Anglo American plc
(the "Company")
Registered office: 20 Carlton House Terrace, London SW1Y 5AN
Registered number: 3564138 (incorporated in England and Wales)
Legal Entity Identifier: 549300S9XF92D1X8ME43

13 March 2017

PUBLICATION OF ANNUAL REPORT 2016 AND NOTICE OF ANNUAL GENERAL MEETING 2017

In accordance with Listing Rule 9.6 and Disclosure Guidance and Transparency Rule ("DTR") 4.1, the Company announces that the following documents have been posted to shareholders and have today been submitted to the UK Listing Authority via the National Storage Mechanism:

- Annual Report and Accounts for the year ended 31 December 2016
- Notice of the 2017 Annual General Meeting to be held on 24 April 2017
- Proxy form for the 2017 Annual General Meeting

The above mentioned documents (except for the Proxy form) are available on our website at http://www.angloamerican.com/investors/annual-reporting.aspx and http://www.angloamerican.com/investors/shareholder-information/agm/agm2017 respectively and will shortly be made available for inspection at www.morningstar.co.uk/uk/NSM. Shareholders can obtain additional copies of the Proxy form from our Registrar, Equiniti Limited at Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA or view online at www.shareview.co.uk.

This announcement should be read in conjunction with the Company’s announcement issued on 21 February 2017. Together these constitute the material required by DTR 6.3 to be communicated to the media in full unedited text through a Regulatory Information Service. This material is not a substitute for reading the Company’s 2016 Annual Report and Accounts. Page references below refer to page numbers in the Annual Report and Accounts. References to notes to the financial statements refer to notes in the Annual Report and Accounts.

An indication of the important events that occurred in 2016 and their impact on the consolidated financial statements and the consolidated financial statements themselves were announced to the London Stock Exchange on 21 February 2017, forming part of the Preliminary Results announcement for the year ended 31 December 2016. Additional content forming part of the management report is below.

PRINCIPAL RISKS

We define a principal risk as a risk or combination of risks that would threaten the business model, future performance, solvency or liquidity of Anglo American. In addition to these principal risks we continue to be exposed to other risks related to currency, inflation, information and cyber security, community relations, environment, infrastructure and human resources. These risks are subject to our normal procedures to identify, implement and oversee appropriate mitigation actions.

Principal risks 1-8 on pages 42-44

CATASTROPHIC RISKS

We also face certain risks that we deem catastrophic risks. These are very high severity, very low likelihood events that could result in multiple fatalities or injuries, an unplanned fundamental change to strategy or the way we operate, and have significant financial consequences. We do not consider likelihood when assessing these risks as the potential impacts mean these risks must be treated as a priority. Catastrophic risks are included as principal risks.

Catastrophic risks 9-12 on pages 44-45
RISK APPETITE

We define risk appetite as ‘the nature and extent of risk Anglo American is willing to accept in relation to the pursuit of its objectives’. We look at risk appetite from the context of severity of the consequences should the risk materialise, any relevant internal or external factors influencing the risk, and the status of management actions to mitigate the risk. A scale is used to help determine the limit of appetite for each risk, recognising that risk appetite will change over time.

If a risk exceeds appetite, it will threaten the achievement of objectives and may require a change to strategy. Risks that are approaching the limit of the Group’s risk appetite may require management actions to be accelerated or enhanced in order to ensure the risks remain within appetite levels.

Further details on the risk management and internal control systems and the review of their effectiveness are provided on pages 82-83

1. COMMODITY PRICES

Global macro-economic conditions leading to sustained low commodity prices and/or volatility.

<table>
<thead>
<tr>
<th>Root cause:</th>
<th>The most significant factors contributing to this risk at present are the slowdown in growth in China and other emerging markets, low growth rates in developed economies and an oversupply of commodities into the market, particularly the raw materials such as iron ore and metallurgical coal used in steel making. Other factors such as weak regional economies and conflict can also influence the economic environment and contribute to weak commodity prices.</th>
</tr>
</thead>
<tbody>
<tr>
<td>Impact:</td>
<td>Low commodity prices can result in weakened levels of cash flow, profitability and valuation. Debt costs may rise owing to rating agency downgrades and the possibility of restricted access to funding. The Group may be unable to complete its divestment programme within the desired timescales or achieve expected values. The capability to invest in growth projects is limited during periods of low commodity prices – which may, in turn, affect future performance.</td>
</tr>
<tr>
<td>This risk has decreased since 2015</td>
<td>Risk appetite: Operating within the limits of our appetite.</td>
</tr>
<tr>
<td>Commentary:</td>
<td>The target of reducing net debt to below $10billion by the end of 2016 was achieved, which has improved our resilience to this risk.</td>
</tr>
</tbody>
</table>

2. POLITICAL AND REGULATORY

Uncertainty and adverse changes to mining industry

<table>
<thead>
<tr>
<th>Impact:</th>
<th>Uncertainty over future business conditions</th>
</tr>
</thead>
<tbody>
<tr>
<td>This risk has improved over the course of 2016, owing to improving commodity prices and progress in implementing management actions.</td>
<td>No change in risk</td>
</tr>
<tr>
<td>regulation, legislation or tax rates can occur in any country in which we operate.</td>
<td>leads to a lack of confidence in making investment decisions, which can influence future financial performance. Increased costs can be incurred through additional regulations or resource taxes, while the ability to execute strategic initiatives that reduce costs or divest assets may also be restricted; all of which may reduce profitability and affect future performance. Political stability can also result in civil unrest or nullification of existing agreements, mining permits or leases. These may adversely affect the Group’s operations or results of those operations.</td>
</tr>
<tr>
<td>Root cause: The Group has no control over political acts or changes in local tax rates. Our licence to operate through mining rights is dependent on a number of factors including compliance with regulations.</td>
<td>Mitigation: Anglo American has an active engagement strategy with the governments and regulators within the countries in which we operate or plan to operate. We assess portfolio capital investments against political risks and avoid or minimise exposure to jurisdictions with unacceptable risk levels. We actively monitor regulatory and political developments on a continuous basis.</td>
</tr>
</tbody>
</table>

### 3. FUTURE DEMAND FOR DIAMONDS

| Demand for diamonds reduces as a result of developments in the synthetics industry. | Impact: Potential loss of polished and rough diamond sales leading to a negative impact on revenue, cash flow, profitability and value. | A new principal risk |
| Root cause: Technological developments are making the production of man-made gem synthetics commercially viable and there are increased distribution sources. The marketing of synthetics seeks to place them as being environmentally or socially superior. | Mitigation: De Beers has a mitigation strategy based on a number of measures, including differentiation of diamonds from synthetics, and the technology to detect all synthetics. |
### 4. FUTURE DEMAND FOR PGMs

**Demand for PGMs is impacted by fundamental shifts in market forces.**

**Root cause:** Future demand is at risk from declining combustion engine manufacturing and a switch to battery operated vehicles instead of fuel cell electric vehicles, which continue to use higher volumes of PGMs.

**Impact:** A negative impact on revenue, cash flow, profitability and valuation.

**Mitigation:** Anglo American Platinum has a strategy to grow PGMs demand in industrial and jewellery sectors through marketing and investment initiatives in research, product development and market development initiatives.

**Commentary:** This is a new principal risk.

**Risk appetite:** Operating within the limits of our appetite.

**Risk mitigation:** Anglo American Platinum has a strategy to grow PGMs demand in industrial and jewellery sectors through marketing and investment initiatives in research, product development and market development initiatives.

**Risk appetite:** Operating within the limits of our appetite.

**Commentary:** While this is a new principal risk, we see this as a longer term threat to the business.

### 5. MINAS-RIO

**Delay in obtaining the operating licence extension.**

**Root cause:** Increased regulatory scrutiny for the licence extension can be expected as a result of a major tailings dam incident involving loss of life at a competitor facility in Brazil in 2015. There is also the continuing need to manage community issues. This may delay completion of the civil works associated with the mine’s development, while delays in obtaining licences would cause operational constraints. The licence process is complex, with multiple stakeholders involved in the approval process at federal, state and local community levels.

**Impact:** Inability to achieve planned production and revenues and/or reductions in the cost of production. This may also result in loss of investor confidence and reputational damage.

**Mitigation:** A comprehensive stakeholder engagement plan is in place to manage the licence extension and actions are being taken to address the ramp-up risks identified.

**Commentary:** An extension to the operating licence has been granted which takes projected production to the second half of 2018. The process to obtain the Step 3 licences to allow the mine to reach its nameplate capacity of 26.5 Mtpa (wet basis) has also started and is expected to be secured in late 2018.

**Risk appetite:** Operating within the limits of our appetite.

**Risk mitigation:** A comprehensive stakeholder engagement plan is in place to manage the licence extension and actions are being taken to address the ramp-up risks identified.

**Commentary:** An extension to the operating licence has been granted which takes projected production to the second half of 2018. The process to obtain the Step 3 licences to allow the mine to reach its nameplate capacity of 26.5 Mtpa (wet basis) has also started and is expected to be secured in late 2018.

### 6. SOUTH AFRICA POWER

**Electricity supply not able to meet the country’s demands, leading to unplanned outages and failure of the national grid.**

**Root cause:** Anglo American is a significant consumer of power owing to the extent of our operations in South Africa. The risk is created through the state’s lack of investment in generating capacity due to reduced industrial demand has improved the position, but new generation capacity has not yet been delivered to the extent required. A complete failure of the national grid is considered to be a very low likelihood event.

**Impact:** Unplanned and short-notice power supply outages can lead to production shortfalls, with a negative effect on revenue, costs and productivity. There are potential safety implications, particularly for underground mines and process activities. Loss of critical computing systems can interrupt normal business activities.

**Commentary:** Reduced industrial demand has improved the position, but new generation capacity has not yet been delivered to the extent required. A complete failure of the national grid is considered to be a very low likelihood event.

**Risk appetite:** Operating within the limits of our appetite.

**Risk mitigation:** A comprehensive stakeholder engagement plan is in place to manage the licence extension and actions are being taken to address the ramp-up risks identified.

**Commentary:** An extension to the operating licence has been granted which takes projected production to the second half of 2018. The process to obtain the Step 3 licences to allow the mine to reach its nameplate capacity of 26.5 Mtpa (wet basis) has also started and is expected to be secured in late 2018.
<table>
<thead>
<tr>
<th>Funding challenges and a maintenance backlog in some generating facilities, leading to unplanned outages.</th>
<th><strong>Mitigation:</strong> A central electricity monitoring system enables measurement and analysis of site level power consumption. Business units have emergency generation capability for deep-level shafts and procedures are in place to minimise disruption. Regular interactions are held with management of the state-owned power supplier to understand operational challenges.</th>
</tr>
</thead>
</table>

7. DELIVERY OF CASH TARGETS

**Inability to deliver the EBIT improvement targets of $1 billion in 2017.**

**Root cause:** Unplanned and unexpected operational issues will affect delivery of the target. Delivery will require the support of joint venture partners for non-wholly-owned operations.

**Impact:** Inability to deliver required levels of cash flow and loss of investor confidence.

**Mitigation:** A number of initiatives are under way and regular tracking and monitoring mechanisms are in place. Implementation of our Operating Model is one of the key initiatives that mitigates this risk.

**A new principal risk**

**Risk appetite:** Operating within the limits of our appetite.

**Commentary:** This is a new principal risk for 2016.

8. SAFETY

**Failure to deliver a sustained improvement in safety performance.**

**Root cause:** Inability to deliver a sustained improvement in safety performance will result from management interventions and training initiatives failing to translate into behavioural change by all employees and contractors. Non-compliance with critical controls is a common failure in safety incidents.

**Impact:** Loss of life, workplace injuries and safety-related stoppages all immediately affect production, while, over the longer term, such factors are also a threat to our licence to operate.

**Mitigation:** A continued, relentless focus on safety improvement and safety risk management is adopted by executive management. Operating standards and guidelines are in place to mitigate safety risk, supported by a robust risk management and risk assurance processes.

**This risk has increased since 2015**

**Risk appetite:** Operating within the limits of our appetite.

**Commentary:** During 2016 there were 11 fatalities compared with six in 2015. Although the total recordable case frequency rate (TRCFR) reduced from 0.93 to 0.71 per 200,000 hours worked, management has increased the risk rating to ensure an appropriate response to the increase in fatalities.

9. TAILINGS DAM FAILURE

**A release of waste material leading to loss of life,**

**Impact:** Potential for multiple fatalities and injuries, at the

**No change in risk**
<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Root cause</th>
<th>Impact</th>
<th>Mitigation</th>
<th>Mitigation Details</th>
</tr>
</thead>
<tbody>
<tr>
<td>10. SLOPE WALL FAILURE</td>
<td>A sudden and unexpected failure of a slope causing landslides and inrush to pit or other asset (such as a pipeline), leading to loss of life, injuries, environmental damage, reputational damage, financial costs and production impacts.</td>
<td>Slope wall failure can result from inadequate design, unexpected adverse geological conditions, shortcomings in the mining process, or natural events such as seismic activity or excessive rainfall.</td>
<td>Potential for multiple fatalities or injuries, significant production impact and damage to assets. Financial costs associated with recovery and legal claims may be extensive. Regulatory issues may result and community relations may be affected.</td>
<td>Technical standards exist that provide minimum criteria for slope stability design and operation. Monitoring of slope movement is conducted at all open pit operations. Inspections and training and awareness programmes are provided by technical experts, and assurance work is conducted to assess the effectiveness of controls.</td>
<td>No change in risk.</td>
</tr>
<tr>
<td>11. MINESHAFT FAILURE</td>
<td>A sudden and unexpected failure of a mineshaft.</td>
<td>Mineshaft failure can occur as a result of rope failure, fire and explosion in a shaft, flooding, power failure, mud rush, conveyance failure or structural failure.</td>
<td>Multiple fatalities and injuries, damage to assets, production loss and reputational damage. Financial costs associated with recovery and liability claims may be significant.</td>
<td>Technical standards exist that provide minimum criteria for mineshaft management. Inspections are</td>
<td>No change in risk.</td>
</tr>
</tbody>
</table>

**Risk appetite:** Operating within the limits of our appetite.

**Commentary:** Mineshaft failure is considered a catastrophic risk – i.e. a very high severity but very low frequency event that must be treated with the highest priority.

The sale of the Rustenburg operations has reduced the...
carried out by technical experts and assurance work is conducted to assess the effectiveness of controls. The number of vertical shafts in the Group and the exposure to this risk.

### 12. FIRE AND/OR EXPLOSION

**Fire and explosion risks are present at all mining operations and processing facilities such as smelters and refineries, in our Platinum, Copper and Nickel businesses.**

**Impact:** Multiple fatalities and injuries, damage to assets, loss of production, reputation damage and loss of licence to operate. Financial costs associated with recovery and liability claims may be significant.

**Mitigation:** Technical standards exist that provide minimum criteria for prevention of underground explosions and fire. Inspections are carried out by technical experts and assurance work is conducted to assess the effectiveness of controls. Third-party reviews of fire risk are conducted at each location where significant risk is present.

**No change in risk**

**Risk appetite:** Operating within the limits of our appetite.

**Commentary:** Fire and explosion is considered a catastrophic risk – i.e. a very high severity but very low frequency event that must be treated with the highest priority.

### RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, joint operations, associates and joint ventures (see note 37 and 40). Members of the Board and the Group Management Committee are considered to be related parties.

The Company and its subsidiaries, in the ordinary course of business, enter into various sale, purchase and service transactions with joint operations, associates, joint ventures and others in which the Group has a material interest. These transactions are under terms that are no less favourable to the Group than those arranged with third parties.

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Sale of goods and services</td>
<td>19</td>
<td>28</td>
<td>1</td>
</tr>
<tr>
<td>Purchase of goods and services</td>
<td>(399)</td>
<td>(425)</td>
<td>(137)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(183)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(3,390)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(2,606)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Balances with related parties</th>
<th>Associates 2016</th>
<th>Joint ventures 2016</th>
<th>Joint operations 2015</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other receivables from related parties</td>
<td>5</td>
<td>7</td>
<td>1</td>
</tr>
<tr>
<td>Trade and other payables to related parties</td>
<td>(126)</td>
<td>(135)</td>
<td>(30)</td>
</tr>
<tr>
<td>Loans receivable from related parties 2)</td>
<td>–</td>
<td>–</td>
<td>(401)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>(431)</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>–</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>21</td>
</tr>
</tbody>
</table>

(1) Represents the portion of balances and transactions with joint operations or joint operation partners that the Group does not have the right to offset against the corresponding amount recorded by the respective joint operations. These amounts primarily relate to purchases by De Beers and Platinum from their joint operations in excess of the Group’s attributable share of their production.

(2) Included in ‘Financial asset investments’ on the Consolidated balance sheet.

At 31 December 2016 the directors of the Company and their immediate relatives controlled 0.33% (2015: 0.2%) of the voting shares of the Company.
Remuneration and benefits received by directors are disclosed in the Remuneration report. Remuneration and benefits of key management personnel, including directors, are disclosed in note 26.

Information relating to pension fund arrangements is disclosed in note 27.

STATEMENT OF DIRECTORS’ RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and Article 4 of the IAS regulation, and have elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 ‘Reduced Disclosure Framework’. The directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether Financial Reporting Standard 101 ‘Reduced Disclosure Framework’ has been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, IAS 1 requires that directors:

- properly select and apply accounting policies
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity’s financial position and financial performance
- make an assessment of the Company’s ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company’s transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company’s website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT

for the year ended 31 December 2016

We confirm that to the best of our knowledge:
(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit of Anglo American plc and the undertakings included in the consolidation taken as a whole
(b) the strategic report includes a fair review of the development and performance of the business and the position of Anglo American plc and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.
(c) the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company’s performance, business model and strategy.

By order of the Board

Mark Cutifani  René Médori
Chief Executive  Finance Director

For further information, please contact:

**Notes to editors:**

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.

www.angloamerican.com

**Forward-looking statements:**

This announcement includes forward-looking statements. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding Anglo American's financial position, business and acquisition strategy, plans and objectives of management for future operations (including development plans and objectives relating to Anglo American's products, production forecasts and Ore Reserves and Mineral Resources), are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may
cause the actual results, performance or achievements of Anglo American, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Such forward-looking statements are based on numerous assumptions regarding Anglo American's present and future business strategies and the environment in which Anglo American will operate in the future. Important factors that could cause Anglo American's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, the availability of mining and processing equipment, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights and such other risk factors identified in Anglo American's most recent Annual Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this announcement. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers (the "Takeover Code"), the UK Listing Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the SWX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglo American's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Nothing in this announcement should be interpreted to mean that future earnings per share of Anglo American will necessarily match or exceed its historical published earnings per share.

Certain statistical and other information about Anglo American included in this announcement is sourced from publicly available third party sources. As such, it presents the views of those third parties, though these may not necessarily correspond to the views held by Anglo American.