# HALF YEAR FINANCIAL REPORT

for the six months ended 30 June 2015

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24 July 2015

**Anglo American Interim Results 2015**

**Improved operational performance and accelerated cost and capex reductions to mitigate price weakness**

- Group underlying EBIT[(1)] of $1.9 billion, a 36% decrease due to sharply weaker commodity prices ($1.9 billion[(2)] underlying EBIT impact), partially offset by weaker producer country currencies and cost reductions ($0.6 billion underlying EBIT benefit)[(3)]
- Commodity price-driven impairments of $3.5 billion after tax, including $2.9 billion at Minas-Rio
- Productivity improvements and indirect and capital cost reductions accelerated, with disposals being progressed:
  - $1.5 billion[(4)] of operating and indirect cost reductions and productivity gains targeted in H2 2015 and 2016 (operating costs $800 million, productivity gains $400 million, indirect costs $300 million)
  - Additional capital expenditure reductions of up to $1.0 billion by end 2016
  - $1.6 billion of disposal proceeds delivered in July 2015
- Improved operational performance and cash flows delivering net debt of $13.5 billion as at 30 June 2015 (31 December 2014: $12.9 billion), with $15.0 billion of liquidity maintained. Following receipt of Lafarge Tarmac proceeds, net debt is $11.9 billion.
  - Production volumes increased by 8% (Cu eq.)[(3)]
  - Unit costs decreased by 5% (local currency) and 14% in US dollar terms[(3)]

| **Financial highlights**<br>US$ million, unless otherwise stated | **6 months ended 30 June 2015** | 6 months ended 30 June 2014 | Change |
|---|---|---|---|
| Underlying EBIT[(1)] | **1,883** | 2,932 | (36)% |
| Underlying earnings[(5)] | **904** | 1,284 | (30)% |
| Group revenue[(6)] | **13,346** | 16,144 | (17)% |
| Underlying EBITDA[(7)] | **3,280** | 4,328 | (24)% |
| (Loss)/profit before tax[(8)] | **(1,920)** | 2,945 | – |
| (Loss)/profit for the financial period attributable to equity shareholders of the Company[(8)] | **(3,015)** | 1,464 | – |
| Underlying earnings per share (US$)[(5)] | **0.70** | 1.00 | (30)% |
| Dividend per share (US$) | **0.32** | 0.32 | – |
| Attributable ROCE%[(9)] | **8%** | 10% | – |

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

**Mark Cutifani, Chief Executive of Anglo American**, said: "The transformation of Anglo American that I set out 18 months ago is progressing, despite considerable external challenges. I expect the operational turnaround to generate $1.2 billion[(4)] of underlying EBIT upside over the next 18 months, in addition to the $1.7 billion delivered to date. Structurally, we are focusing the portfolio around those assets that are of the scale and quality to generate most value to the Group. We expect to generate proceeds of at least $3 billion from asset sales, including the $1.6 billion received from the sale of our 50% interest in Lafarge Tarmac. We are unrelenting in enforcing strict cost and capital discipline across Anglo American, building upon the unit cost reductions delivered to date. Combined with planned capital expenditure reductions of up to $1.0 billion by end 2016, we are on track to deliver our long term net debt target of $10 billion to $12 billion, with net debt after the Lafarge Tarmac proceeds at $11.9 billion.

"Having defined our portfolio and significantly improved operational performance, now is the right time to accelerate the right-sizing of the organisation that supports the future business; we are targeting a $500 million[(4)] total cost saving, of which $300 million will be realised from our ongoing core business, through the reduction of 6,000 overhead and other indirect roles, a 46% decrease, including those that will transfer with the businesses we are divesting. Post asset sales, we expect to have reduced our number of assets from 55 to 40 and reduced total employees by 35%, while maintaining copper equivalent production. As a result, and following the asset disposals and further business improvement, our underlying EBITDA margin of 25% in the first half of 2015 would increase to 35% on a like for like basis, representing a 40% improvement off a substantially lower cost base."

**Mark Cutifani** added: “Safety performance is my first priority and I am saddened to report that we lost five colleagues in incidents in South Africa, Australia and Brazil in the first half of the year. There is no acceptable reason for us not to ensure a safe working environment for all our people and our work to consign all safety incidents to history continues with absolute determination.

“The first six months of 2015 saw considerable further price decreases for our products amidst a volatile market environment and economic uncertainty in certain key markets. Our work to drive yet greater operational performance and productivity has continued, with a 14% decrease in copper equivalent unit costs (in US dollar terms). Cash costs were down $600 million[(3)], partially offsetting the $1.9 billion underlying EBIT impact of sharply weaker commodity prices. Looking to the balance of this year and into next, I expect the current period of volatile markets and economic uncertainty, fuelled in part by pockets of geopolitical tension, to continue.

“Overall performance for the half year was solid and largely in line with our expectations, reflecting a number of planned or otherwise expected impacts, such as the rebuild of the nickel furnaces in Brazil and the water shortage in our Copper business in Chile. Of particular note was the performance of the Platinum business following last year’s strike, with the Mogalakwena open pit delivering strong volume, productivity and unit cost improvements, while Rustenburg also showed greater productivity with its now optimised mine plan. Cost control is a major focus, particularly given our footprint in certain high inflation jurisdictions, and we recorded strong unit cost decreases in Coal and De Beers.

“In Iron Ore, Kumba’s production volume was in line with 2014 while US dollar unit costs improved by 4%. The Kolomela mine continued to perform strongly although we have adjusted the mine plan at Sishen to reflect the current market environment and have revised Kumba’s volume guidance downwards for 2015 and 2016. Taking into account the volatility in the iron ore market, and to protect against the downside, we are positioning Kumba for a $45 per tonne benchmark iron ore price by optimising the Sishen pit design and restructuring overheads and support services while preserving the life of the mine.

“We are taking the same approach to costs at Minas-Rio in Brazil. The ramp-up of the operation is progressing and we are now in a position to reduce targeted FOB unit costs by $5 per tonne to $28-30 per tonne once full run-rate is reached in Q2 2016. Given the significant further weakness in iron ore prices, we reviewed our near-and longer-term price assumptions at the mid-year, resulting in a $2.9 billion post-tax write down in the carrying value of Minas-Rio.

“Our Coal businesses in Australia and South Africa delivered a 3% underlying EBIT increase due to a combination of productivity improvements, including unit cost reductions of 13% in Australia and 3% in South Africa in local currency terms, and volume discipline in Canada.

“De Beers saw a continuation of the market weakness of late 2014 during the first six months of 2015, resulting in a 25% underlying EBIT decrease. In response to these market conditions, the business has revised production guidance for 2015 to 29 to 31 million carats, while continuing to focus on its operational metrics. De Beers also reduced unit costs by 10% in dollar terms.

“We are making fundamental changes to transform Anglo American – operationally, structurally and culturally – into a fit for purpose organisation with an enhanced resource endowment. Combined with our diversified strategy across the early, mid and late cycle demand segments, we are ensuring that the business is sustainable through the commodity price cycles, as well as shorter-term price shocks, and offers investors attractive and differentiated exposure to the mining industry.”

Notes to the highlights and table on page 1&2

[1] 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. 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.

[2] Excludes De Beers.

[3] Platinum strike underlying EBIT impact of $0.4bn included in cash cost benefit. Cu equivalent production is (2)% if adjusting for 2014 Platinum strike and excluding Peace River Coal Care & Maintenance impact. Cu equivalent unit costs adjusted for Platinum strike would be 2% increase in local currency and (7)% lower in USD.

[4] Underlying EBIT improvement targets are broken down as follows:

- $1.5 billion of underlying EBIT benefits from the core business, broken down by:
  - $1.2 billion of operational improvements, including $0.8 billion of operating cost reductions and $0.4 billion productivity gains
  - $0.3 billion of indirect cost reductions
- Indirect costs are targeted to fall by a total of $0.5 billion, of which $0.3 billion is from core operations (above) and $0.2 billion will be realised through the divestment of non-core assets.

[5] See note 6 and 10 to the Condensed financial statements for basis of calculation of underlying earnings.

[6] Includes the Group's attributable share of associates' and joint ventures' revenue of $1,788 million (30 June 2014: $1,923 million). See note 4 to the Condensed financial statements.

[7] 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.

[8] Stated after special items and remeasurements. See note 7 to the Condensed financial statements.

[9] Attributable ROCE is based on underlying performance, and reflects realised prices and foreign exchange during the current period. Where ROCE relates to a period of less than one year, the return for the period has been annualised (with the exception of De Beers when presented as an individual business unit– see footnote on page 21).

# Financial review of Group results for the six months ended 30 June 2015

## Summary

Anglo American reported underlying earnings of $0.9 billion (H1 2014: $1.3 billion), with underlying EBIT decreasing by 36% to $1.9 billion.

Falling prices were seen across most products ($1.9 billion impact[1]), with the realised price of iron ore down 41%, platinum down 19%, copper 18% and HCC down 15%. This was partially mitigated by a solid cost performance and favourable exchange rates.

A strengthening of the US dollar against the South African rand and the Australian dollar more than offset the impact of CPI on the Group result ($0.4 billion favourable to underlying EBIT vs H1 2014). The Group's overall cash costs decreased in real terms as a result of cost-reduction initiatives across the Group and falling input costs such as diesel, rubber and steel.

Net debt increased by $0.6 billion to $13.5 billion (31 December 2014: $12.9 billion) and total capital expenditure has reduced by $0.6 billion to $2.1 billion, as expansionary projects approach completion and SIB capital expenditure is reduced. On 17 July 2015, Anglo American received $1.6 billion for its 50% interest in Lafarge Tarmac, reducing net debt to $11.9 billion.

The first six months of 2015 have seen significant further weakness and ongoing volatility in the prices of the bulk commodities, particularly iron ore and metallurgical coal. Anglo American has therefore reviewed its near-and longer-term commodity price assumptions at the mid-year, while also noting the gradual and ongoing reduction of consensus prices within what remains a wide range of forecasts. As a result, Anglo American has recorded non-cash impairments within special items at 30 June 2015 relating to Minas-Rio and Coal assets of $3.5 billion after tax.

## Operational performance (production/costs)

Operational performance was encouraging across the majority of businesses. Total Australia and Canada coal production increased 4% despite Peace River Coal (which produced 0.9 Mt in H1 2014) being placed on care and maintenance in December 2014. Minas-Rio produced 3.0 Mt (wet basis) in H1 2015 after commencing operations in the fourth quarter of 2014 and reaching First Ore On Ship (FOOS) on 25 October 2014. In addition, total equivalent refined platinum production increased by 55%, primarily due to the non-recurrence of the industrial action which took place in 2014. In contrast, nickel production decreased by 34%, as a result of the furnace rebuild at Barro Alto. Copper production decreased by 10% largely as a result of the shutdowns of the processing plants at Los Bronces to manage water reserve levels.

The first half of 2015 saw a positive performance on costs. Coal Australia AUD FOB cash costs decreased by 13% due to increased productivity at underground mines and cost reductions. Copper unit costs increased by 4%, with lower volumes at Los Bronces due to water conservation measures being the primary driver. The Group continued to experience falling mining inflation, with Chile, Australia and South Africa experiencing below CPI cost inflation vs. H1 2014.

(1) Excludes De Beers.

## Income Statement

### *Underlying EBIT*

| $ million | **6 months ended 30 June 2015** | 6 months ended 30 June 2014 |
|---|---|---|
| Iron Ore and Manganese | **510** | 1,229 |
| Coal | **267** | 260 |
| Copper | **174** | 760 |
| Nickel | **–** | 26 |
| Niobium | **32** | 34 |
| Phosphates | **41** | 9 |
| Platinum | **272** | (1) |
| De Beers | **576** | 765 |
| Corporate and other | **11** | (150) |
| **Total** | **1,883** | 2,932 |

### *Underlying Earnings*

Group underlying earnings were $0.9 billion, a 31% decrease (H1 2014: $1.3 billion).

| | **6 months ended 30 June 2015** | | | |
|---|---|---|---|---|
| $ million | **Underlying EBIT** | **Net finance costs and income tax expense** | **Non-controlling interests** | **Underlying earnings** |
| Iron Ore and Manganese | **510** | **(192)** | **(178)** | **140** |
| Coal | **267** | **(66)** | **(4)** | **197** |
| Copper | **174** | **(70)** | **(42)** | **62** |
| Nickel | **–** | **(2)** | **–** | **(2)** |
| Niobium | **32** | **(15)** | **–** | **17** |
| Phosphates | **41** | **(18)** | **–** | **23** |
| Platinum | **272** | **(55)** | **(42)** | **175** |
| De Beers | **576** | **(155)** | **(61)** | **360** |
| Corporate and other | **11** | **(85)** | **6** | **(68)** |
| **Total** | **1,883** | **(658)** | **(321)** | **904** |

### *Net finance costs*

Net finance costs, before special items and remeasurements, excluding associates and joint ventures, were $161 million (H1 2014: $73 million). The increase was driven by lower interest income due to a reduction in cash from $8.5 billion to $7.0 billion and foreign exchange losses in the current period, primarily driven by the weakening Brazilian real, compared to gains in the comparative period.

### *Tax*

The effective rate of tax, before special items and remeasurements including attributable share of associates' and joint ventures' tax, decreased from 31.5% for the six months ended 30 June 2014 and 29.8% for the year ended 31 December 2014 to 28.0%. This lower rate was due to the net impact of certain prior year adjustments, the remeasurement of withholding tax provisions across the Group and the relative levels of profits arising in our operating jurisdictions. In future periods, it is expected that the effective tax rate will remain above the United Kingdom statutory tax rate.

***Reconciliation to (loss)/profit for the period from underlying earnings***

| $ million | **6 months ended 30 June 2015** | 6 months ended 30 June 2014 |
|---|---|---|
| **Underlying earnings** | **904** | 1,284 |
| Operating special items | **(3,319)** | (61) |
| Operating remeasurements | **(109)** | 179 |
| Non-operating special items | **(155)** | 19 |
| Financing special items and remeasurements | **69** | 45 |
| Special items and remeasurements tax | **(413)** | (4) |
| Non-controlling interests on special items and remeasurements | **49** | (4) |
| Share of associates' and joint ventures' special items and remeasurements | **(41)** | 6 |
| **(Loss)/profit for the financial period attributable to equity shareholders of the Company** | **(3,015)** | 1,464 |
| | | |
| **Underlying earnings per share (US$)** | **0.70** | 1.00 |

***Special items and remeasurements***

Special items and remeasurements primarily relate to impairments in respect of the Minas-Rio iron ore project of $2.5 billion pre-tax ($2.9 billion post-tax) and Capcoal, Peace River Coal and other assets within the Coal segment of $0.8 billion pre-tax ($0.6 billion post-tax). Full details of the special items and remeasurements charges are to be found in note 7 to the Condensed financial statements.

***Group ROCE***

Attributable ROCE declined to 8% in H1 2015 (30 June 2014: 10%) primarily as a consequence of weaker commodity prices, partially offset by improved operational performance, depreciating foreign exchange, a lower proportion of post-tax earnings attributable to non-controlling interests and lower average attributable capital employed. Average attributable capital employed decreased from $38.7 billion in 31 December 2014 to $35.5 billion in H1 2015, driven by impairments at Minas-Rio and the Coal assets, partially offset by ongoing capital expenditure.

Attributable ROCE is defined as annualised underlying EBIT divided by average capital employed for the period, where capital employed is net assets excluding net debt and financial asset investments, attributable to equity shareholders of Anglo American plc. It is calculated based on achieved prices and foreign exchange. Refer to page 52 for further details.

The previous ROCE measure, used to track the *Driving Value* programme, incorporated a number of adjustments, principally to reverse the impact of certain impairments and acquisition fair value adjustments. The new attributable ROCE measure has been developed to allow a clearer link to the published financial statements. Comparatives have been restated to align with the current period presentation, and capital employed by segment is disclosed in note 4 to the Condensed financial statements. The *Driving Value* ROCE is disclosed on page 52.

***Net debt***

Net debt (including related hedges) of $13,496 million was $625 million higher than at 31 December 2014 and $1,981 million higher than at 30 June 2014, representing gearing of 32.8% (31 December 2014: 28.6%). Net debt is made up of cash and cash equivalents of $7,033 million (31 December 2014: $6,747 million) and gross debt including related derivatives of $20,529 million (31 December 2014: $19,618 million). The increase in net debt compared with full-year 2014 was driven by capital expenditure of $2,113 million, the payment of dividends of $680 million to Company shareholders and $196 million to non-controlling interests, and interest payments of $456 million. This was partially offset by cash generated from operating activities of $2,715 million.

Following the issue of $3.2 billion of bonds in 2014, the Group issued further bonds of $2.2 billion consisting of $1.5 billion through accessing the US bond markets and $0.7 billion under the Euro Medium Term Note programme during the period.

On 17 July 2015, Anglo American received cash proceeds of $1.6 billion for its 50% interest in Lafarge Tarmac, reducing net debt from $13.5 billion at 30 June 2015 to $11.9 billion.

Anglo American's objective is to maintain a strong investment grade rating, which demands rigorous capital discipline. We recognise that over the next year and a half we will have limited flexibility owing to heavier capital expenditure commitments as we complete the development of Minas-Rio in Brazil, and Grosvenor in Australia, after which we expect capital expenditure to be moderated. Anglo American is targeting a long-term net debt level of $10 billion to $12 billion.

### *Cash flow*

Net cash inflows from operating activities were $2,715 million (30 June 2014: $3,510 million), a decrease of 23%, driven by the 24% decrease in underlying EBITDA. This was partially offset by reduced cash tax paid, driven by lower earnings and one-off tax payments in the prior year.

Outflows on working capital in the current period were $15 million (30 June 2014: inflows of $180 million). This reflected a $59 million increase in inventories primarily due to the Platinum stock adjustment ($181 million) and lower volumes sold at De Beers, as well as a $65 million decrease in creditors across a number of segments, offset by a $109 million decrease in operating receivables primarily in Platinum.

Net cash used in investing activities of $2,343 million (30 June 2014: $2,753 million) was primarily attributable to expenditure on property, plant and equipment of $2,035 million (30 June 2014: $2,667 million). Expenditure on property, plant and equipment has decreased by 24% against H1 2014, mainly owing to lower expenditure at Minas-Rio and lower stay-in-business expenditure as a result of weakening exchange rates and cost-cutting initiatives.

Net cash inflows from financing activities were $24 million (30 June 2014: cash outflow $39 million). This included cash receipts on issuance of bonds of $2,159 million, offset by net repayments of borrowings of $545 million, dividend payments to Company shareholders and non-controlling interests totalling $876 million, as well as interest payments of $456 million.

### *Liquidity and funding*

At 30 June 2015, the Group had undrawn committed bank facilities of $7.9 billion and cash of $7.0 billion. The Group's forecasts and projections, 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 30 June 2015, Anglo American's ratings were Moody's Baa2 (negative outlook) and Standard & Poor's BBB- (stable outlook).

### *Dividends*

An interim dividend of 32 US cents per share (30 June 2014: 32 US cents per share) has been declared.

## The Board

On 22 July 2015, Tony O'Neill was appointed to the Board as an executive director. Mr O'Neill joined Anglo American as Group Director – Technical in September 2013, with responsibility for mining and technology, business performance, projects and SHE (safety, health and environment). Mr O'Neill's appointment to the Board signals the Group's commitment to engineering excellence and its continuing drive to achieve best practice operational, safety and environmental performance.

**Principal risks and uncertainties**

Anglo American is exposed to a variety of risks and uncertainties which may have a financial, operational or reputational impact on the Group, and which may also have an impact on the achievement of social, economic and environmental objectives.

The principal risks and uncertainties facing the Group at the year-end were set out in detail in the operating and financial review section of the Annual Report 2014 (pages 43 to 47), and have not changed significantly since. Key headline risks relate to the following:

- Commodity prices
- Liquidity risk
- Currency risk
- Inflation
- Safety and health
- Environment
- Political, legal and regulatory
- Operational risk and project delivery
- Event risk
- Employees
- Infrastructure
- Community relations
- Information and cyber security
- Portfolio restructuring

The Group is exposed to changes in the economic environment, as with any other business. Details of any key risks and uncertainties specific to the period are covered in the operations review section.

The Annual Report 2014 is available on the Group's website **www.angloamerican.com.**

## Operations review for the six months ended 30 June 2015

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, proceeds from disposal of property, plant and equipment and 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** | **2,013** | **693** | **510** | **829** | **8%** |
| *Prior period* | *n/a* | *n/a* | *n/a* | *2,894* | *1,381* | *1,229* | *1,312* | *13%* |
| **Kumba Iron Ore** | **22.6** | **26.0** | **61** | **1,723** | **654** | **513** | **274** | **32%** |
| *Prior period* | *22.8* | *22.5* | *104* | *2,466* | *1,293* | *1,182* | *305* | *78%* |
| **Iron Ore Brazil** | **3.0** | **2.6** | **50** | **n/a** | **(10)** | **(11)** | **555** | **(1)%** |
| *Prior period* | *–* | *–* | *n/a* | *n/a* | *(6)* | *(9)* | *1,007* | *(0)%* |
| **Samancor[(3)]** | **1.7** | **1.7** | **n/a** | **290** | **77** | **36** | **n/a** | **11%** |
| *Prior period* | *1.7* | *1.8* | *n/a* | *428* | *137* | *99* | *n/a* | *24%* |
| **Projects and Corporate** | **n/a** | **n/a** | **n/a** | **n/a** | **(28)** | **(28)** | **n/a** | **n/a** |
| *Prior period* | *n/a* | *n/a* | *n/a* | *n/a* | *(43)* | *(43)* | *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 (FOB Saldanha). Prices for IOB are average realised export basket price (FOB Açu).
(3) Production and sales include ore and alloy.

### Financial and operating overview

***Kumba***

Underlying EBIT decreased by 57% to $513 million (H1 2014: $1,182 million), mainly attributable to the 46% fall in the iron ore benchmark price to an average of $60/tonne. Realised export prices averaged $61/tonne, which was 41% lower than in 2014. Total cash costs, however, declined by 4%, with costs associated with the 12% increase in waste mined being offset by an 11% weakening of the South African rand against the US dollar.

Record export sales of 23.2 Mt (H1 2014: 19.7 Mt) were achieved, an increase of 18%, on the back of an improved logistics performance and the shipment of 2.3 Mt through the multi-purpose terminal at the Saldanha port. As a result, Kumba reduced its stockpile at the port by 1.3 Mt, while total finished-product stocks decreased to 4.0 Mt at 30 June 2015 compared with 6.5 Mt at the 2014 year-end.

***Iron Ore Brazil***

First ore on ship was achieved in October 2014 and the project ramp-up is expected to continue into 2016. Total project capital expenditure remains estimated at $8.4 billion. Of that amount, $7.8 billion had been accounted for by 30 June 2015, with $0.6 billion expected to be spent to complete the project. The remaining capex mostly relates to the completion of the port breakwater, land and mine-equipment purchases, filtering expansion, beneficiation plant civil works and mechanical completion.

Underlying EBIT is likely to be capitalised until early 2016, by which time the Minas-Rio project is expected to have achieved 80% of its commercial production capacity. In H1 2015, Iron Ore Brazil's capitalised underlying EBIT loss was $145 million, primarily due to high unit costs being incurred in the ramp-up phase and weaker iron ore benchmark prices.

***Samancor***

Underlying EBIT decreased by 64% to $36 million, driven primarily by lower manganese prices combined with an 8% decrease in ore sales.

**Markets**

***Iron ore***

| | **2015** | 2014 |
|---|---|---|
| Average market prices (IODEX 62% Fe CFR China spot price – $/tonne)(1) | **60** | 111 |
| Average realised prices (Kumba export – $/tonne) (FOB Saldanha) | **61** | 104 |

(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.

Seaborne iron ore prices have continued the downtrend in 2015 with the IODEX 62% Fe CFR China spot price falling 46% year on year (YoY) to average $60/dmt in H1 2015. The continued rise in seaborne supply from the major supply regions (up ~6% YoY) has coincided with a slowdown in global crude steel production (down ~2% YoY), resulting in an oversupplied seaborne market. High-cost marginal suppliers are withdrawing from the market in response to the low-price environment. However, this is being offset as growth projects reach completion.

***Manganese ore***

The first half of 2015 has seen significant weakness in manganese ore prices. The 44% Mn index has fallen almost 30% since the start of the year, bringing the year-to-date average to $3.47/dmtu CIF China, down from $4.56/dmtu in 2014. Slowing global crude steel production and increased supply from low-cost sources (including South African railed volumes) have displaced marginal suppliers, while the global cost curve has also shifted downwards owing to weaker producer FX, the impact of lower oil prices on cash costs and lower ocean freight rates.

**Operating performance**

***Kumba***

Sishen's production declined by 5% to 16.1 Mt (H1 2014: 17.0 Mt) owing to mining feedstock constraints to the plants, while waste tonnes mined reached 107.7 Mt, an increase of 24% (H1 2014: 86.9 Mt). The implementation of the Operating Model in the North mine continues to improve operating equipment productivity and is now being rolled out to both the pre-strip mining and heavy mining equipment maintenance areas of the mine.

Kolomela maintained its strong performance, increasing output by 7% to 5.9 Mt (H1 2014: 5.5 Mt). Waste mined increased by 8% to 26.3 Mt (H1 2014: 24.4 Mt).

Thabazimbi produced 0.6 Mt (H1 2014: 0.3 Mt), while waste-mining volumes decreased by 45% to 8.4 Mt (H1 2014: 15.4 Mt). On 16 July 2015 Kumba announced the closure of Thabazimbi mine, as the mine has reached the end of its life.

Volumes railed to the port were 11% higher at 21.8 Mt (H1 2014: 19.7 Mt).

Phase 2 of the Dingleton project, the relocation of the 428 remaining houses, buildings and businesses, is progressing well and expected to be completed by 2016.

***Iron Ore Brazil***

Minas-Rio produced 3.0 Mt of iron ore (wet basis), marginally behind the original ramp-up schedule due to early adjustments required at the filtration plant. A remediation plan has now been put in place and the operation has experienced a rise in productivity and in plant and machinery availability. The pace of production increased towards the end of the second quarter and 2015 guidance is unchanged at 11 Mt to 14 Mt (wet basis). Export sales of all products in H1 amounted to 2.6 Mt on a wet basis.

***Samancor***

Production of manganese ore has remained consistent at 1.6 Mt (attributable basis). However, production volumes were impacted in Q2 by planned shutdowns in the South African operations combined with unplanned industrial action. The decrease in production in South Africa was slightly offset by an improvement in the Australian operations, where production benefited from improved ore recovery and plant utilisation.

Production of manganese alloys decreased by 8% to 126,200 tonnes (attributable basis) as a result of the suspension of operations at Metalloys in South Africa.

**Operational outlook**

***Kumba***

Given the weaker outlook and volatility in the iron ore market, Kumba is reducing its cash costs and positioning itself for $45/tonne (assumed lump premium of $0.20/dmtu) benchmark iron ore price (62% Fe CFR China). This has led to the company undertaking a number of interventions, including reducing overhead costs, maintaining a strong focus on capital discipline, reconfiguring the operations by revising the mine plans at Sishen and Kolomela, and maintaining the focus on product quality.

Sishen’s life-of-mine (LoM) plan has been reconfigured and optimised for cash flow in the near-term (2015 to 2017). The waste target for 2015 has been revised down to 200 Mt from 240 Mt, with a ramp-up to 230 Mt from 2018. The production outlook has been moderated to 33 Mt for 2015, 36 Mt in 2016 and 2017 and rising to 38 Mt thereafter. The average LoM stripping ratio remains at 3.9.

Kolomela is expected to produce in excess of 11 Mt in 2015, with production expected to ramp up to 13 Mt within the next two years. Kolomela’s waste profile has also been optimised to conserve cash. Mining will now concentrate on two primary pits, with the third pre-stripping pit being rephased to 2019. As a result, waste tonnages are being reduced from 42 Mt - 46 Mt to 35 Mt - 38 Mt over the next three years, with waste of 35 Mt planned for 2015. The LoM stripping ratio has been maintained at 3.1.

Capital expenditure has been reduced accordingly and rephased to conserve cash, with a significant reduction in stay-in-business capital of $675 million over the next three years. Deferred stripping has been reduced by $170 million over the next three years, mainly due to the revised waste-mining profile at Sishen.

***Iron Ore Brazil***

Iron ore production of between 11 Mt and 14 Mt (wet basis) is expected in 2015. Nameplate capacity of 26.5 Mt is expected to be reached by Q2 2016, with production of between 24 Mt and 26 Mt (wet basis) expected in 2016.

In response to the current pricing environment, Iron Ore Brazil’s cost base is under review, with cost-efficiency and reduction programmes in place.

FOB cost guidance for the operation at steady state has been revised to $28 - $30/tonne, principally due to the weaker Brazilian real. Unit costs achieved in H1, however, were above this target, as expected during a ramp-up period.

## 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** | **47.9** | **50.7** | **n/a** | **2,608** | **589** | **267** | **416** | **10%** |
| *Prior period* | *48.5* | *48.0* | *n/a* | *2,856* | *638* | *260* | *436* | *8%* |
| **Australia/Canada** | **16.3** | **16.4** | **100** | **1,271** | **324** | **101** | **379** | **6%** |
| *Prior period* | *15.7* | *15.7* | *117* | *1,509* | *307* | *18* | *403* | *0%* |
| **South Africa** | **25.7** | **28.5** | **60** | **1,000** | **182** | **129** | **37** | **20%** |
| *Prior period* | *26.9* | *26.8* | *75* | *975* | *227* | *178* | *33* | *28%* |
| **Colombia** | **5.9** | **5.8** | **58** | **337** | **107** | **61** | **n/a** | **14%** |
| *Prior period* | *5.9* | *5.5* | *67* | *372* | *135* | *95* | *n/a* | *19%* |
| **Projects/corporate** | **n/a** | **n/a** | **n/a** | **n/a** | **(24)** | **(24)** | **n/a** | **n/a** |
| *Prior period* | *n/a* | *n/a* | *n/a* | *n/a* | *(31)* | *(31)* | *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 $101 million, an increase of $83 million over the same period last year. The overall increase in underlying EBIT reflected significant cost reductions of $141 million and a weaker AUD impact of $181 million. A 14% reduction in the average quarterly hard coking coal (HCC) benchmark coal price reduced underlying EBIT by $236 million and was partially mitigated by higher production volumes. All operations have lowered local currency unit costs, with underground operations reducing by 22% and open cut operations by 5%. Placing Peace River Coal into care and maintenance benefited H1 2015 EBIT by $38 million.

#### *South Africa*

South Africa's underlying EBIT of $129 million on a like for like basis was 17% lower (excluding $22 million of profit from the sale of a block of Coal Resources in H1 2014). This was due to a 20% reduction in the export thermal coal price, which had a $132 million negative impact, partially offset by increased sales volumes and cost reductions of $48 million and the benefit of a weaker rand to the value of $63 million.

Local currency FOB cash unit costs at export mines decreased by 3%, with improved productivity and cost reductions in labour, including contractors, and maintenance.

#### *Colombia*

Underlying EBIT declined by 36% to $61 million, mainly owing to weaker prices reducing underlying EBIT by $40 million, offset in part by higher sales volumes, lower costs as a result of a detailed cost-control programme and favourable exchange rates.

## Markets

### *Metallurgical coal*

| | 2015 | 2014 |
|---|---|---|
| Average market prices ($/tonne)[(1)] | **113** | 132 |
| Average realised prices ($/tonne, FOB)[(2)] | **100** | 117 |

(1) Represents the quarterly average benchmark for premium low-vol hard coking coal.
(2) Average realised price of various grades of metallurgical coal including hard and semi-soft coking coal and PCI coal.

Metallurgical coal prices saw a decline in the first half of 2015, driven mainly by a sharp reduction in Chinese imports as a result of the imposition of quality standards testing. This diverted material into other markets and impacted both spot and contract prices. Spot prices fell from $113/tonne at the beginning of 2015 to a multi-year low of $85/tonne in May (TSI Premium HCC FOB AUS $/tonne), before recovering slightly by the end of the half, averaging $99/tonne in H1 2015, down from $120/tonne in H1 2014. Demand from India continues to rise, although not enough to absorb the excess supply. High-cost supply has started to exit the market with US supply contracting 13% YoY to May in 2015, while supply from Australia has been relatively stable.

### *Thermal coal*

| | 2015 | 2014 |
|---|---|---|
| Average market price ($/tonne, FOB Australia) | **63** | 76 |
| Average realised prices – Export Australia ($/tonne, FOB) | **61** | 81 |
| Average realised prices – Export South Africa ($/tonne, FOB) | **60** | 75 |
| Average realised prices – Domestic South Africa ($/tonne) | **18** | 19 |
| Average realised prices – Colombia ($/tonne, FOB) | **58** | 67 |

Thermal coal prices were in line with where they finished in 2014 – averaging around $62/tonne FOB (for Newcastle and Richards Bay) in H1 2015. Overall, soft demand has prevailed in the first half, driven predominantly by a drop-off in Chinese import demand. India continues to increase imports, albeit at a slower pace than previously seen. On the supply side, Indonesian volumes are being withdrawn from the market in response to the overall weak demand.

## Operating performance

### *Australia and Canada*

Total coal production increased by 4% despite Peace River Coal (which produced 0.9 Mt in the first half of 2014) being placed on care and maintenance in December 2014. Total Australian production increased by 10%, benefiting from a strong performance at the underground longwall operations.

In Australia, export metallurgical coal production increased by 3%, with increases from the underground operations offsetting lower open cut volumes, which were affected by Cyclone Marcia. Production of export thermal coal increased by 60%, reflecting higher volumes at all thermal producing operations and a change in product mix at Dawson.

Underground operation production increased by 29%, largely through a step-change in productivity at Capcoal's Grasstree underground operation. Moranbah production increased by 26% as there was a longwall move in H1 2014 and the impacts of the equipment design issues, scheduled for rectification in Q3 2015, have been tightly managed through the current longwall panel.

Production at the Australian open cut operations increased by 3%, with strong output from Callide and Foxleigh partly offsetting lower production at Dawson owing to the effects of Cyclone Marcia, as well as lower volumes at Capcoal, where plant and rail capacity was prioritised for Capcoal's Grasstree underground operation's higher margin coal.

*South Africa*

Trade production increased by 4%, with an 11% increase from underground operations more than offsetting a 6% decrease from open cut operations. Export production totalled 8.6 Mt, a 4% increase, driven by productivity improvements across all trade mines.

The 11% underground production increase was underpinned by productivity improvements following the implementation of the Management Operation System at Goedehoop and Zibulo, which together more than compensated for the planned closure of one section at Goedehoop.

Open cut production was affected by industrial action at Kleinkopje, as well as the challenges associated with the ageing of the current Coal Reserve at Mafube. This was partly offset by a 15% increase in output at Landau, arising mainly from productivity improvements initiated at the mine.

Domestic production at 14.6 Mt decreased by 10%, primarily owing to Eskom reducing offtake from New Vaal and New Denmark, exacerbated by unplanned maintenance in Q2 on the dragline at Isibonelo.

*Colombia*

Anglo American's share of Cerrejón's output of 5.9 Mt increased by 1% as the operation benefited from productivity improvements to its waste-hauling trucks and favourable weather conditions.

**Operational outlook**

*Australia and Canada*

Metallurgical coal production in 2015 is expected to remain broadly flat at 20.0 Mt to 21.0 Mt as the increase in output from Capcoal's Grasstree underground operations will be offset by Peace River Coal having been placed onto care and maintenance and an extended longwall move at Moranbah in Q3 in order to rectify the equipment design issues.

*South Africa*

Export production is expected to be approximately 17.5 Mt to 18.0 Mt in 2015, as productivity improvement benefits compensate for the challenges associated with the ageing of the current Coal Reserves. Export thermal coal sales will be 1.0 Mt to 1.5 Mt higher than production due to the planned drawdown of 2014 closing stock.

*Colombia*

Anglo American's share of production is expected to be approximately 11.5 Mt, subject to weather 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** | **356** | **344** | **253** | **1,836** | **537** | **174** | **309** | **5%** |
| *Prior period* | *396* | *388* | *307* | *2,555* | *1,106* | *760* | *312* | *22%* |

**Financial and operating overview**

Copper recorded an underlying EBIT of $174 million, a decrease of $586 million. The decrease in underlying EBIT was largely due to a 14% decline in the average LME copper price, as well as declines in by-product prices, which impacted revenue by $437 million. In addition, an 11% decrease in sales volumes further impacted revenue by $274 million. The decrease in revenue was partially mitigated by a $149 million reduction in underlying operating costs due to cost management initiatives and productivity improvements. At 30 June 2015, 173,600 tonnes of copper were provisionally priced at 261 c/lb resulting in a negative underlying EBIT adjustment of $133 million, versus a negative underlying EBIT adjustment of $64 million for H1 2014.

**Markets**

| | **2015** | 2014 |
|---|---|---|
| Average market prices (c/lb) | **269** | 314 |
| Average realised prices (c/lb) | **253** | 307 |

LME copper prices came under renewed pressure in late H1 2015 after recovering from January lows, averaging 269 c/lb. Funds turned bearish, as uncertainty over Greece's and China's economy persisted. Demand growth in China, responsible for over 45% of copper consumption, was sluggish in H1. In contrast, global refined production has grown and mine supply has advanced as expansion programmes continue.

**Operating performance**

Production at Los Bronces was 192,100 tonnes, a 13% decrease due to lower throughput following the shutdowns of the Plant 1 and Confluencia processing plants for 79 days and 11 days respectively in order to manage water-reserve levels. This was partially offset by higher grades, with a net impact on production of c.28,000 tonnes. In Santiago, there was no rain during June, a record, while total precipitation levels in H1 2015 were only 10% of an average year, with only 5.6 millimetres of rainfall. The expected water-supply constraints were taken into account in the mining and processing plans for the year, which include actively managing the use of both plants. Additional water-efficiency and supply projects were implemented during the period. Full-year production is still partially dependent on weather conditions in H2.

Anglo American's share of Collahuasi's production of 95,300 tonnes decreased by 10%. This was mainly due to lower ore feed, as a result of planned primary crusher and SAG 3 maintenance, as well as speed restrictions imposed on the two smaller processing lines in the second quarter following the detection of vibrations. This issue is being addressed during the second half of 2015.

Production at El Soldado decreased by 11% to 16,200 tonnes due to expected lower ore availability arising from the previously reported intersection with a geological fault. Production from AA Norte increased by 4% in aggregate to 52,800 tonnes following operational improvements, despite the effects of heavy rainfall interrupting operations during the last week of March 2015.

**Operational outlook**

Production levels are planned to increase over the remainder of the year as plant operating times increase at both Los Bronces and Collahuasi. As stated above, full-year production volumes will be affected by the weather to some extent. Full-year production guidance remains unchanged at 720,000 to 750,000 tonnes.

## NICKEL

**Key performance indicators**

| | Production volume | Sales volume | Realised price | Revenue | Underlying EBITDA | Underlying EBIT | Capex | ROCE |
|---|---|---|---|---|---|---|---|---|
| | t | t | c/lb | $m | $m | $m | $m | |
| **Nickel** | **13,000** | **16,100** | **568** | **61** | **4** | **0** | **(17)** | **0%** |
| *Prior period* | *19,800* | *18,900* | *694* | *76* | *30* | *26* | *(25)* | *3%* |

### Financial and operating overview

Nickel's underlying EBIT of $0 million was $26 million lower (H1 2014: $26 million profit). This reflected a prior-year $26 million favourable non-cash balance sheet gain as a result of a weakening in the Venezuelan bolivar (relating to remaining Loma de Níquel creditors), as well as a lower pricing environment and inflation, partly offset by favourable exchange rates.

Underlying EBIT from the Barro Alto project continues to be capitalised as the asset is not yet in commercial production. Barro Alto's underlying operating loss, before capitalisation, was $12 million, a $101 million decrease (H1 2014: $89 million profit). This reflected the impact of the ongoing furnace rebuild and consequent lower production volume, lower nickel prices and an unfavourable non-cash exchange-rate loss in 2015. Capitalisation is expected to cease around the end of this year, although this remains under review in relation to the progress being made on the furnace rebuilds and subsequent ramp-ups.

### Markets

| | **2015** | 2014 |
|---|---|---|
| Average market price (c/lb) | **620** | 749 |
| Average realised price (c/lb) | **578** | 716 |

The average LME nickel cash settlement price during H1 2015 decreased by 17% YoY to 620 c/lb (2014 H1: 749 c/lb). Commodity prices were pressured downward by low oil prices and slower Chinese economic growth. Lower economic activity meant weaker stainless steel and nickel demand in Q1, which had a negative impact on LME stock levels (which grew higher) and LME nickel prices. Nickel pig iron production in China continued to decline due to the ongoing Indonesian nickel ore ban. This led to an improvement in ferro-nickel market fundamentals and a decrease in ferro-nickel discounts.

### Operating performance

Nickel production decreased by 34%, as a result of the furnace rebuild at Barro Alto. The Furnace 2 rebuild was concluded ahead of schedule, with first metal tapped in April 2015 and production is now at nameplate capacity (throughput 1.2 million tonnes per year for each furnace, equivalent to an average of c.18,000 tonnes of nickel per furnace for the first ten years). The Furnace 1 rebuild commenced ahead of schedule given the successful completion of Furnace 2, and is expected to complete in October 2015. Codemin production increased by 4%, driven by the postponement of annual roof maintenance to Q3 2015.

### Operational outlook

Nickel production guidance has been increased as a result of the improved Barro Alto furnace project performance to date, and is now expected to be between 25,000 and 30,000 tonnes for the full year.

## NIOBIUM

### Key performance indicators

| | Production volume | Sales volume | Revenue | Underlying EBITDA | Underlying EBIT | Capex | ROCE |
|---|---|---|---|---|---|---|---|
| | t | t | $m | $m | $m | $m | |
| **Niobium** | **2,934** | **2,845** | **79** | **35** | **32** | **13** | **12%** |
| *Prior period* | *2,225* | *2,297* | *90* | *37* | *34* | *90* | *16%* |

### Financial and operating overview

Niobium's underlying EBIT decreased by 6% to $32 million (H1 2014: $34 million), mainly due to higher inflation and lower production, partially offset by favourable exchange rates.

Underlying EBIT from Boa Vista Fresh Rock (BVFR) is capitalised as the asset is not yet in commercial production. BVFR reported an underlying operating loss of $1 million.

### Markets

Overall exports for ferro-niobium increased in H1 2015 by 10%, mainly due to stronger demand in China and a recovery of the steel industry in Europe. The growth was partly offset by weaker demand from the US steel industry. Despite the overall increase in demand, the global average $/kg price for ferro-niobium softened by 9% compared with H1 2014 owing to an unfavourable EUR/USD exchange rate (European contracts commonly being denominated in Euro) and weaker demand from the US steel sector.

### Operating performance

Production increased by 32% to 2,934 tonnes. This was due to the start-up of the BVFR project, which has now reached 95% of nameplate throughput capacity of 1.47 million tonnes per year and 68% of nameplate recovery of 56%.

### 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** | **513** | **526** | **486** | **215** | **52** | **41** | **12** | **24%** |
| *Prior period* | *543* | *508* | *475* | *215* | *20* | *9* | *17* | *5%* |

[1] Average market price ($/tonne) MAP CFR Brazil – this is calculated as the average of pricing in each month in the period, which in turn is set for each month based on the price published in the first week of the previous month. This is a change from the 2014 interim report which reported the average of all days in the period.

### Financial and operating overview

Phosphates reported underlying EBIT of $41 million, a $32 million increase, mainly due to higher sales prices, greater sales volumes and lower expenditure on study costs, partly offset by inflation and higher cash costs.

### Markets

The average MAP CFR Brazil price in the first six months of 2015 was $486 per tonne, slightly higher than in H1 2014, mainly as a result of global supply constraints. In Brazil, demand for phosphate fertilisers from January to June totalled approximately 4.5 million tonnes, a 13% decrease, mainly as a result of lower demand for corn mini-crop, wheat and sugar cane, as well as lower anticipated deliveries for the main crop.

### Operating performance

Production of 513,000 tonnes of fertiliser represented a 6% decrease, mainly as a result of rescheduled plant maintenance.

### Operational outlook

Full-year fertiliser production is expected to be broadly similar to 2014.

## 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** | **1,108** | **1,159** | **2,157** | **2,612** | **521** | **272** | **179** | **7%** |
| *Prior period* | *715* | *1,045* | *2,474* | *2,718* | *231* | *(1)* | *244* | *(0)%* |

(1) Average US$ basket price.

### Financial and operating overview

Underlying EBIT increased by $273 million to $272 million (H1 2014: $(1) million). The increase in underlying EBIT was due to improved operational performance following the 2014 strike, higher sales volumes than in H1 2014, the weakening of the South African rand against the US dollar, and an annual stock adjustment which improved underlying EBIT by $181 million (H1 2014: $(5) million, see note 2). The comparative period in 2014 was affected by the five-month industrial action in South Africa, which had a material impact on production and sales.

Year on year cash operating costs per equivalent refined platinum ounce decreased by 30% to R19,386 per ounce, owing primarily to the impact of the industrial action on costs in the first half of last year. On a 2014 financial year strike-adjusted unit-cost basis, cash operating costs per equivalent refined platinum ounce increased owing to employment and electricity costs.

### Markets

| | **2015** | 2014 |
|---|---|---|
| Average platinum market price ($/oz) | **1,160** | 1,437 |
| Average palladium market price ($/oz) | **773** | 779 |
| Average rhodium market price ($/oz) | **1,111** | 1,077 |
| Average gold market price ($/oz) | **1,206** | 1,291 |
| US$ basket price – ($/Pt oz) | **2,157** | 2,474 |
| Rand basket price – (ZAR/Pt oz) | **25,748** | 26,493 |

The average US dollar basket price per platinum ounce sold decreased by 13% in H1 2015 to $2,157 as a period of dollar strength has weighed on all commodities. This occurred despite a supportive demand environment, with western European vehicle sales increasing by 8% in H1 2015 versus H1 2014. Platinum production from South Africa has ramped back up after the prolonged industrial action that ended in June 2014; supply, however, remains below 2013 levels. Growth expectations in supply from recycling have been revised down owing to evidence of autocatalyst scrap hoarding and a decline in jewellery recycling in China. Platinum and palladium markets are expected to remain in deficit, with the opportunity for increased rhodium demand should automakers seek to secure cost benefits associated with higher use in petrol autocatalysts.

### Operating performance

Total equivalent refined platinum production rose by 55% to 1,108,000 ounces (2014: 715,000 ounces). The increase in production was due to a strong mining performance at Mogalakwena and Rustenburg, as well as a return to normal production following 2014's industrial action.

Mogalakwena mine, which was unaffected by strike action, continued its strong operational performance, with an increase in production resulting from higher head grade (3.13 g/t4e vs 3.07g/t4e), an increase in total tonnes mined and greater concentrator throughput. Tonnes mined rose by 4% owing to increased utilisation and improved fleet-availability management. On-mine production of equivalent refined production increased by 10% to 190,000 ounces, while toll concentrating activities at a third-party concentrator yielded 11,000 ounces. As a result, unit cost per equivalent refined platinum ounce decreased by 7% to R16,478 per platinum ounce.

Production at Amandelbult increased by 148,000 ounces year on year to 182,000 ounces, but was 12% down on a strike-adjusted basis, owing to section 54 safety stoppages and municipal water-supply issues.

Rustenburg had a strong production performance, with output up by 177,000 ounces to 237,000 ounces, largely driven by the recovery from the industrial action, as well as improved productivity and the implementation of the optimised mine plan.

Despite safety stoppages, Union mine also recovered well, producing 62,000 ounces, an increase of 51,000 ounces. Union's continued focus is on ensuring it improves performance in line with its optimised mine plan.

Section 54 safety stoppages have impacted production in the period across almost all operations. The Principal and Chief Inspectors have been engaged to ensure the impact of these notices can be limited and that Section 54s are used as a last resort by the regulator.

Unki mine in Zimbabwe produced 32,000 ounces of equivalent refined platinum, a 6% increase. Only 23,000 ounces of concentrate were dispatched to Polokwane smelter, however, owing to Platinum's suspension, from 10 April this year, of exports of concentrate from Zimbabwe while negotiations took place with the government over export taxes. Following the agreement reached to postpone the taxes, the export of concentrate recommenced on 3 July 2015.

Output from the Joint Venture Operation portfolio production decreased by 4% to 355,000 ounces – again on account of section 54 safety stoppages as well as lower headgrades.

Refined platinum production increased by 29% to 1,103,000 ounces (H1 2014: 856,000 ounces) due to a return to normal production following the 2014 strike.

In line with the return to normal production levels, refined palladium output also increased by 33%, while refined production of rhodium increased by 30%.

Sales volumes exceeded production volumes, increasing by 11%.

**Operational outlook**

Equivalent refined Platinum production in H2 2015 will be higher than H1 2015 in line with the Platinum's normal seasonal production profile. It is estimated that Platinum will produce and sell within the guided range of 2.3 million and 2.4 million platinum ounces in 2015.

Due to the nature of the escalation of costs during the second half of the year, it is estimated that cash unit costs will approximate R19,250 to R19,750 per equivalent refined ounce for 2015.

## DE BEERS

**Key performance indicators**

| | Production volume(1) | Consolidated Sales Volume(2) | Price(3) | Revenue | Underlying EBITDA | Underlying EBIT | Capex | ROCE(4) |
|---|---|---|---|---|---|---|---|---|
| | **’000 carats** | **’000 carats** | **$/ct** | **$m** | **$m** | **$m** | **$m** | |
| **De Beers** | **15,628** | **13,323** | **206** | **3,021** | **792** | **576** | **363** | **12%** |
| *Prior period* | *16,046* | *18,138* | 192 | *3,823* | *983* | *765* | *311* | *11%* |

(1) Represents diamond production on a 100% basis and is not directly comparable to consolidated sales volumes.
(2) Sales volumes (100% basis) were 14.0 million carats in H1 2015 (H1 2014: 19.0 million carats).
(3) Average realised price.
(4) Underlying EBIT used in the calculation of De Beers’ attributable return on capital employed is based on the last 12 months rather than on an annualisation of the first six months’ performance. This is due to the seasonal sales and underlying EBIT profile of De Beers.

### Financial and operational overview

De Beers’ underlying EBIT decreased by 25% to $576 million (H1 2014: $765 million). This was due primarily to softer rough diamond demand, resulting in weaker revenue, which was partly offset by lower operating costs and favourable exchange rates. Unit costs declined by approximately 10% in comparison with H1 2014, with the effects of inflation being more than offset by foreign exchange benefits and cost control.

Total sales decreased by 21% to $3.0 billion (H1 2014: $3.8 billion), with rough diamond sales decreasing by 21% to $2.7 billion. Lower rough diamond revenue reflected a 27% reduction in consolidated sales volumes to 13.3 million carats (H1 2014: 18.1 million carats). Average realised diamond prices increased by 7% to $206/carat (H1 2014: $192/carat) owing to the sale of a stronger product mix, despite a 4% lower average rough price index for the period.

In response to prevailing market conditions, De Beers has utilised operational flexibility at some mines to make marginal adjustments to production plans. Production costs and overheads are being tightly managed in order to minimise the profit impact of the lower sales.

### Markets

Consumer demand for diamond jewellery (measured in US dollar terms) slowed towards the end of 2014 and into the first half of 2015, driven by slower global economic growth, a weaker than expected Q1 in the US (weather related) and dollar strength. Diamond jewellery retailers experienced lower than expected sales growth over this period, which led to polished stock build-up and, accordingly, weaker polished diamond purchases from the midstream and a decline in polished prices. This, combined with liquidity and working capital challenges, has put pressure on midstream finances, negatively affecting rough diamond sales in the first half of the year.

Rough diamond demand in the second half of the year will be dependent upon the level of retailer restocking that takes place in preparation for the main jewellery selling season in the fourth quarter. In the meantime, working capital concerns in the midstream are likely to cause some short-term volatility in rough diamond demand.

Global demand for diamond jewellery (in US dollar terms) is predicted to be stable in 2015. Downside risks remain, especially related to diamond jewellery demand growth in China, as the country grapples with slower economic growth and asset price challenges.

### Operating performance

#### *Mining and manufacturing*

De Beers’ half-year production decreased by 3% to 15.6 million carats (H1 2014: 16.0 million carats). This was mainly attributable to lower grades and reduced plant availability at Orapa. In addition, operational flexibility at the Venetia and Jwaneng tailings treatment plants was utilised to reduce production marginally in response to softer trading conditions.

Debswana's production decreased by 4% to 11.5 million carats mainly as a result of lower production at Orapa, offset by a 17% increase in output at Jwaneng on the back of more consistent production and resultant improved volumes at lower unit costs. Jwaneng Cut-8 waste mining continues to progress well, with 60% of the 500 Mt of waste stripping required to expose the ore now complete. Cut-8 will become Jwaneng's main source of ore in 2018.

In South Africa, production at DBCM increased by 3%, mainly due to higher production at Kimberley as a result of improved plant efficiencies and improved resource performance.

Production in Namibia decreased slightly, as higher grades and throughput at the marine operations were offset by lower grades and throughput at the land operations, largely as a result of short-term industrial action. The construction of a new evaluation vessel for Debmarine Namibia is progressing well, with delivery expected in 2017. In July, De Beers and the Government of the Republic of Namibia announced agreement, in principle, on the terms of a new 10-year sales agreement for the sorting, valuing and sales of all of Namdeb Holdings' diamonds (production from Namdeb and Debmarine Namibia).

In Canada, productivity improvements were partially offset by reduced grade at both Victor and Snap Lake. Victor's grade was lower because of the scheduled mining of a lower-grade area in line with the mine plan. Snap Lake's grade reduced as a consequence of mining through a complex portion of the orebody; the effect of this was accentuated by the challenges of storing water pending amendment of the mine's discharge-water permit conditions. A temporary amendment to the relevant conditions is now in place.

Element Six experienced challenging trading conditions in H1 2015, due primarily to pressure on revenues arising from the sharp contraction in activity in the oil and gas drilling sector. Other key markets continue to develop well, in particular those servicing the consumer electronics, automotive and aerospace markets. The adverse impact of lower revenue on profitability was partially offset by a cost-containment programme (including a targeted restructuring programme) and favourable foreign exchange rates. The previously announced manufacturing footprint optimisation programme is progressing well and according to plan.

***Projects***

Construction of the Venetia underground mine in South Africa continues to progress well, with the production and services shaft pre-sink both complete. The project is 18% complete and remains on track for first production in 2021. In Canada, the Gahcho Kué project in the Northwest Territories is also making good progress. The project is 62% complete and is on track for first production during H2 2016.

***Brands***

Forevermark continues to expand; the number of retail outlets where the brand has a presence has increased by 13% over the last 12 months and it is now available in more than 1,600 retail outlets in 35 markets. Inscription and grading volumes have also increased as Forevermark increases penetration into the key growth markets of China and India. In March 2015, Forevermark opened a new inscription and grading facility in Surat, India, which has the potential to process up to $500 million worth of diamonds annually.

De Beers Diamond Jewellers maintains its portfolio focus on fast-growing markets, with 36 stores (of which 13 are franchises) in 12 key consumer markets around the world.

**Operational outlook**

Given the challenges faced in the midstream during the first half of 2015, rough diamond demand is likely to remain constrained for the year as a whole, with demand conditions in the second half of the year dependent upon the level of retailer restocking that takes place.

The continued strength of the US dollar, coupled with lower consumer diamond demand growth in China, is likely to lead to stable global diamond jewellery demand for the full year. In the mid- to long-term, the prospects for the industry remain positive as the rise in the world's middle class is expected to underpin stronger growth in demand for diamonds, outstripping growth in production.

Production guidance for 2015 has been revised to 29 to 31 million carats (on a 100% basis), subject to trading conditions.

## CORPORATE AND OTHER

**Key performance indicators**

| | Revenue | Underlying EBITDA | Underlying EBIT | Capex |
|---|---|---|---|---|
| | $m | $m | $m | $m |
| **Segment** | **901** | **57** | **11** | **9** |
| *Prior period* | *917* | *(98)* | *(150)* | *15* |
| **Other Mining and Industrial** | **899** | **108** | **62** | **2** |
| *Prior period* | *914* | *58* | *11* | *2* |
| **Exploration** | **–** | **(71)** | **(71)** | **–** |
| *Prior period* | *–* | *(75)* | *(76)* | *–* |
| **Corporate activities and unallocated costs** | **2** | **20** | **20** | **7** |
| *Prior period* | *3* | *(81)* | *(85)* | *13* |

### Financial and operating overview

***Other Mining and Industrial***

Underlying EBIT of $62 million represented a significant improvement of $51 million, mainly attributable to a stronger performance from the Lafarge Tarmac joint venture.

*Lafarge Tarmac joint venture*

Anglo American's share in the underlying EBIT of the joint venture was $60 million, a $39 million increase. Improved market conditions, combined with operating efficiencies and savings in input costs, led to improved margins and cash generation. The outlook for the UK construction market remains positive for H2 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 Holdings Limited (Lafarge Tarmac) to Lafarge SA (Lafarge) for a minimum value of £885 million in cash, on a debt and cash-free basis, and subject to other customary working capital adjustments.

On 17 July 2015, Anglo American announced that it had completed the sale of its 50% ownership interest in Lafarge Tarmac to Lafarge. Anglo American has received cash proceeds of approximately £992 million ($1,559 million), constituting the agreed minimum consideration of £885 million set out in the July 2014 binding agreement and approximately £107 million of working capital and other adjustments, subject to certain post-closing adjustments.

***Exploration***

Anglo American exploration expenditure of $71 million represented a decrease of 5%, following reductions in diamonds, iron ore and nickel exploration costs. Decreases are mainly attributable to an overall reduction in drilling activities.

***Corporate activities and unallocated costs***

Underlying EBIT was a $20 million gain, an increase of $105 million. This is primarily due to lower claims and settlements in the captive insurance company in 2015 compared to the prior year.

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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 24 July 2015, 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; 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; special items and remeasurements are defined in note 7 to the Condensed financial statements. Underlying earnings, is calculated as set out in note 10 to the Condensed financial statements. Underlying EBITDA is underlying EBIT before depreciation and amortisation in subsidiaries and joint operations and includes the Group's attributable share of underlying EBITDA of associates and joint ventures before depreciation and amortisation. 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.

# CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2015

## CONTENTS

## Consolidated income statement
**for the six months ended 30 June 2015**

| US$ million | Note | **6 months ended 30.06.15 unaudited** Before special items and remeasurements | Special items and remeasurements (note 7) | Total | 6 months ended 30.06.14 unaudited Before special items and remeasurements | Special items and remeasurements (note 7) | Total | Year ended 31.12.14 audited Before special items and remeasurements | Special items and remeasurements (note 7) | Total |
|---|---|---|---|---|---|---|---|---|---|---|
| **Group revenue** | 4 | **11,558** | **–** | **11,558** | 14,221 | – | 14,221 | 27,073 | – | 27,073 |
| **Operating costs** | | **(9,840)** | **(3,428)** | **(13,268)** | (11,517) | 118 | (11,399) | (22,560) | (4,375) | (26,935) |
| **Operating (loss)/profit** | 4 | **1,718** | **(3,428)** | **(1,710)** | 2,704 | 118 | 2,822 | 4,513 | (4,375) | 138 |
| Non-operating special items | 7 | **–** | **(155)** | **(155)** | – | 19 | 19 | – | (385) | (385) |
| Share of net income from associates and joint ventures | 4 | **78** | **(41)** | **37** | 126 | 6 | 132 | 254 | (46) | 208 |
| **(Loss)/profit before net finance costs and tax** | | **1,796** | **(3,624)** | **(1,828)** | 2,830 | 143 | 2,973 | 4,767 | (4,806) | (39) |
| Investment income | | **97** | **–** | **97** | 127 | – | 127 | 242 | – | 242 |
| Interest expense | 8 | **(240)** | **(28)** | **(268)** | (242) | (32) | (274) | (497) | (65) | (562) |
| Other net financing gains | | **(18)** | **97** | **79** | 42 | 77 | 119 | (1) | 101 | 100 |
| **Net finance costs** | | **(161)** | **69** | **(92)** | (73) | 45 | (28) | (256) | 36 | (220) |
| **(Loss)/profit before tax** | | **1,635** | **(3,555)** | **(1,920)** | 2,757 | 188 | 2,945 | 4,511 | (4,770) | (259) |
| Income tax expense | 9 | **(408)** | **(413)** | **(821)** | (826) | (4) | (830) | (1,267) | 2 | (1,265) |
| **(Loss)/profit for the financial period** | | **1,227** | **(3,968)** | **(2,741)** | 1,931 | 184 | 2,115 | 3,244 | (4,768) | (1,524) |
| **Attributable to:** | | | | | | | | | | |
| Non-controlling interests | | **323** | **(49)** | **274** | 647 | 4 | 651 | 1,027 | (38) | 989 |
| **Equity shareholders of the Company** | | **904** | **(3,919)** | **(3,015)** | 1,284 | 180 | 1,464 | 2,217 | (4,730) | (2,513) |
| **(Loss)/earnings per share (US$)** | | | | | | | | | | |
| Basic | 10 | **0.70** | **(3.04)** | **(2.34)** | 1.00 | 0.14 | 1.14 | 1.73 | (3.69) | (1.96) |
| Diluted | 10 | **0.70** | **(3.04)** | **(2.34)** | 1.00 | 0.14 | 1.14 | 1.72 | (3.68) | (1.96) |

## Consolidated statement of comprehensive income
**for the six months ended 30 June 2015**

| US$ million | **6 months ended 30.06.15 unaudited** | 6 months ended 30.06.14 unaudited | Year ended 31.12.14 audited |
|---|---|---|---|
| **(Loss)/profit for the financial period** | **(2,741)** | 2,115 | (1,524) |
| **Items that will not be reclassified to the income statement (net of tax)** | | | |
| Remeasurement of net retirement benefit obligation | **15** | (62) | (6) |
| Share of associates' and joint ventures' other comprehensive income | **–** | – | 1 |
| **Net items that will not be reclassified to the income statement** | **15** | (62) | (5) |
| **Items that have been or may subsequently be reclassified to the income statement (net of tax)** | | | |
| Net exchange differences: | | | |
| Net (loss)/gain (including associates and joint ventures) | **(980)** | 18 | (1,943) |
| Cumulative loss transferred to the income statement on disposal of foreign operations | **–** | 5 | 5 |
| Revaluation of available for sale investments: | | | |
| Net revaluation (loss)/gain | **(50)** | 22 | (124) |
| Impairment losses transferred to the income statement | **–** | – | 3 |
| Revaluation of cash flow hedges: | | | |
| Net (loss)/gain | **(1)** | 11 | (7) |
| Transferred to the initial carrying amount of hedged items | **–** | 1 | – |
| **Net items that have been or may subsequently be reclassified to the income statement** | **(1,031)** | 57 | (2,066) |
| **Total comprehensive (expense)/income for the financial period** | **(3,757)** | 2,110 | (3,595) |
| **Attributable to:** | | | |
| Non-controlling interests | **140** | 615 | 736 |
| **Equity shareholders of the Company** | **(3,897)** | 1,495 | (4,331) |

## Consolidated balance sheet
**as at 30 June 2015**

| US$ million | Note | **30.06.15 unaudited** | 31.12.14 audited | 30.06.14 unaudited |
|---|---|---|---|---|
| **ASSETS** | | | | |
| **Non-current assets** | | | | |
| Intangible assets | | **3,802** | 3,912 | 4,066 |
| Property, plant and equipment | | **35,067** | 38,475 | 43,127 |
| Environmental rehabilitation trusts | | **371** | 358 | 377 |
| Investments in associates and joint ventures | | **2,553** | 4,376 | 4,719 |
| Financial asset investments | 11 | **1,315** | 1,266 | 1,493 |
| Trade and other receivables | | **660** | 745 | 792 |
| Deferred tax assets | | **916** | 1,351 | 1,314 |
| Derivative financial assets | 11 | **477** | 986 | 749 |
| Other non-current assets | | **209** | 233 | 253 |
| **Total non-current assets** | | **45,370** | 51,702 | 56,890 |
| **Current assets** | | | | |
| Inventories | | **4,630** | 4,720 | 4,633 |
| Trade and other receivables | | **2,326** | 2,568 | 2,844 |
| Current tax assets | | **124** | 125 | 118 |
| Derivative financial assets | 11 | **568** | 147 | 135 |
| Cash and cash equivalents | 14 | **7,033** | 6,748 | 8,452 |
| **Total current assets** | | **14,681** | 14,308 | 16,182 |
| Assets classified as held for sale | 12 | **1,562** | – | – |
| **Total assets** | | **61,613** | 66,010 | 73,072 |
| **LIABILITIES** | | | | |
| **Current liabilities** | | | | |
| Trade and other payables | | **(3,268)** | (3,515) | (3,781) |
| Short term borrowings | 14,15 | **(764)** | (1,618) | (2,196) |
| Provisions for liabilities and charges | | **(575)** | (680) | (688) |
| Current tax liabilities | | **(261)** | (375) | (545) |
| Derivative financial liabilities | 11 | **(201)** | (539) | (313) |
| **Total current liabilities** | | **(5,069)** | (6,727) | (7,523) |
| **Non-current liabilities** | | | | |
| Trade and other payables | | **(27)** | (25) | (25) |
| Medium and long term borrowings | 14,15 | **(18,177)** | (16,917) | (17,686) |
| Retirement benefit obligations | | **(968)** | (1,073) | (1,240) |
| Deferred tax liabilities | | **(4,496)** | (4,498) | (4,779) |
| Derivative financial liabilities | 11 | **(2,508)** | (1,785) | (617) |
| Provisions for liabilities and charges | | **(2,699)** | (2,808) | (2,772) |
| **Total non-current liabilities** | | **(28,875)** | (27,106) | (27,119) |
| Liabilities directly associated with assets classified as held for sale | 12 | **(5)** | – | – |
| **Total liabilities** | | **(33,949)** | (33,833) | (34,642) |
| **Net assets** | | **27,664** | 32,177 | 38,430 |
| | | | | |
| **EQUITY** | | | | |
| Called-up share capital | | **772** | 772 | 772 |
| Share premium account | | **4,358** | 4,358 | 4,358 |
| Own shares | | **(6,054)** | (6,359) | (6,367) |
| Other reserves | | **(8,220)** | (7,205) | (5,360) |
| Retained earnings | | **31,044** | 34,851 | 39,097 |
| **Equity attributable to equity shareholders of the Company** | | **21,900** | 26,417 | 32,500 |
| Non-controlling interests | | **5,764** | 5,760 | 5,930 |
| **Total equity** | | **27,664** | 32,177 | 38,430 |

The Condensed financial statements, which include the accompanying notes found on pages 31 to 47, of Anglo American plc, registered number 03564138, were approved by the Board of directors on 23 July 2015 and signed on its behalf by:

**Mark Cutifani**
Chief Executive

**René Médori**
Finance Director

## Consolidated cash flow statement
**for the six months ended 30 June 2015**

| US$ million | Note | **6 months ended 30.06.15 unaudited** | 6 months ended 30.06.14 unaudited | Year ended 31.12.14 audited |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| (Loss)/profit before tax | | **(1,920)** | 2,945 | (259) |
| Net finance costs including financing special items and remeasurements | | **92** | 28 | 220 |
| Share of net income from associates and joint ventures | | **(37)** | (132) | (208) |
| Non-operating special items | 7 | **155** | (19) | 385 |
| **Operating (loss)/profit** | | **(1,710)** | 2,822 | 138 |
| Operating special items and remeasurements | 7 | **3,428** | (118) | 4,375 |
| Cash element of operating special items | | **(20)** | (49) | (100) |
| Depreciation and amortisation | 4 | **1,237** | 1,249 | 2,591 |
| Share-based payment charges | | **76** | 96 | 170 |
| Decrease in provisions | | **(203)** | (179) | (200) |
| (Increase)/decrease in inventories | | **(59)** | 123 | (129) |
| Decrease in operating receivables | | **109** | 494 | 576 |
| Decrease in operating payables | | **(65)** | (437) | (438) |
| Other adjustments | | **(8)** | (3) | (34) |
| **Cash flows from operations** | | **2,785** | 3,998 | 6,949 |
| Dividends from associates and joint ventures | | **260** | 221 | 435 |
| Dividends from financial asset investments | | **8** | 32 | 25 |
| Income tax paid | | **(338)** | (741) | (1,298) |
| **Net cash inflows from operating activities** | | **2,715** | 3,510 | 6,111 |
| **Cash flows from investing activities** | | | | |
| Expenditure on property, plant and equipment | 13 | **(2,035)** | (2,667) | (5,974) |
| Cash flows from derivatives related to capital expenditure | 13 | **(113)** | (97) | (157) |
| Proceeds from disposal of property, plant and equipment | 13 | **17** | 31 | 71 |
| Investments in associates and joint ventures | | **(41)** | (51) | (81) |
| Purchase of financial asset investments | | **(5)** | (17) | (12) |
| Net advance of loans granted | | **(194)** | (8) | (80) |
| Interest received and other investment income | | **47** | 76 | 157 |
| Disposal of subsidiaries, net of cash and cash equivalents disposed | | **(19)** | (2) | 44 |
| Other investing activities | | **–** | (18) | (93) |
| **Net cash used in investing activities** | | **(2,343)** | (2,753) | (6,125) |
| **Cash flows from financing activities** | | | | |
| Interest paid | | **(456)** | (503) | (833) |
| Cash flows from derivatives related to financing activities | 14 | **(244)** | 88 | 203 |
| Dividends paid to Company shareholders | | **(680)** | (696) | (1,099) |
| Dividends paid to non-controlling interests | | **(196)** | (502) | (823) |
| Proceeds from issuance of bonds | 14,15 | **2,159** | 3,165 | 3,165 |
| Proceeds from other borrowings | 14 | **868** | 1,044 | 1,419 |
| Repayment of borrowings | 14 | **(1,413)** | (2,561) | (2,801) |
| Movements in non-controlling interests | | **19** | 21 | 42 |
| Sale of shares under employee share schemes | | **7** | 11 | 14 |
| Purchase of shares by subsidiaries for employee share schemes(1) | | **(41)** | (103) | (111) |
| Other financing activities | | **1** | (3) | (3) |
| **Net cash inflows from/(used in) financing activities** | | **24** | (39) | (827) |
| **Net increase/(decrease) in cash and cash equivalents** | | **396** | 718 | (841) |
| **Cash and cash equivalents at start of period** | | **6,747** | 7,702 | 7,702 |
| Cash movements in the period | | **396** | 718 | (841) |
| Effects of changes in foreign exchange rates | | **(110)** | 26 | (114) |
| **Cash and cash equivalents at end of period** | 14 | **7,033** | 8,446 | 6,747 |

(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 six months ended 30 June 2015**

| 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 2014 (audited) | 5,130 | (6,463) | 38,376 | (6,640) | 1,268 | 31,671 | 5,693 | 37,364 |
| Total comprehensive income | – | – | 1,406 | 63 | 26 | 1,495 | 615 | 2,110 |
| Dividends payable | – | – | (696) | – | – | (696) | (408) | (1,104) |
| Issue of shares to non-controlling interests | – | – | – | – | – | – | 21 | 21 |
| Equity settled share-based payment schemes | – | 96 | 11 | – | (77) | 30 | 9 | 39 |
| At 30 June 2014 (unaudited) | 5,130 | (6,367) | 39,097 | (6,577) | 1,217 | 32,500 | 5,930 | 38,430 |
| Total comprehensive (expense)/income | – | – | (3,912) | (1,766) | (148) | (5,826) | 121 | (5,705) |
| Dividends payable | – | – | (403) | – | – | (403) | (341) | (744) |
| Issue of shares to non-controlling interests | – | – | – | – | – | – | 21 | 21 |
| Equity settled share-based payment schemes | – | 8 | 20 | – | 69 | 97 | 20 | 117 |
| Other | – | – | 49 | – | – | 49 | 9 | 58 |
| At 31 December 2014 (audited) | **5,130** | **(6,359)** | **34,851** | **(8,343)** | **1,138** | **26,417** | **5,760** | **32,177** |
| Total comprehensive (expense)/income | **–** | **–** | **(3,008)** | **(840)** | **(49)** | **(3,897)** | **140** | **(3,757)** |
| Dividends payable | **–** | **–** | **(680)** | **–** | **–** | **(680)** | **(169)** | **(849)** |
| Issue of shares to non-controlling interests | **–** | **–** | **–** | **–** | **–** | **–** | **19** | **19** |
| Equity settled share-based payment schemes | **–** | **305** | **(119)** | **–** | **(126)** | **60** | **14** | **74** |
| **At 30 June 2015 (unaudited)** | **5,130** | **(6,054)** | **31,044** | **(9,183)** | **963** | **21,900** | **5,764** | **27,664** |

(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, legal reserve, capital redemption reserve and revaluation reserve.

## Dividends

| | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| Proposed ordinary dividend per share (US cents) | **32** | 32 | 53 |
| Proposed ordinary dividend (US$ million) | **411** | 410 | 678 |
| | | | |
| Ordinary dividends payable during the period per share (US cents) | **53** | 53 | 85 |
| Ordinary dividends payable during the period (US$ million) | **680** | 696 | 1,099 |

## Notes to the Condensed financial statements

### 1. BASIS OF PREPARATION

The Condensed financial statements for the six month period ended 30 June 2015 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and the requirements of the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) in the United Kingdom as applicable to interim financial reporting.

The Condensed financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the FCA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's Consolidated financial statements for the year ended 31 December 2014, which were prepared in accordance with International Financial Reporting Standards adopted for use by the European Union (IFRS). The Condensed financial statements are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the year ended 31 December 2014 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. This information was derived from the statutory accounts for the year ended 31 December 2014, a copy of which has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of an emphasis of matter and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

**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 six months ended 30 June 2015 on pages 4 to 8. The Group's net debt (including related hedges) at 30 June 2015 was $13.5 billion (30 June 2014: $11.5 billion; 31 December 2014: $12.9 billion) representing a gearing level of 32.8% (30 June 2014: 23.1%; 31 December 2014: 28.6%). Further analysis of net debt is set out in note 14 and details of borrowings and facilities are set out in note 15.

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 financial measures to directly comparable IFRS financial measures are presented in notes 4, 10, 13 and 14 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 the same as those disclosed in the Group's Consolidated financial statements for the year ended 31 December 2014.

**Changes in estimates**

Due to the nature of Platinum in-process inventories being contained in weirs, pipes and other vessels, physical counts only take place annually, except in the Precious Metal Refinery which take place once every five years (the latest being in 2015). Consequently, the Platinum business runs a theoretical metal inventory system based on inputs, the results of previous physical counts and outputs. Once the results of the physical count are finalised, the variance between the theoretical count and actual count is investigated and recorded as a change in estimate. During the six month period to 30 June 2015, the change in estimate following the annual physical count has had the effect of increasing the value of inventory by $181 million (six months ended 30 June 2014: decrease of $5 million; year ended 31 December 2014: decrease of $11 million), resulting in the recognition of a post-tax gain of $130 million (six months ended 30 June 2014: loss of $4 million; year ended 31 December 2014: loss of $8 million).

## Notes to the Condensed financial statements

### 3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied are consistent with those adopted and disclosed in the Group's Consolidated financial statements for the year ended 31 December 2014, except for changes arising from the adoption of the following new accounting pronouncements which became effective in the current reporting period:

- Amendments to IAS 19 *Employee Benefits: Defined Benefit Plans – Employee Contributions.*
- *Annual Improvements to IFRSs 2010-2012 cycle.*
- *Annual Improvements to IFRSs 2011-2013 cycle.*

The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Group. The Group has not early adopted any 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

Segment revenue includes the Group's attributable share of associates' and joint ventures' revenue.

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

#### Segment results

| | Revenue | | | Underlying EBIT | | |
|---|---|---|---|---|---|---|
| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
| Iron Ore and Manganese | **2,013** | 2,894 | 5,176 | **510** | 1,229 | 1,957 |
| Coal | **2,608** | 2,856 | 5,808 | **267** | 260 | 458 |
| Copper | **1,836** | 2,555 | 4,827 | **174** | 760 | 1,193 |
| Nickel | **61** | 76 | 142 | **–** | 26 | 21 |
| Niobium | **79** | 90 | 180 | **32** | 34 | 67 |
| Phosphates | **215** | 215 | 486 | **41** | 9 | 57 |
| Platinum | **2,612** | 2,718 | 5,396 | **272** | (1) | 32 |
| De Beers | **3,021** | 3,823 | 7,114 | **576** | 765 | 1,363 |
| Corporate and other | **901** | 917 | 1,859 | **11** | (150) | (215) |
| **Segment measure** | **13,346** | 16,144 | 30,988 | **1,883** | 2,932 | 4,933 |
| Less: associates and joint ventures | **(1,788)** | (1,923) | (3,915) | **(165)** | (228) | (420) |
| Include: operating special items and remeasurements | **–** | – | – | **(3,428)** | 118 | (4,375) |
| **Statutory measure** | **11,558** | 14,221 | 27,073 | **(1,710)** | 2,822 | 138 |

| | Depreciation and amortisation | | | Underlying EBITDA | | |
|---|---|---|---|---|---|---|
| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
| Iron Ore and Manganese | **183** | 152 | 329 | **693** | 1,381 | 2,286 |
| Coal | **322** | 378 | 749 | **589** | 638 | 1,207 |
| Copper | **363** | 346 | 709 | **537** | 1,106 | 1,902 |
| Nickel | **4** | 4 | 7 | **4** | 30 | 28 |
| Niobium | **3** | 3 | 6 | **35** | 37 | 73 |
| Phosphates | **11** | 11 | 22 | **52** | 20 | 79 |
| Platinum | **249** | 232 | 495 | **521** | 231 | 527 |
| De Beers | **216** | 218 | 455 | **792** | 983 | 1,818 |
| Corporate and other | **46** | 52 | 127 | **57** | (98) | (88) |
| | **1,397**[(1)] | 1,396[(1)] | 2,899[(1)] | **3,280** | 4,328 | 7,832 |
| Less: associates and joint ventures | **(160)** | (147) | (308) | **(325)** | (375) | (728) |
| | **1,237** | 1,249 | 2,591 | **2,955** | 3,953 | 7,104 |

(1) In addition $56 million (six months ended 30 June 2014: $62 million; year ended 31 December 2014: $129 million) of depreciation and amortisation charges arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers have been included within operating remeasurements (see note 7), and $40 million (six months ended 30 June 2014: $37 million; year ended 31 December 2014: $105 million) of pre-commercial production depreciation has been capitalised.

## Notes to the Condensed financial statements

### 4. SEGMENTAL INFORMATION (continued)

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

| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| **Underlying EBITDA** | **3,280** | 4,328 | 7,832 |
| Depreciation and amortisation: subsidiaries and joint operations | **(1,237)** | (1,249) | (2,591) |
| Depreciation and amortisation: associates and joint ventures | **(160)** | (147) | (308) |
| **Underlying EBIT** | **1,883** | 2,932 | 4,933 |
| Operating special items and remeasurements | **(3,428)** | 118 | (4,375) |
| Non-operating special items | **(155)** | 19 | (385) |
| Associates' and joint ventures' special items and remeasurements | **(41)** | 6 | (46) |
| Share of associates' and joint ventures' net finance costs, tax and non-controlling interests | **(87)** | (102) | (166) |
| **(Loss)/profit before net finance costs and tax** | **(1,828)** | 2,973 | (39) |

### *Associates' and joint ventures' results by segment*

| | | | Revenue | | | Underlying EBIT |
|---|---|---|---|---|---|---|
| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
| Iron Ore and Manganese | **290** | 428 | 788 | **36** | 99 | 178 |
| Coal | **469** | 521 | 1,050 | **92** | 108 | 189 |
| Platinum | **108** | 116 | 263 | **(21)** | 1 | (19) |
| De Beers | **41** | 36 | 79 | **(3)** | (2) | (9) |
| Corporate and other | **880** | 822 | 1,735 | **61** | 22 | 81 |
| | **1,788** | 1,923 | 3,915 | **165** | 228 | 420 |

| | | | Underlying EBITDA | | | Share of net income |
|---|---|---|---|---|---|---|
| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
| Iron Ore and Manganese | **77** | 138 | 251 | **(29)** | 42 | 104 |
| Coal | **145** | 155 | 295 | **41** | 82 | 73 |
| Platinum | **(4)** | 15 | 9 | **(22)** | (6) | (26) |
| De Beers | **(1)** | (1) | (6) | **(3)** | (2) | (6) |
| Corporate and other | **108** | 68 | 179 | **50** | 16 | 63 |
| | **325** | 375 | 728 | **37** | 132 | 208 |

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

| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| **Associates' and joint ventures' underlying EBIT** | **165** | 228 | 420 |
| Net finance costs | **(21)** | (39) | (46) |
| Income tax expense | **(68)** | (62) | (113) |
| Non-controlling interests | **2** | (1) | (7) |
| **Share of net income from associates and joint ventures (before special items and remeasurements)** | **78** | 126 | 254 |
| Special items and remeasurements | **(27)** | – | – |
| Special items and remeasurements tax | **(14)** | 6 | (46) |
| **Share of net income from associates and joint ventures** | **37** | 132 | 208 |

### *Capital employed by segment*

Segment assets and liabilities have been replaced by capital employed by segment, now being the principal measure of assets and liabilities reported to the Group Management Committee.

| | | Capital employed | | Attributable capital employed[(1)] |
|---|---|---|---|---|
| US$ million | **30.06.15** | 31.12.14 | **30.06.15** | 31.12.14 |
| Iron Ore and Manganese | **6,990** | 9,837 | **5,645** | 8,361 |
| Coal | **4,779** | 5,575 | **4,668** | 5,455 |
| Copper | **7,060** | 7,062 | **4,811** | 4,739 |
| Nickel | **1,916** | 1,931 | **1,917** | 1,934 |
| Niobium | **570** | 548 | **570** | 548 |
| Phosphates | **325** | 348 | **325** | 348 |
| Platinum | **6,750** | 7,010 | **5,719** | 5,943 |
| De Beers | **10,090** | 10,058 | **8,663** | 8,654 |
| Corporate and other | **1,365** | 1,413 | **1,365** | 1,413 |
| **Capital employed** | **39,845** | 43,782 | **33,683** | 37,395 |
| Include: | | | | |
| Net debt | **(13,496)** | (12,871) | | |
| Financial asset investments | **1,315** | 1,266 | | |
| **Net assets** | **27,664** | 32,177 | | |

(1) Attributable capital employed is capital employed attributable to equity shareholders of the Company, and therefore excludes the portion of capital employed attributable to non-controlling interests in operations where the Group has control but does not hold 100% of the equity. Joint operations, associates and joint ventures are included in their proportionate interest and in line with appropriate accounting treatment.

## Notes to the Condensed financial statements

## 4. SEGMENTAL INFORMATION (continued)

### Revenue by product

| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| Iron ore | **1,723** | 2,268 | 4,029 |
| Manganese ore and alloys | **290** | 428 | 788 |
| Metallurgical coal | **997** | 1,359 | 2,290 |
| Thermal coal | **1,616** | 1,501 | 3,529 |
| Copper | **1,795** | 2,478 | 4,688 |
| Nickel | **236** | 318 | 638 |
| Niobium | **79** | 90 | 180 |
| Phosphates | **215** | 215 | 486 |
| Platinum | **1,411** | 1,580 | 3,097 |
| Palladium | **635** | 498 | 1,058 |
| Rhodium | **181** | 136 | 280 |
| Diamonds | **3,015** | 3,818 | 7,104 |
| Heavy building materials | **899** | 914 | 1,854 |
| Other | **254** | 541 | 967 |
| | **13,346** | 16,144 | 30,988 |

### 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 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| South Africa | **1,000** | 1,395 | 2,464 |
| Other Africa | **648** | 877 | 1,663 |
| Brazil | **355** | 500 | 939 |
| Chile | **229** | 493 | 1,033 |
| Other South America | **11** | 17 | 23 |
| North America | **530** | 596 | 1,218 |
| Australia | **106** | 129 | 275 |
| China | **2,407** | 2,767 | 5,109 |
| India | **1,557** | 1,474 | 3,079 |
| Japan | **1,269** | 1,811 | 3,496 |
| Other Asia | **1,750** | 1,945 | 3,580 |
| United Kingdom (Anglo American plc's country of domicile) | **1,618** | 1,556 | 3,090 |
| Other Europe | **1,866** | 2,584 | 5,019 |
| | **13,346** | 16,144 | 30,988 |

## 5. EXPLORATION AND EVALUATION EXPENDITURE

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

| | Exploration expenditure[1] | | | Evaluation expenditure[2] | | |
|---|---|---|---|---|---|---|
| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
| Iron ore | **7** | 10 | 25 | **8** | 24 | 56 |
| Metallurgical coal | **3** | 4 | 8 | **6** | 9 | 19 |
| Thermal coal | **3** | 4 | 9 | **4** | 5 | 11 |
| Copper | **18** | 12 | 37 | **35** | 45 | 84 |
| Nickel | **6** | 9 | 16 | **2** | 2 | 4 |
| Niobium | **–** | – | – | **–** | 1 | 1 |
| Phosphates | **1** | 1 | 4 | **–** | 4 | 8 |
| Platinum group metals | **2** | 2 | 8 | **3** | 4 | 9 |
| Diamonds | **13** | 15 | 37 | **15** | 12 | 26 |
| Central exploration activities | **18** | 18 | 37 | **–** | – | – |
| | **71** | 75 | 181 | **73** | 106 | 218 |

(1) Exploration for Mineral Resources other than that occurring at existing operations and projects.
(2) Evaluation of Mineral Resources relates 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.

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 period 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)/profit for the financial period attributable to equity shareholders of the Company' to 'Underlying earnings for the financial period', see note 10.

| | | | | | | **6 months ended 30.06.15** |
|---|---|---|---|---|---|---|
| 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 | **510** | **2,582** | **(2,072)** | **(192)** | **(178)** | **140** |
| Coal | **267** | **793** | **(526)** | **(66)** | **(4)** | **197** |
| Copper | **174** | **–** | **174** | **(70)** | **(42)** | **62** |
| Nickel | **–** | **2** | **(2)** | **(2)** | **–** | **(2)** |
| Niobium | **32** | **(1)** | **33** | **(15)** | **–** | **17** |
| Phosphates | **41** | **–** | **41** | **(18)** | **–** | **23** |
| Platinum | **272** | **15** | **257** | **(55)** | **(42)** | **175** |
| De Beers | **576** | **56** | **520** | **(155)** | **(61)** | **360** |
| Corporate and other | **11** | **8** | **3** | **(85)** | **6** | **(68)** |
| | **1,883** | **3,455** | **(1,572)** | **(658)** | **(321)** | **904** |

| | | | | | | 6 months ended 30.06.14 |
|---|---|---|---|---|---|---|
| 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 | 1,229 | (238) | 1,467 | (399) | (387) | 443 |
| Coal | 260 | 4 | 256 | (95) | (4) | 161 |
| Copper | 760 | – | 760 | (274) | (177) | 309 |
| Nickel | 26 | 3 | 23 | 3 | – | 29 |
| Niobium | 34 | 1 | 33 | (11) | – | 23 |
| Phosphates | 9 | 6 | 3 | 1 | – | 10 |
| Platinum | (1) | – | (1) | (9) | 9 | (1) |
| De Beers | 765 | 81 | 684 | (200) | (96) | 469 |
| Corporate and other | (150) | 25 | (175) | (16) | 7 | (159) |
| | 2,932 | (118) | 3,050 | (1,000) | (648) | 1,284 |

| | | | | | | Year ended 31.12.14 |
|---|---|---|---|---|---|---|
| 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 |

## Notes to the Condensed financial statements

## 7. SPECIAL ITEMS AND REMEASUREMENTS

Special items and remeasurements 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. 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 disposal of investments and businesses as well as certain adjustments relating to business combinations. Remeasurements include:

- Unrealised gains and losses on financial assets and liabilities that represent economic hedges, including accounting hedges related to financing arrangements.
- 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.
- The remeasurement and subsequent depreciation and amortisation of a previously held equity interest as a result of a business combination.

| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| **Subsidiaries and joint operations** | | | |
| Minas-Rio impairment | **(2,503)** | – | (3,800) |
| Coal impairments | **(789)** | – | (363) |
| Platinum operations | **–** | – | (44) |
| Other impairments and related charges | **–** | – | (39) |
| Restructuring costs | **(27)** | (61) | (128) |
| **Operating special items** | **(3,319)** | (61) | (4,374) |
| **Operating remeasurements** | **(109)** | 179 | (1) |
| **Operating special items and remeasurements** | **(3,428)** | 118 | (4,375) |
| Loss on transfer of Tarmac businesses to held for sale | **(100)** | – | – |
| Closure of Drayton | **–** | – | (222) |
| Disposal of Amapá | **(16)** | – | (46) |
| Ponahalo refinancing | **–** | – | (58) |
| Atlatsa refinancing | **–** | 22 | 22 |
| Kumba Envision Trust | **(23)** | (19) | (44) |
| Other | **(16)** | 16 | (37) |
| **Non-operating special items** | **(155)** | 19 | (385) |
| **Financing special items and remeasurements** | **69** | 45 | 36 |
| **Special items and remeasurements before tax and non-controlling interests** | **(3,514)** | 182 | (4,724) |
| Special items and remeasurements tax | **(413)** | (4) | 2 |
| Non-controlling interests on special items and remeasurements | **49** | (4) | 38 |
| **Share of associates' and joint ventures' special items and remeasurements**(1) | **(41)** | 6 | (46) |
| **Total special items and remeasurements** | **(3,919)** | 180 | (4,730) |

(1) Relates to the Iron Ore and Manganese ($27 million) and Coal segments ($14 million) (six months ended 30 June 2014 and year ended 31 December 2014: Coal segment).

### Operating special items

#### *Impairments*

The first six months of 2015 have seen significant further weakness and ongoing volatility in the prices of the bulk commodities, particularly iron ore and metallurgical coal. The Group has therefore reviewed its near and longer term commodity price assumptions at the mid-year, while also noting the gradual and ongoing reduction of consensus prices within what remains a wide range of forecasts.

The valuations of Minas-Rio and the coal assets in Australia and Canada therefore have been updated to reflect management's best estimate of the future iron ore and metallurgical coal prices. The near term and long term prices which are used in the valuations are within the range of published analyst forecasts.

## 7. SPECIAL ITEMS AND REMEASUREMENTS (continued)

*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 2014 and First Ore On Ship (FOOS) was delivered in October 2014. The project is currently ramping up to capacity of 26.5 Mtpa over the next 10 months, and work continues to progress on the regular cycle of required licence and permit renewals.

In 2012, an impairment charge of $4,960 million (before tax) was recorded 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. In 2014, a further impairment charge of $3,800 million (before tax) was recorded due to a material worsening of the pricing environment for iron ore. At the time it was highlighted that the valuation remained sensitive to price and further deterioration in long term prices might result in additional impairment.

The valuation of Minas-Rio at 30 June 2015 determined on a pre-tax discounted cash flow basis (see note 2) (real pre-tax discount rate of 8.5% (2014: 8.5%)) is $3.6 billion. Based on this valuation, the Group has recorded an impairment charge of $2,503 million (before tax) against the carrying value of the CGU. This charge has been recorded against capital works in progress. A related deferred tax asset has also been written down by $404 million reflecting a reduced likelihood of recovering the associated tax deductions. As in 2014, the valuation remains sensitive to price and further deterioration in the pricing outlook may result in additional impairment.

*Coal*

The valuation of Capcoal, an operation in Queensland, Australia, which produces both metallurgical coal and thermal coal, assessed based on the operation's fair value less costs of disposal and measured using discounted cash flow projections (see note 2), is $0.3 billion. Based on this valuation, the Group has recorded an impairment charge of $539 million (before tax) against the carrying value of the CGU. Of this charge, $67 million has been recorded against mining properties and $472 million against other property, plant and equipment. The post-tax impairment charge is $377 million. The valuation remains sensitive to price and further deterioration in the pricing outlook may result in additional impairment.

The assets of Peace River Coal, in Canada, including the existing operations and certain exploration properties, have been impaired by $165 million. The existing operations were placed on care and maintenance in December 2014 and the recoverable amount of the CGU has been reduced to nil. The exploration properties represent a potential future resource base but their carrying amount is considered unlikely to be recovered in the current pricing environment and also has been reduced to nil. The remaining $85 million impairment charge ($60 million after tax) recognised in special items relates to other Coal assets in Australia.

### *Restructuring costs*

Restructuring costs of $27 million (six months ended 30 June 2014: $61 million; year ended 31 December 2014: $128 million) relate to organisational changes as part of the *Driving Value* programme.

### *2014*

Operating special items in 2014 principally comprise impairments and related charges in respect of Minas-Rio and Peace River Coal.

### Operating remeasurements

Operating remeasurements reflect a net loss of $109 million (six months ended 30 June 2014: net gain of $179 million; year ended 31 December 2014: net loss of $1 million) which principally comprises losses of $51 million (six months ended 30 June 2014: gains of $238 million; year ended 31 December 2014: gains of $136 million) in respect of derivatives related to capital expenditure in Iron Ore Brazil and a $56 million depreciation and amortisation charge (six months ended 30 June 2014: $62 million; year ended 31 December 2014: $129 million) arising due to the fair value uplift on the Group's 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 $97 million (six months ended 30 June 2014: $98 million; 31 December 2014: $140 million).

## 7. SPECIAL ITEMS AND REMEASUREMENTS (continued)

### Non-operating special items

On 24 July 2014, the Group reached a binding agreement to sell its 50% interest in Lafarge Tarmac Holdings Limited (Lafarge Tarmac) (Corporate and other) to Lafarge SA (Lafarge). The sale was agreed subject to a number of conditions, including certain regulatory approvals and the completion of the merger of Lafarge and Holcim Limited (Holcim). As at 30 June 2015, the only remaining condition was the completion of the Lafarge-Holcim merger (which was subsequently satisfied on 13 July 2015), and the Group’s investment in Lafarge Tarmac was therefore classified as held for sale. In addition, in 2014 the Group initiated a process to dispose of its interests in Tarmac Middle East (TME) (Corporate and other) which supplies aggregates, asphalt and road base contracting services to the Middle East construction industry. As at 30 June 2015, TME was also classified as held for sale as the sale was considered highly probable. A loss of $100 million has been recognised on the transfer of Tarmac businesses to held for sale at fair value less costs to sell.

***2014***

Non-operating special items in 2014 principally relate to closure provisions and asset write downs in relation to Drayton and Drayton South (Coal), charges arising on the revaluation of deferred contingent consideration for the disposal of Amapá (Corporate and other), the refinancing of Ponahalo Investments (RF) Proprietary Limited, a Black Economic Empowerment partner (De Beers), and a net gain on the refinancing transaction for Atlatsa Resources Corporation (Platinum).

### Financing special items and remeasurements

Financing special items and remeasurements reflect a net gain of $69 million (six months ended 30 June 2014: $45 million; year ended 31 December 2014: $36 million) principally comprising gains on derivatives relating to debt.

### Special items and remeasurements tax

Total tax relating to subsidiaries and joint operations amounts to a charge of $413 million (six months ended 30 June 2014: charge of $4 million; year ended 31 December 2014: credit of $2 million).

This includes one-off tax charges of $492 million (six months ended 30 June 2014: nil; year ended 31 December 2014: charges of $105 million), tax credits on special items and remeasurements of $221 million (six months ended 30 June 2014: charges of $82 million; year ended 31 December 2014: credits of $412 million) and tax remeasurement charges of $142 million (six months ended 30 June 2014: credits of $78 million; year ended 31 December 2014: charges of $305 million).

One-off tax charges of $492 million primarily comprise the write down of deferred tax assets at Minas-Rio of $404 million and Kumba Iron Ore of $65 million, where it is no longer considered probable that these assets can be recovered against future taxable profits.

Of the total tax charge of $413 million, $3 million relates to a current tax charge (six months ended 30 June 2014: credit of $11 million; year ended 31 December 2014: credit of $31 million) and $410 million relates to a deferred tax charge (six months ended 30 June 2014: $15 million; year ended 31 December 2014: $29 million).

## 8. INTEREST EXPENSE

| US$ million | 6 months ended 30.06.15 | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| **Interest expense** | | | |
| Interest and other finance expense | **342** | 357 | 709 |
| Net interest expense on defined benefit arrangements | **28** | 34 | 69 |
| Unwinding of discount relating to provisions and other liabilities | **57** | 52 | 101 |
| | **427** | 443 | 879 |
| Less: interest expense capitalised | **(187)** | (201) | (382) |
| **Total interest expense before financing special items** | **240** | 242 | 497 |
| Financing special items | **28** | 32 | 65 |
| **Total interest expense after financing special items** | **268** | 274 | 562 |

## 9. INCOME TAX EXPENSE

### a) Analysis of charge for the period

| US$ million | 6 months ended 30.06.15 | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| United Kingdom tax | **(5)** | 13 | (14) |
| South Africa tax | **60** | 273 | 479 |
| Other overseas tax | **210** | 370 | 712 |
| Prior period adjustments | **(40)** | 22 | (68) |
| **Current tax**[(1)] | **225** | 678 | 1,109 |
| **Deferred tax** | **183** | 148 | 158 |
| **Income tax expense before special items and remeasurements** | **408** | 826 | 1,267 |
| Special items and remeasurements tax | **413** | 4 | (2) |
| **Income tax expense** | **821** | 830 | 1,265 |

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

### b) Factors affecting tax charge for the period

The effective tax rate for the period of (42.8)% (six months ended 30 June 2014: 28.2%; year ended 31 December 2014: (488.4)%) is lower (six months ended 30 June 2014: higher; year ended 31 December 2014: lower) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 20.25% (2014: 21.5%). The reconciling items, excluding the impact of associates and joint ventures, are:

| US$ million | 6 months ended 30.06.15 | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| (Loss)/profit before tax | **(1,920)** | 2,945 | (259) |
| Less: Share of net income from associates and joint ventures | **(37)** | (132) | (208) |
| (Loss)/profit before tax (excluding associates and joint ventures) | **(1,957)** | 2,813 | (467) |
| Tax on (loss)/profit (excluding associates and joint ventures) calculated at United Kingdom corporation tax rate of 20.25% (2014: 21.5%) | **(396)** | 605 | (100) |
| **Tax effects of:** | | | |
| Expenses not deductible for tax purposes | **50** | 52 | 90 |
| Non-taxable income | **(40)** | (49) | (158) |
| Temporary difference adjustments | **27** | 14 | 189 |
| Special items and remeasurements | **1,125** | (35) | 1,014 |
| **Other adjustments** | | | |
| Dividend withholding taxes | **85** | 127 | 193 |
| Effect of differences between local and United Kingdom tax rates | **2** | 78 | 106 |
| Other adjustments | **(32)** | 38 | (69) |
| **Income tax expense** | **821** | 830 | 1,265 |

IAS 1 requires income from associates and joint ventures to be presented net of tax on the face of the income statement.

The effective tax rate before special items and remeasurements including attributable share of associates' and joint ventures' tax for the six months ended 30 June 2015 was 28.0%. This is lower than the equivalent rates of 31.5% for the six months ended 30 June 2014, and 29.8% for the year ended 31 December 2014 due to the net impact of certain prior year adjustments, the remeasurement of withholding tax provisions across the Group and the relative levels of profits arising in our operating jurisdictions. In future periods it is expected that the effective tax rate will remain above the United Kingdom statutory tax rate.

## Notes to the Condensed financial statements

### 10. EARNINGS PER SHARE

| US$ | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| **(Loss)/earnings per share** | | | |
| Basic | **(2.34)** | 1.14 | (1.96) |
| Diluted | **(2.34)** | 1.14 | (1.96) |
| **Headline earnings per share** | | | |
| Basic | **0.17** | 1.14 | 1.20 |
| Diluted | **0.17** | 1.14 | 1.19 |
| **Underlying earnings per share** | | | |
| Basic | **0.70** | 1.00 | 1.73 |
| Diluted | **0.70** | 1.00 | 1.72 |

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)/profit attributable to equity shareholders of the Company | | | Headline earnings | | | Underlying earnings | | |
|---|---|---|---|---|---|---|---|---|---|
| | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
| **(Loss)/earnings (US$ million)** | | | | | | | | | |
| Basic and diluted (loss)/earnings | **(3,015)** | 1,464 | (2,513) | **216** | 1,466 | 1,535 | **904** | 1,284 | 2,217 |
| **Number of shares (million)** | | | | | | | | | |
| Basic number of ordinary shares outstanding | **1,288** | 1,283 | 1,284 | **1,288** | 1,283 | 1,284 | **1,288** | 1,283 | 1,284 |
| Effect of dilutive potential ordinary shares: | | | | | | | | | |
| Share options and awards | **–** | 5 | – | **3** | 5 | 5 | **3** | 5 | 5 |
| **Diluted number of ordinary shares outstanding** | **1,288** | 1,288 | 1,284 | **1,291** | 1,288 | 1,289 | **1,291** | 1,288 | 1,289 |

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

| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
|---|---|---|---|
| **(Loss)/profit for the financial period attributable to equity shareholders of the Company** | **(3,015)** | 1,464 | (2,513) |
| Operating special items | **3,321** | 8 | 4,268 |
| Operating special items – tax | **(188)** | – | (362) |
| Operating special items – non-controlling interests | **–** | (4) | (16) |
| Non-operating special items | **95** | (6) | 218 |
| Non-operating special items – tax | **–** | – | (51) |
| Non-operating special items – non-controlling interests | **3** | 4 | (9) |
| **Headline earnings for the financial period** | **216** | 1,466 | 1,535 |
| Operating special items[1] | **25** | 53 | 106 |
| Operating remeasurements | **109** | (179) | 1 |
| Non-operating special items[2] | **60** | (13) | 167 |
| Financing special items and remeasurements | **(69)** | (45) | (36) |
| Tax special items | **492** | – | 105 |
| Special items and remeasurements tax | **123** | (2) | 352 |
| Non-controlling interests on special items and remeasurements | **(52)** | 4 | (13) |
| **Underlying earnings for the financial period** | **904** | 1,284 | 2,217 |

(1) Includes restructuring costs.
(2) Principally relates to Kumba Envision Trust (2014: Kumba Envision Trust and Ponahalo refinancing).

## 11. FINANCIAL INSTRUMENTS

### a) Financial assets and liabilities by category

The carrying amounts of financial assets and liabilities are as shown below. Where the carrying amount of a financial asset or liability does not approximate its fair value, this is also disclosed.

For financial assets and liabilities which are traded on an active market, such as listed investments or listed debt instruments, fair value is determined by reference to market value. For non-traded financial assets and liabilities, fair value is calculated using discounted cash flows, considered to be reasonable and consistent with those that would be used by a market participant, and based on observable market data where available, unless carrying value is considered to approximate fair value.

| | | | | | | **30.06.15** |
|---|---|---|---|---|---|---|
| US$ million | **At fair value through profit and loss** | **Loans and receivables** | **Available for sale** | **Designated into hedges** | **Financial liabilities at amortised cost** | **Total** |
| **Financial assets** | | | | | | |
| Trade and other receivables[1] | **715** | **1,569** | **–** | **–** | **–** | **2,284** |
| Derivative financial assets | **93** | **–** | **–** | **952** | **–** | **1,045** |
| Cash and cash equivalents | **–** | **7,033** | **–** | **–** | **–** | **7,033** |
| Financial asset investments | **–** | **893** | **422** | **–** | **–** | **1,315** |
| | **808** | **9,495** | **422** | **952** | **–** | **11,677** |
| **Financial liabilities** | | | | | | |
| Trade and other payables[1] | **(252)** | **–** | **–** | **–** | **(2,917)** | **(3,169)** |
| Derivative financial liabilities | **(2,633)** | **–** | **–** | **(76)** | **–** | **(2,709)** |
| Borrowings[2] | **–** | **–** | **–** | **(15,043)** | **(3,898)** | **(18,941)** |
| | **(2,885)** | **–** | **–** | **(15,119)** | **(6,815)** | **(24,819)** |
| **Net financial (liabilities)/assets** | **(2,077)** | **9,495** | **422** | **(14,167)** | **(6,815)** | **(13,142)** |

| | | | | | | 31.12.14 |
|---|---|---|---|---|---|---|
| US$ million | At fair value through profit and loss | Loans and receivables | Available for sale | Designated into hedges | Financial liabilities at amortised cost | Total |
| **Financial assets** | | | | | | |
| Trade and other receivables[1] | 912 | 1,553 | – | – | – | 2,465 |
| Derivative financial assets | 153 | – | – | 980 | – | 1,133 |
| Cash and cash equivalents | – | 6,748 | – | – | – | 6,748 |
| Financial asset investments | – | 761 | 505 | – | – | 1,266 |
| | 1,065 | 9,062 | 505 | 980 | – | 11,612 |
| **Financial liabilities** | | | | | | |
| Trade and other payables[1] | (314) | – | – | – | (3,073) | (3,387) |
| Derivative financial liabilities | (2,277) | – | – | (47) | – | (2,324) |
| Borrowings[2] | – | – | – | (15,048) | (3,487) | (18,535) |
| | (2,591) | – | – | (15,095) | (6,560) | (24,246) |
| **Net financial (liabilities)/assets** | (1,526) | 9,062 | 505 | (14,115) | (6,560) | (12,634) |

(1) Trade and other receivables exclude prepayments and tax receivables. Trade and other payables exclude tax, social security and deferred income.
(2) Borrowings designated in fair value hedges represent listed debt. The fair value of these borrowings is $15,221 million (31 December 2014: $15,339 million), which is based on the quoted market price and consequently categorised as level 1 in the fair value hierarchy. For the majority of borrowings at amortised cost the carrying value is considered to approximate the fair value. In certain circumstances the fair value of borrowings at amortised cost is based on management's estimates of future cash flows and consequently the valuation is categorised as level 3 in the fair value hierarchy.

## 11. FINANCIAL INSTRUMENTS (continued)

### b) Fair value hierarchy

An analysis of financial assets and liabilities carried at fair value is set out below:

| | | | | 30.06.15 | | | | 31.12.14 |
|---|---|---|---|---|---|---|---|---|
| US$ million | **Level 1**(1) | **Level 2**(2) | **Level 3**(3) | **Total** | Level 1(1) | Level 2(2) | Level 3(3) | Total |
| **Financial assets** | | | | | | | | |
| At fair value through profit and loss | | | | | | | | |
| Provisionally priced trade receivables | **–** | **630** | **–** | **630** | – | 812 | – | 812 |
| Other receivables | **–** | **–** | **85** | **85** | – | – | 100 | 100 |
| Derivatives hedging net debt | **–** | **15** | **37** | **52** | – | 51 | 59 | 110 |
| Other derivatives | **–** | **41** | **–** | **41** | 1 | 42 | – | 43 |
| Designated into hedges | | | | | | | | |
| Derivatives hedging net debt | **–** | **951** | **–** | **951** | – | 979 | – | 979 |
| Other derivatives | **–** | **1** | **–** | **1** | 1 | – | – | 1 |
| Available for sale investments | | | | | | | | |
| Financial asset investments | **377** | **–** | **45** | **422** | 457 | – | 48 | 505 |
| | **377** | **1,638** | **167** | **2,182** | 459 | 1,884 | 207 | 2,550 |
| **Financial liabilities** | | | | | | | | |
| At fair value through profit and loss | | | | | | | | |
| Provisionally priced trade payables | **–** | **(252)** | **–** | **(252)** | – | (314) | – | (314) |
| Derivatives hedging net debt | **–** | **(1,925)** | **(623)** | **(2,548)** | – | (1,647) | (499) | (2,146) |
| Other derivatives | **(1)** | **(84)** | **–** | **(85)** | (2) | (129) | – | (131) |
| Designated into hedges | | | | | | | | |
| Derivatives hedging net debt | **–** | **(53)** | **–** | **(53)** | – | (27) | – | (27) |
| Other derivatives | **–** | **(23)** | **–** | **(23)** | – | (20) | – | (20) |
| | **(1)** | **(2,337)** | **(623)** | **(2,961)** | (2) | (2,137) | (499) | (2,638) |
| **Net liabilities carried at fair value** | **376** | **(699)** | **(456)** | **(779)** | 457 | (253) | (292) | (88) |

(1) Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares.
(2) Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.
(3) Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input.

Financial assets and liabilities included within level 3 primarily consist of certain cross currency swaps of Brazilian real denominated borrowings (whose valuation depends upon regulated interest rates), contingent proceeds and related receivables relating to disposals and unlisted equity investments.

The movements in the fair value of the level 3 financial assets and liabilities were primarily recorded as remeasurements in the Consolidated income statement.

## 12. ASSETS AND LIABILITIES HELD FOR SALE

Assets classified as held for sale as at 30 June 2015 of $1,562 million and associated liabilities of $5 million relate to Tarmac businesses (Corporate and other) and principally comprise the Group's investment in the Lafarge Tarmac joint venture of $1,547 million. See note 7 for further details.

## Notes to the Condensed financial statements

### 13. CAPITAL EXPENDITURE

Capital expenditure is defined as cash expenditure on property, plant and equipment including related derivatives, proceeds from disposal of property, plant and equipment and direct funding for capital expenditure from non-controlling interests.

### Capital expenditure by segment

| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14[1] | Year ended 31.12.14 |
|---|---|---|---|
| Iron Ore and Manganese[2] | **829** | 1,312 | 2,685 |
| Coal | **416** | 436 | 1,045 |
| Copper | **309** | 312 | 728 |
| Nickel[2] | **(17)** | (25) | 14 |
| Niobium | **13** | 90 | 198 |
| Phosphates | **12** | 17 | 41 |
| Platinum | **179** | 244 | 576 |
| De Beers | **363** | 311 | 689 |
| Corporate and other | **9** | 15 | 42 |
| | **2,113** | 2,712 | 6,018 |
| **Exclude:** | | | |
| Cash outflows from derivatives related to capital expenditure | **(113)** | (97) | (157) |
| Proceeds from disposal of property, plant and equipment | **17** | 31 | 71 |
| Direct funding for capital expenditure received from non-controlling interests | **18** | 21 | 42 |
| **Expenditure on property, plant and equipment** | **2,035** | 2,667 | 5,974 |

(1) The 30 June 2014 comparative has been re-presented to align with the revised definition introduced in the Group's 2014 Annual Report.
(2) Cash capital expenditure includes capitalised operating cash flows generated by operations that have not yet reached commercial production. For Iron Ore and Manganese, $225 million (six months ended 30 June 2014: nil; year ended 31 December 2014: $140 million) of capitalised net operating cash outflows have been generated by Minas-Rio. For Nickel, $116 million (six months ended 30 June 2014: $61 million; year ended 31 December 2014: $150 million) of capitalised net operating cash inflows have been generated by Barro Alto.

### Capital expenditure by category

| US$ million | **6 months ended 30.06.15** | 6 months ended 30.06.14[1] | Year ended 31.12.14 |
|---|---|---|---|
| Expansionary[2] | **1,081** | 1,557 | 3,248 |
| Stay-in-business | **649** | 789 | 1,973 |
| Stripping and development | **400** | 397 | 868 |
| Proceeds from disposal of property, plant and equipment | **(17)** | (31) | (71) |
| | **2,113** | 2,712 | 6,018 |

(1) The 30 June 2014 comparative has been re-presented to align with the revised definition introduced in the Group's 2014 Annual Report.
(2) 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.

### 14. 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 and the net debt of disposal groups).

### a) Reconciliation to the balance sheet

| | Cash and cash equivalents | | | Short term borrowings | | | Medium and long term borrowings | | |
|---|---|---|---|---|---|---|---|---|---|
| US$ million | **30.06.15** | 30.06.14 | 31.12.14 | **30.06.15** | 30.06.14 | 31.12.14 | **30.06.15** | 30.06.14 | 31.12.14 |
| Balance sheet | **7,033** | 8,452 | 6,748 | **(764)** | (2,196) | (1,618) | **(18,177)** | (17,686) | (16,917) |
| Balance sheet – disposal groups[1] | **10** | – | – | **–** | – | – | **–** | – | – |
| Bank overdrafts | **(10)** | (6) | (1) | **10** | 6 | 1 | **–** | – | – |
| **Net debt classifications** | **7,033** | 8,446 | 6,747 | **(754)** | (2,190) | (1,617) | **(18,177)** | (17,686) | (16,917) |

(1) Disposal group balances at 30 June 2015 relate to Tarmac businesses (Corporate and other) and are included in 'Assets classified as held for sale' on the Consolidated balance sheet.

## Notes to the Condensed financial statements

### 14. NET DEBT (continued)

### 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 2014 | 7,702 | (2,106) | (15,740) | (10,144) | (508) | (10,652) |
| Cash flow | 718 | 1,613 | (3,261) | (930) | (88) | (1,018) |
| Reclassifications | – | (1,653) | 1,653 | – | – | – |
| Movements in fair value | – | (37) | (227) | (264) | 511 | 247 |
| Other non-cash movements | – | (5) | (49) | (54) | – | (54) |
| Currency movements | 26 | (2) | (62) | (38) | – | (38) |
| At 30 June 2014 | 8,446 | (2,190) | (17,686) | (11,430) | (85) | (11,515) |
| Cash flow | (1,559) | 172 | (307) | (1,694) | (115) | (1,809) |
| Reclassifications | – | 166 | (166) | – | – | – |
| Movements in fair value | – | 30 | (207) | (177) | (884) | (1,061) |
| Other non-cash movements | – | 3 | (23) | (20) | – | (20) |
| Currency movements | (140) | 202 | 1,472 | 1,534 | – | 1,534 |
| At 31 December 2014 | **6,747** | **(1,617)** | **(16,917)** | **(11,787)** | **(1,084)** | **(12,871)** |
| Cash flow | **396** | **1,337** | **(2,951)** | **(1,218)** | **244** | **(974)** |
| Reclassifications | **–** | **(651)** | **651** | **–** | **–** | **–** |
| Movements in fair value | **–** | **15** | **156** | **171** | **(758)** | **(587)** |
| Other non-cash movements | **–** | **(1)** | **(16)** | **(17)** | **–** | **(17)** |
| Currency movements | **(110)** | **163** | **900** | **953** | **–** | **953** |
| **At 30 June 2015** | **7,033** | **(754)** | **(18,177)** | **(11,898)** | **(1,598)** | **(13,496)** |

### 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 note 14d 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 | **30.06.15** | 31.12.14 |
|---|---|---|
| Iron Ore and Manganese | **(2,996)** | (2,294) |
| Coal | **218** | 201 |
| Copper | **480** | 738 |
| Nickel | **(201)** | (262) |
| Niobium | **34** | 44 |
| Phosphates | **35** | 32 |
| Platinum | **65** | 24 |
| De Beers | **(115)** | (126) |
| Corporate and other | **(11,016)** | (11,228) |
| | **(13,496)** | (12,871) |

### 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 cash/(debt) in South Africa.

| US$ million | **30.06.15** | 31.12.14 |
|---|---|---|
| Cash and cash equivalents | **1,980** | 1,298 |
| Short term borrowings | **(33)** | (118) |
| Medium and long term borrowings | **(1,938)** | (1,252) |
| **Net cash/(debt) excluding derivatives** | **9** | (72) |
| Derivatives hedging net debt | **–** | 1 |
| **Net cash/(debt) including derivatives** | **9** | (71) |

## Notes to the Condensed financial statements

### 15. 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.

In the six months ended 30 June 2015, the Group issued corporate bonds with a US dollar equivalent value of $2.2 billion. These included the following bonds:

- €600 million 1.5% guaranteed loan notes due 2020 issued under the EMTN programme.
- $850 million 3.625% senior notes due 2020 and $650 million 4.875% senior notes due 2025 through accessing the US bond markets.

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

| | **30.06.15** | | | 31.12.14 | | |
|---|---|---|---|---|---|---|
| US$ million | **Short term borrowings** | **Medium and long term borrowings** | **Total borrowings** | Short term borrowings | Medium and long term borrowings | Total borrowings |
| **Secured** | | | | | | |
| Bank loans and overdrafts | **10** | **16** | **26** | 9 | 21 | 30 |
| Obligations under finance leases | **5** | **52** | **57** | 25 | 52 | 77 |
| | **15** | **68** | **83** | 34 | 73 | 107 |
| **Unsecured** | | | | | | |
| Bank loans and overdrafts | **219** | **2,684** | **2,903** | 211 | 2,198 | 2,409 |
| Bonds issued under EMTN programme | **–** | **9,252** | **9,252** | 1,228 | 9,384 | 10,612 |
| US bonds | **500** | **5,225** | **5,725** | – | 4,249 | 4,249 |
| Bonds issued under AMTN programme | **–** | **398** | **398** | – | 423 | 423 |
| Bonds issued under DMTN programme | **16** | **251** | **267** | 86 | 281 | 367 |
| Other loans | **14** | **299** | **313** | 59 | 309 | 368 |
| | **749** | **18,109** | **18,858** | 1,584 | 16,844 | 18,428 |
| **Total borrowings** | **764** | **18,177** | **18,941** | 1,618 | 16,917 | 18,535 |

The Group had the following undrawn committed borrowing facilities at the period end:

| US$ million | **30.06.15** | 31.12.14 |
|---|---|---|
| **Expiry date** | | |
| Within one year[1] | **1,026** | 1,073 |
| Greater than one year, less than two years | **397** | 525 |
| Greater than two years, less than three years | **1,117** | 1,172 |
| Greater than three years, less than four years | **–** | 597 |
| Greater than four years, less than five years | **5,386** | 5,000 |
| | **7,926** | 8,367 |

[1] Includes undrawn South African rand facilities equivalent to $0.8 billion (31 December 2014: $0.9 billion) with 364 day maturities which roll automatically on a daily basis, unless notice is served.

## 16. 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 30 June 2015 or 31 December 2014.

### Anglo American South Africa Limited (AASA)

AASA, a wholly owned subsidiary of the Company, is a defendant in a number of lawsuits filed in 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.

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

AASA is defending the separate lawsuits and will oppose the application for consolidated class certification.

AASA, AngloGold Ashanti, Gold Fields, Harmony Gold and Sibanye Gold announced in November 2014 that they had formed an industry working group (which has subsequently been extended to include African Rainbow Minerals, DRD Gold and Village Main) to address issues relating to compensation and medical care for occupational lung disease in the gold mining industry in South Africa. The companies are in the process of engaging 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 Mineral 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 30 June 2015, 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 six months ended 30 June 2015.

## Notes to the Condensed financial statements

### 17. RELATED PARTY TRANSACTIONS

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

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

| | Associates | | Joint ventures | | Joint operations[1] | |
|---|---|---|---|---|---|---|
| US$ million | **30.06.15** | 31.12.14 | **30.06.15** | 31.12.14 | **30.06.15** | 31.12.14 |
| **Transactions with related parties** | | | | | | |
| Sale of goods and services | **15** | 31 | **–** | – | **65** | 141 |
| Purchase of goods and services | **(218)** | (587) | **(91)** | (31) | **(1,670)** | (3,949) |
| **Balances with related parties** | | | | | | |
| Trade and other receivables from related parties | **24** | 23 | **38** | 37 | **16** | 28 |
| Trade and other payables to related parties | **(128)** | (140) | **(15)** | (17) | **(86)** | (97) |
| Loans receivable from related parties[2] | **99** | 98 | **486**[3] | 329 | **23** | 23 |

[1] Represents the portion of balances and transactions with joint operation entities or joint operation partners that the Group does not have the right to offset against the corresponding amount recorded by the respective joint operations. These amounts primarily relate to purchases by De Beers and Platinum from their joint operations in excess of the Group's attributable share of their production.
[2] Included in 'Financial asset investments' on the Consolidated balance sheet.
[3] Includes $200 million receivable from Samancor (Iron Ore and Manganese). Samancor has been accounted for as a joint venture since March 2015, following amendments to the agreement that governs the Group's interests in Samancor which resulted in the Group acquiring joint control over the business (previously accounted for as an associate).

#### Refinancing of Atlatsa

***2014***

In January 2014, Platinum completed the final phase of the refinancing transaction for Atlatsa Resources Corporation, which resulted in an increase in 'Investments in associates' of $69 million, a net decrease in 'Financial asset investments' of $47 million and a net gain of $22 million recorded within 'Non-operating special items'.

### 18. EVENTS OCCURRING AFTER THE PERIOD END

On 17 July 2015 the Group completed the sale of its 50% ownership interest in Lafarge Tarmac Holdings Limited to Lafarge SA. Upon completion, the Group received cash proceeds of $1,559 million. The proceeds are subject to certain post-closing adjustments and the final amounts will be reported in the results for the year ended 31 December 2015.

With the exception of the above and the declaration of the 2015 interim dividend, there have been no reportable events since 30 June 2015.

**Responsibility statement**

We confirm that to the best of our knowledge:

(a) the Condensed financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*;

(b) the Half year financial report includes a fair review of the information required by DTR 4.2.7R (being an indication of important events that have occurred during the first six months of the financial year, and their impact on the Half year financial report, and a description of the principal risks and uncertainties for the remaining six months of the financial year); and

(c) the Half year financial report includes a fair review of the information required by DTR 4.2.8R (being disclosure of related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or the performance of the Group during that period and any changes in the related party transactions described in the last annual report that could have a material effect on the financial position or performance of the Group in the first six months of the current financial year).

By order of the Board

| | |
|---|---|
| **Mark Cutifani** | **René Médori** |
| Chief Executive | Finance Director |

## INDEPENDENT REVIEW REPORT TO ANGLO AMERICAN PLC

We have been engaged by the Company to review the Condensed financial statements in the Half year financial report for the six months ended 30 June 2015 which comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity and related notes 1 to 18. We have read the other information contained in the Half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed financial statements.

This report is made solely to the Company in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board. Our work has been undertaken so that we might state to the Company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our review work, for this report, or for the conclusions we have formed.

### Directors' responsibilities

The Half year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the Half year financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in note 1, the annual financial statements of the Group are prepared in accordance with International Financial Reporting Standards as adopted by the European Union. The Condensed financial statements included in this Half year financial report have been prepared in accordance with International Accounting Standard 34, *Interim Financial Reporting* (IAS 34), as adopted by the European Union.

### Our responsibility

Our responsibility is to express to the Company a conclusion on the Condensed financial statements in the Half year financial report based on our review.

### Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410 *Review of Interim Financial Information Performed by the Independent Auditor of the Entity* issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

### Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed financial statements in the Half year financial report for the six months ended 30 June 2015 are not prepared, in all material respects, in accordance with IAS 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

**Deloitte LLP**
Chartered Accountants and Statutory Auditor
London, United Kingdom

23 July 2015

## Exchange rates and commodity prices

| US$ exchange rates | 30.06.15 | 30.06.14 | 31.12.14 |
|---|---|---|---|
| **Period end spot rates** | | | |
| Rand | **12.14** | 10.64 | 11.57 |
| Brazilian real | **3.11** | 2.20 | 2.66 |
| Sterling | **0.64** | 0.58 | 0.64 |
| Australian dollar | **1.30** | 1.06 | 1.22 |
| Euro | **0.90** | 0.73 | 0.82 |
| Chilean peso | **640** | 554 | 607 |
| Botswana pula | **9.87** | 8.80 | 9.51 |
| **Average rates for the period** | | | |
| Rand | **11.92** | 10.70 | 10.85 |
| Brazilian real | **2.97** | 2.30 | 2.35 |
| Sterling | **0.66** | 0.60 | 0.61 |
| Australian dollar | **1.28** | 1.09 | 1.11 |
| Euro | **0.90** | 0.73 | 0.75 |
| Chilean peso | **621** | 553 | 571 |
| Botswana pula | **9.79** | 8.84 | 8.97 |

| Commodity prices | | 30.06.15 | 30.06.14 | 31.12.14 |
|---|---|---|---|---|
| **Period end spot prices** | | | | |
| Iron ore (62% Fe CFR)[(1)] | US$/tonne | **60** | 93 | 72 |
| Thermal coal (FOB South Africa)[(2)] | US$/tonne | **59** | 74 | 66 |
| Thermal coal (FOB Australia)[(2)] | US$/tonne | **63** | 72 | 65 |
| Hard coking coal (FOB Australia)[(3)] | US$/tonne | **110** | 120 | 119 |
| Copper[(4)] | US cents/lb | **260** | 319 | 288 |
| Nickel[(4)] | US cents/lb | **530** | 849 | 677 |
| Platinum[(5)] | US$/oz | **1,078** | 1,480 | 1,206 |
| Palladium[(5)] | US$/oz | **677** | 844 | 811 |
| Rhodium[(6)] | US$/oz | **820** | 1,110 | 1,230 |
| **Average market prices for the period** | | | | |
| Iron ore (62% Fe CFR)[(1)] | US$/tonne | **60** | 111 | 97 |
| Thermal coal (FOB South Africa)[(2)] | US$/tonne | **62** | 77 | 72 |
| Thermal coal (FOB Australia)[(2)] | US$/tonne | **63** | 76 | 71 |
| Hard coking coal (FOB Australia)[(7)] | US$/tonne | **113** | 132 | 125 |
| Copper[(4)] | US cents/lb | **269** | 314 | 311 |
| Nickel[(4)] | US cents/lb | **620** | 749 | 765 |
| Platinum[(5)] | US$/oz | **1,160** | 1,437 | 1,385 |
| Palladium[(5)] | US$/oz | **773** | 779 | 803 |
| Rhodium[(6)] | US$/oz | **1,111** | 1,077 | 1,158 |

(1) Source: Platts.
(2) Source: McCloskey.
(3) Source: 30 June 2015 and 30 June 2014 represent the quarter two benchmarks; 31 December 2014 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 for the respective periods.

## Summary by business operation

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

| US$ million | Revenue[1] | | | Underlying EBITDA[2] | | | Underlying EBIT[3] | | | Underlying earnings | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 | **6 months ended 30.06.15** | 6 months ended 30.06.14 | Year ended 31.12.14 |
| **Iron Ore and Manganese** | **2,013** | 2,894 | 5,176 | **693** | 1,381 | 2,286 | **510** | 1,229 | 1,957 | **140** | 443 | 717 |
| Kumba Iron Ore | **1,723** | 2,466 | 4,388 | **654** | 1,293 | 2,162 | **513** | 1,182 | 1,911 | **206**[4] | 434[4] | 747[4] |
| Iron Ore Brazil | **–** | – | – | **(10)** | (6) | (29) | **(11)** | (9) | (34) | **(35)** | (8) | (32) |
| Samancor | **290** | 428 | 788 | **77** | 137 | 251 | **36** | 99 | 178 | **(6)** | 52 | 78 |
| Projects and corporate | **–** | – | – | **(28)** | (43) | (98) | **(28)** | (43) | (98) | **(25)**[4] | (35)[4] | (76)[4] |
| **Coal** | **2,608** | 2,856 | 5,808 | **589** | 638 | 1,207 | **267** | 260 | 458 | **197** | 161 | 296 |
| Australia and Canada | **1,271** | 1,509 | 2,970 | **324** | 307 | 543 | **101** | 18 | (1) | **80** | (14) | (30) |
| South Africa | **1,000** | 975 | 2,083 | **182** | 227 | 463 | **129** | 178 | 350 | **108** | 140 | 271 |
| Colombia | **337** | 372 | 755 | **107** | 135 | 255 | **61** | 95 | 163 | **32** | 64 | 105 |
| Projects and corporate | **–** | – | – | **(24)** | (31) | (54) | **(24)** | (31) | (54) | **(23)** | (29) | (50) |
| **Copper** | **1,836** | 2,555 | 4,827 | **537** | 1,106 | 1,902 | **174** | 760 | 1,193 | **62** | 309 | 493 |
| Anglo American Sur | **1,113** | 1,521 | 2,792 | **363** | 714 | 1,185 | **149** | 506 | 762 | **59** | 196 | 301 |
| Anglo American Norte | **272** | 357 | 724 | **16** | 51 | 126 | **(26)** | 17 | 52 | **(12)** | 8 | 69 |
| Collahuasi | **451** | 677 | 1,311 | **214** | 403 | 707 | **107** | 299 | 495 | **53** | 153 | 207 |
| Projects and corporate | **–** | – | – | **(56)** | (62) | (116) | **(56)** | (62) | (116) | **(38)** | (48) | (84) |
| **Nickel** | **61** | 76 | 142 | **4** | 30 | 28 | **–** | 26 | 21 | **(2)** | 29 | 6 |
| Codemin | **61** | 76 | 142 | **13** | 19 | 43 | **10** | 16 | 37 | **2** | 12 | 23 |
| Loma de Níquel | **–** | – | – | **(3)** | 24 | 22 | **(3)** | 24 | 22 | **–** | 22 | 22 |
| Barro Alto | **–** | – | – | **1** | (7) | (25) | **–** | (8) | (26) | **2** | – | (25) |
| Projects and corporate | **–** | – | – | **(7)** | (6) | (12) | **(7)** | (6) | (12) | **(6)** | (5) | (14) |
| **Niobium** | **79** | 90 | 180 | **35** | 37 | 73 | **32** | 34 | 67 | **17** | 23 | 30 |
| Catalão | **79** | 90 | 180 | **35** | 38 | 75 | **32** | 35 | 69 | **17** | 24 | 31 |
| Projects and corporate | **–** | – | – | **–** | (1) | (2) | **–** | (1) | (2) | **–** | (1) | (1) |
| **Phosphates** | **215** | 215 | 486 | **52** | 20 | 79 | **41** | 9 | 57 | **23** | 10 | 35 |
| Copebrás | **215** | 215 | 486 | **53** | 25 | 88 | **42** | 14 | 66 | **24** | 13 | 39 |
| Projects and corporate | **–** | – | – | **(1)** | (5) | (9) | **(1)** | (5) | (9) | **(1)** | (3) | (4) |
| **Platinum** | **2,612** | 2,718 | 5,396 | **521** | 231 | 527 | **272** | (1) | 32 | **175** | (1) | 25 |
| Operations | **2,612** | 2,718 | 5,396 | **544** | 261 | 585 | **295** | 29 | 90 | **198** | 28 | 80 |
| Projects and corporate | **–** | – | – | **(23)** | (30) | (58) | **(23)** | (30) | (58) | **(23)** | (29) | (55) |
| **De Beers** | **3,021** | 3,823 | 7,114 | **792** | 983 | 1,818 | **576** | 765 | 1,363 | **360** | 469 | 923 |
| Operations | **3,021** | 3,823 | 7,114 | **817** | 1,004 | 1,862 | **601** | 786 | 1,407 | **381** | 487 | 959 |
| Projects and corporate | **–** | – | – | **(25)** | (21) | (44) | **(25)** | (21) | (44) | **(21)** | (18) | (36) |
| **Corporate and other** | **901** | 917 | 1,859 | **57** | (98) | (88) | **11** | (150) | (215) | **(68)** | (159) | (308) |
| Other Mining and Industrial | **899** | 914 | 1,854 | **108** | 58 | 162 | **62** | 11 | 62 | **51** | 4 | 44 |
| Exploration | **–** | – | – | **(71)** | (75) | (180) | **(71)** | (76) | (181) | **(66)** | (69) | (163) |
| Corporate activities and unallocated costs | **2** | 3 | 5 | **20** | (81) | (70) | **20** | (85) | (96) | **(53)** | (94) | (189) |
| | **13,346** | 16,144 | 30,988 | **3,280** | 4,328 | 7,832 | **1,883** | 2,932 | 4,933 | **904** | 1,284 | 2,217 |

(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, $14 million (six months ended 30 June 2014: $25 million; year ended 31 December 2014: $54 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is $192 million (six months ended 30 June 2014: $409 million; year ended 31 December 2014: $693 million).

## Return on capital employed (ROCE)

ROCE is a ratio that measures the efficiency and profitability of a company's capital investments. It displays how effectively assets are generating profit for the size of invested capital and is calculated as underlying EBIT divided by average capital employed.

### *Attributable ROCE*

Attributable ROCE is the return on the capital employed attributable to equity shareholders of Anglo American plc, and therefore excludes the portion of underlying EBIT and capital employed attributable to non-controlling interests in operations where Anglo American plc has control but does not hold 100% of the equity. Joint operations, associates and joint ventures are included in their proportionate interest and in line with appropriate accounting treatment.

| US$ billion | **30.06.15** | 31.12.14 | 31.12.13 | 31.12.12 |
|---|---|---|---|---|
| **Attributable EBIT**[(1)] | **2.8** | 3.4 | 4.4 | 4.1 |
| **Average attributable capital employed** | **35.5** | 38.7 | 41.5 | 40.0 |
| **Attributable ROCE** | **8%** | 9% | 10% | 10% |

(1) For periods of less than one year EBIT for the period is annualised.

### *Driving Value ROCE*

*Driving Value* ROCE is an adjusted measure of Attributable ROCE allowing measurement on a comparable basis throughout the *Driving Value* recovery programme announced in December 2013. It is calculated using Attributable ROCE based on 30 June 2013 realised prices and foreign exchange rates and includes the following adjustments:

- Impairments announced after 10 December 2013 are not removed from total capital employed. Earnings and return impacts from such impairments (due to reduced depreciation or amortisation expense) are not taken into account.
- The De Beers fair value uplift which resulted from the revaluing upward of Anglo American plc's pre-existing 45% share in De Beers is excluded from capital employed from 2012 onwards.
- Structural adjustments for the De Beers acquisition assuming ownership of 85% of De Beers from 1 January 2012 (actual acquisition date: 16 August 2012) and disposals from Anglo American Sur assuming ownership of 50.1% from the start of 2012 (actual disposal date: 23 August 2012) have been included.

| US$ billion | **30.06.15** | 31.12.14 | 31.12.13 | 31.12.12 |
|---|---|---|---|---|
| **Attributable EBIT** | **2.8** | 3.4 | 4.4 | 4.1 |
| **Attributable EBIT adjusted for 30 June 2013 price and foreign exchange parameters** | **5.3** | 4.4 | 4.2 | 3.3 |
| | | | | |
| Average attributable capital employed | **35.5** | 38.7 | 41.5 | 40.0 |
| Adjust for average: | | | | |
| Cumulative impairments since 2013[(1)] | **6.4** | 2.8 | (0.3) | (3.8) |
| De Beers fair value adjustment on 45% pre-existing share | **(0.8)** | (1.1) | (1.5) | (0.9) |
| Structural adjustments | **–** | – | – | 3.1 |
| **Average adjusted attributable capital employed** | **41.1** | 40.4 | 39.7 | 38.4 |
| **Average adjusted attributable capital employed at 30 June 2013 price and foreign exchange parameters** | **44.3** | 42.1 | 40.3 | 35.1 |
| | | | | |
| **Driving Value ROCE at achieved prices** | **7%** | 8% | 11% | 11% |
| **Driving Value ROCE at 30 June 2013 price and foreign exchange parameters** | **12%** | 10% | 10% | 9% |

(1) Impairments (post-tax) not removed from capital employed up to 30 June 2015 are Minas-Rio (Iron Ore and Manganese): $6.4 billion; Coal: $1.2 billion; and Barro Alto (Nickel): $0.5 billion.

### *ROCE used for LTIP metrics*

50% of the Executives' annual LTIP award is predicated upon the achievement of ROCE targets over a three year performance period. The target range for the 2014 LTIP award, 12-16%, was set at a level designed to support the aspiration of achieving a ROCE of 15% by the end of 2016. Although the subsequent steep decline in prices since that award has made the target range exceptionally stretching, it is not intended that the LTIP outcomes will be adjusted for the impact of prices. The relevant ROCE figure applicable to the 2014 LTIP award is therefore '*Driving Value* ROCE at achieved prices' as set out in the table above. In H1 2015, *Driving Value* ROCE at achieved prices was 7%.

On the same basis, the target range for the 2015 LTIP award was set at 9-13%, below the 2014 LTIP award, but consistent with the lower commodity price expectations at the time. However, following impairments to Minas-Rio and Coal in 2014 and H1 2015, the gap between the financial statements as reported and the ROCE incentive measure has widened.

In order to provide a clearer link to the financial statements for investors and participants, the simplified Attributable ROCE, as set out above, will be used for the 2015 LTIP award onwards, rather than the *Driving Value* ROCE. However, since the capital employed figure used in calculating Attributable ROCE has been reduced by taking impairments into account, it is necessary to increase the 2015 LTIP target range appropriately to maintain a similar stretch target. This results in an increase to the 2015 LTIP target range from 9-13% to 11-15%. In H1 2015, Attributable ROCE was 8%.

# ANGLO AMERICAN plc

*(Incorporated in England and Wales – Registered number 3564138)*

(the Company)

## Notice of Interim Dividend

(Dividend No. 30)

Notice is hereby given that an interim dividend on the Company's ordinary share capital in respect of the year to 31 December 2015 will be paid as follows:

| | |
|---|---|
| Amount (United States currency) | 32 cents per ordinary share (note 1) |
| Amount (South African currency) | R3.9688320 per ordinary share (note 2) |
| Last day to effect removal of shares between the United Kingdom (UK) and South African (SA) registers | Thursday 23 July 2015 |
| Last day to trade on the JSE Limited (JSE) to qualify for dividend | Friday 31 July 2015 |
| Ex-dividend on the JSE from the commencement of trading on | Monday 3 August 2015 (note 3) |
| Ex-dividend on the London Stock Exchange from the commencement of trading on | Thursday 6 August 2015 |
| Record date (applicable to both the UK principal register and SA branch register) | Friday 7 August 2015 |
| Removal of shares between the UK and SA registers permissible from | Tuesday 11 August 2015 |
| Last day for receipt of US$:£/€ currency elections by the UK Registrars (note 1) | Wednesday 26 August 2015 |
| Last day for receipt of Dividend Reinvestment Plan (DRIP) mandate forms by the UK Registrars (notes 4, 5 and 6) | Wednesday 26 August 2015 |
| Last day for receipt of DRIP mandate forms by Central Securities Depository Participants (CSDPs) (notes 4, 5 and 6) | Wednesday 26 August 2015 |
| Last day for receipt of DRIP mandate forms by the South African Transfer Secretaries (notes 4, 5 and 6) | Thursday 27 August 2015 |
| Currency conversion US$:£/€ rates announced on | Friday 4 September 2015 |
| Payment date of dividend | Thursday 17 September 2015 |

Notes

1. Shareholders on the UK register of members with an address in the UK 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 Wednesday 26 August 2015. Shareholders with an address elsewhere will be paid in US dollars except those registered on the SA branch register who will be paid in South African rand.
2. Dividend Tax will be withheld from the amount of the gross dividend of R3.9688320 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 R3.3735072 per ordinary share. Anglo American plc had a total of 1,405,465,332 ordinary shares in issue, including 3,626,968 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 Monday 28 September 2015. CREST accounts will be credited on Tuesday 22 September 2015.
6. Copies of the terms and conditions of the DRIP are available from the UK Registrars or the South African Transfer Secretaries.

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