AngloAmerican

13 February 2015

Anglo American Preliminary Results 2014

Significant operational improvements amid sharply lower commodity prices

- Delivered on all major commitments for 2014 – operational performance, project delivery and portfolio restructuring targets
- Strong operational performance across every business (4% production increase on Cu Eq. basis[(1)])
- Group underlying EBIT[(2)] of $4.9 billion, a 25% decrease due to sharply weaker commodity prices ($2.4 billion[(3)] underlying EBIT impact), partially offset by weaker producer country currencies ($1.3 billion positive impact to underlying EBIT) and increased production and sales volumes
- Special items after tax and non-controlling interest include commodity price-driven impairments of $3.9 billion, including $3.5 billion at Minas-Rio
- Net debt of $12.9 billion as at 31 December 2014 (2013: $10.7 billion), with $15.1 billion of liquidity; $1.7 billion of bonds maturing in 2015 and $1.6 billion maturing in 2016

Financial highlights US$ million, unless otherwise stated	**Year ended 31 December 2014**	Year ended 31 December 2013	Change
Underlying EBIT[(2)]	**4,933**	6,620	(25)%
Underlying earnings[(4)]	**2,217**	2,673	(17)%
Group revenue (incl. associates and joint ventures)[(5)]	**30,988**	33,063	(6)%
Underlying EBITDA	**7,832**	9,520	(18)%
(Loss)/profit before tax[(6)]	**(259)**	1,700	(115)%
Loss for the financial year attributable to equity shareholders of the Company[(6)]	**(2,513)**	(961)	(161)%
Underlying earnings per share (US$)[(4)]	**1.73**	2.09	(17)%
Dividend per share (US$)	**$0.85**	$0.85	-
Attributable ROCE%[(7)]	**8%**	11%	

Notes to the highlights and table are shown at the bottom of this section.

Mark Cutifani, Chief Executive of Anglo American, said: "2014 was a year of significant operational improvement against sharp commodity price declines amid generally adverse market conditions. We delivered on our major operational and portfolio commitments to shareholders, including delivering Minas-Rio, defining our future platinum business and resetting the performance of our operations.

"Our diversified product portfolio provided us with a degree of insulation from the particularly sharp price falls for the bulk commodities of iron ore and coal, albeit in an environment where weaker commodity prices accounted for $2.4 billion of underlying EBIT reduction. The operational turnaround of a number of our priority operations and the continued weakening of many producer country currencies also helped to mitigate the effects of the generally adverse pricing environment. After adjusting for the platinum strike, copper equivalent unit costs[(1)] in local currency terms decreased by 3% (real) in 2014, and we have delivered a $500 million sustainable reduction in overhead and project study and evaluation costs compared to our 2012 baseline. Our financial results reflect the substantial progress we have made to restore the performance of our mining operations, though further progress is necessary to meet our return targets through the cycle.

"We have shown in 2014 that we are adapting and delivering and are on the right track to transform the performance of Anglo American. Our mining operations are the engine of our business and we have delivered higher and more consistent volumes, with a clear focus on increased stability, productivity, margins and returns. There is significantly more improvement potential, as we continue to build the capability to achieve a step change in performance and returns from our exceptional resource endowment."

Mark Cutifani added: "Our safety and environmental performance is a leading indicator of how we are running the business. We have seen a very meaningful improvement across our key safety and environmental performance metrics, taking into account the five-month platinum strike, reflecting our focus on high risk activities, standards and controls. Despite the positive progress, I am saddened to report that we still lost six colleagues during the year, so we have a lot more work to do and our focus is unrelenting to achieve zero harm.

"It is clear that 2014 was a year of strong delivery across the business. Most prominently, we shipped our first ore from the Minas-Rio project in Brazil ahead of schedule in October and expect to bring the project in $400 million below the revised budget. However, the steep drop in the iron ore price has resulted in a $3.5 billion post-tax write down in the carrying value of Minas-Rio. In our Platinum business, we have made substantial progress towards creating a business fit for the future. We have defined the shape of our future platinum portfolio, restructured the assets that we plan to divest, set disposal processes under way and aligned our plans with government and with our employees.

"A platform of operational excellence is fundamental to delivering the full potential of Anglo American. Our top 16 priority assets contribute the majority of value and offer the scope for the greatest upside. The majority of those assets are now performing above plan (compared to only three in 2013) and the remainder are improving in line with our expectations. We have focused urgent attention on the performance of our largest and most valuable mines, a number of which had become severely constrained in recent years due to a lack of mine development, with the positive results seen in our 2014 operational performance.

"Our revised Operating Model is delivering strong underlying results and we are building on those foundations to complete the next phase of the transformation process. At Sishen, the redesign of the pit has successfully unlocked the challenge of excess waste material that needs to be mined to access the orebody. Sishen hit its target production level for 2014 of 35 Million tonnes (Mt) of iron ore and is now on track to recover its production level to 38 Mt in 2016, in excess of our original 37 Mt target. Similarly, at our Los Bronces copper mine in Chile, the waste backlogs and other pit constraints of previous years have been cleared and the mine and plant have been stabilised, enabling record material to be mined in the year and continuous ore to be fed into the plant.

"The performance of our diamond business, De Beers, is a clear demonstration of the benefits and value of our diversified business model. The integration of De Beers into Anglo American is complete; De Beers contributed $1.4 billion of underlying EBIT in 2014, 28% of – and the second largest contributor to – the Group's total, and delivered a 15% return on capital employed (ROCE).

"Consistent with our focus on returns, we must be disciplined with our deployment of physical and financial resources to those assets that will provide us with the greatest value for capital employed and potential upside. We are committed to maintaining a robust capital structure which balances long term business value growth with sustainable capital returns to shareholders. In 2014, net debt increased to $12.9 billion and we expect to touch a peak level of $13.5-$14 billion during 2015 after receipt of Lafarge Tarmac sales proceeds. Our focus on ROCE drives the right behaviours within the business and we will continue to allocate capital to our most value-accretive options, pursuing a syndication approach for major greenfield developments in line with managing individual risk exposures and with achieving our long term net debt target of $10-$12 billion, assisted by our asset disposal programme.

"Despite the headlines of economic uncertainty and geopolitical tensions, the underlying fundamentals of our business – applying world class technical skills to world class assets – remain attractive over the long term. In the immediate term, I expect tough trading conditions to prevail during 2015, but we are determined to continue to build on our already very significant operational improvements, drive towards an effective and efficient organisation and culture, and to be unwavering in our capital discipline."

Notes to the highlights and table on page 1&2

(1) Copper equivalent production, expressed as copper equivalent tonnes, is a metric used to show changes in underlying production volume. Each commodity's volumes are expressed as revenue, and then converted into a copper equivalent volume by dividing revenue by copper price (per tonne). The prices used for conversion by Anglo American are those from 30 June 2013. When aggregated, these give the group's production expressed in units of copper equivalent. Production volumes considered include both equity and purchased volumes (e.g. platinum concentrate from joint operation partners), as well as volumes from mines in pre-commercial production. No domestic thermal coal production is considered. Copper equivalent unit costs divide the gross costs associated with unit costs, by relevant copper equivalent volume. Only own equity volumes (and costs) are considered. Thabazimbi (iron ore) and domestic thermal coal production is excluded, as are operations not in commercial production. Both the copper equivalent production and copper equivalent unit cost metrics have been adjusted for the 532 koz of platinum production lost due to the strikes at Platinum operations.

(2) Underlying EBIT is operating profit presented before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' underlying EBIT. Underlying EBIT of associates and joint ventures is the Group's attributable share of associates and joint ventures revenue less operating costs before special items and remeasurements. See notes 4 and 6 to the Condensed financial statements for underlying EBIT. For definition of special items and remeasurements, see note 7 to the Condensed financial statements.

(3) Excludes De Beers volume/price and impact of the strike at Platinum.

(4) See note 10 to the Condensed financial statements for basis of calculation of underlying earnings.

(5) Includes the Group's attributable share of associates' and joint ventures' revenue of $3,915 million (2013: $3,721 million). See note 4 to the Condensed financial statements.

(6) Stated after special items and remeasurements. See note 7 to the Condensed financial statements.

(7) Attributable ROCE is based on underlying performance before the impact of impairments reported since 10 December 2013 and reflects the realised prices and foreign exchange during the current period.

Operations review for the year ended 31 December 2014

In the operations review on the following pages, underlying EBIT includes the attributable share of associates' and joint ventures' EBIT and is before special items and remeasurements unless otherwise stated. Capital expenditure is defined as cash expenditure on property, plant and equipment including related derivatives, and is now presented net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests.

IRON ORE AND MANGANESE

Key performance indicators

	Production volume	Sales volume	Price	Revenue	Underlying EBITDA	Underlying EBIT	Capex	ROCE
	Mt[(1)]	Mt	$/tonne[(2)]	$m	$m	$m	$m	
Segment	**n/a**	**n/a**	**n/a**	**5,176**	**2,286**	**1,957**	**2,685**	**10%**
Prior year	*n/a*	*n/a*	*n/a*	*6,517*	*3,390*	*3,119*	*2,518*	*19%*
Kumba Iron Ore	**48.2**	**45.3**	**91**	**4,388**	**2,162**	**1,911**	**763**	**60%**
Prior year	*42.4*	*43.7*	*125*	*5,643*	*3,266*	*3,047*	*655*	*99%*
Iron Ore Brazil	**0.7**	**0.2**	**n/a**	**n/a**	**(29)**	**(34)**	**1,922**	**(1)%**
Prior year	-	-	*n/a*	*n/a*	*(27)*	*(31)*	*1,863*	*(1)%*
Samancor	**n/a**	**n/a**	**n/a**	**788**	**251**	**178**	**n/a**	**22%**
Prior year	*n/a*	*n/a*	*n/a*	*874*	*258*	*210*	*n/a*	*23%*
Projects and Corporate	**n/a**	**n/a**	**n/a**	**n/a**	**(98)**	**(98)**	**n/a**	**n/a**
Prior year	*n/a*	*n/a*	*n/a*	*n/a*	*(107)*	*(107)*	*n/a*	*n/a*

(1) Iron Ore Brazil production is Mt (wet basis).
(2) Prices for Kumba Iron Ore (Kumba) are the average realised export basket price.

Financial and operating overview

Kumba

Underlying EBIT decreased by 37% to $1.9 billion (2013: $3.0 billion), mainly attributable to the significant decline in the iron ore benchmark price, which declined 28% to an average of $97/tonne. In 2014, Kumba took steps to address its cost base and to establish a robust continuous improvement programme that builds off the implementation of Anglo American's Operating Model. Total operating costs decreased by 4%. Despite the 14% increase in waste mining, a 12% weakening of the South African rand against the US dollar, and benefits from the Operating Model, more than offset this headwind.

Export sales increased by 4% to 40.5 Mt (2013: 39.1 Mt) as a result of higher iron ore production which increased by 14% to 48.2 Mt (2013: 42.4 Mt). Kumba rebuilt stock on the back of the higher production. Total finished product stocks increased to 6.5 Mt as at 31 December 2014 compared with 2.9 Mt at 31 December 2013.

Iron Ore Brazil

First ore on ship was achieved on 25 October 2014, ahead of schedule and with total project capital expenditure expected to be $0.4 billion below the revised budget of $8.8 billion. Despite the project's complexity and logistical challenges, Minas-Rio achieved an exceptional safety performance with very low lost time injury rates compared to other projects of similar scale. Delivery of the project is a significant milestone. The ramp up schedule continues and is expected to hit design capacity during the second quarter of 2016. Minas-Rio is a world class asset benefiting from long life (~45 years); high quality iron ore saleable product (~67% Fe); and a favourable cash cost, and is expected to be in the bottom half of the cash cost curve.

Underlying EBIT is expected to be capitalised until the end of 2015, by which time the Minas-Rio project is expected to have achieved commercial production capacity. In 2014, Iron Ore Brazil's capitalised underlying

EBIT loss was $57 million, while an amount of $34 million was charged to the income statement in relation to expenses that were not directly associated with the project.

Sales volumes of 0.2 Mt relate to three Panamax vessels transporting iron ore from Minas-Rio to customers in China. Iron ore production volumes for the year reached 0.7 Mt (wet basis).

Samancor

Underlying EBIT decreased by 15% to $178 million, driven by lower ore prices, offset to some extent by higher sales volumes and cost control.

Markets

Iron ore

	2014	2013
Average market prices (IODEX 62% Fe CFR China spot price - $/tonne) (1)	**97**	135
Average realised prices (Kumba export - $/tonne)	**91**	125

(1) Different products are priced against a number of different indices in the market. IODEX 62% has been used in this instance as a generic industry benchmark against which to compare average realised prices.

Demand for seaborne iron ore grew 6.7% (2013: 7.0%), or 79 Mt; however this was more than offset by seaborne supply which increased by 14.2%, or 167 Mt, on an equivalent basis. The result was a 28% decline in the iron ore price, which reached $72 per tonne (Platts 62% benchmark) at the end of the year. Kumba's achieved sales benefited from the inclusion of a significant share of high grade fines and lump products which attracted a market premium.

Manganese ore

The manganese ore market remained under pressure, with the benchmark ore price (CIF China) falling 16% over the prior year. Infrastructure constraints in South Africa were loosened, which eliminated a key bottleneck from the market. This resulted in South African production becoming the relevant price-setting assets.

Operating performance

Kumba

Overall, Kumba showed a marked improvement in production as plans put in place over the past few years yielded benefits. These were complemented by the implementation of Anglo American's Operating Model at Sishen in August. Sishen production of 35.5 Mt increased 15% (2013: 30.9 Mt), with total tonnes mined rising to 229.9 Mt (2013: 208.8 Mt). Of this amount, 187.2 Mt was waste (2013: 167.8 Mt). Although below the waste target set at the start of the year, waste-removal run rates are now meeting targets. Additional contractor capacity has been secured and the performance of Kumba's own mining fleet improved. The vertical rate of advance at the mine was increased, further strengthening the exposed ore position. The strategic redesign of the western pushbacks of the pit, together with the improved waste removal run rates, have achieved appropriate waste removal during the year to ensure sufficient exposed ore to support a 2015 production target of 36 Mt.

Execution of the pit redesign plan has resulted in an improved mining plan that enables better use of equipment, and the deployment of two priority pushbacks. Around 780 Mt of waste was taken out of the revised life of mine plan, reducing the average life of mine stripping ratio from 4.4 to 3.9, and the reserve life from 18 years to 16 years at the end of 2014.

Kolomela maintained its strong performance, with total tonnes mined increasing by 18% to 70.4 Mt (2013: 59.9 Mt). The mine produced 11.6 Mt of iron ore (2013: 10.8 Mt), an increase of 7%, and mined 55.5 Mt of waste (2013: 46.7 Mt).

Pre-stripping of the third pit (19.4 Mt), in order to maintain flexibility, was completed during the year, with first ore exposed during November.

Thabazimbi lifted output by 74% to 1.1 Mt (2013: 0.6 Mt), with waste mining volumes increasing by 19% to 31.6 Mt (2013: 26.5 Mt).

Volumes railed on the Iron Ore Export Channel were 6% higher at 42.2 Mt (2013: 39.7 Mt) on the back of the improved performance at Sishen and Kolomela, with Sishen and Kolomela accounting for 31.7 Mt and 10.5 Mt, respectively.

To facilitate the expansion of Sishen mine to the west, Phase 1 of the Dingleton relocation project was completed, with 71 homes in Dingleton North being moved to the new host site. Phase 2, the relocation of the 428 remaining houses, buildings and businesses, has commenced and is progressing well.

Samancor

Production of manganese ore remained consistent at 3.3 Mt (attributable basis), with a record performance in the second half. Production benefited from improved ore recovery and plant availability in South Africa, which offset the impact of weather-related stoppages in the first quarter in Australia.

Production of manganese alloys increased by 14% to 286,100 tonnes (attributable basis) owing to greater furnace stability and availability in South Africa and Australia.

Operational outlook

Kumba

Kumba will focus on optimising its production portfolio by reconfiguring its project portfolio to focus on low-cost production. The target is an additional ~5 Mt in South Africa over the next three to five years, through incremental volumes from projects at Sishen and Kolomela. Additional port capacity through the use of the Saldanha Multi-Purpose Terminal is expected to optimise port throughput. Sishen is aiming to increase production to around 36 Mt in 2015, as it ramps up its waste stripping to around 250 Mt. This will be supported by the Dingleton relocation project and ongoing implementation of Anglo American's Operating Model. Following the planned commissioning of a new modular plant in 2015, production guidance has been increased by 1 Mt to 38 Mt in both 2016 and 2017.

Kolomela's life of mine production capacity has been increased to 11 Mtpa from 2015, and studies are in progress, which could result in increasing production further to 12 Mt in 2016 and to 13 Mtpa from 2017. The future of Thabazimbi mine in Kumba's portfolio is currently being assessed.

Iron Ore Brazil

Iron ore production of between 11 Mt and 14 Mt (wet basis) is expected in 2015. Nameplate capacity is expected to be reached by Q2 2016, with production of between 24 Mt and 26.5 Mt (wet basis) expected in 2016. In addition to the safe ramp up of operations, activities also include the completion of the outstanding construction works and the regular cycle of licence and permit renewals required for the mining operations.

COAL

Key performance indicators

	Production volume	Sales volume	Price	Revenue	Underlying EBITDA	Underlying EBIT	Capex	ROCE
	Mt	**Mt**	**$/tonne[1]**	**$m**	**$m**	**$m**	**$m**	
Segment	**100**	**100**	**n/a**	**5,808**	**1,207**	**458**	**1,045**	**7%**
Prior year	*99*	*99*	*n/a*	*6,400*	*1,347*	*587*	*1,263*	*8%*
Australia/Canada	**33**	**34**	**111**	**2,970**	**543**	**(1)**	**952**	**(1)%**
Prior year	*31*	*32*	140	*3,396*	*672*	*106*	*1,049*	*1%*
South Africa	**56**	**55**	**70**	**2,083**	**463**	**350**	**93**	**30%**
Prior year	*57*	*57*	*77*	*2,187*	*479*	*356*	*214*	*27%*
Colombia	**11**	**11**	**67**	**755**	**255**	**163**	**n/a**	**15%**
Prior year	*11*	*11*	73	*817*	*299*	*228*	*n/a*	*20%*
Projects/corporate	**n/a**	**n/a**	**n/a**	**n/a**	**(54)**	**(54)**	**n/a**	**n/a**
Prior year	*n/a*	*n/a*	*n/a*	*n/a*	*(103)*	*(103)*	*n/a*	*n/a*

[1] Australia and Canada is the weighted average metallurgical coal sales price achieved. South Africa is the weighted average export thermal coal price achieved.

Financial and operating overview

Australia and Canada

Australia and Canada recorded an underlying EBIT of $(1) million. The loss was attributable to a 21% decrease in the average quarterly hard coking coal (HCC) benchmark coal price, reducing underlying EBIT by $528 million. The impact was offset by productivity improvements that resulted in a 12% increase in metallurgical coal production despite market related production curtailments, significant cost reductions across the Australian operations and favourable Australian dollar exchange-rate movements. Underlying EBIT included a higher onerous contract provision release at Callide, an $86 million loss at Peace River Coal in Canada, which was placed on care and maintenance in December 2014 and the impact of lower insurance receipts.

Cost savings across labour, contractors and maintenance, combined with productivity improvements, resulted in the lowest unit costs since 2010, with Australian export FOB cash unit costs reducing by 9% from 2013, in local currency terms.

A focus on higher margin products resulted in a favourable product mix, with the proportion of HCC sales to total export sales increasing by 3% to 55%.

South Africa

South Africa's underlying EBIT of $350 million was flat year-on-year owing to a strong operational performance, lower costs and favourable currency movement which mitigated a 10% reduction in realised export prices. FOB cash unit costs at trade mines decreased by 5%, benefiting from the weaker rand and a focus on productivity and cost efficiency primarily related to maintenance and contractor costs, as well as lower overhead costs owing to the business restructuring. Underlying EBIT also included $38 million from the opportunistic sale of reserves and a surplus dragline.

Colombia

Underlying EBIT was $163 million, 29% down on the prior year, mainly owing to weaker prices reducing underlying EBIT by $73 million, offset in part by favourable exchange rate movements and cost reductions.

Markets

Metallurgical coal

	2014	2013
Average market prices ($/tonne) [(1)]	**125**	159
Average realised prices ($/tonne, FOB)	**111**	140

[(1)] Represents the quarterly average benchmark

The metallurgical coal market experienced growing Australian production and resilient US supply, which resulted in a surplus of seaborne metallurgical coal, while domestic Chinese production increased. As a key steelmaking ingredient, global demand growth for seaborne volumes slowed to 4%, with imports into China declining by 16% to 63 Mt. This was partially offset, however, by a 19% increase in demand from India to 49 Mt. Seaborne metallurgical coal prices have traded within a narrow range since April 2014, with spot price indices trading at historical lows throughout the year. Term contract prices have, however, maintained a consistent premium above these spot indices. The average quarterly HCC reference price decreased by 21% during 2014, to $125/tonne, reaching a low of $119/tonne in the fourth quarter.

Thermal coal

	2014	2013
Average market price ($/tonne, FOB Australia)	**71**	84
Average realised prices – Export Australia ($/tonne, FOB)	**72**	84
Average realised prices – Export South Africa ($/tonne, FOB)	**70**	77
Average realised prices – Domestic South Africa ($/tonne)	**19**	19
Average realised prices – Colombia ($/tonne, FOB)	**67**	73

Thermal coal prices decreased during 2014 as supply growth in the market encountered softening demand growth, particularly in China. China's stronger hydro-electricity power performance displaced thermal coal in domestic generation and resulted in aggressive coal price discounting, ultimately dragging down the seaborne thermal coal price. The price of FOB Newcastle thermal coal decreased during the year by 27% from $85/tonne to a low of $62/tonne, ending the year at $65/tonne.

Operating performance

Australia and Canada

Australia and Canada achieved record metallurgical coal production of 20.9 Mt, chiefly attributable to a step-change in performance at Grasstree following its implementation of the management operating system and improvements across all Australian open cut operations.

Australian export thermal coal production decreased by 17%, mainly the result of lower production at the Drayton open cut mine as the mine nears the end of its life.

Underground operations increased production by 11% to record their best-ever output. This was offset, however, by a 14% decrease in production at Moranbah North, from the prior year's record performance, owing to equipment design issues. Given the current market conditions, Moranbah North plans to rectify these issues during the planned longwall move in the third quarter of 2015.

Production at the open cut operations rose by 5%, mainly as a result of the productivity improvements at Dawson following the implementation of the management operating system and a recovery in production at Callide following the flooding and rail closures in the first quarter of 2013. Foxleigh open cut mine recorded a record output, reflecting productivity improvements.

South Africa

Export production at 18.2 Mt was 7% higher, with all operations delivering an increase in production. Trade mine productivity, measured through the percentage of benchmark overall equipment effectiveness, increased by 6% for the underground operations and 5% for the opencast operations.
Domestic production at 37.6 Mt decreased by 5%, primarily owing to Eskom reducing offtake from New Vaal, and planned production decreases at Kriel prior to a move to new mining areas.

Colombia

Our share of Cerrejón's output of 11.2 Mt was 2% higher than in 2013. In 2014, production was impacted by high dust emissions associated with the extended drought conditions that constrained production up until August, followed by heavy rainfall that led to production stoppages.

Operational outlook

Australia and Canada

Peace River Coal operations in Canada were placed on care and maintenance in December 2014 owing to weak market conditions. The Drayton South project which was intended to extend the life of Drayton mine has not yet received regulatory approval. A new development application and accompanying Environmental Impact Statement will be submitted early in 2015.

Metallurgical coal production in 2015 is expected to remain broadly flat at 20 Mt to 21 Mt as the increase in output from Australian underground operations and Grosvenor development coal will be offset by the suspension of activity at Peace River Coal.

South Africa

Export production is expected to be approximately 17 Mt to 18 Mt in 2015, as productivity improvement benefits are offset by logistics constraints and challenges associated with the ageing of the current coal reserves.

Colombia

Production is expected to be approximately 35 Mt (100% basis), subject to permitting and market conditions.

BASE METALS & MINERALS

COPPER

Key performance indicators

	Production volume	Sales volume	Realised price	Revenue	Underlying EBITDA	Underlying EBIT	Capex	ROCE
	kt	kt	c/lb	$m	$m	$m	$m	
Copper	**748**	**755**	**300**	**4,827**	**1,902**	**1,193**	**728**	**18%**
Prior year	*775*	*768*	*326*	*5,392*	*2,402*	*1,739*	*959*	*25%*

Financial and operating overview

Copper recorded an underlying EBIT of $1,193 million, 31% lower, largely due to an 8% decline in the average realised copper price and a 2% decrease in sales volumes. Operating costs have increased owing to inflation, higher treatment and refining charges, and an increase in mine development at Los Bronces, partially offset by the benefits of a weaker Chilean peso. At the end of 2014, 164,700 tonnes of copper were provisionally priced at 287 c/lb. Provisional pricing plus final liquidation of copper sales resulted in a negative EBIT adjustment of $196 million for 2014, versus a negative EBIT adjustment of $92 million in 2013.

Markets

	2014	2013
Average market prices (c/lb)	**311**	332
Average realised prices (c/lb)	**300**	326

The average LME copper cash settlement price decreased by 6% in the year to 311 c/lb (2013: 332 c/lb). The copper price fell sharply in March due to fears of large scale destocking in China. Despite a rebound in the price following the Qingdao warehousing scandal in June, the recovery was tempered by a mild Chinese summer, leading to slower growth in the production of air conditioners, while usage of copper and copper alloys in Europe exhibited seasonal weakness. On the supply side, strong output from many of the largest producing mines and the ramp up of new production more than offset constraints in exports from Indonesia.

Operating performance

Production at Los Bronces was 404,500 tonnes, 3% lower than in 2013. Strong throughput performance was achieved as a result of higher mine-extraction rates improving the continuity of ore supply and debottlenecking of the plants. This was offset by expected lower grades. Material mined increased by 13% and reached record levels of 145 Mt, with waste stripping increasing by 14% to 62 Mt.

Anglo American's share of Collahuasi's production of 207,000 tonnes was 6% higher than the prior year. This was a reflection of continued high grades resulting from improved fleet and primary crusher performance allowing accelerated extraction from the Rosario pit, as well as throughput recovering from the 49-day shutdown of the SAG Mill 3 in 2013. Material mined also reached record levels at Collahuasi, increasing by 9% to 251 Mt (100% basis).

Production at El Soldado decreased by 37% following expected lower grades arising from the intersection with a geological fault encountered in 2013. Output at Mantos Blancos and Mantoverde decreased by 4% and 9% respectively, owing to expected lower grades.

Operational outlook

Production guidance for 2015 is in the range of 720,000 to 750,000 tonnes as lower throughput rates at Los Bronces, resulting from constrained water supply during the first half of the year, are only partially offset by higher ore grades. Production is expected to be maintained at similar levels to 2014 at the other operations.

NICKEL

Key performance indicators

	Production volume	Sales volume	Realised price	Revenue	Underlying EBITDA	Underlying EBIT	Capex[1]	ROCE
	t	t	c/lb	$m	$m	$m	$m	
Nickel	**37,200**	**36,100**	**731**	**142**	**28**	**21**	**14**	**1%**
Prior year	*34,400*	*33,800*	*646*	*136*	*(37)*	*(44)*	*(28)*	*(2)%*

[1] Cash capital expenditure for Nickel of $164 million (2013: $76 million is offset by the capitalisation of $150 million (2013: $104 million) of net operating cash inflows generated by Barro Alto, which has not yet reached commercial production.

Financial and operating overview

Nickel's underlying EBIT was $21 million, a $65 million improvement over the prior year (2013: $44 million loss), owing to a $24 million favourable non-cash balance sheet gain, as a result of a weakening in the Venezuelan bolivar (relating to remaining Minera Loma de Níquel creditors), higher pricing, favourable exchange rates and improved cash costs at Codemin. Underlying EBIT from the Barro Alto project continues to be capitalised as the asset is not yet in commercial production. Barro Alto's underlying EBIT, before capitalisation, was $152 million, a $208 million improvement over the prior year (2013: $56 million loss) owing to higher pricing, improved cash costs, gains on excess electricity sales and favourable exchange rates.

Markets

	2014	2013
Average market prices (c/lb)	**765**	680
Average realised prices (c/lb)	**731**	646

The average LME nickel cash settlement price increased by 13% in the year to 765 c/lb (2013: 680 c/lb). Demand levels improved while supply was constrained due to a reduction in nickel pig iron (NPI) production in China following the Indonesian nickel ore ban, and reductions in output from certain other producers. Overall, nickel consumption increased by 6%, while supply decreased by 2%. The sizeable market surplus of 184,000 tonnes in 2013 was reduced to 43,000 tonnes by the end of 2014.

Operating performance

Nickel production increased by 8% as the improved performance at Barro Alto's furnaces and recovery from the operational issues experienced in 2013, more than offset the impact of the Line 2 rebuild which started in October 2014. At Codemin, output was 4% lower, reflecting the planned mining of lower grades.

Operational outlook

Production is expected to decline to a range of 20,000 to 25,000 tonnes in 2015, as a consequence of the rebuild of Barro Alto's two furnaces, thereafter increasing to between 40,000 and 45,000 tonnes in 2016.

NIOBIUM

Key performance indicators

	Production volume	Sales volume	Revenue	Underlying EBITDA	Underlying EBIT	Capex	ROCE
	t	t	$m	$m	$m	$m	
Niobium	**4,700**	**4,600**	**180**	**73**	**67**	**198**	**15%**
Prior year	*4,500*	*4,700*	*182*	*87*	*82*	*206*	*31%*

Financial and operating overview

Underlying EBIT at Niobium decreased by 18% to $67 million (2013: $82 million). This resulted from higher cash costs, driven by inflation and escalation in the costs of labour, mining and contracted services, partly offset by reduced expenditure on project studies.

Markets

Global average niobium prices decreased slightly, due to the euro weakening against the US dollar and production capacity increasing in an environment of largely stable overall demand.

Operating performance

Production of 4,700 tonnes was 4% higher, mainly due to the mining of higher-grade ore and the start-up at the Boa Vista Fresh Rock (BVFR) project.

Operational outlook

Production from existing operations is expected to increase to 6,800 tonnes once BVFR has completed its ramp up.

PHOSPHATES

Key performance indicators

	Fertiliser production volume	Fertiliser sales volume	Price	Revenue	Underlying EBITDA	Underlying EBIT	Capex	ROCE
	kt	kt	$/tonne[1]	$m	$m	$m	$m	
Phosphates	**1,113**	**1,097**	**487**	**486**	**79**	**57**	**41**	**16%**
Prior year	*1,199*	*1,163*	*494*	*544*	*89*	*68*	*30*	*19%*

[1] Average market price ($/tonne) MAP CFR Brazil.

Financial and operating overview

Underlying EBIT of $57 million was $11 million lower, mainly owing to lower sales prices and inflation, partly offset by favourable foreign exchange rates.

Markets

Average annual pricing in 2014 was broadly unchanged from 2013. In Brazil, demand for phosphate fertilisers totalled approximately 13.4 Mt, a 3% increase on the previous year, mainly as a result of increased production of soybean and corn crops.

Operating performance

Production of 1,113 kt of fertiliser was 7% lower than the prior year, mainly as a result of a reduction in throughput to optimise product quality, maintenance activities and a power outage.

Operational outlook

Fertiliser production over the next three years is expected to be broadly similar to 2014, with any year-on-year variations relating to product mix optimisation (reflecting market demand) and major maintenance activities.

PLATINUM

Key performance indicators

	Equivalent refined production volume	Sales volume	Price	Revenue	Underlying EBITDA	Underlying EBIT	Capex	ROCE
	koz	koz	$/Pt oz[(1)]	$m	$m	$m	$m	
Platinum	**1,842**	**2,115**	**2,428**	**5,396**	**527**	**32**	**576**	**0%**
Prior year	*2,320*	*2,320*	*2,360*	*5,688*	*1,048*	*464*	*601*	*5%*

(1) Average US$ basket price.

Financial and operating overview

Underlying EBIT decreased by $432 million to $32 million (2013: $464 million) as a consequence of the five-month industrial action in South Africa, which had a material impact on production. Sales volumes were also impacted, though to a lesser extent, as sales commitments were met through the drawdown of both pipeline and refined product inventory.

Year-on-year cash operating costs per equivalent refined platinum ounce increased by 20% to $2,112 per ounce, owing primarily to lower production from strike-impacted mines that continued to incur fixed overhead costs during the period of industrial unrest and increased input costs, including the wage settlement which added approximately 9% to the cost of employment, and electricity costs. The impact of the strike was partially mitigated by applying the no-work-no-pay principle and implementing strict cost controls. The weaker rand also had a favourable impact on unit costs.

In addition to the higher operating costs, the drawdown of metal inventory during the year to fulfil sales commitments also impacted cost of sales adversely.

Markets

	2014	2013
Average platinum market price ($/oz)	**1,385**	1,487
Average palladium market price ($/oz)	**803**	725
Average rhodium market price ($/oz)	**1,173**	1,067
Average gold market price ($/oz)	**1,266**	1,410
US$ basket price – ($/Pt oz)	**2,428**	2,360
Rand basket price – (ZAR/Pt oz)	**26,307**	22,702

Platinum group metal (PGM) prices in 2014 reflected the impact of the strike, producers selling from normal working inventory and inventory built up ahead of the anticipated industrial action, and macro-economic factors negatively affecting prices in the second half. For the year as a whole, the average platinum market price decreased by 7% to $1,385 per ounce, with an average platinum price in the first half of $1,438 per ounce and in the second half of $1,335 per ounce. Palladium and rhodium market prices increased by 11% and 10% to $803 per ounce and $1,173 per ounce respectively, and the dollar basket price increased by 3% to $2,428 per ounce.

Operating performance

Total equivalent refined platinum production decreased by 21% to 1.84 million ounces (2013: 2.32 million ounces). The decline in production was primarily owing to the impact of the strike, which commenced on 23 January and ended on 24 June, and affected all of Platinum's managed underground mines. This resulted in a steep fall in output from Rustenburg, Amandelbult and Union mines and a loss of 424,000 ounces of platinum. The build-up to steady-state production in the third quarter resulted in a further loss of 108,000 ounces, bringing the total strike-related impact to 532,000 ounces.

Production at Rustenburg and Union was also reduced following the planned restructuring and optimisation of these mines during 2013, and the closure of the last of the decline sections at Union mine during the fourth quarter of 2014, all of which accounted for a further reduction of 114,000 ounces.

These losses were partially compensated by strong performances from Mogalakwena mine and increases at some of Platinum's independently managed operations. Production from these operations rose by 2%, led by a 15% increase at Bokoni, 5% at BRPM and 4% at Kroondal.

The record production at Mogalakwena mine was due to higher head grades and increased concentrator throughput, supported by improved mining performance. On-mine production increased by 9% to 348,000 ounces, while toll concentrating activities at a third party concentrator yielded 22,000 ounces.

Refined platinum production was 21% lower at 1.89 million ounces (2013: 2.38 million ounces) owing to production shortfalls at the strike-affected operations. However, this was partially offset by a drawdown of pipeline metal inventory. The pipeline was steadily increased to normal operating levels by year end, once the mines had ramped up to full production. Refined palladium output decreased by 11%, while refined production of rhodium decreased by 22%, reflecting the industrial action, a different ore source mix from operations, and different pipeline processing times for each metal. Refined nickel production increased by 25% to 28,200 tonnes, which was boosted by an additional 2,000 tonnes from toll refining, resulting in an overall increase in base metal production to 47,600 tonnes, an increase of 10,000 tonnes.

Sales volumes exceeded production volumes owing to the drawdown of built-up metal inventory, but were 9% lower than 2013.

Operational outlook

As a result of the successful post-strike ramp up of operations during the third quarter of 2014, Platinum is expected to return to baseline production (equivalent refined and refined production) and sales of between 2.3 million and 2.4 million platinum ounces in 2015, with reduced output from the decline closures at Union mine in the fourth quarter of 2014 being offset by improved output through the implementation of operational improvement plans.

DE BEERS

Key performance indicators

	Production volume (1)	Consolidated Sales Volume (2)	Price (3)	Revenue	Underlying EBITDA	Underlying EBIT	Capex	ROCE
	’000 carats	**’000 carats**	**$/ct**	**$m**	**$m**	**$m**	**$m**	
De Beers	**32,605**	**32,730**	**198**	**7,114**	**1,818**	**1,363**	**689**	**15%**
Prior year	*31,159*	*29,277*	198	*6,404*	*1,451*	*1,003*	*476*	*11%*

(1) Represents diamond production on a 100% basis and is not directly comparable to consolidated sales volumes.
(2) Sales volumes (100% basis) were 34.4 million carats in 2014 (2013: 29.8 million carats).
(3) Average realised price.

Financial and operational overview

De Beers’ underlying EBIT increased by 36% to $1.4 billion (2013: $1.0 billion). The increase was due primarily to solid demand across key markets, particularly the US, which resulted in strong revenue growth. Operating costs benefited from favourable exchange rate movements, which offset underlying inflationary pressures.

De Beers’ total sales rose 11% to $7.1 billion, with rough diamond sales up 12% to $6.5 billion. Higher rough diamond revenue was driven principally by a 12% increase in consolidated sales volumes to 32.7 million carats. Average realised diamond prices were in line with 2013 at $198/carat, driven by 5% higher average rough price index in 2014, offset by a marginally lower product mix.

Markets

Consumer demand for diamond jewellery showed positive growth in local currency terms in all the main markets in 2014. The economic recovery gained momentum in the US, the largest consumer diamond market, which resulted in healthy diamond jewellery sales growth throughout the year. Growth in diamond jewellery demand in China continued, albeit at more modest levels, reflecting slowing economic growth. Macro-economic conditions in India started improving in the final quarter of 2014, following the election of a new government earlier in the year, which boosted consumer confidence, lifting hopes that growth will return.

Polished prices ended the year broadly in line with where they started in 2014, with the increase in the first half of the year being offset by a reduction in the second half. Rough diamond prices increased over the course of 2014, albeit with some softness experienced towards the end of 2014 and early in 2015.

In July, De Beers announced details of a new approach to its rough diamond Sightholder sales contracts. The new contract period, which will start in March 2015 and run for three years, with an option for De Beers to extend, requires, amongst other things, its rough diamond customers to comply with more rigorous financial and governance criteria in order to be eligible for supply.

Operating performance

Mining and manufacturing

De Beers’ full year production increase of 5% to 32.6 million carats (2013: 31.2 million carats) reflected a strong performance from Debswana, partly offset by slightly lower production at Snap Lake and Kimberley, with all other regions performing broadly in line with 2013.

Debswana benefited from greater efficiency at its processing plants following operational improvement initiatives, producing 24.2 million carats (Orapa 12.9 million and Jwaneng 11.3 million). Performance was enhanced by recovery from the carry-over effects through 2012 and 2013 of the Jwaneng slope failure clean-up as well as the Orapa No. 1 plant maintenance stoppage that occurred in 2013. Jwaneng Cut-8 waste mining is progressing well, with just over 50% of the 500 million tonnes of waste stripping required to expose the ore now complete. During 2018, Cut-8 will become the main source of ore for Jwaneng and extend the life of one of the world’s richest diamond mines to at least 2033, providing access to an estimated 91 million tonnes of ore, containing approximately 110 million carats(4).

In Namibia, production was marginally higher at 1.9 million carats (Namdeb (land operations) 0.6 million and Debmarine Namibia 1.3 million), driven by strong operational improvement by the *MV Mafuta* vessel. Namdeb production was broadly in line with the previous year, despite a 19-day strike in the third quarter. Namdeb Holdings has received a 15-year licence extension for both land and sea operations to 2035.

In South Africa, a 2% decrease in output to 4.6 million carats (Venetia 3.2 million, Voorspoed 0.7 million and Kimberley 0.7 million), was principally due to lower grades at Kimberley.

In Canada, production was slightly lower at 1.8 million carats (Snap Lake 1.2 million and Victor 0.6 million). A decline in production at Snap Lake of 0.1 million carats was due to the impact of flooding, forest fire smoke protocols, and reviewing and implementing revised ground support standards. Work continues to optimise Snap Lake to enable economic access to the promising, though challenging, orebody.

Element Six (E6) enjoyed a year of solid growth, with a strong performance in the synthetic industrial diamond product groups, both for abrasives and advanced technology applications. This growth was offset partially by weakness in tungsten carbide sales in the first six months. In order to continue improving customer service and operating efficiencies, E6 announced in April that it would close its plant in Robertsfors, Sweden, to focus on its primary plants in Shannon, Ireland and Springs, South Africa.

Brands

Forevermark saw strong growth in 2014, with retail outlets up by 20%. The brand is now available in more than 1,500 outlets in 34 markets. Since the launch of Forevermark, more than one million diamonds have received the Forevermark inscription and unique identification number.

In 2014, De Beers Diamond Jewellers opened a new store in Selfridges in London and a concession in Saks Fifth Avenue, New York. There are now 35 De Beers stores in 12 key consumer markets around the world.

Operational Outlook

Diamond production (on a 100% basis) for 2015 is forecast to be in the range of 32 to 34 million carats, subject to market demand.

(4) Scheduled Inferred Resources (below 401 metres below ground level) included in the Cut-8 estimates constitute 81% (89.3 Mct) of the estimated carats. Not all Inferred Resources may be upgraded to Ore Reserves, even after additional drilling. The numbers given are scheduled tonnes and carats as per the 2014 Life of Mine plan and reflect changes made to the Cut-6 and Cut-7 designs following the Cut-6 slope failure in 2013. The scheduled tonnes and carats exclude the fourth pipe that is intersected during Cut-8 and stockpiled for treatment at the end of the 2014 Life of Mine plan.

CORPORATE AND OTHER

Key performance indicators

	Revenue	Underlying EBITDA	Underlying EBIT	Capex
	$m	$m	$m	$m
Segment	**1,859**	**(88)**	**(215)**	**42**
Prior year	*1,800*	*(257)*	*(398)*	*50*
Other Mining and Industrial	**1,854**	**162**	**62**	**2**
Prior year	*1,795*	*81*	*(13)*	*48*
Exploration	**-**	**(180)**	**(181)**	**-**
Prior year	*-*	*(205)*	*(207)*	*1*
Corporate activities and unallocated costs	**5**	**(70)**	**(96)**	**40**
Prior year	*5*	*(133)*	*(178)*	*1*

Financial and operating overview

Other Mining and Industrial

Underlying EBIT of $62 million was an improvement on the underlying operating loss of $13 million in 2013, mainly attributable to an improved performance from the Lafarge Tarmac joint venture.

Lafarge Tarmac joint venture

Anglo American's share in the underlying EBIT of the joint venture was $78 million, a $69 million increase over 2013. Improved market conditions, combined with synergy delivery and efficiency initiatives, have led to improved margins and cash generation. The outlook for the UK construction market remains positive and further growth is expected in 2015.

Following the announcement on 7 July 2014 of an agreement in principle, the Group reached a binding agreement on 24 July 2014 to sell its 50% ownership interest in Lafarge Tarmac to Lafarge SA (Lafarge) for a minimum value of £885 million (approximately $1.35 billion at present) in cash, on a debt- and cash-free basis, and subject to other customary working capital adjustments. The sale is subject to a number of conditions, including the completion of the proposed merger of Lafarge and Holcim Limited.

Exploration

Anglo American exploration expenditure of $181 million represented a decrease of 13%, following reductions in diamonds, metallurgical coal and nickel exploration costs. Decreases are mainly attributable to an overall reduction in drilling activities.

Corporate activities and unallocated costs

Underlying EBIT was a $96 million loss, a decrease of $82 million.

Corporate costs decreased by 24% ($118 million), of which $44 million resulted from corporate cost savings initiatives embedded during the year. Further reductions were mainly owing to a lower share scheme charge of $27 million (a decrease of 39%), and a foreign exchange gain of $19 million compared to 2013. This was partly offset by a 20% reduction in the allocation of corporate costs to business units of $59 million, reflecting the lower corporate cost base.

Financial review of Group results for the year ended 31 December 2014

Summary

Anglo American reported underlying earnings of \$2.2 billion (2013: \$2.7 billion), with underlying EBIT decreasing by 25% to \$4.9 billion.

Falling prices across most of our commodities (\$2.4 billion impact[1]), and the five month strike at Platinum (\$0.8 billion impact) more than offset the increases in underlying EBIT, most notably at De Beers.

The Group's results also benefited from currency fluctuations in the countries where the operations are based. The strengthening of the US dollar against the South African rand and the Australian dollar resulted in a \$1.3 billion favourable exchange variance in underlying EBIT compared with 2013. CPI inflation had an adverse \$0.8 billion impact on underlying EBIT. Further gains were also made through moderation of input costs and cost reduction initiatives.

Net debt increased by \$2.2 billion to \$12.9 billion (2013: \$10.7 billion) and total capital expenditure remained broadly flat at \$6.0 billion (2013: \$6.1 billion).

Operational performance (production/costs)

In contrast to the financial performance, operational performance across the majority of our commodities improved compared with the prior year. Production at Kumba increased by 14%, with a strong performance at both Kolomela and Sishen, and metallurgical coal production at Coal – Australia and Canada increased by 12% driven by improved operating equipment efficiencies at Grasstree. In addition, Minas-Rio produced 0.7 Mt (wet basis) in 2014 after commencing operations in the fourth quarter and reaching first ore on ship on 25 October. Platinum production (equivalent refined) was down 21%, largely driven by the 532,000 ounces lost as a result of the strike affecting three sites in South Africa.

Costs at Coal – Australia and Canada were down 8% largely in relation to labour, contractors and maintenance, while at Nickel lower electricity tariffs resulted in a 5% decrease in production costs. Costs at our South African operations increased as a result of inflationary pressures in the country, although underlying cost reduction initiatives, specifically in relation to corporate restructuring, have made progress.

Platinum unit costs increased by 20% from 2013, owing to the continued incurrence of costs during the strike in the first half of the year. However, during the strike, lower variable costs as a result of the 'no work, no pay policy' resulted in cost savings of \$300 million.

[1] Excludes De Beers volume/price and impact of the strike at Platinum.

Income Statement

Underlying EBIT

$ million	**Year ended 31 Dec 2014**	Year ended 31 Dec 2013
Iron Ore and Manganese	**1,957**	3,119
Coal[1]	**458**	587
Copper	**1,193**	1,739
Nickel	**21**	(44)
Niobium[1]	**67**	82
Phosphates[1]	**57**	68
Platinum	**32**	464
De Beers	**1,363**	1,003
Corporate and other[1]	**(215)**	(398)
Total	**4,933**	6,620

(1) Refer to note 4 in the Condensed financial statements for changes in reporting segments. Comparatives have been reclassified to align with current year presentation.

Underlying Earnings

Group underlying earnings were $2.2 billion, a 17% decrease (2013: $2.7 billion).

	Year ended 31 Dec 2014			
$ million	**Underlying EBIT**	**Net finance costs and income tax expense**	**Non-controlling interests**	**Underlying earnings**
Iron Ore and Manganese	**1,957**	**(583)**	**(657)**	**717**
Coal[1]	**458**	**(154)**	**(8)**	**296**
Copper	**1,193**	**(482)**	**(218)**	**493**
Nickel	**21**	**(15)**	**-**	**6**
Niobium[1]	**67**	**(37)**	**-**	**30**
Phosphates[1]	**57**	**(22)**	**-**	**35**
Platinum	**32**	**(14)**	**7**	**25**
De Beers	**1,363**	**(264)**	**(176)**	**923**
Corporate and other[1]	**(215)**	**(111)**	**18**	**(308)**
Total	**4,933**	**(1,682)**	**(1,034)**	**2,217**

(1) Refer to note 4 in the Condensed financial statements for changes in reporting segments. Comparatives have been reclassified to align with current year presentation.

Net finance costs

Net finance costs, before special items and remeasurements, excluding associates and joint ventures, were $256 million (2013: $276 million). The decrease was due to lower average LIBOR rates on borrowings and increased capitalised interest, offset by lower interest income.

Tax

The effective rate of tax, before special items and remeasurements including attributable share of associates' and joint ventures' tax, decreased from 32.0% in 2013 to 29.8%. This lower rate was due to the impact of certain prior year adjustments, the remeasurement of withholding tax provisions across the Group, and the recognition of previously unrecognised losses. In future periods, it is expected that the effective tax rate will remain above the United Kingdom statutory tax rate.

Reconciliation to loss for the period from underlying earnings

$ million	**Year ended 31 Dec 2014**	Year ended 31 Dec 2013
Underlying earnings	**2,217**	2,673
Operating special items	**(4,374)**	(3,211)
Operating remeasurements	**(1)**	(550)
Non-operating special items	**(385)**	(469)
Financing special items and remeasurements	**36**	(130)
Special items and remeasurements tax	**2**	587
Non-controlling interests on special items and remeasurements	**38**	214
Share of associates' and joint ventures' special items and remeasurements	**(46)**	(75)
Loss for the financial period attributable to equity shareholders of the Company	**(2,513)**	(961)
Underlying earnings per share (US$)	**1.73**	2.09

Special items and remeasurements

Special items and remeasurements, after tax and non-controlling interests, primarily relate to impairments in respect of the Minas-Rio iron ore project ($3.5 billion, post-tax), Peace River Coal and other operations within the Coal segment ($0.3 billion, post-tax), and costs in respect of the closure of the Drayton coal mine in Australia ($0.2 billion, post-tax). Full details of the special items and remeasurements charges are to be found in note 7 to the Condensed financial statements.

Balance Sheet

Net assets of the Company totalled $32.2 billion at 31 December 2014 (31 December 2013: $37.4 billion). This decrease resulted from impairments of $3.9 billion, the impact of the weaker South African rand and Australian dollar of $1.9 billion, depreciation of $2.8 billion and net drawdown of additional debt of $1.8 billion. This was partially offset by capital expenditure for the year of $6.0 billion, and capitalised interest of $0.4 billion.

Group ROCE

Attributable ROCE was 8% in 2014 (2013: 11%) as a consequence of weaker commodity prices, alongside ongoing capital expenditure, primarily at Minas-Rio and Grosvenor, partially offset by depreciating foreign exchange and a lower proportion of post-tax earnings attributable to non-controlling interests. The 8% in 2014 would have been 10% at 30 June 2013 exchange rates and commodity prices. Average attributable capital employed increased from $39.7 billion in 2013 to $40.4 billion in 2014. No improvement to ROCE has been realised as a result of the impairments at Minas-Rio and Coal, in line with the ROCE methodology as described on page 203 of the Annual Report.

Net debt

$ million	2014	2013
Opening net debt	**(10,652)**	**(8,510)**
EBITDA[(1)]	**7,104**	8,806
Working capital movements	**9**	(1,121)
Other cash flows from operations	**(164)**	44
Cash flows from operations	**6,949**	**7,729**
Capital expenditure including related derivatives[(2)]	**(6,018)**	(6,075)
Cash tax paid	**(1,298)**	(1,201)
Dividends from associates, joint ventures and financial asset investments	**460**	264
Net interest	**(473)**	(533)
Dividends paid to non-controlling interests	**(823)**	(1,159)
Attributable free cash flow	**(1,203)**	**(975)**
Dividends paid to Company shareholders	**(1,099)**	(1,078)
Tax on sale of non-controlling interest in Anglo American Sur	**-**	(395)
Disposals	**44**	112
Purchase of shares by subsidiaries for employee share schemes	**(111)**	(92)
Other net debt movements	**150**	286
Total movement in net debt	**(2,219)**	**(2,142)**
Closing net debt	**(12,871)**	**(10,652)**

(1) EBITDA is underlying EBITDA, as described in note 4 to the Condensed financial statements, less EBITDA of associates and joint ventures.

(2) Please see note 11 to the Condensed financial statements for the definition of capital expenditure.

Liquidity and funding

At 31 December 2014, the Group had undrawn committed bank facilities of $8.4 billion and cash of $6.7 billion. The Group's forecasts and projection, taking account of reasonably possible changes in trading performance, indicate the Group's ability to operate within the level of its current facilities for the foreseeable future.

At 31 December 2014, Anglo American's ratings were Moody's Baa2 (negative outlook) and Standard & Poor's BBB (negative outlook).

Net debt

Net debt is a measure of the Group's financial position. The Group uses net debt to monitor the sources and uses of financial resources, the availability of capital to invest or return to shareholders, and the resilience of the balance sheet. Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of debt). The reconciliation in the table above is the method by which management reviews movements in net debt and comprises key movements in cash and any significant non-cash movements on net debt items.

Net debt increased by $2.2 billion to $12.9 billion (2013: $10.7 billion) and net debt to total capital at 31 December 2014 was 28.6%, compared with 22.2% at 31 December 2013.

Cash flow from operations

In 2014, there was a cash reduction in working capital of $9 million compared with 2013. This was mainly driven by a $576 million decrease in debtors, reflecting the receipt of high year end 2013 debtors at Copper and Kumba following a production outperformance at the end of the year. There was no similar build in debtors at the end of that year. This reduction has been offset by an increase in stock of $129 million, primarily due to rail and port constraints at Kumba, as well as stock increases at De Beers, partially offset by reductions in high stock levels due to strike action at Platinum. A decrease in creditors of $438 million, driven by working capital requirements at Cerrejón, offset the remaining year-on-year working capital movement.

Attributable free cash flow

Total capital expenditure remained broadly flat at $6.0 billion (2013: $6.1 billion). Capital expenditure is shown net of proceeds on the disposal of property, plant and equipment (2014: $71 million, 2013: $140 million) and is net of capital expenditure funded by the minority partner at Quellaveco (2014: $42 million, 2013: $46 million). Prior year comparatives have been re-presented to align with current year presentation.

Net debt is expected to continue to rise in 2015, as expenditure on the Group's projects offsets cash generated from operations.

The majority of dividends paid to non-controlling interests of $823 million (2013: $1,159 million) were to minority shareholders of Copper and Kumba, where external dividends of $116 million and $674 million were paid respectively (2013: $474 million and $663 million).

Disposals are mainly due to the receipt of deferred proceeds related to the formation of the Lafarge Tarmac joint venture.

Dividends

Analysis of dividends US cents per share	**Year ended 31 Dec 2014**	Year ended 31 Dec 2013
Interim dividend	**32**	32
Recommended final dividend	**53**	53
Total dividends	**85**	85

Anglo American's dividend policy is to provide a base dividend that will be maintained or increased through the cycle. Consistent with the policy, the Board has recommended to maintain the final dividend of 53 US cents per share, giving a total dividend of 85 US cents per share for the year (2013: 85 US cents per share), subject to shareholder approval at the Annual General Meeting to be held on 23 April 2015.

The maintenance of the level of the dividend reflects the Board's confidence in the underlying business. This recommendation is consistent with the commitment to have a disciplined balance between the maintenance of a strong investment grade rating, returns to shareholders and sequencing of future investment in line with resulting funding capacity. From time to time any cash surplus to requirements will be returned to shareholders.

Projects

In 2014, capital expenditure amounted to $6.0 billion, of which $3.2 billion was committed to expansionary projects and $2.0 billion to sustaining our existing business. Expansionary capex remains concentrated on the delivery of our portfolio of major projects (Minas-Rio, Barro Alto, and Grosvenor). As these projects transition into operational production, expansionary capital will decrease, which will enable the Group to further align its level of growth investment with prevailing commodity market conditions.

Projects in ramp up in 2014

In addition to delivering first ore on ship at Minas-Rio in October, the Group also completed the Boa Vista Fresh Rock (BVFR) niobium and Cerrejón P40 thermal coal projects in 2014.

The BVFR project delivered first production in November, and is expected to reach full nameplate capacity in 2017. When fully ramped up, production from existing operations is expected to increase to 6,800 tonnes of niobium per annum (2014: 4,700 tonnes).

The Cerrejón P40 project was also completed, increasing infrastructure capacity for coal exports. Ramp up of capacity at the shiploaders will continue in 2015, although production capacity is expected to be constrained at 35 million tonnes per annum (Mtpa) owing to market and operational constraints.

Projects advanced in 2014

The Grosvenor metallurgical coal project in Queensland advanced towards its target of first longwall coal production in late 2016. Once complete, the project is expected to deliver 5 Mtpa of high-quality metallurgical coal for the seaborne market. The Group is also evaluating surface infrastructure options to fully capture the value from the Moranbah – Grosvenor complex.

At Venetia in South Africa, De Beers continues to advance the development of the underground project, with the expectation of first underground production in 2021. In Nickel, the rebuild of the first of Barro Alto's two furnaces is under way, with the expectation that the plant will reach nameplate capacity during 2016.

Projects initiated in 2014

In line with its increased focus on capital discipline and responding to market conditions, the Group approved relatively few new projects in 2014.

At De Beers, the Gahcho Kué project commenced construction following receipt of necessary permits and licences and is expected to deliver an estimated 52 million carats (100% basis) over its 13 year life from the second half of 2016. De Beers' 51% share of Gahcho Kué's capital expenditure is approximately $0.5 billion. The Group also supported investment in a new treatment plant at the Letlhakane diamond mine in Botswana, a low-risk, high-return project designed to process the extensive tailings mineral resource that has been deposited over 30 years. De Beers' 19.2% share of capital expenditure is less than $0.1 billion.

Acquisition and disposal activity

In July, Anglo American announced that it had reached a binding agreement to sell its 50% holding in Lafarge Tarmac to Lafarge SA (Lafarge) for a minimum value of £885 million (approximately $1.35 billion at present) in cash, on a debt- and cash-free basis, and subject to other customary working capital adjustments. The sale is subject to a number of conditions including the completion of the proposed merger of Lafarge and Holcim Limited.

In December, the Group also gave notice to the Peruvian government to terminate the 2007 privatisation agreement, which has resulted in Anglo American withdrawing from the exploration-phase Michiquillay copper project.

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Notes to editors:
Anglo American is a global and diversified mining business that provides the raw materials essential for economic development and modern life. 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 – from bulk commodities and base metals to precious metals and diamonds (through De Beers) – to our customers around the world. Our diversified portfolio of products spans the economic development cycle and, as a responsible miner, we are the custodians of precious resources. We work together with our key partners and stakeholders to unlock the long-term value that those resources represent for our shareholders, but also for the communities and countries in which we operate – creating sustainable value and making a real difference. Our mining operations, growth projects and exploration and marketing activities extend across southern Africa, South America, Australia, North America, Asia and Europe.
www.angloamerican.com

Webcast of presentation:
A live webcast of the results presentation, starting at 9.00am UK time on 25 July 2014, can be accessed through the Anglo American website at www.angloamerican.com

Note: Throughout this results announcement, '$' denotes United States dollars and 'cents' refers to United States cents; EBIT includes attributable share of associates' and joint ventures' EBIT and is before special items and remeasurements, unless otherwise stated; special items and remeasurements are defined in note 6 to the Condensed financial statements. Underlying earnings, unless otherwise stated, is calculated as set out in note 10 to the Condensed financial statements. Earnings before interest, tax, depreciation and amortisation (EBITDA) is EBIT before special items and remeasurements, depreciation and amortisation in subsidiaries and joint operations and includes attributable share of EBITDA of associates and joint ventures. Tonnes are metric tons, 'Mt' denotes million tonnes and 'kt' denotes thousand tonnes, unless otherwise stated.

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 reserve and resource positions), 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.

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CONDENSED FINANCIAL STATEMENTS

for the year ended 31 December 2014

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Consolidated income statement
for the year ended 31 December 2014

US$ million	Note	**2014** Before special items and remeasure-ments	**2014** Special items and remeasure-ments (note 7)	**2014** Total	2013 Before special items and remeasure-ments	2013 Special items and remeasure-ments (note 7)	2013 Total
Group revenue	4	**27,073**	**–**	**27,073**	29,342	–	29,342
Operating costs		**(22,560)**	**(4,375)**	**(26,935)**	(23,174)	(3,761)	(26,935)
Operating profit	4	**4,513**	**(4,375)**	**138**	6,168	(3,761)	2,407
Non-operating special items	7	**–**	**(385)**	**(385)**	–	(469)	(469)
Share of net income from associates and joint ventures	4	**254**	**(46)**	**208**	243	(75)	168
(Loss)/profit before net finance costs and tax		**4,767**	**(4,806)**	**(39)**	6,411	(4,305)	2,106
Investment income		**242**	**–**	**242**	271	–	271
Interest expense		**(497)**	**(65)**	**(562)**	(584)	–	(584)
Other financing gains/(losses)		**(1)**	**101**	**100**	37	(130)	(93)
Net finance costs	8	**(256)**	**36**	**(220)**	(276)	(130)	(406)
(Loss)/profit before tax		**4,511**	**(4,770)**	**(259)**	6,135	(4,435)	1,700
Income tax expense	9	**(1,267)**	**2**	**(1,265)**	(1,861)	587	(1,274)
(Loss)/profit for the financial year		**3,244**	**(4,768)**	**(1,524)**	4,274	(3,848)	426
Attributable to:							
Non-controlling interests		**1,027**	**(38)**	**989**	1,601	(214)	1,387
Equity shareholders of the Company		**2,217**	**(4,730)**	**(2,513)**	2,673	(3,634)	(961)
(Loss)/earnings per share (US$)							
Basic	10	**1.73**	**(3.69)**	**(1.96)**	2.09	(2.84)	(0.75)
Diluted	10	**1.72**	**(3.68)**	**(1.96)**	2.08	(2.83)	(0.75)

Consolidated statement of comprehensive income
for the year ended 31 December 2014

US$ million	2014	2013
(Loss)/profit for the financial year	**(1,524)**	426
Items that will not be reclassified to the income statement (net of tax)[1]		
Remeasurement of net retirement benefit obligation	**(6)**	60
Share of associates' and joint ventures' other comprehensive income	**1**	–
Net items that will not be reclassified to the income statement	**(5)**	60
Items that have been or may subsequently be reclassified to the income statement (net of tax)[1]		
Net exchange differences:		
Net loss (including associates and joint ventures)	**(1,943)**	(4,716)
Cumulative loss transferred to the income statement on disposal of foreign operations	**5**	73
Revaluation of available for sale investments:		
Net revaluation loss	**(124)**	(56)
Cumulative revaluation gain transferred to the income statement on disposal	**–**	(77)
Impairment losses transferred to the income statement	**3**	14
Revaluation of cash flow hedges:		
Net loss	**(7)**	(12)
Transferred to the initial carrying amount of hedged items	**–**	4
Net items that have been or may subsequently be reclassified to the income statement	**(2,066)**	(4,770)
Total comprehensive expense for the financial year	**(3,595)**	(4,284)
Attributable to:		
Non-controlling interests	**736**	769
Equity shareholders of the Company	**(4,331)**	(5,053)

[1] Amounts are shown net of tax. Comparatives have been reclassified to align with current year presentation.

Consolidated balance sheet
as at 31 December 2014

US$ million	Note	**2014**	2013
ASSETS			
Non-current assets			
Intangible assets		**3,912**	4,083
Property, plant and equipment		**38,475**	41,505
Environmental rehabilitation trusts		**358**	348
Investments in associates and joint ventures		**4,376**	4,612
Financial asset investments		**1,266**	1,446
Trade and other receivables		**745**	797
Deferred tax assets		**1,351**	1,364
Derivative financial assets		**986**	604
Other non-current assets		**233**	247
Total non-current assets		**51,702**	55,006
Current assets			
Inventories		**4,720**	4,789
Financial asset investments		**–**	19
Trade and other receivables		**2,568**	3,351
Current tax assets		**125**	226
Derivative financial assets		**147**	70
Cash and cash equivalents	12a	**6,748**	7,704
Total current assets		**14,308**	16,159
Total assets		**66,010**	71,165
LIABILITIES			
Current liabilities			
Trade and other payables		**(3,515)**	(4,369)
Short term borrowings	12a, 13	**(1,618)**	(2,108)
Provisions for liabilities and charges		**(680)**	(768)
Current tax liabilities		**(375)**	(734)
Derivative financial liabilities		**(539)**	(372)
Total current liabilities		**(6,727)**	(8,351)
Non-current liabilities			
Trade and other payables		**(25)**	(22)
Medium and long term borrowings	12a, 13	**(16,917)**	(15,740)
Retirement benefit obligations		**(1,073)**	(1,204)
Deferred tax liabilities		**(4,498)**	(4,657)
Derivative financial liabilities		**(1,785)**	(1,139)
Provisions for liabilities and charges		**(2,808)**	(2,688)
Total non-current liabilities		**(27,106)**	(25,450)
Total liabilities		**(33,833)**	(33,801)
Net assets		**32,177**	37,364
EQUITY			
Called-up share capital		**772**	772
Share premium account		**4,358**	4,358
Own shares		**(6,359)**	(6,463)
Other reserves		**(7,205)**	(5,372)
Retained earnings		**34,851**	38,376
Equity attributable to equity shareholders of the Company		**26,417**	31,671
Non-controlling interests		**5,760**	5,693
Total equity		**32,177**	37,364

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 12 February 2015 and signed on its behalf by:

Mark Cutifani
Chief Executive

René Médori
Finance Director

Consolidated cash flow statement
for the year ended 31 December 2014

US$ million	Note	2014	2013
Cash flows from operating activities			
(Loss)/profit before tax		**(259)**	1,700
Net finance costs including financing special items and remeasurements		**220**	406
Share of net income from associates and joint ventures		**(208)**	(168)
Non-operating special items	7	**385**	469
Operating profit		**138**	2,407
Operating special items and remeasurements	7	**4,375**	3,761
Cash element of operating special items		**(100)**	(146)
Depreciation and amortisation	4	**2,591**	2,638
Share-based payment charges		**170**	201
Decrease in provisions		**(200)**	(56)
Increase in inventories		**(129)**	(562)
Decrease/(increase) in operating receivables		**576**	(541)
Decrease in operating payables		**(438)**	(18)
Other adjustments		**(34)**	45
Cash flows from operations		**6,949**	7,729
Dividends from associates and joint ventures		**435**	246
Dividends from financial asset investments		**25**	18
Income tax paid		**(1,298)**	(1,201)
Net cash inflows from operating activities		**6,111**	6,792
Cash flows from investing activities			
Expenditure on property, plant and equipment	11	**(5,974)**	(6,125)
Cash flows from derivatives related to capital expenditure	11	**(157)**	(136)
Proceeds from disposal of property, plant and equipment	11	**71**	140
Investments in associates and joint ventures		**(81)**	(221)
Purchase of financial asset investments		**(12)**	–
Net (advance)/repayment of loans granted		**(80)**	301
Interest received and other investment income		**157**	193
Disposal of subsidiaries, net of cash and cash equivalents disposed		**44**	13
Repayment of capitalised loans by associates		**–**	108
Net proceeds from disposal of interests in available for sale investments		**–**	99
Other investing activities		**(93)**	3
Net cash used in investing activities		**(6,125)**	(5,625)
Cash flows from financing activities			
Interest paid		**(833)**	(907)
Cash flows from derivatives related to financing activities	12b	**203**	181
Dividends paid to Company shareholders		**(1,099)**	(1,078)
Dividends paid to non-controlling interests		**(823)**	(1,159)
Proceeds from issuance of bonds	13	**3,165**	3,562
Proceeds from other borrowings		**1,419**	1,127
Repayment of borrowings		**(2,801)**	(3,717)
Movements in non-controlling interests		**42**	71
Tax on sale of non-controlling interest in Anglo American Sur		**–**	(395)
Sale of shares under employee share schemes		**14**	14
Purchase of shares by subsidiaries for employee share schemes[1]		**(111)**	(92)
Other financing activities		**(3)**	(9)
Net cash used in financing activities		**(827)**	(2,402)
Net decrease in cash and cash equivalents		**(841)**	(1,235)
Cash and cash equivalents at start of year	12b	**7,702**	9,298
Cash movements in the year		**(841)**	(1,235)
Effects of changes in foreign exchange rates		**(114)**	(361)
Cash and cash equivalents at end of year	12b	**6,747**	7,702

[1] Includes purchase of Kumba Iron Ore Limited and Anglo American Platinum Limited shares for their respective employee share schemes.

Consolidated statement of changes in equity
for the year ended 31 December 2014

US$ million	Total share capital[1]	Own shares[2]	Retained earnings	Cumulative translation adjustment reserve	Fair value and other reserves[3]	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
At 1 January 2013	5,129	(6,659)	40,343	(2,617)	1,415	37,611	6,127	43,738
Total comprehensive (expense)/income	–	–	(901)	(4,023)	(129)	(5,053)	769	(4,284)
Dividends payable	–	–	(1,078)	–	–	(1,078)	(1,273)	(2,351)
Changes in ownership interest in subsidiaries	–	–	38	–	–	38	(14)	24
Issue of shares to non-controlling interests	–	–	–	–	–	–	47	47
Equity settled share-based payment schemes	–	196	(43)	–	(1)	152	37	189
Other	1	–	17	–	(17)	1	–	1
At 31 December 2013	**5,130**	**(6,463)**	**38,376**	**(6,640)**	**1,268**	**31,671**	**5,693**	**37,364**
Total comprehensive (expense)/income	**–**	**–**	**(2,506)**	**(1,703)**	**(122)**	**(4,331)**	**736**	**(3,595)**
Dividends payable	**–**	**–**	**(1,099)**	**–**	**–**	**(1,099)**	**(749)**	**(1,848)**
Issue of shares to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**42**	**42**
Equity settled share-based payment schemes	**–**	**104**	**31**	**–**	**(8)**	**127**	**29**	**156**
Other	**–**	**–**	**49**	**–**	**–**	**49**	**9**	**58**
At 31 December 2014	**5,130**	**(6,359)**	**34,851**	**(8,343)**	**1,138**	**26,417**	**5,760**	**32,177**

(1) Includes share capital and share premium.
(2) Own shares comprise shares of Anglo American plc held by the Company (treasury shares), its subsidiaries and employee benefit trusts.
(3) Includes the share-based payment reserve, available for sale reserve, cash flow hedge reserve, capital redemption reserve, revaluation reserve and legal reserve.

Dividends

	2014	2013
Proposed ordinary dividend per share (US cents)	**53**	53
Proposed ordinary dividend (US$ million)	**678**	678
Ordinary dividends payable during the year per share (US cents)	**85**	85
Ordinary dividends payable during the year (US$ million)	**1,099**	1,078

Notes to the Condensed financial statements

1. BASIS OF PREPARATION

The financial information for the year ended 31 December 2014 does not constitute statutory accounts as defined in section 435 (1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2013 have been delivered to the Registrar of Companies and those for 2014 will be delivered following the Company's Annual General Meeting convened for 23 April 2015. The auditors have reported on these accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Whilst the preliminary announcement (the Condensed financial statements) has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and with the requirements of the United Kingdom Listing Authority (UKLA) Listing Rules, these Condensed financial statements do not contain sufficient information to comply with IFRS. The Group will publish full financial statements that comply with IFRS in March 2015.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Financial review of Group results for the year ended 31 December 2014 on pages 19 to 24. The Group's net debt (including related hedges) at 31 December 2014 was $12.9 billion (31 December 2013: $10.7 billion) representing a gearing level of 28.6% (31 December 2013: 22.2%). Further analysis of net debt is set out in note 12 and details of borrowings and facilities are set out in note 13.

The directors have considered the Group's cash flow forecasts for the period to the end of 31 December 2016. The Board is satisfied that the Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its Condensed financial statements.

Non-GAAP measures

Investors should consider non-GAAP financial measures in addition to, and not as a substitute for or as superior to, measures of financial performance reported in accordance with IFRS. The IFRS results reflect all items that affect reported performance and therefore it is important to consider the IFRS measures alongside the non-GAAP measures. Reconciliations of certain non-GAAP data to directly comparable IFRS financial measures are presented in notes 4, 10, 11 and 12 to the Condensed financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The most critical of these relate to estimation of Ore Reserves, assessment of fair value, impairment of assets, restoration, rehabilitation and environmental costs, deferred stripping, taxation, retirement benefits, contingent liabilities and joint arrangements. The use of inaccurate assumptions in assessments made for any of these estimates could result in a significant impact on financial results. The critical accounting judgements and key sources of estimation uncertainty are substantially the same as those disclosed in the Group's Consolidated financial statements for the year ended 31 December 2013.

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The Condensed financial statements have been prepared under the historical cost convention as modified by the revaluation of pension assets and liabilities and certain financial instruments.

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2013, except for the adoption of amendments to IAS 36 *Impairment of Assets: Recoverable Amount Disclosures for Non-Financial Assets*.

The amendment introduces the requirement to disclose the recoverable amount of cash generating units (CGUs) that have been impaired in the period. In addition, the amendment requires the disclosure of certain additional information on valuation assumptions, where the recoverable amount of a CGU is assessed on a fair value less costs of disposal basis using a discounted cash flow method.

A number of other accounting pronouncements, principally amendments to existing standards, issued by the IASB became effective on 1 January 2014 and were adopted by the Group. The Group has early adopted IFRIC 21 *Levies* which has been endorsed by the European Union but is effective for annual periods beginning on or after 17 June 2014. These pronouncements have not had a material impact on the accounting policies applied by the Group.

The Group has not early adopted any other amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

4. SEGMENTAL INFORMATION

The Group's segments are aligned to the structure of business units based around core commodities. Each business unit has a management team that is accountable to the Chief Executive, and in the instance of Copper, Nickel, Niobium and Phosphates, the same management team is responsible for the management of all four business units, collectively referred to as Base Metals and Minerals. To align with changes in the management structure of the Group's coal businesses and the way their results are internally reported, Coal South Africa and Coal Colombia (formerly the Thermal Coal segment) and Coal Australia and Canada (formerly the Metallurgical Coal segment) are now reported together as the Coal segment. Niobium and Phosphates are now reported as separate segments, having previously been aggregated and the Diamonds segment is now referred to as De Beers.

The Kumba Iron Ore, Iron Ore Brazil and Samancor business units have been aggregated as the 'Iron Ore and Manganese' segment on the basis of the ultimate product produced (ferrous metals).

The Other Mining and Industrial segment is no longer considered to be individually significant to the Group and is therefore now shown within 'Corporate and other' together with unallocated corporate costs and exploration costs. Exploration costs represent the cost of the Group's exploration activities across all segments, and were previously reported separately. Comparatives have been reclassified to align with current year presentation.

The Group Management Committee evaluates the financial performance of the Group and its segments principally with reference to earnings before interest and tax (underlying EBIT). Underlying EBIT is operating profit presented before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' underlying EBIT. Underlying EBIT of associates and joint ventures is the Group's attributable share of revenue less operating costs before special items and remeasurements of associates and joint ventures.

Underlying EBITDA is underlying EBIT before depreciation and amortisation in subsidiaries and joint operations and includes the Group's attributable share of associates' and joint ventures' underlying EBIT before depreciation and amortisation.

Segment revenue includes the Group's attributable share of associates' and joint ventures' revenue. Segments predominantly derive revenue as follows – Iron Ore and Manganese: iron ore, manganese ore and alloys; Coal: metallurgical coal and thermal coal; Copper: copper; Nickel: nickel; Niobium: niobium; Phosphates: phosphates; Platinum: platinum group metals; and De Beers: rough and polished diamonds.

The segment results are stated after elimination of inter-segment transactions and include an allocation of corporate costs.

4. SEGMENTAL INFORMATION (continued)

Segment results

US$ million	Revenue 2014	Revenue 2013	Underlying EBIT 2014	Underlying EBIT 2013
Iron Ore and Manganese	**5,176**	6,517	**1,957**	3,119
Coal	**5,808**	6,400	**458**	587
Copper	**4,827**	5,392	**1,193**	1,739
Nickel	**142**	136	**21**	(44)
Niobium	**180**	182	**67**	82
Phosphates	**486**	544	**57**	68
Platinum	**5,396**	5,688	**32**	464
De Beers	**7,114**	6,404	**1,363**	1,003
Corporate and other	**1,859**	1,800	**(215)**	(398)
Segment measure	**30,988**	33,063	**4,933**	6,620
Reconciliation:				
Less: associates and joint ventures	**(3,915)**	(3,721)	**(420)**	(452)
Include: operating special items and remeasurements	**–**	–	**(4,375)**	(3,761)
Statutory measure	**27,073**	29,342	**138**	2,407

US$ million	Depreciation and amortisation 2014	Depreciation and amortisation 2013	Underlying EBITDA 2014	Underlying EBITDA 2013
Iron Ore and Manganese	**329**	271	**2,286**	3,390
Coal	**749**	760	**1,207**	1,347
Copper	**709**	663	**1,902**	2,402
Nickel	**7**	7	**28**	(37)
Niobium	**6**	5	**73**	87
Phosphates	**22**	21	**79**	89
Platinum	**495**	584	**527**	1,048
De Beers	**455**	448	**1,818**	1,451
Corporate and other	**127**	141	**(88)**	(257)
	2,899[(1)]	2,900[(1)]	**7,832**	9,520
Less: associates and joint ventures	**(308)**	(262)	**(728)**	(714)
	2,591	2,638	**7,104**	8,806

(1) In addition $129 million (2013: $131 million) of depreciation and amortisation charges arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers has been included within operating remeasurements (see note 7), and $105 million (2013: $100 million) of pre-commercial production depreciation has been capitalised.

4. SEGMENTAL INFORMATION (continued)

Underlying EBITDA is reconciled to underlying EBIT and to '(Loss)/profit before net finance costs and tax':

US$ million	2014	2013
Underlying EBITDA	**7,832**	9,520
Depreciation and amortisation: subsidiaries and joint operations	**(2,591)**	(2,638)
Depreciation and amortisation: associates and joint ventures	**(308)**	(262)
Underlying EBIT	**4,933**	6,620
Operating special items and remeasurements	**(4,375)**	(3,761)
Non-operating special items	**(385)**	(469)
Associates' and joint ventures' net special items and remeasurements	**(46)**	(75)
Share of associates' and joint ventures' net finance costs, tax and non-controlling interests	**(166)**	(209)
(Loss)/profit before net finance costs and tax	**(39)**	2,106

Associates' and joint ventures' results by segment

	Revenue		Underlying EBIT		Share of net income	
US$ million	2014	2013	2014	2013	2014	2013
Iron Ore and Manganese	**788**	874	**178**	205	**104**	91
Coal	**1,050**	1,136	**189**	275	**73**	162
Platinum	**263**	228	**(19)**	(19)	**(26)**	(30)
De Beers	**79**	89	**(9)**	(21)	**(6)**	(35)
Corporate and other	**1,735**	1,394	**81**	12	**63**	(20)
	3,915	3,721	**420**	452	**208**	168

	Depreciation and amortisation		Underlying EBITDA	
US$ million	2014	2013	2014	2013
Iron Ore and Manganese	**73**	48	**251**	253
Coal	**106**	86	**295**	361
Platinum	**28**	35	**9**	16
De Beers	**3**	5	**(6)**	(16)
Corporate and other	**98**	88	**179**	100
	308	262	**728**	714

The reconciliation of associates' and joint ventures' underlying EBIT to 'Share of net income from associates and joint ventures' is as follows:

US$ million	2014	2013
Associates' and joint ventures' underlying EBIT	**420**	452
Net finance costs	**(46)**	(36)
Income tax expense	**(113)**	(158)
Non-controlling interests	**(7)**	(15)
Share of net income from associates and joint ventures (before special items and remeasurements)	**254**	243
Special items and remeasurements	**–**	(80)
Special items and remeasurements tax	**(46)**	3
Non-controlling interests on special items and remeasurements	**–**	2
Share of net income from associates and joint ventures	**208**	168

4. SEGMENTAL INFORMATION (continued)

Product analysis

Revenue by product

US$ million	**2014**	2013
Iron ore	**4,029**	5,365
Manganese ore and alloys	**788**	874
Metallurgical coal	**2,290**	2,610
Thermal coal	**3,529**	3,802
Copper	**4,688**	5,253
Nickel	**638**	461
Niobium	**180**	182
Phosphates	**486**	544
Platinum	**3,097**	3,586
Palladium	**1,058**	1,052
Rhodium	**280**	316
Diamonds	**7,104**	6,391
Heavy building materials	**1,854**	1,695
Other	**967**	932
	30,988	33,063

Geographical analysis

Revenue by destination

The Group's geographical analysis of segment revenue allocated based on the country in which the customer is located is as follows:

US$ million	**2014**	2013
South Africa	**2,464**	2,474
Other Africa	**1,663**	1,201
Brazil	**939**	1,019
Chile	**1,033**	1,692
Other South America	**23**	32
North America	**1,218**	1,084
Australia	**275**	277
China	**5,109**	6,469
India	**3,079**	2,505
Japan	**3,496**	3,769
Other Asia	**3,580**	3,252
United Kingdom (Anglo American plc's country of domicile)	**3,090**	3,697
Other Europe	**5,019**	5,592
	30,988	33,063

4. SEGMENTAL INFORMATION (continued)

Non-current assets by location

US$ million	Intangible assets and property, plant and equipment 2014	2013	Total non-current assets[1] 2014	2013
South Africa	**12,998**	13,542	**14,450**	14,950
Botswana	**5,138**	5,748	**5,138**	5,748
Other Africa	**1,138**	1,197	**1,145**	1,205
Brazil	**8,001**	9,650	**8,097**	9,713
Chile	**7,347**	7,472	**7,347**	7,472
Other South America	**740**	556	**1,750**	1,727
North America	**1,483**	1,764	**1,488**	1,768
Australia and Asia	**4,136**	4,260	**4,764**	5,017
United Kingdom (Anglo American plc's country of domicile)	**1,277**	1,257	**2,838**	2,833
Other Europe	**129**	142	**131**	144
Non-current assets by location	**42,387**	45,588	**47,148**	50,577
Unallocated assets			**4,554**	4,429
Total non-current assets			**51,702**	55,006

[1] Total non-current assets by location primarily comprise intangible assets, property, plant and equipment, environmental rehabilitation trusts and investments in associates and joint ventures.

5. EXPLORATION AND EVALUATION EXPENDITURE

The Group's analysis of exploration and evaluation expenditure recognised in the Consolidated income statement is as follows:

US$ million	Exploration expenditure[1] 2014	2013	Evaluation expenditure[2] 2014	2013
By commodity/product				
Iron ore	**25**	24	**56**	69
Metallurgical coal	**8**	19	**19**	39
Thermal coal	**9**	14	**11**	21
Copper	**37**	31	**84**	112
Nickel	**16**	22	**4**	8
Niobium	**–**	–	**1**	7
Phosphates	**4**	6	**8**	9
Platinum group metals	**8**	2	**9**	15
Diamonds	**37**	53	**26**	46
Central exploration activities	**37**	36	**–**	–
	181	207	**218**	326

[1] Exploration for mineral resources other than that occurring at existing operations and projects.
[2] Evaluation of mineral resources relating to projects in the conceptual or pre-feasibility stage or further evaluation of mineral resources at existing operations.

6. UNDERLYING EBIT AND UNDERLYING EARNINGS BY SEGMENT

The following table analyses underlying EBIT (including the Group's attributable share of associates' and joint ventures' underlying EBIT) by segment and reconciles it to underlying earnings by segment. Refer to note 4 for the definition of underlying EBIT and changes in reporting segments. Comparatives have been reclassified to align with current year presentation.

Underlying earnings is an alternative earnings measure, which the directors consider to be a useful additional measure of the Group's performance. Underlying earnings is profit for the financial year attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after net finance costs, income tax expense and non-controlling interests. For a reconciliation from 'Loss for the financial year attributable to equity shareholders of the Company' to 'Underlying earnings for the financial year', see note 10.

						2014
US$ million	**Underlying EBIT**	**Operating special items and remeasurements**	**EBIT after special items and remeasurements**	**Net finance costs and income tax expense**	**Non-controlling interests**	**Underlying earnings**
Iron Ore and Manganese	**1,957**	**3,670**	**(1,713)**	**(583)**	**(657)**	**717**
Coal	**458**	**372**	**86**	**(154)**	**(8)**	**296**
Copper	**1,193**	**–**	**1,193**	**(482)**	**(218)**	**493**
Nickel	**21**	**21**	**–**	**(15)**	**–**	**6**
Niobium	**67**	**5**	**62**	**(37)**	**–**	**30**
Phosphates	**57**	**8**	**49**	**(22)**	**–**	**35**
Platinum	**32**	**52**	**(20)**	**(14)**	**7**	**25**
De Beers	**1,363**	**155**	**1,208**	**(264)**	**(176)**	**923**
Corporate and other	**(215)**	**92**	**(307)**	**(111)**	**18**	**(308)**
	4,933	**4,375**	**558**	**(1,682)**	**(1,034)**	**2,217**

						2013
US$ million	Underlying EBIT	Operating special items and remeasurements	EBIT after special items and remeasurements	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
Iron Ore and Manganese	3,119	435	2,684	(963)	(1,031)	1,125
Coal	587	1,015	(428)	(116)	(14)	457
Copper	1,739	337	1,402	(497)	(439)	803
Nickel	(44)	1,028	(1,072)	(10)	–	(54)
Niobium	82	6	76	(40)	–	42
Phosphates	68	–	68	(18)	–	50
Platinum	464	522	(58)	(112)	(65)	287
De Beers	1,003	330	673	(387)	(84)	532
Corporate and other	(398)	168	(566)	(188)	17	(569)
	6,620	3,841	2,779	(2,331)	(1,616)	2,673

7. SPECIAL ITEMS AND REMEASUREMENTS

Special items are those items of financial performance that the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Group. Such items are material by nature or amount to the year's results and require separate disclosure in accordance with IAS 1 paragraph 97. Special items that relate to the operating performance of the Group are classified as operating special items and principally include impairment charges, onerous contract provisions and restructuring costs. Non-operating special items include costs in relation to closure of operations, profits and losses on disposals of investments and businesses as well as certain adjustments relating to business combinations.

Remeasurements comprise other items which the Group believes should be reported separately to aid an understanding of the underlying financial performance of the Group. Remeasurements include:

- Unrealised gains and losses on financial assets and liabilities that represent economic hedges, including accounting hedges related to financing arrangements. Where the underlying transaction is recorded in the income statement, the realised gains or losses are reversed from remeasurements and are recorded in underlying earnings in the same year as the underlying transaction for which the instruments provide the economic hedge. If the underlying transaction is recorded in the balance sheet, for example capital expenditure, the realised amount remains in remeasurements on settlement of the derivative. Such amounts are classified in the income statement as operating when the underlying exposure is in respect of the operating performance of the Group and otherwise as financing.
- Foreign exchange impacts arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information and hence deferred tax is susceptible to currency fluctuations. Such amounts are included within income tax expense.
- The remeasurement and subsequent depreciation of a previously held equity interest as a result of a business combination.

US$ million	**2014**	2013
Subsidiaries and joint operations		
Minas-Rio impairment	**(3,800)**	–
Coal impairments	**(363)**	(574)
Platinum operations	**(44)**	(379)
Impairment of Barro Alto	**–**	(1,012)
Impairment of Michiquillay	**–**	(337)
Other impairments and related charges	**(39)**	(172)
Restructuring costs	**(128)**	(177)
Onerous contract provisions	**–**	(434)
Reversal of De Beers inventory uplift	**–**	(126)
Operating special items	**(4,374)**	(3,211)
Operating remeasurements	**(1)**	(550)
Operating special items and remeasurements	**(4,375)**	(3,761)
Closure of Drayton	**(222)**	–
Disposal of Amapá	**(46)**	(175)
Exit from Pebble	**–**	(311)
Loss on formation of Lafarge Tarmac joint venture	**–**	(55)
Ponahalo refinancing	**(58)**	–
Atlatsa refinancing	**22**	(37)
Kumba Envision Trust	**(44)**	(54)
Other	**(37)**	163
Non-operating special items	**(385)**	(469)
Financing special items and remeasurements	**36**	(130)
Special items and remeasurements before tax and non-controlling interests	**(4,724)**	(4,360)
Special items and remeasurements tax	**2**	587
Non-controlling interests on special items and remeasurements	**38**	214
Share of associates' and joint ventures' special items and remeasurements[1]	**(46)**	(75)
Total special items and remeasurements	**(4,730)**	(3,634)

[1] Relates to the Coal segment (2013: Coal, De Beers and Corporate and other segments).

7. SPECIAL ITEMS AND REMEASUREMENTS (continued)

Operating special items

Minas-Rio
The Minas-Rio iron ore project (Minas-Rio) (Iron Ore and Manganese) in Brazil was acquired in two separate transactions in 2007 and 2008. Production commenced in the last quarter and successful delivery of First Ore On Ship (FOOS) was announced on 27 October 2014. The project is currently ramping up to capacity of 26.5 Mtpa over the next 18-20 months, and work continues to progress on the regular cycle of required licence and permit renewals.

An impairment charge of $4,960 million (before tax) was recorded in 2012 against the carrying value of Minas-Rio. This was based on the value in use of the cash generating unit (CGU) and reflected an increase in estimate of attributable project capital expenditure to $8.8 billion, including a $0.6 billion contingency as well as the impact of high inflation on operational costs. The long term iron ore price used in the 2012 valuation was within the range of published analyst forecasts.

The successful progress of the project up to delivery of FOOS indicates that the $0.6 billion of contingency will not be fully utilised and consequently total capital expenditure for the project now is estimated at $8.4 billion, on an attributable basis. In 2014, a material worsening of the pricing environment for iron ore has been in evidence, driven by revisions to the outlook for global GDP growth, especially in the context of weaker Chinese construction activity, whilst at the same time supply from Western Australia has ramped up to outstrip weakening demand. The value in use of Minas-Rio has been updated to reflect management's best estimate of the future iron ore prices based on a detailed analysis of market fundamentals in the medium and long term. The long term price which is used in the valuation from 2024 onwards is within the range of published analyst forecasts and broadly in line with the mean.

The valuation of Minas-Rio at 31 December 2014 determined on a pre-tax discounted cash flow basis (real pre-tax discount rate of 8.5%) is $5.6 billion. Based on this valuation, the Group has recorded an impairment charge of $3,800 million (before tax) against the carrying value of the CGU. Of this charge, $971 million has been recorded against mining properties and $2,829 million against capital works in progress, with an associated deferred tax credit of $320 million. The post-tax impairment charge is $3,480 million. The valuation remains sensitive to price and further deterioration in long term prices may result in additional impairment.

Coal
In September 2014, the Group announced that it had decided, in view of the subdued hard coking coal price environment, to place Peace River Coal in British Columbia, Canada on care and maintenance to preserve the long term future of the operation. The recoverable amount of the Peace River Coal CGU has been assessed based on the operation's fair value less costs of disposal, measured using discounted cash flow projections.

Despite the decision to place the operation on care and maintenance, the decrease in hard coking coal prices has driven a decrease in the valuation of Peace River Coal to $0.1 billion. Based on this valuation, the Group has recorded an impairment charge of $265 million (before tax) against the carrying value of the CGU. The post-tax impairment charge is also $265 million. Of this charge, $124 million has been recorded against plant and equipment, $123 million against mining properties and the remainder against capital works in progress. The valuation remains sensitive to price and further deterioration in the pricing outlook may result in additional impairment. The long term hard coking coal price used in the valuation from 2019 onwards is within the range of published analyst forecasts and broadly in line with the mean. The remaining $98 million of the impairment charge recognised in special items ($69 million after tax) relates to other Coal assets in Australia.

Platinum
The charge of $44 million relates to the closure of the declines at the Union operation in the Platinum business. The charge after tax and non-controlling interests is $21 million.

Restructuring costs
Restructuring costs of $128 million principally relate to organisational changes as part of the *Driving Value* programme (2013: $177 million of which $146 million related to the implementation of the Platinum portfolio review). Restructuring costs after tax and non-controlling interests amount to $93 million.

2013
Operating special items in 2013 principally comprised impairments and related charges in respect of the Barro Alto nickel project (Nickel), the Platinum portfolio review, the Michiquillay copper project (Copper), and the Foxleigh, Isibonelo and Kleinkopje coal operations (Coal).

Operating special items in 2013 also included charges relating to onerous contract provisions, principally at Callide (Coal), the reversal on sale of fair value uplifts recognised on inventories as part of the De Beers acquisition accounting, and costs associated with the Platinum portfolio review.

7. SPECIAL ITEMS AND REMEASUREMENTS (continued)

Operating remeasurements

Operating remeasurements reflect a net loss of $1 million (2013: $550 million) which principally comprises gains of $136 million in respect of derivatives related to capital expenditure in Iron Ore Brazil offset by a $129 million depreciation and amortisation charge (2013: $131 million) arising due to the fair value uplift on the pre-existing 45% shareholding in De Beers, which was required on acquisition of a controlling stake.

Derivatives in relation to Iron Ore Brazil which have been realised during the period had a cumulative net operating remeasurement loss of $140 million (2013: $137 million) since their inception.

Non-operating special items

A charge of $222 million ($155 million after tax) has been recognised following the decision by the New South Wales Planning Assessment Committee (PAC) not to approve the Group's application to proceed with the Drayton South project (Coal). The reserves of the existing Drayton operation are expected to be depleted during 2015 and the Drayton South project would have extended the life of the operation by approximately 27 years. Management is preparing a revised application for the project, to be submitted in the first half of 2015, and continues to work to allow operations to continue at Drayton. However, in view of the uncertainty caused by the PAC decision, assets associated with the project and the existing operation have been written down to their residual values, and a provision has been made for the cost of meeting contractual and other obligations beyond the life of the existing Drayton mine.

A $46 million charge has been recognised primarily in relation to the revaluation of deferred contingent consideration for the disposal of Amapá in 2013 (Corporate and other). The contingent consideration receivable is calculated on the basis of the market price for iron ore, which has seen a material worsening. There is no tax impact.

In November 2014, De Beers concluded the refinancing of its Black Economic Empowerment partner, Ponahalo Investments (RF) Proprietary Limited (Ponahalo), which owns a 26% share in De Beers' principal South African subsidiary, De Beers Consolidated Mines (DBCM). The refinancing extended the period over which Ponahalo may repay borrowings that were used to finance the purchase of its share in DBCM in 2006 by seven years. A charge of $58 million has been recognised and no tax arises in relation to this transaction.

The Kumba Envision Trust charge of $44 million (2013: $54 million) relates to Kumba's (Iron Ore and Manganese) broad based employee share scheme provided solely for the benefit of non-managerial Historically Disadvantaged South African employees who do not participate in other Kumba share schemes.

2013

Non-operating special items in 2013 principally relate to the loss on disposal of Amapá, the Group's exit from the Pebble project in Alaska (Copper), the loss recognised on the formation of the Lafarge Tarmac joint venture (Corporate and other), the Kumba Envision Trust charge, the gain on deferred proceeds of undeveloped coal assets in Australia (Coal) and the gain on disposal of the Group's interest in Palabora Mining Company Limited (Corporate and other).

Financing special items and remeasurements

Financing special items and remeasurements reflect a net gain of $36 million (2013: net loss of $130 million) principally comprising gains on derivatives relating to debt.

Special items and remeasurements tax

Total special items and remeasurements tax relating to subsidiaries and joint operations amounts to a credit of $2 million (2013: $587 million). This includes one-off tax charges of $105 million (2013: $188 million), tax credits on special items and remeasurements of $412 million (2013: $902 million) and tax remeasurement charges of $305 million (2013: $127 million).

One-off tax charges of $105 million comprise a $100 million charge for the derecognition of deferred tax assets at Peace River Coal (Coal), a $61 million charge for the derecognition of a deferred tax asset in Coal Australia relating to the Mineral Resource Rent Tax which was repealed in 2014, and a $56 million credit for the recognition of a deferred tax asset in Barro Alto.

Of the total tax credit of $2 million (2013: $587 million), $31 million relates to a current tax credit (2013: charge of $159 million) and $29 million relates to a deferred tax charge (2013: credit of $746 million).

8. NET FINANCE COSTS

Net finance costs are presented net of hedges for respective interest bearing and foreign currency borrowings. The weighted average capitalisation rate applied to qualifying capital expenditure was 3.83% (2013: 4.79%).

US$ million	2014	2013
Investment income		
Interest income from cash and cash equivalents	**128**	113
Other interest income	**88**	134
Net interest income on defined benefit arrangements	**14**	13
Dividend income from financial asset investments	**25**	18
	255	278
Less: interest income capitalised	**(13)**	(7)
Total investment income[1]	**242**	271
Interest expense		
Interest and other finance expense	**(709)**	(731)
Net interest cost on defined benefit arrangements	**(69)**	(74)
Unwinding of discount relating to provisions	**(101)**	(106)
	(879)	(911)
Less: interest expense capitalised	**382**	327
Total interest expense[1]	**(497)**	(584)
Other net financing (losses)/gains		
Net foreign exchange losses	**(37)**	(21)
Other net fair value gains	**36**	58
Total other net financing (losses)/gains	**(1)**	37
Net finance costs before special items and remeasurements	**(256)**	(276)
Special items and remeasurements (note 7)	**36**	(130)
Net finance costs after special items and remeasurements	**(220)**	(406)

[1] Interest income recognised at amortised cost is $152 million (2013: $172 million) and interest expense recognised at amortised cost is $286 million (2013: $324 million).

9. INCOME TAX EXPENSE

a) Analysis of charge for the year

US$ million	2014	2013
United Kingdom corporation tax credit	**(14)**	(1)
South Africa tax	**479**	863
Other overseas tax	**712**	692
Prior year adjustments	**(68)**	32
Current tax[1]	**1,109**	1,586
Deferred tax	**158**	275
Income tax expense before special items and remeasurements	**1,267**	1,861
Special items and remeasurements tax	**(2)**	(587)
Income tax expense	**1,265**	1,274

[1] Includes royalties which meet the definition of income tax and are in addition to royalties recorded in operating costs.

9. INCOME TAX EXPENSE (continued)

b) Factors affecting tax charge for the year

The effective tax rate for the year of (488.4)% (2013: 74.9%) is lower (2013: higher) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 21.5% (2013: 23.25%). The reconciling items, excluding the impact of associates and joint ventures, are:

US$ million	2014	2013
(Loss)/profit before tax	**(259)**	1,700
Less: share of net income from associates and joint ventures	**(208)**	(168)
(Loss)/profit before tax (excluding associates and joint ventures)	**(467)**	1,532
Tax on (loss)/profit (excluding associates and joint ventures) calculated at United Kingdom corporation tax rate of 21.5% (2013: 23.25%)	**(100)**	356
Tax effects of:		
Items non-taxable/deductible for tax purposes		
Exploration expenditure	**18**	22
Non-taxable net foreign exchange gains	**(12)**	(16)
Non-taxable net interest income	**(8)**	(9)
Other non-deductible expenses	**72**	110
Other non-taxable income	**(138)**	(105)
Temporary difference adjustments		
Current year losses not recognised	**79**	25
Recognition of losses not previously recognised	**(143)**	(6)
Utilisation of losses not previously recognised	**(13)**	(8)
Write-off of losses previously recognised	**65**	29
Adjustment in deferred tax due to change in tax rate	**106**	14
Other temporary differences	**95**	(28)
Special items and remeasurements	**1,014**	427
Other adjustments		
Secondary tax on companies and dividend withholding taxes	**193**	242
Effect of differences between local and United Kingdom tax rates	**106**	173
Prior year adjustments to current tax	**(68)**	31
Other adjustments	**(1)**	17
Income tax expense	**1,265**	1,274

IAS 1 requires income from associates and joint ventures to be presented net of tax on the face of the income statement. Associates' and joint ventures' tax is therefore not included within the Group's income tax expense. Associates' and joint ventures' tax included within 'Share of net income from associates and joint ventures' for the year ended 31 December 2014 is $159 million (2013: $155 million). Excluding special items and remeasurements this becomes $113 million (2013: $158 million).

The effective tax rate before special items and remeasurements including attributable share of associates' and joint ventures' tax for the year ended 31 December 2014 was 29.8%. This is lower than the equivalent effective tax rate of 32.0% for the year ended 31 December 2013 due to the impact of certain prior year adjustments, the remeasurement of withholding tax provisions across the Group and the recognition of previously unrecognised losses. In future periods it is expected that the effective tax rate will remain above the United Kingdom statutory tax rate.

10. EARNINGS PER SHARE

US$	**2014**	2013
Loss per share		
Basic	**(1.96)**	(0.75)
Diluted	**(1.96)**	(0.75)
Headline earnings per share		
Basic	**1.20**	1.02
Diluted	**1.19**	1.02
Underlying earnings per share		
Basic	**1.73**	2.09
Diluted	**1.72**	2.08

Basic and diluted earnings per share are shown based on headline earnings, a Johannesburg Stock Exchange (JSE) defined performance measure, and underlying earnings (explained in note 6), which the directors consider to be a useful additional measure of the Group's performance.

The calculation of basic and diluted earnings per share is based on the following data:

	Loss attributable to equity shareholders of the Company		Headline earnings		Underlying earnings	
	2014	2013	**2014**	2013	**2014**	2013
(Loss)/earnings (US$ million)						
Basic and diluted (loss)/earnings	**(2,513)**	(961)	**1,535**	1,312	**2,217**	2,673
Number of shares (million)						
Basic number of ordinary shares outstanding	**1,284**	1,281	**1,284**	1,281	**1,284**	1,281
Effect of dilutive potential ordinary shares:						
Share options and awards	**–**	–	**5**	4	**5**	4
Diluted number of ordinary shares outstanding	**1,284**	1,281	**1,289**	1,285	**1,289**	1,285

Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares in issue on the assumption of conversion of all potentially dilutive ordinary shares. Potential ordinary shares shall be treated as dilutive when, and only when, their conversion to ordinary shares would decrease earnings per share or increase loss per share from continuing operations.

Basic loss per share is equal to diluted loss per share as all 18,431,061 (2013: 16,688,080) potential ordinary shares are anti-dilutive and 178,808 (2013: 134,679) have been excluded from the calculation of diluted headline earnings per share and diluted underlying earnings per share as they are anti-dilutive.

Basic and diluted number of ordinary shares outstanding represent the weighted average for the year. The average number of ordinary shares in issue excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies.

10. EARNINGS PER SHARE (continued)

The calculation of basic and diluted earnings per share, based on headline and underlying earnings, uses the following earnings data:

US$ million	2014	2013
Loss for the financial year attributable to equity shareholders of the Company	**(2,513)**	(961)
Operating special items	**4,268**	2,491
Operating special items – tax	**(362)**	(569)
Operating special items – non-controlling interests	**(16)**	(53)
Non-operating special items	**218**	456
Non-operating special items – tax	**(51)**	10
Non-operating special items – non-controlling interests	**(9)**	(62)
Headline earnings for the financial year	**1,535**	1,312
Operating special items[1]	**106**	800
Operating remeasurements	**1**	550
Non-operating special items[2]	**167**	13
Financing special items and remeasurements	**(36)**	130
Tax special items	**105**	188
Special items and remeasurements tax	**352**	(219)
Non-controlling interests on special items and remeasurements	**(13)**	(101)
Underlying earnings for the financial year	**2,217**	2,673

(1) Includes restructuring costs (2013: onerous contract provisions, restructuring costs and the reversal of the inventory uplift in De Beers).
(2) Principally relates to the Kumba Envision Trust and Ponahalo refinancing (2013: Kumba Envision Trust and elements of the Atlatsa refinancing).

11. CAPITAL EXPENDITURE

Capital expenditure is defined as cash expenditure on property, plant and equipment including related derivatives, and is now presented net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests in order to match more closely the way in which it is managed. Comparatives have been re-presented to align with current year presentation.

Capital expenditure by segment

US$ million	2014	2013
Iron Ore and Manganese	**2,685**	2,518
Coal[1]	**1,045**	1,263
Copper	**728**	959
Nickel[2]	**14**	(28)
Niobium[1]	**198**	206
Phosphates[1]	**41**	30
Platinum	**576**	601
De Beers	**689**	476
Corporate and other[1]	**42**	50
	6,018	6,075
Excluding:		
Cash outflows from derivatives related to capital expenditure	**(157)**	(136)
Proceeds from disposal of property, plant and equipment	**71**	140
Direct funding for capital expenditure received from non-controlling interests	**42**	46
Expenditure on property, plant and equipment	**5,974**	6,125

(1) Refer to note 4 for changes in reporting segments. Comparatives have been reclassified to align with current year presentation.
(2) Cash capital expenditure for Nickel of $164 million (2013: $76 million) is offset by the capitalisation of $150 million (2013: $104 million) of net operating cash inflows generated by Barro Alto which has not yet reached commercial production.

11. CAPITAL EXPENDITURE (continued)

Capital expenditure by category

US$ million	2014	2013
Expansionary[(1)]	**3,248**	3,213
Stay-in-business	**1,973**	2,241
Stripping and development	**868**	761
Proceeds from disposal of property, plant and equipment	**(71)**	(140)
	6,018	6,075

(1) The expansionary category includes the cash flows from derivatives related to capital expenditure and is net of direct funding for capital expenditure received from non-controlling interests.

12. NET DEBT

Net debt is a measure of the Group's financial position. The Group uses net debt to monitor the sources and uses of financial resources, the availability of capital to invest or return to shareholders, and the resilience of the balance sheet. Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of net debt).

a) Reconciliation to the balance sheet

	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
US$ million	2014	2013	2014	2013	2014	2013
Balance sheet	**6,748**	7,704	**(1,618)**	(2,108)	**(16,917)**	(15,740)
Bank overdrafts	**(1)**	(2)	**1**	2	**–**	–
Net debt classifications	**6,747**	7,702	**(1,617)**	(2,106)	**(16,917)**	(15,740)

b) Movement in net debt

US$ million	Cash and cash equivalents	Short term borrowings	Medium and long term borrowings	Net debt excluding derivatives	Derivatives hedging net debt	Net debt including derivatives
At 1 January 2013	9,298	(2,490)	(15,150)	(8,342)	(168)	(8,510)
Cash flow	(1,235)	2,307	(3,279)	(2,207)	(181)	(2,388)
Disposal of businesses	–	69	–	69	–	69
Reclassifications	–	(2,084)	2,084	–	–	–
Movement in fair value	–	24	521	545	(155)	390
Other non-cash movements	–	(5)	(39)	(44)	–	(44)
Currency movements	(361)	73	123	(165)	(4)	(169)
At 31 December 2013	**7,702**	**(2,106)**	**(15,740)**	**(10,144)**	**(508)**	**(10,652)**
Cash flow	**(841)**	**1,785**	**(3,568)**	**(2,624)**	**(203)**	**(2,827)**
Reclassifications	**–**	**(1,487)**	**1,487**	**–**	**–**	**–**
Movement in fair value	**–**	**(7)**	**(434)**	**(441)**	**(373)**	**(814)**
Other non-cash movements	**–**	**(2)**	**(72)**	**(74)**	**–**	**(74)**
Currency movements	**(114)**	**200**	**1,410**	**1,496**	**–**	**1,496**
At 31 December 2014	**6,747**	**(1,617)**	**(16,917)**	**(11,787)**	**(1,084)**	**(12,871)**

12. NET DEBT (continued)

c) Net debt by segment

The Group's policy is to hold the majority of its cash and borrowings at the corporate centre. Business units may from time to time raise borrowings in connection with specific capital projects, and subsidiaries with non-controlling interests have borrowings which are without recourse to the Group. Other than the impact of South African exchange controls (see 12d below), there are no significant restrictions over the Group's ability to access these cash balances or repay these borrowings. Net debt by segment is stated after elimination of inter-segment balances.

US$ million	2014	2013
Iron Ore and Manganese	**(2,294)**	(1,413)
Coal[1]	**201**	169
Copper	**738**	531
Nickel	**(262)**	(398)
Niobium[1]	**44**	22
Phosphates[1]	**32**	46
Platinum	**24**	(50)
De Beers	**(126)**	(311)
Corporate and other[1]	**(11,228)**	(9,248)
	(12,871)	(10,652)

[1] Refer to note 4 for changes in reporting segments. Comparatives have been reclassified to align with current year presentation.

d) South Africa net debt

The Group operates in South Africa where the existence of exchange controls may restrict the use of certain cash balances. The Group therefore monitors the cash and debt associated with these operations separately. These restrictions are not expected to have a material effect on the Group's ability to meet its ongoing obligations. Below is a breakdown of net debt in South Africa.

US$ million	2014	2013
Cash and cash equivalents	**1,298**	2,247
Short term borrowings	**(118)**	(512)
Medium and long term borrowings	**(1,252)**	(1,000)
Net (debt)/cash excluding derivatives	**(72)**	735
Derivatives hedging net debt	**1**	4
Net (debt)/cash including derivatives	**(71)**	739

13. BORROWINGS

The Group accesses borrowings mostly in capital markets through bonds issued under the Euro Medium Term Note (EMTN) programme, the South African Domestic Medium Term Note (DMTN) programme, the Australian Medium Term Note (AMTN) programme and through accessing the United States (US) bond markets. The Group uses interest rate and cross currency swaps to ensure that the majority of the Group's borrowings are floating rate US dollar denominated.

During 2014, the Group issued corporate bonds with a US dollar equivalent value of $3.2 billion. These included the following bonds:

- €750 million 1.75% guaranteed loan notes due 2018 and €750 million 3.25% guaranteed loan notes due 2023 issued under the EMTN programme.
- $500 million LIBOR plus 0.95% senior floating rate notes due 2016 and $500 million 4.125% senior notes due 2021 through accessing the US bond markets.
- R650 million 9.49% senior notes due 2021 and R400 million JIBAR plus 1.47% floating rate notes due 2021 issued under the DMTN programme.

An analysis of borrowings, as presented on the Consolidated balance sheet, is set out below:

				2014				2013
US$ million	**Short term borrowings**	**Medium and long term borrowings**	**Total borrowings**	**Contractual repayment at hedged rates**	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates
Secured								
Bank loans and overdrafts[1]	**9**	**21**	**30**	**30**	9	32	41	41
Obligations under finance leases	**25**	**52**	**77**	**77**	7	49	56	56
	34	**73**	**107**	**107**	16	81	97	97
Unsecured								
Bank loans and overdrafts	**211**	**2,198**	**2,409**	**2,805**	433	2,003	2,436	2,467
Bonds issued under EMTN programme	**1,228**	**9,384**	**10,612**	**11,542**	–	9,498	9,498	9,476
US bonds	**–**	**4,249**	**4,249**	**4,200**	1,256	3,194	4,450	4,450
Bonds issued under AMTN programme	**–**	**423**	**423**	**470**	–	440	440	470
Bonds issued under DMTN programme	**86**	**281**	**367**	**367**	–	307	307	304
Other loans	**59**	**309**	**368**	**368**	403	217	620	621
	1,584	**16,844**	**18,428**	**19,752**	2,092	15,659	17,751	17,788
Total borrowings	**1,618**	**16,917**	**18,535**	**19,859**	2,108	15,740	17,848	17,885

[1] Assets with a book value of $73 million (2013: $81 million) have been pledged as security, of which $47 million (2013: $30 million) are property, plant and equipment, $24 million (2013: $47 million) are financial assets and $2 million (2013: $4 million) are inventories. Related to these assets are borrowings of $30 million (2013: $41 million).

The Group had the following undrawn committed borrowing facilities at 31 December:

US$ million	**2014**	2013
Expiry date		
Within one year[1]	**1,073**	1,318
Greater than one year, less than two years	**525**	637
Greater than two years, less than three years	**1,172**	1,449
Greater than three years, less than four years	**597**	–
Greater than four years, less than five years	**5,000**	5,847
	8,367	9,251

[1] Includes undrawn rand facilities equivalent to $0.9 billion (2013: $1.2 billion) in respect of facilities with 364 day maturity which roll automatically on a daily basis, unless notice is served.

In April 2014, the Group amended a $5 billion revolving credit facility, extending the maturity to 2019. The facility was undrawn as at 31 December 2014.

14. CONTINGENT LIABILITIES

The Group is subject to various claims which arise in the ordinary course of business. Additionally, the Group has provided indemnities against certain liabilities as part of agreements for the sale or other disposal of business operations. Having taken appropriate legal advice, the Group believes that a material liability arising from the indemnities provided is remote.

The Group is required to provide guarantees in several jurisdictions in respect of environmental restoration and decommissioning obligations. The Group has provided for the estimated cost of these activities.

No contingent liabilities were secured on the assets of the Group at 31 December 2014 or 31 December 2013.

Anglo American South Africa Limited (AASA)

AASA, a wholly owned subsidiary of the Company, is a defendant in a number of lawsuits filed in England and South Africa on behalf of former mineworkers (or their dependants or survivors) who allegedly contracted silicosis working for gold mining companies in which AASA was a shareholder and to which AASA provided various technical and administrative services.

In England: AASA is a defendant in a lawsuit filed in the High Court in London on behalf of approximately 2,700 named former mineworkers or their dependants.

In South Africa: (i) AASA is a defendant in approximately 4,400 separate lawsuits filed in the North Gauteng High Court (Pretoria) which have been referred to arbitration; and (ii) AASA is named as one of 32 defendants in a consolidated class certification application filed in South Africa.

AASA successfully contested the jurisdiction of the English courts to hear certain claims filed against it in that jurisdiction. AASA is defending the separate lawsuits filed in South Africa and will oppose the application for consolidated class certification in South Africa.

AASA, AngloGold Ashanti, Gold Fields, Harmony Gold and Sibanye Gold announced in November 2014 that they have formed an industry working group to address issues relating to compensation and medical care for occupational lung disease (OLD) in the gold mining industry in South Africa. The companies have begun to engage all stakeholders on these matters, including government, organised labour, other mining companies and legal representatives of claimants who have filed legal suits against the companies. These legal proceedings are being defended. The industry working group is seeking a comprehensive solution to address legacy compensation issues and future legal frameworks that is fair to past and current employees and enables companies to continue to be competitive over the long term.

Kumba Iron Ore

21.4% undivided share of the Sishen mine mineral rights

Sishen Iron Ore Company (Pty) Limited (SIOC) has not yet been awarded the 21.4% Sishen mining right, which it applied for early in 2014 following the Constitutional Court judgment on the matter in December 2013. The Constitutional Court ruled that SIOC held a 78.6% undivided share of the Sishen mining right and that, based on the provisions of the Minerals and Petroleum Resources Development Act (MPRDA), only SIOC can apply for, and be granted, the residual 21.4% share of the mining right at the Sishen mine. The grant of the mining right may be made subject to such conditions considered by the minister to be appropriate, provided that the proposed conditions are permissible under the MPRDA. Kumba Iron Ore is actively continuing its discussions with the Department of Mineral Resources (DMR) in order to finalise the grant of the residual right.

Kumba Iron Ore tax

At 31 December 2014, Kumba Iron Ore has certain unresolved tax matters that are currently under review with the South African Revenue Service (SARS). Kumba Iron Ore management has consulted with external tax and legal advisers, who support the positions taken. Nonetheless, Kumba Iron Ore management is actively discussing the issue with SARS with a view to seeking resolution and believes that the accounting for these matters is appropriate in the results for the year ended 31 December 2014.

15. EVENTS OCCURRING AFTER END OF YEAR

With the exception of the proposed final dividend for 2014, there have been no reportable events since 31 December 2014.

Summary by business operation

Marketing activities are allocated to the underlying operation to which they relate.

	Revenue[1]		Underlying EBITDA[2]		Underlying EBIT[3]		Underlying earnings	
US$ million	**2014**	2013	**2014**	2013	**2014**	2013	**2014**	2013
Iron Ore and Manganese	**5,176**	6,517	**2,286**	3,390	**1,957**	3,119	**717**	1,125
Kumba Iron Ore	**4,388**	5,643	**2,162**	3,266	**1,911**	3,047	**747[4]**	1,171[4]
Iron Ore Brazil	**–**	–	**(29)**	(27)	**(34)**	(31)	**(32)**	(51)
Samancor	**788**	874	**251**	258	**178**	210	**78**	92
Projects and corporate	**–**	–	**(98)**	(107)	**(98)**	(107)	**(76)[4]**	(87)[4]
Coal[5]	**5,808**	6,400	**1,207**	1,347	**458**	587	**296**	457
Australia and Canada	**2,970**	3,396	**543**	672	**(1)**	106	**(30)**	111
South Africa	**2,083**	2,187	**463**	479	**350**	356	**271**	283
Colombia	**755**	817	**255**	299	**163**	228	**105**	151
Projects and corporate	**–**	–	**(54)**	(103)	**(54)**	(103)	**(50)**	(88)
Copper	**4,827**	5,392	**1,902**	2,402	**1,193**	1,739	**493**	803
Anglo American Sur	**2,792**	3,300	**1,185**	1,642	**762**	1,220	**301**	464
Anglo American Norte	**724**	778	**126**	191	**52**	135	**69**	85
Collahuasi	**1,311**	1,314	**707**	718	**495**	533	**207**	386
Projects and corporate	**–**	–	**(116)**	(149)	**(116)**	(149)	**(84)**	(132)
Nickel	**142**	136	**28**	(37)	**21**	(44)	**6**	(54)
Codemin	**142**	136	**43**	23	**37**	17	**23**	5
Loma de Níquel	**–**	–	**22**	(5)	**22**	(5)	**22**	(7)
Barro Alto	**–**	–	**(25)**	(38)	**(26)**	(39)	**(25)**	(38)
Projects and corporate	**–**	–	**(12)**	(17)	**(12)**	(17)	**(14)**	(14)
Niobium[5]	**180**	182	**73**	87	**67**	82	**30**	42
Catalão	**180**	182	**75**	94	**69**	89	**31**	48
Projects and corporate	**–**	–	**(2)**	(7)	**(2)**	(7)	**(1)**	(6)
Phosphates[5]	**486**	544	**79**	89	**57**	68	**35**	50
Copebrás	**486**	544	**88**	100	**66**	79	**39**	57
Projects and corporate	**–**	–	**(9)**	(11)	**(9)**	(11)	**(4)**	(7)
Platinum	**5,396**	5,688	**527**	1,048	**32**	464	**25**	287
Operations	**5,396**	5,688	**585**	1,121	**90**	537	**80**	356
Projects and corporate	**–**	–	**(58)**	(73)	**(58)**	(73)	**(55)**	(69)
De Beers	**7,114**	6,404	**1,818**	1,451	**1,363**	1,003	**923**	532
Operations	**7,114**	6,404	**1,862**	1,516	**1,407**	1,068	**959**	591
Projects and corporate	**–**	–	**(44)**	(65)	**(44)**	(65)	**(36)**	(59)
Corporate and other[5]	**1,859**	1,800	**(88)**	(257)	**(215)**	(398)	**(308)**	(569)
Other Mining and Industrial	**1,854**	1,795	**162**	81	**62**	(13)	**44**	(2)
Exploration	**–**	–	**(180)**	(205)	**(181)**	(207)	**(163)**	(190)
Corporate activities and unallocated costs	**5**	5	**(70)**	(133)	**(96)**	(178)	**(189)**	(377)
	30,988	33,063	**7,832**	9,520	**4,933**	6,620	**2,217**	2,673

(1) Revenue includes the Group's attributable share of associates' and joint ventures' revenue. Revenue for copper is shown after deduction of treatment and refining charges (TC/RCs).
(2) Underlying EBITDA is underlying EBIT before depreciation and amortisation in subsidiaries and joint operations, and includes the Group's attributable share of associates' and joint ventures' underlying EBITDA.
(3) Underlying EBIT is operating profit before special items and remeasurements, and includes the Group's attributable share of associates' and joint ventures' underlying EBIT.
(4) Of the projects and corporate expense, which includes a corporate cost allocation, $54 million (2013: $63 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is $693 million (2013: $1,108 million).
(5) Refer to note 4 of the Condensed financial statements for changes in reporting segments. Comparatives have been reclassified to align with current year presentation.

Key financial data

US$ million (unless otherwise stated)	**2014**	2013	2012 restated[1]	2011	2010	2009	2008	2007	2006[2]	2005[2]
Group revenue including associates and joint ventures	**30,988**	33,063	32,785	36,548	32,929	24,637	32,964	30,559	29,404	24,872
Group revenue	**27,073**	29,342	28,680	30,580	27,960	20,858	26,311	25,470	24,991	20,132
Underlying EBIT[3]	**4,933**	6,620	6,253	11,095	9,763	4,957	10,085	9,590	8,888	5,549
Operating and non-operating special items and remeasurements (including associates and joint ventures)	**(4,760)**	(4,310)	(5,755)	(44)	1,727	(208)	(330)	(227)	24	16
Net finance costs, tax and non-controlling interests of associates and joint ventures	**(212)**	(204)	(281)	(452)	(423)	(313)	(783)	(434)	(398)	(315)
(Loss)/profit before net finance costs and tax	**(39)**	2,106	217	10,599	11,067	4,436	8,972	8,929	8,514	5,250
(Loss)/profit before tax	**(259)**	1,700	(171)	10,782	10,928	4,029	8,571	8,821	8,443	5,030
(Loss)/profit for the financial year	**(1,524)**	426	(564)	7,922	8,119	2,912	6,120	8,172	6,922	3,933
Non-controlling interests	**(989)**	(1,387)	(906)	(1,753)	(1,575)	(487)	(905)	(868)	(736)	(412)
(Loss)/profit attributable to equity shareholders of the Company	**(2,513)**	(961)	(1,470)	6,169	6,544	2,425	5,215	7,304	6,186	3,521
(Loss)/earnings per share (US$)	**(1.96)**	(0.75)	(1.17)	5.10	5.43	2.02	4.34	5.58	4.21	2.43
Underlying earnings[4]	**2,217**	2,673	2,860	6,120	4,976	2,569	5,237	5,761	5,471	3,736
Underlying earnings per share (US$)	**1.73**	2.09	2.28	5.06	4.13	2.14	4.36	4.40	3.73	2.58
Ordinary dividend per share (US cents)	**85.0**	85.0	85.0	74.0	65.0	–	44.0	124.0	108.0	90.0
Underlying EBITDA[5]	**7,832**	9,520	8,860	13,348	11,983	6,930	11,847	12,132	12,197	8,959
Underlying EBITDA interest cover[6]	**47.8**	51.5	52.1	n/a	42.0	27.4	28.3	42.0	45.5	20.0
Underlying operating margin	**15.9%**	20.0%	19.1%	30.4%	29.6%	20.1%	30.6%	28.4%	25.4%	18.5%
Ordinary dividend cover (based on underlying earnings per share)	**2.0**	2.5	2.7	6.8	6.4	–	9.9	3.5	3.5	2.9
Net assets	**32,177**	37,364	43,738	43,189	37,971	28,069	21,756	24,330	27,127	27,578
Non-controlling interests	**(5,760)**	(5,693)	(6,127)	(4,097)	(3,732)	(1,948)	(1,535)	(1,869)	(2,856)	(3,957)
Equity attributable to equity shareholders of the Company	**26,417**	31,671	37,611	39,092	34,239	26,121	20,221	22,461	24,271	23,621
Total capital employed[7]	**43,782**	46,551	49,757	41,667	42,135	36,623	29,808	24,401	28,285	31,643
Cash flows from operations	**6,949**	7,729	7,370	11,498	9,924	4,904	9,579	9,845	10,057	7,265
Capital expenditure[8]	**(6,018)**	(6,075)	(5,947)	(5,672)	(4,902)	(4,707)	(5,282)	(4,002)	(3,575)	(1,831)
Net debt[9]	**(12,871)**	(10,652)	(8,510)	(1,374)	(7,384)	(11,280)	(11,340)	(4,851)	(3,131)	(4,980)
Dividends received from associates, joint ventures and financial asset investments	**460**	264	348	403	285	639	659	363	288	470
Underlying EBITDA/average total capital employed[7]	**17.3%**	19.8%	19.4%	31.9%	30.4%	20.9%	43.7%	46.1%	40.7%	27.0%
Net debt to total capital (gearing)[10]	**28.6%**	22.2%	16.3%	3.1%	16.3%	28.7%	34.3%	16.6%	10.3%	15.3%

(1) Certain balances relating to 2012 were restated to reflect the adoption of new accounting pronouncements. See note 1 of the 2013 Condensed financial statements for details.
(2) Comparatives for 2006 and 2005 were adjusted in the 2007 Annual Report to reclassify amounts relating to discontinued operations where applicable.
(3) Underlying EBIT is operating profit presented before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' underlying EBIT. Underlying EBIT of associates and joint ventures is the Group's attributable share of revenue less operating costs before special items and remeasurement of associates and joint ventures.
(4) Underlying earnings is profit attributable to equity shareholders of the Company before special items and remeasurements, and is therefore presented after net finance costs, income tax and non-controlling interests.
(5) Underlying EBITDA is underlying EBIT before depreciation and amortisation in subsidiaries and joint operations and includes the Group's attributable share of associates' and joint ventures' underlying EBIT before depreciation and amortisation.
(6) Underlying EBITDA interest cover is underlying EBITDA divided by net finance costs, excluding net foreign exchange gains and losses, unwinding of discount relating to provisions and other liabilities, financing special items and remeasurements, and including the Group's attributable share of associates' and joint ventures' net finance costs, which in 2011 resulted in a net finance income and therefore the ratio is not applicable.
(7) Total capital employed is net assets excluding net debt (including related hedges and net debt in disposal groups) and financial asset investments. Comparatives are presented on a consistent basis.
(8) Capital expenditure is defined as cash expenditure on property, plant and equipment including related derivatives, and is now presented net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests in order to match more closely the way in which it is managed. Comparatives have been re-presented to align with current year presentation.
(9) Net debt is calculated as total borrowings less cash and cash equivalents (including related hedges and net debt in disposal groups).
(10) Net debt to total capital is calculated as net debt (including related hedges and net debt in disposal groups) divided by total capital. Comparatives are presented on a consistent basis.

Exchange rates and commodity prices

US$ exchange rates	2014	2013
Year end spot rates		
Rand	**11.57**	10.51
Brazilian real	**2.66**	2.36
Sterling	**0.64**	0.60
Australian dollar	**1.22**	1.12
Euro	**0.82**	0.73
Chilean peso	**607**	526
Botswana pula	**9.51**	8.76
Average rates for the year		
Rand	**10.85**	9.65
Brazilian real	**2.35**	2.16
Sterling	**0.61**	0.64
Australian dollar	**1.11**	1.03
Euro	**0.75**	0.75
Chilean peso	**571**	495
Botswana pula	**8.97**	8.39

Commodity prices		2014	2013
Year end spot prices			
Iron ore (62% Fe CFR)(1)	US$/tonne	**72**	145
Thermal coal (FOB South Africa)(2)	US$/tonne	**66**	85
Thermal coal (FOB Australia)(2)	US$/tonne	**65**	85
Hard coking coal (FOB Australia)(3)	US$/tonne	**119**	152
Copper(4)	US cents/lb	**288**	335
Nickel(4)	US cents/lb	**677**	663
Platinum(5)	US$/oz	**1,210**	1,358
Palladium(5)	US$/oz	**798**	711
Rhodium(6)	US$/oz	**1,245**	975
Average market prices for the year			
Iron ore (62% Fe CFR)(1)	US$/tonne	**97**	135
Thermal coal (FOB South Africa)(2)	US$/tonne	**72**	80
Thermal coal (FOB Australia)(2)	US$/tonne	**71**	84
Hard coking coal (FOB Australia)(7)	US$/tonne	**125**	159
Copper(4)	US cents/lb	**311**	332
Nickel(4)	US cents/lb	**765**	680
Platinum(5)	US$/oz	**1,385**	1,487
Palladium(5)	US$/oz	**803**	725
Rhodium(6)	US$/oz	**1,173**	1,067

(1) Source: Platts.
(2) Source: McCloskey.
(3) Source: Represents the quarter four benchmark.
(4) Source: London Metal Exchange (LME).
(5) Source: London Platinum and Palladium Market (LPPM).
(6) Source: Comdaq.
(7) Source: Represents the average quarterly benchmark.

ANGLO AMERICAN plc

(Incorporated in England and Wales – Registered number 3564138)

(the Company)

Notice of Final Dividend

(Dividend No. 29)

The directors have recommended that a dividend on the Company's ordinary share capital in respect of the year ended 31 December 2014 will, subject to approval by shareholders at the Annual General Meeting to be held at 2.30 pm on Thursday 23 April 2015, be paid as follows:

Amount (United States currency)	53 cents per ordinary share (note 1)
Amount (South African currency)	R6.2661900 per ordinary share (note 2)
Last day to effect removal of shares between the UK and SA registers	Thursday 12 February 2015
Last day to trade on the JSE Limited (JSE) to qualify for dividend	Friday 13 March 2015
Ex-dividend on the JSE from the commencement of trading on	Monday 16 March 2015 (note 3)
Ex-dividend on the London Stock Exchange from the commencement of trading on	Thursday 19 March 2015
Record date (UK and SA registers)	Friday 20 March 2015
Removal of shares between the UK and SA registers permissible from	Monday 23 March 2015
Last day for receipt of US$:£/€ currency elections by the UK Registrars (note 1)	Tuesday 7 April 2015
Last day for receipt of Dividend Reinvestment Plan (DRIP) mandate forms by the UK Registrars (notes 4, 5 and 6)	Tuesday 7 April 2015
Last day for receipt of DRIP mandate forms by Central Securities Depository Participants (CSDPs) (notes 4, 5 and 6)	Tuesday 7 April 2015
Last day for receipt of DRIP mandate forms by South African Transfer Secretaries (notes 4, 5 and 6)	Friday 10 April 2015
Currency conversion US$:£/€ rates announced on	Wednesday 15 April 2015
Dividend warrants posted SA	Friday 24 April 2015
Dividend warrants posted UK	Monday 27 April 2015
Payment date of dividend	Tuesday 28 April 2015

Notes

1. Shareholders on the United Kingdom register of members with an address in the United Kingdom will be paid in pounds sterling and those with an address in a country in the European Union which has adopted the euro, will be paid in euros. Such shareholders may, however, elect to be paid their dividends in US dollars provided the UK Registrars receive such election by Tuesday 7 April 2015. Shareholders with an address elsewhere will be paid in US dollars except those registered on the South African branch register who will be paid in South African rand.
2. Dividend Tax will be withheld from the amount of the gross dividend of R6.2661900 per ordinary share paid to South African shareholders at the rate of 15% unless a shareholder qualifies for exemption. After the Dividend Tax has been withheld, the net dividend will be R5.3262615 per ordinary share.
   Anglo American plc had a total of 1,405,465,332 ordinary shares in issue, including 8,790,061 treasury shares, as at the date hereof. In South Africa the dividend will be distributed by Anglo South Africa Capital (Pty) Limited, a South African company with tax registration number 9273/364/84/5, in terms of the Company's dividend access share arrangements. No Secondary Tax on Companies (STC) credits will be used for the payment of the dividend.
3. Dematerialisation and rematerialisation of registered share certificates in South Africa will not be effected by CSDPs during the period from the JSE ex-dividend date to the record date (both days inclusive).
4. Those shareholders who already participate in the DRIP need not complete a DRIP mandate form for each dividend as such forms provide an ongoing authority to participate in the DRIP until cancelled in writing. Shareholders who wish to participate in the DRIP should obtain a mandate form from the UK Registrars, the South African Transfer Secretaries or, in the case of those who hold their shares through the STRATE system, their CSDP.
5. In terms of the DRIP, and subject to the purchase of shares in the open market, share certificates/CREST notifications are expected to be mailed and CSDP investor accounts credited/updated on Thursday 7 May 2015. CREST accounts will be credited on Friday 1 May 2015.
6. Copies of the terms and conditions of the DRIP are available from the UK Registrars or the South African Transfer Secretaries.

13 February 2015

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