NEWS RELEASE

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Minas-Rio iron ore pipeline update

Anglo American plc (“Anglo American”) today provides an update on the inspection of its Minas-Rio iron ore pipeline in Brazil, and the expected timeline for operations to restart.

As announced on 3 April, Anglo American is progressing with a full inspection of its pipeline at the Minas-Rio iron ore operation, which is expected to take approximately 90 days to complete. The inspection includes an internal scan of every section of the pipeline and will then be followed by a detailed analysis of the data and an assessment of required remedial action. Mining operations will then resume once any repair work is completed, the pipeline has been tested and the regulatory authorities have provided their consent to the resumption of pipeline operations.

On this basis, the current expectation is that the operation will begin to ramp up in Q4 2018, resulting in a $300 – 400 million reduction in Anglo American’s EBITDA for 2018.

Mark Cutifani, Chief Executive of Anglo American, said: “Our priorities are to ensure the integrity of the pipeline and the protection of the natural environment, while providing as much clarity as we can for our employees, customers and other business stakeholders. Our own technical teams are working alongside two specialist teams in Brazil, from the Institute of Technological Research and the Federal University of Minas Gerais, to identify the specific causes of any weakness in certain sections of the pipeline. Following the full inspection, there will inevitably be a period of analysis and remedial work, prior to testing and restart of operations upon receipt of regulatory consent.

“We are currently working with our unions to agree the appropriate terms for the approximately 35% of our employees at Minas-Rio who will be on an extended period of leave, including providing training during that time, in addition to a pay and benefits package. The majority of our Minas-Rio employees continue to be deployed across our operations in Brazil, including on the construction work required to secure our Step 3 operating licence in the first half of 2019 to enable the full ramp-up of Minas-Rio to 26.5mtpa.”

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Notes to editors:
Anglo American is a global diversified mining business and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive mining operations and undeveloped resources provides the metals and minerals to meet the growing consumer-driven demands of the world's developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and mine, process, move and market our products to our customers around the world.

As a responsible miner – of diamonds (through De Beers), copper, platinum and other precious metals, iron ore, coal and nickel – we are the custodians of what are precious natural resources. We work together with our key partners and stakeholders to unlock the sustainable value that those resources represent for our shareholders, the communities and countries in which we operate and for society at large. Anglo American is re-imagining mining to improve people’s lives.

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