Anglo American plc ("Anglo American") announces the sale of its Eskom-tied domestic thermal coal operations in South Africa to a wholly owned subsidiary of Seriti Resources Holdings Proprietary Limited ("Seriti"), a company majority owned by historically disadvantaged South Africans ("HDSAs") and led by a management team with extensive experience of operating and developing large coal mines in South Africa ("the Transaction").

The Eskom-tied domestic thermal coal operations consist of the New Vaal, New Denmark and Kriel collieries, as well as four closed collieries (the “Operations”). The Transaction will result in Seriti becoming the second largest provider of thermal coal to Eskom, supplying almost a quarter of Eskom’s current annual coal requirements.

The consideration payable for the Operations as at 1 January 2017 is ZAR2.3 billion (approximately US$164 million). Under the terms of the Transaction, the consideration payable will be adjusted for cash flows generated by the Operations between 1 January 2017 and the date on which the transaction is completed in order to determine the final payment to be made by Seriti upon completion.

Mark Cutifani, Chief Executive of Anglo American, said: “We are pleased to have agreed the sale of our Eskom-tied domestic thermal coal operations in South Africa. This transaction forms part of our ongoing commitment to reshape and upgrade our global asset portfolio, recognising appropriate value and further demonstrating Anglo American's longstanding support for the development and sustainability of South Africa's mining industry.”

Norman Mbazima, Deputy Chairman of Anglo American South Africa, said: “We believe that the sale to Seriti supports transformation objectives for the industry as well as the country, while ensuring a sustainable, reliable and cost efficient supply of coal to Eskom.”

Mike Teke, Chief Executive of Seriti, said: “Seriti is excited about the Transaction which represents a significant step-forward in our vision to become a black-controlled, broad based South African mining champion, and a coal player of significant size and scale. The Transaction allows Seriti to achieve its strategic objective of preserving and operating strategic energy assets for the benefit of South Africa and its people. Our structure brings together an experienced team capable of operating and developing large scale thermal coal assets and provides a unique mining opportunity for black women. The team looks forward to managing and growing the Operations going forward, with a focus on ensuring their ongoing sustainability, given their strategic importance.”

The Transaction is subject to conditions precedent that are customary for a transaction of this nature, including regulatory approvals in South Africa, as well as Eskom’s consent for the transfer to Seriti of the coal supply agreements which govern the Operations’ supply of coal to Eskom. The Transaction is expected to close by the end of 2017.
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Notes to editors:

Seriti is a broad-based, majority HSDA-owned and controlled South African mining company, established with the aim of preserving and operating strategic energy assets for the benefit of South Africa and its people. Seriti is owned jointly by four strategic “anchor” shareholders, namely Masimong Group Holdings Proprietary Limited (“Masimong”), Thebe Investment Corporation (“Thebe”), Zungu Investments Company Proprietary Limited (“ZICO”) and Community Investment Holdings Projects (“CIH Projects”). Seriti’s management team will be led by Mike Teke who has extensive mining experience through the acquisition, operation and development of Optimum Coal Mines and Koornfontein Mines which produced approximately 10Mtpa of saleable domestic and export thermal coal and the development of other large scale thermal coal projects. Seriti intends to provide meaningful equity participation for management, employees and communities in its structure.

Anglo American is a globally diversified mining business. Our portfolio of world-class competitive mining operations and undeveloped resources provides the raw materials to meet the growing consumer-driven demands of the world’s developed and maturing economies. Our people are at the heart of our business. It is our people who use the latest technologies to find new resources, plan and build our mines and who mine, process and move and market our products to our customers around the world.

As a responsible miner - of diamonds (through De Beers), platinum and other precious metals, copper, nickel, iron ore and coal - we are the custodians of what are precious natural resources. We work together with our key partners and stakeholders to unlock the long-term value that those resources represent for our shareholders and for the communities and countries in which we operate – creating sustainable value and making a real difference.

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