

## PROSPECTUS

US\$1,500,000,000



**Anglo American Capital plc**  
**US\$850,000,000 3.625% Senior Notes due 2020**  
**US\$650,000,000 4.875% Senior Notes due 2025**  
**Guaranteed by Anglo American plc**

This prospectus is being published by Anglo American Capital plc (the “Issuer”) in connection with Admission (as defined below) of its US\$850 million of its 3.625% Senior Notes due 2020 (the “2020 Notes”) and US\$650 million of its 4.875% Senior Notes due 2025 (the “2025 Notes” and, together with the 2020 Notes, the “Notes”) with such Notes to be guaranteed (the “Guarantees”) by Anglo American plc (the “Company”, “Guarantor” or “Anglo American” and, together with the Company’s subsidiaries, joint ventures and associates, “Anglo American Group”, the “Group”, “we”, “us” or “our”). Interest will be paid on the Notes semi-annually and in arrears on May 14 and November 14 of each year, commencing on November 14, 2015. The 2020 Notes and the 2025 Notes will mature on May 14, 2020 and May 14, 2025, respectively.

The Issuer has the option to redeem all or a portion of the Notes at any time at the redemption prices set forth in this document.

The Notes will be unsecured senior obligations of the Issuer and will rank equally with all of its other existing and future unsubordinated indebtedness.

The Notes will be issued in fully registered form and only in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

***For a more detailed description of the Notes, see “Description of the Notes and the Guarantees” beginning on page 141.***

**An investment in the Notes involves risks. See “Risk Factors” beginning on page 15.**

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**Offering Price for the 2020 Notes: 99.778% plus accrued interest, if any, from May 14, 2015**

**Offering Price for the 2025 Notes: 99.578% plus accrued interest, if any, from May 14, 2015**

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Application has been made to the Financial Conduct Authority in its capacity as competent authority pursuant to Part VI of the Financial Services and Markets Act 2000 (the “UK Listing Authority”) for each series of the Notes to be admitted to the official list of the UK Listing Authority (the “Official List”) and to the London Stock Exchange plc (the “London Stock Exchange”) for each series of the Notes to be admitted to trading on the London Stock Exchange’s Regulated Market (“Admission”). References in this document to the Notes being listed (and all related references) shall mean that the Notes have been admitted to trading on the London Stock Exchange’s Regulated Market and have been admitted to the Official List. The London Stock Exchange’s Regulated Market is a regulated market for purposes of Directive 2004/39/EC (the “Directive on Markets in Financial Instruments”). **The securities to which this document relates have not been recommended by the United States Securities and Exchange Commission (the “SEC”) or any other US federal or state securities commission or regulatory authority nor have such authorities confirmed the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.**

The Notes and the Guarantees have not been registered, and we do not intend to register the Notes or the Guarantees, under the US Securities Act of 1933, as amended (the “Securities Act”), or any securities laws of any other jurisdiction. Accordingly, the Notes are being offered and sold in the United States only to qualified

institutional buyers in accordance with Rule 144A under the Securities Act (“Rule 144A”) and outside the United States to certain non-US persons in accordance with Regulation S under the Securities Act (“Regulation S”). **Prospective purchasers that are qualified institutional buyers are hereby notified that the seller of the Notes and the related Guarantees may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.** For further details about eligible offerees and transfer restrictions, see “Plan of Distribution” and “Transfer Restrictions”.

The Company’s credit ratings have been issued by Moody’s Investors Service Ltd. (“Moody’s”) and Standard & Poor’s Credit Market Services Europe Limited (“S&P”) and are Baa2 (negative outlook) and BBB- (stable outlook), respectively. In general, European regulated investors are restricted from using a rating for regulatory purposes if such rating is not issued by a credit rating agency established in the European Union and registered under Regulation (EC) No. 1060/2009 (the “CRA Regulation”), unless the rating is provided by a credit rating agency operating in the European Union before June 7, 2010 which has submitted an application for registration in accordance with the CRA Regulation and such registration is not refused. S&P and Moody’s have each been registered under the CRA Regulation by the European Securities and Markets Authority as of October 31, 2011.

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Citigroup Global Markets Inc., J.P. Morgan Securities LLC, RBC Capital Markets, LLC, nabSecurities, LLC, Scotia Capital (USA) Inc., TD Securities (USA) LLC and Westpac Banking Corporation (ABN 33 007 457 141) (collectively, the “Joint Bookrunners” or the “Initial Purchasers”) expect to deliver the Notes to purchasers on or about May 14, 2015 through the facilities of The Depository Trust Company including its participants Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*.

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***Joint Bookrunners***

**Citigroup**

**nabSecurities,  
LLC**

**Scotiabank**

**J.P. Morgan**

**TD Securities**

**RBC Capital Markets**

**Westpac Banking  
Corporation**

Prospectus dated May 8, 2015

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## OVERVIEW

This overview highlights certain information contained in this document. This overview does not contain all the information you should consider before purchasing the Notes. You should read this entire document carefully, including the sections entitled “Forward-Looking Statements”, “Risk Factors”, “Business Description”, and “Operating and Financial Review” included elsewhere in this document and the financial information and the notes thereto incorporated by reference as outlined in the section entitled “Incorporation of Certain Information by Reference.” Other than under “Description of the Notes and the Guarantees” or where the context indicates otherwise, references herein to “us”, “we”, “our” and similar terms are to the Group.

### THE ANGLO AMERICAN GROUP

Anglo American plc is the holding company of the Group, a global leader in mining, whether measured by market capitalization, revenue or net income. The Group has a range of high quality, core mining businesses with balanced participation across precious, base and bulk commodities, and diamonds. The Group is geographically diverse, with operations across the world. Anglo American is a public limited company incorporated under the laws of England and Wales under the name “Anglo American plc” and is registered in England and Wales.

Our businesses’ (excluding Corporate and other) contribution to underlying EBIT (underlying EBIT is earnings before interest and tax before special items and remeasurements and includes the Group’s attributable share of associates’ and joint ventures’ underlying EBIT) in 2012, 2013 and 2014 is summarized in the table below:

|                                          | Year-ended December 31, |              |              |
|------------------------------------------|-------------------------|--------------|--------------|
|                                          | 2012 <sup>(1)</sup>     | 2013         | 2014         |
|                                          | (US\$m)                 |              |              |
| Iron Ore and Manganese .....             | 3,011                   | 3,119        | 1,957        |
| Coal <sup>(2)</sup> .....                | 1,198                   | 587          | 458          |
| Copper .....                             | 1,736                   | 1,739        | 1,193        |
| Nickel .....                             | 26                      | (44)         | 21           |
| Niobium <sup>(2)</sup> .....             | 81                      | 82           | 67           |
| Phosphates <sup>(2)</sup> .....          | 88                      | 68           | 57           |
| Platinum .....                           | (120)                   | 464          | 32           |
| De Beers <sup>(2)</sup> .....            | 474                     | 1,003        | 1,363        |
| Corporate and other <sup>(2)</sup> ..... | (241)                   | (398)        | (215)        |
|                                          | <u>6,253</u>            | <u>6,620</u> | <u>4,933</u> |

(1) Changes in accounting policy relating to International Accounting Standard 19 (revised) *Employee Benefits* (“IAS 19R”), IFRS Interpretations Committee Interpretation 20 *Stripping Costs in the Production Phase of a Surface Mine* (“IFRIC 20”) and International Financial Reporting Standard 11 *Joint Arrangements* (“IFRS 11”), resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

(2) To align with changes in the management structure of the Group’s coal businesses and the way their results are internally reported, Coal South Africa and Coal Colombia (formerly the Thermal Coal segment) and Coal Australia and Canada (formerly the Metallurgical Coal segment) are now reported together as the Coal segment. Niobium and Phosphates are now reported as separate segments, having previously been aggregated and the Diamonds segment is now referred to as De Beers. The Other Mining and Industrial segment is no longer considered to be individually significant to the Group and is therefore now shown within ‘Corporate and other’ together with unallocated corporate costs and exploration costs. Exploration costs represent the cost of the Group’s exploration activities across all segments, and were previously reported separately. Comparatives have been reclassified to align with current year presentation.

### Business Overview

The Anglo American business segments are:

- **Iron Ore and Manganese.** This business segment’s iron ore operations are represented in South Africa by a controlling interest of 69.7% in Kumba Iron Ore Limited (“Kumba”), a company listed on the Johannesburg Stock Exchange, and in Brazil by a 100% interest in Anglo American Minério de Ferro Brasil SA (“Minas-Rio”) and a 50% interest in LLX Minas-Rio Logística Comercial Exportadora SA (“Ferroport” formerly referred to as “LLX Minas-Rio”), together with Minas-Rio, the “Minas-Rio Project”). Ferroport owns and operates the iron ore handling and shipping facilities at the port of Açú (currently completing final construction), from which iron ore from Minas-Rio is exported. The business segment’s manganese operations (manganese ore mining and alloy production) are represented in South Africa and Australia by a 40% interest in Samancor Holdings Proprietary Limited (“Samancor Holdings”), Groote Eylandt Mining Company Pty Limited (“GEMCO”) and Tasmanian Electro Metallurgical Company Pty Limited (“TEMCO”, together with Samancor Holdings and GEMCO, “Samancor”), respectively.

- **Coal. Coal Australia and Canada.** This business is Australia's second largest metallurgical coal producer and the third largest global exporter of metallurgical coal, according to Wood Mackenzie. It operates seven mines, two wholly owned and five in which it has a majority interest. Six of the mines are located towards the east coast of Australia; five are in Queensland's Bowen Basin, and one in the Hunter Valley in New South Wales. One mine is located in British Columbia, Canada. In addition, the business includes the Grosvenor project, which is wholly owned.  
*Coal South Africa and Colombia.* In South Africa, the business owns and operates seven mines and has a 50% interest in the Mafube colliery and a 73% interest in Anglo American Inyosi Coal, which operates the Kriel Colliery, Zibulo and various other projects as well as holding a 50% interest in the Phola washing plant. This business also has a 23.2% interest in the Richards Bay Coal Terminal through which South African export thermal coal is routed. Its Colombian operations are represented by a 33.3% interest in Carbones del Cerrejón Limited, Cerrejón Zona Norte S.A. and CMC - Coal Marketing Company Limited (collectively known as "Cerrejón").
- **Copper.** We have interests in six copper operations in Chile. The Mantos Blancos and Mantoverde mines are wholly owned, and we hold a 50.1% interest in Anglo American Sur ("AA Sur"), which includes the Los Bronces and El Soldado mines and the Chagres smelter. We also hold a 44% interest in the Collahuasi mine. In Peru, we have an 81.9% interest in the Quellaveco project.
- **Nickel.** This business segment comprises two ferronickel operations, Barro Alto and Codemin in Brazil. The business segment has two notable but unapproved projects in Brazil: Jacaré and Morro Sem Boné.
- **Niobium.** Our wholly owned Niobium business, located in Brazil's Goiás state, accounts for approximately 8% of global production of the metal. The Boa Vista Fresh Rock ("BVFR") project produces and exports approximately 4,700 tonnes of niobium per year. The project is expected to reach full nameplate capacity in 2017. When fully ramped up, production from existing operations is expected to increase to 6,800 tonnes of niobium per year.
- **Phosphates.** Our wholly owned Phosphates business is the second largest phosphate fertilizer producer in Brazil based on installed production capacity. Its operations are vertically integrated, from the mining of ore to processing into final product.
- **Platinum.** Our subsidiary, Anglo American Platinum Limited ("Anglo American Platinum"), a company listed on the Johannesburg Stock Exchange and located in South Africa is the world's leading primary producer of platinum group metals, extracting approximately 37% of the world's newly mined platinum in 2014. The Group holds a 78% interest in Anglo American Platinum.
- **De Beers.** De Beers is Anglo American's 85%-owned diamond business, with mining operations in Botswana, South Africa, Namibia and Canada. In 2014, De Beers, with its joint venture partners, was responsible for the production of approximately one-third of global rough diamond primary supply by value. De Beers operates across key parts of the diamond value chain, including exploration, production, sorting, valuing and selling of rough diamonds. It also markets polished diamonds under its proprietary diamond brand, Forevermark, licenses the Forevermark brand and has a 50:50 retail joint venture with LVMH Moët Hennessy-Louis Vuitton ("De Beers Diamond Jewellers").
- **Corporate and other.** This business segment includes the non-core businesses previously reported under Other Mining and Industrial and currently comprising the quarry materials companies operating under the Tarmac brand ("Tarmac") (including Tarmac Middle East and a 50% interest in the Lafarge Tarmac Holdings Limited ("Lafarge Tarmac") joint venture).

## Strategy

Anglo American aims to become the investment of choice, the partner of choice and the employer of choice through the operation of world class assets in the most attractive natural resources, and through a resolute commitment to the highest standards of safe and sustainable mining.

Our leading exploration teams strive to find the resources we will mine in the future and we engage with a broad range of stakeholders, from governments to local communities and NGOs, to secure our right to mine those resources. Many of the natural resources we mine are processed and refined before we seek to apply our market knowledge to deliver a quality product our customers value.

Our immediate strategy is focused on our Driving Value program, to achieve at least an attributable 15% Return on Capital Employed ("ROCE") by 2016 (at June 30, 2013 exchange rates and prices), and set the business up for long-term success and sustainable returns through the mining cycle. An extensive review of our asset portfolio was initiated and completed in 2013, and the Group is now focused on four strategic priority areas to help to deliver this target:

**Capital allocation** – Achieving our target of an attributable 15% ROCE by 2016 (at June 30, 2013 exchange rates and prices) will require a focus on capital discipline, our capital deployment to be directed towards high value, low risk projects, and ensuring we manage the balance between growth and shareholder returns. We will continue to allocate capital to our most value accretive options and pursue a syndication approach for major greenfield developments, in line with managing individual risk exposures and achieving our long-term net debt target of US\$10-US\$12 billion, assisted by our asset disposal program.

Within our diversified portfolio, we are increasingly focused on higher quality resources and assets which can deliver consistently high-margins through commodity cycles. While we manage all holdings in this portfolio to the best of our ability, the clear focus is on Priority 1 (“P1”) assets. P1 assets command the most attention of the business unit and Group management time and are prioritized for capital allocation to ensure they reach their full potential.

We determine asset priority through a careful assessment of strategic attractiveness and ultimate value creation potential. We consider and analyze a number of factors, including cost position, endowment and resource scale and quality, life and specific risk, alongside relevant qualitative factors. We then overlay our view of commodity attractiveness.

Our 16 P1 assets contributed 90% of our underlying EBIT in 2014. Furthermore, the majority of our capital expenditure related to P1 assets.

Priority 2 (“P2”) assets are those which we believe have exciting cash generation potential, though not on the same scale as P1 assets. We nurture these assets and resource positions to deliver material contributions to returns, or redeploy our efforts and capital where this is not possible. We typically provide ‘lighter touch’ support to P2 assets which often act as a good training ground for talent and innovation.

Through our asset review process, we identified a number of assets – principally in our Platinum, Copper and Coal businesses – that are likely to deliver greater value under different ownership, enabling us to concentrate our resources on our most attractive priority assets. The assets with respect to which we plan to pursue divestment options include:

- *Platinum*—Rustenburg and Union mines;
- *Copper*—Mantos Blancos and Mantoverde; and the El Soldado mine and Chagres smelter where we are in consultation with key stakeholders; and
- *Coal*—Dawson, Foxleigh, Callide and Dartbrook mines.

We have also been conducting a process to sell our Tarmac Middle East business, as part of our exit from the Tarmac assets. As a number of sales processes are under way, our value hurdles will need to be met prior to divestment, in what is a challenging environment for asset sales.

**Business execution** - We have a high quality asset base with the potential to deliver better margins and returns. The asset review process has identified operational improvement opportunities and we are working towards executing our plans while remaining committed to the highest standards of safe and sustainable mining.

**Stakeholder engagement** - We understand that we must work together with our stakeholders to partner with them to reach their potential. Our ability to build effective and mutually beneficial partnerships with host communities and governments is of particular importance to us and is a prerequisite for investment.

**Organization structure** - We believe that having the right people, in the right roles, doing the right work is critical to achieving our ambition, and so, we are redesigning our organization to enable our people and our business to be successful.

We will also seek to create value through commercial initiatives. These include strategies to realize higher prices by changing our product mix to respond to market developments and customer needs, as well as improving returns by diversifying our customer base, establishing more direct customer relationships, and eliminating fees previously given to fabricators and other intermediaries.

Despite the economic downturn in 2008 and 2009, we decided to continue the development of four key near-term strategic growth projects — the Minas-Rio and Kolomela iron ore projects in Brazil and South Africa, respectively, the Barro Alto nickel project in Brazil and the Los Bronces copper expansion project in Chile. The Barro Alto project, with a competitive position in the lower half of the industry cost curve, commenced production in the first half of 2011 and produced 25,100 tonnes in 2013. Both the Los Bronces copper expansion project and the Kolomela project commenced production in the second half of 2011. The Los Bronces copper expansion reached full design capacity in the second half of 2012 and Kolomela reached full design capacity in 2013. In 2012 at Minas-

Rio, we completed a detailed cost and schedule review of the project in light of the then development progress and disruptive challenges faced and increased the project's capital expenditure estimates to US\$8.8 billion. First iron ore shipment was achieved on October 25, 2014 and capital expenditure was again revised and is currently estimated at US\$8.4 billion (US\$ 0.4 billion lower than the previous budget). What sets Minas-Rio apart is its magnitude and quality. One of the world's biggest undeveloped iron ore resources, its Ore Reserves are currently estimated to be approximately 2.8 billion tonnes (at 34.4% Fe). The Grosvenor metallurgical coal project in the Bowen Basin of Queensland, Australia, was approved in December 2011 and is in development with first longwall production expected from 2016. See "Business Description—Major Growth and Replacement Projects".

As part of the restructuring announced in October 2009, we identified certain of our businesses for divestment and began separately reporting those in the Corporate and other business segment. That divestment program is now complete and generated cumulative proceeds of US\$4 billion on a debt- and cash-free basis as announced, which excludes US\$7.4 billion cash generated from the sale of 49.9% of Anglo American Sur ("AA Sur"). The divestment program included the sales of our zinc portfolio, the Scaw Metals business, several of Tarmac's European and other businesses, five undeveloped coal assets in Australia, and the formation of the Lafarge Tarmac joint venture.

The formation of the Lafarge Tarmac joint venture was completed in January 2013, creating a leading UK construction materials company.

Following the announcement on July 7, 2014 of an agreement in principle, the Group reached a binding agreement on July 24, 2014 to sell its 50% ownership interest in Lafarge Tarmac to Lafarge SA ("Lafarge") for a minimum value of £885 million (approximately US\$1.38 billion at 2014 year-end spot rate) in cash, on a debt- and cash-free basis and subject to other customary working capital adjustments. The sale is subject to a number of conditions, including the completion of the proposed merger of Lafarge and Holcim Limited. For further information see "Business Description—Corporate and other—Tarmac Quarry Materials' UK businesses".

In December 2012, Anglo American agreed to sell its 70% interest in Amapá to Zamin Ferrous Ltd ("Zamin"). On March 28, 2013, a major geological event occurred at the Santana port of Amapá. In light of these circumstances, Anglo American entered into further discussions with its partner Cliffs Natural Resources, Inc. ("Cliffs") and Zamin. Anglo American subsequently entered into an agreement with Cliffs to acquire its 30% interest in Amapá and agreed to the sale to Zamin of a 100% interest in Amapá. These transactions completed on November 1, 2013. For further information see "Business Description—Significant Transactions and Restructuring".

In January 2013, Platinum had announced its proposals to reduce costs and reconfigure marginal operations following an extensive review of its business which commenced in February 2012. On August 16, 2013, Platinum concluded consultations with key stakeholders and unions on the plans to restructure its business. The review is aimed at restoring Platinum's profitability to ensure its long-term sustainability and increase its competitiveness in the global platinum mining industry.

We have made substantial progress towards creating a platinum business fit for the future. We have defined the shape of our future platinum portfolio, taken the hard decisions to close down a number of shafts, restructured the assets that we plan to divest to demonstrate their long-term commercial viability, set disposal processes under way and, most importantly, aligned our plans with government and with our employees. For further discussion of major divestment transactions see "Business Description—Platinum".

## **Significant Transactions and Restructuring**

We have undertaken significant transactions including:

**AA Sur:** In November 2011, the Group announced the sale to Mitsubishi Corporation ("Mitsubishi") of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. In August 2012, the Group announced the sale of a 25.4% interest in AA Sur, in addition to certain undeveloped mining tenements to the east of Codelco's Andina mine, to a Codelco/Mitsui & Co., Ltd. ("Mitsui") joint venture company for a cash consideration of US\$1.9 billion. See "Business Description—Copper—Disposal of Interests in AA Sur and Settlement with Codelco".

**De Beers:** On August 16, 2012, the Group completed the acquisition of an additional 40% interest in De Beers from CHL Holdings Limited ("CHL") and Centhold International Limited ("CIL", together with CHL, the "CHL Group"), for a total cash consideration of US\$5.2 billion (following adjustment under the relevant agreement). The purchase price was funded from cash on hand. See "Business Description—De Beers—Acquisition of Shareholding".

In November 2014, a refinancing transaction was carried out in respect of Ponahalo Holdings, the fully consolidated black economic empowerment partner that holds 26% of the equity in De Beers' South African mining and sales operations. In terms of this transaction, certain external debt was brought on balance sheet, the maturity of balance sheet debt and external debt to banks was extended. External debt to banks was reduced by approximately ZAR1.5 billion.

**Kumba Iron Ore:** On July 20, 2012, the Group increased its shareholding in Kumba by 4.5%, from 65.2% to 69.7%, through the exercise of options acquired in 2011 and 2012, at a total cost of US\$948 million.

We have undertaken several other significant transactions since the beginning of 2012, including a number entered into for the purpose of actively restructuring the Group in order to focus on our core businesses. These transactions included:

**Atlatsa Resources Corporation (formerly Anooraq Resources Corporation):** In 2009, Platinum sold a 51% interest in Bokoni Platinum Mines Proprietary Limited ("Bokoni") and a 1% interest in certain undeveloped projects to Atlatsa Resources Corporation ("Atlatsa") in a BEE transaction. Platinum retained 49% of Bokoni, and in addition acquired an effective 27% interest in Atlatsa as part of the sale consideration. Both Atlatsa and Bokoni are associates of the Group.

Between 2009 and December 2013, Platinum provided Atlatsa and its subsidiaries, including Bokoni, with additional debt and equity funding, and, in 2012, Platinum and Atlatsa agreed to restructure, recapitalize and refinance both Atlatsa and Bokoni. The first phase of the refinancing transaction completed in December 2013, whereby Platinum acquired certain properties from Bokoni and in return the level of debt outstanding from Atlatsa was reduced. A charge of US\$37 million was recorded in 2013 within non-operating special items relating to this transaction.

In January 2014, Platinum completed the second and final phase of the refinancing transaction for Atlatsa Resources Corporation (Atlatsa). Platinum sold its existing 27.0% indirect equity interest in Atlatsa to the controlling Black Economic Empowerment (BEE) shareholders and subscribed for equity shares in Atlatsa representing a 22.8% direct interest. In return the level of debt outstanding from Atlatsa was reduced. These transactions resulted in an increase in 'Investments in associates' of US\$69 million, a net decrease in 'Financial asset investments' of US\$47 million and a net gain of US\$22 million recorded within 'Non-operating special items'.

**Pebble project:** On September 16, 2013, we announced our withdrawal from the Pebble copper project in Alaska and concluded our exit on December 13, 2013. The Group's 50% interest in the project was written off in full, resulting in a charge of US\$311 million, including exit costs.

**Michiquillay project:** In December 2014, the Group also gave notice to the Peruvian government to terminate the 2007 privatization agreement, which has resulted in Anglo American withdrawing from the exploration phase Michiquillay copper project.

**Scaw Metals:** In November 2012, we completed the final stage of the Scaw Metals divestment with the sale of Scaw SA, for a total consideration of US\$440 million on a debt- and cash-free basis as announced.

**Peace River Coal:** In September 2014, the Group announced that it had decided, in view of the subdued hard coking coal price environment, to place the Peace River coal mine in British Columbia, Canada on care and maintenance to preserve the long-term future of the operation.

**Amapá:** On January 4, 2013, Anglo American announced that it had reached an agreement to sell its 70% interest in Amapá to Zamin. On March 28, 2013, a major geological event occurred at the Santana port of Amapá, which resulted in the loss of five lives, with a further person still missing, as well as the loss of the port operation. In light of these circumstances, Anglo American entered into further discussions with its partner Cliffs and Zamin. Anglo American subsequently entered into an agreement with Cliffs to acquire its 30% interest in Amapá and entered into an amended sale agreement with Zamin, to reflect Anglo American's disposal of a 100% interest in Amapá to Zamin.

On November 1, 2013, Anglo American completed the acquisition from Cliffs and simultaneously completed the sale of the 100% interest in Amapá to Zamin for a total initial consideration of approximately US\$134 million, net of certain completion adjustments.

As part of the transaction, Anglo American has assumed responsibility for, and the risks and rewards of certain insurance claims including those relating to the Santana port incident, through the purchase of the claims from Amapá at the full claim value.

See “Business Description—Corporate and other”.

**Tarmac Quarry Materials’ UK businesses:** On January 7, 2013, Anglo American and Lafarge announced the completion of their 50:50 incorporated joint venture which combined their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services and waste services businesses in the UK (excluding Tarmac Building Products). The joint venture company is known as Lafarge Tarmac. Completion of the Lafarge Tarmac joint venture followed final clearance from the UK Competition Commission (“CC”), predicated on the completed sale of a portfolio of Tarmac Quarry Materials and Lafarge UK construction materials operations in the UK, which also occurred on January 7, 2013. On November 14, 2013, Anglo American announced that it had reached an agreement to sell Tarmac Building Products Limited to Lafarge Tarmac, and the sale completed on March 31, 2014.

Following the announcement on July 7, 2014 of an agreement in principle, the Group reached a binding agreement on July 24, 2014 to sell its 50% ownership interest in Lafarge Tarmac to Lafarge SA (“Lafarge”) for a minimum value of £885 million (approximately US\$1.38 billion at 2014 year-end spot rate) in cash, on a debt- and cash-free basis and subject to other customary working capital adjustments. The sale is subject to a number of conditions, including the completion of the proposed merger of Lafarge and Holcim Limited. For further information, see “Business Description—Corporate and Other—Tarmac Quarry Materials’ UK businesses”.

**Palabora Mining Company Limited (“Palabora”):** On July 31, 2013, we completed the sale of our 16.8% interest in Palabora in South Africa for ZAR938 million (approximately US\$95 million).

**Sishen Mine:** Significant progress has been made in the progression of the Sishen Western Expansion Project (“SWEP”). Project development remains within budget, and construction activities have been completed. A major milestone in the development of the project was the relocation of the Transnet SOC Ltd’s (“Transnet”) railway line from its previous position to the west of the current Sishen pit, to the far western extent of Kumba’s Sishen Iron Ore Company (Proprietary) Limited (“SIOC”) property. The relocation of the railway line was completed in May 2013.

As a consequence of Transnet having previously held the surface rights over the SWEP rail properties, the rail properties were excluded from the Sishen Mining Right area. SIOC applied to the South African Department of Mineral Resources (“DMR”) to obtain the necessary rights in relation to the rail properties, which were granted by the DMR on February 11, 2014. The granting of the Mining Right gives SIOC access to approximately 33% of the Sishen Ore Reserve included in the SIOC’s Life of Mine plan. This portion of the Ore Reserve, which had been classified as Probable, can now be reclassified as Proved. SIOC accordingly proceeded with the implementation of its mining plan and started waste stripping in the affected area from the second half of 2014.

**SIOC Iron Ore Supply Agreement:** On November 5, 2013, Kumba announced an agreement (the “Iron Ore Supply Agreement”) regulating the sale and purchase of iron ore between ArcelorMittal South Africa Limited (“ArcelorMittal S.A.”) and SIOC, effective January 1, 2014. The Iron Ore Supply Agreement settles various disputes between the parties. For further discussion about the Iron Ore Supply Agreement, see “Business Description by segment—Iron Ore and Manganese—SIOC Iron Ore Supply Agreement”.

**21.4% undivided share of the Sishen mine mineral rights:** SIOC has not yet been awarded the 21.4% Sishen Mining Right, which it applied for in early 2014 following a 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 South African Minerals and Petroleum Resources Development Act 2002 (“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 of Mineral Resources to be appropriate, provided that the proposed conditions are permissible under the MPRDA. Kumba Iron Ore is actively continuing its discussions with the DMR in order to finalize the grant of the residual 21.4% share.

## **Other Recent Developments**

**First Quarter 2015 Production Results:** On April 23, 2015, we published the Group’s production report for the first quarter ended March 31, 2015 (“Q1 2015”). For production data, see “First Quarter 2015 Production Results”.

**Kumba Iron Ore tax dispute:** Kumba Iron Ore has certain unresolved tax matters that are currently under review with the South African Revenue Service (“SARS”). Kumba Iron Ore’s management has consulted with external tax and legal advisers, who support the positions taken. Nonetheless, Kumba Iron Ore management is actively discussing these matters with SARS with a view to seeking a resolution. See “Risk Factors—Risks

Related to Our Business—Tax laws and regulations in some of the countries in which we operate may be subject to change, varying or adverse interpretation or inconsistent enforcement.”

## **Developments and Outlook**

Global real gross domestic product (“GDP”) increased by 3.25% in 2014, the same as in 2013, and is projected to have 3.5% growth in 2015, according to the International Monetary Fund (“IMF”). There was a notable divergence in performance, however, between the world’s major economies.

At the start of 2014, there was growing optimism about prospects for the US economy, but the extreme winter weather contributed to a contraction in real GDP in the first quarter. The strong recovery in the spring and summer led to annualized GDP growth of more than 4½%. Improvements in the labor and housing markets and a steep fall in oil prices later in the year supported significant gains in consumer confidence. Business sentiment also improved, encouraging increases in capital spending. After a significant tightening in 2012-2013, the fiscal squeeze moderated in 2014, imparting a smaller drag on growth. The Federal Reserve gradually wound down its quantitative easing program, completing it in October.

In the first six months of 2014, China’s economy grew in line with the government’s 7½% target, which was a little below the rate in the second half of 2013. The People’s Bank of China (“the Bank”) injected liquidity into distressed sectors of the economy and the government accelerated some infrastructure projects. In the second half of 2014, growth dropped below the government’s target, mainly reflecting the negative impact of a weakening property market and slower industrial activity. In response, the Bank cut interest rates and allowed the renminbi to drift lower, and the government eased house purchase restrictions and loosened mortgage terms in order to stimulate the market.

The European economy and growth in the region remained fragile in 2014, especially in the Eurozone’s largest economies. Following two years of output contraction, the Eurozone registered modest growth as the heavily indebted economies stabilized, with Germany being the strongest of the larger economies. After robust gains early in 2014, the German economy weakened appreciably later in the year, reflecting the slowdown in its main export markets and the impact of a stronger euro, especially against the Japanese yen. The French economy stagnated and the Italian economy contracted again in 2014, with fiscal austerity and impaired banking systems compounding the effects of a stronger euro. The European Central Bank announced significant easing measures in the summer and has since announced a policy of quantitative easing in 2015.

After strong growth in the first quarter of 2014, the Japanese economy slumped in the subsequent six months. The government’s decision to increase the consumption sales tax in April had a bigger negative impact than expected and, as a result, the Bank of Japan announced an aggressive scaling up of its quantitative and qualitative easing. The Abe government subsequently decided to postpone the second stage of a planned tax increase.

After the turmoil of 2013, many emerging economies experienced greater stability in 2014. Financial market sentiment improved significantly in India following the election of Narendra Modi as prime minister, who is considered to be pro-business and foreign investment, boosting infrastructure and modernization. While improvements in the real economy have been patchy, confidence is improving regarding India’s medium to longer term prospects. In Brazil and South Africa, growth finally stabilized after significant slowdowns. Russia’s economy weakened sharply in response to the escalating Ukrainian crisis, a significant fall in oil prices and sanctions.

## **Commodity and Diamond Markets**

Throughout 2014, the prices of the commodities we produce displayed marked trend differences, as well as recording high volatility around those trends. Individual price performance reflected changing expectations of the macro-economic context, in particular, global growth and the relative strength of the US dollar, the outlook for supply (which exceeded expectations in some key commodities) and the underlying industry cost structure of each commodity.

As expectations of growth in China were progressively revised downward and confidence was eroded in the outlook for the EU and Japan through the year, demand forecasts were lowered, which impacted the price performance of the bulk commodities in particular.

Iron ore prices experienced significant downward pressure in 2014, with the price dropping by almost 50% over the course of the year. This reflected a fundamental oversupply in the market as the industry expanded output rapidly, even compared with guidance earlier in the year. Australia and Brazil, for example, increased output by an estimated 140 million tonnes. This substantially exceeded incremental growth in demand, which almost halved in 2014, primarily as a result of a marked slowdown in key steel consuming sectors in China, particularly construction.

In the metallurgical coal markets, prices declined, with the hard coking coal spot price falling from an average of US\$147/tonne in 2013 to US\$113/tonne in 2014. Despite year-on-year growth in steel production in the key demand regions of north-east Asia, India and Europe, import demand from China stalled on the back of slowing steel output growth and increased domestic production. At the same time, a depreciating Australian dollar, the ramp up of new projects and a productivity focus at existing operations supported overall year-on-year hard coking coal supply growth from Australia. These largely offset the impact of announced capacity closures there and elsewhere.

Manganese, as a steelmaking raw material, also faced challenging conditions in 2014. Infrastructure constraints in South Africa were loosened, which eliminated a key bottleneck from the market, and made South African production the relevant price driver.

Thermal coal also had a difficult year, with prices moving down from an average US\$84/tonne Platts FOB Newcastle during 2013 to below US\$65/tonne by 2014 year-end, a new five-year low. Weak Chinese buying continued to weigh on Asia-Pacific prices, with flagging Chinese domestic coal demand growth offset only partly by Indian demand growth. Weaker currencies in coal producing countries helped support production levels despite low price levels, while there was no significant slowing in project execution, notably in Indonesia, which put further pressure on prices through the year.

Copper prices came under pressure from around mid-year 2014. Demand suffered from destocking in China, principally from bonded warehouses as a result of the financing scandal centered in the port of Qingdao, where a Chinese company used the same batches of copper and aluminum stored at the port as collateral to secure multiple loans from different creditors. Concerns over potentially strong supply growth weighed on sentiment, as did the uncertain outlook for global growth and particularly that of the Chinese construction sector. However, support for prices was provided by strategic purchases made by the Chinese State Reserve Bureau, significant destocking from Chinese bonded warehouses reaching an end, exchange stock levels remaining relatively low, and by expectations that unfulfilled power infrastructure budget spending in China might begin to accelerate. The copper price fell by almost US\$700/tonne by mid-January 2015, with reports that some large Chinese hedge funds had played a role in the sudden weakness by selling large amounts of copper futures, forcing the price much lower.

Nickel prices were strong through most of the first six months of 2014 on expectations that the ban on exports of nickel ore from Indonesia would lead to the global market moving into deficit. Prices plummeted in the second half, however due to unexpectedly high levels of ore exports from the Philippines, lower than expected stainless steel demand and by an increase in highly visible LME inventories. This essentially delayed the still widely forecast tightness in the global market for the metal.

Phosphate fertilizer prices in Brazil were broadly unchanged year-on-year.

Niobium prices decreased slightly, due to production capacity increases running ahead of relatively flat demand and the strength of the US dollar.

Platinum and palladium prices exhibited converse trajectories in 2014. In the 12 months to December 2014, platinum prices dropped 11% while palladium prices rose by 12%.

Although demand for platinum was higher in aggregate for autocatalysts, industrial and jewelry applications, it was offset by weaker investment demand. The five-month South African strike in 2014 had a major impact on supply and reduced global platinum supply by 573,000 ounces. The positive price response on account of the apparent deficit was more muted than expected, partly owing to the existence of above ground stocks.

The palladium price, supported by a tighter supply-demand balance than platinum, as well as concerns over Russian supply, reached a 13-year high of US\$911 per ounce in early September 2014, but thereafter followed platinum prices down.

End consumer demand for diamonds is estimated to have grown globally in 2014, in dollar terms. Increased economic activity and consumer confidence in the US reinforced demand for diamonds, while in China, growth in diamond jewelry demand continued, albeit at more modest levels, reflecting slowing economic growth. Polished prices suffered in the last quarter of 2014 due to unexpectedly slow demand during the end of the year gifting season in the US. De Beers' own underlying rough spot price index indicated an increase of 7% over the course of 2014.

## **Outlook**

According to the IMF, it is anticipated that the world economy should strengthen in 2015 and 2016, with real GDP growth forecast to increase to around 3½-3¾% per year, close to its historical average. Lower oil prices should support activity in many oil consuming countries. The US is expected to lead the recovery, with GDP growth of at least 3% per year. In Europe and Japan, growth is expected to remain more modest given continuing concerns around government finances and the fragility of their banking systems and corporate sectors.

The turbulence in emerging economies has led to a more cautious assessment of their medium-term growth prospects. With a less favorable external environment and increasing domestic challenges, the IMF has recently revised down its forecasts for growth over the next three to five years. Lower commodity prices could undermine activity in commodity producing economies, although convergence in living standards suggests there is considerable growth potential, especially in Asia and Africa. There is a great onus on domestic policymakers to implement much needed reforms to unlock this potential.

## OVERVIEW OF THE NOTES

Certain of the terms and conditions described below are subject to important limitations and exceptions. The “Description of the Notes and the Guarantees” section of this document contains a more detailed description of the terms and conditions of the Notes and the Guarantees. Capitalized terms used but not defined in this section have the meanings set forth in “Description of the Notes and the Guarantees”.

|                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The Issuer</b> .....                             | Anglo American Capital plc, a public limited company organized under the laws of England and Wales. The Issuer is a wholly owned subsidiary of Anglo American plc that serves as a financing vehicle through which the Anglo American Group raises funds to support its operations.                                                                                                                                                                                                                                                                                          |
| <b>The Guarantor of the Notes</b> .....             | Anglo American plc, a public limited company organized under the laws of England and Wales. The Company is the ultimate holding company for the Anglo American Group.                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>The Notes</b> .....                              | US\$850 million aggregate principal amount of 3.625% Senior Notes due May 14, 2020 (the “2020 Notes”); and<br>US\$650 million aggregate principal amount of 4.875% Senior Notes due May 14, 2025 (the “2025 Notes” and, together with the 2020 Notes, the “Notes”).<br>Each series of the Notes will be issued under the Indenture among the Issuer, the Company and the Trustee. The 2020 Notes and the 2025 Notes will each be treated as a separate class of securities under the Indenture.                                                                              |
| <b>The Guarantees</b> .....                         | The obligations of the Issuer under the Notes will be unconditionally and irrevocably guaranteed on a senior and unsecured basis by the Company (the “Guarantees”) pursuant to the Indenture.                                                                                                                                                                                                                                                                                                                                                                                |
| <b>The Offering</b> .....                           | The Notes are being offered in the United States to qualified institutional buyers in reliance on Rule 144A under the Securities Act and outside the United States to persons other than US persons in reliance upon Regulation S under the Securities Act.                                                                                                                                                                                                                                                                                                                  |
| <b>Issue Price</b> .....                            | 99.778% for the 2020 Notes; and<br>99.578% for the 2025 Notes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Issue Date</b> .....                             | May 14, 2015.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| <b>Maturity Date</b> .....                          | May 14, 2020 for the 2020 Notes; and<br>May 14, 2025 for the 2025 Notes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| <b>Interest</b> .....                               | The 2020 Notes and the 2025 Notes will bear interest from the Issue Date at the rate of 3.625% per annum and 4.875% per annum, respectively, payable semi-annually in arrears.                                                                                                                                                                                                                                                                                                                                                                                               |
| <b>Interest Payment Dates</b> .....                 | May 14 and November 14 of each year, commencing May 14, 2015, until the applicable Maturity Date.                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Regular Record Dates</b> .....                   | April 30 and October 31 of each year (whether or not a business day) immediately preceding each interest payment date.                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| <b>Status of the Notes and the Guarantees</b> ..... | The Notes and the Guarantees will be direct, unsecured and unsubordinated obligations of each of the Issuer and the Company, respectively, ranking <i>pari passu</i> among themselves and with all other direct, unsecured and unsubordinated obligations (except those obligations preferred by statute or operation of law) of the Issuer and the Company, respectively. The Notes and the Guarantees will be effectively subordinated to any debt or other obligations of any other subsidiary of the Company with respect to the earnings and assets of that subsidiary. |
| <b>Use of Proceeds</b> .....                        | The net proceeds of the offering will be used for our general corporate purposes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Covenants</b> .....                              | The Issuer and the Company have agreed to certain covenants with respect to the Notes and the Guarantees, including limitations on: <ul style="list-style-type: none"> <li>• liens;</li> <li>• sale and leaseback transactions; and</li> <li>• mergers and consolidations.</li> </ul>                                                                                                                                                                                                                                                                                        |

|                                                                      |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|----------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Events of Default</b> .....                                       | The occurrence or existence of certain conditions or events, including the acceleration of certain other indebtedness of the Issuer or the Company, may accelerate the Issuer and the Company's obligations under the Notes.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| <b>Optional Redemption</b> .....                                     | The Issuer may redeem either or both series of the Notes, in whole or in part, at its option, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) the sum of the present values of the applicable Remaining Scheduled Payments discounted to the date of redemption on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus, in the case of the 2020 Notes, 35 basis points and, in the case of the 2025 Notes, 45 basis points, together with, in each case, accrued interest on the principal amount of the Notes to be redeemed to the date of redemption. |
| <b>Optional Tax Redemption</b> .....                                 | The Notes are subject to redemption prior to maturity, at the option of the Issuer, in whole but not in part, at their principal amount, plus accrued interest to the date of redemption and any Additional Amounts, in the event of certain changes in Tax Laws that would require the Issuer or the Company to pay Additional Amounts on the Notes.                                                                                                                                                                                                                                                                                                                                                                 |
| <b>Additional Amounts</b> .....                                      | Subject to certain exceptions and limitations provided for in the Indenture, the Issuer and the Company will pay such Additional Amounts on the Notes (or under the Guarantees in respect thereof) as may be necessary to ensure that the net amounts received by each holder of a Note after all withholding or deductions shall equal the amount of principal and interest which such holder would have received in respect of such Note (or payments under the Guarantees in respect thereof) in the absence of such withholding or deduction.                                                                                                                                                                     |
| <b>Change of Control</b> .....                                       | If a Change of Control Repurchase Event occurs (as defined under "Description of the Notes and the Guarantees"), the Issuer or the Company may be required to repurchase the Notes at a purchase price equal to 101% of their principal amount, plus any accrued and unpaid interest. See "Description of the Notes and the Guarantees—Change of Control Repurchase Event".                                                                                                                                                                                                                                                                                                                                           |
| <b>Denomination, Form and<br/>Registration of Notes</b> .....        | The Notes will be issued in fully registered form and only in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Notes will be issued initially as Global Notes. The Depository Trust Company ("DTC") will act as depository for the Notes. Except in limited circumstances, Global Notes will not be exchangeable for certificated notes.                                                                                                                                                                                                                                                                                                                                       |
| <b>Further Issues</b> .....                                          | The Issuer may from time to time without the consent of the holders of the Notes issue as many distinct series of debt securities under the Indenture as it wishes. Subject to certain conditions, it may also from time to time without the consent of the holders of the Notes issue additional Notes having the same terms and conditions as the Notes issued hereunder. The period of resale restrictions applicable to any Notes previously offered and sold in reliance on Rule 144A under the Securities Act shall automatically be extended to the last day of the period of any resale restrictions imposed on any such additional Notes.                                                                    |
| <b>Trustee, Paying Agent, Registrar<br/>and Transfer Agent</b> ..... | Citibank, N.A., whose address is Citigroup Centre, Canada Square, Canary Wharf, London, E14 5LB, United Kingdom.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Settlement</b> .....                                              | The Issuer expects to deliver the Notes on or about May 14, 2015 (the "Settlement Date").                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |

|                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
|---------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Delayed Settlement Cycle</b> ..... | The Initial Purchasers expect that delivery of the Notes will be made against payment therefor on the Settlement Date, which will be the fifth business day following the pricing date of the offering (this settlement cycle being referred to as “T+5”). Under Rule 15c6-1 under the United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the “Exchange Act”), trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the pricing date or the immediately following business day will be required, by virtue of the fact that the Notes initially will settle on a delayed basis, to agree to a delayed settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors. |
| <b>Transfer Restrictions</b> .....    | Neither the Notes nor the Guarantees have been or will be registered under the Securities Act and each is subject to certain restrictions on resale and transfer.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| <b>Governing Law</b> .....            | The Indenture, the Notes and the Guarantees will be governed by and construed in accordance with the laws of the State of New York.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Ratings</b> .....                  | It is expected that the Notes will be rated Baa2 (negative outlook) by Moody’s Investors Service Ltd, and BBB- (stable outlook) by Standard & Poor’s Credit Market Services Europe Limited, subject to confirmation on the Settlement Date.<br>A credit rating is not a recommendation to buy or hold securities and may be subject to revisions, suspension or withdrawal at any time by the assigning rating agency.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Listing</b> .....                  | The Company expects to make an application for Admission of the Notes to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s Regulated Market, a regulated market for purposes of the Directive on Markets in Financial Instruments.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| <b>Risk Factors</b> .....             | We urge you to consider carefully the risks described in “Risk Factors” beginning on page 15 of this document before making an investment decision.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |

## SELECTED FINANCIAL INFORMATION

The selected financial information of the Group set forth below for the years ended December 31, 2012, 2013 and 2014 has been extracted from, and should be read in conjunction with, the consolidated financial statements and notes thereto prepared in accordance with EU IFRS and incorporated by reference in this document. See “Presentation of Financial Information”.

You should regard the financial data below only as an introduction and should base your investment decision on a review of this entire document and the information incorporated by reference herein.

|                                                                                                 | Year-ended December 31,                |          |          |
|-------------------------------------------------------------------------------------------------|----------------------------------------|----------|----------|
|                                                                                                 | 2012 <sup>(1)</sup>                    | 2013     | 2014     |
|                                                                                                 | <i>(US\$m unless otherwise stated)</i> |          |          |
| Group revenue .....                                                                             | 28,680                                 | 29,342   | 27,073   |
| Group revenue (including associates and joint ventures) <sup>(2)</sup> .....                    | 32,785                                 | 33,063   | 30,988   |
| Underlying EBIT <sup>(2)</sup> .....                                                            | 6,253                                  | 6,620    | 4,933    |
| Operating profit .....                                                                          | (1,600)                                | 2,407    | 138      |
| Profit/(loss) for the financial period attributable to equity shareholders of the Company ..... | (1,470)                                | (961)    | (2,513)  |
| Underlying earnings <sup>(2)</sup> .....                                                        | 2,860                                  | 2,673    | 2,217    |
| Earnings/(loss) per share (US\$)                                                                |                                        |          |          |
| Basic .....                                                                                     | (1.17)                                 | (0.75)   | (1.96)   |
| Basic — Underlying <sup>(2)</sup> .....                                                         | 2.28                                   | 2.09     | 1.73     |
| Dividends per share (US cents) <sup>(3)</sup>                                                   |                                        |          |          |
| Ordinary .....                                                                                  | 85.0                                   | 85.0     | 85.0     |
| Net assets .....                                                                                | 43,738                                 | 37,364   | 32,177   |
| Net debt <sup>(2)</sup> .....                                                                   | (8,510)                                | (10,652) | (12,871) |
| Net cash inflows from operating activities .....                                                | 5,919                                  | 6,792    | 6,111    |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012 see “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

(2) Definitions are set out in the “Non-IFRS financial measures” section.

(3) Interim and year-end dividends proposed in respect of the applicable year-ended December 31.

## THE COMPANY

Anglo American plc is a public limited company organized under the laws of England and Wales. The principal offices of Anglo American plc are located at 20 Carlton House Terrace, London, SW1Y 5AN, England.

## THE ISSUER

Anglo American Capital plc is a public limited company organized under the laws of England and Wales. It was formed for the purpose of securing and providing financing for the Anglo American Group. The principal offices of Anglo American Capital plc are located at 20 Carlton House Terrace, London, SW1Y 5AN, England.

## RISK FACTORS

*Prospective investors should read and carefully consider the following risk factors and other information in this document before deciding to purchase the Notes. We believe that the risk factors identified below represent the principal risks inherent in purchasing the Notes, but they are not the only risk factors we face. Additional risk factors not presently known to us or that we currently believe to be immaterial also may adversely affect our business, financial condition and results of operations. Should any known or unknown risk factors develop into actual events, these developments could have material adverse effects on our business, financial condition and results of operations.*

*Unless otherwise specified by reference to Anglo American or Anglo American Capital, the risks apply in the context of the Group and are also applicable to each of Anglo American plc and Anglo American Capital plc.*

*In this context, the following specific risks have been identified:*

### **RISKS RELATED TO OUR BUSINESS**

***Our business, results of operations, cash flows and financial condition may be adversely affected by commodity and diamond price fluctuations and the continuation of poor economic conditions.***

Commodity and diamond prices are determined principally by international markets and global supply and demand. Fluctuations in commodity and diamond prices give rise to commodity price risk across the Group. Historically, such prices have been subject to substantial variation. See “Overview—The Anglo American Group—Developments and Outlook”.

Falling commodity and diamond prices may have an adverse effect on our operating results, cash flows and financial condition and could prevent us from completing certain transactions that are important to our business. For example, we may not be able to sell assets at the values or within the timelines expected, complete planned acquisitions or create joint ventures, which may have an adverse effect on our financial position.

Adverse and volatile economic conditions can also limit our visibility in terms of anticipated revenues and costs, and can affect our ability to implement planned projects. In addition, rating agencies and industry analysts are likely to take such conditions into account when assessing our business and creditworthiness, and any adverse determinations, including ratings downgrades, may make it more difficult or expensive for us to raise capital in the future and may adversely affect the market price of the Notes.

If the global economic environment remains weak for the medium to long-term, our ability to grow or maintain revenues in future years may be adversely affected, we may not be able to compete for new, complex projects that require significant capital investment and at certain long-term price levels for a given commodity, certain of our extractive operations with respect to that commodity may not be economic. Such developments could have a materially adverse effect on our business, operating results, cash flows and financial condition.

***Reduction in Chinese demand for our products may negatively impact our results.***

The Chinese market is a strong driver of global demand and pricing for commodities and we are heavily reliant on Chinese demand for our products. Sales into China accounted for US\$5,109 million or 16.5% of our revenue for the year-ended December 31, 2014.

Any number of factors could have a negative impact on our sales into the Chinese market, and in turn, a negative impact on our business and revenues. These include slower or flattened economic growth, unsuccessful economic reforms, reduced urbanization or industrialization, a slowing expansion of the middle class, or reduction in demand for any one or more of our products. Any of the foregoing developments could have a material adverse effect on our business, operational results, cash flows and financial condition.

***Our business may be adversely affected by liquidity and counterparty risk.***

We are exposed to liquidity risk arising from the need to finance our ongoing operations and growth, and to refinance our indebtedness. Global credit markets have been severely constrained in the past, and our ability to obtain funding has been and may again be significantly reduced should such conditions re-occur. Furthermore, the cost of obtaining funding can increase significantly. A downgrade and lowering of our credit rating may have a negative impact on our ability to obtain funding and may increase the cost of financing.

If we are unable to obtain sufficient funding, either due to banking and capital market conditions generally, or due to factors specific to our business, we may not have sufficient cash to develop new projects, complete the construction of existing or new projects, compete for new complex projects requiring significant capital expenditure,

fund acquisitions or meet ongoing financing needs, which in turn could materially and adversely affect our revenues, operating results, cash flows and financial condition.

In order to meet our debt service obligations, including payments of interest and principal on the Notes, we will need to use operating cash flows or proceeds from disposals of assets or further bond issuances, or use alternative funding sources such as our US\$5 billion revolving credit bank facility. There can be no assurance, however, that such cash flows or proceeds will be sufficient or that any refinancing or additional financing we might need would be available on commercially viable terms. Any failure to meet our debt service obligations, or to obtain refinancing or additional financing on commercially viable terms, would have a material adverse effect on our financial condition and could result in a loss of all or part of your investment in the Notes.

In addition, we are exposed to counterparty risk from customers or holders of cash that could result in financial losses should those counterparties become unable to meet their obligations to us. Furthermore, the treasury operations of our joint ventures and associates are independently managed and may expose us to liquidity, counterparty and other financial risks. Should our counterparties be unable to meet their obligations to us, or should the treasury operations of our joint ventures or associates incur losses, our operating results, cash flows and financial condition could be materially and adversely affected.

***We may be adversely affected by currency exchange rate fluctuations.***

Because of the global nature of our business, we are exposed to currency risk principally where transactions are not conducted in US dollars or where assets and liabilities are not US dollar-denominated. The majority of our sales revenue is denominated in US dollars, while the majority of our operating costs are influenced by the currencies of the countries where our operations are located and by the currencies in which the costs of imported equipment and services are denominated. The South African rand, Chilean peso, Brazilian real, Australian dollar, British pound and US dollar are the most important currencies influencing our operating costs and asset valuations. For historical information regarding the exchange rate of each of the non-US dollar currencies for US dollars, see “Exchange Rate Data”. Fluctuations in the exchange rates of these currencies may adversely and materially affect our operating results, cash flows or financial condition.

***Inflation may have an adverse effect on our results of operations and cash flows.***

Because we cannot control the market price at which commodities we produce are sold, we may be unable to pass through increased costs of production to our customers. As a result, it is possible that significantly higher future inflation in the countries in which we operate may increase future operational costs without a corresponding increase in the US dollar price of the commodities we produce, or a concurrent depreciation of the local currency against the US dollar.

Cost inflation in the mining sector is more apparent during periods of high commodity prices because demand for mining-related products and services can tend to exceed supply during such periods. However, such inflation can occur at any point in the commodity cycle, and in the past we have also experienced cost inflation during periods of decreasing commodity prices. A lag in the reduction of input costs relative to declining commodity prices will have a similar negative effect on our results of operations. Any such increased costs or delays in cost reductions may adversely affect our operating results, cash flows and financial condition, and such effects could be material.

***Certain factors may affect our ability to support the carrying value of our property, plants and equipment, acquired properties, investments and goodwill on our balance sheet.***

We review and test the carrying value of our assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. If there are indications that impairment may have occurred, we prepare estimates of expected future cash flows for each group of assets. Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve and production estimates, together with economic factors such as spot and forward commodity prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

If any of these uncertainties occur, either alone or in combination, it could require management to recognize an impairment, which could materially and adversely affect our results of operations or financial condition.

***We are subject to risks associated with litigation.***

As with most large corporations, we are involved from time to time as a party to various lawsuits, arbitrations, regulatory proceedings or other disputes. Litigation, arbitration and other such legal proceedings involve inherent uncertainties and, as a result, we face risks associated with adverse judgments or outcomes in these matters. Even in cases where we may ultimately prevail on the merits of any dispute, we may face significant costs defending our rights, lose certain rights or benefits during the pendency of any proceeding or suffer reputational damage as a result

of our involvement. We are currently engaged in a number of legal and regulatory proceedings in various jurisdictions, including as described under “Business Description—Iron Ore and Manganese—SIOC Iron Ore Supply Agreement” and “General Information—Litigation”.

There can be no assurance as to the outcome of any litigation, arbitration or other legal proceeding, and the adverse determination of material litigation could have a materially adverse effect on our business, operational results, cash flows and financial condition.

***Safety, health and environmental exposures and related regulations may expose us to increased litigation, compliance costs, interruptions to operations, unforeseen environmental remediation expenses and loss of reputation.***

Mining is a hazardous industry and is highly regulated by safety, health and environmental laws. Working conditions including weather, altitude and temperature can add to the inherent dangers of mining, whether underground or in open pit mines. Failure to provide a safe and healthy working environment or to comply with environmental laws and regulations may result in government authorities forcing closure of mines on a temporary or permanent basis or refusing mining right applications. A failure to achieve the required high levels of safety, health and environmental management can result in harm to our employees and the communities near our operations, and damage to the environment. As a consequence, we could face civil or criminal fines and penalties, liability to employees and third parties for injury, illness or death, statutory liability for environmental remediation, and other financial consequences, which may be significant. We are currently subject to ongoing litigation relating to some of these areas of risk, and may face additional litigation in the future.

The mining process, including blasting and processing ore bodies, can generate environmental impacts including dust and noise and may require the storage of waste materials (including in liquid form). Risk in the form of dust, noise or leakage of polluting substances from site operations or uncontrolled breaches of mine residue facilities have the potential of generating harm to our employees, communities and the environment near our operations. Potential impacts include fines and penalties, statutory liability for environmental remediation and other financial consequences that may be significant. Governments may force closure of mines on a temporary or permanent basis or refuse future mining right applications.

We could also suffer impairment of our reputation, industrial action or difficulty in recruiting and retaining skilled employees. Any future changes in laws, regulations or community expectations governing our operations could result in increased compliance and remediation costs.

Any of the foregoing developments could have a materially adverse effect on our results of operations, cash flows or financial condition.

***Climate change as well as existing and proposed legislation and regulations affecting greenhouse gas emissions may adversely affect certain of our operations.***

Anglo American is a significant user of energy and is also a major coal producer and exporter. Our operations are exposed to changes in climate and the need to comply with changes in the regulatory environment aimed at reducing the effect of climate change. Various regulatory measures aimed at reducing greenhouse gas emissions and improving energy efficiency may affect our operations and customer demand for our products over time. Policy developments at an international, regional, national and sub-national level and emissions trading systems, such as the Emissions Trading System of the European Union, have implications on the demand for and profitability of our greenhouse gas-intensive and energy-intensive assets. See “Sustainable Development (Including Safety, Health, Environment and Social)”.

Potential impacts from climate change depend on the circumstances at individual sites but could include increased rainfall, flooding, water shortages and higher average temperatures. These may increase costs, reduce production levels or otherwise impact the results of operations.

***Actions by governments or political instability in the countries in which we operate could adversely affect our business.***

Our businesses may be affected by political, regulatory or legal developments in any of the countries and jurisdictions in which we operate. These may include changes to fiscal regimes or other regulatory regimes that may result in restrictions on the export of currency, expropriation of assets, imposition of royalties or new taxes and requirements for local ownership or beneficiation. There has been an increasing trend of governments seeking to increase revenues through higher mining taxes and royalties. Political instability can also result in civil unrest or nullification of existing agreements, mining permits, or leases which may in turn lead to production stoppages or curtailment. Actions by governments may also lead to the imposition of trade sanctions affecting sales to those

countries. Any of these risks may materially and adversely affect our results of operations, cash flows and financial condition or deprive us of the economic benefits of ownership of our assets.

***Tax laws and regulations in some of the countries in which we operate may be subject to change, varying or adverse interpretation or inconsistent enforcement.***

Government fiscal pressures may increase the likelihood of adverse or aggressive interpretations of tax laws or regulations or the imposition of arbitrary or onerous taxes, interest charges and penalties. The Organization for Economic Cooperation and Development and other government agencies in jurisdictions in which we operate have increasingly focused on issues related to the taxation of multinational corporations, including base erosion and profit shifting. We could also be exposed to significant fines and penalties and to enforcement measures, including, but not limited to, tax assessments, despite our best efforts at compliance. In response to tax assessments or similar tax deficiency notices in particular jurisdictions, we may be required to pay the full amount of the tax assessed (including stated penalties and interest charges) or post security for such amounts notwithstanding that we may contest the assessment and related amounts. Any of these risks may materially and adversely affect our results of operations, cash flows and financial condition or deprive us of the economic benefits of ownership of our assets. See “Business Description—Business Description by Segments—Iron Ore and Manganese—Kumba Iron Ore tax dispute”.

***Our operations and development projects could be adversely affected by shortages of, as well as lead times to deliver, certain key inputs.***

The inability to obtain, in a timely manner, strategic consumables, raw materials and mining and processing equipment could lead to lower output volumes and could have an adverse impact on our results of operations, development projects and financial condition. During periods of strong demand for commodities, increased demand for such supplies may result in periods when supplies are not always available or cause costs to increase above normal inflation rates. Any interruption to our supplies or increase in our costs would adversely affect our operating results and cash flows, and such effects could be material.

***We may be unable to obtain, renew, amend or extend required licenses, permits and other authorizations and/or such licenses, permits and other authorizations may be suspended, terminated or revoked prior to their expiration.***

We currently conduct, and will in the future be required to conduct, our operations (including prospecting and exploration activities) pursuant to licenses, permits and other authorizations. Any delay and/or refusal by relevant government authorities in the obtaining or renewing of a license, permit or other authorization may require a delay in our investment or development of a resource which may adversely affect our production output and revenues and may have a material adverse effect on our results of operations, cash flows and financial condition. In addition, our existing licenses, permits and other authorizations may be suspended, terminated or revoked if we fail to comply with the relevant requirements. If we fail to fulfill the specific terms of any of our licenses, permits and other authorizations or if we operate our business in a manner that violates applicable law, government regulators may impose fines or suspend or terminate the license, permit or other authorization, any of which could have a material adverse effect on our results of operations, cash flows and financial condition. See “Regulation—South Africa—MPRDA and the Charter”.

***The use of mining contractors at certain of our operations may expose those operations to delays or suspensions in mining activities.***

Mining contractors are used at a number of our operations to perform various operational tasks, including carrying out mining activities and delivering ore to processing plants. In periods of high commodity prices, demand for contractors may exceed supply resulting in increased costs or lack of availability of key contractors. Disruptions of operations or increased costs also can occur as a result of disputes with contractors or a shortage of contractors with particular capabilities. Additionally, because we do not have the same control over contractors as we do over employees, there is a risk that contractors will not operate in accordance with our safety standards or other policies. To the extent that any of the foregoing risks materialize, our operating results and cash flows could be adversely affected, perhaps materially.

***We may have fewer reserves than our estimates indicate.***

Our Mineral Resources and Ore Reserves estimates are stated as of December 31, 2014 and are subject to a number of assumptions, including the price of commodities, production costs and recovery rates. Fluctuations in the variables underlying our estimates may result in material changes to our reserve estimates in the future, and such changes may have a materially adverse impact on our financial condition and prospects.

***Failure to discover new reserves, enhance existing reserves or adequately develop new projects could adversely affect our business.***

Exploration and development are costly, speculative and often unproductive activities, but are necessary for our future growth. Failure to discover new reserves, to maintain our existing mineral rights, to enhance existing reserves or to extract resources from such reserves in sufficient amounts and in a timely manner could materially and adversely affect our results of operations, cash flows, financial condition and prospects. In addition, we may not be able to recover the funds we spend identifying new mining opportunities through our exploration program.

Increasingly stringent requirements relating to regulatory, environmental and social approvals can result in significant delays in construction of our facilities and may adversely affect the economics of new mining projects, the expansion of existing operations and, consequently, our results of operations, cash flows and financial condition, and such effects could be material.

***Damage to or breakdown of a physical asset, including due to fire, explosion or natural catastrophe may adversely affect our operating results and result in loss of revenue, loss of cash flow or other losses.***

Damage to or breakdown of a physical asset, including as a result of fire, explosion or natural catastrophe, can result in a loss of assets and subsequent financial losses. Our operations and development projects are exposed to natural risks such as earthquakes, extreme weather conditions, failure of mining pit slopes and tailing dam walls, and other natural phenomena. Our insurance with respect to catastrophic event risk may not be sufficient to cover our financial loss flowing from an event, and insurance is not available or is unavailable on economically viable terms for many risks we may face. The occurrence of events for which we are not insured, or for which our insurance is insufficient, may materially and adversely affect our revenues, operating results, cash flows and financial condition.

***Our operations and development projects could be adversely affected by shortages of appropriately skilled employees, for whom we compete with mining and other companies to recruit, develop and retain such employees.***

Our ability to recruit, develop and retain personnel with appropriate skills is affected by global competition for skilled employees, particularly in periods of high commodity prices when demand for such personnel typically increases. Any failure to retain skilled employees or to recruit new staff may lead to increased costs, interruptions to existing operations and delay of new projects.

***Labor disruptions could have an adverse effect on our results of operations, cash flows and financial condition.***

There is a risk that strikes or other types of conflict with unions or employees may occur at any one of our operations, development projects or suppliers of critical goods and services, or in any of the geographic regions in which we operate. In key countries where we operate, the majority of employees are members of trade unions, especially in South Africa and South America. Labor disruptions may occur not only for reasons related to our business, but also to advocate labor, political or social goals. Recently there have been incidents of significant labor unrest at mining companies in South Africa. These developments have disrupted mining operations in South Africa, including our own operations, and could spread to affect labor relations in the mining industry in South Africa generally. See “Business Description—Platinum”. Any disruptions could further increase operational costs and decrease revenues, and if such disruptions are material, they could adversely affect, possibly materially, our results of operations, cash flows and financial condition.

***Failure to prevent acts of fraud, bribery, corruption or anti-competitive behavior could adversely affect our business.***

The potential impacts of violations of laws governing fraud, bribery, corruption, sanctions or anti-competitive behavior include prosecution, fines, penalties and reputational damage. We may suffer financial loss if we are the victim of a fraudulent act. We have developed training, compliance and audit programs to address the risks of contravening laws on bribery, corruption, sanctions, anti-competitive behavior and other matters of legal compliance; however, as indicated by indices prepared by independent non-governmental organizations, we operate in certain countries where the risk of corruption is high, and certain industries in which we operate have in the past faced prosecution for anti-competitive behavior.

***Adverse market conditions could affect our ability to carry out certain transactions that are important to our business.***

Beyond the direct impact on our business, falling commodity prices and the lack of available credit markets could prevent us from carrying out certain transactions that are important to our business. We may also be unable to find suitable joint venture partners or to find buyers for businesses or assets we may wish to sell. Our inability to carry out important transactions may have an adverse effect on our business and financial condition.

***Failure to meet production, construction, delivery and cost targets can adversely affect both operational performance and our ability to implement projects in a timely and efficient manner, resulting in increased costs.***

Failure to meet production targets can result in increased unit costs, and such increases may be especially pronounced at operations with higher levels of fixed costs. Unit costs may exceed forecasts, adversely affecting performance and results of operations. Results of operations can be affected by a range of technical and engineering factors. In addition, failure to meet project delivery times and costs could have a negative effect on operational performance and lead to increased costs or reductions in revenue and profitability. Such increases could materially and adversely affect the economics of a project, and consequently our results of operations, cash flows and financial condition.

***We may not achieve projected benefits of acquisitions or divestments.***

We have undertaken a number of acquisitions in the recent past. See “Business Description”. With any such transaction there is the risk that any benefits, cost savings or synergies identified at the time of acquisition may not be achieved as a result of changing or incorrect assumptions, adverse regulatory conditions or materially different market conditions resulting in adverse effects on financial performance, production volumes or product quality. Furthermore, we could be found liable for past acts or omissions of the acquired business without any adequate right of redress.

Through our asset review process, we have identified a number of assets the sale of which we plan to pursue in the near-term. Delays in the sale of assets or reductions in value may arise due to changing market conditions or other factors. For example, our announced sale of our 50% interest in Lafarge Tarmac to Lafarge is subject to a number of conditions, including the completion of the proposed merger of Lafarge and Holcim Limited. In the event such conditions are not met, the sale may be delayed or we may have to pursue alternative divestment options, which could result in a reduction in proceeds. Failure to successfully execute our divestment program or to achieve expected values from the sale of assets or delivery beyond expected receipt of funds may result in higher debt levels, underperformance of those businesses and possible loss of key personnel, and could adversely affect our ability to achieve our net debt and cash flow targets. See “Business Description—Significant Transactions and Restructuring”.

We may also face liabilities for divested entities if the buyer fails to honor all commitments or we agree to retain certain liabilities.

***Restrictions on our ability to access necessary infrastructure services, including utilities and transportation, may adversely affect our operations.***

Inadequate supply of the critical infrastructure elements for mining activity could result in reduced production or sales volumes or impact our development projects, which could have an adverse effect on our financial performance. Disruptions in the supply of essential utility services, such as water and electricity, could halt our production for the duration of the disruption and, when unexpected, could cause loss of life or damage to our mining equipment or facilities, which may in turn affect our ability to recommence operations on a timely basis. Adequate provision of transportation services, in particular rail services and timely port access, are critical to getting our products to market and disruptions to such services may affect our operations. We are largely dependent on third party providers of utility and transportation services including rail, port and shipping services, and their provision of services, maintenance of networks and expansion and contingency plans are outside our control.

In certain instances, our growth plans are reliant on third party rail providers expanding their carrying capacity. Failure by these third party rail providers to expand their carrying capacity could prevent us from getting our products to market and could adversely affect our operations.

Any disruption or inadequacy of infrastructure would be likely to adversely affect our production volumes and may increase our costs, which would in turn adversely affect the Group’s results of operations and cash flows, and such effects could be material.

***Failure to manage relationships with local communities, governments and non-governmental organizations could adversely affect our future growth potential.***

We operate in several countries where ownership of rights in respect of land and resources is uncertain and where disputes in relation to ownership or other community matters may arise. These disputes are not always predictable and may cause disruption to projects or operations. Our operations can also have an impact on local communities, including the need, from time to time, to relocate communities or infrastructure networks such as railways and utility services. See “Sustainable Development (Including Safety, Health, Environment and Social)”. Failure to manage relationships with local communities, governments and non-governmental organizations may

negatively affect our reputation, as well as our ability to bring projects into production, which could in turn adversely affect our revenues, results of operations and cash flows, potentially in a material manner.

***We face certain risks from the high infection rates of HIV/AIDS that may adversely affect our business and the communities in which we operate.***

We recognize that the HIV/AIDS epidemic in sub-Saharan Africa is a significant threat to economic growth and development in that region and affects our business. In addition to the costs associated with the provision of anti-retroviral therapy to employees and occupational health services (both of which will increase if the incidence of HIV/AIDS spreads), there is a risk that the recruitment and retention of the skilled personnel needed to maintain and grow our business in southern Africa (and other regions where HIV/AIDS is a major social issue), will not be possible. If this occurs, our business would be adversely affected.

***Our non-controlled assets may not comply with our standards.***

Some of our operations are controlled and managed by joint venture partners, associates or by other companies. Management of non-controlled assets may not comply with our standards, for example, on safety, health and environmental matters or on financial or other controls and procedures. This may lead to higher costs and lower production and adversely affect our results of operations, cash flows, financial condition or reputation.

***Our business may be adversely affected by attacks by third parties on our information systems***

We maintain information technology infrastructure, applications and communications networks to support our business activities.

Security breaches of these systems may result in the loss, disclosure or corruption of sensitive or proprietary information including information relating to acquisitions and divestments, strategic decision-making, investment market communications or commercially sensitive information relating to major contracts. Security breaches may also result in misappropriation of funds, fraud or disruptions to our business operations. Damage is also possible to equipment that is critical to mining or processing of ore, resulting in interruption to production and possible financial loss.

The risk of security breaches of our information systems and infrastructures arises from criminal activity aimed at causing disruption or attempts by third parties to access sensitive information. The pace of technological development makes it challenging to prevent increasingly sophisticated methods of attacking information technology systems.

***Inaccurate assumptions in respect of critical accounting judgments could adversely affect financial results.***

In the course of preparing financial statements, our management necessarily makes judgments and estimates that can have a significant impact on our financial statements. The most critical of these relate to estimation of the useful economic life of assets and ore reserves, impairment of assets, restoration, rehabilitation and environmental costs and retirement benefits. The use of inaccurate assumptions in calculations for any of these estimates could have a significant impact on our results of operations and financial condition. Notwithstanding anything in this risk factor, this risk factor should not be taken as implying that we will be unable to comply with our respective obligations as a company with securities admitted to the official list.

**RISKS RELATING TO THE NOTES**

***There is no established trading market for the Notes and one may not develop.***

Each series of Notes will be new securities for which there currently is no established trading market. The Notes have not been and will not be registered under the Securities Act and will be subject to significant restrictions on resale. See “Transfer Restrictions”. There can be no assurance regarding the future development of a market for either series of the Notes or the ability of holders of the Notes to sell their Notes or the price at which such holders may be able to sell their Notes. If such a market were to develop, the Notes could trade at prices that may be lower than the initial offering prices depending on many factors, including prevailing interest rates, our operating results and the market for similar securities. Therefore, there can be no assurance as to the liquidity of any trading market for either series of the Notes or that active markets for the Notes will develop. We have made an application for listing the Notes on the Official List of the UK Listing Authority and for Admission to trading on the London Stock Exchange’s Regulated Market. However, our listing and Admission may not be approved or, if approved, may not be maintained.

***Changes in our credit ratings could adversely affect the value of the Notes.***

Any of the rating agencies that rate the debt of the Company has the ability to lower the ratings currently assigned to that debt as a result of its views about the Group's current or future business, financial condition, results of operations or other matters. Any ratings decline could adversely affect the value of the Notes. In addition, the credit ratings ascribed to the Group and the Notes are intended to reflect our ability to meet our repayment obligations in respect of the Notes and the Guarantees, and may not reflect the potential impact of all risks related to the structure, the market, the Group and other factors on the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revision or withdrawal at any time by the assigning rating organization. Each rating should be evaluated independently of any other rating.

***Proposed Financial Transactions Tax ("FTT")***

On February 14, 2013, the European Commission published a proposed draft for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "participating Member States").

The published draft for a common FTT has very broad scope and could, if introduced in its current form, apply to certain transactions relating to the Notes (including secondary market transactions) in certain circumstances.

Under current proposals the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain transactions relating to the Notes where at least one party is a financial institution (as defined in the FTT), and at least one party is established in a participating Member State. A party may be deemed to be "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is the subject of the transaction is issued in a participating Member State.

On May 6, 2014, a joint statement by ministers of the participating Member States (excluding Slovenia) proposed "progressive implementation" of the FTT, with the focus initially on the taxation of shares and some derivatives. On January 27, 2015, a further joint statement by ministers of the participating Member States (excluding Greece) stated, amongst other things, that the FTT should be based on the principle of the widest possible base and low rates. The joint statement also reiterated a willingness to create the conditions necessary to implement the FTT on January 1, 2016.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

***Our holding company structure means that the claims of creditors of subsidiaries of the Company will generally have priority over claims on the guarantee obligations.***

Anglo American plc is a holding company and derives the majority of its operating income and cash flow from its subsidiaries. It must rely upon distributions from its subsidiaries to generate funds necessary to meet its obligations, including any payments under the Guarantees. The obligations of the Issuer under the Notes are unsecured and rank equally in right of payment with all unsecured, unsubordinated obligations of the Issuer. The obligations of Anglo American under the Guarantees are unsecured and rank equally with all unsecured, unsubordinated obligations of Anglo American. These obligations will also be structurally subordinated to the holders of secured and unsecured debt and other creditors of subsidiaries of Anglo American. The Indenture does not place any limitation on the amount of unsecured debt that may be incurred by us or any of our subsidiaries (including the Issuer). As of December 31, 2014, a small proportion of our debt was outstanding at our subsidiaries and joint ventures (on a proportional basis), to which the notes would be structurally subordinated.

***The Issuer is a finance vehicle, with no independent business operations.***

Anglo American Capital plc is a finance vehicle, the primary business of which is the raising of money for the purpose of on-lending to other members of the Group. Accordingly, substantially all of the assets of the Issuer are loans and advances made to other members of the Group. The ability of the Issuer to satisfy its obligations in respect of the Notes depends upon payments being made to it by other members of the Group in respect of loans and advances made by the Issuer.

***Investors in the Notes may have limited recourse against the independent auditors.***

See "Independent Auditors" for a description of the independent auditors' reports, including language limiting the auditors' scope of duty in relation to such reports and the various financial statements to which they relate. In

particular, the February 12, 2015 report of Deloitte, with respect to the Group 2014 Financial Statements, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, provides as follows: “This report is made solely to the Company’s members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company’s members those matters we are required to state to them in an auditor’s 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 and the Company’s members as a body, for our audit work, for this report, or for the opinions we have formed.”

The SEC would not permit such limiting language to be included in a registration statement or a prospectus used in connection with an offering of securities registered under the Securities Act or in a report filed under the Exchange Act. If a US court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent accountants based on their reports or the consolidated financial statements to which they relate could be limited.

***Enforcement of US judgments may be difficult.***

The Issuer and the Company are companies organized under the laws of England and Wales, and substantially all their respective assets are, or may be, located in jurisdictions outside the US. Accordingly, it could be difficult for holders of Notes to recover against the Issuer and the Company on judgments of US courts predicated upon civil liabilities under the US federal securities laws. See “Service of Process and Enforcement of Civil Liabilities”.

## IMPORTANT INFORMATION

### STABILIZATION

In connection with the issue of the Notes, any one of Citigroup Global Markets Inc., J.P. Morgan Securities LLC and RBC Capital Markets, LLC (the “Stabilizing Managers”) or any person acting on behalf of a Stabilizing Manager may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilizing Managers (or persons acting on their behalf) will undertake any stabilization action. Any stabilization action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the date on which the Issuer received the proceeds of the offering, or no later than 60 days after the date of the allotment of the Notes, whichever is the earlier. Any such stabilization or over-allotment must be conducted by the Stabilizing Managers (or persons acting on behalf of any Stabilizing Manager) in accordance with all applicable laws, regulations and rules.

### NOTICE TO INVESTORS

*The Issuer and the Company accept responsibility for the information contained in this document. To the best of the knowledge of the Issuer and the Company (each having taken all reasonable care to ensure that such is the case) the information contained in this document is in accordance with the facts and contains no omission likely to affect its import. Where the information in this document has been sourced from a third party, such information has been accurately reproduced and so far as the Issuer and the Company are aware and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

You should rely only on the information contained in and incorporated by reference into this document. We have not authorized anyone to provide you with information, whether orally or in writing, either different from that contained in this document or not set forth in this document, and if you believe that there is any other information upon which you wish to rely that is either different from or not set forth in this document you should not rely on it at all. We are offering to sell the Notes only where offers and sales are permitted. The information contained in this document is accurate only as of the date of this document, regardless of the time of delivery of this document or any resale of the Notes and, except as required by the Financial Conduct Authority or applicable law and regulation, will not be updated.

By purchasing any Notes, you will be deemed to have acknowledged that: (1) you have reviewed this document; (2) you have had an opportunity to review all information considered by you to be necessary to make your investment decision and to verify the accuracy of, or to supplement, the information contained in this document; (3) you have not relied on the Initial Purchasers or any person affiliated with the Initial Purchasers in connection with your investigation of the accuracy of such information or your investment decision; (4) the Initial Purchasers are not responsible for, and are not making any representation to you concerning, our future performance or the accuracy or completeness of this document; and (5) no person has been authorized to give any information or to make any representation concerning us or the Notes, other than as contained in this document. If given or made, any such other information or representation should not be relied upon as having been authorized by us or the Initial Purchasers.

You should read this document before making a decision whether to purchase any Notes. In making any investment decision, you must rely on your own examination of the Issuer and the Company and the terms of this offering, including the merits and risks involved. You should consult with your own advisors as needed to assist you in making your investment decision and to advise you whether you are legally permitted to purchase the Notes.

You must comply with all applicable laws and regulations in force in any jurisdiction in connection with the possession or distribution of this document and the purchase, offer or sale of the Notes, and you must obtain any required consent, approval or permission for the purchase, offer or sale by you of the Notes under the laws and regulations applicable to you in force in any jurisdiction to which you are subject or in which you make such purchases, offers or sales. Neither we nor the Initial Purchasers are responsible for your compliance with these legal requirements.

We are offering the Notes and the Guarantees in reliance on exemptions from the registration requirements of the Securities Act. These exemptions apply to offers and sales of securities that do not involve a public offering.

The Notes are subject to restrictions on resale and transfer as described under “Transfer Restrictions”. By purchasing any Notes, you will be deemed to have made certain acknowledgments, representations and agreements

as described in that section of this document. You may be required to bear the financial risks of investing in the Notes for an indefinite period of time.

The Initial Purchasers make no representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this document. Nothing contained in this document is, or should be relied upon as, a promise or representation by the Initial Purchasers as to the past or future. The Initial Purchasers have not independently verified any of the information contained herein (financial, legal or otherwise) and assume no responsibility for the accuracy or completeness of any such information.

#### **NOTICE TO INVESTORS IN THE EUROPEAN ECONOMIC AREA**

This document constitutes a prospectus that has been prepared solely for use in connection with Admission of the Notes, and it has been approved by the Financial Conduct Authority for such purpose. Purchasers of Notes are notified that this document does not constitute an offer for sale of the Notes and has not been approved by the Financial Conduct Authority in connection with any such offer.

#### **MISCELLANEOUS INFORMATION**

*This document comprises a prospectus for the purposes of Art. 5.4 of the Prospectus Directive (2003/71/EC) and has been filed with, and approved by, the Financial Conduct Authority and has been made available to the public in accordance with requirements of the Prospectus Directive as implemented in the UK.*

The distribution of this document and the offering and sale of the Notes in certain jurisdictions may be restricted by law. The Issuer, the Company and the Initial Purchasers require persons in possession of this document to inform themselves about and to observe any such restrictions. This document does not constitute an offer of, or an invitation to purchase, any of the Notes in any jurisdiction in which such offer or invitation would be unlawful.

#### **NOTICE TO NEW HAMPSHIRE RESIDENTS**

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955, AS AMENDED (“RSA 421-B”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY, OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER, OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.**

#### **MARKET AND INDUSTRY DATA**

Where cited in this document, market data and industry data and forecasts were obtained and reproduced from reports prepared by Wood Mackenzie, Johnson Matthey and the IMF. Industry surveys, publications, consultant surveys and forecasts generally state that the information contained therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. We have not independently verified any of the data from third party sources, nor have we ascertained the underlying economic assumptions relied upon therein. Similarly, industry forecasts and market research, which we believe to be reliable based upon the Group’s management’s knowledge of the industry, have not been independently verified. Forecasts are particularly likely to be inaccurate, especially over long periods of time. In addition, we do not necessarily know what assumptions regarding general economic growth were used in preparing the forecasts we cite. We do not make any representation as to the accuracy of data from third party sources, industry forecasts and market research. Statements as to the Group’s market position are based on the most currently available data. While we are not aware of any misstatements regarding the Group’s industry data presented herein, our estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading “Risk Factors” in this document. Neither we nor the Initial Purchasers can guarantee the accuracy or completeness of any such industry data contained in this document. Where the information in this document has been sourced from a third party, such information has been accurately reproduced and so far as the Issuer and the Company are aware

and are able to ascertain from information published by that third party, no facts have been omitted which would render the reproduced information inaccurate or misleading. Further, where the information in this document has been sourced from a third party, reference is made to the third party source where such information appears in the document.

### **FORWARD-LOOKING STATEMENTS**

This document includes “forward-looking information” within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including without limitation those concerning the economic outlook for the mining industry; expectations regarding commodity prices, exchange rates, production, cash costs and other operating results; growth prospects and outlook of our operations, individually or in the aggregate, including without limitation the completion and commencement of commercial operations at our exploration and production projects, the amount of projected capital expenditure for such projects and the likelihood of retaining, renewing or obtaining licenses, permits, mining leases and other approvals or concluding joint ventures or other agreements; the extensive, complex and evolving regulatory framework to which we are subject and the risk of unfavorable changes to, interpretations of and/or application or enforcement of the tax laws and regulations in the countries in which we operate; the completion of acquisitions and dispositions; our liquidity and capital resources and expenditure; our asset optimization program; our restructuring program; and the outcome and consequences of any pending litigation, regulatory or similar proceedings. These forward-looking statements are not based on historical facts, but rather reflect our current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential”, “projected”, “will”, “continue” or other similar words and phrases. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements.

These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct.

The risk factors described in this document could affect our future results, causing these results to differ materially from those expressed in any forward-looking statements. These factors are not necessarily all the important factors that could cause our actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on future results.

You should review carefully all information, including the financial statements and the notes to the financial statements, which are incorporated by reference into this document. The forward-looking statements included in this document are made only as of the last practicable date prior to the date hereof. Except as required by the Financial Conduct Authority or applicable law and regulation, neither we nor the Initial Purchasers undertake any obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this document or to reflect the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statements in this section.

### **CAUTIONARY NOTE TO US INVESTORS CONCERNING ESTIMATES OF MEASURED, INDICATED AND INFERRED RESOURCES FOR MINING OPERATIONS**

There are differences in reporting regimes for reserve estimates between Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition (the “JORC Code”) and the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (“SAMREC Code”) on the one hand, each of which are used by the Group, and the United States reporting regime under the requirements as adopted by the SEC in its Industry Guide 7—Description of Property by Issuers Engaged or to be Engaged in Significant Mining Operations (“Industry Guide 7”) on the other hand. The principal difference is the absence under Industry Guide 7 of any provision for the reporting of estimates other than proved (measured) or probable (indicated) reserves, and the SEC does not permit mining companies to disclose mineral resources in SEC filings. There is, therefore, no equivalent for “resources” or “mineral resources” under the SEC’s Industry Guide 7.

Additionally, under Industry Guide 7, reserves must be estimated on the basis of current economic and legal conditions, whereas the JORC Code permits the use of “realistic” assumptions, which may include forecast prices and reasonable expectations that required permits will be granted in the future and contracts will be entered into for

the sale of production.

The SEC has applied the following reporting definitions to reserves under Industry Guide 7:

- A “reserve” is “that part of a mineral deposit which could be economically and legally extracted or produced at the time of the reserve determination. Reserves are customarily stated in terms of ‘ore’ when dealing with metalliferous minerals; when other materials such as coal, oil, shale, tar, sands, limestone, etc. are involved, an appropriate term such as ‘recoverable coal’ may be substituted.”
- “Proven (measured) reserves” are “reserves for which:
  - (a) quantity is computed from dimensions revealed in outcrops, trenches, workings or drill holes; grade and/or quality are computed from the results of detailed sampling; and
  - (b) the sites for inspection, sampling and measurement are spaced so closely and the geologic character is so well defined that size, shape, depth and mineral content of reserves are well-established.”
- “Probable (indicated) reserves” are “reserves for which quantity and grade and/or quality are computed from information similar to that used for proven (measured) reserves, but the sites for inspection, sampling, and measurement are farther apart or are otherwise less adequately spaced. The degree of assurance, although lower than that for proven (measured) reserves, is high enough to assume continuity between points of observation.”

This prospectus uses the term “resources”, which are comprised of “measured”, “indicated” and “inferred” mineral resources. “Inferred” mineral resources have a great amount of uncertainty as to their existence and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an “inferred” mineral resource will ever be upgraded to a higher category. Under SEC rules, estimates of “inferred” mineral resources may not form the basis of feasibility or other economic studies. Investors should not assume that all or any part of “measured” or “indicated” resources will ever be converted into Ore Reserves. Investors are also cautioned not to assume that all or any part of an “inferred” mineral resource exists or is economically or legally mineable.

Accordingly, investors should be aware that if this prospectus had been prepared in accordance with Industry Guide 7, the Group’s mineral resources would not be permitted to be reported and our reserves would differ from those described herein.

## **PRESENTATION OF FINANCIAL INFORMATION**

Unless otherwise indicated, financial information in this document has been prepared on the basis of International Financial Reporting Standards as adopted for use by the European Union ("EU IFRS"). The financial information of the Company has been prepared on the basis of applicable law and EU IFRS. The financial information of the Issuer has been prepared on the basis of applicable law and Generally Accepted Accounting Principles in the United Kingdom ("UK GAAP").

The Group 2014 Consolidated Financial Statements, and the Issuer 2014 Financial Statements incorporated by reference into this document, have been audited by Deloitte LLP ("Deloitte"), independent accountants and Registered Auditors and members of the Institute of Chartered Accountants in England and Wales, with an address at 2 New Street Square, London, EC4A 3BZ, as stated in their report appearing therein. The Group 2013 Consolidated Financial Statements, Group 2012 Consolidated Financial Statements, Issuer 2013 Financial Statements and Issuer 2012 Financial Statements are incorporated by reference in this document and have been audited by Deloitte, as stated in their reports also incorporated therein.

Our business unit structure focuses our portfolio around core commodities which are located in areas of key geographic focus for each commodity. These business units include:

- Kumba Iron Ore (South Africa);
- Iron Ore Brazil (Brazil);
- Coal (Australia, Canada, South Africa and Colombia);
- Copper (Chile);
- Nickel (Brazil);
- Niobium (Brazil);
- Phosphates (Brazil);
- Platinum (South Africa); and
- De Beers (Worldwide).

Our Group results are reported on a business segment basis in accordance with EU IFRS. Business segments (excluding exploration and corporate) include:

- Iron Ore and Manganese: Comprises Kumba Iron Ore, Iron Ore Brazil and Samancor;
- Coal;
- Copper;
- Nickel;
- Niobium;
- Phosphates;
- Platinum;
- De Beers; and
- Corporate and other: At December 31, 2014, this segment included the non-core business of Tarmac previously reported under Other Mining and Industrial.

To align with changes in the management structure of the Group's coal businesses and the way their results are internally reported, Coal South Africa and Coal Colombia (formerly the Thermal Coal segment) and Coal Australia and Canada (formerly the Metallurgical Coal segment) are now reported together as the Coal segment. Niobium and Phosphates are now reported as separate segments, having previously been aggregated and the Diamonds segment is now referred to as De Beers. The Other Mining and Industrial segment is no longer considered to be individually significant to the Group and is therefore now shown within 'Corporate and other' together with unallocated corporate costs and exploration costs. Exploration costs represent the cost of the Group's exploration activities across all segments, and were previously reported separately. Comparatives have been reclassified to align with current year presentation.

Our segment results include an allocation of corporate costs associated with activities which are performed at a corporate center but are believed to add value to business segments. The costs of such activities are allocated to such business segments. The figure presented externally as Group corporate costs includes only costs associated with parental or direct shareholder related activities.

On August 16, 2012, the Group acquired a controlling interest in De Beers (De Beers segment). Until this date De Beers was accounted for as an associate of the Group. From August 16, 2012, De Beers ceased to be an associate and has been accounted for as a subsidiary of the Group.

Following a strategic review during 2012, Amapá became managed as part of the Corporate and other segment, previously being reported under the Iron Ore and Manganese segment.

Some financial and other information in this document has been rounded and, as a result, the figures shown as totals in this document may vary slightly from the exact arithmetic aggregation of the figures that precede them.

The Group 2014 Consolidated Financial Statements and the Issuer 2014 Financial Statements, incorporated by reference herein, contain an independent auditor's audit report from Deloitte that contains language limiting the scope of Deloitte's duty of care in relation to such reports and the financial statements to which they relate. The Group 2013 Consolidated Financial Statements, the Group 2012 Consolidated Financial Statements, the Issuer 2013 Financial Statements and the Issuer 2012 Financial Statements, each incorporated by reference herein, each contain auditor's reports from Deloitte that contain language limiting the scope of Deloitte's duty of care in relation to such reports and the financial statements to which they relate. See "Independent Auditors" for a description of the independent auditor's review report and the auditor's audit reports including language limiting Deloitte's scope of responsibility in relation to such reports and the financial statements to which each relates. If any court were to give effect to this limiting language, the recourse that investors in the Notes may have against Deloitte based on their report or the aforementioned financial statements to which they relate could be limited.

The auditors have made reports under Chapter 3 of Part 16 of the Companies Act 2006 on the statutory accounts of the Company and the Issuer for the years ended December 31, 2012, 2013 and 2014 (each incorporated by reference in this document), which were unqualified and did not contain any statement as is described in Sections 498 (2) or (3) of the Companies Act 2006. Any financial information included in this document (other than the statutory accounts incorporated by reference in this document) do not constitute the statutory accounts of the Company or the Issuer within the meaning of Section 435 (1) and (2) of the Companies Act 2006 for any period presented. Statutory accounts of the Company and the Issuer have been delivered to the Registrar of Companies in England and Wales for the year-ended December 31, 2014 in accordance with, and as required by, UK law.

The financial results of the Platinum segment and Kumba's contribution to the Iron Ore and Manganese segment, reconcile to the financial results of Anglo American Platinum and Kumba, respectively, when taking into account certain adjustments, principally consolidation adjustments and corporate cost allocations.

### ***Changes in accounting standards***

Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012 as published in the Group 2013 Consolidated Financial Statements. The impact of the restatements is shown in note 41 of the Group 2013 Consolidated Financial Statements. Below is a summary of the key changes relating to each standard:

- IAS 19R - The principal impact for the Group arises from the requirement to replace the interest cost on the defined benefit obligation and the expected return on plan assets with a net interest cost/income based on the net defined benefit liability/asset. Net interest costs/income is calculated using the discount rate used to measure the defined benefit obligation.

This has increased the income statement charge as the discount rate now applied to the assets is lower than the expected return on plan assets. There is no effect on total comprehensive income as the increased charge in the income statement is offset by a credit in other comprehensive income.

- IFRIC 20 – The principal changes to the Group's previous accounting policy relate to the initial recognition and subsequent remeasurements of deferred stripping assets. The initial recognition of the stripping asset is determined by reference to components of the ore body rather than by reference to the entire operation. The subsequent remeasurement of the asset is recognized as depreciation on a unit of production basis, by reference to the related component, rather than as a charge to operating costs based on the expected strip ratio.

The adoption of IFRIC 20 has resulted in increased capitalization of waste stripping costs and a reduction in cost of sales in 2012.

- IFRS 11 – The standard removes the accounting choice between proportionate consolidation and equity method for joint arrangements that meet the definition of a joint venture under IFRS 11. Instead joint arrangements are classified based on their specific facts and circumstances as either joint ventures or joint operations. Joint ventures are accounted for using the equity method. For joint operations the Group accounts for its share of the assets and liabilities of the arrangement using proportionate consolidation. There is no impact on the net assets or underlying earnings of the Group.

## NON-IFRS FINANCIAL MEASURES

The financial information within this document includes certain measures that are not measures defined by EU IFRS. These include underlying earnings, underlying EBIT, group revenue (including associates and joint ventures), underlying EBITDA and net debt. These measures have been included for the reasons described below; however, these measures should not be used instead of, or considered as alternatives to, the Group's historical financial results based on EU IFRS. Further, these measures may not be comparable to similarly titled measures disclosed by other companies.

### UNDERLYING EARNINGS AND 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 defined as profit for the financial year attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after net finance costs, income tax expense and non-controlling interests. For a reconciliation from ‘Loss for the financial year attributable to equity shareholders of the Company’ to ‘Underlying earnings for the financial year’, see note 9 to the 2014 Group Financial Statements.

“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.

These measures are reconciled to “Profit/loss for the financial year attributable to equity shareholders of the Company” and “EBIT”, respectively, in notes 5 and 3 of the Group 2014 Consolidated Financial Statements, incorporated by reference into this document. “Underlying earnings” is also reconciled to “Profit/(loss) for the financial period attributable to equity shareholders of the Company” in the “Operating and Financial Review—Overview”.

In considering the financial performance of our businesses and segments, we analyze each of our primary financial measures of EBIT from subsidiaries and joint operations, profit/loss before tax, profit for the year attributable to equity shareholders of the Company and earnings per share into two components, comprising firstly “Before special items and remeasurements” and secondly, “After special items and remeasurements”. Special items and remeasurements are excluded from the measures of business performance used by management to monitor financial performance as they are considered to distort the comparability of the Group's financial performance from year to year.

Special items and remeasurements are defined in note 6 of the Group 2014 Consolidated Financial Statements (incorporated by reference into this document) as follows:

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

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

- Unrealized gains and losses on financial assets and liabilities that represent economic hedges, including accounting hedges. Where the underlying transaction is recorded in the income statement, the realized gains or losses are reversed from remeasurements and are recorded in underlying earnings in the same year as the underlying transaction for which the instruments provide the economic hedge. If the underlying transaction is recorded in the balance sheet, for example capital expenditure, the realized amount remains in remeasurements on settlement of the derivative. Such amounts are classified in the income statement as operating when the underlying exposure is in respect of the operating performance of the Group and otherwise as financing.

- Foreign exchange impacts arising in US dollar functional currency entities where tax calculations are generated based on local currency financial information and hence deferred tax is susceptible to currency fluctuations. Such amounts are included within income tax expense.
- The remeasurement and subsequent depreciation of a previously held equity interest as a result of a business combination.

We believe that separately presenting financial performance in two components facilitates reading and interpreting financial performance between periods, as underlying earnings and underlying EBIT measures are more comparable because they exclude the distorting effect of special items and remeasurements, and special items and remeasurements are more clearly understood if separately identified and analyzed. The presentation of these components of financial performance is additional to, and not a substitute for, the comparable profit measures presented in accordance with EU IFRS.

Management uses these adjusted profit measures as the basis for monitoring financial performance and in communicating financial performance to investors in external presentations and announcements of financial results. Internal financial reports, budgets and forecasts are also principally prepared on the basis of these adjusted profit measures. Management compensates for the limitations inherent in the use of these adjusted profit measures through the separate monitoring and disclosure of special items and remeasurements as a component of the Group's overall financial performance.

#### **GROUP REVENUE (INCLUDING ASSOCIATES AND JOINT VENTURES)**

"Group revenue (including associates and joint ventures)" is defined as Group revenue together with the Group's attributable share of revenue from our associates and joint ventures. These measures are reconciled to "Group revenue", in note 3 of the Group 2014 Consolidated Financial Statements, incorporated by reference into this document.

For the "Segment Discussion" section of the "Operating and Financial Review" section, "Revenue" and "EBIT" are defined to include the Group's share of revenue and EBIT from associates and joint ventures and exclude special items and remeasurements, unless otherwise stated.

We believe that these measures are important to monitor, as they represent revenue and EBIT from all operations which we control, jointly control or significantly influence. As with the adjusted measures previously noted, management uses these measures in both internal analysis of results and external presentation of results to investors. The presentation of these components of financial performance is additional to, and not a substitute for, the comparable revenue and profit measures presented in accordance with EU IFRS.

#### **UNDERLYING EBITDA**

"Underlying EBITDA" as presented in our historical financial statements and this document is defined as earnings before interest and tax presented before special items and remeasurements before depreciation and amortization in respect of subsidiaries and joint operations and includes the Group's attributable share of associates' and joint ventures' underlying EBIT before depreciation and amortization. "Underlying EBITDA" is reconciled to "Total profit before finance items and tax" in note 3 of the Group 2014 Consolidated Financial Statements, incorporated by reference into this document. Further, "(Loss)/profit before net finance costs and tax" is reconciled to "Underlying EBITDA" in note 3 of the Group 2014 Consolidated Financial Statements, incorporated by reference into this document.

We also present a measure of "Underlying EBITDA" for each of our business segments which is defined similarly to "Underlying EBITDA" in the preceding paragraph, but which has been calculated on a segment-by-segment basis. For a reconciliation of Underlying EBITDA on a segment basis to total Underlying EBITDA on a Group basis, please refer to note 3 of the Group 2014 Consolidated Financial Statements, incorporated by reference into this document.

"Underlying EBITDA" and Underlying EBITDA on a segment basis are not measures of performance or liquidity under EU IFRS and should not be considered by investors in isolation to, or as a substitute for, a measure of profit, or as an indicator of our operating performance or cash flows from operating activities as determined in accordance with EU IFRS. We do not consider these non-IFRS financial measures to be a substitute for, or superior to, the information provided by EU IFRS financial measures. We believe these supplemental non-IFRS measures are helpful to investors and financial analysts in highlighting trends in our overall business because the items excluded in calculating these measures have little or no bearing on our day-to-day operating performance. We encourage you

to evaluate these items and the limitations for purposes of analysis in excluding them. Further, Underlying EBITDA may not be comparable to similarly titled measures disclosed by other companies.

#### **NET DEBT**

“Net debt” is defined as total borrowings less cash, cash equivalents (including derivatives which provide an economic hedge of debt and including the net debt of disposal groups). A reconciliation of net debt to amounts included in the balance sheet is set forth in note 23 of the Group 2014 Consolidated Financial Statements, incorporated by reference into this document. The Group uses net debt as a part of our internal debt analysis. We believe that net debt is a useful measure, as it indicates the level of borrowings after taking account of the liquid financial assets within our business and incorporating the fair value of derivative instruments which provide an economic hedge of asset and liabilities included within net debt. In addition, the net debt balance provides an indication of the net debt on which we are required to pay interest.

#### **SERVICE OF PROCESS AND ENFORCEMENT OF CIVIL LIABILITIES**

The Company and the Issuer are incorporated under the laws of England and Wales. Most of the directors and executive officers of the Company and all the directors of the Issuer live outside the United States. Most of the assets of the Company’s and the Issuer’s directors and executive officers and substantially all the Company’s and the Issuer’s assets are located outside the United States. As a result, it may be difficult for you to serve process on those persons or the Company or the Issuer in the United States or to enforce judgments obtained in US courts against them based on civil liability provisions of the securities laws of the United States.

There is doubt as to enforceability in the English courts, in original actions or in actions for enforcement of judgments of US courts, of liabilities predicated solely upon the federal securities laws of the United States. In addition, awards of punitive damages in actions brought in the United States or elsewhere may not be enforceable in the United Kingdom. The enforceability of any judgment in the United Kingdom will depend on the particular facts of the case in effect at the time.

#### **AVAILABLE INFORMATION**

For so long as the Company is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer and the Company, respectively, will furnish to the holder of any Notes and to each prospective purchaser designated by any such holder, upon the request of such holder or prospective purchaser, the information required to be delivered pursuant to Rule 144A(d)(4) under the Securities Act. Any such request may be made to us at 20 Carlton House Terrace, London, SW1Y 5AN, England. As of the date hereof, the Company is exempt from such reporting obligations under Rule 12g3-2(b) under the Exchange Act.

## EXCHANGE RATE DATA

The following table shows the high, low, period-end and period-average end of day rates taken from Bloomberg composite pricing in London, expressed as the relevant currency per US dollar, for the periods presented:

|                                   | Year-ended<br>December 31,<br>2012 | Year-ended<br>December 31,<br>2013 | Year-ended<br>December 31,<br>2014 | 3 months<br>ended<br>March 31,<br>2015 |
|-----------------------------------|------------------------------------|------------------------------------|------------------------------------|----------------------------------------|
| <b>South African rand ("ZAR")</b> |                                    |                                    |                                    |                                        |
| High for period .....             | 8.96                               | 10.53                              | 11.76                              | 12.48                                  |
| Low for period .....              | 7.45                               | 8.46                               | 10.29                              | 11.28                                  |
| End of period .....               | 8.47                               | 10.51                              | 11.57                              | 12.14                                  |
| Average for period .....          | 8.21                               | 9.65                               | 10.85                              | 11.75                                  |
| <b>Euro ("EUR")</b>               |                                    |                                    |                                    |                                        |
| High for period .....             | 0.83                               | 0.78                               | 0.82                               | 0.95                                   |
| Low for period .....              | 0.74                               | 0.72                               | 0.72                               | 0.83                                   |
| End of period .....               | 0.76                               | 0.73                               | 0.82                               | 0.93                                   |
| Average for period .....          | 0.78                               | 0.75                               | 0.75                               | 0.89                                   |
| <b>Chilean peso ("CLP")</b>       |                                    |                                    |                                    |                                        |
| High for period .....             | 518                                | 534                                | 620                                | 643                                    |
| Low for period .....              | 470                                | 467                                | 525                                | 613                                    |
| End of period .....               | 479                                | 526                                | 607                                | 625                                    |
| Average for period .....          | 486                                | 495                                | 571                                | 625                                    |
| <b>Australian dollar ("AUD")</b>  |                                    |                                    |                                    |                                        |
| High for period .....             | 1.03                               | 1.13                               | 1.23                               | 1.32                                   |
| Low for period .....              | 0.93                               | 0.94                               | 1.05                               | 1.22                                   |
| End of period .....               | 0.96                               | 1.12                               | 1.22                               | 1.31                                   |
| Average for period .....          | 0.97                               | 1.03                               | 1.11                               | 1.27                                   |
| <b>British pound ("GBP")</b>      |                                    |                                    |                                    |                                        |
| High for period .....             | 0.65                               | 0.67                               | 0.64                               | 0.68                                   |
| Low for period .....              | 0.61                               | 0.60                               | 0.58                               | 0.64                                   |
| End of period .....               | 0.62                               | 0.60                               | 0.64                               | 0.67                                   |
| Average for period .....          | 0.63                               | 0.64                               | 0.61                               | 0.66                                   |
| <b>Brazilian real ("BRL")</b>     |                                    |                                    |                                    |                                        |
| High for period .....             | 2.13                               | 2.45                               | 2.74                               | 3.29                                   |
| Low for period .....              | 1.70                               | 1.94                               | 2.19                               | 2.57                                   |
| End of period .....               | 2.05                               | 2.36                               | 2.66                               | 3.20                                   |
| Average for period .....          | 1.95                               | 2.16                               | 2.35                               | 2.87                                   |
| <b>Botswanan pula ("BWP")</b>     |                                    |                                    |                                    |                                        |
| High for period .....             | 8.05                               | 8.77                               | 9.55                               | 10.11                                  |
| Low for period .....              | 7.14                               | 7.79                               | 8.57                               | 9.48                                   |
| End of period .....               | 7.79                               | 8.76                               | 9.51                               | 9.96                                   |
| Average for period .....          | 7.61                               | 8.39                               | 8.97                               | 9.71                                   |

The closing rates as at May 5, 2015, expressed as the relevant currency per US dollar, were as follows:

|                          |       |
|--------------------------|-------|
| South African rand ..... | 11.99 |
| Euro .....               | 0.89  |
| Chilean peso .....       | 609   |
| Australian dollar .....  | 1.26  |
| British pound .....      | 0.66  |
| Brazilian real .....     | 3.06  |
| Botswanan pula .....     | 9.83  |

## INCORPORATION OF CERTAIN INFORMATION BY REFERENCE

We are incorporating by reference certain information into this document, which means we are disclosing important information to you by referring you to such information. The information being incorporated by reference is an important part of this document and should be reviewed before deciding whether or not to purchase the Notes described herein.

Subject to the limitations and exclusions described in the paragraphs below, the following documents, which have previously been published and have been filed with the Financial Conduct Authority, shall be incorporated by reference into this document:

- (a) The auditor's report and audited consolidated annual financial statements for the financial year-ended December 31, 2014 of Anglo American plc (such information, the "Group 2014 Consolidated Financial Statements") as included in the 2014 Annual Report of the Company, on pages 109 to 168 thereof;
- (b) the auditor's report and audited consolidated annual financial statements for the financial year-ended December 31, 2013 of Anglo American plc (such information, the "Group 2013 Consolidated Financial Statements") as included in the 2013 Annual Report of the Company, on pages 151 to 218 thereof;
- (c) the auditor's report and audited consolidated annual financial statements for the financial year-ended December 31, 2012 of Anglo American plc (such information, the "Group 2012 Consolidated Financial Statements") as included in the 2012 Annual Report of the Company, on pages 135 to 190 thereof;
- (d) the auditor's report and audited non-consolidated annual financial statements for the year-ended December 31, 2014 of Anglo American Capital plc (such information, the "Issuer 2014 Financial Statements") as included in the 2014 Report and Financial Statements of the Issuer, on pages 4 to 23 thereof; and
- (e) the auditor's report and audited non-consolidated annual financial statements for the year-ended December 31, 2013 of Anglo American Capital plc (such information, the "Issuer 2013 Financial Statements") as included in the 2013 Report and Financial Statements of the Issuer, on pages 4 to 24 thereof.

Except as expressly stated above, no part of the 2014 Annual Report of the Company, the 2013 Annual Report of the Company, the 2012 Annual Report of the Company, the 2014 Report and Financial Statements of the Issuer, the 2013 Report and Financial Statements of the Issuer or the 2012 Report and Financial Statements of the Issuer or any other document referred to in the documents listed above is incorporated by reference herein. Non-incorporated parts or other documents referred to in the documents listed above are either not relevant for the investor or are covered elsewhere in the document.

The documents which have been incorporated by reference into this document may be accessed at <http://www.angloamerican.com/specialinformation6> (the "special purpose website"). The special purpose website contains only the foregoing information and is not part of our website. The content of our website does not form any part of this document. You may also obtain copies of this information by telephoning +44 (0) 20 7968 8888.

This document will be published, in accordance with paragraph 3.2.4(4) of the UK Prospectus Rules, on the website of the London Stock Exchange, by means of an announcement through a Regulatory Information Service (which may be accessed at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>).

## CAPITALIZATION

The following table sets forth the consolidated capitalization of the Group as of December 31, 2014, on an actual basis. You should read the following table together with “Use of Proceeds”, “Operating and Financial Review”, “Description of the Notes and the Guarantees” and the Group 2014 Consolidated Financial Statements and the notes thereto incorporated by reference in this document:

|                                                                 | <b>As of<br/>December 31,<br/>2014</b> |
|-----------------------------------------------------------------|----------------------------------------|
|                                                                 | <b>(US\$m)</b>                         |
| Total debt <sup>(1)</sup> .....                                 | 18,535                                 |
| Equity:                                                         |                                        |
| Called-up share capital.....                                    | 772                                    |
| Share premium account .....                                     | 4,358                                  |
| Other reserves .....                                            | (7,205)                                |
| Retained earnings and own shares held .....                     | 28,492                                 |
| Equity attributable to equity shareholders of the Company ..... | 26,417                                 |
| Total capitalization .....                                      | 44,952                                 |

(1) Including short-term, medium-term and long-term borrowings.

(2) As at December 31, 2014, secured and unsecured debt totaled US\$107 million and US\$18,428 million, respectively. For more information regarding our secured and unsecured debt, see “Operating and Financial Review”.

Anglo American considers participation in debt markets as part of the ongoing management of its liquidity and capital resources. From time to time the Group may issue debt to this end. In April 2015, the Group issued a €600 million 1.50% guaranteed note due 2020 under the Euro Medium Term Note (“EMTN”) program.

## **USE OF PROCEEDS**

We estimate the net proceeds to us from our sale of Notes to be approximately US\$1,489 million after deducting the underwriting discount and our estimated offering expenses. Anglo American will use the proceeds for general corporate purposes.

## BUSINESS DESCRIPTION

Anglo American plc is the holding company of the Group, which is a global leader in mining, whether measured by market capitalization, revenue or net income. The Group has a range of high quality, core mining businesses with balanced participation across precious, base and bulk commodities. The Group is geographically diverse, with operations across the world.

Anglo American is a public limited company incorporated under the laws of England and Wales under the name “Anglo American plc” and is registered in England and Wales. Anglo American has its primary listing on the London Stock Exchange and is one of the FTSE 100 companies, which comprises the 100 largest UK listed companies by market capitalization. Anglo American plc is a publicly traded company with no single controlling shareholder. As of December 31, 2014 Anglo American’s market capitalization was approximately US\$26,125 million.

Anglo American was incorporated on May 14, 1998 with limited liability under the Companies Act 1985 and registered in England and Wales under the registered number 03564138. The registered office of Anglo American is 20 Carlton House Terrace, London, SW1Y 5AN, England and its telephone number is +44 (0) 20 7968 8888.

## STRATEGY

Anglo American aims to become the investment of choice, the partner of choice and the employer of choice through the operational excellence of world class assets in the most attractive commodities, and through a resolute commitment to the highest standards of safe and sustainable mining.

Our leading exploration teams strive to find the resources we will mine in the future and we engage with a broad range of stakeholders, from governments to local communities and NGOs, to secure our right to mine those resources. Many of the commodities we mine are processed and refined before we seek to apply our market knowledge to deliver a quality product our customers value.

Our aim is to double our 2014 operating profit by 2020, consistent with our target to achieve 15% ROCE by 2016 (at June 30, 2013 exchange rates and prices). To enable us to achieve this target we have continued to develop a Group strategy focusing on capital discipline and costs, based on our industry position as the diversified miner. The strategic imperatives we plan to deliver in the near-term to meet this target are:

**1. *Deliver Driving Value*** - The delivery of this strategic imperative will help us rebuild our market credibility.

We have already delivered the following near-term goals:

- Minas-Rio first ore on ship and ramp up under way;
- Restructuring of Platinum business;
- Operational turnaround at Copper segment;
- Sishen mine optimization;
- Finalizing the Group’s organization structure.

We have identified the following ongoing tasks:

- Roll out our Operating Model (a model for how we set targets, plan, manage, execute and improve our work, bringing consistency of approach to everything we do) to Priority 1 assets (attractive assets in attractive commodities, which will receive key focus of management and the majority of discretionary capital expenditure);
- Deliver US\$500 million of sustainable cost reductions;
- Implement the business scorecard;
- Reset our South African government and community relationships.

**2. *Focus the portfolio*** - Our resource and asset participation will focus on positions where we believe we can deliver consistent margins to support high returns through the respective price cycles. We have identified the following ongoing tasks:

- Achieve full potential in Priority 1 assets;
- Prioritize high value projects (e.g. Quellaveco);
- Exit select Priority 3 (least attractive assets in least attractive commodities, which are managed for cash and exits planned where appropriate) and Priority 2 assets (where management is focused on enhancing value) to simplify our portfolio and reduce net debt;
- Rescale our overheads appropriately;
- Re-assess our value chain participation.

3. **Develop core business processes** - We aim to become industry leaders in critical areas, helping us to extract the maximum value from our assets and products.

*Exploration* - Embed a self-funding model that positions us to compete for the next major undeveloped or potential resource in our selected commodities.

*Operations* - Embed Anglo American's Operating Model in our Priority 1 assets by the end of 2016.

*Project delivery* - Drive our project delivery skills in order to reduce capital expenditure and provide more certainty around delivery of project outcomes.

*Marketing* - Ensure maximum value creation across the entire value chain, from the mine to the customer.

4. **Create a high performance culture** - Our people, across all facets of the business, are integral to the delivery of our strategy. We aim to provide the right environment in which to create a high performance culture.

*Create a high performance leadership team* - A high performance culture starts with developing a high performance leadership team capable of developing a broader plan for our wider organizational culture.

*Organization redesign* - We aim to retain and appoint the right people in critical organization roles.

*Focused on delivery* - We will measure our progress through a holistic business scorecard comprising both financial and non-financial indicators, including our seven pillars of value.

The Group's strategic imperatives are also to create value through commercial initiatives. These include strategies to realize higher prices by changing our product mix to respond to market developments and customer needs, as well as improving returns by diversifying our customer base, establishing more direct customer relationships, and eliminating fees previously given to fabricators and other intermediaries.

Despite the economic downturn in 2008 and 2009, we decided to continue the development of four key near-term strategic growth projects — the Minas-Rio and Kolomela iron ore projects in Brazil and South Africa, respectively, the Barro Alto nickel project in Brazil and the Los Bronces copper expansion project in Chile. The Barro Alto project, with a competitive position in the lower half of the industry cost curve, commenced production in the first half of 2011 and produced 25,100 tonnes in 2013. Both the Los Bronces copper expansion project and the Kolomela project commenced production in the second half of 2011. The Los Bronces copper expansion reached full design capacity in the second half of 2012 and Kolomela reached full design capacity in 2013. In 2012 at Minas-Rio, we completed a detailed cost and schedule review of the project in light of the then development progress and disruptive challenges faced and increased the project's capital expenditure estimates to US\$8.8 billion. First iron ore shipment was achieved on October 25, 2014 and capital expenditure is currently estimated at US\$8.4 billion (US\$ 0.4 billion lower than the previous budget). What sets Minas-Rio apart is its magnitude and quality. One of the world's biggest undeveloped iron ore resources, its Ore Reserves are currently estimated to be approximately 2.8 billion tonnes (at 34.4% Fe). In December 2011, we announced the approval of the Grosvenor metallurgical coal project in the Bowen Basin of Queensland, Australia. See "Business Description—Major Growth and Replacement Projects".

As part of the restructuring announced in October 2009, we identified certain of our businesses for divestment and began separately reporting those in the Corporate and other business segment (formerly the Other Mining and Industrial segment). That divestment program is now complete and generated cumulative proceeds of US\$4 billion on a debt- and cash-free basis, as announced, which excludes US\$7.4 billion cash generated from the sale of 49.9% of AA Sur. The divestment program included the sales of our zinc portfolio, the Scaw Metals business, several of Tarmac's European and other businesses, five undeveloped coal assets in Australia and the formation of Tarmac Quarry Materials' UK joint venture with Lafarge UK.

On January 7, 2013, following final clearance from the CC, Anglo American and Lafarge announced the completion of the transaction to create an incorporated joint venture known as Lafarge Tarmac.

On November 14, 2013, Anglo American announced that it had entered into an agreement to sell Tarmac Building Products to Lafarge Tarmac, and the sale completed on March 31, 2014.

On January 14, 2014, the CC (now the Competition and Market Authority (“CMA”)) published its final report relating to the investigation into the aggregates, cement and ready mix concrete (“RMX”) markets. In this report the CC concluded that there were aspects of the cement markets that had adverse effects on competition. Accordingly it has determined that, amongst other remedies, Lafarge Tarmac is required to divest of a cement plant (either the Cauldon or Tunstead cement plants, plus relevant depots) and (if required by a prospective purchaser) a number of RMX plants. The CMA has determined that the prospective purchaser cannot be one of the existing cement producers in Great Britain. Lafarge Tarmac disputes the conclusions of the CMA and, taking into account the best interests of its employees, contractors, customers and shareholders, has appealed the decision to the Competition Appeal Tribunal (“CAT”). The appeal has been stayed by the CAT until July 2015 following an application by the CMA following the development in relation to the Lafarge Holcim merger.

Following the announcement on July 7, 2014 of an agreement in principle, the Group reached a binding agreement on July 24, 2014 to sell its 50% ownership interest in Lafarge Tarmac to Lafarge SA (“Lafarge”) for a minimum value of £885 million (approximately US\$1.38 billion at 2014 year-end spot rate) in cash, on a debt- and cash-free basis and subject to other customary working capital adjustments. The sale is subject to a number of conditions, including the completion of the proposed merger of Lafarge and Holcim Limited. For further information see “Business Description—Corporate and other—Tarmac Quarry Materials’ UK businesses”.

In December 2012, Anglo American agreed to sell its 70% interest in Amapá to Zamin. On March 28, 2013, a major geological event occurred at the Santana port of Amapá. In light of these circumstances, Anglo American entered into further discussions with its partner Cliffs and Zamin. Anglo American subsequently entered into an agreement with Cliffs to acquire its 30% interest in Amapá and agreed to the sale to Zamin of a 100% interest in Amapá. These transactions completed on November 1, 2013.

On August 16, 2013, following extensive consultation with key stakeholders and unions, the Group announced the outcome of its review of the Anglo American Platinum business to create a sustainable, competitive and profitable platinum business for the long-term benefit of all stakeholders, see “—Platinum—Strategy and business development”.

For further discussion of major divestment transactions, see “—Significant Transactions and Restructuring”.

## **HISTORY**

Anglo American was incorporated on May 14, 1998 and became a public listed company in May 1999 following the completion of a combination with Anglo American Corporation of South Africa Limited, a public limited company incorporated in South Africa, now known as Anglo American South Africa Limited (“AASA”), and an exchange offer for the shares of Minorco Société Anonyme (“Minorco”). AASA was founded in South Africa in 1917 to exploit gold mining opportunities in the country. In the succeeding decades, AASA became increasingly involved in a wide range of mining and other industries. AASA was involved in pioneering the development of the Zambian Copperbelt, and the successful development of the Zambian copper mines was one of our first major achievements. The successful simultaneous development in the 1950s of five gold mines in South Africa brought AASA to the forefront of the mining industry internationally.

Beginning in the mid-1960s, AASA developed a range of investments in Europe, North America, Australia and South East Asia. We entered into new markets, including the steel industry through the acquisition of Scaw Metals, the timber, pulp and paper industry with the founding of the Mondi Group (“Mondi”), and increased investment in the South African coal industry through the development of a portfolio of nine coal mines and a stake in the Richards Bay Coal Terminal.

By the 1990s, AASA had a wide range of mining, financial and industrial interests both in sub-Saharan Africa and internationally, with the latter largely held through Minorco, which was originally incorporated in the UK in 1928 as Rhodesian Anglo American Limited. The structures of AASA and Minorco had arisen as a result of South Africa’s period of political and financial isolation from the international community and had proven increasingly complicated as we sought to develop a focused strategy for the Group. As a result, in 1999, the newly formed Anglo American acquired all the shares of both companies, a combination designed to create focused divisions, to achieve simplicity and transparency of structure and, in the process, to enhance shareholder value.

## **BUSINESS OVERVIEW**

We are a global leader in the production of platinum and diamonds and have significant interests in metallurgical and thermal coal, copper and iron ore and manganese metals.

The Anglo American business segments are:

- **Iron Ore and Manganese.** This business segment's iron ore operations are represented in South Africa by a controlling interest of 69.7% in Kumba, a company listed on the Johannesburg Stock Exchange, and in Brazil by a 100% interest in Minas-Rio and a 50% interest in Ferroport (formerly referred to as LLX Minas-Rio), which owns and operates the iron ore handling and shipping facilities at the port of Açú (currently completing final construction), from which iron ore from Minas-Rio is exported. The project is located in the states of Minas Gerais and Rio de Janeiro and includes an open pit mine and beneficiation plant in Minas Gerais, producing direct reduction and blast furnace pellet feeds. The ore is transported through a 529 kilometer slurry pipeline to the port of Açú in Rio de Janeiro state. The current mine plan is to produce 26.5 Mtpa (wet basis) of saleable product for 45 years, at an average quality of 67.5% Fe, with the potential to increase to 29.1 Mtpa following asset optimization. The business segment's manganese operations (manganese ore mining and alloy production) are represented in South Africa and Australia by a 40% interest in Samancor Holdings, GEMCO and TEMCO, respectively.
- **Coal. Coal Australia and Canada.** This business is Australia's second largest metallurgical coal producer and the third largest global exporter of metallurgical coal, according to Wood Mackenzie. It operates seven mines, two wholly owned and five in which it has a majority interest. Six of the mines are located towards the east coast of Australia; five are in Queensland's Bowen Basin, and one in the Hunter Valley in New South Wales. One mine is located in British Columbia, Canada. In addition, the segment includes the Grosvenor project, which is wholly owned.  
**Coal South Africa and Colombia.** In South Africa, the business owns and operates seven mines and has a 50% interest in the Mafube colliery and a 73% interest in Anglo American Inyosi Coal, which operates the Kriel Colliery, Zibulo and various other projects as well as holding a 50% interest in the Phola washing plant. This business also has a 23.2% interest in the Richards Bay Coal Terminal through which South African export thermal coal is routed. Its Colombian operations are represented by a 33.3% interest in Cerrejón.
- **Copper.** We have interests in six copper operations in Chile. The Mantos Blancos and Mantoverde mines are wholly owned and we hold a 50.1% interest in AA Sur, which includes the Los Bronces and El Soldado mines and the Chagres smelter. We also hold a 44% interest in the Collahuasi mine. In Peru, we have an 81.9% interest in the Quellaveco project.
- **Nickel.** This business segment comprises two ferronickel operations, Barro Alto and Codemin in Brazil. The business segment has two notable but unapproved projects in Brazil: Jacaré and Morro Sem Boné.
- **Niobium.** Our wholly owned Niobium business, located in Brazil's Goiás state, accounts for approximately 8% of global production of the metal. The BVFR project produces and exports approximately 4,700 tonnes of niobium per year. The project is expected to reach full nameplate capacity in 2017. When fully ramped up, production from existing operations is expected to increase to 6,800 tonnes of niobium per year.
- **Phosphates.** Our wholly owned Phosphates business is the second largest phosphate fertilizer producer in Brazil based on installed production capacity. Its operations are vertically integrated, from the mining of ore to processing into final product.
- **Platinum.** Our subsidiary, Anglo American Platinum, a company listed on the Johannesburg Stock Exchange and located in South Africa is the world's leading primary producer of platinum group metals, extracting approximately 37% of the world's newly mined platinum in 2014. The Group holds a 78% interest in Anglo American Platinum.
- **De Beers.** De Beers is Anglo American's 85%-owned diamond business, with mining operations in Botswana, South Africa, Namibia and Canada. In 2014, De Beers, with its joint venture partners, was responsible for the production of approximately one-third of global rough diamond primary supply by value. De Beers operates across key parts of the diamond value chain, including exploration, production, sorting, valuing and selling of rough diamonds. It also markets polished diamonds under its proprietary diamond brand, Forevermark, licenses the Forevermark brand and has a 50:50 retail joint venture with De Beers Diamond Jewellers.
- **Corporate and other.** This business segment includes the non-core businesses previously reported under Other Mining and Industrial and currently comprising the quarry materials companies operating under the Tarmac brand (including Tarmac Middle East and a 50% interest in Lafarge Tarmac joint venture).

## SIGNIFICANT TRANSACTIONS AND RESTRUCTURING

We have undertaken significant transactions including:

**AA Sur:** In November 2011, the Group announced the sale to Mitsubishi Corporation (“Mitsubishi”) of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. In August 2012, the Group announced the sale of a 25.4% interest in AA Sur, in addition to certain undeveloped mining tenements to the east of Codelco’s Andina mine, to a Codelco/Mitsui & Co., Ltd. (“Mitsui”) joint venture company for a cash consideration of US\$1.9 billion. See “Business Description—Copper—Disposal of Interests in AA Sur and Settlement with Codelco”.

**De Beers:** On August 16, 2012, the Group completed the acquisition of an additional 40% interest in De Beers from CHL Holdings Limited (“CHL”) and Centhold International Limited (“CIL”, together with CHL, the “CHL Group”), for a total cash consideration of US\$5.2 billion (following adjustment under the relevant agreement). The purchase price was funded from cash on hand. See “Business Description—De Beers—Acquisition of Shareholding”.

In November 2014, a refinancing transaction was carried out in respect of Ponahalo Holdings, the fully consolidated black economic empowerment partner that holds 26% of the equity in De Beers’ South African mining and sales operations. In terms of this transaction, certain external debt was brought on balance sheet, the maturity of balance sheet debt and external debt to banks was extended. External debt to banks was reduced by approximately ZAR1.5 billion.

**Kumba Iron Ore:** On July 20, 2012, the Group increased its shareholding in Kumba by 4.5%, from 65.2% to 69.7%, through the exercise of options acquired in 2011 and 2012, at a total cost of US\$948 million.

We have undertaken several other significant transactions since the beginning of 2012, including a number entered into for the purpose of actively restructuring the Group in order to focus on our core businesses. These transactions included:

**Atlatsa Resources Corporation (formerly Anooraq Resources Corporation):** In 2009, Platinum sold a 51% interest in Bokoni Platinum Mines Proprietary Limited (“Bokoni”) and a 1% interest in certain undeveloped projects to Atlatsa Resources Corporation (“Atlatsa”) in a BEE transaction. Platinum retained 49% of Bokoni, and in addition acquired an effective 27% interest in Atlatsa as part of the sale consideration. Both Atlatsa and Bokoni are associates of the Group.

Between 2009 and December 2013, Platinum provided Atlatsa and its subsidiaries, including Bokoni, with additional debt and equity funding, and, in 2012, Platinum and Atlatsa agreed to restructure, recapitalize and refinance both Atlatsa and Bokoni. The first phase of the refinancing transaction completed in December 2013, whereby Platinum acquired certain properties from Bokoni and in return the level of debt outstanding from Atlatsa was reduced. A charge of US\$37 million was recorded in 2013 within non-operating special items relating to this transaction.

In January 2014, Platinum completed the second and final phase of the refinancing transaction for Atlatsa Resources Corporation (Atlatsa). Platinum sold its existing 27.0% indirect equity interest in Atlatsa to the controlling Black Economic Empowerment (BEE) shareholders and subscribed for equity shares in Atlatsa representing a 22.8% direct interest. In return the level of debt outstanding from Atlatsa was reduced. These transactions resulted in an increase in ‘Investments in associates’ of US\$69 million, a net decrease in ‘Financial asset investments’ of US\$47 million and a net gain of US\$22 million recorded within ‘Non-operating special items’.

**Pebble project:** On September 16, 2013, we announced our withdrawal from the Pebble copper project in Alaska and concluded our exit on December 13, 2013. The Group’s 50% interest in the project was written off in full, resulting in a charge of US\$311 million, including exit costs.

**Michiquillay project:** In December 2014, the Group also gave notice to the Peruvian government to terminate the 2007 privatization agreement, which has resulted in Anglo American withdrawing from the exploration phase Michiquillay copper project.

**Scaw Metals:** In November 2012, we completed the final stage of the Scaw Metals divestment with the sale of Scaw SA, for a total consideration of US\$440 million on a debt- and cash-free basis as announced.

**Peace River Coal:** In September 2014, the Group announced that it had decided, in view of the subdued hard coking coal price environment, to place the Peace River coal mine in British Columbia, Canada on care and maintenance to preserve the long-term future of the operation.

**Amapá:** On January 4, 2013, Anglo American announced that it had reached an agreement to sell its 70% interest in Amapá to Zamin. On March 28, 2013, a major geological event occurred at the Santana port of Amapá, which resulted in the loss of five lives, with a further person still missing, as well as the loss of the port operation. In light of these circumstances, Anglo American entered into further discussions with its partner Cliffs and Zamin. Anglo American subsequently entered into an agreement with Cliffs to acquire its 30% interest in Amapá and entered into an amended sale agreement with Zamin, to reflect Anglo American's disposal of a 100% interest in Amapá to Zamin.

On November 1, 2013, Anglo American completed the acquisition from Cliffs and simultaneously completed the sale of the 100% interest in Amapá to Zamin for a total initial consideration of approximately US\$134 million, net of certain completion adjustments.

As part of the transaction, Anglo American has assumed responsibility for, and the risks and rewards of certain insurance claims including those relating to the Santana port incident, through the purchase of the claims from Amapá at the full claim value.

See "Business Description—Corporate and other".

**Tarmac Quarry Materials' UK businesses:** On January 7, 2013, Anglo American and Lafarge announced the completion of their 50:50 incorporated joint venture which combined their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services and waste services businesses in the UK (excluding Tarmac Building Products). The joint venture company is known as Lafarge Tarmac. Completion of the Lafarge Tarmac joint venture followed final clearance from the CC (now the CMA), predicated on the completed sale of a portfolio of Tarmac Quarry Materials and Lafarge UK construction materials operations in the UK, which also occurred on January 7, 2013. On November 14, 2013, Anglo American announced that it had reached an agreement to sell Tarmac Building Products Limited to Lafarge Tarmac, and the sale completed on March 31, 2014.

Following the announcement on July 7, 2014 of an agreement in principle, the Group reached a binding agreement on July 24, 2014 to sell its 50% ownership interest in Lafarge Tarmac to Lafarge SA ("Lafarge") for a minimum value of £885 million (approximately US\$1.38 billion at 2014 year-end spot rate) in cash, on a debt- and cash-free basis and subject to other customary working capital adjustments. The sale is subject to a number of conditions, including the completion of the proposed merger of Lafarge and Holcim Limited. For further information see "Business Description—Corporate and other—Tarmac Quarry Materials' UK businesses".

**Palabora Mining Company Limited ("Palabora"):** On July 31, 2013, we completed the sale of our 16.8% interest in Palabora in South Africa for ZAR938 million (approximately US\$95 million).

**Sishen Mine:** Significant progress has been made in the progression of the Sishen Western Expansion Project ("SWEP"). Project development remains within budget, and construction activities have been completed. A major milestone in the development of the project was the relocation of the Transnet SOC Ltd's ("Transnet") railway line from its previous position to the west of the current Sishen pit, to the far western extent of Kumba's Sishen Iron Ore Company (Proprietary) Limited ("SIOC") property. The relocation of the railway line was completed in May 2013.

As a consequence of Transnet having previously held the surface rights over the SWEP rail properties, the rail properties were excluded from the Sishen Mining Right area. SIOC applied to the South African Department of Mineral Resources ("DMR") to obtain the necessary rights in relation to the rail properties, which were granted by the DMR on February 11, 2014. The granting of the Mining Right gives SIOC access to approximately 33% of the Sishen Ore Reserve included in the SIOC's Life of Mine plan. This portion of the Ore Reserve, which had been classified as Probable, can now be reclassified as Proved. SIOC accordingly proceeded with the implementation of its mining plan and started waste stripping in the affected area from the second half of 2014.

**SIOC Iron Ore Supply Agreement:** On November 5, 2013, Kumba announced an agreement (the "Iron Ore Supply Agreement") regulating the sale and purchase of iron ore between ArcelorMittal South Africa Limited ("ArcelorMittal S.A.") and SIOC, effective January 1, 2014. The Iron Ore Supply Agreement settles various disputes between the parties. For further discussion about the Iron Ore Supply Agreement, see "Business Description by segment—Iron Ore and Manganese—SIOC Iron Ore Supply Agreement".

**21.4% undivided share of the Sishen mine mineral rights:** SIOC has not yet been awarded the 21.4% Sishen Mining Right, which it applied for in early 2014 following a 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 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 of Mineral Resources to be appropriate. Kumba Iron Ore is actively continuing its discussions with the DMR in order to finalize the grant of the residual 21.4% share.

Certain of our restructuring transactions in South Africa have been structured with reference to the objectives set forth in the Broad-Based Black Economic Empowerment Act 2003 (the “BBBEE Act”) and the ownership element component of the Codes of Good Practice that are issued from time to time by the South African Minister of Trade and Industry pursuant to the BBBEE Act. Others have been structured in accordance with the empowerment requirements applicable to entities in the mining sector, as contained in the MPRDA, the Broad-Based Socio-Economic Empowerment Charter for the South African Mining industry (the “Charter”) and the regulations published under the MPRDA. For a discussion of the BBBEE Act, the MPRDA and the Charter, see “Regulation—South Africa”.

#### **Other Recent Developments**

**First Quarter 2015 Production Results:** On April 23, 2015, we published the Group’s production report for Q1 2015. For production data, see “First Quarter 2015 Production Results”.

**Kumba Iron Ore tax dispute:** Kumba Iron Ore has certain unresolved tax matters that are currently under review with the SARS. Kumba Iron Ore management has consulted with external tax and legal advisers, who support the positions taken. Nonetheless, Kumba Iron Ore’s management is actively discussing these matters with SARS with a view to seeking a resolution. See “Risk Factors—Risks Related to Our Business—Tax laws and regulations in some of the countries in which we operate may be subject to change, varying or adverse interpretation or inconsistent enforcement.”

## UNDERLYING EBIT BY SEGMENT

The following table sets forth the Group's underlying EBIT for the periods presented on a segment basis:

|                                                                         | Year-ended<br>December 31,<br>2012 <sup>(1)</sup> | % <sup>(1)</sup> | Year-ended<br>December 31,<br>2013 | %          | Year-ended<br>December 31,<br>2014 | %          |
|-------------------------------------------------------------------------|---------------------------------------------------|------------------|------------------------------------|------------|------------------------------------|------------|
| <i>(US\$m unless otherwise stated)</i>                                  |                                                   |                  |                                    |            |                                    |            |
| <b>Subsidiaries</b>                                                     |                                                   |                  |                                    |            |                                    |            |
| Iron Ore and Manganese .....                                            | 2,908                                             | 46.5             | 2,914                              | 44.0       | 1,779                              | 36.1       |
| Coal <sup>(2)</sup> .....                                               | 732                                               | 11.7             | 312                                | 4.7        | 269                                | 5.5        |
| Copper .....                                                            | 1,736                                             | 27.8             | 1,739                              | 26.3       | 1,193                              | 24.2       |
| Nickel .....                                                            | 26                                                | 0.4              | (44)                               | (0.7)      | 21                                 | 0.3        |
| Niobium <sup>(2)</sup> .....                                            | 81                                                | 1.3              | 82                                 | 1.2        | 67                                 | 1.4        |
| Phosphates <sup>(2)</sup> .....                                         | 88                                                | 1.4              | 68                                 | 1.0        | 57                                 | 1.2        |
| Platinum .....                                                          | (57)                                              | (0.9)            | 483                                | 7.3        | 51                                 | 1.0        |
| De Beers <sup>(2)</sup> .....                                           | 225                                               | 3.6              | 1,024                              | 15.4       | 1,372                              | 27.8       |
| Corporate and other <sup>(2)</sup> .....                                | (246)                                             | (4.0)            | (410)                              | (6.2)      | (296)                              | (6.0)      |
| <b>Total</b> .....                                                      | <b>5,493</b>                                      |                  | <b>6,168</b>                       |            | <b>4,513</b>                       |            |
| <b>Equity accounted entities</b>                                        |                                                   |                  |                                    |            |                                    |            |
| Iron Ore and Manganese .....                                            | 103                                               | 1.6              | 205                                | 3.1        | 178                                | 3.6        |
| Coal <sup>(2)</sup> .....                                               | 466                                               | 7.5              | 275                                | 4.2        | 189                                | 3.8        |
| Platinum .....                                                          | (63)                                              | (1.0)            | (19)                               | (0.2)      | (19)                               | (0.4)      |
| De Beers <sup>(2)</sup> .....                                           | 249                                               | 4.0              | (21)                               | (0.2)      | (9)                                | (0.1)      |
| Corporate and other <sup>(2)</sup> .....                                | 5                                                 | 0.1              | 12                                 | 0.2        | 81                                 | 1.6        |
| <b>Total Group operations including equity accounted entities</b> ..... | <b>6,253</b>                                      | <b>100</b>       | <b>6,620</b>                       | <b>100</b> | <b>4,933</b>                       | <b>100</b> |
| <b>Subsidiaries and attributable share of equity accounted entities</b> |                                                   |                  |                                    |            |                                    |            |
| Iron Ore and Manganese .....                                            | 3,011                                             | 48.1             | 3,119                              | 47.1       | 1,957                              | 39.7       |
| Coal <sup>(2)</sup> .....                                               | 1,198                                             | 19.2             | 587                                | 8.9        | 458                                | 9.3        |
| Copper .....                                                            | 1,736                                             | 27.8             | 1,739                              | 26.3       | 1,193                              | 24.2       |
| Nickel .....                                                            | 26                                                | 0.4              | (44)                               | (0.7)      | 21                                 | 0.3        |
| Niobium <sup>(2)</sup> .....                                            | 81                                                | 1.3              | 82                                 | 1.2        | 67                                 | 1.4        |
| Phosphates <sup>(2)</sup> .....                                         | 88                                                | 1.4              | 68                                 | 1.0        | 57                                 | 1.2        |
| Platinum .....                                                          | (120)                                             | (1.9)            | 464                                | 7.0        | 32                                 | 0.6        |
| De Beers <sup>(2)</sup> .....                                           | 474                                               | 7.6              | 1,003                              | 15.2       | 1,363                              | 27.6       |
| Corporate and other <sup>(2)</sup> .....                                | (241)                                             | (3.9)            | (398)                              | (6.0)      | (215)                              | (4.4)      |
| <b>Total Group operations including equity accounted entities</b> ..... | <b>6,253</b>                                      | <b>100</b>       | <b>6,620</b>                       | <b>100</b> | <b>4,933</b>                       | <b>100</b> |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

(2) To align with changes in the management structure of the Group's coal businesses and the way their results are internally reported, Coal South Africa and Coal Colombia (formerly the Thermal Coal segment) and Coal Australia and Canada (formerly the Metallurgical Coal segment) are now reported together as the Coal segment. Niobium and Phosphates are now reported as separate segments, having previously been aggregated and the Diamonds segment is now referred to as De Beers. The Other Mining and Industrial segment is no longer considered to be individually significant to the Group and is therefore now shown within 'Corporate and other' together with unallocated corporate costs and exploration costs. Exploration costs represent the cost of the Group's exploration activities across all segments, and were previously reported separately. Comparatives have been reclassified to align with current year presentation.

The above tables present equity accounted entities (associates and joint ventures) separately from subsidiaries.

- Associates are investments over which the Group is in a position to exercise significant influence, but not control or joint control, through participation in the financial and operating policy decisions of the investee. Typically, the Group owns between 20% and 50% of the voting equity of associates. The financial results of associates are accounted for in the consolidated financial statements of the Group using the equity method of accounting.
- Under IFRS 11, a joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

The following table sets forth the Group's geographical analysis of segment revenue allocated based on the country in which the customer is located:

|                                                                 | Year-ended<br>December 31, 2012 <sup>(1)</sup> | Year-ended<br>December 31, 2013 | Year-ended<br>December 31, 2014 |
|-----------------------------------------------------------------|------------------------------------------------|---------------------------------|---------------------------------|
| South Africa .....                                              | 3,115                                          | 2,474                           | 2,464                           |
| Other Africa.....                                               | 715                                            | 1,201                           | 1,663                           |
| Brazil .....                                                    | 1,093                                          | 1,019                           | 939                             |
| Chile .....                                                     | 1,241                                          | 1,692                           | 1,033                           |
| Other South America.....                                        | 46                                             | 32                              | 23                              |
| North America.....                                              | 1,274                                          | 1,084                           | 1,218                           |
| Australia .....                                                 | 340                                            | 277                             | 275                             |
| China .....                                                     | 5,927                                          | 6,469                           | 5,109                           |
| India.....                                                      | 2,544                                          | 2,505                           | 3,079                           |
| Japan.....                                                      | 4,049                                          | 3,769                           | 3,496                           |
| Other Asia .....                                                | 3,595                                          | 3,252                           | 3,580                           |
| United Kingdom (Anglo American plc's country of domicile) ..... | 3,781                                          | 3,697                           | 3,090                           |
| Other Europe .....                                              | 5,065                                          | 5,592                           | 5,019                           |
| <b>Total Group Revenue.....</b>                                 | <b>32,785</b>                                  | <b>33,063</b>                   | <b>30,988</b>                   |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

For a description of the average market prices for certain of our key commodities, see "Operating and Financial Review—Overview—Factors Affecting Results of Operations—Commodity prices".

## BUSINESS DESCRIPTION BY SEGMENT

This section provides background information, an industry overview and information related to strategy and business development for each segment.

### IRON ORE AND MANGANESE

The Iron Ore and Manganese segment comprises the Kumba and Iron Ore Brazil business units, and our 40% associate interest in Samancor. The business segment is represented in South Africa by a 69.7% shareholding in Kumba and in Brazil by Iron Ore Brazil which has a 100% interest in Minas-Rio and a 50% interest in Ferroport (formerly referred to as LLX Minas-Rio), which operates iron ore handling and shipping facilities at the port of Açú (currently completing final construction) from which iron ore from Minas-Rio is exported. Its Manganese operations are represented by a 40% shareholding in the Samancor business, with the exception of Samancor manganese – Hotazel, in which Anglo American has a 29% ownership. BHP Billiton owns 44% and has management control and BEE partners own 27% of Samancor manganese - Hotazel.

**Kumba.** Kumba which is listed on the Johannesburg Stock Exchange, produces a leading quality lump ore and also produces premium fine ore, in a lump-to-fine ratio of 65:35. Kumba holds a 73.9% interest in and manages SIOC which, in turn, has three mining operations:

- Sishen mine in the Northern Cape Province, which produced 35.5 Mt of iron ore in 2014 (2013: 30.9 Mt);
- Kolomela mine, situated close to Sishen mine, which produced 11.6 Mt in 2014 (2013: 10.8 Mt); and
- Thabazimbi mine in Limpopo Province, with an output of 1.1 Mt in 2014 (2013: 0.6 Mt).

Export ore is transported via the Sishen/Kolomela-Saldanha iron ore export channel to the Port of Saldanha Bay. The rail and port operations are owned and operated by the South African state-owned company, Transnet Freight Rail.

Kumba is well-positioned to supply the growing Asia-Pacific and European steel markets. In 2014, the company exported 89% of its total iron ore sales volumes of 45.3 Mt (2013: 39.1 Mt), with 57% of these exports destined for China and the remainder for Japan, India, South Korea and Europe.

**Iron Ore Brazil.** In Brazil, we are developing the Minas-Rio project (composed of Iron Ore Brazil's 100% share in Anglo American Minerio de Ferro Brasil S.A., and its 50% interest in Ferroport). The project is located in the states of Minas Gerais and Rio de Janeiro and includes an open pit mine and beneficiation plant in Minas Gerais, producing direct reduction and blast furnace pellet feeds. The ore is transported through a 529 kilometer slurry

pipeline to the port of Açú in Rio de Janeiro state. The current mine plan is to produce 26.5 Mtpa (wet basis) of saleable product for 45 years, at an average quality of 67.5% Fe, with the potential to increase to 29.1 Mtpa following asset optimization.

**Samancor.** Our manganese interests consist of a 40% shareholding in Samancor Holdings, which owns Hotazel Manganese Mines and Metalloys, both in South Africa (we have a 29% ownership in Hotazel, with BHP Billiton owning 44% and having management control and BEE partners owning 27%), and a 40% shareholding in each of the Australian-based operations (GEMCO and TEMCO), with BHP Billiton owning 60% and having management control. Samancor is the world's largest producer of manganese ore and is among the top global producers of manganese alloy. Its operations produce a combination of ores and alloys from sites in South Africa and Australia.

### **Industry Overview**

**Iron ore.** Global demand for iron ore is linked primarily to the state of the global steel industry and, more specifically, to the steel manufacturing sector in China. The country is the largest steel producer and consumer in the world and accounts for more than two-thirds of global seaborne iron ore imports.

Demand for seaborne iron ore grew 6.7% (2013: 7.0%), or 79 Mt; however this was more than offset by seaborne supply which increased by 14.2%, or 167 Mt, on an equivalent basis. There was a 28% decline in the average iron ore price, which reached US\$72 per tonne (using Platts 62% as a generic benchmark) at the end of 2014. Kumba's achieved sales benefited from the inclusion of a significant share of high-grade fines and lump products which attracted a market premium.

There was an oversupply in the market in 2014 as the industry expanded output rapidly, even compared with guidance earlier in the year. Australia and Brazil, for example, increased output by an estimated 140 Mt. This substantially exceeded incremental growth in demand, which almost halved in 2014, primarily as a result of a marked slowdown in key steel consuming sectors in China, particularly construction.

The global steel and iron ore markets were generally stable in 2013. An increase in global steel production of 3% to 1,582 Mt (2012: 1,529 Mt), supported demand for iron ore. Sustained government infrastructure spend in East Asia, as well as steel mill restocking prior to the winter season, contributed to this increase. China, the largest producer of steel worldwide, increased its production by 7% in 2013 to 779 Mt (2012: 731 Mt); however China's steel production for the first quarter of 2015 decreased by 1.7% compared to the first quarter of 2014. Growth in Japan and Korea was also above expectations, and Europe has stabilized during 2013, which supported global demand.

Seaborne iron ore supplies increased by 10% in 2013 to 1,324 Mt (2012: 1,208 Mt), as the increase from Australia more than compensated for lower supplies from India and flat exports from Brazil.

Iron ore prices in 2013 were strong and averaged 4% higher at US\$135/t (using Platts 62% Fe CFR China as a generic benchmark) (2012: US\$130/t). Index prices reached a high of US\$160/t in February 2013, but fell to a low of US\$110/t in May 2013, before stabilizing at around US\$135/t towards the end of 2014. Kumba's pricing mechanism continued to evolve with prices in China now mostly based on index values around the discharge date.

Global crude steel production remained flat in 2012 at 1,529 Mt (2011: 1,526 Mt). An increase in crude steel output in China of around 5% to 731 Mt (2011: 695 Mt), was offset by fairly flat crude steel output in the rest of the world. Seaborne iron ore supplies were subject to adverse weather conditions in both Brazil and Australia in the first quarter of 2012, and ongoing Indian supply disruptions following the ban on iron ore mining in Goa.

Considerable price volatility marked 2012, especially during the third quarter when prices fell by as much as 36%, as Chinese steel mills depleted stockpiles and reduced raw material inventory levels to as little as 17 days' worth of production requirements. Iron ore prices reached a high of US\$151/t (using Platts 62% Fe CFR China as a generic benchmark) in April 2012, but fell to a low of US\$89/t in early September 2013, before stabilizing at around US\$130/t towards the end of 2013. The market recovered at the end of 2012, with steel mills returning to the market, which was reflected in a marked increase in index iron ore prices. Overall, index prices averaged US\$130/t (using Platts 62% Fe CFR as a generic benchmark) in 2012, 23% lower than the US\$169/t average achieved in 2011.

**Manganese.** Manganese alloy is a key input into the steelmaking process. Manganese high-grade ore is particularly valuable to alloy producers because it is proportionately more efficient than low-grade ore in the alloying process.

The manganese ore market remained under pressure in 2014, with the benchmark ore price (CIF China) falling 16% over the prior year. Infrastructure constraints in South Africa were loosened, which eliminated a key bottleneck from the market. This resulted in South African production becoming the relevant price setting assets.

In 2012, a general over-supply in the industry as a result of a continued slowdown in steel production and high stock levels in China weighed heavily on ore and alloy prices.

### ***Strategy and Business Development***

Anglo American's strategy is to supply premium iron ore products against a background of declining quality global iron ore supplies. We have a unique iron ore resource profile, with extensive, high quality resource bases in South Africa and Brazil.

Kumba seeks to maximize total shareholder value by enhancing the value of its current operations through the optimization of its processes and business improvement programs. Kumba captures value across the value chain through its commercial and logistics strategies and by executing its growth projects efficiently, while continuing to deliver on its organizational responsibilities, capabilities and societal obligations. The company plans to grow its business organically in the short to medium term within the present logistical constraints and, in the longer term, evaluating the possibility of establishing a footprint in West and Central Africa.

Anglo American's Operating Model was implemented at Sishen in August 2014. The strategic redesign of the western pushbacks of the pit, together with the improved waste removal run rates, have achieved appropriate waste removal during the year to ensure sufficient exposed ore to support a 2015 production target of 36 Mt. Kumba will focus on optimizing its production portfolio by reconfiguring its project portfolio to focus on low cost production. The target is an additional approximately 5Mt in South Africa over the next three to five years, through incremental volumes from projects at Sishen and Kolomela.

We anticipate that Minas-Rio will capture a significant part of the pellet feed market, with its premium products featuring high iron content and low contaminants. Nameplate capacity is expected to be reached by the second quarter of 2016. Revised attributable capital expenditure for the Minas-Rio project is US\$8.4 billion in total, with cash unit costs in a competitive position in the lower half of the global seaborne iron ore cost curve. We believe that capital expenditure peaked in 2014, and will decrease through to 2016.

### ***SIOC Iron Ore Supply Agreement***

The dispute between SIOC and ArcelorMittal S.A. regarding the contract mining agreement was referred to arbitration in 2010. In December 2011, the parties agreed to delay the arbitration proceedings until the final resolution of the Mining Rights dispute.

Interim pricing agreements were implemented to December 31, 2013, pending resolution of the dispute.

In November 2013, SIOC and ArcelorMittal S.A. entered into a new Supply Agreement regulating the sale and purchase of iron ore between the parties which became effective from January 1, 2014. This agreement, subject to certain express conditions, is contemplated to endure until the end of Life of Mine for the Sishen mine.

The conclusion of this agreement settled the arbitration and the various other disputes between the companies.

Following the Constitutional Court ruling, the sale of iron ore from SIOC to ArcelorMittal S.A. will remain regulated by the Supply Agreement concluded in November 2013.

### ***Sishen Mine***

Significant progress has been made in the progression of the Sishen Western Expansion Project ("SWEP"). Project development remains within budget, and construction activities have been completed. A major milestone in the development of the project was the relocation of the Transnet SOC Ltd's ("Transnet") railway line from its previous position to the west of the current Sishen pit, to the far western extent of Kumba's Sishen Iron Ore Company (Proprietary) Limited ("SIOC") property. The relocation of the railway line was completed in May 2013.

As a consequence of Transnet having previously held the surface rights over the SWEP rail properties, the rail properties were excluded from the Sishen Mining Right area. SIOC applied to the South African DMR to obtain the necessary rights in relation to the rail properties, which were granted by the DMR on February 11, 2014. The granting of the Mining Right gives SIOC access to approximately 33% of the Sishen Ore Reserve included in the SIOC's Life of Mine plan. This portion of the Ore Reserve, which had been classified as Probable, can now be reclassified as Proved. SIOC accordingly proceeded with the implementation of its mining plan and started waste stripping in the affected area from the second half of 2014.

### ***Mining Right Dispute***

On March 28, 2013, the Supreme Court of Appeal ("SCA") dismissed the appeals of the DMR and Imperial Crown Trading 289 (Proprietary) Ltd ("ICT") against the decision of the North Gauteng High Court, which, inter

alia, confirmed that SIOC became the exclusive holder of the Mining Rights at the Sishen mine in 2008 when the DMR converted SIOC's old order rights, and further set aside the grant of a prospecting right to ICT by the DMR. The SCA held that as a matter of law and as at midnight on April 30, 2009, SIOC became the sole holder of the Mining Right to iron ore in respect of the Sishen mine, after ArcelorMittal S.A. failed to convert its undivided share of the old order Mining Right.

Both ICT and the DMR lodged applications for leave to appeal against the SCA ruling to the Constitutional Court. The Constitutional Court hearing was held on September 3, 2013.

On December 12, 2013, the Constitutional Court granted the DMR's appeal in part against the SCA judgment. In a detailed judgment, the Constitutional Court clarified that SIOC, when it lodged its application for conversion of its old order right, converted only the right it held at that time (being a 78.6% undivided share in the Sishen Mining Right). The Constitutional Court further held that ArcelorMittal S.A. retained the right to lodge its old order right (21.4% undivided share) for conversion before midnight on April 30, 2009, but failed to do so. As a consequence of such failure by ArcelorMittal S.A., the 21.4% undivided right remained available for allocation by the DMR.

The Constitutional Court ruled further that, based on the provisions of the MPRDA, only SIOC can apply for, and be granted, the residual 21.4% undivided share of the Sishen Mining Right. The grant of the Mining Right may be made subject to such conditions considered by the Minister of Mineral Resources to be appropriate, provided that the proposed conditions are permissible under the MPRDA. SIOC had previously applied for this 21.4%, and continues to account for 100% of what is mined from the reserves at Sishen mine. SIOC has however, in compliance with the Constitutional Court order, submitted a further application to be granted this right.

As a further consequence of this finding, the High Court's ruling setting aside the prospecting right granted by the DMR to ICT also stands.

The findings made by the Constitutional Court are favorable to both SIOC and the DMR. SIOC's position as the only competent applicant for the residual right protects SIOC's interests. The DMR's position as custodian of the mineral resources on behalf of the nation, and the authority of the DMR to allocate rights, has also been ratified by the Court.

As at December 31, 2014, 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. Kumba Iron Ore is actively continuing its discussions with the DMR in order to finalize the grant of the residual right.

### ***Kumba Iron Ore tax dispute***

Kumba Iron Ore has certain unresolved tax matters that are currently under review with the 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 these matters with SARS with a view to seeking a resolution. See "Risk Factors—Risks Related to Our Business—Tax laws and regulations in some of the countries in which we operate may be subject to change, varying or adverse interpretation or inconsistent enforcement."

## **COAL**

### **Coal Australia and Canada**

Anglo American is Australia's second largest metallurgical coal producer and is the third largest global exporter of metallurgical coal. Coal Australia and Canada's mines produce both high quality metallurgical coal used for steel production and thermal coal used for power generation and industrial applications.

It operates six mines in Australia and one mine, Peace River Coal, in British Columbia, Canada. Its coal operations in Australia are based on the east coast, from where the business serves a range of customers throughout Asia and the Indian sub-continent, Europe and South America. Our operation in Canada mainly served customers in Europe, Japan and South America.

In Australia, there is one wholly owned mine, and five in which the Group has a majority interest. Five of the mines are located in Queensland's Bowen Basin: Moranbah North (metallurgical coal), Capcoal (metallurgical and thermal coal), Foxleigh (metallurgical and thermal coal), Dawson (metallurgical and thermal coal) and Callide (thermal coal). Drayton mine (thermal coal) is in the Hunter Valley, New South Wales. All of the mines are in well-established locations and have direct access to rail and port facilities at Dalrymple Bay and Gladstone in Queensland and Newcastle in New South Wales.

Moranbah North (88%) is an underground longwall mining operation with a mining lease covering 100 square kilometers. Coal is mined from the Goonyella Middle Seam, approximately 200 meters below the surface. In 2014, with one planned longwall move, the mine produced 4.2 Mt of hard coking coal.

Capcoal (70%) operates an underground and an open-cut mine, with a second underground mine put into care and maintenance in July 2013. Capcoal produced 7.6 Mt of hard coking, pulverized coal injection (“PCI”) and thermal coals in 2014.

Dawson (51%) is an open-cut operation, which produced 4.2 Mt of coking and thermal coals in 2014.

Foxleigh (70%) is an open-cut operation, with output of 2.0 Mt of high quality PCI and thermal coal in 2014.

The Callide mine (100%) primarily supplies domestic power stations in Queensland and produced 7.6 Mt of thermal coal in 2014.

Peace River Coal (100%) is an open-cut metallurgical coal mine in British Columbia, Canada, which produced 1.5Mt of metallurgical coal in 2014. The mine was placed on care and maintenance in December 2014 because of the subdued hard coking price environment.

Coal Australia owns an effective 23% interest in the Jellinbah and Lake Vermont mines in Queensland, Australia, with combined (attributable) production of 2.9 Mt of coking, PCI and thermal coals in 2014.

In 2014, export metallurgical coal production increased by 12% to a record 20.9 Mt, while export thermal coal production decreased by 17% to 5.2 Mt. The increase in export metallurgical coal was chiefly attributable to a step change in performance at Grasree following its implementation of the management operating system and improvements across all Australian open-cut operations. The decrease in thermal coal production was mainly the result of lower production at the Drayton open-cut mine as the mine nears the end of its life. The Drayton South Project, which was intended to extend the life of Drayton mine, has not yet received regulatory approval. A new development application and accompanying Environmental Impact Statement will be submitted early in 2015. Metallurgical coal production in 2015 is expected to remain broadly flat at 20 to 21 Mt as the increase in output from Australian underground operations and Grosvenor development coal will be offset by the suspension of activity at Peace River Coal.

In 2013, export metallurgical coal production increased by 6% to a record 18.7 Mt, while export thermal coal production increased 4% to 6.3 Mt. Production improved by 30% at the underground operations owing to a significant step-change in performance over the period from July 1, 2012 to December 31, 2013. Production at the open-cut operations decreased by 5%, mainly as a result of excessive rainfall causing flooding and rail disruptions in the first quarter, and planned capacity reductions.

In 2012, export metallurgical coal production increased by 24% to 17.7 Mt, with record production in the second half, and the full-year, while thermal coal production was in line with the prior year at 13.0 Mt. Production improved at both underground and open-cut operations over the prior year by 29% and 22% respectively, with record run of mine production achieved at all of the export open-cut operations. Increased production was driven by asset optimization programs and a reduction in rain-related stoppages, supported by rain mitigation initiatives implemented during 2011.

### ***Industry Overview***

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

### ***Strategy and Business Development***

Emerging markets, particularly in the Asia-Pacific region drive metallurgical coal demand owing to their continuing need for steel for infrastructure, housing and consumer goods. The strategy is to increase the value of the business by maximizing the value of existing operations and investing in low cost brownfield growth projects in the supply regions best placed to produce the high-margin export metallurgical coals sought by its customers. In order to implement this strategy:

- A structured program of business improvement has been implemented to deliver industry-best operational performance over the existing asset base, in particular targeting longwall performance at the underground operations and key equipment at the open-cut mines;
- In January 2015, Anglo American announced the potential divestment of a number of non-core assets in Australia, namely operating mines Foxleigh, Dawson and Callide in Queensland and the Dartbrook mine in the Hunter Valley New South Wales, which is currently on care and maintenance; and
- Metallurgical Coal continues to progress its attractive organic growth pipeline in Australia, which has the potential to increase hard coking coal production in line with market demand.

See “Operating and Financial Review” for further information.

## **Coal South Africa and Colombia**

In South Africa, our business wholly owns and operates seven mines. It also has a 73% stake in Anglo American Inyosi Coal (“AAIC”), a broad-based black economic empowerment entity. AAIC wholly owns two mines, Kriel and Zibulo colliery, and holds a 50% interest in the Phola washing plant, a joint operation with BHP Billiton. In addition, Thermal Coal has a 50% interest in the Mafube colliery, a joint operation with Exxaro.

The South African mines supply both the export and domestic markets, delivering thermal coal domestically to Eskom, the state-owned power utility and Sasol, a coal-to liquids producer. Exports are currently routed through the Richards Bay Coal Terminal (“RBCT”), in which Thermal Coal has a 23.2% shareholding, to customers throughout the Atlantic, Mediterranean and Asia-Pacific regions.

In Colombia, Anglo American, BHP Billiton and Glencore Xstrata each have a one-third shareholding in Cerrejón, the country’s largest thermal coal exporter. Cerrejón owns and operates its own rail and deep water port facilities and sells into the export thermal and pulverized coal injection markets.

## **Industry Overview**

Coal is the world’s most abundant source of fossil fuel energy. Exceeding known reserves of oil and gas, it accounts for over 40% of global electricity generation. Thermal coal is a significant component of global energy consumption, accounting for an estimated 30% of primary energy demand in 2013.

The bulk of coal production is used in power generation; decisions that affect the energy mix of power generation therefore influence coal demand. These include long-term industry dynamics for nuclear, gas and renewable power generation and policy decisions on climate and environmental legislation.

In 2014, export seaborne thermal coal is anticipated to account for approximately 936 Mt. In 2013, export seaborne thermal coal accounted for 13% of global coal demand, with a large proportion of production coming from four key basins: Indonesia, Australia, Colombia and South Africa. Demand for seaborne traded thermal coal has increased by 52% since 2008, and is expected to continue to grow over the long-term, driven by India and China’s growing reliance on imported thermal coal. The IEA World Energy Outlook 2014 forecasts coal consumption for electricity generation to grow by 0.5% per year (cumulative annual average growth rate) under its New Policies Scenario from 2012 to 2040, with demand peaking around 2030. Growth of coal is constrained by air pollution and climate policies in the main markets in which we operate, including stringent carbon policies.

In developed economies, demand is expected to steadily decline as environmental regulation hastens the retirement of older coal-fired power stations and reduces the incentive for new coal-fired capacity. The major risks to the medium term growth of export seaborne thermal coal revolve around the ability of India and China to sustain their rates of economic growth, as well as logistical constraints and cost-inflation pressures.

International seaborne demand for 2014 is anticipated to remain flat year on year at 936 Mt. In 2014, the international thermal coal seaborne market remained in oversupply, despite supply disruptions, including due to industrial action in Colombia. This has kept prices suppressed and discouraged investment.

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

In 2014, Asia accounted for 60% of South African thermal coal shipments, 15% lower than 2013. South African thermal coal shipments out of RBCT reached a record high of 71.2 Mt, an increase of 1% over the prior year (2013:

70.2 Mt), bolstered by Transnet Freight Rail (“TFR”)’s improved performance. TFR also had a record calendar year with 72.2 Mt railed to RBCT, a 2% improvement over 2013 (70.5 Mt).

### ***Strategy and Business Development***

Anglo American’s strategic vision is to be a safe, high-margin, thermal coal producer with a global footprint that participates in the most attractive seaborne thermal coal markets, while continuing to support its domestic market commitments.

Thermal coal demand is being driven by Asian economic growth and its reliance on low-cost, readily available supply. Although the export thermal coal market is currently in oversupply, it is expected to recover in the medium term as sustained lower pricing begins to erode high-cost supply and as demand recovers. In South Africa, demand for new coal supply is increasing and is expected to continue to grow in order to supply Eskom’s future coal requirements for its existing and future power stations.

To maximize its asset value, Thermal Coal has implemented various business improvement initiatives based on understanding benchmark performance and aimed at driving value within its portfolio of operating mines.

In South Africa, the 11 Mtpa New Largo project is in feasibility phase and engagement with Eskom to finalize the coal supply agreement continues. Anglo and Eskom signed a Memorandum of Understanding in November 2014 that sets out the basic terms for the parties to negotiate and conclude the commercial and technical aspects of the project, while in parallel continuing to engage on Eskom’s strategic empowerment imperatives and objectives. The project is expected to be presented for board approval once the coal supply agreement has been concluded.

There are two stages to the project: Stage 1 comprises a 23 kilometer overland conveyor, which will run from an existing coal processing plant to Eskom’s Kusile power station, transporting both Anglo American and third party coal. Stage 2 entails the construction of a new opencast colliery and associated infrastructure. The New Largo Mining Right Application was granted in August 2013, Anglo American awaits execution of the Mining Right. The water use license was granted in November 2014 and the waste license was granted in January 2015.

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

See “Operating and Financial Review” for further information.

### **COPPER**

We have interests in six copper operations in Chile. The Mantos Blancos and Mantoverde mines are wholly owned and we hold a 50.1% interest in AA Sur, which includes the Los Bronces and El Soldado mines and the Chagres smelter. We also hold a 44% shareholding in the Collahuasi mine. The mines produce a combination of copper in concentrate and copper cathodes together with associated by products such as molybdenum and silver. In Peru, we have an 81.9% interest in the Quellaveco project. In October 2011, Codelco notified us that it intended, in January 2012, to exercise an option to acquire 49% of AA Sur which held a 100% interest in the Los Bronces, El Soldado and Chagres operations. In November 2011, the Group completed the sale to Mitsubishi of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion. In August 2012, the Group agreed to transfer a further 25.4% interest in AA Sur, in addition to certain undeveloped mining tenements to the east of Codelco’s Andina mine, to a Codelco/Mitsui joint venture company for a cash consideration of US\$1.9 billion.

### ***Industry Overview***

Copper’s principal use is in the wire and cable markets because of the metal’s electrical conductivity and corrosion resistance. Copper’s thermal conductivity also makes it suitable for use in heat-transfer applications such as air conditioning and refrigeration, which constitute some 10% of total demand. Other applications include structural and esthetic uses.

Access to quality ore bodies, located in regions providing stable political, social and regulatory support for responsible and sustainable mining, is likely to continue to be the key factor distinguishing project returns and mine profitability. Such ore bodies are scarce, however, and it will be increasingly necessary for mining companies to develop assets in more challenging environments.

With no fundamental technological shifts expected in the short to medium term, forecasted long-term demand is likely to be underpinned by growth in copper’s electrical uses, particularly wire and cable in construction, automobiles and electricity infrastructure. The key growth area will continue to be the developing world, led by China and, in the longer term, other Asian economies including India, where industrialization and urbanization on a

large scale continue to propel copper demand growth. The intensity of copper consumption is still at a high level in the case of China, while in India it is on an upward trajectory. This is in contrast with the advanced economies and their much lower levels of intensity.

In spite of near-term supply growth that may well be higher than that of the past six or seven years, constraints on the supply side are likely to prove a structural feature of the market. Such constraints will be driven by continuing declines in ore grades at maturing existing operations, a lack of capital investment and under-exploration in new projects, as well as political and environmental challenges in many current and prospective copper areas.

The industry is capital-intensive and is likely to become more so as high-grade surface deposits are exhausted and deeper and/or lower grade deposits are developed in more challenging locations. Combined with the need to develop infrastructure in new geographies, greater economies of scale will be required if mines are to be commercially viable. Scarcity of water in some countries, such as Chile and Peru, are also likely to necessitate the construction of capital- and energy-intensive desalination plants.

In 2014, the average LME copper cash settlement price decreased by 6% in the year to 311 c/lb (2013: 332 c/lb). The copper price fell sharply in March due to fears of large scale destocking in China. Despite a rebound in the price following the Qingdao warehousing scandal in June 2014, where a Chinese company used the same batches of copper and aluminum stored at the port as collateral to secure multiple loans from different creditors, the recovery was tempered by a mild Chinese summer, leading to slower growth in the production of air conditioners, and seasonal fluctuations in the usage of copper and copper alloys in Europe, which slowed. On the supply side, strong output from many of the largest producing mines and the ramp up of new production more than offset constraints in exports from Indonesia.

The copper price rose at the start of 2013 to a high of 374 c/lb, buoyed by Chinese buying ahead of the Lunar New Year and a temporary resolution to the fiscal stalemate in the United States. Underwhelming macro-economic data releases and a sharp rise in LME inventories followed, which resulted in prices retreating to 301 c/lb by the end of June. A hot summer in China, increasing financial demand and tightness in the scrap market then underpinned a modest recovery. However, strong mine supply and surging concentrate imports began to weigh on sentiment by November, with prices falling back to 314 c/lb, before ending the year at 335 c/lb. For the full-year, the realized price averaged 326 c/lb, a decrease of 10% compared with 2012. This included a negative provisional price adjustment of US\$92 million versus a positive adjustment of US\$47 million for 2012.

### ***Strategy and Business Development***

Copper's strategy is to generate industry-leading returns by safely and sustainably creating value for all stakeholders through operational excellence, disciplined growth and an optimized portfolio. The business continues to explore for low operating cost and long life development opportunities and to evaluate the longer term project options in its portfolio, including Quellaveco and the Los Bronces District.

In December 2014, the Group gave notice to the Peruvian government to terminate the 2007 privatization agreement, which has resulted in Anglo American withdrawing from the exploration phase Michiquillay copper project.

In December 2013, Anglo American concluded its exit from Pebble copper project in Alaska. As a result, the investment in Pebble was written off in full, resulting in a charge of US\$311 million, including exit costs.

On August 24, 2012, Anglo American completed the disposal of a 25.4% interest in AA Sur to a Codelco/Mitsui joint venture company for a cash consideration of US\$1.9 billion. As part of this transaction, all litigation between Anglo American and Codelco was terminated. We remain fully committed to our major inward investment program in the Chilean business and to continuing our significant social and community investment commitments in Chile.

### ***Disposal of Interests in AA Sur and Settlement with Codelco***

Under an agreement inherited by Anglo American when it acquired AA Sur, Codelco, the Chilean state copper company, was granted the right, subject to certain conditions and limitations, to acquire up to a 49% interest in AA Sur. The right to exercise the option was restricted to a window that occurred once every three years in the month of January until January 2027.

Further, Anglo American had a right to sell up to 100% of its interest in AA Sur to a third party at any time prior to the exercise of the option, which would correspondingly reduce any value attributed to the option during the non-exercise period.

On October 12, 2011, Codelco announced its intention to exercise its option to acquire 49% of AA Sur from the Group and the terms of various agreements with Mitsui, under which Mitsui would provide financing for the exercise of the option and would acquire half of the interest in AA Sur to be acquired by Codelco in the exercise. This announcement, and in particular the price at which Mitsui would acquire the interest in AA Sur from Codelco, highlighted the value of AA Sur and encouraged us to begin contacting third parties with an interest in acquiring a minority interest in AA Sur. As part of this process, in the second half of October 2011, Anglo American entered into discussions with Mitsubishi in respect of the sale to Mitsubishi of an interest in AA Sur, and on November 9, 2011, the Group completed the sale to Mitsubishi of a 24.5% interest in AA Sur for cash consideration of US\$5.39 billion, as it was entitled to do under the option agreement. The sale reduced the Group's interest in AA Sur from 100% to 75.5%. Following the announcement of this sale, Codelco filed a constitutional action with the Court of Appeals of Santiago and obtained an injunction preventing us from selling any additional shares of AA Sur. This injunction remained in effect until Codelco withdrew the constitutional action on January 10, 2012, prior to the Court's final judgment on the merits.

On August 23, 2012, Anglo American and Codelco announced an agreement in relation to AA Sur.

Anglo American and Codelco, with assistance from their respective partners, Mitsubishi and Mitsui, and within the conciliation proceeding provided for by the 14th Civil Court of Santiago, settled their respective claims in relation to the AA Sur option agreement as a result of extensive discussion and the conclusion that all parties have acted in good faith and without wrongdoing in connection with the settled claims.

Under this agreement, Anglo American retained control of AA Sur, reducing its 75.5% shareholding to 50.1%. A Codelco /Mitsui joint venture company controlled by Codelco ("the Codelco/Mitsui joint venture") acquired a 29.5% interest in AA Sur through the following two transactions:

- a 24.5% shareholding in AA Sur for net cash consideration of US\$1.7 billion, representing a consideration of US\$1.8 billion, adjusted for dividends paid in relation to the shareholding since January 1, 2012. As part of this transaction, the shareholders in AA Sur have also agreed to effect the transfer from AA Sur to Codelco of certain undeveloped mining tenements to the east of Codelco's Andina mine which are expected to offer significant synergies and value to Codelco, while being of nominal commercial value to AA Sur; and
- a 5% shareholding in AA Sur (comprising 0.9% from Anglo American and 4.1% from Mitsubishi) for total cash consideration of US\$1.1 billion. The Codelco/Mitsui joint venture's acquisition of the 4.1% shareholding occurred on September 14, 2012, after receipt of clearance by competition authorities in Brazil. Pending such clearance, Anglo American acquired from Mitsubishi a 4.1% shareholding in AA Sur for cash consideration of approximately US\$890 million and, upon clearance, on-sold that 4.1% shareholding in AA Sur to the Codelco/Mitsui joint venture for cash consideration of approximately US\$890 million. Following consummation of the on-sale by Anglo American of Mitsubishi's 4.1% shareholding to the Codelco/Mitsui joint venture, Anglo American holds a 50.1% shareholding in AA Sur and Mitsubishi holds a 20.4% shareholding in AA Sur. In consideration for Mitsubishi's participation in the transaction, Anglo American paid a fee of US\$40 million to Mitsubishi.

The shareholders in AA Sur have executed a Shareholders' Agreement, which provides a framework for the ongoing governance of AA Sur, confirms Anglo American's ability to control the company, and provides for board representation and participation in certain decisions for the Codelco/Mitsui joint venture and for Mitsubishi.

Completion of the transactions was subject to the injunction being lifted by the 14th Civil Court of Santiago. Completion of the Codelco/Mitsui joint venture's acquisition of the 24.5% and 0.9% shareholdings in AA Sur took place following the receipt of an order terminating the injunction, on August 24, 2012. Completion of the Codelco/Mitsui joint venture's acquisition of a 4.1% shareholding in AA Sur occurred on September 14, 2012.

## **NICKEL**

Our Nickel business unit comprises two Brazilian operating assets: Barro Alto and Codemin, both ferronickel producers in the state of Goiás. Within the portfolio there are also two promising growth projects, Jacaré and Morro Sem Boné, both laterite deposits which are also located in Brazil.

In Venezuela, operations at MLdN ceased permanently in November 2012.

### ***Industry Overview***

The average LME nickel cash settlement price increased by 13% in 2014 to 765 c/lb (2013: 680 c/lb). Demand levels improved while supply was constrained due to a reduction in nickel pig iron production in China following

the Indonesian nickel ore ban, and reductions in output from certain other producers. Overall, nickel consumption increased by 6%, while supply decreased by 2%. The sizeable market surplus of 184,000 tonnes in 2013 was reduced to 43,000 tonnes by the end of 2014.

### ***Strategy and Business Development***

Nickel's strategy is focused on the completion of the rebuild of furnaces at Barro Alto, which commenced as planned in October 2014, in addition to the delivery of efficient production at Barro Alto and Codemin, supported by asset optimization initiatives which are driving improved output and reduced costs. At full production, both operations are expected to be positioned in the first half of the industry's cash-cost curve. Our Nickel business continues to assess its portfolio of expansionary and exploration projects, Jacaré and Morro Sem Boné.

Nickel has identified that a key driver for operational efficiency is to attract and retain a suitably qualified workforce. The business has focused on recognizing high performance through competitive remuneration and employee development programs and, during 2013, was recognized as one of Brazil's "top 35" companies to start a career with, and as one of its 150 best companies to work for.

See "Operating and Financial Review" for further information.

### **NIOBIMUM**

As at December 31, 2014, this business segment comprised assets that included ferro-niobium producer Niobium (formerly Catalão).

Anglo American Niobium business, located in Catalão and Ouvidor, in Brazil's Goiás state, accounts for approximately 9% of the country's production (and approximately 8% of global production) of the metal. The BVFR project produces and exports approximately 4,700 tonnes of niobium per year. The project is expected to reach full nameplate capacity in 2017. When fully ramped up, production from existing operations is expected to increase to 6,800 tonnes of niobium per year.

With the end of its weathered (oxidized) Ore Reserves approaching, Niobium has invested in the construction of a new BVFR upstream plant that will enable continuity of the Catalão site through processing the fresh rock ore body. This project delivered first production in November 2014 and is currently ramping-up to full production.

### ***Industry Overview***

Global average niobium prices decreased slightly in 2014, due to the euro weakening against the US dollar and production capacity increasing in an environment of largely stable overall demand.

### **PHOSPHATES**

Anglo American Phosphates business is the second largest phosphate fertilizer producer in Brazil based on installed production capacity. Its operations are vertically integrated, covering the mining of phosphate ore, beneficiation of the ore to produce phosphorus pentoxide (P<sub>2</sub>O<sub>5</sub>) concentrate, and further processing into intermediate and final products.

The Chapadão mine is a prime deposit, containing some of Brazil's highest grades of phosphate ore (approximately 13% P<sub>2</sub>O<sub>5</sub>), and has a remaining Reserve Life of 34 years at current production rates.

Phosphate ore is treated at a beneficiation facility on the same site, with approximately 1.4 Mtpa of phosphate concentrate being produced at an average grade of around 36.5% P<sub>2</sub>O<sub>5</sub>. Phosphates operates two chemical processing complexes: one in Catalão and the other at Cubatão in the state of São Paulo.

The company produces a wide variety of products for the Brazilian agriculture sector, including low analysis (approximately 20% P<sub>2</sub>O<sub>5</sub> content) and high analysis (40%-55% P<sub>2</sub>O<sub>5</sub> content) phosphate fertilizers, dicalcium phosphate (DCP) for the animal feed industry, as well as phosphoric and sulphuric acids for the food and animal feed industries

Phosphate fertilizer demand is driven by strong fundamental trends, including expanding food needs from a growing global population, changing dietary habits in major emerging economies such as China and India, and increased demand for biofuels.

Brazil, a major agricultural nation, is the fourth largest phosphate market globally and needs to import more than 50% of its required phosphate fertilizers. Anglo American's Phosphates' assets are situated in the center of Brazil's major agricultural region and thus benefit from lower inland transportation costs and import taxes compared with competitors, in addition to being well placed to respond quickly to customer requirements.

## **Industry Overview**

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

### **PLATINUM**

Our Platinum business, based in South Africa, is the world's leading primary producer of platinum group metals, and accounts for approximately 37% of the world's newly mined platinum in 2014. Platinum mines, processes and refines the entire range of platinum group metals (PGMs): platinum, palladium, rhodium, ruthenium, iridium and osmium. Base metals such as nickel, copper and cobalt sulphate are important secondary products and are significant contributors to earnings.

Platinum's operations exploit the world's richest reserve of PGMs, known as the Bushveld Complex, which contains PGM-bearing Merensky, UG2 and Platreef ores. Access to an excellent portfolio of Ore Reserves ensures Platinum is well placed to be the world's major platinum producer for many years to come.

Platinum wholly owns 8 mining operations currently in production, a tailings re-treatment facility (the Western Limb Tailings Retreatment plant), three smelters, a base metals refinery and a precious metals refinery. Concentrating, smelting and refining of the output are undertaken at Rustenburg Platinum Mines' ("RPM") metallurgical facilities.

On January 15, 2013, the Group announced the outcome of its review of the Anglo American Platinum business to create a sustainable, competitive and profitable platinum business for the long-term benefit of all stakeholders. See "Business Description—Platinum—Strategy and Business Development".

Following the implementation of the portfolio review, Platinum's 100%-owned mining operations currently consist of three mines at Rustenburg Section: Bathopele, Siphumelele and Thembelani; two mines at Amandelbult Section: Tumela and Dishaba, Mogalakwena and Twickenham mines. Union mine is 85% held, with a BEE partner, the Bakgatla-Ba-Kgafela traditional community, holding the remainder. The Unki mine in Zimbabwe is currently wholly owned pending the implementation of the state's recently approved indigenization plan which requires foreign companies to cede a portion of the ownership of their assets to indigenous Zimbabweans. Platinum also has 50:50 joint ventures with a BEE consortium, led by African Rainbow Minerals, at Modikwa platinum mine; and with XK Platinum Partnership in respect of the Mototolo mine.

In addition, Platinum has 50:50 pooling and sharing agreements with Aquarius Platinum covering the shallow Ore Reserves of the Kroondal mine. The company owns 49% of Bokoni mine and holds, through RPM, 27% of Atlatsa Resources. Platinum is in partnership with Royal Bafokeng Resources, and has a 33% shareholding in the combined Bafokeng-Rasimone platinum mine and Styldrift properties. Platinum, through RPM, also has a 12.6% shareholding in RB Plat.

In 2014, Platinum wholly owned underground mines were affected by a strike action called by the Association of Mineworkers and Construction Union ("AMCU") which also affected Impala Platinum Holdings Limited and Lonmin plc. The dispute between the three platinum companies and the AMCU was settled on June 24, 2014. As a result of the five-month strike, we estimate 532,000 ounces of platinum production were lost, including 108,000 ounces lost during the start-up period following the strike. The impact on revenue was mitigated by the drawdown of stockpiles and contractual sales were met. Ramp up was completed in September 2014.

In 2013 underground mining performance at Platinum's own mines was also impacted by an industrial action from September 27 to October 10, 2013 resulting in a loss of platinum production of 44,000 ounces. Platinum quickly ramped up to full production following the strike, with little further loss of production. In addition, production in 2013 was also affected by illegal industrial actions, a national bus driver strike which impacted employees' ability to commute to work and labor shortages. This was exacerbated by the lack of flexibility, in the current labor environment, to redeploy employees to operations where there are staff shortages.

At the Rustenburg mines, in 2014, production decreased by 276,000 ounces or 55% against 2013, while at Union and Amandelbult mines, production declined by 51% and 41%, primarily due to the five-month strike which affected all the wholly owned underground mines.

At the Rustenburg mines, in 2013, production increased by 12,700 ounces or 3% against 2012, while at the Union and Amandelbult mines, production declined by 9% and 2%, respectively, primarily due to shortages of production crews and supervisors.

Production at Rustenburg, Amandelbult and Union was negatively impacted in 2012 by unprotected industrial action that spanned almost two full months, from September 18 to November 15, 2012. The net effect of the strike

action was a loss of equivalent refined platinum production of 305,600 ounces, including 82,000 ounces lost during the start-up period following the strike, which had a material impact on revenue.

See “Risk Factors—Risks Related to Our Business—Labor disruptions could have an adverse effect on our results of operations, cash flows and financial condition.”

### ***Industry Overview***

PGMs have a wide range of industrial and high technology applications. Demand for platinum is driven primarily by its use in autocatalysts to control emissions from both gasoline and diesel engine vehicles, and in jewelry. Management estimates that these uses are responsible for approximately 75% of total gross platinum consumption. PGMs, however, have a wide range of other applications, predominantly in the chemical, electronic, medical, glass and petroleum industries.

**Platinum.** Industrial applications for platinum are driven by technology and, especially in the case of autocatalysts, by legislation. The intensifying stringency of emissions legislation will contribute to PGM demand. Our Platinum business is the major funder and supporter of the Platinum Guild International, which plays a key role in encouraging demand for platinum and in establishing new platinum jewelry markets. Since 2000, China has been the leading platinum jewelry market.

In 2014 gross global platinum demand decreased by 4.1% or 360,000 ounces. The 69% decrease in investment demand of 600,000 ounces was partially offset by increases of 60,000, 30,000 and 150,000 ounces in autocatalyst, jewelry and industrial demand, respectively, during the year.

In 2014 gross jewelry demand in China remained flat. The Chinese platinum jewelry market accounted for 67% of gross global jewelry demand in 2014. Platinum jewelry sales in China in 2014 continued to benefit from higher levels of consumer disposable income and the narrow price premium to gold. However, the weak price in the last quarter dampened consumer interest in purchases and reduced the flow of recycled pieces. The platinum premium over gold reduced to zero at the end of 2014. The much smaller markets of Europe, North America and the key growth market of India all grew in 2014.

Primary platinum supply, declined by 12.1% or 701,000 ounces in 2014, primarily as a result of the South African mining industrial action.

South African supply decreased by 16.7% or 700,000 ounces with the collective supply from Russia, North America, Zimbabwe and rest of world within 10,000 ounces of the total in 2013. Overall secondary supplies from recycled autocatalyst, jewelry and industrial scrap increased and gross global platinum supply declined by 7.3% or 573,000 ounces. The resultant platinum deficit in 2014 of 1,100,000 ounces was satisfied by supply from producer stocks and cumulative above-ground stocks at market prices during the course of the year.

**Palladium.** Palladium’s principal application, accounting for some 65% of total palladium consumption, net of recycle supply, is in autocatalysts, particularly in gasoline vehicles. The metal is also used in electronic components, dental alloys and jewelry.

In 2014 gross global palladium demand increased by 12% or 1,138,000 ounces. Jewelry and industrial demand reduced by 60,000 and 40,000 ounces, respectively, with autocatalyst demand up by 330,000 ounces and investment demand 908,000 ounces higher.

Primary palladium supply and refined sales by producers declined by 5.7% or 377,000 ounces. Supply from North America increased by 103,000 ounces with all other regions declining. Supply from South Africa and Russia declined by 350,000 ounces and 100,000 ounces, respectively.

**Rhodium.** Rhodium is an important metal in autocatalytic activity, which accounts for approximately 83% of total gross annual demand.

In 2014 gross global rhodium demand decreased by 1% or 10,000 ounces. The increase in autocatalyst demand of 39,000 ounces was exceeded by the decreases in industrial and investment demand of 3,000 ounces and 46,000 ounces, respectively. Primary supply decreased by 81,000 ounces and secondary supply increased by 45,000 ounces, resulting in a decrease of 36,000 ounces in gross supply and a resultant market deficit of 62,000 ounces.

### ***Strategy and Business Development***

In reformulating its strategy, Platinum has reviewed the business across the entire value chain to address structural challenges that have eroded profitability over time with the intention of creating a safe, sustainable, competitive and profitable platinum business for the long-term benefit of all its stakeholders. This will be achieved

through the alignment of baseline production with long-term demand expectations, focusing on a high quality portfolio of operations to produce PGMs on an economically sustainable basis.

We have developed an organizational design to ensure that the operations are supported by an appropriate level of overhead; the commercial strategy aims to ensure value and stability for Platinum and customers while promoting new PGM applications. Operationally, the business intends to increase exposure to lower risk, higher margin, less capital intensive mines, supporting a significant reduction in the cost base and a more efficient allocation of capital. Flexibility for long-term growth options will nevertheless be retained, ensuring Platinum is well positioned should demand increase above expectation.

Platinum continues to take its social responsibility seriously, particularly to its employees and surrounding communities. The implementation of the strategy aims to deliver a stable, competitive and profitable business that will be best placed to sustain and create employment over the long-term.

On August 16, 2013, Platinum concluded consultations with key stakeholders and unions on the plans to restructure its business. In January 2013, Platinum announced its proposals to reduce costs and reconfigure marginal operations following an extensive review of its business which commenced in February 2012. The review is aimed at restoring Platinum's profitability to ensure its long-term sustainability and increase its competitiveness in the global platinum mining industry.

Following the consultation with the Department of Mineral Resources and recognized unions in a process facilitated by the Commission for Conciliation, Mediation and Arbitration, Platinum has made significant progress in implementing the first stages of the review:

- Reduced baseline production to 2.3-2.4 million platinum ounces per annum in the short to medium term;
- Production at Khomanani mine, Khuseleka 2 shaft and Union North decline was suspended in August 2013, in line with the proposed restructuring plans. The resources from these mines have now been integrated into the surrounding operations. As a result of these initiatives, 250,000 ounces of annualized production have been removed;
- Closure of the last decline section of the Union mine in the last quarter of 2014; and
- Ongoing review of overhead costs and processes to improve efficiencies.

As a result of the consolidation of the Rustenburg operations from five mines to three, 7,450 roles were eliminated in 2013. Of that total, approximately 5,100 employees had left the organization by the end of 2013, while 2,300 employees had been redeployed to other parts of the business.

Following the substantial changes being made to the business to ensure its sustainability, a number of social mitigation plans have been implemented, including continuing to contribute to the welfare of employees affected by the restructuring. The program includes employee assistance in the form of bursaries, healthcare and retraining; support for local economic development and a number of suppliers; and investment, together with local government, in housing development in the Rustenburg region.

## **DE BEERS**

De Beers is the world's leading diamond company, supplying approximately one third of the world's rough diamonds primary supply by value.

De Beers operates across all key parts of the diamond value chain, including exploration, production (land and sea), the sorting and selling of rough diamonds, the marketing of polished diamonds through its proprietary diamond brand, Forevermark, the licensing of the Forevermark brand and retail sales through De Beers Diamond Jewellers, a 50:50 joint venture with LVMH Moët Hennessy Louis Vuitton SA.

De Beers' mining operations are located in four countries: Botswana, Canada, Namibia and South Africa. All operations are open pit with the exception of Snap Lake, an underground mine in Canada, Namdeb Holdings' alluvial and marine mining operations in Namibia and Kimberley Mines, which is a tailings processing facility.

In Botswana, De Beers' mining interests are held through the Debswana Diamond Company, a 50:50 joint venture with the Government of the Republic of Botswana ("GRB"). Debswana's operations include Jwaneng, one of the world's richest diamond mines; Orapa, among the world's largest open-pit diamond mines; Letlhakane; and Damtshaa.

In South Africa, De Beers has a 74% interest in De Beers Consolidated Mines ("DBCM"), with the remaining 26% held by Ponahalo Holdings, which is a black economic empowerment consortium. DBCM's operations include

Venetia, which produces about 70% of De Beers' production from South Africa; Voorspoed, a source of large and exotic colored diamonds; and Kimberley Mines, a tailings processing facility.

In Namibia, De Beers' interests are held through Namdeb Holdings, a 50:50 joint venture with the Government of the Republic of Namibia ("GRN"). Diamonds are mined on land by Namdeb Diamond Corporation, and at sea by Debmarine Namibia, both of which are wholly owned by Namdeb Holdings. Marine mining is performed by a fleet of five vessels. Certain related marine services are performed by De Beers Marine, a marine services company based in Cape Town, South Africa and wholly owned by De Beers.

In Canada, De Beers wholly owns its two mining operations: Victor, located in Northern Ontario, and Snap Lake, in the Northwest Territories. Gahcho Kué, near Snap Lake, is currently being developed and is held by an unincorporated joint venture between De Beers Canada Inc. (51%) and Mountain Province Diamonds Incorporated (49%). The project commenced construction in 2014 following receipt of necessary permits and licenses. With a Life of Mine of approximately 13 years, Gahcho Kué is expected to treat 35 million tonnes of ore containing an estimated 54 million carats (100% basis).

De Beers sells rough diamonds through two distribution channels; about 90% is sold via long-term contract sales to clients (known as Sightholders) through De Beers Global Sightholder sales, based in Botswana, with the remainder being sold via regular auctions via De Beers Auction sales, based in Singapore. De Beers' current rough diamond term based supply arrangements with its Sightholders are due to end on March 30, 2015. During the course of 2014, De Beers announced details of a new approach to its rough diamond Sightholder sales contracts. The new contract period, which will start at the end of March 2015 and run for three years, with an option for De Beers to extend, requires, amongst other things, its rough diamond customers to comply with more rigorous financial and governance criteria in order to be eligible for supply. De Beers is also an equal joint venture partner in Diamond Trading Company Botswana and in Namibia Diamond Trading Company with the GRB and GRN, respectively; these local companies are engaged in sorting and valuing diamonds. Namibia Diamond Trading Company also sells diamonds to local Namibian based Sightholders. In South Africa, De Beers holds, via DBCM, a 74% interest in De Beers Sightholder Sales South Africa, with the remaining 26% held by Ponahalo Holdings following a transaction signed in August 2013 and concluded in April 2014. De Beers Sightholder Sales South Africa is engaged in sorting and valuing South African production and is also an intermediary in the global selling function. It also sells diamonds locally to South African based Sightholders.

Element Six is a global leader in the design, development and production of synthetic diamond supermaterials for a range of applications. It comprises two businesses: Technologies, which is wholly owned, and Abrasives, in which De Beers has a c.60% interest (Umicore SA holds the remaining approximately 40%).

### ***Acquisition of Shareholding***

On August 16, 2012, the Group completed the acquisition of an additional 40% interest in De Beers from the CHL Group for a total cash consideration of US\$5.2 billion (following adjustment under the relevant agreement), increasing the Group's equity interest in De Beers from 45% to 85%, the purchase price was funded from cash on hand. The remaining interest is held by the GRB.

As of completion of the acquisition, De Beers became a subsidiary of the Group and is fully consolidated for financial reporting purposes from that date. Prior to completion of the acquisition, De Beers was an associate of the Group and, as such, was accounted for in the consolidated financial statements of the Group using the equity method of accounting.

### ***Industry Overview***

Around 55% of the world's diamonds, by value, originate from south and central Africa, with significant sources also found in Russia and Canada.

Most gem diamonds come from the mining of kimberlite deposits. Another important source of gem diamonds, however, has been secondary alluvial and marine deposits formed by the weathering of primary kimberlites and the subsequent deposition of released diamonds in rivers, beach gravels and (via rivers) the sea.

Rough (or uncut) diamonds are broadly classified either as gem or industrial quality, with gem being overwhelmingly the larger of the two markets by value. The world market for gem diamonds is driven by retail diamond jewelry, where aspects such as size, color, cut and clarity have a large impact on valuation.

In 2013, despite global macro-economic uncertainty, diamond jewelry sales increased in local currency terms in all major diamond markets, except in India where challenging economic conditions and a devaluation of the rupee resulted in a decline in demand in both local currency and dollars terms. The US market posted positive growth,

with a generally strong holiday season in the fourth quarter. China continued to show positive growth rates, but at levels consistent with slower economic growth.

Although the De Beers rough price index increased slightly in the first half of 2013, a combination of weaker polished prices, high levels of stock in the cutting centers and tightening liquidity resulted in some of this increase being reversed in the second half of 2013. The price decrease, together with an increase in polished sales, saw the rough market stabilize and start to improve toward the end of 2014.

Consumer demand for diamond jewelry showed positive growth in local currency terms in all the main markets in 2014. In dollar terms, however, demand growth was slightly weaker than growth seen in 2013. The economic recovery gained momentum in the US, the largest consumer diamond market, which resulted in good diamond jewelry sales growth throughout the year. Growth in diamond jewelry demand in China continued, albeit at more modest levels, reflecting slowing economic growth. Macro-economic conditions in India started improving in the final quarter of 2014, following the election of a new government earlier in the year. This boosted consumer confidence, lifting hopes that growth will return. However, a slowdown in Chinese jewelry consumption in the second half of 2014 and slower emerging markets growth in general led to overstocking of diamonds at the retail level, weakening polished prices in the final quarter of 2014 and into the start of 2015. De Beers' rough diamonds price index ended 2014 7% up from a year earlier.

### ***Strategy and Business Development***

De Beers' vision is to unlock the full economic value of its leadership position across the diamond pipeline in a safe and sustainable manner.

De Beers is a demand-driven business, with a clear understanding that consumer desire is the overwhelming source of value for its gem diamonds.

With growth in demand for diamonds expected to outstrip growth in production in the medium to long-term, De Beers aims to maximize the value of every carat mined, sorted and sold. To achieve this objective, De Beers focuses on optimizing the value of its mining assets, operating the leading rough distribution system by selling to selected leading Sightholders and offering consumers the integrity and confidence of its brands.

### ***Other Information***

In May 2011, DBCM signed an agreement for the sale of Namaqualand Mines to Trans Hex Group Limited, with a number of further amending agreements signed thereafter. The sale was concluded in October 2014. In August 2013, De Beers Group Services Proprietary Limited ("DBGS") and DBCM signed an agreement for the sale of DBGS's diamond trading division into the DBCM group structure as a going concern, which was concluded in April 2014. This transaction had the effect of transferring the indirect ownership of 26% of the South African diamond trading business to Ponahalo Holdings. This transaction met the requirements of the South African Diamonds Act, 1986 (as amended) and regulations published thereunder for the purposes of the continued grant of a diamond dealer's license under that Act for the diamond trading business. Related to the sale transaction, in October 2013, a vendor funding agreement and related security agreements were concluded between DBGS and the DBCM group in order to fund the purchase price payable by the DBCM group for the DTC SA business.

In November 2014, various companies in the De Beers Group and Ponahalo Investments (RF) Proprietary Limited (a wholly owned subsidiary of Ponahalo Holdings, a BEE partner that holds 26% of the equity in De Beers' South African operations), concluded agreements with The Standard Bank of South Africa ("Standard Bank") and Absa Bank Limited ("Absa"). Standard Bank and Absa directly refinanced Ponahalo Investments acquisition debt relating to a portion of the original acquisition financing of its 26% interest in DBCM over a funding period of seven years. De Beers simultaneously refinanced, on improved terms, a portion of the Ponahalo Investments debt previously held by Standard Bank, and existing Ponahalo Investments debt held by De Beers, both for a period of seven years. In total, Ponahalo Investments has US\$373 million of debt (at an exchange rate of US\$1:R11.00), of which 61% was financed by De Beers through the refinancing transaction, and 39% by Standard Bank/Absa. This refinancing improved the long-term sustainability of the Ponahalo group.

In September 2011, GRB and De Beers announced a new 10 year contract for the sorting, valuing and sales of Debswana's diamond production. The agreement, which is effective as of January 1, 2011, is the longest sales contract ever agreed between the two partners. Pursuant to the agreement, De Beers transferred the majority of its UK-based sales functions from London to Botswana before the end of 2013. From its new base in Botswana, De Beers aggregates production from its own mines, and its joint venture operations worldwide, and sells to local and international Sightholders.

In November 2011, De Beers and the GRN finalized an agreement to increase the GRN's effective shareholding in Debmarine Namibia from 15% to 50% through the establishment of a new 50:50 joint venture holding company, Namdeb Holdings. This did not change the current sales and marketing arrangements and all diamond production from Namdeb Holdings continues to be sorted, valued and marketed exclusively by De Beers together with Namibia Diamond Trading Company. The Namibian sorting, valuing, sales and marketing agreement, which sets out the current sales and marketing arrangements in respect of Namdeb's diamond production, was due for renewal on January 1, 2014, but an extension has been mutually agreed between De Beers and GRN. The agreement is expected to be finalized during 2015.

The agreement entered into by De Beers in the United States in 2006 to settle all outstanding class actions against it became unconditional and effective in May 2012. From 2001, seven class actions were filed against De Beers in various federal and state courts in the United States alleging violation of federal and state anti-trust laws, violations of consumer protection laws, deceptive trade practices, unfair competition and similar claims. The US\$295 million settlement (without admission of liability), plus interest, held in escrow since 2006 has been distributed in accordance with the court ordered plan.

In July 2014, De Beers announced details of a new approach to its rough diamond Sightholder sales contracts. The new contract period, which will start at the end of March 2015 and run for three years, with an option for De Beers to extend, requires, amongst other things, its rough diamond customers to comply with more rigorous financial and governance criteria in order to be eligible for supply.

See "Operating and Financial Review" for further information.

#### **CORPORATE AND OTHER**

As at December 31, 2014, this business segment included the non-core business Tarmac (including Tarmac Middle East and a 50% interest in Lafarge Tarmac joint venture) and until November 2013, Amapá, previously reported under Other Mining and Industrial.

##### ***Amapá***

On January 4, 2013, Anglo American announced that it had reached an agreement to sell its 70% interest in Amapá to Zamin. On March 28, 2013 a major geological event occurred at the Santana port of Amapá, which resulted in the loss of five lives, with a further person still missing, as well as the loss of the port operation. In light of these circumstances, Anglo American entered into further discussions with its partner Cliffs and Zamin. Anglo American subsequently entered into an agreement with Cliffs to acquire its 30% interest in Amapá and entered into an amended sale agreement with Zamin, to reflect Anglo American's disposal of a 100% interest in Amapá to Zamin.

On November 1, 2013, Anglo American completed the acquisition from Cliffs and simultaneously completed the sale of the 100% interest in Amapá to Zamin for a total initial consideration of approximately US\$134 million, net of certain completion adjustments.

As part of the transaction, Anglo American has assumed responsibility for, and the risks and rewards of, certain insurance claims including those relating to the Santana port incident, through the purchase of the claims from Amapá at the full claim value.

##### ***Tarmac Quarry Materials' UK businesses***

On January 7, 2013, Anglo American and Lafarge announced the completion of their 50:50 incorporated joint venture, which combined their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services and waste services businesses in the UK (excluding Tarmac Building Products). The joint venture company is known as Lafarge Tarmac. Completion of the Lafarge Tarmac joint venture followed final clearance from the CC, predicated on the completed sale of a portfolio of Tarmac Quarry Materials and Lafarge UK construction materials operations in the UK, which also occurred on January 7, 2013.

On November 14, 2013, Anglo American announced that it had entered into an agreement to sell Tarmac Building Products to Lafarge Tarmac, and the sale completed on March 31, 2014.

On January 14, 2014, the CC (now the CMA) published its final report relating to the investigation into the aggregates, cement and RMX markets. In this report the CC concluded that there were aspects of the cement markets that had adverse effects on competition. Accordingly, it has determined that, amongst other remedies, Lafarge Tarmac is required to divest of a cement plant (either the Cauldon or Tunstead cement plants, plus relevant depots) and (if required by a prospective purchaser) a number of RMX plants. The CMA has determined that the

prospective purchaser cannot be one of the existing cement producers in Great Britain. Lafarge Tarmac disputes the conclusions of the CMA and, taking into account the best interests of its employees, contractors, customers and shareholders, has appealed the decision to the CAT. The appeal has been stayed by the CAT until July 2015 following an application by the CMA following the development in relation to the Lafarge Holcim merger.

Following the announcement on July 7, 2014 of an agreement in principle, the Group reached a binding agreement on July 24, 2014 to sell its 50% ownership interest in Lafarge Tarmac to Lafarge SA (“Lafarge”) for a minimum value of £885 million (approximately US\$1.38 billion at 2014 year-end spot rate) in cash, on a debt- and cash-free basis and subject to other customary working capital adjustments. The sale is subject to a number of conditions, including the completion of the proposed merger of Lafarge and Holcim Limited. For further information see “Business Description—Corporate and other—Tarmac Quarry Materials’ UK businesses”.

### **Scaw Metals**

On April 24, 2012, Anglo American announced the sale of its interest in Scaw SA to an investment consortium led by the Industrial Development Corporation of South Africa and the Group’s partners in Scaw SA, (Izingwe Holdings (Pty) Limited, Shanduka Resources (Pty) Limited and the Southern Palace Group of Companies (Pty) Limited).

On November 23, 2012, the sale of Scaw SA and related companies completed for a total consideration of ZAR3.4 billion (US\$440 million) on a cash- and debt-free basis as announced.

### **MAJOR GROWTH AND REPLACEMENT PROJECTS**

In line with its increased focus on capital discipline and responding to market conditions, the Group approved relatively few new projects in 2014. At De Beers, the Gahcho Kué project commenced construction following receipt of necessary permits and licenses and is expected to treat 35 million tonnes of ore containing an estimated 54 million carats (100% basis) over its 13-year life from the second half of 2016. De Beers’ 51% share of Gahcho Kué’s capital expenditure is approximately US\$0.5 billion. The Group also supported investment in a new treatment plant at the Letlhakane diamond mine in Botswana, a low risk, high return project designed to process the extensive tailings mineral resource (“TMR”) that has been deposited over 30 years. De Beers’ 19.2% share of capital expenditure is less than US\$0.1 billion.

Details of major projects are provided by business segment, as follows:

#### ***Iron Ore and Manganese***

The Minas-Rio iron ore project in Brazil is expected to produce 26.5 Mtpa of iron ore in its first phase. In the past, the Minas-Rio project has been affected by permitting challenges and injunctions, which impacted the timing of the development of the project and associated infrastructure.

First ore on ship was delivered on October 25, 2014, ahead of schedule and by the end of 2014, the project was 97% complete overall. Minas-Rio achieved an exceptional safety performance with very low lost time injury rates compared to other projects of similar scale. Iron ore production of between 11 million and 14 million tonnes (wet basis) is expected in 2015 and nameplate capacity is expected to be reached by Q2 2016, with production of between 24 million and 26.5 million tonnes (wet basis) expected in 2016. In addition to the safe ramp up of operations, activities also include the completion of the outstanding construction works and the regular cycle of license and permit renewals required for the mining operations.

Project capital expenditure was revised and is now estimated at US\$8.4 billion, US\$0.4 billion lower than the previous estimate of US\$8.8 billion provided in January 2013. Until the end of 2014, US\$7.4 billion has been spent on the project and it is envisaged that a further US\$1.0 billion will need to be spent in order to deliver the project.

Sales volumes of 0.2 Mt were achieved in 2014, relating to three Panamax vessels transporting iron ore from Minas-Rio to customers in China. Iron ore production volumes for the year reached 0.7 Mt (wet basis). The ramp up schedule continues and is expected to reach between 24 and 26.5 million tonnes (wet basis) of saleable products of iron ore pellet feed in 2016.

#### ***Coal***

##### ***Coal Australia and Canada***

The construction of the 5 Mtpa Grosvenor metallurgical coal project remains on target for first longwall production from 2016. Surface construction is largely complete, other than installation and commissioning of the coal handling systems and the planned upgrade of the Moranbah North Coal Processing Plant. The conveyor and

manning and material underground drifts have been bored using the innovative tunnel boring machine technology. Underground development is ahead of schedule. The construction project's forecast cost to complete remains within the Board approved July 2013 capital budget of US\$1.9 billion.

#### *Coal South Africa and Colombia*

The 11 Mtpa New Largo project is in feasibility and engagement with Eskom to finalize the coal supply agreement continues. Anglo and Eskom signed a Memorandum of Understanding in November 2014 that sets out the basic terms for the parties to negotiate and conclude the commercial and technical aspects of the project, while in parallel continuing to engage on Eskom's strategic empowerment imperatives and objectives. The project is expected to be presented for board approval once the coal supply agreement has been concluded.

#### **Copper**

At Collahuasi, the pre-feasibility study on further expansion potential beyond the three current milling lines remains on hold pending restoring operational stability of current operations.

In Peru, the Quellaveco copper project was evaluated as part of the Group asset review in 2013 resulting in a decision to delay the project approval. The revised feasibility study is expected to be completed in 2015 and during the intervening period work continued on site, mainly for the Asana river diversion. In addition, various social and community programs will continue, thereby solidifying the already high social support for the project.

In the Los Bronces District, the conceptual study of the Los Sulfatos deposit has commenced, and the permits required to start sub-surface hydrogeological drilling were received in the final quarter of 2013.

#### **Nickel**

The Barro Alto project was completed in the first quarter of 2011, delivering first metal in March 2011. The rebuild of the first of Barro Alto's two furnaces is under way, with the expectation that the plant will reach nameplate capacity during 2016.

The unapproved projects in the pipeline (Jacaré and Morro Sem Boné) have the potential to significantly increase the Group's total nickel production.

#### **Niobium**

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

#### **Platinum**

In an environment of capital austerity, careful consideration is taken to determine how projects are prioritized in line with the company's strategy to increase scrutiny over capital allocation. Projects including the development of Twickenham and expansion of production capacity at Mogalakwena mine are in line with the longer term strategy of increasing shallow, mechanized and lower cost production and continue to be progressed.

Capital expenditure planned for 2015 is between ZAR5.5 billion and ZAR6.5 billion, excluding pre-production costs, capitalized waste stripping and interest.

#### **De Beers**

In Botswana, over 50% of the 500 million tonnes of waste stripping required to expose the ore at Debswana's Jwaneng Cut-8 project is complete. Cut-8 will provide access to an estimated 91 million tonnes of ore, which is estimated to contain approximately 110 million carats of mainly high quality diamonds, and extend the life of one of the world's richest diamond mines to at least 2033 (scheduled Inferred Resources (68.1Mt) constitute 81% (89.3Mct) of the estimated carats).

In South Africa, the first blast took place in September 2013 for the construction of an underground mine beneath the open pit at Venetia. With capital investment of US\$2 billion, this represents De Beers' largest ever investment in South Africa. Underground mine production is expected to start in 2021 and will extend the life of the mine to beyond 2040.

In Canada, the Gahcho Kué project commenced construction in 2014 following receipt of necessary permits and licenses and is expected to treat 35 million tonnes of ore containing an estimated 54 million carats (100% basis) over its 13 year life from the second half of 2016.

## MINERAL PRODUCTION

This section provides the entire output of consolidated entities and the Group's share of joint ventures, joint arrangements and associates where applicable, except for Collahuasi in Copper (in which the Group has a 44% interest) and De Beers (in which the Group had a 45% interest, until August 16, 2012, when this interest increased to 85%) which are quoted on a 100% basis.

|                                                      | Year-ended December 31, |            |            |
|------------------------------------------------------|-------------------------|------------|------------|
|                                                      | 2012                    | 2013       | 2014       |
|                                                      | (tonnes)                |            |            |
| <i><b>Iron Ore and Manganese segment</b></i>         |                         |            |            |
| <b>Kumba</b>                                         |                         |            |            |
| Lump.....                                            | 26,580,500              | 27,086,600 | 31,268,800 |
| Fines .....                                          | 16,484,600              | 15,286,500 | 16,927,700 |
| <b>Total iron ore production<sup>(1)</sup></b> ..... | 43,065,100              | 42,373,100 | 48,196,500 |
| <b>Samancor<sup>(2) (3)</sup></b>                    |                         |            |            |
| Manganese ore .....                                  | 3,347,800               | 3,301,700  | 3,308,600  |
| Manganese alloy <sup>(4)</sup> .....                 | 198,400                 | 251,100    | 286,100    |
| <b>Total manganese</b> .....                         | 3,546,200               | 3,552,800  | 3,594,700  |

(1) In 2012, Amapá was reclassified from Iron Ore and Manganese to Corporate and other to align with internal management reporting.

(2) We owned 40% of Samancor for all periods presented.

(3) Saleable production.

(4) Production includes medium carbon ferro-manganese.

## Coal

|                                                          | Year-ended December 31, |                   |                   |
|----------------------------------------------------------|-------------------------|-------------------|-------------------|
|                                                          | 2012                    | 2013              | 2014              |
|                                                          | (tonnes)                |                   |                   |
| <b>Coal - Australia and Canada</b>                       |                         |                   |                   |
| <b>Australia</b>                                         |                         |                   |                   |
| Callide.....                                             | 7,464,000               | 6,317,800         | 7,557,000         |
| Capcoal.....                                             | 6,022,400               | 6,061,400         | 7,642,800         |
| Dawson.....                                              | 4,593,500               | 3,985,700         | 4,240,200         |
| Drayton.....                                             | 3,663,300               | 3,710,700         | 3,104,800         |
| Foxleigh.....                                            | 1,896,000               | 1,966,600         | 2,034,500         |
| Jellinbah <sup>(1)</sup> .....                           | 2,073,200               | 2,516,500         | 2,923,700         |
| Moranbah North.....                                      | 3,545,500               | 4,916,500         | 4,218,600         |
| <b>Canada</b>                                            |                         |                   |                   |
| Peace River Coal.....                                    | 1,376,900               | 1,683,800         | 1,472,600         |
| <b>Total Coal - Australia and Canada production.....</b> | <b>30,634,800</b>       | <b>31,159,000</b> | <b>33,194,200</b> |
| <b>Coal - South Africa</b>                               |                         |                   |                   |
| <b>South Africa</b>                                      |                         |                   |                   |
| Greenside.....                                           | 2,883,200               | 3,269,500         | 3,624,100         |
| Goedehoop.....                                           | 4,859,900               | 4,680,800         | 4,771,600         |
| Isibonelo.....                                           | 5,399,200               | 5,066,800         | 5,262,600         |
| Kriel.....                                               | 8,096,900               | 8,102,700         | 6,878,100         |
| Kleinkopje.....                                          | 3,765,500               | 3,997,200         | 3,911,800         |
| Landau.....                                              | 4,272,300               | 4,084,000         | 4,178,400         |
| New Denmark.....                                         | 3,401,200               | 3,586,900         | 3,767,900         |
| New Vaal.....                                            | 17,623,300              | 17,105,700        | 16,672,800        |
| Mafube <sup>(2)</sup> .....                              | 1,804,100               | 1,825,400         | 1,675,400         |
| Zibulo.....                                              | 5,026,100               | 4,871,700         | 5,053,800         |
| <b>Total Coal - South Africa production.....</b>         | <b>57,131,700</b>       | <b>56,590,700</b> | <b>55,796,500</b> |
| <b>Coal - South America</b>                              |                         |                   |                   |
| Carbones del Cerrejón <sup>(3)</sup> .....               | 11,548,800              | 11,001,500        | 11,227,000        |
| <b>Total Coal - South America production.....</b>        | <b>11,548,800</b>       | <b>11,001,500</b> | <b>11,227,000</b> |

|                                                           | Year-ended December 31, |                   |                   |
|-----------------------------------------------------------|-------------------------|-------------------|-------------------|
|                                                           | 2012                    | 2013              | 2014              |
|                                                           | (tonnes)                |                   |                   |
| <i>Coal - Australia and Canada by product type</i>        |                         |                   |                   |
| <b>Australia</b>                                          |                         |                   |                   |
| Thermal.....                                              | 12,970,500              | 12,503,400        | 12,288,500        |
| Metallurgical.....                                        | 16,287,400              | 16,971,800        | 19,433,100        |
| <b>Canada</b>                                             |                         |                   |                   |
| Metallurgical.....                                        | 1,376,900               | 1,683,800         | 1,472,600         |
| <b>Total Coal - Australia and Canada production</b> ..... | <b>30,634,800</b>       | <b>31,159,000</b> | <b>33,194,200</b> |
| <i>Coal – South Africa by product type</i>                |                         |                   |                   |
| <b>South Africa</b>                                       |                         |                   |                   |
| Eskom.....                                                | 33,706,400              | 33,567,400        | 30,988,500        |
| Thermal.....                                              | 23,351,200              | 23,023,300        | 24,808,000        |
| Metallurgical.....                                        | 74,100                  | —                 | —                 |
| <b>Total Coal – South Africa production</b> .....         | <b>57,131,700</b>       | <b>56,590,700</b> | <b>55,796,500</b> |
| <i>Coal – South America by product type</i>               |                         |                   |                   |
| <b>South America</b>                                      |                         |                   |                   |
| Thermal.....                                              | 11,548,800              | 11,001,500        | 11,227,000        |
| <b>Total Coal – South America production</b> .....        | <b>11,548,800</b>       | <b>11,001,500</b> | <b>11,227,000</b> |

(1) The Group owns 23.3% of the Jellinbah East mines (for all periods presented).

(2) The Group owns 50% of the Mafube mine (for all periods presented).

(3) The Group owns 33.3% of the Carbones del Cerrejón mine (for all periods presented). All production from this mine relates to thermal coal.

|                                                                        | Year-ended December 31, |                |                |
|------------------------------------------------------------------------|-------------------------|----------------|----------------|
|                                                                        | 2012                    | 2013           | 2014           |
|                                                                        | (tonnes)                |                |                |
| <b>Copper segment</b>                                                  |                         |                |                |
| Collahuasi <sup>(1)</sup> .....                                        | 282,100                 | 444,500        | 470,400        |
| AA Sur — Los Bronces mine <sup>(2)</sup> .....                         | 365,300                 | 416,400        | 404,500        |
| AA Sur — El Soldado mine <sup>(2)</sup> .....                          | 53,800                  | 51,600         | 32,400         |
| AA Sur — Chagres Smelter Copper blister/anodes <sup>(2)(3)</sup> ..... | 138,700                 | 145,200        | 128,500        |
| Anglo American Norte — Mantos Blancos mine.....                        | 54,200                  | 54,600         | 52,400         |
| Anglo American Norte — Mantoverde mine.....                            | 62,300                  | 56,800         | 51,800         |
| <b>Total Copper segment copper production<sup>(4)</sup>.....</b>       | <b>659,700</b>          | <b>775,000</b> | <b>748,100</b> |
| Platinum copper production.....                                        | 11,400                  | 14,100         | 18,700         |
| <b>Total copper production.....</b>                                    | <b>671,100</b>          | <b>789,100</b> | <b>766,800</b> |

(1) Production is quoted on a 100% basis (our share is 44%) for all periods presented.

(2) Production is quoted on a 100% basis (our share is 50.1%) for all periods presented.

(3) Excluded from total copper production.

(4) Total Copper segment production represents 100% of production for all operations except Collahuasi which represents 44%.

|                                                   | <b>Year-ended December 31,</b> |               |               |
|---------------------------------------------------|--------------------------------|---------------|---------------|
|                                                   | <b>2012</b>                    | <b>2013</b>   | <b>2014</b>   |
|                                                   | <i>(tonnes)</i>                |               |               |
| <b>Nickel segment</b>                             |                                |               |               |
| Codemin .....                                     | 9,600                          | 9,300         | 8,900         |
| Loma de Niquel .....                              | 8,100                          | —             | —             |
| Barro Alto <sup>(1)</sup> .....                   | 21,600                         | 25,100        | 28,300        |
| <b>Total Nickel segment production</b> .....      | <b>39,300</b>                  | <b>34,400</b> | <b>37,200</b> |
| Platinum .....                                    | 17,700                         | 22,600        | 28,200        |
| <b>Total attributable nickel production</b> ..... | <b>57,000</b>                  | <b>57,000</b> | <b>65,400</b> |

(1) Barro Alto is currently not in commercial production and therefore all revenue and related costs are capitalized.

|                        | <b>Year-ended December 31,</b> |             |             |
|------------------------|--------------------------------|-------------|-------------|
|                        | <b>2012</b>                    | <b>2013</b> | <b>2014</b> |
|                        | <i>(tonnes)</i>                |             |             |
| <b>Niobium segment</b> |                                |             |             |
| Niobium .....          | 4,400                          | 4,500       | 4,700       |

|                                           | <b>Year-ended December 31,</b> |             |             |
|-------------------------------------------|--------------------------------|-------------|-------------|
|                                           | <b>2012</b>                    | <b>2013</b> | <b>2014</b> |
|                                           | <i>(tonnes)</i>                |             |             |
| <b>Phosphates segment</b>                 |                                |             |             |
| Phosphates                                |                                |             |             |
| Fertilizers produced <sup>(1)</sup> ..... | 1,127,600                      | 1,199,000   | 1,112,500   |

(1) 2013 fertilizer includes updated production quantification methodology in the acidulation plant at Cubatão.

|                                                                                                             | <b>Year-ended December 31,</b> |                |                |
|-------------------------------------------------------------------------------------------------------------|--------------------------------|----------------|----------------|
|                                                                                                             | <b>2012</b>                    | <b>2013</b>    | <b>2014</b>    |
|                                                                                                             | <i>(thousands of ounces)</i>   |                |                |
| <b>Platinum segment - Platinum production<sup>(1)</sup></b>                                                 |                                |                |                |
| <b>Rustenburg Section</b>                                                                                   |                                |                |                |
| Bathopele .....                                                                                             | 115.7                          | 110.9          | 95.0           |
| Thembelani <sup>(2)</sup> .....                                                                             | 219.9                          | 236.7          | 114.2          |
| Siphumelele <sup>(3)</sup> .....                                                                            | 186.2                          | 153.3          | 52.8           |
| <b>Amandelbult Section</b>                                                                                  |                                |                |                |
| Tumela .....                                                                                                | 221.8                          | 217.7          | 149.5          |
| Dishaba .....                                                                                               | 148.4                          | 145.7          | 90.4           |
| Union .....                                                                                                 | 213.0                          | 170.8          | 107.1          |
| Mogalakwena .....                                                                                           | 304.8                          | 342.8          | 357.0          |
| Twickenham Platinum Mine (Project) .....                                                                    | —                              | 10.0           | 10.9           |
| Unki Mine .....                                                                                             | 64.6                           | 67.0           | 60.3           |
| Modikwa Platinum Mine <sup>(4)</sup> .....                                                                  | 130.1                          | 127.8          | 97.3           |
| Kroondal <sup>(5)</sup> .....                                                                               | 223.4                          | 260.2          | 237.4          |
| Marikana <sup>(6)</sup> .....                                                                               | 28.2                           | —              | —              |
| Mototolo <sup>(7)</sup> .....                                                                               | 123.8                          | 128.5          | 119.6          |
| Western Limb Tailings Retreatment .....                                                                     | 46.2                           | 59.7           | 59.6           |
|                                                                                                             | 2,026.1                        | 2,031.1        | 1,551.1        |
| Purchases of metals in concentrate from associates and third parties<br>production and metal returned ..... | 352.5                          | 348.4          | 338.4          |
| <b>Total Platinum segment platinum production</b> .....                                                     | <b>2,378.6</b>                 | <b>2,379.5</b> | <b>1,889.5</b> |

(1) Total refined production is presented by mine for production from owned mining operations and our share of joint ventures, as well as purchases of metals in concentrate from joint ventures. Purchases of metals in concentrate from associates and third parties are separately presented. All mines are based in South Africa and Zimbabwe.

(2) Thembelani has been reclassified to include Khuseleka in 2014, comparatives have been restated.

(3) Siphumelele has been reclassified to include Khomanani in 2014, comparatives have been restated.

(4) Modikwa Platinum Mine is a 50:50 joint venture with ARM Mining Consortium Limited. However, the information reported represents 100% of the Modikwa Platinum Mine operation as Platinum purchases and converts the joint venture partner's 50% share of the metal in concentrate.

(5) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate that are, in total, surplus to its offtake agreement with Aquarius Platinum.

(6) Marikana placed on care and maintenance.

(7) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate.

|                                                                                                             | Year-ended December 31, |                |                |
|-------------------------------------------------------------------------------------------------------------|-------------------------|----------------|----------------|
|                                                                                                             | 2012                    | 2013           | 2014           |
|                                                                                                             | (thousands of ounces)   |                |                |
| <b>Platinum segment - Palladium production<sup>(1)</sup></b>                                                |                         |                |                |
| <i>Rustenburg Section</i>                                                                                   |                         |                |                |
| Bathopele .....                                                                                             | 66.3                    | 60.7           | 58.8           |
| Thembelani <sup>(2)</sup> .....                                                                             | 112.6                   | 112.8          | 64.1           |
| Siphumelele <sup>(3)</sup> .....                                                                            | 85.3                    | 65.1           | 25.6           |
| <i>Amandelbult Section</i>                                                                                  |                         |                |                |
| Tumela .....                                                                                                | 103.3                   | 97.6           | 77.1           |
| Dishaba .....                                                                                               | 68.6                    | 61.8           | 44.5           |
| Union .....                                                                                                 | 94.7                    | 73.4           | 53.2           |
| Mogalakwena .....                                                                                           | 327.3                   | 347.6          | 378.1          |
| Twickenham Platinum Mine (Project) .....                                                                    | —                       | 9.7            | 10.5           |
| Unki Mine .....                                                                                             | 44.5                    | 45.7           | 45.9           |
| Modikwa Platinum Mine <sup>(4)</sup> .....                                                                  | 120.3                   | 118.2          | 90.0           |
| Kroondal <sup>(5)</sup> .....                                                                               | 113.8                   | 128.3          | 120.6          |
| Marikana <sup>(6)</sup> .....                                                                               | 13.5                    | —              | —              |
| Mototolo <sup>(7)</sup> .....                                                                               | 74.5                    | 73.9           | 72.4           |
| Western Limb Tailings Retreatment .....                                                                     | 16.8                    | 21.3           | 21.8           |
|                                                                                                             | 1,241.5                 | 1,216.1        | 1,062.6        |
| Purchases of metals in concentrate from associates and third parties<br>production and metal returned ..... | 154.4                   | 164.7          | 162.8          |
| <b>Total Platinum segment palladium production .....</b>                                                    | <b>1,395.9</b>          | <b>1,380.8</b> | <b>1,225.4</b> |

(1) Total refined production is presented by mine for production from owned mining operations and our share of joint ventures, as well as purchases of metals in concentrate from joint ventures. Purchases of metals in concentrate from associates and third parties are separately presented. All mines are based in South Africa and Zimbabwe, as above.

(2) Thembelani has been reclassified to include Khuseleka in 2014, comparatives have been restated.

(3) Siphumelele has been reclassified to include Khomanani in 2014, comparatives have been restated.

(4) Modikwa Platinum Mine is a 50:50 joint venture with ARM Mining Consortium Limited. However, the information reported represents 100% of the Modikwa Platinum Mine operation as Platinum purchases and converts the joint venture partner's 50% share of the metal in concentrate.

(5) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate that are, in total, surplus to its offtake agreement with Aquarius Platinum.

(6) Marikana placed on care and maintenance.

(7) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate.

|                                                                                                             | Year-ended December 31, |              |              |
|-------------------------------------------------------------------------------------------------------------|-------------------------|--------------|--------------|
|                                                                                                             | 2012                    | 2013         | 2014         |
|                                                                                                             | (thousands of ounces)   |              |              |
| <b>Platinum segment - Rhodium production<sup>(1)</sup></b>                                                  |                         |              |              |
| <i>Rustenburg Section</i>                                                                                   |                         |              |              |
| Bathopele .....                                                                                             | 22.6                    | 18.7         | 14.3         |
| Thembelani <sup>(2)</sup> .....                                                                             | 31.9                    | 28.8         | 13.0         |
| Siphumelele <sup>(3)</sup> .....                                                                            | 19.1                    | 13.0         | 3.6          |
| <i>Amandelbult Section</i>                                                                                  |                         |              |              |
| Tumela .....                                                                                                | 38.5                    | 34.4         | 26.6         |
| Dishaba .....                                                                                               | 21.0                    | 16.7         | 10.1         |
| Union .....                                                                                                 | 39.1                    | 29.4         | 15.8         |
| Mogalakwena .....                                                                                           | 19.9                    | 21.8         | 22.8         |
| Twickenham Platinum Mine (Project) .....                                                                    | —                       | 0.8          | 2.4          |
| Unki Mine .....                                                                                             | 5.2                     | 5.3          | 5.6          |
| Modikwa Platinum Mine <sup>(4)</sup> .....                                                                  | 20.8                    | 25.1         | 19.1         |
| Kroondal <sup>(5)</sup> .....                                                                               | 34.8                    | 43.2         | 43.1         |
| Marikana <sup>(6)</sup> .....                                                                               | 6.9                     | —            | —            |
| Mototolo <sup>(7)</sup> .....                                                                               | 18.3                    | 20.8         | 19.7         |
| Western Limb Tailings Retreatment .....                                                                     | 2.7                     | 3.5          | 3.0          |
|                                                                                                             | 280.8                   | 261.5        | 199.1        |
| Purchases of metals in concentrate from associates and third parties<br>production and metal returned ..... | 30.0                    | 33.2         | 30.3         |
| <b>Total Platinum segment rhodium production .....</b>                                                      | <b>310.7</b>            | <b>294.7</b> | <b>229.4</b> |

- (1) Total refined production is presented by mine for production from owned mining operations and our share of joint ventures, as well as purchases of metals in concentrate from joint ventures. Purchases of metals in concentrate from associates and third parties are separately presented. All mines are based in South Africa and Zimbabwe, as above.
- (2) Thembelani has been reclassified to include Khuseleka in 2014, comparatives have been restated.
- (3) Siphumelele has been reclassified to include Khomanani in 2014, comparatives have been restated.
- (4) Modikwa Platinum Mine is a 50:50 joint venture with ARM Mining Consortium Limited. However, the information reported represents 100% of the Modikwa Platinum Mine operation as Platinum purchases and converts the joint venture partner's 50% share of the metal in concentrate.
- (5) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate that are, in total, surplus to its offtake agreement with Aquarius Platinum.
- (6) Marikana placed on care and maintenance.
- (7) Represents half the mine operation plus the purchase and conversion of 50% of metal in concentrate.

|                                       | Year-ended December 31, |            |            |
|---------------------------------------|-------------------------|------------|------------|
|                                       | 2012                    | 2013       | 2014       |
|                                       | (carats)                |            |            |
| <b>De Beers segment<sup>(1)</sup></b> |                         |            |            |
| Debswana .....                        | 20,216,000              | 22,707,000 | 24,237,000 |
| Namdeb Holdings .....                 | 1,667,000               | 1,762,000  | 1,886,000  |
| DBCM .....                            | 4,432,000               | 4,724,000  | 4,634,000  |
| De Beers Canada .....                 | 1,560,000               | 1,966,000  | 1,848,000  |
|                                       | 27,875,000              | 31,159,000 | 32,605,000 |

- (1) Information in the table reflects diamonds recovered. Production is quoted on a 100% basis for all periods presented.

## FIRST QUARTER 2015 PRODUCTION RESULTS

### OVERVIEW

On April 23, 2015, Anglo American published its unaudited production report for the quarter ended March 31, 2015. This report included the following updates (unless otherwise noted, production figures are for the quarter ended March 31, 2015 and stated increases or decreases are relative to production levels for the quarter ended December 31, 2014).

|                                                          | Q1 2015 | Q1 2014 | % vs. Q1 2014     |
|----------------------------------------------------------|---------|---------|-------------------|
| Iron ore – Kumba (Mt) .....                              | 12.2    | 11.3    | 7%                |
| Iron ore – Minas-Rio (Mt) <sup>(1)</sup> .....           | 1.2     | -       | nm <sup>(2)</sup> |
| Export metallurgical coal (Mt) .....                     | 5.0     | 6.1     | (17)%             |
| Export thermal coal (Mt) .....                           | 8.7     | 7.9     | 11%               |
| Copper (t) <sup>(3)(4)</sup> .....                       | 171,800 | 202,000 | (15)%             |
| Nickel (t) <sup>(5)</sup> .....                          | 6,700   | 9,200   | (27)%             |
| Platinum (equivalent refined) (koz) <sup>(6)</sup> ..... | 536     | 357     | 50%               |
| Diamonds (Mct) <sup>(7)</sup> .....                      | 7.7     | 7.5     | 2%                |

(1) Wet basis

(2) Not meaningful (“nm”)

(3) Copper production from the Copper business unit

(4) Copper production shown on a contained metal basis

(5) Nickel production from the Nickel business unit

(6) Equivalent refined is the mines’ production and purchases of metal in concentrate, secondary metals and other metals converted to equivalent refined production using Anglo American Platinum’s standard smelting and refining recoveries

(7) De Beers production on 100% basis

In line with Anglo American’s expectations, the Group’s business segments had a solid Q1 2015 production performance:

- **Iron Ore and Manganese.** Iron ore production from Kumba increased by 7% to 12.2 million tonnes principally due to improved equipment productivity at Sishen and plant performance at Kolomela. Minas-Rio produced 1.2 million tonnes (wet basis) of iron ore during Q1 2015, a 71% increase compared to the quarter ended December 31, 2015 (“Q4 2014”) and broadly in-line with ramp-up plans. The port is operating well, with 13 vessels loaded since first ore on ship in October 2014.
- **Coal.** Export metallurgical coal production in the Coal Australia and Canada business decreased by 17% following Canadian operation Peace River Coal being put on care and maintenance in Q4 2014 as well as Australian production being impacted by tropical cyclone Marcia. Export thermal coal production increased by 11% to 8.7 million tonnes principally due to increased productivity and a change in product mix in Australia.
- **Copper.** Copper production decreased by 15% to 171,800 tonnes, as expected, principally due to the decision to take the smaller of Los Bronces’ two processing plants offline for 51 days in the quarter to manage water reserve levels.
- **Nickel.** Nickel production decreased by 27% to 6,700 tonnes, as expected, principally due to the scheduled rebuild of the Barro Alto furnaces, which is under way and on track for completion in the quarter ended December 31, 2015 (“Q4 2015”).
- **Platinum.** Equivalent refined platinum production increased by 50% to 536,000 ounces compared to strike impacted the first quarter of 2014 (“Q1 2014”), with Mogalakwena delivering a 13% production increase.
- **De Beers.** Diamond production increased by 2% to 7.7 million carats, principally due to higher grades at Venetia.

All other business units are performing in line with the delivery of full-year production guidance.

## IRON ORE AND MANGANESE

|                                           |       | Q1<br>2015 | Q1<br>2014 | Q1 2015<br>vs.<br>Q1 2014 | Q4<br>2014 | Q1 2015<br>vs.<br>Q4 2014 |
|-------------------------------------------|-------|------------|------------|---------------------------|------------|---------------------------|
| Iron ore – Kumba .....                    | 000 t | 12,167     | 11,328     | 7%                        | 12,432     | (2)%                      |
| Iron ore – Minas-Rio <sup>(1)</sup> ..... | 000 t | 1,177      | -          | nm                        | 688        | 71%                       |
| Manganese ore .....                       | 000 t | 787        | 692        | 14%                       | 882        | (11)%                     |
| Manganese alloys .....                    | 000 t | 73         | 65         | 12%                       | 80         | (9)%                      |

(1) Wet basis

### Kumba

Production from Kumba Iron Ore increased by 7% to 12.2 million tonnes. Sishen produced 8.9 million tonnes, an increase of 3%. The implementation of the Operating Model at Sishen continues to deliver improved equipment productivity. Waste removal increased by 27% to 49 million tonnes. Kolomela continued its strong operational performance, producing 3.0 million tonnes, an 18% increase principally due to improved plant performance. Export sales increased by 22% to 11.5 million tonnes principally due to higher production and utilisation of the Multi-Purpose Terminal at Saldanha port. In addition, reclaimer maintenance impacted prior year sales export volumes from Kolomela. Total finished product stocks decreased to 6.1 million tonnes as at March 31, 2015 compared with 6.5 million tonnes at year-end.

### Iron Ore Brazil

Minas-Rio produced 1.2 million tonnes (wet basis), a 71% increase compared to Q4 2014 and broadly in-line with ramp-up plans, with strong mining activity partially offset by performance issues at the filtration plant. These issues are being addressed and are not expected to impact full-year guidance. The port is operating as expected, with 13 vessels loaded since first ore on ship in October 2014. Nameplate capacity is expected to be reached during the second quarter of 2016.

### Samancor

Manganese ore production increased by 14% with good performances across both regions. South Africa benefited from improved ore recovery and increased plant availability while Australia benefited from higher plant utilisation and favorable ore grades at Gemco. Manganese alloy production increased by 12% principally due to improved furnace stability and availability at both Metalloys in South Africa.

## COAL

|                                      |       | Q1<br>2015 | Q1<br>2014 | Q1 2015<br>vs.<br>Q1 2014 | Q4<br>2014 | Q1 2015<br>vs.<br>Q4 2014 |
|--------------------------------------|-------|------------|------------|---------------------------|------------|---------------------------|
| <i>Australia &amp; Canada</i>        |       |            |            |                           |            |                           |
| Metallurgical - Export .....         | 000 t | 4,996      | 6,053      | (17)%                     | 4,932      | 1%                        |
| Thermal - Export .....               | 000 t | 1,433      | 769        | 86%                       | 1,872      | (23)%                     |
| Thermal - Domestic .....             | 000 t | 1,650      | 1,228      | 34%                       | 1,966      | (16)%                     |
| <i>South Africa</i>                  |       |            |            |                           |            |                           |
| Thermal - Export .....               | 000 t | 4,342      | 4,149      | 5%                        | 4,783      | (9)%                      |
| Thermal - Domestic (Eskom) .....     | 000 t | 6,951      | 7,407      | (6)%                      | 7,435      | (7)%                      |
| Thermal - Domestic (Non-Eskom) ..... | 000 t | 1,702      | 1,360      | 25%                       | 1,761      | (3)%                      |
| <i>Colombia</i>                      |       |            |            |                           |            |                           |
| Thermal - Export .....               | 000 t | 2,975      | 2,948      | 1%                        | 3,002      | (1)%                      |

### Coal Australia and Canada

Export metallurgical coal production decreased by 17% following Canadian operation Peace River Coal being put on care and maintenance in Q4 2014 and lower Australian production. Export metallurgical coal production from Australia decreased by 11% to 5.0 million tonnes principally due to tropical cyclone Marcia impacting Dawson production and railings principally due to closure of the Moura rail line. The Dawson coal preparation plant maintenance shutdown was brought forward to partially mitigate the impact on full-year production. Production at Moranbah was impacted by ongoing equipment design issues which should be rectified during the longwall move planned for the third quarter of 2015. Grasstree continued its strong performance delivering record production.

Australian export thermal coal production increased by 86% to 1.4 million tonnes principally due to change in product mix and increased productivity.

### **Coal South Africa and Colombia**

In South Africa, export thermal coal production increased by 5% to 4.3 million tonnes principally due to productivity improvements across all export operations. Eskom production decreased by 6% to 7.0 million tonnes mainly owing to reduced demand for New Vaal coal and planned reductions at Kriel prior to the move to the new mining areas. Domestic non-Eskom production increased by 25% to 1.7 million tonnes principally due to increased domestic production at Zibulo and Greenside. In Colombia, Cerrejón's was broadly unchanged at 3.0 million tonnes.

### **COPPER**

|                               | <b>Q1<br/>2015</b> | <b>Q1<br/>2014</b> | <b>Q1 2015<br/>vs.<br/>Q1 2014</b> | <b>Q4<br/>2014</b> | <b>Q1 2015<br/>vs.<br/>Q4 2014</b> |
|-------------------------------|--------------------|--------------------|------------------------------------|--------------------|------------------------------------|
| Copper <sup>(1)</sup> ..... t | 171,800            | 202,000            | (15)%                              | 174,800            | (2)%                               |

(1) Copper production shown on a contained metal basis

Copper production decreased by 15% to 171,800 tonnes, 2% lower than Q4 2014. Production from Los Bronces decreased by 18% to 94,700 tonnes principally due to lower throughput, following the planned shutdown of the smaller of the two processing plants for 51 days to manage water reserve levels, partially offset by higher ore grades. The expected water supply constraints form part of the mining and processing plans for the year, which include actively managing the use of the two processing plants. Additional water efficiency and supply projects were implemented during the period and longer term initiatives are progressing. Production levels are planned to increase over the remainder of the year as plant operating times increase. At Collahuasi, attributable production decreased by 12% to 46,000 tonnes. This was principally due to lower ore feed as a result of the planned primary crusher and SAG 3 maintenance, as well as unplanned stoppages caused by adverse weather conditions and recent regional flooding. El Soldado production decreased by 38% to 6,100 tonnes principally due to expected lower ore availability arising from the previously reported intersection with a geological fault. Production from Mantos Blancos and Mantoverde increased by 3% in aggregate to 25,000 tonnes principally due to operational improvements, despite the impact from heavy rainfall and floods interrupting operations during the last week of March.

### **NICKEL**

|                | <b>Q1<br/>2015</b> | <b>Q1<br/>2014</b> | <b>Q1 2015<br/>vs.<br/>Q1 2014</b> | <b>Q4<br/>2014</b> | <b>Q1 2015<br/>vs.<br/>Q4 2014</b> |
|----------------|--------------------|--------------------|------------------------------------|--------------------|------------------------------------|
| Nickel ..... t | 6,700              | 9,200              | (27)%                              | 6,700              | 0%                                 |

Nickel production decreased by 27% to 6,700 tonnes principally due to the planned Line 2 furnace rebuild at Barro Alto. This rebuild was concluded ahead of schedule, with first metal tapped on April 2, 2015 and production is now ramping-up. The Line 1 rebuild commenced ahead of schedule given the successful completion of the Line 2 rebuild and is scheduled to complete in Q4 2015. Production from Codemin was unchanged at 2,300 tonnes.

### **NIOBIUM**

|                | <b>Q1<br/>2015</b> | <b>Q1<br/>2014</b> | <b>Q1 2015<br/>vs.<br/>Q1 2014</b> | <b>Q4<br/>2014</b> | <b>Q1 2015<br/>vs.<br/>Q4 2014</b> |
|----------------|--------------------|--------------------|------------------------------------|--------------------|------------------------------------|
| Niobium..... t | 1,300              | 1,100              | 18%                                | 1,300              | 0%                                 |

Niobium production increased by 18% to 1,300 tonnes following the start of the ramp-up of the BVFR plant.

## PHOSPHATES

|                                 |   | Q1<br>2015 | Q1<br>2014 | Q1 2015<br>vs.<br>Q1 2014 | Q4<br>2014 | Q1 2015<br>vs.<br>Q4 2014 |
|---------------------------------|---|------------|------------|---------------------------|------------|---------------------------|
| <i>Phosphates</i>               |   |            |            |                           |            |                           |
| Concentrate .....               | t | 319,300    | 347,900    | (8)%                      | 355,600    | (10)%                     |
| Phosphoric Acid.....            | t | 63,200     | 53,800     | 17%                       | 78,600     | (20)%                     |
| Fertilizer .....                | t | 238,800    | 267,200    | (11)%                     | 284,900    | (16)%                     |
| Dicalcium phosphate (DCP) ..... | t | 36,200     | 31,600     | 15%                       | 44,800     | (19)%                     |

Concentrate production decreased by 8% to 319,300 tonnes principally due to an extended annual stoppage at the beneficiation plant and increased hardness of material. Phosphoric acid production increased by 17% as Q1 2014 was impacted by a maintenance stoppage at Catalão, with DCP production similarly increasing by 15%. Fertilizer production decreased by 11% to 238,800 tonnes principally due to planned plant maintenance.

## PLATINUM

|                                     |        | Q1<br>2015 | Q1<br>2014 | Q1 2015<br>vs.<br>Q1 2014 | Q4<br>2014 | Q1 2015<br>vs.<br>Q4 2014 |
|-------------------------------------|--------|------------|------------|---------------------------|------------|---------------------------|
| <i>Refined</i>                      |        |            |            |                           |            |                           |
| Platinum.....                       | 000 oz | 542        | 435        | 25%                       | 574        | (5)%                      |
| Palladium.....                      | 000 oz | 348        | 257        | 36%                       | 358        | (3)%                      |
| Rhodium .....                       | 000 oz | 65         | 61         | 7%                        | 72         | (9)%                      |
| Copper – Refined .....              | t      | 3,900      | 3,200      | 22%                       | 2,600      | 50%                       |
| Copper – Matte <sup>(1)</sup> ..... | t      | 300        | 1,200      | (75)%                     | 1,400      | (79)%                     |
| Nickel – Refined.....               | t      | 5,700      | 4,900      | 16%                       | 4,800      | 19%                       |
| Nickel – Matte <sup>(1)</sup> ..... | t      | 400        | 1,400      | (71)%                     | 1,800      | (78)%                     |
| Gold .....                          | 000 oz | 30         | 25         | 19%                       | 29         | 4%                        |
| <i>Equivalent refined</i>           |        |            |            |                           |            |                           |
| Platinum.....                       | 000 oz | 536        | 357        | 50%                       | 594        | (10)%                     |

(1) Nickel and copper refined through third parties is shown as production of nickel matte and copper matte

Equivalent refined platinum production increased by 50% to 536,000 ounces compared to 357,000 ounces in Q1 2014, which was impacted by industrial action. Own mines and tailings retreatment platinum production doubled to 350,000 ounces as operations reached full ramp-up following the strike in 2014. Lost production in Q1 2014 as a result of the strike was approximately 185,000 ounces. Mogalakwena production increased by 13% to 100,000 ounces principally due to improved mining performance, recoveries and higher grades. Rustenburg delivered 106,000 ounces, Union 32,000 ounces and Amandelbult 81,000 ounces. As part of ongoing optimization of Union, the decline shaft was successfully closed in Q4 2014, reducing annual production by approximately 60,000 ounces. Independently managed production (mined and purchased) decreased by 6% to 172,000 ounces driven mainly by lower production at BRPM and Kroondal. Production was impacted as a result of a fatal incident at BRPM North shaft in January and Section 54 safety stoppages at Kroondal. Refined platinum production increased by 25% to 542,000 ounces, following the industrial action in Q1 2014. Refined palladium and rhodium increased for similar reasons. The mix of metals has returned to normal compositions as all mines are producing at normal rates.

## DE BEERS

| (100% basis)  |            | Q1<br>2015 | Q1<br>2014 | Q1 2015<br>vs.<br>Q1 2014 | Q4<br>2014 | Q1 2015<br>vs.<br>Q4 2014 |
|---------------|------------|------------|------------|---------------------------|------------|---------------------------|
| Diamonds..... | 000 carats | 7,665      | 7,531      | 2%                        | 8,366      | (8)%                      |

Diamond production increased by 2% to 7.7 million carats driven primarily by higher grades at Venetia in South Africa. Production at DBCM (South Africa) increased by 14% to 1.1 million carats. This was as a result of higher overall grade at Venetia principally due to the commissioning of the Red Area Tailings Treatment (“RATT”) plant in mid-2014. The RATT processes higher average grade, lower value material than run-of-mine ore from the pit. Debswana’s production decreased by 2% to 5.6 million carats principally due to a decline in grade at Orapa which was largely offset by an increase in throughput at both Jwaneng and Orapa. Production from the Canadian mines increased by 25% principally due to productivity improvement initiatives at both Snap Lake and Victor.

Diamond production decreased by 8% compared to Q4 2014 principally due to the planned change in mining area at Venetia, along with a focus on waste mining at Jwaneng.

## EXPLORATION AND EVALUATION

Exploration and evaluation expenditure for Q1 2015 totaled \$75 million, a decrease of 8%. Exploration expenditure was \$37 million, an increase of 6%, mainly attributable to Copper. Evaluation expenditure for the quarter was \$38 million, down by 19%, primarily in the Kumba Iron Ore, Coal Australia and Copper businesses.

## PRODUCTION SUMMARY

The figures below include the entire output of consolidated entities and the Group's attributable share of joint operations, associates and joint ventures where applicable, except for De Beers' joint ventures which are quoted on a 100% basis.

| Iron Ore (tonnes)                        | Q1 2015           | Q4 2014           | Q3 2014           | Q2 2014           | Q1 2014           | Q1 2015<br>vs.<br>Q4 2014 | Q1 2015<br>vs.<br>Q1 2014 |
|------------------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|---------------------------|---------------------------|
| <b><i>Kumba Iron Ore</i></b>             |                   |                   |                   |                   |                   |                           |                           |
| Lump .....                               | 7,889,900         | 8,048,000         | 8,235,700         | 7,480,100         | 7,505,000         | (2)%                      | 5%                        |
| Fines .....                              | 4,277,500         | 4,383,600         | 4,736,400         | 3,984,900         | 3,822,800         | (2)%                      | 12%                       |
| <b>Total Kumba production</b>            | <b>12,167,400</b> | <b>12,431,600</b> | <b>12,972,100</b> | <b>11,465,000</b> | <b>11,327,800</b> | <b>(2)%</b>               | <b>7%</b>                 |
| Sishen .....                             | 8,885,500         | 9,286,300         | 9,260,200         | 8,336,600         | 8,657,500         | (4)%                      | 3%                        |
| Kolomela .....                           | 2,972,500         | 2,727,800         | 3,379,000         | 2,948,400         | 2,512,900         | 9%                        | 18%                       |
| Thabazimbi .....                         | 309,400           | 417,500           | 332,900           | 180,000           | 157,400           | (26)%                     | 97%                       |
| <b>Total Kumba production</b>            | <b>12,167,400</b> | <b>12,431,600</b> | <b>12,972,100</b> | <b>11,465,000</b> | <b>11,327,800</b> | <b>(2)%</b>               | <b>7%</b>                 |
| <b><i>Kumba sales volumes</i></b>        |                   |                   |                   |                   |                   |                           |                           |
| RSA export iron ore .....                | 11,471,600        | 11,699,000        | 9,058,800         | 10,287,200        | 9,422,700         | (2)%                      | 22%                       |
| RSA domestic iron ore .....              | 1,434,600         | 901,800           | 1,129,200         | 1,374,000         | 1,414,800         | 59%                       | 1%                        |
| <b><i>Minas-Rio</i></b>                  |                   |                   |                   |                   |                   |                           |                           |
| Pellet feed (wet basis) .....            | 1,176,700         | 687,700           | -                 | -                 | -                 | 71%                       | nm                        |
| <b><i>Minas-Rio sales volumes</i></b>    |                   |                   |                   |                   |                   |                           |                           |
| Export – pellet feed (wet basis) .....   | 1,294,300         | 239,600           | -                 | -                 | -                 | 440%                      | nm                        |
| <b><i>Samancor</i></b>                   |                   |                   |                   |                   |                   |                           |                           |
| Manganese ore <sup>(1)</sup> .....       | 786,700           | 882,100           | 866,000           | 868,300           | 692,200           | (11)%                     | 14%                       |
| Manganese alloys <sup>(1)(2)</sup> ..... | 72,800            | 80,400            | 68,400            | 72,500            | 64,800            | (9)%                      | 12%                       |
| <b><i>Samancor sales volumes</i></b>     |                   |                   |                   |                   |                   |                           |                           |
| Manganese ore .....                      | 829,900           | 841,100           | 853,000           | 854,100           | 833,900           | (1)%                      | 0%                        |
| Manganese alloys .....                   | 63,600            | 72,800            | 68,400            | 74,400            | 79,200            | (13)%                     | (20)%                     |

(1) Saleable production

(2) Production includes medium carbon ferro-manganese

| Coal (tonnes)                                          | Q1 2015    | Q4 2014    | Q3 2014    | Q2 2014    | Q1 2014    | Q1 2015<br>vs.<br>Q4 2014 | Q1 2015<br>vs.<br>Q1 2014 |
|--------------------------------------------------------|------------|------------|------------|------------|------------|---------------------------|---------------------------|
| <b>Australia</b>                                       |            |            |            |            |            |                           |                           |
| Metallurgical – Export Coking.....                     | 3,746,900  | 3,364,400  | 3,196,200  | 2,917,700  | 3,964,000  | 11%                       | (5)%                      |
| Metallurgical - Export PCI .....                       | 1,248,800  | 1,395,800  | 1,493,900  | 1,441,800  | 1,659,300  | (11)%                     | (25)%                     |
|                                                        | 4,995,700  | 4,760,200  | 4,690,100  | 4,359,500  | 5,623,300  | 5%                        | (11)%                     |
| Thermal - Export.....                                  | 1,433,200  | 1,871,600  | 1,574,600  | 958,400    | 769,300    | (23)%                     | 86%                       |
| Thermal - Domestic .....                               | 1,649,900  | 1,966,300  | 2,074,400  | 1,846,000  | 1,227,900  | (16)%                     | 34%                       |
|                                                        | 3,083,100  | 3,837,900  | 3,649,000  | 2,804,400  | 1,997,200  | (20)%                     | 54%                       |
| <b>Canada</b>                                          |            |            |            |            |            |                           |                           |
| Metallurgical - Export Coking.....                     | -          | 160,200    | 385,000    | 439,200    | 409,200    | (100)%                    | (100)%                    |
| Metallurgical - Export PCI .....                       | -          | 11,200     | 15,000     | 32,000     | 20,800     | (100)%                    | (100)%                    |
|                                                        | -          | 171,400    | 400,000    | 471,200    | 430,000    | (100)%                    | (100)%                    |
| <b>South Africa</b>                                    |            |            |            |            |            |                           |                           |
| Thermal - Export .....                                 | 4,341,700  | 4,782,800  | 5,007,600  | 4,273,600  | 4,149,100  | (9)%                      | 5%                        |
| Thermal - Domestic (Eskom).....                        | 6,950,700  | 7,434,600  | 8,000,200  | 8,146,800  | 7,406,900  | (7)%                      | (6)%                      |
| Thermal - Domestic<br>(Non-Eskom) .....                | 1,702,000  | 1,761,400  | 1,862,800  | 1,611,200  | 1,359,500  | (3)%                      | 25%                       |
|                                                        | 12,994,400 | 13,978,800 | 14,870,600 | 14,031,600 | 12,915,500 | (7)%                      | 1%                        |
| <b>Colombia</b>                                        |            |            |            |            |            |                           |                           |
| Thermal - Export.....                                  | 2,975,000  | 3,002,300  | 2,368,800  | 2,907,700  | 2,948,200  | (1)%                      | 1%                        |
|                                                        | 2,975,000  | 3,002,300  | 2,368,800  | 2,907,700  | 2,948,200  | (1)%                      | 1%                        |
| Total Metallurgical coal production....                | 4,995,700  | 4,931,600  | 5,090,100  | 4,830,700  | 6,053,300  | 1%                        | (17)%                     |
| Total Export Thermal coal<br>production.....           | 8,749,900  | 9,656,700  | 8,951,000  | 8,139,700  | 7,866,600  | (9)%                      | 11%                       |
| Total Domestic Thermal coal<br>production.....         | 10,302,600 | 11,162,300 | 11,937,400 | 11,604,000 | 9,994,300  | (8)%                      | 3%                        |
| Total Coal production .....                            | 24,048,200 | 25,750,600 | 25,978,500 | 24,574,400 | 23,914,200 | (7)%                      | 1%                        |
| <b>Weighted average achieved US\$/t<br/>FOB prices</b> |            |            |            |            |            |                           |                           |
| <b>Australia and Canada</b>                            |            |            |            |            |            |                           |                           |
| Metallurgical - Export <sup>(1)</sup> .....            | 107        | 105        | 105        | 109        | 124        | 2%                        | (14)%                     |
| Thermal - Export.....                                  | 61         | 65         | 73         | 82         | 79         | (6)%                      | (23)%                     |
| Thermal - Domestic .....                               | 29         | 33         | 34         | 35         | 40         | (12)%                     | (28)%                     |
| <b>South Africa</b>                                    |            |            |            |            |            |                           |                           |
| Thermal - Export .....                                 | 61         | 63         | 70         | 73         | 77         | (3)%                      | (21)%                     |
| Thermal - Domestic .....                               | 18         | 20         | 19         | 19         | 18         | (10)%                     | 0%                        |
| <b>Colombia</b>                                        |            |            |            |            |            |                           |                           |
| Thermal - Export.....                                  | 58         | 65         | 67         | 67         | 68         | (11)%                     | (15)%                     |
| <b>Sales volumes</b>                                   |            |            |            |            |            |                           |                           |
| <b>Australia and Canada</b>                            |            |            |            |            |            |                           |                           |
| Metallurgical - Export <sup>(2)</sup> .....            | 5,113,400  | 5,025,600  | 5,003,800  | 5,152,600  | 5,386,200  | 2%                        | (5)%                      |
| Thermal - Export.....                                  | 1,418,200  | 2,345,400  | 1,703,800  | 897,300    | 1,019,700  | (40)%                     | 39%                       |
| Thermal - Domestic .....                               | 1,591,000  | 1,989,400  | 2,102,300  | 1,870,000  | 1,331,400  | (20)%                     | 19%                       |
| <b>South Africa</b>                                    |            |            |            |            |            |                           |                           |
| Thermal - Export.....                                  | 5,195,200  | 5,139,300  | 4,473,700  | 3,982,500  | 3,977,300  | 1%                        | 31%                       |
| Thermal - Domestic .....                               | 8,746,600  | 8,770,400  | 9,690,900  | 9,677,500  | 9,078,500  | 0%                        | (4)%                      |
| <b>Colombia</b>                                        |            |            |            |            |            |                           |                           |
| Thermal - Export.....                                  | 3,005,100  | 2,732,000  | 3,076,800  | 2,858,100  | 2,647,100  | 10%                       | 14%                       |

(1) Within export coking and export PCI coals there are different grades of coal with different weighted average prices compared to benchmark

(2) Includes both hard coking coal and PCI sales volumes

| Coal by mine (tonnes)             |                   |                   |                   |                   |                   | Q1 2015        | Q1 2015        |
|-----------------------------------|-------------------|-------------------|-------------------|-------------------|-------------------|----------------|----------------|
|                                   | Q1 2015           | Q4 2014           | Q3 2014           | Q2 2014           | Q1 2014           | vs.<br>Q4 2014 | vs.<br>Q1 2014 |
| <b>Australia</b>                  |                   |                   |                   |                   |                   |                |                |
| Callide .....                     | 1,857,000         | 2,164,700         | 2,318,500         | 1,844,600         | 1,229,200         | (14)%          | 51%            |
| Capcoal (incl. Grasstree) .....   | 2,259,100         | 2,074,300         | 1,816,300         | 1,847,500         | 1,904,700         | 9%             | 19%            |
| Dawson .....                      | 663,800           | 1,074,800         | 1,041,400         | 1,101,200         | 1,022,800         | (38)%          | (35)%          |
| Drayton .....                     | 707,500           | 920,200           | 817,000           | 708,500           | 659,100           | (23)%          | 7%             |
| Foxleigh .....                    | 478,300           | 579,200           | 551,200           | 471,200           | 432,900           | (17)%          | 10%            |
| Grosvenor.....                    | 51,600            | -                 | -                 | -                 | -                 | nm             | nm             |
| Jellinbah .....                   | 763,900           | 757,100           | 732,800           | 756,300           | 677,500           | 1%             | 13%            |
| Moranbah North.....               | 1,297,600         | 1,027,800         | 1,061,900         | 434,600           | 1,694,300         | 26%            | (23)%          |
|                                   | 8,078,800         | 8,598,100         | 8,339,100         | 7,163,900         | 7,620,500         | (6)%           | 6%             |
| <b>Canada</b>                     |                   |                   |                   |                   |                   |                |                |
| Peace River Coal.....             | -                 | 171,400           | 400,000           | 471,200           | 430,000           | (100)%         | (100)%         |
|                                   | -                 | 171,400           | 400,000           | 471,200           | 430,000           | (100)%         | (100)%         |
| <b>South Africa</b>               |                   |                   |                   |                   |                   |                |                |
| Goedehoop .....                   | 1,133,800         | 1,245,800         | 1,210,200         | 1,177,200         | 1,138,400         | (9)%           | 0%             |
| Greenside .....                   | 927,500           | 1,010,700         | 1,003,400         | 806,500           | 803,500           | (8)%           | 15%            |
| Zibulo.....                       | 1,281,100         | 1,367,900         | 1,450,000         | 1,122,500         | 1,113,400         | (6)%           | 15%            |
| Kleinkopje.....                   | 860,300           | 950,200           | 1,011,500         | 1,142,700         | 807,400           | (9)%           | 7%             |
| Landau .....                      | 979,900           | 1,208,800         | 1,195,900         | 870,900           | 902,800           | (19)%          | 9%             |
| Mafube .....                      | 361,500           | 414,700           | 525,400           | 413,500           | 321,800           | (13)%          | 12%            |
| New Vaal .....                    | 3,548,600         | 3,701,400         | 4,755,200         | 4,321,200         | 3,895,000         | (4)%           | (9)%           |
| New Denmark .....                 | 872,600           | 1,312,400         | 724,900           | 1,091,800         | 638,800           | (34)%          | 37%            |
| Kriel .....                       | 1,813,300         | 1,462,400         | 1,614,000         | 1,756,200         | 2,045,500         | 24%            | (11)%          |
| Isibonelo.....                    | 1,215,800         | 1,304,500         | 1,380,100         | 1,329,100         | 1,248,900         | (7)%           | (3)%           |
|                                   | 12,994,400        | 13,978,800        | 14,870,600        | 14,031,600        | 12,915,500        | (7)%           | 1%             |
| <b>Colombia</b>                   |                   |                   |                   |                   |                   |                |                |
| Carbones del Cerrejón .....       | 2,975,000         | 3,002,300         | 2,368,800         | 2,907,700         | 2,948,200         | (1)%           | 1%             |
|                                   | 2,975,000         | 3,002,300         | 2,368,800         | 2,907,700         | 2,948,200         | (1)%           | 1%             |
| <b>Total Coal production.....</b> | <b>24,048,200</b> | <b>25,750,600</b> | <b>25,978,500</b> | <b>24,574,400</b> | <b>23,914,200</b> | <b>(7)%</b>    | <b>1%</b>      |

| <b>Copper (tonnes) on a contained metal basis unless stated otherwise<sup>(1)</sup></b> | <b>Q1 2015</b> | <b>Q4 2014</b> | <b>Q3 2014</b> | <b>Q2 2014</b> | <b>Q1 2014</b> | <b>Q1 2015<br/>vs.<br/>Q4 2014</b> | <b>Q1 2015<br/>vs.<br/>Q1 2014</b> |
|-----------------------------------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|------------------------------------|------------------------------------|
| <b>Collahuasi 100% basis (Anglo American share 44%)</b>                                 |                |                |                |                |                |                                    |                                    |
| Ore mined .....                                                                         | 18,094,700     | 15,594,200     | 16,442,500     | 16,248,500     | 17,560,100     | 16%                                | 3%                                 |
| Ore processed - Oxide .....                                                             | 1,333,300      | 1,552,300      | 1,744,800      | 1,659,900      | 1,700,500      | (14)%                              | (22)%                              |
| Ore processed - Sulphide.....                                                           | 11,060,300     | 11,991,600     | 11,689,600     | 13,194,500     | 12,060,400     | (8)%                               | (8)%                               |
| Ore grade processed - Oxide (% ASCu) <sup>(2)</sup> .....                               | 0.69           | 0.68           | 0.78           | 0.72           | 0.71           | 1%                                 | (3)%                               |
| Ore grade processed - Sulphide (% TCu) <sup>(3)</sup> .....                             | 1.08           | 1.10           | 1.12           | 1.03           | 1.09           | (2)%                               | (1)%                               |
| Production - Copper cathode .....                                                       | 6,500          | 9,100          | 6,200          | 4,400          | 5,300          | (29)%                              | 23%                                |
| Production - Copper in concentrate....                                                  | 98,000         | 110,400        | 104,000        | 117,400        | 113,600        | (11)%                              | (14)%                              |
| Total copper production for Collahuasi .                                                | 104,500        | 119,500        | 110,200        | 121,800        | 118,900        | (13)%                              | (12)%                              |
| Anglo American's share of copper production for Collahuasi <sup>(4)</sup> .....         | 46,000         | 52,600         | 48,500         | 53,600         | 52,300         | (13)%                              | (12)%                              |
| <b>Anglo American Sur</b>                                                               |                |                |                |                |                |                                    |                                    |
| <b>Los Bronces mine<sup>(5)</sup></b>                                                   |                |                |                |                |                |                                    |                                    |
| Ore mined .....                                                                         | 13,548,000     | 15,655,600     | 14,215,400     | 15,483,900     | 12,311,300     | (13)%                              | 10%                                |
| Marginal ore mined .....                                                                | 8,916,800      | 8,993,400      | 7,012,900      | 4,949,400      | 5,280,400      | (1)%                               | 69%                                |
| Ore processed – Sulphide .....                                                          | 9,250,100      | 12,739,000     | 14,202,100     | 13,911,500     | 13,295,100     | (27)%                              | (30)%                              |
| Ore grade processed - Sulphide (% TCu) .....                                            | 1.07           | 0.75           | 0.71           | 0.81           | 0.88           | 43%                                | 22%                                |
| Production - Copper cathode .....                                                       | 9,000          | 8,300          | 9,100          | 8,900          | 9,900          | 8%                                 | (9)%                               |
| Production - Copper in concentrate....                                                  | 85,700         | 78,900         | 86,600         | 97,100         | 105,700        | 9%                                 | (19)%                              |
| Production total.....                                                                   | 94,700         | 87,200         | 95,700         | 106,000        | 115,600        | 9%                                 | (18)%                              |
| <b>El Soldado mine<sup>(5)</sup></b>                                                    |                |                |                |                |                |                                    |                                    |
| Ore mined .....                                                                         | 1,060,800      | 563,900        | 210,700        | 450,300        | 1,893,500      | 88%                                | (44)%                              |
| Ore processed - Sulphide.....                                                           | 1,214,000      | 1,762,700      | 1,806,600      | 1,777,400      | 1,856,900      | (31)%                              | (35)%                              |
| Ore grade processed - Sulphide (% TCu) .....                                            | 0.66           | 0.55           | 0.53           | 0.58           | 0.67           | 20%                                | (2)%                               |
| Production - Copper cathode .....                                                       | 200            | 400            | 300            | 300            | 200            | (50)%                              | 0%                                 |
| Production - Copper in concentrate....                                                  | 5,900          | 7,000          | 6,400          | 8,100          | 9,700          | (16)%                              | (39)%                              |
| Production total.....                                                                   | 6,100          | 7,400          | 6,700          | 8,400          | 9,900          | (18)%                              | (38)%                              |
| <b>Chagres Smelter<sup>(5)</sup></b>                                                    |                |                |                |                |                |                                    |                                    |
| Ore smelted.....                                                                        | 37,100         | 28,900         | 33,300         | 33,200         | 36,700         | 28%                                | 1%                                 |
| Production.....                                                                         | 36,000         | 28,300         | 32,300         | 32,400         | 35,500         | 27%                                | 1%                                 |
| Total copper production for Anglo American Sur                                          | 100,800        | 94,600         | 102,400        | 114,400        | 125,500        | 7%                                 | (20)%                              |

| Copper (tonnes) on a contained metal basis unless stated otherwise <sup>(1)</sup> | Q1 2015   | Q4 2014   | Q3 2014   | Q2 2014   | Q1 2014   | Q1 2015 vs. Q4 2014 | Q1 2015 vs. Q1 2014 |
|-----------------------------------------------------------------------------------|-----------|-----------|-----------|-----------|-----------|---------------------|---------------------|
| <b>Anglo American Norte</b>                                                       |           |           |           |           |           |                     |                     |
| <i>Mantos Blancos mine</i>                                                        |           |           |           |           |           |                     |                     |
| Ore processed - Sulphide.....                                                     | 1,073,800 | 1,059,300 | 1,156,100 | 1,109,000 | 1,078,000 | 1%                  | (0)%                |
| Ore grade processed - Sulphide (% TCu) .....                                      | 0.75      | 0.75      | 0.68      | 0.64      | 0.69      | 0%                  | 9%                  |
| Production - Copper cathode .....                                                 | 6,900     | 7,300     | 6,500     | 7,900     | 5,000     | (5)%                | 38%                 |
| Production - Copper in concentrate....                                            | 6,800     | 6,800     | 6,500     | 6,300     | 6,100     | 0%                  | 11%                 |
| Production total.....                                                             | 13,700    | 14,100    | 13,000    | 14,200    | 11,100    | (3)%                | 23%                 |
| <i>Mantoverde mine</i>                                                            |           |           |           |           |           |                     |                     |
| Ore processed - Oxide .....                                                       | 2,279,400 | 2,582,100 | 2,634,100 | 2,566,100 | 2,530,500 | (12)%               | (10)%               |
| Ore processed - Marginal ore .....                                                | 1,496,800 | 2,274,500 | 2,077,300 | 2,189,100 | 2,105,200 | (34)%               | (29)%               |
| Ore grade processed - Oxide (% ASCu) .....                                        | 0.51      | 0.49      | 0.47      | 0.48      | 0.5       | 3%                  | 1%                  |
| Ore grade processed - Marginal ore (% ASCu) .....                                 | 0.22      | 0.23      | 0.23      | 0.23      | 0.24      | (6)%                | (10)%               |
| Production - Copper cathode .....                                                 | 11,300    | 13,500    | 13,000    | 12,200    | 13,100    | (16)%               | (14)%               |
| Total copper production for Anglo American Norte.....                             | 25,000    | 27,600    | 26,000    | 26,400    | 24,200    | (9)%                | 3%                  |
| Total Copper segment copper production.....                                       | 230,300   | 241,700   | 238,600   | 262,600   | 268,600   | (5)%                | (14)%               |
| Total Attributable copper production <sup>(6)</sup>                               | 171,800   | 174,800   | 176,900   | 194,400   | 202,000   | (2)%                | (15)%               |
| Total Attributable payable copper production.....                                 | 166,800   | 169,700   | 171,700   | 186,600   | 197,900   | (2)%                | (16)%               |
| Total Attributable sales volumes.....                                             | 164,800   | 187,400   | 179,300   | 180,800   | 207,600   | (12)%               | (21)%               |
| Total Attributable payable sales volumes .....                                    | 160,100   | 181,700   | 173,900   | 175,400   | 201,600   | (12)%               | (21)%               |

(1) Excludes Anglo American Platinum's copper production

(2) ASCu = acid soluble copper

(3) TCu = total copper

(4) Anglo American's share of Collahuasi production is 44%

(5) Anglo American ownership interest of Anglo American Sur is 50.1%. Production is stated at 100% as Anglo American consolidates Anglo American Sur

(6) Difference between total copper production and attributable copper production arises from Anglo American's 44% interest in Collahuasi

| <b>Nickel (tonnes) unless stated otherwise<sup>(1)</sup></b> | <b>Q1 2015</b> | <b>Q4 2014</b> | <b>Q3 2014</b> | <b>Q2 2014</b> | <b>Q1 2014</b> | <b>Q1 2015 vs. Q4 2014</b> | <b>Q1 2015 vs. Q1 2014</b> |
|--------------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------------------|----------------------------|
| <b>Barro Alto</b>                                            |                |                |                |                |                |                            |                            |
| Ore mined .....                                              | 235,300        | 400,500        | 1,019,300      | 736,600        | 354,000        | (41)%                      | (34)%                      |
| Ore processed.....                                           | 294,600        | 276,000        | 531,900        | 555,500        | 464,000        | 7%                         | (37)%                      |
| Ore grade processed - %Ni...                                 | 1.77           | 1.86           | 1.86           | 1.78           | 1.78           | (5)%                       | (1)%                       |
| Production.....                                              | 4,400          | 4,500          | 8,300          | 8,600          | 6,900          | (2)%                       | (36)%                      |
| <b>Codemim</b>                                               |                |                |                |                |                |                            |                            |
| Ore mined .....                                              | -              | -              | -              | 6,800          | -              | -                          | -                          |
| Ore processed.....                                           | 151,400        | 151,500        | 154,100        | 140,800        | 147,200        | 0%                         | 3%                         |
| Ore grade processed - %Ni...                                 | 1.66           | 1.66           | 1.67           | 1.67           | 1.67           | 0%                         | (1)%                       |
| Production.....                                              | 2,300          | 2,200          | 2,400          | 2,000          | 2,300          | 5%                         | 0%                         |
| Total Nickel segment nickel production.....                  | 6,700          | 6,700          | 10,700         | 10,600         | 9,200          | 0%                         | (27)%                      |
| Sales volumes.....                                           | 7,500          | 8,400          | 8,800          | 8,900          | 10,000         | (11)%                      | (25)%                      |

(1) Excludes Anglo American Platinum's nickel production

| <b>Niobium (tonnes) unless stated otherwise</b> | <b>Q1 2015</b> | <b>Q4 2014</b> | <b>Q3 2014</b> | <b>Q2 2014</b> | <b>Q1 2014</b> | <b>Q1 2015 vs. Q4 2014</b> | <b>Q1 2015 vs. Q1 2014</b> |
|-------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------------------|----------------------------|
| <b>Niobium</b>                                  |                |                |                |                |                |                            |                            |
| Ore mined .....                                 | 291,100        | 166,300        | 424,900        | 356,200        | 38,500         | 75%                        | 656%                       |
| Ore processed.....                              | 501,800        | 377,700        | 237,900        | 238,700        | 229,700        | 33%                        | 118%                       |
| Ore grade processed - %Nb .....                 | 0.96           | 1.05           | 1.08           | 1.10           | 0.92           | (9)%                       | 4%                         |
| Production.....                                 | 1,300          | 1,300          | 1,200          | 1,100          | 1,100          | 0%                         | 18%                        |
| <b>Sales volumes .....</b>                      | <b>1,300</b>   | <b>1,100</b>   | <b>1,200</b>   | <b>1,200</b>   | <b>1,100</b>   | <b>18%</b>                 | <b>18%</b>                 |

| <b>Phosphates (tonnes) unless stated otherwise</b>       | <b>Q1 2015</b> | <b>Q4 2014</b> | <b>Q3 2014</b> | <b>Q2 2014</b> | <b>Q1 2014</b> | <b>Q1 2015 vs. Q4 2014</b> | <b>Q1 2015 vs. Q1 2014</b> |
|----------------------------------------------------------|----------------|----------------|----------------|----------------|----------------|----------------------------|----------------------------|
| <b>Phosphates</b>                                        |                |                |                |                |                |                            |                            |
| Concentrate .....                                        | 319,300        | 355,600        | 362,700        | 349,500        | 347,900        | (10)%                      | (8)%                       |
| Concentrate grade - %P <sub>2</sub> O <sub>5</sub> ..... | 36.9           | 36.8           | 37.3           | 37.1           | 36.8           | 0%                         | 0%                         |
| Phosphoric acid.....                                     | 63,200         | 78,600         | 81,300         | 81,300         | 53,800         | (20)%                      | 17%                        |
| Fertilizer.....                                          | 238,800        | 284,900        | 284,700        | 275,700        | 267,200        | (16)%                      | (11)%                      |
| High analysis fertilizer.....                            | 37,500         | 50,200         | 60,200         | 44,200         | 30,100         | (25)%                      | 25%                        |
| Low analysis fertilizer.....                             | 201,200        | 234,600        | 224,500        | 231,500        | 237,100        | (14)%                      | (15)%                      |
| Dicalcium phosphate (DCP) .....                          | 36,200         | 44,800         | 44,100         | 43,600         | 31,600         | (19)%                      | 15%                        |
| <b>Fertilizer sales volumes .....</b>                    | <b>208,500</b> | <b>277,400</b> | <b>311,700</b> | <b>241,000</b> | <b>266,500</b> | <b>(25)%</b>               | <b>(22)%</b>               |

| Platinum                                                        |         |         |         |         |         | Q1 2015<br>vs.<br>Q4 2014 | Q1 2015<br>vs.<br>Q1 2014 |
|-----------------------------------------------------------------|---------|---------|---------|---------|---------|---------------------------|---------------------------|
|                                                                 | Q1 2015 | Q4 2014 | Q3 2014 | Q2 2014 | Q1 2014 |                           |                           |
| <b>Refined production</b>                                       |         |         |         |         |         |                           |                           |
| Platinum (troy oz) .....                                        | 542,400 | 573,700 | 460,000 | 420,600 | 435,200 | (5)%                      | 25%                       |
| Palladium (troy oz) .....                                       | 348,100 | 357,700 | 316,400 | 294,600 | 256,700 | (3)%                      | 36%                       |
| Rhodium (troy oz) .....                                         | 65,000  | 71,700  | 48,400  | 48,700  | 60,600  | (9)%                      | 7%                        |
| Copper refined (tonnes) <sup>(1)</sup> ....                     | 3,900   | 2,600   | 2,800   | 3,900   | 3,200   | 50%                       | 22%                       |
| Copper matte (tonnes) <sup>(1)</sup> .....                      | 300     | 1,400   | 1,300   | 2,300   | 1,200   | (79)%                     | (75)%                     |
| Nickel refined (tonnes) <sup>(1)</sup> .....                    | 5,700   | 4,800   | 5,200   | 5,600   | 4,900   | 19%                       | 16%                       |
| Nickel matte (tonnes) <sup>(1)</sup> .....                      | 400     | 1,800   | 1,800   | 2,700   | 1,400   | (78)%                     | (71)%                     |
| Gold (troy oz) .....                                            | 30,100  | 28,900  | 14,600  | 26,700  | 25,400  | 4%                        | 19%                       |
| <b>Equivalent refined</b>                                       |         |         |         |         |         |                           |                           |
| Platinum (troy oz) .....                                        | 536,000 | 593,900 | 532,800 | 358,200 | 357,000 | (10)%                     | 50%                       |
| 4E built-up head grade<br>(g/tonne milled) <sup>(2)</sup> ..... | 3.14    | 3.19    | 3.06    | 2.77    | 2.86    | (2)%                      | 10%                       |

(1) Nickel and copper refined through third parties is now shown as production of nickel matte and copper matte.

(2) 4E: the grade measured as the combined content of the four most valuable precious metals: platinum, palladium, rhodium and gold

| De Beers                      |                  |                  |                  |                  |                  | Q1 2015<br>vs.<br>Q4 2014 | Q1 2015<br>vs.<br>Q1 2014 |
|-------------------------------|------------------|------------------|------------------|------------------|------------------|---------------------------|---------------------------|
|                               | Q1 2015          | Q4 2014          | Q3 2014          | Q2 2014          | Q1 2014          |                           |                           |
| <b>Carats recovered</b>       |                  |                  |                  |                  |                  |                           |                           |
| 100% basis                    |                  |                  |                  |                  |                  |                           |                           |
| Orapa                         | 2,610,000        | 2,732,000        | 2,651,000        | 3,487,000        | 3,204,000        | (4)%                      | (19)%                     |
| Lethakane                     | 188,000          | 83,000           | 157,000          | 177,000          | 131,000          | 127%                      | 44%                       |
| Damtsheha                     | 57,000           | 94,000           | 83,000           | 70,000           | 56,000           | (39)%                     | 2%                        |
| Jwaneng                       | 2,777,000        | 3,080,000        | 3,333,000        | 2,532,000        | 2,367,000        | (10)%                     | 17%                       |
| <b>Debswana</b>               | <b>5,632,000</b> | <b>5,989,000</b> | <b>6,224,000</b> | <b>6,266,000</b> | <b>5,758,000</b> | <b>(6)%</b>               | <b>(2)%</b>               |
|                               |                  |                  |                  |                  |                  |                           |                           |
| Namdeb                        | 96,000           | 121,000          | 156,000          | 199,000          | 137,000          | (21)%                     | (30)%                     |
| Debmara Namibia               | 366,000          | 375,000          | 293,000          | 310,000          | 295,000          | (2)%                      | 24%                       |
| <b>Namdeb Holdings</b>        | <b>462,000</b>   | <b>496,000</b>   | <b>449,000</b>   | <b>509,000</b>   | <b>432,000</b>   | <b>(7)%</b>               | <b>7%</b>                 |
|                               |                  |                  |                  |                  |                  |                           |                           |
| Kimberley                     | 221,000          | 202,000          | 207,000          | 154,000          | 159,000          | 9%                        | 39%                       |
| Venetia                       | 624,000          | 1,060,000        | 776,000          | 834,000          | 531,000          | (41)%                     | 18%                       |
| Voorspoed                     | 216,000          | 140,000          | 143,000          | 186,000          | 242,000          | 54%                       | (11)%                     |
| <b>DBCM</b>                   | <b>1,061,000</b> | <b>1,402,000</b> | <b>1,126,000</b> | <b>1,174,000</b> | <b>932,000</b>   | <b>(24)%</b>              | <b>14%</b>                |
|                               |                  |                  |                  |                  |                  |                           |                           |
| Snap Lake                     | 328,000          | 301,000          | 253,000          | 379,000          | 268,000          | 9%                        | 22%                       |
| Victor                        | 182,000          | 178,000          | 141,000          | 187,000          | 141,000          | 2%                        | 29%                       |
| <b>De Beers Canada</b>        | <b>510,000</b>   | <b>479,000</b>   | <b>394,000</b>   | <b>566,000</b>   | <b>409,000</b>   | <b>6%</b>                 | <b>25%</b>                |
| <b>Total carats recovered</b> | <b>7,665,000</b> | <b>8,366,000</b> | <b>8,193,000</b> | <b>8,515,000</b> | <b>7,531,000</b> | <b>(8)%</b>               | <b>2%</b>                 |

## ORE RESERVES

This section contains tables setting forth the Proved and Probable Ore Reserves for the various business segments of the Group.

The Ore Reserve estimates presented in this section are prepared in accordance with the Anglo American plc Reporting of Exploration Results, Mineral Resources and Ore Reserves standard. This standard requires that the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 Edition (“JORC Code”), be used as a minimum standard. Some of our subsidiaries have a primary listing in South Africa where public reporting is conducted in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves, 2007 Edition as amended July 2009 (“SAMREC Code”).

Ore Reserve reporting requirements for filings with the SEC are specified in Industry Guide 7, which recommends that economic assumptions be based on a three-year historic average. Our reporting standard is not derived from, or consistent with, Industry Guide 7 and differs from Industry Guide 7 in certain material respects. Accordingly, our Proved and Probable Ore Reserves would differ from those described herein if determined in accordance with Guide 7.

The Ore Reserve estimates were prepared by or under the supervision of “Competent Persons” as defined in the JORC and SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralization and type of deposit under consideration and to the activity which they are undertaking.

The Group companies are subject to a comprehensive program of independent third party audits aimed at providing assurance in respect of Ore Reserve estimates. The frequency and depth of the independent audits is a function of the risks and/or uncertainties associated with a particular Ore Reserve, the overall value thereof and time that has elapsed since an independent third party audit has been conducted.

The JORC and SAMREC Codes require the use of reasonable economic assumptions. These include long-range commodity price forecasts, which are prepared by in-house specialists largely using estimates of future supply and demand and long-term economic outlooks.

Ore Reserve estimates are dynamic and are influenced by changing economic conditions, technical issues, environmental regulations and relevant new information and therefore can vary from year to year.

The estimates of Ore Reserves are as of December 31, 2012, 2013 or 2014, as indicated. Unless otherwise stated, Ore Reserves are reported on a dry tonnes basis. The figures in the tables have been rounded and, if used to derive totals and averages, could cause minor computational differences. Ore Reserves in the context of this document have the same meaning as “Mineral Reserves” as defined by the SAMREC Code and the Canadian Institute of Mining and Metallurgy (“CIM”) Definition Standards on Mineral Resources and Mineral Reserves. The following abbreviations are used in the tables:

- “OP” = Open Pit,
- “OC” = Open-cut/Cast (as applicable),
- “UG” = Underground,
- “MM” = Marine Mining,
- “Reserve Life” = The scheduled extraction period in years for the total Ore Reserves in the approved Life of Mine Plan,
- and for Diamonds, “LOM” = Life of Mine (years) based on scheduled Probable Reserves including Indicated and some Inferred Resources considered for Life of Mine planning.

## Iron Ore and Manganese segment — Iron Ore

| Iron Ore<br>Ore Reserves <sup>(1)</sup>                                     | Classification | ROM Tonnage                     |         |         | Grade |      |      | Saleable Product |      |      |      |      |      |
|-----------------------------------------------------------------------------|----------------|---------------------------------|---------|---------|-------|------|------|------------------|------|------|------|------|------|
|                                                                             |                | 2012                            | 2013    | 2014    | 2012  | 2013 | 2014 | 2012             |      | 2013 |      | 2014 |      |
|                                                                             |                | (Million tonnes) <sup>(2)</sup> |         |         | (%Fe) |      |      | Mt               | %Fe  | Mt   | %Fe  | Mt   | %Fe  |
| Kumba Iron Ore                                                              |                |                                 |         |         |       |      |      |                  |      |      |      |      |      |
| Kolomela Mine (OP) (51.5% attributable, 21 year Reserve Life).....          |                |                                 |         |         |       |      |      |                  |      |      |      |      |      |
|                                                                             | Proved         | 107.6                           | 101.3   | 83.3    | 64.8  | 64.4 | 64.6 | 107              | 64.8 | 101  | 64.4 | 83   | 64.6 |
|                                                                             | Probable       | 102.0                           | 98.7    | 104.7   | 64.0  | 64.5 | 64.3 | 102              | 64.0 | 99   | 64.5 | 104  | 64.3 |
|                                                                             | Total          | 209.5                           | 200.0   | 188.0   | 64.4  | 64.4 | 64.4 | 209              | 64.4 | 200  | 64.4 | 188  | 64.4 |
| Sishen Mine (OP) (51.5% attributable, 16 year Reserve Life).....            |                |                                 |         |         |       |      |      |                  |      |      |      |      |      |
|                                                                             | Proved         | 642.9                           | 428.9   | 556.8   | 59.4  | 59.2 | 59.4 | 485              | 65.3 | 311  | 65.4 | 427  | 65.7 |
|                                                                             | Probable       | 276.0                           | 435.1   | 159.8   | 58.8  | 59.1 | 56.2 | 201              | 65.0 | 311  | 65.1 | 108  | 64.3 |
|                                                                             | Total          | 918.9                           | 864.1   | 716.6   | 59.2  | 59.1 | 58.7 | 686              | 65.2 | 622  | 65.3 | 535  | 65.4 |
| Thabazimbi Mine (OP) (51.5% attributable, 9 year Reserve Life).....         |                |                                 |         |         |       |      |      |                  |      |      |      |      |      |
|                                                                             | Proved         | 0.4                             | 0.5     | 0.4     | 61.1  | 62.2 | 61.9 | 0                | 62.9 | 0    | 64.4 | 0    | 62.5 |
|                                                                             | Probable       | 9.0                             | 10.8    | 9.3     | 60.6  | 60.4 | 60.3 | 7                | 62.9 | 8    | 62.9 | 7    | 62.9 |
|                                                                             | Total          | 9.5                             | 11.3    | 9.7     | 60.6  | 60.5 | 60.4 | 7                | 62.9 | 9    | 63.0 | 7    | 62.9 |
| Iron Ore Brazil                                                             |                |                                 |         |         |       |      |      |                  |      |      |      |      |      |
| Serra do Sapo (OP) <sup>(3)</sup> (100% attributable, 45 year Reserve Life) |                |                                 |         |         |       |      |      |                  |      |      |      |      |      |
| Friable Itabirite and Hematite .....                                        |                |                                 |         |         |       |      |      |                  |      |      |      |      |      |
|                                                                             | Proved         | —                               | —       | —       | —     | —    | —    | —                | —    | —    | —    | —    | —    |
|                                                                             | Probable       | 1,452.8                         | 1,385.3 | 1,414.6 | 38.8  | 38.8 | 37.9 | 685              | 67.5 | 686  | 67.5 | 690  | 67.5 |
|                                                                             | Total          | 1,452.8                         | 1,385.3 | 1,414.6 | 38.8  | 38.8 | 37.9 | 685              | 67.5 | 686  | 67.5 | 690  | 67.5 |
| Itabirite.....                                                              |                |                                 |         |         |       |      |      |                  |      |      |      |      |      |
|                                                                             | Proved         | —                               | —       | —       | —     | —    | —    | —                | —    | —    | —    | —    | —    |
|                                                                             | Probable       | —                               | —       | 1,384.3 | —     | —    | 30.9 | —                | —    | —    | —    | 534  | 67.5 |
|                                                                             | Total          | —                               | —       | 1,384.3 | —     | —    | 30.9 | —                | —    | —    | —    | 534  | 67.5 |

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2014 is stated next to each operation.

(2) Tonnage: quoted as metric tonnes.

(3) Tonnage and grades are on a dry basis. In 2012, tonnages were reported on a wet basis with an average moisture content of 4.2 wt% for Friable ore. Saleable Product tonnes are on a wet basis (average moisture content is 8.0 wt% of the wet mass) with quality stated on a dry basis.

## Iron Ore and Manganese segment — Manganese

| Manganese Ore Reserves <sup>(1)</sup>                                 | Classification | Tonnage                         |      |      | Grade |      |      | % Yield |      |      |
|-----------------------------------------------------------------------|----------------|---------------------------------|------|------|-------|------|------|---------|------|------|
|                                                                       |                | 2012                            | 2013 | 2014 | 2012  | 2013 | 2014 | 2012    | 2013 | 2014 |
|                                                                       |                | (Million tonnes) <sup>(3)</sup> |      |      | (%Mn) |      |      |         |      |      |
| <b>GEMCO (OP)</b> (40.0% attributable,<br>12 year Reserve Life) ..... |                |                                 |      |      |       |      |      |         |      |      |
|                                                                       | Proved         | 72.5                            | 68.9 | 73.6 | 45.0  | 44.4 | 44.8 | 55.1    | 59.1 | 58.3 |
|                                                                       | Probable       | 24.9                            | 27.6 | 16.0 | 45.0  | 44.7 | 42.6 | 55.1    | 58.7 | 57.0 |
|                                                                       | Total          | 97.4                            | 96.5 | 89.6 | 45.0  | 44.5 | 44.4 | 55.1    | 59.0 | 58.1 |
| <b>Hotazel Manganese Mines<sup>(2)</sup></b>                          |                |                                 |      |      |       |      |      |         |      |      |
| Mamatwan (OP) (29.6% attributable,<br>17 year Reserve Life) .....     |                |                                 |      |      |       |      |      |         |      |      |
|                                                                       | Proved         | 41.4                            | 38.3 | 17.6 | 37.2  | 37.1 | 37.6 |         |      |      |
|                                                                       | Probable       | 31.4                            | 30.5 | 43.0 | 37.1  | 36.9 | 37.1 |         |      |      |
|                                                                       | Total          | 72.8                            | 68.8 | 60.6 | 37.1  | 37.0 | 37.2 |         |      |      |
| Wessels (UG) (29.6% attributable,<br>46 year Reserve Life) .....      |                |                                 |      |      |       |      |      |         |      |      |
|                                                                       | Proved         | 3.9                             | 4.2  | 2.9  | 44.8  | 44.5 | 43.6 |         |      |      |
|                                                                       | Probable       | 64.9                            | 63.9 | 66.1 | 42.9  | 42.3 | 42.2 |         |      |      |
|                                                                       | Total          | 68.8                            | 68.1 | 69.0 | 43.0  | 42.4 | 42.3 |         |      |      |

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2014 is stated next to each operation.

(2) We own 29.6% of Hotazel Manganese Mines through our investment in Samancor.

(3) Tonnage: quoted as metric tonnes. For 2012 and 2013, Mamatwan tonnages stated as wet metric tonnes with Wessels and GEMCO tonnages stated as dry metric tonnes. For 2014, all tonnages are stated as dry metric tonnes.

## Coal segment – Australia and Canada

| Coal Reserves <sup>(1)</sup>                                                       | Classification        | ROM Tonnage                     |       |       | Saleable                        |       |       | Saleable Quality              |       |       |
|------------------------------------------------------------------------------------|-----------------------|---------------------------------|-------|-------|---------------------------------|-------|-------|-------------------------------|-------|-------|
|                                                                                    |                       | 2012                            | 2013  | 2014  | 2012                            | 2013  | 2014  | 2012                          | 2013  | 2014  |
|                                                                                    |                       | (Million tonnes) <sup>(2)</sup> |       |       | (Million tonnes) <sup>(2)</sup> |       |       | kcal/kg or CSN <sup>(3)</sup> |       |       |
| <b>Australia Callide (OC)</b><br>(100% attributable,<br>31 year Reserve Life)      |                       |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Domestic .....                                                           | Proved                | 192.2                           | 185.5 | 6.2   | 188.2                           | 181.6 | 5.9   | 4,380                         | 4,380 | 4,330 |
|                                                                                    | Probable              | 52.0                            | 52.0  | 196.5 | 51.0                            | 51.0  | 196.4 | 4,250                         | 4,250 | 4,450 |
|                                                                                    | Total                 | 244.2                           | 237.5 | 202.6 | 239.2                           | 232.6 | 202.3 | 4,350                         | 4,350 | 4,450 |
| <b>Capcoal (OC)<sup>(4)</sup></b><br>(77.5% attributable,<br>27 year Reserve Life) |                       |                                 |       |       |                                 |       |       |                               |       |       |
| Metallurgical — Coking ..                                                          | Proved                | 69.9                            | 73.4  | 66.3  | 14.4                            | 21.0  | 18.0  | 7.0                           | 6.0   | 6.0   |
|                                                                                    | Probable              | 72.5                            | 69.5  | 69.5  | 12.3                            | 19.8  | 19.8  | 6.5                           | 5.5   | 6.0   |
|                                                                                    | Total                 | 142.4                           | 142.9 | 135.9 | 26.7                            | 40.8  | 37.8  | 7.0                           | 6.0   | 6.0   |
| Metallurgical — Other .....                                                        | Proved                |                                 |       |       | 33.6                            | 27.6  | 25.8  | 6,970                         | 6,850 | 6,860 |
|                                                                                    | Probable              |                                 |       |       | 35.0                            | 26.0  | 26.0  | 6,990                         | 6,850 | 6,850 |
|                                                                                    | Total                 |                                 |       |       | 68.7                            | 53.6  | 51.8  | 6,980                         | 6,850 | 6,860 |
| Thermal — Export .....                                                             | Proved                |                                 |       |       | 2.0                             | 3.8   | 3.3   | 7,070                         | 6,160 | 6,150 |
|                                                                                    | Probable              |                                 |       |       | 1.7                             | 3.2   | 3.2   | 7,030                         | 6,290 | 6,290 |
|                                                                                    | Total                 |                                 |       |       | 3.7                             | 7.1   | 6.5   | 7,050                         | 6,220 | 6,220 |
| <b>Capcoal (UG)</b><br>(70.0% attributable,<br>9 year Reserve Life)                |                       |                                 |       |       |                                 |       |       |                               |       |       |
| Metallurgical — Coking ..                                                          | Proved                | 36.0                            | 43.4  | 36.7  | 28.5                            | 32.9  | 27.7  | 9.0                           | 9.0   | 9.0   |
|                                                                                    | Probable              | 14.7                            | 6.8   | 6.8   | 11.2                            | 5.3   | 5.3   | 9.0                           | 8.5   | 8.5   |
|                                                                                    | Total                 | 50.7                            | 50.2  | 43.5  | 39.7                            | 38.2  | 33.1  | 9.0                           | 9.0   | 9.0   |
| <b>Dawson (OC)<sup>(4)</sup></b><br>(51.0% attributable,<br>14 year Reserve Life)  |                       |                                 |       |       |                                 |       |       |                               |       |       |
| Metallurgical — Coking ..                                                          | Proved                | 180.7                           | 171.9 | 56.6  | 44.7                            | 42.4  | 26.9  | 7.5                           | 7.0   | 7.5   |
|                                                                                    | Probable              | 227.2                           | 225.9 | 64.1  | 49.1                            | 48.5  | 23.1  | 7.5                           | 7.0   | 7.0   |
|                                                                                    | Total                 | 407.9                           | 397.8 | 120.7 | 93.8                            | 90.9  | 50.0  | 7.5                           | 7.0   | 7.5   |
| Thermal — Export .....                                                             | Proved                |                                 |       |       | 95.8                            | 91.3  | 17.4  | 5,440                         | 5,170 | 6,370 |
|                                                                                    | Probable              |                                 |       |       | 125.3                           | 124.8 | 25.5  | 5,340                         | 5,100 | 6,640 |
|                                                                                    | Total                 |                                 |       |       | 221.1                           | 216.1 | 42.9  | 5,380                         | 5,130 | 6,530 |
| <b>Drayton (OC)</b><br>(88.2% attributable,<br>1 year Reserve Life)                |                       |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Export .....                                                             | Proved                | 7.9                             | 4.6   | 1.6   | 6.0                             | 3.4   | 0.9   | 6,650                         | 6,600 | 6,530 |
|                                                                                    | Probable              | 4.2                             | 2.2   | 0.4   | 3.2                             | 1.7   | 0.2   | 6,600                         | 6,540 | 6,480 |
|                                                                                    | Total                 | 12.0                            | 6.8   | 1.9   | 9.2                             | 5.1   | 1.1   | 6,630                         | 6,580 | 6,520 |
| <b>Foxleigh (OC)</b><br>(70.0% attributable,<br>13 year Reserve Life)              |                       |                                 |       |       |                                 |       |       |                               |       |       |
| Metallurgical — Other .....                                                        | Proved                | 1.9                             | 0.7   | 0.5   | 1.7                             | 0.6   | 0.4   | 6,870                         | 7,190 | 7,200 |
|                                                                                    | Probable              | 12.6                            | 23.4  | 19.3  | 10.4                            | 17.4  | 14.4  | 6,800                         | 7,050 | 7,030 |
|                                                                                    | Total                 | 14.5                            | 24.1  | 19.8  | 12.1                            | 18.0  | 14.8  | 6,810                         | 7,050 | 7,040 |
| <b>Moranbah North (UG)</b><br>(88.0% attributable,<br>18 year Reserve Life)        |                       |                                 |       |       |                                 |       |       |                               |       |       |
| Metallurgical — Coking ..                                                          | Proved                | 109.5                           | 114.8 | 78.5  | 88.5                            | 89.1  | 61.2  | 8.0                           | 8.0   | 8.0   |
|                                                                                    | Probable              | 11.3                            | 20.4  | 50.8  | 8.7                             | 14.5  | 38.9  | 8.0                           | 8.0   | 8.0   |
|                                                                                    | Total                 | 120.8                           | 135.2 | 129.3 | 97.2                            | 103.6 | 100.1 | 8.0                           | 8.0   | 8.0   |
| <b>Australia<sup>(4)(5)</sup></b>                                                  |                       |                                 |       |       |                                 |       |       |                               |       |       |
| Metallurgical — Coking ..                                                          | Proved                | 598.0                           | 594.3 | 246.5 | 176.0                           | 185.4 | 133.8 | 8.0                           | 7.5   | 8.0   |
|                                                                                    | Attributable % — 75.1 | 394.4                           | 400.3 | 407.2 | 81.3                            | 88.2  | 87.1  | 7.5                           | 7.0   | 7.5   |
|                                                                                    | Total                 | 992.5                           | 994.6 | 653.7 | 257.3                           | 273.5 | 221.0 | 8.0                           | 7.5   | 7.5   |
| Metallurgical — Other .....                                                        | Proved                |                                 |       |       | 35.3                            | 28.2  | 26.2  | 6,970                         | 6,860 | 6,870 |
|                                                                                    | Attributable % — 75.8 |                                 |       |       | 45.5                            | 43.4  | 40.3  | 6,940                         | 6,930 | 6,910 |
|                                                                                    | Total                 |                                 |       |       | 80.8                            | 71.6  | 66.6  | 6,950                         | 6,900 | 6,900 |
| Thermal — Export .....                                                             | Proved                |                                 |       |       | 103.8                           | 98.6  | 21.6  | 5,540                         | 5,260 | 6,340 |
|                                                                                    | Attributable % — 55.2 |                                 |       |       | 130.2                           | 129.7 | 28.9  | 5,390                         | 5,150 | 6,600 |
|                                                                                    | Total                 |                                 |       |       | 233.9                           | 228.3 | 50.5  | 5,460                         | 5,200 | 6,490 |
| Thermal — Domestic .....                                                           | Proved                |                                 |       |       | 188.2                           | 181.6 | 5.9   | 4,380                         | 4,380 | 4,330 |
|                                                                                    | Attributable % — 100  |                                 |       |       | 51.0                            | 51.0  | 196.4 | 4,250                         | 4,250 | 4,450 |
|                                                                                    | Total                 |                                 |       |       | 239.2                           | 232.6 | 202.3 | 4,350                         | 4,350 | 4,450 |

| Coal Reserves <sup>(1)</sup>                                                      | Classification | ROM Tonnage                     |       |       | Saleable                        |       |       | Saleable Quality              |      |      |
|-----------------------------------------------------------------------------------|----------------|---------------------------------|-------|-------|---------------------------------|-------|-------|-------------------------------|------|------|
|                                                                                   |                | 2012                            | 2013  | 2014  | 2012                            | 2013  | 2014  | 2012                          | 2013 | 2014 |
|                                                                                   |                | (Million tonnes) <sup>(2)</sup> |       |       | (Million tonnes) <sup>(2)</sup> |       |       | kcal/kg or CSN <sup>(3)</sup> |      |      |
| <b>Canada</b>                                                                     |                |                                 |       |       |                                 |       |       |                               |      |      |
| <b>Trend (OC)<sup>(4)(6)</sup></b><br>(100% attributable,<br>7 year Reserve Life) |                |                                 |       |       |                                 |       |       |                               |      |      |
| Metallurgical — Coking ..                                                         | Proved         | 17.9                            | 10.5  | —     | 12.4                            | 8.1   | —     | 7.0                           | 7.0  | —    |
|                                                                                   | Probable       | 2.3                             | 2.3   | 11.6  | 1.5                             | 1.9   | 8.3   | 7.0                           | 7.0  | 7.0  |
|                                                                                   | Total          | 20.2                            | 12.8  | 11.6  | 14.0                            | 10.0  | 8.3   | 7.0                           | 7.0  | 7.0  |
| Thermal — Export .....                                                            | Proved         |                                 |       |       | 0.1                             | —     | —     | 5,070                         | —    | —    |
|                                                                                   | Probable       |                                 |       |       | 0.0                             | —     | —     | 5,070                         | —    | —    |
|                                                                                   | Total          |                                 |       |       | 0.2                             | —     | —     | 5,070                         | —    | —    |
| <b>Roman Mountain</b>                                                             |                |                                 |       |       |                                 |       |       |                               |      |      |
| <b>(OC)<sup>(6)</sup></b> (100%<br>attributable, 15 year<br>Reserve Life)         |                |                                 |       |       |                                 |       |       |                               |      |      |
| Metallurgical — Coking                                                            | Proved         | —                               | 32.6  | —     | —                               | 24.3  | —     | —                             | 7.0  | —    |
|                                                                                   | Probable       | —                               | 2.9   | 36.8  | —                               | 2.3   | 25.8  | —                             | 7.0  | 7.0  |
|                                                                                   | Total          | —                               | 35.5  | 36.8  | —                               | 26.6  | 25.8  | —                             | 7.0  | 7.0  |
| <b>Coal – Projects</b>                                                            |                |                                 |       |       |                                 |       |       |                               |      |      |
| <b>Capcoal (UG) - Aquila</b><br>(70.0% attributable,<br>14 year Reserve Life)     |                |                                 |       |       |                                 |       |       |                               |      |      |
| Metallurgical — Coking                                                            | Proved         | —                               | 26.3  | 35.4  | —                               | 19.2  | 25.5  | —                             | 9.0  | 9.0  |
|                                                                                   | Probable       | —                               | 19.2  | 11.3  | —                               | 13.5  | 8.1   | —                             | 9.0  | 9.0  |
|                                                                                   | Total          | —                               | 45.5  | 46.6  | —                               | 32.7  | 33.5  | —                             | 9.0  | 9.0  |
| <b>Grosvenor (UG)</b><br>(100% attributable,<br>34 year Reserve Life)             |                |                                 |       |       |                                 |       |       |                               |      |      |
| Metallurgical — Coking ..                                                         | Proved         | 76.1                            | 115.0 | 29.1  | 53.2                            | 79.6  | 20.6  | 8.5                           | 8.5  | 8.0  |
|                                                                                   | Probable       | 62.6                            | 78.7  | 163.8 | 43.1                            | 51.4  | 108.1 | 8.0                           | 8.0  | 8.5  |
|                                                                                   | Total          | 138.7                           | 193.7 | 192.9 | 96.3                            | 130.9 | 128.6 | 8.5                           | 8.5  | 8.5  |

- (1) Coal Reserves are quoted on a Run Of Mine (“ROM”) reserve tonnes basis, which represents the tonnes delivered to the plant. Saleable reserve tonnes represents the estimated product tonnes. Coal Reserves (ROM and Saleable) are on the applicable moisture basis. The figures reported represent 100% of the Coal Reserves. The percentage attributable to Anglo American plc at December 31, 2014 is stated next to each operation.
- (2) Tonnage: quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis, and Saleable tonnages on a Product moisture basis.
- (3) The coal quality for Coal Reserves is quoted as either kilo-calories per kilogram (“kcal/kg”) or Crucible Swell Number (“CSN”). Kilo-calories per kilogram represent Calorific Value (“CV”) on a Gross As Received (“GAR”) basis. Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Synfuel collieries meet the specifications of the individual supply contracts in the short-term and studies are underway to ensure long-term compliance. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.
- (4) For the multi-product operations, the ROM tonnage figures apply to each product.
- (5) Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.
- (6) Peace River Coal consists of Trend and Roman Mountain mines. Anglo American’s interest in Peace River Coal at December 31, 2014 was 100%.

**Metallurgical — Coking** refers to high-, medium- to low-volatile semi-soft, soft or hard coking coal primarily for blending and use in steel industry; quality measured as Crucible Swell Number (“CSN”).

**Metallurgical — Other** refers to semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as PCI or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal; quality measured by calorific value (“CV”).

**Thermal — Export** refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by CV.

**Thermal — Domestic** refers to low- to high-volatile thermal coal primarily for domestic consumption for power generation; quality measured by CV.

## Coal segment – Colombia and South Africa

| Coal Reserves <sup>(1)</sup>                                                      | Classification | ROM Tonnage                     |       |       | Saleable                        |       |       | Saleable Quality              |       |       |
|-----------------------------------------------------------------------------------|----------------|---------------------------------|-------|-------|---------------------------------|-------|-------|-------------------------------|-------|-------|
|                                                                                   |                | 2012                            | 2013  | 2014  | 2012                            | 2013  | 2014  | 2012                          | 2013  | 2014  |
|                                                                                   |                | (Million tonnes) <sup>(2)</sup> |       |       | (Million tonnes) <sup>(2)</sup> |       |       | kcal/kg or CSN <sup>(3)</sup> |       |       |
| <b>Colombia</b>                                                                   |                |                                 |       |       |                                 |       |       |                               |       |       |
| <b>Cerréjon (OC)<sup>(4)</sup></b><br>(33.3% attributable, 18 year Reserve Life)  |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Export .....                                                            | Proved         | 675.0                           | 645.1 | 574.6 | 652.7                           | 626.6 | 561.2 | 6,180                         | 6,150 | 6,150 |
|                                                                                   | Probable       | 93.2                            | 96.2  | 91.6  | 90.4                            | 93.9  | 89.5  | 6,110                         | 6,130 | 6,130 |
|                                                                                   | Total          | 768.2                           | 741.3 | 666.2 | 743.1                           | 720.4 | 650.7 | 6,170                         | 6,150 | 6,150 |
| <b>South Africa</b>                                                               |                |                                 |       |       |                                 |       |       |                               |       |       |
| <b>Goedehoop (UG)</b><br>(100% attributable, 11 year Reserve Life)                |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Export .....                                                            | Proved         | 30.0                            | 29.5  | 40.6  | 16.8                            | 15.8  | 24.0  | 6,190                         | 6,200 | 5,970 |
|                                                                                   | Probable       | 40.9                            | 29.9  | 9.9   | 21.5                            | 17.8  | 6.8   | 6,200                         | 5,930 | 5,750 |
|                                                                                   | Total          | 70.9                            | 59.4  | 50.5  | 38.3                            | 33.6  | 30.8  | 6,200                         | 6,060 | 5,920 |
| <b>Greenside (UG)</b><br>(100% attributable, 14 year Reserve Life)                |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Export .....                                                            | Proved         | 21.3                            | 23.0  | 29.1  | 12.7                            | 16.2  | 21.9  | 6,200                         | 6,080 | 6,010 |
|                                                                                   | Probable       | 26.4                            | 36.8  | 29.4  | 14.8                            | 26.2  | 20.3  | 6,190                         | 5,840 | 5,980 |
|                                                                                   | Total          | 47.7                            | 59.8  | 58.5  | 27.5                            | 42.5  | 42.2  | 6,190                         | 5,930 | 6,000 |
| <b>Isibonelo (OC)</b><br>(100% attributable, 13 year Reserve Life)                |                |                                 |       |       |                                 |       |       |                               |       |       |
| Synfuel.....                                                                      | Proved         | 70.5                            | 65.2  | 59.0  | 70.5                            | 65.2  | 59.0  | 4,520                         | 4,690 | 4,680 |
|                                                                                   | Probable       | —                               | —     | —     | —                               | —     | —     | —                             | —     | —     |
|                                                                                   | Total          | 70.5                            | 65.2  | 59.0  | 70.5                            | 65.2  | 59.0  | 4,520                         | 4,690 | 4,680 |
| <b>Kleinkopje (OC)<sup>(5)</sup></b><br>(100% attributable, 11 year Reserve Life) |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Export .....                                                            | Proved         | 50.8                            | 38.9  | 31.3  | 17.4                            | 15.4  | 14.8  | 6,190                         | 6,190 | 6,210 |
|                                                                                   | Probable       | —                               | —     | —     | —                               | —     | —     | —                             | —     | —     |
|                                                                                   | Total          | 50.8                            | 38.9  | 31.3  | 17.4                            | 15.4  | 14.8  | 6,190                         | 6,190 | 6,210 |
| Thermal — Domestic.....                                                           | Proved         |                                 |       |       | 19.6                            | 11.9  | 6.4   | 4,580                         | 4,580 | 4,630 |
|                                                                                   | Probable       |                                 |       |       | —                               | —     | —     | —                             | —     | —     |
|                                                                                   | Total          |                                 |       |       | 19.6                            | 11.9  | 6.4   | 4,580                         | 4,580 | 4,630 |
| <b>Kriel (UG&amp;OC)</b><br>(73.0% attributable, 6 year Reserve Life)             |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Domestic.....                                                           | Proved         | 40.3                            | 36.1  | 28.0  | 40.3                            | 36.1  | 28.0  | 4,830                         | 4,860 | 4,870 |
|                                                                                   | Probable       | 63.8                            | 10.0  | —     | 63.8                            | 10.0  | —     | 4,430                         | 4,280 | —     |
|                                                                                   | Total          | 104.1                           | 46.1  | 28.0  | 104.1                           | 46.1  | 28.0  | 4,580                         | 4,730 | 4,870 |
| <b>Landau (OC)<sup>(5)</sup></b><br>(100% attributable, 4 year Reserve Life)      |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Export .....                                                            | Proved         | 29.6                            | 22.0  | 15.2  | 14.5                            | 10.7  | 7.4   | 6,210                         | 6,230 | 6,130 |
|                                                                                   | Probable       | 12.1                            | 12.2  | 10.2  | 5.7                             | 5.8   | 4.8   | 6,210                         | 6,250 | 6,160 |
|                                                                                   | Total          | 41.7                            | 34.2  | 25.4  | 20.2                            | 16.5  | 12.3  | 6,210                         | 6,240 | 6,140 |
| Thermal — Domestic.....                                                           | Proved         |                                 |       |       | 3.7                             | 3.5   | 3.3   | 4,040                         | 4,390 | 4,210 |
|                                                                                   | Probable       |                                 |       |       | 2.3                             | 2.6   | 2.1   | 4,370                         | 4,530 | 4,310 |
|                                                                                   | Total          |                                 |       |       | 5.9                             | 6.1   | 5.3   | 4,170                         | 4,450 | 4,250 |
| <b>Mafoebe (OC)<sup>(5)</sup></b><br>(50.0% attributable, 17 year Reserve Life)   |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Export .....                                                            | Proved         | 12.1                            | 10.2  | 5.8   | 5.8                             | 5.3   | 2.9   | 6,270                         | 6,260 | 6,260 |
|                                                                                   | Probable       | 70.7                            | 113.0 | 113.0 | 24.2                            | 48.4  | 48.4  | 6,260                         | 6,040 | 6,040 |
|                                                                                   | Total          | 82.8                            | 123.2 | 118.7 | 30.0                            | 53.7  | 51.3  | 6,260                         | 6,060 | 6,050 |
| Thermal — Domestic.....                                                           | Proved         |                                 |       |       | 2.4                             | 2.6   | 1.4   | 5,360                         | 5,240 | 5,130 |
|                                                                                   | Probable       |                                 |       |       | 21.2                            | 21.1  | 21.1  | 4,970                         | 5,050 | 5,060 |
|                                                                                   | Total          |                                 |       |       | 23.6                            | 23.7  | 22.5  | 5,010                         | 5,070 | 5,060 |
| <b>New Denmark (UG)</b><br>(100% attributable, 25 year Reserve Life)              |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Domestic.....                                                           | Proved         | 30.8                            | 25.8  | 19.5  | 30.8                            | 25.8  | 19.5  | 4,950                         | 5,040 | 5,020 |
|                                                                                   | Probable       | 81.2                            | 82.7  | 87.3  | 81.2                            | 82.7  | 87.3  | 5,020                         | 5,150 | 4,910 |
|                                                                                   | Total          | 112.0                           | 108.6 | 106.8 | 112.0                           | 108.6 | 106.8 | 5,000                         | 5,120 | 4,930 |

| Coal Reserves <sup>(1)</sup>                                                          | Classification | ROM Tonnage                     |       |       | Saleable                        |       |       | Saleable Quality              |       |       |
|---------------------------------------------------------------------------------------|----------------|---------------------------------|-------|-------|---------------------------------|-------|-------|-------------------------------|-------|-------|
|                                                                                       |                | 2012                            | 2013  | 2014  | 2012                            | 2013  | 2014  | 2012                          | 2013  | 2014  |
|                                                                                       |                | (Million tonnes) <sup>(2)</sup> |       |       | (Million tonnes) <sup>(2)</sup> |       |       | kcal/kg or CSN <sup>(3)</sup> |       |       |
| <b>New Vaal (OC)</b><br>(100% attributable, 17 year Reserve Life)                     |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Domestic .....                                                              | Proved         | 348.1                           | 296.3 | 270.0 | 323.8                           | 286.6 | 265.7 | 3,560                         | 3,510 | 3,660 |
|                                                                                       | Probable       | —                               | —     | —     | —                               | —     | —     | —                             | —     | —     |
|                                                                                       | Total          | 348.1                           | 296.3 | 270.0 | 323.8                           | 286.6 | 265.7 | 3,560                         | 3,510 | 3,660 |
| <b>Zibulo (UG&amp;OC)<sup>(5)</sup></b><br>(73.0% attributable, 21 year Reserve Life) |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Export .....                                                                | Proved         | 91.3                            | 84.1  | 67.2  | 45.6                            | 49.0  | 39.3  | 6,100                         | 6,110 | 6,100 |
|                                                                                       | Probable       | 23.5                            | 34.2  | 35.6  | 10.4                            | 16.1  | 16.6  | 6,110                         | 6,110 | 6,100 |
|                                                                                       | Total          | 114.9                           | 118.2 | 102.8 | 56.0                            | 65.1  | 55.9  | 6,100                         | 6,110 | 6,100 |
| Thermal — Domestic .....                                                              | Proved         |                                 |       |       | 25.1                            | 12.2  | 9.9   | 4,930                         | 4,840 | 4,830 |
|                                                                                       | Probable       |                                 |       |       | 7.3                             | 7.1   | 7.2   | 4,780                         | 4,830 | 4,820 |
|                                                                                       | Total          |                                 |       |       | 32.4                            | 19.3  | 17.1  | 4,900                         | 4,840 | 4,830 |
| <b>South Africa<sup>(5)(6)</sup></b>                                                  |                |                                 |       |       |                                 |       |       |                               |       |       |
| Thermal — Export .....                                                                | Proved         | 724.9                           | 631.1 | 565.7 | 112.8                           | 112.5 | 110.4 | 6,160                         | 6,150 | 6,070 |
| Attributable % — 80.3                                                                 | Probable       | 318.7                           | 318.8 | 285.3 | 76.5                            | 114.3 | 96.9  | 6,210                         | 6,000 | 6,020 |
|                                                                                       | Total          | 1,043.6                         | 949.9 | 851.0 | 189.3                           | 226.8 | 207.3 | 6,180                         | 6,070 | 6,050 |
| Thermal — Domestic .....                                                              | Proved         |                                 |       |       | 445.7                           | 378.7 | 334.2 | 3,910                         | 3,840 | 3,910 |
| Attributable % — 94.8                                                                 | Probable       |                                 |       |       | 175.7                           | 123.6 | 117.7 | 4,780                         | 5,030 | 4,920 |
|                                                                                       | Total          |                                 |       |       | 621.4                           | 502.3 | 451.8 | 4,150                         | 4,130 | 4,170 |
| Synfuel.....                                                                          | Proved         |                                 |       |       | 70.5                            | 65.2  | 59.0  | 4,520                         | 4,690 | 4,680 |
| Attributable % — 100                                                                  | Probable       |                                 |       |       | —                               | —     | —     | —                             | —     | —     |
|                                                                                       | Total          |                                 |       |       | 70.5                            | 65.2  | 59.0  | 4,520                         | 4,690 | 4,680 |

- (1) Coal Reserves are quoted on a Run Of Mine (“ROM”) reserve tonnes basis, which represents the tonnes delivered to the plant. Saleable reserve tonnes represents the estimated product tonnes. Coal Reserves (ROM and Saleable) are on the applicable moisture basis. The figures reported represent 100% of the Coal Reserves. The percentage attributable to Anglo American plc at December 31, 2014 is stated next to each operation.
- (2) Tonnage: quoted as metric tonnes. ROM tonnages on an As Delivered moisture basis, and Saleable tonnages on a Product moisture basis.
- (3) The coal quality for Coal Reserves is quoted as either kilo-calories per kilogram (kcal/kg) or Crucible Swell Number (CSN). Kilo-calories per kilogram represent Calorific Value (CV) on a Gross As Received (GAR) basis. Coal quality parameters for the Coal Reserves for Coking, Other Metallurgical and Export Thermal collieries meet the contractual specifications for coking coal, PCI, metallurgical coal, steam coal and domestic coal. Coal quality parameters for the Coal Reserves for Domestic Power and Domestic Synfuels collieries meet the specifications of the individual supply contracts in the short-term and studies are underway to ensure long-term compliance. CV is rounded to the nearest 10 kcal/kg.
- (4) We own a 33.3% interest in Carbones del Cerrejón.
- (5) For the multi-product operations, the ROM tonnage figures apply to each product.
- (6) Attributable percentages for country totals are weighted by Saleable tonnes and should not be directly applied to the ROM tonnage.

**Thermal — Export** refers to low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by CV.

**Thermal — Domestic** refers to low- to high-volatile thermal coal primarily for domestic consumption for power generation; quality measured by CV.

**Synfuel** refers to a coal specifically for the domestic production of synthetic fuel and chemicals; quality measured by CV.

## Copper segment

| Copper Ore Reserves <sup>(1)</sup>         | Classification | Tonnage                         |         |         | Grade                |      |      | Contained Metal                  |        |        |
|--------------------------------------------|----------------|---------------------------------|---------|---------|----------------------|------|------|----------------------------------|--------|--------|
|                                            |                | 2012                            | 2013    | 2014    | 2012                 | 2013 | 2014 | 2012                             | 2013   | 2014   |
|                                            |                | (Million tonnes) <sup>(2)</sup> |         |         | (%Cu) <sup>(3)</sup> |      |      | (thousand tonnes) <sup>(2)</sup> |        |        |
| <b>Collahuasi (OP)</b>                     |                |                                 |         |         |                      |      |      |                                  |        |        |
| (44.0% attributable, 70 year Reserve Life) |                |                                 |         |         |                      |      |      |                                  |        |        |
| Oxide and Mixed (TCu) Heap Leach .....     | Proved         | 31.0                            | —       | 17.7    | 0.58                 | —    | 0.67 | 181                              | —      | 118    |
|                                            | Probable       | 13.0                            | 7.0     | 19.9    | 0.71                 | 0.57 | 0.73 | 93                               | 40     | 145    |
|                                            | Total          | 44.1                            | 7.0     | 37.5    | 0.62                 | 0.57 | 0.70 | 274                              | 40     | 263    |
| Sulphide (TCu)                             |                |                                 |         |         |                      |      |      |                                  |        |        |
| Flotation — direct feed .....              | Proved         | 419.1                           | 422.4   | 422.2   | 1.00                 | 1.03 | 1.03 | 4,200                            | 4,351  | 4,349  |
|                                            | Probable       | 1,655.1                         | 1,683.0 | 1,601.9 | 0.98                 | 0.98 | 0.99 | 16,202                           | 16,494 | 15,859 |
|                                            | Total          | 2,074.2                         | 2,105.4 | 2,024.2 | 0.98                 | 0.99 | 1.00 | 20,402                           | 20,845 | 20,208 |
| Low Grade Sulphide (TCu)                   |                |                                 |         |         |                      |      |      |                                  |        |        |
| Flotation — stockpile.....                 | Proved         | —                               | 28.2    | 41.3    | —                    | 0.53 | 0.42 | —                                | 150    | 174    |
|                                            | Probable       | 1,069.2                         | 1,137.8 | 1,151.5 | 0.49                 | 0.48 | 0.48 | 5,219                            | 5,427  | 5,527  |
|                                            | Total          | 1,069.2                         | 1,166.0 | 1,192.8 | 0.49                 | 0.48 | 0.48 | 5,219                            | 5,576  | 5,701  |
| <b>El Soldado (OP)</b>                     |                |                                 |         |         |                      |      |      |                                  |        |        |
| (50.1% attributable, 13 year Reserve Life) |                |                                 |         |         |                      |      |      |                                  |        |        |
| Sulphide (TCu)                             |                |                                 |         |         |                      |      |      |                                  |        |        |
| Flotation.....                             | Proved         | 125.7                           | 48.1    | 53.4    | 0.81                 | 0.94 | 0.85 | 1,018                            | 452    | 454    |
|                                            | Probable       | 44.6                            | 39.1    | 35.6    | 0.79                 | 0.82 | 0.78 | 352                              | 321    | 278    |
|                                            | Total          | 170.3                           | 87.2    | 89.0    | 0.80                 | 0.89 | 0.82 | 1,371                            | 773    | 731    |
| Oxide (TCu)                                |                |                                 |         |         |                      |      |      |                                  |        |        |
| Heap Leach.....                            | Proved         | —                               | —       | —       | —                    | —    | —    | —                                | —      | —      |
|                                            | Probable       | 3.0                             | 2.3     | —       | 0.45                 | 0.33 | —    | 14                               | 8      | —      |
|                                            | Total          | 3.0                             | 2.3     | —       | 0.45                 | 0.33 | —    | 14                               | 8      | —      |
| <b>Los Bronces (OP)</b>                    |                |                                 |         |         |                      |      |      |                                  |        |        |
| (50.1% attributable, 35 year Reserve Life) |                |                                 |         |         |                      |      |      |                                  |        |        |
| Sulphide (TCu)                             |                |                                 |         |         |                      |      |      |                                  |        |        |
| Flotation.....                             | Proved         | 729.9                           | 721.4   | 670.1   | 0.70                 | 0.69 | 0.66 | 5,109                            | 4,977  | 4,422  |
|                                            | Probable       | 779.4                           | 724.1   | 843.1   | 0.53                 | 0.53 | 0.53 | 4,131                            | 3,838  | 4,468  |
|                                            | Total          | 1,509.3                         | 1,445.4 | 1,513.2 | 0.61                 | 0.61 | 0.59 | 9,240                            | 8,815  | 8,891  |
| Sulphide (TCu)                             |                |                                 |         |         |                      |      |      |                                  |        |        |
| Dump Leach .....                           | Proved         | 428.6                           | 439.1   | 368.5   | 0.32                 | 0.32 | 0.31 | 1,371                            | 1,405  | 1,142  |
|                                            | Probable       | 179.0                           | 158.5   | 177.1   | 0.29                 | 0.29 | 0.27 | 519                              | 460    | 478    |
|                                            | Total          | 607.6                           | 597.6   | 545.6   | 0.31                 | 0.31 | 0.30 | 1,891                            | 1,865  | 1,620  |
| <b>Mantos Blancos (OP)</b>                 |                |                                 |         |         |                      |      |      |                                  |        |        |
| (100% attributable, 10 year Reserve Life)  |                |                                 |         |         |                      |      |      |                                  |        |        |
| Sulphide (ICu)                             |                |                                 |         |         |                      |      |      |                                  |        |        |
| Flotation.....                             | Proved         | 14.1                            | 19.2    | 17.4    | 0.82                 | 0.86 | 0.89 | 115                              | 165    | 155    |
|                                            | Probable       | 21.6                            | 29.3    | 29.4    | 0.79                 | 0.72 | 0.70 | 170                              | 211    | 205    |
|                                            | Total          | 35.6                            | 48.5    | 46.8    | 0.80                 | 0.78 | 0.77 | 286                              | 376    | 361    |
| Oxide (ASCu)                               |                |                                 |         |         |                      |      |      |                                  |        |        |
| Vat and Heap Leach .....                   | Proved         | 2.7                             | 3.7     | 2.2     | 0.55                 | 0.48 | 0.48 | 15                               | 18     | 11     |
|                                            | Probable       | 12.7                            | 12.0    | 12.7    | 0.38                 | 0.44 | 0.32 | 47                               | 53     | 41     |
|                                            | Total          | 15.4                            | 15.7    | 14.9    | 0.41                 | 0.45 | 0.34 | 62                               | 71     | 51     |
| Oxide (ASCu)                               |                |                                 |         |         |                      |      |      |                                  |        |        |
| Dump Leach .....                           | Proved         | —                               | —       | 0.6     | —                    | —    | 0.17 | —                                | —      | 1      |
|                                            | Probable       | 36.8                            | 36.2    | 37.5    | 0.23                 | 0.23 | 0.20 | 84                               | 83     | 74     |
|                                            | Total          | 36.8                            | 36.2    | 38.1    | 0.23                 | 0.23 | 0.20 | 84                               | 83     | 75     |
| <b>Mantoverde (OP)</b>                     |                |                                 |         |         |                      |      |      |                                  |        |        |
| (100% attributable, 5 year Reserve Life)   |                |                                 |         |         |                      |      |      |                                  |        |        |
| Oxide (ASCu)                               |                |                                 |         |         |                      |      |      |                                  |        |        |
| Heap Leach.....                            | Proved         | 22.2                            | 38.9    | 38.3    | 0.56                 | 0.53 | 0.52 | 124                              | 206    | 199    |
|                                            | Probable       | 20.2                            | 9.3     | 9.7     | 0.52                 | 0.52 | 0.49 | 105                              | 48     | 47     |
|                                            | Total          | 42.3                            | 48.1    | 47.9    | 0.54                 | 0.53 | 0.51 | 229                              | 254    | 246    |
| Oxide (ASCu)                               |                |                                 |         |         |                      |      |      |                                  |        |        |
| Dump Leach .....                           | Proved         | 18.4                            | 20.1    | 30.9    | 0.23                 | 0.22 | 0.19 | 42                               | 44     | 59     |
|                                            | Probable       | 25.7                            | 13.4    | 13.0    | 0.27                 | 0.23 | 0.19 | 70                               | 31     | 25     |
|                                            | Total          | 44.2                            | 33.4    | 43.9    | 0.25                 | 0.22 | 0.19 | 112                              | 75     | 83     |

| Copper Ore Reserves <sup>(1)</sup>         | Classification | Tonnage                         |       |         | Grade                |      |      | Contained Metal                  |       |       |
|--------------------------------------------|----------------|---------------------------------|-------|---------|----------------------|------|------|----------------------------------|-------|-------|
|                                            |                | 2012                            | 2013  | 2014    | 2012                 | 2013 | 2014 | 2012                             | 2013  | 2014  |
|                                            |                | (Million tonnes) <sup>(2)</sup> |       |         | (%Cu) <sup>(3)</sup> |      |      | (thousand tonnes) <sup>(2)</sup> |       |       |
| Copper Projects                            |                |                                 |       |         |                      |      |      |                                  |       |       |
| Quellaveco (OP)                            |                |                                 |       |         |                      |      |      |                                  |       |       |
| (81.9% attributable, 29 year Reserve Life) |                |                                 |       |         |                      |      |      |                                  |       |       |
| Sulphide (TCu)                             |                |                                 |       |         |                      |      |      |                                  |       |       |
| Flotation.....                             | Proved         | 701.8                           | 701.8 | 951.4   | 0.65                 | 0.65 | 0.58 | 4,562                            | 4,562 | 5,518 |
|                                            | Probable       | 214.6                           | 214.6 | 380.6   | 0.63                 | 0.63 | 0.57 | 1,352                            | 1,352 | 2,169 |
|                                            | Total          | 916.4                           | 916.4 | 1,332.0 | 0.65                 | 0.65 | 0.58 | 5,914                            | 5,914 | 7,687 |

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2014 is stated next to each operation or project. On August 23, 2012, an agreement was reached with Codelco for the Group to dispose of further interests in AA Sur reducing the Group's share in the Los Bronces and El Soldado mines to 50.1%. See "Business Description—Copper—Disposal of Interests in AA Sur and Settlement with Codelco".

(2) Tonnage: quoted as metric tonnes.

(3) TCu = Total Copper, ICu = Insoluble Copper (total copper less acid soluble copper), ASCu = Acid Soluble Copper.

## Nickel segment

| Nickel Ore Reserves <sup>(1)</sup>        | Classification | Tonnage                         |      |      | Grade |      |      | Contained Metal                  |      |      |
|-------------------------------------------|----------------|---------------------------------|------|------|-------|------|------|----------------------------------|------|------|
|                                           |                | 2012                            | 2013 | 2014 | 2012  | 2013 | 2014 | 2012                             | 2013 | 2014 |
|                                           |                | (Million tonnes) <sup>(2)</sup> |      |      | (%Ni) |      |      | (thousand tonnes) <sup>(2)</sup> |      |      |
| <b>Barro Alto (OP)<sup>(3)</sup></b>      |                |                                 |      |      |       |      |      |                                  |      |      |
| (100% attributable, 22 year Reserve Life) |                |                                 |      |      |       |      |      |                                  |      |      |
| Saprolite.....                            | Proved         | 23.4                            | 20.0 | 15.3 | 1.71  | 1.71 | 1.67 | 401                              | 342  | 255  |
|                                           | Probable       | 23.4                            | 25.2 | 24.1 | 1.51  | 1.42 | 1.42 | 353                              | 358  | 342  |
|                                           | Total          | 46.8                            | 45.3 | 39.3 | 1.61  | 1.55 | 1.52 | 754                              | 700  | 597  |
| <b>Niquelândia (OP)<sup>(3)</sup></b>     |                |                                 |      |      |       |      |      |                                  |      |      |
| (100% attributable, 22 year Reserve Life) |                |                                 |      |      |       |      |      |                                  |      |      |
| Saprolite.....                            | Proved         | 3.9                             | 4.5  | 5.2  | 1.35  | 1.31 | 1.29 | 52                               | 59   | 67   |
|                                           | Probable       | 1.0                             | 1.1  | 1.7  | 1.32  | 1.25 | 1.18 | 14                               | 14   | 20   |
|                                           | Total          | 4.9                             | 5.6  | 6.9  | 1.34  | 1.30 | 1.26 | 66                               | 73   | 87   |

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2014 is stated next to each operation or project.

(2) Tonnage: quoted as metric tonnes.

(3) Niquelândia Mine is adjacent to the Codemin Ferro-Nickel smelter which is fed with ore from Barro Alto and is blended with Niquelândia ore to achieve an appropriate smelter feed chemistry.

## Niobium segment

|                                                    | Classification | Tonnage                         |      |      | Grade                              |      |      | Contained Product                |      |      |
|----------------------------------------------------|----------------|---------------------------------|------|------|------------------------------------|------|------|----------------------------------|------|------|
|                                                    |                | 2012                            | 2013 | 2014 | 2012                               | 2013 | 2014 | 2012                             | 2013 | 2014 |
| Niobium Ore Reserves <sup>(1)</sup>                |                | (Million tonnes) <sup>(2)</sup> |      |      | (%Nb <sub>2</sub> O <sub>5</sub> ) |      |      | (thousand tonnes) <sup>(2)</sup> |      |      |
| Boa Vista <sup>(3)</sup> (OP)                      |                |                                 |      |      |                                    |      |      |                                  |      |      |
| (100% attributable, 1 year Reserve Life)           |                |                                 |      |      |                                    |      |      |                                  |      |      |
| Oxide .....                                        | Proved         | 0.8                             | 0.8  | 0.8  | 1.31                               | 1.21 | 1.23 | 10                               | 10   | 10   |
|                                                    | Probable       | 0.3                             | 0.4  | 0.3  | 1.01                               | 1.03 | 1.26 | 3                                | 5    | 4    |
|                                                    | Total          | 1.0                             | 1.3  | 1.1  | 1.24                               | 1.15 | 1.24 | 13                               | 14   | 14   |
| Mina II <sup>(3)</sup> (OP)                        |                |                                 |      |      |                                    |      |      |                                  |      |      |
| (100% attributable,<br>1 year Reserve Life)        |                |                                 |      |      |                                    |      |      |                                  |      |      |
|                                                    | Proved         | 0.4                             | 0.4  | 0.3  | 1.13                               | 1.16 | 1.17 | 4                                | 4    | 4    |
|                                                    | Probable       | —                               | —    | —    | —                                  | —    | —    | —                                | —    | —    |
|                                                    | Total          | 0.4                             | 0.4  | 0.3  | 1.13                               | 1.16 | 1.17 | 4                                | 4    | 4    |
| Tailings (100% attributable, 21 year Reserve Life) |                |                                 |      |      |                                    |      |      |                                  |      |      |
| Phosphate tailings.....                            | Proved         | —                               | —    | —    | —                                  | —    | —    | —                                | —    | —    |
|                                                    | Probable       | 2.0                             | 14.5 | 19.4 | 0.73                               | 0.69 | 0.69 | 14                               | 100  | 134  |
|                                                    | Total          | 2.0                             | 14.5 | 19.4 | 0.73                               | 0.69 | 0.69 | 14                               | 100  | 134  |

|                                              |          | Tonnage |      |      | Grade |      |      | Contained Product |      |      |
|----------------------------------------------|----------|---------|------|------|-------|------|------|-------------------|------|------|
| Classification                               |          | 2012    | 2013 | 2014 | 2012  | 2013 | 2014 | 2012              | 2013 | 2014 |
| Niobium Projects                             |          |         |      |      |       |      |      |                   |      |      |
| Boa Vista <sup>(3)</sup> (OP)                |          |         |      |      |       |      |      |                   |      |      |
| (100% attributable,<br>21 year Reserve Life) |          |         |      |      |       |      |      |                   |      |      |
|                                              | Proved   | —       | 0.2  | 0.9  | —     | 1.24 | 1.14 | —                 | 3    | 10   |
| Fresh Rock.....                              | Probable | —       | 23.8 | 27.2 | —     | 0.95 | 0.87 | —                 | 226  | 236  |
|                                              | Total    | —       | 24.0 | 28.0 | —     | 0.95 | 0.88 | —                 | 229  | 246  |

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2014 is 100%.

(2) Tonnage: quoted as metric tonnes.

(3) Previously reported as Catalão.

### Phosphate segment

| Classification                            |          | Tonnage                         |       |       | Grade                             |      |      |
|-------------------------------------------|----------|---------------------------------|-------|-------|-----------------------------------|------|------|
|                                           |          | 2012                            | 2013  | 2014  | 2012                              | 2013 | 2014 |
|                                           |          | (Million tonnes) <sup>(2)</sup> |       |       | (%P <sub>2</sub> O <sub>5</sub> ) |      |      |
| Phosphate products <sup>(1)</sup>         |          |                                 |       |       |                                   |      |      |
| Chapadão <sup>(2)</sup> (OP)              |          |                                 |       |       |                                   |      |      |
| (100% attributable, 34 year Reserve Life) |          |                                 |       |       |                                   |      |      |
| Carbonatite .....                         | Proved   | 83.1                            | 41.0  | 36.8  | 14.1                              | 12.5 | 12.4 |
|                                           | Probable | 151.0                           | 77.0  | 75.1  | 13.0                              | 13.0 | 13.0 |
|                                           | Total    | 234.0                           | 118.1 | 112.0 | 13.4                              | 12.8 | 12.8 |

(1) The figures reported represent 100% of the Ore Reserves. The percentage attributable to Anglo American plc at December 31, 2014 is 100%.

(2) Previously reported as Copebrás/Ouvidor.

### Platinum segment

| Platinum Ore Reserves                   |                                         | Tonnage                         |         |         | Grade <sup>(3)</sup> |      |      | Contained Metal          |       |       |
|-----------------------------------------|-----------------------------------------|---------------------------------|---------|---------|----------------------|------|------|--------------------------|-------|-------|
|                                         |                                         | Classification                  | 2012    | 2013    | 2014                 | 2012 | 2013 | 2014                     | 2012  | 2013  |
| South African Operations <sup>(1)</sup> |                                         | (million tonnes) <sup>(2)</sup> |         |         | (4E PGE g/t)         |      |      | (4E million troy ounces) |       |       |
| Merensky Reef <sup>(4)</sup> .....      | Proved                                  | 59.8                            | 55.0    | 58.2    | 4.79                 | 4.79 | 4.69 | 9.2                      | 8.5   | 8.8   |
|                                         | Probable                                | 22.5                            | 17.3    | 18.5    | 4.49                 | 4.52 | 4.74 | 3.2                      | 2.5   | 2.8   |
|                                         | Total                                   | 82.3                            | 72.3    | 76.7    | 4.71                 | 4.72 | 4.70 | 12.5                     | 11.0  | 11.6  |
| UG2 Reef <sup>(4)</sup> .....           | Proved                                  | 389.8                           | 316.2   | 328.4   | 4.05                 | 4.13 | 3.96 | 50.8                     | 42.0  | 41.8  |
|                                         | Probable                                | 128.6                           | 91.0    | 83.3    | 4.46                 | 4.20 | 4.13 | 18.4                     | 12.3  | 11.0  |
|                                         | Total                                   | 518.4                           | 407.2   | 411.7   | 4.15                 | 4.15 | 4.00 | 69.2                     | 54.3  | 52.9  |
| Platreef .....                          | Proved                                  | 587.5                           | 705.8   | 688.8   | 2.75                 | 2.73 | 2.72 | 52.0                     | 61.9  | 60.1  |
|                                         | Proved<br>(primary<br>stockpile)        | 26.7                            | 28.7    | 38.1    | 1.72                 | 1.59 | 1.71 | 1.5                      | 1.5   | 2.1   |
|                                         | Probable                                | 394.6                           | 901.4   | 847.6   | 2.81                 | 2.70 | 2.68 | 35.6                     | 78.2  | 72.9  |
| All Reefs.....                          | Total                                   | 1,008.9                         | 1,635.9 | 1,574.5 | 2.75                 | 2.69 | 2.67 | 89.1                     | 141.6 | 135.2 |
|                                         | Proved                                  | 1,063.9                         | 1,105.7 | 1,113.5 | 3.32                 | 3.20 | 3.15 | 113.4                    | 113.8 | 112.8 |
|                                         | Probable                                | 545.7                           | 1,009.6 | 949.4   | 3.27                 | 2.87 | 2.84 | 57.3                     | 93.0  | 86.8  |
| Tailings .....                          | Total                                   | 1,609.6                         | 2,115.3 | 2,062.9 | 3.30                 | 3.04 | 3.01 | 170.8                    | 206.9 | 199.6 |
|                                         | Proved                                  | —                               | —       | —       | —                    | —    | —    | —                        | —     | —     |
|                                         | Probable                                | 15.9                            | 23.7    | 20.9    | 1.02                 | 1.08 | 1.06 | 0.5                      | 0.8   | 0.7   |
| Zimbabwe Operations                     | Total                                   | 15.9                            | 23.7    | 20.9    | 1.02                 | 1.08 | 1.06 | 0.5                      | 0.8   | 0.7   |
|                                         |                                         |                                 |         |         |                      |      |      |                          |       |       |
|                                         | Main Sulphide Zone <sup>(5)</sup> ..... | Proved                          | 13.9    | 14.1    | 11.7                 | 3.85 | 3.72 | 3.56                     | 1.7   | 1.7   |
| Probable                                |                                         | 39.8                            | 36.6    | 37.7    | 3.73                 | 3.68 | 3.52 | 4.8                      | 4.3   | 4.3   |
| Total                                   |                                         | 53.7                            | 50.7    | 49.5    | 3.76                 | 3.69 | 3.54 | 6.5                      | 6.0   | 5.6   |

(1) The figures reported represent 100% of the Ore Reserves. Of these reserves at December 31, 2014 we owned 78.0% (2012: 79.9%, 2013: 78.0%) through our interest in Anglo American Platinum.

(2) Tonnage: quoted as metric tonnes.

(3) Grade: 4E PGE is the sum of platinum, palladium, rhodium and gold grades in grams per tonne (g/t).

(4) The pay limit is based on Cost 4 which consists of 'Direct Cash Cost' (on and off mine), 'Other Indirect Costs' and 'Stay in Business Capital' (on and off mine). The Ore Reserve pay-limit varies across all operations between 2.1g/t and 5.3g/t (4E PGE). The range is a function of various factors including depth of the ore body, geological complexity, mining method, infrastructure and economic parameters.

(5) Unki: The Main Sulphide Zone is the ore body mined at Unki Mine. The Ore Reserves for the Main Sulphide Zone relate to the Unki East mine only. Anglo American Platinum owns an effective 100% interest in Southridge Limited.

## De Beers segment

|                                                  | BCO<br>(mm) <sup>(1)</sup> | Classification | Treated Tonnes <sup>(2)</sup> |       |       | Recovered Grade <sup>(3)</sup> |       |       | Saleable carats  |      |       |
|--------------------------------------------------|----------------------------|----------------|-------------------------------|-------|-------|--------------------------------|-------|-------|------------------|------|-------|
|                                                  |                            |                | 2012                          | 2013  | 2014  | 2012                           | 2013  | 2014  | 2012             | 2013 | 2014  |
|                                                  |                            |                | (Million tonnes)              |       |       | (cph)                          |       |       | (Million carats) |      |       |
| <b>De Beers Canada</b>                           |                            |                |                               |       |       |                                |       |       |                  |      |       |
| <b>Snap Lake (UG)</b>                            |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (85.0% attributable, 12 year LOM)                |                            |                |                               |       |       |                                |       |       |                  |      |       |
| Kimberlite.....                                  | 1.14                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | 1.6                           | 5.6   | 4.8   | 123.1                          | 119.8 | 125.8 | 2.0              | 6.7  | 6.1   |
|                                                  |                            | Total          | 1.6                           | 5.6   | 4.8   | 123.1                          | 119.8 | 125.8 | 2.0              | 6.7  | 6.1   |
| <b>Victor (OP)</b>                               |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (85.0% attributable, 5 year LOM)                 |                            |                |                               |       |       |                                |       |       |                  |      |       |
| Kimberlite.....                                  | 1.50                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | 12.1                          | 9.3   | 7.0   | 19.4                           | 18.3  | 17.3  | 2.3              | 1.7  | 1.2   |
|                                                  |                            | Total          | 12.1                          | 9.3   | 7.0   | 19.4                           | 18.3  | 17.3  | 2.3              | 1.7  | 1.2   |
| <b>De Beers Canada projects</b>                  |                            |                |                               |       |       |                                |       |       |                  |      |       |
| <b>Gahcho Kué (OP)<sup>(4)</sup></b>             |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (43.4% attributable, 13 year LOM)                |                            |                |                               |       |       |                                |       |       |                  |      |       |
| Kimberlite.....                                  | 1.00                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | 31.0                          | 31.0  | 33.9  | 153.7                          | 153.7 | 154.5 | 47.6             | 47.6 | 52.4  |
|                                                  |                            | Total          | 31.0                          | 31.0  | 33.9  | 153.7                          | 153.7 | 154.5 | 47.6             | 47.6 | 52.4  |
| <b>De Beers Consolidated Mines</b>               |                            |                |                               |       |       |                                |       |       |                  |      |       |
| <b>Venetia</b>                                   |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (62.9% attributable, 30 year LOM) <sup>(5)</sup> |                            |                |                               |       |       |                                |       |       |                  |      |       |
| Kimberlite (OP).....                             | 1.00                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | 33.6                          | 31.3  | 27.5  | 97.5                           | 96.3  | 101.1 | 32.8             | 30.1 | 27.9  |
|                                                  |                            | Total          | 33.6                          | 31.3  | 27.5  | 97.5                           | 96.3  | 101.1 | 32.8             | 30.1 | 27.9  |
| Kimberlite (UG).....                             | 1.00                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | 91.4                          | 91.3  | 95.0  | 76.5                           | 74.2  | 75.1  | 70.0             | 67.7 | 71.3  |
|                                                  |                            | Total          | 91.4                          | 91.3  | 95.0  | 76.5                           | 74.2  | 75.1  | 70.0             | 67.7 | 71.3  |
| <b>Voorspoed (OP)<sup>(6)</sup></b>              |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (62.9% attributable, 7 year LOM)                 |                            |                |                               |       |       |                                |       |       |                  |      |       |
|                                                  | 1.47                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | —                             | —     | 8.0   | —                              | —     | 23.7  | —                | —    | 1.9   |
|                                                  |                            | Total          | —                             | —     | 8.0   | —                              | —     | 23.7  | —                | —    | 1.9   |
| <b>Debswana Diamond Company</b>                  |                            |                |                               |       |       |                                |       |       |                  |      |       |
| <b>Damtshee (OP)</b>                             |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (42.5% attributable, 18 year LOM)                |                            |                |                               |       |       |                                |       |       |                  |      |       |
| Kimberlite.....                                  | 1.65                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | 25.0                          | 25.0  | 25.0  | 16.6                           | 16.6  | 18.8  | 4.1              | 4.1  | 4.7   |
|                                                  |                            | Total          | 25.0                          | 25.0  | 25.0  | 16.6                           | 16.6  | 18.8  | 4.1              | 4.1  | 4.7   |
| <b>Jwaneng (OP)</b>                              |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (42.5% attributable, 19 year LOM)                |                            |                |                               |       |       |                                |       |       |                  |      |       |
| Kimberlite.....                                  | 1.47                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | 70.1                          | 61.8  | 47.3  | 126.0                          | 125.2 | 134.4 | 88.3             | 77.3 | 63.5  |
|                                                  |                            | Total          | 70.1                          | 61.8  | 47.3  | 126.0                          | 125.2 | 134.4 | 88.3             | 77.3 | 63.5  |
| <b>Lethakane (OP)</b>                            |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (42.5% attributable, 3 year LOM)                 |                            |                |                               |       |       |                                |       |       |                  |      |       |
| Kimberlite.....                                  | 1.65                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | 4.7                           | 3.2   | 1.8   | 16.9                           | 19.9  | 18.4  | 0.8              | 0.6  | 0.3   |
|                                                  |                            | Total          | 4.7                           | 3.2   | 1.8   | 16.9                           | 19.9  | 18.4  | 0.8              | 0.6  | 0.3   |
| <b>Orapa (OP)<sup>(7)</sup></b>                  |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (42.5% attributable, 15 year LOM)                |                            |                |                               |       |       |                                |       |       |                  |      |       |
| Kimberlite.....                                  | 1.65                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | 146.1                         | 140.3 | 173.4 | 58.7                           | 63.8  | 77.8  | 85.7             | 89.6 | 134.9 |
|                                                  |                            | Total          | 146.1                         | 140.3 | 173.4 | 58.7                           | 63.8  | 77.8  | 85.7             | 89.6 | 134.9 |
| <b>Lethakane</b>                                 |                            |                |                               |       |       |                                |       |       |                  |      |       |
| (42.5% attributable, 24 year LOM)                |                            |                |                               |       |       |                                |       |       |                  |      |       |
| TMR                                              | 1.15                       | Proved         | —                             | —     | —     | —                              | —     | —     | —                | —    | —     |
|                                                  |                            | Probable       | —                             | 34.9  | 34.9  | —                              | 25.4  | 24.2  | —                | 8.9  | 8.5   |
|                                                  |                            | Total          | —                             | 34.9  | 34.9  | —                              | 25.4  | 24.2  | —                | 8.9  | 8.5   |

|                                                   | BCO<br>(mm) <sup>(1)</sup> | Classification | Treated Tonnes <sup>(2)</sup> |        |        | Recovered Grade <sup>(3)</sup> |       |       | Saleable carats   |       |       |
|---------------------------------------------------|----------------------------|----------------|-------------------------------|--------|--------|--------------------------------|-------|-------|-------------------|-------|-------|
|                                                   |                            |                | 2012                          | 2013   | 2014   | 2012                           | 2013  | 2014  | 2012              | 2013  | 2014  |
|                                                   |                            |                | (Thousand tonnes)             |        |        | (cpht)                         |       |       | (Thousand carats) |       |       |
| <b>Namdeb Holdings</b>                            |                            |                |                               |        |        |                                |       |       |                   |       |       |
| <b>Terrestrial</b>                                |                            |                |                               |        |        |                                |       |       |                   |       |       |
| <b>Elizabeth Bay (OC)</b>                         |                            |                |                               |        |        |                                |       |       |                   |       |       |
| (42.5% attributable, 3 year LOM)                  |                            |                |                               |        |        |                                |       |       |                   |       |       |
| Aeolian and Marine.....                           | 1.40                       | Proved         | —                             | —      | —      | —                              | —     | —     | —                 | —     | —     |
|                                                   |                            | Probable       | 1,808                         | 1,076  | 1,236  | 12.78                          | 13.01 | 10.11 | 231               | 140   | 125   |
|                                                   |                            | Total          | 1,808                         | 1,076  | 1,236  | 12.78                          | 13.01 | 10.11 | 231               | 140   | 125   |
| <b>Mining Area 1 (OC)<sup>(8)</sup></b>           |                            |                |                               |        |        |                                |       |       |                   |       |       |
| (42.5% attributable, 17 year LOM <sup>(9)</sup> ) |                            |                |                               |        |        |                                |       |       |                   |       |       |
| Beaches.....                                      | 2.00                       | Proved         | —                             | —      | —      | —                              | —     | —     | —                 | —     | —     |
|                                                   |                            | Probable       | 1,023                         | 3,124  | 4,652  | 7.26                           | 0.51  | 2.47  | 74                | 16    | 115   |
|                                                   |                            | Total          | 1,023                         | 3,124  | 4,652  | 7.26                           | 0.51  | 2.47  | 74                | 16    | 115   |
| <b>Orange River (OC)</b>                          |                            |                |                               |        |        |                                |       |       |                   |       |       |
| (42.5% attributable, 9 year LOM)                  |                            |                |                               |        |        |                                |       |       |                   |       |       |
| Fluvial Placers .....                             | 3.00                       | Proved         | —                             | —      | —      | —                              | —     | —     | —                 | —     | —     |
|                                                   |                            | Probable       | 34,994                        | 36,711 | 34,178 | 1.03                           | 0.95  | 0.93  | 359               | 349   | 319   |
|                                                   |                            | Total          | 34,994                        | 36,711 | 34,178 | 1.03                           | 0.95  | 0.93  | 359               | 349   | 319   |
| <b>Offshore</b>                                   |                            |                |                               |        |        |                                |       |       |                   |       |       |
| <b>Atlantic 1 (MM)<sup>(10)</sup></b>             |                            |                |                               |        |        |                                |       |       |                   |       |       |
| (42.5% attributable, 15 year LOM)                 |                            |                |                               |        |        |                                |       |       |                   |       |       |
| Marine Placer .....                               | 1.47                       | Proved         | —                             | —      | —      | —                              | —     | —     | —                 | —     | —     |
|                                                   |                            | Probable       | 57,033                        | 69,642 | 17,872 | 0.09                           | 0.08  | 0.11  | 4,935             | 5,504 | 1,997 |
|                                                   |                            | Total          | 57,033                        | 69,642 | 17,872 | 0.09                           | 0.08  | 0.11  | 4,935             | 5,504 | 1,997 |

- (1) Reported Diamond Reserves are based on a Bottom Cut Off (BCO) which refers to the bottom screen size aperture and varies between 1.00mm and 3.00mm (nominal square mesh).
- (2) Unless stated otherwise tonnage is quoted as dry metric tonnes. Estimates of Diamond Reserve tonnes reflect the tonnage to be treated.
- (3) Recovered Grade is quoted as carats per hundred metric tonnes (cpht) or as carats per square meter (cpm<sup>2</sup>).
- (4) The project has been approved for implementation by Anglo American. The project is expected to treat approximately 35 Mt of ore containing an estimated 54 Mc (100% basis). Scheduled Inferred Resources (1.2 Mt) constitute 2.6% (1.4 Mc) of estimated carats. The estimates are scheduled tonnes and carats as per the 2014 Life of Mine Plan.
- (5) The LOM is stated as 30 years which reflects the full duration of the current Venetia consolidated OP and UG Life of Mine Plan.
- (6) Upgrading of resource confidence has allowed for Probable Reserve estimates to be reported.
- (7) The increase in the Diamond Reserve is due to the inclusion of new information resulting in new grade estimates in the South Pipe Model.
- (8) The decrease in saleable carats from 2012 to 2013 is due to depletion of high-grade material, the inclusion of the lower grade material and the exclusion of high-grade material currently situated under mine infrastructure. The increase in saleable carats from 2013 to 2014 is primarily due to new information in the Ultra Shallow Water A zone (0-7m) at substantially higher grade.
- (9) The Mining Area 1 Life of Mine Plan contains 65% low geoscientific confidence material.
- (10) The decrease in reserve carats is primarily due to the planning methodology change. The Life of Mine remains the same and includes a material portion of Inferred Resources. Previously all Indicated Resources were used to declare the Diamond Reserve, whereas now only scheduled Indicated Resources in the Life of Mine are converted. This reduction in Diamond Reserve carats is partially offset by new information allowing conversion of additional Resources to Diamond Reserves and a faster mining rate which allows a lowering of the cut-off grade.

## SELECTED FINANCIAL INFORMATION

The selected financial information for the Group set forth below as at or for the years ended December 31, 2014, 2013 and 2012 has been derived from, and should be read in conjunction with, the Group 2014 Consolidated Financial Statements, the Group 2013 Consolidated Financial Statements and the Group 2012 Consolidated Financial Statements, and notes thereto prepared in accordance with EU IFRS and incorporated by reference herein.

You should regard the selected financial data below only as an introduction and should base your investment decision on a review of this entire document, including the sections entitled “Operating and Financial Review” and “Non-IFRS Financial Measures”.

|                                                                              | As at or for<br>the year-ended<br>December 31,<br>2012 <sup>(1)</sup> | As at or for<br>the year-ended<br>December 31,<br>2013 | As at or for<br>the year-ended<br>December 31,<br>2014 |
|------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------|--------------------------------------------------------|
|                                                                              | <i>(US\$m unless otherwise stated)</i>                                |                                                        |                                                        |
| <b>Income statement measures</b>                                             |                                                                       |                                                        |                                                        |
| Group revenue .....                                                          | 28,680                                                                | 29,342                                                 | 27,073                                                 |
| Group revenue (including associates and joint ventures) <sup>(2)</sup> ..... | 32,785                                                                | 33,063                                                 | 30,988                                                 |
| Operating profit before special items and remeasurement <sup>(2)</sup> ..... | 5,493                                                                 | 6,168                                                  | 4,513                                                  |
| Underlying EBIT <sup>(2)</sup> .....                                         | 6,253                                                                 | 6,620                                                  | 4,933                                                  |
| Profit/(loss) for the financial year .....                                   | (564)                                                                 | 426                                                    | (1,524)                                                |
| Underlying earnings <sup>(2)</sup> .....                                     | 2,860                                                                 | 2,673                                                  | 2,217                                                  |
| <b>Earnings/(loss) per share (US\$)</b>                                      |                                                                       |                                                        |                                                        |
| Basic .....                                                                  | (1.17)                                                                | (0.75)                                                 | (1.96)                                                 |
| Diluted .....                                                                | (1.17)                                                                | (0.75)                                                 | (1.96)                                                 |
| <b>Dividends per share (US cents)<sup>(3)</sup></b>                          |                                                                       |                                                        |                                                        |
| Ordinary .....                                                               | 85.0                                                                  | 85.0                                                   | 85.0                                                   |
| <b>Balance sheet measures</b>                                                |                                                                       |                                                        |                                                        |
| Total assets .....                                                           | 79,137                                                                | 71,165                                                 | 66,010                                                 |
| Medium and long-term borrowings .....                                        | (15,150)                                                              | (15,740)                                               | (16,917)                                               |
| Net debt <sup>(2)</sup> .....                                                | (8,510)                                                               | (10,652)                                               | (12,871)                                               |
| <b>Cash flow measures</b>                                                    |                                                                       |                                                        |                                                        |
| Net cash inflows from operating activities .....                             | 5,919                                                                 | 6,792                                                  | 6,111                                                  |
| Net cash used in investing activities .....                                  | (10,174)                                                              | (5,625)                                                | (6,125)                                                |
| Net cash inflows / (used in) from financing activities .....                 | 1,951                                                                 | (2,402)                                                | (827)                                                  |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

(2) Definitions are set out in “Non-IFRS Financial Measures”.

(3) Year-end dividends proposed in respect of the applicable year-ended December 31.

## OPERATING AND FINANCIAL REVIEW

*This “Operating and Financial Review” section is intended to convey management’s perspective on the Group’s operational performance and its financial performance as measured in accordance with EU IFRS. We intend this disclosure to assist readers in understanding and interpreting the financial statements incorporated by reference in this document. This section is based on and should be read in conjunction with the Group 2014 Consolidated Financial Statements and the Group 2013 Consolidated Financial Statements, the Group 2012 Consolidated Financial Statements, which are incorporated by reference into this document, as well as the “Presentation of Financial Information” section. In this analysis, all references to “2014” are to the year-ended December 31, 2014, all references to “2013” or the “prior year” are to the year-ended December 31, 2013 and all references to “2012” are to the year-ended December 31, 2012.*

*The following discussion also contains trend information and forward-looking statements. Actual results could differ materially from those discussed in these forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed below and elsewhere in this document, particularly under “Forward-Looking Statements” and “Risk Factors”.*

*We make reference herein to certain non-IFRS financial information that is explained in “Non-IFRS Financial Measures”.*

### OVERVIEW

The Group’s underlying earnings in 2014, 2013 and 2012 were US\$2,217 million, US\$2,673 million and US\$2,860 million, respectively. The 17% decrease from 2013 to 2014 was principally due to the significant decrease in commodity prices, principally driven by weaker global GDP growth forecasts affecting, in particular, the Iron Ore and Manganese, Coal and Copper segments. Furthermore, strike action affected Platinum earnings. These were partly offset by:

- Improved earnings in the De Beers segment principally due to increased sales volume driven by US demand and favorable foreign exchange rates;
- Lower Corporate and other costs; and
- The weaker average South African rand, Australian dollar, Chilean peso, Canadian dollar, Botswanan pula and Namibian dollar exchange rates.

The 6.5% decrease from 2012 to 2013 was principally due to increased costs related to Corporate and other segments (principally due to movements in tax provisions), and a decrease in contribution from:

- Coal (principally due to a decrease in the average quarterly HCC benchmark coal price and lower average export thermal coal prices, partially offset by the implementation of significant cost reductions and the impact of the weaker South African rand),
- Copper (principally due to increased minority interest due to the sale of 24.5% interest in AA Sur in August 2012),
- Corporate and other (principally driven by Amapá not benefitting from the reversal of penalty provisions, as it had in 2012, as well as by the sale of Scaw South Africa and related companies in November 2012), and
- Nickel (principally due to lower realized prices and ceased production at MLdN in 2012).

The reconciliation of profit for the financial period to underlying earnings is set out below:

|                                                                                              | Year-ended December 31, |         |         |
|----------------------------------------------------------------------------------------------|-------------------------|---------|---------|
|                                                                                              | 2012 <sup>(1)</sup>     | 2013    | 2014    |
|                                                                                              | (US\$m)                 |         |         |
| Profit/(loss) for the financial period .....                                                 | (564)                   | 426     | (1,524) |
| Non-controlling interests .....                                                              | (906)                   | (1,387) | (989)   |
| Profit/(loss) for the financial period attributable to equity shareholders of the Company .. | (1,470)                 | (961)   | (2,513) |
| Operating special items .....                                                                | 6,977                   | 3,211   | 4,374   |
| Operating remeasurements .....                                                               | 116                     | 550     | 1       |
| Non-operating special items .....                                                            | 594                     | 469     | 385     |
| Non-operating remeasurements .....                                                           | (1,990)                 | -       | -       |
| Financing special items and remeasurements .....                                             | 89                      | 130     | (36)    |
| Special items and remeasurements tax .....                                                   | (1,113)                 | (587)   | (2)     |
| Non-controlling interests on special items and remeasurements .....                          | (404)                   | (214)   | (38)    |
| Share of associates' and joint ventures' special items and remeasurements .....              | 61                      | 75      | 46      |
| Underlying earnings .....                                                                    | 2,860                   | 2,673   | 2,217   |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

The Group's loss attributable to equity shareholders for 2014, 2013 and 2012 was US\$2,513 million, US\$961 million and US\$1,470 million, respectively. The 161% increase in loss from 2013 to 2014 was principally due to increased impairments from US\$2.5 billion in 2013 to US\$4.2 billion in 2014 as well as reduced earnings from the impact of weaker commodity prices. The 35% reduction in the loss from 2012 to 2013 was principally due to reduced impairments from US\$5.8 billion in 2012 to US\$2.5 billion in 2013 offset by larger contributions to minority interests due to the sale of 24.5% of Anglo American Sur in August 2012 and a larger tax expense due in the main to the tax impact of the aforementioned adjustments.

### Factors Affecting Results of Operations

The Group's results of operations and period-to-period comparability of its financial results are affected by a number of factors, including changes in commodity prices and exchange rates, production levels, cost pressures and acquisitions, divestments and accounting standards.

**Commodity prices.** The table below sets forth the average market prices for certain of our key commodities for the periods presented:

|                                                                    | Year-ended December 31, |       |       |
|--------------------------------------------------------------------|-------------------------|-------|-------|
|                                                                    | 2012                    | 2013  | 2014  |
| <b>Average prices for the period</b>                               |                         |       |       |
| Iron ore (62% Fe CFR) (US\$/tonne) <sup>(1)</sup> .....            | 130                     | 135   | 97    |
| Thermal coal (FOB South Africa) (US\$/tonne) <sup>(2)</sup> .....  | 93                      | 80    | 72    |
| Thermal coal (FOB Australia) (US\$/tonne) <sup>(2)</sup> .....     | 94                      | 84    | 71    |
| Hard coking coal (FOB Australia) (US\$/tonne) <sup>(3)</sup> ..... | 210                     | 159   | 125   |
| Copper (US cents/lb) <sup>(4)</sup> .....                          | 361                     | 332   | 311   |
| Nickel (US cents/lb) <sup>(4)</sup> .....                          | 794                     | 680   | 765   |
| Platinum (US\$/oz) <sup>(6)</sup> .....                            | 1,551                   | 1,487 | 1,385 |
| Palladium (US\$/oz) <sup>(5)</sup> .....                           | 644                     | 725   | 803   |
| Rhodium (US\$/oz) <sup>(6)</sup> .....                             | 1,275                   | 1,067 | 1,173 |

(1) Source: Platts.

(2) Source: McCloskey.

(3) Source: Represents the average quarterly benchmark.

(4) Source: Represents the quarter four benchmark.

(5) Source: London Metal Exchange (LME).

(6) Source: London Platinum and Palladium Market (LPPM).

For further discussion on contributing factors to changes in commodity prices, see "Overview—The Anglo American Group—Developments and Outlook—Commodity and Diamond Markets".

Set forth below is the impact on 2014 underlying earnings of a 10% fluctuation in the prices for certain of the Group's key commodities. These sensitivities reflect movement of an individual commodity price in isolation and

are offered for illustrative purposes. In reality the combination of movements in commodity prices, exchange rates and interest rates will result in a different outcome.

|                               | <b>Year-ended<br/>December 31, 2014</b>              |
|-------------------------------|------------------------------------------------------|
|                               | <b>10%<br/>sensitivity<br/>(US\$m)<sup>(3)</sup></b> |
| Iron ore <sup>(1)</sup> ..... | +/- 142                                              |
| Metallurgical coal .....      | +/- 155                                              |
| Thermal coal .....            | +/- 123                                              |
| Copper <sup>(2)</sup> .....   | +/- 263                                              |
| Nickel .....                  | +/- 34                                               |
| Platinum .....                | +/- 132                                              |
| Palladium .....               | +/- 46                                               |

(1) Sensitivity reflects the impact of a 10% change in the average price across lump and fine.

(2) Sensitivity excludes the impact of provisionally priced copper.

(3) Stated after tax at marginal rate. Sensitivities are the average of the positive and negative and reflect the impact of a 10% change in the average prices achieved during 2014. Increases in commodity prices increase underlying earnings and vice versa.

We estimate that decreases in the average price of many of the commodities produced by our subsidiaries and joint operations, particularly with respect to thermal coal, metallurgical coal, iron ore and copper negatively impacted underlying EBIT in 2014 by approximately US\$2,378 million compared to 2013.

We estimate that decreases in the average price of many of the commodities produced by our subsidiaries and joint operations, particularly with respect to iron ore and manganese, metallurgical coal, platinum, thermal coal and copper negatively impacted underlying EBIT in 2013 by approximately US\$1,657 million compared to 2012.

The table below sets forth the spot market prices for certain of our key commodities at period end:

|                                                                    | <b>At December 31,</b> |             |             |
|--------------------------------------------------------------------|------------------------|-------------|-------------|
| <b>Period end prices</b>                                           | <b>2012</b>            | <b>2013</b> | <b>2014</b> |
| Iron ore (62% Fe CFR) (US\$/tonne) <sup>(1)</sup> .....            | 145                    | 135         | 72          |
| Thermal coal (FOB South Africa) (US\$/tonne) <sup>(2)</sup> .....  | 89                     | 85          | 66          |
| Thermal coal (FOB Australia) (US\$/tonne) <sup>(2)</sup> .....     | 91                     | 85          | 65          |
| Hard coking coal (FOB Australia) (US\$/tonne) <sup>(3)</sup> ..... | 170                    | 152         | 119         |
| Copper (US cents/lb) <sup>(4)</sup> .....                          | 359                    | 335         | 288         |
| Nickel (US cents/lb) <sup>(4)</sup> .....                          | 771                    | 663         | 677         |
| Platinum (US\$/oz) <sup>(5)</sup> .....                            | 1,357                  | 1,358       | 1,210       |
| Palladium (US\$/oz) <sup>(5)</sup> .....                           | 699                    | 711         | 798         |
| Rhodium (US\$/oz) <sup>(6)</sup> .....                             | 1,080                  | 975         | 1,245       |

(1) Source: Platts.

(2) Source: McCloskey.

(3) Source: Represents the quarter four benchmark.

(4) Source: London Metal Exchange (LME).

(5) Source: London Platinum and Palladium Market (LPPM).

(6) Source: Comdaq.

The Group's policy is generally not to hedge exposure to commodity prices. This is discussed further under "— Financial Risk Exposure and Management".

**Exchange rates.** The Group's results are influenced by a variety of currencies (the most important of which are listed in the table below) owing to its geographical diversity, and because we sell our products principally in US dollars but incur most of our costs in local currencies.

The table below sets forth the average exchange rates for certain of our key currencies with respect to the US dollar for the periods presented. The average exchange rate has been determined using the end of day Bloomberg rates averaged for the year.

|                                           | Year-ended December 31, |       |       |
|-------------------------------------------|-------------------------|-------|-------|
|                                           | 2012                    | 2013  | 2014  |
| <b>Average spot prices for the period</b> | <i>(per US dollar)</i>  |       |       |
| South African rand .....                  | 8.21                    | 9.65  | 10.85 |
| Brazilian real .....                      | 1.95                    | 2.16  | 2.35  |
| British pound .....                       | 0.63                    | 0.64  | 0.61  |
| Australian dollar .....                   | 0.97                    | 1.03  | 1.11  |
| Euro .....                                | 0.78                    | 0.75  | 0.75  |
| Chilean peso .....                        | 486                     | 495   | 571   |
| Botswanan pula .....                      | 7.61                    | 8.39  | 8.97  |
| <b>Closing spot prices</b>                |                         |       |       |
| South African rand .....                  | 8.47                    | 10.51 | 11.57 |
| Brazilian real .....                      | 2.05                    | 2.36  | 2.66  |
| British pound .....                       | 0.62                    | 0.60  | 0.64  |
| Australian dollar .....                   | 0.96                    | 1.12  | 1.22  |
| Euro .....                                | 0.76                    | 0.73  | 0.82  |
| Chilean peso .....                        | 479                     | 526   | 607   |
| Botswanan pula .....                      | 7.79                    | 8.76  | 9.51  |

Set forth below is the impact for the year-ended December 31, 2014 underlying earnings of the Group of a 10% fluctuation in certain exchange rates. These sensitivities reflect movement of an individual exchange rate in isolation and are offered for illustrative purposes. In reality, the combination of movements in commodity prices, exchange rates and interest rates will result in a different outcome.

|                                                   | Year-ended<br>December 31,<br>2014           |
|---------------------------------------------------|----------------------------------------------|
|                                                   | 10%<br>sensitivity<br>(US\$m) <sup>(1)</sup> |
| South African rand/US dollar <sup>(2)</sup> ..... | +/- 411                                      |
| Australian dollar/US dollar <sup>(2)</sup> .....  | +/- 133                                      |
| Chilean peso/US dollar <sup>(2)</sup> .....       | +/- 54                                       |
| Brazilian real/US dollar <sup>(2)</sup> .....     | +/- 28                                       |
| Canadian dollar/US dollar <sup>(2)</sup> .....    | +/- 50                                       |

(1) Excludes the effect of any hedging activities. Stated after tax at marginal rate.

(2) A strengthening of the South African rand, Australian dollar, Chilean peso and Brazilian real relative to the US dollar reduces underlying earnings and vice versa.

We estimate that underlying EBIT in 2014 and 2013 was positively impacted principally by a weaker average exchange rate for the South African rand and Brazilian real. Underlying EBIT in 2012 was positively impacted principally by a weaker average exchange rate for the Australian dollar and South African rand relative to the US dollar.

**Input costs and effects of inflation.** The mining industry continues to experience price inflation for costs of inputs used in production, which leads to higher production costs reported by many mining companies, including the Group which has experienced generally higher production costs across its operations.

Commodity prices are determined principally by international markets and global supply and demand, and the Group is unable to control the prices at which it sells the commodities it produces. Accordingly, in the event of significant inflation in input costs, particularly labor and power costs, without a concurrent devaluation of the local currency or an increase in commodity prices, there could be a material adverse effect on the Company's results of operations and financial condition.

**Divestments.** In April 2012, Anglo American announced the final stage of the US\$1.4 billion Scaw Metals divestment with the sale of Scaw SA, a leading South Africa-based integrated steel maker, to an investment consortium led by the IDC and Anglo American's partners in Scaw SA (Izingwe Holdings (Pty) Limited, Shanduka Resources (Pty) Limited and the Southern Palace Group of Companies (Pty) Limited), for a total consideration of ZAR3.4 billion (US\$440 million) on a debt and cash free basis as announced. This transaction was completed in November 2012.

On February 18, 2011, Anglo American and Lafarge announced their agreement to combine their cement, aggregates, ready-mixed concrete, asphalt and asphalt surfacing, maintenance services, and waste services

businesses in the UK: Tarmac Limited, Lafarge Cement UK, Lafarge Aggregates and Concrete UK. The 50:50 joint venture created a leading UK construction materials company, with a portfolio of high quality assets drawing on the complementary geographical distribution of operations and assets, the skills of two experienced management teams and a portfolio of well-known and innovative brands. On January 7, 2013, following final clearance from the CC, Anglo American and Lafarge announced the completion of the transaction, creating an incorporated joint venture, known as Lafarge Tarmac. The Group recognized a loss of US\$55 million in respect of the formation of the Lafarge Tarmac joint venture which has been recognized as a non-operating special item in the Group 2013 Consolidated Financial Statements.

On January 4, 2013, Anglo American announced that it had reached an agreement to sell its 70% interest in Amapá to Zamin. On March 28, 2013 a major geological event occurred at the Santana port of Amapá, which resulted in the loss of five lives, with a further person still missing, as well as the loss of the port operation. In light of these circumstances, Anglo American entered into further discussions with its partner Cliffs and Zamin. Anglo American subsequently entered into an agreement with Cliffs to acquire its 30% interest in Amapá and entered into an amended sale agreement with Zamin, to reflect Anglo American's disposal of a 100% interest in Amapá to Zamin.

On November 1, 2013, Anglo American completed the sale of the 100% interest in Amapá to Zamin for a total initial consideration of approximately US\$134 million, net of certain completion adjustments.

As part of the transaction, Anglo American has assumed responsibility for, and the risks and rewards of, certain insurance claims including those relating to the Santana port incident through the purchase of the claims from Amapá at the full claim value.

In 2013, the Company recorded a loss of US\$175 million, which is shown under non-operating special items, in relation to the sale of Amapá. In addition, Amapá's underlying operating loss of US\$7 million for 2013 is for the account of Zamin and has been excluded from the Group's results. See "Business Description—Corporate and other - Amapá".

On July 31, 2013, Anglo American completed the sale of its 16.8% interest in Palabora in South Africa for ZAR938 million (approximately US\$95 million). The purchaser was a consortium comprising South African and Chinese entities led by the IDC and Hebei Iron & Steel Group.

On January 14, 2014, the CC (now the CMA) published its final report relating to the investigation into the aggregates, cement and RMX markets. In this report the CC concluded that there were aspects of the cement markets that had adverse effects on competition. Accordingly it has determined that, amongst other remedies, Lafarge Tarmac is required to divest of a cement plant (either the Cauldon or Tunstead cement plants, plus relevant depots) and (if required by a prospective purchaser) a number of RMX plants. The CMA has determined that the prospective purchaser cannot be one of the existing cement producers in Great Britain. Lafarge Tarmac disputes the conclusions of the CMA and, taking into account the best interests of its employees, contractors, customers and shareholders, has appealed the decision to the CAT. The appeal has been stayed by the CAT until July 2015 following an application by the CMA following the development in relation to the Lafarge Holcim merger.

On November 14, 2013, Anglo American announced that it had entered into an agreement to sell Tarmac Building Products to Lafarge Tarmac and the sale completed on March 31, 2014.

Following the announcement on July 7, 2014 of an agreement in principle, the Group reached a binding agreement on July 24, 2014 to sell its 50% ownership interest in Lafarge Tarmac to Lafarge SA ("Lafarge") for a minimum value of £885 million (approximately US\$1.38 billion at 2014 year-end spot rate) in cash, on a debt- and cash-free basis and subject to other customary working capital adjustments. The sale is subject to a number of conditions, including the completion of the proposed merger of Lafarge and Holcim Limited. For further information see "Business Description—Corporate and other—Tarmac Quarry Materials' UK businesses".

## RESULTS OF OPERATIONS FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

The table below summarizes the Group's income statement and certain other measures for the periods indicated and should be read in conjunction with, and is qualified in its entirety by reference to, the Group 2014 Consolidated Financial Statements and Group 2013 Consolidated Financial Statements and notes thereto, which are incorporated by reference into this document.

|                                                                                           | Year-ended<br>December 31,<br>2012 <sup>(1)</sup> | Year-ended<br>December 31,<br>2013 | Year-ended<br>December 31,<br>2014 |
|-------------------------------------------------------------------------------------------|---------------------------------------------------|------------------------------------|------------------------------------|
|                                                                                           | (US\$m)                                           |                                    |                                    |
| <b>Income statement</b>                                                                   |                                                   |                                    |                                    |
| Group revenue.....                                                                        | 28,680                                            | 29,342                             | 27,073                             |
| Total operating costs before special items and remeasurements .....                       | (23,187)                                          | (23,174)                           | (22,560)                           |
| EBIT from subsidiaries and joint operations before special items and remeasurements ..... | 5,493                                             | 6,168                              | 4,513                              |
| Operating special items.....                                                              | (6,977)                                           | (3,211)                            | (4,374)                            |
| Operating remeasurements.....                                                             | (116)                                             | (550)                              | (1)                                |
| EBIT from subsidiaries and joint operations.....                                          | (1,600)                                           | 2,407                              | 138                                |
| Non-operating special items.....                                                          | (594)                                             | (469)                              | (385)                              |
| Non-operating remeasurement .....                                                         | 1,990                                             | -                                  | -                                  |
| Share of net income from associates and joint ventures <sup>(2)</sup> .....               | 421                                               | 168                                | 208                                |
| Total profit/(loss) from operations and associates.....                                   | 217                                               | 2,106                              | (39)                               |
| Net finance costs before financing special items and remeasurements ...                   | (299)                                             | (276)                              | (256)                              |
| Financing special items and remeasurements.....                                           | (89)                                              | (130)                              | 36                                 |
| Profit before tax .....                                                                   | (171)                                             | 1,700                              | (259)                              |
| Income tax expense.....                                                                   | (393)                                             | (1,274)                            | (1,265)                            |
| Profit for the financial year .....                                                       | (564)                                             | 426                                | (1,524)                            |
| Underlying EBIT .....                                                                     | 6,253                                             | 6,620                              | 4,933                              |
| Underlying earnings .....                                                                 | 2,860                                             | 2,673                              | 2,217                              |
| <b>Earnings per share (US\$)</b>                                                          |                                                   |                                    |                                    |
| Basic.....                                                                                | (1.17)                                            | (0.75)                             | (1.96)                             |
| Diluted.....                                                                              | (1.17)                                            | (0.75)                             | (1.96)                             |
| <b>Dividends per share (US cents)<sup>(3)</sup></b>                                       |                                                   |                                    |                                    |
| Ordinary .....                                                                            | 85.0                                              | 85.0                               | 85.0                               |
| <b>Balance sheet</b>                                                                      |                                                   |                                    |                                    |
| Total assets .....                                                                        | 79,137                                            | 71,165                             | 66,010                             |
| Net assets.....                                                                           | 43,738                                            | 37,364                             | 32,177                             |
| Total share capital .....                                                                 | 5,129                                             | 5,130                              | 5,130                              |
| Net debt .....                                                                            | (8,510)                                           | (10,652)                           | (12,871)                           |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

(2) Associates' EBIT is reconciled to "Share of net income from associates and joint ventures" as follows:

|                                                                                                               |       |       |       |
|---------------------------------------------------------------------------------------------------------------|-------|-------|-------|
| <b>Associates' and joint ventures' underlying EBIT</b> .....                                                  | 760   | 452   | 420   |
| Net finance costs .....                                                                                       | (75)  | (36)  | (46)  |
| Income tax expense .....                                                                                      | (197) | (158) | (113) |
| Non-controlling interests .....                                                                               | (6)   | (15)  | (7)   |
| <b>Share of net income from associates and joint ventures (before special items and remeasurements)</b> ..... | 482   | 243   | 254   |
| Special items and remeasurements.....                                                                         | (57)  | (80)  | -     |
| Share of net income from associates and joint ventures (before special items and remeasurements) .....        | (3)   | 3     | (46)  |
| Special items and remeasurements.....                                                                         | (1)   | 2     | -     |
| <b>Share of net income from associates and joint ventures</b> .....                                           | 421   | 168   | 208   |

(3) Interim and year-end dividends proposed in respect of the applicable year-ended December 31.

### Group Revenue

Group revenue for 2014, 2013 and 2012 was US\$27,073 million, US\$29,342 million and US\$28,680 million, respectively. The 8% decrease in revenue from 2013 to 2014 was principally driven by weaker commodity prices across all the Group's commodities, particularly, iron ore, metallurgical coal and copper, partially offset by an increase in sales volumes principally at De Beers and Kumba Iron Ore.

The 2% increase in revenue from 2012 to 2013 was principally driven by the Group's increased shareholding of De Beers as well as increased sales volumes, particularly iron ore and manganese, metallurgical coal, platinum, thermal coal and copper, offset by lower prices across virtually all of the Group's commodities, particularly, metallurgical coal, thermal coal and platinum.

### ***Total Operating Costs***

Total operating costs before operating special items and remeasurements for 2014, 2013 and 2012 were US\$22,560 million, US\$23,174 million and US\$23,187 million, respectively. The 3% decrease in operating costs from 2013 to 2014 was principally due to a weaker South African rand, Australian dollar and Chilean peso, offset by an increase in inflation across our operations.

Total operating costs in 2013 were in line with 2012, reflecting improved volumes which have been offset by cost reductions and a weaker South African rand and Brazilian real.

### ***Operating Special Items and Remeasurements***

Operating special items in 2014, 2013 and 2012 were losses of US\$4,374 million, US\$3,211 million and US\$6,977 million, respectively, and operating remeasurements were losses of US\$1 million, US\$550 million and US\$116 million, respectively.

The operating special items loss in 2014 of US\$4,374 million principally consists of impairment related charges of US\$4,246 million (principally the impairment of Minas-Rio by US\$3,800 million (see “—Iron Ore and Manganese—Financial overview and operating performance”), the impairment by US\$363 million of certain coal projects, primarily related to Peace River Coal operation being placed under care and maintenance (see “—Coal—Financial overview and operating performance”), the impairment by US\$44 million of the Union mine declines at Platinum (see “—Platinum—Financial overview and operating performance”), and other impairments and related charges of US\$39 million) and a charge of US\$128 million relating to restructuring costs (principally relating to the Platinum portfolio review).

The operating special items loss in 2013 of US\$3,211 million principally consists of impairment related charges of US\$2,474 million (principally the impairment of Barro Alto by US\$1,012 million (see “—Nickel—Financial overview and operating performance”), the impairment by US\$379 million of certain Platinum projects and other assets, not in use, that are not considered economically viable in the current market environment, the impairment by US\$331 million of Foxleigh (see “—Coal—Financial overview and operating performance”), the impairment by US\$337 million of Michiquillay (see “—Copper—Financial overview and operating performance”), and other impairments and related charges of US\$172 million), onerous contract provisions of US\$434 million (principally reflecting a provision increase of US\$393 million for coal supply agreements inherited on the acquisition of Callide in 2000), a charge of US\$177 million relating to restructuring costs (principally relating to the Platinum portfolio review), and the reversal of fair value uplifts on inventory sold by De Beers in 2013, subsequent to its acquisition, of US\$126 million.

The operating special items loss in 2012 of US\$6,977 million principally consists of impairment related charges of US\$5,988 million (principally the impairment of Minas-Rio by US\$4,960 million (see “—Iron Ore and Manganese—Financial overview and operating performance”), and the impairment by US\$860 million of certain Platinum projects and other assets, not in use, that are not considered economically viable in the current market environment and other impairments and related charges of US\$230 million), the reversal of fair value uplifts on inventory sold by De Beers in 2012, subsequent to its acquisition, of US\$421 million, onerous contract provisions of US\$386 million (principally reflecting a provision increase of US\$292 million for coal supply agreements inherited on the acquisition of Callide in 2000) and a charge of US\$159 million arising at MLdN due to the expiry of its mining concession in November 2012.

### ***Non-operating special items***

Non-operating special items in 2014, 2013 and 2012 amounted to US\$385 million loss, US\$469 million loss and US\$594 million loss, respectively.

The 2014 non-operating special items include a US\$222 million charge which follows the decision of the New South Wales Planning Assessment Committee not to approve the application to proceed with the Drayton South project, a US\$46 million charge relating to the revaluation of deferred contingent proceeds for the disposal of Amapá, a US\$58 million charge relating to the refinancing of De Beers' Black Economic Empowerment partner, Ponahalo Investments (RF) Proprietary Limited, a US\$44 million charge for the Kumba Envision Trust (Kumba's broad-based employee share scheme provided solely for the benefit of non-managerial HDSA employees who do

not participate in other Kumba share schemes), offset by a US\$22 million gain relating to the refinancing of Atlatsa Resources Corporation.

The 2013 non-operating special items include a US\$311 million loss on the exit from the Pebble copper project in Alaska, a US\$175 million loss relating to the sale of Amapá, a US\$55 million loss recognized on the formation of the Lafarge Tarmac joint venture, a US\$54 million charge for the Kumba Envision Trust (Kumba's broad-based employee share scheme provided solely for the benefit of non-managerial HDSA employees who do not participate in other Kumba share schemes), offset by a US\$163 million gain principally relating to deferred proceeds following payment received in respect of undeveloped coal assets in Australia which the Group disposed of in 2010 and a gain on the disposal of the Group's 16.79% effective interest in Palabora Mining Company Limited.

The 2012 non-operating special items include a US\$404 million loss on the Amapá iron ore system net assets reclassified to held for sale and recognized at fair value less costs to sell, a US\$135 million loss on the Tarmac Quarry Materials net assets reclassified to held for sale and recognized at fair value less costs to sell, a US\$77 million charge for the Kumba Envision Trust which is Kumba's broad-based employee share scheme provided solely for the benefit of non-managerial Historically Disadvantaged South African employees who do not participate in other Kumba share schemes offset by a US\$27 million profit on disposal of its 5.28% shareholding in Mondi.

### ***Non-operating Remeasurement***

There were no non-operating remeasurements in 2014 (2013: nil, 2012: US\$1,990 million).

The 2012 non-operating remeasurement of US\$1,990 million reflects the net gain of US\$2,017 million, after transaction costs, resulting from the remeasurement to fair value of the Group's existing 45% shareholding held in De Beers at the date a controlling stake was acquired.

### ***Share of Net Income from Associates and Joint Ventures***

Our share of net income from associates and joint ventures in 2014, 2013 and 2012 was US\$208 million, US\$168 million and US\$421 million, respectively.

The 24% increase from 2013 to 2014 was principally due to the improved market conditions combined with the realization of synergies and efficiency initiatives in the Lafarge Tarmac joint venture (Corporate and other segment) offset by lower net income contributed by Cerrejón (Coal segment), driven by lower prices.

The 60% decrease from 2012 to 2013 was principally due to Anglo American's acquisition of an additional 40% of De Beers (De Beers segment) and it therefore being a consolidated subsidiary from August 16, 2012 onwards and lower net income contributed by Cerrejón (Coal segment), driven by lower prices offset by an increase at Samancor (Iron Ore and Manganese segment) following higher manganese ore and alloy prices.

### ***Net Finance Costs before Financing Special Items and Remeasurements***

Net finance costs before financing special items and remeasurements in 2014, 2013 and 2012 were US\$256 million, US\$276 million and US\$299 million, respectively.

The decrease from 2013 to 2014 was principally due to an increase of US\$49 million in the amount of interest capitalized, offset by a decrease in fair value gains.

The decrease from 2012 to 2013 was due to a decrease in investment income of US\$40 million, owing to lower average levels of cash offset by lower interest expense due to an increase of US\$55 million in the amount of interest capitalized.

### ***Financing Special Items and Remeasurements***

Financing special items and remeasurements in 2014, 2013 and 2012 were a US\$36 million gain, US\$130 million loss and a US\$89 million loss, respectively.

Financing remeasurements related to an embedded derivative, non-hedge derivatives of debt and other financing remeasurements.

### ***Income Tax Expense before Special Items and Remeasurements***

Income tax expense before special items and remeasurements in 2014, 2013 and 2012 was US\$1,267 million, US\$1,861 million and US\$1,506 million, respectively. Income tax expense is a function of profit before tax and the tax rates applicable in the various geographic locations in which the Group operates. The decrease from 2013 to 2014 was principally due to the impact of prior year adjustments, the remeasurement of withholding tax provisions across the Group and the recognition of previously unrecognized losses.

The increase from 2012 to 2013 was principally due to the impact of various prior year adjustments and the remeasurement of certain withholding tax provisions across the Group.

IAS 1 requires income from associates and joint ventures to be presented net of tax on the income statement. Associates' and joint ventures' tax is therefore not included within the Group's income tax expense on the income statement. Associates' and joint ventures' tax (before special items and remeasurements) included within "Share of net income from associates and joint ventures" in 2014, 2013 and 2012 was US\$113 million, US\$158 million and US\$197 million, respectively.

The table below summarizes the Group's tax expense before special items and remeasurements for the periods indicated.

|                                               | Year-ended December 31, 2012            |                                               |                      | Year-ended December 31, 2013            |                                                                   |                      | Year-ended December 31, 2014            |                                                                   |                      |
|-----------------------------------------------|-----------------------------------------|-----------------------------------------------|----------------------|-----------------------------------------|-------------------------------------------------------------------|----------------------|-----------------------------------------|-------------------------------------------------------------------|----------------------|
|                                               | Before special items and remeasurements | Associates' tax and non-controlling interests | Including associates | Before special items and remeasurements | Associates' and joint ventures' tax and non-controlling interests | Including associates | Before special items and remeasurements | Associates' and joint ventures' tax and non-controlling interests | Including associates |
|                                               |                                         |                                               |                      |                                         | (US\$m)                                                           |                      |                                         |                                                                   |                      |
| Profit before tax .....                       | 5,676                                   | 203                                           | 5,879                | 6,135                                   | 173                                                               | 6,308                | 4,511                                   | 120                                                               | 4,631                |
| Tax .....                                     | (1,506)                                 | (197)                                         | (1,703)              | (1,861)                                 | (158)                                                             | (2,019)              | (1,267)                                 | (113)                                                             | (1,380)              |
| Profit for the financial year .....           | 4,170                                   | 6                                             | 4,176                | 4,274                                   | 15                                                                | 4,289                | 3,244                                   | 7                                                                 | 3,251                |
| Effective tax rate including associates ..... |                                         |                                               | 29.0%                |                                         |                                                                   | 32.0%                |                                         |                                                                   | 29.8%                |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

The effective rate of tax, before special items and remeasurements (including share of associates' tax before special items and remeasurements), in 2014, 2013 and 2012 was 29.8%, 32.0% and 29.0%, respectively. The 2014 tax rate of 29.8% decreased from the equivalent effective tax rate of 32.0% for 2013 principally due to the impact of prior year adjustments, the remeasurement of withholding tax provisions across the Group and the recognition of previously unrecognized losses.

The 2013 tax rate of 32.0% increased from the equivalent effective tax rate of 29.0% for the year-ended December 31, 2012 principally due to the impact of various prior year adjustments and the remeasurement of certain withholding tax provisions across the Group.

#### ***Income Tax Expense — Special Items and Remeasurements***

For 2014, tax on special items and remeasurements amounted to a charge for one-off tax items of US\$105 million (2013: US\$188 million; 2012: nil), offset by a credit of US\$412 million (2013: US\$902 million credit; 2012: US\$377 million credit) and a tax remeasurements charge of US\$305 million (2013: US\$127 million charge; 2012: US\$189 million).

#### ***(Loss)/Profit for the Financial Year***

(Loss)/profit for the financial years 2014, 2013 and 2012 was US\$(1,524) million loss, US\$426 million profit and US\$(564) million loss, respectively. The year on year movements are explained by reference to the movements of the component parts which are discussed above.

## SEGMENT DISCUSSION — FULL-YEAR DECEMBER 31, 2014, 2013 AND 2012

In this section, revenue and underlying EBIT include the Group's share of revenue and EBIT from associates and joint ventures and excludes special items and remeasurements, unless otherwise stated. Capital expenditure relates to cash expenditure on property, plant and equipment in the year presented.

The table below sets forth the Group's underlying EBIT by business segment for the years presented:

|                                          | Year-ended<br>December 31,<br>2012 <sup>(1)</sup> | %     | Year-ended<br>December 31,<br>2013 | %     | Year-ended<br>December 31,<br>2014 | %     |
|------------------------------------------|---------------------------------------------------|-------|------------------------------------|-------|------------------------------------|-------|
| <i>(US\$m unless otherwise stated)</i>   |                                                   |       |                                    |       |                                    |       |
| Iron Ore and Manganese .....             | 3,011                                             | 48.1  | 3,119                              | 47.1  | 1,957                              | 39.7  |
| Coal <sup>(2)</sup> .....                | 1,198                                             | 19.2  | 587                                | 8.9   | 458                                | 9.3   |
| Copper .....                             | 1,736                                             | 27.8  | 1,739                              | 26.3  | 1,193                              | 24.2  |
| Nickel .....                             | 26                                                | 0.4   | (44)                               | (0.7) | 21                                 | 0.4   |
| Niobium <sup>(2)</sup> .....             | 81                                                | 1.3   | 82                                 | 1.2   | 67                                 | 1.4   |
| Phosphates <sup>(2)</sup> .....          | 88                                                | 1.4   | 68                                 | 1.0   | 57                                 | 1.2   |
| Platinum .....                           | (120)                                             | (1.9) | 464                                | 7.0   | 32                                 | 0.6   |
| De Beers <sup>(2)</sup> .....            | 474                                               | 7.6   | 1,003                              | 15.2  | 1,363                              | 27.6  |
| Corporate and other <sup>(2)</sup> ..... | (241)                                             | (3.9) | (398)                              | (6.0) | (215)                              | (4.4) |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

(2) To align with changes in the management structure of the Group's coal businesses and the way their results are internally reported, Coal South Africa and Coal Colombia (formerly the Thermal Coal segment) and Coal Australia and Canada (formerly the Metallurgical Coal segment) are now reported together as the Coal segment. Niobium and Phosphates are now reported as separate segments, having previously been aggregated and the Diamonds segment is now referred to as De Beers. The Other Mining and Industrial segment is no longer considered to be individually significant to the Group and is therefore now shown within 'Corporate and other' together with unallocated corporate costs and exploration costs. Exploration costs represent the cost of the Group's exploration activities across all segments, and were previously reported separately. Comparatives have been reclassified to align with current year presentation.

### IRON ORE AND MANGANESE

The following table summarizes the results of operations of the Iron Ore and Manganese business segment and average market price for iron ore for the years indicated:

|                                            | Year-ended December 31,         |        |       |
|--------------------------------------------|---------------------------------|--------|-------|
|                                            | 2012 <sup>(1)</sup>             | 2013   | 2014  |
|                                            | (US\$m unless otherwise stated) |        |       |
| Revenue .....                              | 6,403                           | 6,517  | 5,176 |
| Underlying EBIT .....                      | 3,011                           | 3,119  | 1,957 |
| Kumba.....                                 | 3,042                           | 3,047  | 1,911 |
| Iron Ore Brazil .....                      | (5)                             | (31)   | (34)  |
| Samancor.....                              | 103                             | 210    | 178   |
| Projects and Corporate .....               | (129)                           | (107)  | (98)  |
| Underlying EBITDA.....                     | 3,262                           | 3,390  | 2,286 |
| Net operating assets .....                 | 9,135                           | 11,032 | 9,128 |
| Capital expenditure <sup>(3)</sup> .....   | 2,139                           | 2,518  | 2,685 |
| Share of Group underlying EBIT .....       | 48%                             | 47%    | 40%   |
| Share of Group net operating assets .....  | 18%                             | 24%    | 21%   |
| Iron Ore production (million tonnes) ..... | 43.1                            | 42.4   | 48.2  |
| Iron Ore (US\$/t) <sup>(2)</sup> .....     | 130                             | 135    | 97    |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

(2) Average iron ore market price for the year. Source: Platts (62% Fe, CFR)

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

### Financial overview and operating performance

Iron Ore and Manganese business segment underlying EBIT in 2014, 2013 and 2012 was US\$1,957 million, US\$3,119 million and US\$3,011 million, respectively. The 37% decrease from 2013 to 2014 was principally due to

the significant decline in the iron ore benchmark price, which declined 28% to an average of US\$97/tonne, as well as lower manganese ore prices. This was partly offset by total operating costs decreasing by 4% at Kumba. The 4% increase from 2012 to 2013 was principally a result of stronger average export iron ore prices at Kumba and higher prices, reduced costs and improved volumes at Samancor. This was partly offset by a decrease in export iron ore volumes and increased costs at Kumba.

Revenues in 2014, 2013 and 2012 were US\$5,176 million, US\$6,517 million and US\$6,403 million, respectively. The 21% decrease in revenue from 2013 to 2014 was primarily due to a lower realized price at Kumba of US\$91/t (US\$125/t in 2013). This was partially offset by higher export sales volumes. The 2% increase in revenue from 2012 to 2013 was primarily due to a higher realized price at Kumba of US\$125/t (US\$122/t in 2012) in 2013 due to stronger spot prices and lump premium. This was partly offset by lower export sales volumes, driven by lower production at Sishen.

**Kumba:** Underlying EBIT in 2014, 2013 and 2012 was US\$1,911 million, US\$3,047 million and US\$3,042 million, respectively. 2014 underlying EBIT was 37% lower than in 2013 principally due to the significant decline in the iron ore benchmark price, partially offset by a 4% increase in export sales volumes. 2013 reflected 2% higher average export iron ore prices compared to 2012 and the impact of the weaker South African rand. This was partly offset by a 2% decrease in export sales volumes.

Kumba's iron ore production for 2014, 2013 and 2012 was 48.2 Mt, 42.4 Mt and 43.1Mt, respectively. The 14% increase from 2013 to 2014 was largely due to a strong performance at Sishen after the implementation of the Operating Model in August 2014. The 2% decrease from 2012 to 2013 was primarily due to production losses at Sishen mine, partially offset by the strong performance at Kolomela.

**Iron Ore Brazil:** Operating loss in 2014, 2013 and 2012 was US\$34 million, US\$31 million and US\$5 million, respectively, reflecting the pre-operational stage of the Minas-Rio Project.

Minas-Rio was acquired in two separate transactions in 2007 and 2008 and is expected to produce 26.5 Mtpa of high quality direct reduction and blast furnace pellet feed products in its first phase of development, with the potential to increase to 29.1 Mtpa following asset optimization. This is supported by estimated Ore Reserves of around 2.8 billion tonnes (at 34.4% Fe).

Project capital expenditure was revised in December 2014 and is now estimated at US\$8.4 billion, US\$0.4 billion lower than the previous estimate of US\$8.8 billion provided in January 2013. To date, US\$7.4 billion has been spent on the project and it is envisaged that a further US\$1.0 billion will need to be spent in order to deliver the project.

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

The Group also recorded an impairment charge of US\$4,960 million (before tax) against the carrying value of the asset in 2012. Of this charge, US\$1,105 million was recorded against goodwill and US\$3,855 million against mining properties, with an associated deferred tax credit of US\$960 million. The post-tax impairment charge was US\$4 billion.

Following a strategic review in 2012, Amapá became managed as part of the Corporate and other segment, previously being reported under the Iron Ore and Manganese segment. See "— Corporate and other".

**Samancor:** Underlying EBIT in 2014, 2013 and 2012 was US\$178 million, US\$210 million and US\$103 million, respectively. The 15% decrease from 2013 to 2014 was driven by lower ore prices, partially offset by higher sales and cost control. The 104% increase in underlying EBIT from 2012 to 2013 was driven by higher prices and focused cost control, supported by strong volumes.

## COAL

The following table summarizes the results of operations of the Coal business segments and average realized price for metallurgical and thermal coal for the years indicated:

|                                                                            | Year-ended December 31,                |       |       |
|----------------------------------------------------------------------------|----------------------------------------|-------|-------|
|                                                                            | 2012 <sup>(1)</sup>                    | 2013  | 2014  |
|                                                                            | <i>(US\$m unless otherwise stated)</i> |       |       |
| Revenue.....                                                               | 7,336                                  | 6,400 | 5,808 |
| Underlying EBIT.....                                                       | 1,198                                  | 587   | 458   |
| Australia and Canada.....                                                  | 405                                    | 106   | (1)   |
| South Africa.....                                                          | 482                                    | 356   | 350   |
| Colombia.....                                                              | 358                                    | 228   | 163   |
| Projects and Corporate.....                                                | (47)                                   | (103) | (54)  |
| Underlying EBITDA.....                                                     | 1,849                                  | 1,347 | 1,207 |
| Net operating assets.....                                                  | 6,645                                  | 5,178 | 4,640 |
| Capital expenditure <sup>(2)</sup> .....                                   | 1,286                                  | 1,263 | 1,045 |
| Share of underlying Group EBIT.....                                        | 19%                                    | 9%    | 9%    |
| Share of Group net operating assets.....                                   | 13%                                    | 11%   | 11%   |
| Export metallurgical coal production (million tonnes) <sup>(3)</sup> ..... | 17.7                                   | 18.7  | 20.9  |
| Australia thermal coal production (million tonnes) <sup>(3)</sup> .....    | 13.0                                   | 12.5  | 12.3  |
| RSA thermal coal production (million tonnes) <sup>(3)</sup> .....          | 23.4                                   | 23.0  | 24.8  |
| RSA Eskom production (million tonnes) <sup>(3)</sup> .....                 | 33.7                                   | 33.6  | 31.0  |
| Colombian export thermal production (million tonnes) <sup>(3)</sup> .....  | 11.5                                   | 11.0  | 11.2  |
| Export metallurgical price (US\$/t) <sup>(4)</sup> .....                   | 178                                    | 140   | 111   |
| Australian export thermal (US\$/t) <sup>(4)</sup> .....                    | 96                                     | 84    | 72    |
| Australian domestic thermal (US\$/t) <sup>(5)</sup> .....                  | 37                                     | 39    | 35    |
| South Africa export thermal coal price (US\$/t) <sup>(3)</sup> .....       | 92                                     | 77    | 70    |
| South Africa domestic thermal coal price (US\$/t) <sup>(5)</sup> .....     | 21                                     | 19    | 19    |
| Colombia export thermal coal price (US\$/t) <sup>(3)</sup> .....           | 89                                     | 73    | 67    |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

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

(3) See “Business Description—Mineral Production” for a full breakdown.

(4) Weighted average realized FOB sales price.

(5) Weighted average realized sales price.

## AUSTRALIA AND CANADA

### Financial Overview and Operating Performance

Coal – Australia and Canada’s underlying EBIT in 2014, 2013 and 2012 was US\$(1) million, US\$106 million and US\$405 million, respectively. The loss was attributable to a 21% decrease in the average quarterly hard coking coal (HCC) benchmark coal price, reducing underlying EBIT by US\$528 million. The impact was offset by productivity improvements that resulted in a 12% increase in metallurgical coal production despite market related production curtailments, significant cost reductions across the Australian operations and favorable Australian dollar exchange rate movements. Underlying EBIT included a higher onerous contract provision release at Callide, an US\$86 million loss at Peace River Coal in Canada, which was placed on care and maintenance in December 2014, and the impact of lower insurance receipts.

The 74% decrease from 2012 to 2013 was attributable to a 24% decrease in the average quarterly HCC benchmark coal price, partially offset by the implementation of significant cost reductions initiated in 2012, a 9% increase in metallurgical coal sales volumes, and favorable exchange rate movements in the Australian dollar.

Revenues in 2014, 2013 and 2012 were US\$2,953 million, US\$3,396 million and US\$3,889 million, respectively. The 13% decrease was as a result of weaker metallurgical coal export price partially offset by the increase in export sales. The 13% decrease from 2012 to 2013 was principally due to a 21% decrease in export metallurgical coal prices from US\$178/tonne in 2012 to US\$140/tonne in 2013. The decrease was partially offset by an increase in export metallurgical coal sales volumes of 8% from 17.4 Mt in 2012 to 19.0 Mt in 2013.

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

Australian export thermal coal production decreased by 17%, mainly as a result of lower production at the Drayton open-cut mine as the mine nears the end of its life. Underground operations increased production by 11% to

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

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

Total attributable production of export metallurgical coal increased by 6% from 17.7 Mt in 2012 to 18.7 Mt in 2013. Total attributable production of thermal coal decreased by 4% from 13.0 Mt in 2012 to 12.5 Mt in 2013. The increase in total attributable production for export metallurgical coal was principally due to a 30% increase in production from underground operations owing to a step change in performance. In 2013, export thermal coal production was 4% higher for the year as a result of productivity improvements.

In 2013, a continued focus on costs resulted in a reduction in both the Australian and Canadian operations export FOB cash unit costs by 8% and 15%, respectively.

#### **SOUTH AFRICA AND COLOMBIA**

##### ***Financial overview and operating performance***

Coal –South Africa and Colombia's underlying EBIT in 2014, 2013 and 2012 was US\$513 million, US\$584 million and US\$840 million, respectively.

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

Colombia's underlying EBIT for 2014 was US\$163 million, 29% down on the prior year, mainly owing to weaker prices reducing underlying EBIT by US\$73 million, offset in part by favorable exchange rate movements and cost reductions.

The 36% decrease from 2012 to 2013 was principally due to lower average export thermal coal prices. This was partly offset by the impact of the weaker South African rand exchange rate. Business performance was also affected by a 32-day strike at Cerrejón in the first quarter.

Revenues in 2014, 2013 and 2012 were US\$2,839 million, US\$3,004 million and US\$3,447 million, respectively. The decrease of 5% was driven by the weaker thermal coal export price. The 13% decrease from 2012 to 2013 was primarily due to lower average export prices. This was partly offset by the impact of the weaker South African rand exchange rate.

Total attributable production in 2014 decreased marginally to 55.8Mt (2013: 56.6Mt; 2012: 57.1Mt). Export production at 18.2 Mt was 7% higher, with all operations delivering an increase in production. Trade mine productivity, measured through the percentage of benchmark overall equipment effectiveness, increased by 6% for the underground operations and 5% for the opencast operations.

Domestic production at 37.6 Mt decreased by 5%, primarily owing to Eskom reducing offtake from New Vaal, and planned production decreases at Kriel prior to a move to new mining areas.

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

In 2013, attributable production at Cerrejón decreased from 11.5 Mt in 2012 to 11.0 Mt in 2013, primarily due to a 32-day strike in the first quarter of 2013.

#### **COPPER**

The following table summarizes the results of operations of the Copper business segment and average market price for copper for the years indicated:

|                                              | Year-ended<br>December 31,             |       |       |
|----------------------------------------------|----------------------------------------|-------|-------|
|                                              | 2012 <sup>(1)</sup>                    | 2013  | 2014  |
|                                              | <i>(US\$m unless otherwise stated)</i> |       |       |
| Revenue.....                                 | 5,122                                  | 5,392 | 4,827 |
| Underlying EBIT.....                         | 1,736                                  | 1,739 | 1,193 |
| Underlying EBITDA.....                       | 2,288                                  | 2,402 | 1,902 |
| Net operating assets.....                    | 8,358                                  | 8,301 | 7,950 |
| Capital expenditure <sup>(2)</sup> .....     | 1,196                                  | 959   | 728   |
| Share of Group underlying EBIT.....          | 28%                                    | 26%   | 24%   |
| Share of Group net operating assets.....     | 17%                                    | 18%   | 19%   |
| Production (kilotonnes) <sup>(3)</sup> ..... | 659.7                                  | 774.8 | 748.1 |
| Copper (US cents/lb) <sup>(4)</sup> .....    | 361                                    | 332   | 311   |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

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

(3) Total Copper segment production represents 100% of production for all operations except Collahuasi which represents 44%.

(4) Average LME price.

### **Financial overview and operating performance**

Copper business segment underlying EBIT in 2014, 2013 and 2012 was US\$1,193 million, US\$1,739 million and US\$1,736 million, respectively.

Underlying EBIT in 2014 was 31% lower than 2013, primarily due to an 8% decline in the average realized copper price and a 2% decrease in sales volumes. Operating costs were also up owing to inflation, higher treatment and refining charges, and an increase in mine development at Los Bronces. The decrease in underlying EBIT was partially offset by the benefits of a weaker Chilean peso.

Underlying EBIT in 2013 was in line with 2012. Higher sales volumes from Los Bronces and Collahuasi, leading to lower unit costs were offset by the decline in the average realized copper price. Underlying EBIT also benefited from lower power prices, exploration and study costs.

In December 2013, Anglo American concluded its exit from the Pebble copper project in Alaska. As a result, the investment in Pebble was written off in full, resulting in a charge of US\$311 million including exit costs.

Revenues in 2014, 2013 and 2012 were US\$4,827 million, US\$5,392 million and US\$5,122 million, respectively. The 10% decrease in revenue from 2013 to 2014 was due primarily to the 8% decline in the average realized copper price and a 2% decrease in sales volumes. The increase from 2012 to 2013 was primarily driven by higher sales volumes due to higher production from Los Bronces and Collahuasi. This increase was offset by a lower realized copper price. The average copper price on the LME decreased from 361c/lb in 2012 to 332 c/lb in 2013.

Sales of certain commodities are “provisionally priced” such that the price is not settled until a predetermined future date usually based on the average market price over a period defined in the contract. Revenue on these sales is initially recognized at the current market price and then marked to market until final settlement using the forward price for the period equivalent to that outlined in the contract (mark to market adjustments are recorded in revenue). A loss to revenue of US\$196 million (2013: loss of US\$92 million; 2012: gain of US\$47 million) reflecting the impact of provisional pricing was recognized in 2014.

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

Our share of Collahuasi’s production of 207,000 tonnes was 6% higher in 2014 than the prior year. This was a reflection of continued high-grades resulting from improved fleet and primary crusher performance allowing accelerated extraction from the Rosario pit, as well as throughput recovering from the 49-day shutdown of the SAG Mill 3 in 2013. Material mined also reached record levels at Collahuasi, increasing by 9% to 251 Mt (100% basis).

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

## NICKEL

The following table summarizes the results of operations of the Nickel business segment and the average market price for nickel for the years indicated:

|                                                 | Year-ended December 31,                |        |        |
|-------------------------------------------------|----------------------------------------|--------|--------|
|                                                 | 2012 <sup>(1)</sup>                    | 2013   | 2014   |
|                                                 | <i>(US\$m unless otherwise stated)</i> |        |        |
| Revenue.....                                    | 336                                    | 136    | 142    |
| Underlying EBIT.....                            | 26                                     | (44)   | 21     |
| Underlying EBITDA.....                          | 50                                     | (37)   | 28     |
| Net operating assets.....                       | 2,476                                  | 1,564  | 1,653  |
| Capital expenditure <sup>(2)</sup> .....        | 99                                     | (28)   | 14     |
| Share of Group underlying EBIT.....             | 0.4%                                   | (0.7)% | 0.4%   |
| Share of Group net operating assets.....        | 5%                                     | 3%     | 4%     |
| Attributable production (tonnes).....           | 39,300                                 | 34,400 | 37,200 |
| Nickel price (US cents/lb) <sup>(3)</sup> ..... | 794                                    | 680    | 765    |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

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

(3) Average LME price.

### Financial overview and operating performance

Nickel business segment underlying EBIT in 2014, 2013 and 2012 was US\$21 million, US\$(44) million and US\$26 million, respectively. The US\$65 million increase from 2013 to 2014 was primarily due to a US\$24 million favorable non-cash balance sheet gain, as a result of a weakening in the Venezuelan bolivar (relating to the remaining Minera Loma de Níquel creditors), higher pricing, favorable exchange rates and improved cash costs at Codemin. The decrease from 2012 to 2013 was primarily due to lower realized prices as well as the non-recurrence of an insurance receivable at MLdN that benefited the business in 2012.

Revenues in 2014, 2013 and 2012 were US\$142 million, US\$136 million and US\$336 million, respectively. Revenues remained broadly flat between 2013 and 2014. The 60% decrease in revenue from 2012 to 2013 was principally driven by lower realized prices partially offset by a self-insurance recovery at MLdN of US\$57 million. Barro Alto's results were capitalized throughout all periods.

Total nickel production in 2014, compared to 2013, increased by 8% to 37,200 tonnes (2013: 34,400 tonnes; 2012: 39,300 tonnes). Production at Barro Alto was 28,300 tonnes (2013: 25,100 tonnes; 2012: 21,600 tonnes) reflecting improved performance at Barro Alto's furnaces and a recovery from the operational issues experienced in 2013 which more than offset the impact of the Line 2 rebuild which started in October 2014. Barro Alto has not reached commercial production; therefore, underlying operating results generated by the operation are capitalized and do not affect revenue or underlying EBIT. Production at Codemin decreased 4% to 8,900 tonnes (2013: 9,300 tonnes; 2012: 9,600 tonnes) reflecting a planned decline in ore grades. There was no production at MLdN during 2014 as a result of the expiry of the exploration and exploitation concessions.

Total nickel production in 2013, compared to 2012, decreased by 12% to 34,400 tonnes (2012: 39,300 tonnes), primarily as a consequence of the cessation of mining and production activities at Loma de Níquel. Production at Barro Alto was 25,100 tonnes (2012: 21,600 tonnes). This increase reflected improved operational stability in the second half of the year, following the planned line 2 sidewall rebuild and subsequent metal run-out in the first half of 2013. Despite this improvement, equipment sensitivities remained. Barro Alto's furnace rebuild was a focus in the second half of the year, with evaluation of the optimal design and construction scenario, as well as early engineering activities now well progressed. Codemin produced 9,300 tonnes of nickel in 2013, slightly lower than 2012, as a result of a planned decline in grade.

As operations at MLdN ceased permanently in November 2012, there was no production at MLdN during 2013 while 8,100 tonnes were produced in 2012. Accelerated depreciation of US\$70 million was recorded at MLdN

during 2012 (nil in 2013 and 2014) in relation to the concession expiry. This was recorded as a special item and did not impact underlying EBIT.

## NIObIUM

The following table summarizes the results of operations of the Niobium business segment:

|                                          | Year-ended December 31,                |      |      |
|------------------------------------------|----------------------------------------|------|------|
|                                          | 2012 <sup>(1)</sup>                    | 2013 | 2014 |
|                                          | <i>(US\$m unless otherwise stated)</i> |      |      |
| Revenue.....                             | 173                                    | 182  | 180  |
| Underlying EBIT.....                     | 81                                     | 82   | 67   |
| Underlying EBITDA.....                   | 85                                     | 87   | 73   |
| Net operating assets.....                | 326                                    | 521  | 755  |
| Capital expenditure <sup>(2)</sup> ..... | 58                                     | 206  | 198  |
| Share of Group underlying EBIT.....      | 1%                                     | 1%   | 1%   |
| Share of Group net operating assets..... | 1%                                     | 1%   | 2%   |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

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

### **Financial overview and operating performance**

Underlying EBIT in 2014, 2013 and 2012 was US\$67 million, US\$82 million and US\$81 million, respectively. The 18% decrease from 2013 to 2014 was primarily driven by higher cash costs, driven by inflation and escalation in the costs of labor, mining and contracted services, partly offset by reduced expenditure on project studies. The 1% increase from 2012 to 2013 was primarily driven by higher sales volumes, lower cash costs and the positive impact of the weaker Brazilian real on operating costs, partly offset by lower realized sales prices, increased study costs and an allocation of corporate costs and evaluation costs to the Niobium business.

Production of 4,700 tonnes in 2014 was 4% higher than 2013, mainly due to the mining of higher grade ore and the start-up at the BVFR project. Production of 4,500 tonnes in 2013 was 2% higher than 2012, as throughput and recovery improvements offset the decline in ore quality.

## PHOSPHATES

The following table summarizes the results of operations of the Phosphates business segment:

|                                          | Year-ended December 31,                |      |      |
|------------------------------------------|----------------------------------------|------|------|
|                                          | 2012 <sup>(1)</sup>                    | 2013 | 2014 |
|                                          | <i>(US\$m unless otherwise stated)</i> |      |      |
| Revenue.....                             | 597                                    | 544  | 486  |
| Underlying EBIT.....                     | 88                                     | 68   | 57   |
| Underlying EBITDA.....                   | 111                                    | 89   | 79   |
| Net operating assets.....                | 363                                    | 332  | 351  |
| Capital expenditure <sup>(2)</sup> ..... | 36                                     | 30   | 41   |
| Share of Group underlying EBIT.....      | 1%                                     | 1%   | 1%   |
| Share of Group net operating assets..... | 1%                                     | 1%   | 1%   |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

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

### **Financial overview and operating performance**

Underlying EBIT in 2014, 2013 and 2012 was US\$57 million, US\$68 million and US\$88 million, respectively. The US\$11 million decrease from 2013 to 2014 was primarily driven by lower sales prices and inflation, partly

offset by favorable foreign exchange rates. The US\$20 million decrease from 2012 to 2013 was primarily driven by lower selling prices and higher study costs only partly offset by lower labor and sulphur costs and the positive impact of the weaker Brazilian real on operating costs.

Fertilizer production of 1.1 million tonnes in 2014 was 7% lower than 2013, mainly as a result of a reduction in throughput to optimize product quality, maintenance activities and a power outage. Fertilizer production increased by 6% to 1.2 million tonnes in 2013, owing to improved performance following optimized maintenance scheduling, increased plant availability and enhanced performance at the acidulation and granulation plants.

## PLATINUM

The following table summarizes the results of operations of the Platinum business segment and the average basket price of metal sold for the years indicated:

|                                                 | <b>Year-ended December 31,</b>         |             |             |
|-------------------------------------------------|----------------------------------------|-------------|-------------|
|                                                 | <b>2012<sup>(1)</sup></b>              | <b>2013</b> | <b>2014</b> |
|                                                 | <b>(US\$m unless otherwise stated)</b> |             |             |
| Revenue.....                                    | 5,489                                  | 5,688       | 5,396       |
| Underlying EBIT.....                            | (120)                                  | 464         | 32          |
| Underlying EBITDA.....                          | 580                                    | 1,048       | 527         |
| Net operating assets.....                       | 10,420                                 | 8,585       | 7,810       |
| Capital expenditure <sup>(2)</sup> .....        | 808                                    | 601         | 576         |
| Share of Group EBIT.....                        | (2)%                                   | 7%          | 1%          |
| Share of Group net operating assets.....        | 21%                                    | 18%         | 18%         |
| Platinum production (thousands of ounces).....  | 2,379                                  | 2,380       | 1,890       |
| Palladium production (thousands of ounces)..... | 1,396                                  | 1,381       | 1,225       |
| Rhodium production (thousands of ounces).....   | 311                                    | 295         | 229         |
| Average basket price (US\$/ounce).....          | 2,406                                  | 2,360       | 2,428       |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

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

## Financial overview and operating performance

Platinum business segment underlying EBIT/(loss) in 2014, 2013 and 2012 was US\$32 million, US\$464 million and US\$(120) million, respectively. The decrease from 2013 to 2014 was primarily driven by the five-month strike which affected all wholly owned underground mines, partially offset by a weaker average South African rand against the dollar. The increase from 2012 to 2013 was primarily driven by a weaker average South African rand against the dollar and an increase in sales volumes, which were partly offset by lower realized basket prices, and above-inflation cost increases. Platinum sales volumes for the period were lower due to the five-month strike, which were compensated in part by a drawdown of stockpiles.

In December 2013, Platinum reached a settlement with the South African Revenue Service ("SARS") in respect of certain previously unresolved historical tax matters. The total amount payable in terms of the settlement agreement is US\$324 million and has been fully provided for in the financial statements of the Group as at December 31, 2013. A first payment of US\$214 million has been made in 2014 and the outstanding balance will be paid in 2015.

Revenues in 2014, 2013 and 2012 were US\$5,396 million, US\$5,688 million and US\$5,489 million, respectively. The 5% decrease from 2013 to 2014 was principally due to lower sales volumes. The 4% increase from 2012 to 2013 was principally due to increased sales volumes.

The average dollar price realized for the basket of metals sold by Platinum in 2014, 2013 and 2012 was US\$2,413, US\$2,326 and US\$2,406 per platinum ounce, respectively. The 4% increase from 2013 to 2014 was a result of higher palladium, rhodium and nickel prices. The 3% decrease from 2012 to 2013 was a result of weakening PGM prices as a whole.

The average realized price for platinum in 2014, 2013 and 2012 was US\$1,386, US\$1,485 and US\$1,532 per ounce, respectively. The average realized price for palladium in 2014, 2013 and 2012 was US\$803, US\$722 and US\$640 per ounce, respectively. The price achieved for rhodium in 2014, 2013 and 2012 averaged US\$1,147,

US\$1,053 and US\$1,264 per ounce, respectively. The average realized price for nickel was US\$7.73, US\$6.58 and US\$7.76 per pound in 2014, 2013 and 2012, respectively.

Refined platinum production decreased by 21% in 2014 at 1.89 million ounces primarily due to the five-month strike which affected all wholly owned underground operations. Refined platinum production remained flat in 2013 compared to 2012 at 2.38 million ounces primarily due to increased feed from mining operations and improved performance at the Anglo American Platinum Converting Process (ACP) plant which has been operating at a steady state level since production issues caused by a high-pressure leak were resolved at the end of the second quarter of 2013.

Equivalent refined platinum production for 2014 totaled 1.84 million ounces, 21% down on 2013. Platinum's own mines, including Western Limb Tailings Retreatment, produced 1.1 million of equivalent refined platinum ounces, which was 33% lower year on year. Production at Tumela and Dishaba mines decreased by 41% from 2013 owing to the five-month strike that settled in June 2014. At Mogalakwena mine, output increased by 10% from 2013 to a record 370,000 ounces following higher throughput at the concentrators and improved head grade.

Equivalent refined platinum production for 2013 totaled 2.32 million ounces, 5% up on 2012. Platinum's own mines, including Western Limb Tailings Retreatment, produced 1.5 million of equivalent refined platinum ounces, which was 3% higher year on year. Production at Khomanani mine, Khuseleka 2 shaft and Union North decline was suspended in August 2013, in line with the restructured operations. Production at Tumela and Dishaba mines decreased by 2% from 2012 owing to shortages of production crews and supervisors as the redeployment of labor program following the placement of mines on care and maintenance was only completed in the final quarter of the year. At Mogalakwena mine, output increased by 12% from 2012 to 335,800 ounces following higher throughput at the concentrators and improved head grade.

The cash operating cost per erpo in South African rand terms increased by 34% to ZAR22,917 (2013: ZAR17,053; 2012: ZAR16,364), primarily owing to the decrease in own mine production partially offset by lower variable costs as a result of the "No work, no pay" policy during the five months of the strike. The cash operating cost per erpo in South African rand terms adjusted for the strike impact was ZAR18,494.

The cash operating cost per erpo in South African rand terms increased from ZAR16,364 in 2012 to ZAR17,053 in 2013. This 4% increase was primarily due to the impact of the strike and increases in the costs of labor, electricity, diesel and key inputs of processing operations partially offset by higher production.

## DE BEERS

The following table summarizes the results of operations of De Beers for the years indicated:

|                                                      | Year-ended December 31,                |        |        |
|------------------------------------------------------|----------------------------------------|--------|--------|
|                                                      | 2012 <sup>(1) (2)</sup>                | 2013   | 2014   |
|                                                      | <i>(US\$m unless otherwise stated)</i> |        |        |
| Revenue.....                                         | 4,028                                  | 6,404  | 7,114  |
| Underlying EBIT.....                                 | 474                                    | 1,003  | 1,363  |
| Underlying EBITDA.....                               | 712                                    | 1,451  | 1,818  |
| Net operating assets.....                            | 12,774                                 | 11,199 | 10,642 |
| Capital expenditure <sup>(3)</sup> .....             | 153                                    | 476    | 689    |
| Share of Group EBIT.....                             | 8%                                     | 15%    | 28%    |
| Share of Group net operating assets.....             | 25%                                    | 24%    | 25%    |
| Total production (thousand carats) – 100% basis..... | 27,875                                 | 31,159 | 32,605 |

(1) Amounts based on 45% shareholding up to August 16, 2012 the date of acquisition of a further 45% interest.

(2) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

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

## Financial overview and operating performance

The Group's share of underlying EBIT from De Beers in 2014, 2013 and 2012 was US\$1,363 million, US\$1,003 million and US\$474 million, respectively. De Beers' underlying EBIT in 2014 totaled US\$1,363 million, an increase of 36% compared with 2013. The increase was due primarily due to solid demand across key markets, particularly the US, which resulted in strong revenue growth. Operating costs benefited from favorable exchange rate movements, which offset underlying inflationary pressures.

De Beers' underlying EBIT in 2013 increased by 112% compared with 2012, driven by the Group's increased shareholding and an improvement in the underlying results of the business. The improvement reflected higher sales revenues and tight cost control, which benefited from favorable exchange rate movements.

The Group's share of De Beers' revenue was US\$7,114 million, US\$6,404 million and US\$4,028 million for 2014, 2013 and 2012, respectively. The 11% increase from 2013 to 2014 was principally driven by a 12% increase in consolidated sales volumes to 32.7 million carats. Average realized diamond prices were in line with 2013 at US\$198/carats, driven by 5% higher average rough price index in 2014, offset by a marginally lower product mix. Consumer demand for diamond jewelry showed positive growth in local currency terms in all the main markets in 2014. The economic recovery gained momentum in the US, the largest consumer diamond market, which resulted in good diamond jewelry sales growth throughout the year. Growth in diamond jewelry demand in China continued, albeit at more modest levels, reflecting slowing economic growth. Macro-economic conditions in India started improving in the final quarter of 2014, following the election of a new government earlier in the year. This boosted consumer confidence, lifting hopes that growth will return. The 59% increase from 2012 to 2013 was principally driven by our increased shareholding and average realized rough diamond prices which were 5% higher, driven by the product mix. Despite global macro-economic uncertainty, diamond jewelry sales increased in local currency terms in all major diamond markets, except India. In India, challenging economic conditions and a devaluation of the rupee resulted in a decline in demand. The US market posted positive growth, with a generally strong holiday season in the fourth quarter. China continued to show positive growth rates, but at levels consistent with slower economic growth.

On August 16, 2012, the Group completed the acquisition of an additional 40% interest in De Beers from the CHL Group for a total cash consideration of US\$5.2 billion. The purchase price was funded from cash on hand. See "Business Description—De Beers—Acquisition of Shareholding".

Total De Beers rough diamond production on a 100% basis was 32.6 million carats in 2014, 31.2 million carats in 2013 and 27.9 million carats in 2012. The 5% improvement from 2013 to 2014 was driven by strong performance from Debswana, partly offset by slightly lower production at Snap Lake and Kimberley, with all other regions performing broadly in line with 2013. In Botswana, Debswana benefited from greater efficiency at its processing plants following operational improvement initiatives, producing 24.2 million carats (Orapa 12.9 million and Jwaneng 11.3 million). Performance was enhanced by recovery from the carry-over effects through 2012 and 2013 of the Jwaneng slope failure clean-up as well as the Orapa No. 1 plant maintenance stoppage that occurred in 2013. In South Africa, a 2% decrease in output to 4.6 million carats (Venetia 3.2 million, Voorspoed 0.7 million and Kimberley 0.7 million), was principally due to lower grades at Kimberley. In Canada, production was slightly lower at 1.8 million carats (Snap Lake 1.2 million and Victor 0.6 million). A 0.1 million decline in production at Snap Lake was due to the impact of flooding, forest fire smoke protocols, and reviewing and implementing revised ground support standards.

The 12% improvement from 2012 to 2013 was driven by improvements across all regions, particularly in Botswana and Canada. In Botswana, higher production was driven by Jwaneng's recovery from the slope failure in June 2012, which followed completion of the remediation program in the third quarter. Production at Orapa was slightly higher than 2012, despite unplanned maintenance on plant No. 1, which returned to full operation in October. In South Africa, full operations were restored at Venetia after the mine was impacted by very heavy flooding in the Limpopo province at the start of the year. Shortfalls in ore mined were mitigated by the processing of ore stockpiles. Production improved steadily in the third quarter, with full recovery by the fourth quarter. In Canada, performance at Snap Lake improved significantly, with carats recovered up approximately 50% as a result of a focus on throughput and mining efficiency. At Victor, carat recovery exceeded expectations and was broadly in line with the prior year.

#### **CORPORATE AND OTHER**

The following table summarizes the results of operations of the Corporate and other business segment for the years indicated:

|                                                  | Year-ended December 31,                |         |       |
|--------------------------------------------------|----------------------------------------|---------|-------|
|                                                  | 2012 <sup>(1)</sup>                    | 2013    | 2014  |
|                                                  | <i>(US\$m unless otherwise stated)</i> |         |       |
| Revenue.....                                     | 3,301                                  | 1,800   | 1,859 |
| Underlying EBIT.....                             | (241)                                  | (398)   | (215) |
| Other Mining and Industrial.....                 | 168                                    | (13)    | 62    |
| Exploration.....                                 | (206)                                  | (207)   | (181) |
| Corporate activities and unallocated costs ..... | (203)                                  | (178)   | (96)  |
| Underlying EBITDA .....                          | (77)                                   | (257)   | (88)  |
| Net operating assets.....                        | (218)                                  | (70)    | 15    |
| Capital expenditure <sup>(2)</sup> .....         | 172                                    | 50      | 42    |
| Share of Group underlying EBIT .....             | (4)%                                   | (6)%    | (4)%  |
| Share of Group net operating assets .....        | (0.43)%                                | (0.15)% | 0.03% |

- (1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.
- (2) Capital expenditure is defined as cash expenditure on property, plant and equipment, including related derivatives, and is now presented net of proceeds from disposal of property, plant and equipment and includes direct funding for capital expenditure from non-controlling interests in order to match more closely the way in which it is managed. Comparatives have been re-presented to align with current year presentation.

### **Financial overview and operating performance**

Other Mining and Industrial underlying EBIT in 2014, 2013 and 2012 was US\$62 million, US\$(13) million and US\$168 million, respectively. The US\$75 million increase from 2013 to 2014 was mainly attributable to an improved performance from the Lafarge Tarmac joint venture. The US\$181 million decrease from 2012 to 2013 was driven by results of Amapá, Scaw Metals and Tarmac.

**Tarmac.** Underlying EBIT in 2014, 2013 and 2012 was US\$62 million, US\$(6) million and US\$73 million, respectively. The significant increase from 2013 to 2014 was due to improved market conditions, combined with synergy delivery and efficiency initiatives that have led to improved margins and cash generation. The significant decrease from 2012 to 2013 was primarily driven by inclusion in 2012 of the 100% contribution from Tarmac Quarry Materials, which formed part of the Lafarge Tarmac joint venture with effect from January 7, 2013. However, the underlying EBIT in 2013 cannot be validly compared to 2012 due to the separations and combinations of the merger. In addition, weaker markets were experienced in the year.

On January 7, 2013, the Group announced the completion of the 50:50 joint venture with Lafarge, which combined their cement, aggregates, ready-mix concrete, asphalt and asphalt surfacing, maintenance services, and waste services businesses in the UK. The joint venture will be known as Lafarge Tarmac.

On January 14, 2014, the CC (now the CMA) published its final report relating to the investigation into the aggregates, cement and RMX markets. In this report the CC concluded that there were aspects of the cement markets that had adverse effects on competition. Accordingly, it has determined that, amongst other remedies, Lafarge Tarmac is required to divest of a cement plant (either the Cauldon or Tunstead cement plants, plus relevant depots) and (if required by a prospective purchaser) a number of RMX plants. The CMA has determined that the prospective purchaser cannot be one of the existing cement producers in Great Britain. Lafarge Tarmac disputes the conclusions of the CMA and, taking into account the best interests of its employees, contractors, customers and shareholders, has appealed the decision to the CAT. The appeal has been stayed by the CAT until July 2015 following an application by the CMA following the development in relation to the Lafarge Holcim merger.

On November 14, 2013, Anglo American announced that it had entered into an agreement to sell Tarmac Building Products to Lafarge Tarmac and the sale completed on March 31, 2014.

Following the announcement on July 7, 2014 of an agreement in principle, the Group reached a binding agreement on July 24, 2014 to sell its 50% ownership interest in Lafarge Tarmac to Lafarge SA (“Lafarge”) for a minimum value of £885 million (approximately US\$1.38 billion at 2014 year-end spot rate) in cash, on a debt- and cash-free basis and subject to other customary working capital adjustments. The sale is subject to a number of conditions, including the completion of the proposed merger of Lafarge and Holcim Limited. For further information see “Business Description—Corporate and other—Tarmac Quarry Materials’ UK businesses”.

**Amapá.** Amapá recorded a nil underlying EBIT in 2013 for the 10 months to the completion of the divestment of the operation on November 1, 2013. All profits and losses generated by Amapá from the signing of the sale agreement at the end of 2012 to completion were for the account of Zamin and therefore the underlying operating loss of US\$7 million incurred in the period has been excluded from the Group results.

Underlying EBIT in 2012 was US\$54 million. Following a strategic review in July 2012, Amapá became managed as part of the Other Mining and Industrial business unit and is now presented as part of the Corporate and other segment.

Total production of iron ore volumes for 2013 and 2012 was 4,139 kt and 6,072 kt, respectively. The decrease in production was due to lower sales and stockpile constraints following the event on March 28, 2013 as well as only 10 months production recorded due to the completion of the divestment of the operation on November 1, 2013.

On January 4, 2013, Anglo American announced that it had reached an agreement to sell its 70% interest in Amapá to Zamin. On March 28, 2013, a major geological event occurred at the Santana port of Amapá, which resulted in the loss of five lives, with a further person still missing, as well as the loss of the port operation. In light of these circumstances, Anglo American entered into further discussions with its partner Cliffs and Zamin. Anglo American subsequently entered into an agreement with Cliffs to acquire its 30% interest in Amapá and entered into an amended sale agreement with Zamin, to reflect Anglo American's disposal of a 100% interest in Amapá to Zamin.

On November 1, 2013, Anglo American completed the acquisition from Cliffs and simultaneously completed the sale of the 100% interest in Amapá to Zamin for a total initial consideration of approximately US\$134 million, net of certain completion adjustments.

As part of the transaction, Anglo American has assumed responsibility for, and the risks and rewards of, certain insurance claims including those relating to the Santana port incident, through the purchase of the claims from Amapá at the full claim value.

**Scaw Metals.** Underlying EBIT in 2014, 2013 and 2012 was nil, nil and US\$49 million, respectively. The Group finalized the disposal of interests in Scaw Metals with the completion of the sale of Scaw SA and related companies in November 2012. Production of steel volumes for the 11 months of production to disposal in November 2012 was 612 kt.

## LIQUIDITY AND CAPITAL RESOURCES

Anglo American focuses on ensuring that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet near-term cash requirements, after taking into account cash flows from operations and our holding of cash and cash equivalents, as well as any existing restrictions on distributions. We believe that these facilities (including refinancing, where necessary) and cash generation will be sufficient to cover our anticipated near-term cash requirements.

For more information on our borrowing arrangements and liquidity sources, see “—Cash Flow—Funding Sources” below, and Notes 23 and 24 to the Group 2014 Consolidated Financial Statements, incorporated by reference herein.

We operate in some countries (principally South Africa) in which the existence of exchange controls may restrict the use of certain cash balances. The restrictions are not expected to have a material effect on our ability to meet our ongoing obligations. In light of the multinational nature of our business, cash is held in a number of countries and currencies. The majority of our cash is held in US dollars, South African rands, Brazilian reals and Australian dollars.

## CASH FLOW

The table below summarizes our consolidated cash flow statement for the periods indicated:

|                                                            | Year-ended December 31, |         |         |
|------------------------------------------------------------|-------------------------|---------|---------|
|                                                            | 2012 <sup>(1)</sup>     | 2013    | 2014    |
|                                                            | (US\$m)                 |         |         |
| Cash flows from operations.....                            | 7,370                   | 7,729   | 6,949   |
| Dividends from associates and joint ventures.....          | 294                     | 246     | 435     |
| Dividends from financial asset investments .....           | 54                      | 18      | 25      |
| Income tax paid .....                                      | (1,799)                 | (1,201) | (1,298) |
| Net cash inflows from operating activities .....           | 5,919                   | 6,792   | 6,111   |
| Net cash used in investing activities .....                | (10,174)                | (5,625) | (6,125) |
| Net cash (used in)/inflows from financing activities ..... | 1,951                   | (2,402) | (827)   |
| Net increase/(decrease) in cash and cash equivalents ..... | (2,304)                 | (1,235) | (841)   |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

Net cash inflows from operating activities in 2014, 2013 and 2012 were US\$6,111 million, US\$6,792 million and US\$5,919 million, respectively. The 10% decrease from 2013 to 2014 principally resulted from lower cash inflows from operations, reflecting a significant reduction in prices and the effect of the Platinum strike during the first half of 2014, partially offset by weakening foreign exchange rates in the countries in which the Group operates and increased sales volumes.

The 15% increase from 2012 to 2013 principally resulted from higher cash inflows from operations, reflecting increased volumes, reduced operational costs and reduced tax payment partially offset by lower prices across the Group’s core commodities except for iron ore.

Net cash used in investing activities in 2014, 2013 and 2012 was US\$6,125 million, US\$5,625 million and US\$10,174 million, respectively. The 9% increase from 2013 to 2014 was principally due lower cash inflows from loans granted and loans from associates as well as proceeds from the disposal of available for sale investments.

The 45% decrease from 2012 to 2013 was principally due to the net cash outflow on acquisition of an additional 40% shareholding in De Beers in 2012, partially offset by increased capital expenditure in 2013.

Net cash inflows from/(used in) financing activities in 2014, 2013 and 2012 was US\$(827) million, US\$(2,402) million and US\$1,951 million, respectively. The increase in cash flows between 2013 and 2014 of US\$1,575 million is principally due to lower repayment of borrowings in 2014 and the payment of tax on the sale of non-controlling interests in Anglo American Sur in 2013 of US\$395 million.

The decrease in cash flows between 2012 and 2013 of US\$4,353 million is principally due to a cash inflow of US\$1,220 million from the sale in 2012 of a 25.4% interest in AA Sur to the Codelco/Mitsui joint venture company controlled by Codelco, as well as a cash outflow in 2013 from the reduction in net debt drawn down on external borrowings by US\$3,914 million as the Group repaid a US\$2 billion multi-currency credit facility at De Beers.

### **Capital Expenditure**

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

The following table summarizes capital expenditure, on a cash flow basis, by business segment for the periods indicated:

|                                                            | <b>Year-ended December 31,</b> |                     |              |
|------------------------------------------------------------|--------------------------------|---------------------|--------------|
|                                                            | <b>2012<sup>(1)</sup></b>      | <b>2013</b>         | <b>2014</b>  |
|                                                            | <b>(US\$m)</b>                 |                     |              |
| Iron Ore and Manganese .....                               | 2,139                          | 2,518               | 2,685        |
| Coal .....                                                 | 1,286                          | 1,263               | 1,045        |
| Copper .....                                               | 1,196                          | 959                 | 728          |
| Nickel .....                                               | 99                             | (28) <sup>(2)</sup> | 14           |
| Niobium .....                                              | 58                             | 206                 | 198          |
| Phosphates .....                                           | 36                             | 30                  | 41           |
| Platinum .....                                             | 808                            | 601                 | 576          |
| De Beers .....                                             | 153                            | 476                 | 689          |
| Corporate and other .....                                  | 172                            | 50                  | 42           |
| Capital expenditure on property, plant and equipment ..... | <u>5,947</u>                   | <u>6,075</u>        | <u>6,018</u> |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

(2) Cash capital expenditure for Nickel of US\$76 million is offset by the capitalization of US\$104 million of net operating cash inflows generated by Barro Alto which has not yet reached commercial production.

Capital expenditure for 2014, 2013 and 2012 was US\$6,018 million, US\$6,075 million and US\$5,947 million, respectively. Capital expenditure is primarily driven by the Minas-Rio iron ore project in Brazil, the Grosvenor metallurgical coal project in Australia and “stay-in-business” capital expenditure across all business units.

Anglo American has announced guidance for capital expenditure for 2015 of US\$5.2 billion and expects to reduce capital expenditure in 2016 and 2017.

For a description of the Group's project pipeline, see "Business Description—Major Growth and Replacement Projects".

### **Net Debt**

Net debt, including the impact of related hedges, as of December 31, 2014, 2013 and 2012 was US\$12,871 million, US\$10,652 million and US\$8,510 million, respectively. Net debt was made up of the following:

|                                                               | As of December 31,  |                     |          |
|---------------------------------------------------------------|---------------------|---------------------|----------|
|                                                               | 2012 <sup>(1)</sup> | 2013 <sup>(1)</sup> | 2014     |
|                                                               | (US\$m)             |                     |          |
| Cash and cash equivalents.....                                | 9,298               | 7,702               | 6,747    |
| Short-term borrowings .....                                   | (2,490)             | (2,106)             | (1,617)  |
| Medium and long-term borrowings .....                         | (15,150)            | (15,740)            | (16,917) |
| Net debt, excluding the impact of hedges <sup>(3)</sup> ..... | (8,342)             | (10,144)            | (11,787) |
| Hedges.....                                                   | (168)               | (508)               | (1,084)  |
| Net debt, including the impact of related hedges.....         | (8,510)             | (10,652)            | (12,871) |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

Net debt movements are principally a function of cash flows from operating, investing and financing activities. In addition, non-cash items including fair value adjustments and exchange rate movements and hedges of debt also influence our net debt level.

Net debt as of December 31, 2014 increased US\$2,219 million, from US\$10,652 million as of December 31, 2013 to US\$12,871 million (principally due to cash movements in the year).

In addition to the aforementioned factors which impact net debt, in 2014 we issued corporate bonds with a US\$ equivalent value of US\$3.2 billion. These included €750 million 1.75% guaranteed notes due 2018 and €750 million 3.25% guaranteed notes due 2023 issued under the Euro Medium Term Note ("EMTN") program, US\$500 million LIBOR plus 0.95% senior floating rate notes due 2016 and US\$500 million 4.125% senior notes due 2021 through accessing the US bond markets and R650 million 9.49% senior notes due 2021 and R400 million JIBAR plus 1.47% floating rate notes due 2021 issued under the Domestic Medium Term Note ("DMTN") program. In April 2014, we repaid a US\$1,250 million bond and we amended our US\$5 billion revolving credit facility, extending the maturity to 2019. In March 2015, we further extended the maturity date of US\$4,808 million of the facility to 2020 with the consent of the lenders. In April 2015, the Group issued a €600 million 1.50% guaranteed note due 2020 under the Euro Medium Term Note ("EMTN") program.

In 2013, we issued corporate bonds with a US\$ equivalent value of US\$3.6 billion in the European, Australian and Japanese markets. These included €750 million 2.5% guaranteed notes due 2021, €900 million 1.75% guaranteed notes due 2017, €600 million 2.875% guaranteed notes due 2020, and JPY10,000 million 1.028% guaranteed notes due 2018 issued under the EMTN program, and AUD 500 million 5.75% guaranteed notes due 2018 issued under the AMTN program. In March 2013, we replaced a US\$3.5 billion credit facility maturing in July 2015 with a US\$5 billion credit facility maturing in March 2018. At the same time the US\$2 billion multi-currency credit facility within the De Beers segment was repaid and cancelled.

Non-wholly owned subsidiaries, where possible, will maintain their own financing and funding requirements. In most cases, the financing is non-recourse to Anglo American. In addition, certain projects are financed by means of limited-recourse project finance, if appropriate.

## Funding Sources

The maturity profile of our debt obligations as of December 31, 2014 is set forth below:

|                                        | Within<br>1 year or on<br>demand | Between<br>1 year and<br>2 years | Between<br>2 years and<br>5 years<br>(US\$m) | After<br>5 years | Total  |
|----------------------------------------|----------------------------------|----------------------------------|----------------------------------------------|------------------|--------|
| <b>Secured</b>                         |                                  |                                  |                                              |                  |        |
| Bank loans and overdrafts .....        | 9                                | 9                                | 12                                           | -                | 30     |
| Obligations under finance leases ..... | 25                               | 5                                | 9                                            | 38               | 77     |
| Total secured loans .....              | 34                               | 14                               | 21                                           | 38               | 107    |
| <b>Unsecured</b>                       |                                  |                                  |                                              |                  |        |
| Bank loans and overdrafts .....        | 211                              | 412                              | 1,114                                        | 672              | 2,409  |
| Bonds issued under EMTN program .....  | 1,228                            | 960                              | 4,708                                        | 3,716            | 10,612 |
| US Bonds .....                         | -                                | 499                              | 2,146                                        | 1,604            | 4,249  |
| Bonds issued under AMTN program .....  | -                                | -                                | 423                                          | -                | 423    |
| Bonds issued under DMTN program .....  | 86                               | 17                               | 173                                          | 91               | 367    |
| Other loans .....                      | 59                               | 13                               | 66                                           | 230              | 368    |
| Total unsecured loans .....            | 1,584                            | 1,901                            | 8,630                                        | 6,313            | 18,428 |
| Total borrowings .....                 | 1,618                            | 1,915                            | 8,651                                        | 6,351            | 18,535 |

We had available undrawn committed borrowing facilities of US\$8,367 million as of December 31, 2014, US\$9,251 million as of December 31, 2013 and US\$9,257 million as of December 31, 2012.

Our available undrawn committed borrowing facilities of US\$8,367 million as of December 31, 2014 included undrawn facilities equivalent to US\$900 million in respect of a series of facilities with 364 day maturities which roll automatically on a daily basis, unless notice is served.

## FINANCIAL RISK EXPOSURE AND MANAGEMENT

The Group is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors of Anglo American plc (the “Board”) approves and monitors the risk management processes, including documented treasury policies, counterparty limits, controlling and reporting structures. The risk management processes of Anglo American’s independently listed subsidiaries (including Anglo American Platinum and Kumba) are in line with Anglo American’s own policies.

**Credit risk.** The Group’s principal financial assets are cash, trade and other receivables, investments and derivative financial instruments. The Group limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of approved financial institutions. Counterparty limits are set for each financial institution with reference to credit ratings assigned by S&P, Moody’s and Fitch Ratings.

Given the diverse nature of the Group’s operations (both in relation to commodity markets and geographically) and the use of payment security instruments (including letters of credit from financial institutions), it does not have significant concentration of credit risk in respect of trade receivables, with exposure spread over a large number of customers. An allowance for impairment for trade receivables is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of the cash flows.

**Liquidity risk.** The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short-term cash requirements, after taking into account cash flows from operations and its holding of cash and cash equivalents, as well as any group distribution restrictions that exist. Non-wholly owned subsidiaries, where possible, will maintain their own financing and funding requirements. In addition, certain projects are financed by means of limited recourse project finance, if appropriate.

**Foreign exchange risk.** As a global business, the Group is exposed to many currencies principally as a result of non-US dollar operating costs incurred by US dollar functional currency companies and, to a lesser extent, from non-US dollar revenues.

The Group’s policy is generally not to hedge such exposures as hedging is not deemed appropriate given the diversified nature of the Group, though exceptions can be approved by the Group Management Committee. In addition, currency exposures exist in respect of non-US dollar approved capital expenditure projects and non-US dollar borrowings in US dollar functional currency entities. The Group’s policy is that such exposures should be hedged subject to a review of the specific circumstances of the exposure.

**Interest rate risk.** Interest rate risk arises due to fluctuations in interest rates which impact the value of short term investments and financing activities. The Group's exposure to interest rate risk is particularly with reference to changes in US and South African interest rates.

The Group's policy is to borrow funds at floating rates of interest given the link with economic output and therefore the correlation, over the longer term, with commodity prices. The Group uses interest rate swap contracts to manage its exposure to interest rate movements on its debt. Also, we may undertake strategic hedging using fixed rate debt from time to time if considered appropriate. 81%, 82% and 76% of the Group's debt in 2014, 2013 and 2012, respectively, was in the form of fixed rate borrowings, the majority of which was converted to floating rate debt through the use of interest rate swaps.

In respect of financial assets, Anglo American's policy is to invest cash at floating rates of interest and to maintain cash reserves in short-term investments (less than one year) in order to maintain liquidity, while achieving a satisfactory return for shareholders.

Floating rate financial assets consist principally of cash and bank term deposits. Interest on floating rate financial assets is based on the relevant national inter-bank rates. Fixed rate financial assets consist principally of financial asset investments and cash. Equity investments are fully liquid and have no maturity period.

**Commodity price risk.** The Group's operations are principally exposed to movements in the prices of the commodities we produce. Commodity price risk can be reduced through the negotiation of long-term contracts or through the use of financial derivatives. The Group's policy is generally not to hedge commodity price risk, although some hedging may be undertaken for strategic reasons. In such cases, the Group generally uses forward and deferred contracts to hedge the price risk. At December 31, 2014, commodity hedges held by the Group were minimal.

**Derivatives and hedging.** The Group utilizes derivative instruments to manage certain market risk exposures as explained above. The Group does not use derivative financial instruments for speculative purposes; however it may choose not to designate certain derivatives as hedges for accounting purposes. Such derivatives are classified as non-hedges and fair value movements are recorded in the income statement. The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management. Derivatives are classified as current or non-current depending on the maturity of the derivative.

#### OFF-BALANCE SHEET ARRANGEMENTS

The Group enters into certain arrangements in the ordinary course of business that would be considered "off balance sheet". Such arrangements principally arise from the requirement, in several jurisdictions, to provide guarantees in respect of environmental restoration and decommissioning obligations. The Group has provided for the estimated cost of these activities, see note 20 to the Group 2014 Consolidated Financial Statements.

#### CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

As of December 31, 2014, the Group had contractual cash obligations arising in the ordinary course of business as follows:

|                                           | Total    | Less than<br>1 year | Between<br>1 year and<br>2 years | Between<br>2 years and<br>5 years | More than<br>5 years |
|-------------------------------------------|----------|---------------------|----------------------------------|-----------------------------------|----------------------|
|                                           |          |                     | (US\$m)                          |                                   |                      |
| Debt obligations <sup>(1)</sup> .....     | (22,101) | (2,529)             | (2,637)                          | (10,084)                          | (6,851)              |
| Operating lease obligations .....         | (354)    | (94)                | (65)                             | (115)                             | (80)                 |
| Purchase obligations <sup>(2)</sup> ..... | (1,936)  | (1,560)             | (237)                            | (125)                             | (14)                 |
| Other liabilities <sup>(3)</sup> .....    | (3,387)  | (3,387)             | -                                | -                                 | -                    |
| Total Contractual Obligations .....       | (27,778) | (7,570)             | (2,939)                          | (10,324)                          | (6,945)              |

(1) Debt obligations include finance lease obligations, the effect of related currency derivatives and interest rate swaps and the anticipated future interest payments on borrowings.

(2) Purchase obligations reflect the Group's capital commitments and commitments under service contracts at December 31, 2012.

(3) Other liabilities include trade payables and other financial liabilities of the Group.

Information relating to the Group's post-retirement benefit obligations is provided in Note 27 of the Group 2014 Consolidated Financial Statements, incorporated by reference herein.

On the basis of the levels of obligations described above, the Group's access to debt and equity capital markets, access to committed and uncommitted bank debt, the level of cash deposits and the level of currently anticipated free cash flow, we believe that the Group has sufficient short and long-term sources of funding available to meet our liquidity requirements.

## **APPLICATION OF CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

In the course of preparing our financial statements, management necessarily makes judgments 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.

### ***Ore Reserve estimates***

When determining Ore Reserves, which may be used to calculate depreciation on the Group's mining properties, assumptions that were valid at the time of estimation may change when new information becomes available. Any changes could affect prospective depreciation rates and asset carrying values.

The calculation of the unit of production rate of amortization could be impacted to the extent that actual production in the future is different from current forecast production based on Proved and Probable Ore Reserves. Factors which could impact useful economic lives of assets and Ore Reserve estimates include:

- changes to Proved and Probable Ore Reserves;
- the grade of Ore Reserves varying significantly from time to time;
- differences between actual commodity prices and commodity price assumptions used in the estimation of Ore Reserves;
- renewal of mining licenses;
- unforeseen operational issues at mine sites; and
- adverse changes in capital, operating, mining, processing and reclamation costs, discount rates and foreign exchange rates used to determine Ore Reserves.

For further information refer to the unaudited Ore Reserves and Mineral Resources section of the Annual Report.

### ***Assessment of fair value***

The assessment of fair value is principally used in accounting for business combinations, impairment testing and the valuation of certain financial assets and liabilities.

Fair value is determined based on observable market data (in the case of listed subsidiaries, market share price at December 31 of the respective entity) or discounted cash flow models (and other valuation techniques) using assumptions considered to be reasonable and consistent with those that would be applied by a market participant. Where discounted cash flows are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy as defined in IFRS 13 Fair Value Measurement as they depend to a significant extent on unobservable valuation inputs. The determination of assumptions used in assessing the fair value of identifiable assets and liabilities is subjective and the use of different valuation assumptions could have a significant impact on financial results.

In particular, expected future cash flows, which are used in discounted cash flow models, are inherently uncertain and could materially change over time. They are significantly affected by a number of factors including Ore Reserves and Resources, together with economic factors such as commodity prices, exchange rates, discount rates and estimates of production costs and future capital expenditure.

### ***Cash flow projections***

Cash flow projections are based on financial budgets and Life of Mine Plans or non-mine production plans, incorporating key assumptions as detailed below:

- Reserves and resources – Ore Reserves and, where considered appropriate, Mineral Resources are incorporated in projected cash flows, based on Ore Reserves and Mineral Resource statements and exploration and evaluation work undertaken by appropriately qualified persons. Mineral Resources are included where management has a high degree of confidence in their economic extraction, despite additional evaluation still being required prior to meeting the requirements of reserve classification.

- **Commodity and product prices** – Commodity and product prices are based on latest internal forecasts, benchmarked with external sources of information, to ensure they are within the range of available analyst forecasts. Where existing sales contracts are in place, the effects of such contracts are taken into account in determining future cash flows.
- **Foreign exchange rates** – Foreign exchange rates are based on latest internal forecasts, benchmarked with external sources of information for relevant countries of operation. Foreign exchange rates are kept constant (on a real basis) from 2019 onwards.
- **Discount rates** – Cash flow projections used in fair value less costs of disposal impairment models are discounted based on a real post-tax discount rate of 6.5% (2013: 6.5%). Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows.
- **Operating costs, capital expenditure and other operating factors** – Operating costs and capital expenditure are based on financial budgets covering a three year period. Cash flow projections beyond three years are based on Life of Mine Plans or non-mine production plans, as applicable, and internal management forecasts. Cost assumptions incorporate management experience and expectations, as well as the nature and location of the operation and the risks associated therewith. Underlying input cost assumptions are consistent with related output price assumptions. Other operating factors, such as the timelines of granting licenses and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date.

### ***Impairment of assets***

In making assessments for impairment, management necessarily applies its judgment in allocating assets, including goodwill, that do not generate independent cash flows to appropriate cash generating units ("CGUs"), and also in estimating the timing and value of underlying cash flows within the calculation of recoverable amount.

The calculation of recoverable amount is based on assessments of either fair value less costs of disposal or value in use. The cash flow projections used in these assessments are subject to the areas of judgment outlined above.

Subsequent changes to the CGU allocation, to the timing of cash flows or to the assumptions used to determine the cash flows could impact the carrying value of the respective assets.

### ***Restoration, rehabilitation and environmental costs***

Costs for restoration of site damage, rehabilitation and environmental costs are estimated using either the work of external consultants or internal experts. Management uses its judgment and experience to provide for and amortize these estimated costs over the life of the mine.

### ***Deferred stripping***

The Group defers stripping costs onto the balance sheet where they are considered to improve access to ore in future periods. Where the amount to be capitalized cannot be specifically identified it is determined based on the volume of waste extracted compared with expected volume for the identified component of the orebody. This determination is dependent on an individual mine's pit design and Life of Mine Plan and therefore changes to the pit design or Life of Mine Plan will result in changes to these estimates. Identification of the components of a mine's orebody is made by reference to the Life of Mine Plan. The assessment depends on a range of factors including each mine's specific operational features and materiality.

### ***Taxation***

The Group's tax affairs are governed by complex domestic tax legislations interlaced with the override of international tax treaties between countries and the interpretation of both by tax authorities and courts. In arriving at the tax charge in the financial statements a degree of judgment is required by management about the future taxable profits and repatriation of retained earnings. These judgments in turn are influenced, by factors such as estimates of future production, commodity lines, operating costs, future capital expenditure, and dividend policies. Given the many uncertainties that could arise from any or all of these factors and judgments, future adjustments to the tax charge already recorded could occur. Where management is aware of potential uncertainties around these factors and judgments, provision is made and reviewed on a regular basis. These are subject to risk and changes may be required to the amount provided in respect of historic or future tax costs.

### ***Retirement benefits***

The expected costs of providing pensions and post-employment benefits under defined benefit arrangements relating to employee service during the period are determined based on financial and actuarial assumptions.

Assumptions in respect of the expected costs are set after consultation with qualified actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used would affect the amounts recognized in the financial statements.

### ***Contingent liabilities***

On an ongoing basis the Group is a party to various legal disputes, the outcomes of which cannot be assessed with a high degree of certainty.

A provision is recognized where, based on the Group's legal views and advice, it is considered probable that an outflow of resources will be required to settle a present obligation that can be measured reliably.

### ***Joint arrangements***

Joint arrangements are classified as joint operations or joint ventures according to the rights and obligations of the parties. When a joint arrangement has been structured through a separate vehicle, consideration has been given to the legal form of the separate vehicle, the terms of the contractual arrangement and, when relevant, other facts and circumstances. When the activities of an arrangement are primarily designed for the provision of output to the parties and, the parties are substantially the only source of cash flows contributing to the continuity of the operations of the arrangement, this indicates that the parties to the arrangement have rights to the assets and obligations for the liabilities. Certain joint arrangements that are structured through separate vehicles including Collahuasi, Debswana and Namdeb are accounted for as joint operations. These arrangements are primarily designed for the provision of output to the parties sharing joint control, indicating that the parties have rights to substantially all the economic benefits of the assets. The liabilities of the arrangements are in substance satisfied by cash flows received from the parties; this dependence indicates that the parties effectively have obligations for the liabilities. It is primarily these facts and circumstances that give rise to the classification as joint operations.

## **DIFFERENCES BETWEEN EU IFRS AND US GAAP**

The financial information included in this document in respect of the years ended December 31, 2012, 2013 and 2014 has been prepared and presented in accordance with EU IFRS. Certain differences exist between EU IFRS and US GAAP, which might be material to the financial information herein.

In making an investment decision, investors must rely on their own examination of the Group, the terms of the offering and the financial information. Potential investors should consult their own professional advisers for an understanding of the differences between EU IFRS and US GAAP, and how these differences might affect the financial information herein.

## REGULATION

We are subject to government regulations that affect all aspects of our operations. In particular, government regulations in South Africa could have a material effect on the Group's business.

In most jurisdictions, the rights to mineral deposits are conferred by the state. We therefore must rely upon rights granted to us by the government who acts as the custodian of the minerals (and the renewal of those rights). These rights typically take the form of a lease or license that grants us the right to gain access to the land and to explore for and subsequently extract the minerals. Exploration rights typically include the obligation to spend a predetermined amount of money on the exploration or to undertake specific exploration activities. The terms of the leases or licenses, including the time period for which they are effective, are specific to the laws of the relevant governmental authority. Generally, we own the minerals that we extract and pay royalties or similar taxes to the relevant government.

We also have a number of joint venture arrangements with government and private entities (including Botswana and Namibia), which are sometimes necessary in order to operate exploration and mining activities in certain jurisdictions.

In addition to reliance upon government grants of rights to explore for and extract materials, in certain jurisdictions we rely upon the relevant government to grant the rights necessary to transport and to treat the extracted minerals in order to prepare them for sale, as well as to export the raw or processed material.

Governments generally impose applicable regulations relating to, for example, environmental protection, water use, land rehabilitation, occupational health and safety, and indigenous land title, and we must comply with these regulations in order to continue to enjoy the right to conduct our operations within that jurisdiction. These obligations often require us to make substantial expenditure to minimize, to remediate or to rehabilitate the environmental impact of our operations and to ensure the safety of our employees and contractors. For further information on these obligations and the actions we take to meet them, see "Sustainable Development (Including Safety, Health, Environment and Social)".

### **SOUTH AFRICA**

Requirements to obtain permits and licenses are imposed by various departments of the South African government. We strive to follow the required procedures in the application for these environmental, water and mineral permits and licenses.

Additionally, the transfer of a share of the ownership, management and benefits of the South African mining industry into the hands of people previously excluded from the economy is a government priority. This transfer has been closely linked to the conversion of existing exploration and mining licenses as well as the granting of new exploration and mining licenses under minerals legislation in force from May 1, 2004.

### ***BEE in General***

Black Economic Empowerment ("BEE") is a term that, broadly speaking represents the South African government's economic transformation strategy to de-racialize the South African economy. The underlying principle of BEE is the use of the state's purchasing and regulatory power to increase participation by black South Africans in the South African economy by giving recognition and preference to enterprises which contribute to BEE. Early attempts at BEE, now commonly referred to as "narrow-based BEE" created empowerment principally through ownership of shares or assets, and through board representation. Broad-Based Black Economic Empowerment ("BBBEE") is the more modern approach to BEE and includes a greater number of components, such as management control, employment equity, skills development, enterprise development, preferential procurement and socio-economic development. BBBEE emphasizes shareholding by black communities, black women and black employees to broaden equity ownership beyond entrepreneurs and businessmen, who had tended to be the main beneficiaries of BEE. The key instruments in implementing BBBEE are the BBBEE Act and the Codes of Good Practice promulgated under the BBBEE Act. The BBBEE Act does not, itself, set any targets for the elements of BEE. Rather, it provides a framework for the implementation of BEE initiatives. The Codes of Good Practice are based on a generic scorecard comprising seven aspects with differing weightings against which enterprises' progress on BEE contributions will be assessed.

While the BBBEE Act and the Codes of Good Practice are intended to be equally applicable to all sectors of the South African economy, there is a secondary layer of "Sector Charters" which provides industry specific commitments for the implementation of BEE for some sectors of the economy, including the mining sector.

Therefore, although it is important that the mining sector maintains ongoing interest in the Codes of Good Practice, it is more specifically governed by the requirements of the Mineral and Petroleum Resources and Development Act 2002 (the “MPRDA”) and the Broad-Based Socio-Economic Charter for the South African Mining Industry (“the Mining Charter”).

### ***MPRDA and the Charter***

#### ***Historical Background***

We are subject to the MPRDA, which took effect in May 2004. The MPRDA vests custodianship of South Africa’s minerals in the state, which regulates the right to prospect and mine in the form of prospecting rights or Mining Rights to applicants. Prospecting and mining rights were formerly regulated under the Minerals Act 50 of 1991 and the South African common law and are now known as “old order” mining or prospecting rights. The transitional arrangements provided in Schedule II to the MPRDA gave holders of such old order rights the opportunity to apply for conversion of their old order rights into prospecting rights and Mining Rights within specified time frames, subject to compliance with certain requirements.

One of these requirements for the grant of rights is that the holder provides an undertaking that furthers, and describes the manner in which the holder will give effect to, amongst others, the objectives set out in section 2(d) of the MPRDA, which seeks a substantial and meaningful expansion of opportunities for Historically Disadvantaged South Africans (“HDSAs”) (including women) to enter the South African mining industry and benefit from the exploitation of South African mineral resources. In further clarifying this object, the South African Department of Mineral Resources published the Mining Charter.

The Charter outlines nine scorecard items (employment equity, human resource development, procurement, ownership, migrant labor, housing and living conditions, beneficiation, mine community and rural development and reporting) against which compliance with is measured for all mining companies operating in South Africa.

The Mining Charter requires every mining company to have achieved 15% ownership by HDSAs of its South African mining assets by May 1, 2009 and 26% ownership by 2014 with 40% of HDSA employment in management of mining companies by 2009. Compliance with these targets is necessary for the conversion of old order rights to Mining Rights. The other scorecard items are generally monitored through social and labor plans submitted with license applications for new or converted Mining Rights.

In order to qualify for conversion of our old order Mining Rights, we have sought to meet the requirements relating to ownership principally by selling portions of our South African assets to BEE companies or through the introduction of HDSA ownership in the equity of some of the Group’s South African subsidiaries. Some of these transactions are referred to in this document as BEE transactions.

The DMR granted the conversions of Anglo American’s old order rights as provided for in the MPRDA as follows:

- Coal South Africa — All conversions have been granted and executed;
- Kumba — The Kolomela and Thabazimbi Mining Rights have been granted, executed and registered. Sishen Iron Ore Company (Proprietary) Ltd (“SIOC”) (a subsidiary of Kumba Iron Ore Ltd) has been granted an undivided 78.6% share of the Mining Right in the Sishen mine. This share of the right has been executed and registered. Grant of the residual 21.4% of the Sishen Mining Right was delayed pending the finalization of the litigation with the DMR and Imperial Crown Trading (Pty) Ltd (“ICT”). In December 2013, the Constitutional Court held that only SIOC can apply for and be granted the residual 21.4% undivided share of the Sishen Mining Right. SIOC has lodged an application to be granted the residual 21.4% undivided share of the Sishen Mining Right. The grant of the right in respect of the 21.4% undivided share remains outstanding at present. The Zandrivierspoort prospecting right has expired, although a renewal application was submitted prior to the expiry date. In terms of the MPRDA, such right continues in force until a decision to grant or refuse the renewal is taken. The DMR has not yet reverted with a decision on the renewal application. See “Business Description by segment– Iron Ore and Manganese”;
- Platinum — All conversions have been granted and executed; and
- De Beers — All conversions have been granted and executed.

New Mining Rights are granted for a maximum period of 30 years, with renewals of up to 30 years each. Prospecting rights are valid for a period of five years, with one renewal of up to three years. For exploration (gas)

rights, the maximum period is three years with options of renewal for up to two years each. Furthermore, the MPRDA provides for a retention period after prospecting of up to three years with one renewal of up to two years, subject to certain conditions, such as non-concentration of resources, fair competition and non-exclusion of others.

In addition Mining Rights are transferable only with the approval of the South African Minister of Mineral Resources and are subject to various terms and conditions, including commencement of operations within specified periods, continuing and active operations and compliance with work programs, social and labor plans, environmental authorizations and empowerment requirements.

Mining Rights can be suspended or cancelled by the Minister of Mineral Resources if an entity has breached its obligations under the terms of the rights and has failed to remedy such breach after written notice of the breach from the Minister of Mineral Resources and an opportunity for response. The MPRDA imposes specific responsibilities on mining companies relating to environmental management and in respect of any environmental damage caused by prospecting, exploration or mining activities.

In 2007/2008, the Department of Environmental Affairs (“DEA”) and the Department of Mineral Resources agreed that environmental regulation of the mining industry would be removed from the purview of the MPRDA and would be wholly regulated under the National Environmental Management Act (“NEMA”). This was to be the ‘One Environmental System’ of the mining industry. The implementation of the ‘One Environmental System’ was given effect in 2008 by amendments to the MPRDA (“2008 MPRDA Amendment Act”) and NEMA (“2008 NEM Amendment Act”) which envisaged a three phased transition.

In phase 1, the status quo in respect of mining operations (i.e. the approval of an environmental authorization under NEMA for triggered listed activities and an Environmental Management Programme under the MPRDA), was said to remain in place for 18 months following the enactment of the 2008 MPRD Amendment Act or the enactment of section 2 of the 2008 NEM Amendment Act, whichever was the later enactment). The 2008 MPRD Amendment Act was the later enactment. When it came into force on June 7, 2013, the three phase transition started and Phase 1 was said to come to an end on December 8, 2014. Phase 1 was to be followed by two further phases spanning a three year period to move the environmental regulation entirely to NEMA, under the control of the DEA.

This approach was subsequently replaced by the enactment of the National Environmental Management Laws Amendment Act, 25 of 2014 (“NEM 2014 Laws Amendment Act”) on June 2, 2014 which came into force on September 2, 2014. The new approach, under the NEM 2014 Laws Amendment Act, does away with the three phased transition of environmental regulation. Under the new approach, environmental regulation of the mining industry would be regulated by NEMA, with the DMR retaining its competency under the NEMA regime, which it is granted authority to administer. Despite the fact that the NEM 2014 Laws Amendment Act came into force on September 3, 2014, the DEA issued a statement on September 4, 2014 to state that the transition can only be effectively implemented from December 8, 2014.

Further, the Office of the Chief State Law Adviser issued a legal opinion on the effect of the commencement of the NEM 2014 Laws Amendment Act which also confirms that the transition can only be effectively implemented once all the complementary laws and regulations have come into force. The effective implementation is dependent upon the commencement of the Mineral and Petroleum Resources Development Amendment Bill B15-2013 (“MPRDA 2013 Amendment Bill”). It is also dependent on section 38B of the 2008 MPRD Amendment Act being brought into force. The enactment of this section was delayed in the proclamation of the 2008 MPRD Amendment Act (Proclamation 17 in Government Gazette 36541). The transition is further dependent on a suite of additional regulations coming into force to complement the new system.

Since December 8, 2014, the Minister responsible for environmental matters is the competent authority in terms of the NEMA in respect of mining matters. The Minister responsible for environmental matters is the appeal authority in terms of the NEMA.

#### *Subsequent Regulatory Developments*

The process to review the Mining Charter commenced in 2009. In June 2010 representatives of all major stakeholders in the mining sector signed a declaration reaffirming the Mining Charter while at the same time calling for greater urgency in implementation and recontextualizing some aspects. What appears to be a more broad-based, egalitarian and growth-oriented focus has been broadly welcomed by the sector.

On September 13, 2010, the South African Department of Mineral Resources issued the Amendment of the Broad-Based Socio-Economic Empowerment Charter (“Revised Mining Charter/Charter”) that makes a number of significant changes to the existing charter. The notable changes are as follows:

- The Revised Mining Charter now introduces sanctions for failure to comply with the charter, including the possible loss of mining licenses for non-compliance, although we believe this provision is not enforceable under applicable law.
- The Minister of Mineral Resources will have the power to make future amendments to the Charter unilaterally.
- The Revised Mining Charter now includes additional quantitative measures for transformation, with targets for procurement of goods and services from empowered suppliers, for reinvestment in local communities, for contributions to human resources development, and to improve housing conditions for mine employees.
- The Revised Mining Charter includes a new requirement to ensure that meaningful cash flow accrues to BEE investors in mining properties.

On April 29, 2009, the Minister of Mineral Resources published Codes of Good Practice and the Housing and Living Conditions Standards (“Codes and Standards”) pursuant to the MPRDA. The Codes, though intended to complement and support the Revised Mining Charter, seek to introduce new and, in some instances, more onerous provisions dealing with ownership, employment equity and preferential procurement, amongst other matters. The Standards seek to introduce new requirements on mining companies to provide single unit accommodation, nutrition, and health care facilities both for employees and their families. The South African Chamber of Mines has engaged with the Department of Mineral Resources regarding the scope and application of the Codes and Standards. Since the publication of the Codes and Standards, the Department of Mineral Resources has indicated that, although the Codes are law, the Department is not enforcing them.

All mining companies are required to submit annual reports in terms of the Revised Mining Charter. The Department of Mineral Resources has recently completed its most recent audit of mining companies’ progress against the Charter targets. In announcing the outcomes of the audit, the Minister of Mineral Resources indicated that various differences of opinion had arisen between the department and the sector as to the interpretation of the measurement criteria for the Historically Disadvantaged South Africans ownership target, and the Minister of Mineral Resources and the Chamber of Mines are entering into discussions about approaching the High Court of South Africa for a declaratory order as to the correct interpretation of these measurement criteria. That process is in its very early stages. We believe our progress against the Charter targets, inclusive of ownership, meets the applicable requirements and that the outcomes of this declaratory order process will not have a material impact on our rights.

#### *New Developments*

A revised version of the Broad-Based Black Economic Empowerment Amendment Bill was published in 2012. This Bill no longer contains provisions that would override the Mining Charter. The Bill has been passed and is known as the Broad-Based Black Economic Empowerment Amendment Act No. 46 of 2013, with certain provisions effective from October 24, 2014 and proposed amendments still to take effect from October 24, 2015.

An Amendment Bill to the MPRDA was published for comment in December 2012 and after receiving comments, another Amendment Bill replacing the previous Amendment Bill to the MPRDA was published on June 24, 2013. Key aspects of such Amendment Bill include:

- Empowering the Minister of Mineral Resources to designate minerals as strategic minerals. The Minister of Mineral Resources will be required to consult with affected stakeholders before designating minerals and mineral products and before determining the percentages, quantities, qualities and timelines that have to be offered to local beneficiaries at a mine gate price; and
- Providing for liability for latent or residual environmental liabilities, pollution, ecological degradation and the pumping of extraneous water by mining companies beyond mine closure.

On March 12, 2014, the National Assembly debated and approved the report by its Parliamentary Portfolio Committee on Mineral Resources (“PPC”) on the PPC’s proposed amendments to the MPRDA Amendment Bill. On January 16, 2015 the President of South Africa referred the MPRDA Amendment Bill back to Parliament for re-consideration, as he was of the view that it did not pass constitutional muster. The MPRDA Amendment Bill is therefore still under consideration.

On March 31, 2015, the Minister of Mineral Resources announced that the DMR will seek a declaratory order from a court regarding the interpretation of the HDSA ownership targets under the Mining Charter and, specifically, whether a company’s compliance with the Mining Charter is affected where it has achieved the targets set forth in the Mining Charter, but where the ownership stakes acquired by BEE parties were subsequently sold, thereby

diluting HDSA ownership. We cannot predict the outcome of the court's interpretation or its implications in terms of our ongoing compliance with the Mining Charter.

### ***Royalties***

The Mineral and Petroleum Resources Royalty Act (the "Royalty Act") was promulgated in November 2008 and implemented on March 1, 2010. A royalty is payable by an extractor of mineral resources upon the transfer of the mineral resources.

The royalty rate is determined in terms of a formula using EBIT and allowing for a deduction of the mining capital expenditure permitted for income tax purposes as opposed to depreciation. The maximum royalty rate is 5% for refined mineral resources and 7% for unrefined mineral resources. This royalty rate is then applied to the extractor's sales or its "deemed" equivalent at the specified condition of the mineral to determine the royalty payable.

In the Budget Speech delivered on February 27, 2013, the Minister of Finance announced that a study will be conducted to evaluate the robustness of the tax system, including the Royalty Act. On July 17, 2013, the Minister of Finance further announced the members of a tax review committee, the Davis Tax Committee (the "Committee"), which was inaugurated on July 25, 2013 to undertake a review of the tax system. The Committee is currently undertaking a review of mining tax and called for submissions during the course of 2014 and has also requested recommendations from the IMF. Work on this report is expected to continue throughout the course of 2015.

### ***Exchange Controls***

The following is a general outline of South African exchange control regulations ("Exchange Control Regulations") and its impact on the Group's business.

The current set of Exchange Control Regulations was promulgated on December 1, 1961. It is the stated intention of the South African authorities to relax Exchange Control Regulations in an orderly manner as and when it is deemed appropriate. Although a gradual relaxation has taken place over a number of years, exchange controls still exist with the intention of controlling the flow of capital into and out of the member countries of the Common Monetary Area (comprising South Africa, Lesotho, Namibia and Swaziland) and generally to prevent the unauthorized export of capital by residents.

The administration of exchange controls has been delegated to the Financial Surveillance Department of the South African Reserve Bank ("SARB"). The SARB has broad discretion, but it acts within policies set by the Minister of Finance and the National Treasury in consultation with the SARB. Certain powers have been delegated to authorized dealers (banks licensed by the SARB to deal in foreign exchange) to approve applications for foreign exchange. Matters that are beyond these powers are referred to the SARB, which adjudicates applications on their merits in accordance with policy and national interests.

Exchange Control Regulations apply to all South African residents. For this purpose, a resident is a natural person or legal entity, whether of South African or any other nationality, who has taken up residence, is domiciled or registered in the Republic of South Africa. A branch of a foreign company is resident for exchange control purposes.

All subsidiaries of the Group registered in South Africa, including Anglo American Platinum, De Beers's South African operations and Kumba, are South African residents and, consequently, are subject to South African Exchange Control Regulations. Any offshore transaction by these companies of a capital nature requires prior authorized dealer or SARB approval, depending on the value and specific circumstances of the transaction.

Most transactions of a revenue nature would not usually require prior SARB approval, although there are administrative and reporting requirements. These transactions would include the import and/or export of trade goods and the remittance of dividends to non-resident shareholders from profits earned in the normal course of business.

Normally, non-residents may freely invest or disinvest from South Africa and income due to the non-resident may be freely remitted. However, because the Group's acquisition of its South African interests was by means of a share issue, SARB approval would be required for the remittance of any capital to the Group offshore by its South African resident subsidiaries.

## **SUSTAINABLE DEVELOPMENT (INCLUDING SAFETY, HEALTH, ENVIRONMENT AND SOCIAL)**

### ***Introduction***

One of our long-term ambitions is to collaborate with a wide range of stakeholders to effect fundamental, sustainable change in the mining industry. The immediate aim is to consolidate our longstanding commitment to sustainable development into consistent performance in business.

Integrating sustainable business practices throughout all the life-cycle stages of an operation can influence our future access to land and capital, our legal and social license to operate, and reduce operational risks and mine-closure liabilities. Underpinning this is building constructive and mutually beneficial relationships with our partners, including employees, communities, governments, investors, NGOs and other businesses.

Our Good Citizenship Business Principles (“Business Principles”) guide our approach to: business integrity; safety, health and the environment; human rights; and community development. A set of Group Technical Standards, as well as Anglo American’s ‘Ways’, guide our investment decisions, how we plan and implement projects, and the way in which we manage and close our operations. We expect similar standards from those we do businesses with, in particular service providers acting on our behalf.

The Board Sustainability Committee acts on behalf of the Board to provide oversight on how the business manages sustainability. These include material management policies, processes and strategies designed to manage safety, health, environment, socio-political and people risks and opportunities.

Our sustainable development focus is based on a thorough understanding of issues that could substantively influence our ability to meet our strategic objectives and create value for a range of stakeholders. Our most material cross-cutting issues are compliance with permitting and legal requirements; and building constructive relationships with our stakeholders. Our most material management issues are:

- Safety and health;
- Human rights and social impact management;
- Socio-economic development;
- Environmental impact management;
- Water security and quality; and
- Energy security and climate change.

### ***Safety and health***

#### ***Safety***

Our risk-based approach to managing safety is outlined in the Anglo American Safety Way – a comprehensive framework of roles and responsibilities supported by a set of safety principles and mandatory safety standards. This underpins the delivery of our safety strategy, which is founded on three key principles: a mindset of zero harm; the elimination of repeat incidents; and the consistent application of simple, non-negotiable standards.

Over the past year we have concentrated on embedding and reinforcing five specific steps of our safety program: leadership; effective planning; front-line supervision; incident management; and risk management.

In 2014, four employees and two contractors lost their lives in work-related activities at operations managed by Anglo American. While this represents an encouraging reduction on the eight employee and seven contractor fatalities in 2013, any loss of life is unacceptable and we continue to dedicate considerable effort to achieving, and maintaining, zero harm. We worked four months fatality-free in 2014, which reinforces our belief that zero harm is achievable.

We have made steady progress in managing safety over the past few years and our injury frequency rates indicate that we are starting to realize the desired step-change in our performance. By mining category and geographical area, we are performing well in the sector, and we aspire to become industry leaders. While the Platinum business’s performance, which was influenced by the protracted strike in 2014, accounts for some of this improvement, injuries throughout the Group continue to drop.

#### ***Health***

Effective management of health risk protects our people, enhances productivity and is essential for minimizing potential long-term liabilities. Extending our health promotion activities to the broader community also supports our internal health drive. Our health strategy addresses three focus areas:

- controlling occupational health risks to prevent harm to our workforce;
- implementing employee health and well-being programs, which includes a strong emphasis on combating HIV/AIDS and tuberculosis (TB) within our southern African workforce and their families; and
- building partnerships to strengthen health systems, particularly in under-serviced rural areas.

During 2014, more than 42,000 employees were reported to be working in environments with noise levels in excess of the occupational exposure limits, while about 10,000 employees were reported to be working in environments where they were potentially at risk of exposure to inhalable hazards. Every employee and contractor who works in such environments is issued with, and required to use, personal protective equipment. Our occupational hygiene programs are focused on identifying the sources of inhalable hazards and noise and implementing controls to prevent these hazards at source. The number of new cases of occupational diseases reported was 175, compared with 209 in 2013. This translates to an incidence rate of 0.175 per 200,000 hours worked, a 19% reduction.

Our health and well-being programs encourage a healthy lifestyle and provide support for the management of chronic illnesses, including HIV and TB. Through these wellness programs, we strive to reduce medical absenteeism, which can have a significant impact on the ability of teams to execute planned tasks safely and effectively. While our medical absenteeism rate was 4.2% in 2014 (2013: 4.6%), the rates of most businesses are well below 4%. The Platinum business' rate has remained above 6%.

In southern Africa, pulmonary tuberculosis ("TB") and HIV are inextricably linked epidemics. We are working with governments to tackle the issue on an industry scale to ensure that the mining sector performs at the highest standard. In 2014, we tested and counseled nearly 110,000 employees and contractors in South Africa and Zimbabwe. During the year, 86% of the full-time workforce participated in testing. While the number of new HIV infections increased marginally in 2014, we are encouraged that the estimated number of HIV-positive employees enrolled on our HIV wellness programs has increased steadily, as has the uptake of antiretroviral therapy by HIV-positive employees.

### ***Human rights and social impact management***

Inclusive stakeholder engagement underpins our approach to ensuring we respect human rights and respond to stakeholder aspirations and concerns in the communities in which we operate. We aim to build durable relationships with these communities and deliver developmental benefits and opportunities.

Our ultimate aim is for host communities and countries to be left better off than they were before we arrived. This requires avoiding or minimizing any harm that our operations may cause, while at the same time maximizing socio-economic benefits for communities.

Our approach to social performance is informed by our values and Business Principles, and is implemented through a comprehensive set of social performance requirements that are detailed in our Social Way. In 2014, we updated the Social Way and developed a new human rights policy following extensive consultation with stakeholders and consideration of external standards. Both of these policies will be implemented across the Group in 2015.

Our industry-leading Socio-Economic Assessment Toolbox ("SEAT") is the primary means by which we address practical elements of social impact management and socio-economic development at our operations. We use SEAT to improve operations' understanding of their positive and negative socio-economic impacts, enhance stakeholder dialogue and the management of social issues, inform how we approach local socio-economic development, and foster greater transparency and accountability. Engagement with local stakeholders is central to the process. All managed operations are required to undertake a SEAT assessment every three years.

Our mandatory Group-wide social-incident reporting procedure, which includes complaints and grievances, is designed to be accessible, respectful and accountable in our handling of any stakeholder concerns. During 2014, 2,867 incidents were reported across the Group, with 12% of these classified as medium-major impact Level 3 to 5 incidents. Level 3 to 5 social incidents are reported to the Board and included in the chief executive bi-monthly performance review scorecard. During 2015, we will focus on improving the implementation of our social incident procedures at the site level as well as the integrity of the reported data relating to social incidents.

Land acquisition and resettlement is one of our most material social issues. Resettlements can have long-term consequences for the social structures and livelihoods of affected peoples and may present significant risks to our capital projects and operations. Several resettlements were undertaken during 2014 in South Africa, Brazil and Peru, without material concerns.

We are a longstanding supporter of the Voluntary Principles on Security and Human Rights (“VPs”). Security related human rights issues in a number of countries have heightened our concern around these risks and potential impacts at our operations and in the broader community. We have had a strategic partnership with International Alert (“IA”) since 2010 to help us strengthen our implementation of the VPs. In South Africa, IA conducted a gap analysis against the VPs at our Platinum and De Beers operations in 2013, and at our Coal and Kumba Iron Ore operations during 2014. These business units are now implementing IA’s recommendations.

We recognize the potential vulnerability of Indigenous Peoples to the impacts of mining activities, given their traditional reliance on natural resources and the special cultural significance of their lands. As a member of the International Council of Mining and Metals (“ICMM”), we committed to the 2013 ICMM Position Statement on Indigenous Peoples and Mining, which endorses the principles of Free, Prior and Informed Consent, and we have incorporated this commitment into the updated Social Way.

Our responsible sourcing program addresses supplier compliance with local regulations and Anglo American requirements regarding safety, the environment, HIV/AIDS management, business integrity, human rights and health. In 2014, 56 suppliers were contacted to complete self-assessment questionnaires against the Anglo American Supplier Sustainable Development Code, while 14 supplier audits were undertaken by third party auditors to assess workplace conditions. Some of our largest contractors also participated in SEAT training while smaller suppliers attended sessions on our responsible sourcing program and commitments.

### ***Socio-economic development***

Most of our operations are located in developing countries, many of which have low levels of socio-economic development. Being a major global mining company raises particular expectations to contribute to the development of local communities and host countries.

Our socio-economic development strategy is designed to maximize the benefits of our core business activities while building local capacity to allow development to be sustained by local players beyond the mining sector (and post mine closure). Our approach is built around seven core programs that are focused on two areas of action: support to local markets, and building capacity in local institutions to allow them to deliver good-quality public services.

To support local markets, we promote local procurement, enterprise development and workforce development. These programs create a strong platform for job creation within and outside the mining value chains. To support the delivery of good public services, we concentrate on working with local governments to strengthen their capacity, maximize the socio-economic benefits from our own infrastructure and deliver social investment that supports those most in need.

Our local procurement initiatives add value for the business and provide the anchor for boosting economic growth in communities around our operations. In 2014, we spent US\$12.2 billion (2013: US\$16.1 billion) with suppliers, which accounted for about half our total economic value distribution. Expenditure on suppliers based in the communities close to our operations was US\$1.7 billion (2013: US\$1.6 billion). This represented 14% of total supplier expenditure (2013: 12.3%), against a Group target of 13%.

In South Africa, our operations contribute to the country’s drive to promote black economic empowerment. In 2014, Anglo American managed businesses spent ZAR 39.3 billion (2013: ZAR 32.4 billion) with ‘historically disadvantaged South African’ businesses (excluding goods and services procured from the public sector and public enterprises). Business units also continued to make progress against the 2014 BEE expenditure targets, with services at 72% (target: 70%), consumables at 69% (target: 50%), and capital goods at 58% (target: 40%). The services category remained a challenge for some operations, with more work required to transform key services suppliers. Our business units continue to engage with non-BEE suppliers to increase the pace of transformation.

Enterprise development is one of the most effective means of ensuring that the benefits for host communities arising out of mining activities will be sustainable. We have more than 25 years of experience in enterprise development. Since 2008, we have supported 96,873 jobs, funded more than US\$100 million and supported 58,257 SMEs inside and outside our supply chains through our enterprise development initiatives.

Our workforce development programs are gaining momentum. There are, for example, established employee development programs at Minas-Rio in Brazil as the mine ramps up and begins to employ a permanent workforce; and in South Africa we provided training to more than 1,672 employees in skills outside the mining sector and also supported 822 employees and community members who attended adult basic education programs on literacy and numeracy.

Our presence creates large revenue flows for local municipalities. In some instances, a lack of capacity and skills prevents municipalities from delivering good public services to local populations. We are investing in strengthening the skills, competencies and abilities of employees and community members to promote robust, self-sufficient local economies long after our mines have closed. In South Africa, we launched a major local government capacity-building program in 11 municipalities, in partnership with the Development Bank of Southern Africa, with an investment of US\$3 million. In Brazil, through our highly effective partnership with Agenda Pública, we have been strengthening local government capacity and service delivery in Barro Alto since 2009 and Niquelândia since 2013.

The infrastructure associated with our mines – such as roads, health facilities and water – can also benefit local communities. For example, in partnership with local and provincial government, we continue to help alleviate the dire shortage of affordable housing in South Africa that affects employees and community members. We engage in developing properly serviced land to facilitate housing development in areas where services are inadequate or do not exist. Across the Anglo American businesses in the country, we invested US\$109 million on housing projects in 2014.

Corporate social investment (“CSI”) has historically been used by most mining companies as the primary channel for responding to community expectations. While the bulk of our strategy has been designed to leverage core business activities to maximize development benefits, CSI will continue to be an important way to support vulnerable and marginalized stakeholders who are unable to participate in our core value chains.

In 2014, Anglo American’s CSI expenditure in local communities, including from the Anglo American Chairman’s Fund, totaled US\$135.8 million (2013: US\$127.5 million). This figure represents 3% of operating profit from subsidiaries and joint ventures, before tax. We monitor our CSI through a standardized reporting process in order to maximize the value that we and our host communities derive from these investments. We use a set of 32 KPIs for the 14 categories of social investment that represent all of the types of projects currently sponsored by us and our company-funded foundations. These output KPIs are collated for each social investment project and are tracked from project inception. We estimate that, in 2014, community development projects delivered benefits to nearly three million community members.

### ***Environmental impact management***

Our environmental performance risks and activities are managed in line with our mandatory Environment Way performance requirements on social and environmental impact assessments, water, air quality, mineral and non-mineral waste, hazardous substances, biodiversity, rehabilitation and mine closure. The Environment Way and Projects Way make specific provision for ensuring we consider the right things, up front. Our Mine Closure Toolbox provides a structured approach to closure planning and management. All operations are expected to attain and retain ISO 14001 certification within two years of commissioning or acquisition. At year-end, 98% of relevant sites had achieved certification.

Our most material environmental impact management risks and opportunities relate to land management, biodiversity, waste and air quality. Water and climate change are addressed as individual issues.

We report five levels of environmental incident severity according to consequence and impact to the receiving environment. When Level 3-5 (moderate to significant) incidents occur, remedial action is taken, control measures are put in place to prevent repeats and an alert is circulated to all operations to spread key learnings from the incident. During 2014, operations recorded one Level 4 and 14 Level 3 environmental incidents. This was significantly less than in 2013 when 30 Level 3 incidents were reported. The reduction is a result of a decline in repeat water incidents, reflecting in particular, work undertaken at our coal operations in Australia to improve water compliance.

One of our most important responsibilities is the rehabilitation of land and the preservation of bio-diverse habitats. We have 1,676,453 hectares of land under our management control (2013: 466,613 hectares), of which 109,442 hectares have been disturbed by mining, processing and mineral-waste disposal, and supporting infrastructure (2013: 84,214 hectares). By 2014, 18,107 hectares of that disturbed land were rehabilitated (2013: 16,827 hectares) (the increase in land managed by Anglo American is a result of De Beers data being included for the first time and improved reporting of Coal South Africa. Land rehabilitated at De Beers has not been included due to difference in reporting definitions, which are being resolved). Rehabilitation at Kumba Iron Ore, De Beers, Coal South Africa and Coal Australia operations is most material to the business. While backlogs at those businesses remain a concern for us, these are being addressed and targets have been set for each operation.

Each of our business units based in South Africa continues to contribute to a fund to meet the cost of our decommissioning, restoration and environmental rehabilitation liabilities in the country; at year-end, the value of the fund was US\$358 million (2013: US\$348 million).

Mining generates significant quantities of mineral waste, as well as some non-mineral and hazardous substances. These result in impacts on land through the establishment of tailings dams and waste-rock dumps and may also result in negative water-quality impacts if not managed effectively. We apply the ‘avoid, reduce, reuse and recycle’ management hierarchy to ensure the least possible effects on human health and the environment, during both the operational and post-closure phases. Once waste-reduction opportunities are exhausted, we actively explore the reuse of by products.

The management of hazardous substances is strictly regulated and controlled at our operations and at the receiving waste facilities that are regularly audited by second parties. Systems are in place to ensure compliance with the European Union REACH (registration, evaluation, authorization and restriction of chemicals) regulations.

The most material Group-wide air quality issue relates to sulfur dioxide (SO<sub>2</sub>) emissions around our copper and platinum smelters, as well as particulate emissions. Our aim is to ensure that our performance in relation to air quality remains within legal limits. SO<sub>2</sub> emissions around our copper and platinum smelters in Chile and South Africa amounted to 33,000 tonnes in 2013 (2013: 35,000 tonnes). No significant cases of exceeding these limits were reported during 2014. In 2014, we generated about 1,042 tonnes of SO<sub>2</sub> (2013: 962 tonnes) and 43,000 tonnes of nitrous oxide (N<sub>2</sub>O) emissions (2013: 40,000 tonnes) associated with the combustion of diesel.

All our operations have dust-monitoring and control programs in place. Our air-quality performance requirements are based on European Union Standards and World Health Organization guidelines, and apply throughout the life cycle of our projects and operations. At operations where air-quality management is a material issue, we have completed air-emission inventories to identify the significant emission sources.

## ***Water***

The availability of a sustainable water supply is fundamental to our operations and the growth of our business. Our operations are often situated near communities that lack basic water services, or in areas where there is competition between industrial and agricultural users. With more than 70% of our operations and planned projects located in water-stressed basins, this is considered a key business risk. To maintain our license to operate, we cannot degrade water quality or compromise the rights of other users.

In 2014 we exceeded, for the second year running, the 2020 water savings target of 14% – by the end of 2014 we had achieved an estimated 16% water saving against our projected water usage. Water saving projects, which include more effective dust suppression, dewatering of tailings and more efficient ore separation, saved the Group approximately 36 million m<sup>3</sup> of water.

Our total water consumption decreased from 201 million m<sup>3</sup> in 2013 to 195 million m<sup>3</sup> in 2014. The reduction is primarily attributable to higher levels of water recycling at Los Bronces Copper mine in Chile, the limited production at Platinum’s Rustenburg operations during the strike, as well as water savings achieved through the implementation of the WETT program. Water consumption at Iron Ore Brazil started to increase during the end of 2014 and will continue to do so during 2015-16 as it reaches full production. Of our total operational water requirements, 69% were met by recycling/re-using water (2013: 67%).

We seek to minimize the adverse effects of our mining activities on surrounding surface and ground water. Poor-quality water is harmful to the environment and human health, can affect mining and processing equipment and present closure liabilities. During 2014, we recorded five Level 3 (medium impact) and one Level 4 (high impact) incidents relating to water. With legislation tightening, a large focus is ensuring we meet permitting requirements and maintain our water licenses. Stricter water-discharge-quality regulations have been implemented in South Africa, Canada and Peru. Authorities in Chile are enforcing legislation more rigorously, as part of the country’s environmental regulation reform process.

Investing in new integrated water technology solutions is one of our most important technology focus areas and fundamental if we are to reach our long-term goal of becoming water-neutral.

## ***Energy security and climate change***

Climate change has potentially significant implications for our activities, as a result of governmental policy measures, and changing demand for our products, as well as the physical impacts of a changing climate, such as water scarcity, on our operations and neighboring communities.

Our climate change strategy aims to reduce our exposure to emerging carbon regulation and increases in energy costs, improve our ability to influence the development of effective government policy, increase commercial opportunities in our markets, and drive greater resilience to the physical impacts of climate change. Progress on operational energy and carbon management is driven through our energy- and carbon-management program, ECO2MAN. The program enables us to analyze our activities and identify opportunities to reduce energy consumption and carbon emissions, and report performance in a consistent manner. ECO2MAN is supported by a mandatory carbon and energy technical standard.

We are on track to meet the 2015 energy- and carbon-reduction objectives and targets that were agreed in 2011. The total of 325 projects completed to date accounted for energy savings of 4.3 million GJ (2013: 4.3 million GJ), equivalent to a 5% reduction against our projected energy consumption in 2014. Our target is 7% against the projected consumption by 2015. The resultant avoided energy cost is estimated at US\$105 million and we avoided 4.2 million tonnes of CO<sub>2</sub>e emissions (largely through Coal Australia's management of underground methane).

The Group's total greenhouse gas (GHG) emissions in 2014 remained consistent with 2013 levels (17 Mt CO<sub>2</sub>e for both years), as did energy consumption (2014: 108 million GJ; 2013: 106 million GJ).

In South Africa, power supply is severely constrained owing to the absence of an operating reserve margin. The national power utility Eskom is having to use plants designed for peak periods for base load supply, with load shedding to accommodate major unplanned outages, such as the collapse of the coal storage silo at the Majuba power station. This situation is expected to persist over the medium term, with the first units at the new Medupi and Kusile power station expected to enter into operation over phases from 2015 to 2016. To manage the power-disruption risk, our operations have prioritized load-reduction schedules and emergency-preparedness plans on a basis which minimizes safety risk and production loss.

We continue to work with governments, our peer companies and other stakeholders on the development and implementation of efficient, effective and equitable climate change policies. In South Africa, the government's proposed implementation of a carbon tax in 2016 would introduce a higher carbon cost for our business. A draft paper on carbon budgets and offsetting was issued in 2014, to which we submitted a formal response. In Australia, the government has repealed the former government's carbon-pricing scheme and introduced the Direct Action Plan, which involves the crediting and purchasing of emissions reductions, which could benefit our Coal Australia business. In Chile, the government plans to introduce a carbon tax, in 2018, of US\$5 per tonne of carbon dioxide emitted by thermal power plants. Brazil is developing a national system for emissions reporting and the government is assessing options for implementing an emissions cap and a carbon trading market in the medium term.

## **MANAGEMENT OF ANGLO AMERICAN PLC**

### **BOARD OF DIRECTORS**

The Board of Directors has a duty to promote the long-term success of the Company for its shareholders. Its role includes the establishment, review and monitoring of strategic objectives, approval of major acquisitions, disposals and capital expenditure and overseeing the Group's systems of internal control, governance and risk management.

Certain matters are reserved for the Board's decision regarding key aspects of the Company's affairs that the Board does not delegate (including, among other things, approval of business plans, budgets and material expenditure).

The Board is chaired by Sir John Parker, who is responsible for leading the Board and for its effectiveness. Mark Cutifani is the chief executive and is responsible for the execution of strategy and the day-to-day management of the Group, supported by the Group Management Committee ("GMC") which he chairs.

The Company has adopted the Statement of Division of Responsibilities between the Chairman and Chief Executive promulgated by the Institute of Chartered Secretaries and Administrators.

The Board has a strong independent element and currently comprises, in addition to the chairman, two executive directors and nine non-executive directors who are independent according to the definition contained in the UK Corporate Governance Code 2012.

### **MANAGEMENT COMMITTEES**

On July 26, 2013, it was announced that the Executive Committee would be disbanded and the membership of the Group Management Committee ("GMC") would be extended. The GMC is supported by a Corporate sub-committee ("CorpCo"), an Operational sub-committee ("OpCo") and an Investment sub-committee ("InvestCo"). CorpCo and OpCo were formed in late 2013.

#### **GROUP MANAGEMENT COMMITTEE**

The GMC is responsible for formulating strategy, for discussion and approval by the Board, setting budget and performance targets, talent management and managing the Group's portfolio. The current members of GMC are Mark Cutifani (chair), René Médori, Paulo Castellari-Porchia, Seamus French, Chris Griffith, Norman Mbazima, Philippe Mellier, Anik Michaud, Phil Mitchell, Tony O'Neill, Duncan Wanblad and Peter Whitcutt.

Along with the chief executive and finance director, the members of GMC are selected from the heads of business units and corporate functions.

The business address of each such person is 20 Carlton House Terrace, London SW1Y 5AN, England.

#### **CORPORATE COMMITTEE**

CorpCo meets at least monthly and is principally responsible for reviewing corporate policies and processes, as well as reviewing financial performance and budgets at a business unit level.

The CorpCo presently comprises: René Médori (chairman), Mark Cutifani, Tony O'Neill, Phil Mitchell and Peter Whitcutt.

#### **OPERATIONAL COMMITTEE**

OpCo meets quarterly. Its responsibilities include driving operational best practices across the Group and the setting of technical standards.

The OpCo presently comprises: Tony O'Neill (chairman), Mark Cutifani, Paulo Castellari-Porchia, Seamus French, Chris Griffith, Norman Mbazima, Philippe Mellier and Duncan Wanblad.

#### **INVESTMENT COMMITTEE**

The role of the InvestCo, is to manage the process of capital allocation by ensuring that investments and divestments increase shareholder value and meet Anglo American's financial criteria. The Committee makes recommendations to GMC and/or the Board on these matters. The Committee meets as required.

The InvestCo presently comprises: René Médori (chairman), Tony O'Neill, Nimesh Patel and Peter Whitcutt.

## **CONFLICTS OF INTEREST**

If directors become aware that they have a potential or actual direct or indirect interest in an existing or proposed transaction with Anglo American, they are required to notify the Board at the next Board meeting or by a written declaration. Directors and members of the Group Management Committee and its subcommittees have a continuing duty to update any changes in their interests. Since late 2014, Mr Nhleko has recused himself from Board meetings due to a continuing potential conflict of interest. In accordance with the Company's Articles and relevant legislation, a quorum of the Board, which does not include the director with the conflict of interest, can authorize conflicts by a majority of the non-conflicted directors and such authorizations can be limited in scope and are reviewed on an annual basis. During 2014, the directors' conflicts register was updated and the conflict management procedures were adhered to and operated effectively.

No potential conflicts of interest exist between each of the Directors' duties to Anglo American plc and his or her private interests or other duties other than as reflected above.

## **COMPOSITION OF BOARD**

The names and biographical details of the directors are set forth below. The business address of each Director is 20 Carlton House Terrace, London SW1Y 5AN, England.

In October 2012, Cynthia Carroll announced her decision to step down as Chief Executive with effect from April 3, 2013. She also stepped down from the Board at the Annual General Meeting ("AGM") on April 19, 2013. Mark Cutifani was appointed as an Executive Director and as Chief Executive with effect from April 3, 2013. He was previously the Chief Executive of AngloGold Ashanti Limited, a position he held since 2007.

Dr. Mphu Ramatlapeng joined the Board in July 2013 and was elected as a non-executive director at the AGM on April 24, 2014.

Jim Rutherford joined the Board in November 2013 and was elected as a non-executive director at the AGM on April 24, 2014.

Dr. Judy Dlamini joined the Board in January 2014 and was elected as a non-executive director at the AGM on April 24, 2014.

Former non-executive directors David Challen and Sir CK Chow stepped down from the Board at the AGM in April 2014.

All other directors were proposed for annual re-election and were re-elected at the 2014 AGM.

There have been no further changes to the composition of the Anglo American plc Board since the April 2014 AGM.

### ***Executive Directors***

**Mark Cutifani**, BE (Mining Engineering) (56), was appointed as a director and CEO with effect from April 3, 2013, and is chairman of the Group Management Committee ("GMC") and a member of the Corporate Committee ("CorpCo") and the Sustainability Committee. Mark has over 38 years' experience in the mining industry across a wide range of geographies and commodities. Mark is a non-executive director of Anglo American Platinum Limited and Chairman of the De Beers group of companies, and the previous CEO of AngloGold Ashanti Limited. Before joining AngloGold Ashanti Limited, Mark was chief operations officer at Vale Inco, where he was responsible for Vale's global nickel business. Prior to this he held senior executive positions with the Normandy Group, Sons of Gwalia, Western Mining Corporation, Kalgoorlie Consolidated Gold Mines and CRA (Rio Tinto).

**René Médori**, Doctorate in Economics (57), was appointed to the Board on June 1, 2005, becoming finance director on September 1, 2005. René is a member of the GMC and chairman of CorpCo and the Investment Committee ("InvestCo"). René brings significant financial and commercial expertise from capital intensive businesses, supplying products to the oil refining, steel and mining industries and experience in international finance in the UK, Europe and the United States. He is a non-executive director of Anglo American Platinum, De Beers and Petrofac Limited. René is a former finance director of The BOC Group plc and was a non-executive director of SSE plc (formerly Scottish and Southern Energy plc).

## ***Non-Executive Directors***

**Sir John Parker**, GBE, FEng, DSc (Eng), ScD (Hon), DSc (Hon), DUniv (Hon), FRINA (73), has been the non-executive chairman of the Board since August 2009, is chairman of the Nomination Committee and has served as a non-executive director since July 2009. Sir John became the non-executive chairman of Anglo American plc on August 1, 2009. He is chairman of the Nomination Committee and a member of the Safety and Sustainable Development (S&SD) Committee. Sir John is recognized as a highly experienced and independent chairman, has chaired five FTSE 100 companies and brings a broad range of leadership experience across a variety of industries in many countries. He is a non-executive director of Carnival Corporation, EADS and deputy chairman of DP World and Pennon Group plc (from April 1, 2015). Sir John is a Visiting Fellow of the University of Oxford. He was previously President of the Royal Academy of Engineering, chairman of National Grid plc, senior non-executive director and chair of the Court of the Bank of England and joint chair of Mondi, chair of BVT and P&O plc, and chancellor of the University of Southampton.

**Dr. Judy Dlamini**, MBChB, DOH, MBA (55), was appointed to the Board on January 1, 2014 and is a member of the Audit and Remuneration Committees. Judy is a successful businesswoman with longstanding public company board experience across a range of geographies and sectors, including mining. She is the chairman of Aspen Pharmacare and founder and chairman of Mbekani Group, a South African healthcare investment company. Judy served as a non-executive director of Northam Platinum between 2004 and 2013, and as a member of that company's committees on: health; safety and environmental; investment; and social, ethics and human resources. She started her career as a medical practitioner and after spending two years at HSBC, she began to develop her entrepreneurial interests. Judy is also a founder and trustee of Mkhiwa Trust, a family vehicle for social responsibility initiatives, and has served as a non-executive director on the boards of Discovery Holdings and Woolworths Holdings.

**Dr. Byron Grote**, PhD (67), was appointed to the Board on April 19, 2013. He is chairman of the Audit Committee and a member of the Remuneration Committee. Byron contributes broad business, financial and board experience in numerous geographies. He is a non-executive director of Standard Chartered and Akzo Nobel and will be joining the board of Tesco plc on May 1, 2015. He retires from the boards of Unilever NV and Unilever plc at the end of April 2015. Byron has extensive management experience across the oil and gas industry. He served on the BP plc board from 2000 until 2013 and was BP's chief financial officer during much of that period.

**Sir Philip Hampton**, MA, ACA, MBA (61), joined the Board on November 9, 2009. He is chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. Sir Philip is chairman of The Royal Bank of Scotland and brings to Anglo American significant financial, strategic and boardroom experience across a number of industries. Sir Philip was appointed to the board of GSK as a non-executive director and chair-designate in 2015. His previous appointments include chairman of J Sainsbury plc, finance director of Lloyds TSB Group plc, BT Group plc, BG Group plc, British Gas plc and British Steel plc, executive director of Lazards and non-executive director of RMC Group plc and Belgacom SA. Sir Philip succeeded David Challen as the senior independent director at the conclusion of the 2014 AGM.

**Phuthuma Nhleko**, BSc (Eng), MBA (54), joined the Board on March 9, 2011 and is a member of the Audit and Nomination Committees. Phuthuma is also chairman of Pembani Group (Pty) Limited and Afrisam South Africa (Pty) Limited and a non-executive director of BP plc. He is chairman of MTN Group Ltd, having formerly been the president and CEO between 2002 and 2011. He brings broad business experience and previously served as a director on a number of boards in South Africa, including Nedbank Group, Alexander Forbes, Bidvest and Old Mutual (SA).

**Ray O'Rourke**, KBE, HONFEng, CEng, FIEI, FICE (68), joined the Board on December 11, 2009. He is a member of the Nomination, Remuneration and Sustainability Committees. Ray has a proven track record in delivering complex and large scale projects around the world, mobilizing large numbers of people with great success and applying leading project management and engineering practices. As a member of the Sustainability Committee, he has a keen interest in safety. Ray founded the O'Rourke Group in 1977, having begun his career at Kier and J Murphy & Sons. In 2001, the O'Rourke Group acquired John Laing, to form Laing O'Rourke, now Europe's largest privately owned construction company, of which Ray is chairman.

**Dr. Mphu Ramatlapeng**, MD, MHSc (62), joined the Board on July 8, 2013 and is a member of the Sustainability Committee. Mphu is a highly experienced leader who brings a broad range of South African and international health expertise at board level across both the public and private sectors. She has a clear vision and deep understanding of the social benefits of effective healthcare programs and capacity building through partnership. Mphu is the Executive Vice President of HIV/AIDS and Tuberculosis programs for the Clinton Health Access Initiative and also the Vice Chair of the Global Fund to Fight AIDS, TB and Malaria. She served as Minister of Health and Social Welfare of Lesotho between 2007 and 2012. In this role, she championed Lesotho's significant

achievements in reducing the transmission of HIV from mother to child. Across her career, she has also been a leading advocate for women in business, including serving as founding Board Member of Women in Business in Lesotho.

**Jim Rutherford**, BSc (Econ), MA (Econ) (55) joined the Board on November 4, 2013. Jim is a member of the Sustainability and Audit Committees. He has extensive experience in investment banking and investment management, both as an institutional investor and analyst. He brings to the Board considerable financial insight from the perspective of the capital markets and a deep strategic understanding of the mining industry. Between 1997 and 2013, he was a Senior Vice President of Capital International Investors, a division of the Capital Group, and had responsibility for investments in the mining and metals industry with a broad global geographic coverage. Prior to joining Capital Group, Jim was an investment analyst covering the South American mining and metals industry for HSBC James Capel in New York.

**Anne Stevens**, PhD, BSc (67), joined the Board on May 14, 2012 and is a member of the Audit and Nomination Committees. Anne brings a wealth of experience and wide-ranging commercial acumen from a number of global industries. She has experience gained across North, Central and South America. She has served on the Board of Lockheed Martin Corporation as a non-executive director since 2002 and is also the chairman of a privately held IT services business, SA IT. Anne's 16-year career with Ford Motor Company culminated in her appointment as Chief Operating Officer for the Americas, a position she held until 2006. Prior to joining Ford in 1990, Anne spent ten years in a number of engineering, product development and sales and marketing roles at Exxon Chemical Co. and three years as chairman and CEO of Carpenter Technology.

**Jack Thompson**, BSc, PhD (65), joined the Board on November 16, 2009 and is chairman of the Sustainability Committee and a member of the Remuneration Committee. Jack brings experience gained at all levels of the mining industry and has received wide recognition as a mining executive. He is currently a non-executive director of Tidewater Inc. Jack was previously chairman and CEO of Homestake Mining Co., vice chairman of Barrick Gold Corp. and has served on the boards of Centerra Gold Inc., Century Aluminum Co., Molycorp Inc., Phelps Dodge Corp., Rinker Group Ltd. and Stillwater Mining.

### ***Committees of the Board***

Subject to those matters reserved for its decision, the Board delegates certain responsibilities to a number of standing committees — the Audit, Remuneration, Nomination and Sustainability Committees.

**Audit Committee.** The primary role of the Audit Committee is to ensure the integrity of financial reporting and the audit process, and that a sound risk management and internal control system is maintained. In pursuing these objectives, the Audit Committee oversees relations with the external auditors and reviews the effectiveness of the internal audit function. The committee also monitors developments in corporate governance to ensure the Group continues to apply high and appropriate standards.

In fulfilling its responsibility of monitoring the integrity of financial reports to shareholders, the Audit Committee reviews accounting principles, policies and practices adopted in the preparation of public financial information and examines documentation relating to the 2014 Annual Report of the Company, 2014 Half Year Financial Report of the Company, preliminary announcements and related public reports. The clarity of disclosures included in the financial statements is reviewed by the Audit Committee, as is the basis for significant estimates and judgments. In assessing the accounting treatment of major transactions open to different approaches, the committee considers written reports by management and the external auditors. The committee's recommendations are submitted to the Board for approval.

The Audit Committee presently consists of: Byron Grote (chairman), Judy Dlamini, Sir Philip Hampton, Phuthuma Nhleko, Jim Rutherford and Anne Stevens, all of whom are independent non-executive directors. The Board, in consultation with the Audit Committee chairman, makes appointments to the committee. The Board has determined that the committee members have the skills and experience necessary to contribute meaningfully to the committee's deliberations. In addition, the chairman has requisite experience in accounting and financial management. The committee met three times during 2014, and the chairman of the Audit Committee held regular meetings with the audit engagement partner during the year.

**Remuneration Committee.** The Remuneration Committee is responsible for establishing and developing the Group's general policy on executive and senior management remuneration, determining specific remuneration packages for the Chairman and executive directors, and designing the Company's share incentive schemes. The Remuneration Committee met three times during 2014. The Remuneration Committee presently consists of: Sir Philip Hampton (chairman), Judy Dlamini, Byron Grote, Ray O'Rourke and Jack Thompson, all of whom are independent non-executive directors.

*Nomination Committee.* The Nomination Committee makes recommendations to the Board on the appointment of new executive and non-executive directors, including making recommendations as to the composition of the Board and its committees and the balance between executive and non-executive directors with the aim of cultivating a board with the appropriate mix of skills, experience, independence and knowledge of the Company. The Nomination Committee is also responsible for setting guidelines (with the approval of the Board) for the types of skills, experience and diversity being sought when making a search for new directors and with the assistance of external consultants, identifying and reviewing in detail each potential candidate available in the market. The Committee then agrees a “long list” of candidates for each directorship and following further discussion and research decides upon a shortlist of candidates for interview. Shortlisted candidates are each interviewed by the Committee members who then convene to discuss their impressions and conclusions, culminating in a recommendation to the Board. The Nomination Committee meets as and when required and engages external consultants to identify appropriate candidates.

The Board, via the Nomination Committee, has taken steps to ensure that the Human Resources function of the Group regularly reviews and updates the succession plans of directors and senior managers. The Committee met twice during 2014. The Nomination Committee currently consists of: Sir John Parker (chairman), Sir Philip Hampton, Phuthuma Nhleko, Ray O’Rourke and Anne Stevens.

*Sustainability Committee.* The Committee changed its name to the Sustainability Committee (from the Safety and Sustainable Development Committee) during the year and adopted new terms of reference to reflect its focus on the whole range of sustainability issues facing the Group.

The Committee’s purpose is to oversee, on behalf of the Board, material management policies, processes and strategies designed to manage safety, health, environment, socio-political and people risks. It aims to achieve compliance with sustainable development responsibilities and commitments and strive for an industry leadership position on sustainability.

The Sustainability Committee meets four times each year, including a visit to an operation, and business unit heads are invited to attend committee meetings. The Sustainability Committee presently consists of: Jack Thompson (chairman), Mark Cutifani, Sir John Parker, Tony O’Neill, Ray O’Rourke, Mphu Ramatlapeng and Jim Rutherford.

#### **Group Management Committee**

The names and biographical details of the members of GMC are set forth below. The business address of each such person is 20 Carlton House Terrace, London, SW1Y 5AN. No potential conflicts of interest exist between the duties of each such person to Anglo American plc and his or her private interests or other duties.

**Mark Cutifani** is chief executive of Anglo American plc, see “—Composition of Board”.

**René Médori** is finance director of Anglo American plc, see “—Composition of Board”.

**Peter Whitcutt**, BCom (Hons), CA (SA), MBA (49), is Group director, strategy, business development and marketing. He joined Anglo American in 1990 within the corporate finance division. He worked on the merger of Minorco with Anglo American, the listing of Anglo American in 1999, and the subsequent unwinding of the cross-holding with De Beers. Peter was appointed Group head of finance in 2003, CFO of Base Metals in August 2008 and to his present position in October 2009, which was expanded to include marketing in 2013.

**Paulo Castellari-Porchia**, BCom, MBA (44), CEO of Iron Ore Brazil. He was previously CEO of Anglo American’s Phosphates and Niobium businesses in Brazil and served in Anglo American’s former Base Metals division. Paulo’s career with the Group started in 1993 and has included positions at AngloGold Ashanti Limited and Minorco in a number of corporate finance and capital project roles.

**Seamus French**, BEng (Chemical) (52), is CEO of Coal. He joined WMC Resources in Australia in 1994, initially in a strategic planning and business development role and progressed to various operational management roles, gaining extensive experience in the gold and nickel businesses before advancing to the position of executive general manager, copper-uranium division. Seamus joined BHP Billiton as global vice president, business excellence, following its takeover of WMC in 2005. He was appointed regional CEO of Anglo Coal Australia in 2007, bringing strong skills in operations, safety and business improvement to the role. He was CEO of Metallurgical Coal between 2009 and 2013.

**Chris Griffith**, BEng (Mining) Hons, Pr Eng (50), was appointed CEO of Anglo American Platinum Limited with effect from September 1, 2012. He was previously CEO of Kumba Iron Ore from 2008. Prior to this he was Anglo American Platinum’s head of operations for joint ventures. Chris has been with Anglo American for 25 years.

**Norman Mbazima**, FCCA, FZICA (56), was appointed CEO of Kumba Iron Ore with effect from September 1, 2012. He joined Anglo American in 2001 at Konkola Copper Mines plc. He was subsequently appointed global CFO for Anglo Coal. He became executive director of finance at Anglo American Platinum in June 2006 and later stepped in as joint acting CEO. Norman was CEO of Scaw Metals from May 2008 and later CEO of Thermal Coal from October 2009, a position he held until 2012.

**Tony O'Neill**, MBA, BASc (Eng) (57) is Group director, technical and sustainability, and joined Anglo American in 2013. He is a member of the Sustainability and Investment Committees. He is also a non-executive director of De Beers, Kumba Iron Ore and Anglo American Platinum Limited. Tony joined AngloGold Ashanti in July 2008 as Executive Vice President – Business and Technical Development and served as Joint Acting CEO until July 2013. His 36-year career in the mining industry has spanned iron ore, copper, nickel and gold, and includes his roles as operations executive at Newcrest Mining and as the head of the gold business at Western Mining Corporation. Tony is a mining engineer with an MBA from the University of Melbourne.

**Duncan Wanblad**, BSc (Eng) Mech, GDE (Eng Management) (48), is CEO of Base Metals and Minerals. He began his career at Johannesburg Consolidated Investment Company Limited in 1990. Between 2009 and 2013, Duncan held the position of Group director of the Other Mining and Industrial businesses. He was appointed to the board of Anglo American Platinum in 2004 and was appointed joint interim CEO of Anglo American Platinum in 2007, before taking over as CEO of Anglo American's copper operations in 2008.

**Philippe Mellier**, MSc (Eng) MBA (59), was appointed CEO of De Beers Group in July 2011. He began his career in 1980 with the Ford Motor Company, where he occupied various senior management positions over 19 years. In 1999, Philippe joined Renault as a senior vice president in charge of European sales, and was a member of the management board. In 2001 he moved to Volvo AB to become chairman and CEO of Renault Trucks, and a member of the Volvo Group executive committee. In 2003, Philippe became president of Alstom Transport and was appointed executive vice president of Alstom Group a year later.

**Phil Mitchell**, BEC, CPA, (54) is Group Director, HR and Public affairs. Phil has extensive experience in the mining industry, following a 32 year career with Rio Tinto. He has worked across many commodity businesses in roles spanning finance, business development and M&A, including negotiations with governments and employees as part of a number of strategic initiatives. Phil holds an economics degree from the Australian National University.

**Anik Michaud**, LL.L (Law) (47), Group Director – Corporate Communication with effect from March 30, 2015. Joining Anglo American in January 2008 as Group Head of Corporate Communication, Anik has developed an integrated global communication function that has successfully transformed Anglo American's corporate narrative, media and employee engagement, digital presence and brand. Anik's more than 20-year career in the full range of communication and public affairs disciplines has brought her from Quebec, Canada, where she was ultimately Director of Public Affairs for Rio Tinto Alcan after 10 years with the Alcan group. Anik began her career as the political attaché to the Minister of Finance for Quebec having qualified as a lawyer at the University of Ottawa and with a degree in Health Sciences.

**Khanyisile Kweyama** was a member of the GMC during 2014, before being seconded to Business Unity South Africa to take up the position of CEO for two years, effective January 2, 2015.

#### ***Executive directors<sup>(1)</sup>***

The following table summarizes the executive directors' date of appointment and the applicable date of re-election or election to the Board:

|                                       | <b>Date of appointment</b> | <b>Next AGM<br/>re-election or<br/>election</b> |
|---------------------------------------|----------------------------|-------------------------------------------------|
| Mark Cutifani (chief executive) ..... | April 3, 2013              | April 2015                                      |
| René Médori (finance director) .....  | June 1, 2005               | April 2015                                      |

(1) At each AGM all directors shall retire from office.

#### ***Non-executive directors<sup>(1)(2)</sup>***

All non-executive directors have letters of appointment with the Company for an initial period of three years from their date of appointment, subject to reappointment at the AGM.

The following table summarizes the non-executive directors' date of appointment and the applicable date of re-election or election to the Board:

|                          | <b>Date of<br/>appointment</b> | <b>Next AGM<br/>re-election or<br/>election</b> |
|--------------------------|--------------------------------|-------------------------------------------------|
| Sir John Parker .....    | July 9, 2009                   | April 2015                                      |
| Judy Dlamini .....       | January 1, 2014                | April 2015                                      |
| Sir Philip Hampton ..... | November 9, 2009               | April 2015                                      |
| Phuthuma Nhleko .....    | March 9, 2011                  | April 2015                                      |
| Ray O'Rourke .....       | December 11, 2009              | April 2015                                      |
| Mphu Ramatlapeng .....   | July 8, 2013                   | April 2015                                      |
| Jim Rutherford .....     | November 4, 2013               | April 2015                                      |
| Anne Stevens .....       | May 14, 2012                   | April 2015                                      |
| Jack Thompson .....      | November 16, 2009              | April 2015                                      |
| Byron Grote .....        | April 19, 2013                 | April 2015                                      |

(1) At each AGM, all directors shall retire from office.

(2) There is no fixed notice period; however, the Group may in accordance with, and subject to, the provisions of the 2006 Companies Act, by Ordinary Resolution of which special notice has been given, remove any director from office. The Company's Articles of Association also permit the directors, under certain circumstances, to remove a director from office.

## EMPLOYEES

Our employees are essential to the long-term success of the Group. We continue to invest in the development of our people and strive to ensure that we are positioned to attract and retain the best mining and other talent.

The table below sets forth the average number of employees, excluding contractors and associates' employees and joint ventures' employees, and including a proportionate share of employees within joint operations.

|                                             | <b>Year-<br/>ended December 31,</b> |             |             |
|---------------------------------------------|-------------------------------------|-------------|-------------|
|                                             | <b>2012<sup>(1)</sup></b>           | <b>2013</b> | <b>2014</b> |
|                                             | <i>(thousands)</i>                  |             |             |
| Platinum .....                              | 57                                  | 55          | 51          |
| Copper .....                                | 5                                   | 6           | 6           |
| Nickel .....                                | 2                                   | 2           | 2           |
| Iron Ore and Manganese <sup>(2)</sup> ..... | 8                                   | 8           | 9           |
| Coal .....                                  | 13                                  | 11          | 12          |
| Niobium .....                               | 1                                   | 1           | 1           |
| Phosphates .....                            | 1                                   | 1           | 1           |
| De Beers <sup>(3)</sup> .....               | 3                                   | 10          | 10          |
| Corporate and other <sup>(2)</sup> .....    | 15                                  | 4           | 3           |
| Total .....                                 | <u>105</u>                          | <u>98</u>   | <u>95</u>   |

(1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See "Presentation of Financial Information" and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

(2) In 2012, Amapá was reclassified from Iron Ore and Manganese to Corporate and other to align with internal management reporting.

(3) The average number of employees in De Beers reflects the acquisition of the additional stake in De Beers from August 16, 2012, resulting in De Beers becoming a subsidiary of Anglo American plc.

The table below sets forth the average number of employees (for continuing operations) by principal location of employment, by geographical segment, for the periods presented.

|                          | <b>Year-<br/>ended December 31,</b> |             |             |
|--------------------------|-------------------------------------|-------------|-------------|
|                          | <b>2012<sup>(1)</sup></b>           | <b>2013</b> | <b>2014</b> |
|                          | <i>(thousands)</i>                  |             |             |
| South Africa .....       | 82                                  | 75          | 72          |
| Rest of Africa .....     | 2                                   | 4           | 4           |
| Europe .....             | 6                                   | 2           | 2           |
| North America .....      | 1                                   | 2           | 2           |
| South America .....      | 11                                  | 11          | 11          |
| Australia and Asia ..... | 3                                   | 4           | 4           |
| Total .....              | <u>105</u>                          | <u>98</u>   | <u>95</u>   |

- (1) Changes in accounting policy relating to IAS 19R, IFRIC 20 and IFRS 11, resulted in the restatement of financial results for the year-ended December 31, 2012. See “Presentation of Financial Information” and note 41 of the Group 2013 Consolidated Financial Statements, which are incorporated by reference into this document, for more details.

We operate defined contribution and defined benefit pension plans for the majority of our employees. We also operate post-retirement medical arrangements in sub-Saharan Africa and North America.

The defined contribution pension and medical cost represents the actual contributions payable by the Group to the various plans. At December 31, 2014, there were no material outstanding/prepaid contributions and so no prepayment or accrual has been disclosed in the balance sheet in relation to these plans.

The majority of the defined benefit pension plans are funded. The assets of these plans are held separately from those of the Group in independently administered funds, in accordance with statutory requirements or local practice throughout the world. At December 31, 2014, the unfunded pension plans are principally in South America.

The post-retirement medical arrangements provide health benefits to retired employees and certain dependents. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded.

## **RELATED PARTY TRANSACTIONS**

The Group has a related party relationship with its subsidiaries, joint ventures and associates.

The Group, in the ordinary course of business, enters into various sale, purchase and service transactions with joint ventures and associates and others in which the Group has a material interest. These transactions are under terms that are no less favorable than those arranged with third parties. These transactions are not considered to be significant other than the transactions with De Beers described below.

Dividends received from associates and joint ventures during the year-ended December 31, 2014 totaled US\$435 million (2013: US\$246 million, 2012: US\$294 million).

At December 31, 2014, the Group had provided loans to joint ventures of US\$329 million (2013: US\$265 million, 2012: US\$242 million).

At December 31, 2014, the Group had provided loans to associates of US\$98 million (2013: US\$164 million, 2012: US\$305 million). These loans are included in financial asset investments.

At December 31, 2014, the directors of the Group and their immediate relatives control 0.1% (2013: 0.1%, 2012: 0.1%) of the voting shares of the Company.

### **REFINANCING OF ATLATSA**

In 2009, Platinum sold a 51% interest in Bokoni Platinum Mines Proprietary Limited (“Bokoni”) and a 1% interest in certain undeveloped projects to Atlatsa Resources Corporation (“Atlatsa”) in a BEE transaction. Platinum retained 49% of Bokoni, and in addition acquired an effective 27% interest in Atlatsa as part of the sale consideration. Both Atlatsa and Bokoni are associates of the Group.

Between 2009 and December 2013 Platinum provided Atlatsa and its subsidiaries, including Bokoni, with additional debt and equity funding, and, in 2012, Platinum and Atlatsa agreed to restructure, recapitalize and refinance both Atlatsa and Bokoni. The first phase of the refinancing transaction completed in December 2013, whereby Platinum acquired certain properties from Bokoni and in return the level of debt outstanding from Atlatsa was reduced. A charge of US\$37 million was recorded in 2013 within non-operating special items relating to this transaction.

In January 2014, Platinum completed the second and final phase of the refinancing transaction for Atlatsa. Platinum sold its existing 27.0% indirect equity interest in Atlatsa to the controlling BEE shareholders and subscribed for equity shares in Atlatsa representing a 22.8% direct interest. In return the level of debt outstanding from Atlatsa was reduced. These transactions resulted in an increase in ‘Investments in associates’ of US\$69 million, a net decrease in ‘Financial asset investments’ of US\$47 million and a net gain of US\$22 million recorded within ‘Non-operating special items’.

### **RELATED PARTY TRANSACTION WITH MITSUBISHI**

In 2013, the Group entered into a transaction with a related party of the Company for the purposes of the UK Listing Authority Listing Rules.

An Anglo American subsidiary entered into a Shareholder Agreement (“SHA”) with a subsidiary of Mitsubishi in relation to Anglo American Quellaveco S.A., which owns Anglo American’s Quellaveco copper project. Mitsubishi is a related party to Anglo American because its wholly owned subsidiary is a substantial shareholder in AA Sur, a significant subsidiary of the Company. AA Sur owns and operates copper mines and metallurgical plants in Chile and has no ownership interest in Quellaveco.

Anglo American has a controlling 81.9% interest in Anglo American Quellaveco S.A. Mitsubishi purchased its 18.1% shareholding in this company in 2011 from an unrelated third party. The entry into the SHA provides a formal contractual relationship with a minority shareholder to give more certainty to the way in which the shareholding relationship in Anglo American Quellaveco S.A. is managed. It is primarily focused on the governance aspects of the relationship, information rights, the transferability of shares, arrangements for future funding and entitlement to production from the Quellaveco project. The entry into the SHA did not involve a purchase or sale of an asset and no value is ascribed to this transaction.

### **RELATED PARTY TRANSACTIONS WITH DE BEERS**

The Group has in prior years entered into various transactions with De Beers which were considered to be related party transactions for the purposes of the UK Listing Authority’s Listing Rules as a result of the interest in

De Beers held by CHL and certain of its subsidiaries in which Mr. N. F. Oppenheimer, a director of the Company at the time of these transactions, had a relevant interest for the purpose of the rules.

The related party transactions entered into and which continued to be relevant in the year-ended December 31, 2012 are detailed below.

On November 4, 2011, Anglo American announced it had entered into an agreement with CHL and Centhold International Limited (“CHL Sellers”), together representing the Oppenheimer family interests in De Beers, to acquire their 40% interest in De Beers for a total cash consideration of US\$5.1 billion, subject to adjustment and conditions as provided for in the agreement (the “Transaction”).

In view of the fact that the CHL Sellers were ultimately controlled through intermediary companies by trusts of which Mr. N. F. Oppenheimer is a potential discretionary beneficiary and Mr. N. F. Oppenheimer had been a director of Anglo American within the 12 months preceding agreement of the Transaction, the Transaction was categorized as a related party transaction requiring the approval of Anglo American shareholders (other than Mr. N. F. Oppenheimer and his associates). This approval was obtained at a general meeting of the Company held on January 6, 2012. Further information in relation to the Transaction was set out in the circular posted to the Company’s shareholders in December 2011.

Under the terms of the existing shareholders’ agreement between Anglo American, CHL and the GRB, the GRB had pre-emption rights in respect of the interests in De Beers to be sold, enabling it to participate in the Transaction and to increase its interest in De Beers, on a pro rata basis, up to 25%.

The GRB elected not to exercise its pre-emption rights to participate in the Transaction on a proportionate basis and accordingly Anglo American’s interest in De Beers increased to 85% on August 16, 2012, following the obtaining of certain specified regulatory and government approvals to which the Transaction was subject. Anglo American paid a total cash consideration of US\$5.2 billion, comprising the adjusted purchase price under the Transaction.

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

#### **RELATED PARTY TRANSACTIONS WITH KEY MANAGEMENT**

Remuneration and benefits of key management personnel are given in Note 26 to the 2014 Group Consolidated Financial Statements. Information relating to pension fund arrangements is disclosed in Note 27 to the 2014 Group Consolidated Financial Statements.

## DESCRIPTION OF THE NOTES AND THE GUARANTEES

*The following is a summary of the material provisions of the Indenture and the Notes. Copies of the Indenture, the Guarantees and the Notes will be available for inspection during normal business hours at any time after the closing date of the offering of the Notes at the London offices of the Trustee, which are currently located at 14th Floor, Citigroup Centre, Canary Wharf, London E14 5LB. Any capitalized term used herein but not defined shall have the meaning assigned to such term in the Indenture.*

### GENERAL

The US\$850,000,000 3.625% Notes due 2020 (the “2020 Notes”) and the US\$650,000,000 4.875% Senior Notes due 2025 (the “2025 Notes” and, together with the 2020 Notes, the “Notes”) will be issued and treated as two separate series of debt securities under an Indenture dated as of April 8, 2009, as supplemented by the first supplemental indenture dated as of April 2, 2012 and the second supplemental indenture dated as of May 14, 2015 (the “Indenture”), among Anglo American Capital plc (the “Issuer”), Anglo American plc (the “Company”) and Citibank, N.A., as trustee (the “Trustee”), London paying agent and registrar (the “Agent”).

The Indenture is not required to be nor will it be qualified under the US Trust Indenture Act of 1939, as amended (the “Trust Indenture Act”), and will not incorporate by reference any of the provisions of the Trust Indenture Act. Consequently, the Holders of Notes generally will not be entitled to the protections provided under such Act to holders of debt securities issued under a qualified indenture, including those requiring the Trustee to resign in the event of certain conflicts of interest and to inform the Holders of Notes of certain relationships between it and the Issuer or the Company. In this “Description of the Notes and the Guarantees”, the terms “Holder”, “Noteholder” and other similar terms refer to a “registered holder” of Notes, and not to a beneficial owner of a book-entry interest in any Notes, unless the context otherwise clearly requires.

Citigroup Global Markets Inc., J.P. Morgan Securities LLC, RBC Capital Markets, LLC nabSecurities, LLC, Scotia Capital (USA) Inc., TD Securities (USA) LLC and Westpac Banking Corporation (ABN 33 007 457 141) (together, the “Initial Purchasers”) propose to resell the Rule 144A Global Notes in registered form to certain institutions in the United States in reliance upon Rule 144A under the US Securities Act of 1933, as amended (the “Securities Act”). The Rule 144A Global Notes may not be sold or otherwise transferred except pursuant to registration under the Securities Act or in accordance with Rule 144A or pursuant to Rule 904 of Regulation S thereunder or in a resale transaction that is otherwise exempt from such registration requirements, and will bear a legend to this effect. In light of current US securities laws, subject to certain exceptions, an exemption should be available for a sale or transfer of a Rule 144A Global Note after its Specified Date. The “Specified Date” means, with respect to any Rule 144A Global Note, the date following the expiration of the applicable required holding period determined pursuant to Rule 144 under the Securities Act (such period, the “applicable holding period”) after the later of the date of acquisition of such Rule 144A Global Note from the Issuer, or an affiliate of the Issuer, or any resale of such Rule 144A Global Note in reliance on Rule 144 under the Securities Act for the account of either the acquiror or any subsequent holder of such Rule 144A Global Note, in each case demonstrated to the reasonable satisfaction of the Issuer or the Company (which may require delivery of legal opinions). Unless a Holder of a Rule 144A Global Note holds such Rule 144A Global Note for the entire applicable holding period, such Holder may not be able to determine the Specified Date because such Holder may not be able to determine the last date on which the Issuer, the Company or any affiliate thereof was the beneficial owner of such Holder’s Rule 144A Global Note. The registrars and the transfer agents for the Notes will not be required to accept for registration or transfer any Rule 144A Global Notes, except upon presentation of satisfactory evidence (which may include legal opinions) that the restrictions on transfer have been complied with, all in accordance with such reasonable regulations as the Issuer and the Company may from time to time agree with such registrars and the transfer agents.

For so long as any Notes remain outstanding and are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Company will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, make available to any registered Holder of Notes (or any Holder of a book-entry interest in such Notes designated by the registered holder thereof) in connection with any sale thereof and to any prospective purchaser of Notes or a book-entry interest in Notes designated by such registered holder, in each case upon request of such registered holder, the information specified in, and meeting the requirements of, Rule 144A(d)(4) under the Securities Act. As of the date of this document, the Company is exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act.

The Regulation S Global Notes will be resold by the Initial Purchasers only to non-US persons located outside the United States in offshore transactions in reliance on Regulation S under the Securities Act.

## **PRINCIPAL, MATURITY AND INTEREST**

The Notes will be unsecured and unsubordinated obligations of the Issuer and will be unconditionally guaranteed on a senior, unsecured basis by the Company (the “Guarantees”). The 2020 Notes and the 2025 Notes are initially issuable in aggregate principal amounts not to exceed US\$850 million and US\$650 million, respectively, and will mature on May 14, 2020 and May 14, 2025, respectively. The 2020 Notes and the 2025 Notes will bear interest at 3.625% and 4.875%, respectively, per annum from the date of the initial issuance of such Notes or from the most recent interest payment date to which interest has been paid or provided for. The Notes are payable semi-annually in arrears on May 14 and November 14, commencing November 14, 2015, to the person in whose name any 2020 Note or 2025 Note, as applicable, is registered at the close of business on the April 30 or October 31 (whether or not a business day) immediately preceding such interest payment date (each, a “record date”), notwithstanding any transfer or exchange of such Notes subsequent to the record date and prior to such interest payment date, except that, if and to the extent the Issuer shall default in the payment of the interest due on such interest payment date and the applicable grace period shall have expired, such defaulted interest may, at the option of the Issuer, be paid to the persons in whose names Notes are registered at the close of business on a subsequent record date (which shall not be less than five days which are business days in New York City prior to the date of payment of such defaulted interest) established by notice given by mail by or on behalf of the Issuer to the Holders (which term means registered holders) of the 2020 Notes or the 2025 Notes, as applicable, not less than fifteen days preceding such subsequent record date. Interest will be computed on the basis of a 360-day year consisting of twelve 30-day months and in the case of an incomplete month, the number of days elapsed. If the date on which any interest payment or principal payment is to be made is not a business day in New York City and the place of payment of such interest or principal, such payment will be made on the next day which is a business day in New York City and the place of payment of such interest or principal without any further interest or other amounts being paid or payable in connection therewith.

## **FORM AND DENOMINATION**

The Notes will be issued in fully registered form and only in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Notes will be issued initially as Global Notes.

## **FURTHER ISSUES**

The Issuer may, from time to time, without notice to or the consent of the Holders of the Notes, issue as many distinct series of debt securities under the Indenture as it wishes. It may also from time to time, without notice to or the consent of the Holders of the Notes, “reopen” each series of the Notes and create and issue additional notes having identical terms and conditions as the 2020 Notes or the 2025 Notes, as the case may be, (or in all respects except for the payment of interest accruing prior to the issue date of such additional notes or except for the first payment of interest following the issue date of such additional notes) so that the additional notes are consolidated and form a single series of notes with the 2020 Notes or the 2025 Notes, as the case may be, (a “Further Issue”); *provided* that any additional notes which have the same CUSIP, ISIN or other identifying number as the outstanding Notes must be fungible with such outstanding Notes for US federal income tax purposes.

The period of resale restrictions applicable to any Notes previously offered and sold in reliance on Rule 144A under the Securities Act shall automatically be extended to the last day of the period of any resale restrictions imposed on any such additional Notes.

## **STATUS OF THE NOTES AND THE GUARANTEES**

The Notes will be unsecured and unsubordinated obligations of the Issuer and will rank *pari passu* in right of payment among themselves and with other unsecured and unsubordinated indebtedness of the Issuer (save for certain obligations required to be preferred by law). Upon issue, the Company will unconditionally guarantee, on a senior, unsecured basis, the due and punctual payment (and not collectability) of the principal of and interest on the Notes (and the payment of additional amounts described under “—Payment of Additional Amounts”) when and as the same shall become due and payable, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise. The Guarantees will be an unsecured and unsubordinated obligation of the Company and will rank *pari passu* in right of payment with other unsecured and unsubordinated indebtedness of the Company (save for certain obligations required to be preferred by law).

## PAYMENT OF ADDITIONAL AMOUNTS

The Issuer or, if applicable, the Company (pursuant to the terms of the Guarantees) will make payments of, or in respect of, principal, any premium and interest on the Notes or any payment pursuant to the Guarantees, as the case may be, without withholding or deduction for or on account of any and all present or future tax, levy, impost or other governmental charge whatsoever imposed, assessed, levied or collected (“Taxes”) by or for the account of a Relevant Jurisdiction (as defined below), unless such withholding or deduction is required by law.

If the Issuer or, if applicable, the Company is required by a Relevant Jurisdiction to deduct or withhold Taxes, the Issuer or, if applicable, the Company will pay to a Holder of a Note or the beneficial owner thereof such additional amounts (“Additional Amounts”) as may be necessary so that the net amount received by such Holder or beneficial owner will not be less than the amount such Holder or beneficial owner would have received if such Taxes had not been withheld or deducted; *provided, however*, that the Issuer or, if applicable, the Company shall not be required to pay any Additional Amounts for or on account of:

- (i) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that the Holder of the applicable Note or Guarantee (or a fiduciary, settlor, beneficiary, member or shareholder of, or possessor of a power over, such Holder, if such Holder is an estate, trust, partnership or corporation) is or has been a domiciliary, national or resident of, or engaging or having been engaged in a trade or business or maintaining or having maintained a permanent establishment or being or having been physically present in the jurisdiction in which such Taxes have been imposed, assessed, levied or collected or otherwise having or having had some connection with such jurisdiction, other than the mere holding or ownership of, or the collection of principal of, and interest on, a Note or the enforcement of a Guarantee, as the case may be;
- (ii) any Taxes that would not have been so imposed, assessed, levied or collected but for the fact that, where presentation is required in order to receive payment, the applicable Note or Guarantee was presented more than 30 days after the date on which such payment became due and payable or was provided for, whichever is later, except to the extent that the Holder or beneficial owner thereof would have been entitled to Additional Amounts had the applicable Note or Guarantee been presented for payment on any day during such 30-day period;
- (iii) any estate, inheritance, gift, sales, transfer, excise, personal property or similar Taxes;
- (iv) any Taxes that are payable otherwise than by deduction or withholding from payments on or in respect of the applicable Note or Guarantee;
- (v) any Taxes that would not have been so imposed, assessed, levied or collected but for the failure by the Holder or the beneficial owner of the applicable Note or Guarantee to comply (following a written request addressed to the Holder or beneficial owner, as applicable), with any certification, identification or other reporting requirements concerning the nationality, residence or identity of such Holder or beneficial owner or its connection with a Relevant Jurisdiction if compliance is required by statute, regulation or administrative practice of such Relevant Jurisdiction as a condition to relief or exemption from such Taxes;
- (vi) any withholding or deduction that is required to be made pursuant to European Council Directive 2003/48/EC, European Council Directive 2014/48/EU, or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive or pursuant to any law supplementing, amending or replacing such Directive;
- (vii) any withholding or deduction that is imposed on the applicable Note or Guarantee that is presented for payment, where presentation is required, by or on behalf of a Holder who would have been able to avoid such withholding or deduction by presenting such Note or Guarantee to another paying agent in a member state of the EU;
- (viii) any withholding or deduction required to be made from a payment pursuant to Sections 1471-1474 of the US Internal Revenue Code of 1986, as of the issue date (or any amended or successor version) (the “Code”), any current or future regulations or official interpretations thereof, any intergovernmental agreement between a non-US jurisdiction and the United States with respect to the foregoing, any similar law or regulations adopted pursuant to such an intergovernmental agreement or any agreements entered into pursuant to Section 1471(b)(1) of the Code; or
- (ix) any combination of the Taxes described in (i) through (viii) above.

In addition, Additional Amounts will not be paid in respect of any payment in respect of the applicable Notes or Guarantees to any Holder or beneficial owner of the applicable Notes or Guarantees that is a fiduciary, a partnership, a limited liability company or any person other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of a Relevant Jurisdiction to be included, for tax purposes, in the income of

a beneficiary or settlor with respect to such fiduciary, a member of such partnership, an interest holder in such limited liability company or a beneficial owner that would not have been entitled to such amounts had such beneficiary, settlor, member, interest holder or beneficial owner been the Holder of such Notes or Guarantees.

Whenever the Company refers in this document to the payment of the principal of any premium, any interest or other amounts to which a holder or beneficial owner is entitled, if any, on or in respect of the Notes or the Guarantees, unless the context otherwise requires, the Company means to include the payment of Additional Amounts to the extent that, in context, Additional Amounts are, were or would be payable.

## **REDEMPTION**

### ***Optional Redemption***

The Issuer may redeem each series of the Notes in whole or in part, at the Issuer's option, at any time and from time to time at a redemption price equal to the greater of (i) 100% of the principal amount of the Notes to be redeemed and (ii) as determined by the Independent Investment Banker, the sum of the present values of the applicable Remaining Scheduled Payments discounted to the date fixed for redemption (the "Redemption Date") on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months or in the case of an incomplete month, the number of days elapsed) at the Treasury Rate plus, in the case of the 2020 Notes, 35 basis points or, in the case of the 2025 Notes, 45 basis points, together with, in each case, accrued and unpaid interest on the principal amount of the Notes to be redeemed to the Redemption Date. In connection with such optional redemption, the following defined terms apply:

"Treasury Rate" means, with respect to any Redemption Date, the rate per annum equal to the semiannual equivalent yield to maturity (computed as at the third Business Day immediately preceding that Redemption Date) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that Redemption Date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Independent Investment Banker that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the 2020 Notes or the 2025 Notes, as the case may be.

"Comparable Treasury Price" means, with respect to any Redemption Date, (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding that Redemption Date, as set forth in the daily statistical release designated H.15 (519) (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for US Government Notes" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (A) the average of the Reference Treasury Dealer Quotations for that Redemption Date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (B) if the Independent Investment Banker for the Notes obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Independent Investment Banker" means one of the Reference Treasury Dealers appointed by the Issuer to act as the "Independent Investment Banker".

"Reference Treasury Dealer" means each of Citigroup Global Markets Inc., J.P. Morgan Securities LLC and RBC Capital Markets, LLC, their respective successors and two other nationally recognized investment banking firms that are Primary Treasury Dealers specified from time to time by the Issuer; *provided, however*, that if any of the foregoing shall cease to be a primary US Government securities dealer in the United States (a "Primary Treasury Dealer"), the Issuer shall substitute therefor another nationally recognized investment banking firm that is a Primary Treasury Dealer.

"Reference Treasury Dealer Quotation" means, with respect to each Reference Treasury Dealer and any Redemption Date, the average, as determined by the Independent Investment Banker, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the Independent Investment Banker by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding that Redemption Date.

"Remaining Scheduled Payments" means, with respect to each Note to be redeemed, the remaining scheduled payments of the principal thereof and interest thereon that would be due after the related Redemption Date but for such redemption; *provided, however*, that if that Redemption Date is not an interest payment date with respect to such Notes, the amount of the next succeeding scheduled interest payment thereon will be reduced by the amount of interest accrued thereon to that Redemption Date.

Notice of any redemption will be given in accordance with “Notices” below at least 30 days but not more than 60 days before the Redemption Date to each Holder of the Notes to be redeemed. On and after any Redemption Date, interest will cease to accrue on the Notes or any portion thereof called for redemption.

Upon presentation of any Note redeemed in part only, the Issuer will execute and instruct the Trustee to authenticate and deliver to or on the order of the Holder thereof, at the expense of the Issuer, a new Note or Notes, of authorized denominations, in principal amount equal to the unredeemed portion of the Note so presented.

On or before any Redemption Date, the Issuer shall deposit with the Trustee money sufficient to pay the redemption price of and accrued interest on the Notes to be redeemed on such date. If less than all the Notes are to be redeemed, the Notes to be redeemed shall be selected by the Trustee by such method as the Trustee shall deem fair and appropriate. The redemption price shall be calculated by the Independent Investment Banker and the Issuer, and the Trustee and any paying agent for the Notes shall be entitled to rely on such calculation.

### ***Final Maturity***

Unless previously purchased or redeemed by the Issuer or the Company or any of their Subsidiaries, and cancelled, the principal amount of the 2020 Notes and the 2025 Notes will mature and become due and payable on May 14, 2020 and May 14, 2025, respectively, in an amount equal to their principal amount, with accrued and unpaid interest to such date.

### ***Reacquisition***

There is no restriction on the ability of the Issuer or the Company or any of their respective Subsidiaries to purchase or repurchase Notes.

### ***Redemption for Tax Reasons***

Each series of the Notes is redeemable by the Issuer, in whole but not in part, at 100% of the principal amount of the Notes plus accrued and unpaid interest to the applicable Redemption Date and any Additional Amounts payable with respect thereto at the Issuer’s option at any time prior to their maturity if due to a Change in Tax Law (as defined below) (i) the Issuer or, if applicable, the Company, in accordance with the terms of the applicable Notes or the applicable Guarantees, respectively, has, or would, become obligated to pay to the Holder or beneficial owner of any Note any Additional Amounts; (ii) in the case of the Company, (A) the Company would be unable, for reasons outside its control, to procure payment by the Issuer or (B) the procuring of such payment by the Issuer would be subject to withholding taxes imposed by a Relevant Jurisdiction; and (iii) the obligation described in (i) cannot be avoided by the Issuer or, if applicable, the Company taking reasonable measures available to it. In such case, the Issuer may redeem the Notes in whole, but not in part, upon not less than 30 nor more than 60 days’ notice as provided in “Notices” below, at 100% of the principal amount of the Notes plus accrued and unpaid interest to the applicable Redemption Date and any Additional Amounts payable with respect thereto; *provided that* (a) no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, if applicable, the Company would be obligated to pay any such Additional Amounts were a payment in respect of the applicable Notes or the applicable Guarantees then due and (b) at the time such notice is given, such obligation to pay such Additional Amounts remains in effect. The Issuer’s right to redeem the Notes shall continue as long as the Issuer or the Company, as the case may be, is obligated to pay such Additional Amounts, notwithstanding that the Issuer or the Company shall have made payments of Additional Amounts. Prior to the giving of any such notice of redemption, the Issuer must deliver to the Trustee (1) a certificate stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred and (2) an opinion of independent counsel of recognized standing selected by the Issuer or the Company, as applicable, to the effect that the Issuer or the Company has, or would, become obligated to pay such Additional Amounts as a result of such change or amendment.

For purposes hereof, “Change in Tax Law” shall mean (i) any changes in, or amendment to, any law of a Relevant Jurisdiction (including any regulations or rulings promulgated thereunder) or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment is announced, if applicable, and becomes effective on or after May 7, 2015 or (ii) if the Issuer or the Company consolidates or merges with, or transfers or leases its assets substantially as an entirety to, any person that is incorporated or tax resident under the laws of any jurisdiction other than a Relevant Jurisdiction, as defined immediately prior to such consolidating merger or other transaction, and as a consequence thereof such person becomes the successor obligor to the Issuer or the Company in respect of Additional Amounts that may become payable (in which case, for purposes of this redemption provision, all references to the Issuer, or the Company hereunder, as applicable, shall be deemed to be and include references to such person), any change in, or amendment to, any law of the jurisdiction of incorporation or residence for tax purposes of such person or any

successor entity, or any political subdivision or taxing authority thereof or therein for purposes of taxation (including any regulations or rulings promulgated thereunder) or any amendment to or change in the application or official interpretation (including judicial or administrative interpretation) of such law, which change or amendment becomes effective on or after the date of such consolidation, merger or other transaction.

## **CERTAIN DEFINITIONS**

Set forth below are certain of the defined terms used in the Notes and the Indenture. You should refer to the Notes and the Indenture for the full set of definitions.

“Attributable Debt” means, as to any particular lease under which any Person is liable at the time as lessee, and at any date as of which the amount of the payment is to be determined, the total net amount of rent required to be paid by such Person under such lease during the remaining term of such lease (including any period for which such lease has been extended or may, at the option of the lessor, be extended), discounted from the respective due dates thereof to the date of determination at a rate per annum equivalent to the rate inherent in such lease (as determined by the directors of the Company) compounded semiannually, excluding amounts required to be paid on account of or attributable to operating costs and overhead charges and including, in certain circumstances, any termination penalty in the case of a lease terminable by the lessee.

“Business Day” means any day which is not, in London, England, New York City, or the place of payment of interest or principal a Saturday, Sunday, a legal holiday or a day on which banking institutions in such places are authorized or obligated by law to close.

“Company Jurisdiction” means any of the jurisdictions of incorporation or residence for tax purposes of the Company or any successor entity, or any political subdivision or taxing authority thereof or therein.

“Consolidated Net Tangible Assets” means the aggregate amount of assets (less applicable provisions) after deducting therefrom (1) all current liabilities; (2) all goodwill, trade names, trademarks, patents, unamortized debt discount and financings costs and all similar intangible assets; and (3) appropriate adjustments on account of minority interests of other Persons holding stock in any Subsidiary of the Company, all as set forth on the most recent consolidated balance sheet of the Company and computed in accordance with IFRS.

“Government Obligations” means money or obligations issued by the United States government.

“IFRS” means International Financial Reporting Standards as adopted by the European Union.

“Indebtedness” means all obligations for borrowed money represented by notes, bonds, debentures or similar evidence of indebtedness and obligations for borrowed money evidenced by credit, loan or other like agreements.

“Issuer Jurisdiction” means any of the jurisdictions of incorporation or residence for tax purposes of the Issuer or any successor entity, or any political subdivision or taxing authority thereof or therein.

“Mortgage” means any mortgage, deed of trust, pledge, hypoth  c, lien, encumbrance, charge or other security interest of any kind.

“Person” means any individual, corporation, partnership, joint venture, association, limited liability company, joint stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

“Principal Property” means the interest of the Company or any Subsidiary in any (a) mineral property or (b) manufacturing or processing plant, building, structure, dam or other facility, together with the land upon which it is erected and fixtures comprising a part thereof, whether owned as of the date of the Indenture or thereafter acquired or constructed by the Company or any Subsidiary, of which interest the net book value in each case, on the date as of which the determination is being made, is an amount which exceeds 10% of Consolidated Net Tangible Assets, other than (i) any such mineral property, manufacturing or processing plant, building, structure, dam or other facility which, in the opinion of the Board, is not of material importance to the total business conducted by the Company and its Subsidiaries as an entirety or (ii) any portion of any such property which, in the opinion of the Board, is not of material importance to the use or operation of such property.

“Project Financing” means the financing or refinancing of the acquisition, construction, expansion, improvement or development of any physical assets in which the providers of such finance or refinance solely look to the entity that owns and operates such assets, the equity interests in such entity, the assets themselves, and/or the revenues generated thereby as the source of repayment of the amounts financed or refinanced, without recourse to the Company or any Subsidiary (other than such entity) other than through a completion guarantee or other obligations that are customary in non-recourse financing or refinancing.

“Relevant Jurisdiction” means an Issuer Jurisdiction and/or a Company Jurisdiction.

“Restricted Subsidiary” means (1) any Subsidiary which owns or leases a Principal Property; and (2) any Subsidiary engaged primarily in the business of owning or holding securities of Restricted Subsidiaries.

“Sale and Leaseback Transactions” mean any arrangement with a bank, insurance company or other lender or investor (other than the Company or a Restricted Subsidiary) providing for the leasing by the Company or any Restricted Subsidiary of any Principal Property which has been or is to be sold or transferred, more than 180 days after the later of the acquisition, completion of construction or commencement of full operation thereof by the Company or such Restricted Subsidiary to such lender or investor or to any Person to whom funds have been or are to be advanced by such lender or investor on the security of that property or asset.

“Significant Subsidiary” means any Subsidiary that would be a “significant subsidiary” under the definition in Article 1, Rule 1-02(w)(2) of Regulation S-X (but as calculated pursuant to IFRS), promulgated pursuant to the Securities Act, as such Regulation is in effect on the date hereof.

“Subsidiary” means, at any relevant time, any person of which the voting shares or other interests carrying more than 50% of the outstanding voting rights attached to all outstanding voting shares or other interests are owned, directly or indirectly, by or for the Company and/or one or more Subsidiaries of the Company.

## **COVENANTS OF THE ISSUER AND THE COMPANY**

### ***Negative Pledge***

Each of the Issuer and the Company will covenant under the Indenture that for so long as any of the Notes are outstanding under the Indenture, and subject to the provisions of the Indenture, it will not, and the Company will not permit any Restricted Subsidiary to, create, permit to exist, incur, issue, guarantee, assume or otherwise have outstanding any Mortgage on or over any Principal Property now owned or hereafter acquired by the Company or a Restricted Subsidiary to secure any Indebtedness of the Issuer, the Company or any Restricted Subsidiary, or on shares of stock or Indebtedness of any Restricted Subsidiary now owned or hereafter acquired by the Company or a Restricted Subsidiary to secure any Indebtedness of the Issuer, the Company or any Restricted Subsidiary, unless at the time thereof or prior thereto the Notes then outstanding under the Indenture are secured equally and ratably with (or prior to) any and all such Indebtedness for so long as such Indebtedness is so secured by such Mortgage; *provided, however*, such negative pledge will not apply to or operate to prevent or restrict the following permitted encumbrances:

- (1) any Mortgage on property, shares of stock or Indebtedness of any Person existing at the time such Person becomes a Restricted Subsidiary or created, incurred, issued or assumed in connection with the acquisition of any such Person;
- (2) any Mortgage on any Principal Property created, incurred, issued or assumed at or prior to the time such property became a Principal Property or existing at the time of acquisition of such Principal Property by the Company or a Restricted Subsidiary, whether or not assumed by the Company or such Restricted Subsidiary; *provided* that no such Mortgage will extend to any other Principal Property of the Company or any Restricted Subsidiary;
- (3) any Mortgage on all or any part of any Principal Property (including any improvements or additions to improvements on a Principal Property) hereafter acquired, developed, expanded or constructed by the Company or any Restricted Subsidiary to secure the payment of all or any part of the purchase price, cost of acquisition or cost of development, expansion or construction of such Principal Property or of improvements or additions to improvements thereon (or to secure any Indebtedness incurred by the Company or a Restricted Subsidiary for the purpose of financing all or any part of the purchase price, cost of acquisition or cost of development, expansion or construction thereof or of improvements or additions to improvements thereon) created prior to, at the time of, or within 360 days after the later of, the acquisition, development, expansion or completion of construction (including construction of improvements or additions to improvements thereon), or commencement of full operation of such Principal Property; *provided* that no such Mortgage will extend to any other Principal Property of the Company or a Restricted Subsidiary other than, in the case of any such construction, improvement, development, expansion or addition to improvement, all or any part of any other Principal Property on which the Principal Property so constructed, developed or expanded, or the improvement or addition to improvement, is located;

- (4) any Mortgage on any Principal Property of any Restricted Subsidiary to secure Indebtedness owing by it to the Company, the Issuer or another Restricted Subsidiary;
- (5) any Mortgage on any Principal Property of the Company to secure Indebtedness owing by it to the Issuer or another Restricted Subsidiary;
- (6) any Mortgage on any Principal Property or other assets of the Company or any Restricted Subsidiary existing on the date of the Indenture;
- (7) any Mortgage on any Principal Property arising by operation of law (or an agreement solely evidencing otherwise applicable law) and (i) arising in the ordinary course of business or (ii) not securing amounts more than 90 days overdue or otherwise being contested in good faith;
- (8) judgment Mortgages on any Principal Property not giving rise to an Event of Default;
- (9) any Mortgage on any Principal Property of the Company or any Restricted Subsidiary in favor of the government of any country or political subdivision thereof, or any instrumentality of any of them, securing the obligations of the Company or any Restricted Subsidiary pursuant to any contract or payments owed to such entity pursuant to applicable laws, rules, regulations or statutes;
- (10) any Mortgage on or over all or any part of the interest of the Company or any Restricted Subsidiary in any joint venture, partnership or similar undertaking, including the revenues and assets derived by the Company or any Restricted Subsidiary from such joint venture, partnership or similar undertaking, or employed by the Company or any Restricted Subsidiary in such joint venture, partnership or similar undertaking, which is in favor of its co-venturers and/or the manager or operator of the joint venture, partnership or similar undertaking as security for the due payment of amounts payable under or in respect of such joint venture, partnership or similar undertaking;
- (11) Mortgages arising in connection with any Project Financing;
- (12) any Mortgage on any Principal Property or other assets of the Company or any Restricted Subsidiary created for the sole purpose of extending, renewing, altering or refunding any of the foregoing Mortgages (or any successive extension, renewal, alteration or refunding thereof); *provided* that the Indebtedness secured thereby will not exceed the principal amount of Indebtedness so secured at the time of such extension, renewal, alteration or refunding, plus an amount necessary to pay fees and expenses, including premiums, related to such extensions, renewals, alterations or refundings, and that such extension, renewal, alteration or refunding Mortgage will be limited to all or any part of the same Principal Property and improvements and additions to improvements thereon and/or shares of stock and Indebtedness of a Restricted Subsidiary which secured the Mortgage extended, renewed, altered or refunded either of such property or shares of stock or Indebtedness;
- (13) Mortgages on any Principal Property subject to Sale and Leaseback Transactions described below in clause (1) or (3) of the section headed “Limitation on Sale and Leaseback Transactions”; or
- (14) any Mortgage on any Principal Property or on any shares of stock or Indebtedness of any Restricted Subsidiary created, incurred, issued or assumed to secure Indebtedness of the Company or any Restricted Subsidiary, which would otherwise be subject to the foregoing restrictions, in an aggregate amount which, together with the aggregate principal amount of other Indebtedness secured by Mortgages on any Principal Property or on any shares of stock or Indebtedness of any Restricted Subsidiary then outstanding (excluding Indebtedness secured by Mortgages permitted under the foregoing exceptions) and the Attributable Debt in respect of all Sale and Leaseback Transactions entered into after the date of the Indenture (not including Attributable Debt in respect of any such Sale and Leaseback Transactions described below in clause (1) or (3) of the section headed “Limitation on Sale and Leaseback Transactions”) would not then exceed the greater of US\$4 billion or 15% of Consolidated Net Tangible Assets of the Company.

### ***Limitation on Sale and Leaseback Transactions***

Each of the Issuer and the Company will covenant under the Indenture that for so long as any of the Notes are outstanding under the Indenture, and subject to the provisions of the Indenture, it will not, and the Company will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless (1) such transaction involves a lease or right to possession or use for a temporary period not to exceed three years following such transaction, by the end of which it is intended that the use of such property by the lessee will be discontinued; (2) immediately prior to the entering into of such transaction, the Company or such Restricted Subsidiary could create a Mortgage on Principal Property subject to the Sale and Leaseback Transaction securing Indebtedness in an amount equal to the Attributable Debt with respect to the particular Sale and Leaseback Transaction; or (3) the proceeds of such transaction within 180 days after such transaction, are applied to either (A) the payment of all or any part of the purchase price, cost of acquisition, cost of development, cost of expansion or cost of construction of a Principal Property or cost of improvements or additions to improvements thereon or (B) the retirement of long-term debt ranking at least ratably with the Notes.

### ***Limitation on Mergers and Consolidations***

The Indenture will provide that for so long as any of the Notes are outstanding under the Indenture, each of the Issuer and the Company may not consolidate or amalgamate with or merge (including by way of a scheme of arrangement) into or with any other Person, or, directly or indirectly, sell, convey, transfer or lease its properties and assets as an entirety or substantially as an entirety to any Person (other than a Person satisfying the condition set forth in clause (i), below, that is directly or indirectly wholly owned by the Company), unless:

- (i) the Person formed by or continuing from such consolidation or amalgamation or into which the Issuer or the Company is merged or the Person which acquires or leases the Issuer's or the Company's properties and assets as an entirety or substantially as an entirety is organized and existing under the laws of the United States, the United Kingdom or any other country that is a member of the Organization for Economic Cooperation and Development, or the Republic of South Africa, Brazil or India;
- (ii) the successor Person assumes, or assumes by operation of law, the Issuer's or the Company's obligations under the Notes, the Guarantees and the Indenture to pay Additional Amounts;
- (iii) if the Issuer or Company, as applicable, is not the continuing entity, the successor Person expressly assumes or assumes by operation of law all of the Issuer's or the Company's obligations under the Notes, the Guarantees and under the Indenture;
- (iv) immediately before and after giving effect to such transaction, no Event of Default (as defined below) and no event which, after notice or lapse of time or both, would become an Event of Default, will have happened and be continuing; and
- (v) certain other conditions are met.

If, as a result of any such transaction, any of the Issuer's or the Company's Principal Properties become subject to a Mortgage, then, unless such Mortgage could be created pursuant to the Indenture provisions described under the section headed "Negative Pledge" without equally and ratably securing the Notes, the Issuer or the Company, simultaneously with or prior to such transaction, will cause the Notes to be secured equally and ratably with or prior to the Indebtedness secured by such Mortgage.

The Notes will not contain covenants or other provisions to afford protection to Holders in the event of a highly leveraged transaction or a change in control of the Issuer or the Company except as provided herein.

Upon certain mergers or consolidations involving the Issuer or the Company, or upon certain sales or conveyances of the respective properties of the Issuer or the Company as an entirety or substantially as an entirety, the obligations of the Issuer or the Company, as the case may be, under the Notes or the Guarantees, as the case may be, shall be assumed by the Person formed by such merger or consolidation or which shall have acquired such property (except in the case of an acquisition of such property, for any such Person that meets the condition set forth in clause (i), above, that is directly or indirectly wholly owned by the Company) and upon such assumptions such Person shall succeed to and be substituted for the Issuer or the Company, as the case may be, and then the Issuer or the Company, as the case may be, will be relieved from all obligations under the Notes or the Guarantee, as the case may be. The terms "Issuer" and "Company", as used in the Notes, the Guarantees and the Indenture, also refer to any such successors or assigns so substituted.

### ***Provision of Financial Information***

For so long as any Notes are outstanding, each Issuer and the Company shall deliver to the Trustee, or post on its website copies of any annual reports or periodic results announcements it files with each of the United Kingdom Financial Conduct Authority and the London Stock Exchange within 30 days after it files such documents with the United Kingdom Financial Conduct Authority or London Stock Exchange, as the case may be; *provided, however*, that this covenant shall not create any obligation under the Indenture to make any such filings or to make such filings in a timely manner. This covenant relates solely to the obligations of the Issuer and the Company under the Notes and is not intended to affect any obligations the Issuer or the Company may have under the UK Disclosure and Transparency Rules.

### **CHANGE OF CONTROL REPURCHASE EVENT**

If a Change of Control Repurchase Event occurs, unless the Issuer has exercised its right to redeem the Notes as described above, the Issuer or the Company will be required to make an offer to each holder of Notes to repurchase all or any part (equal to US\$200,000 or an integral multiple of US\$1,000 in excess thereof) of that holder's Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased plus any accrued and unpaid interest on the Notes repurchased to, but not including, the date of repurchase.

Within 30 days following any Change of Control Repurchase Event or, at the option of the Issuer or the Company, prior to any Change of Control, but after the public announcement of the Change of Control, the Issuer or the Company will mail, by first class mail or equivalent, a notice to each holder, with a copy to the Trustee, describing the transaction or transactions that constitute or may constitute the Change of Control Repurchase Event and offering to repurchase Notes on the payment date specified in the notice, which date will be no earlier than 30 days and no later than 60 days from the date such notice is mailed. The notice shall, if mailed prior to the date of consummation of the Change of Control, state that the offer to purchase is conditioned on a Change of Control Repurchase Event occurring on or prior to the payment date specified in the notice.

The Issuer and the Company will comply with the requirements of the Exchange Act, and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with the repurchase of the Notes as a result of a Change of Control Repurchase Event. To the extent that the provisions of any securities laws or regulations conflict with the Change of Control Repurchase Event provisions of the Notes, the Issuer and the Company will comply with the applicable securities laws and regulations and will not be deemed to have breached their respective obligations under the Change of Control Repurchase Event provisions of the Notes by virtue of such conflict.

On the repurchase date following a Change of Control Repurchase Event, the Issuer or the Company will, to the extent lawful:

1. accept for payment all Notes or portions of Notes properly tendered pursuant to the Issuer's or the Company's offer;
2. deposit an amount equal to the aggregate purchase price and accrued interest in respect of all Notes or portions of Notes properly tendered with the Agent (or with such other agent as agreed upon at such time); and
3. deliver or cause to be delivered to the Trustee the Notes properly accepted, together with an officers' certificate stating the aggregate principal amount of Notes being purchased by the Issuer or the Company.

The Agent will promptly mail to each holder of Notes properly tendered the purchase price for the Notes, and the Trustee will promptly authenticate and mail (or cause to be transferred by book-entry) to each holder a new note equal in principal amount to any unpurchased portion of any Notes surrendered; *provided* that each new note will be in a principal amount of US\$200,000 or an integral multiple of US\$1,000 in excess thereof.

The Issuer or the Company will not be required to make an offer to repurchase the Notes upon a Change of Control Repurchase Event if a third party makes such an offer in the manner, at the times and otherwise in compliance with the requirement for an offer made by the Issuer or the Company and such third party purchases all Notes properly tendered and not withdrawn under its offer.

For purposes of the foregoing description of a repurchase at the option of the holders, the following definitions are applicable:

“Below Investment Grade Ratings Event” means the Notes cease to be rated Investment Grade by at least two of the three Rating Agencies on any date during the period commencing 60 days prior to, and ending 60 days after (which 60-day period will be extended so long as the rating of the notes is under publicly announced consideration for a possible downgrade by any Rating Agency) the earlier of (1) the occurrence of a Change of Control; or (2) public notice of the occurrence of a Change of Control or the intention of the Company to effect a Change of Control. Notwithstanding the foregoing, a Below Investment Grade Ratings Event otherwise arising by virtue of a particular reduction in rating shall not be deemed to have occurred in respect of a particular Change of Control (and thus shall not be deemed a Below Investment Grade Ratings Event for purposes of the definition of Change of Control Repurchase Event hereunder) if the Rating Agencies making the reduction in rating to which this definition would otherwise apply do not announce or publicly confirm or inform the Trustee in writing at its request that the reduction was the result, in whole or in part, of any event or circumstance comprised of or arising as a result of, or in respect of, the applicable Change of Control (whether or not the applicable Change of Control shall have occurred at the time of the ratings event).

“Change of Control” means the occurrence of one or more of the following:

1. the direct or indirect sale, lease, transfer, conveyance or other disposition (other than by way of consolidation, amalgamation or merger), in one or a series of related transactions, of all or substantially all of the assets of the Company and its Subsidiaries taken as a whole to any “person” (as that term is used in Section 13(d)(3) of the Exchange Act), other than to the Company or one of its Subsidiaries;
2. the consummation of any transaction (including, without limitation, any consolidation, amalgamation, or merger or other combination (including by way of a scheme of arrangement)) the result of which is that any “person” (as that term is used in Section 13(d)(3) of the Exchange Act) becomes the beneficial owner (as defined in Rules 13d-3 and 13d-5 under the Exchange Act), directly or indirectly, of more than 50% of the outstanding Voting Stock of the Company, measured by voting power rather than number of shares;
3. the Company consolidates with, or merges with or into, any Person, or any Person consolidates with, or merges with or into, the Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the shares of the Voting Stock of the Company outstanding immediately prior to such transaction constitute, or are converted into or exchanged for, a majority of the Voting Stock of the surviving Person immediately after giving effect to such transaction;
4. the first day on which the majority of the members of the board of directors of the Company cease to be Continuing Directors; or
5. the adoption of a plan relating to the liquidation, winding up or dissolution of the Company.

Notwithstanding the foregoing, a transaction will not be deemed to involve a change of control for the purposes of this definition only if (1) the Company becomes a direct or indirect wholly owned subsidiary of a holding company and (2)(A) the direct or indirect holders of the Voting Stock of such holding company immediately following that transaction are substantially the same as the holders of the Company’s Voting Stock immediately prior to that transaction or (B) immediately following that transaction no person (other than a holding company satisfying the requirements of this sentence) is the beneficial owner, directly or indirectly, of more than 50% of the Voting Stock of such holding company.

“Change of Control Repurchase Event” means the occurrence of both a Change of Control and a Below Investment Grade Ratings Event.

“Continuing Director” means, as of any date of determination, any member of the board of directors of the Company who:

1. was a member of such board of directors on the date of the Indenture; or

2. was nominated for election or elected to such board of directors with the approval of a majority of the Continuing Directors who were members of such board of directors at the time of such nomination or election.

“Fitch” means Fitch, Inc., a subsidiary of Fimalac, S.A., and its successors.

“Investment Grade” means a rating of Baa3 or better by Moody’s (or its equivalent under any successor rating categories of Moody’s); a rating of BBB- or better by S&P or Fitch (or its equivalent under any successor rating categories of S&P and Fitch); or the equivalent Investment Grade credit rating from any additional Rating Agency or Rating Agencies selected by the Issuer or the Company.

“Moody’s” means Moody’s Investor Services Ltd.

“Rating Agency” means each of Moody’s, S&P and Fitch; *provided* that if any of Moody’s, S&P or Fitch ceases to rate the Notes or fails to make a rating of the Notes publicly available for reasons outside of the Issuer’s or the Company’s control, a “nationally recognized statistical rating organization” within the meaning of Section 3(a)(62) of the Exchange Act, selected by the Issuer or the Company (as certified by a resolution of the Chief Executive Officer or Chief Financial Officer) as a replacement agency for Moody’s, S&P or Fitch, or all of them, as the case may be.

“S&P” means Standard & Poor’s Credit Market Services Europe Limited.

“Voting Stock” of any specified “person” (as that term is used in Section 13(d)(3) of the Exchange Act) as of any date means the capital stock of such person that is at the time entitled to vote generally in the election of the board of directors of such person.

The Change of Control Repurchase Event feature of the Notes may in certain circumstances make more difficult or discourage a sale or takeover of the Company and, thus, the removal of incumbent management. Subject to the limitations discussed below, the Issuer or the Company could, in the future, enter into certain transactions, including acquisitions, refinancings or other recapitalizations, that would not constitute a Change of Control under the Notes, but that could increase the amount of indebtedness outstanding at such time or otherwise affect the Issuer’s or the Company’s capital structure or credit ratings on the Notes.

The Issuer or the Company may not have sufficient funds to repurchase all the Notes, or any other outstanding debt securities that the Issuer or the Company would be required to repurchase, upon a Change of Control Repurchase Event.

## **EVENTS OF DEFAULT**

The following will be Events of Default (each an “Event of Default”) with respect to the applicable Notes:

- (i) default in the payment of any installment of interest (excluding Additional Amounts) upon any applicable Note as and when the same shall become due and payable, and continuance of such default for 30 days; or
- (ii) default in the payment of the applicable Additional Amounts as and when the same shall become due and payable, and continuance of such default for a period of 30 days; or
- (iii) default in the payment of all or any part of the principal of or premium on any applicable Note as and when the same shall become due and payable either at maturity, upon any redemption, by declaration or otherwise; or
- (iv) default in the performance or breach of any covenant of the Issuer or the Company in respect of the applicable Notes or the Indenture (other than those described in paragraphs (i), (ii) and (iii) above), and continuance of such default or breach for a period of 90 days after there has been given a written notice, by registered or certified mail, to the Issuer and the Company by the Trustee or to the Issuer, the Company and the Trustee by the Holders of at least 25% in principal amount of the outstanding Notes affected thereby, specifying such default or breach and requiring it to be remedied and stating that such notice is a “Notice of Default” under the Indenture; or
- (v) (a) any present or future indebtedness of the Issuer, the Company or any Significant Subsidiary, other than the applicable Notes, for or in respect of moneys borrowed is declared or becomes due and payable prior to its stated maturity as the result of any event of default (howsoever described), or

- (b) any such indebtedness is not paid when due or, as the case may be, within any applicable grace period or (c) the Issuer, the Company or any Significant Subsidiary fails to pay, within any applicable grace period therefor, any amount payable by it under any present or future guarantee for, or indemnity in respect of, any moneys borrowed or raised; *provided* that the aggregate amount of the relevant indebtedness, guarantees and indemnities in respect of which one or more of the events mentioned in this paragraph (v) will have occurred (which indebtedness, guarantees or indemnities have not been repaid or paid and as to which such default has not been cured or such acceleration has not been rescinded or annulled) exceeds US\$100,000,000 or its equivalent; or
- (vi) a distress, attachment, execution or other legal process is levied or enforced against any assets of the Issuer, the Company or any Significant Subsidiary having a value exceeding US\$100,000,000 following upon a decree or judgment of a court of competent jurisdiction and (A) is not discharged or stayed within 90 days or (B) is the subject of a bona fide active dispute (for the avoidance of doubt, any such distress, attachment, execution or other legal process shall be deemed discharged upon any enforcement of a Mortgage on any such assets); or
  - (vii) the Issuer, the Company or any Significant Subsidiary admits in writing that it is unable to pay its debts generally; a resolution is passed by the board of directors of the Issuer or the Company for such entity to be wound up or dissolved; the Issuer or Company is unable to pay its debts within the meaning of Section 123(2) of the Insolvency Act of Great Britain or makes a general assignment for the benefit of its creditors; an administrator is appointed in respect of, or an administration order is made in relation to, the Issuer or the Company; the Issuer or the Company stops payment of its obligations generally or ceases to carry on its business or substantially all thereof; or an encumbrancer takes possession or an administrative or other receiver is appointed over the whole or any material part of the either the Issuer's or the Company's assets; or
  - (viii) certain specified events in bankruptcy, insolvency or reorganization involving the Issuer, the Company or any Significant Subsidiary; or
  - (ix) the Company ceases to own, directly or indirectly, all of the Voting Stock of the Issuer.

The Issuer and/or the Company shall promptly notify the Trustee in writing upon becoming aware of the occurrence of an Event of Default.

The Indenture provides that if an Event of Default occurs and is continuing, then and in each and every such case (other than certain Events of Default specified in paragraphs (vii) and (viii) above with respect to the Issuer or the Company), unless the principal of all the applicable Notes shall have already become due and payable, either the Trustee (at the direction of the Holders) or the Holders of not less than 25% in aggregate principal amount of the applicable Notes then outstanding, by notice in writing to the Issuer and the Company (and to the Trustee if given by the Holders), may declare the entire principal amount of all applicable Notes issued pursuant to the Indenture and interest accrued and unpaid thereon, if any, to be due and payable immediately, and upon any such declaration the same shall become immediately due and payable, without any further declaration or other act on the part of the Trustee or any Holder. If certain Events of Default described in paragraph (vii) or (viii) above occur with respect to the Issuer or the Company and are continuing, the principal amount of and accrued and unpaid interest on all the applicable Notes issued pursuant to the Indenture shall become immediately due and payable, without any declaration or other act on the part of the Trustee or any Holder. Under certain circumstances, the Holders of a majority in aggregate principal amount of the applicable Notes then outstanding, by written notice to the Issuer, the Company and the Trustee, may waive defaults and rescind and annul declarations of acceleration and its consequences, but no such waiver or rescission and annulment shall extend to or shall affect any subsequent default or shall impair any right consequent thereon.

The Holders of a majority in aggregate principal amount of the applicable Notes then outstanding will have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee, subject to certain limitations to be specified in the Indenture.

The Indenture provides that no Holder of any Note may institute any action or proceeding at law or in equity or in bankruptcy or otherwise upon or under or with respect to the Indenture, or for the appointment of a trustee, receiver, liquidator, custodian or other similar official or for any other remedy under the Indenture (except suits for the enforcement of payment of overdue principal or interest) unless such Holder previously shall have given to the Trustee written notice of an Event of Default and continuance thereof and unless the Holders of not less than 25% in

aggregate principal amount of the applicable Notes then outstanding shall have made written request upon the Trustee to institute such action or proceedings in its own name as Trustee and shall have offered the Trustee reasonable indemnity, the Trustee shall not have instituted any such action or proceeding within 90 days of its receipt of such notice, request and offer of indemnity and the Trustee shall not have received direction inconsistent with such written request by the Holders of a majority in aggregate principal amount of the applicable Notes at the time outstanding.

An Event of Default with respect to a given series of the Notes would not necessarily constitute an event of default with respect to the securities of any other series issued in the future under the Indenture.

The Indenture provides that each of the Issuer and the Company will each furnish to the Trustee on or before June 30 in each year (commencing on June 30, 2012), if Notes are then outstanding, a certificate from an officer as to his or her knowledge of the Issuer's or the Company's, as the case may be, compliance with all conditions and covenants under the Indenture.

#### **DEFEASANCE**

The Indenture provides that the Issuer will have the option either (a) to be deemed (together with the Company) to have paid and discharged the entire indebtedness represented by, and obligations under, the applicable Notes and the Guarantees and to have satisfied all the obligations under the Indenture relating to the Notes, and the Guarantees (except for certain obligations, including those relating to the defeasance trust and obligations to register the transfer or exchange of Notes, to replace mutilated, destroyed, lost or stolen Notes and to maintain paying agencies) on the day after the applicable conditions described below have been satisfied or (b) to cease (together with the Company) to be under any obligation to comply with the covenants described under “—Covenants of the Issuer and the Company—Negative Pledge”, “—Covenants of the Issuer and the Company—Provision of Financial Information” and “—Covenants of the Issuer and the Company—Limitation on Sale and Leaseback Transactions” and the condition relating to the absence of any events of default under “—Covenants of the Issuer and the Company—Limitation on Mergers and Consolidations” under the Notes, and noncompliance with such covenants and the occurrence of certain events described above under “Events of Default” will not give rise to any Event of Default under the Indenture, at any time after the applicable conditions described below have been satisfied.

In order to exercise either defeasance option, the Issuer must deposit with the Trustee, irrevocably in trust, money or Government Obligations for the payment of principal of and interest (including Additional Amounts) on the outstanding Notes to and including the Redemption Date irrevocably designated by the Issuer on or prior to the date of deposit of such money or Government Obligations, and must (i) comply with certain other conditions, including delivering to the Trustee an opinion of US counsel, or a ruling received from or published by the United States Internal Revenue Service, to the effect that beneficial owners of the Notes will not recognize income, gain or loss for United States federal income tax purposes as a result of the exercise of such option and will be subject to United States federal income tax on the same amount and in the same manner and at the same time as would have been the case if such option had not been exercised and, in the case of (a) above, such opinion must state that it is based on a change of law or final and binding ruling received from or published by the United States Internal Revenue Service after May 7, 2015 and (ii) pay in full all other amounts due and owing under the Indenture.

#### **MODIFICATION AND WAIVER**

##### ***Without Consent of Noteholders***

The Indenture provides provisions permitting the Issuer, the Company and the Trustee, without the consent of the Holders of any of the Notes at any time outstanding, from time to time and at any time, to enter into an indenture or indentures supplemental to the Indenture or to otherwise amend the Indenture:

- to convey, transfer, assign, mortgage or pledge to the Trustee as security for the Notes any property or assets;
- to evidence the succession of another person to the Issuer or the Company, as the case may be, or successive successions, and the assumption by the successor person of the covenants, agreements and obligations of the Issuer or the Company, as the case may be, pursuant to the Indenture;
- to evidence and provide for the acceptance of appointment of a successor trustee, principal paying agent, registrar or transfer agent, as the case may be;

- to add to the covenants of the Issuer and the Company, as the case may be, such further covenants, restrictions, conditions or provisions as the Issuer and the Company, as the case may be, and the Trustee shall consider to be for the protection of the Holders of Notes, and to make the occurrence, or the occurrence and continuance, of a default in any such additional covenants, restrictions, conditions or provisions an Event of Default under the Indenture permitting the enforcement of all or any of the several remedies provided in the Indenture, Notes or Guarantees; *provided* that, in respect of any such additional covenant, restriction, condition or provision, such supplemental indenture may provide for a particular period of grace after default (which may be shorter or longer than that allowed in the case of other defaults) or may limit the remedies available to the Trustee upon such an Event of Default or may limit the right of Holders of a majority in aggregate principal amount of the applicable Notes to waive such an Event of Default;
- to modify the restrictions on, and procedures for, resale and other transfers of the Notes pursuant to law, regulation or practice relating to the resale or transfer of restricted securities generally;
- to cure any ambiguity or to correct or supplement any provision contained in the Indenture which may be defective or inconsistent with any other provision contained therein or to make such other provision in regard to matters or questions arising under the indenture as the Issuer or the Company may deem necessary or desirable and which will not adversely affect the interests of the Holders of the Notes in any material respect (*provided* that any modification or amendment to conform language in the Indenture to that appearing in this description of notes shall be deemed not to adversely affect the interests of the Holders of the Notes in any material respect); or
- to issue as many distinct series of debt securities under the Indenture as the Issuer wishes or to “reopen” each series of notes and create and issue additional notes having identical terms and conditions as an existing series of Notes (or in all respects except for the payment of interest accruing prior to the issue date of such additional notes or except for the first payment of interest following the issue date of such additional notes) so that the additional notes are consolidated and form a single series with the applicable Notes.

#### ***With Consent of Noteholders***

The Indenture provides provisions permitting the Issuer, the Company and the Trustee, with the consent of the Holders of not less than a majority in aggregate principal amount of the Notes at the time outstanding (including consents obtained in connection with a tender offer or exchange offer for the Notes), from time to time and at any time, to enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of the Indenture or any supplementary indenture or of modifying in any manner the rights of the Holders of the Notes or the Guarantees; *provided* that no such indenture may, without the consent of the Holder of each of the Notes so affected:

- change the stated maturity of the principal of or the date for payment of any installment of interest on any Note;
- reduce the principal amount of or interest on any Note or Additional Amounts payable with respect thereto or reduce the amount payable thereon in the event of redemption or default;
- change the currency of payment of principal of or interest on any Note or Additional Amounts payable with respect thereto;
- change the obligation of the Issuer or the Company, as the case may be, to pay Additional Amounts;
- impair the right to institute suit for the enforcement of any such payment on or with respect to any Note;
- reduce the aforesaid percentage in principal amount of the outstanding Notes, the consent of whose Holders is required for any such supplemental indenture; or
- reduce the aforesaid aggregate principal amount of any Note outstanding necessary to modify or amend the Indenture or any such Notes or to waive any future compliance or past default or reduce the quorum requirements or the percentage of aggregate principal amount of any Notes outstanding required for the adoption of any action at a meeting of holders of such Notes or reduce the percentage of the aggregate

principal amount of such Notes outstanding necessary to rescind or annul any declaration of the principal of and all accrued and unpaid interest on any Notes to be due and payable; *provided* that no consent of any Holder of any Note shall be necessary to permit the Trustee, the Issuer and the Company to execute supplemental indentures described under “Modification and Waiver—Without Consent of Noteholders” above.

Any modifications, amendments or waivers to the Indenture or to the conditions of the Notes will be conclusive and binding on all Holders of the Notes, whether or not they have consented to such action or were present at the meeting at which such action was taken, and on all future holders of the Notes, whether or not notation of such modifications, amendments or waivers is made upon such Notes. Any instrument given by or on behalf of any Holder of such a Note in connection with any consent to any such modification, amendment or waiver will be irrevocable once given and will be conclusive and binding on all subsequent registered holders of such Note.

#### **PRESCRIPTION**

Under New York’s statute of limitations, any legal action upon the Notes in respect of interest or principal must be commenced within six years after the payment thereof is due. Thereafter the Notes and the Guarantees will become generally unenforceable.

#### **LISTING**

The Issuer expects to make an application for Admission of each series of the Notes to listing on the Official List of the UK Listing Authority and to trading on the London Stock Exchange’s Regulated Market, a regulated market.

The Issuer and the Company will use their reasonable best efforts to have such (i) Admission of the Notes to trading on the regulated market of the London Stock Exchange and (ii) listing of such Notes on the Official List of the UK Listing Authority become effective and then maintain such listing for so long as any of the Notes remain outstanding.

#### **NOTICES**

Notices to Holders of Notes will be mailed by first-class mail (or equivalent) postage prepaid to Holders of Notes at their last registered addresses as they appear in the Notes register. The Issuer and the Company will consider any mailed notice to have been given two Business Days after it has been sent.

In addition, for so long as a given series of the Notes is listed on the Official List of the UK Listing Authority and admitted to trading on the London Stock Exchange’s Regulated Market, the Issuer and the Company will publish notices to the Holders of such Notes in a leading newspaper having general circulation in London, England (which is initially expected to be the *Financial Times*) and immediately provide a copy thereof to the Trustee. The Issuer and the Company will consider any published notice to be given on the date of its first publication.

#### **CONSENT TO SERVICE, SUBMISSION TO JURISDICTION; ENFORCEABILITY OF JUDGMENTS**

Each of the Issuer and the Company will appoint CT Corporation System, as its process agent for any action brought by a holder based on the Indenture or the Notes or Guarantees, as applicable, instituted in any state or federal court in the Borough of Manhattan, The City of New York.

Each of the Issuer and the Company will irrevocably submit to the non-exclusive jurisdiction of any state or federal court in the Borough of Manhattan, The City of New York in respect of any action brought by a holder based on the Notes, the Guarantees or the Indenture. Each of the Issuer and the Company will also irrevocably waive, to the extent permitted by applicable law, any objection to the venue of any of these courts in an action of that type. Holders of the Notes may, however, be precluded from initiating actions based on the Notes, the Guarantees or the Indenture in courts other than those mentioned above.

Each of the Issuer and the Company will, to the fullest extent permitted by law, irrevocably waive and agree not to plead any immunity from the jurisdiction of any of the above courts in any action based upon the Notes, the Guarantees or the Indenture.

Since a substantial portion of the assets of each of the Issuer and the Company is outside the United States, any judgment obtained in the United States against the Issuer or the Company, including judgments with respect to the payment of principal, premium, interest and any redemption price and any purchase price with respect to the Notes or payments due under the Guarantee, may not be collectable within the United States.

## **GOVERNING LAW**

The Indenture, the Notes and the Guarantees shall be governed by and construed in accordance with the laws of the State of New York, without regard to principles of conflicts of laws thereof.

## **BOOK-ENTRY SYSTEM; DELIVERY AND FORM**

Upon issuance, the Notes will be represented by beneficial interests in Global Notes. Each Global Note will be deposited with, or on behalf of, DTC and registered in the name of Cede & Co., as nominee of DTC. Except under the circumstances described below, Global Notes will not be exchangeable at the option of the holder for certificated notes and Global Notes will not otherwise be issuable in definitive form.

Upon issuance of the Global Notes, DTC will credit the respective principal amounts of the Notes represented by the Global Notes to the accounts of institutions that have accounts with DTC or its nominee (called participants of DTC), including Euroclear and Clearstream. The accounts to be credited shall be designated by the Initial Purchasers. Ownership of beneficial interests in the Global Notes will be limited to participants or persons that may hold interests through participants. Ownership of beneficial interest in the Global Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to participants' interests) or by participants or persons that hold through participants. Such beneficial interest shall be in denominations of US\$200,000 and in multiples of US\$1,000 in excess thereof.

So long as DTC, or its nominee, is the registered owner or holder of the Global Notes, DTC or its nominee, as the case may be, will be considered the sole owner and holder of the Global Notes for all purposes under the Indenture.

Except as set forth below, owners of beneficial interests in the Global Notes:

- will not be entitled to have the Notes represented by the Global Notes registered in their names, and
- will not receive or be entitled to receive physical delivery of Notes in definitive form and will not be considered the owners or holders thereof under the Indenture.

Accordingly, each person owning a beneficial interest in the Global Notes must rely on the procedures of DTC, and indirectly Euroclear and Clearstream, and, if such person is not a participant, on the procedures of the participant through which such person owns its interest, to exercise any rights of a holder under the Indenture.

Principal and interest payments on Global Notes registered in the name of or held by DTC or its nominee will be made to DTC or its nominee, as the case may be, as the registered owner or holder of the Global Note. None of the Issuer, the Company, the Trustee or any paying agent for such Global Notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in Global Notes or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC, upon receipt of any payments of principal or interest in respect of the Global Notes, will credit the accounts of the related participants (including Euroclear and Clearstream), with payments in amounts proportionate to their respective beneficial interests in the principal amount of the Global Notes as shown on the records of DTC. Payments by participants to owners of beneficial interest in the Global Notes held through such participants will be the responsibility of the participants, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name".

Unless and until it is exchanged in whole or in part for Notes in definitive form in accordance with the terms of the Indenture, a Global Note may not be transferred except as a whole by the depositary to a nominee of the depositary or by a nominee of DTC to DTC or another nominee of DTC.

If any note, including a Global Note, is mutilated, defaced, stolen, destroyed or lost, such note may be replaced with a replacement note at the office of the registrar or any successor registrar or transfer agent, on payment by the Noteholder of such costs and expenses as may be incurred in connection with the replacement, and on such terms as to evidence and indemnity as we may reasonably require. Mutilated or defaced Notes must be surrendered before replacement Notes will be issued.

### ***Exchanges of Global Notes for Definitive Notes***

Global Notes shall be exchangeable for definitive notes registered in the names of persons other than DTC or its nominee for such Global Notes only if:

- DTC has notified the Issuer that it is unwilling or unable to continue as depositary or has ceased to be a clearing agency registered under the Exchange Act, and in either case, we have failed to appoint a successor depositary within 90 days of such notice, or
- there shall have occurred and be continuing an Event of Default (as defined in the Indenture) with respect to the Notes; or
- the Issuer shall have determined in its sole discretion that the Notes shall no longer be represented by the applicable Global Notes.

Any Global Note that is exchangeable for definitive notes pursuant to the preceding sentence shall be exchangeable for Notes issuable in denominations of US\$200,000 and in multiples of US\$1,000 in excess thereof and registered in such names as DTC shall direct. Subject to the foregoing, a Global Note shall not be exchangeable, except for a Global Note of like denomination to be registered in the name of DTC or its nominee. Bearer notes will not be issued.

***Exchanges Between and Among Global Notes***

The “distribution compliance period”, as defined in Regulation S under the Securities Act, will begin on the closing date and end 40 days after the closing date of the offering.

Beneficial interests in one Global Note may generally be exchanged for interests in another Global Note. Depending on whether the transfer is being made during or after the distribution compliance period, and to which Global Note the transfer is being made, the Trustee may require the seller to provide certain written certifications in the form provided in the Indenture.

A beneficial interest in a Global Note that is transferred to a person who takes delivery through another Global Note will, upon transfer, become subject to any transfer restrictions and other procedures applicable to beneficial interests in the other Global Note.

***Transfers from Definitive Notes to Global Notes***

Definitive notes, if any, may be transferred or exchanged for a beneficial interest in the relevant Global Note in accordance with the procedures described in the Indenture.

## **BOOK-ENTRY SETTLEMENT AND CLEARANCE**

### **THE GLOBAL NOTES**

Each series of the Notes will be issued in the form of several registered notes in global form, without interest coupons, which we refer to as the Global Notes, as follows:

- Notes sold to qualified institutional buyers under Rule 144A will be represented by one or more Rule 144A Global Notes; and
- Notes sold in offshore transactions to non-US persons in reliance on Regulation S will be represented by one or more Regulation S Global Notes.

Upon issuance, each of the Global Notes will be deposited with the Registrar and Transfer Agent as custodian for DTC and registered in the name of Cede & Co., as nominee of DTC.

Ownership of beneficial interests in each Global Note will be limited to persons who have accounts with DTC, or DTC participants, or persons who hold interests through DTC participants. We expect that under procedures established by DTC:

- upon deposit of each Global Note with DTC's custodian, DTC will credit portions of the principal amount of the Global Note to the accounts of the DTC participants designated by the Initial Purchasers; and
- ownership of beneficial interests in each Global Note will be shown on, and transfer of ownership of those interests will be effected only through, records maintained by DTC (with respect to interests of DTC participants) and the records of DTC participants (with respect to other owners of beneficial interests in the Global Note).

Each Global Note and beneficial interests in each Global Note will be subject to restrictions on transfer as described under "Transfer Restrictions".

See "Description of the Notes and the Guarantees—Book-Entry System; Delivery and Form".

### **BOOK-ENTRY PROCEDURES FOR THE GLOBAL NOTES**

All interests in the Global Notes will be subject to the operations and procedures of DTC, Euroclear and Clearstream. We provide the following summaries of those operations and procedures solely for the convenience of investors. The information in this section concerning DTC, Euroclear and Clearstream, Luxembourg (referred to herein as Clearstream) and their book-entry systems has been obtained from sources that we believe to be reliable, but neither we nor the Initial Purchasers take any responsibility for or make any representation or warranty with respect to the accuracy of this information. DTC, Euroclear and Clearstream are under no obligation to follow the procedures described herein to facilitate the transfer of interest in Global Notes among participants and account holders of DTC, Euroclear and Clearstream, and such procedures may be discontinued or modified at any time. Neither we, the Company, the Trustee nor any paying agent will have any responsibility for the performance of DTC, Euroclear and Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

DTC has advised us that it is:

- a limited purpose trust company organized under the laws of the State of New York;
- a "banking organization" within the meaning of the New York State Banking Law;
- a member of the Federal Reserve System;
- a "clearing corporation" within the meaning of the Uniform Commercial Code; and
- a "clearing agency" registered under Section 17A of the Securities Exchange Act of 1934.

DTC was created to hold securities for its participants and to facilitate the clearance and settlement of securities transactions between its participants through electronic book-entry changes to the accounts of its participants. DTC's participants include securities brokers and dealers, including the Initial Purchasers; banks and trust

companies; clearing corporations and other organizations. Indirect access to DTC's system is also available to others such as banks, brokers, dealers and trust companies; these indirect participants clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly. Investors who are not DTC participants may beneficially own securities held by or on behalf of DTC only through DTC participants or indirect participants in DTC.

So long as DTC's nominee is the registered owner of a Global Note, that nominee will be considered the sole owner or holder of the Notes represented by that Global Note for all purposes under the Indenture.

As a result, each investor who owns a beneficial interest in a Global Note must rely on the procedures of DTC to exercise any rights of a holder of Notes under the Indenture (and, if the investor is not a participant or an indirect participant in DTC, on the procedures of the DTC participant through which the investor owns its interest).

Payments of principal, premium (if any) and interest with respect to the Notes represented by a Global Note will be made by the Paying Agent to DTC's nominee as the registered holder of the Global Note. Neither we nor the Paying Agent will have any responsibility or liability for the payment of amounts to owners of beneficial interests in a Global Note, for any aspect of the records relating to or payments made on account of those interests by DTC, or for maintaining, supervising or reviewing any records of DTC relating to those interests.

Payments by participants and indirect participants in DTC to the owners of beneficial interests in a Global Note will be governed by standing instructions and customary industry practice and will be the responsibility of those participants or indirect participants and DTC.

Transfers between participants in DTC will be effected under DTC's procedures and will be settled in same-day funds. Transfers between participants in Euroclear or Clearstream will be effected in the ordinary way under the rules and operating procedures of those systems.

Cross-market transfers between DTC participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected within DTC through the DTC participants that are acting as depositaries for Euroclear and Clearstream. To deliver or receive an interest in a Global Note held in a Euroclear or Clearstream account, an investor must send transfer instructions to Euroclear or Clearstream, as the case may be, under the rules and procedures of that system and within the established deadlines of that system. If the transaction meets its settlement requirements, Euroclear or Clearstream, as the case may be, will send instructions to its DTC depositary to take action to effect final settlement by delivering or receiving interests in the relevant Global Notes in DTC, and making or receiving payment under normal procedures for same-day funds settlement applicable to DTC. Euroclear and Clearstream participants may not deliver instructions directly to the DTC depositaries that are acting for Euroclear or Clearstream.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant that purchases an interest in a Global Note from a DTC participant will be credited on the business day for Euroclear or Clearstream immediately following the DTC settlement date. Cash received in Euroclear or Clearstream from the sale of an interest in a Global Note to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Euroclear or Clearstream cash account as of the business day for Euroclear or Clearstream following the DTC settlement date.

DTC, Euroclear and Clearstream have agreed to the above procedures to facilitate transfers of interests in the Global Notes among participants in those settlement systems. However, the settlement systems are not obligated to perform these procedures and may discontinue or change these procedures at any time. Neither we nor the Trustee will have any responsibility for the performance by DTC, Euroclear or Clearstream or their participants or indirect participants of their obligations under the rules and procedures governing their operations.

## UK TAX CONSIDERATIONS

### UK TAXATION

The summary below is of a general nature and describes certain UK tax implications of acquiring, holding or disposing of Notes. It is not tax advice and is not intended to be exhaustive. The summary is based on current UK tax law, current UK H.M. Revenue and Customs (“HMRC”) published practice and the terms of the double taxation treaty between the United States and the United Kingdom which entered into force on March 31, 2003 (the “Treaty”), all of which are subject to change at any time, possibly with retrospective effect. The comments relate only to the position of persons who are the absolute beneficial owners of their Notes and may not apply to certain classes of holders, such as dealers in securities and holders who are connected with the Issuer for UK tax purposes, and do not necessarily apply where the income in respect of the Notes is deemed for UK tax purposes to be the income of any person other than the holder of the Notes.

**Please consult your own tax advisor concerning the consequences of acquiring, owning and disposing of the Notes under UK tax law and the laws of any other jurisdiction in which you may be subject to tax.**

#### *Interest Payments*

Any premium payable on a redemption of the Notes at the option of the Issuer may, in certain circumstances, constitute interest for UK tax purposes and so be treated in the manner described below. References to “interest” in this section mean interest as understood in UK tax law. The statements below do not take account of any different definitions of interest which may prevail under any other law.

Payments of interest on Notes issued by the Issuer will not be subject to withholding or deduction for or on account of UK income tax because the Notes will be treated as “quoted Eurobonds” (within the meaning of section 987 of the Income Tax Act 2007 (“ITA 2007”)), so long as the Notes are “listed on a recognised stock exchange”. Section 1005 ITA 2007 provides that securities will be treated as “listed on a recognised stock exchange” if (and only if) they are admitted to trading on that exchange, and either they are included in the United Kingdom official list (within the meaning of Part 6 of the Financial Services and Markets Act 2000) or they are officially listed, in accordance with provisions corresponding to those generally applicable in European Economic Area states, in a country outside the United Kingdom in which there is a “recognised stock exchange”. The London Stock Exchange is a “recognised stock exchange” for these purposes.

Even if the Notes do not qualify as “quoted Eurobonds”, no withholding or deduction for or on account of UK income tax is required (subject to contrary direction from HMRC) in respect of payments to a holder who the Issuer reasonably believes is the beneficial owner of the interest payable on the Notes and is either a UK resident company or a non-UK resident company carrying on a trade in the United Kingdom through a UK permanent establishment where the payment is taken into account in calculating the UK corporation tax liability of that company, or falls within various categories enjoying a special tax status (including charities and certain pension funds), or is a partnership consisting of such persons.

In all other cases, payments of interest will generally be subject to withholding or deduction for or on account of UK income tax at the basic rate, which is currently 20%. Certain holders of Notes who are resident in the United States may be entitled to receive payments free of withholding or deduction for or on account of UK tax under the Treaty and HMRC may issue a direction to the Issuer to that effect. Holders of Notes who are resident in other jurisdictions may also be able to receive payment free of withholding or deduction for or on account of UK tax or subject to a lower rate of such withholding or deduction under an appropriate double taxation treaty and HMRC may issue a direction to that effect. However, any such direction will, in any case, be issued only on prior application to the relevant tax authorities by the holder in question. If such a direction is not in place at the time a payment of interest is made, the Issuer will be required to withhold or deduct for or on account of UK tax, although a holder of Notes resident in another jurisdiction who is entitled to relief may subsequently claim from HMRC the amount, or proportion of the amount, withheld or deducted.

The interest on Notes issued by the Issuer will have a UK source for UK tax purposes and, as such, may be subject to UK tax by direct assessment (including self-assessment) even where paid without withholding or deduction for or on account of UK income tax. However, interest with a UK source received without withholding or deduction for or on account of UK income tax will not be chargeable to UK tax in the hands of a person (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that person carries on a trade, profession or vocation in the United Kingdom through a branch or agency (or, for holders who are companies, carries on a trade through a permanent establishment) in the United Kingdom in connection with which the interest

is received or to which the Notes are attributable, in which case (subject to exemptions for interest received by certain categories of agent) tax may be levied on the UK branch, agency or permanent establishment.

### ***Disposal (including redemption)***

In general, a holder of Notes who is resident in a jurisdiction outside the United Kingdom will not be liable to UK chargeable gains taxation in respect of a disposal (including redemption) of a Note, any gain accrued in respect of a Note or any change in the value of a Note, unless at the time of the disposal, the holder carries on a trade, profession or vocation in the United Kingdom through a branch or agency (or, for holders who are companies, carries on a trade through a permanent establishment) and the Note was used in or for the purposes of that trade, profession or vocation or is attributable to the branch or agency or permanent establishment.

### ***UK Corporation Tax Payers***

In general, holders within the charge to UK corporation tax (other than certain authorized investment funds) will be treated for UK tax purposes as realizing profits, gains or losses in respect of the Notes on a basis which is broadly in accordance with their accounting treatment, so long as that accounting treatment is in accordance with generally accepted accounting practice (as that term is defined for UK tax purposes). Such profits, gains and losses whether attributable to currency fluctuations or otherwise will be taken into account in computing taxable income for UK corporation tax purposes.

### ***Other UK Tax Payers***

If the holder is an individual resident in the United Kingdom for UK tax purposes, he or she may have to account for UK capital gains tax in respect of any gains arising on a disposal (including a redemption) of a Note. Any such capital gains would be calculated by comparing the British pound values on purchase and disposal of the Notes, so a liability to UK tax could arise even where the non-British pound amount received on a disposal was less than or the same as the amount paid for the Notes.

The rules relating to “accrued income profits and losses” (contained in Part 12 ITA 2007) may apply to certain holders who are not subject to UK corporation tax, in relation to a transfer of the Notes. On a transfer of securities with accrued interest, the rules usually apply to deem the transferor to receive an amount of income equal to the accrued interest and to treat the deemed or actual interest subsequently received by the transferee as reduced by a corresponding amount.

Generally, persons who are not resident in the UK and who do not carry on a trade in the United Kingdom through a branch or agency in the United Kingdom for the purposes of which the Notes were used, held or acquired will not be subject to the rules relating to accrued income profits and losses.

Dependent, among other things, on the discount (if any) at which the Notes are issued, the Notes may be deemed to constitute “deeply discounted securities” for the purposes of Chapter 8 of Part 4 of the Income Tax (Trading and Other Income) Act 2005. If the Notes are deemed to constitute deeply discounted securities, individual holders of Notes who are resident for tax purposes in the United Kingdom or who carry on a trade, profession or vocation in the United Kingdom through a branch or agency to which the Notes are attributable generally will be liable to UK income tax on any gain made on the sale or other disposal (including redemption) of the Notes. Holders of Notes are advised to consult their own professional advisers if they require any advice or further information relating to “deeply discounted securities”.

Special rules may apply to individual holders who have ceased to be resident for UK tax purposes in the United Kingdom and once again become resident for UK tax purposes in the United Kingdom after a period of non-residence. Such holders should consult their own tax advisors.

### ***Stamp Duty and Stamp Duty Reserve Tax (“SDRT”)***

No UK stamp duty or SDRT should arise on the issue or transfer of a Note, or on its redemption.

### ***Provision of Information***

Holders of Notes should note that, in certain circumstances, HMRC has power to obtain information (including details of the beneficial owners of the Notes (or the persons for whom the Notes are held) or the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes) from, amongst others, the holders of the Notes, persons by or through whom payments derived from the Notes are made, persons who receive (or would be entitled to receive) such payments, persons who effect or are a party to transactions relating to the Notes on behalf of others and certain registrars or administrators. HMRC also has the power, in certain circumstances, to obtain information from any person in the UK who pays amounts payable on the redemption of notes that are deeply discounted securities for the purposes of the Income Tax

(Trading and Other Income) Act 2005, or receives such amounts for the benefit of another person (although HMRC published practice indicates that it will not exercise its power to require this information where such amounts are paid on or before April 5, 2015). Any such information referred to in this paragraph may, in certain circumstances, be exchanged by HMRC with the tax authorities in other countries.

Under European Council Directive 2003/48/EC on the taxation of savings income (the “EU Savings Directive”), a Member State is required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual or certain other types of person resident in that other Member State. However, for a transitional period Austria is instead required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments (the end of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories have agreed to adopt similar measures (either provision of information or transitional withholding). On March 24, 2014, the Council of the European Union adopted a directive amending the EU Savings Directive, which, when implemented, will amend and broaden the scope of the requirements described above (the “Amending Directive”). Member States have until January 1, 2016 to adopt the national legislation necessary to comply with this Amending Directive. The European Commission has proposed that the EU Savings Directive should be repealed generally with effect from January 1, 2016 or, in the case of Austria, from January 1, 2017 in order to avoid overlap with Council Directive 2011/16/EU on administrative cooperation in the field of taxation (as amended by Council Directive 2014/107/EU), pursuant to which Member States will be required to apply new measures on mandatory automatic exchange of information. The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive. Investors who are in any doubt as to their position should consult their professional advisors.

## MATERIAL US FEDERAL TAX CONSIDERATIONS

This section describes the material US federal income tax consequences to a US holder (as defined below) of acquiring, owning or disposing of the Notes we are offering. It applies to you only if you acquire Notes in the offering at the initial offering price and you hold your Notes as capital assets for US federal income tax purposes. This section does not describe all the US federal income tax considerations that may apply to you if you are a member of a class of owners subject to special rules, such as:

- a dealer in securities or currencies;
- a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings;
- a bank;
- a life insurance company;
- a tax-exempt organization;
- a person that owns Notes that are a hedge or that are hedged against interest rate risks;
- a person that owns Notes as part of a straddle or conversion transaction for tax purposes; or
- a person whose functional currency for tax purposes is not the US dollar.

If a partnership (or an entity or arrangement treated as a partnership for US federal income tax purposes) holds Notes, the US federal income tax treatment of a partner will generally depend on the status of the partner and the tax treatment of the partnership. Partnerships holding Notes and their partners should consult their tax advisors with regard to the US federal income tax treatment of an investment in the Notes.

This section is based on the Internal Revenue Code of 1986, as amended (the “Code”), its legislative history, existing and proposed regulations under the Code, published rulings and court decisions, all as of the date hereof. These laws are subject to change, possibly on a retroactive basis. This section does not address alternative minimum tax consequences, US federal estate and gift tax consequences, the applicability of the Medicare tax on net investment income or any US state and local or foreign tax consequences of acquiring, owning or disposing of Notes.

*Please consult your own tax advisor concerning the consequences of owning these Notes in your particular circumstances under the Code and the laws of any other taxing jurisdiction.*

You are a US holder if you are a beneficial owner of a Note and you are for US federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation, or other entity treated as a corporation for US federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia;
- an estate whose income is subject to US federal income tax regardless of its source; or
- a trust if (i) a US court can exercise primary supervision over the trust’s administration and one or more US persons are authorized to control all substantial decisions of the trust or (ii) a valid election is in place to treat the trust as a US person.

**Payments of Interest.** You will be taxed on interest on your Notes (without reduction for any withholding tax) and, without duplication, any Additional Amounts, including the amount of any withholding tax on payments of Additional Amounts, as ordinary income at the time you actually or constructively receive the interest or when it accrues, depending on your method of accounting for US federal income tax purposes.

Interest paid by us on the Notes is income from sources outside the United States for the purposes of the rules regarding the foreign tax credit allowable to a US holder. The interest will, depending on your circumstances, be either “passive” or “general” income for purposes of computing the foreign tax credit.

If a Change of Control Repurchase Event occurs, the Issuer or Company will be required to make an offer to each holder of Notes to repurchase all or any part of that holder's Notes at a repurchase price in cash equal to 101% of the aggregate principal amount of Notes repurchased and any accrued interest (see "Description of the Notes and the Guarantees—Change of Control Repurchase Event"). Notwithstanding this possibility, we do not believe that the Notes are contingent payment debt instruments for US federal income tax purposes, and, consequently, we do not intend to treat the Notes as contingent payment debt instruments. If, notwithstanding our view, any of the Notes were treated as contingent payment debt instruments, a US holder may be required to accrue ordinary income at a rate that is different to the stated interest rate on such Notes and to treat as ordinary income (rather than capital gain) any gain recognized on a sale or other taxable disposition of such Notes. The remainder of this discussion assumes that the Notes will not be treated as contingent payment debt instruments for US federal income tax purposes.

***Disposition of a Note.*** You will generally recognize capital gain or loss on the sale, exchange, redemption, retirement or other taxable disposition of your Notes equal to the difference between the amount you realize on the sale, exchange, redemption, retirement or other taxable disposition, excluding any amounts attributable to accrued but unpaid interest, which will be taxed as described above, and your tax basis in your Notes. Your tax basis in your Note generally will be its cost. Capital gain of a noncorporate US holder is generally taxed at preferential rates where the property is held for more than one year. The deductibility of capital losses is subject to limitations.

***Information with Respect to Foreign Financial Assets.*** Certain owners of "specified foreign financial assets" with an aggregate value in excess of US\$50,000 (and in some circumstances, a higher threshold) may be required to file an information report with respect to such assets with their US federal income tax returns. "Specified foreign financial assets" include any financial accounts maintained by foreign financial institutions, including those in which Notes may be held, and securities issued by non-US persons, such as the Notes, if they are not held in accounts maintained by financial institutions. Holders are urged to consult their tax advisors regarding the application of this reporting requirement to their ownership of the Notes.

***Backup Withholding and Information Reporting.*** Backup withholding and information reporting requirements may apply to certain payments to US holders of interest on the Notes and to the proceeds of a sale or other disposition of a Note. Backup withholding (currently at a rate of 28%) may be required if you fail (i) to furnish your taxpayer identification number, (ii) to certify that you are not subject to backup withholding or (iii) to otherwise comply with the applicable requirements of the backup withholding rules. Certain US holders (including, among others, corporations) are not currently subject to the backup withholding and information reporting requirements. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a US holder generally may be claimed as a credit against such US holder's US federal income tax liability and any excess may result in a refund, provided that the required information is timely furnished to the Internal Revenue Service.

## PLAN OF DISTRIBUTION

Subject to the terms and conditions of a purchase agreement among the Issuer, the Company and the Initial Purchasers, the Issuer has agreed to sell to the Initial Purchasers, and each Initial Purchaser has severally agreed to purchase from the Issuer, the principal amount of Notes indicated in the following table.

| <b>Initial Purchasers</b>                              | <b>Principal Amount of<br/>2020 Notes</b> | <b>Principal Amount of<br/>2025 Notes</b> |
|--------------------------------------------------------|-------------------------------------------|-------------------------------------------|
| Citigroup Global Markets Inc.....                      | \$170,000,000                             | \$130,000,000                             |
| J.P. Morgan Securities LLC .....                       | \$170,000,000                             | \$130,000,000                             |
| RBC Capital Markets, LLC.....                          | \$170,000,000                             | \$130,000,000                             |
| nabSecurities, LLC.....                                | \$85,000,000                              | \$65,000,000                              |
| Scotia Capital (USA) Inc.....                          | \$85,000,000                              | \$65,000,000                              |
| TD Securities (USA) LLC.....                           | \$85,000,000                              | \$65,000,000                              |
| Westpac Banking Corporation (ABN 33 007 457 141) ..... | \$85,000,000                              | \$65,000,000                              |
| Total.....                                             | <u>\$850,000,000</u>                      | <u>\$650,000,000</u>                      |

The obligations of the Initial Purchasers under the purchase agreement, including their agreement to purchase Notes from the Issuer, are several and not joint. The purchase agreement provides that the Initial Purchasers will purchase all the Notes if any of them are purchased.

The Initial Purchasers initially propose to offer and sell the Notes at the respective prices set forth on the cover page of this document. The Initial Purchasers may change such offering prices and any other selling terms at any time without notice. The offering of the Notes by the Initial Purchasers is subject to receipt and acceptance and subject to the Initial Purchasers' right to reject any order in whole or part. The Initial Purchasers may offer and sell Notes through certain of their affiliates.

In the purchase agreement, the Issuer and the Company have agreed to indemnify the several Initial Purchasers, their affiliates, directors, officers, employees and controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, and to contribute to payments that the several Initial Purchasers may be required to make in respect thereof.

The Initial Purchasers expect that delivery of the Notes will be made against payment therefore on the Settlement Date, which will be the fifth business day following the pricing date of the offering (this settlement cycle being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade Notes on the pricing date or the immediately following business day will be required, by virtue of the fact that the Notes initially will settle on a delayed basis, to agree to a delayed settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisors.

The Notes and the Guarantees have not been, and will not be, registered under the Securities Act or qualified for sale under the securities laws of any state or any jurisdiction inside or outside the United States. The Initial Purchasers propose to resell the Notes and the Guarantees to qualified institutional buyers in reliance on Rule 144A under the Securities Act and outside the United States to certain non-US persons in reliance on Regulation S under the Securities Act. Each purchaser of the Notes offered hereby in making its purchase will be deemed to have made by its purchase certain acknowledgments, representations, warranties and agreements as set forth under the sections entitled "Notice to Investors" and "Transfer Restrictions".

In connection with sales outside the United States, the Initial Purchasers have agreed that they will not offer, sell or deliver the Notes to, or for the account or benefit of, US persons (i) as a part of the Initial Purchasers' distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering or the date the Notes are originally issued other than in accordance with Regulation S or another exemption from the registration requirements of the Securities Act. The Initial Purchasers will send to each broker or dealer to whom they sell such Notes during such 40-day distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, US persons.

In addition, until the expiration of the 40-day distribution compliance period referred to above, an offer or sale of the Notes within the United States by a broker/dealer, whether or not participating in this offering, may violate the registration requirements of the Securities Act if such sale is made otherwise than in accordance with Rule 144A under the Securities Act or pursuant to another exemption from registration under the Securities Act.

The Notes are a new issue of securities for which there currently is no market. The Issuer intends to make an application for Admission of each series of the Notes to listing on the Official List of the UK Listing Authority and

to trading on the London Stock Exchange's Regulated Market, a regulated market. The Initial Purchasers have advised the Issuer that following the completion of this offering, they presently intend to make a market in the Notes. They are not obligated to do so, however, and any market-making activities with respect to the Notes may be discontinued at any time at their sole discretion without notice. In addition, such market-making activity will be subject to the limits imposed by the Securities Act and the Exchange Act. Accordingly, the Issuer cannot give any assurance as to the development of any market or the liquidity of any market for the Notes.

In connection with this offering, the Stabilizing Managers may engage in over-allotment, stabilizing transactions, syndicate covering transactions and penalty bids. Over-allotment involves sales in excess of the offering size, which creates a short position for the Initial Purchasers. Stabilizing transactions involve bids to purchase the Notes in the open market for the purpose of pegging, fixing or maintaining the price of the Notes. Syndicate covering transactions involve purchases of the Notes in the open market after the distribution has been completed in order to cover short positions. Penalty bids permit the Stabilizing Managers to reclaim a selling concession from a broker/dealer when the Notes originally sold by such broker/dealer are purchased in a stabilizing or syndicate covering transaction to cover short positions. Any of these activities may prevent a decline in the market price of such Notes, and may also cause the price of such Notes to be higher than it would otherwise be in the absence of these transactions. The Stabilizing Managers may conduct these transactions in the over-the-counter market or otherwise. If the Stabilizing Managers commence any of these transactions, they may discontinue them at any time.

The Issuer and the Company have each agreed not to, for a period from the date hereof until the date of delivery of the Notes, without the prior written consent of the Initial Purchasers, directly or indirectly, issue, sell, offer to sell, grant any option for the sale of, or otherwise dispose of, any securities similar to the Notes, or any securities convertible into or exchangeable for the Notes or any such similar securities or the Guarantees, except for the Notes sold to the Initial Purchasers pursuant to the purchase agreement.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities, which may include sales and trading, commercial and investment banking, advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services. Certain of the Initial Purchasers and their respective affiliates have provided, and may in the future provide, a variety of these services to the Issuer and the Company and to persons and entities with relationships with the Issuer and the Company, for which they received or will receive customary fees expenses. In particular, affiliates of certain of the Initial Purchasers are lenders under certain of our existing credit facilities, and proceeds from the sale of the Notes may be used to service or repay these facilities.

In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates, officers, directors and employees may purchase, sell or hold a broad array of investments, including serving as counterparties to certain derivatives and hedging instruments, and actively trade securities, derivatives, loans, commodities, currencies, credit default swaps and other financial instruments for their own account and for the accounts of their customers, and such investment and trading activities may involve or relate to assets, securities and/or instruments of the Issuer or the Company (directly, as collateral securing other obligations or otherwise) and/or persons and entities with relationships with the Issuer or the Company. Certain of the Initial Purchasers or their affiliates that have a lending relationship with the Issuer or the Company routinely hedge their credit exposure to the Issuer or the Company consistent with their customary risk management policies. Typically, such Initial Purchasers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer or the Company, including potentially the Notes offered hereby. Any such credit default swaps or short positions could adversely affect future trading prices of the Notes offered hereby. The Initial Purchasers and their respective affiliates may also communicate independent investment recommendations, market color or trading ideas and/or publish or express independent research views in respect of such assets, securities or instruments and may at any time hold, or recommend to clients that they should acquire, long and/or short positions in such assets, securities and instruments.

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In connection with the offering, the Initial Purchasers are not acting for anyone other than the Issuer and will not be responsible to anyone other than the Issuer for providing the protections afforded to their clients nor for providing advice in relation to the offering.

Each Initial Purchaser has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the Financial Services and Markets Act 2000 (“FSMA”) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Company; and

- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything in relation to the Notes in, from or otherwise involving the United Kingdom.

## **Hong Kong**

The contents of this document have not been reviewed by any regulatory authority in Hong Kong. You are advised to exercise caution in relation to the offer. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance, or (ii) in other circumstances which do not result in the document being a “prospectus” as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32 of the Laws of Hong Kong) or which do not constitute an offer to the public within the meaning of that Ordinance; and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purposes of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the Laws of Hong Kong) and any rules made under that Ordinance.

## **Singapore**

This document has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, this document and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 by a relevant person which is: (a) a corporation (which is not an accredited investor) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries’ rights and interest in that trust shall not be transferable for 6 months after that corporation or that trust has acquired the Notes under Section 275 except: (1) to an institutional investor under Section 274 of the SFA or to a relevant person, or any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275 of the SFA; (2) where no consideration is given for the transfer; or (3) by operation of law.

## **Japan**

The securities offered hereby have not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 as amended, the “FIEL”) and each Initial Purchaser has agreed that it will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

## TRANSFER RESTRICTIONS

The Notes and the Guarantees have not been registered under the Securities Act or any other applicable securities laws, and may not be offered, sold or delivered in the United States or to, or for the account or benefit of, any US person, except pursuant to an effective registration statement or in a transaction not subject to the registration requirements of the Securities Act or in accordance with an applicable exemption from the registration requirements and those other laws. Accordingly, the Notes and the Guarantees are being offered and sold only (i) to qualified institutional buyers in a private sale exempt from the registration requirements of the Securities Act pursuant to Rule 144A and any other applicable securities laws and (ii) outside the United States to non-US persons in compliance with Regulation S.

Each purchase of Notes is subject to restrictions on transfer as summarized below. By purchasing Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with us and the Initial Purchasers:

- (1) The purchaser understands and acknowledges that:
  - each of the Notes and the Guarantees have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
  - unless so registered, the Notes and the Guarantees may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.
- (2) The purchaser represents that it is not an affiliate (as defined in Rule 144 under the Securities Act) of the Company or the Issuer, that the purchaser is not acting on behalf of such persons and that either:
  - the purchaser is a qualified institutional buyer (as defined in Rule 144A), is aware that the sale to it is being made in reliance on Rule 144A and is purchasing Notes for its own account or for the account of another qualified institutional buyer; or
  - the purchaser is not a US person (as defined in Regulation S under the Securities Act) or is acquiring the Notes for its own account or as a fiduciary or agent for others in a transaction outside the United States pursuant to Regulation S.
- (3) The purchaser represents that it is purchasing Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. The purchaser agrees on its own behalf and on behalf of any investor account for which it is purchasing Notes, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that until the end of the Resale Restriction Period (as defined below), the Notes may be offered, sold or otherwise transferred only: (a) to us; (b) under a registration statement that has been declared or has become effective under the Securities Act; (c) for so long as the Notes are eligible for resale under Rule 144A, to a person the seller reasonably believes is a qualified institutional buyer that is purchasing for its own account or for the account of another qualified institutional buyer and to whom notice is given that the transfer is being made in reliance on Rule 144A; (d) through offers and sales that occur outside the United States within the meaning of Regulation S under the Securities Act; (e) to an institutional accredited investor (within the meaning of Rule 501(a)(1), (2), (3) or (7) under the Securities Act) that is purchasing for its own account or for the account of another institutional accredited investor, in each case in a minimum principal amount of Notes of US\$250,000; or (f) under any other available exemption from the registration requirements of the Securities Act; in each case in compliance with any applicable state securities laws; subject in each of the above cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be at all times within the seller's or account's control.

The purchaser also acknowledges that:

- the above restrictions on resale will apply from the closing date until the date after which such Notes may be freely transferred pursuant to Rule 144 under the Securities Act (in the case of the Notes sold pursuant to Rule 144A) or 40 days (in the case of the Notes sold pursuant to Regulation S) after the later of the closing date and the last date that we or any of our affiliates were the owner of the Notes or

any predecessor of the Notes (the “Resale Restriction Period”), and will not apply after the applicable Resale Restriction Period ends;

- if a holder of Notes proposes to resell or transfer Notes under clause (e) above before the applicable Resale Restriction Period ends, the seller must deliver to us and the Trustee a letter from the purchaser in the form set forth in the indenture which must provide, among other things, that the purchaser is an institutional accredited investor that is not acquiring the Notes for distribution in violation of the Securities Act;
- we and the Trustee reserve the right to require in connection with any offer, sale or other transfer of Notes under clauses (d), (e) and (f) above the delivery of an opinion of counsel, certifications and/or other information satisfactory to us and the Trustee; and
- each Note being sold pursuant to Rule 144A will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE REOFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION OR UNLESS SUCH TRANSACTION IS EXEMPT FROM, OR NOT SUBJECT TO, SUCH REGISTRATION. THE HOLDER OF THIS SECURITY, BY ITS ACCEPTANCE HEREOF, AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES, TO OFFER, SELL OR OTHERWISE TRANSFER SUCH SECURITY, ONLY (A) TO THE ISSUER, (B) PURSUANT TO A REGISTRATION STATEMENT THAT HAS BECOME OR BEEN DECLARED EFFECTIVE UNDER THE SECURITIES ACT, (C) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A UNDER THE SECURITIES ACT, TO A PERSON IT REASONABLY BELIEVES IS A “QUALIFIED INSTITUTIONAL BUYER” AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT THAT PURCHASES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER QUALIFIED INSTITUTIONAL BUYER AND TO WHOM NOTICE IS GIVEN THAT THE TRANSFER IS BEING MADE IN RELIANCE ON RULE 144A, (D) PURSUANT TO OFFERS AND SALES THAT OCCUR OUTSIDE THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT, (E) TO AN INSTITUTIONAL “ACCREDITED INVESTOR” WITHIN THE MEANING OF RULE 501(a)(1), (2), (3) OR (7) UNDER THE SECURITIES ACT THAT IS ACQUIRING THE SECURITY FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ANOTHER INSTITUTIONAL ACCREDITED INVESTOR, IN EACH CASE IN A MINIMUM PRINCIPAL AMOUNT OF THE SECURITIES OF US\$250,000, FOR INVESTMENT PURPOSES AND NOT WITH A VIEW TO OR FOR OFFER OR SALE IN CONNECTION WITH ANY DISTRIBUTION IN VIOLATION OF THE SECURITIES ACT, (F) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT (IF AVAILABLE) OR (G) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT, SUBJECT TO THE ISSUER’S AND THE TRUSTEE’S RIGHT PRIOR TO ANY SUCH OFFER, SALE OR TRANSFER PURSUANT TO CLAUSES (D), (E), (F) OR (G) TO REQUIRE THE DELIVERY OF AN OPINION OF COUNSEL, CERTIFICATION AND/ OR OTHER INFORMATION SATISFACTORY TO EACH OF THEM. THIS LEGEND WILL BE REMOVED UPON THE REQUEST OF THE HOLDER AFTER THE RESALE RESTRICTION TERMINATION DATE.

- each Note being sold pursuant to Regulation S will contain a legend substantially to the following effect:

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR THE SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION, AND MAY NOT BE OFFERED, SOLD OR DELIVERED IN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY US PERSON, UNLESS SUCH NOTES ARE REGISTERED UNDER THE SECURITIES ACT OR AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS THEREOF IS AVAILABLE. THIS LEGEND WILL BE REMOVED AFTER THE EXPIRATION OF FORTY DAYS FROM THE LATER OF (i) THE DATE ON WHICH THESE NOTES WERE FIRST OFFERED AND (ii) THE DATE OF ISSUE OF THESE NOTES.

- (4) The purchaser has received a copy of the offering memorandum relating to the offering of the Notes and the Guarantees and acknowledges that (a) neither we nor the Initial Purchasers or any person representing us or

the Initial Purchasers have made any representation to it with respect to us or the offering and the sale of the Notes and the Guarantees other than the information contained in and incorporated by reference into this document and (b) it has had access to such financial and other information and has been offered the opportunity to ask questions of us and received answers thereto, as it deemed necessary in connection with the decision to purchase Notes.

- (5) The purchaser understands that we, the Company, the Initial Purchasers and others will rely upon the truth and accuracy of the foregoing representations, acknowledgements and agreements and agrees that if any of the representations and acknowledgements deemed to have been made by it by its purchase of the Notes are no longer accurate, the purchaser shall promptly notify us and the Initial Purchasers. If the purchaser is acquiring the Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each such account and it has full power to make the foregoing representations, acknowledgements and agreements on behalf of such account.
- (6) The purchaser: (a) is able to fend for itself in the transactions contemplated by this document; (b) has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment in the Notes; and (c) has the ability to bear the economic risks of its prospective investment and can afford the complete loss of such investment.
- (7) By acceptance of a Note, each purchaser and subsequent transferee will be deemed to have represented and warranted that either (a) no portion of the assets used by such purchaser or transferee to acquire or hold the Notes constitutes assets of any employee benefit plan that is subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended (“ERISA”), a plan, individual retirement account or other arrangement that is subject to Section 4975 of the United States Internal Revenue Code of 1986, as amended (the “Code”) or provision under any federal, state, local, non-US or other laws, rules or regulations that are similar to such provisions or ERISA or the Code (collectively, “Similar Laws”) or entity whose underlying assets are considered to include “plan assets” of any such plan, account or arrangement or (b) the purchase and holding of the Notes will not constitute a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or a violation under any applicable Similar Laws.

## **LEGAL MATTERS**

Certain legal matters in connection with this offering will be passed upon for us by Shearman & Sterling (London) LLP, as to matters of United States federal, New York State law and English law. Certain legal matters in connection with this offering will be passed upon for the Initial Purchasers by Davis Polk & Wardwell London LLP, as to matters of United States federal and New York State law.

## **INDEPENDENT AUDITORS**

The consolidated financial statements of the Group as at and for the year-ended December 31, 2014, for the year-ended December 31, 2013 and for the year-ended December 31, 2012, prepared in accordance with IFRS as adopted by the European Union have been audited by Deloitte LLP, independent auditors and current member of the Institute of Chartered Accountants of England & Wales, as stated in their reports incorporated by reference herein.

The auditor's reports, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include the following limitations: "This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed."

## DESCRIPTION OF ANGLO AMERICAN CAPITAL PLC

### INCORPORATION, REGISTERED OFFICE AND PURPOSE

Anglo American Capital, a wholly owned subsidiary of Anglo American, was incorporated and registered in England and Wales under the registered number 04658814 on February 6, 2003 and operates under the Companies Act 2006 as a public limited company. Its registered office is at 20 Carlton House Terrace, London SW1Y 5AN. Anglo American Capital was formed as a special purpose company solely for the purposes of issuing debt securities and has no subsidiaries.

Anglo American Capital's authorized share capital is £50,000 and US\$1,000,000,000 divided into 50,000 3% cumulative preference shares of £1.00 each and 1,000,000,000 ordinary shares of US\$1.00 each, of which 50,000 cumulative preference shares and 1,200 ordinary shares are in issue and fully paid up. All of Anglo American Capital's issued shares are beneficially owned by Anglo American.

### BOARD OF DIRECTORS

The Directors of Anglo American Capital and their functions and principal directorships outside Anglo American Capital are as follows:

| Name                 | Title                  | Principal directorships outside Anglo American Capital                     |
|----------------------|------------------------|----------------------------------------------------------------------------|
| Andrew Hodges.....   | Secretary and Director | None                                                                       |
| John Mills.....      | Secretary and Director | None                                                                       |
| Douglas Smailes..... | Director               | None                                                                       |
| Keith Tucker.....    | Director               | None                                                                       |
| René Médori.....     | Director               | Director of Petrofac Limited, Anglo American Platinum Limited and De Beers |

The business address of each of the above is 20 Carlton House Terrace, London SW1Y 5AN and the telephone number of Anglo American Capital's registered office is: +44 (0) 20 7968 8888.

No potential conflicts of interest exist between the Directors' duties to Anglo American Capital and their private interests or other duties.

### FINANCIAL STATEMENTS

Deloitte audited Anglo American Capital's accounts in accordance with generally accepted auditing standards in the United Kingdom for the period from February 6, 2003 (Anglo American Capital's date of incorporation) to December 31, 2004 and in accordance with International Standards on Auditing (UK and Ireland) from December 31, 2005 to December 31, 2014. Audit reports issued by Deloitte on these financial statements were without qualification.

## GENERAL INFORMATION

### 1. Authorization

The issue of the Notes, or, in the case of the Company, the giving of the guarantee, has been duly authorized by the resolutions of the Board of Directors of Anglo American plc dated December 4, 2014 and of the Board of Directors of Anglo American Capital plc dated April 22, 2015.

### 2. Listing

Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for the Notes to be admitted to trading on the London Stock Exchange's Regulated Market and is expected to be effective as of May 14, 2015, subject only to the issuance of the Global Notes. The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). Prior to official listing and Admission to trading, however, dealings will be permitted by the London Stock Exchange in accordance with its rules. Transactions will normally be effected for delivery on the third working date after the day of the transaction.

The Issuer's and the Company's out-of-pocket expenses in relation to Admission to trading of the Notes on the London Stock Exchange's Regulated Market are expected to amount to approximately £600,000.

### 3. Clearing Reference Numbers

The Notes have been accepted for clearance through DTC's book-entry settlement system. The CUSIP and ISIN numbers for the Notes are as follows:

2020 Notes distributed pursuant to Rule 144A: CUSIP 034863 AN0, ISIN US034863AN08

2025 Notes distributed pursuant to Rule 144A: CUSIP 034863 AP5, ISIN US034863AP55

2020 Notes distributed pursuant to Regulation S: CUSIP G0446N AH7, ISIN USG0446NAH73

2025 Notes distributed pursuant to Regulation S: CUSIP G0446N AJ3, ISIN USG0446NAJ30

The address of DTC is The Depository Trust Company, 55 Water Street, New York, NY 10041-0099, USA.

### 4. Financial and Trading Position and Prospects

There has been no significant change in the financial or trading position of the Group since December 31, 2014 being the date of its last published audited financial statements.

There has been no significant change in the financial or trading position of the Issuer since December 31, 2014 being the date of its last published audited financial statements.

There has been no material adverse change in the prospects of the Group since December 31, 2014 being the date of its last published audited financial statements.

There has been no material adverse change in the prospects of the Issuer since December 31, 2014 being the date of its last published audited financial statements.

### 5. Litigation

#### *Proceedings in South Africa*

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 dependents or survivors) who allegedly contracted silicosis working for gold mining companies in which AASA was a shareholder and to which AASA provided various technical and administrative services.

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

AASA was until recently a defendant in claims filed in the High Court in London on behalf of approximately 7,000 named former mineworkers or their dependents. AASA successfully contested the jurisdiction of the English courts to hear the claims filed against it in that jurisdiction and all such claims have now been discontinued in the UK; however, plaintiffs are reasserting their claims in the South African courts. AASA is defending the separate lawsuits filed in South Africa and is opposing the application for consolidated class certification in South Africa.

AASA, AngloGold Ashanti, Gold Fields, Harmony Gold and Sibanye Gold announced in November 2014 that they had formed an industry working group to address issues relating to compensation and medical care for occupational lung disease (OLD) in the gold mining industry in South Africa. The companies have begun to engage all stakeholders on these matters, including government, organized labor, 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.

### ***SIOC Iron Ore Supply Agreement***

On November 5, 2013, SIOC and ArcelorMittal South Africa Ltd (“AMSA”) entered into a new supply agreement (the “Supply Agreement”) regulating the sale and purchase of iron ore from Kumba’s South African mines to AMSA. This agreement became effective from January 1, 2014. This agreement, subject to certain express conditions, is contemplated to endure until the end of the life of the Sishen mine. The conclusion of the Supply Agreement additionally settled the historic disputes between the companies.

### ***Mining Right Dispute***

On March 28, 2013, the Supreme Court of Appeal (“SCA”) dismissed the appeals of the DMR and Imperial Crown Trading 289 (Proprietary) Ltd (“ICT”) against the decision of the North Gauteng High Court, which, inter alia, confirmed that SIOC became the exclusive holder of the Mining Rights at the Sishen mine in 2008 when the DMR converted SIOC’s old order rights, and further set aside the grant of a prospecting right to ICT by the DMR. The SCA held that as a matter of law and as at midnight on April 30, 2009, SIOC became the sole holder of the Mining Right to iron ore in respect of the Sishen mine, after ArcelorMittal S.A. failed to convert its undivided share of the old order Mining Right.

Both ICT and the DMR lodged applications for leave to appeal against the SCA ruling to the Constitutional Court. The Constitutional Court hearing was held on September 3, 2013.

On December 12, 2013 the Constitutional Court granted the DMR’s appeal in part against the SCA judgment. In a detailed judgment, the Constitutional Court clarified that SIOC, when it lodged its application for conversion of its old order right, converted only the right it held at that time (being a 78.6% undivided share in the Sishen Mining Right). The Constitutional Court further held that ArcelorMittal S.A. retained the right to lodge its old order right (21.4% undivided share) for conversion before midnight on April 30, 2009, but failed to do so. As a consequence of such failure by ArcelorMittal S.A., the 21.4% undivided right remained available for allocation by the DMR.

The Constitutional Court ruled further that, based on the provisions of the MPRDA, only SIOC can apply for, and be granted, the residual 21.4% undivided share of the Sishen Mining Right. The grant of the Mining Right may be made subject to such conditions considered by the Minister of Mineral Resources to be appropriate, provided that the proposed conditions are permissible under the MPRDA. SIOC had previously applied for this 21.4%, and continues to account for 100% of what is mined from the reserves at Sishen mine. SIOC has however, in compliance with the Constitutional Court order, submitted a further application to be granted this right.

As a further consequence of this finding, the High Court’s ruling setting aside the prospecting right granted by the DMR to ICT also stands.

The findings made by the Constitutional Court are favorable to both SIOC and the DMR. SIOC’s position as the only competent applicant for the residual right protects SIOC’s interests. The DMR’s position as custodian of the mineral resources on behalf of the nation, and the authority of the DMR to allocate rights, has also been ratified by the Court.

As at December 31, 2014, 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. Kumba Iron Ore is actively continuing its discussions with the DMR in order to finalize the grant of the residual right.

Other than as disclosed in the preceding three paragraphs and under “Business Description—Iron Ore and Manganese—SIOC Iron Ore Supply Agreement”, “Business Description—Copper—Disposal of Interests in AA Sur and Settlement with Codelco” and “Business Description—De Beers—Other Information” there are no

governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Company is aware) during the 12 months prior to the date of this document, which may have or have had a significant effect on the financial position or profitability of the Issuer or the Company or the Group.

## **6. Nature of Financial Information and Auditors**

The auditors have made reports under Chapter 3 of Part 16 of the Companies Act 2006 on the statutory accounts of the Company and the Issuer for the years ended December 31, 2012 and 2013 (each incorporated by reference in this document), which were unqualified and did not contain any statement as is described in Sections 498 (2) or (3) of the Companies Act 2006. Any financial information included in this document (other than the statutory accounts incorporated by reference in this document) do not constitute the statutory accounts of the Company or the Issuer within the meaning of Section 435 (1) and (2) of the Companies Act 2006 for any period presented. Statutory accounts of the Company and the Issuer have been delivered to the Registrar of Companies in England and Wales for the year-ended December 31, 2013 in accordance with, and as required by, UK law.

The auditors of the Company and the Issuer are Deloitte of 2 New Street Square, London EC4A 3BZ, who are Chartered Accountants and Registered Auditors with the Institute of Chartered Accountants in England and Wales and regulated by the Audit Inspection Unit of the Professional Oversight Board of the Financial Reporting Council in the United Kingdom, whose address is Eighth Floor, 1 Canada Square, Canary Wharf, London E14 5AG.

The auditors of the Issuer and the Company have no interest in the Issuer or the Company.

## **7. Yield**

The projected yield of the 2020 Notes will be 3.674% and of the 2025 Notes will be 4.929%. Such projection has been calculated on the basis of the offering prices as at the date of this document and is not an indication of actual future returns for investors.

## **8. Interests of Natural and Legal Persons involved in the Issue**

Save for any fees payable to the Initial Purchasers, so far as the Company and the Issuer are aware, no person involved in the issue of the Notes has an interest material to the offer.

## **9. Documents on display**

For the period of 12 months following the date of this document, copies of the following documents will be available for inspection during normal office hours (local time) on any weekday (Saturdays, Sundays and public holidays excluded) at the registered office of the Company and the Issuer:

- (a) this document;
- (b) the Memorandum and Articles of Association of Anglo American plc and Anglo American Capital plc;
- (c) the Group 2012 Consolidated Financial Statements, the Group 2013 Consolidated Financial Statements, the Group 2014 Consolidated Financial Statements, the Issuer 2012 Financial Statements, the Issuer 2013 Financial Statements, and the Issuer 2014 Financial Statements; and
- (d) the Indenture.

## DEFINED TERMS

| Defined Term                                          | Definition                                                                                                   |
|-------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| “2020 Notes”                                          | 3.625% Senior Notes due 2020                                                                                 |
| “2025 Notes”                                          | 4.875% Senior Notes due 2025                                                                                 |
| “AA Sur”                                              | Anglo American Sur SA                                                                                        |
| “AASA”                                                | Anglo American South Africa Limited (previously Anglo American Corporation of South Africa Limited)          |
| “Agent”                                               | Citibank, N.A.                                                                                               |
| “Amapá”                                               | Anglo Ferrous Amapá Mineração Ltda                                                                           |
| “Anglo American” and “Company”                        | Anglo American plc                                                                                           |
| “Anglo American Capital” and “Issuer”                 | Anglo American Capital plc                                                                                   |
| “Anglo American Group”, “Group”, “us”, “we” and “our” | Anglo American, together with its subsidiaries, joint ventures and associates                                |
| “Anglo American Platinum”                             | Anglo American Platinum Limited                                                                              |
| “AngloGold Ashanti”                                   | AngloGold Ashanti Limited                                                                                    |
| “ArcelorMittal” and “ArcelorMittal S.A.”              | ArcelorMittal South Africa Limited                                                                           |
| “Atlatsa”                                             | Atlatsa Resources Corporation (previously Anooraq Resources Corporation, “Anooraq”)                          |
| “Australian dollar” and “AUD”                         | The lawful currency of Australia                                                                             |
| “BBBEE”                                               | Broad-Based Black Economic Empowerment                                                                       |
| “BBBEE Act”                                           | The South African Broad-Based Black Economic Empowerment Act, 2003                                           |
| “BEE”                                                 | Black Economic Empowerment                                                                                   |
| “Board”                                               | The Board of Directors of Anglo American                                                                     |
| “Brazilian real” and “BRL”                            | The lawful currency of Brazil                                                                                |
| “British pound” and “GBP”                             | The lawful currency of the United Kingdom                                                                    |
| “CC”                                                  | The UK Competition Commission                                                                                |
| “Cerrejón”                                            | Carbones del Cerrejón Limited, Cerrejón Zona Norte SA, and CMC - Coal Marketing Company Limited              |
| “Charter”                                             | The Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry                     |
| “Chilean peso” and “CLP”                              | The lawful currency of Chile                                                                                 |
| “CHL”                                                 | CHL Holdings Limited                                                                                         |
| “CHL Group”                                           | CHL and CIL, taken together                                                                                  |
| “CIL”                                                 | Centhold International Limited                                                                               |
| “Cliffs”                                              | Cliffs Natural Resources, Inc.                                                                               |
| “CMA”                                                 | Competition and Markets Authority                                                                            |
| “Codelco”                                             | Corporación Nacional del Cobre de Chile                                                                      |
| “CorpCo”                                              | Corporate sub-committee of the GMC                                                                           |
| “CRA Regulation”                                      | Regulation (EC) No. 1060/2009                                                                                |
| “c/lb”                                                | US cents per pound                                                                                           |
| “DBCM”                                                | De Beers Consolidated Mines Limited                                                                          |
| “De Beers”                                            | DB Investments SA and De Beers S.A. together with its subsidiaries, joint ventures and associated companies  |
| “Deloitte”                                            | Deloitte LLP                                                                                                 |
| “Directive on Markets in Financial Instruments”       | Directive 2004/39/EC                                                                                         |
| “DMR”                                                 | South African Department of Mineral Resources                                                                |
| “DTC”                                                 | The Depository Trust Company                                                                                 |
| “erpo”                                                | The equivalent refined platinum ounce in respect of Platinum’s own mines plus its share of joint ventures    |
| “Eskom”                                               | Eskom Holdings Limited (the South African electrical utility operator)                                       |
| “EU IFRS”                                             | International Financial Reporting Standards as adopted for use by the European Union                         |
| “Euro” and “EUR”                                      | The lawful common currency of the EU member states who have adopted the Euro as their sole national currency |

|                                                |                                                                                                                                                                                                                                                                                                                                                                                           |
|------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Exchange Act”                                 | The United States Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder                                                                                                                                                                                                                                                                       |
| “Exxaro”                                       | Exxaro Resources Limited (previously Kumba Resources Limited)                                                                                                                                                                                                                                                                                                                             |
| “Ferroport”                                    | LLX Minas-Rio Logística Comercial Exportadora SA (formerly referred to as LLX Minas-Rio Logística SA)                                                                                                                                                                                                                                                                                     |
| “FIEL”                                         | Financial Exchange Law of Japan (Law No. 25 of 1998, as amended)                                                                                                                                                                                                                                                                                                                          |
| “FSMA”                                         | The Financial Services and Markets Act 2000                                                                                                                                                                                                                                                                                                                                               |
| “GEMCO”                                        | Groote Eylandt Mining Company (Proprietary) Limited                                                                                                                                                                                                                                                                                                                                       |
| “GMC”                                          | Group Management Committee                                                                                                                                                                                                                                                                                                                                                                |
| “GRB”                                          | The Government of the Republic of Botswana                                                                                                                                                                                                                                                                                                                                                |
| “GRN”                                          | The Government of the Republic of Namibia                                                                                                                                                                                                                                                                                                                                                 |
| “Group 2012 Consolidated Financial Statements” | The audited consolidated financial statements of the Anglo American Group and notes prepared in accordance with EU IFRS and Company financial statements prepared in accordance with UK GAAP, together with the related independent auditor’s audit report, as at and for the year-ended December 31, 2012, together with the other materials referenced in section (b) on page 35 hereof |
| “Group 2013 Consolidated Financial Statements” | The audited consolidated financial statements of the Anglo American Group and notes prepared in accordance with EU IFRS and Company financial statements prepared in accordance with UK GAAP, together with the related independent auditor’s audit report, as at and for the year-ended December 31, 2013, together with the other materials referenced in section (a) on page 35 hereof |
| “Group 2014 Consolidated Financial Statements” | The audited consolidated financial statements of the Anglo American Group and notes prepared in accordance with EU IFRS and Company financial statements prepared in accordance with UK GAAP, together with the related independent auditor’s audit report, as at and for the year-ended December 31, 2014, together with the other materials referenced in section (a) on page 35 hereof |
| “HDSA(s)”                                      | Historically Disadvantaged South Africans                                                                                                                                                                                                                                                                                                                                                 |
| “IAS 19R”                                      | International Accounting Standard 19 (revised)<br>Employee Benefits                                                                                                                                                                                                                                                                                                                       |
| “IDC”                                          | Industrial Development Corporation of South Africa                                                                                                                                                                                                                                                                                                                                        |
| “IFRIC 20”                                     | IFRS Interpretations Committee Interpretation 20 Stripping Costs in the Production Phase of a Surface Mine                                                                                                                                                                                                                                                                                |
| “IFRS 11”                                      | International Financial Reporting Standard 11 Joint Arrangements                                                                                                                                                                                                                                                                                                                          |
| “Indenture”                                    | The Indenture, dated April 8, 2009, as supplemented by first supplemental indenture dated as of April 2, 2012 and the second supplemental indenture dated as of May 14, 2015, under which the Notes will be issued, among the Issuer, Anglo American and Citibank, N.A.                                                                                                                   |

|                                    |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
|------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Indicated Mineral Resource”       | An Indicated Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a reasonable level of confidence. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are too widely or inappropriately spaced to confirm geological and/or grade continuity but are spaced closely enough for continuity to be assumed. |
| “Initial Purchasers”               | Citigroup Global Markets Inc., J.P. Morgan Securities LLC, RBC Capital Markets, LLC, nabSecurities LLC, Scotia Capital (USA) Inc., TD Securities (USA) LLC and Westpac Banking Corporation (ABN 33 007 457 141)                                                                                                                                                                                                                                                                                                                                                    |
| “InvestCo”                         | Investment sub-committee of the GMC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Iron Ore Brazil”                  | The business unit containing the Minas-Rio Project                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Iron Ore Supply Agreement”        | SIOC Iron Ore Supply Agreement regulating the sale and purchase of iron ore between ArcelorMittal South Africa and SIOC                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “Issuer 2013 Financial Statements” | The audited financial statements of Anglo American Capital and notes thereto prepared in accordance with UK GAAP, together with the related independent auditor’s audit report, as at and for the year-ended December 31, 2013                                                                                                                                                                                                                                                                                                                                     |
| “Issuer 2014 Financial Statements” | The audited financial statements of Anglo American Capital and notes thereto prepared in accordance with UK GAAP, together with the related independent auditor’s audit report, as at and for the year-ended December 31, 2014                                                                                                                                                                                                                                                                                                                                     |
| “Joint Bookrunners”                | Citigroup Global Markets Inc., J.P. Morgan Securities LLC, RBC Capital Markets, LLC, nabSecurities, LLC, Scotia Capital (USA) Inc., TD Securities (USA) LLC and Westpac Banking Corporation (ABN 33 007 457 141)                                                                                                                                                                                                                                                                                                                                                   |
| “JORC Code”                        | The Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves, 2012 edition                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “kt”                               | Denotes kilotonnes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Kumba”                            | Kumba Iron Ore Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “Lafarge”                          | Lafarge SA                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “Lafarge UK”                       | Lafarge Cement UK, Lafarge Aggregates and Concrete UK                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “lb”                               | Denotes pounds                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Measured Mineral Resource”        | A Measured Mineral Resource is that part of a Mineral Resource for which tonnage, densities, shape, physical characteristics, grade and mineral content can be estimated with a high level of confidence. It is based on detailed and reliable exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes. The locations are spaced closely enough to confirm geological and grade continuity.                                                                |
| “Minas-Rio”                        | Anglo American Minério de Ferro Brasil SA (previously Anglo Ferrous Minas-Rio Mineração SA)                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Minas-Rio Project”                | Anglo American Minério de Ferro Brasil SA together with LLX Minas-Rio Logística Comercial Exportadora SA                                                                                                                                                                                                                                                                                                                                                                                                                                                           |

|                                           |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Mineral Resource”                        | A Mineral Resource is a concentration or occurrence of material of intrinsic economic interest in or on the Earth’s crust in such form, quality and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade, geological characteristics and continuity of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.                                                                                                             |
| “Mining Right”                            | The right granted by the South African Department of Mineral Resources in accordance with the provision of MPRDA to undertake or conduct mining activities for a defined period in relation to the area and the mineral to which the Mining Right relates and in accordance with the terms and conditions imposed by the Mining Right and the MPRDA.                                                                                                                                                                                                                                                                                                                  |
| “Minorco”                                 | Minorco Société Anonyme, a Luxembourg based company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “Mitsubishi”                              | Mitsubishi Corporation                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Mitsui”                                  | Mitsui & Co. Ltd                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “MLdN”                                    | Minera Loma de Níquel                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Mondi”                                   | Mondi Group                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “MPRDA”                                   | The South African Mineral and Petroleum Resources Development Act, 2002                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Mt”                                      | Denotes million tonnes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Mtpa”                                    | Denotes million tonnes per annum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “NEMA”                                    | The National Environment Management Act                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Niobium”                                 | Anglo American Nióbio Brasil Limitada (previously Mineração Catalão de Goiás Limitada, “Catalão”)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “Notes”                                   | The 2020 Notes together with the 2025 Notes                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “Official List”                           | The official list of the UK Listing Authority                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “old order” mining or prospecting rights” | Prospecting, mining and mineral rights formerly regulated under the South African Minerals Act 50 of 1991 of the RSA and South African common law                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “OpCo”                                    | Operational sub-committee of the GMC                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Operating Model”                         | A model for how we set targets, plan, manage, execute and improve our work, bringing consistency of approach to everything we do                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “Ore Reserves”                            | An Ore Reserve is the economically mineable part of a Measured and/or Indicated Mineral Resource. It includes diluting materials and allowances for losses, which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. Ore Reserves are sub-divided in order of increasing confidence into Probable Ore Reserves and Proved Ore Reserves. |
| “oz”                                      | Denotes ounces                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Palabora”                                | Palabora Mining Company Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “PCI”                                     | Pulverized coal injection                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| “Peace River Coal”                        | Peace River Coal Partnership                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “PGM(s)”                                  | Platinum group metals                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| “Phosphates”                              | Anglo American Fosfatos Brasil Limitada (previously Copebrás Limitada, “Copebrás”)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |

|                             |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|-----------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| “Probable Ore Reserves”     | A Probable Ore Reserve is the economically mineable part of an Indicated, and in some circumstances, a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified. |
| “Proved Ore Reserves”       | A Proved Ore Reserve is the economically mineable part of a Measured Mineral Resource. It includes diluting materials and allowances for losses which may occur when the material is mined. Appropriate assessments and studies have been carried out, and include consideration of and modification by realistically assumed mining, metallurgical, economic, marketing, legal, environmental, social and governmental factors. These assessments demonstrate at the time of reporting that extraction could reasonably be justified.                                            |
| “RB Plat”                   | Royal Bakofeng Platinum Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “RMX”                       | Ready mix concrete                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “ROM”                       | Run of mine                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
| “Royalty Act”               | The Mineral and Petroleum Resources Royalty Act                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
| “RSA” and “South Africa”    | The Republic of South Africa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| “Samancor”                  | Samancor Holdings (Proprietary) Limited together with Groote Eylandt Mining Company (Proprietary) Limited and Tasmanian Electro Metallurgical Company (Proprietary) Limited                                                                                                                                                                                                                                                                                                                                                                                                       |
| “SAMREC Code”               | The South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (2007 Edition as amended July 2009)                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “SARB”                      | South African Reserve Bank                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| “Scaw Metals”               | Scaw South Africa (Proprietary) Limited together with, in respect of periods prior to 2011, the Scaw Metals International business                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| “Scaw SA”                   | Scaw South Africa (Proprietary) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “SEC”                       | The United States Securities and Exchange Commission                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| “Securities Act”            | The US Securities Act of 1933, as amended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| “SIOC”                      | Sishen Iron Ore Company (Proprietary) Limited                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “South African rand”, “ZAR” | The lawful currency of the Republic of South Africa                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “SWEP”                      | Sishen Western Expansion Project                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| “Tarmac”                    | The group of aggregates and building products companies operating, under the Tarmac brand in the UK, Middle East and prior to its disposal in 2014, Tarmac Buildings Products Limited                                                                                                                                                                                                                                                                                                                                                                                             |
| “tonnes”                    | Denotes metric tonnes (1,000 kilograms)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| “tpa”                       | Denotes tonnes per annum                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| “Trustee”                   | Citibank, N.A.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “Trust Indenture Act”       | The US Trust Indenture Act of 1939, as amended                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “UK GAAP”                   | Generally Accepted Accounting Principles in the United Kingdom                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    |
| “UK Listing Authority”      | The Financial Conduct Authority in its capacity as competent authority pursuant to Part VI of the FSMA                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| “US GAAP”                   | Generally Accepted Accounting Principles in the United States                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| “US\$” and “US dollar”      | The lawful currency of the United States of America                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| “Zamin”                     | Zamin Ferrous Ltd                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |

No dealer, salesperson or other person is authorized to give any information or to represent anything not contained in this document. You must not rely on any unauthorized information or representations. This document constitutes a prospectus that has been prepared solely for the purpose of Admission of the Notes and does not constitute an offer for sale of Notes. The information contained in this document is current only as of its date.

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**US\$1,500,000,000**



**Anglo American Capital plc**

**US\$850,000,000 3.625% Senior Notes  
due 2020**

**US\$650,000,000 4.875% Senior Notes  
due 2025**

**Guaranteed by Anglo American plc**

*Joint Bookrunners*

**Citigroup**

**J.P. Morgan**

**RBC Capital Markets**

**nabSecurities, LLC**

**Scotiabank**

**TD Securities**

**Westpac Banking Corporation**

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