating these assets, teaming up with their highly skilled workforce, and aligning with our new mine joint venture partners to create long-term value.”

The Steelmaking Coal Portfolio consists primarily of an 88.0% interest in the Moranbah North joint venture; a 70% interest in the Capcoal joint venture; an 86.36% interest in the Roper Creek joint venture; a 51.0% interest in the Dawson joint venture, Dawson South joint venture, Dawson South Exploration joint venture and the Theodore South joint venture; and a 50.0% interest in the Moranbah South joint venture.

The Transaction is subject to a number of conditions, including customary competition and regulatory clearances, and pre-emption arrangements. The upfront cash consideration is subject to normal completion adjustments and completion is expected by the third quarter of 2025. Peabody has agreed to pay a US\$75 million deposit on signing which Anglo American is entitled to retain if the sale is terminated in certain limited circumstances.

Footnotes:

- ¹ Total non-contingent net proceeds from the sale of the Jellinbah interest and this Transaction are estimated to be approximately US\$3.6 billion.
- ² The deferred cash consideration will be paid in four instalments occurring annually from the first anniversary of the transaction completion date, as follows: payment 1: US\$111.2 million; payment 2: US\$225.8 million; payment 3: US\$225.8 million; payment 4: US\$162.2 million.
- ³ The price-linked earnout comprises uncapped quarterly payments of up to US\$550 million in aggregate, applicable for five years starting from the first day of the quarter following the transaction completion date. The quarterly payment will be calculated as 35% of incremental revenue from equity coal production (excluding Dawson) above agreed metallurgical and thermal coal prices. The precise trigger prices above which payments are made differ by product, but broadly align to PLV HCC Benchmark prices of: Year 1 US\$240/t; Year 2 US\$235/t; Year 3 US\$240/t; Year 4 US\$246/t; Year 5 US\$252/t.
- ⁴ The contingent cash consideration comprises a US\$250 million payment due one month after the reopening of the Grosvenor mine, defined as the earlier of i) first sale of coal from longwall coal production from the Grosvenor mine; or ii) 1.5 Mt of cumulative run-of-mine coal production from the Grosvenor mine, and a US\$200 million payment on the second anniversary of the reopening of the Grosvenor mine.

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The Company has a primary listing on the Main Market of the London Stock Exchange and secondary listings on the Johannesburg Stock Exchange, the Botswana Stock Exchange, the Namibia Stock Exchange and the SIX Swiss Exchange.

Sponsor

RAND MERCHANT BANK (A division of FirstRand Bank Limited)

Notes:

Anglo American is a leading global mining company focused on the responsible production of copper, premium iron ore and crop nutrients – future-enabling products that are essential for decarbonising the global economy, improving living standards, and food security. Our portfolio of world-class operations and outstanding resource endowments offers value-accretive growth potential across all three businesses, positioning us to deliver into structurally attractive major demand growth trends.

Our integrated approach to sustainability and innovation drives our decision-making across the value chain, from how we discover new resources to how we mine, process, move and market our products to our customers – safely, efficiently and responsibly. Our Sustainable Mining Plan commits us to a series of stretching goals over different time horizons to ensure we contribute to a healthy environment, create thriving communities and build trust as a corporate leader. We work together with our business partners and diverse stakeholders to unlock enduring value from precious natural resources for our shareholders, for the benefit of the communities and countries in which we operate, and for society as a whole. Anglo American is re-imagining mining to improve people’s lives.

Anglo American is currently implementing a number of major structural changes to unlock the inherent value in its portfolio and thereby accelerate delivery of its strategic priorities of operational excellence, portfolio simplification, and growth. This portfolio transformation will focus Anglo American on its world-class resource asset base in copper, premium iron ore and crop nutrients, once the sale of our steelmaking coal and nickel businesses, the demerger of our PGMs business (Anglo American Platinum), and the separation of our iconic diamond business (De Beers) have been completed.

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