Anglo American secures long-term port tariff for Minas-Rio iron ore project

Anglo American plc announces further progress in relation to the Minas-Rio iron ore project in Brazil, including certainty around its long-term port tariff arrangements and clarity in relation to the port’s capital funding.

Cynthia Carroll, Chief Executive of Anglo American, said: “We have now secured an extremely competitive cost position for our world class Minas-Rio iron ore project in Brazil, with an FOB cost well inside the first quartile. The optionality for port expansion to more than 90 million tonnes per year and the priority rights we have for our iron ore shipments at the port make this a key strategic asset for Anglo American in Brazil.”

Long-term port tariff secured

Anglo American has agreed a fixed 25-year iron ore port tariff agreement with its port partner, LLX SA, in relation to the LLX Minas-Rio (“LLX MR”) owned iron ore port facility at Açú (“the port”) that forms part of the integrated iron ore system of the Minas-Rio project. Anglo American owns a 49% shareholding in LLX MR.

The first phase of the Minas-Rio project will produce 26.5 million tonnes per year (“mtpa”) of iron ore. In respect of this tonnage, Anglo American will pay a net port tariff of approximately US$5.15 per tonne (in 2013 terms) after taking into account Anglo American’s shareholding in LLX MR (US$7.10 per tonne gross). The gross tariff will reduce from US$7.10 per tonne to US$4.25 per tonne for volumes in excess of 26.5 mtpa, provided there is no need to expand the port to accommodate that excess volume.

Combined with the expected low operating costs of the mine, beneficiation plant and pipeline, Anglo American expects a highly competitive, first quartile FOB cost position for Minas-Rio.

Anglo American has also secured agreement in relation to the long-term tariff arrangement for all its iron ore volumes beyond the first phase of the Minas-Rio project. The level of the expansion tariff will be dependent upon the capital cost to expand the port to accommodate those additional volumes and that capital cost will be determined in due course.

Port capital expenditure

As part of the agreement to secure the long-term tariff arrangements, Anglo American has agreed to fund a greater share of the development cost of the first phase of the port. This agreement is expected to result in additional capital expenditure attributable to Anglo American of approximately US$525 million in relation to the port; Anglo American’s total share of the port development cost will be approximately US$1.2 billion.
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**Notes to editors:**
Anglo American plc is one of the world’s largest mining companies, is headquartered in the UK and listed on the London and Johannesburg stock exchanges. Anglo American’s portfolio of mining businesses spans precious metals and minerals – in which it is a global leader in both platinum and diamonds; base metals – copper and nickel; and bulk commodities – iron ore, metallurgical coal and thermal coal. Anglo American is committed to the highest standards of safety and responsibility across all its businesses and geographies and to making a sustainable difference in the development of the communities around its operations. The company’s mining operations and extensive pipeline of growth projects are located in southern Africa, South America, Australia, North America and Asia. [www.angloamerican.com](http://www.angloamerican.com)