ANNUAL REPORT 2015

DRIVING CHANGE, DEFINING OUR FUTURE

AngloAmerican

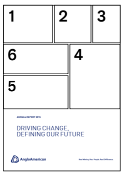
Real Mining. Real People. Real Difference.

DRIVING CHANGE, DEFINING OUR FUTURE

While the mining industry continues to face considerable external pressures as global economic uncertainty prevails and the developing world's demand drivers evolve, we have responded decisively to materially strengthen our balance sheet through sustainably improving cash flows and focusing our strategy.

We will redefine our portfolio by focusing on our global leadership positions in diamonds and platinum group metals and our world class position in copper. Anglo American will be focused on its competitive, long life assets, with considerable organic growth opportunities, that mine the materials that are expected to benefit from long term consumer-driven growth trends as the global economy evolves and emerging market economies mature. Anglo American will be uniquely positioned for these expanding markets.

Our ability to operate responsibly, efficiently and effectively is at the heart of how we do business and cater to society's needs, and how we will deliver the sustainable value that all our stakeholders demand and expect.



Cover images

1. Haul trucks in the open pit at Los Bronces copper mine in Chile.

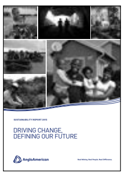
2. The expanding Forevermark™ diamond brand is now available in 1,760 outlets worldwide.

3. Safety representative Richard Tshimenze inspects a blast area in the open pit at Venetia diamond mine in South Africa.

4. Processors Raesetja Teffo (left) and Malesela Kutumela at the water-filtration plant at Platinum's Mogalakwena North concentrator in South Africa.

5. Inspecting equipment at the Los Bronces Las Tórtalas mine are hyperbaric filters operation co-ordinator Sergio Aliago (left) and mechanical maintenance operator Luis Toro.

6. Thickeners at the concentrator plant at Collahuasi copper mine located in the Andes in northern Chile, 3,500 metres above sea level.



Other sources of information

You can find this report and additional information about Anglo American on our corporate website.

Although we have chosen not to produce an 'integrated report', we have included a comprehensive overview of our non-financial performance in this report. More detailed information on our sustainability performance is provided in our Sustainability Report. This can be found on our corporate website.

For more information, visit **www.angloamerican.com/reporting**

Throughout the Strategic Report we use a number of financial and non-financial measures to assess our performance. The measures are defined on page 180.

The return on capital employed (ROCE) measure used throughout this report is attributable ROCE and is the primary return measure used in the Group. See page 182 for the definition and calculation of attributable ROCE.

'Tonnes' are metric tons, 'Mt' denotes million tonnes, 'kt' denotes thousand tonnes and 'koz' denotes thousand ounces; '$' and 'dollars' denote US dollars and 'cents' denotes US cents.

GROUP PERFORMANCE

Underlying EBIT
$2.2 bn

2015 $2.2 bn
2014 $4.9 bn

Underlying earnings
$0.8 bn

2015 $0.8 bn
2014 $2.2 bn

Underlying earnings per share
$0.64

2015 $0.64
2014 $1.73

Loss attributable to equity shareholders
$(5.6) bn

2015 $(5.6) bn
2014 $(2.5) bn

Number of fatalities
6

2015 6
2014 6

Total recordable case frequency rate (TRCFR)
0.93

2015 0.93
2014 0.80

Energy consumption
106 Million GJ

2015 106 Million GJ
2014 108 Million GJ

Total dividends paid per share
$0.32

2015 $0.32
2014 $0.85

Total capital expenditure
$4.0 bn

2015 $4.0 bn
2014 $6.0 bn

Net debt
$12.9 bn

2015 $12.9 bn
2014 $12.9 bn

Loss per share
$(4.36)

2015 $(4.36)
2014 $(1.96)

Group attributable ROCE
5%

2015 5%
2014 9%

GHG emissions
18 Mt CO_2 equivalent

2015 18 Mt
2014 17 Mt

Total new water consumed
222 Mm^3

2015 222 Mm^3
2014 196 Mm^3

CONTENTS

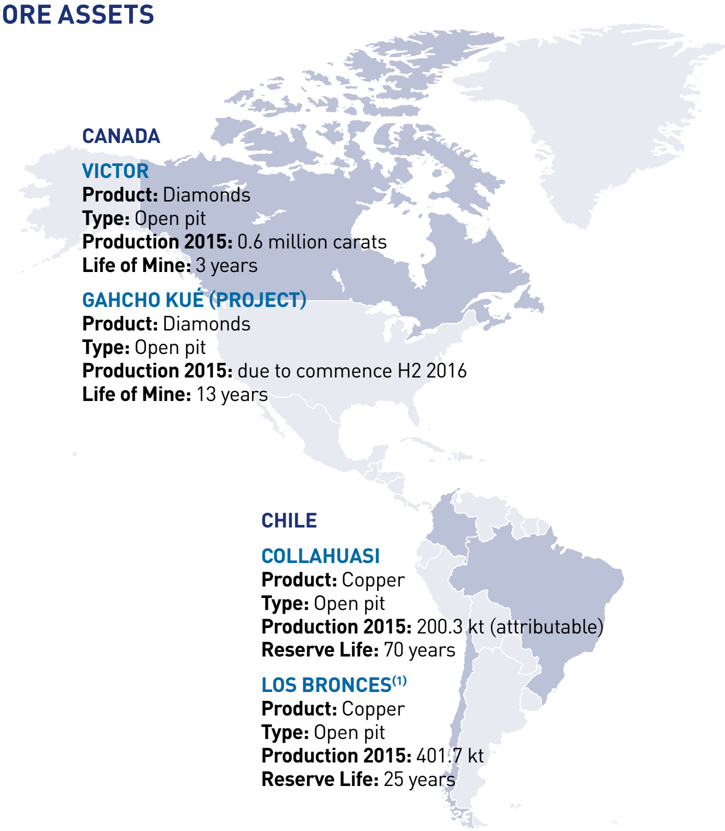
REPOSITIONING THE BUSINESS

We are focusing our business on our core portfolio of world class assets (as highlighted in the map opposite) – in diamonds, platinum group metals (PGMs) and copper – that provide the raw materials to meet growing consumer-driven demand in the world's maturing and developed economies. We are focused on making a real difference, through safe and responsible mining, to provide the ingredients to meet those aspirations – from homes, vehicles, household appliances and electronics to luxury goods such as jewellery.

Our mining operations, future growth projects and exploration and marketing activities will extend across southern Africa, South and North America, Asia and Europe. Our portfolio of competitive, long life mining assets will be positioned to deliver robust profitability and cash flows through the price cycle.

We are adapting to create a greatly streamlined and agile business, with the technical and marketing expertise and critical mass to compete effectively for, and to deliver, future opportunities, both within and beyond our portfolio.

CORE ASSETS



CANADA

VICTOR
Product: Diamonds
Type: Open pit
Production 2015: 0.6 million carats
Life of Mine: 3 years

GAHCHO KUÉ (PROJECT)
Product: Diamonds
Type: Open pit
Production 2015: due to commence H2 2016
Life of Mine: 13 years

CHILE

COLLAHUASI
Product: Copper
Type: Open pit
Production 2015: 200.3 kt (attributable)
Reserve Life: 70 years

LOS BRONCES[1]
Product: Copper
Type: Open pit
Production 2015: 401.7 kt
Reserve Life: 25 years

Precious metals

PLATINUM

$263 million
Underlying EBIT

12%
Group EBIT

4%
ROCE

17
Operating assets[2]

2,337,300
Production ounces platinum

South Africa
Zimbabwe
Asset locations

For more information
See page 46

Diamonds

DE BEERS

$571 million
Underlying EBIT

26%
Group EBIT

6%
ROCE

9
Operating assets[2]

28.7
Production million carats (100% basis)

Botswana
South Africa
Namibia
Canada
Asset locations

For more information
See page 49

Base metals and minerals

COPPER

$228 million
Underlying EBIT

10%
Group EBIT

3%
ROCE

4
Operating assets[2]

708,800
Production tonnes

Chile
Asset location

For more information
See page 52

NICKEL

$(22) million
Underlying EBIT

(1)%
Group EBIT

(1)%
ROCE

2
Operating assets[2]

30,300
Production tonnes

Brazil
Asset location

For more information
See page 54

NIOBIUM AND PHOSPHATES

$119 million
Underlying EBIT

5%
Group EBIT

14%
ROCE

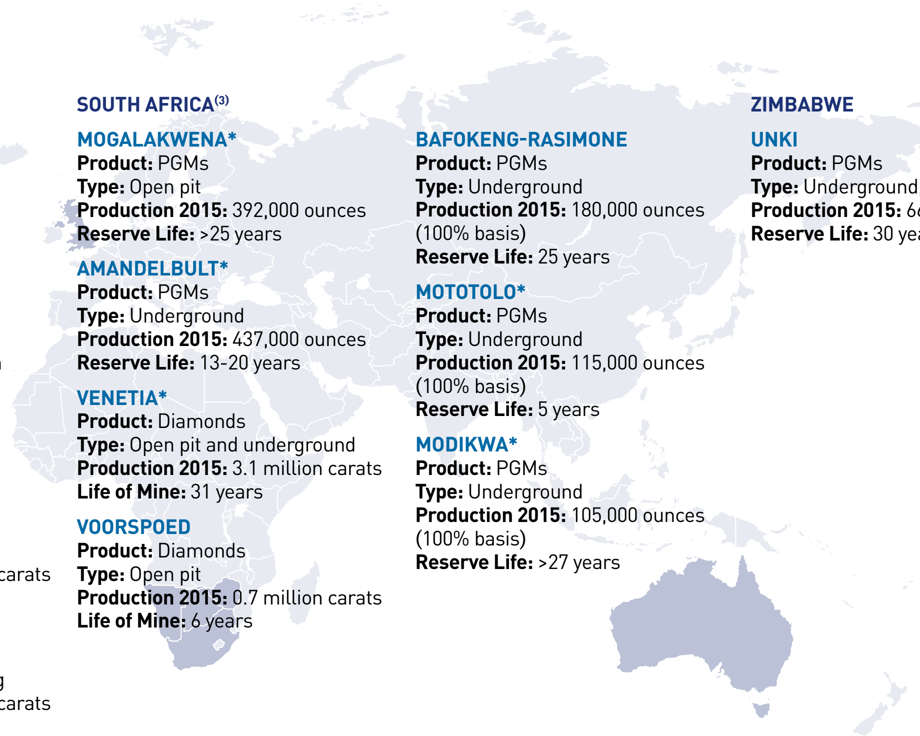
4
Operating assets[2]

6.3
niobium

1,111
phosphates fertiliser Production thousand tonnes

Brazil
Asset location

For more information
See page 56



BOTSWANA

JWANENG
Product: Diamonds
Type: Open pit
Production 2015: 9.8 million carats
Life of Mine: 20 years

ORAPA COMPLEX*
Product: Diamonds
Type: Open pit
Production 2015: 10.6 million carats
Life of Mine: 2-24 years

NAMIBIA

NAMDEB*
Product: Diamonds
Type: Opencast
Production 2015: 0.5 million carats
Life of Mine: 4-20 years

DEBMARINE NAMIBIA*
Product: Diamonds
Type: Offshore marine mining
Production 2015: 1.3 million carats
Life of Mine: 20 years

SOUTH AFRICA[3]

MOGALAKWENA*
Product: PGMs
Type: Open pit
Production 2015: 392,000 ounces
Reserve Life: >25 years

AMANDELBULT*
Product: PGMs
Type: Underground
Production 2015: 437,000 ounces
Reserve Life: 13-20 years

VENETIA*
Product: Diamonds
Type: Open pit and underground
Production 2015: 3.1 million carats
Life of Mine: 31 years

VOORSPOED
Product: Diamonds
Type: Open pit
Production 2015: 0.7 million carats
Life of Mine: 6 years

BAFOKENG-RASIMONE
Product: PGMs
Type: Underground
Production 2015: 180,000 ounces (100% basis)
Reserve Life: 25 years

MOTOTOLO*
Product: PGMs
Type: Underground
Production 2015: 115,000 ounces (100% basis)
Reserve Life: 5 years

MODIKWA*
Product: PGMs
Type: Underground
Production 2015: 105,000 ounces (100% basis)
Reserve Life: >27 years

ZIMBABWE

UNKI
Product: PGMs
Type: Underground, mechanised
Production 2015: 66,000 ounces
Reserve Life: 30 years

Strategic report

Bulk commodities

IRON ORE AND MANGANESE

$671 million
Underlying EBIT

30%
Group EBIT

5%
ROCE

9
Operating assets[2]

54,052
iron ore

3,112
manganese ore

214
manganese alloys
Production thousand tonnes

South Africa
Brazil
Australia
Asset locations

For more information
See page 58

COAL

$457 million
Underlying EBIT

21%
Group EBIT

9%
ROCE

19
Operating assets[2]

21,208
metallurgical – export

33,758
thermal – export
Production thousand tonnes

Australia
South Africa
Colombia
Asset locations

For more information
See page 62

Corporate and other

$(64) million
Underlying EBIT

(3)%
Group EBIT

Australia, Brazil, Chile, China, Europe, Singapore, South Africa
Locations

For more information
See page 64

Shaded area represents countries of operation as at 31 December 2015.

* Orapa complex includes: Damtshaa and Letlhakane operations; Namdeb includes Elizabeth Bay, Mining Area 1 and Orange River operations; and Debmarine Nambia relates to the Atlantic 1 operation. Amandelbult includes Dishaba and Tumela operations. Mogalakwena and Modikwa Reserve Life truncated to the last year of current Mining Right. Only five years of Ore Reserves are declared for Mototolo as per Glencore policy. Venetia Life of Mine is the combined open pit and underground operations.

(1) Includes Chagres, which will be retained and remain as an integrated smelter.

(2) Operating assets relates to mining or processing operations contributing to the Group's results during 2015. Included within De Beers' operating assets is Snap Lake, which was placed onto care and maintenance in December 2015. Kumba Iron Ore's Thabazimbi mine, which ceased mining in September 2015, is excluded from Iron Ore and Manganese operating assets.

(3) In addition to the assets listed, the Group's platinum mines are also supplemented by Anglo American Platinum's three smelters at Polokwane, Mortimer and Waterval, as well as its Precious Metals Refinery and Base Metals Refinery, all located in South Africa.

More detailed information on our Ore Reserves and Mineral Resources can be found on our corporate website **www.angloamerican.com/ore-reserves-and-mineral-resources-report-2015**

OUR BOLD STEPS TO TRANSFORM OUR FUTURE

Sir John Parker

In 2015, the world economy continued to struggle, with most emerging economies slowing sharply. Russia and Brazil fell into deep recessions. China's continuing slowdown, and the associated renminbi weakness, triggered severe turbulence in financial markets and depressed demand for industrial materials. This had a major impact on the prices of our mined products and mining equities, which continued their steep fall, accelerating towards the end of the year.

RESULTS

Anglo American's own basket of commodity prices, which declined by 9% in 2014, decreased by a further 24% in 2015, with our share price slumping to record lows. We delivered underlying EBIT of $2.2 billion (2014: $4.9 billion). Over the past two years, price falls have impacted underlying EBIT by $6.6 billion, of which $4.2 billion was in 2015 alone.

STRATEGIC FOCUS

Given that no mining company in today's market can rely on an early uplift in prices, we have acted to create a new Anglo American with a deleveraged balance sheet.

We are, therefore, refining our focus towards a core portfolio of a reduced number of world class assets. These comprise our leading positions in diamonds, platinum group metals (PGMs) and our very attractive position in copper. They are long life, competitive assets – with the mineral potential to organically grow to create an attractive new Anglo American business with good profitability through the cycle. They are also mid- to late-cycle commodities and products which afford our Group greater exposure to the fast-growing consumer sectors of the global economy, within which lie a number of next-generation clean energy and other environmental technologies that rely upon such products. We will thus, over time, rebalance the Group away from the commodities which are more heavily linked to the steel industry and the urbanisation phase of development in China and other emerging and developing economies.

The restructuring will be challenging given its scale and boldness, but the streamlined organisation structure and clearly defined Operating Model under Mark Cutifani's leadership, as well as the well-thought-through plans for discussion with our wide range of stakeholders, give us confidence in their execution.

DISPOSAL AND CLOSURE OF ASSETS

During 2015, disposal transactions completed or announced amounted to $2.1 billion, and our disposals programme has subsequently been increased to a cumulative total of $5-6 billion by the end of 2016. Discussions are currently under way with potential buyers of our Niobium and Phosphates businesses and our Barro Alto and Codemin nickel operations in Brazil; as well as our Moranbah and Grosvenor coal mines in Australia, amongst others. Appropriate decisions about such disposals will be made over time, based on value and other factors.

In light of the commodity price environment, the Company has ceased or is ceasing production at a number of operations. Operations that have been placed onto long term care and maintenance include Peace River Coal and Snap Lake (diamonds) in Canada, while Thabazimbi (iron ore) in South Africa has reached the end of its life and is being closed. Plans have been initiated to place Twickenham (platinum) in South Africa onto care and maintenance, while the Damtshaa (diamonds) operation at the Orapa complex in Botswana was placed onto temporary care and maintenance from 1 January 2016.

STABILISING THE BALANCE SHEET

We have seen the positive effects of productivity improvements in our operations throughout the year. These, combined with significant cost reductions, coupled with asset sales, and assisted by favourable exchange rate movements in our major countries of operation, have enabled us to keep net debt at a stable $12.9 billion, despite persistent price decreases for our commodities.

LIQUIDITY AND DEBT TARGETS

Despite maintaining strong liquidity, with c.$15 billion of cash and undrawn facilities, we are nevertheless taking further steps to substantially strengthen the balance sheet, thus unlocking value and supporting the rebuilding of shareholder equity. Given the current extremely low price levels for our products, which may persist for some time, we are targeting a significant reduction of our net debt to below $10 billion in 2016, and to be less than 2.5 times EBITDA in the medium term.

Following on from these cost reductions and cash savings, we are targeting being free cash flow positive in 2016, at current prices and exchange rates.

DIVIDEND

We maintained a 32 cents per share dividend at the interim stage. However, given the sharply deteriorating commodity price environment in the second half of the year, and the need to conserve cash and reduce debt, regrettably we had to take the unavoidable step of suspending dividend payments. When we resume dividend payments, we will move to a payout ratio-based policy, which we will define at that time.

SAFETY

One critical and enduring priority for us is the Board's continued close involvement with safety. We make no apology that safety performance is at the front end of our agenda at every Board meeting, with our goal being to achieve zero injuries.

In 2015, our Group regrettably recorded six fatalities. However, this level, while six too many, equals the record low figure reported in 2014 – when the number of hours worked at many of our deep level, and potentially hazardous, platinum mines was significantly lower owing to a five-month period of industrial action.

Any death while on company business saddens us all. In our Sustainability Committee, under the dedicated chairmanship of Jack Thompson, himself an experienced miner, we investigate the causes and lessons learnt for each loss of human life in great detail. Our much improved second six months with, notably, a fatality-free final quarter, was particularly encouraging.

VALUES AND CULTURE

In today's increasingly stringent legal and regulatory environment, mining companies are being subjected to unprecedented close scrutiny by their various stakeholders. This behoves everyone who works for Anglo American to constantly work on building the trust that is an integral part of our deep-seated reputation for doing the right thing, including a respect for human rights everywhere, and to show zero tolerance to any form of bribery and corruption.

During the year, the Board requested outside input and challenge in assessing the Ethical Framework at Anglo American. Following on from this, several recommendations were made and considered by the Board. Implementation of the recommendations approved by the Board will take place during 2016.

As a Board, we acknowledge that, in practical terms, the 'tone from the top' starts with us, regardless of the state of the market. This is particularly true for me as your Chairman in my dealings with Board members, senior management and all manner of stakeholders. It is also the case for our Chief Executive, and his management team, who are required to conduct all engagements – both inside and outside the business – with the respect and integrity demanded. And it is how each of us, as employees of Anglo American, should embody the Company's values in our daily work. Actions and behaviours speak louder than any words and set the tone at all levels in our organisation. In these exceptionally tough times for our industry, it is especially important that our integrity, consistency in behaviour and transparency in all our dealings remain paramount.

THE BOARD

Succession planning at Board level for all Board members, including the Chairman, is kept under regular review by the non-executive directors and the Nomination Committee. Tony O'Neill, our Group Director of Technical and Sustainability, was appointed to the Board in July as Technical Director, and I should like to acknowledge his vast mining experience, knowledge, inventiveness and the strong leadership he has brought to our technical team, particularly in supporting the turnaround of underperforming operations. We have also, with great regret, had to accept the resignation of Phuthuma Nhleko as he had expressed a wish to concentrate on his business interests in South Africa. The Board would like to thank him for his keen commercial and strategic capability, and sound judgement over the past four years.

During 2015, we commenced an external evaluation of the Board and we remain committed to doing this every three years, as well as to upgrading our internal process of evaluation in the intervening years.

A WORD OF THANKS

I want to particularly thank all our Board members and the executive management team led by Mark Cutifani for the professionalism and dedication to find the right strategic route through the turbulent and uncertain period we are experiencing in the mining industry.

My thanks and the appreciation of the whole Board go to all our employees and contractors, who have been through and continue to face significant change as we navigate towards calmer waters.

OUTLOOK

Following the plunge in mining commodity prices from 2012, the outlook for raw materials remains challenging as China's continuing slowdown unfolds and policymakers try to rebalance and restructure the economy away from its heavy reliance on infrastructure investment. In addition, the potential for higher US interest rates and a stronger dollar could present stiff headwinds for the global economy, especially emerging economies. However, with commodity prices at such depressed levels, following some four years of decline, we are finally beginning to see more supply-side discipline in certain of our commodities and a reduction in expenditure on large-scale mining expansion projects, which should in due course put a floor under prices.

Against this background, Anglo American has responded with a bold plan to concentrate the business, within a strong balance sheet, on an established core of world class assets. This will place us well as China's economy matures and as developed consumer-led economies – especially the US and Europe – continue to grow.

As your Chairman, I believe that the new Anglo American will be more resilient and positioned to generate sustainable positive returns and growth for shareholders through the mining cycle.

OUR STRATEGIC REPORT

Our 2015 strategic report, from pages 2 to 64, was reviewed and approved by the Board on 15 February 2016.

Sir John Parker
Chairman

OUR BUSINESS MODEL

TOGETHER, WE CREATE SUSTAINABLE VALUE THAT MAKES A REAL DIFFERENCE

BUSINESS INPUT CAPITALS

These capitals are the key stocks of value that are increased, decreased or transformed through the activities of our organisation, over the short, medium and long term.

FINANCIAL
Our shareholders own the business. They expect attractive, sustainable returns, reflecting the risk they take in funding the business.

HUMAN
Our people are the business. We aim to resource the organisation with a capable, engaged and productive workforce. We are committed to ensuring no harm comes to any of our workforce.

INTELLECTUAL
We aim to drive aggressive innovation to support consistent over-delivery on commitments. We link our technical and marketing knowledge to ensure we invest our efforts in the key leverage points in the 'mine to market' value chain.

NATURAL
In order for us to mine, we first need to find locations rich in the minerals our customers need. Once operational, we require water, electricity and fuel in order to run our mines, process our products and move them to our customers.

MANUFACTURED
Throughout our value chain, we require a host of specialised equipment. The products we purchase, through our optimised supply chain, must deliver optimum value.

SOCIAL AND RELATIONSHIPS
Open and honest engagement with our stakeholders is critical in gaining and maintaining our social and legal licence to operate and, therefore, the sustainability of our business.

CREATING VALUE THROUGH MINING THE RAW MATERIALS REQUIRED TO MEET GROWING CONSUMER- DRIVEN DEMAND

The transition to a more streamlined business delivers a portfolio uniquely positioned for the expanding consumer-driven markets through:

- Focusing on those commodities positioned to meet the shift away from infrastructure investment towards consumer-driven demand, i.e. diamonds, PGMs and copper.
- Retaining and developing our highest quality world class ore bodies with competitive industry cost positions, driving sustainable profitability throughout the cycle.
- Streamlining the portfolio, though preserving balance to ensure there is not over-reliance on any one product group or geography, while retaining established technical and marketing capabilities and the critical mass to compete effectively for, and deliver, future opportunities.

OUR DIVERSE VALUE CHAIN...
As a company, we operate across the entire mining value chain – from exploration through to marketing. Although we are focused on resource development, mining and operations, we are developing other areas of the value chain, e.g. our marketing capabilities, when we can see opportunities to deliver increased value.

Find: our exploration teams discover mineral deposits in a safe and responsible way to replenish the Mineral Resources that underpin our future success.

Plan and build: working with all our stakeholders, we plan and build some of the most effective, efficient and environmentally sound mines in the world.

Mine: we operate open pit and underground mines, although we will move to predominantly open pit mining as we transition the portfolio.

Process: we generate additional value by processing and refining many of our products.

Move and market: we provide products to our customers around the world, meeting their specific technical and logistical requirements.

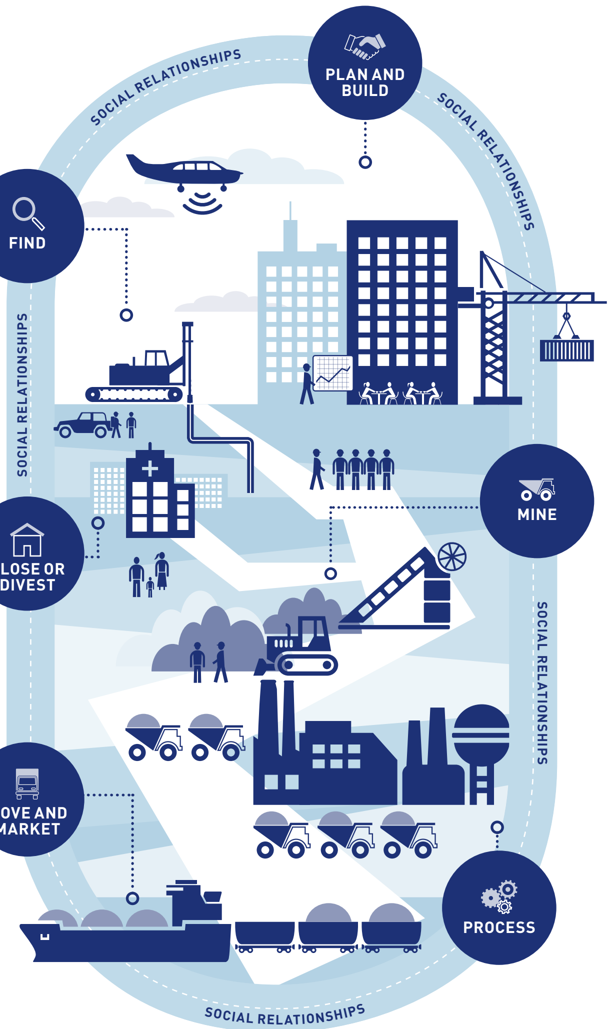
Close or divest: In whatever way we exit an operation, we do so in accordance with our Good Citizenship Business Principles, with a focus on the social and environmental impact.

STRATEGY
The Group Management Committee (GMC) is responsible for developing Anglo American's strategy and policies, as discussed and approved by the Board. Implementation of the strategy is monitored by the GMC, and measured through our KPIs, against our pillars of value.

For more information **See page 14**

CAPITAL ALLOCATION

With a high quality asset portfolio and diverse value chain, we can focus our effort and capital at the points in the value chain that deliver most value, according to the commodity we are mining and current and projected market conditions.



For more information on how we allocate capital See page 21

MEASURING VALUE THROUGH OUR SEVEN PILLARS

SAFETY AND HEALTH
To do no harm to our workforce.

ENVIRONMENT
To minimise harm to the environment.

SOCIO-POLITICAL
To partner in the benefits of mining with local communities and governments.

PEOPLE
To resource the organisation with an engaged and productive workforce.

PRODUCTION
To extract our Ore Reserves in a sustainable way to create value.

COST
To be competitive by operating as efficiently as possible.

FINANCIAL
To deliver sustainable returns to our shareholders.

For more information See page 34

RISK MANAGEMENT

Risk is inherent in all our business activities. We are committed to an effective, robust system of risk identification and an effective response to such risks to support the achievement of our objectives.

For more information See page 40

GOVERNANCE

The aim of good governance is to promote excellent decision-making and the effective execution of those decisions. In practice, this means ensuring decisions are made by the right people, with the right information, at the right time and that they are then executed effectively. Our governance controls throughout the business ensure that we act ethically and with integrity for the benefit of our people, our stakeholders, our business and the world at large.

For more information See page 65

MARKETPLACE REVIEW

2015 proved to be yet another challenging year for the mining industry – continued economic uncertainty, slowing economic growth and demand, and the resulting sharply lower commodity prices led to the value of many mining companies falling to historic lows and management teams having to implement a range of initiatives to reduce operating and capital costs, to conserve cash and protect their balance sheets.

THE SHIFTING GLOBAL ECONOMIC ENVIRONMENT

A number of global trends have developed in recent years that have had a significant bearing on the economic performance and prospects of many countries that play a major role in the global trade of mined products:

CHINA'S SLOWDOWN

According to the IMF, global GDP increased by 3% in 2015, compared with 3½% in 2014. Since the global financial crisis in 2008/09, the world economy's growth rate has consistently fallen short of its pre-crisis levels, raising concerns about a protracted 'secular stagnation' within the advanced economies, in which growth is persistently weak. In the emerging economies, average growth rates are likely to remain depressed as China's infrastructure-fuelled boom fades.

The IMF estimates that the advanced economies grew by 2% in 2015, slightly faster than in 2014. While growth picked up modestly in the US, Europe and Japan, it remains subdued relative to the pre-crisis trend, and there are worries the crisis has had a long term detrimental effect on the future path of output.

The emerging economies experienced a further marked slowdown in 2015, with aggregate growth of 4% compared with 4½% in 2014. China's economy has slowed significantly in recent years as it has begun to mature following a period of unprecedented national infrastructure development that absorbed ever larger volumes of raw materials, particularly iron ore and metallurgical coal for steel production. Most forecasters expect a further slowdown over the next five to 10 years, reflecting the end of the investment boom, diminishing potential for 'catch-up' growth, a shrinking workforce, and a significant debt overhang in the corporate sector.

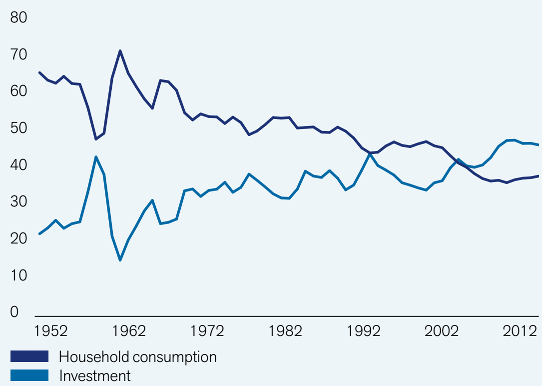
The continuing slowdown in China is inevitably inflicting damage on other emerging economies, and especially among mining-commodity producers. Economists are now becoming more cautious about medium term growth prospects in these economies. Brazil and South Africa have suffered particularly from the drop in commodity prices, which has only been partly offset by their weaker currencies. Their underlying potential growth rates have fallen to around 2%-2½% a year compared with 3½%-4% at the height of the commodity boom.

China's share of global metal consumption
as percentage of total global consumption

		%
Iron ore	2014	60
	2010	57
	2005	42
	2000	23
Copper	2014	50
	2010	38
	2005	22
	2000	12
Nickel	2014	45
	2010	34
	2005	15
	2000	5

Source: IMF

China: consumption and investment shares
as percentage of GDP



Source: China's National Bureau of Statistics

India's economy is the exception to this weaker growth story. Following the election of Narendra Modi's Bharatiya Janata Party, GDP growth has picked up markedly. If the new government implements more far-reaching reforms, the economy could see its growth rate running at around 7%-8% per year in the medium term.

THE TRANSITION OF EMERGING ECONOMIES

China's slowdown is, however, also a corollary of the authorities' determination to rebalance and restructure the economy. Over the past two decades, the country has experienced an extended investment boom. The government is now promoting a less capital-intensive growth model. Inevitably, this implies lower aggregate economic growth rates and weaker demand growth in many commodity-intensive sectors, such as steel and cement, albeit mitigated by potentially stronger demand for other metals and minerals, including diamonds, PGMs and copper.

Indexed 2015 commodity prices

Source: Anglo American Commodity Research

SUPPLY OF COMMODITIES EXCEEDING DEMAND

The decline in investment expenditure in China has weighed particularly on prices for metals and minerals. As a result, 2015 marked a year of much weaker demand growth for most mined commodities, while supply continued to increase.

A number of supply cuts have been implemented across the mining industry. To date, however, such cuts have proved to be insufficient to stimulate a meaningful price recovery in the absence of stronger demand growth.

Diamonds

End-consumer demand for **diamonds** continued to be robust in the US, which is the largest consumer market for polished diamonds, with an estimated 45% share of demand. Chinese demand growth for diamond jewellery saw a considerable slowdown after being the engine of growth for the industry in the last decade. Other emerging markets saw weaker consumer demand, exacerbated by the strength of the US dollar. The resulting demand weakness was amplified into the value chain, with jewellery retailers reducing their desired stock levels and, consequently, their purchasing from the midstream. Faced with lower polished demand and high stocks, built up during 2014 and early 2015, the midstream sector reduced its demand for rough diamonds, which caused a build-up of inventory, with downward pressure on rough diamond pricing.

Looking forward, global carat production is expected to grow followed by a period of stabilisation. Post-2020, there is potential for a production decline given the lack of recent discoveries of significant scale and depletion of the resource base. This decline in production, combined with the expected growth in consumer demand for diamond jewellery, points to strong prospects for the diamond business in the medium to long term.

Precious metals

Platinum production recovered from strike-affected 2014 levels, with an estimated 14% increase in mined supply, to reach levels similar to 2013. Supply from autocatalyst recycling, however, is thought to have decreased as recyclers held onto scrap in the low price environment. Higher platinum offtake by the autocatalyst and industrial sectors was largely offset by lower demand from the jewellery sector. Combined with outflows from physical exchange traded funds (ETFs), the net effect was a more balanced market in comparison with the substantial market deficit in 2014. **Palladium** demand for autocatalyst and industrial applications was relatively stable year-on-year. In line with the platinum market, the increase in mined supply, together with outflows from ETFs, reduced the significant market deficit recorded in 2014. The weak South African rand contributed to the steady decline in PGM prices through 2015.

Although, in the near term, the growth outlook for PGMs is unclear due to potentially reduced platinum jewellery demand in China and uncertainty surrounding the autocatalyst market, longer term demand is forecast to be robust given the expected demand for new and cleaner vehicles in maturing economies, coupled with increasingly stringent global emissions legislation.

Base metals

Slowing demand growth was a key contributor to the weak **copper** market during 2015 – global consumption was below expectations, while forecasts for Chinese demand growth in particular have been scaled back. Although cuts or unintended disruptions to output increased during 2015, removing close to 1.2 Mt of copper from global mined production, recently commissioned mines are now ramping up and are set to add considerable tonnage to the market over the medium term. Over the long term, supply is expected to struggle to meet growing demand given limited sources of new primary copper supply, declining grades and more challenging mining conditions in the existing global portfolio of ageing copper mines.

Despite the ban on Indonesian exports of **nickel** ore continuing in 2015, a number of factors negatively affected the nickel market. These included an abrupt fall-off in Chinese (and global) stainless steel production, by far the largest end-using sector of nickel, as well as Chinese nickel pig iron output beating expectations. Refined production growth outside of China also remained reasonably strong in the absence of significant price-induced cutbacks, even as the declining price cut deep into the global cost curve. As a consequence, LME inventories increased throughout the year, reaching unprecedented levels by year end.

Bulk commodities

Steel demand fell globally by about 3% in 2015 – the first annual decline since 2009 – largely due to Chinese demand softening by around 5%. This resulted in a decrease in the consumption of both metallurgical coal and iron ore.

Iron ore fundamentals deteriorated on the back of declining global demand and strong growth in low-cost supply, particularly from Australia. A number of new projects are ramping up, or are expected to be commissioned in the near future, delivering a total of 250 Mtpa of new supply since 2013, equivalent to 12% of 2015 global supply, compared with demand growth of only 50 Mtpa.

MARKETPLACE REVIEW continued

In **metallurgical coal**, the slump in Chinese imports largely offset stronger demand from India and other Asian markets, with overall seaborne trade reducing slightly from 290 Mt in 2014, to around 275 Mt. While Australian supply was maintained, other less competitive sources such as the US and Canada were displaced.

The impact of China's slowing growth profile, coupled with an increase in hydro-power generation in the country, also affected **thermal coal** demand there, with imports falling by c.25% year-on-year. However, the continued reliance on thermal coal for power generation, particularly in the developing world, has limited the downward price impact of slowing growth relative to other bulk commodities.

PROLONGED DOWNTURN IN COMMODITY PRICES

The combination of subdued demand and, in some instances, oversupply of commodities has placed significant downward pressure on prices. The chart on page 9 shows the percentage reduction in the prices of the metals and minerals produced by Anglo American over the course of 2015.

As the global market for commodities has deteriorated, the mining sector has been characterised by a marked reduction in costs in most regions, resulting in average industry costs falling; for example, metallurgical coal costs have declined by an estimated 15% over the year. However, the oversupply of many commodities has meant that prices have generally fallen by considerably more than costs, which has led to a significant portion of the industry becoming loss-making.

CHALLENGES FACING THE MINING INDUSTRY AND ANGLO AMERICAN

In light of the global trends described above, there are a number of challenges currently facing the mining industry and Anglo American, including:

REDUCING COSTS

Significant cost reductions and efficiency efforts are being undertaken across the mining industry in a bid to improve relative positions on commodity cost curves and, hence, profitability. The measures being taken include: headcount reductions; a focus on core assets to improve productivity, with many companies taking the decision to close capacity and remove high cost production; and maintaining strong capital discipline. Lower oil prices have helped many producers lower their input costs (although higher energy costs and high inflation in both South Africa and Brazil have hampered cost reduction efforts in those commodity producing countries), while the devaluation of many local currencies is also helping miners' costs in US dollar terms. One of the effects of weakening local currencies, however, is that marginal producers are being supported for longer, thereby prolonging the period of oversupply.

MANAGING CAPITAL ALLOCATION PRIORITIES AND REDUCING DEBT

The now lengthy period of commodity price weakness has had a significant impact on the health of mining companies' balance sheets. Across the mining sector, companies are making efforts to preserve cash and reduce capital commitments. Capital expenditure – both future commitments and actual spend – has been cut considerably, with few new projects being approved for development and, indeed, corporate focus has now shifted to placing loss-making, excess capacity onto care and maintenance.

A MORE DIFFICULT MINING ENVIRONMENT

Grade deterioration and ore reserve depletion are important determinants of both longer term supply requirements and cost trends. A wide variety of factors is likely to continue to provide structural upward cost pressure, including: availability of both water and power; declining head grades; technical problems; increasing infrastructure costs as mines are built in more remote locations; and the shift to underground mining as easy to access near-surface ore bodies are depleted. Consequently, mining companies face a significant challenge to reduce costs and improve productivity against a background of limited investment appetite and few significant breakthroughs in technological capability. Technological innovation and a focus on operational improvements are likely to be critical to the achievement of sustainable cost and productivity improvements.

STAKEHOLDER ACTIVISM AND GOVERNMENT REGULATION

Mining companies across the world are facing greater demands and expectations from increasingly vocal stakeholder groups, with often competing interests.

Governments, which had become used to high levels of revenue from mining at the peak of the commodity cycle, are having to adjust to a much more challenging environment. They are under pressure to strike a balance between delivering more benefit and regulatory reform, while at the same time not deterring much-needed private sector investment.

TRAINING AND RETAINING SKILLED EMPLOYEES AND MAINTAINING SOUND LABOUR RELATIONS

As mining methods become more technically complex, the need to train and retain skilled staff becomes ever more important. In an environment where older, less-productive mines are being placed onto care and maintenance or sold, and technical innovation leads to more mines being mechanised, maintaining positive labour relations enables business continuity and enhanced productivity, as skilled labour shortages and industrial unrest can significantly affect production and costs.

ANGLO AMERICAN'S RESPONSE

In response to the significant challenges facing the mining industry as a whole and Anglo American, including the lower commodity price environment, we have set out the details of wide-ranging measures that will sustainably improve cash flows and materially reduce net debt, while focusing the Group's strategy and streamlining the organisation.

Anglo American will be focused on competitive, long life assets with considerable organic growth opportunities that mine the materials expected to benefit from long term, consumer-driven growth trends as the global economy evolves and developing economies mature.

FOCUS ON DE BEERS, PGMS AND COPPER

- Materially streamlined core portfolio of 16 assets
- Improved competitive profile – advantaged cost positions, world class ore bodies, and balance of geographic and end markets
- Asset quality, mineral endowment options and scale to support future opportunities
- Differentiated, premium positioning for expanding consumer-driven markets.

PORTFOLIO TRANSFORMATION UNDER WAY

- Nickel, Niobium and Phosphates, and Moranbah and Grosvenor metallurgical coal disposal processes under way
- Further progress made on other previously announced disposal processes, including certain platinum assets in South Africa, and thermal and metallurgical coal operations in South Africa and Australia.

CASH FLOW ENHANCEMENTS FURTHER STRENGTHEN BALANCE SHEET

- $1.9 billion of cost and productivity improvements in 2016, expected to continue into 2017 and beyond as the organisation is aligned with streamlined portfolio
- Step change 50% ($250 million) central and global support cost reduction in the medium term
- 25% year-on-year reduction in total capex expected, to less than $3.0 billion in 2016
- Dividend suspended and will resume with payout ratio when appropriate
- Strong liquidity maintained, with c.$15 billion of cash and undrawn facilities.

FOCUSED PORTFOLIO THAT DELIVERS

SOCIO-ECONOMIC TRENDS

Current global economic trends suggest slowing demand growth for infrastructure investment commodities, towards more consumer-driven product demand.

512 million

Forecast number of middle class households in China and India combined by 2030, compared to 204 million in 2015, a 150% increase.

9

Nine of the most important jurisdictions worldwide – covering 80% of global car sales – are adopting more stringent vehicle emission and fuel economy standards.

$270 billion

Global new investment in renewable energy in 2014, an increase of 17% on 2013.

Sources:
Bain & Company, The International Council on Clean Transportation, Frankfurt School – UNEP Collaborating Centre, Copper Development Association Inc., and Clean Energy Ministerial.

CONSUMER TRENDS

The burgeoning middle class in emerging markets is stimulating consumer spending, while the developed world is experiencing rising demand for clean energy technologies and renewables.

2%–4.5%

Global rough diamond demand in real value terms is expected to grow between 2% and 4.5% annually over the next 15 years.

20 million

The number of electric vehicles, including plug-in hybrid and fuel cell vehicles, the Electric Vehicles Initiative seeks to help deploy by 2020.

9,000 lbs

A photovoltaic solar farm plant can use approximately 9,000 lbs of copper per megawatt of peak capacity.

Meeting global consumer-driven demands

ANGLO AMERICAN DELIVERS

Our core portfolio will focus on De Beers, PGMs and Copper, driven by consumer-driven markets.

De Beers
Through our 85% interest in De Beers, the world's leading diamond company, we offer a differentiated and high quality position to meet growing consumer demand.

PGMs
As the world's leading PGM producer, we are helping to develop innovative technologies in fields such as automotive, clean energy and chemicals.

Copper
With interests in two of the world's largest copper mines, we supply copper products to a range of industries, including telecommunications, renewable energy technologies and electric vehicles.

For more information **See page 16**

CREATING THE NEW ANGLO AMERICAN

Mark Cutifani

The global economic environment and its effects on prices presented the industry with significant challenges during 2015.

Against the strong headwinds of a 24% decrease in the basket price of our products, our ongoing intense focus on operational costs and productivity delivered a \$1.3 billion[(1)] underlying EBIT benefit in the year, providing some mitigation. Weaker prices accounted for a \$4.2 billion negative impact to underlying EBIT, while weaker currencies in our producer countries served to provide \$1.8 billion of mitigating benefit. The net negative effect of \$2.4 billion was the major driver of the 55% decrease in underlying EBIT to \$2.2 billion for the year. Overall, our copper equivalent unit costs[(2)] reduced by a further 16% in US dollar terms, representing a 27% total reduction since 2012. Despite our internal improvements, underlying EBITDA decreased by 38% to \$4.9 billion and underlying earnings reduced by 63% to \$0.8 billion.

We have, however, been able to maintain our level of net debt and liquidity at \$12.9 billion and \$14.8 billion respectively, through improvements we have made to the business, significant capex reductions, making the tough decisions on some of our more marginal assets and the delivery of our asset disposal commitments. Recalibrated commodity price assumptions and losses on the disposal of certain assets have caused us to record pre-tax impairments and related charges in the second half of \$3.8 billion.

Safety and environmental performance is a leading indicator of how businesses are run. The greater the degree of planned work and stable operations, the safer our people will be. In 2015, we achieved the Group's best safety performance in a full production year, reflecting the intense focus on high risk activities, standards and controls. I am particularly pleased with the 80% reduction in environmental incidents since 2013. However, I am deeply saddened to report that we lost six of our colleagues during the year, reminding us in the most acute way how much work we still have to do to ensure our people go home safely from work every day. I am encouraged, though, by the significant improvement in the second half of the year, with a fatality-free final quarter. The achievement of this milestone reminds us all that our goal of zero harm is achievable.

OPERATIONAL PERFORMANCE

In my previous annual statement I reiterated that creating a platform of operational excellence is fundamental to delivering the full potential from our asset base, independent of the market's external influences. In fact, weaker markets emphasised a greater need for operating discipline, to ensure that we are operating to deliver optimal cash flows while preserving the assets' longer term integrity. In 2015, we have continued to focus our attention on those assets that contribute the majority of earnings to Anglo American and that offer us the greatest upside potential.

Of particular note, our two world class copper assets in Chile have both recovered well from their respective challenges. The mitigation plans put in place at Los Bronces in response to the water shortages in the first half of 2015 proved effective and, once those water constraints were lifted following much-needed snowfall, the operation's strong performance in the second half of the year delivered total annual production of 401,700 tonnes, just 1% below the prior year. Similarly at Collahuasi, where certain plant stability issues were identified early in the year, the operation delivered an exceptional performance in the last quarter, resulting in production of 200,300 tonnes (attributable) for the year, only a 3% decrease, despite the major challenges that were confronted.

In our Platinum business, the flagship Mogalakwena mine, with more than 25 years of Reserve Life[(3)] and a highly competitive cost position, achieved a further 6% increase in production to 392,000 ounces for the year. The strong mining performance resulted from a number of operational enhancements, including improved equipment efficiencies, better drill penetration rates, increased shovel loading hours and truck loads, while higher grade and increased concentrator recovery performance combined to deliver record production.

In Australia, at our underground longwall metallurgical coal operations, we have seen significantly improved performance underpinned by improved cutting rates. This has been achieved by embedding automation to enable bi-directional cutting at Grasstree, resulting in record production at that mine through a 40% increase in run-of-mine tonnes. Bi-directional cutting is also planned to be rolled out at Moranbah in 2016, building on the 7% increase in run-of-mine tonnes achieved in 2015. At both operations, the implementation of the Operating Model has resulted in the stabilisation of processes through detailed planning while driving accountabilities to the operating teams.

At the Sishen iron ore mine in South Africa, the sharply deteriorating iron ore price during 2015 caused us to take a fresh look at the already revised mine plan, with a focus on reducing operating costs further. This work is in progress and requires a significant scaling back of the mine's considerable waste stripping activities, achieved by redesigning the pit to a smaller and lower cost configuration, to preserve the economic sustainability of the mine through

(1) Excludes \$0.8 billion volume downside at De Beers in response to market conditions.
(2) See page 180 for the definition and calculation of copper equivalent unit costs.
(3) The Life of Mine plan for Mogalakwena mine extends until 2105, beyond the current Mining Right expiry (in 2040). Applications for extensions to the Mining Right will be submitted at the appropriate times. There is reasonable expectation that such extensions will not be withheld.

a potentially prolonged iron ore price environment. As a result, Kumba is targeting a cash break-even position at an iron ore price of less than $40 per tonne.

In Brazil, our Nickel business has benefited from the tough decision, in 2014, to intervene to rebuild the two furnaces. The 12-month rebuild process was delivered ahead of plan and below budget and without a single lost time injury – a remarkable achievement for the entire team. First production was achieved in September 2015, and we have seen a 10% improvement in C1 unit costs compared with 2014, largely as a result of having two furnaces operating at their full design capacity.

DELIVERING PORTFOLIO COMMITMENTS

Our portfolio transformation is well on track, from c.65 assets in 2013 to 45 today. We completed or announced $2.1 billion of disposal transactions in 2015, largely from the $1.6 billion completed sale of our 50% interest in Lafarge Tarmac to Lafarge SA, as agreed in 2014. This transaction brought the aggregate proceeds received by Anglo American for the sale of its Tarmac assets to approximately $2.5 billion since the decision to sell Tarmac in 2008. We have subsequently also announced the sale of our interests in the Tarmac Middle East businesses to Colas, part of the Bouygues Group.

In Copper, we completed the sale of our Norte assets (Mantoverde and Mantos Blancos) in Chile to an Audley Capital-led consortium for $300 million, with potential upside. We have since agreed a number of other transactions, including the sale of the Rustenburg platinum operations to Sibanye Gold for at least ZAR4.5 billion in nominal terms (approximately $275 million) and the sale of the Dartbrook thermal coal mine in Australia to Australian Pacific Coal for up to A$50 million (approximately $36 million).

Post the year end, we agreed the sale of the Callide thermal coal mine in Australia to Batchfire Resources for an undisclosed sum; this transaction remains subject to a number of conditions.

We have made significant progress, albeit in an environment that has been deteriorating at a faster pace.

CREATING THE NEW ANGLO AMERICAN

We are taking decisive action to sustainably improve our cash flows and materially reduce net debt, while focusing on our most competitive assets. We will focus the portfolio on our global leadership positions in diamonds and PGMs and our world class position in copper. This unique combination of assets, enhanced by our commercial marketing expertise, will have the advantage of benefiting from the ongoing shift away from infrastructure investment towards consumer-driven demand, positioning Anglo American for these expanding markets. We will manage our other assets, in bulk commodities and other minerals, for cash generation or disposal over time.

We have a detailed series of measures, including the delivery of $1.9 billion of cost and productivity improvements, to deliver positive free cash flow in 2016 and beyond, and an additional $3-4 billion in asset disposal proceeds. As a result, we are targeting a net debt reduction of $3 billion to less than $10 billion in 2016, assuming current commodity prices and exchange rates, and are targeting net debt of $6 billion in the medium term, supporting a return to a solid investment grade credit rating.

We of course recognise the current challenging environment in which to deliver disposals. We are already engaged with parties interested in several of our assets, but we will only complete those transactions which deliver appropriate value for our investors. So, while we have accelerated our disposal processes, and given our targeted positive free cash flow and our robust liquidity position, we will take appropriate time to secure value outcomes from the disposal programme.

The materially streamlined core portfolio of 16 assets will also enable a step change 50% reduction in central and global support costs and a c.60% reduction in indirect headcount as assets are sold and central support requirements are downsized and recalibrated.

Our core portfolio creates a highly attractive, competitive and well balanced business, with the leverage of scale, technical expertise and mineral endowment options, which offer considerable upside potential over the long term. By taking such action, we are creating a Group that will also be significantly stronger in the short term – it will be streamlined, focused, with lower overhead and indirect costs and positioned to deliver robust profitability and cash flows through the cycle.

PARTNERS IN THE FUTURE

During the year we maintained our work on developing strong relationships with host communities and continued the roll-out of our stringent Social Way standards across our businesses. Performance against Social Way requirements improved significantly in 2015, although a continuing focus will be required to achieve full compliance by the end of 2016.

Just as 2015 was a difficult year for the mining industry, it was a challenging one for host communities, with the implementation of operational efficiency measures, the placing of mines onto care and maintenance and mine closures negatively affecting host communities, as evidenced by protests in mining communities across South Africa. In response, we have continued to roll out our new approach to socio-economic development which leverages our value chains and skills, focusing in particular on local procurement, enterprise development, and local government capacity development. We have also developed a unique diagnostic tool to measure progress and effectiveness in this critical area and this is being deployed at certain of our operations.

We have continued to engage in broader dialogues about society's expectations of the mining industry, not least to ensure that we are listening to what our host communities need. The engagement between mining companies and faith groups continues to yield productive discussions, with events held in Rome and Cape Town and a number of site visits organised to help contextualise the nature of the challenge while also highlighting proven successes. We have also continued to integrate the Development Partner Framework, whose development was hosted by the Kellogg Innovation Network at Northwestern University, into our own approach to managing community relations.

OUTLOOK

The world economy continued to struggle in 2015, with output growth falling short of expectations yet again. There were signs of encouragement in the advanced economies, mainly reflecting some improvement in Europe. But emerging economies, particularly the large commodity producers, suffered from the effects of China's marked slowdown.

Over the next few years, most forecasters expect a strengthening of global economic growth, albeit gradually, principally in response to firmer recoveries in the US and Europe. Consumer spending is picking up and business investment should strengthen. India's economy should continue to grow more strongly, in contrast to more subdued activity in Brazil, Russia and South Africa.

China's economy is adjusting to its 'new normal'. Its aggregate growth rate is falling owing to several longer term trends: the end of its infrastructure investment boom, less potential for 'catch-up' growth, an ageing population, and a debt overhang in the corporate sector. Its demand for some commodities – notably those most related to infrastructure

OUR STRATEGY IN ACTION

OUR MISSION AND VISION

OUR MISSION:

Together, we create sustainable value that makes a real difference

OUR VISION:

To be partners in the future

DRIVING CHANGE

FOCUS THE PORTFOLIO

Prioritising time and capital on the assets that offer the most attractive long term value creation potential

$2.1bn

$2.1 billion disposal transactions completed or announced in 2015

A number of operations across the Group have ceased or are ceasing production

FOCUS ON DELIVERY

Maintaining a highly competitive mindset with innovation and outstanding delivery at the forefront of how we drive change

$1.3bn

$1.3 billion[(1)] of cost and productivity improvements delivered in 2015

$2.0bn

$2.0 billion capex reduction to $4.0 billion, including a 30% decrease in SIB capex in 2015

DEVELOP CORE BUSINESS PROCESSES

Becoming industry leaders in critical areas, extracting maximum value from our assets and products

>$400m

>$400 million underlying EBIT improvement from marketing activities since 2013

~$100m

Avoided energy costs in 2015 driven by ECO_2MAN and business improvement projects

CREATE A HIGH PERFORMANCE CULTURE

Ensuring our organisation and people have the critical core skills to improve returns

1,500

Indirect support roles reduced by 1,500 in 2015

DEFINING OUR FUTURE

A CHANGING WORLD

The ongoing economic slowdown in developing countries and the precipitous fall in commodity prices requires Anglo American to strengthen its balance sheet, while focusing its strategy, acting decisively to achieve our ambition…

"To create a resilient business that delivers robust profitability and sustainable, positive cash flows through the price cycle."

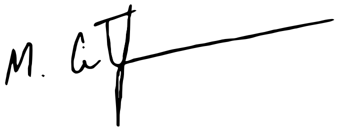
(1) Excludes $0.8 billion volume downside at De Beers in response to market conditions.

investment such as iron ore and coal – is likely to remain weak for several years. But there are some encouraging signs of a gradual rebalancing of the economy. Consumer spending has been robust and many analysts expect this trend to continue, which implies a more positive and sustainable demand outlook for diamonds, PGMs and copper, amongst others.

THANK YOU

On behalf of my colleagues on the Group Management Committee, I would like to thank all our people across the business and our widespread and diverse stakeholders for their hard work and support. This is a period of considerable change in Anglo American's long history of evolution and I appreciate the support of our stakeholders in helping to deliver the sustainable value that we all demand and expect.

I also thank the members of the Board and our chairman, Sir John Parker, for their wise counsel and unwavering support for the changes we are making to create the new Anglo American.



Mark Cutifani
Chief Executive

THE NEW ANGLO AMERICAN

DECISIVE ACTION

In order to achieve our ambition, delivery of the measures set out on page 11 will now form the focus of our strategic imperatives:

- Focus on De Beers, PGMs and Copper
- Portfolio transformation under way
- Cash flow enhancements to further strengthen the balance sheet

A streamlined, competitive business with a clear and differentiated investment proposition.

Strategically advantaged world class assets:
World class ore bodies with competitive industry cost positions and long reserve lives.

Materially streamlined business:
Moving from 45 to 16 core assets across diamonds, PGMs and copper.

Well-balanced portfolio:
No over-reliance from any one product group or geography and retaining the critical mass to compete effectively for, and deliver, the attractive future growth opportunities across the portfolio.

Sustainable profitability:
With competitive cash cost profiles and long lives, the portfolio will be positioned to produce sustainable profitability through the cycle.

Differentiated, premium positioning for expanding consumer-driven markets:
Enhanced by our marketing expertise, the Group will be positioned to benefit from changing demand patterns as the global economy evolves and as emerging market economies mature.

We measure our performance through our pillars of value which underpin everything we do

- Safety and Health
- Environment
- Socio-political
- People
- Production
- Cost
- Financial

REMUNERATION

Anglo American's remuneration policy for executive directors is designed to encourage delivery of the Group's strategy in a responsible and sustainable manner. The main elements of the remuneration package are basic salary, annual bonus and long term incentive plan (LTIP).

ANNUAL BONUS

Annual bonus performance measures include:

- 50% on underlying earnings per share (EPS). EPS is one of the Group's key financial measures of performance and is set on an annual basis to ensure targets are demanding yet realistic
- The remaining measures are non-financial and include project delivery, capital allocation, business improvement, stakeholder engagement and employee development
- A deduction is applied if safety targets are not met.

To help ensure sustainable long term performance, 60% of any annual bonus is deferred into shares for a minimum of three years and is subject to clawback.

LONG TERM INCENTIVE PLAN

The LTIP performance measures are aligned to our strategic objectives over a three-year performance period. Vested LTIP awards are subject to clawback and must be held for an additional two years, to encourage alignment of executive and shareholder interests.

The LTIP performance measures and weightings are:

- 25% Group total shareholder return (TSR) relative to the Euromoney Global Mining Index
- 25% Group TSR relative to the FTSE 100 index
- 50% attributable ROCE to reflect the strategic focus on disciplined capital allocation.

For more information go to
Key Performance Indicators page 34

FOCUS THE PORTFOLIO

At Anglo American, we are accelerating our strategic transformation by focusing on our core portfolio to meet changing market demand dynamics. World class, long life assets, focused on De Beers, PGMs and Copper, will create a well-balanced and financially sustainable business.

DRIVING CHANGE

DISPOSAL TRANSACTIONS COMPLETED OR ANNOUNCED IN 2015

$2.1 billion

IN LIGHT OF THE COMMODITY PRICE ENVIRONMENT WE HAVE CEASED, OR ARE CEASING, PRODUCTION AT A NUMBER OF OPERATIONS

SALE OF PLATINUM'S RUSTENBURG OPERATIONS AGREED; COPPER'S NORTE ASSETS SOLD

Price upside potential from both transactions.

DEFINING OUR FUTURE

STRATEGIC FOCUS ON:

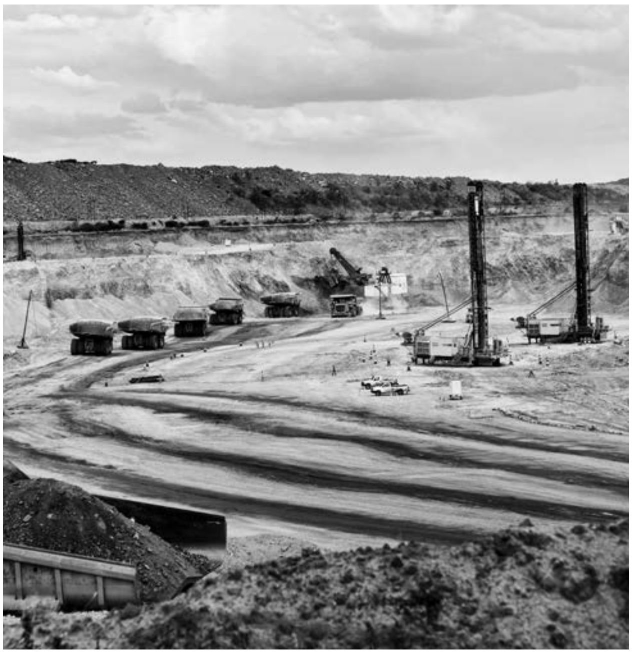
De Beers, PGMs and Copper

DISPOSALS TARGET IN 2016

$3-4 billion

MATERIALLY STREAMLINED CORE PORTFOLIO OF 16 ASSETS

Evaluation and sale processes for a number of Anglo American's assets are in process.



Drilling, loading and hauling operations in Mogalakwena's huge open pit.

MOGALAKWENA – ONE OF THE WORLD'S GREAT MINES

Mogalakwena is Platinum's top-priority asset and the world's biggest open pit platinum mine – with the potential to lift annual platinum production by 50% from ~400,000 ounces to 600,000 ounces.

In 2015, while reducing unit costs by 7% in local currency terms owing to tight cost management and a series of productivity initiatives, Mogalakwena commanded the highest rand basket price in Platinum's portfolio at R32,850 per platinum ounce. It also generated significant operating free cash flow, while keeping cash operating margins at 50%, despite weaker prices.

Whereas traditional underground mines require high labour intensity, Mogalakwena is a highly mechanised operation, with fewer, more highly skilled employees. As a result, it is a safer place to work – reflected in its strong safety performance.

Success has not always come easily. Unlike most platinum operations based primarily on Merensky and UG2 ore, Mogalakwena mines the Platreef, where palladium is slightly more abundant than platinum and grades are more variable. It is also harder to break and uses more energy to do so – problems only solved through Platinum further developing its metallurgical and processing technologies.

The mine's recent introduction of the Operating Model will build on these firm foundations by improving business performance through ensuring that the right work is done at the right time in the right way.

The primary source of competitive advantage in the mining industry is to own high quality, low cost, long life assets in structurally attractive commodities.

The continuing deterioration in commodity markets has necessitated decisive action to restore the strength of our balance sheet by sustainably improving cash flows and materially reducing net debt. We are evaluating the sale of a number of large and high quality assets, while evolving market demand dynamics have also informed our core asset choices, as we focus our strategy. These actions will create a more resilient business to deliver robust profitability and cash flows through the cycle.

PORTFOLIO TRANSFORMATION

In the assessment of our core portfolio, we examined both the quality of individual assets and our competitive positions in our various product groups, while also reviewing evolving supply and demand dynamics. We will focus on those assets where we hold most competitive advantage – being our world class diamond, PGM and copper assets.

This unique combination of assets, enhanced by our commercial marketing expertise, will have the advantage of benefiting from the ongoing shift away from infrastructure investment towards consumer-driven demand, positioning Anglo American for these expanding markets.

At Anglo American, we believe that the recent pull-back in Chinese infrastructure investment is a significant structural trend and think it unlikely that India, or any other emerging economy, will be in the position to bridge that gap in the short to medium term. We believe it is more likely that consumer-driven product demand – for example for homes, vehicles, household appliances and electronics, as well as for luxury goods such as jewellery – will be driven by the burgeoning middle class in emerging and more developed economies, and will emerge as a stronger force in demand for mined products.

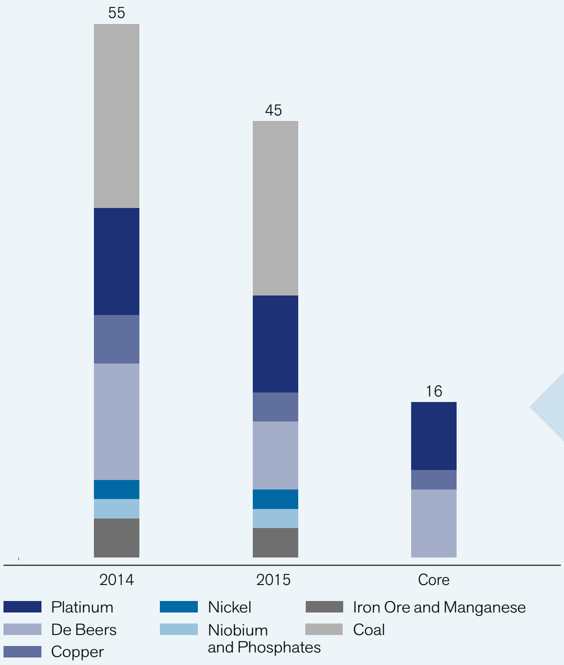
Focus on De Beers, PGMs and copper

Anglo American is focusing its portfolio via the following principles:

- **Strategically advantaged world class assets:** Typically characterised by world class ore bodies with competitive industry cost positions and long reserve lives, within strategically advantaged product groups – Anglo American has global leadership positions in diamonds and PGMs and a highly competitive position in copper.
- **Materially streamlined business:** Moving from 45 to 16 core assets across three operating business units will enable much more efficient and effective management of an asset portfolio that already drives the vast majority of long term profitability.

Transitioning to a core portfolio

Moving to 16 core assets



Our 16 core assets

DE BEERS

Botswana
Jwaneng
Orapa complex

South Africa
Venetia
Voorspoed

Namibia
Namdeb (Land)
Debmarine Namibia

Canada
Victor
Gahcho Kué

PLATINUM

South Africa
Mogalakwena
Amandelbult
BRPM
Mototolo
Modikwa

Zimbabwe
Unki

COPPER

Chile
Los Bronces
Collahuasi

FOCUS THE PORTFOLIO continued

- **Well-balanced portfolio**: Although greatly streamlined and physically smaller, the portfolio will remain well balanced to ensure there is not over-reliance from any one product group or geography. Anglo American will retain its established technical and marketing capabilities and the critical mass to compete effectively for and deliver the attractive future growth opportunities across the portfolio.
- **Sustainable profitability**: Due to their competitive cash cost profile and long lives, the portfolio will be positioned to produce sustainable profitability through the cycle, with approximately $2.8 billion of EBITDA delivered from those core assets in 2015.
- **Differentiated, premium positioning for expanding consumer-driven markets**: While strengthening the balance sheet, the core portfolio, enhanced by the Group's marketing expertise, positions the Company to benefit from changing demand patterns as the global economy evolves and as emerging market economies mature.

  By focusing on De Beers, PGMs, and Copper, Anglo American will have established a unique and high quality position to benefit from these consumer trends.

The portfolio will be structured around:

De Beers
Anglo American holds an 85% interest in De Beers, the world's leading diamond company, which currently produces around a third of the world's rough diamonds by value.

De Beers will continue its mining operations across Botswana (Jwaneng and the Orapa complex, which includes Damtshaa – with Damtshaa placed onto temporary care and maintenance in January 2016 – and Letlhakane), Canada (Victor), Namibia (Namdeb (Land) and Debmarine Namibia) and South Africa (Venetia and Voorspoed). Within its operating portfolio, De Beers has one of the largest diamond resources, by volume, in the world at Orapa and one of the richest diamond mines, by value, at Jwaneng. De Beers is also due to complete the development of the 51% owned Gahcho Kué mine in Canada, with production expected to begin in the second half of 2016, while progressing the underground development at the Venetia mine.

PGMs
Anglo American's interests in PGMs are held through its 78% owned subsidiary Anglo American Platinum (Platinum). Our platinum business is the world's leading PGM producer with positions in the world's two largest PGM deposits – the Bushveld Complex in South Africa and the Great Dyke in Zimbabwe.

Platinum will continue its current repositioning around a leaner, 'best-in-class' core operating footprint at the Mogalakwena and Amandelbult mines in South Africa and Unki in Zimbabwe, alongside its joint venture interests in the Bafokeng-Rasimone platinum mine, the Mototolo mine and the Modikwa mine in South Africa.

In 2015, these assets had a combined production of 1.3 million ounces of platinum (metal in concentrate). Mogalakwena is the highest margin platinum producer in the industry and, as one of the only large open pit PGM mines globally, becomes the core of a much more flexible and lower risk business. The operating mines will be supplemented by Platinum's three smelters at Polokwane, Mortimer and Waterval, as well as its Precious Metals Refinery and Base Metals Refinery, which will continue to process material received from both owned mines and third parties.

Copper
Anglo American has concentrated its copper business around its interests in two of the world's largest copper mines – Los Bronces (including the Chagres smelter) and Collahuasi in Chile. In 2015, Los Bronces, a 50.1% owned subsidiary, produced 401,700 tonnes of copper. Collahuasi, 44% owned, produced 455,300 tonnes of copper (200,300 tonnes on an attributable basis). On average, the two assets operate at C1 unit cash costs of $1.45/lb[(1)] and, with Reserve Lives of 25 years and 70 years, respectively.

Anglo American's copper portfolio and global exploration platform present a number of attractive organic growth options from relatively high grade mineral endowments, such as its feasibility stage Quellaveco copper project in Peru, as well as long term growth projects, including the further development of the Los Bronces District in Chile, the expansion of Collahuasi, the copper-nickel-PGM project Sakatti in Finland and a promising copper exploration position in Papua New Guinea.

(1) Weighted average C1 unit cash cost, including both Los Bronces and Collahuasi at 100%.

Asset divestments

Disposals completed in 2015

The evaluation and sales processes for a number of Anglo American's major non-core assets are progressing. During 2015, we completed or announced $2.1 billion of disposal transactions, including from our 50% share of the Lafarge Tarmac JV ($1.6 billion) that was agreed in 2014, and the sale of the Norte copper assets in Chile ($0.3 billion), while also announcing the sale of the Rustenburg platinum mines to Sibanye Gold. Sales have recently been agreed for the Dartbrook and Callide coal mines in Australia (subject to a number of conditions) and the sale of the Kimberley Mines has been completed.

Non-core portfolio

Discussions are currently under way to assess the potential disposal value of the Nickel business and Moranbah and Grosvenor metallurgical coal assets, alongside our sale process for the Niobium and Phosphates businesses. Discussions with potential buyers are expected to take several months. Any final decision on sale will depend on value as compared to the significant EBITDA and cash flow contribution these low operating cost, long life assets are expected to make to the Group.

Sales processes are also under way across several coal assets in Australia and South Africa. The Union platinum mine in South Africa has been restructured and production significantly reduced, while also progressing the sale of the asset.

In light of the commodity price environment, the Group has ceased, or is ceasing, production at a number of operations. Operations that have been closed or placed onto care and maintenance include Peace River Coal and Snap Lake (diamonds) in Canada, while Thabazimbi (iron ore) in South Africa has reached the end of its life and is being closed. Plans have also been initiated to place Twickenham (platinum) in South Africa onto care and maintenance. It is expected that the aggregate cost of carrying out these actions will be approximately $0.2 billion in 2016.

At Kumba Iron Ore, the reconfiguration of the Sishen mine to transition to a lower strip ratio and operational cost position is progressing well and, combined with further operational improvements at Kolomela, is expected to add to the Group's cash flow generation at prevailing iron ore prices. The Company has initiated a review to consider options to exit from Kumba at the appropriate time, including a potential spin-out.

At the Minas-Rio iron ore operation in Brazil, work has been prioritised to optimise the operation for the current iron ore price environment to ensure that it is cash flow positive in 2016 and subsequent years. Work is also progressing to secure the required licences that underpin the full ramp-up over time that will also ensure the long term sustainability of Minas-Rio for all its stakeholders. All such work is expected to be completed over the next three years, at which time options for the asset will be assessed.

At Anglo American Platinum, assets other than those identified as part of its long term core portfolio will be reviewed to determine the optimum path to realise shareholder value. The joint venture operations will continue to be operated in a separate management structure.

The target for the disposals programme has been increased to $5-6 billion by the end of 2016, with $3-4 billion expected in 2016, having already completed or announced $2.1billion in 2015. While the full repositioning of Anglo American is expected to take time to ensure transactions deliver appropriate value, and to allow engagement with critical stakeholders, all non-core assets will be managed actively and their performance optimised in the best long term interests of all stakeholders.

FOCUS ON DELIVERY

As global uncertainty continues and commodity prices remain volatile, it has become more important than ever to deliver significant and necessary change within our business. In such a challenging environment, we are committed to managing what is in our control; achieving cost and productivity improvements, to enhance cash flows through the cycle and further strengthen our balance sheet.

DRIVING CHANGE

COST AND PRODUCTIVITY IMPROVEMENTS IN 2015

$1.3 billion

REDUCTION IN COPPER EQUIVALENT UNIT COSTS IN US DOLLAR TERMS SINCE 2012

27%

CAPEX REDUCTION IN 2015, TO $4.0 BILLION

33%

DIVIDEND SUSPENDED AND WILL RESUME WITH A PAYOUT RATIO-BASED POLICY WHEN APPROPRIATE

DEFINING OUR FUTURE

NET DEBT (PRO FORMA) BY END OF 2016

<$10 billion

COST AND PRODUCTIVITY IMPROVEMENTS EXPECTED IN 2016 – WITH GROUP EXPECTED TO BE FREE CASH FLOW POSITIVE IN 2016 AT CURRENT PRICES

$1.9 billion

CAPEX IN 2016

<$3.0 billion

Haul trucks unload ore at the primary crusher in Los Bronces' open pit.

LOS BRONCES ROLLS OUT OUR OPERATING MODEL

Even at the best of operations there is always room for improvement. At Los Bronces, one of our world class copper assets in Chile, we are taking a hard look at the operation's ongoing competitiveness, using key metrics such as the ore body's quality and expandability, the mine's absolute cost- and margin-curve position, and its operating risk profile.

To date, we have seen encouraging results: plant operating time, at 94%, is very close to best practice, as is truck utilisation. Labour productivity is also expected to increase, alongside improving operational stability and higher plant throughput.

To drive increased value, we recently introduced our Operating Model, starting in the processing plants. As the Model rolls out, we will implement a number of new initiatives, including further study on the nature of the mineral endowment and how best to exploit it. We will also work on ways to increase metal production through grade engineering. This is a low cost approach that has the potential to substantially increase ore grades presented to the mill, thereby leading to greater output.

Such improvements are expected to yield an additional 15,000 tonnes of copper a year by 2017, with an 11% lower processing cost per tonne, offsetting a gradual decline in grade.

The portfolio decisions we have made have enabled a comprehensive re-assessment of operating, capital and indirect costs across Anglo American. Building upon the platform of the asset review in 2013, following which our operational performance improvement programme was executed, we have taken the appropriate measures to enable the delivery of positive free cash flow in 2016, with further improvement expected in 2017 and beyond, assuming commodity prices and exchange rates remain at or around current levels.

These operational improvements, coupled with a substantially reduced capital expenditure profile and the targeted proceeds from our asset disposal programme, are expected to reduce net debt to less than $10 billion in 2016, assuming current commodity prices and exchange rates. We are targeting net debt of $6 billion in the medium term, supporting a return to a solid investment grade credit rating.

CASH FLOW ENHANCEMENT THROUGH THE CYCLE

Building a stable operational platform

A key component of our operational performance improvement programme is the implementation of Anglo American's Operating Model.

The Operating Model is an essential enabler for delivering our production targets, and ultimately for reducing our operating costs. It enables operational stability to deliver predictable outcomes; reduces variation in order to increase capability and efficiency; and provides clarity so team members have a clear understanding of their work in order to facilitate consistent outcomes. This focus on data-driven decision making, detailed planning, operating excellence and execution has led to lower operating costs, improved productivity and the potential to both lower and defer capital expenditure.

The Operating Model has three components, which address: operational strategy; execution of work; and continuous improvement. Our approach has been to establish the sections of the value chain in those assets which constrain performance and implement the appropriate component of the Operating Model that unlocks the most value.

By the end of 2015, the Operating Model principles had been fully, or partially, implemented at six sites. During 2016, we will continue to implement the Operating Model across those assets where it will deliver the most meaningful improvements in operating and financial performance.

Costs and productivity

Embedding the Operating Model principles across various parts of the business led to a significant improvement in equipment efficiencies and performance during 2015.

On the basis of a more stable operating platform, $1.3 billion of underlying EBIT benefit from cost and productivity improvements was delivered in 2015. As a result of these initiatives, copper equivalent unit costs were reduced by a further 16% in US dollar terms, representing a 27% total reduction since 2012.

Looking forward, our ongoing focus on operational improvement is expected to deliver $1.9 billion of cost and productivity improvements in 2016 relative to 2015, building upon the $1.3 billion delivered in 2015. We will predominantly concentrate on reducing operating and support costs by $1.2 billion, as well as $700 million of productivity (volume) related gains.

For more information on our support cost reductions
See page 31

PRIORITISED CAPITAL ALLOCATION

We continue to apply our capital allocation model across the Group in the management of the balance sheet. In 2013, we targeted a long term net debt range of $10-12 billion. At the same time, given the weak market for commodities, we targeted a level of $15 billion of liquidity. This liquidity buffer, along with the minimal step-up in interest charges and lack of covenants, significantly reduces the downside impact to the Group in the event that an investment grade credit rating is not sustainable for a period of time.

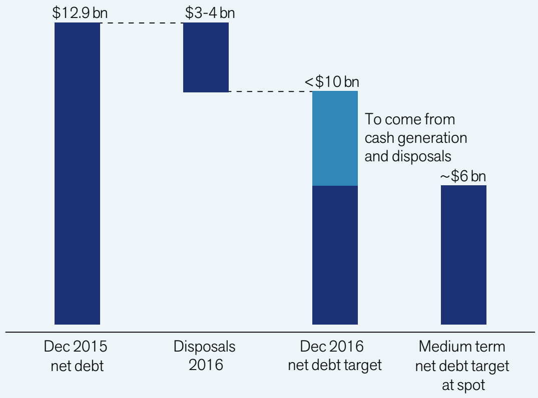
The deterioration in commodity markets has necessitated a review of our net debt target and we now expect to reduce net debt to less than $10 billion (on a pro forma basis) by the end of 2016, and to c.$6 billion in the medium term via disposals and positive free cash flows. We are also targeting a net debt: EBITDA ratio of less than 2.5 times in the medium term.

Anglo American continues to have strong liquidity, with $14.8 billion of undrawn facilities and cash as at 31 December 2015, and its objective of a solid investment grade credit rating remains unchanged. Near term debt maturities consist of $1.6 billion in 2016 and $2.6 billion in 2017.

In the near term, our focus remains to optimise the Group's cash flow in order to protect and strengthen the balance sheet, while maintaining the operational integrity of our assets. Discretionary project spend has been suspended, with the exception of the investment required to maintain high value assets or future growth options. We continue to apply our rigorous processes and criteria for all project investment, including stay-in-business projects; however, future performance will not be jeopardised for short term cash flow gains.

FOCUS ON DELIVERY continued

Target net debt evolution



In 2016, we expect capital expenditure to be less than $3.0 billion, with $1.2 billion of project spending as the Gahcho Kué and Grosvenor projects reach completion and as Minas-Rio's ramp-up continues. In 2017, we expect capital expenditure to be reduced by a further $500 million to $2.5 billion.

In 2015, as part of the overall capital allocation process, the Board also reviewed its dividend policy in light of the significant changes to the market environment and the subsequent impact on cash flows and net debt. Following the review, the Board recommended the suspension of the dividend. The commitment to a dividend during the ordinary course of business remains a core part of the Group's overall capital allocation approach and the Board recommended that, upon resumption, Anglo American should adopt a payout ratio-based dividend policy in order to provide shareholders with exposure to improvements in commodity prices, while retaining cash flow flexibility during periods of weaker pricing.

Projects and capital expenditure

Following an increased focus on capital discipline and in response to current conditions, capital expenditure was reduced, before capitalised losses, to $4.0 billion (2014: $6.0 billion). The reduction was largely driven by a 41% decline in expansionary capital expenditure, mainly owing to the Minas-Rio iron ore project in Brazil moving into its ramp-up phase.

Expansionary capital expenditure remains focused on the delivery of our portfolio of existing major projects, including Gahcho Kué, Venetia Underground and Grosvenor. As these projects transition into production, expansionary capital expenditure will continue to decrease, which will enable the Group to further align its level of growth investment with prevailing commodity market conditions.

Capital expenditure[1]

$ million	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Expansionary	**1,936**	3,257
Stay in business	**1,384**	1,973
Development and stripping	**740**	868
Proceeds from disposal of property, plant and equipment	**(30)**	(71)
Total	**4,030**	6,027
Net capitalised losses/(profits)	**147**	(9)
Total capital expenditure	**4,177**	6,018

[1] See page 180 for the definition of capital expenditure.

Stay-in-business (SIB) capital expenditure declined by 30% to $1.4 billion (2014: $2.0 billion), as the roll-out of the Operating Model across our assets delivered an optimised SIB capital expenditure plan.

Projects in ramp-up in 2015

In Nickel, the rebuild of the two furnaces at Barro Alto was concluded ahead of schedule and budget. Delivery of first metal from the second furnace rebuild occurred in September, more than one month ahead of expectations, and nameplate capacity production should be achieved through 2016.

Niobium's Boa Vista Fresh Rock project reached 69% of nameplate capacity in December 2015, and is expected to reach full nameplate capacity in the third quarter of 2016.

The Minas-Rio iron ore operation continued to ramp up in 2015, with increases in quarter-on-quarter production throughout the year. The operation is expected to reach commercial production capacity in 2016, although it will remain in ramp-up throughout the year.

Projects advanced in 2015

De Beers' Gahcho Kué project in Canada is progressing well, with key land use, water licence and surface leases all now received. In addition, all six Impact Benefit Agreements (with indigenous communities) have been completed. As at 31 December 2015, the project was 83% complete and remains on track for first production during the second half of 2016, with commercial production expected in the first quarter of 2017.

Construction of De Beers' Venetia Underground mine in South Africa continues to progress, with the decline advanced to more than 1,100 metres and the project 21% complete. The underground operation is expected to become the principal source of ore at Venetia from late 2022.

Projects initiated in 2015

No new major growth projects were initiated during 2015, in line with the Group's focus on improving cash flows.

Evaluation and exploration expenditure

Recognising the long term nature of the business, Anglo American's proven track record and expertise in exploration discoveries, and the importance of maintaining a portfolio of high value replacement and organic growth options, we have continued to retain and advance select studies, with a focus on maintaining our established social commitments and managing costs appropriately.

This expenditure is focused on the core product groups of diamonds, PGMs and copper, with small expenditures supported where required to enable the exit of certain other assets for value. We are continuing to enhance our approach to studies and evaluation, with a greater emphasis on assessing a broad range of options early in the study phase in order to mitigate risk, identify opportunities and minimise sunk costs. As a result, evaluation expenditure reduced to $145 million in 2015 (2014: $218 million) and expenditure on exploration activities was 15% lower at $154 million (2014: $181 million).

DEVELOP CORE BUSINESS PROCESSES

At Anglo American, our core business processes refer to the fundamentals of our work throughout our value chain. With innovation and outstanding delivery at the forefront of how we deliver change, the business processes we are implementing are vital to the success of our core activities and achieving best practice across the Group.

DRIVING CHANGE

AVOIDED ENERGY COSTS IN 2015 DRIVEN BY ECO$_2$MAN AND BUSINESS IMPROVEMENT PROJECTS

~$100 million

UNDERLYING EBIT IMPROVEMENT SINCE 2013 FROM MARKETING ACTIVITIES

>$400 million

78% OF LOS BRONCES' WATER REQUIREMENTS MET BY RE-USED/RECYCLED WATER IN THE YEAR

78%

DEFINING OUR FUTURE

MULTI-HORIZON INITIATIVES TO COME OUT OF OUR OPEN FORUM EVENTS

Focused on finding safer, more efficient, environmentally friendly and sustainable ways to unlock mineral value.

9

OUR IMMEDIATE FOCUS IS ON SECURING ADEQUATE SUPPLIES OF ENERGY AND WATER AND USING THOSE RESOURCES MORE EFFICIENTLY

In the long term, however, we must find viable alternatives for traditional sources of energy and reduce our reliance on 'new' water to near zero.

Laboratory processor Tshegofatso Morake tests samples at Platinum's Precious Metals Refinery in Rustenburg, South Africa.

UNLOCKING VALUE FROM MINOR PGMS

By focusing on understanding the needs of customers and leveraging Anglo American's industry-leading position, our Marketing business unlocked additional value across our range of PGMs in 2015.

As the world's largest primary producer of ruthenium, iridium and osmium – by-products from the mining and refining of platinum, and palladium – we developed customer relationships covering a wide range of products in the chemicals, electrical, catalyst and specialist alloy sectors, in order to deliver greater commercial value from these 'minor' PGMs.

Products developed in these fields are often new and at the forefront of innovation. By fully understanding the requirements of our customers, we are able to unlock full commercial value to market. Revised packaging, stockholding in strategic locations, local sales offices and adapted payment terms were just some of the many steps we took to meet customer needs.

Customer mapping, market intelligence, ongoing dialogue with end-users and tailored solutions have all contributed to making these metals a steady and reliable source of income.

With PGMs forming part of our core portfolio, we will continue to focus on market development, including direct funding of research and/or co-investment in start-ups, thus enabling the sustainable use of minor PGMs in existing and new applications.

We are starting to see tangible benefits from the roll-out of our Operating Model across our core assets; a more stable and predictable operating performance is leading to improved productivity and costs, fewer environmental incidents and a fuller understanding of our mine-to-market value chain. Working together with all our stakeholders, we will begin to deliver on the full potential of our portfolio and enhance the sustainable value we can create for our host communities.

DRIVING TOWARDS OPERATING EXCELLENCE

Our technical and operational base is now firmly established, building on the principles of the Operating Model, which delivered $1.3 billion of cost and productivity improvements in 2015, and a 27% improvement in indexed unit costs (in US dollar terms) since 2012. This foundation of clearly understanding the main value drivers and achieving operating excellence across our asset base will continue to accelerate the delivery of additional benefits as we strive towards operating our assets to their full potential.

A primary focus has been to recognise the main drivers of value across our business, from the ore body through to market. Through a clearer understanding of the potential of our ore bodies and the application of innovative mining methods and technologies, combined with the development of processing flowsheets optimised to specific ore bodies, we are positioning ourselves to realise even greater value from our assets.

Los Bronces, as a Tier 1 copper asset, has been the focus of many of the improvement efforts. Developing a better understanding of the Los Bronces ore body characteristics and modifying our operating practices have led to improvements in copper and molybdenum recoveries. This approach will unlock additional metal production at lower cost while minimising capital investment, thereby enhancing the operation's sustainability. In addition, developments in the field of grade engineering may materially improve the grade of ore feedstock through integrating our understanding of the ore body with the optimal configuration of mining and processing practices, potentially leading to increased metal production.

During 2015, FutureSmart™, Anglo American's approach to innovation, successfully completed three Open Forums, one each on Sustainability, Processing and Mining. The outcomes, developed in collaboration with 90 external partners, yielded in excess of 3,000 ideas for step-changes in business transformation. These have been distilled into a programme of nine multi-horizon initiatives that seek to address our critical challenges, and to find safer, more efficient, environmentally friendly and sustainable ways to unlock mineral value.

MARKETING PRODUCTS FOR FULL VALUE

Our Marketing business (Marketing), created in 2014, continues to make solid progress through marketing activities designed to create maximum value across the entire value chain – from mine to customer.

Marketing is now well established and, through our dedicated sales and marketing hubs in Singapore and London, we have continued to improve customer focus and build on our strong relationships across the portfolio, including: PGMs; copper; iron ore; metallurgical and thermal coal; nickel and niobium. Our collaborative work across the commodities helps create a more co-ordinated customer approach, reinforces our customer and supplier relationships, and deepens our knowledge in order to realise additional profit from the sale of our own equity volumes, our trading activities and our third party supply of products.

Good progress has been made against each of the principal 'levers' identified to generate additional profit for the Group. With increasing market challenges, we are broadening our focus:

- Marketing excellence: building on the basics.
- Value chain optimisation: creating an efficient flow from mine to market so that customers get the right products, at the right time, and leveraging shipping services.
- Trading and third party supply: buying and trading third party material to complement the physical portfolio.
- Next generation: new ideas delivering value in the longer term.

These levers will remain relevant as Anglo American moves to a more focused, core portfolio. All marketing activities are executed in an increasingly sophisticated risk management environment. Ensuring the risk factors which impact Marketing, including price, credit, operational, and regulatory risks, are transparent and comprehensively managed is a key priority, thereby maximising value for the Group.

Marketing has already improved underlying EBIT by more than $400 million since 2013, most of it through additional income. A large proportion of this additional value is currently being generated through the marketing excellence activities, while other levers are also becoming increasingly important.

We continue to increase direct sales to end customers, rather than through sales agents, across the majority of commodities. The value of sales made to intermediaries, rather than end users, reduced from c.60% in 2012, to less than 10% in 2015. Some specific examples include increased minor PGM sales made possible by sales channel development and increased direct copper metallic sales into China through the development of direct relationships and establishment of local support.

DEVELOP CORE BUSINESS PROCESSES continued

A number of value chain optimisation activities in the year created additional earnings, including the expansion of our shipping portfolio with linked freight trades that realised cost advantages and benefits relative to stand-alone routes. With this additional capacity, we have expanded our CFR-delivered shipping offer.

We have made significant progress in our approach to planning through our Integrated Sales and Operations Planning work. This work ensures we maximise value from the ore bodies we mine, and smoothly manages all activities from mine to customer in a collaborative and transparent way.

Our improved approach to planning and co-ordination across the mining value chain has also helped the Group to continue to increase its logistics capacities.

Good progress has been made with thermal coal trading. A new activity launched in 2014, thermal coal trading is now fully established and delivering against expectations. The trading capability in thermal coal has put a strong foundation in place, which we are now using to progress further initiatives across the other commodities, particularly as we move towards mid- to late-cycle exposure.

MANAGING OUR IMPACTS ON COMMUNITIES AND THE ENVIRONMENT

As a mining company, our aim is to have a net positive lasting impact on our host communities. However, in helping to uplift such communities, typically through the provision of jobs and infrastructure, we acknowledge that the exploration, extraction and processing of ore reserves can result in the disturbance of land and the generation of mineral residue, as well as atmospheric and water emissions. Social impacts typically associated with mining may include population influx and demographic change, land acquisition and resettlement, competition for natural resources, effects on community health and potential human rights infringements in our supply chain.

We have a responsibility to manage our social and environmental impacts in line with legal requirements, and in such a way that, on balance, host communities can benefit from mining. Responsible environmental management and sound community relations can influence our access to land and capital, improve resource security, and reduce operational costs and closure liabilities.

Anglo American's environmental and social risks and activities are managed in line with our mandatory Environment Way and Social Way performance requirements, and are increasingly integrated into the roll-out of the Operating Model. The principal environmental and social risks facing our business are associated with human rights, socio-economic development, water quality and security, energy security, climate change and mine closure. We report extensively on our approach and performance related to these and other material sustainability issues in our Sustainability Report.

For more information, visit
www.angloamerican.com/sustainability-report-2015

During 2015, Anglo American recorded six Level 3 (medium impact) environmental incidents. These incidents had no material financial impact on the business and resulted in no lasting harm to the environment. No Level 4-5 (high impact) incidents were reported.

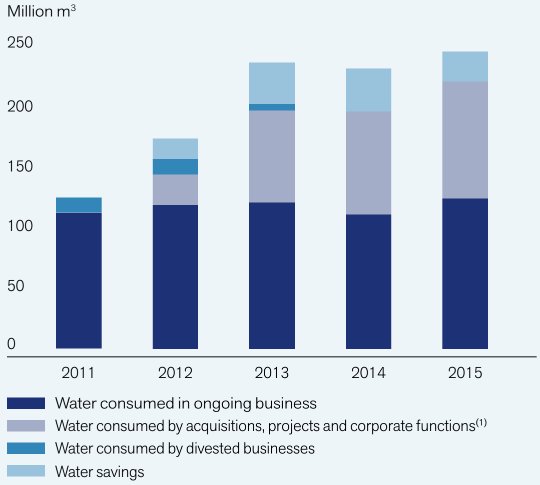
Water management

Water is of increasing significance to our business, given that 75% of our operations are located in countries with high levels of water risk. The water related challenges faced by our sites typically fall into three categories: water security; managing highly variable rainfall; and mitigating the impact of mining activities on water quality and the rights of other users.

For the third consecutive year, we exceeded our 2020 water savings target of 14%; by the end of 2015 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 25 million m^3 of water (2014: 36 million m^3). Anglo American's total new water consumption increased from 196 million m^3 in 2014 to 222 million m^3 in 2015, largely owing to ramp-up activities at Minas-Rio.

Production at Los Bronces copper mine in Chile was constrained by water supply challenges in 2015. The operation has continued to implement technical solutions to prevent further impact on business, with water transported via a 56 kilometre pipeline from the Las Tórtolas tailings dam to Los Bronces. Los Bronces is currently recycling 78% of available water. At a Group level, 64% of our water requirements during the year were met by recycling/re-using water (2014: 68%).

Total water consumed against business as usual 2011–2015



(1) Recent acquisitions, projects and corporate functions have not been included in the energy, GHG and water reduction target setting process.

Energy security

Our core mining, refining, and transport activities are dependent on adequate and reliable sources of energy. Insecurity of supply has the potential to compromise our production goals as well as the safety of our employees. Reducing energy consumption saves the business money, helps improve energy security and mitigates our contribution to climate change.

The Group's total energy consumption was 106 million GJ (2014: 108 million GJ). The significant increase in energy consumption at Minas-Rio, owing to ramp-up activities, was offset by energy savings at the Coal business in South Africa and Australia, Kumba Iron Ore and Nickel. Progress on operational energy and carbon performance is driven through our energy- and carbon-management programme, ECO_2MAN. By year end, a total of 325 ECO_2MAN and business improvement projects accounted for energy savings of 5.8 million GJ, representing a 7% reduction against the 2015 figure and c.$100 million in avoided energy costs. New energy reduction targets have been set for all operations.

In South Africa, our operations remain vulnerable to power outages owing to shortages at peak electricity demand times. In consequence, all South African business units have emergency preparedness plans in place, including specific protocols to minimise the impact of load curtailment on production by allocating power rationing to sites, equipment and processes with catch-up capacity. We are also discussing with the government incentives for co-generation and base-load independent power projects.

Electricity supply in Brazil is highly reliant on hydropower, and the recent drought there raised concerns over power insecurity. These were mitigated by the increased use of thermal power generation and higher levels of rainfall experienced towards the end of the year.

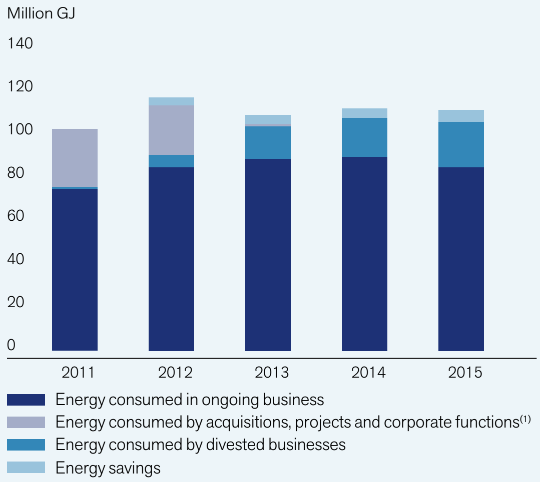
Climate change

We recognise our responsibility to play a positive role in the global transition to a low-carbon future and to protect our employees, assets and host communities against the potential physical impacts of climate change.

We expect that climate change will affect our business in three principal ways: climate regulation and taxation will have a financial effect on our business; demand for PGMs and copper in low-carbon technologies will increase; and the physical and social impacts of a changing climate may affect our operations and host communities.

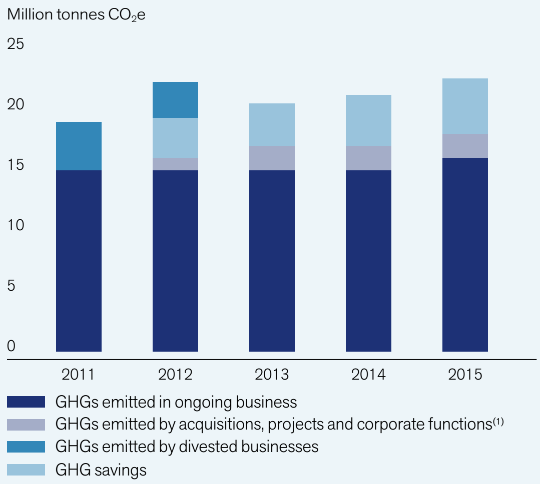
In 2015, Anglo American operations were responsible for 18 million tonnes of CO_2-equivalent emissions (Mt CO_2e) (2014: 17 Mt CO_2e). This increase was due to the ramp-up at the Minas-Rio and Grosvenor projects in Brazil and Australia, respectively, as well as an upwards revision of the global warming potential of methane by the Australian government. Through ECO_2MAN, we were able to reduce our greenhouse gas (GHG) emissions by 22% in relation to 2015's consumption. This amounts to 4.6 million tonnes of avoided CO_2e. During 2015, new carbon-reduction targets were set for each operation.

Total energy consumed against business as usual 2011–2015



(1) Recent acquisitions, projects and corporate functions have not been included in the energy, GHG and water reduction target setting process.

Total GHG emissions against business as usual 2011–2015



(1) Recent acquisitions, projects and corporate functions have not been included in the energy, GHG and water reduction target setting process.

The new focus of Anglo American's portfolio presents significant opportunities associated with climate change. Copper and PGMs are critical products in facilitating alternative energy technologies. Demand for copper is expected to increase given its use in several low-carbon technology applications (such as hybrid and electric vehicles which typically contain two to three times more copper than conventional vehicles). A key development area for platinum is the use of fuel cells to provide power, both in stationary applications such as residential power, and in mobile applications such as power trains for vehicles.

DEVELOP CORE BUSINESS PROCESSES continued

An important focus of our climate change programme involves understanding the likely impacts of physical and regulatory changes associated with climate change in the future. Carbon pricing scenarios are factored into project investment decisions and climate change risk and adaptation assessments have been conducted at vulnerable operations.

We welcome the important forward commitments made at Paris COP21. On the ground, we will continue to engage around proposals for tighter legislation or to help clarify where there is policy uncertainty. We have a clear position on climate change and on coal in our business, for engagement with stakeholders. It is available for download on **angloamerican.com**

SOCIAL PERFORMANCE

Our Social Way defines Anglo American's governing framework for social performance. It provides clear requirements for all Anglo American-managed sites to: ensure that policies and systems are in place to engage with affected communities; avoid, prevent and mitigate adverse social impacts; and maximise development opportunities. During 2015, we rolled out a revised Social Way, which has been updated to reflect evolving stakeholder expectations and international best practice. Each site is assessed annually. More in-depth reviews of priority issues are undertaken as a part of the operational risk assurance process. The self-assessment results for 2014 provided a baseline for performance against the revised Social Way. The 2015 results reflect a steady improvement across almost all the requirements and the percentage of serious non-compliances has decreased from 8% to 1%. Each site is implementing an improvement plan where it has not met Anglo American standards or its own stated performance targets.

Social instability and industrial unrest remain a particular challenge and priority in South Africa. To address this, we continue to seek to engage and work collaboratively with employees, unions and the South African government, and also with communities around our mines.

Working with stakeholders

2015 was a particularly difficult year for the global mining industry, characterised by plunging commodity prices, volatile markets and political instability. This challenging business context underlines the importance of building trusted relationships across stakeholder groups. The uncertain operating environment also has important implications for mining companies' socio-political licence to operate, and is placing renewed pressure on companies to find approaches that balance short term shareholder expectations with society's longer term needs.

Managing uncertainty

The commodity market downturn, combined with the effects of local currency depreciation, the decision to put some mines onto care and maintenance, consequent job losses and the decline in royalty and tax revenues, have all added pressure on governments in resource-dependent countries which are now struggling to meet social expectations. There have also been corruption scandals in some of our host countries that have affected wider levels of trust in business and government. This has helped create a climate of regulatory uncertainty and a lack of clear political leadership and direction.

Governments want to tighten regulation and drive more benefit from their mining sector, while at the same time recognising the need not to deter the incentive to invest and operate at a time when economic conditions are so difficult. Policy implications may encompass labour relations, environmental performance, health and safety, tax reform, corporate governance, local procurement, beneficiation, and indigenisation, as well as the wider delivery of social objectives, such as the provision of housing and roads.

In response, Anglo American strives to develop and maintain constructive relationships with government and regulatory officials, both at the individual company and operational level, as well as more broadly through national and international industry sector bodies. Strong monitoring mechanisms are in place to track regulatory developments, promote understanding of regulatory requirements across affected areas of the business, and drive full compliance Group-wide.

Mine closure

Our approach to ensuring responsible mine closure emphasises the importance of designing, planning and operating a mine with closure in mind, and planning for post-closure long term sustainability in consultation with communities and other stakeholders. In doing so, we aim to reduce long term risks and liabilities to our business from an environmental and socio-economic perspective, and to ensure that we leave a positive legacy when our mines conclude their operational lives.

Our Mine Closure Toolbox provides a structured approach to closure planning and management. It is aimed at ensuring that the full spectrum of opportunities, risks and liabilities is effectively identified, that plans are fully costed, and that provision is made for the planned operational life of the mine or premature closure. The Toolbox is available publicly as a leading-practice resource for other companies to access. It is used throughout our managed operations and also at some operations managed by our joint venture partners. Within the Group, the Toolbox is designed to be used in conjunction with our Socio-Economic Assessment Toolbox (SEAT) in order to support an integrated approach to mine-closure planning.

Partners in the future

Mining companies across the world are facing greater demands and expectations from increasingly vocal stakeholder groups, with often competing interests. Compounding these demands are the lower levels of trust that many stakeholders have of the business world.

Anglo American's ambition is to become 'partners in the future'. In so doing, we seek to maximise the benefits of mining and mitigate net negative consequences, particularly as they relate to host communities.

With most of our operations in the developing world, our commitments to host governments and communities extend far more widely than creating direct jobs and paying taxes. We seek to ensure that the benefits we generate flow more directly to communities around our operations and that we respond effectively to increasing stakeholder expectations.

Over the past two years, we have been implementing a new approach to socio-economic development delivery. The first element involves supporting local markets, where we promote local procurement, enterprise development and workforce development. These programmes create a strong platform for job creation within and outside the mining value chains. The second element focuses on building local capacity to allow development to be sustained beyond the mining sector, and after mine closure. This includes, for example, social investment such as education and health programmes.

In 2015, 17% ($1.8 billion) of supplier expenditure was with host communities (2014: $1.8 billion, 15%), while our enterprise development programmes in Botswana, Brazil, Chile, South Africa and Peru supported 62,661 businesses and created/sustained 108,423 jobs.

In 2015, Anglo American's corporate social investment (CSI) expenditure in local communities, including by the Anglo American Chairman's Fund and Zimele, totalled $124.1 million (2014: $135.8 million). This figure represents 6% of underlying EBIT, less underlying EBIT of associates and joint ventures. While the bulk of our socio-economic development strategy is designed to leverage core business activities, much of our CSI investment continues to support vulnerable and marginalised stakeholders unable to participate in our core value chains. Health and education are strategic focus areas in our CSI and a top priority for national and community level stakeholders.

Global expenditure by type

	$'000	%
Community development	**50,636**	41
Education and training	**22,349**	18
Other	**15,318**	12
Health and welfare	**13,560**	11
Sports, art, culture and heritage	**6,668**	5
Institutional capacity development	**5,405**	4
Water and sanitation	**4,657**	4
Environment	**2,523**	2
Disaster and emergency relief	**1,942**	2
Energy and climate change	**902**	1
Employee matched giving and fundraising	**188**	–
Total	**124,148**	

Global expenditure by country

	$'000	%
South Africa	**85,845**	69
Chile	**14,147**	11
Brazil	**11,970**	10
Peru	**4,453**	4
Namibia	**3,521**	3
Rest of world	**2,371**	2
Australia	**943**	1
United Kingdom	**480**	–
Botswana	**418**	–
Total	**124,148**	

CREATE A HIGH PERFORMANCE CULTURE

To deliver on our objectives, we rely on a capable and engaged workforce. Our high performance culture encourages all employees to give their best and places their health and safety at the top of our agenda.

DRIVING CHANGE

INDIRECT ROLES REDUCED TO AROUND 11,500 ACROSS THE GROUP (2014: 13,000)

11,500

FEMALE MANAGERS ACROSS THE GROUP

25%

DEFINING OUR FUTURE

HEADCOUNT REDUCTION FROM 128,000 TO c.50,000 AS THE PORTFOLIO RESTRUCTURE IS COMPLETED

c.50,000

COST SAVINGS FROM CHANGES TO CENTRAL SUPPORT COSTS IN THE MEDIUM TERM

$250 million

Platinum's CEO, Chris Griffith, addresses staff as part of Mogalakwena mine's Global Safety Day events.

GLOBAL SAFETY DAY

We inaugurated Global Safety Day in 2011 to unite everyone on the importance of arriving home safely at the end of each day and of the responsibility of everyone for safety. It is the only time employees and contractors come together to focus on our shared challenge.

In 2015, the project team introduced a 'controls protect and keep you safe' theme to drive stronger ownership and engagement. This highlights the protective role controls play – for individuals, their families, teams and communities – while encouraging people to improve their own understanding and use of controls.

Over a three month period, leaders, managers, supervisors and all employees and contractors were given opportunities to think about the role controls play in their personal and work lives and how well they understand and lead on their use. Everyone came together on Safety Day to identify what could be done to improve control use. This then fed into local action and improvement plans.

An employee online survey to evaluate the impact of the day demonstrated that 98% of participants understood completely or near-completely the importance of controls in protecting and keeping them safe, with 56% saying controls had significantly improved their safety behaviour and 30% that they had done so 'quite a bit'. Given this successful outcome, we will be adopting a similar approach for Safety Day in 2016.

We continue to foster our high performance culture, through building an organisation structure that is fit for purpose, resourcing this structure with the best capability and empowering leadership to deliver results.

BUILDING AN ORGANISATION THAT IS FIT FOR PURPOSE

We continue to create a lean and more effective business that is built around strong commodity-focused operating units and functions that provide value-adding expert leadership, improve business performance and ensure effective governance.

During 2015, we reviewed our organisation to structure work more effectively, establish clear accountabilities and authorities, and remove duplication. This work focused initially on indirect support roles (those not directly involved in production) at the Group Corporate centres. This resulted in a significant reduction in employee numbers, while ensuring we have the most capable people in the right roles to deliver on our strategic objectives. By the end of 2015, the number of people working for Anglo American in indirect roles had reduced to around 11,500 from 13,000 in 2014.

As the Group's portfolio is streamlined to focus on diamonds, PGMs and copper, we expect our total headcount to reduce from 128,000 to around 50,000 through disposals and restructuring, with the majority of these roles expected to be transferred to new owners of the assets. We will further review our corporate support structures and overheads to ensure they remain fit for purpose and are aligned to the future portfolio. In order to reduce duplication and increase capability, we will also review the role of each function within the context of a global support model.

We expect that the future rightsizing of our corporate support structures will lead to a reduction of indirect roles from the current 11,500 to less than 5,000. The changes to central support costs alone are expected to contribute $250 million of cost savings in the medium term.

MANAGING TALENT AND DEVELOPING SKILLS

Resourcing Anglo American's simplified organisation structure with the right capability is essential for success and continues to be the focus of the 'fit for purpose' exercise. In assessing capability, we consider technical skills and knowledge that have been acquired through experience and practice; mental processing ability; social process skills; and application (the degree of drive and commitment a person displays).

If we are to withstand the current challenges, we need to foster a culture centred on business outcomes. Achieving this hinges on strong leadership from line managers, to ensure we are doing only essential work, with only people who are adding significant value, and giving them the authority to do their job effectively.

Providing development and training to our leaders and workforce continues to improve the resilience of our business and is a key means for people to grow in their work. We have a range of external and internal development programmes currently in use across the Group, where we made an investment of more than $100 million on training in 2015. In an increasingly competitive market for limited skills, we continue to invest in developing a pipeline of future talent through our support of 3,500 graduates, bursars, apprentices and trainees.

DIVERSITY

Anglo American embraces diversity and complies with relevant legal obligations wherever we have operations. We seek a workforce that represents the regions within which we operate and we provide opportunities for broader development within those regions. A diverse workforce brings greater diversity of thought to tackle the challenges we face. We continually develop our workforce so that we will have this diversity among our leaders of the future. By year end, women made up 18% of our overall workforce (2014: 16%) and 25% of managers (2014: 24%).

In our South African operations, we continue to promote transformation. By year end, 60% of our management comprised historically disadvantaged South Africans. The impending third iteration of the Mining Charter is expected to define new commitments that will encourage further progress in our business.

ENCOURAGING SOUND INDUSTRIAL RELATIONS

Throughout our organisation restructures, we maintain a focus on managing employment separations respectfully and fairly. We endeavour to follow due legal process in all countries in which we have a presence and seek to engage with governments, employees and unions in order to make the difficult situation as fair and transparent as possible. We work with affected employees to honour our commitments and offer support measures, including external services, to assist with finding employment elsewhere.

Approximately 72% of our current permanent workforce is represented by work councils, trade unions or other similar bodies and covered by collective bargaining agreements.

PROTECTING LABOUR RIGHTS

As signatories to the United Nations Global Compact, we are committed to the labour rights principles provided in the International Labour Organization core conventions, including the right to freedom of association and collective bargaining, the eradication of child and forced labour and non-discrimination. We do not tolerate any form of labour rights abuse, and full observance of these issues is also required of our suppliers in tenders. Compliance is audited.

CREATE A HIGH PERFORMANCE CULTURE continued

ENSURING A SAFE WORKING ENVIRONMENT

The safety, health and well-being of our employees are a top priority and a core value at Anglo American. We strive to achieve our goal of zero harm by managing our activities in a way that eliminates incidents, minimises risk and promotes excellence in the performance of our operations.

In 2015, three employees and three contractors lost their lives in work-related activities at operations managed by Anglo American. This is the same record low of six lives lost recorded in 2014, when four employees and two contractors died. The Group's fatality injury frequency rate at the end of 2015 represented a negligible increase on the 2014 performance.

Any loss of life is unacceptable and we continue to dedicate considerable effort to achieving our vision of zero harm. As part of this, we initiated a Group-wide control improvement programme during 2015. This aims to ensure we have the right controls in place for all our major safety risks and that they are properly understood, used and their effectiveness regularly monitored.

For each incident resulting in loss of life or a critical injury, an independent investigation is conducted to understand the causes and remedial actions required. The lessons learned from each are shared via our Group Learning from Incidents (LFI) process and discussed at Board Sustainability Committee, executive and site management levels. Particular emphasis is placed on ensuring that actions relating to critical controls are implemented in a timely manner to prevent repeats.

Despite continuing to put considerable effort into improving how we manage safety, our total recordable case frequency rate rose by 16% to 0.93 (2014: 0.80). While the regression was partly due to Platinum having resumed normal operating conditions following the strike-affected period in 2014, more work needs to be done to renew the downward trend of recent years.

Regulatory and voluntary safety stoppages resulted in lost production at Platinum, and to a lesser extent at Kumba. While the overall number of stoppages and associated lost production decreased year-on-year at Platinum, it remains a priority for the business to engage with regulators to ensure that such interventions are used as a last resort.

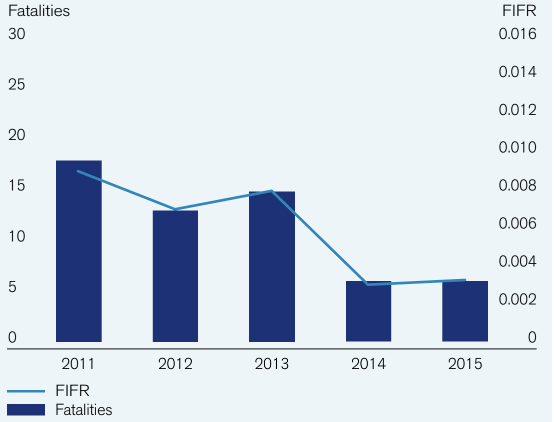
Our safety strategy and management approach are risk-based and focus on making sure that we have the right culture and controls in place to operate safely. They are both founded on three key principles: a mindset of zero harm, no repeats, and the application of simple, non-negotiable standards. During 2015, we added further impetus to improving control use, driven by work in five linked areas: leadership, effective planning and standards, supervision, incidents, and risk management. These will remain our priorities in 2016.

PROMOTING HEALTH AND WELL-BEING

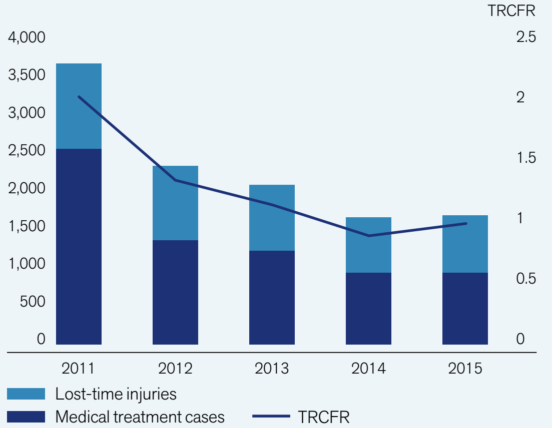
Effective management of health risks protects our people, enhances productivity and is essential for minimising potential long term liabilities. Extending our health promotion activities to the broader community also supports our internal health drive.

In 2015, 42% of employees were reported to be working in environments with noise levels in excess of the occupational exposure limit, and approximately 9% of employees were working in environments where they were potentially at risk of exposure to inhalable hazards.

Total number of fatal injuries and fatal injury frequency rate 2011–2015



Lost time injuries, medical treatment cases and total recordable case frequency rate 2011–2015



While we have intensive programmes in place to ensure that employees and contractors working in such environments are trained to use personal protective equipment, our focus is on addressing the source of occupational health risk.

Our overall approach to occupational hygiene is aligned with the Anglo American Operational Risk Management (ORM) process, which requires that operations identify health risks, implement controls to mitigate those risks, monitor the effectiveness of controls, and learn from incidents in order to prevent repeats. Targets for the implementation of the ORM are being set and will influence the performance-based remuneration of senior executives.

The number of new cases of occupational diseases reported in 2015 was 163 (2014: 175). This translates to an incidence rate of 0.177 (2014: 0.175) per 200,000 hours worked – a small year-on-year increase due to the reduced number of employees in 2015. Improvement, in absolute terms, was noted in the following areas: a 47% reduction in musculoskeletal disorders; a 33% reduction in coal-workers' pneumoconiosis; and a 12% reduction in noise-induced hearing loss.

Anglo American has recorded no cases of silicosis owing to exposure at our operations since 2011. However, despite the significant year-on-year decrease, we continue to report cases of coal-workers' pneumoconiosis. These cases are thoroughly investigated to better understand their causes, including the past and current occupational exposure profiles of those who become ill, as well as the potential sources of coal dust in the workplace. Based on this information, we continue to implement measures to improve our management of risks associated with coal dust.

Through the industry work group that was formed by Anglo American and other South African mining peers, we continue to address issues relating to compensation and medical care for occupational lung disease in the gold mining industry in South Africa.

KEY PERFORMANCE INDICATORS

PILLARS OF VALUE[1]	KEY PERFORMANCE INDICATORS (KPIs)	
Safety and Health To do no harm to our workforce. For more information see **Create a high performance culture on page 30**	**Work related fatal injury frequency rate (FIFR)** FIFR is the number of employee or contractor fatal injuries due to all causes per 200,000 hours worked. **New cases of occupational disease (NCOD)** Number of new cases of occupational disease diagnosed among employees during the reporting period.	**Total recordable case frequency rate (TRCFR)** TRCFR is the number of fatal injuries, lost time injuries and medical treatment cases for both employees and contractors per 200,000 hours worked.
Environment To minimise harm to the environment. For more information see **Develop core business processes on page 24**	**Energy consumption** Measured in million gigajoules (GJ). **Greenhouse gas (GHG) emissions** Measured in million tonnes of CO_2 equivalent emissions.	**Total new water consumed** Total new water consumed includes water used for primary and non-primary activities, measured in million m^3.
Socio-political To partner in the benefits of mining with local communities and governments. For more information see **Develop core business processes on page 24**	**Corporate social investment** Social investment, as defined by the London Benchmarking Group, includes donations, gifts in kind and staff time for administering community programmes and volunteering in company time and is shown as a percentage of underlying EBIT, less underlying EBIT of associates and joint ventures.	**Enterprise development** Number of companies supported, and number of jobs sustained, by companies supported by Anglo American enterprise development initiatives.
People To resource the organisation with an engaged and productive workforce. For more information see **Create a high performance culture on page 30**	**Voluntary labour turnover** Number of permanent employee resignations as a percentage of total permanent employees.	**Gender diversity** Percentage of women, and female managers, employed by the Group.
Production To extract our Ore Reserves in a sustainable way to create value. For more information see **Group Financial Review on page 36**	**Production volumes** Production volumes for the year are discussed at a commodity level within each business unit section of the annual report (see pages 46–64). Quarterly production figures are shown on page 186.	
Cost To be competitive by operating as efficiently as possible. For more information see **Group Financial Review on page 36**	**Unit costs of production** Unit costs of production are discussed at a commodity level within each business unit section of the annual report (see pages 46–64). Other factors that impact costs across the Group are discussed in the Group Financial Review (see page 36).	
Financial To deliver sustainable returns for our shareholders. For more information see **Group Financial Review on page 36**	**Attributable ROCE** The return on adjusted capital employed attributable to equity shareholders of Anglo American. It excludes the portion of the return and capital employed attributable to non-controlling interests in operations where Anglo American has control but does not hold 100% of the equity. It is calculated as annualised underlying EBIT divided by adjusted capital employed.	**Underlying earnings per share** Underlying earnings are net profit attributable to equity shareholders, before special items and remeasurements.

[1] The table above reflects historically reported KPIs against our seven pillars. It does not represent our new business scorecard.

RESULTS AND TARGETS[2]

FIFR
Target: Zero fatal incidents

2015	**6** fatalities, 0.00352 FIFR
2014	**6** fatalities, 0.00346 FIFR

TRCFR
Target: 10% year-on-year reduction
The ultimate goal of zero harm remains

2015	**0.93**
2014	**0.80**

NCOD
Target: Zero (long term)

2015	**163**
2014	**175**

Energy consumption
Million GJ total energy used
Target: 7% saving vs. 2015 projected business as usual (BAU)
Performance: 7% saving vs. 2015

2015	**106**
2014	**108**

GHG emissions
Mt CO_2-equivalent
Target: 19% saving vs. 2015 projected BAU
Performance: 22% saving vs. 2015

2015	**18**
2014	**17**

Total new water consumed
Mm^3 new water consumed
Target: 14% saving vs. 2020 projected BAU
Performance: 16% saving vs. 2015

2015	**222**
2014	**196**

Corporate social investment
2015: 6.0% of underlying EBIT, less associates and joint ventures
2014: 3.0% of underlying EBIT, less associates and joint ventures

2015	**$124m**
2014	**$136m**

Enterprise development
Businesses supported

2015	**62,661**
2014	**58,257**

Enterprise development
Jobs sustained

2015	**108,423**
2014	**96,873**

Voluntary labour turnover

2015	**1.9%**
2014	**2.0%**

Gender diversity
Women as a percentage of management

2015	**25%**
2014	**24%**

Gender diversity
Women as a percentage of total workforce

2015	**18%**
2014	**16%**

Production change
% change versus 2014

Platinum (produced ounces)	**25%**
De Beers	**(12)%**
Copper[3]	**(5)%**
Nickel	**(19)%**
Niobium	**34%**
Phosphates (fertiliser)	**0%**
Kumba	**(7)%**
Coal	**(5)%**
Group total	**5%**

Group unit cost movements – US$ nominal basis
% change versus 2014

Platinum	**(28)%[4]**
De Beers	**(6)%**
Copper[3]	**(9)%**
Nickel	**(12)%**
Kumba	**(9)%**
Coal – Australia and Canada	**(23)%**
Coal – South Africa	**(13)%**
Group (copper equivalent)	**(16)%**

Group attributable ROCE

2015	**5%**
2014	**9%**

Underlying EPS

2015	**$0.64**
2014	**$1.73**

[2] The results and targets in the KPI table above include wholly owned subsidiaries and joint operations over which Anglo American has management control.
[3] Includes eight months of Anglo American Norte.
[4] Based on reported production in 2014, i.e. not adjusted for impact of strike.

GROUP FINANCIAL REVIEW

Anglo American reported underlying earnings of $0.8 billion (2014: $2.2 billion), with underlying EBIT decreasing by 55% to $2.2 billion.

Falling prices were seen across most products ($4.2 billion impact on underlying EBIT), with the average iron ore CFR China price down 42% and copper price down 20%, only partly offset by weaker commodity currencies ($1.8 billion impact). After adjusting for inflation, cash costs decreased as a result of cost-reduction initiatives across the Group and falling input costs such as diesel, rubber and steel.

Weaker rough diamond demand negatively affected underlying EBIT, although this was partially offset by increased sales volumes at Coal Australia, Coal South Africa, Kumba Iron Ore (Kumba) and Platinum.

Net debt remained flat at $12.9 billion. Significantly weaker operational cash flows were, for the most part, offset by a $2.0 billion reduction in capital expenditure, as expansionary projects approach completion and stay-in-business capital expenditure has been reduced. In addition, Anglo American received $1.7 billion in net disposal proceeds, primarily from Lafarge-Tarmac and Anglo American Norte.

Full year post-tax impairments of $5.7 billion have been recorded in operating special items, reflecting the impact of deteriorating market conditions, including weaker prices, on asset valuations.

OPERATIONAL PERFORMANCE (PRODUCTION/COSTS)

Operational performance was in line with expectations across the majority of the business. Platinum production rose by 25%, largely due to the recovery from the 2014 strike, as well as a strong mining performance at Mogalakwena and Amandelbult. Rough diamond production decreased by 12% in response to prevailing trading conditions. Copper production decreased by 5%, largely due to the disposal of Anglo American Norte, effective from 1 September 2015. On a pro forma basis (excluding the impact of Anglo American Norte), production was 1% lower, driven by the impact of drought conditions on throughput at Los Bronces and plant instability at Collahuasi during the third quarter, partly offset by higher grades.

Nickel production decreased by 19% to 30,300 tonnes, reflecting the impact of the furnace rebuilds at Barro Alto. At Niobium, the 34% increase in output to 6,300 tonnes reflected the ongoing ramp-up of the BVFR project. Production at Kumba decreased by 7% owing to mining constraints at Sishen. The ramp-up of Minas-Rio continued, with increases in quarter-on-quarter production throughout the year. Output at Coal Australia and Canada increased by 1%, despite Peace River Coal (which produced 1.5 Mt in 2014) being on care and maintenance for the year. At Coal South Africa, export production decreased 4%, owing to the planned closure of a section at Goedehoop and lower production at Mafube as it transitions to a new mining area.

The Group achieved a favourable cost performance in 2015, even allowing for the benefits of weaker local currencies. At Platinum, year-on-year cash operating costs per unit of platinum production (metal in concentrate) decreased by 28% to $1,508 per ounce, owing primarily to the impact of the industrial action on costs in 2014, and the benefit of the weaker rand. As a result of cost savings and the benefit of weaker local currencies at De Beers, consolidated unit costs declined from $111/carat to $104/carat, despite lower volumes. In Copper, there was a $208 million reduction in on-mine cash costs of the retained operations, driven by cost saving initiatives, including a 16% reduction in headcount at Los Bronces. Nickel C1 unit costs decreased by 12%, driven by the weaker Brazilian real, partly offset by inflation and lower production volumes owing to the furnace rebuilds. During the year, Kumba reduced controllable costs by $8/tonne to achieve an average cash break-even price of $49/tonne (CFR China). Coal Australia FOB costs decreased by 7% in local currency terms following increased productivity at underground mines and cost reductions, resulting in the lowest unit costs since 2007. Coal South Africa delivered flat unit costs, despite planned lower production and inflationary pressures.

INCOME STATEMENT

Group underlying EBIT was $2.2 billion, a 55% decrease (2014: $4.9 billion).

Underlying EBIT

$ million	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Platinum	**263**	32
De Beers	**571**	1,363
Copper	**228**	1,193
Nickel	**(22)**	21
Niobium and Phosphates	**119**	124
Iron Ore and Manganese	**671**	1,957
Coal	**457**	458
Corporate and other	**(64)**	(215)
Total	**2,223**	4,933

Underlying earnings

Group underlying earnings were $0.8 billion, a 63% decrease (2014: $2.2 billion).

Net finance costs

Net finance costs, before special items and remeasurements, excluding associates and joint ventures, were $458 million (2014: $256 million). The increase was driven by lower interest income due to a reduction in the average cash balance held by the Group (2015: $6,963 million, 2014: $7,878 million) and net foreign exchange losses in the current period, primarily driven by the weakening of the Brazilian real and South African rand.

Underlying earnings

$ million	Underlying EBIT	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
	Year ended 31 Dec 2015			
Platinum	263	(56)	(39)	168
De Beers	571	(274)	(39)	258
Copper	228	(120)	(41)	67
Nickel	(22)	3	–	(19)
Niobium and Phosphates	119	(71)	–	48
Iron Ore and Manganese	671	(323)	(250)	98
Coal	457	(158)	(7)	292
Corporate and other	(64)	(34)	13	(85)
Total	2,223	(1,033)	(363)	827

Reconciliation to loss for the period from underlying earnings

$ million	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Underlying earnings	827	2,217
Operating special items	(5,972)	(4,374)
Operating remeasurements	(178)	(1)
Non-operating special items	(1,278)	(385)
Financing special items and remeasurements	615	36
Special items and remeasurements tax	47	2
Non-controlling interests on special items and remeasurements	584	38
Share of associates' and joint ventures' special items and remeasurements	(269)	(46)
Loss for the financial year attributable to equity shareholders of the Company	(5,624)	(2,513)
Underlying earnings per share (US$)	0.64	1.73

Tax
The effective rate of tax, before special items and remeasurements and including an attributable share of associates' and joint ventures' tax, increased to 31.0% at year end (31 December 2014: 29.8%). This increased rate was due to the net impact of certain prior year adjustments, the remeasurement of withholding tax provisions across the Group, and the relative levels of profits arising in our operating jurisdictions. In future periods, it is expected that the effective tax rate will remain above the United Kingdom statutory tax rate.

Special items and remeasurements
Special items and remeasurements primarily relate to impairments in respect of the Minas-Rio iron ore project of $2.5 billion; Capcoal, Peace River Coal and other assets within the Coal segment of $1.2 billion; assets and investments within the Platinum business of $0.7 billion; the Snap Lake operation within the De Beers business of $0.6 billion; and the write-down to fair value of the Rustenburg platinum mine of $0.7 billion. Full details of the special items and remeasurements charges are to be found in note 6 to the consolidated financial statements.

GROUP FINANCIAL REVIEW continued

Net debt

$ million	2015		2014	
Opening net debt		**(12,871)**		(10,652)
EBITDA[1]	**4,419**		7,104	
Working capital movements	**25**		9	
Other cash flows from operations	**(204)**		(164)	
Cash flows from operations	**4,240**		6,949	
Capital expenditure including related derivatives[2]	**(4,177)**		(6,018)	
Cash tax paid	**(596)**		(1,298)	
Dividends from associates, joint ventures and financial asset investments	**333**		460	
Net interest	**(540)**		(473)	
Dividends paid to non-controlling interests	**(242)**		(823)	
Attributable free cash flow	**(982)**		(1,203)	
Dividends paid to Company shareholders	**(1,078)**		(1,099)	
Disposals (net proceeds)	**1,745**		44	
Other net debt movements	**285**		39	
Total movement in net debt		**(30)**		(2,219)
Closing net debt[3]		**(12,901)**		(12,871)

(1) EBITDA is underlying EBITDA, as described in note 3 to the financial statements, less EBITDA of associates and joint ventures.
(2) Please see note 22 to the financial statements for the definition of capital expenditure.
(3) Net debt excludes the own credit risk fair value adjustment on derivatives of $555 million (31 December 2014: Nil).

GROUP ROCE

Attributable ROCE declined to 5% in 2015 (2014: 9%) primarily as a consequence of weaker commodity prices, partly offset by improved operational performance and recovery from the platinum strike in 2014, the benefit of weaker local currencies, a lower proportion of post-tax earnings attributable to non-controlling interests and lower average attributable capital employed. Average attributable capital employed was lower at $32.6 billion (2014: $38.7 billion), driven by impairments, offset by ongoing capital expenditure.

The previous ROCE measure, used to track the Driving Value programme, incorporated a number of adjustments, principally to reverse the impact of certain impairments and acquisition fair value adjustments. The new attributable ROCE measure has been developed to allow a clearer link to the published financial statements. Comparatives have been restated to align with the current period presentation, and capital employed by segment is disclosed in note 3 to the consolidated financial statements.

BALANCE SHEET

Net assets of the Group decreased to $21.3 billion (2014: $32.2 billion), driven primarily by impairments of $5.7 billion, losses on disposals of subsidiaries and joint ventures, foreign exchange losses of $4.1 billion, and depreciation of $2.6 billion. Capital expenditure, including capitalised operating cash outflows, for the year was $4.2 billion, while net debt remained flat at $12.9 billion, as explained below.

LIQUIDITY AND FUNDING

At 31 December 2015, the Group had undrawn committed bank facilities of $7.9 billion and cash of $6.9 billion. The Group's forecasts and projections, taking account of reasonably possible changes in trading performance, indicate the Group's ability to operate within the level of its current facilities. The Group has certain financial covenants in place in relation to external debt which are not expected to be breached in the foreseeable future.

NET DEBT

Net debt (including related hedges) of $12,901 million was $30 million higher than at 31 December 2014, representing gearing of 37.7% (31 December 2014: 28.6%). Net debt is made up of cash and cash equivalents of $6,889 million (31 December 2014: $6,747 million) and gross debt including related derivatives of $19,790 million (31 December 2014: $19,618 million). Net debt remained flat year-on-year, with significant cash outflows arising on capital expenditure, the payment of dividends to Company shareholders and to non-controlling interests, and interest payments, offset by cash generated from operations and disposal proceeds.

Anglo American received net proceeds from disposals of $1,745 million (31 December 2014: $44 million), primarily for the sale of its 50% interest in Lafarge Tarmac and for the sale of Anglo American Norte, taking into account disposed cash and transaction costs.

CASH FLOW

Cash flow from operations

Cash flow from operations decreased by $2,709 million to $4,240 million (31 December 2014: $6,949 million), driven by the 38% decrease in underlying EBITDA. Cash inflows on operating working capital were $25 million (31 December 2014: inflows of $9 million). These were due to a decrease in operating receivables, primarily at Kumba, owing to lower realised prices, offset by increases in inventories at De Beers, resulting from lower volumes sold.

Attributable free cash flow

Attributable free cash flow increased by $221 million to an outflow of $982 million despite cash flow from operations decreasing by $2,709 million. The improvement was primarily due to a reduction in capital expenditure of $1,841 million to $4,177 million (31 December 2014: $6,018 million), mainly owing to the Minas-Rio iron ore project in Brazil moving into its ramp-up phase. Cash tax paid and dividends paid to non-controlling interests decreased by $1,283 million in total, driven by lower earnings.

Net disposal proceeds of $1,745 million relate primarily to the completion of the sale of the Group's interests in Lafarge Tarmac and Anglo American Norte.

DIVIDENDS

Analysis of dividends

US cents per share	Year ended 31 Dec 2015	Year ended 31 Dec 2014
Interim dividend	**32**	32
Recommended final dividend	**–**	53
Total dividends	**32**	85

No final dividend was declared for 2015 (final dividend 2014: 53 US cents per ordinary share). Total dividends paid to Company shareholders during 2015 were $1,078 million (31 December 2014: $1,099 million).

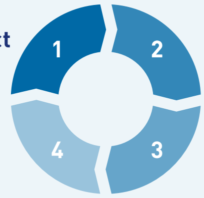
Further protecting its balance sheet and cash position, Anglo American announced in December 2015 its decision to suspend dividend payments. The commitment to a dividend during the ordinary course of business remains a core part of the Group's overall capital allocation approach and the Board has recommended that, upon resumption, Anglo American should adopt a payout ratio-based dividend policy in order to provide shareholders with exposure to improvements in commodity prices, while retaining cash flow flexibility during periods of weaker pricing.

MANAGING RISK EFFECTIVELY

Byron Grote
Chairman, Audit Committee

Anglo American recognises that risk is inherent in all its business activities. Our risks can have a financial, operational or reputational impact. As understanding our risks and developing appropriate responses are critical to our future success, we are committed to an effective, robust system of risk identification and an effective response to such risks to support the achievement of our objectives.

Anglo American's assessment of strategic, operational, project and sustainable development related risks



1. Identifying risks
A robust methodology is used to identify key risks across the Group; at business units, operations and projects. This is being applied consistently through the development and ongoing implementation of a Group integrated risk management standard.

2. Analysing risks and controls to manage identified risks
Once identified, the process will evaluate identified risks to establish root causes, financial and non-financial impacts and likelihood of occurrence. Consideration of risk treatments is taken into account to enable the creation of a prioritised register and in determining which of the risks should be considered as a principal risk.

3. Determining management actions required
Effectiveness and adequacy of controls are assessed. If additional controls are required, these will be identified and responsibilities assigned.

4. Reporting and monitoring
Management is responsible for monitoring progress of actions to mitigate key risks and determine if the risk is operating within the limits of our risk appetite. Management is supported through the Group's internal audit programme, which evaluates the design and effectiveness of controls. The risk management process is continuous; key risks are reported to the Audit Committee, with sustainability risks also being reported to the Sustainability Committee.

HOW DOES RISK RELATE TO OUR STRATEGIC ELEMENTS?

Risks can arise from events outside of our control or from operational matters. Each of the risks described on the following pages can have an impact on our ability to achieve our strategic elements:

- **Where we compete: optimising and streamlining our portfolio;**
- **How we win: maximising our performance;**
- **Critical core skills: creating a capable organisation.**

VIABILITY STATEMENT

The directors confirm that they have a reasonable expectation that the Group will continue in operation and meet its liabilities as they fall due for the next three years. This period has been selected for the following reasons:

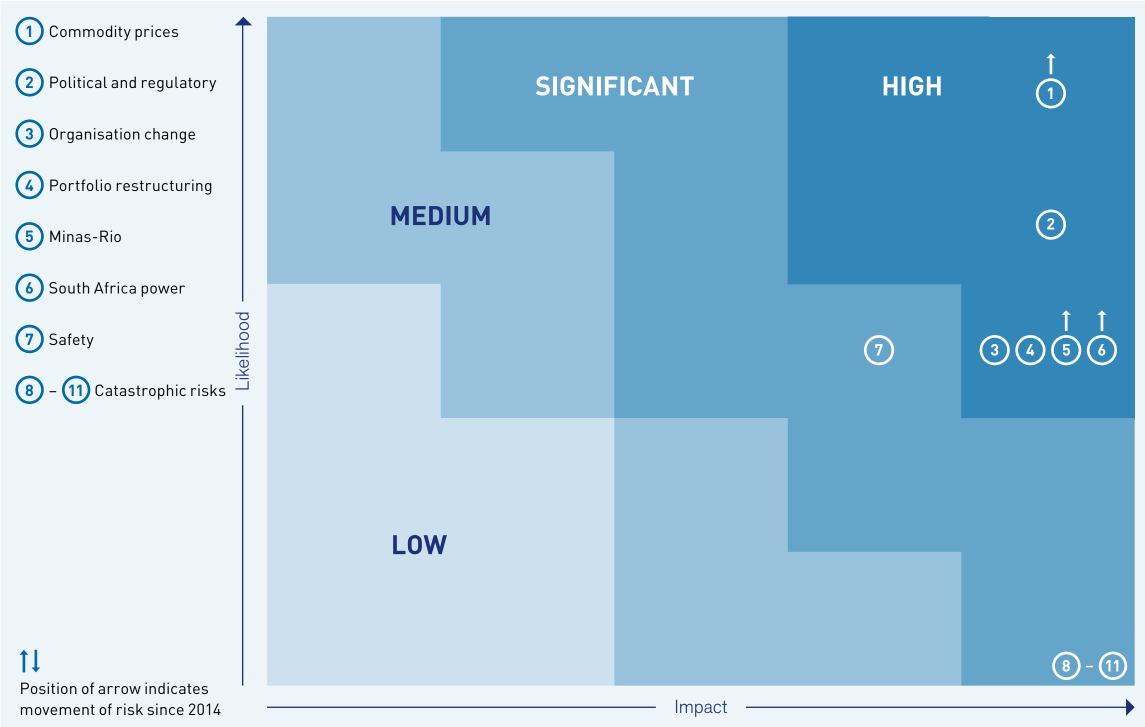
- The Group's strategy and budgeting process is aligned with a three-year view;
- The current volatility in commodity markets makes confidence in a longer assessment of prospects highly challenging; and
- The Group will undergo a significant transition over the next three years. The viability statement is aligned with completion of that transition.

The directors' assessment has been made with reference to the Group's current position and prospects, including the impact of the proposed restructuring and the expected disposal proceeds and a robust analysis of its principal risks. Assessment of financial performance and cash flows, including debt repayment, has been performed over the three year period using budgeted commodity prices and foreign exchange rates. Financial performance and cash flows have then been subjected to stress and sensitivity analysis over the three year period, using a range of conservative commodity prices and foreign exchange rates.

We have then considered the severe but plausible financial impact of other risks the Group faces, combining certain different principal risks and other significant risks faced by the Group under a number of different scenarios modelled over the three year period.

Our assumptions in making the viability statement primarily relate to the financial impacts of our principal risks and our mitigation of those risks.

PRINCIPAL RISKS AT A GLANCE



PRINCIPAL RISKS

We define a principal risk as a risk or combination of risks that would threaten the business model, future performance, solvency or liquidity of Anglo American. In addition to these principal risks we continue to be exposed to other risks related to currency, inflation, information and cyber security, community relations, environment, infrastructure and human resources. These risks are subject to our normal procedures to identify, implement and oversee appropriate mitigation actions.

Principal risks 1–7 on **pages 42–44**

CATASTROPHIC RISKS

We also face certain risks that we deem catastrophic risks. These are very high severity, very low likelihood events that could result in multiple fatalities or injuries, an unplanned fundamental change to strategy or the way we operate, and have significant financial consequences. We do not consider likelihood when assessing these risks as the potential impacts mean these risks must be treated as a priority. Catastrophic risks are included as principal risks.

Catastrophic risks 8–11 on **pages 44–45**

RISK APPETITE

We define risk appetite as 'the nature and extent of risk Anglo American is willing to accept in relation to the pursuit of its objectives'. We look at risk appetite from the context of severity of the consequences should the risk materialise, any relevant internal or external factors influencing the risk and the status of management actions to mitigate the risk. A scale is used to help determine the limit of appetite for each risk, recognising that risk appetite will change over time.

If a risk exceeds appetite, it will threaten the achievement of objectives and may require a change to strategy. Risks that are approaching the limit of the Group's risk appetite may require management actions to be accelerated or enhanced in order to ensure the risks remain within appetite levels.

Further details on the risk management and internal control systems and the review of their effectiveness are provided on **pages 80–81**

MANAGING RISK EFFECTIVELY continued

1. COMMODITY PRICES

Pillars of value: Financial

Global macro-economic conditions leading to sustained low commodity prices and/or volatility.

Root cause: The most significant factors contributing to this risk at present are the slowdown in growth in China and other emerging markets, low growth rates in developed economies and an oversupply of commodities into the market, particularly the raw materials such as iron ore and metallurgical coal used in steel making. Other factors such as weak regional economies and conflict can also influence the economic environment and contribute to weak commodity prices.

Impact: Low commodity prices can result in weakened levels of cash flow, profitability and valuation. Debt costs may rise owing to rating agency downgrades and the possibility of restricted access to funding. The Group may be unable to complete its divestment programme within the desired timescales or achieve expected values. The capability to invest in growth projects is limited during periods of low commodity prices – which may, in turn, affect future performance.

Mitigation: High levels of liquidity will be maintained during the current cycle. An organisation change programme incorporating cost reductions, continued roll-out of the Operating Model, reductions in capital expenditure and the divestment of certain assets is under way. The Board regularly monitors progress of these actions.

↑ **This risk has increased since 2014**

Risk appetite: Operating outside the limits of our appetite and mitigation actions are in place.

Commentary: Current economic conditions are having a negative impact on commodity prices and represent the biggest immediate threat to Anglo American's financial performance. We have announced significant portfolio changes (see pages 16–19) as a response to commodity price risk.

2. POLITICAL AND REGULATORY

Pillars of value: Financial, Socio-political, People, Cost

Uncertainty and adverse changes to mining industry regulation, legislation or tax rates can occur in any country in which we operate.

Root cause: The Group has no control over political acts or changes in local tax rates. Our licence to operate through mining rights is dependent on a number of factors including compliance with regulations.

Impact: Uncertainty over future business conditions leads to a lack of confidence in making investment decisions, which can influence future financial performance. Increased costs can be incurred through additional regulations or resource taxes, while the ability to execute strategic initiatives that reduce costs or divest assets may also be restricted; all of which may reduce profitability and affect future performance. Political stability can also result in civil unrest or nullification of existing agreements, mining permits or leases. These may adversely affect the Group's operations or results of those operations.

Mitigation: Anglo American has an active engagement strategy with the governments and regulators within the countries in which we operate or plan to operate. We assess portfolio capital investments against political risks and avoid or minimise exposure to jurisdictions with unacceptable risk levels. We actively monitor regulatory and political developments on a continuous basis.

No change in risk

Risk appetite: Operating within the limits of our appetite.

Commentary: Current global economic conditions have a significant impact on countries whose economies are exposed to the downturn in commodities, placing greater pressure on governments to find alternative means of raising revenues, and increase the risk of social and labour unrest. These factors could increase the political risks faced by the Group.

Pillars of value:

Safety and Health · Socio-political · Production · Financial
Environment · People · Cost

3. ORGANISATION CHANGE

Pillars of value:

Failure to accelerate and deliver the organisation change programme will lead to a loss of shareholder confidence in the ability to transform Anglo American and result in a reduced valuation.

Root cause: The urgency to deliver change is high, but constraints exist in different geographies, including employment regulations and political factors that may delay timing and delivery of the organisation change.

Impact: Weakened levels of investor confidence, a decreased company valuation and reputational damage are possible outcomes if this risk materialises. Weaker cash flows, lower levels of profitability and debt rating downgrades, with a resultant increased cost of debt and possibly reduced access to financing, could also occur should this risk materialise. Employee morale and retention of key skills may also be affected.

Mitigation: Progress has been achieved in all the various actions associated with the Group's organisation change. Mechanisms are in place to monitor progress, identify constraints to implementation, and to measure the benefits delivered. The Board regularly reviews the progress of these initiatives.

No change in risk

Risk appetite: Operating within the limits of our appetite.

Commentary: The organisation change programme incorporates redesign of corporate functions, implementation of the Operating Model, capital expenditure reviews, delivery of the marketing strategy and cost reduction initiatives. Non-delivery is deemed a principal risk in its own right as it is a critical component of the response to weak commodity prices.

4. PORTFOLIO RESTRUCTURING

Pillars of value:

Inability to divest assets in the timeframe required and/or for expected value.

Root cause: Current economic conditions, particularly in commodity markets, are reducing the number of potential asset acquirers and are affecting the value that can be obtained. Completion of transactions can be complex, and involve numerous stakeholders – such as regulators, government, joint venture partners, employees and local communities – and each may have different expectations.

Impact: Weakened levels of cash flow, reduced profitability and a resultant negative impact on the valuation of Anglo American may result, along with an inability to reduce debt and improve financial performance. Any credit rating agency downgrade may increase the cost of debt, while an inability to deliver portfolio changes could result in loss of investor confidence and reputational damage.

Mitigation: The divestment process involves comprehensive stakeholder engagement and initiatives to generate buyer interest. The Board regularly monitors progress of individual transactions.

No change in risk

Risk appetite: Operating within the limits of our appetite.

Commentary: Progress was made during 2015, following the successful divestment of the Lafarge Tarmac stake and the Anglo American Norte assets which, together, delivered $1.9 billion in gross proceeds. In addition, the proposed sale of Anglo American Platinum's Rustenburg mining and concentrating operations to Sibanye was announced in September. Non-delivery is deemed a principal risk in its own right as it is a critical component of the response to weak commodity prices.

5. MINAS-RIO

Pillars of value:

Delay in obtaining the operating licence extension and inability to achieve production targets during ramp-up.

Root cause: Production has been impacted by water availability due to reduced rainfall. Increased regulatory scrutiny for the licence extension can be expected as a result of a major tailings dam incident involving loss of life at a competitor facility in Brazil in November, while there is also the continuing need to manage community issues. Both may delay completion of the civil works associated with the mine's development. Delays in obtaining licences are causing operational constraints.

Impact: Inability to achieve planned production and revenues and/or reductions in the cost of production. This may also result in loss of investor confidence and reputational damage.

Mitigation: A comprehensive stakeholder engagement plan is in place to manage the licence extension and actions are being taken to address the ramp-up risks identified.

↑ **This risk has increased since 2014**

Risk appetite: Operating within the limits of our appetite.

Commentary: An extension to the operating licence has been requested and is expected to be delivered by September 2016. The process to extend the licence through to December 2022 has also started and risks to achieving that extension have been identified. Risks to the production ramp-up have also been assessed, including optimisation of the flotation plant and water availability.

MANAGING RISK EFFECTIVELY continued

6. SOUTH AFRICA POWER

Pillars of value:

Electricity supply not able to meet the country's demands, leading to unplanned outages and failure of the national grid.

Root cause: Anglo American is a significant consumer of power owing to the extent of our operations in South Africa. The risk is created through the state's lack of investment in generating capacity and a maintenance backlog in some generating facilities, leading to unplanned outages.

Impact: Unplanned and short-notice power supply outages can lead to production shortfalls, with a negative effect on revenue, costs and productivity. There are potential safety implications, particularly for underground mines and process activities. Loss of critical computing systems can interrupt normal business activities.

Mitigation: Daily interactions are held with senior management of the state-owned power supplier to understand short and long term supply issues. Business units have emergency generation capability for deep level shafts and procedures are in place to minimise disruption.

↑ **This risk has increased since 2014**

Risk appetite: Operating within the limits of our appetite.

Commentary: Installed generation capacity is not operating at 100%, particularly during summer months, leaving the system vulnerable, with any supply shortfalls requiring national load-shedding and/or curtailment. Significant improvements are not expected in the near term.

7. SAFETY

Pillars of value:

Failure to deliver a sustained improvement in safety performance.

Root cause: Inability to deliver a sustained improvement in safety performance will result from a failure of management interventions and training initiatives to translate into behavioural change by all employees and contractors.

Impact: Loss of life, workplace injuries and safety-related stoppages all immediately impact production; while, over the longer term, such factors are also a threat to our licence to operate.

Mitigation: A continued, relentless focus on safety improvement and safety risk management is adopted by executive management. Operating standards and guidelines are in place to mitigate safety risk, supported by robust risk management and risk assurance processes.

No change in risk

Risk appetite: Operating within the limits of our appetite.

Commentary: Senior management continues to treat safety risk management as its top priority. In 2015, lost-time injuries decreased, excluding Platinum, compared with the prior year, demonstrating continued progress in reducing workplace injuries.

Six people lost their lives at Anglo American's managed operations during 2015, the same number as in 2014.

8. TAILINGS DAM FAILURE

Pillars of value:

A release of waste material leading to loss of life, injuries, environmental damage, reputational damage, financial costs and production impacts.

Root cause: Tailings dam failures can result from over-topping, poor operating practices, instability of pit slopes, inadequate design and construction, or seismic events.

Impact: Potential for multiple fatalities and injuries, long term environmental damage, significant reputational damage and loss of licence to operate. The financial impact associated with clean-up costs and legal liability claims could be substantial.

Mitigation: Anglo American employs technical standards that provide minimum design criteria and operational performance requirements; all of which are regularly inspected by technical experts. Assurance work is conducted to monitor the controls associated with management of tailings dam facilities.

No change in risk

Risk appetite: Operating within the limits of our appetite.

Commentary: Tailings dam failure is considered a catastrophic risk – i.e. a very high severity but very low frequency event that must be treated with the highest priority.

Pillars of value:

Safety and Health
Socio-political
Production
Financial
Environment
People
Cost

9. SLOPE WALL FAILURE

Pillars of value:

A sudden and unexpected failure of a slope causing landslides and inrush to pit or other asset (such as a pipeline), leading to loss of life, injuries, environmental damage, reputational damage, financial costs and production impacts.

Root cause: Slope wall failure can result from inadequate design, unexpected adverse geological conditions, shortcomings in the mining process, or natural events such as seismic activity or excessive rainfall.

Impact: Potential for multiple fatalities or injuries, significant production impact and damage to assets. Financial costs associated with recovery and legal claims may be extensive. Regulatory issues may result and community relations may be affected.

Mitigation: Technical standards exist that provide minimum criteria for slope stability design and operation. Monitoring of slope movement is conducted at all open pit operations. Inspections and training and awareness programmes are provided by technical experts, and assurance work is conducted to assess the effectiveness of controls.

No change in risk

Risk appetite: Operating within the limits of our appetite.

Commentary: Slope wall failure is considered a catastrophic risk – i.e. a very high severity but very low frequency event that must be treated with the highest priority.

10. MINESHAFT FAILURE

Pillars of value:

A sudden and unexpected failure of a mineshaft.

Root cause: There are 23 vertical shafts in our Platinum and Coal business units. Mineshaft failure can occur as a result of rope failure, fire and explosion in a shaft, flooding, power failure, mud rush, conveyance failure or structural failure.

Impact: Multiple fatalities and injuries, damage to assets, production loss and reputational damage. Financial costs associated with recovery and liability claims may be significant.

Mitigation: Technical standards exist that provide minimum criteria for mineshaft management. Inspections are carried out by technical experts and assurance work is conducted to assess the effectiveness of controls.

No change in risk

Risk appetite: Operating within the limits of our appetite.

Commentary: Mineshaft failure is considered a catastrophic risk – i.e. a very high severity but very low frequency event that must be treated with the highest priority.

11. FIRE AND/OR EXPLOSION

Pillars of value:

Fire and explosion risks are present at all mining operations and processing facilities such as smelters and refineries in our Platinum, Copper and Nickel businesses.

Root cause: The combined presence of fuel, heat and oxygen, as well as conditions that can lead to the concentration and confinement of these elements, can cause an explosion – including gas, coal dust (particularly in underground mines), sulphide dust or furnace gas explosions.

Impact: Multiple fatalities and injuries, damage to assets, loss of production, reputation damage and loss of licence to operate. Financial costs associated with recovery and liability claims may be significant.

Mitigation: Technical standards exist that provide minimum criteria for prevention of underground explosions and fire. Inspections are carried out by technical experts and assurance work is conducted to assess the effectiveness of controls. Third party reviews of fire risk are conducted at each location where significant risk is present.

No change in risk

Risk appetite: Operating within the limits of our appetite.

Commentary: Fire and explosion is considered a catastrophic risk – i.e. a very high severity but very low frequency event that must be treated with the highest priority.

PLATINUM

Chris Griffith
CEO – Anglo American Platinum

Anglo American is the leading primary producer of PGMs, providing the world with around 40% of all newly mined platinum. All of our operations are located in the Bushveld Complex in South Africa, with the exception of Unki mine on the Great Dyke formation in Zimbabwe.

DRIVING CHANGE

PRODUCTION RECORD AT MOGALAKWENA

392,000 ounces

COST PER TONNE REDUCTION AT MOGALAKWENA

7% VS 2014

HEADCOUNT REDUCTION IN YEAR

8%

DEFINING OUR FUTURE

SALE OF RUSTENBURG OPERATIONS AGREED WITH SIBANYE GOLD FOR AT LEAST R4.5 BILLION (NOMINAL)
Sibanye shareholder approval gained and South African competition and regulatory approvals in train

UNION PLATINUM MINE IDENTIFIED FOR SALE
Operation has been restructured and production significantly reduced while also progressing the sale of the asset

JOINT VENTURE OPERATIONS WILL CONTINUE TO BE OPERATED IN A SEPARATE MANAGEMENT STRUCTURE
Kroondal, Pandora and other joint ventures under review to determine optimum path to realise shareholder value over time

Boom drill operator Adros Bonongwa drilling in the south section of Unki mine in Zimbabwe.

KEY PERFORMANCE INDICATORS

	Production volume (k'oz)[1]	Sales volume (k'oz)	Price ($/Pt oz)[2]	Unit cost ($/Pt oz)	Revenue ($m)	Underlying EBITDA ($m)	Underlying EBIT ($m)	Capex ($m)	ROCE
Platinum	**2,337**	**2,471**	**1,905**	**1,508**	**4,900**	**718**	**263**	**366**	**4%**
Prior year	1,870	2,115	2,413	2,081	5,396	527	32	576	0%
Mogalakwena	**392**	**422**	**2,585**	**1,369**	**1,092**	**496**	**368**	**151**	**–**
Prior year	370	382	3,277	1,742	1,271	504	371	196	–
Amandelbult	**437**	**433**	**1,641**	**1,382**	**712**	**97**	**36**	**53**	**–**
Prior year	219	279	2,117	2,384	593	(37)	(96)	68	–
Other operations	**1,508**	**1,616**	**–**	**–**	**3,096**	**177**	**(89)**	**156**	**–**
Prior year	1,281	1,454	–	–	3,532	118	(185)	306	–
Project and corporate	**–**	**–**	**–**	**–**	**–**	**(52)**	**(52)**	**6**	**–**
Prior year	–	–	–	–	–	(58)	(58)	6	–

(1) In keeping with industry benchmarks, production disclosure has been amended to reflect own mine production and purchases of metal in concentrate. Previous disclosure of own mine production and purchases of metal in concentrate was converted to equivalent refined production using standard smelting and refining recoveries.

(2) Average US$ basket price.

Strategic report

INTRODUCTION

At Anglo American Platinum, we are optimising and reconfiguring our portfolio. Once complete, we will have a 'best in class' core operating footprint at the Mogalakwena and Amandelbult mines in South Africa and Unki in Zimbabwe, alongside our joint venture interests in Bafokeng-Rasimone, the Mototolo mine and Modikwa mine in South Africa. Also in South Africa, we own smelting and refining operations which treat concentrates, not only from our wholly owned mines, but also from our joint venture partners and third parties.

FINANCIAL AND OPERATING OVERVIEW

Underlying EBIT increased by $231 million to $263 million (2014: $32 million). This was due to an improved operational performance following the 2014 industrial action, higher sales volumes, the weakening of the South African rand against the dollar, and an annual inventory adjustment which improved underlying EBIT by $181 million.

Year-on-year cash operating costs per unit of platinum production (metal in concentrate) decreased by 28% to $1,508 per ounce, excluding projects, owing primarily to the impact of the industrial action on costs in 2014, and the benefit of the weaker rand. On a 2014 financial year strike-adjusted unit cost basis, rand cash operating costs per unit of platinum production increased by 6% as a result of mining inflation costs, specifically relating to electricity and employment. This compares, however, to a mining inflation rate of ~7% in South Africa. On a strike-adjusted US dollar basis, unit costs were 10% lower, reflecting the benefit of the weaker rand.

MARKETS

	2015	2014
Average platinum market price ($/oz)	**1,051**	1,385
Average palladium market price ($/oz)	**691**	803
Average rhodium market price ($/oz)	**932**	1,173
Average gold market price ($/oz)	**1,160**	1,266
US$ realised basket price – Pt ($/Pt oz)	**1,905**	2,413
Rand realised basket price – Pt (ZAR/Pt oz)	**24,203**	26,219

The average US dollar basket price per platinum ounce sold decreased by 21% in 2015 to $1,905, despite platinum and palladium demand exceeding supply from mining and recycling for the fourth consecutive year. The prospect of monetary tightening in the US, growth concerns in China, uncertainty surrounding Greece's possible exit from the euro, and the unfolding vehicle emissions scandal all dampened sentiment towards PGMs. In addition, further supply from above ground inventories and a weakening rand led to price declines in the year. Mined metal in South Africa recovered to above 2013 levels, following strike-affected 2014, though production from both Russia and North America fell. Total secondary supply declined owing to lower jewellery recycling volumes in China and reduced scrap incentives in the automotive sector. Declines in jewellery and investment demand were offset by a relatively strong performance by the automotive and industrial sectors.

For more information refer to the Marketplace review section
See pages 8–10

OPERATING PERFORMANCE

Total platinum production (metal in concentrate) rose by 25% to 2,337,000 ounces (2014: 1,870,000 ounces). The increase was attributable to recovery from the five-month strike and subsequent ramp-up in the prior year, as well as a strong mining performance at Mogalakwena, Amandelbult and Unki mines.

Mogalakwena mine, which was unaffected by strike action in 2014, continued its robust operational performance, with growth in production resulting from higher concentrator recoveries and higher head grades, despite a community protest action which resulted in a loss of 9,000 ounces. Total output from Mogalakwena increased by 6% to 392,000 ounces (2014: 370,000 ounces), with a 5% increase in on-mine production of platinum to 368,000 ounces, while toll concentrating activities at a third party concentrator yielded 24,000 ounces. As a result, the unit cost per platinum ounce (metal in concentrate) at Mogalakwena decreased by 20% to $1,369 per ounce, including the benefit of the weaker rand.

Production at Amandelbult increased from 219,000 ounces to 437,000 ounces owing to the mine returning to normal production following the strike, as well as an improved mining performance.

Unki mine in Zimbabwe produced 66,000 ounces, an increase of 7%, on the back of improved mining efficiencies and higher grades.

Rustenburg, including the Western Limb Tailings, increased output by 202,000 ounces to 485,000 ounces, largely driven by the recovery from the industrial action. Rustenburg was further consolidated into two mines; East and West mine, and is in the process of implementing its optimised mine plan. This has led to an increase in immediately available Ore Reserves, improved productivity and increased profitability.

PLATINUM continued

Union mine, which has recovered in the aftermath of the 2014 strike, produced 141,000 ounces, an increase of 53,000 ounces, despite the closure of its decline section in 2014. Union's continued focus is on ensuring it improves performance in line with its optimised mine plan.

Section 54 safety stoppages affected production across almost all operations, predominantly in the first half of the year. The Department of Mineral Resources has been engaged to ensure the impact of such stoppages is limited and that Section 54 notices are only used as a last resort.

Production from the joint venture and associate portfolio, inclusive of both mined and purchased production, decreased by 2%. Lower output was largely the result of safety stoppages following fatal incidents at Bafokeng-Rasimone platinum mine, closure of two shafts at Bokoni and lower grades at Mototolo. This was partly offset by higher production from Kroondal.

Refined platinum production increased by 30% to 2,459,000 ounces (2014: 1,890,000 ounces) owing to production returning to normal following the 2014 strike, as well as operational improvements. In addition, a physical count of in-process metals conducted in the first half of the year led to an inventory increase of 130,000 ounces. The subsequent processing of this additional inventory resulted in refined platinum production of 2,459,000 ounces exceeding 2,337,000 ounces of produced metal.

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

As a result of higher refined production, platinum sales volumes increased by 17% to 2,471,000 platinum ounces.

OPERATIONAL OUTLOOK

It is anticipated that platinum production (metal in concentrate) will remain between 2.3-2.4 million ounces in 2016. The required process to put the Twickenham project onto care and maintenance will commence in 2016.

It is estimated that cash unit costs will be R19,250-R19,750 per platinum ounce (metal in concentrate) for 2016. Platinum believes the focus on cost rationalisation will enable it to meet its goals of keeping costs below mining inflation.

Platinum demand by use in 2015

	%
Autocatalyst: gross	43
Industrial	26
Jewellery: net	26
Investment	5
Total	**100**

Source: Anglo American Platinum

Palladium demand by use in 2015

	%
Autocatalyst: gross	81
Industrial	24
Jewellery: net	2
Investment	(7)
Total	**100**

Source: Anglo American Platinum

DE BEERS

Philippe Mellier
CEO – De Beers Group

Anglo American owns 85% of De Beers, the world's leading diamond company. The balance of 15% of De Beers is owned by the Government of the Republic of Botswana. Our diamond operations are located in four countries: Botswana, Canada, Namibia and South Africa. In Botswana and Namibia, we work in partnership with our host governments.

DRIVING CHANGE

PRODUCTION REDUCED IN RESPONSE TO WEAKER TRADING CONDITIONS

12% (3.9 million carats)

UNIT COST REDUCTIONS

6% vs 2014

NUMBER OF FOREVERMARK™ 'DOORS'[1]

1,760

[1] A Diamond is Forever™ and Forevermark™ are trademarks of The De Beers Group of Companies.

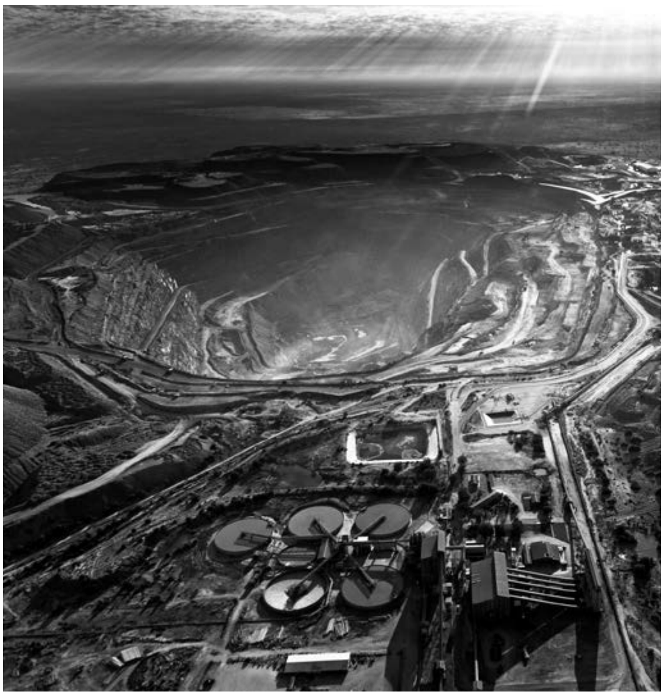
DEFINING OUR FUTURE

CONTINUED INVESTMENT IN FUTURE GROWTH

- Gahcho Kué progress at 83% with first production scheduled for H2 2016
- Jwaneng's Cut-8 is expected to become the mine's main source of ore in 2018
- Venetia Underground continues to progress and is expected to become the mine's principal source of ore from 2022

PORTFOLIO CHANGES:

- Snap Lake mine in Canada placed onto long term care and maintenance as of December 2015
- Damtshaa – a satellite mine at Orapa in Botswana – was placed onto temporary care and maintenance in January 2016
- Sale of Kimberley Mines, in South Africa, completed in January 2016



In Botswana, Jwaneng's Cut-8 extension is progressing on the south eastern side of the open pit.

INTRODUCTION

De Beers and its partners produce about a third of the world's rough diamonds by value, with the majority sold via Global Sightholder Sales to long term contract customers and accredited buyers, and the remainder via De Beers Auction Sales to auction customers. Downstream assets include the De Beers Diamond Jewellers joint venture and the Forevermark™ brand, which now features in 1,760 outlets in 35 key consumer markets around the world. Finally, Element Six sells synthetic diamonds to the industrial diamond supermaterials industry.

FINANCIAL AND OPERATIONAL OVERVIEW

De Beers' underlying EBIT decreased by 58% to $571 million (2014: $1,363 million). This was the result of weaker rough diamond demand and lower revenue, offset in part by tight operating cost control and favourable exchange rates.

Total De Beers revenue fell by 34% to $4.7 billion (2014: $7.1 billion), mainly driven by lower rough diamond sales, which declined by 36% to $4.1 billion. This was due to a 39% reduction in consolidated sales volumes to 19.9 million carats (2014: 32.7 million carats), partly offset by a 5% increase in the average realised diamond price.

DE BEERS continued

KEY PERFORMANCE INDICATORS[1]

	Production volume (000'cts)	Sales volume (000'cts)[2]	Price ($/ct)[3]	Unit cost ($/ct)[4]	Revenue ($m)[5]	Underlying EBITDA ($m)	Underlying EBIT ($m)	Capex ($m)	ROCE
De Beers	**28,692**	**19,945**	**207**	**104**	**4,671**	**990**	**571**	**697**	**6%**
Prior year	32,605	32,730	198	111	7,114	1,818	1,363	689	13%
Debswana	**20,368**	**–**	**178**	**34**	**–**	**379**	**352**	**101**	**–**
Prior year	24,237	–	172	31	–	604	579	114	–
Namdeb Holdings	**1,764**	**–**	**553**	**273**	**–**	**147**	**120**	**30**	**–**
Prior year	1,886	–	581	283	–	207	177	37	–
South Africa	**4,673**	**–**	**131**	**81**	**–**	**282**	**174**	**279**	**–**
Prior year	4,634	–	155	89	–	344	243	296	–
Canada	**1,887**	**–**	**275**	**229**	**–**	**154**	**65**	**254**	**–**
Prior year	1,848	–	312	279	–	178	77	186	–
Trading	**–**	**–**	**–**	**–**	**–**	**107**	**100**	**2**	**–**
Prior year	–	–	–	–	–	579	572	4	–
Other[6]	**–**	**–**	**–**	**–**	**–**	**(79)**	**(240)**	**31**	**–**
Prior year	–	–	–	–	–	(94)	(285)	52	–

(1) Prepared on a consolidated accounting basis, except for production which is stated on a 100% basis.
(2) Total sales volumes on a 100% basis were 20.6 million carats (2014: 34.4 million carats).
(3) Price for the mining business units based on 100% selling value post-aggregation.
(4) Based on the total cost per carat recovered, including depreciation.
(5) Includes rough diamond sales of $4.1 billion (2014: $6.5 billion).
(6) Other includes Element Six, downstream and acquisition accounting adjustments.

This 5% increase in average realised diamond prices to $207/carat (2014: $198/carat), reflected a stronger product mix, despite an 8% lower average rough price index for the period. From the final Sight in 2014 to the final Sight in 2015, the De Beers rough price index declined by 15%.

Owing to weaker rough diamond demand, De Beers reduced production, costs and capital expenditure. As a result of the cost saving programmes, supported by favourable exchange rate movements, consolidated unit costs declined from $111/carat to $104/carat.

MARKETS

Global consumer demand for diamond jewellery in 2015 is expected to have declined marginally in US dollar terms from the record levels of 2014, as growth in the US was offset by the economic slowdown in China and the strength of the dollar.

The US, the largest market for polished diamonds at approximately 45% of global market value, again saw the strongest growth, albeit at a slower rate than in 2014. Demand for diamond jewellery by Chinese consumers was stable, while in India, diamond jewellery demand contracted in local currency terms.

Weaker than expected consumer demand in 2015 resulted in retailers reducing their demand for polished diamonds from the midstream manufacturers. A build-up in polished stocks in the midstream put downward pressure on polished prices, and reduced the midstream's willingness to purchase additional rough diamonds. This was exacerbated by a more stringent financing environment.

For more information refer to the Marketplace review section
See pages 8–10

OPERATING PERFORMANCE

Mining and manufacturing

Rough diamond production decreased by 12% to 28.7 million carats (2014: 32.6 million carats) as De Beers reduced production in response to prevailing trading conditions.

Debswana's production decreased by 16% to 20.4 million carats, driven by a reduction in tailings production at Jwaneng, combined with the bringing forward of planned maintenance at both Jwaneng and Orapa. Debswana is focusing on improving reliability and cash costs, while maintaining flexibility, with Damtshaa, a satellite of Orapa, being placed onto temporary care and maintenance from 1 January 2016, affording the option of efficiently resuming production when market conditions allow.

In South Africa, production was in line with 2014, though below planned 2015 production. A decline at Venetia, owing to lower throughput and a reduction in tailings processing – again, in response to softer trading conditions – was offset by increased production at Kimberley. The completion of the sale of Kimberley Mines to Ekapa Minerals was announced on 21 January 2016.

Production at Namdeb Holdings decreased by 6%, as a result of a focus on lower grade mining areas in response to prevailing trading conditions. This impact was partly compensated by increased availability of the *Mafuta* vessel at Debmarine Namibia. The terms of a new 10-year sales agreement between De Beers and the Government of the Republic of Namibia are currently being finalised.

De Beers' strategy across the pipeline

De Beers operates across the diamond value chain. The Upstream stage is concerned with exploration and mining. Moving down the pipeline, the Midstream stage involves the sorting and selling of rough diamonds. At the Downstream stage, manufactured jewellery pieces arrive at retail jewellers, to be purchased by the end consumer.

De Beers has mining operations in four countries. Its principal sales channel is Global Sightholder Sales, which sells diamonds to around 80 of the world's leading diamantaires, or Sightholders, at its 10 annual Sights. Finally, De Beers has access to the end consumer through its Forevermark™ brand, which now features in 1,760 outlets worldwide, and through the De Beers Diamond Jewellers joint venture retail jewellery stores.

In Canada, production was in line with the prior year as lower grades at both Snap Lake and Victor were offset by improved throughput. In December 2015, De Beers announced that Snap Lake would be placed onto long term care and maintenance with immediate effect.

Element Six experienced challenging trading conditions throughout the year, primarily as a result of the effect on sales of the contraction in global oil and gas drilling activity. The resulting impact on revenue and operating margins was partly offset by a cost-containment programme, affecting both direct and indirect costs. The plant in Sweden has been closed, while the plants in South Africa and Ireland have been upgraded and restructured to optimise production and reduce the cost base.

Brands

Forevermark™ continued to expand and is now available in 1,760 outlets – a 14% increase on 2014 – across 35 markets and, despite the challenging trading conditions, the brand achieved double-digit sales growth. In March 2015, a new grading and inscription facility was opened in Surat in India, with the potential to process up to $500 million worth of diamonds annually. In August, Forevermark™ announced the relaunch of the *A Diamond is Forever*™ marketing campaign, which began in the US and India in advance of the key selling season in the fourth quarter. De Beers also invested in additional holiday marketing campaigns to further stimulate diamond jewellery gift giving across the key US and China markets; these campaigns were received positively by the industry.

De Beers Diamond Jewellers maintained its focus on fast-growing markets, with 35 stores in 12 key consumer markets around the world, and continued to see strong sales in the higher-end market and with Chinese consumers worldwide.

Outlook

De Beers expects the US market to remain the main driver of growth in consumer demand in 2016. The extent of global growth will, however, be dependent upon a number of macro-economic factors, including the strength of the dollar and economic performance in China, and their impact worldwide. Longer term, the sector is likely to continue to see benefit from a continuing rise in the world's middle classes in emerging markets, particularly in China and India.

Rough diamond demand in 2016 will be dependent upon consumer demand for diamond jewellery and the resultant levels of restocking required by retailers and, consequently, the midstream. Diamond production (on a 100% basis) for 2016 is forecast to be in the range of 26-28 million carats, subject to trading conditions. Consistent with this level of production, plans are in place to deliver $200 million of cash savings in production costs, overheads and capital expenditure.

COPPER

Duncan Wanblad
CEO –
Base Metals and Minerals

In Chile, we have interests in two major copper operations: a 50.1% interest in the Los Bronces mine, which we manage and operate, and a 44% share in the Collahuasi mine; we also manage and operate the El Soldado mine and Chagres smelter (50.1% interest in both). In Peru, we have an 81.9% interest in the Quellaveco project.

DRIVING CHANGE

LTIFR

36% **reduction versus 2014 (managed operations)**

PLANT OPERATING TIME

94%

Los Bronces' average grinding time, excluding impact of water restrictions in 2015

C1 UNIT COST[(1)]

9% **reduction versus 2014**

(1) Includes eight months of Anglo American Norte.

DEFINING OUR FUTURE

$300 MILLION RECEIVED FROM SALE OF NORTE COPPER ASSETS

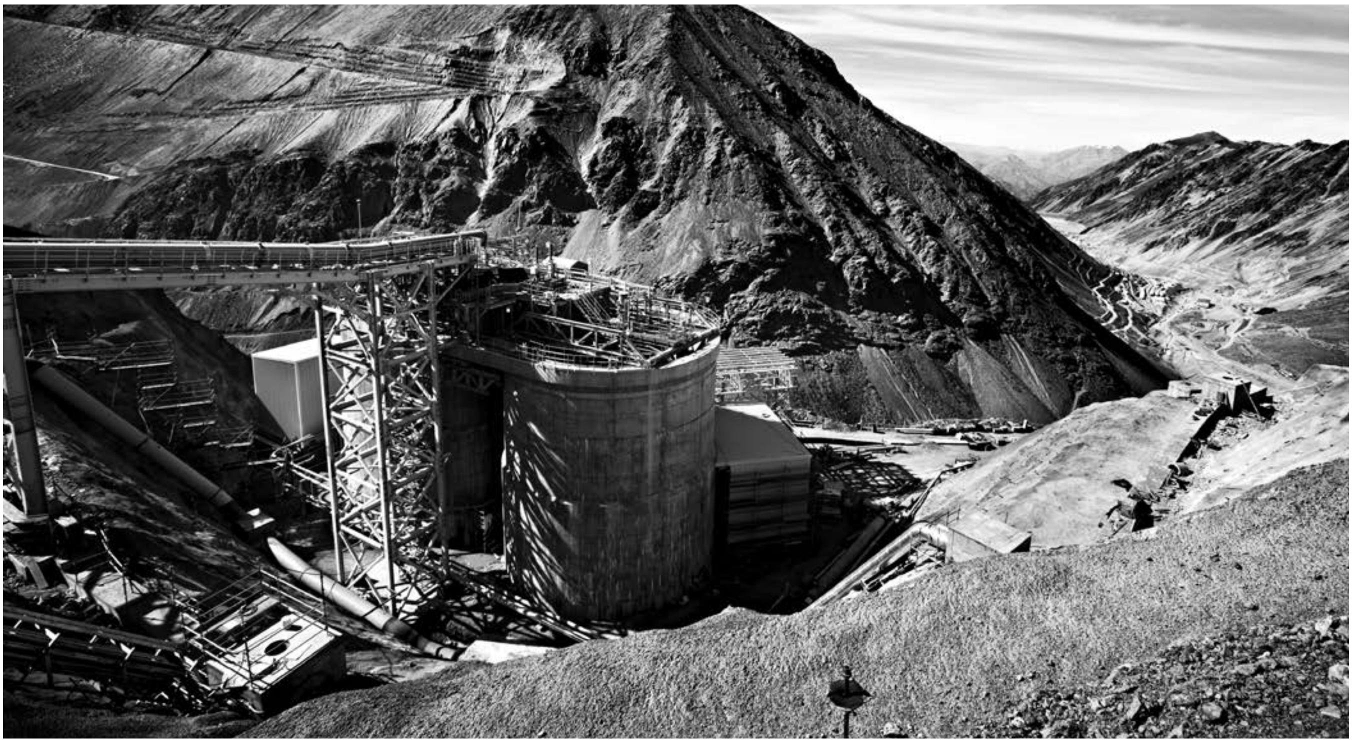
Chagres to be retained as an integrated smelter

OPERATING MODEL ROLL-OUT AT LOS BRONCES PLANT

Optimisation of the entire plant process stream is expected to achieve a step-up in plant throughput of 10,000 tonnes per day during 2016, increasing productivity and reducing plant operating costs. Operating Model to be fully rolled out at the mine in 2017, further increasing operational efficiency and cost performance

RESPONDING TO MARKET CONDITIONS THROUGH REDESIGN AND RIGHTSIZING OF THE BUSINESS

Reduction of over 1,700 permanent headcount during 2015 (excluding sale of Anglo American Norte), c.13% of workforce, plus additional reductions of head office and support functions under way



Holding tanks at the Confluencia plant at the Los Bronces operation in Chile.

KEY PERFORMANCE INDICATORS

	Production volume (kt)	Sales volume (kt)[1]	Realised price (c/lb)	C1 unit cost (c/lb)	Revenue ($m)	Underlying EBITDA ($m)	Underlying EBIT ($m)	Capex ($m)	ROCE
Copper	**709**	**706**	**228**	**154**	**3,539**	**942**	**228**	**659**	**3%**
Prior year	748	755	300	169	4,827	1,902	1,193	728	18%
Los Bronces	**402**	**408**	**–**	**149**	**1,852**	**622**	**240**	**228**	**–**
Prior year	405	404	–	154	2,497	1,173	822	199	–
Collahuasi[2]	**200**	**198**	**–**	**142**	**971**	**381**	**167**	**109**	**–**
Prior year	207	209	–	144	1,311	707	495	185	–
Other operations	**107**	**100**	**–**	**–**	**716**	**55**	**(63)**	**322**	**–**
Prior year	137	142	–	–	1,019	138	(8)	344	–
Projects and corporate	**–**	**–**	**–**	**–**	**–**	**(116)**	**(116)**	**–**	**–**
Prior year	–	–	–	–	–	(116)	(116)	–	–

(1) Excludes 41kt third party sales from Mantos Blancos.
(2) 44% share of Collahuasi production, sales and financials.

INTRODUCTION

Our operations produce copper concentrate, copper cathodes, copper anodes and associated by-products such as molybdenum, silver and gold.

FINANCIAL AND OPERATING OVERVIEW

Underlying EBIT decreased by 81% to $228 million. This was largely due to a 20% decline in the average LME copper price, as well as lower by-product prices and a 7% decline in sales volumes. The decrease in revenue was partly mitigated by the effects of the weaker Chilean peso and a $208 million reduction in on-mine cash costs of the retained operations. These were driven by cost-reduction initiatives and productivity improvements, including a 16% reduction in headcount at Los Bronces and an 18% reduction at Collahuasi. At 31 December 2015, 197,631 tonnes of copper were provisionally priced at 214 c/lb. Provisional pricing of copper sales resulted in a negative underlying EBIT adjustment of $366 million (2014: $196 million).

MARKETS

	2015	2014
Average market prices (c/lb)	**249**	311
Average realised prices (c/lb)	**228**	300

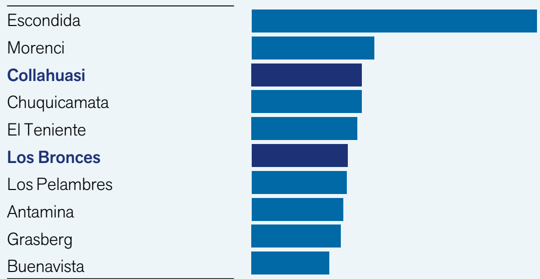
Growth in mine supply outweighed underlying demand growth in 2015, resulting in a market surplus for the metal. In particular, prices were adversely affected by weaker construction activity and manufacturing output in China, which accounts for almost half of global copper consumption. After a collapse at the start of the year, LME copper prices steadily gained ground, peaking close to $3/lb in May. Since then, bearish speculative funds have driven prices lower, culminating in a retreat towards $2/lb in the fourth quarter. Sell-offs by investors have been fuelled by volatile equity markets and concerns over China's economic outlook.

For more information refer to the Marketplace review section
See pages 8–10

Operating performance

Production at Los Bronces was marginally lower at 401,700 tonnes, with the impact of drought-related water restrictions on plant throughput offset by an increased cut-off grade and higher achieved recoveries. The water restrictions had a net negative impact on production of 18,000 tonnes. The operation is focused on its longer term water strategy, which aims to achieve greater resilience to extreme climatic conditions.

Top 10 producing copper mines
(2015 Cu kt)



Source: Wood Mackenzie

Anglo American's share of Collahuasi's production decreased by 3% to 200,300 tonnes owing to lower ore feed as a result of planned plant maintenance, as well as speed restrictions imposed on the two smaller processing lines in the second and third quarters following the detection of vibrations in the SAG mills. The vibration issue was successfully resolved, delivering a step-change in plant operating times in the fourth quarter, as part of the implementation of a wider plan to achieve stability in the operation of the plant. Higher-cost oxide production ramped down from 1 October, resulting in lost production of ~3,000 tonnes.

Production at El Soldado increased by 11% to 36,100 tonnes, attributable to higher grades and increased recovery arising from improved ore availability.

Operational outlook

Production in 2016 is expected to be in line with 2015, when adjusted for the disposal of Anglo American Norte and the curtailment of oxide production at Collahuasi, which have a combined impact of around 120,000 tonnes. A recovery in throughput at Los Bronces and Collahuasi is anticipated to be offset by expected lower grades, particularly at Los Bronces. Full year 2016 production guidance remains unchanged for the retained operations at 600,000-630,000 tonnes.

NICKEL

Duncan Wanblad
CEO –
Base Metals and Minerals

Our Nickel business is well placed to serve the global stainless steel industry, which depends on nickel and drives demand for it. Our assets are in Brazil, with two ferronickel production sites: Barro Alto and Codemin, in the state of Goiás.

DRIVING CHANGE

FURNACE REBUILDS AT BARRO ALTO COMPLETED BELOW BUDGET AND WITH DESIGN CAPACITY ACHIEVED

30 kt production in 2015

DECREASE IN C1 UNIT COSTS AT BARRO ALTO[1]

15% since 2012 (pre-rebuild)

SIGNIFICANT IMPROVEMENT IN SAFETY

Codemin LTI-free since June 2014 – over 2.1 million man-hours worked. Barro Alto furnace rebuild project registered more than 1.3 million man-hours without an LTI

(1) Barro Alto C1 unit costs from Q4 2015 (after furnace rebuilds), excluding the impact of foreign exchange and inflation.

DEFINING OUR FUTURE

A DECISION HAS BEEN TAKEN TO EVALUATE A SALE OF OUR NICKEL BUSINESS

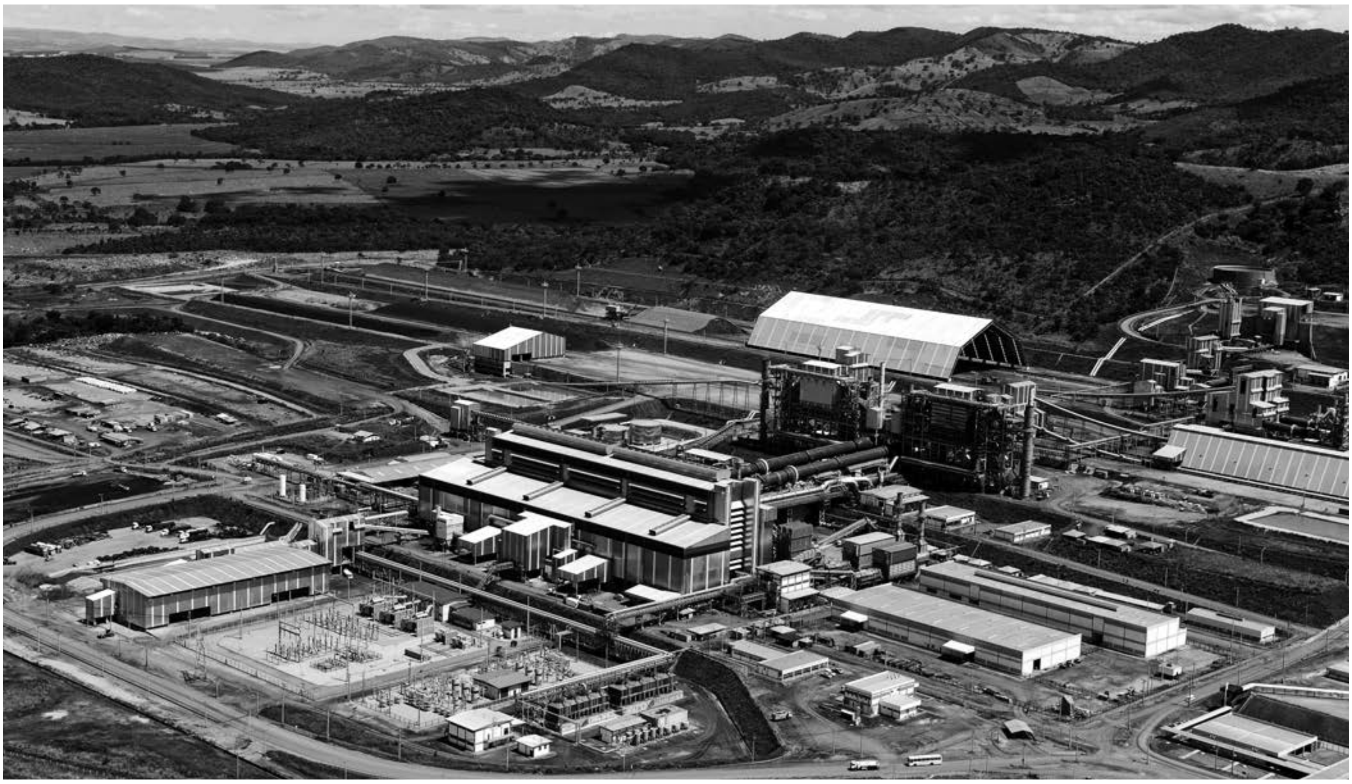
Discussions with potential buyers are under way

EARLY ATTAINMENT OF COMMERCIAL PRODUCTION FROM BARRO ALTO IN 2015

Successful furnace rebuilds and ramp-ups executed in 2015, setting the stage to reach a nominal capacity production year in 2016. Total nickel production (including Codemin) expected to reach 45,000-47,000 tonnes

C1 UNIT COSTS AT BARRO ALTO EXPECTED TO BE <350 C/LB

Full capacity production and other operational improvements leading to an expected C1 unit cost of less than 350 c/lb – firmly within the lower half of the industry cost curve



The ferronickel plant at Barro Alto in Brazil, where rebuilding of the operation's two furnaces has recently been completed.

KEY PERFORMANCE INDICATORS

	Production volume (t)	Sales volume (t)	Price (c/lb)	C1 unit cost (c/lb)	Revenue ($m)	Underlying EBITDA ($m)	Underlying EBIT ($m)	Capex ($m)	ROCE
Nickel segment	**30,300**	**32,000**	**498**	**431**	**146**	**(3)**	**(22)**	**26**	**(1)%**
Prior year	37,200	36,100	731	491	142	28	21	14	1%
Nickel	**30,300**	**32,000**	**498**	**431**	**146**	**9**	**(10)**	**26**	**(1)%**
Prior year	37,200	36,100	731	491	142	40	33	14	1%
Projects and corporate	**–**	**–**	**–**	**–**	**–**	**(12)**	**(12)**	**–**	**–**
Prior year	–	–	–	–	–	(12)	(12)	–	–

FINANCIAL AND OPERATING OVERVIEW

Underlying EBIT loss of $22 million was $43 million lower (2014: $21 million profit), principally driven by the lower nickel price and inflation, partly offset by the benefit to costs of the weaker Brazilian real.

The Barro Alto project continued to be capitalised until October, when commercial production was achieved. Barro Alto's underlying capitalised operating loss was $(46) million, a $198 million decrease over the prior year (2014: $152 million profit), owing to the ongoing furnace rebuild and consequent lower production volumes, lower nickel prices and inflation, partially offset by a net exchange rate benefit.

Nickel C1 unit costs decreased 12%, driven by the weaker Brazilian real, partly offset by inflation and lower production volumes owing to the furnace rebuilds.

Following the successful furnace rebuilds and subsequent ramp-up, Barro Alto C1 unit costs averaged 350 c/lb in the last quarter of the year, a significant improvement compared with 2012 (pre-rebuild). This was mainly the result of higher throughput, lower energy consumption (owing to higher efficiencies being achieved at the new coal pulverisation plant and efforts to reduce electricity consumption), lower overhead costs and favourable exchange rates.

MARKETS

	2015	2014
Average market prices (c/lb)	**536**	765
Average realised prices (c/lb)	**498**	731

The average LME nickel cash settlement price decreased by 30% to 536 c/lb as the impact of slower Chinese economic growth continued to exert downward pressure on commodity prices. World stainless steel production (the end use for around 65% of all nickel) was flat year-on-year, matching 2014's record output. Nickel pig iron production in China declined by approximately 18%, or 85,000 tonnes, owing to the ongoing Indonesian nickel ore export ban; this led to a near-doubling of Chinese ferronickel imports in 2015, which reached a record high of 137,000 tonnes (Ni contained). This, in turn, resulted in an improvement in ferronickel market fundamentals, and a decrease in ferronickel discounts, through the year.

For more information refer to the Marketplace review section
See pages 8–10

OPERATING PERFORMANCE

Nickel production decreased by 19% to 30,300 tonnes, reflecting the furnace rebuilds at Barro Alto. The rebuilds were concluded ahead of schedule, with the delivery of first metal from the second furnace occurring in September (more than one month ahead of plan), and production has now reached nameplate capacity of 2.4 million tonnes of ore feed per annum. At Codemin, production was in line with 2014 at 9,000 tonnes.

OPERATIONAL OUTLOOK

Following the successful furnace rebuilds and faster than anticipated ramp-ups executed in 2015, nameplate capacity production should be achieved at Barro Alto through 2016, with total nickel output expected to be 45,000-47,000 tonnes.

NIOBIUM AND PHOSPHATES

Duncan Wanblad
CEO – Base Metals and Minerals

With the ramp-up of the Boa Vista Fresh Rock (BVFR) plant, we move to being the No. 2 niobium producer in the world, with our operations located in Goiás state, Brazil. Our phosphates business, based in the country's agricultural heartland in Goiás state, is the second largest in Brazil.

DRIVING CHANGE

RAMP-UP AT BVFR – % COMPLETE

69%

NIOBIUM PRODUCTION INCREASE

34% vs 2014

SIGNIFICANT IMPROVEMENT IN SAFETY AT CUBATÃO

2.4 million man-hours LTI-free

DEFINING OUR FUTURE

OUR NIOBIUM AND PHOSPHATES BUSINESSES HAVE BEEN IDENTIFIED FOR SALE

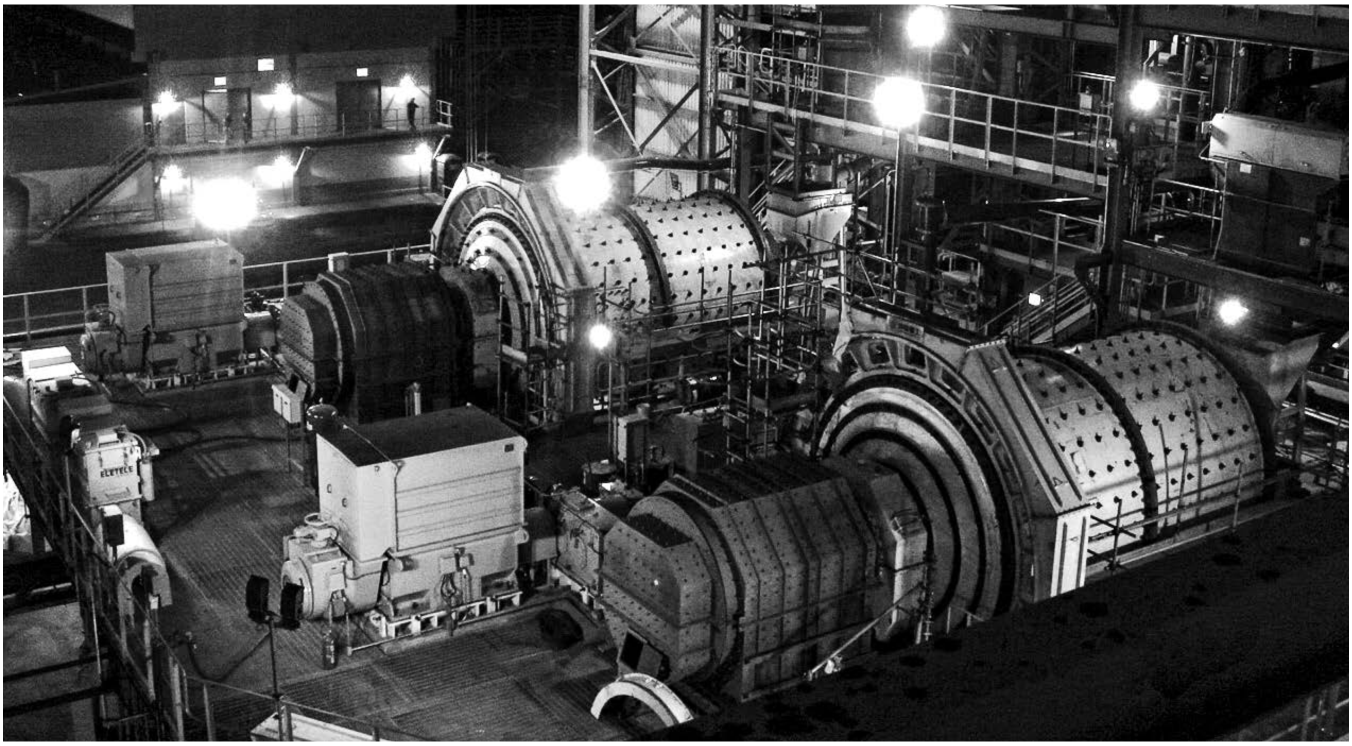
Discussions are under way with parties interested in acquiring the Niobium and Phosphates businesses

FULL PRODUCTION EXPECTED FROM BVFR IN Q3 2016

Once the BVFR plant reaches nameplate capacity, production from installed capacity is expected to increase to 6,800 tonnes per year

POTENTIAL FOR FURTHER PLANT DEBOTTLENECKING

Capacity increases in Niobium's metallurgy section and adjustments at the existing concentrator to allow the processing of alternative feed sources will take total annual capacity to 9,000 tonnes



The secondary grinding mills at the Boa Vista Fresh Rock niobium facility in Brazil.

KEY PERFORMANCE INDICATORS

	Production volume (kt)	Sales volume (kt)	Price ($/t)	Unit cost (c/lb)	Revenue ($m)	Underlying EBITDA ($m)	Underlying EBIT ($m)	Capex ($m)	ROCE
Niobium and Phosphates	**–**	**–**	**–**	**–**	**544**	**146**	**119**	**50**	**14%**
Prior year	–	–	–	–	666	152	124	239	16%
Niobium	**6.3**	**5.1**	**–**	**–**	**111**	**40**	**33**	**26**	**6%**
Prior year	4.7	4.6	–	–	180	75	69	198	15%
Phosphates	**1,111**	**1,060**	**479**	**–**	**433**	**111**	**91**	**24**	**30%**
Prior year	1,113	1,097	487	–	486	88	66	41	16%
Projects and corporate	**–**	**–**	**–**	**–**	**–**	**(5)**	**(5)**	**–**	**–**
Prior year	–	–	–	–	–	(11)	(11)	–	–

INTRODUCTION

Most of the niobium ore we mine comes from the Boa Vista open pit; it is then processed to produce ferroniobium, which is exported to steel plants, where it is a key component in the manufacture of specialist high strength steels.

Phosphorus is a basic component of all living things and phosphates are a vital ingredient of fertilisers. Our Chapadão mine in Ouvidor has a long mine life, as well as some of Brazil's highest grades of phosphate ore. Ours is an integrated operation that covers mining phosphate ore, refining it to produce P_2O_5 concentrate, and processing into intermediate and final products.

FINANCIAL AND OPERATING OVERVIEW

Niobium

Underlying EBIT of $33 million was 52% lower (2014: $69 million), as a result of the capitalisation of sales associated with the ramp-up of Boa Vista Fresh Rock (BVFR), inflation and rehabilitation provision increases, partly compensated by the benefit of the weaker Brazilian real.

Underlying EBIT of $17 million from BVFR was capitalised in 2015, as the project had not reached commercial production.

Phosphates

Underlying EBIT of $91 million was 38% higher (2014: $66 million), mainly due to the positive impact of the weaker Brazilian currency on operating costs and lower study costs, partly offset by inflation, reduced sales volumes and lower realised pricing (including the impact of the weaker Brazilian real on prices).

MARKETS

Niobium

Despite a strong first six months, worldwide demand for ferroniobium has softened, while global production capacity has increased slightly. This decline in demand was driven by the challenging conditions in the Chinese steel industry and lower investments in oil and gas pipeline steel. As a result, average niobium prices weakened across all regions.

Phosphates

The average MAP CFR Brazil price was marginally lower at $479/tonne (2014: $487/tonne), mainly as a result of softer demand in Brazil and lower than expected Indian imports in the second half.

OPERATING PERFORMANCE

Niobium

Production increased by 34% to 6,300 tonnes, mainly due to the ongoing ramp-up of the BVFR plant (which achieved first production in late 2014). The plant reached 69% of nameplate capacity in December 2015.

Phosphates

Production of 1.1 million tonnes of fertiliser was broadly in line with the prior year. Phosphoric acid production decreased by 10%, mainly due to maintenance repairs at the Cubatão processing plant. Phosphoric acid is a key component of dicalcium phosphate (DCP); consequently, DCP production was 10% lower owing to the priority given to phosphoric acid sales in Cubatão.

OPERATIONAL OUTLOOK

Niobium

Production from installed capacity is expected to increase to 6,800 tonnes once the BVFR plant reaches nameplate capacity in the third quarter of 2016. This, when combined with certain metallurgical debottlenecking activities currently being implemented, will take the total annual capacity to 9,000 tonnes.

Phosphates

Fertiliser and DCP production in 2016 is expected to be broadly similar to 2015. Phosphoric acid production is expected to increase to around 300,000 tonnes, driven by improved performance at Cubatão following the maintenance repairs in the second half of 2015.

IRON ORE AND MANGANESE

Norman Mbazima
CEO – Kumba Iron Ore

Pedro Borrego
Interim CEO – Iron Ore Brazil

Anglo American's iron ore operations provide customers with niche, high iron content ore, a large percentage of which is direct-charge product for blast furnaces.

DRIVING CHANGE

REDUCTION IN COST PER WASTE TONNE AT SISHEN MINE (INCLUDING DEFERRED STRIPPING)

3% vs 2014

HEADCOUNT REDUCTION AT KUMBA

16% vs 2014

CAPEX AT IRON ORE OPERATIONS OF $1.4 BILLION

47% reduction vs 2014

DEFINING OUR FUTURE

KUMBA IRON ORE IDENTIFIED AS NON-CORE

Kumba Iron Ore's Sishen and Kolomela assets will be actively managed to further improve performance in the short term, while determining the optimal route and timing for exit

OPTIMISING MINAS-RIO AS A NON-CORE ASSET

Work has been prioritised to secure the necessary licences to underpin the ramp-up and long term sustainability of the operation, while also optimising the business to ensure positive cash flows at expected iron ore levels

THABAZIMBI MINE CLOSURE PLAN IN IMPLEMENTATION

Mining at Thabazimbi ceased at the end of September 2015. Closure procedures have been implemented and all activity at the mine is expected to cease at the end of H1 2016

Drilling, loading and hauling activity in Kumba Iron Ore's open pit at Kolomela, South Africa.

KEY PERFORMANCE INDICATORS

	Production volume (Mt)[1]	Sales volume (Mt)	Price ($/t)[2]	Unit cost ($/t)	Revenue ($m)	Underlying EBITDA ($m)	Underlying EBIT ($m)	Capex ($m)	ROCE
Iron Ore and Manganese	**–**	**–**	**–**	**–**	**3,390**	**1,026**	**671**	**1,422**	**5%**
Prior year	–	–	–	–	5,176	2,286	1,957	2,685	12%
Kumba Iron Ore	**44.9**	**47.8**	**54**	**31**	**2,876**	**1,011**	**739**	**523**	**26%**
Prior year	48.2	45.3	91	34	4,388	2,162	1,911	763	60%
Iron Ore Brazil	**9.2**	**8.5**	**41**	**60**	**–**	**(20)**	**(21)**	**899**	**(1)%**
Prior year	0.7	0.2	57	–	–	(29)	(34)	1,922	(1)%
Samancor[3]	**3.3**	**3.3**	**–**	**–**	**514**	**104**	**22**	**–**	**4%**
Prior year	3.6	3.7	–	–	788	251	178	–	22%
Projects and corporate	**–**	**–**	**–**	**–**	**–**	**(69)**	**(69)**	**–**	**–**
Prior year	–	–	–	–	–	(98)	(98)	–	–

(1) Iron Ore Brazil production is Mt (wet basis).
(2) Prices for Kumba Iron Ore (Kumba) are the average realised export basket price (FOB Saldanha). Prices for IOB are average realised export basket price (FOB Açu) (wet basis).
(3) Production and sales include ore and alloy.

INTRODUCTION

In South Africa, we have a majority share (c.70%) in Kumba Iron Ore, which supplies lump and fine ore; while, in Brazil, we have developed the integrated Minas-Rio operation, which supplies iron ore pellet-feed products.

In manganese, we have a 40% share in Samancor Holdings in South Africa, Groote Eylandt Mining Company Pty Ltd (GEMCO) and Tasmanian Electro Metallurgical Company (TEMCO) in Australia.

FINANCIAL AND OPERATING OVERVIEW

Kumba

Underlying EBIT decreased by 61% to $739 million (2014: $1,911 million), mainly attributable to the 42% fall in the iron ore benchmark price to an average of $56/tonne. Realised FOB export prices averaged $54/tonne, 42% lower than in 2014. Total cash costs, however, declined by 18%, with costs associated with the 10% increase in waste mined more than offset by the weakening of the South African rand against the dollar. Kumba reduced controllable costs by $8/tonne to achieve an average cash break-even price of $49/tonne (CFR China) in 2015. In 2016, Kumba is targeting to be cash break-even at an iron ore price of below $40/tonne. The cost improvements include savings in capital expenditure, in operating costs, and productivity gains in mining and processing operations.

Sales of 47.8 Mt (2014: 45.3 Mt) were achieved, an increase of 6%, following an improved logistics performance and the shipment of 3.4 Mt through the multi-purpose terminal at the Saldanha port. As a result, Kumba reduced its Saldanha port stockpile to 1.2 Mt, while total finished-product stock decreased to 4.7 Mt by year end (2014: 6.5 Mt).

Iron Ore Brazil

Underlying EBIT loss was $21 million (2014: $34 million loss), net of a $251 million loss that was capitalised as the Minas-Rio project continued to ramp up.

The project is expected to reach commercial production during 2016, although it will remain in ramp-up throughout the year.

Samancor

Underlying EBIT decreased by $156 million to $22 million, driven primarily by lower manganese prices and a 9% decrease in ore sales.

MARKETS

Iron ore

	2015	2014
Average market prices (IODEX 62% Fe CFR China spot price – $/tonne)	**56**	97
Average realised prices (Kumba export – $/tonne) (FOB Saldanha)	**54**	91
Average market prices Iron ore (MB 66% Fe Concentrate CFR – $/tonne)	**67**	112
Average realised prices (Minas-Rio – $/tonne) (FOB wet basis)	**41**	57

Seaborne iron ore prices continued their downward trend in 2015, with the Platts IODEX 62% Fe CFR China spot price falling 42% to average $56 per dry metric tonne. Overcapacity in the Chinese steel sector has resulted in steel prices touching record lows. A shift in the focus of Chinese mills to cost rather than productivity has led to reduced price differentials across iron ore grades. In addition, the seaborne iron market remained oversupplied throughout the year, further depressing the iron ore price, although there was a noticeable slowdown in supply growth as projects reached execution and high-cost marginal suppliers withdrew from the market.

Kumba and ArcelorMittal SA have amended the pricing terms of their supply agreement from a cost-based to an export-parity price. In the current market environment, which presents significant challenges for the mining and steel industries in South Africa, this amendment will align prices charged to domestic and export customers.

For more information refer to the Marketplace review section
See pages 8–10

Manganese

2015 saw significant weakness in both manganese ore and alloy prices, with the decline in steel output in China and all other major steel producing regions exacerbating manganese ore market volatility. Supply cuts started to materialise as prices continued to slide through the year, leaving 70% of the industry in a loss-making position. The index ore price (44% Mn CIF China) declined by 57%, ending the year at $1.86/dmtu.

IRON ORE AND MANGANESE continued

OPERATING PERFORMANCE

Kumba

Production was down by 7% to 44.9 Mt owing to mining constraints at Sishen, experienced largely in the second half.

Production at Sishen declined by 12% to 31.4 Mt, mainly arising from difficulties in providing the DMS plant with the correct quality feedstock because of a shortage of sufficient exposed high grade ore required for blending. In order to improve exposed ore levels and increase operational flexibility, it was necessary to mine more waste material, which increased by 19% to 222.2 Mt.

During the year the deteriorating price environment necessitated a further optimisation of the Sishen mine plan. It was decided to reconfigure the Sishen pit to a lower cost shell to safeguard the mine's viability at lower prices.

At Sishen, implementation of the Operating Model has already seen a 24% improvement in efficiency in internal waste mining activity at the North Mine, where work management aspects of the model were introduced in August 2014. The Operating Model was implemented across pre-strip mining and heavy equipment activities in July 2015 and is working well.

At Kolomela, a revised mining plan was implemented, including cessation of mining at one of the pits to conserve cash. Efficiencies and throughput at the plant continued to improve, resulting in a 4% increase in production to 12.1 Mt for the year. To feed the plants at this rate, waste mining increased to 45.7 Mt from the previously guided 44-45 Mt.

Thabazimbi mine produced 1.4 Mt. During the year, Kumba announced closure plans, with mining ceasing at the end of September 2015. Material mined previously was processed during the final quarter of 2015 and is expected to continue into the second quarter of 2016. Closure procedures have been implemented and all activity at the mine is expected to cease at the end of the first half of 2016.

Iron Ore Brazil

Minas-Rio continued to ramp up in 2015, with increases in quarter-on-quarter production throughout the year. Ramp up will continue in 2016. Full year production in 2015, at 9.2 Mt (wet basis), was lower than the original market guidance of 11-14 Mt (wet basis), mostly due to filtration plant adjustments being required, together with water availability and ore quality issues. Following recent rainfall, water conditions are now closer to normal, while the iron ore variability is expected to improve as the mining footprint expands over time. Export sales amounted to 8.5 Mt (wet basis).

Samancor

Production of manganese ore declined by 6% to 3.1 Mt (attributable basis). Production volumes were negatively affected by the temporary suspension of operations at both Mamatwan and Wessels following a fatality at Mamatwan mine in November. The suspension of the operations remained in effect until the completion of the strategic review, with mining activity restarted in February 2016. The decrease in production in South Africa was slightly offset by increased output from Australia, with the GEMCO operations delivering record production in the second half of the year.

Production of manganese alloys decreased by 25% to 213,600 tonnes (attributable basis) following the suspension of operations at Metalloys in South Africa.

OPERATIONAL OUTLOOK

Kumba

Kumba will target a cash break-even price of below $40/t CFR for 2016. Waste movement is expected to be materially below previous guidance of ~230 Mt, at 135-150 Mt for 2016-2020, while production guidance for 2016 is reduced from 36 Mt to ~27 Mt.

In the medium term, Sishen mine will also be exploring further opportunities to utilise spare plant capacity, including the use of low grade stockpiles. It is expected that the Reserve Life will remain stable at ~15 years due to the lower production rates and will be reviewed and finalised during 2016.

At Kolomela, the mine's annual production has been revised upwards to 13 million tonnes per annum (Mtpa) from 2017, with 12 Mt expected in 2016.

Iron Ore Brazil

Operational challenges experienced in 2015, together with the confinement of the mining area owing to licensing constraints, have resulted in production guidance for 2016 being revised downwards to around 15-18 Mt (wet basis).

Iron Ore Brazil's FOB cash cost is expected to be $26-$28 per tonne[1].

Samancor

A strategic review of the South African Manganese operations has now been completed, with mining activity restarted at the operations in February 2016, although at a substantially reduced rate and with greater flexibility. Subject to market conditions, the Hotazel mines will ramp up to a saleable production rate of 2.9 Mtpa (100% basis), taking approximately 900,000 tonnes (23%) of saleable production out of the market for the foreseeable future. Optimised mine plans, redundancies and other restructuring initiatives are expected to reduce costs, with stay-in-business capital expenditure also expected to decline by approximately 80% in 2016.

(1) Average over first 22 years when friable itabirite is mined.

Loading iron ore from Minas-Rio at the dedicated export terminal at the Port of Açu in Brazil.

LEGAL UPDATE

In December 2013, the Constitutional Court ruled that Sishen Iron Ore Company (Pty) Ltd (SIOC) held a 78.6% undivided share of the Sishen mining right and that, based on the provisions of the Mineral and Petroleum Resources Development Act (MPRDA), only SIOC can apply for, and be granted, the residual 21.4% share of the mining right at the Sishen mine. The grant of the mining right may be made subject to such conditions considered by the Minister of Mineral Resources ('the Minister') to be appropriate. SIOC applied for the residual right in early 2014.

SIOC received notice from the Department of Mineral Resources (DMR) that the Director General of the DMR had consented to the amendment of SIOC's mining right in respect of the Sishen mine to include the residual 21.4% undivided share of the mining right for the Sishen mine. The consent letter is subject to certain conditions (which are described by the DMR as "proposals").

The conditions contained in the Letter of Grant relate substantively to domestic supply, support for skills development, research and development, and procurement.

Until the legal and practical implications of the proposed conditions have been clarified with the DMR, SIOC is unable to accept the conditions.

Section 96 of the MPRDA allows for an internal appeal to the Minister. SIOC therefore submitted an internal appeal to the Minister, as required by the MPRDA. SIOC has not yet received a response to its appeal.

In the interim, SIOC continues to engage with the DMR in relation to the proposed conditions in order to achieve a mutually acceptable solution.

COAL

Seamus French
CEO – Coal

Our coal portfolio is geographically diverse, with metallurgical coal assets in Australia, and thermal coal assets in South Africa, Colombia and Australia, which mine products attuned to the individual requirements of our diversified customer base. We are the world's third largest exporter of metallurgical coal.

DRIVING CHANGE

PRODUCTION INCREASE FROM UNDERGROUND LONGWALL METALLURGICAL COAL OPERATIONS

33% vs 2014

UNIT COST REDUCTIONS AT AUSTRALIAN OPERATIONS

23% vs 2014

UNIT COST REDUCTIONS AT SOUTH AFRICAN EXPORT MINES

13% vs 2014

DEFINING OUR FUTURE

MORANBAH AND GROSVENOR

Discussions under way to assess potential disposal value of the Moranbah and Grosvenor metallurgical coal assets in Australia

DARTBROOK AND CALLIDE

Conditional sales agreed for the Dartbrook and Callide mines in Australia

OTHER PROCESSES IN TRAIN

The remaining coal assets, including the South African domestic thermal coal operations and the balance of coal mines in Australia, will be managed to improve performance and value, while considering appropriate options in the best long term interests of all stakeholders

FINANCIAL AND OPERATING OVERVIEW

Australia and Canada

Australia and Canada underlying EBIT increased by $191 million to $190 million. This was the result of a 6% rise in production in Australia, substantial cost reductions, and a weaker Australian dollar also benefiting the cost base. These positives were offset by a 19% reduction in the average quarterly hard coking coal (HCC) benchmark coal price. Placing Peace River Coal onto long term care and maintenance resulted in an underlying EBIT benefit of $81 million.

Underground productivity improvements, including an Australian longwall production record at Capcoal's Grasstree operation, and focused cost-reduction initiatives across labour, material inputs and equipment hire, resulted in the lowest unit costs since 2007. Export FOB cash unit costs ($55/tonne) were 23% lower in US dollar terms, and 7% lower in local currency terms.

South Africa

South Africa's underlying EBIT of $230 million decreased by 34%. This was the result of a 21% reduction in the export thermal coal price and the effect of industrial action in October, partly offset by a 13% increase in export sales volumes, with a record railing and shipping performance, as well as cost reductions and the benefit of the weaker rand. The export sales performance generated an additional $73 million of cash.

Export mine US dollar unit costs were 13% lower, with local currency costs flat year-on-year despite inflationary pressures and a 4% decline in production, supported by a 7% improvement in underground operations equipment performance and a 12% improvement in open cut operations.

Colombia

Underlying EBIT decreased by 45% to $90 million (2014: $163 million), mainly owing to weaker prices reducing underlying EBIT by $90 million and a weather-related decline in production. This was compensated in part by lower costs as a result of a comprehensive cost-control programme and favourable exchange rates.

MARKETS

Metallurgical coal

	2015	2014
Average market prices ($/tonne)[1]	102	125
Average realised prices ($/tonne)[2]	90	111

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

Metallurgical coal prices showed a steady decline across 2015, driven by lower imports into China and weaker producer currencies. Strong steel exports from China had a negative effect on global steel prices and margins, putting further pressure on raw material prices. Metallurgical coal spot prices averaged $90/tonne[1], down 19%. While Australian supply was relatively stable in 2015, high-cost metallurgical coal supply continues to exit the market, in particular from the US.

(1) TSI Premium HCC FOB Australia East Coast Port $/tonne.

KEY PERFORMANCE INDICATORS

	Production volume (Mt)[1]	Sales volume (Mt)[2]	Price ($/t)[3]	Unit cost ($/t)[4]	Revenue ($m)	Underlying EBITDA ($m)	Underlying EBIT ($m)	Capex ($m)	ROCE
Coal	**94.9**	**96.8**	**–**	**–**	**4,888**	**1,046**	**457**	**941**	**9%**
Prior year	100.2	100.2	–	–	5,808	1,207	458	1,045	8%
Australia and Canada	**33.5**	**34.0**	**90**	**55**	**2,374**	**586**	**190**	**837**	**6%**
Prior year	33.2	33.8	111	71	2,970	543	(1)	952	(1)%
South Africa	**50.3**	**51.6**	**55**	**39**	**1,893**	**345**	**230**	**104**	**19%**
Prior year	55.8	54.8	70	45	2,083	463	350	93	30%
Colombia	**11.1**	**11.2**	**55**	**31**	**621**	**168**	**90**	**–**	**11%**
Prior year	11.2	11.3	67	37	755	255	163	–	15%
Projects and corporate	**–**	**–**	**–**	**–**	**–**	**(53)**	**(53)**	**–**	**–**
Prior year	–	–	–	–	–	(54)	(54)	–	–

(1) Production volumes are saleable tonnes.
(2) South African sales volumes exclude non-equity traded sales volumes of 3.4 Mt (2014: 1.3 Mt).
(3) Australia and Canada is the weighted average metallurgical coal sales price achieved. South Africa is the weighted average export thermal coal price achieved.
(4) FOB cost per saleable tonne, excluding royalties. Australia/Canada excludes study costs/Callide. South Africa unit cost is for the export operations.

Thermal coal

	2015	2014
Average market prices ($/t, FOB Australia)	59	71
Average realised prices – Export Australia ($/t, FOB)	55	72
Average realised prices – Export South Africa ($/t, FOB)	55	70
Average realised prices – Domestic South Africa ($/t)	20	19
Average realised prices – Colombia ($/t, FOB)	55	67

Thermal coal prices declined by 17% as overall demand contracted. Chinese import demand in particular has continued to soften, while other growth markets, notably India, have not been able to offset this decrease in demand. In response, on the supply side, Indonesian volumes are being withdrawn from the market.

For more information refer to the Marketplace review section
See pages 8–10

OPERATING PERFORMANCE

Australia and Canada

Total export metallurgical coal production increased by 1%, despite Peace River Coal (which produced 1.5 Mt in 2014) being placed onto long term care and maintenance since December 2014.

In Australia, production increased by 6%, benefiting from a strong performance at the underground longwall operations, with a record performance from Capcoal's Grasstree underground operation.

Australian export metallurgical coal production was 9% higher, with increases from the underground operations compensating for lower open cut volumes as capacity at the shared Capcoal Complex plant was given to the higher margin Grasstree underground mine.

Production from underground operations was 33% higher, largely as a result of a step-change in productivity at Capcoal's Grasstree underground operation following the implementation of bi-directional cutting. Production from Moranbah increased by 17%, despite equipment design issues, which were successfully rectified in the extended longwall move in the third quarter, with a stepped improvement in production in November and December.

Production at the Australian open cut operations decreased by 4%, with a robust performance from Callide and Jellinbah being offset by lower volumes at Capcoal, where plant and rail capacity was prioritised for Capcoal's Grasstree underground operation's higher margin coal.

South Africa

Export production totalled 17.4 Mt, a 4% decrease, owing to the planned closure of a section at Goedehoop and lower production at Mafube as it transitions to a new mining area. Productivity improvements resulted in record production at Goedehoop and Zibulo following the implementation of elements of the Anglo American Operating Model. Productivity improvement plans at Landau were offset by coal sector wage-related industrial action in October, which resulted in the loss of 0.6 Mt (3%) of full year production.

Export sales rose by 13% to 19.9 Mt as a result of a planned drawdown of stocks, facilitated by a record railing and shipping performance.

Production from the domestic mines decreased by 15% to 27.7 Mt, owing to reduced offtake by Eskom at New Vaal and New Denmark, exacerbated by unplanned maintenance on the dragline at Isibonelo.

Colombia

Anglo American's share of Cerrejón's output of 11.1 Mt decreased by 1% as the operation was affected by adverse weather conditions impacting production.

OPERATIONAL OUTLOOK

Australia and Canada

Metallurgical coal production in 2016 is expected to increase to 21-22 Mt, with the first longwall coal from Grosvenor due in July and subsequent ramp-up through the second half of the year.

Export thermal coal

In 2016, export production from South Africa and Colombia is expected to be 28-30 Mt.

CORPORATE AND OTHER

KEY PERFORMANCE INDICATORS

	Revenue ($m)	Underlying EBITDA ($m)	Underlying EBIT ($m)	Capex – SIB ($m)
Segment	**925**	**(11)**	**(64)**	**16**
Prior year	1,859	(88)	(215)	42
Other Mining and Industrial	**921**	**110**	**64**	**3**
Prior year	1,854	162	62	2
Exploration	**–**	**(152)**	**(154)**	**–**
Prior year	–	(180)	(181)	–
Corporate activities and unallocated costs	**4**	**31**	**26**	**13**
Prior year	5	(70)	(96)	40

FINANCIAL AND OPERATING OVERVIEW

Other Mining and Industrial

Underlying EBIT of $64 million was $2 million higher (2014: $62 million), mainly attributable to lower corporate and other costs, largely offset by the lower contribution from Anglo American's interest in the Lafarge Tarmac joint venture, which was disposed of on 17 July 2015.

Lafarge Tarmac joint venture

Anglo American's share in the underlying EBIT of the joint venture was $60 million for the six months prior to transfer to Held For Sale at 30 June 2015, an $18 million decrease compared to the full year share in 2014.

On 17 July 2015, Anglo American announced that it had completed the sale of its 50% ownership interest in Lafarge Tarmac Holdings Limited (Lafarge Tarmac) to Lafarge SA (Lafarge). Anglo American received provisional cash proceeds of approximately £992 million ($1,559 million), constituting the agreed minimum consideration of £885 million set out in the July 2014 binding agreement, and approximately £107 million of working capital and other adjustments. The final price has since been agreed at the same level as the provisional price after finalisation of the post-closing review process.

Tarmac Middle East

The divestment of Anglo American's interests in the majority of the Tarmac Middle East operations had been completed by January 2016. Disposal of one remaining interest is well advanced.

Exploration

Anglo American exploration expenditure of $154 million decreased by 15%, following reductions in iron ore, thermal coal, diamonds and polymetallics exploration costs. The decreases were mainly attributable to an overall reduction in drilling activities.

Corporate activities and unallocated costs

Underlying EBIT was $26 million, an increase of $122 million (2014: $96 million loss).

Corporate costs decreased by 8% ($46 million), of which $61 million represented a foreign exchange gain compared to 2014, partially offset by inflationary cost increases of $17 million. This reduction in corporate costs was mitigated by a 10% fall in the recharge and allocation of corporate costs to business units of $46 million, reflecting the lower corporate cost base.

A year-on-year gain of $122 million was recognised in the Group's self-insurance entity, reflecting lower net claims and settlements during 2015.

GOVERNANCE

Sir John Parker
Chairman

We continually work to maintain and develop the framework for good governance.

CHAIRMAN'S INTRODUCTION

The term 'Corporate Governance' has become commonplace, but I sense people often attach quite different meanings to it. Although there is wide agreement that it relates to the 'directing and controlling' of an organisation, there is much less clarity on what this actually means in practice.

I thought it might be useful therefore to state briefly what we mean by corporate governance, and what it encompasses at Anglo American. It is perhaps helpful to consider this in terms of the overall aim of good governance – to promote quality decision-making and the execution of those decisions, within a disciplined framework of policies, procedure and authorities.

In practice, this means ensuring decisions are made by the right people, with the right information, at the right time and that they are then executed effectively. That requires, for example, ensuring adequate challenge and avoiding groupthink, clearly defining roles and responsibilities, and regularly and candidly reviewing performance. This represents the corporate 'infrastructure' that is described over the next few pages and which provides the framework for good governance.

We continually work to maintain and develop this framework, while at the same time taking care not to allow the focus on means to obscure the end – the overall goal of making and executing good decisions in the commercial interests of the Group, its shareholders and other stakeholders.

In these challenging times for our industry and our Group, I believe it is all the more important that companies maintain the highest standards of corporate governance.

We will not compromise our governance principles and I am pleased to report that, once again, your company has complied in full with the UK Corporate Governance Code (the 'Code').

BOARD COMPOSITION

A crucial component of good governance is ensuring diversity and an appropriate mix of skills, experience and effective challenge on the Board.

Since I became chairman in 2009, the non-executive membership of the Board has been entirely renewed and half of them were appointed within the last three years. I am mindful however of the importance of balancing the need for regular refreshment with the need for experience and continuity, so we have naturally slowed the pace of renewal over the last couple of years.

During the year, Phuthuma Nhleko stepped down as a non-executive director and Tony O'Neill, technical director, joined the Board. Phuthuma has been a valued member of the Board since 2011 and we have benefited greatly from his broad international business experience and insights and, in particular, from his knowledge of southern Africa.

In welcoming Tony to the Board, we signal our commitment to engineering excellence and our continuing drive to achieve best practice operational, safety and environmental performance.

I believe we have achieved a good balance of the right skills and domain knowledge on your Board at this time, but it is something we keep under constant review. More details on the mix of skills and experience on the Board are given on page 72.

BOARD VISITS TO OPERATIONS

Directors visited a number of operations during the year, which are described on page 74.

I strongly believe that these opportunities to get out of the boardroom, meet employees and 'kick the tyres' at operations are vitally important in terms of properly understanding the business and in actively monitoring its values and culture in action.

I do hope the following reports convey the importance we attach to our governance arrangements and that you find them useful and interesting.

Sir John Parker
Chairman

DIRECTORS

CHAIRMAN

Sir John Parker
GBE, FREng, DSc (Eng), ScD (Hon), DSc (Hon), DUniv (Hon), FRINA

73, joined the Board as a non-executive director on 9 July 2009 and became chairman on 1 August 2009. Sir John is also chairman of the Nomination Committee and is a member of the Sustainability Committee. He is recognised as a highly experienced and independent chairman and brings a wealth of leadership experience across a range of industries in many countries, including in South Africa.

He is chairman of Pennon Group PLC and a non-executive director of Carnival Corporation and Airbus Group. Sir John is a Visiting Fellow of the University of Oxford and was the President of the Royal Academy of Engineering from 2011 to 2014. Sir John was previously chairman of National Grid plc, Deputy Chairman of DP World, senior non-executive director and chair of the Court of the Bank of England, joint chair of Mondi and chair of BVT and P&O plc.

FINANCE DIRECTOR

René Médori
Doctorate in Economics

58, was appointed to the Board on 1 June 2005, becoming finance director on 1 September 2005. René is a member of the GMC and chairman of the 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 US.

He is a non-executive director of Anglo American Platinum Limited 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).

CHIEF EXECUTIVE

Mark Cutifani
BE (Mining Engineering)

57, was appointed as a director and chief executive with effect from 3 April 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 of 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 Anglo American South Africa and of the De Beers group of companies. He was previously the CEO of AngloGold Ashanti Limited. Before joining AngloGold Ashanti, Mark was COO 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).

TECHNICAL DIRECTOR

Tony O'Neill
MBA, BASc (Eng)

58, was appointed to the Board as technical director on 22 July 2015, having joined the Group in 2013. He is a member of the Sustainability and Investment Committees. He is also a non-executive director of De Beers, 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.

SENIOR INDEPENDENT DIRECTOR

Sir Philip Hampton
MA, ACA, MBA

62, joined the Board on 9 November 2009. He is chairman of the Remuneration Committee and a member of the Audit and Nomination Committees. Sir Philip is chairman of GlaxoSmithKline and brings to Anglo American significant financial, strategic and boardroom experience across a number of industries.

His previous appointments include chairman of The Royal Bank of Scotland and 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 became the senior independent director at the conclusion of the 2014 AGM.

NON-EXECUTIVE DIRECTORS

Judy Dlamini
MBChB, DOH, MBA, DBL

56, was appointed to the Board on 1 January 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 founder and chairman of Mbekani Group, a South African healthcare investment company, and a former chairman of Aspen Pharmacare. 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.

Byron Grote
PhD Quantitative Analysis

67, was appointed to the Board on 19 April 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, Akzo Nobel and Tesco PLC. 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.

Ray O'Rourke
KBE, HonFREng, CEng, FIEI, FICE

69, joined the Board on 11 December 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, mobilising 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.

NON-EXECUTIVE DIRECTORS continued

Mphu Ramatlapeng
MD, MHSc

63, was appointed to the Board on 8 July 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 programmes and capacity building through partnership.

Mphu is the Executive Vice President of HIV/AIDS and Tuberculosis programmes 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)

56, joined the Board on 4 November 2013. Jim is a member of the Sustainability and Audit Committees. He has extensive experience in investment management and investment banking, 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 understanding of the mining industry.

Jim is also a non-executive director of Dalradian Resources Inc. 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. 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
BSc, PhD

67, joined the Board on 14 May 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.

Anne 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 the Ford Motor Company culminated in her appointment as COO for the Americas, a position she held until 2006. Prior to joining Ford in 1990, Anne spent 10 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 16 November 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.

Phuthuma Nhleko stepped down from the Board in November 2015.

EXECUTIVE MANAGEMENT

GROUP MANAGEMENT COMMITTEE MEMBERS

Mark Cutifani
See page 66 for biographical details.

René Médori
See page 66 for biographical details.

Tony O'Neill
See page 66 for biographical details.

Didier Charreton
MSc

52, was appointed Group director – human resources on 1 December 2015. He served as Chief Human Resources Officer for Baker Hughes for seven years until 2014, based in Houston, in the US, with operations across 90 countries and 60,000 employees. Prior to 2007, he held a number of senior HR roles, including with Coats plc in the UK, and Schlumberger for 12 years, based in the US, Argentina, Venezuela and France. Didier has a master's degree in Business from the Clermont Management School and a postgraduate degree in Management Science from the University of Lyon.

Bruce Cleaver
BSc, LLB, LLM

50, was appointed Group director – strategy and business development in January 2016. He was previously executive head of strategy and corporate affairs for De Beers, having joined De Beers in 2005. Bruce continues to serve on the board of De Beers as a non-executive director.

Seamus French
B Eng (Chemical)

53, is CEO of Bulk Commodities, with responsibility for the Group's coal businesses and the Minas-Rio iron ore business in Brazil, since January 2016. 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 joined Anglo American in 2007, and was CEO of Metallurgical Coal between 2009 and 2013 and CEO Coal until 2015.

Chris Griffith
B Eng (Mining) Hons, Pr Eng

51, was appointed CEO of Anglo American Platinum Limited with effect from 1 September 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

57, was appointed CEO of Kumba Iron Ore with effect from 1 September 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 Limited 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.

GROUP MANAGEMENT COMMITTEE continued

Philippe Mellier
MSc (Mechanical Engineering), MBA

60, was appointed CEO of De Beers 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.

Anik Michaud
LL.L (Law)

48, was appointed Group director – corporate relations in June 2015, having Joined the Group in 2008 as Group head of corporate communication. Anik's remit includes corporate communication and government and social affairs. She was previously 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.

Duncan Wanblad
BSc (Eng) Mech, GDE (Eng Management)

49, 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, Other Mining and Industrial businesses. He was appointed to the board of Anglo American Platinum Limited 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.

Peter Whitcutt
BCom (Hons), CA (SA), MBA

50, is CEO of 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 Group director – strategy, business development and marketing in 2013. he was appointed to his present position in January 2016.

Paulo Castellari-Porchia was a member of the GMC during the year, before leaving the Group with effect from 31 December 2015.

THE BOARD IN 2015

THE ROLE OF THE BOARD

The Board provides leadership to the Group and is responsible for its long term success. It seeks to achieve this by establishing the 'tone from the top', through debating and stress-testing Group strategy proposals, approving business plans, monitoring performance, overseeing risk management and ensuring that the right people are in place via board and executive succession planning.

The Board is supported by a number of committees, to which it has delegated certain powers. The role of these committees is summarised below, and their membership and activities during the year are detailed on pages 76–82.

Under the Group's governance arrangements, certain key decisions can only be made by the Board and may not be delegated. The schedule of 'Matters Reserved for the Anglo American plc Board', and the committees' terms of reference, detailing the specific responsibilities of the Board and its committees, can be found online.

For more information, visit
www.angloamerican.com/aboutus/ourapproach

Role of the chairman

Sir John Parker manages the Board. His main responsibilities include:

- Board leadership
- Board composition and succession planning
- Governance
- Advising, providing counsel and acting as confidant to the chief executive
- Ambassador for the Group
- Available for shareholders

Role of the chief executive

Mark Cutifani manages the Group. His main responsibilities include:

- Executive leadership
- Formulation of Group strategy
- Approval and monitoring of business plans
- Organisational structure and senior appointments
- Acquisitions and disposals and business development
- Shareholder relations

Role of the senior independent director (SID)

Sir Philip Hampton, as the SID, is available to discuss any concerns with shareholders that cannot be addressed through the normal chairman/chief executive channels. He also acts as a sounding board for the chairman and as an intermediary for other directors, if necessary.

Governance structure

The Board
Provides leadership to the Group and is responsible for its long term success.

Board committees

Audit Committee
Oversight of financial reporting, audit, internal control and risk management.
See page 78 for more details.

Nomination Committee
Responsible for board composition, appointment of directors and senior management and succession planning.
See page 77 for more details.

Remuneration Committee
Determines the remuneration of executive directors, the chairman and senior management and oversees remuneration policy for all employees.
See page 82 for more details.

Sustainability Committee
Oversees management of sustainability issues, including safety, health. environment, social and governmental relations.
See page 76 for more details.

Group Management Committee (GMC)
Principal executive committee. Responsible for formulating strategy, setting targets/budgets and managing the Group's portfolio.
For more information see 'GMC Rules' on the Group's website.

Executive committees

Corporate Committee (CorpCo)
Reviews corporate and ethical policies and processes, and financial performance and budgets at BU level.

Operational Committee (OpCo)
Responsible for driving operational best practices across the Group and the setting of technical standards.

Investment Committee (InvestCo)
Responsible for making recommendations to the GMC on capital investment proposals.

BOARD COMPOSITION

The Board currently comprises the chairman, three executive directors and eight independent non-executive directors. Composition is regularly refreshed, with half of the Board appointed within the last three years and no non-executive director having served more than seven years. In terms of diversity, the Company has achieved the Davies Report target of 25% women on the Board, with directors from Australia, France, Ireland, Lesotho, South Africa, the UK, and the US, with a broad range of professional experience as set out in the table below.

Board diversity

Nationality		
	Australia	South Africa
	France	UK
	Ireland	UK/US
	Lesotho	US

Professional experience	Percentage of Board membership
Automotive	8%
Education/ government/ public entities	17%
Energy	17%
Engineering/ construction	33%
Finance	33%
Medical/ healthcare	17%
Mining	33%
Other global multinational	58%
Social enterprises	8%
Telecoms	8%

BOARD DISCUSSIONS

The chairman has developed and maintains a two-year rolling agenda which sets the framework for Board meetings and seeks to ensure that each meeting covers an appropriate range of topics – from routine business, through operational reports and project updates, to special items and matters of strategy and business development – and that, over the course of a year, the Board covers its whole remit.

Each meeting includes a wide-ranging report from the chief executive and a report from the finance director on the Group's financial performance, including the impact of declining commodity prices. Reports from the committee chairmen, updates on major projects and certain other administrative matters are also reported at each Board meeting.

In addition to these regular items, the following matters were discussed, among others, during 2015:

February
- Annual results and dividend recommendation
- Business Report – Engineering and large projects
- Litigation update
- Review of 2014 Board and committee evaluation

April
- Business Report – Kumba Iron Ore
- Commodity forecasts/macro-economic scenarios
- Strategy update
- AGM preview

June
- Business Report – Platinum
- Major supply contract for approval
- Board Strategy sessions – two days
- External presentation on the economic, social and political outlook for South Africa
- External presentation on the global economy

July
- Interim results and interim dividend recommendation
- Business Report – Coal South Africa
- Litigation update

October
- Business Report – De Beers (including a Board visit to the Gaborone diamond sorting office and Jwaneng mine, Botswana)
- Engineering and large projects – update
- Business Report – Exploration
- Investor roadshows – summary of feedback

December
- December Investor Day presentation
- External presentation on global mining trends
- Decision to suspend dividends
- Strategic re-focusing of the Group
- Budget and Business Plans 2016-2018
- Business Report – Base Metals
- Mining industry – update and long term outlook

Board and Committee meetings 2015 – frequency and attendance of members

	Independent	Board	Audit	Sustainability	Remuneration	Nomination
Sir John Parker	n/a	6/6	–	4/4	–	3/3
Mark Cutifani	No	6/6	–	4/4	–	–
René Médori	No	6/6	–	–	–	–
Phuthuma Nhleko[(1)]	Yes	0/6	0/3	–	–	0/3
Judy Dlamini	Yes	6/6	4/4	–	3/3	–
Byron Grote	Yes	6/6	4/4	–	3/3	–
Sir Philip Hampton	Yes	6/6	4/4	–	3/3	3/3
Tony O'Neill	No	3/3[(2)]	–	4/4	–	–
Ray O'Rourke	Yes	5/6[(3)]	–	3/4[(3)]	3/3	2/3[(3)]
Mphu Ramatlapeng	Yes	6/6	–	4/4	–	–
Jim Rutherford	Yes	6/6	4/4	4/4	–	–
Anne Stevens	Yes	5/6[(3)]	2/4[(3)]	–	–	3/3
Jack Thompson	Yes	6/6	–	4/4	3/3	–

(1) Mr Nhleko did not attend meetings to avoid a potential conflict of interest, and stepped down from the Board in November 2015.
(2) Meetings attended since appointment.
(3) Unable to attend due to illness.

BOARD VISITS TO OPERATIONS

Our directors value the opportunity to get out of the boardroom and see the Group's operations on the ground. Visiting mines, processing facilities and surrounding communities and talking to local employees provides vital operational context to the Board's deliberations.

During 2015, the Board visited the Minas-Rio iron ore project in Brazil, the De Beers diamond sorting office and Jwaneng mine in Botswana and Judy Dlamini and Mphu Ramatlapeng visited an Anglo American Platinum community agriculture project in South Africa.

Images
Top: Board visit to Jwaneng mine.

Middle left: Mark Cutifani address to De Beers staff.

Middle right: Board visit to De Beers sorting office.

Bottom left: Board visit to Jwaneng mine.

Bottom right: Board visit to Minas Rio

BOARD EVALUATION

In accordance with the Code, we conduct an externally facilitated evaluation every three years, with the 2015 exercise undertaken by Independent Board Evaluation currently being finalised. Its conclusions and resulting actions will be reported in the 2016 annual report.

Between the externally facilitated reviews, the Board and committees undertake an online, questionnaire based, evaluation of performance. This is augmented by one-to-one interviews by the chairman with the non-executive directors.

The internal evaluation undertaken in late 2014 was reviewed by the Board and relevant committees in early 2015. Overall, performance of the Board was highly rated. However, as one would expect from an engaged board, there was the opportunity for further improvements. At a time of increased volatility in the industry the Board needs to continue its focus on the management of risks. It also needs to strengthen its links with the Management of the Businesses to ensure that the expertise and experience of Board members is utilised in support of restructuring and strategic change. Suggestions to improve strategic debates, especially around the Strategy Day, were also addressed.

INVESTOR RELATIONS

The Company maintains an active engagement with its key financial audiences, including institutional shareholders and buy and sell-side analysts, as well as potential shareholders. The Investor Relations department manages the interaction with these audiences and regular presentations take place at the time of the interim and final results as well as during the rest of the year, including an annual capital markets day.

An active programme of communication with potential shareholders is also maintained.

Any significant concerns raised by a shareholder in relation to the Company and its affairs are communicated to the Board. The Board is briefed on a regular basis by the Investor Relations department and analysts' reports are circulated to the directors. Feedback from meetings held between executive management, or the Investor Relations department, and institutional shareholders, is also communicated to the Board.

During the year there were regular presentations to, and meetings with, institutional investors in the UK, South Africa, continental Europe, the US and Canada to communicate the strategy and performance of Anglo American. Executive directors as well as key executives, including business unit heads, host such presentations, which include seminars for investors and analysts and one-on-one meetings.

Throughout the year, executive management also presents at industry conferences that are mainly organised by investment banks for their institutional investor base.

The chairman, the senior independent director and other non-executive directors are available to shareholders to discuss any matter they wish to raise. The Company's website provides the latest news and historical financial information, details about forthcoming events for shareholders and analysts, and other information regarding Anglo American.

In November 2015 the Board received notice of a shareholder requisitioned resolution which will be proposed at the AGM in April 2016. The resolution, proposed by the 'Aiming for A' partners, would require the Group to report on its response to the long-term challenge posed by climate change. Further details are provided in the Notice of AGM.

SUSTAINABILITY COMMITTEE

Jack Thompson
Chairman, Sustainability Committee

COMPOSITION

- Jack Thompson – Chairman
- Mark Cutifani
- Tony O'Neill
- Ray O'Rourke
- Sir John Parker
- Mphu Ramatlapeng
- Jim Rutherford

ROLE AND RESPONSIBILITIES

Overseeing on behalf of the Board, material management policies, processes, and strategies designed to manage safety, health, environment, socio-political and people risks and achieve compliance with sustainable development responsibilities and commitments and strive for an industry leadership position on sustainability.

The Committee terms of reference are available to view online.

For more information, visit
www.angloamerican.com/aboutus/ourapproach

COMMITTEE DISCUSSIONS IN 2015

At each meeting, the Committee reviews a detailed quarterly report covering the Group's performance across a range of sustainability areas including: safety; occupational health; political and regulatory risk; and environmental and social performance. In addition to these standing agenda items, the following matters were discussed during 2015:

February
- business unit sustainability report: Kumba Iron Ore
- operational risk assurance – new approach to risk monitoring
- applaud awards – employee awards for sustainability issues
- review of 2014 committee evaluation.

April
- HR performance report – key HR risks
- business unit sustainability report: Platinum
- ICMM benchmarking report – comparing safety performance and trends across the industry
- socio-economic development – an update on the Group's approach and performance.

July
- government and social affairs – detailed update
- business unit sustainability report: De Beers
- water – managing the material risk of water usage/ conservation
- key legislative developments in the sustainability area.

October
- operational risk assurance – audit findings
- business unit sustainability report: Exploration
- mine closure planning – with a particular focus on Thabazimbi.

NOMINATION COMMITTEE

Sir John Parker
Chairman, Nomination Committee

COMPOSITION

- Sir John Parker – Chairman
- Sir Philip Hampton
- Ray O'Rourke
- Anne Stevens

ROLE AND RESPONSIBILITIES

- 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. With the assistance of external search consultants, identifying and reviewing in detail potential candidates available in the market and agreeing a 'longlist' of candidates for each directorship. Following further discussion and research, deciding upon a shortlist of candidates for interview. Interviewing of shortlisted candidates by the Committee members who then convene to discuss their impressions and conclusions, culminating in a recommendation to the Board.
- Making recommendations as to the composition of the Board and its committees and the balance between executive directors and non-executive directors (NEDs), with the aim of cultivating a diverse board with the appropriate mix of skills, experience, independence and knowledge.
- Ensuring succession plans for all executive Board members, Chairman and senior executives below the Board are kept under review.
- Ensuring that the HR function of the Group regularly reviews and updates the succession plans of directors and senior managers for subsequent debate with the NEDs and chief executive.

The Committee's terms of reference are available to view online.

For more information, visit
www.angloamerican.com/aboutus/ourapproach

COMMITTEE DISCUSSIONS IN 2015

The Committee met three times during 2015, discussing the following matters:

February

- discussed the composition of the Board and its committees and, in line with the results of the recent evaluation, concluded it was currently appropriate and working well
- reviewed the effectiveness of senior and executive management succession planning
- reviewed the results of the 2014 Board evaluation and discussed possible learnings.

July

- a recommendation that Tony O'Neill be appointed to the Board
- an update on the process to recruit a new HR Director
- an update on the Group-wide review of indirect headcount and discussed potential changes at senior levels within the organisation.

October

- noted that Mr Nhleko was likely to step down from the Board to focus on his South African business interests
- the CEO reported on the structure and composition of the Group's executive committees.

AUDIT COMMITTEE

Byron Grote
Chairman, Audit Committee

COMPOSITION

- Byron Grote – Chairman
- Judy Dlamini
- Sir Philip Hampton
- Jim Rutherford
- Anne Stevens

ROLE AND RESPONSIBILITIES

- Monitoring the integrity of the annual and interim financial statements.
- Making recommendations to the Board concerning the adoption of the annual and interim financial statements.
- Overseeing the Group's relations with the external auditors.
- Reviewing and monitoring the effectiveness of the Group's risk management and internal control mechanisms.
- Approving the terms of reference of the internal audit function.
- Approving the internal audit plan and reviewing regular reports from the head of internal audit on effectiveness of the internal control system.
- Receiving reports from management on the Principal Risks of the Group. Details of the Principal Risks are contained on pages 41-45.

The Committee terms of reference are available to view online.

For more information, visit
www.angloamerican.com/aboutus/ourapproach

FAIR, BALANCED AND UNDERSTANDABLE

A key requirement of our financial statements is for the report to be fair balanced and understandable. The Audit Committee and the Board are satisfied that the Annual Report and Accounts meet this requirement as appropriate weight has been given to both positive and negative developments in the year.

In justifying this statement, the Audit Committee has considered the robust process which operates in creating the report and accounts including:

- clear guidance and instruction is provided to all contributors
- revisions to regulatory requirements, including the Code are provided to contributors and monitored on an on-going basis
- early-warning meetings are conducted between business unit management and auditors in advance of the year end reporting process
- a thorough process of review, evaluation and verification of the inputs from business units is undertaken to ensure accuracy and consistency
- external advisors provide advice to management and the Audit Committee on best practice with regard to creation of the report and accounts
- a meeting of the Audit Committee was held in February 2016 to review and approve the draft 2015 annual report and accounts in advance of the final sign-off by the Board. This review included the critical accounting judgements explained in Note 1, pages 118-119 and the conclusions of the external auditors (page 110).

COMMITTEE DISCUSSIONS IN 2015

Throughout the course of 2015 the audit committee paid particular attention to the evolving commodity price risk and management's actions to mitigate the effects of the risk. Discussion included the actions to maintain sufficient liquidity, the disposal programme and the dividend policy. In addition, the implications of the weaker price environment on asset values was subject to detailed review

The Audit Committee held four meetings in 2015. The specific items covered in each meeting included the following:

February

- significant accounting issues, the going concern assessment, the 2014 final dividend proposal and the press release for the 2014 annual results
- the results of the external audit work
- the Ore Reserves and Mineral Resources report
- report on completion of the 2014 internal audit plan and monitoring of the completion of actions agreed in audit work
- the Audit Committee's members' evaluation of its performance during 2014.

April

- the Group's accounting policies over asset valuations, restructuring costs, the accounting implications of Ore Reserve and Mineral Resource estimates and developments in financial reporting. The Audit Committee approved changes to policies as proposed, including separate disclosure for Group-wide, permanent restructuring programmes as a special item if greater than $50 million in total, and noting the stricter guidelines being applied to use of Inferred Resources in life of mine plans
- the 2014 management letter from Deloitte, noting that no points were raised that could lead to a misstatement in the Group's accounts. The committee reviewed the observations highlighted by Deloitte
- management's assessment of the auditor independence and effectiveness in delivery of the 2014 audit
- a report on the Group's ethical framework and approved recommendations, including the development of a new code of conduct
- a report on the governance, policy and approach to mitigating risk of bribery and corruption
- a report on governance, risk and compliance activities associated with the Marketing business unit, including trading activities
- a report on the management of cyber risk, including actions planned to enhance the maturity of information security measures
- a report analysing the Group's pension assets and liabilities and management's approach to mitigating pension risk
- executive director expenses for 2014 and the Group Travel policy.

July

- the significant accounting issues for the half-year report, including impairments (Note 6, page 126) and disposals (Note 30, page 151)
- the going concern assessment including the underlying assumptions, risks and mitigating actions to support the assessment
- a report on tax matters including an update on transfer pricing matters and developments in regulations relating to tax reporting
- a report from Deloitte on their interim review which covered the accounting issues referred to above and 2015 audit planning considerations
- the interim financial statements, draft press release and the interim dividend proposal
- the schedule of approved non-audit fees for the half year
- a paper from management on an initiative to extend trading activity beyond thermal coal
- a briefing on changes to the UK Corporate Governance Code, including management's approach to developing the Viability Statement
- the interim internal audit report, including progress with the 2015 plan
- the Principal Risks of the Group including movement in each risk since the prior review, potential impacts, root causes and mitigation actions
- a report on renewal of the Group's insurance arrangements.

December

- the significant accounting and financial reporting matters for the 2015 year end, including impairments (Note 6, page 126) and disposals (Note 30, page 151). The Audit Committee also reviewed the enhanced disclosure of the Group accounting policy on depreciation of property, plant and equipment (Note 39, page 161)
- an update on tax matters
- the audit fee proposed for 2015
- approved the external audit plan for 2015 and requested the auditors to include findings of their work in the auditors report (page 110)
- a paper on trading and agreed to recommend to the Board approval for an expansion in trading activities
- progress in developing a new code of ethical conduct for the Group
- a paper providing an update on management's response to the 2014 Deloitte management letter observations referred to in the April meeting
- the process concerning the Viability Statement preparation and the Principal Risks that form part of the analysis. Included a discussion of risk appetite in respect of each of the Principal Risks
- reviewed and approved the internal audit plan for 2016
- agreed changes to the Terms of Reference of the Audit Committee to include oversight responsibility of the Code of Conduct and preparation of the Viability Statement.

The Audit Committee report is set out below.

AUDIT COMMITTEE REPORT

ENSURING INDEPENDENCE OF THE EXTERNAL AUDITORS

Anglo American's policy on auditor's independence is consistent with the ethical standards published by the Audit Practices Board.

A key factor that may impair an auditor's independence is a lack of control over non-audit services provided by the external auditors. The external auditor's independence is deemed to be impaired if the auditors provide a service that:

- results in the auditors acting as a manager or employee of the Group
- puts the auditor in the role of advocate for the Group
- creates a mutuality of interest between the auditors and the Group.

Anglo American addresses this issue through three primary measures, namely:

- disclosure of the extent and nature of non-audit services
- the prohibition of selected services – this includes the undertaking of internal audit services
- prior approval by the audit committee chairman of non-audit services where the cost of the proposed service is likely to exceed $50,000.

Anglo American's policy on the provision of non-audit services is regularly reviewed. The definition of prohibited non-audit services corresponds with the European Commission's recommendations on auditors' independence and with the Ethical Standards issued by the Audit Practices Board in the UK.

Other safeguards

- The external auditors are required to adhere to a rotation policy based on best practice and professional standards in the United Kingdom. The standard period for rotation of the audit engagement partner is five years and for any key audit partner, seven years. The audit engagement partner was appointed in 2015 and will rotate off at the end of the 2019 audit in accordance with this requirement.
- Any partner designated as a key audit partner of Anglo American shall not be employed by Anglo American in a key management position unless a period of at least two years has elapsed since the conclusion of the last relevant audit.
- The external auditors are required to assess periodically whether in their professional judgement they are independent of the Group.
- The Audit Committee ensures that the scope of the auditors' work is sufficient and that the auditors are fairly remunerated.
- The Audit Committee has primary responsibility for making recommendations to the Board on the appointment, re-appointment and removal of the external auditors.
- The Audit Committee has the authority to engage independent counsel and other advisers as they determine necessary to resolve issues on auditors' independence.
- An annual assessment is undertaken of the auditors' effectiveness.

Audit tender

Anglo American will undertake, at the latest, a tender and rotation of the audit appointment at the time of the rotation of the lead engagement partner which is due after completion of the 2019 audit.

Anglo American confirms compliance during the year with the provisions of the Competition and Markets Authority Order on mandatory tendering and audit committee responsibilities.

Conclusions of the Audit Committee for 2015

The Audit Committee has satisfied itself that the external auditors' independence was not impaired.

The Audit Committee held meetings with the external auditors without the presence of management on two occasions and the chairman of the Audit Committee held regular meetings with the lead audit engagement partner during the year.

Consideration given to the appointment of the external auditors

The Audit Committee's assessment of the external auditors' performance and independence underpins its recommendation to the Board to propose to shareholders the re-appointment of Deloitte LLP as auditors until the conclusion of the AGM in 2017. Resolutions to authorise the Board to re-appoint and determine the remuneration of Deloitte LLP will be proposed at the AGM on 21 April 2016.

Risk Management

Risk Management is the responsibility of the Board and is integral to the achievement of our objectives. The Board establishes the system of risk management, setting risk appetite and maintaining the system of internal control to manage risk within the Group. The Group's system of risk management and internal control are monitored by the Audit Committee under delegation from the Board.

The system of risk management is designed to ensure awareness of risks that threaten the achievement of objectives. The controls that mitigate those risks are identified so that assurance can be provided on the effectiveness of those controls and a determination can be made as to whether the risk is operating within the Group's risk appetite. We seek to embed a culture of risk awareness into development of our strategic and operational objectives.

The process for identification and assessment of the Principal Risks combines a top down and bottom up approach. At the operations level, a process to identify all risks that prevent the achievement of objectives is being introduced, building on our safety risk management programme. Detailed analysis of the material risks at each location is performed to ensure management understanding of the risk and controls that reduce likelihood of occurrence and impact should the risk materialise. These operational risk profiles contribute to the assessment of risks at the business unit level. Executive management at each business unit assess risks that threaten achievement of the business unit objectives and the status of controls, or actions, that mitigate those risks. At the Group level, risks are identified through assessment of global factors affecting the industry and the Group specifically, as well as the risks arising from the business unit assessments. Materiality of risk is determined through assessment of the various impacts that may arise and likelihood of occurrence. An exception relates to those risks deemed catastrophic in nature, where the focus of assessment is on impact and status of internal controls, given the very low likelihood of occurrence. When considering the impact of any risk, we assess financial, safety, environmental, legal or regulatory, social and reputation consequences.

The robust process of identifying and evaluating the Principal Risks is ongoing and was in place during 2015. Regular reports on the status of risks and controls are presented to executive management teams throughout the year. The Audit Committee reviews reports on the overall Anglo American risk profile on two occasions during the year and conducts in-depth reviews of specific risks during its meetings over the course of the year. Each Principal Risk is assigned to either the Board or the relevant Board Committees to oversee executive management actions in response to that risk. The Audit Committee reviews that oversight process on an annual basis.

Details of the Principal Risks are provided on pages 41-45.

Risk appetite

We define risk appetite as 'the nature and extent of risk that Anglo American is willing to accept in relation to the pursuit of its objectives'. Each Principal Risk is assessed as to whether it is operating within the limit of appetite for the Group based on review of the external factors influencing that risk, the status of management actions to mitigate or control the risk and the potential impact should the risk materialise. For risks operating beyond the limit of appetite, a change in strategy may be required. For risks operating within, but approaching the limit of, appetite, specific management actions may be required to ensure the risk remains within the limit of appetite.

Risk Management and the system of Internal Control

Controls either reduce the likelihood or impact of any risk once it has occurred and the identification of material controls – i.e. those controls that have the most influence in mitigating a risk – is an important input for audit planning.

The system of internal control operates on a traditional 'three lines of defence' approach, with operating management implementing and monitoring controls on a day-to-day basis, and business unit or functional management providing a second line of defence through regular and frequent oversight of operating management's implementation of controls. A centrally managed internal audit department provides the third line of defence by reviewing design and operating effectiveness of the internal control environment, which includes the work performed by the first and second lines of defence management teams. Internal audit operated in all of the Group's managed businesses in 2015, reporting its work to executive management and the Audit Committee on a regular basis. The internal audit department's mandate and annual audit coverage plans were approved by the Audit Committee.

The scope of internal audit work covers the broad spectrum of risk that the Group is exposed to. The audit of controls associated with major operating/technical risks is undertaken in conjunction with relevant experts from the Technical and Sustainability function, and a programme was introduced during 2015 that strengthened the audit of controls associated with major technical risks, the results of which were shared with the Sustainability Committee and Audit Committee.

In determining its opinion on the effectiveness of the internal control environment, the Audit Committee considered the following factors:

- the results of internal audit work, including the response of management to completion of actions arising from audit work
- the output of risk management work
- the output of external audit work and other assurance providers
- issues identified by management or reported through whistleblowing arrangements, and the results of investigations into allegations of breaches of our values and business principles.

Reviewing the effectiveness of the system of risk management and internal control

The Board, through the Audit Committee, fulfils its responsibility in reviewing the effectiveness of the system of risk management and internal control through review of reports submitted over the course of the year covering the risk management process, adequacy of the internal control environment, consideration of risk appetite, in-depth reviews of specific risks and the results of external audit work. The Sustainability Committee also reviews technical and safety risks in detail and report its findings to the Board.

Whistleblowing programme

The Group has a whistleblowing facility operating in all its managed operations and a Group-wide stakeholder complaints and grievance procedure (see the 2015 Sustainability Report for more details). The whistleblowing programme, which is monitored by the Audit Committee, is designed to enable employees, customers, suppliers, managers or other stakeholders to raise concerns on a confidential basis where conduct is deemed to be contrary to our values.

During 2015 388 (2014: 302) reports were received via the global 'Speak –Up' facility, covering a broad spectrum of concerns, including:

- ethical
- criminal
- supplier relationships
- health and safety
- HR issues.

Reports received were anonymous to Anglo American. All received the appropriate attention and, where necessary action was taken to address issues. A governance process is in place to ensure all reports are acted upon in a timely manner and actions completed where necessary.

REMUNERATION COMMITTEE

COMPOSITION

- Sir Philip Hampton – Chairman
- Judy Dlamini
- Byron Grote
- Ray O'Rourke
- Jack Thompson

ROLE AND RESPONSIBILITIES

- Establishing and developing the Group's general policy on executive and senior management remuneration.
- Determining specific remuneration packages for the chairman and executive directors for review and approval by the Board.
- Designing the Company's share incentive schemes.

COMMITTEE DISCUSSIONS IN 2015

The Committee held three meetings in 2015, discussing the following matters:

February

- reviewed executive director personal key performance indicators for 2015 and Group financial and safety targets to ensure alignment with Group strategy
- discussed the chief executive's and finance director's performance in 2014 to adjudicate on bonus outcomes
- reviewed executive directors' shareholdings in the Company prior to 2015 share awards being made
- reviewed the forecast vesting of 2012 Bonus Share Plan (BSP) and Long Term Incentive Plan (LTIP) awards
- reviewed the proposed performance targets for the 2015 LTIP award
- reviewed the 2014 Directors' remuneration report ahead of publication
- reviewed amendments to the Bonus Share Plan rules
- reviewed the external and internal directorship policy
- reviewed corporate governance issues arising in the previous quarter
- reviewed the remuneration policy.

April

- confirmed the vesting of 2012 BSP and LTIP awards and the granting of 2015 BSP and LTIP awards
- confirmed the performance targets for the 2015 LTIP award
- discussed investor feedback on executive remuneration prior to the vote on the Directors' remuneration report
- reviewed corporate governance issues arising since the previous meeting.

December

- reviewed directors' salaries, taking into account the general salary review for the broader employee population
- discussed the application of safety targets in executive directors' bonuses
- discussed the executive directors' draft personal key performance indicators for 2015
- discussed the application of LTIP metrics
- reviewed and updated its terms of reference
- reviewed corporate governance issues arising since the previous meeting.

The Directors' remuneration report is set out opposite.

DIRECTORS' REMUNERATION REPORT

Sir Philip Hampton
Chairman, Remuneration Committee

The role of the Company's Remuneration Committee remains to ensure that the remuneration arrangements for executive directors offer every encouragement for them to enhance the Company's performance and deliver our strategy in a responsible manner.

1. INTRODUCTORY LETTER

Dear Shareholder,

The role of the Company's Remuneration Committee remains to ensure that the remuneration arrangements for executive directors and other members of the Group Management Committee offer them every encouragement to enhance the Company's performance and deliver our strategy in a responsible manner. It is also our task to ensure that the rewards received by the executive directors are proportionate to the levels of performance achieved and the returns received by you as shareholders. As a Committee, we therefore have to give full consideration to the Company's strategy, its performance, your interests and the interests of the wider communities we affect. This is particularly pertinent in light of the ongoing challenges being faced by the Company and by the mining industry more generally.

As reported by the chief executive in his introduction to this year's Annual Report, it has been a very challenging year for Anglo American. Against the strong headwinds of a 24% decrease in the basket price of our products, our ongoing intense focus on operational costs and productivity has generated a $1.3 billion[1] underlying EBIT benefit in the year, providing some mitigation.

The economic challenges and business performance are reflected in the remuneration received in 2015. Specifically:

- despite strong performance by individuals, the earnings per share performance resulted in significantly lower bonus outcomes than in recent years
- the steep fall in prices and the impact on earnings over the last three years mean that the required three-year earnings growth was not achieved; therefore, of the Enhancement Shares initially awarded in 2013, none vested at the end of 2015
- half of the Long Term Incentive Plan (LTIP) awards initially granted to executive directors in 2013 will not vest as the Total Shareholder Return (TSR) target was not met. The results of the Company's longer term efficiency programmes mean that the remainder of the award will vest. The Committee has carefully reviewed this outcome in the context of total variable pay, and is satisfied that the vesting level is appropriate, particularly in the light of overall variable pay delivered to executive directors in 2015. This means, for example, that for the CEO variable pay represents 33% of target and 21% of maximum.

In the light of the current challenging conditions faced by the Company, the Remuneration Committee has decided not to increase the executive directors' salaries in 2016.

Tony O'Neill joined the Company in 2013, and was appointed to the Board in July 2015. His remuneration arrangements, which are described on page 93, are consistent with the Company's approved remuneration policy.

We have again chosen to reproduce the Company's Remuneration Policy (as approved at the 2014 Annual General Meeting (AGM)) in full, rather than an abridged version, so that the Implementation Report for 2015, starting on page 93, will be more meaningful for you, and Tony O'Neill's arrangements will be in context.

The Remuneration Policy continues to support the delivery of our strategic objectives as demonstrated by the performance measures and targets for both the Bonus Share Plan (BSP) and LTIP awards made in 2015, both of which are outlined in the Implementation Report.

I am pleased to report that the strengthening of the malus and clawback provisions of the BSP and LTIP, introduced for awards made from 2014 onwards, meet the requirements of the revised Corporate Governance Code now in force.

Sir Philip Hampton
Chairman, Remuneration Committee

[1] Excludes $0.8 billion volume downside at De Beers in response to market conditions.

Governance

2. POLICY ON DIRECTOR REMUNERATION

2.1 Remuneration policy

Figures 1 and 2 summarise key aspects of the Company's remuneration policy for executive and non-executive directors. This policy and the policy on termination set out in Figure 4 took effect for the purposes of S226D of the Companies Act on approval by shareholders at the AGM held on 24 April 2014. The Company has been operating these policies since 1 January 2014 and intends that these policies should apply until the Company's 2017 AGM, subject to any unforeseen developments. It is the Committee's intention that commitments entered into before these policies took formal effect, and which are inconsistent with them, should be honoured, as explained further below.

Figure 1 shows the Remuneration Policy approved at the AGM in 2014, updated to reflect the fact that some historical information is no longer relevant.

Figure 1: Key aspects of the remuneration policy for executive directors

	Purpose	Maximum opportunity	Operation
Basic salary	To recruit and retain high calibre executives	**Standard maximum increase** 5% of salary (the Committee retains the discretion to exceed this in certain situations as explained under Operation)	Basic salary levels are reviewed annually by the Committee, taking account of Company performance, individual performance, levels of increase for the broader UK population and inflation Reference may also be made to median levels within relevant FTSE 50 and global extractive companies The Committee also considers the impact of any basic salary increase on the total remuneration package Annual increases are typically within the standard maximum given However, there may be occasions when the Committee needs to recognise, for example, development in role, change in responsibility and/or specific retention issues. In these circumstances, the Committee may offer a higher annual increase, the rationale for which will be explained to shareholders in the relevant remuneration report Maximum levels will be reviewed to take account of any significant rise in inflation levels Salary levels on recruitment and promotion to the Board are covered below
Bonus Share Plan (BSP)	To encourage and reward delivery of the Company's strategic priorities To help ensure, through the share-based elements, that any resulting performance is sustained over the longer term in line with shareholder interests	**Maximum (threshold)** 210% of salary (0% of salary) **Performance measures** At least 50% – underlying earnings per share (EPS) Up to 50% – individual objectives linked to the Company's strategic priorities A deduction to the above is applied if safety targets are not met **Form and timing of payment** 40%: cash award at end of year 40%: Bonus Shares vesting three years after end of bonus year 20%: Bonus Shares as above but subject to a further two-year deferral period	Each year executive directors participate in the BSP, which rewards EPS and individual performance targets The EPS measure has been chosen as it is one of the Company's key measures of performance. As EPS performance in our sector can be highly volatile owing to external factors, the individual objectives measure was chosen to provide a balance and reflect management's underlying activity towards delivering the company's strategy regardless of price or other volatility The EPS targets are set each year to ensure they are demanding yet realistic. They primarily reflect internal budgets and price expectations for the year. Consideration is also given to prior performance and external expectations. The individual objectives are based on the Company's strategic priorities for the year Dividends are payable on Bonus Shares during any deferral period The Committee is able to reduce any unvested Bonus Share awards, vested awards subject to a deferral period or future awards in the event of a material misstatement in the Company's results, misconduct or a material failing in risk management processes that has given, or is likely to give, rise to significant and lasting value destruction for the Company

Figure 1: Key aspects of the remuneration policy for executive directors

	Purpose	Maximum opportunity	Operation
Bonus Share Plan (BSP) continued			**Discretions** Given the volatility mentioned above, the Committee does not intend to make adjustments to BSP outcomes to reflect either positive or negative short term fluctuations in EPS performance driven by external factors such as commodity prices. It reserves the discretion to make adjustments to outcomes in very exceptional circumstances whether related to internal or external factors (for example, on a sequestration of assets during the year). Shareholders will be given details of any adjustments in the following remuneration report Under the BSP Rules, the Company also has the standard discretion to take appropriate action in the event of unforeseen events which affect the Bonus Shares (for example, on a variation in share capital) and to settle the Bonus Shares in cash (for example, on a termination)
Long Term Incentive Plan (LTIP)	To encourage and reward disciplined capital allocation and the generation of long-term sustainable shareholder returns	**Maximum award** 350% of salary **Performance measures** 50%: Attributable Return on Capital Employed (ROCE) 50%: Total shareholder returns (TSR) relative to sector and leading UK comparator companies **Performance period** Three years **Additional holding period** Two years **Vesting at threshold** ROCE: 25% of award portion TSR: 25% of award portion	The Committee makes an annual conditional award of shares to each executive director The ROCE measure has been selected to reflect the strategic focus on disciplined capital allocation and the TSR measures to reflect the extent to which value is being delivered to shareholders Each year, the Committee reviews the performance targets prior to grant to ensure they remain sufficiently stretching. The initial ROCE targets have been informed by the Company's stated 2016 attributable ROCE aspiration and each year will be set with reference to current budgets. The relative TSR targets are set so that only a quarter of the award is payable for median performance, while maximum vesting requires exceptional relative performance Dividend equivalents are paid on any shares that vest The Committee is able to reduce any unvested awards, vested awards subject to a holding period or future grants in the event of a material misstatement in the Company's results, misconduct or a material failing in risk management processes that has given, or is likely to give, rise to significant and lasting value destruction for the Company **Discretions** As is the case for the BSP, the Committee does not intend to make adjustments to LTIP outcomes to reflect either positive or negative short-term fluctuations in performance driven by external factors such as commodity prices. It reserves the discretion to make adjustments to outcomes in very exceptional circumstances, whether related to internal or external factors (for example, on a sequestration of assets). Shareholders will be given details of any adjustments in the following remuneration report Under the LTIP Rules, the Company also has the standard discretion to take appropriate action in the event of unforeseen events during an award cycle (for example, on a variation in share capital)

Figure 1: Key aspects of the remuneration policy for executive directors

	Purpose	Maximum opportunity	Operation
Outstanding BSP and LTIP awards	To allow vesting of awards made under a previously approved policy	**2013 BSP Enhancement Share awards** **Maximum award:** 65.6% of salary **Performance measure:** Real EPS growth **Performance period:** Three years **2013 LTIP awards** **Maximum award and performance terms** As detailed in the 2013 Annual Report	Any outstanding awards will be paid out according to the terms on grant The BSP and LTIP awards from 2013 were the only such outstanding awards at the end of 2015, and the vesting outcomes are described in the Implementation Report on pages 96 and 97
Pension	To offer market-competitive levels of benefit	30% of basic salary	Executive directors participate in defined contribution pension arrangements Prior to 6 April 2011, executive directors had the option of all or part of their employer-funded defined contribution arrangements being paid into an unregistered retirement benefits scheme (an EFRBS). Since 6 April 2011, executive directors have the option for contributions which may not be paid to a UK registered pension scheme as a result of HMRC limits (either annual allowance or lifetime allowance) to be treated as if paid to an unregistered unfunded retirement benefit scheme (an UURBS) The Committee is prepared to consider requests from executive directors for a pension allowance to be paid in place of defined contribution arrangements
Other benefits	To provide market-competitive benefits	**Maximum level of ongoing benefits** Capped at 10% of salary **Exceptional situations** The Committee reserves the discretion to exceed the ongoing maximum level for certain situation-specific benefits, such as relocation. Full details of the exercise of any such discretion will be provided to shareholders in the following remuneration report	The Company provides the following ongoing benefits: • 28 days' leave and encashment of any accumulated leave in excess of 20 days • car-related benefits • medical insurance • death and disability insurance • limited personal taxation and financial advice • club membership • other ancillary benefits, including attendance at relevant public events. In addition, the Company pays additional benefits when specific business circumstances require it, including costs and allowances related to relocation and international assignments UK-based executive directors, as UK employees, are eligible to participate in the Company's Save As You Earn (SAYE) scheme and Share Incentive Plan (SIP). In terms of HMRC rules, these plans do not have performance conditions The Company reimburses all necessary and reasonable business expenses

Figure 1: Key aspects of the remuneration policy for executive directors

	Purpose	Maximum opportunity	Operation
Recruitment and promotion arrangements	To secure the appointment and promotion of high calibre executives	**Maximum annual award** (for ongoing arrangements) BSP: 210% of salary LTIP: 350% of salary	The ongoing remuneration arrangements for a newly recruited or promoted executive director will reflect the remuneration policy in place for executive directors at the time of the appointment. The ongoing components will therefore comprise basic salary, BSP awards, LTIP awards, benefits, pension and SAYE/SIP on the bases set out above The initial basic salary level for a newly recruited or promoted executive director will be set to reflect the individual's experience, salary levels within the Company and market levels. Where basic salary is set below the level that might be expected, given the executive's relative inexperience, and the executive then develops successfully into the role, the Committee has the discretion to give a salary increase in the year(s) after appointment above the standard maximum level of 5% For external appointments, the Committee may also offer additional cash and/or share-based elements to replace any remuneration forfeited, when it considers this to be in the best interests of the Company and its shareholders. The terms of any share-based elements offered will reflect the nature, time horizons and performance requirements of remuneration forfeited and will have performance conditions attached. Shareholders will be informed of any such payments at the time of appointment. The Company has retained its Discretionary Option Plan to use in such circumstances, if appropriate. If necessary, the Company can go outside of existing plans as currently permitted under the Listing Rules As previously reported, the restricted awards granted to Mark Cutifani on appointment have been released in accordance with the terms on grant, with the final tranche due to be released before publication of this report. These awards were made under the approved policy at the time, as disclosed in the 2012 Report For internal appointments, any commitments made before appointment and not relating to appointment are allowed to pay out according to their terms. This applies to the restricted awards made to Tony O'Neill when he joined the Company in 2013 For external and internal appointments, the Committee may agree that the Company will meet certain relocation expenses as appropriate

Figure 2: Key aspects of the remuneration policy for non-executive directors

	Purpose	Maximum opportunity	Operation
Chairman – Fees	To attract and retain a high calibre chairman by offering a market-competitive fee level	**Maximum increase** Equivalent to annual increase of 5% of fee level	The chairman is paid a single fee for all his responsibilities The level of this fee is reviewed every two to three years by the Committee and chief executive, with reference to UK market levels (FTSE 30 companies), and a recommendation is then made to the Board (in the absence of the chairman) Fees are paid in cash, with the flexibility to forgo all or part of the net fees to acquire shares in the Company
Chairman – Benefits	To provide market-competitive benefits	**Maximum benefits** £30,000	Reasonable use of a car and driver Medical insurance Reimbursement of reasonable and necessary expenses
Non-executive directors – Fees	To attract and retain high calibre non-executive directors by offering market-competitive fees	**Maximum increase for each type of fee** Equivalent to annual increase of 5% of fee level	The non-executives are paid a basic fee. The chairmen of the main board committees and the senior independent director are paid an additional fee to reflect their extra responsibilities These fee levels are reviewed every few years by the chairman and executive directors, with reference to UK market levels, and a recommendation is then made to the Board Fees are paid in cash with the flexibility to forgo all or part of the net fees to acquire shares in the Company Reimbursement of necessary and reasonable expenses
Other fees/ payments	To have the flexibility to provide additional fees/ benefits if required	**Maximum additional fee** £30,000	The Company has the discretion to pay an additional fee, up to the equivalent of the committee chairmanship fee (currently £30,000), to a non-executive director should the Company require significant additional time commitment from the non-executive director in exceptional or unforeseen circumstances The Company has no current intention to use this discretion

2.2 Supplementary information

Shareholding targets
Within five years of appointment, executive directors are expected to hold Company shares with a value of three times basic salary in respect of the chief executive and two times basic salary in respect of other executive directors. The Committee takes into consideration achievement against these targets when making grants under the Company's various long term incentive plans.

External directorships
Executive directors are not permitted to hold external directorships or offices without the prior approval of the Board. If approved, they may each retain the fees payable from only one such appointment.

Executive director contractual commitments
The remuneration provisions within the service contracts for Mark Cutifani, René Médori and Tony O'Neill are consistent with the policies outlined in Figure 1 and in Figure 4 (termination provisions).

Policy in rest of company
The remuneration arrangements for the executive directors outlined in Figure 1 are consistent with those for other executives serving on the Group Management Committee, although opportunity levels vary. The majority of our employees are located in South Africa and South America, and the remuneration arrangements of these employees are aligned to local market practices and levels.

Past directors
In addition to retirement benefits, the Company continues to provide seven former executive directors with private medical insurance arrangements. The annual cost to the Company is minimal. The Committee continues to meet these longstanding commitments but no new commitments have been made recently or will be made in future.

2.3 Indicative total remuneration levels

The Company's policy for executive directors results in a significant portion of the remuneration received by executive directors being dependent on Company performance. Figure 3 illustrates how the total pay opportunities for the chief executive, the finance director and the technical director vary under three different performance scenarios:

- Above – representing 100% of maximum for variable pay opportunity
- Target – representing a notional 65% of maximum for variable pay opportunity
- Below – representing 0% of maximum for variable pay opportunity.

These charts are indicative as share price movement and dividend accrual have been excluded. All assumptions made are noted below the charts.

Figure 3: Executive director total remuneration at different levels of performance

Above The Company's three-year TSR would need to outperform sector peers by 6% pa and be ranked 20th or higher in the FTSE 100.
Target The Company's three-year TSR would need to outperform sector peers by 3.2% pa and be ranked 35th in the FTSE 100.
Below Total pay for below threshold performance comprises basic salary, benefits and pension only.

(1) Estimates of £76,000, £36,000 and £36,000 have been used for ongoing non-pension benefits for the chief executive, finance director, and technical director, respectively.
(2) Share price movement and dividend accrual have been excluded from all figures.
(3) Participation in the SAYE and SIP has been excluded, given the relative size of the opportunity levels.
(4) Total pay for Above target performance comprises 2016 basic salary, benefits, pension, 100% of maximum bonus opportunity (60% of which is deferred into Bonus Shares) and 100% of maximum LTIP opportunity. For this level of pay, the Company's attributable ROCE would need to be 15% and the Company's three-year TSR would need to outperform sector peers by 6% pa and be ranked 20th or higher against the FTSE 100.
(5) Total pay for Target performance comprises 2016 basic salary, benefits, pension, a notional 65% of maximum bonus opportunity (60% of which is deferred into Bonus Shares) and a notional 65% of maximum LTIP opportunity. For this level of pay, the Company's attributable ROCE would need to be 10.3% and the Company's three-year TSR would need to outperform sector peers by 3.2% pa and be ranked 35th against the FTSE 100.
(6) Total pay for Below threshold performance comprises 2016 basic salary, benefits and pension only.
(7) Charts have not been included for the non-executive directors as their fees are fixed and do not vary with performance.

2.4 Policy on termination and change in control

2.4.1 Executive directors

Figure 4 sets out the Company's policy on termination. This policy is consistent with provisions relating to termination of employment in the executive directors' service agreements and with provisions in the incentive plan rules, with one exception. René Médori's service agreement contains a longstanding provision under which the Company may pay a lump sum in lieu of any notice period, comprising salary, bonus and pension contributions in respect of the unexpired notice period, with the bonus element calculated based on the average bonus percentage paid over the last three years and pro-rated based on the time employed during the bonus year. The Committee intends, if required, to meet this obligation, but does not intend to include such a clause in any future service agreements.

Figure 5 sets out key provisions relating to change of control, where there is no termination. There are no provisions for enhanced payments in the event of a change of control of the Company.

2.4.2 Non-executive directors

All non-executive directors have letters of appointment with the Company for an initial period of three years, subject to annual re-appointment at the AGM. The chairman's appointment may be terminated by the Company with six months' notice. The appointment letters for the chairman and non-executive directors provide that no compensation is payable on termination, other than any accrued fees and expenses.

Figure 4: Principles of determining payments for loss of office

Notice periods	Notice periods do not exceed 12 months Upon appointment the Committee can agree an extended Company notice period for the first year following appointment		
	'Good Leaver'	Voluntary resignation	'Bad Leaver'
Circumstances of departure of executive directors	Typical reasons include retirement, redundancy, death, ill health, injury, disability or as defined by the Committee Where departure is on mutually agreed terms, the Committee may treat the departing executive as a 'Good Leaver' in terms of one or more elements of remuneration. The Committee uses this discretion judiciously and shareholders will be notified of any exercise as soon as reasonable		Typically termination for cause
Salary and benefits for notice period	Salary and benefits continue to be paid to the date of termination of employment, including any notice period and/or garden leave period The Company may terminate employment with immediate effect and, in lieu of the unexpired portion of any 12-month notice period, make a series of monthly payments based on salary and benefits (or make a lump sum payment based on salary only). Any monthly payments will be reduced to take account of any salary received from alternative employment	Salary and benefits continue to be paid to the date of termination of employment, including any notice period and/or garden leave period The Company may terminate employment with immediate effect and, in lieu of the unexpired portion of any 12-month notice period, make a series of monthly payments based on salary and benefits (or make a lump sum payment based on salary only). Any monthly payments will be reduced to take account of any amounts received from alternative employment	Immediate termination with no notice period
Bonus accrued prior to termination	A time prorated bonus award may be made by the Company, with the Committee's approval, and can be paid wholly in cash	No accrued bonus is payable	No accrued bonus is payable

Figure 4: Principles of determining payments for loss of office

	'Good Leaver'	Voluntary resignation	'Bad Leaver'
Unvested Bonus Shares	**Normal circumstances** Bonus Shares are released in full on the normal release date (ie awards will not be released early) **Exceptional circumstances** (e.g. death or other compassionate grounds) Bonus Shares are released in full, and eligible for immediate release	Forfeit	Forfeit
Vested Bonus Shares subject to holding period	**Normal circumstances** Released in full to the employee at the end of the holding period **Exceptional circumstances** (e.g. death or other compassionate grounds) Bonus Shares are released in full, and eligible for immediate release	If an employee resigns to join a competitor (as defined by the Committee) then even those vested Bonus Shares that remain subject only to the holding period will be forfeit Outside of these circumstances, such awards are released to the employee at the end of the holding period	Forfeit
Unvested LTIP awards	**Normal circumstances** LTIP awards will vest subject to the performance condition at the end of the normal performance period and, if applicable, released at the end of the holding period All awards are time prorated **Exceptional circumstances** (e.g. death or other compassionate grounds) LTIP awards may be released on departure, subject to assessment of the performance conditions at that time All awards are time pro-rated	Forfeit	Forfeit
Vested LTIP awards subject to a holding period	**Normal circumstances** Vested LTIP awards that are subject only to a holding period are released in full to the employee at the end of the holding period **Exceptional circumstances** (e.g. death or other compassionate grounds) Vested LTIP awards subject to a holding period may be released on departure	If an employee resigns to join a competitor (as defined by the Committee) then even those vested LTIP awards that remain subject only to the holding period will be forfeit Outside of these circumstances, such awards are released to the employee at the end of the holding period	Forfeit
Unvested Restricted Shares	There is no standard policy in respect of the treatment of any restricted share awards to executive directors. Terms are set on a case-by-case basis For the restricted shares currently held by the chief executive if he leaves as a 'Good Leaver' before the remaining designated release dates, any unvested shares would be released on the earlier of the remaining release dates or one year from the date of the chief executive ceasing to be the Company's chief executive	Generally forfeit	Forfeit
Other	Limited disbursements (for example, legal costs, relocation costs, untaken holiday)	None	None

Governance

Figure 5: Policy on change in control

Incentive plan provisions relating to change of control (without termination)	**Bonus Shares** The Bonus Shares awarded under the BSP will be released **LTIP awards** The number of shares that vest under the LTIP will be calculated by reference to the extent to which the applicable performance conditions have been met at the time of the change of control **Vested Bonus Shares and LTIP awards subject to holding period** The Bonus Shares and LTIP awards will be released

2.5 Development of director remuneration policy

In developing and reviewing the Company's remuneration policy for executive directors and other senior executives, the Committee is receptive to the views of shareholders and sensitive to the relationship between the arrangements for executive directors and those for other employee groups.

Specifically:

- whenever any significant changes are made to remuneration, the Committee seeks feedback from investors. The Committee also listens to and takes into consideration investor views and comments throughout the year.
- the Committee considers any general basic salary increase for the broader UK employee population when determining any annual salary increases for the executive directors. No basic salary increase has been awarded for 2016 to the executive directors or to the general UK employee population. The rate of basic salary increase for the chief executive and the finance director, at 2% of salary for 2015, was the same as the general increase for the UK employee population.
- each year the Committee also reviews in detail how the arrangements for the executive directors compare to those for other members of the Group Management Committee to ensure an appropriate relationship and to support career development and succession.

Given the geographic spread of the Company's workforce, the Committee does not consider that consulting with employees on the remuneration policy for directors is a sensible use of resources. Many of the Company's UK-based employees are shareholders, through the SAYE and SIP schemes, and they, like other shareholders, are able to express their views on director remuneration at each general meeting.

2.6 Payments under previous policies

The Committee reserves the right to make any remuneration payments and payments for loss of office, notwithstanding that they are not in line with the policy set out above, where the terms of the payment were agreed (i) before the policy or the relevant legislation came into effect or (ii) at a time when the relevant individual was not a director of the Company and, in the opinion of the Committee, the payment was not in consideration for the individual becoming a director of the Company. For these purposes, 'payments' includes the satisfaction of awards of variable remuneration and, in relation to awards of shares, the terms of the payment which are agreed at the time the award is granted.

3. DIRECTOR REMUNERATION IN 2015

The information set out in this section (which constitutes the Implementation Report) has been subject to external audit.

Figures 6 to 11 show the outcomes for 2015 of the main components of executive director remuneration, including the expected vesting of share awards with a performance period ending in 2015, and Figure 12 sets out the total remuneration outcomes.

Conditional share awards made in 2015 are set out in Figure 15 in Section 4.1.

Figure 6: Basic salaries for 2015
(all amounts in '000)

MARK CUTIFANI
(2014: £1,236)

£1,261

RENE MEDORI
(2014: £788)

£804

TONY O'NEILL
(2014: Not applicable)

£352(1)

Figure 7: BSP outcomes for 2015 (cash bonus and Bonus Shares)
(all amounts in '000)

MARK CUTIFANI
(2014: £1,557)

£966

RENE MEDORI
(2014: £960)

£583

TONY O'NEILL
(2014: Not applicable)

£284(1)

(1) For the period between appointment and year-end.

3.1 Tony O'Neill's remuneration arrangements

Tony O'Neill was appointed as technical director during the year, having initially joined the Company in September 2013. His remuneration package is consistent with the Company's approved remuneration policy, and comprises basic salary of £787,950, pension contribution rate of 30% of basic salary, eligibility for BSP and LTIP awards, all-employee share plan participation, and benefits including a car allowance, medical cover and life assurance. On joining the Company in 2013, Tony O'Neill was granted awards of cash and shares to reflect the value and vesting periods of incentives forfeit as a result of his leaving his previous employment. The cash award, and the first two tranches of the share award, were released prior to Tony's appointment to the Board. The remaining 39,872 shares are due to be released before publication of this report.

3.2 Basic salaries for 2015

Figure 6 sets out the basic salaries for 2015. Mark Cutifani and René Médori each received a salary increase of 2% in 2015. In Tony O'Neill's case, figure 6 shows the outcome in relation to the period between his appointment and 31 December 2015.

3.3 Annual BSP outcomes for 2015

Figure 7 shows the BSP outcomes for 2015 (in Tony O'Neill's case, the figure reflects the outcome in relation to the period between his appointment to the Board on 23 July 2015 and 31 December 2015). Figures 8a to 8c summarise the annual financial and personal strategic measures for the 2015 BSP for Mark Cutifani, René Médori and Tony O'Neill, along with the performance targets, where relevant, the level of performance achieved and the resulting award levels. Key details of the performance delivered over 2015 are set out under BSP Key Performance Aspects.

The Committee reviewed the annual targets set at the beginning of 2015 and, in light of the speed and severity of the falls in commodity prices and the environment faced by the Company, decided to set threshold performance expectations at $0.85. Payout at threshold performance would be 25% on this measure, with no payment for performance below threshold.

The executives' individual objectives were set at the start of the year and reflect the Company's strategic priorities for the year. Each category contained between one and five specific objectives. Some of these are reflected under BSP Key Performance Aspects. Given the non-financial nature of these, specific quantitative targets were not set but, at the end of the year, the Committee made a detailed assessment of performance against each, leading to the evaluations shown in Figures 8a to 8c. The overall outcome for each executive director was then adjusted by the safety deductor (based on loss of life, recordable case frequency rates, lost-time injury frequency rates, and an operational risk management rating). Safety targets are based on fixed percentage improvements from the prior year result with 20% reduction on the prior year resulting in no bonus adjustment and any lesser improvement resulting in a reduction up to a maximum of 20%. The exception was safety improvement in the platinum division where strike action in 2014 led to an unrepresentative baseline. In this case the improvement target of 20% was measured relative to the stretch target set at the start of 2014 (itself a 20% improvement on 2013).

Figure 8a: BSP performance assessment for 2015 – Chief executive

Mark Cutifani

Corporate financial (50% of award)	Below	Threshold $0.85 = 12.5% of award	Target $0.98 = 20% of award	Above	Maximum $1.50 = 50% of award	Achieved (% of award)
Earnings per share	●					0%

Personal/Strategic (50% of award)	Below	Threshold	Target	Above	Maximum	
Strategic development (15%)				●		
Talent management (10%)				●		
Business improvement (15%)				●		
Endowment (5%)					●	
Stewardship (5%)					●	
Overall personal performance						43%

Group safety performance	Static/declining	Improving	Strongly improving	Best practice/ world class	
Deductor		●			(6.5%)

	Below	Threshold	Target	Above	Maximum	
Overall performance		●				36.5%

Resulting BSP award
36.5% of maximum bonus award (77% of salary)
(40% payable in cash, 60% as Bonus Shares, with deferred receipt. Two-thirds of the Bonus Shares will vest after a further three years, subject to continued employment; for the remaining third, there is a further two-year holding period in addition to the three-year vesting period)

Figure 8b: BSP performance assessment for 2015 – Finance director

René Médori

Corporate financial (50% of award)	Below	Threshold $0.85 = 12.5% of award	Target $0.98 = 20% of award	Above	Maximum $1.50 = 50% of award	Achieved (% of award)
Earnings per share	●					0%

Personal/Strategic (50% of award)	Below	Threshold	Target	Above	Maximum	
Organisation/*Driving Value* targets (10%)				●		
Treasury (10%)					●	
Tax (10%)				●		
Capital allocation (5%)				●		
Information Management (5%)				●		
Finance Function operational targets (10%)				●		
Overall personal performance						41%

Group safety performance	Static/declining	Improving	Strongly improving	Best practice/ world class	
Deductor		●			(6.5%)

	Below	Threshold	Target	Above	Maximum	
Overall performance		●				34.5%

Resulting BSP award
34.5% of maximum bonus award (72% of salary)
(40% payable in cash, 60% as Bonus Shares, with deferred receipt. Two-thirds of the Bonus Shares will vest after a further three years, subject to continued employment; for the remaining third, there is a further two-year holding period in addition to the three-year vesting period)

Figure 8c: BSP performance assessment for 2015 – Technical director

Tony O'Neill

Corporate financial (50% of award)	Below	Threshold $0.85 = 12.5% of award	Target $0.98 = 20% of award	Above	Maximum $1.50 = 50% of award	Achieved (% of award)
Earnings per share	●					0%
Personal/Strategic (50% of award)	Below	Threshold	Target	Above	Maximum	
Strategic development (15%)				●		
Talent management (10%)				●		
Business improvement (15%)				●		
Endowment (5%)					●	
Stewardship (5%)				●		
Overall personal performance						45%

Group safety performance	Static/declining	Improving	Strongly improving	Best practice/world class	
Deductor		●			(6.5%)

	Below	Threshold	Target	Above	Maximum	
Overall performance		●				38.5%

Resulting BSP award
38.5% of maximum bonus award (81% of salary)
(40% payable in cash, 60% as Bonus Shares, with deferred receipt. Two-thirds of the Bonus Shares will vest after a further three years, subject to continued employment; for the remaining third, there is a further two-year holding period in addition to the three-year vesting period)

BSP KEY PERFORMANCE ASPECTS

All
- Copper equivalent (Cu Eq) volumes[1] up 5% vs prior year, driven by recovery from the strike at Platinum (+25%) and good performance at Coal Australia (+1%) as well as ramp up of new projects. A management-driven reduction at De Beers (-12%) in response to a challenging market, and at Kumba (-7%) with the implementation of a new mine plan in response to low prices reduced volume
- Nominal unit costs down across the Group (16% on a Cu Eq basis). Cost savings implemented throughout the portfolio, whilst the Group has also benefited from weakening FX rates, partially offset by inflation
- Project Marathon, a restructuring of indirect costs across the Group, was completed for Group functions during 2015. BU restructuring is also ongoing, with many BUs completed. A wider portfolio review of the Group is underway
- Three major projects progressed their ramp up in 2015. Minas-Rio and the Boa Vista Fresh Rock plant have continued to increase production, whilst Barro Alto completed its furnace rebuild early and is now operating at full capacity. Grosvenor project is also progressing in line with project schedule
- Lafarge Tarmac and AA Norte disposed in 2015, with Dartbrook and Kimberly also announced. Discussions regarding the divestment of a number of Copper, Niobium and Phosphates, and Coal assets commenced during the year, whilst the sale of Rustenburg to Sibanye was agreed
- Safety performance across the Group remains a key focus. The Group achieved a fatality-free quarter in Q4 2015, and the Platinum business, in 2015, achieved its longest period without a fatality in its history

Mark Cutifani
- The Anglo Operating Model, critical to the continued operational improvement at major assets, is being implemented at key assets including Los Bronces and Mogalakwena
- Continued, effective engagement with host governments and other stakeholders in principal geographies

René Médori
- Liquidity at $14.8 bn with $2.2 bn of bonds successfully issued during the year
- Net debt of $12.9 bn delivered below guidance of $13-$13.5 bn despite weakening operational cash flows. This is a result of aggressive capital discipline and the successful implementation of the disposal program

Tony O'Neill
- Delivery of FutureSmart strategy milestones
- Executive principles of Quellaveco project development strategy aligned
- Development strategy potential of Barro Alto, Platinum, and Niobium and Phosphate
- Continued development of strategic supply relationships

[1] AA Norte volumes excluded from both periods.

3.3 BSP Enhancement Share outcomes for 2015

In 2013, René Médori was awarded 8,808 Enhancement Shares under the BSP. Vesting was subject to the Company's real EPS growth over the three-year period to 31 December 2015. The growth targets set on award were the UK Retail Price Index (RPI) +9% for threshold performance (resulting in 44% of the award vesting) and RPI +15% for maximum performance (resulting in 100% of award vesting). Threshold performance was not achieved over the three-year period, resulting in no vesting of the shares.

Figure 9: Enhancement Share vesting outcomes for 2015
(all amounts in '000)

RENE MEDORI
(2014: £0)

£0

3.4 Long Term Incentive Plan outcomes for 2015

In 2013, Mark Cutifani and René Médori received LTIP grants of 244,328 and 117,218 conditional shares respectively, with vesting subject to (a) the Company's TSR performance relative to (i) a weighted group of international mining companies and (ii) FTSE 100 companies over the three-year period to 31 December 2015, and (b) the level of savings delivered by the Asset Optimisation and Supply Chain programmes to 31 December 2015.

Figure 10 sets out further details of the measures and the Company's performance against each. Figure 11 sets out the assumed value of the vesting outcomes for Mark Cutifani and René Médori, including accrued dividend equivalents.

Figure 10: LTIP assessment for 2015

SECTOR INDEX COMPARISON (25% OF TOTAL AWARD)

- The Sector Index measure compares the Company's three-year TSR performance with the weighted median of six international mining companies.
- Vesting required the Company's TSR performance to be at least equal to the weighted median.
- As at 31 December 2015, the Company's TSR performance was below the weighted median; therefore no shares will vest for this part of the award.

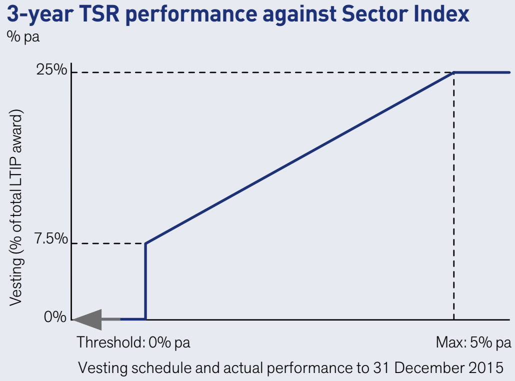
FTSE 100 COMPARISON (25% OF TOTAL AWARD)

- The FTSE 100 measure compares the Company's three-year TSR performance with the constituents of the FTSE 100.
- Vesting required the Company's TSR performance to be at least equal to the median TSR of the FTSE 100.
- As at 31 December 2015, the Company's TSR performance was ranked below the 50th percentile of the FTSE 100; therefore no shares for this part of the award will vest.

AOSC (50% OF TOTAL AWARD)

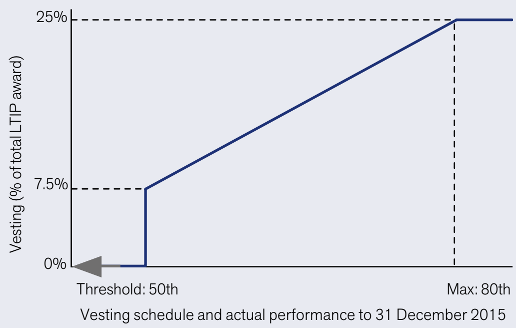
- The AOSC measure rewards the delivery of additional operating profit and capital expenditure savings delivered through the Company's Asset Optimisation and Supply Chain programmes.
- Minimum vesting required cumulative savings to 31 December 2015 of $5.9 bn and maximum vesting required cumulative savings of $7.2 bn.
- Actual performance was $8.6 bn, leading to 100% vesting of this part of the award (50% of the overall award).

3-year TSR performance against Sector Index



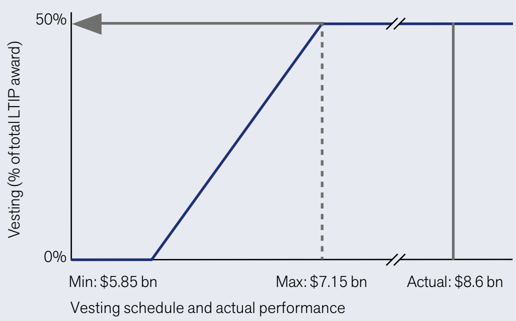
Arrow represents actual vesting

3-year TSR ranking vs FTSE 100 index



Arrow represents actual vesting

Anglo American's AOSC efficiency



Arrow represents actual vesting

Figure 11: LTIP vesting outcomes for 2015
(all amounts in '000)

MARK CUTIFANI
(2014: not applicable)

£778

RENE MEDORI
(2014: £523)

£373

LTIP KEY PERFORMANCE ASPECTS

- Actions taken on the back of the 2013 Asset Review process and implementation of the Anglo Operating Model continued to assist in delivering AOSC benefits across all businesses during 2015
- Specific AO highlights include improvements in Longwall cutting hours at Moranbah and Grasstree (Coal in Australia), increased average throughput at Los Bronces SAG Mill (Copper) and improved blasting efficiency at Tumela and Union (Platinum)
- Specific SC highlights include Global Inventory Optimisation resulting in reduced stocking levels at Platinum; introduction of dry-drilling at Kumba increasing drill bit life and penetration rates and reduced rates per tonne for Mining Waste Services at Kumba
- The 2013 LTIP awards will vest at 50% in 2016; consequently, 122,164 shares are receivable by Mark Cutifani and 58,609 by René Médori. At a share price of £4.73 (the average for the last quarter of 2015), this results in values of £577,836 and £277,221, respectively. Dividend equivalents over the vesting period will also be payable at vesting, to be £199,691 and £95,803 respectively

Governance

Figure 12: Total remuneration outcomes for 2015

	Total basic salary[1] £'000	Benefits in kind[2] £'000	Pension[3] £'000	Annual performance bonus – cash and Bonus Shares[4] £'000	2013 Enhancement Share Award[5] £'000	2013 LTIP Award[6] £'000	**Total 2015 £'000**	Total 2014 £'000
Executive Directors	Section 3.1			Section 3.2	Section 3.3	Section 3.4		
Mark Cutifani	**1,261**	**32**	**378**	**966**	**–**	**778**	3,415	
Mark Cutifani (2014)	1,236	561	371	1,557	–	–		3,725
René Médori	**804**	**65**	**241**	**583**	**0**	**373**	2,066	
René Médori (2014)	788	62	237	960	0	523		2,570
Tony O'Neill[7]	**352**	**14**	**106**	**284**	**–**	**–**	756	
Tony O'Neill (2014)	–	–	–	–	–	–		–

	Total fees 2015 £'000	Benefits in kind 2015 £'000	**Total 2015 £'000**	Total fees 2014 £'000	Benefits in kind 2014 £'000	Total 2014 £'000
Non-executive Directors						
Sir John Parker[8]	**700**	**24**	724	700	22	722
Judy Dlamini	**80**	**–**	80	80	–	80
Byron Grote[8]	**110**	**–**	110	101	–	101
Sir Philip Hampton[8]	**140**	**–**	140	131	–	131
Phuthuma Nhleko[9]	**73**	**–**	73	80	–	80
Ray O'Rourke[10]	**80**	**–**	80	80	–	80
Mphu Ramatlapeng	**80**	**–**	80	80	–	80
Jim Rutherford	**80**	**–**	80	80	–	80
Anne Stevens	**80**	**–**	80	80	–	80
Jack Thompson	**110**	**–**	110	110	–	110

(1) In addition to his basic salary, René Médori retained fees amounting to £82,000 in respect of one external directorship (see Section 2.2).

(2) Benefits for executive directors with a value over £5,000 are set out below. The executive directors also receive a limited amount of financial advice, club subscriptions, death and disability benefits, medical insurance and other ancillary benefits. As reported in the 2014 Annual Report, the Company reimbursed Mark Cutifani for the tax paid on his relocation benefits (except the relocation allowance) on a 'grossed up' basis in 2014.

	Car-related benefits	Untaken holiday reimbursement
Mark Cutifani	29,420	–
René Médori	28,700	27,837
Tony O'Neill	12,669	–

(3) The pension contribution amounts should be read in conjunction with the following information:
(a) The amounts stated for Mark Cutifani and Tony O'Neill for 2015 include a cash allowance of £297,000 (2014: £288,000) and £93,000 (2014: n/a), respectively.
(b) The total amount of pension contributions treated as having been paid into the UURBS for 2015 were £241,000 for René Médori (2014: £237,000).
(c) Contributions treated as being paid into the UURBS earn a return equivalent to the Company's pre-tax sterling nominal cost of debt, capped at a rate determined by the Remuneration Committee. The total return earned in 2015 was £73,000 for René Médori (2014: £59,000).
(d) As at 31 December 2015, the total balances due to the executive directors in relation to the UURBS were £1,644,000 for René Médori (2014: £1,330,000). Retirement benefits can only be drawn from the UURBS if a member has attained age 55 and has left Group service.

(4) 60% of the amount shown for annual bonus will be paid in Bonus Shares with deferred receipt. For 40%, vesting will occur after a further three years, subject to continued employment; for 20%, there is a further two-year holding period in addition to the three-year vesting period.

(5) The performance condition attached to the 2013 Enhancement Share award was not met and none of these shares will vest.

(6) As vesting of the LTIP awards granted in 2013 is due to take place after publication of this report, vesting values are on an 'expected' basis and a share price of £4.73 has been used to calculate the values shown. The values shown include dividend equivalent amounts of £199,691 for Mark Cutifani and £95,803 for René Médori. The LTIP amounts shown in last year's report in respect of the LTIPs awarded in 2012 were also calculated on an 'expected' vesting levels basis with an assumed share price of £12.98. The actual vesting levels were as expected but the actual share price at vesting was £10.75, leading to the following decrease in value: René Médori – estimated value £618,000; actual value £523,000 (decrease of £95,000).

The LTIP amounts shown in last year's report for Cynthia Carroll were also calculated on an 'expected' vesting levels basis with an assumed share price of £12.98 the actual vesting levels were as expected but the actual share price at vesting was £10.75, leading to the following decrease in value: Cynthia Carroll – estimated value £509,000; actual value £431,000 (decrease of £78,000).

(7) Amounts relate to the period between appointment and 31 December 2015.

(8) Sir John Parker has elected to waive his Nomination Committee chairman fees. Benefits with a value over £5,000 comprise car-related benefits and medical insurance in line with the Remuneration policy set out in Figure 2.

Byron Grote and Sir Philip Hampton became chairman of the Audit Committee and senior independent non-executive director respectively, with effect from 24 April 2014.

(9) Phuthuma Nhleko retired from the Board with effect from 27 November 2015.

(10) Ray O'Rourke has instructed the Company that his net fees be donated to charity.

3.5 Change in the chief executive's remuneration in 2015 relative to London employees

Figure 13 sets out the chief executive's basic salary, benefits and BSP amounts for 2015 and the year-on-year change. We show the average change in each element for London employees, which is considered to be the most relevant employee comparator group given the Group-wide nature of roles performed at Head Office.

3.6 Distribution statement for 2015

Figure 14 sets out the total expenditure on employee reward over 2015, compared to profit generated by the Company and the dividends received by investors. Underlying earnings are shown, as these are one of the Company's key measures of performance, while employee numbers help put the payroll costs of employees into context.

Figure 13: Change in chief executive's remuneration compared to UK employees

		Salary	Benefits	Bonus
Chief Executive	£'000	1,261	32	966
	% change	2.0	(94.3)	(38.0)
London employees[1]	Average % change (per capita)	2.0	2.0	(15.6)

[1] Benefits for London employees comprise pension and car allowances (where applicable), these being the most material.

Figure 14: Distribution statement for 2015

Distribution statement		**2015**	2014
Underlying earnings[1] (Total Group)	$m	**827**	2,217
	% change	**(62.7)**	(17.1)
Dividends payable for year (Total)	$m	**398**	1,081
	% change	**(63.2)**	(0.3)
Payroll costs for all employees	$m	**4,474**	5,072
	% change	**(11.8)**	(3.5)
Employee numbers	'000	**91**	95
	% change	**(4.2)**	(3.1)

[1] Please see note 5 of the consolidated financial statements for details on how underlying earnings are calculated.

4. OUTSTANDING SHARE INTERESTS

The information in this section has been subject to external audit.

4.1 Conditional share awards granted in 2015

Figure 15 summarises the longer-term, conditional share awards granted to directors during 2015. Receipt of these awards is dependent on the Company's performance over 2015-17, as detailed below. Also included in Figure 15 are the options granted to directors in 2015 under the Company's SAYE scheme.

The value of Bonus Shares awarded to directors in 2015 is included in the annual performance bonus figures for 2014, set out in Figure 12.

Figure 15: Summary of conditional share awards and options granted in 2015

Type of award	Performance measure	Vesting schedule	Performance period end	Director [1]	Basis of award	Number of shares awarded	Face value at grant[2]
LTIP share awards	TSR vs. the Index (25%) Section 4.2.1	25% for TSR equal to the Index 100% for the Index +6% pa or above	31/12/2017	Mark Cutifani	350% of salary	362,275	£4,412,510
	TSR vs. FTSE 100 Index (25%) Section 4.2.2	25% for TSR equal to median 100% for 80th percentile or above		René Médori	300% of salary	198,072	£2,412,517
	ROCE (50%) Section 4.2.3	25% for 10% 100% for 14%[3]					

(1) Tony O'Neill was granted an award of 195,000 shares under the LTIP in 2015, prior to his appointment to the Board. Vesting of this award will be reported in the 2017 remuneration report.

(2) The face value of each award has been calculated using the share price at time of grant (£12.18 for the LTIP awards). As receipt of these awards is conditional on performance, the actual value of these awards may be nil. Vesting outcomes will be disclosed in the 2017 remuneration report.

(3) In the 2014 Annual Report, the ROCE target range for the 2015 LTIP was stated as 9-13%. This was to be calculated using Driving Value ROCE (which excludes the impact of impairments taken post December 2013 on both attributable EBIT and Capital Employed – see page 182 for the definition). Subsequently, the Committee agreed to amend the assessment metric to Attributable ROCE (which takes into account the impact of all impairments), in order to facilitate easy calculation of assessment metrics by users of the accounts). The ROCE target range was restated to 10-14%, which recognises the lower capital base on which returns would be generated whilst retaining the original stretch.

Type of award		Date of Award	Options granted	Face value at grant[4]	Exercise period
SAYE share options	Mark Cutifani	18/09/2015	5,110	£36,792	01/11/2020 to 30/04/2021
	René Médori	18/09/2015	5,110	£36,792	01/11/2020 to 30/04/2021
	Tony O'Neill	18/09/2015	3,066	£22,075	01/11/2018 to 30/04/2019

(4) Directors, like all eligible UK employees, are able to make monthly savings over a set period. At the end of the period the funds can be used to purchase shares under option. The exercise price of the 2015 SAYE option was set at a 20% discount to the share price at the date of invitation, which is the same for any employee who participates in the scheme.

4.2 Further details of LTIP awards granted in 2015

4.2.1 TSR – Euromoney Global Mining Index comparison

- One quarter of the LTIP awards granted in 2015 vests according to the Company's three-year TSR performance relative to the Euromoney Global Mining Index (the Index)
- The threshold for vesting is the Company's three-year TSR being equal to the Index
- Maximum vesting occurs when the Company's TSR outperforms the Index by 6% pa
- Between threshold and maximum, vesting is based on a straight line.

4.2.2 TSR – FTSE 100 comparison

- One quarter of the LTIP awards granted in 2015 vests according to the Company's three-year TSR performance compared with the TSR performance of the constituents of the FTSE 100 Index
- Threshold vesting occurs when the Company's three-year TSR is equal to the median TSR of the FTSE 100 constituents
- Maximum vesting occurs when the Company's TSR is equal to or exceeds the TSR of the FTSE 100 company whose TSR performance is ranked at the 80th percentile
- Between threshold and maximum, vesting is based on a straight line.

The performance targets for both TSR measures were set to ensure that an appropriate level of performance would be required for each level of vesting. PricewaterhouseCoopers LLP (PwC), using a Monte Carlo model, have assessed the probability of achieving full vesting as approximately 20% and chance of achieving threshold vesting as 50%.

Total shareholder return for both the TSR measures is calculated based on average returns over the three months prior to the end of the financial year. It is assumed that all dividends are reinvested on the ex-dividend date.

4.2.3 Return on capital employed (ROCE)

- Vesting of one half of LTIP awards granted in 2015 depends on the performance of the Company's attributable ROCE over the three-year period to 31 December 2017
- The measure, tied to underlying achieved business return, aligns management reward with the performance of the Group. It is not adjusted for price or foreign exchange movements and refers to the externally reported attributable ROCE in the year of assessment, 2017
- By design, attributable ROCE covers the financial outcomes of all management actions, both on balance sheet and income statement. The Company's ongoing improvement programmes support delivery of EBIT in the measure, through its focus on operational improvement, efficiencies and also improved marketing performance. Balance sheet efficiency is being progressed through Anglo American's greater focus on capital efficiency and debt reduction.

4.3 Total interests in shares

Figure 17 summarises the total interests of the directors in shares of Anglo American plc as at 15 February 2016 (and at the end of the 2015 financial year). These include beneficial and conditional interests, and shareholdings of their connected persons.

As already disclosed, Mark Cutifani is required to hold interests in shares to a value of three times basic salary (built up over five years) and René Médori and Tony O'Neill to a value of two times salary. Mark Cutifani, Rene Medori, and Tony O'Neill are expected to have net shareholdings of beneficial shares equal to 40%, 80%, and 30% of basic salary respectively, by the 2016 AGM. The Committee is mindful that ongoing share price volatility has materially impacted the extent to which the shareholding requirements have been achieved, and will continue to monitor the position.

Figure 16: Shares in Anglo American plc

Directors		Beneficial	Conditional (no performance conditions) BSP Bonus Shares	Conditional (with performance conditions) BSP Enhancement Shares	Conditional (with performance conditions) LTIP	Conditional (no performance conditions) SAYE/SIP	Conditional (no performance conditions) Other	Total
Mark Cutifani[1]	at 15 February 2016	68,441	123,646	–	892,336	6,310	3,070	1,093,803
	(at 31 December 2015)	**68,441**	**123,646**	**–**	**892,336**	**6,184**	**3,070**	**1,093,677**
René Médori[2]	at 15 February 2016	173,213	96,790	8,808	471,512	8,335	–	758,658
	(at 31 December 2015)	**173,213**	**96,790**	**8,808**	**471,512**	**8,207**	**–**	**758,530**
Tony O'Neill[3]	at 15 February 2016	25,576	59,778	–	348,071	3,540	39,872	476,837
	(at 31 December 2015)	**25,576**	**59,778**	**–**	**348,071**	**3,540**	**39,872**	**476,837**
Sir John Parker	at 15 February 2016	62,696	–	–	–	–	–	62,696
	(at 31 December 2015)	**62,696**	**–**	**–**	**–**	**–**	**–**	**62,696**
Judy Dlamini	at 15 February 2016	4,443	–	–	–	–	–	4,443
	(at 31 December 2015)	**1,790**	**–**	**–**	**–**	**–**	**–**	**1,790**
Byron Grote[4]	at 15 February 2016	26,000	–	–	–	–	–	26,000
	(at 31 December 2015)	**26,000**	**–**	**–**	**–**	**–**	**–**	**26,000**
Sir Philip Hampton	at 15 February 2016	14,634	–	–	–	–	–	14,634
	(at 31 December 2015)	**11,104**	**–**	**–**	**–**	**–**	**–**	**11,104**
Ray O'Rourke[4]	at 15 February 2016	76,965	–	–	–	–	–	76,965
	(at 31 December 2015)	**76,965**	**–**	**–**	**–**	**–**	**–**	**76,965**
Mphu Ramatlapeng	at 15 February 2016	3,282	–	–	–	–	–	3,282
	(at 31 December 2015)	**2,204**	**–**	**–**	**–**	**–**	**–**	**2,204**
Jim Rutherford	at 15 February 2016	14,552	–	–	–	–	–	14,552
	(at 31 December 2015)	**9,506**	**–**	**–**	**–**	**–**	**–**	**9,506**
Anne Stevens	at 15 February 2016	2,122	–	–	–	–	–	2,122
	(at 31 December 2015)	**2,122**	**–**	**–**	**–**	**–**	**–**	**2,122**
Jack Thompson[4]	at 15 February 2016	14,950	–	–	–	–	–	14,950
	(at 31 December 2015)	**14,950**	**–**	**–**	**–**	**–**	**–**	**14,950**
Former directors[5]								
Phuthuma Nhleko	*(at 27 November 2015)*	**15,707**	**–**	**–**	**–**	**–**	**–**	**15,707**

(1) 'Other' interests above comprise 3,070 shares in the Company which are due to vest before publication of this report.
(2) René Médori's beneficial interests in 138,990 shares held at the date of this report arise as a result of his wife's interests in shares.
(3) Tony O'Neill was appointed to the Board as technical director with effect from 23 July 2015. 'Other' interests above comprise 39,872 shares in the Company which are due to vest before the publication of this report.
(4) Included in the interests of Messrs Grote, O'Rourke and Thompson are unsponsored ADRs representing 0.5 ordinary shares of $0.54945 each.
(5) Interests are shown as at date of resignation.

5. REMUNERATION IN 2016

The Company's policy on executive director remuneration for 2016 is summarised in the policy statements in Figure 1. Figure 17 summarises how that policy will be implemented in 2016. It is the Company's intention that the fees for non-executive directors will remain at their 2015 levels during 2016, although this will be kept under review.

The EPS performance range for 2016 is considered to be commercially sensitive, although it will be disclosed in the 2016 Remuneration Report.

The Committee determined the ROCE target range of 5–15% for the LTIP in 2016 based on the following factors:

- in light of the significant volatility in returns in the recent past, the Committee decided to broaden the target range from 4 to 10 percentage points. This was to reflect better the uncertainty around macro-economic projections and volatility in returns during the performance period, while also retaining a meaningful incentive for management to deliver value to shareholders throughout the cycle
- the threshold ROCE of 5% is the same as that achieved in 2015.

Figure 17: Summary of key remuneration aspects in 2016

Element	Performance measure 1, weighting and vesting schedule	Performance measure 2, weighting and vesting schedule	Director	Level
Basic salary	–	–	Mark Cutifani	£1,260,720 (no increase)
			René Médori	£804,173 (no increase)
			Tony O'Neill	£787,950 (no increase)
BSP	**EPS (50%)**	**Personal strategic measures (50%)** Personal and strategic objectives supporting the Company's delivery on projects, business improvement, capital allocation, commercial activities, employee development and stakeholder engagement.	Mark Cutifani	210% of salary
			René Médori	210% of salary
			Tony O'Neill	210% of salary
LTIP share awards	**ROCE (50%)** 25% for 5% 100% for 15%	**TSR vs Euromoney Global Mining Index (25%)** 25% for TSR equal to Index 100% for Index +6% pa or above **TSR vs FTSE 100 (25%)** 25% for TSR equal to median 100% for 80th percentile or above	Mark Cutifani	350% of salary
			René Médori	300% of salary
			Tony O'Neill	300% of salary

COMMITTEE MEMBERS DURING 2015

6. REMUNERATION COMMITTEE IN 2015

Membership

The Committee comprised the non-executive directors shown on the right during the year ended 31 December 2015.

External advisers to the Committee

Figure 18 details the external advisers to the Committee and the fees paid for services provided during 2015. The fees are charged in accordance with the terms and conditions set out in each relevant engagement letter.

PwC is a signatory to, and adheres to, the Code of Conduct for Remuneration Consultants (which can be found at (www.remunerationconsultantsgroup.com). In addition, the Committee chairman has regular direct dialogue with advisers. For these reasons, the Committee considers that the advice it receives is independent.

Remuneration report voting results

The Committee considered the results of the shareholders' vote on the 2014 remuneration report. Feedback from investors at the time of the 2015 AGM, and more generally, has helped shape clarifications to the remuneration policy for 2015 onwards.

Figure 18: External advisers and fees

Advisers		Other services provided to the Company	Fees for Committee assistance
Pricewaterhouse Coopers LLP (PwC)	Appointed by the Company, with the agreement of the Committee, to support and advise on the Company's incentive arrangements, in addition to the provision of specialist valuation services and market remuneration data	Investment advice, actuarial and audit work for various pension schemes; advice on internal audit projects; taxation, payroll and executive compensation advice	£25,000
Perelamon	Appointed by the Company, with the agreement of the Committee, to support and advise on the Company's incentive arrangements	Executive compensation and reward advice	£12,000
Deloitte LLP (Deloitte)	In its capacity as Group auditor, Deloitte undertakes an audit of sections 3 and 4 of the remuneration report annually. However, it provides no advice to the Committee		n/a

Note: Certain overseas operations within the Group are also provided with audit-related services from Deloitte's and PwC's worldwide member firms.

Sir Philip Hampton

Judy Dlamini

Byron Grote

Ray O'Rourke

Jack Thompson

Figure 19: Response to 2015 AGM shareholder voting

Vote	For	Against	Abstain	Company response to issues raised
			Number of votes	
Advisory vote on 2014 implementation report	**762,065,523 (94%)**	**45,666,841 (6%)**	**21,099,176**	During 2015, the Committee continued its approach to understand and address investors' concerns, which has led to the provision of greater clarity in parts of the remuneration policy and the contents of the Implementation Report.

7. SEVEN-YEAR REMUNERATION AND RETURNS

Figure 20a shows the Company's TSR performance against the performance of the FTSE 100 Index from 1 January 2009 to 31 December 2015. The FTSE 100 Index was chosen as being a broad equity market index which includes companies of a comparable size and complexity to Anglo American.

TSR is calculated in US dollars, and assumes all dividends are reinvested. The TSR level shown as at 31 December each year is the average of the closing daily TSR levels for the five-day period up to and including that date.

Figure 20b shows the total remuneration earned by the incumbent chief executive over the same seven-year period, along with the proportion of maximum opportunity earned in relation to each type of incentive. The total amounts are based on the same methodology as for Figure 12 (Total remuneration outcomes for 2015).

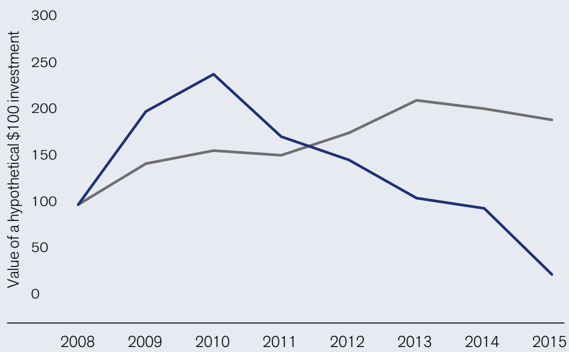
For the period 2009 to 2011, the TSR performance of the Company, and the remuneration received by Cynthia Carroll as chief executive, demonstrates that this was a period of strong operational performance and high commodity prices. These led to a doubling of profits and almost a doubling of underlying EPS in 2010.

Cynthia Carroll's remuneration levels in 2011 also reflect record profits and strong EPS performance for the year in addition to the increase in value of the LTIP awards that vested at the end of 2011 – when granted, the Company's share price was £12.61; the share price at vesting was £26.00.

The vesting levels of long term incentives from 2012 have been much lower, reflecting, in part, the impact of the severe decline in commodity prices on earnings and the returns delivered to shareholders.

Mark Cutifani's remuneration levels in 2013 and 2014 are not reflective of his underlying remuneration, given that he received a compensatory share award in 2013 and a compensation for tax on relocation benefits in 2014. The impact of longer-term incentives was only realised in 2015 as a consequence of the vesting of the 2013 LTIP award.

Figure 20a: Seven-year TSR performance



Source: Datastream Return Index

Figure 20b: Chief executive's remuneration

Financial year ending	31 December 2009	31 December 2010	31 December 2011	31 December 2012	31 December 2013	31 December 2014	**31 December 2015**
Cynthia Carroll							
Total remuneration (single figure, £'000)	4,379	4,235	8,113	3,203	1,462	–	**–**
BSP (% of maximum)	99%	88%	94%	35%	67%	–	**–**
LTIP (% of maximum)	61%	50%	96%	50%	28%	–	**–**
BSP Enhancement Shares (% of maximum)	0%	0%	100%	0%	0%	–	**–**
Mark Cutifani							
Total remuneration (single figure, £'000)	–	–	–	–	5,305	3,725	**3,415**
BSP (% of maximum)	–	–	–	–	65%	60%	**36.5%**
LTIP (% of maximum)	–	–	–	–	–	–	**50%**

APPROVAL

This directors' remuneration report has been approved by the Board of directors of Anglo American plc.

Signed on behalf of the Board of directors.

Sir Philip Hampton
Chairman, Remuneration Committee

15 February 2016

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. The directors are required to prepare the Group financial statements in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union and Article 4 of the IAS regulation, and have elected to prepare the parent company financial statements in accordance with Financial Reporting Standard 101 'Reduced Disclosure Framework'. The directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether Financial Reporting Standard 101 'Reduced Disclosure Framework' has been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

In preparing the Group financial statements, IAS 1 requires that directors:

- properly select and apply accounting policies
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information
- provide additional disclosures when compliance with the specific requirements in IFRS is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance
- make an assessment of the Company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions, disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

RESPONSIBILITY STATEMENT
for the year ended 31 December 2015

We confirm that to the best of our knowledge:

(a) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of Anglo American plc and the undertakings included in the consolidation taken as a whole

(b) the strategic report includes a fair review of the development and performance of the business and the position of Anglo American plc and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face

(c) the annual report and financial statements, taken as a whole, are fair, balanced and understandable and provide the information necessary for shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Mark Cutifani
Chief Executive

René Médori
Finance Director

15 February 2016

CONTENTS

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF ANGLO AMERICAN PLC

Opinion on financial statements of Anglo American plc

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the Parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- the Group financial statements have been properly prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union;
- the Parent Company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS 101 'Reduced Disclosure Framework'; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

The financial statements comprise the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity, the accounting policies, the related notes 1 to 40 and the balance sheet of the Parent Company and related information. The financial reporting framework that has been applied in the preparation of the Group financial statements is applicable law and IFRSs as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 'Reduced Disclosure Framework'.

Going concern

As required by the Listing Rules we have reviewed the directors' statement regarding the appropriateness of the going concern basis of accounting contained within note 39 to the financial statements and the directors' statement on the longer-term viability of the Group contained within the strategic report on page 40.

We have nothing material to add or draw attention to in relation to:

- the directors' confirmation on page 40 that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity;
- the disclosures on pages 41 to 45 that describe those risks and explain how they are being managed or mitigated;
- the directors' statement in note 39 to the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them and their identification of any material uncertainties to the Group's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- the director's explanation on page 40 as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

We agreed with the directors' adoption of the going concern basis of accounting and we did not identify any such material uncertainties. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Group's ability to continue as a going concern.

Independence

We are required to comply with the Financial Reporting Council's Ethical Standards for Auditors and we confirm that we are independent of the Group and we have fulfilled our other ethical responsibilities in accordance with those standards. We also confirm we have not provided any of the prohibited non-audit services referred to in those standards.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and directing the efforts of the engagement team:

The Audit Committee has requested that while not required under International Standards on Auditing (UK and Ireland), we include in our report any significant key observations in respect of these assessed risks of material misstatement.

Risk	How the scope of our audit responded to the risk	Findings
Impairments (notes 1 and 6)		
As a consequence of the current volatility in current commodity prices and foreign exchange rates, the assessment of the recoverable amount of operating assets and development projects in particular is a key judgement. This includes specifically the platinum operations (where a post-tax impairment of $0.6 billion has been recorded), the coal operations (where a post-tax impairment of $1.0 billion has been recorded), the Sishen mine (where a post-tax impairment of $0.4 billion has been recorded) and at the Minas-Rio project within the Iron Ore Brazil business unit (where a post-tax impairment of $2.9 billion has been recorded).	We challenged management's assessment as to whether indicators of impairment exist for specific assets specifically in relation to the platinum, coal and Sishen Mine operations and the Minas-Rio project. On the basis that such indicators were identified we obtained copies of the valuation models used to determine the value in use or fair value less costs of disposal of the relevant asset. We challenged the assumptions made by management in relation to these models, including the discount rate used, the short-term and long-term commodity prices, capital expenditure and operating cost forecasts and the expected production profiles, by comparison to recent analyst forecast commodity price data, reference to third party documentation where available, utilisation of Deloitte valuation specialists, review of Ore Reserves and Mineral Resources reports, consultation with operational management and consideration of sensitivity analyses. We assessed whether the assumptions had been determined and applied on a consistent basis across the Group.	We concluded that the assumptions had been determined and applied on a consistent basis across the Group and no additional impairments were identified from the work performed. We found that the impairments recorded at the platinum, coal and Sishen mine operations and the Minas-Rio project were primarily due to reduced commodity prices, but this effect was partially offset by forecast exchange rate movements and targeted reductions in forecast operating costs.

Risk	How the scope of our audit responded to the risk	Findings
Taxation (notes 1, 8 and 21)		
The assessment of the Group's taxation exposures in all jurisdictions is a key area of judgement particularly with respect to transfer pricing arrangements and the appropriateness of the recognition of tax provisions and deferred taxation assets.	We reviewed all potential taxation exposures within the Group and, through discussions with the Group's taxation department, the tax specialists within the audit team and review of relevant documentation, we assessed the appropriateness of the provisions raised. We considered, in the context of our tax specialists' prior experience of similar issues and the legal advice received by the Group, the Group's transfer pricing arrangements to confirm that they are reasonable and the Group's deferred taxation assets and liabilities to confirm they are appropriate.	We are satisfied that the provisions raised in respect of the Group's potential taxation exposures are appropriate.
Corporate asset transactions (notes 29 and 30)		
In light of announced developments in the strategy of the Group it is anticipated that the volume and materiality of asset disposals will continue to increase in significance. The appropriate accounting treatment of corporate asset disposals which have either completed during the year or which are on-going at 31 December 2015 is a key area of judgment specifically in respect of assessing the point at which control is transferred from the seller to the buyer and the calculation of any profit or loss on disposal. In 2015 this includes specifically the sale of Anglo American Norte (pre-tax loss on disposal of \$287 million) and the Tarmac businesses (pre-tax loss on disposal of \$172 million) which completed in 2015, as well as the status of the announced sale of Rustenburg.	For the sales of Anglo American Norte and the Tarmac businesses completed in the year, we reviewed the sales and purchase agreements to confirm that control had passed to the buyer prior to 31 December 2015 and to recalculate any profit or loss on disposal. For those asset sales where agreements had been signed, for example at Rustenburg, but not completed or where the sales process was ongoing, we considered whether the criteria of IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations' had been met and in particular whether the sale could be considered as highly probable to complete within the next twelve months. Our work included particular focus on whether the conditions precedent for a sale to complete included conditions outside of management's control such as government approvals.	We are satisfied that the asset disposals that completed in 2015 have been accounted for correctly, with appropriate disclosures properly made. For all other planned asset sales we are satisfied that only where the criteria have been met have the disposals been accounted for, and disclosed as, held for sale in accordance with IFRS 5.
Special items and remeasurements (note 6)		
The assessment of the appropriateness of items disclosed within 'special items and remeasurements' is a key judgement because of their impact upon the underlying financial performance achieved by the Group.	In the context of our review of the overall income statement we considered and challenged each item disclosed within 'special items and remeasurements' as defined in note 6 to the financial statements. We determined whether such categorisation is appropriate and consistent with the Group's stated policy and past practice for recognition of such items, and whether, taken as a whole, the income statement is fair and balanced in its presentation.	We are satisfied that all items included within 'special items and remeasurements' display no indication of management bias in the categorisation and that where relevant the categorisation was consistent with prior practice. We consider that the related disclosures are also appropriate.

The only change to the assessed risks of material misstatement that we report in 2015 has been the addition of 'corporate asset transactions'. This risk has been included in our audit report for 2015 as a consequence of the increased scale of ongoing and planned divestment activity across the group consequent to developments in the group's strategy in 2015.

The description of risks above should be read in conjunction with the significant issues considered by the Audit Committee discussed on page 40.

Our audit procedures relating to these matters were designed in the context of our audit of the financial statements as a whole, and not to express an opinion on individual accounts or disclosures. Our opinion on the financial statements is not modified with respect to any of the risks described above, and we do not express an opinion on these individual matters.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined planning materiality for the Group to be $200 million (2014: $225 million), which is below 5% (2014: 5%) of the normalised three year pre-tax profit before special items and remeasurements, and below 1% (2014: 1%) of equity.

The use of a normalised three year average pre-tax profit is a change to our approach last year, when materiality was based on the normalised 2014 pre-tax profit only. This change of approach was determined to be appropriate given the current volatility in commodity prices and their impact on current year performance and the cyclical nature of the mining industry. Consistent with the prior year, normalised pre-tax profit excludes special items (including impairments), remeasurements and other one off items that are audited separately and would, if included, significantly distort the materiality calculation year on year.

We agreed with the Audit Committee that we would report to the Committee all known audit differences in excess of $10 million (2014: $10 million), as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure judgements in the financial statement that we identified when assessing the overall presentation of the financial statements.

An overview of the scope of our audit

Our audit was scoped by obtaining an understanding of the Group and its environment, including internal control, and assessing the risks of material misstatement.

All business units were subject to a full scope audit with the exception of Manganese where specific audit procedures were performed. The work performed by the component audit teams at each business unit is guided by the Group audit team and is executed at levels of materiality applicable to each individual entity which were lower than Group materiality and ranged from $80 million to $110 million.

The Senior Statutory Auditor and/or a senior member of the Group audit team visits the principal location of each significant business unit at least once every year and key operational assets on a rotating basis.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

Adequacy of explanations received and accounting records

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- adequate accounting records have not been kept by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company financial statements are not in agreement with the accounting records and returns.

We have nothing to report in respect of these matters.

Directors' remuneration

Under the Companies Act 2006 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Corporate Governance Statement

Under the Listing Rules we are also required to review the part of the Corporate Governance Statement relating to the company's compliance with certain provisions of the UK Corporate Governance Code. We have nothing to report arising from our review.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland), we are required to report to you if, in our opinion, information in the annual report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the annual report is fair, balanced and understandable and whether the annual report appropriately discloses those matters that we communicated to the audit committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). We also comply with International Standard on Quality Control 1 (UK and Ireland). Our audit methodology and tools aim to ensure that our quality control procedures are effective, understood and applied. Our quality controls and systems include our dedicated professional standards review team and independent partner reviews.

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.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Kari Hale (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom
15 February 2016

CONSOLIDATED INCOME STATEMENT

for the year ended 31 December 2015

US$ million	Note	2015 Before special items and remeasurements	2015 Special items and remeasurements (note 6)	2015 Total	2014 Before special items and remeasurements	2014 Special items and remeasurements (note 6)	2014 Total
Group revenue	3	20,455	–	20,455	27,073	–	27,073
Operating costs		(18,417)	(6,150)	(24,567)	(22,560)	(4,375)	(26,935)
Operating (loss)/profit	3, 4	2,038	(6,150)	(4,112)	4,513	(4,375)	138
Non-operating special items	6	–	(1,278)	(1,278)	–	(385)	(385)
Share of net (loss)/income from associates and joint ventures	3, 13	48	(269)	(221)	254	(46)	208
Loss before net finance income/(costs) and tax		2,086	(7,697)	(5,611)	4,767	(4,806)	(39)
Investment income		172	–	172	242	–	242
Interest expense		(489)	(54)	(543)	(497)	(65)	(562)
Other financing gains		(141)	669	528	(1)	101	100
Net finance income/(costs)	7	(458)	615	157	(256)	36	(220)
Loss before tax		1,628	(7,082)	(5,454)	4,511	(4,770)	(259)
Income tax expense	8	(435)	47	(388)	(1,267)	2	(1,265)
Loss for the financial year		1,193	(7,035)	(5,842)	3,244	(4,768)	(1,524)
Attributable to:							
Non-controlling interests	31	366	(584)	(218)	1,027	(38)	989
Equity shareholders of the Company		827	(6,451)	(5,624)	2,217	(4,730)	(2,513)
Loss per share (US$)							
Basic	9	0.64	(5.00)	(4.36)	1.73	(3.69)	(1.96)
Diluted	9	0.64	(5.00)	(4.36)	1.72	(3.68)	(1.96)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 31 December 2015

US$ million	2015	2014
Loss for the financial year	(5,842)	(1,524)
Items that will not be reclassified to the income statement (net of tax)[(1)]		
Remeasurement of net retirement benefit obligation	260	(6)
Share of associates' and joint ventures' other comprehensive income	–	1
Net items that will not be reclassified to the income statement	260	(5)
Items that have been or may subsequently be reclassified to the income statement (net of tax)[(1)]		
Net exchange differences:		
Net loss (including associates and joint ventures)	(4,185)	(1,943)
Cumulative loss transferred to the income statement on disposal of foreign operations	101	5
Revaluation of available for sale investments:		
Net revaluation loss	(203)	(124)
Impairment losses transferred to the income statement	52	3
Revaluation of cash flow hedges:		
Net gain/(loss)	9	(7)
Net items that have been or may subsequently be reclassified to the income statement	(4,226)	(2,066)
Total comprehensive expense for the financial year	(9,808)	(3,595)
Attributable to:		
Non-controlling interests	(877)	736
Equity shareholders of the Company	(8,931)	(4,331)

(1) Tax amounts are shown in note 8c.

CONSOLIDATED BALANCE SHEET
as at 31 December 2015

US$ million	Note	2015	2014
ASSETS			
Non-current assets			
Intangible assets	11	**3,394**	3,912
Property, plant and equipment	12	**29,621**	38,475
Environmental rehabilitation trusts	20	**290**	358
Investments in associates and joint ventures	13	**1,817**	4,376
Financial asset investments	14	**846**	1,266
Trade and other receivables	16	**539**	745
Deferred tax assets	21	**914**	1,351
Derivative financial assets	19	**460**	986
Other non-current assets		**335**	233
Total non-current assets		**38,216**	51,702
Current assets			
Inventories	15	**4,051**	4,720
Trade and other receivables	16	**1,983**	2,568
Current tax assets		**152**	125
Derivative financial assets	19	**689**	147
Cash and cash equivalents	23a	**6,895**	6,748
Total current assets		**13,770**	14,308
Assets classified as held for sale	29	**27**	–
Total assets		**52,013**	66,010
LIABILITIES			
Current liabilities			
Trade and other payables	17	**(2,753)**	(3,515)
Short term borrowings	23a, 24	**(1,649)**	(1,618)
Provisions for liabilities and charges	20	**(620)**	(680)
Current tax liabilities		**(340)**	(375)
Derivative financial liabilities	19	**(477)**	(539)
Total current liabilities		**(5,839)**	(6,727)
Non-current liabilities			
Trade and other payables	17	**(26)**	(25)
Medium and long term borrowings	23a, 24	**(16,318)**	(16,917)
Retirement benefit obligations	27	**(667)**	(1,073)
Deferred tax liabilities	21	**(3,253)**	(4,498)
Derivative financial liabilities	19	**(1,986)**	(1,785)
Provisions for liabilities and charges	20	**(2,565)**	(2,808)
Total non-current liabilities		**(24,815)**	(27,106)
Liabilities directly associated with assets classified as held for sale	29	**(17)**	–
Total liabilities		**(30,671)**	(33,833)
Net assets		**21,342**	32,177
EQUITY			
Called-up share capital	32	**772**	772
Share premium account		**4,358**	4,358
Own shares		**(6,051)**	(6,359)
Other reserves		**(10,811)**	(7,205)
Retained earnings		**28,301**	34,851
Equity attributable to equity shareholders of the Company		**16,569**	26,417
Non-controlling interests	31	**4,773**	5,760
Total equity		**21,342**	32,177

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 15 February 2016 and signed on its behalf by:

Mark Cutifani
Chief Executive

René Médori
Finance Director

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2015

US$ million	Note	2015	2014
Cash flows from operating activities			
Loss before tax		(5,454)	(259)
Net finance (income)/costs including financing special items and remeasurements		(157)	220
Share of net loss/(income) from associates and joint ventures		221	(208)
Non-operating special items	6	1,278	385
Operating (loss)/profit	4	(4,112)	138
Operating special items and remeasurements	6	6,150	4,375
Cash element of operating and non-operating special items		(118)	(100)
Depreciation and amortisation	3	2,381	2,591
Share-based payment charges		151	170
Decrease in provisions		(239)	(200)
Increase in inventories		(84)	(129)
Decrease in operating receivables		187	576
Decrease in operating payables		(78)	(438)
Other adjustments		2	(34)
Cash flows from operations		4,240	6,949
Dividends from associates and joint ventures	13	324	435
Dividends from financial asset investments		9	25
Income tax paid		(596)	(1,298)
Net cash inflows from operating activities		3,977	6,111
Cash flows from investing activities			
Expenditure on property, plant and equipment	22	(4,053)	(5,974)
Cash flows from derivatives related to capital expenditure	22	(200)	(157)
Proceeds from disposal of property, plant and equipment	22	30	71
Investments in associates and joint ventures	13	(80)	(81)
Purchase of financial asset investments	14	(1)	(12)
Net loans advanced	14	(216)	(80)
Interest received and other investment income		101	157
Net proceeds from disposal of subsidiaries and joint ventures	30	1,745	44
Repayments of capitalised loans by associates	13	67	–
Other investing activities		(7)	(93)
Net cash used in investing activities		(2,614)	(6,125)
Cash flows from financing activities			
Interest paid		(810)	(833)
Cash flows from derivatives related to financing activities	23b	(170)	203
Dividends paid to Company shareholders	10	(1,078)	(1,099)
Dividends paid to non-controlling interests		(242)	(823)
Proceeds from issuance of bonds	24	2,159	3,165
Proceeds from other borrowings		1,160	1,419
Repayment of borrowings		(1,987)	(2,801)
Issue of shares to non-controlling interests	22	46	42
Proceeds from sale of shares under employee share schemes		11	14
Purchase of shares by subsidiaries for employee share schemes[(1)]		(42)	(111)
Other financing activities		6	(3)
Net cash used in financing activities		(947)	(827)
Net increase/(decrease) in cash and cash equivalents		416	(841)
Cash and cash equivalents at start of year	23b	6,747	7,702
Cash movements in the year		416	(841)
Effects of changes in foreign exchange rates		(274)	(114)
Cash and cash equivalents at end of year	23b	6,889	6,747

[(1)] Includes purchase of Anglo American Platinum Limited shares (2014: Kumba Iron Ore Limited and Anglo American Platinum Limited) for their respective employee share schemes.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 31 December 2015

US$ million	Total share capital[(1)]	Own shares[(2)]	Retained earnings	Cumulative translation adjustment reserve	Fair value and other reserves (note 32)	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
At 1 January 2014	5,130	(6,463)	38,376	(6,640)	1,268	31,671	5,693	37,364
Total comprehensive expense	–	–	(2,506)	(1,703)	(122)	(4,331)	736	(3,595)
Dividends payable	–	–	(1,099)	–	–	(1,099)	(749)	(1,848)
Issue of shares to non-controlling interests	–	–	–	–	–	–	42	42
Equity settled share-based payment schemes	–	104	31	–	(8)	127	29	156
Other	–	–	49	–	–	49	9	58
At 31 December 2014	5,130	(6,359)	34,851	(8,343)	1,138	26,417	5,760	32,177
Total comprehensive expense	–	–	(5,383)	(3,404)	(144)	(8,931)	(877)	(9,808)
Dividends payable	–	–	(1,078)	–	–	(1,078)	(189)	(1,267)
Issue of shares to non-controlling interests	–	–	–	–	–	–	46	46
Equity settled share-based payment schemes	–	308	(112)	–	(41)	155	33	188
Other	–	–	23	–	(17)	6	–	6
At 31 December 2015	5,130	(6,051)	28,301	(11,747)	936	16,569	4,773	21,342

(1) Includes share capital and share premium.

(2) Own shares comprise shares of Anglo American plc held by the Company (treasury shares), its subsidiaries and employee benefit trusts.

Dividends

	Note	2015	2014
Proposed ordinary dividend per share (US cents)	10	–	53
Proposed ordinary dividend (US$ million)	10	–	678
Ordinary dividends payable during the year per share (US cents)	10	85	85
Ordinary dividends payable during the year (US$ million)	10	1,078	1,099

NOTES TO THE FINANCIAL STATEMENTS

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The most critical of these relate to impairment of assets, taxation, retirement benefits, contingent liabilities, joint arrangements, estimation of Ore Reserves, assessment of fair value, restoration, rehabilitation and environmental costs and deferred stripping. The use of inaccurate assumptions in assessments made for any of these judgements and estimates could result in a significant impact on financial results.

Critical accounting judgements

Impairment of assets

Mining operations are large, scarce assets requiring significant technical and financial resources to operate. Their value may be sensitive to a range of characteristics unique to each asset and key sources of estimation uncertainty include ore reserve estimates and cash flow projections.

In performing impairment reviews, the Group assesses the recoverable amount of its operating assets principally with reference to fair value less costs of disposal, assessed using discounted cash flow models. There is judgement in determining the assumptions that are considered to be reasonable and consistent with those that would be applied by market participants as outlined above.

In addition, in making assessments for impairment, management necessarily applies its judgement in allocating assets, including goodwill, that do not generate independent cash flows to appropriate cash generating units (CGUs).

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.

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. Given the many uncertainties that could arise from these factors, judgement is often required in determining the tax that is due. Where management is aware of potential uncertainties that are more likely than not to result in a liability for additional tax, a provision is made for management's best estimate of the liability, determined with reference to similar transactions and, in some cases, reports from independent experts.

In addition, the recognition and measurement of deferred tax requires the application of judgement in assessing the amount, timing and probability of future taxable profits and repatriation of retained earnings. These factors affect the determination of the appropriate rates of tax to apply and the recoverability of deferred tax assets. These judgements are influenced, *inter alia*, by factors such as estimates of future production, commodity lines, operating costs, future capital expenditure, and dividend policies.

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 recognised 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. Disclosure of contingent liabilities is made in note 34 unless the possibility of a loss arising is considered remote. Management applies its judgement in determining whether or not a provision or contingent liability should be recorded.

Joint arrangements

Joint arrangements are classified as joint operations or joint ventures according to the rights and obligations of the parties, as described in note 39k. Judgement is required in determining this classification through an evaluation of the facts and circumstances arising from each individual arrangement. 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.

Key sources of estimation uncertainty

Ore Reserves

When determining Ore Reserves, which may be used to calculate useful economic lives of assets and depreciation on the Group's mining properties, assumptions that were valid at the time of estimation may change when new information becomes available. In addition, the calculation of the unit of production rate of amortisation could be impacted to the extent that actual production in the future is different from current forecast production.

Any changes in estimate could affect prospective depreciation rates and asset carrying values and, as a result, the determination of Ore Reserves is considered a key source of estimation uncertainty.

Factors which could impact useful economic lives of assets and Ore Reserve estimates include:

- 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 licences
- unforeseen operational issues at mine sites
- 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 Report 2015.

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.

The fair value of an asset or liability is the price that would be received to sell the asset, or paid to transfer a liability in an orderly transaction between market participants. Fair value is determined based on observable market data including market share price at 31 December of the respective entity, discounted cash flow models (and other valuation techniques), where relevant signed sales agreements and assumptions considered to be reasonable and consistent with those that would be applied by a market participant. Where discounted cash flow models based on management's assumptions 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.

1. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY continued

Fair value of financial instruments

Certain of the Group's financial instruments, principally derivatives, are required to be measured on the balance sheet at fair value. Where a quoted market price for an identical instrument is not available, a valuation model is used to calculate the fair value based on the net present value of the expected cash flows under the contract. Valuation assumptions are usually based on observable market data (for example forward foreign exchange rate, interest rate or commodity price curves) where available.

The valuations of financial instruments are adjusted for the risk that contractual cash flows will not be paid because of the risk of default by one of the parties. A credit valuation adjustment (CVA) is applied to the valuation of financial assets, reflecting the possibility of default by the counterparty. A debit valuation adjustment (DVA) is applied to the valuation of financial liabilities, reflecting the possibility that the Group may default on its obligations. These adjustments are calculated based on the expected net positive or negative exposure to the counterparty, and with reference to the counterparty's and the Group's credit default swap spread at the balance sheet date.

Cash flow projections

Expected future cash flows 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 Mineral 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 are based on financial budgets and Life of Mine Plans or, for non-mine assets, an equivalent appropriate long term forecasts, incorporating key assumptions as detailed below:

- Ore Reserves and Mineral 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 required confidence to convert to Ore Reserves.

- 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 2020 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, assessed annually, of 6.5% (2014: 6.5%). Adjustments to the rate are made for any risks that are not reflected in the underlying cash flows, including the risk profile of the individual asset and country risk.

- Operating costs, capital expenditure and other operating factors
  Operating costs and capital expenditure are based on financial budgets covering a five year period. Cash flow projections beyond five 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 licences and permits are based on management's best estimate of the outcome of uncertain future events at the balance sheet date.

  Where an asset has potential for future development through capital investment, to which a market participant would attribute value, and the costs and economic benefits can be estimated reliably, this development is included in the cash flows (with appropriate risk adjustments).

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. The amount recognised as a provision represents management's best estimate of the consideration required to complete the restoration and rehabilitation activity, the application of the relevant regulatory framework and timing of expenditure. These estimates are inherently uncertain and could materially change over time. To the extent that the actual future costs differ from these estimates, adjustments will be recorded and the amount provided could be impacted.

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 recognised in the financial statements.

Deferred stripping

In certain mining operations, rock or soil overlying a mineral deposit, known as overburden, and other waste materials must be removed to access ore from which minerals can be extracted economically. The process of removing overburden and other mine waste materials is referred to as 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 capitalised 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 design and Life of Mine Plan and therefore changes to the 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.

Changes in estimates

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

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

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

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

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

New IFRS accounting standards, amendments and interpretations not yet adopted

The following new IFRS accounting standards in issue but not yet effective are expected to have a significant impact on the Group:

IFRS 15 *Revenue from Contracts with Customers*

IFRS 15 will replace IAS 18 *Revenue* and IAS 11 *Construction Contracts* and establishes a unified framework for determining the timing, measurement and recognition of revenue. The principle of the new standard is to recognise revenue as performance obligations are met rather than based on the transfer of risks and rewards.

The effective date of the standard has been deferred to 1 January 2018 to allow companies more time to deal with transitional issues of application.

The Group is currently reviewing the potential impact of adopting IFRS 15 with the primary focus being understanding those sales contracts where the timing and amount of revenue recognised could differ under IFRS 15, which may occur for example if contracts with customers incorporate performance obligations not currently recognised separately, or where such contracts incorporate variable consideration. As the Group's revenue is predominantly derived from arrangements in which the transfer of risks and rewards coincides with the fulfilment of performance obligations, the timing and amount of revenue recognised is unlikely to be materially affected for the majority of sales.

IFRS 15 also includes disclosure requirements including qualitative and quantitative information about contracts with customers to help users of the financial statements understand the nature, amount, timing and uncertainty of revenue.

In addition to the potential accounting implications outlined above, the implementation of IFRS 15 is expected to impact the Group's systems, processes and controls. The Group will start developing a transition plan to identify and implement the required changes during 2016.

IFRS 9 *Financial Instruments*

IFRS 9 will replace IAS 39 *Financial Instruments: Recognition and Measurement* and addresses the following three key areas:

- *Classification and measurement* establishes a single, principles-based approach for the classification of financial assets, which is driven by cash flow characteristics and the business model in which an asset is held. This is expected to have a number of presentational impacts on the Group financial statements including changes in the presentation of gains and losses on financial assets and liabilities carried at fair value on the balance sheet.
- *Impairment* introduces a new 'expected credit loss' impairment model, requiring expected credit losses to be recognised from when financial instruments are first recognised. The transition to this model is expected to result in changes in the systems and computational methods used by the Group to assess receivables and similar assets for impairment. However, given the profile of the Group's counterparty exposures, this is not expected to have a material impact on the amounts recorded in the financial statements.
- *Hedge Accounting* aligns the accounting treatment with risk management practices of an entity, including making a broader range of exposures eligible for hedge accounting and introducing a more principles-based approach to assessing hedge effectiveness. The adoption of IFRS 9 will not require changes to existing hedging arrangements but may provide scope to apply hedge accounting to a broader range of transactions in the future.

IFRS 9 is effective for annual reporting periods beginning on or after 1 January 2018.

The Group's implementation activities to date have principally focused on gaining a high level understanding of the likely effects of IFRS 9 given the nature of financial instruments held by the Group. A more detailed impact analysis and transition activities will be undertaken during 2016.

IFRS 16 *Leases*

IFRS 16 replaces the following standards and interpretations: IAS 17 *Leases* and IFRIC 4 *Determining whether an Arrangement contains a Lease*. The new standard provides a single lessee accounting model for the recognition, measurement, presentation and disclosure of leases. IFRS 16 applies to all leases including subleases and requires lessees to recognise assets and liabilities for all leases, unless the lease term is 12 months or less, or the underlying asset has a low value. Lessors continue to classify leases as operating or finance.

IFRS 16 was issued in January 2016 and applies to annual reporting periods beginning on or after 1 January 2019. The Group will evaluate the potential impact of IFRS 16 on the financial statements and performance measures. This will include an assessment of whether any arrangements the Group enters into will be considered a lease under IFRS 16.

The following new amendments and interpretations in issue but not yet effective are not expected to have a significant impact on the Group:

- Amendments to IAS 1 *Presentation of Financial Statements: Disclosure Initiative* provides guidance on the use of judgement in presenting financial statement information, including: the application of materiality; order of notes; use of subtotals; accounting policy referencing and disaggregation of financial and non-financial information.
- Amendments to IAS 27 *Equity Method in Separate Financial Statements* will allow entities to use the equity method in their separate financial statements to measure investments in subsidiaries, joint ventures and associates.
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 *Clarification of Acceptable Methods of Depreciation* clarify that a revenue-based method of depreciation or amortisation is generally not appropriate.
- Amendments to IFRS 10 *Consolidated Financial Statements* and IAS 28 *Joint Ventures: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture* remove an inconsistency between the two standards on the accounting treatment for gains and losses arising on the sale or contribution of assets by an investor to its associate or joint venture. Following the amendment, such gains and losses may only be recognised to the extent of the unrelated investor's interest, except where the transaction involves assets that constitute a business.
- Amendments to IFRS 11 *Accounting for Acquisitions of Interests in Joint Operations* and IAS 28 *Investments in Associates and Joint Ventures* clarify the accounting for the acquisition of an interest in a joint operation where the activities of the operation constitute a business.

Other issued standards and amendments that are not yet effective are not expected to have an impact on the financial statements.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION

The Group's segments are aligned to the structure of the existing business units based around commodities, as at 31 December 2015. Each business unit has a management team that is accountable to the Chief Executive, and in the instance of Copper, Nickel, Niobium and Phosphates, the same management team is responsible for the management of all four business units, collectively referred to as Base Metals and Minerals. Niobium and Phosphates are not considered to be individually significant to the Group and are therefore aggregated, having previously been presented separately. To align with the management structure of the Group's coal businesses and the way their results are internally reported, Coal South Africa, Coal Colombia and Coal Australia and Canada are reported together as the Coal segment.

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

The 'Corporate and other' segment comprises the Other Mining and Industrial business unit, which is not considered to be individually significant to the Group, together with unallocated corporate costs and exploration costs. Exploration costs represent the cost of the Group's exploration activities across all segments.

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

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

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

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

Segment results

See note 39a for the Group's accounting policy on revenue recognition.

	Revenue		Underlying EBIT	
US$ million	2015	2014	2015	2014
Platinum	4,900	5,396	263	32
De Beers	4,671	7,114	571	1,363
Copper	3,539	4,827	228	1,193
Nickel	146	142	(22)	21
Niobium and Phosphates	544	666	119	124
Iron Ore and Manganese	3,390	5,176	671	1,957
Coal	4,888	5,808	457	458
Corporate and other	925	1,859	(64)	(215)
Segment measure	23,003	30,988	2,223	4,933
Reconciliation:				
Less: associates and joint ventures	(2,548)	(3,915)	(185)	(420)
Include: operating special items and remeasurements	–	–	(6,150)	(4,375)
Statutory measure	20,455	27,073	(4,112)	138

	Depreciation and amortisation[1]		Underlying EBITDA	
US$ million	2015	2014	2015	2014
Platinum	455	495	718	527
De Beers	419	455	990	1,818
Copper	714	709	942	1,902
Nickel	19	7	(3)	28
Niobium and Phosphates	27	28	146	152
Iron Ore and Manganese	355	329	1,026	2,286
Coal	589	749	1,046	1,207
Corporate and other	53	127	(11)	(88)
	2,631	2,899	4,854	7,832
Less: associates and joint ventures	(250)	(308)	(435)	(728)
	2,381	2,591	4,419	7,104

(1) In addition $99 million (2014: $129 million) of depreciation and amortisation charges arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers has been included within operating remeasurements (see note 6), and $73 million (2014: $105 million) of pre-commercial production depreciation and $3 million (2014: nil) of pre-commercial production amortisation have been capitalised.

Financial statements

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION continued

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

US$ million	2015	2014
Underlying EBITDA	4,854	7,832
Depreciation and amortisation: subsidiaries and joint operations	(2,381)	(2,591)
Depreciation and amortisation: associates and joint ventures	(250)	(308)
Underlying EBIT	2,223	4,933
Operating special items and remeasurements	(6,150)	(4,375)
Non-operating special items	(1,278)	(385)
Associates' and joint ventures' net special items and remeasurements	(269)	(46)
Share of associates' and joint ventures' net finance costs, tax and non-controlling interests	(137)	(166)
Loss before net finance income/(costs) and tax	(5,611)	(39)

Associates' and joint ventures' results by segment

	Revenue		Underlying EBIT		Share of net (loss)/income	
US$ million	2015	2014	2015	2014	2015	2014
Platinum	187	263	(33)	(19)	(42)	(26)
De Beers	89	79	(9)	(9)	(6)	(6)
Iron Ore and Manganese	514	788	22	178	(264)	104
Coal	877	1,050	142	189	40	73
Corporate and other	881	1,735	63	81	51	63
	2,548	3,915	185	420	(221)	208

	Depreciation and amortisation		Underlying EBITDA	
US$ million	2015	2014	2015	2014
Platinum	28	28	(5)	9
De Beers	3	3	(6)	(6)
Iron Ore and Manganese	82	73	104	251
Coal	91	106	233	295
Corporate and other	46	98	109	179
	250	308	435	728

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

US$ million	2015	2014
Associates' and joint ventures' underlying EBIT	185	420
Net finance costs	(40)	(46)
Income tax expense	(100)	(113)
Non-controlling interests	3	(7)
Share of net income from associates and joint ventures (before special items and remeasurements)	48	254
Special items	(226)	–
Special items and remeasurements tax	(43)	(46)
Share of net (loss)/income from associates and joint ventures	(221)	208

Other non-cash expenses/(income)

In addition to depreciation and amortisation, other non-cash expenses/(income) include equity settled share-based payment charges and amounts in respect of provisions, excluding amounts recorded within special items. Significant other non-cash expenses/(income) included within underlying EBIT are as follows:

US$ million	2015	2014
Platinum	30	37
De Beers	(1)	94
Copper	69	87
Nickel	(10)	7
Niobium and Phosphates	24	5
Iron Ore and Manganese	62	36
Coal	125	160
Corporate and other	72	54
	371	480

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION continued

Capital employed by segment

Segment assets and liabilities have been replaced by closing capital employed by segment, now being the principal measure of assets and liabilities reported to the Group Management Committee. Capital employed is defined as net assets excluding net debt (including related hedges and net debt in disposal groups) and financial asset investments.

	Capital employed		Attributable capital employed[1]	
US$ million	2015	2014	2015	2014
Platinum	4,392	7,010	3,726	5,943
De Beers	8,642	10,058	7,402	8,654
Copper	6,332	7,062	4,176	4,739
Nickel	1,968	1,931	1,968	1,934
Niobium and Phosphates	834	896	834	896
Iron Ore and Manganese	6,666	9,837	5,756	8,361
Coal	4,079	5,575	3,978	5,455
Corporate and other	(71)	1,413	(71)	1,413
Capital employed	32,842	43,782	27,769	37,395
Include:				
Net debt	(12,901)	(12,871)		
Debit valuation adjustment attributable to derivatives hedging net debt[2]	555	–		
Financial asset investments	846	1,266		
Net assets	21,342	32,177		

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

[2] See note 18 for details of the debit valuation adjustment.

Product analysis

Revenue by product

US$ million	2015	2014
Platinum	2,720	3,097
Palladium	1,159	1,058
Rhodium	309	280
Diamonds	4,660	7,104
Copper	3,495	4,688
Nickel	450	638
Niobium	111	180
Phosphates	433	486
Iron ore	2,610	4,029
Manganese ore and alloys	514	788
Metallurgical coal	1,832	2,290
Thermal coal	3,068	3,529
Heavy building materials	921	1,854
Other	721	967
	23,003	30,988

Geographical analysis

Revenue by destination

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

US$ million	2015	2014
South Africa	1,764	2,464
Other Africa	982	1,663
Brazil	745	939
Chile	500	1,033
Other South America	12	23
North America	855	1,218
Australia	214	275
China	4,662	5,109
India	2,421	3,079
Japan	2,325	3,496
Other Asia	3,199	3,580
United Kingdom (Anglo American plc's country of domicile)	2,220	3,090
Other Europe	3,104	5,019
	23,003	30,988

NOTES TO THE CONSOLIDATED INCOME STATEMENT

3. SEGMENTAL INFORMATION continued

Non-current assets by location

US$ million	Intangible assets and property, plant and equipment 2015	Intangible assets and property, plant and equipment 2014	Total non-current assets[1] 2015	Total non-current assets[1] 2014
South Africa	**8,714**	12,998	**9,449**	14,450
Botswana	**4,247**	5,138	**4,247**	5,138
Other Africa	**938**	1,138	**943**	1,145
Brazil	**6,361**	8,001	**6,455**	8,097
Chile	**6,481**	7,347	**6,481**	7,347
Other South America	**955**	740	**1,846**	1,750
North America	**688**	1,483	**690**	1,488
Australia and Asia	**3,237**	4,136	**3,568**	4,764
United Kingdom (Anglo American plc's country of domicile)	**1,278**	1,277	**1,320**	2,838
Other Europe	**116**	129	**137**	131
Non-current assets by location	**33,015**	42,387	**35,136**	47,148
Unallocated assets			**3,080**	4,554
Total non-current assets			**38,216**	51,702

(1) Total non-current assets by location primarily comprise Intangible assets, Property, plant and equipment, Environmental rehabilitation trusts and Investments in associates and joint ventures.

4. OPERATING (LOSS)/PROFIT FROM SUBSIDIARIES AND JOINT OPERATIONS

US$ million	2015	2014
Group revenue	**20,455**	27,073
Cost of sales	**(15,507)**	(18,931)
Operating special items (note 6)	**(5,972)**	(4,374)
Gross (loss)/profit	**(1,024)**	3,768
Selling and distribution costs	**(1,464)**	(1,661)
Administrative expenses	**(1,422)**	(1,937)
Other losses and gains (see below)	**(48)**	149
Exploration expenditure (see below)	**(154)**	(181)
Operating (loss)/profit	**(4,112)**	138

US$ million	2015	2014
Operating (loss)/profit is stated after charging:		
Depreciation of property, plant and equipment (note 12)[1]	**(2,337)**	(2,545)
Amortisation of intangible assets (note 11)[2]	**(44)**	(46)
Rentals under operating leases	**(123)**	(134)
Exploration expenditure (see below)	**(154)**	(181)
Evaluation expenditure (see below)	**(145)**	(218)
Research and development expenditure	**(83)**	(101)
Operating special items (note 6)	**(5,972)**	(4,374)
Employee costs (note 26)	**(3,955)**	(4,514)
Provisional pricing adjustment[3]	**(578)**	(219)
Royalties[4]	**(264)**	(405)
Other losses and gains comprise:		
Operating remeasurements (note 6)	**(178)**	(1)
Other fair value losses on derivatives – realised	**(19)**	(20)
Foreign exchange gains on other monetary items	**149**	172
Other	**–**	(2)
Total other losses and gains	**(48)**	149

(1) In addition $82 million (2014: $110 million) of depreciation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers has been included within operating remeasurements (see note 6) and $73 million (2014: $105 million) of pre-commercial production depreciation has been capitalised.

(2) In addition $17 million (2014: $19 million) of amortisation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers has been included within operating remeasurements (see note 6) and $3 million (2014: nil) of pre-commercial amortisation has been capitalised.

(3) Provisionally priced sales contracts resulted in a total (realised and unrealised) loss in revenue of $610 million (2014: $226 million). Of this, $79 million relates to realised losses (2014: $49 million) for sales outstanding at 31 December 2014 that were settled in 2015, $390 million relates to realised losses (2014: $73 million) for sales entered into and settled in 2015, and $141 million relates to unrealised losses (2014: $104 million) for sales outstanding at 31 December 2015. In addition, provisionally priced purchase contracts resulted in operating gains of $32 million (2014: $7 million).

(4) Excludes those royalties which meet the definition of income tax on profit and accordingly have been accounted for as taxes.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

4. OPERATING (LOSS)/PROFIT FROM SUBSIDIARIES AND JOINT OPERATIONS continued

Exploration and evaluation expenditure

See note 39j for the Group's accounting policy on exploration and evaluation expenditure.

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

US$ million	Exploration expenditure[1] 2015	Exploration expenditure[1] 2014	Evaluation expenditure[2] 2015	Evaluation expenditure[2] 2014
By commodity/product				
Platinum group metals	7	8	6	9
Diamonds	34	37	29	26
Copper	41	37	69	84
Nickel	9	16	4	4
Niobium	–	–	1	1
Phosphates	4	4	1	8
Iron ore	13	25	11	56
Metallurgical coal	7	8	14	19
Thermal coal	4	9	10	11
Central exploration activities	35	37	–	–
	154	181	145	218

[1] Exploration for Mineral Resources other than that occurring at existing operations and projects.

[2] Evaluation of Mineral Resources relating to projects in the conceptual or pre-feasibility stage or further evaluation of Mineral Resources at existing operations.

5. UNDERLYING EBIT AND UNDERLYING EARNINGS BY SEGMENT

The following table analyses underlying EBIT (including the Group's attributable share of associates' and joint ventures' underlying EBIT) by segment and reconciles it to underlying earnings by segment. Refer to note 3 for the definition of underlying EBIT.

Underlying earnings is an alternative earnings measure, which the directors consider to be a useful additional measure of the Group's performance. Underlying earnings is profit for the financial 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.

2015

US$ million	Underlying EBIT	Operating special items and remeasurements	EBIT after special items and remeasurements	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
Platinum	263	788	(525)	(56)	(39)	168
De Beers	571	709	(138)	(274)	(39)	258
Copper	228	282	(54)	(120)	(41)	67
Nickel	(22)	2	(24)	3	–	(19)
Niobium and Phosphates[1]	119	(1)	120	(71)	–	48
Iron Ore and Manganese	671	3,314	(2,643)	(323)	(250)	98
Coal	457	1,235	(778)	(158)	(7)	292
Corporate and other	(64)	47	(111)	(34)	13	(85)
	2,223	6,376	(4,153)	(1,033)	(363)	827

2014

US$ million	Underlying EBIT	Operating special items and remeasurements	EBIT after special items and remeasurements	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
Platinum	32	52	(20)	(14)	7	25
De Beers	1,363	155	1,208	(264)	(176)	923
Copper	1,193	–	1,193	(482)	(218)	493
Nickel	21	21	–	(15)	–	6
Niobium and Phosphates[1]	124	13	111	(59)	–	65
Iron Ore and Manganese	1,957	3,670	(1,713)	(583)	(657)	717
Coal	458	372	86	(154)	(8)	296
Corporate and other	(215)	92	(307)	(111)	18	(308)
	4,933	4,375	558	(1,682)	(1,034)	2,217

[1] Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6. SPECIAL ITEMS AND REMEASUREMENTS

Special items and remeasurements are those items of financial performance that, due to their size and nature, the Group believes should be separately disclosed on the face of the income statement to assist in the understanding of the underlying financial performance achieved by the Group.

Special items that relate to the operating performance of the Group are classified as operating special items and principally include impairment charges and restructuring costs. Non-operating special items include costs in relation to closure of operations, profits and losses on disposal of investments and businesses as well as certain adjustments relating to business combinations.

Remeasurements include:

- Unrealised gains and losses on financial assets and liabilities that represent economic hedges, including accounting hedges related to financing arrangements. Where the underlying transaction is recorded in the income statement, the realised gains or losses are reversed from remeasurements and are recorded in underlying earnings in the same year as the underlying transaction for which the instruments provide the economic hedge. If the underlying transaction is recorded in the balance sheet, for example capital expenditure, the realised amount remains in remeasurements on settlement of the derivative. Such amounts are classified in the income statement as operating when the underlying exposure is in respect of the operating performance of the Group and otherwise as financing.
- The remeasurement and subsequent depreciation and amortisation of a previously held equity interest as a result of a business combination.
- 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 reported as tax remeasurements within income tax expense.

US$ million	2015	2014
Subsidiaries and joint operations		
Minas-Rio impairment	(2,503)	(3,800)
Coal impairments	(1,218)	(363)
Platinum impairments	(720)	(44)
De Beers Snap Lake care and maintenance	(595)	–
Sishen impairment	(514)	–
El Soldado impairment	(274)	–
Other impairments and related charges	–	(39)
Restructuring costs	(148)	(128)
Operating special items	(5,972)	(4,374)
Operating remeasurements	(178)	(1)
Operating special items and remeasurements	(6,150)	(4,375)
Write-down to fair value of Rustenburg mine	(728)	–
Disposal of Anglo American Norte	(287)	–
Disposal of Tarmac businesses	(172)	–
Disposal of Amapá	(35)	(46)
Closure of Drayton	–	(222)
Ponahalo refinancing	–	(58)
Atlatsa refinancing (note 35)	–	22
Kumba Envision Trust	(40)	(44)
Other	(16)	(37)
Non-operating special items	(1,278)	(385)
Financing special items and remeasurements	615	36
Special items and remeasurements before tax and non-controlling interests	(6,813)	(4,724)
Special items and remeasurements tax	47	2
Non-controlling interests on special items and remeasurements	584	38
Share of associates' and joint ventures' special items and remeasurements[1]	(269)	(46)
Total special items and remeasurements	(6,451)	(4,730)

[1] Relates to the Iron Ore and Manganese, Coal and Platinum segments (2014: Coal segment).

Operating special items

Impairments: Iron ore and coal operations

During 2015 a number of factors, including slowing of the expected rate of economic growth in China, together with a rebalancing of the Chinese economy, have driven a fundamental shift in the commodity demand outlook. At the same time, excess supply of a number of commodities, notably steel-making materials including iron ore and hard coking coal, is likely to persist in the short to medium term, further weighing on the prices of these commodities.

Consequently, the valuations of the Group's iron ore and hard coking coal operations have been reviewed based on the latest operating assumptions and management's current estimates of future commodity prices and foreign exchange rates. This has resulted in a number of asset impairments which are detailed below.

The valuations prepared as at 31 December 2015 assume that prices and foreign exchange rates will remain close to those that prevailed in the final quarter of 2015 for a three- to five-year period with a gradual recovery thereafter as supply tightens and producer country economies recover. The long- and short-term price assumptions used in the valuations are within the range of published analyst forecasts.

Minas-Rio

The Minas-Rio iron ore project (Minas-Rio) (Iron Ore and Manganese) in Brazil was acquired in two separate transactions in 2007 and 2008. Production commenced in 2014 and First Ore On Ship (FOOS) was delivered in October 2014.

In 2012, an impairment charge of $4,960 million (before tax) was recorded against the carrying value of Minas-Rio. This was based on the value in use of the CGU and reflected an increase in estimate of attributable project capital expenditure to $8.8 billion, including a $0.6 billion contingency, as well as the impact of high inflation on operational costs. In 2014, a further impairment charge of $3,800 million (before tax) was recorded due to a continued decline in the pricing environment for iron ore based on a value in use of $5.6 billion. At the time it was highlighted that the valuation remained sensitive to price and further deterioration in prices might result in additional impairment.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6. SPECIAL ITEMS AND REMEASUREMENTS continued

In June 2015 the Group recorded an additional impairment charge of $2,503 million (before tax) against the carrying value of the CGU, driven by a further deterioration in iron ore pricing. The valuation of Minas-Rio, based on the value in use of the CGU, determined on a pre-tax discounted cash flow basis (see note 1) (real pre-tax discount rate of 8.5% (2014: 8.5%)) was $3.6 billion as at 30 June 2015. This charge was recorded against capital works in progress. A related deferred tax asset of $404 million was also written down to reflect a reduced likelihood of recovering the associated tax deductions.

The valuation of Minas-Rio was re-assessed as at 31 December 2015 in light of the continued decline in iron ore prices. No further impairment has been recorded as the impact of lower pricing in the short term has been offset by a number of factors, notably a significant weakening of the Brazilian real. However, the valuation remains sensitive to price, and to assumptions regarding the permit and licence issuance schedule. Adverse changes to these assumptions could result in further impairments.

Sishen

The Sishen iron ore mine (Iron Ore and Manganese) is located in the Northern Cape Province in South Africa. As a result of the deterioration in the iron ore market, management has undertaken a strategic review to reconfigure the Sishen pit in order to optimise margins. The new pit shell configuration will enable a more flexible mining approach and lower unit costs and capital expenditure over the Life of Mine.

Whilst these measures have been undertaken to respond to the impact of the weaker iron ore price environment, a pre-tax impairment charge of $514 million ($372 million after tax) has been recorded against the carrying value of the CGU, based on a valuation of $1.3 billion. The valuation has been assessed based on the asset's fair value less costs of disposal and measured using discounted cash flow projections (see note 1). Of the impairment charge, $184 million has been recorded against mining properties and leases, $55 million against land and buildings, $61 million against capital works in progress and $214 million against plant and equipment, with an associated tax credit of $142 million. The valuation remains sensitive to price and execution of the new pit design, and adverse changes to these assumptions could result in further impairments.

Coal

In June 2015, a pre-tax impairment of $624 million ($437 million after tax) was recorded in relation to the Coal Australia assets, principally comprising an impairment of $539 million at Capcoal. At the time it was highlighted that the valuation remained sensitive to price and further deterioration in prices might result in additional impairment.

In the second half of the year, further pre-tax impairments totalling $429 million have been recorded against the Group's metallurgical coal operations in central Queensland, driven by the impact of weak coal prices on margins, particularly for the open cut operations. The post-tax impairment charge is also $429 million. This comprises an additional impairment of $100 million at Capcoal, based on a valuation of $0.2 billion, $234 million at Dawson, based on a valuation of $0.2 billion, and $95 million at Foxleigh, which has been fully impaired. Of this charge, $201 million has been recorded against plant and equipment, $155 million against mining properties and leases, $41 million against land and buildings and $32 million against capital works in progress.

The remaining impairment charge of $165 million relates to Peace River Coal in Canada which was fully impaired at 30 June 2015. The post-tax impairment charge is also $165 million.

The valuations have been assessed based on the respective operations' fair value less costs of disposal and measured using discounted cash flow projections (see note 1). The valuation of the Group's Coal Australia assets remains sensitive to price and further deterioration in pricing could result in additional impairments.

Other impairments

Platinum

During 2015 there has been a significant deterioration in platinum group metals (PGM) market conditions. Although, in the near term, the growth outlook for PGMs is unclear due to potentially reduced platinum jewellery demand in China and uncertainty surrounding the auto-catalyst market, longer term demand is forecast to be robust given the expected demand for new and cleaner vehicles in maturing economies, coupled with increasingly stringent global emissions legislation.

The Group has taken a number of steps to respond to these conditions. These include restructuring the business to reduce overheads, cutting cash negative production, and suspending capital expenditure on growth projects other than those that are already near completion.

In the second half of 2015, development of the Twickenham project has been suspended. Existing operations at Twickenham will be placed on care and maintenance during 2016 and the project is being reconfigured for the longer term as a largely mechanised underground operation. As a result, some of the previously capitalised costs associated with the development of Twickenham as a conventional mine, along with related assets and infrastructure, are no longer expected to provide future economic benefits, resulting in an impairment charge of $236 million. In addition, as a result of the review of capital projects across the Platinum business, further capitalised development costs and assets of $42 million have been written off.

The Group, along with Atlatsa Resources Corporation (Atlatsa), the controlling shareholder of Bokoni, has conducted a technical review of the Bokoni operation to optimise the mine plan and allow it to operate on a cash-positive basis. The revised plan is currently being implemented but Bokoni is likely to remain cash negative for some time. Consequently, the Group has fully impaired its equity interests in Bokoni, which comprise a 49% interest in the underlying operation, and a 23% interest in Atlatsa. In addition, the Group has fully impaired the loans it has extended to Atlatsa and Atlatsa Holdings (the controlling Black Economic Empowerment shareholder of Atlatsa). The total impairment charge relating to Bokoni is $212 million, of which $93 million has been recorded against Investments in associates and $119 million against Financial asset investments.

The Group holds a 33% interest in the Bafokeng-Rasimone Platinum Mine (BRPM) and a 12% shareholding in Royal Bafokeng Platinum Limited (RBPlat), the Johannesburg Stock Exchange listed controlling shareholder of the operation. Given the reduction in the market capitalisation of RBPlat, the carrying value of the investment in BRPM has been assessed for impairment. This has resulted in an impairment of $178 million which has been recorded against Investments in associates.

In addition, cumulative fair value losses of $52 million on the Group's 12% investment in RBPlat, which have previously been recorded in the statement of comprehensive income, have been recycled to the income statement as an impairment loss, as the decline in RBPlat's market value is considered to have been significant and prolonged.

The aggregate pre-tax impairment charge is $720 million and the aggregate post-tax impairment charge is $642 million.

Snap Lake (De Beers)

Following a review of the operation, and in light of current market conditions, management has decided to place the Snap Lake operation, located in the North West Territory in Canada, on long term care and maintenance. A pre-tax impairment of $595 million has been recorded. The carrying value associated with the operation, comprising $502 million of mining properties and leases, is considered unlikely to provide future economic benefit and has been reduced to nil. The remainder of the impairment charge relates to the write-off of associated goodwill, redundant consumables and provisions for severance costs and similar items. The aggregate post-tax impairment charge is also $595 million.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

6. SPECIAL ITEMS AND REMEASUREMENTS continued

El Soldado (Copper)

The Group holds a 50.1% interest in the El Soldado copper mine, which is part of Anglo American Sur. To mitigate the impact of the recent deterioration in copper prices, management has made changes to the mine sequencing, in order to optimise cash flows in the near term. Despite these modifications, an impairment of $274 million (before tax) has been recorded against the carrying value of the asset. The valuation of the asset, based on the operation's fair value less costs of disposal and measured using discounted cash flow projections (see note 1), is $0.2 billion. Of this charge, $202 million has been recorded against mining properties and leases and $72 million against plant and equipment with an associated tax credit of $82 million. The post-tax impairment charge is $192 million. The valuation is sensitive to price and further deterioration might result in additional impairment.

Restructuring costs

Restructuring costs of $148 million (2014: $128 million) relate to organisational changes as part of the *Driving Value* programme. The post-tax charge is $119 million (2014: $107 million).

2014

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

Operating remeasurements

Operating remeasurements reflect a net loss of $178 million (2014: $1 million) which principally comprises losses of $78 million (2014: gains of $136 million) in respect of derivatives related to capital expenditure in Iron Ore Brazil and a $99 million depreciation and amortisation charge (2014: $129 million) arising due to the fair value uplift on the Group's pre-existing 45% shareholding in De Beers, which was required on acquisition of a controlling stake. The post-tax loss is $123 million (2014: $27 million).

Derivatives in relation to Iron Ore Brazil which have been realised during the period had a cumulative net operating remeasurement loss of $162 million (2014: $140 million).

Non-operating special items

Rustenburg

On 9 September, Anglo American Platinum announced that it had entered into a binding agreement to sell the Rustenburg mine to Sibanye Gold Limited, subject to certain conditions.

The value of the Rustenburg mine and its associated mineral rights is expected to be recovered principally through sale. A pre-tax impairment charge of $728 million ($537 million after tax) has been recorded against the carrying value of the Rustenburg assets in order to bring their carrying value into line with fair value less costs of disposal, based upon the estimated value of the agreed sale consideration, of $0.2 billion. This excludes any economic value generated from the future purchase of concentrate and toll treatment arrangements which will be recognised for accounting purposes at the time when the benefit is received. The impairment charge has been recorded principally against property, plant and equipment, of which $452 million is against mining properties and leases, and includes an allocation of goodwill of $41 million.

Anglo American Norte

On 11 September 2015, the Group completed the sale of its interest in Anglo American Norte S.A. (AA Norte) (Copper). The company consists of the Mantoverde and Mantos Blancos copper mines located in northern Chile. The consideration comprises $300 million in cash plus deferred consideration up to a maximum of $200 million, contingent upon certain conditions (see note 30). At 31 December 2015 the remaining deferred contingent consideration, of up to $150 million, has been valued at nil. A pre-tax loss on disposal of $287 million (post-tax $350 million) has been recorded.

Tarmac

On 17 July 2015, the Group completed the sale of its 50% ownership interest in Lafarge Tarmac (Corporate and other) to Lafarge for cash proceeds of approximately £992 million ($1,559 million), constituting the agreed minimum consideration of £885 million and approximately £107 million of working capital and other adjustments. In addition, during the year the Group has disposed of the majority of its interests in Tarmac Middle East (TME) (Corporate and other) which supplies aggregates, asphalt and road base contracting services to the Middle East construction industry. The sale of a further interest in TME was completed in January 2016. Disposal of the one remaining TME interest is well advanced. A loss of $172 million (also $172 million after tax) has been recognised on disposal of the Tarmac businesses.

2014

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

Financing special items and remeasurements

Financing special items and remeasurements reflect a net gain of $615 million (2014: $36 million). The associated tax is a credit of $54 million (2014: charge of $36 million). This principally relates to a debit valuation adjustment on derivative liabilities hedging net debt of $555 million. This adjustment is incorporated into the valuation of these derivatives to reflect the impact on the fair value of Anglo American's own credit quality. The net gain reflects an increase in observed credit spreads for Anglo American, see note 18 for further detail.

Tax associated with special items and remeasurements

Total tax relating to subsidiaries and joint operations amounts to a credit of $47 million (2014: $2 million).

This includes one-off tax charges of $829 million (2014: $105 million), tax credits on special items and remeasurements of $769 million (2014: $412 million) and tax remeasurement credits of $107 million (2014: charges of $305 million).

One-off tax charges of $829 million primarily comprise the write down of deferred tax assets at Minas-Rio of $404 million, Kumba Iron Ore of $65 million, Coal of $175 million, De Beers Canada of $61 million and Corporate of $83 million, where it is no longer considered probable that these assets can be recovered against future taxable profits.

Of the total tax credit of $47 million, $55 million relates to a current tax charge (2014: credit of $31 million) and $102 million relates to a deferred tax credit (2014: charge of $29 million).

NOTES TO THE CONSOLIDATED INCOME STATEMENT

7. NET FINANCE INCOME/(COSTS)

See note 39b for the Group's accounting policy on borrowing costs.

Net finance income/(costs) are presented net of hedges for respective interest bearing and foreign currency borrowings. The weighted average capitalisation rate applied to qualifying capital expenditure was 2.90% (2014: 3.83%).

US$ million	2015	2014
Investment income		
Interest income from cash and cash equivalents	92	128
Other interest income	69	88
Net interest income on defined benefit arrangements	12	14
Dividend income from financial asset investments	9	25
	182	255
Less: interest income capitalised	(10)	(13)
Total investment income(1)	172	242
Interest expense		
Interest and other finance expense	(706)	(709)
Net interest cost on defined benefit arrangements	(54)	(69)
Unwinding of discount relating to provisions	(96)	(101)
	(856)	(879)
Less: interest expense capitalised	367	382
Total interest expense(1)	(489)	(497)
Other net financing losses		
Net foreign exchange losses	(180)	(37)
Other net fair value gains	39	36
Total other net financing losses	(141)	(1)
Net finance costs before special items and remeasurements	(458)	(256)
Special items and remeasurements (note 6)	615	36
Net finance income/(costs) after special items and remeasurements	157	(220)

(1) Interest income recognised at amortised cost is $115 million (2014: $152 million) and interest expense recognised at amortised cost is $307 million (2014: $286 million).

8. INCOME TAX EXPENSE

See note 39c for the Group's accounting policy on tax.

a) Analysis of charge for the year

US$ million	2015	2014
United Kingdom corporation tax	(11)	(14)
South Africa tax	214	479
Other overseas tax	338	712
Prior year adjustments	(58)	(68)
Current tax(1)	483	1,109
Deferred tax	(48)	158
Income tax expense before special items and remeasurements	435	1,267
Special items and remeasurements tax (note 6)	(47)	(2)
Income tax expense	388	1,265

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

NOTES TO THE CONSOLIDATED INCOME STATEMENT

8. INCOME TAX EXPENSE continued

b) Factors affecting tax charge for the year

The effective tax rate for the year of (7.1)% (2014: (488.4%)) is lower (2014: lower) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 20.25% (2014: 21.5%). The reconciling items, excluding the impact of associates and joint ventures, are:

US$ million	2015	2014
Loss before tax	**(5,454)**	(259)
Less: share of net loss/(income) from associates and joint ventures	**221**	(208)
Loss before tax (excluding associates and joint ventures)	**(5,233)**	(467)
Tax on loss (excluding associates and joint ventures) calculated at United Kingdom corporation tax rate of 20.25% (2014: 21.5%)	**(1,060)**	(100)
Tax effects of:		
Items non-taxable/deductible for tax purposes		
Exploration expenditure	**15**	18
Non-deductible/(taxable) net foreign exchange losses/(gains)	**15**	(12)
Non-taxable net interest income	**(29)**	(8)
Other non-deductible expenses	**144**	72
Other non-taxable income	**(92)**	(138)
Temporary difference adjustments		
Current year losses not recognised	**12**	79
Recognition of losses not previously recognised	**(18)**	(143)
Utilisation of losses not previously recognised	**(13)**	(13)
Write-off of losses previously recognised	**29**	65
Adjustment in deferred tax due to change in tax rate	**(2)**	106
Other temporary differences	**13**	95
Special items and remeasurements(1)	**1,333**	1,014
Other adjustments		
Secondary tax on companies and dividend withholding taxes	**52**	193
Effect of differences between local and United Kingdom tax rates	**46**	106
Prior year adjustments to current tax	**(58)**	(68)
Other adjustments	**1**	(1)
Income tax expense	**388**	1,265

(1) The special items and remeasurements reconciling item of $1,333 million (2014: $1,014 million) relates to the net tax impact of total special items and remeasurements before tax calculated at the United Kingdom corporation tax rate less the associated tax recorded against these items, one-off tax charges and tax remeasurements. See note 6 for further details of the tax amounts included within special items and remeasurements.

IAS 1 requires income from associates and joint ventures to be presented net of tax on the face of the income statement. Associates' and joint ventures' tax is therefore excluded from the Group's income tax expense. Associates' and joint ventures' tax included within 'Share of net (loss)/income from associates and joint ventures' for the year ended 31 December 2015 is $143 million (2014: $159 million). Excluding special items and remeasurements this becomes $100 million (2014: $113 million).

The effective tax rate before special items and remeasurements including attributable share of associates' and joint ventures' tax for the year ended 31 December 2015 was 31.0%. This is higher than the equivalent effective tax rate of 29.8% for the year ended 31 December 2014 due to the net impact of certain prior year adjustments, the remeasurement of withholding tax provisions across the Group, and the relative levels of profits arising in the Group's operating jurisdictions. In future periods it is expected that the effective tax rate will remain above the United Kingdom statutory tax rate.

c) Tax amounts included in other comprehensive income

An analysis of tax by individual item presented in the Consolidated statement of comprehensive income is presented below:

US$ million	2015	2014
Tax (charge)/credit on items recognised directly in equity that will not be reclassified to the income statement		
Remeasurement of net retirement benefit obligation	**(30)**	9
Tax credit/(charge) on items recognised directly in equity that may subsequently be reclassified to the income statement		
Net exchange differences on translation of foreign operations	**35**	(15)
Net loss on revaluation of available for sale investments	**33**	26
Net (gain)/loss on cash flow hedges	**(5)**	4
	33	24
Tax credit on items transferred from equity		
Transferred to initial carrying amount of hedged items: cash flow hedges	**–**	1
	–	1

d) Tax amounts recognised directly in equity

No significant amounts of tax have been charged directly to equity in 2015 or 2014.

NOTES TO THE CONSOLIDATED INCOME STATEMENT

9. LOSS PER SHARE

US$	2015	2014
Loss per share		
Basic	**(4.36)**	(1.96)
Diluted	**(4.36)**	(1.96)
Headline earnings per share		
Basic	**0.29**	1.20
Diluted	**0.29**	1.19
Underlying earnings per share		
Basic	**0.64**	1.73
Diluted	**0.64**	1.72

Basic and diluted earnings per share are shown based on headline earnings, a Johannesburg Stock Exchange (JSE) defined performance measure, and underlying earnings (explained in note 5) which the directors consider to be a useful additional measure of the Group's performance.

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

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

	Loss attributable to equity shareholders of the Company		Headline earnings		Underlying earnings	
	2015	2014	2015	2014	2015	2014
(Loss)/earnings (US$ million)						
Basic and diluted (loss)/earnings	**(5,624)**	(2,513)	**369**	1,535	**827**	2,217
Number of shares (million)						
Basic number of ordinary shares outstanding	**1,289**	1,284	**1,289**	1,284	**1,289**	1,284
Effect of dilutive potential ordinary shares:						
Share options and awards	**–**	–	**3**	5	**3**	5
Diluted number of ordinary shares outstanding	**1,289**	1,284	**1,292**	1,289	**1,292**	1,289

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

Basic loss per share is equal to diluted loss per share as all 12,855,264 (2014: 18,431,061) potential ordinary shares are anti-dilutive. 8,996,586 (2014: 178,808) shares have been excluded from the calculation of diluted headline earnings per share and diluted underlying earnings per share as they are anti-dilutive.

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

US$ million	2015	2014
Loss for the financial year attributable to equity shareholders of the Company	**(5,624)**	(2,513)
Operating special items	**5,899**	4,268
Operating special items – tax	**(489)**	(362)
Operating special items – non-controlling interests	**(413)**	(16)
Non-operating special items	**1,181**	218
Non-operating special items – tax	**(127)**	(51)
Non-operating special items – non-controlling interests	**(58)**	(9)
Headline earnings for the financial year	**369**	1,535
Operating special items(1)	**299**	106
Operating remeasurements	**178**	1
Non-operating special items(2)	**97**	167
Financing special items and remeasurements	**(615)**	(36)
Tax special items	**829**	105
Special items and remeasurements tax	**(217)**	352
Non-controlling interests on special items and remeasurements	**(113)**	(13)
Underlying earnings for the financial year	**827**	2,217

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

NOTES TO THE CONSOLIDATED BALANCE SHEET

10. DIVIDENDS

Dividends payable during the year are as follows:

US$ million	2015	2014
Final ordinary dividend for 2014 – 53 US cents per ordinary share (2013: 53 US cents per ordinary share)	680	696
Interim ordinary dividend for 2015 – 32 US cents per ordinary share (2014: 32 US cents per ordinary share)	398	403
	1,078	1,099

Total dividends paid during the year were $1,078 million (2014: $1,099 million).

No final dividend is proposed in respect of the financial year ended 31 December 2015 (2014: 53 US cents per share).

The employee benefit trust has waived the right to receive dividends on the shares it holds (see note 32).

11. INTANGIBLE ASSETS

See notes 39d, 39e and 39i for the Group's accounting policies on intangible assets.

	2015			2014		
US$ million	Brands, contracts and other intangibles[1]	Goodwill	Total	Brands, contracts and other intangibles[1]	Goodwill	Total
Net book value						
At 1 January	1,359	2,553	3,912	1,415	2,668	4,083
Additions	10	–	10	22	–	22
Amortisation charge for the year[2]	(64)	–	(64)	(65)	–	(65)
Impairments[3]	–	(93)	(93)	–	–	–
Remeasurements	–	–	–	–	46	46
Currency movements	(81)	(290)	(371)	(13)	(161)	(174)
At 31 December	1,224	2,170	3,394	1,359	2,553	3,912
Cost	1,481	2,170	3,651	1,592	2,553	4,145
Accumulated amortisation	(257)	–	(257)	(233)	–	(233)

(1) Includes brands, contracts and other intangibles of $1,185 million (2014: $1,308 million) relating to De Beers, principally comprising assets that were recognised at fair value on acquisition of a controlling interest in De Beers in August 2012. Of these, $517 million (2014: $517 million) have indefinite useful lives.

(2) Includes $17 million (2014: $19 million) of amortisation arising due to the fair value uplift of the Group's pre-existing 45% shareholding in De Beers, which has been included within operating remeasurements (see note 6) and $3 million (2014: nil) of pre-commercial production amortisation which has been capitalised.

(3) Includes goodwill of $52 million allocated to Snap Lake (De Beers) which has been written off as the operation has been placed on care and maintenance, and goodwill of $41 million allocated to Rustenburg (Platinum) which has been written down to fair value. See note 6 for further details.

Impairment tests for goodwill

See note 39f for the Group's accounting policy on impairment of goodwill.

Goodwill is allocated for impairment testing purposes to cash generating units (CGUs) or groups of CGUs which reflect how it is monitored for internal management purposes. This allocation largely represents the Group's segments. The allocation of goodwill to CGUs or groups of CGUs is as follows:

US$ million	2015	2014
Platinum	189	230
De Beers	1,553	1,895
Copper	124	124
Coal South Africa	88	88
Other	216	216
	2,170	2,553

For the purposes of goodwill impairment testing, the recoverable amount of each of the CGUs or group of CGUs has been determined based on a fair value less costs of disposal basis. The key assumptions used in determining fair value less costs of disposal are set out in note 1. Management believes that any reasonably possible change in a key assumption on which the recoverable amounts are based would not cause the carrying amounts to exceed their recoverable amounts.

NOTES TO THE CONSOLIDATED BALANCE SHEET

12. PROPERTY, PLANT AND EQUIPMENT

See notes 39g to 39j for the Group's accounting policies on property, plant and equipment.

US$ million	Mining properties and leases 2015	Land and buildings[(1)] 2015	Plant and equipment 2015	Capital works in progress 2015	Total 2015	Mining properties and leases 2014	Land and buildings[(1)] 2014	Plant and equipment 2014	Capital works in progress 2014	Total 2014
Net book value										
At 1 January	**13,018**	**3,067**	**11,115**	**11,275**	**38,475**	14,996	3,030	11,530	11,949	41,505
Additions	**568**	**25**	**160**	**3,846**	**4,599**	596	46	311	5,452	6,405
Depreciation charge for the year[(2)]	**(921)**	**(150)**	**(1,421)**	**–**	**(2,492)**	(1,065)	(161)	(1,534)	–	(2,760)
Impairments and losses on assets transferred to held for sale	**(2,104)**	**(166)**	**(1,018)**	**(2,699)**	**(5,987)**[(3)]	(1,242)	(26)	(213)	(2,935)	(4,416)
Disposal of assets	**–**	**(5)**	**(18)**	**(5)**	**(28)**	(3)	(20)	(30)	(3)	(56)
Disposal of business and transferred to held for sale	**(63)**	**(9)**	**(294)**	**(60)**	**(426)**[(4)]	–	–	–	–	–
Reclassifications	**714**	**380**	**1,602**	**(2,696)**	**–**	859	345	1,573	(2,777)	–
Currency movements	**(2,239)**	**(371)**	**(1,196)**	**(714)**	**(4,520)**	(1,123)	(147)	(522)	(411)	(2,203)
At 31 December	**8,973**	**2,771**	**8,930**	**8,947**	**29,621**	13,018	3,067	11,115	11,275	38,475
Cost	**21,859**	**4,199**	**19,321**	**14,520**	**59,899**	24,206	4,307	21,525	14,497	64,535
Accumulated depreciation	**(12,886)**	**(1,428)**	**(10,391)**	**(5,573)**	**(30,278)**	(11,188)	(1,240)	(10,410)	(3,222)	(26,060)

(1) Net book value principally comprises freehold land and buildings.
(2) Includes $2,337 million (2014: $2,545 million) of depreciation within operating loss, $82 million (2014: $110 million) of depreciation arising due to the fair value uplift on the pre-existing 45% shareholding in De Beers which has been included within operating remeasurements (see note 6), and $73 million (2014: $105 million) of pre-commercial production depreciation which has been capitalised.
(3) Includes $684 million for the write-down of Rustenburg (see note 6).
(4) Includes $412 million for the transfer and subsequent disposal of Anglo American Norte (see note 30).

For information on the impairments recorded in the year see note 6.

Included in the additions is $357 million (2014: $369 million) of net interest expense incurred on borrowings funding the construction of qualifying assets which has been capitalised during the year.

Assets held under finance leases relate to plant and equipment with a net book value of $56 million (2014: $70 million), of which depreciation charges in the year amounted to $6 million (2014: $13 million).

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

See note 39k for the Group's accounting policy on associates and joint arrangements, which includes joint ventures.

Details of principal associates and joint ventures are set out in note 37.

US$ million	Associates 2015	Joint ventures 2015	Total 2015	Associates 2014	Joint ventures 2014	Total 2014
At 1 January	**2,681**	**1,695**	**4,376**	2,936	1,676	4,612
Share of net (loss)/income from associates and joint ventures	**14**	**(235)**	**(221)**	140	68	208
Dividends received	**(81)**	**(243)**	**(324)**	(432)	(3)	(435)
Investment in equity and capitalised loans	**77**	**3**	**80**	125[(1)]	25	150
Repayments of capitalised loans	**(67)**	**–**	**(67)**	–	–	–
Reclassification[(2)]	**(812)**	**812**	**–**	–	–	–
Impairments and losses on assets transferred to held for sale	**(271)**[(3)]	**(71)**	**(342)**	–	–	–
Transferred to assets held for sale	**–**	**(1,547)**	**(1,547)**	–	–	–
Other movements	**–**	**45**	**45**	1	28	29
Currency movements	**(167)**	**(16)**	**(183)**	(89)	(99)	(188)
At 31 December	**1,374**	**443**	**1,817**	2,681	1,695	4,376

(1) Includes non-cash investment of $69 million relating to the refinancing of Atlatsa Resources Corporation (see note 35).
(2) The reclassification relates to the Group's interest in Samancor (Iron Ore and Manganese). Samancor has been accounted for as a joint venture since March 2015, following amendments to the agreement that governs the Group's interests in Samancor which resulted in the Group acquiring joint control over the business (previously accounted for as an associate).
(3) Includes $93 million relating to the impairment of the Group's interest in Bokoni and $178 million for the Group's interest in Bafokeng Rasimone Platinum Mine (see note 6).

The Group's total investments in associates and joint ventures comprise:

US$ million	Associates 2015	Joint ventures 2015	Total 2015	Associates 2014	Joint ventures 2014	Total 2014
Equity	**1,233**	**294**	**1,527**	2,294	1,695	3,989
Loans[(1)]	**141**	**149**	**290**	387	–	387
	1,374	**443**	**1,817**	2,681	1,695	4,376

(1) The Group's total investments in associates and joint ventures include long term loans which in substance form part of the Group's net investment. These loans are not repayable in the foreseeable future.

NOTES TO THE CONSOLIDATED BALANCE SHEET

13. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES continued

None of the Group's associates or joint ventures are considered to be individually material to the Group, and therefore the Group's share of the financial information of associates and joint ventures is disclosed on an aggregated basis.

	2015			2014		
US$ million	Associates	Joint ventures	Total	Associates	Joint ventures	Total
Non-current assets	1,314	640	1,954	2,742	2,035	4,777
Current assets	458	50	508	924	626	1,550
Current liabilities	(184)	(172)	(356)	(363)	(557)	(920)
Non-current liabilities	(214)	(75)	(289)	(622)	(409)	(1,031)
Net assets	1,374	443	1,817	2,681	1,695	4,376
Revenue	1,208	1,340	2,548	2,101	1,814	3,915
Share of net (loss)/income from associates and joint ventures	14	(235)	(221)	140	68	208
Total comprehensive (expense)/income	14	(235)	(221)	141	68	209

Segmental information is provided in aggregate for associates and joint ventures in the table below.

	Aggregate investment	
US$ million	2015	2014
Platinum	251	659
De Beers	44	33
Iron Ore and Manganese	391	867
Coal	1,096	1,225
Corporate and other	35	1,592
	1,817	4,376

14. FINANCIAL ASSET INVESTMENTS

See notes 39l and 39m for the Group's accounting policies on financial asset investments.

	2015			2014		
US$ million	Loans and receivables	Available for sale investments	Total	Loans and receivables	Available for sale investments	Total
At 1 January	761	505	1,266	759	706	1,465
Additions	–	1	1	–	12	12
Interest receivable	43	–	43	52	–	52
Net loans granted	216	–	216	33[(1)]	–	33
Impairments	(130)[(2)]	–	(130)	–	–	–
Movements in fair value	(7)	(236)	(243)	(1)	(150)	(151)
Currency movements	(221)	(86)	(307)	(82)	(63)	(145)
At 31 December	662	184	846	761	505	1,266

(1) Includes net non-cash settlements of $47 million relating to the refinancing of Atlatsa Resources Corporation (see note 35).
(2) Includes $119 million relating to the impairment of loans to Atlatsa and Atlatsa Holdings (see note 6).

NOTES TO THE CONSOLIDATED BALANCE SHEET

15. INVENTORIES

See note 39q for the Group's accounting policy on inventories.

US$ million	2015	2014
Raw materials and consumables	952	1,087
Work in progress	1,076	1,445
Finished products	2,023	2,188
	4,051	4,720

The cost of inventories recognised as an expense and included in cost of sales amounted to $13,945 million (2014: $17,779 million).

Inventories held at net realisable value amounted to $1,048 million (2014: $1,014 million).

The write-down of inventories (net of revaluation of provisionally priced purchases) amounted to $121 million (2014: $153 million).

16. TRADE AND OTHER RECEIVABLES

Trade receivables do not incur any interest, are principally short term in nature and are measured at their nominal value (with the exception of receivables relating to provisionally priced sales, as set out in the revenue recognition accounting policy, see note 39a), net of appropriate provision for estimated irrecoverable amounts. Such provisions are raised based on an assessment of debtor ageing, past experience or known customer circumstances.

			2015			2014
US$ million	Due within one year	Due after one year	Total	Due within one year	Due after one year	Total
Trade receivables	1,355	135	1,490	1,807	161	1,968
Tax receivables	271	238	509	383	253	636
Prepayments	105	23	128	157	58	215
Other receivables	252	143	395	221	273	494
	1,983	539	2,522	2,568	745	3,313

Of the year end trade receivables balance, $55 million (2014: $61 million) were past due at 31 December, stated after an associated impairment provision of $18 million (2014: $30 million). The overdue debtor ageing profile is typical of the industry in which certain of the Group's businesses operate. Given this, the use of payment security instruments (including letters of credit from acceptable financial institutions), and the nature of the related counterparties, these amounts are considered recoverable. The historical level of customer default is minimal and as a result the credit quality of year end trade receivables is considered to be high.

17. TRADE AND OTHER PAYABLES

Trade payables are not interest bearing and are measured at their nominal value (with the exception of payables relating to purchases of provisionally priced concentrate which are marked to market using the appropriate forward price) until settled.

US$ million	2015	2014
Trade payables	1,610	1,931
Accruals	741	975
Deferred income(1)	46	57
Tax and social security	71	99
Other payables	311	478
	2,779	3,540

(1) Includes $26 million (2014: $25 million) of deferred income recorded within non-current liabilities.

NOTES TO THE CONSOLIDATED BALANCE SHEET

18. FINANCIAL INSTRUMENTS

See notes 39l, 39m and 39n for the Group's accounting policies on impairment of financial assets, derivative financial instruments and hedge accounting.

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

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

All derivatives that have been designated into hedge relationships have been separately disclosed.

US$ million	At fair value through profit and loss	Loans and receivables	Available for sale	Designated into hedges	Financial liabilities at amortised cost	2015 Total
Financial assets						
Trade and other receivables(1)	632	1,253	–	–	–	1,885
Derivative financial assets(2)	672	–	–	477	–	1,149
Cash and cash equivalents	–	6,895	–	–	–	6,895
Financial asset investments	–	662	184	–	–	846
	1,304	8,810	184	477	–	10,775
Financial liabilities						
Trade and other payables(1)	(225)	–	–	–	(2,437)	(2,662)
Derivative financial liabilities(2)	(2,439)	–	–	(24)	–	(2,463)
Borrowings(3)	–	–	–	(14,800)	(3,167)	(17,967)
	(2,664)	–	–	(14,824)	(5,604)	(23,092)
Net financial (liabilities)/assets	(1,360)	8,810	184	(14,347)	(5,604)	(12,317)

US$ million	At fair value through profit and loss	Loans and receivables	Available for sale	Designated into hedges	Financial liabilities at amortised cost	2014 Total
Financial assets						
Trade and other receivables(1)	912	1,553	–	–	–	2,465
Derivative financial assets(2)	153	–	–	980	–	1,133
Cash and cash equivalents	–	6,748	–	–	–	6,748
Financial asset investments	–	761	505	–	–	1,266
	1,065	9,062	505	980	–	11,612
Financial liabilities						
Trade and other payables(1)	(314)	–	–	–	(3,073)	(3,387)
Derivative financial liabilities(2)	(2,277)	–	–	(47)	–	(2,324)
Borrowings(3)	–	–	–	(15,048)	(3,487)	(18,535)
	(2,591)	–	–	(15,095)	(6,560)	(24,246)
Net financial (liabilities)/assets	(1,526)	9,062	505	(14,115)	(6,560)	(12,634)

(1) Trade and other receivables exclude prepayments and tax receivables. Trade and other payables exclude tax and social security and deferred income.

(2) Derivative instruments are analysed between those which are 'Held for trading' and those designated into hedge relationships in note 19.

(3) Borrowings designated in fair value hedges represent listed debt which is held at amortised cost, adjusted for the fair value of the hedged risk (for example interest rate risk). The fair value of these borrowings is $10,898 million (2014: $15,339 million), which is based on the quoted market price and consequently categorised as level 1 in the fair value hierarchy. The fair value of the remaining borrowings at amortised cost of $3,167 million, principally comprising bank borrowings, is $2,463 million as at 31 December 2015, with the difference between the carrying value and the fair value reflecting primarily the debit valuation adjustment to reflect the effect of Anglo American's own credit quality based on observed credit spreads at the balance sheet date. At 31 December 2014 the carrying value of borrowings at amortised cost of $3,487 million was considered to approximate the fair value.

18. FINANCIAL INSTRUMENTS continued

Fair value hierarchy

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

				2015				2014
US$ million	Level 1[(1)]	Level 2[(2)]	Level 3[(3)]	Total	Level 1[(1)]	Level 2[(2)]	Level 3[(3)]	Total
Financial assets								
At fair value through profit and loss								
Provisionally priced trade receivables	–	562	–	562	–	812	–	812
Other receivables	–	–	70	70	–	–	100	100
Derivatives hedging net debt	–	628	17	645	–	51	59	110
Other derivatives	9	18	–	27	1	42	–	43
Designated into hedges								
Derivatives hedging net debt	–	477	–	477	–	979	–	979
Other derivatives	–	–	–	–	1	–	–	1
Available for sale investments								
Financial asset investments	162	–	22	184	457	–	48	505
	171	1,685	109	1,965	459	1,884	207	2,550
Financial liabilities								
At fair value through profit and loss								
Provisionally priced trade payables	–	(225)	–	(225)	–	(314)	–	(314)
Derivatives hedging net debt	–	(2,207)	(736)	(2,943)	–	(1,647)	(499)	(2,146)
Other derivatives	–	(63)	–	(63)	(2)	(129)	–	(131)
Designated into hedges								
Derivatives hedging net debt	–	(17)	–	(17)	–	(27)	–	(27)
Other derivatives	–	(7)	–	(7)	–	(20)	–	(20)
Debit valuation adjustment to derivative liabilities[(4)]	–	386	181	567	–	–	–	–
	–	(2,133)	(555)	(2,688)	(2)	(2,137)	(499)	(2,638)
Net assets/(liabilities) carried at fair value	171	(448)	(446)	(723)	457	(253)	(292)	(88)

(1) Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes listed equity shares.

(2) Valued using techniques based significantly on observable market data. Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data.

(3) Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input.

(4) The debit valuation adjustment is recorded to reflect in the fair value of financial liabilities the effect of Anglo American's own credit quality based on observed credit spreads. This adjustment is calculated in total for each counterparty based on the net expected exposure. In many cases this includes exposures on a number of different types of derivative instruments. Consequently the impact of this adjustment has been presented as a separate item within the analysis of derivatives above. Based on an allocation weighted by exposure to each category of instrument, $555 million is attributable to derivatives hedging net debt and $12 million relates to other derivatives. The impact of this adjustment at 31 December 2014 was insignificant and consequently no adjustment has been made to the prior year presentation.

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

The movements in the fair value of the level 3 financial assets and liabilities are shown as follows:

		Assets		Liabilities
US$ million	2015	2014	2015	2014
At 1 January	207	225	(499)	(456)
Net loss recorded in the income statement[(1)]	(75)	(7)	(90)	(43)
Net loss recorded in the statement of comprehensive income	(15)	(6)	–	–
Settlement	–	–	34	–
Currency movements	(8)	(5)	–	–
At 31 December	109	207	(555)	(499)

(1) This is principally recorded in special items and remeasurements.

For the level 3 financial assets and liabilities, changing certain estimated inputs to reasonably possible alternative assumptions does not change the fair value significantly.

NOTES TO THE CONSOLIDATED BALANCE SHEET

19. DERIVATIVES

See note 39n for the Group's accounting policy on derivatives.

The fair values of derivatives are separately recorded on the Consolidated balance sheet within 'Derivative financial assets' and 'Derivative financial liabilities'. Derivatives are classified as current or non-current depending on the contracted maturity of the derivative.

The Group utilises derivative instruments to manage certain market risk exposures. 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 'Held for trading' and fair value movements are recorded in the Consolidated income statement.

The use of derivative instruments is subject to limits and the positions are regularly monitored and reported to senior management.

Cash flow hedges
In certain cases the Group classifies its forward foreign currency contracts, which hedge highly probable forecast transactions, as cash flow hedges. Where this designation is documented, changes in fair value are recognised in equity until the hedged transactions occur, at which time the respective gains or losses are transferred to the Consolidated income statement (or hedged balance sheet item).

Fair value hedges
The majority of interest rate swaps (taken out to swap the Group's fixed rate borrowings to floating rate, in accordance with the Group's policy) have been designated as fair value hedges. The carrying value of the hedged debt is adjusted at each balance sheet date to reflect the impact on its fair value of changes in market interest rates. Changes in the fair value of the hedged debt are offset against fair value changes in the interest rate swap and recognised in the Consolidated income statement as financing remeasurements.

Net investment hedges
In certain instances, the Group uses derivative instruments to hedge exposures in non-US dollar functional subsidiaries to exchange rate fluctuations on US dollar denominated borrowings. Such derivatives may be designated as net investment hedges and at 31 December 2014 principally related to the Group's Australian coal operations. Fair value changes in these derivatives are recognised within the 'Cumulative translation adjustment reserve' and recycled upon disposal of the related subsidiary.

Held for trading
The Group may choose not to designate certain derivatives as hedges. This may occur where the Group is economically hedged but IAS 39 hedge accounting cannot be achieved or where gains and losses on both the derivative and hedged item naturally offset in the Consolidated income statement, as is the case for certain cross currency swaps of non-US dollar debt. Fair value changes on these derivatives are recognised in the Consolidated income statement as remeasurements and are classified as financing or operating depending on the nature of the associated hedged risk.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contract and the host contract is not carried at fair value.

The fair value of the Group's open derivative positions at 31 December (excluding normal purchase and sale contracts held off balance sheet), recorded within 'Derivative financial assets' and 'Derivative financial liabilities', is as follows:

	Current				Non-current			
	2015		2014		2015		2014	
US$ million	Asset	Liability	Asset	Liability	Asset	Liability	Asset	Liability
Derivatives hedging net debt								
Fair value hedge[1]								
Interest rate swaps	23	–	15	–	454	(18)	617	(27)
Net investment hedge								
Forward foreign currency contracts	–	–	–	–	–	–	347	–
Held for trading								
Forward foreign currency contracts	628	(10)	51	(10)	–	–	–	–
Cross currency swaps	14	(430)	38	(386)	3	(2,502)	21	(1,750)
Other	–	–	–	–	–	–	–	–
Debit valuation adjustment to derivative liabilities[2]	–	19	–	–	–	536	–	–
	665	(421)	104	(396)	457	(1,984)	985	(1,777)
Other derivatives[3]	24	(56)	43	(143)	3	(2)	1	(8)
Total derivatives	689	(477)	147	(539)	460	(1,986)	986	(1,785)

(1) Recognised in the Consolidated income statement is a loss on fair value hedged items of $143 million (2014: $440 million), offset by a gain on fair value hedging instruments of $146 million (2014: $381 million).
(2) Relates to cross currency swaps. Refer to note 18.
(3) Other derivatives primarily relate to forward foreign currency contracts hedging capital expenditure that are accounted for as 'Held for trading'.

These marked to market valuations are not predictive of the future value of the hedged position, nor of the future impact on the profit of the Group. The valuations represent the cost of closing all hedge contracts at 31 December, at market prices and rates available at the time.

The Group is exposed in varying degrees to a variety of financial instrument related risks. For more information about these risks and the ways in which the Group manages them see notes 24 and 38.

NOTES TO THE CONSOLIDATED BALANCE SHEET

20. PROVISIONS FOR LIABILITIES AND CHARGES

See note 39r for the Group's accounting policy on environmental restoration and decommissioning obligations.

US$ million	Environmental restoration	Decommissioning	Employee benefits	Onerous contracts	Other	Total
At 1 January 2015	1,090	595	437	644	722	3,488
Charged to the income statement	136	–	114	17	229	496
Capitalised	70	44	–	–	28	142
Unwinding of discount	49	36	2	55	10	152
Amounts applied	(25)	(1)	(156)	(64)	(182)	(428)
Unused amounts reversed	(24)	(6)	(43)	(11)	(34)	(118)
Disposal of business and transferred to held for sale	(53)	(27)	(10)	–	–	(90)
Currency movements	(194)	(98)	(19)	(69)	(77)	(457)
At 31 December 2015	1,049	543	325	572	696	3,185
Current	72	5	295	67	181	620
Non-current	977	538	30	505	515	2,565

Environmental restoration

The Group has an obligation to undertake restoration, rehabilitation and environmental work when environmental disturbance is caused by the development or ongoing production of a mining property. A provision is recognised for the present value of such costs, based on management's best estimate of the legal and constructive obligations incurred. These estimates reflect industry best practice and currently applicable legislation. Significant changes in legislation could result in changes in provisions recognised. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Decommissioning

Provision is made for the present value of costs relating to the decommissioning of plant or other site restoration work. It is anticipated that these costs will be incurred over a period in excess of 20 years.

Employee benefits

Provision is made for statutory or contractual employee entitlements including long service leave, annual leave, sickness pay and similar obligations. It is anticipated that these costs will be incurred when employees choose to take their benefits.

Onerous contracts

Provision is made for the present value of certain long term contracts where the unavoidable cost of meeting the Group's obligations is expected to exceed the benefits to be received. It is anticipated that these costs will be incurred over a period of up to 15 years.

Other

Other provisions primarily relate to restructuring costs, indemnities, legal and other claims. It is anticipated that the majority of these costs will be incurred over a five year period.

Environmental rehabilitation trusts

The Group makes contributions to controlled funds that were established to meet the cost of some of its restoration and environmental rehabilitation liabilities, primarily in South Africa. The funds comprise the following investments:

US$ million	2015	2014
Equity	115	139
Bonds	121	155
Cash	54	64
	290	358

These assets are primarily denominated in South African rand. Cash is held in short term fixed deposits or earns interest at floating inter-bank rates. Bonds earn interest at a weighted average fixed rate of 8.1% (2014: 8.2%) for an average period of four years (2014: four years). Equity investments are recorded at fair value through profit and loss and bonds are recorded at amortised cost.

These funds are not available for the general purposes of the Group. All income from these assets is reinvested to meet specific environmental obligations. These obligations are included in provisions stated above.

NOTES TO THE CONSOLIDATED BALANCE SHEET

21. DEFERRED TAX

See note 39c for the Group's accounting policy on tax.

The movement in net deferred tax liabilities during the year is as follows:

US$ million	2015	2014
At 1 January	(3,147)	(3,293)
Credited/(charged) to the income statement[1]	150	(187)
Credited to the statement of comprehensive income	33	25
Disposal of business	(72)	–
Currency movements	697	308
At 31 December	(2,339)	(3,147)
Comprising:		
Deferred tax assets	914	1,351
Deferred tax liabilities	(3,253)	(4,498)

[1] This includes a charge to tax special items of $788 million (2014: $104 million) relating to the write-off of deferred tax, a credit of $107 million (2014: charge of $306 million) relating to deferred tax remeasurements and a credit of $783 million (2014: $381 million) relating to deferred tax on special items.

The amount of deferred tax recognised in the Consolidated balance sheet is as follows:

US$ million	2015	2014
Deferred tax assets		
Tax losses	534	573
Post employment benefits	31	66
Share-based payments	10	13
Enhanced tax depreciation	121	653
Other temporary differences	218	46
	914	1,351
Deferred tax liabilities		
Capital allowances in excess of depreciation	(2,080)	(2,845)
Fair value adjustments	(689)	(1,068)
Tax losses	24	53
Derivatives	2	3
Provisions	278	255
Withholding tax	(510)	(568)
Other temporary differences	(278)	(328)
	(3,253)	(4,498)

The amount of deferred tax credited/(charged) to the Consolidated income statement is as follows:

US$ million	2015	2014
Capital allowances in excess of depreciation	123	(523)
Fair value adjustments	(243)	12
Tax losses	(54)	20
Derivatives	87	(39)
Provisions	(163)	(14)
Withholding tax	58	2
Other temporary differences	342	355
	150	(187)

The Group has the following balances in respect of which no deferred tax asset has been recognised:

	2015				2014			
US$ million	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total	Tax losses – revenue	Tax losses – capital	Other temporary differences	Total
Expiry date								
Within one year	–	–	–	–	3	–	–	3
Greater than one year, less than five years	334	–	–	334	420	–	–	420
Greater than five years	239	–	3,398	3,637	297	–	3,117	3,414
No expiry date	5,580	806	1,547	7,933	4,463	1,058	3,775	9,296
	6,153	806	4,945	11,904	5,183	1,058	6,892	13,133

The Group has no unused tax credits (2014: $11 million) for which no deferred tax asset is recognised in the Consolidated balance sheet.

No deferred tax has been recognised in respect of temporary differences associated with investments in subsidiaries, branches, associates and interests in joint arrangements where the Group is in a position to control the timing of the reversal of the temporary differences and it is probable that such differences will not reverse in the foreseeable future. The aggregate amount of temporary differences associated with such investments in subsidiaries, branches, associates and interests in joint arrangements is represented by the contribution of those investments to the Group's retained earnings and amounted to $15,103 million (2014: $17,488 million).

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

22. CAPITAL EXPENDITURE

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

Capital expenditure by segment

US$ million	2015	2014
Platinum	366	576
De Beers	697	689
Copper	659	728
Nickel	26	14
Niobium and Phosphates[1]	50	239
Iron Ore and Manganese	1,422	2,685
Coal	941	1,045
Corporate and other	16	42
Capital expenditure[2]	**4,177**	6,018
Exclude:		
Cash outflows from derivatives related to capital expenditure	(200)	(157)
Proceeds from disposal of property, plant and equipment	30	71
Direct funding for capital expenditure received from non-controlling interests	46	42
Expenditure on property, plant and equipment	**4,053**	5,974

[1] Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).

[2] Cash capital expenditure includes capitalised operating cash outflows of $147 million (2014: $9 million cash inflows) generated by operations that have not yet reached commercial production, principally in relation to Minas-Rio (Iron Ore and Manganese) and Barro Alto (Nickel).

Capital expenditure by category

US$ million	2015	2014
Expansionary[1]	2,083	3,248
Stay-in-business	1,384	1,973
Stripping and development	740	868
Proceeds from disposal of property, plant and equipment	(30)	(71)
	4,177	6,018

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

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

23. NET DEBT

See note 39o for the Group's accounting policy on cash and debt.

Net debt is a measure of the Group's financial position. The Group uses net debt to monitor the sources and uses of financial resources, the availability of capital to invest or return to shareholders, and the resilience of the balance sheet. Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of net debt, see note 19).

a) Reconciliation to the balance sheet

	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
US$ million	2015	2014	2015	2014	2015	2014
Balance sheet	6,895	6,748	(1,649)	(1,618)	(16,318)	(16,917)
Balance sheet – disposal groups	9	–	–	–	–	–
Bank overdrafts	(15)	(1)	15	1	–	–
Net cash/(debt) classifications	6,889	6,747	(1,634)	(1,617)	(16,318)	(16,917)

b) Movement in net debt

US$ million	Cash and cash equivalents	Short term borrowings	Medium and long term borrowings	Net debt excluding derivatives	Derivatives hedging net debt[1]	Net debt including derivatives
At 1 January 2014	7,702	(2,106)	(15,740)	(10,144)	(508)	(10,652)
Cash flow	(841)	1,785	(3,568)	(2,624)	(203)	(2,827)
Reclassifications	–	(1,487)	1,487	–	–	–
Movement in fair value	–	(7)	(434)	(441)	(373)	(814)
Other non-cash movements	–	(2)	(72)	(74)	–	(74)
Currency movements	(114)	200	1,410	1,496	–	1,496
At 31 December 2014	6,747	(1,617)	(16,917)	(11,787)	(1,084)	(12,871)
Cash flow	416	1,404	(2,736)	(916)	170	(746)
Reclassifications	–	(1,616)	1,616	–	–	–
Movement in fair value	–	(9)	151	142	(924)	(782)
Other non-cash movements	–	(2)	(45)	(47)	–	(47)
Currency movements	(274)	206	1,613	1,545	–	1,545
At 31 December 2015	6,889	(1,634)	(16,318)	(11,063)	(1,838)	(12,901)

[1] Derivatives hedging net debt represents the mark to market valuation of such derivatives before taking into account the effect of debit valuation adjustments which reduce the valuation of derivative liabilities hedging net debt by $555 million (2014: nil). Further details on this adjustment are provided in note 18.

c) Net debt by segment

The Group's policy is to hold the majority of its cash and borrowings at the corporate centre. Business units may from time to time raise borrowings in connection with specific capital projects, and subsidiaries with non-controlling interests have borrowings which are without recourse to the Group. Other than the impact of South African exchange controls (see 23d below), there are no significant restrictions over the Group's ability to access these cash balances or repay these borrowings. Net cash/(debt) by segment is stated after elimination of inter-segment balances.

US$ million	2015	2014
Platinum	(176)	24
De Beers	(109)	(126)
Copper	820	738
Nickel	(138)	(262)
Niobium and Phosphates[1]	123	76
Iron Ore and Manganese	(2,370)	(2,294)
Coal	260	201
Corporate and other	(11,311)	(11,228)
	(12,901)	(12,871)

[1] Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).

d) South Africa net debt

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

US$ million	2015	2014
Cash and cash equivalents	1,419	1,298
Short term borrowings	(49)	(118)
Medium and long term borrowings	(1,471)	(1,252)
Net debt excluding derivatives	(101)	(72)
Derivatives hedging net debt	(4)	1
Net debt including derivatives	(105)	(71)

24. BORROWINGS

See note 39o for the Group's accounting policy on bank borrowings.

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

During 2015, the Group issued corporate bonds with a US dollar equivalent value of $2.2 billion. These included the following bonds:

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

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

				2015				2014
US$ million	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates	Short term borrowings	Medium and long term borrowings	Total borrowings	Contractual repayment at hedged rates
Secured								
Bank loans and overdrafts[1]	9	10	19	19	9	21	30	30
Obligations under finance leases[2]	7	53	60	60	25	52	77	77
	16	63	79	79	34	73	107	107
Unsecured								
Bank loans and overdrafts	270	1,961	2,231	2,979	211	2,198	2,409	2,805
Bonds issued under EMTN programme								
5.875% €1,000m bond due April 2015	–	–	–	–	1,228	–	1,228	1,577
4.375% €750m bond due December 2016	839	–	839	1,122	–	959	959	1,122
1.75% €900m bond due November 2017	–	995	995	1,211	–	1,107	1,107	1,211
1.75% €750m bond due April 2018	–	829	829	1,033	–	922	922	1,033
6.875% £400m bond due May 2018	–	644	644	793	–	701	701	793
2.5% €750m bond due September 2018	–	841	841	959	–	938	938	959
1.028% JPY10,000m bond due December 2018	–	83	83	97	–	84	84	97
2.75% €750m bond due June 2019	–	854	854	941	–	956	956	941
1.5% €600m bond due April 2020	–	651	651	659	–	–	–	–
2.875% €600m bond due November 2020	–	688	688	807	–	769	769	807
2.5% €750m bond due April 2021	–	849	849	977	–	947	947	977
3.5% €750m bond due March 2022	–	908	908	992	–	1,025	1,025	992
3.25% €750m bond due April 2023	–	868	868	1,033	–	976	976	1,033
US bonds								
LIBOR+0.95% $500m bond due April 2016	500	–	500	500	–	499	499	500
2.625% $600m bond due April 2017	–	602	602	600	–	604	604	600
2.625% $750m bond due September 2017	–	744	744	750	–	738	738	750
9.375% $750m bond due April 2019	–	795	795	750	–	804	804	750
3.625% $850m bond due May 2020	–	842	842	850	–	–	–	–
4.45% $500m bond due September 2020	–	522	522	500	–	521	521	500
4.125% $500m bond due April 2021	–	508	508	500	–	505	505	500
4.125% $600m bond due September 2022	–	588	588	600	–	578	578	600
4.875% $650m bond due May 2025	–	644	644	650	–	–	–	–
Bonds issued under AMTN programme								
5.75% AUD500m bond due November 2018	–	379	379	470	–	423	423	470
Bonds issued under DMTN programme								
9.77% R1,000m bond due May 2015	–	–	–	–	86	–	86	86
JIBAR+0.5% R200m bond due March 2016	13	–	13	13	–	17	17	17
JIBAR+1.38% R600m bond due March 2017	–	39	39	39	–	52	52	52
9.27% R1,400m bond due March 2019	–	87	87	91	–	121	121	121
9.49% R650m bond due April 2021	–	40	40	42	–	56	56	56
JIBAR+1.47% R400m bond due April 2021	–	26	26	26	–	35	35	35
Other loans	11	268	279	279	59	309	368	368
	1,633	16,255	17,888	20,263	1,584	16,844	18,428	19,752
Total borrowings	1,649	16,318	17,967	20,342	1,618	16,917	18,535	19,859

(1) Assets with a book value of $91 million (2014: $73 million) have been pledged as security, of which $40 million (2014: $47 million) are property, plant and equipment, $49 million (2014: $24 million) are financial assets and $2 million (2014: $2 million) are inventories. Related to these assets are borrowings of $19 million (2014: $30 million).

(2) Details of assets held under finance leases are provided in note 12.

CASH FLOW STATEMENT, NET DEBT AND RELATED NOTES

24. BORROWINGS continued

Liquidity risk

The Group ensures that there are sufficient committed loan facilities (including refinancing, where necessary) in order to meet short term business 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. In addition, certain projects may be financed by means of limited recourse project finance, if appropriate.

The expected undiscounted cash flows of the Group's net debt related and other financial liabilities, by remaining contractual maturity, based on conditions existing at the balance sheet date are as follows:

	Net debt related financial liabilities				2015
US$ million	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	Total
Amount due for repayment within one year	(1,631)	(702)	(232)	(2,662)	(5,227)
Greater than one year, less than two years	(2,617)	(657)	(113)	–	(3,387)
Greater than two years, less than three years	(3,067)	(587)	(544)	–	(4,198)
Greater than three years, less than four years	(1,871)	(424)	(43)	–	(2,338)
Greater than four years, less than five years	(3,508)	(286)	(101)	–	(3,895)
Greater than five years	(4,853)	(459)	(420)	–	(5,732)
Total due for repayment after more than one year	(15,916)	(2,413)	(1,221)	–	(19,550)
Total	(17,547)	(3,115)	(1,453)	(2,662)	(24,777)

	Net debt related financial liabilities				2014
US$ million	Borrowings	Expected future interest payments	Derivatives hedging net debt	Other financial liabilities	Total
Amount due for repayment within one year	(1,602)	(752)	(175)	(3,387)	(5,916)
Greater than one year, less than two years	(1,866)	(670)	(101)	–	(2,637)
Greater than two years, less than three years	(2,806)	(581)	(47)	–	(3,434)
Greater than three years, less than four years	(3,555)	(489)	(277)	–	(4,321)
Greater than four years, less than five years	(2,053)	(320)	44	–	(2,329)
Greater than five years	(6,094)	(556)	(201)	–	(6,851)
Total due for repayment after more than one year	(16,374)	(2,616)	(582)	–	(19,572)
Total	(17,976)	(3,368)	(757)	(3,387)	(25,488)

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

US$ million	2015	2014
Expiry date		
Within one year[(1)]	683	1,073
Greater than one year, less than two years	32	525
Greater than two years, less than three years	1,110	1,172
Greater than three years, less than four years	192	597
Greater than four years, less than five years	5,862	5,000
	7,879	8,367

(1) Includes undrawn South African rand facilities equivalent to $0.5 billion (2014: $0.9 billion) in respect of facilities with 364 day maturity which roll automatically on a daily basis, unless notice is served.

Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and, with cognisance of forecast future market conditions and structuring, to maintain an optimal capital structure to enable the business to operate effectively.

In order to manage the short and long term capital structure, the Group has a number of options including raising and refinancing debt, adjusting returns to equity shareholders, managing the allocation of capital and divesting non-core assets to reduce debt.

The Group monitors capital using various financial metrics including the ratio of net debt to total capital (gearing). Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of net debt). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt. Total capital and gearing are as follows:

US$ million	2015	2014
Net assets	21,342	32,177
Net debt including related derivatives (note 23)	12,901	12,871
Total capital	34,243	45,048
Gearing	37.7%	28.6%

Gearing has increased from 28.6% to 37.7% as total capital has decreased. Net debt remained consistent at $12.9 billion at 31 December 2015 as cash inflows from operating activities were offset by outflows primarily relating to capital expenditure and dividends to Anglo American plc shareholders as well as to non-controlling interests. Total capital decreased from $45.0 billion to $34.2 billion primarily due to the impact of impairments and the effect of a stronger US dollar on assets denominated in other currencies.

24. BORROWINGS continued

Market risk

Market risk is the risk that financial instrument fair values and related cash flows will fluctuate due to changes in market prices. The Group manages interest rate risks and foreign exchange risks on borrowings and cash with the use of cross currency swaps and interest rate swaps in order to ensure that the majority of borrowings are floating rate US dollar denominated. The Group does not hedge foreign exchange exposures on rand denominated borrowings in South Africa. For more information regarding the Group's financial risk management see note 38.

The table below reflects the exposure of the Group's net debt to currency and interest rate risk.

						2015
US$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Derivatives hedging net debt	Impact of currency derivatives	Total
US dollar	6,239	(1,197)	(5,400)	(1,835)	(10,221)	(12,414)
Euro	6	–	(8,322)	–	8,322	6
South African rand	116	(966)	(136)	(3)	–	(989)
Brazilian real	238	(793)	–	–	793	238
Australian dollar	148	–	(379)	–	379	148
Sterling	18	–	(644)	–	644	18
Other	124	(17)	(98)	–	83	92
Impact of interest derivatives	–	(14,800)	14,800	–	–	–
Total	6,889	(17,773)	(179)	(1,838)	–	(12,901)

						2014
US$ million	Cash and cash equivalents	Floating rate borrowings	Fixed rate borrowings	Derivatives hedging net debt	Impact of currency derivatives	Total
US dollar	6,151	(1,291)	(3,896)	(1,087)	(12,336)	(12,459)
Euro	24	–	(9,827)	–	9,827	24
South African rand	134	(703)	(266)	3	–	(832)
Brazilian real	211	(1,303)	–	–	1,301	209
Australian dollar	61	–	(423)	–	423	61
Sterling	29	–	(701)	–	701	29
Other	137	(7)	(117)	–	84	97
Impact of interest derivatives	–	(15,050)	15,050	–	–	–
Total	6,747	(18,354)	(180)	(1,084)	–	(12,871)

25. COMMITMENTS

See note 39x for the Group's accounting policy on leases.

A commitment is a contractual obligation to make a payment in the future which is not provided for in the balance sheet. The Group also has purchase obligations relating to take or pay agreements which are legally binding and enforceable.

Capital commitments for subsidiaries and joint operations relating to the acquisition of property, plant and equipment is $1,168 million (2014: $1,936 million), of which 82% (2014: 80%) relates to expenditure to be incurred within the next year.

The Group's share of joint ventures' outstanding capital commitments, including its share of commitments made jointly with other investors, relating to the acquisition of property, plant and equipment is $5 million (2014: $63 million), of which 100% (2014: 98%) relates to expenditure to be incurred within the next year.

The Group's outstanding commitments relating to take or pay agreements is $9,552 million (2014: $10,197 million), of which 10% (2014: 9%) relates to expenditure to be incurred within the next year.

At 31 December the Group had the following commitments under non-cancellable operating leases:

US$ million	2015	2014
Expiry date		
Within one year	92	94
Greater than one year, less than two years	75	65
Greater than two years, less than five years	72	115
Greater than five years	24	80
	263	354

Operating leases relate principally to land and buildings, vehicles and mining equipment.

EMPLOYEE REMUNERATION

26. EMPLOYEE NUMBERS AND COSTS

The average number of employees, excluding contractors and associates' and joint ventures' employees, and including a proportionate share of employees within joint operations, was:

Thousand	2015	2014
By segment		
Platinum	48	51
De Beers	11	10
Copper	5	6
Nickel	2	2
Niobium and Phosphates[1]	2	2
Iron Ore and Manganese	10	9
Coal	11	12
Corporate and other	2	3
	91	95

[1] Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).

The average number of employees by principal location of employment was:

Thousand	2015	2014
South Africa	69	72
Other Africa	4	4
South America	10	11
North America	2	2
Australia and Asia	4	4
Europe	2	2
	91	95

Payroll costs in respect of the employees included in the tables above were:

US$ million	2015	2014
Wages and salaries	3,798	4,244
Social security costs	135	166
Post employment benefits[1]	332	404
Share-based payments (note 28)	209	258
Total payroll costs	4,474	5,072
Reconciliation:		
Less: employee costs capitalised	(319)	(367)
Less: employee costs included within special items	(200)	(191)
Employee costs included in operating costs	3,955	4,514

[1] Includes contributions to defined contribution pension and medical plans, current and past service costs related to defined benefit pension and medical plans and other benefits provided to certain employees during retirement (see note 27).

Key management

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Group, directly or indirectly, including any director (executive and non-executive) of the Group. Key management comprises members of the Board and the Group Management Committee.

Compensation for key management was as follows:

US$ million	2015	2014
Salaries and short term employee benefits	22	31
Social security costs	4	5
Termination benefits	2	3
Post employment benefits	3	3
Share-based payments	13	18
	44	60

Disclosure of directors' emoluments, pension entitlements, share options and long term incentive plan awards required by the Companies Act 2006 and those specified for audit by Regulation 11 and Schedule 8 of the Large and Medium-Sized Companies and Groups (Accounts and Reports) Regulations 2008 are included in the Remuneration report.

27. RETIREMENT BENEFITS

See note 39t for the Group's accounting policy on retirement benefits.

The Group operates a number of defined contribution and defined benefit pension plans. It also operates post employment medical plans, principally in South Africa.

Defined contribution plans

The defined contribution pension and medical cost represents the actual contributions payable by the Group to the various plans.

The assets of the defined contribution plans are held separately in independently administered funds. The charge in respect of these plans is calculated on the basis of the contribution payable by the Group in the financial year. The charge for the year for defined contribution pension plans (net of amounts capitalised) was $221 million (2014: $244 million) and for defined contribution medical plans (net of amounts capitalised) was $73 million (2014: $81 million).

Defined benefit pension plans and post employment medical plans

The Group operates defined benefit pension and medical plans across a number of regions. The most significant plans are in South Africa and the United Kingdom.

A summary of the movements in the net pension plan assets and retirement benefit obligations on the Consolidated balance sheet is as follows:

US$ million	2015	2014
Net liability recognised at 1 January	(889)	(1,013)
Net income statement charge	(60)	(113)
Remeasurement of net defined benefit obligation	290	(15)
Employer contributions to funded pension plans	118	132
Benefits paid to unfunded plans	24	15
Disposal of business	41	–
Other	12	16
Currency movements	103	89
Net liability recognised at 31 December	(361)	(889)
Amounts recognised as:		
Defined benefit pension plans in surplus[1]	306	184
Retirement benefit obligation – pension plans	(330)	(615)
Retirement benefit obligation – medical plans	(337)	(458)
	(361)	(889)

[1] Included in Other non-current assets on the Consolidated balance sheet.

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 in the relevant jurisdiction. The unfunded liabilities are principally in relation to termination indemnity plans in Chile.

The post employment medical plans provide health benefits to retired employees and certain dependants. Eligibility for cover is dependent upon certain criteria. The majority of these plans are unfunded and are principally in South Africa.

Independent qualified actuaries carry out full valuations at least every three years using the projected unit credit method. The actuaries have updated the valuations to 31 December 2015. Assumptions are set after consultation with the qualified actuaries. While management believes the assumptions used are appropriate, a change in the assumptions used would impact the Group's other comprehensive income.

Characteristics and risks of plans

The defined benefit plans are exposed to risks such as longevity, investment risk, inflation risk, interest rate risk and foreign exchange risk.

The weighted average duration of the South African plans is 11 years (2014: 12 years), United Kingdom plans is 18 years (2014: 18 years) and plans in other regions is 14 years (2014: 14 years). This represents the average period over which future benefit payments are expected to be made.

Employer contributions are made in accordance with the terms of each plan and may vary from year to year. Employer contributions made to funded plans in the year ended 31 December 2015 were $118 million. In addition $24 million of benefits were paid to unfunded plans and $23 million of benefits were paid in relation to post employment medical plans. The Group expects to contribute $118 million to its pension plans and $20 million to its post employment medical plans in 2016.

The responsibility for the governance of the funded retirement benefit plans, including investment and funding decisions, lies with the Trustees of each scheme.

South Africa

The pension plans in South Africa are in surplus, with the asset recognised on the Consolidated balance sheet restricted to the amount in the Employer Surplus Account, being plan assets less plan liabilities less any contingency reserves as recommended by the funds' actuaries.

The Employer Surplus Account is the amount that the Group is entitled to by way of refund. All pension plans in South Africa are closed to new members and the majority of plans are closed to future benefit accrual. As the plans are in surplus no employer contributions are currently being made.

The Group's provision of anti-retroviral therapy to HIV positive staff does not significantly impact the post employment medical plan liability.

United Kingdom

The Group operates funded pension plans in the United Kingdom. These plans are closed to new members and to the future accrual of benefits.

Certain assets held by the main plans in the United Kingdom are structured to closely match the characteristics of the liabilities through a variety of investment strategies, including the use of interest rate hedging and inflation hedging to manage interest rate risk and inflation rate risk, respectively.

The Group is committed to make payments to certain United Kingdom pension plans under deficit funding plans agreed with the respective Trustees. Where the present value of the agreed funding payments exceeds the liability in respect of the plans as measured under IFRS, and would therefore, when paid, give rise to a surplus as measured under IFRS, a provision is recognised for any part of that surplus that would not be recoverable. Any resulting surplus has been assessed to be fully recoverable and as such no provision has been recognised.

EMPLOYEE REMUNERATION

27. RETIREMENT BENEFITS continued

Other

Other pension and post employment medical plans primarily comprise obligations in Chile where legislation requires employers to provide for a termination indemnity, entitling employees to a cash payment made on the termination of an employment contract. The features of this provision meet the definition of a post employment benefit obligation and consequently an unfunded liability is recognised on the Consolidated balance sheet. Other plans are in Brazil, Canada and mainland Europe and consist of funded and unfunded pension plans and unfunded medical aid plans. These plans are not considered to be significant to the Group.

Actuarial assumptions

The principal assumptions used to determine the actuarial present value of benefit obligations and pension charges and credits are detailed below (shown as weighted averages):

			2015			2014
	South Africa	United Kingdom	Other	South Africa	United Kingdom	Other
Defined benefit pension plans						
Average discount rate for plan liabilities	10.3%	3.9%	6.8%	8.3%	3.6%	6.4%
Average rate of inflation	7.9%	3.1%	3.6%	6.2%	3.1%	3.5%
Average rate of increase of pensions in payment	7.9%	3.1%	3.2%	6.2%	3.2%	3.2%
Post employment medical plans						
Average discount rate for plan liabilities	10.3%	3.9%	9.1%	8.3%	3.9%	7.0%
Average rate of inflation	7.9%	3.1%	6.9%	6.2%	3.3%	5.2%
Expected average increase in healthcare costs	9.6%	7.8%	9.1%	7.9%	8.0%	7.7%

Mortality assumptions are determined based on standard mortality tables with adjustments, as appropriate, to reflect experience of conditions locally. In South Africa, the PA90 tables are used. The main plans in the United Kingdom use either SAPS tables or Club Vita models with plan specific adjustments based on mortality investigations. The mortality tables used imply that a male or female aged 60 at the balance sheet date has the following future life expectancy (shown as weighted averages):

		Male		Female
Years	2015	2014	2015	2014
South Africa	19.8	19.9	24.5	24.6
United Kingdom	28.2	28.7	30.0	30.2
Other	22.8	22.8	27.2	27.1

The table below summarises the expected life expectancy from the age of 60 for a male or female aged 45 at the balance sheet date. When viewed together with the respective life expectancy at age 60 in the table above this indicates the anticipated improvement in life expectancy (shown as weighted averages):

		Male		Female
Years	2015	2014	2015	2014
South Africa	19.8	19.9	24.5	24.6
United Kingdom	29.6	29.7	32.0	31.9
Other	25.1	23.3	29.3	27.5

Sensitivity analysis

Significant actuarial assumptions for the determination of pension and medical plan liabilities are the discount rate, inflation rate and mortality. The sensitivity analysis below has been provided by local actuaries on an approximate basis based on changes in the assumptions occurring at the end of the year, assuming that all other assumptions are held constant and the effect of interrelationships is excluded. The effect on plan liabilities is as follows:

				2015
US$ million	South Africa	United Kingdom	Other	Total
Discount rate – 0.5% decrease	(57)	(360)	(14)	(431)
Inflation rate – pension plans – 0.5% increase	(39)	(169)	(10)	(218)
Inflation rate – medical plans – 0.5% increase	(17)	–	(3)	(20)
Life expectancy – increase by 1 year	(48)	(126)	(4)	(178)

Income statement

The amounts recognised in the Consolidated income statement are as follows:

			2015			2014
US$ million	Pension plans	Post employment medical plans	Total	Pension plans	Post employment medical plans	Total
Amount charged within operating costs	14	4	18	54	4	58
Net charge to net finance costs	9[1]	33	42	18	37	55
Total charge to the income statement	23	37	60	72	41	113

(1) Includes interest expense on surplus restriction of $13 million.

EMPLOYEE REMUNERATION

27. RETIREMENT BENEFITS continued

Comprehensive income

The amounts recognised in the Consolidated statement of comprehensive income are as follows:

US$ million	Pension plans 2015	Post employment medical plans 2015	Total 2015	Pension plans 2014	Post employment medical plans 2014	Total 2014
Return on plan assets, excluding interest income	(125)	–	(125)	542	(1)	541
Actuarial gains/(losses) on plan liabilities[1]	401	23	424	(527)	(8)	(535)
Movement in surplus restriction	(9)	–	(9)	(21)	–	(21)
Remeasurement of net defined benefit obligation	267	23	290	(6)	(9)	(15)

[1] Comprises gains/(losses) from changes in financial and demographic assumptions as well as experience on plan liabilities.

Pension plan assets and liabilities by geography

The split of the present value of funded and unfunded obligations in defined benefit pension plans and the fair value of pension assets at 31 December is as follows:

US$ million	South Africa 2015	United Kingdom 2015	Other 2015	Total 2015	South Africa 2014	United Kingdom 2014	Other 2014	Total 2014
Equity	354	857	9	1,220	454	885	11	1,350
Corporate bonds	247	1,356	33	1,636	275	1,368	66	1,709
Government bonds	459	1,378	35	1,872	687	1,513	37	2,237
Cash	66	51	1	118	69	48	1	118
Other	–	199	6	205	–	203	10	213
Fair value of pension plan assets[1]	1,126	3,841	84	5,051	1,485	4,017	125	5,627
Active members	(7)	(179)	(17)	(203)	(9)	(307)	(35)	(351)
Deferred members	(12)	(1,401)	(5)	(1,418)	(24)	(1,672)	(9)	(1,705)
Pensioners	(827)	(2,242)	(67)	(3,136)	(1,136)	(2,372)	(93)	(3,601)
Present value of funded obligations	(846)	(3,822)	(89)	(4,757)	(1,169)	(4,351)	(137)	(5,657)
Present value of unfunded obligations[2]	–	–	(161)	(161)	–	–	(219)	(219)
Net surplus/(deficit) in pension plans	280	19	(166)	133	316	(334)	(231)	(249)
Surplus restriction	(156)	–	(1)	(157)	(182)	–	–	(182)
Recognised retirement benefit assets/(liabilities)	124	19	(167)	(24)	134	(334)	(231)	(431)
Amounts in the Consolidated balance sheet								
Defined benefit pension plans in surplus	124	182	–	306	134	50	–	184
Retirement benefit obligation – pension plans	–	(163)	(167)	(330)	–	(384)	(231)	(615)
	124	19	(167)	(24)	134	(334)	(231)	(431)

[1] The fair value of assets is used to determine the funding level of the plans. The fair value of the assets of the funded plans was sufficient to cover 106% (2014: 99%) of the benefits that had accrued to members after allowing for expected increases in future earnings and pensions.

[2] Includes $151 million (2014: $214 million) relating to active members.

All investments have been fair valued based on quoted market prices.

Movement analysis

The changes in the fair value of plan assets are as follows:

US$ million	Pension plans 2015	Post employment medical plans 2015	Total 2015	Pension plans 2014	Post employment medical plans 2014	Total 2014
At 1 January	5,627	14	5,641	5,315	17	5,332
Effects of settlements	(6)	–	(6)	(4)	–	(4)
Interest income	260[1]	1	261	284[1]	1	285
Return on plan assets, excluding interest income	(125)[1]	–	(125)	542[1]	(1)	541
Contributions paid by employer to funded pension plans	118	–	118	132	–	132
Benefits paid[2]	(243)	(1)	(244)	(236)	(1)	(237)
Other	5	–	5	6	–	6
Currency movements	(585)	(1)	(586)	(412)	(2)	(414)
At 31 December	5,051	13	5,064	5,627	14	5,641

[1] The actual return on assets in respect of pension plans was $135 million (2014: $826 million).

[2] Includes $10 million (2014: $10 million) of benefits paid to defined contribution plans.

27. RETIREMENT BENEFITS continued

The changes in the present value of defined benefit obligations are as follows:

US$ million	Pension plans 2015	Post employment medical plans 2015	Total 2015	Pension plans 2014	Post employment medical plans 2014	Total 2014
At 1 January	(5,876)	(472)	(6,348)	(5,674)	(494)	(6,168)
Current service costs	(21)	(4)	(25)	(25)	(4)	(29)
Effects of curtailments/settlements	6	–	6	(17)	–	(17)
Interest cost	(256)	(34)	(290)	(302)	(38)	(340)
Actuarial gain/(loss) arising from changing financial assumptions	221	18	239	(548)	(9)	(557)
Actuarial gain arising from changing demographic assumptions	40	–	40	19	1	20
Actuarial gain arising from experience adjustment	140	5	145	2	–	2
Benefits paid	257	23	280	241	27	268
Disposal of business	41	–	41	–	–	–
Other	(5)	–	(5)	(6)	–	(6)
Currency movements	535	114	649	434	45	479
At 31 December	(4,918)	(350)	(5,268)	(5,876)	(472)	(6,348)

28. SHARE-BASED PAYMENTS

See note 39u for the Group's accounting policy on share-based payments.

During the year ended 31 December 2015 the Group had share-based payment arrangements with employees relating to shares of the Company, the details of which are described in the Remuneration report. All of these Company schemes are equity settled, either by award of ordinary shares (BSP, LTIP and SIP) or award of options to acquire ordinary shares (ESOS, DOP and SAYE). The ESOS is now closed to new participants, having been replaced with the BSP, and there have been no outstanding awards since 31 December 2014. No options have been granted under the DOP.

The total share-based payment charge relating to Anglo American plc shares for the year is split as follows:

US$ million	2015	2014
BSP	88	94
LTIP	42	60
Other schemes	5	3
Share-based payment charge relating to Anglo American plc shares[1]	135	157

[1] In addition, there are equity settled share-based payment charges of $47 million (2014: $58 million) relating to Kumba Iron Ore Limited shares and $26 million (2014: $35 million) relating to Anglo American Platinum Limited shares. Certain business units also operate cash settled employee share-based payment schemes. These schemes had a charge of $1 million (2014: $8 million).

Schemes settled by award of ordinary shares

The fair value of ordinary shares under the BSP, LTIP and LTIP-ROCE, being the more material schemes, was calculated using a Black Scholes model. The fair value of shares awarded under the LTIP-TSR scheme was calculated using a Monte Carlo model.

The awards were granted on 03/03/15 (2014: 07/03/14) with a share price of £12.05 (2014: £14.63). These awards have a contractual life of three years and are conditional on three years continuous employment. The LTIP-ROCE and LTIP-TSR awards are conditional on a Group ROCE target and market based performance conditions, respectively, being achieved. The following assumptions were used in the valuation of the awards: expected volatility of 35% (2014: 35%) based on historic volatility over the last five years; risk free interest rate of 0.9% (2014: 1.1%) based on the yield on zero-coupon UK government bonds with a term similar to the expected life of the award; expected departures rate of 5% pa (2014: 5% pa); and a dividend yield of 2.1% (2014: 2.1%).

The awards granted during the year under these assumptions are summarised below:

	Number of instruments[1] 2015	Fair value at date of grant (weighted average)(£) 2015	Number of instruments[1] 2014	Fair value at date of grant (weighted average)(£) 2014
BSP	5,560,276	12.05	5,128,574	14.63
LTIP	2,792,470	12.05	1,934,900	14.63
LTIP-ROCE	827,674	12.05	613,682	14.63
LTIP-TSR	827,674	5.30	613,682	7.87

[1] The number of instruments used in the fair value models may differ from the total number of instruments awarded in the year due to awards made subsequent to the fair value calculations. The fair value calculated per the assumptions above has been applied to the total number of awards. The difference in income statement charge is not considered significant.

The charges arising in respect of the other Anglo American plc employee share schemes that the Group operated during the year are not considered material.

28. SHARE-BASED PAYMENTS continued

The movements in the number of shares for the more significant share-based payment arrangements are as follows:

Bonus Share Plan[1]

Ordinary shares of 54 86/91 US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2015	2014
Outstanding at 1 January	12,104,010	10,871,470
Conditionally awarded in year	5,560,276	5,128,574
Vested in year	(2,937,812)	(2,144,872)
Forfeited or expired in year	(2,102,712)	(1,751,162)
Outstanding at 31 December	12,623,762	12,104,010

(1) The BSP was approved by shareholders in 2004 as a replacement for the ESOS. Further information in respect of the BSP, including performance conditions, is shown in the Remuneration report.

Long Term Incentive Plan[1]

Ordinary shares of 54 86/91 US cents may be awarded under the terms of this scheme for no consideration.

Number of awards	2015	2014
Outstanding at 1 January	6,131,998	4,762,211
Conditionally awarded in year	4,447,817	3,162,264
Vested in year	(1,313,835)	(986,324)
Forfeited or expired in year	(707,091)	(806,153)
Outstanding at 31 December	8,558,889	6,131,998

(1) The early vesting of share awards is permitted at the discretion of the Company upon, *inter alia*, termination of employment, ill health or death. The LTIP awards are contingent on pre-established performance criteria being met. Further information in respect of this scheme is shown in the Remuneration report.

29. ASSETS AND LIABILITIES HELD FOR SALE

Assets classified as held for sale as at 31 December 2015 of $27 million and associated liabilities of $17 million principally relate to the Kimberley Mines (De Beers) in South Africa. The sale transaction was announced on 1 December 2015 and completion was subsequently announced on 21 January 2016.

The Group's investment in the Lafarge Tarmac joint venture (Corporate and other) was classified as held for sale at 30 June 2015, and the disposal subsequently completed on 17 July 2015, see note 30.

30. DISPOSALS OF SUBSIDIARIES AND JOINT VENTURES

			2015
US$ million	Tarmac businesses	Anglo American Norte	Total
Property, plant and equipment	–	412	412
Investments in joint ventures	1,539	–	1,539
Other non-current assets	–	73	73
Current assets	–	316	316
Current liabilities	–	(119)	(119)
Non-current liabilities	–	(114)	(114)
Net assets disposed	1,539	568	2,107
Consideration net of transaction costs	1,543	281	1,824
Cash and cash equivalents disposed	–	(82)	(82)
Cash inflow from hedging of proceeds	13	–	13
Net cash inflow	1,556	199	1,755
Loss on transfer to held for sale	(100)	–	(100)
Cumulative translation loss recycled from reserves	(101)	–	(101)
Other credits	12	–	12
Net loss on disposal	(172)	(287)	(459)

30. DISPOSALS OF SUBSIDIARIES AND JOINT VENTURES continued

2015

Tarmac businesses

On 17 July 2015, the Group completed the sale of its 50% ownership interest in Lafarge Tarmac (Corporate and other) to Lafarge for cash proceeds of approximately £992 million ($1,559 million, which includes $13 million of proceeds on a related hedge).

In addition, during the year the Group disposed of the majority of its interests in Tarmac Middle East (Corporate and other), which supplies aggregates, asphalt and road base contracting services to the Middle East construction industry.

The net loss on disposal of Tarmac businesses of $172 million comprises a net cash inflow of $1,556 million less net assets disposed of $1,539 million, a loss on transfer to held for sale of $100 million (recognised in the six months ended 30 June 2015), a cumulative translation loss recycled from reserves of $101 million, and other credits of $12 million. The net loss is recorded in non-operating special items (see note 6). The post-tax loss is also $172 million.

Anglo American Norte

On 11 September 2015, the Group completed the sale of its interest in Anglo American Norte S.A. (AA Norte) (Copper). The company consists of the Mantoverde and Mantos Blancos copper mines located in northern Chile.

The consideration comprised $300 million in cash plus deferred consideration up to a maximum of $200 million, contingent upon factors including the average London Metals Exchange copper price and any future decision to pursue the sulphide life extension of the Mantoverde mine. At 31 December 2015 the remaining deferred contingent consideration, of up to $150 million, has been valued at nil. A pre-tax loss of $287 million (post-tax $350 million) on disposal has been recorded in non-operating special items (see note 6) which comprises net consideration of $281 million less net assets disposed of $568 million.

Other

In addition to the above, the Group incurred a net cash outflow of $10 million relating, *inter alia,* to payments in respect of provisions recognised on completion of disposals in prior years.

2014

There were no significant disposals in 2014.

Disposal proceeds of $44 million received in 2014 primarily related to deferred consideration from the sale of certain Tarmac Quarry Materials' operations prior to the formation of the Lafarge Tarmac joint venture in 2013.

31. NON-CONTROLLING INTERESTS

Non-controlling interests that are material to the Group relate to the following subsidiaries:

- Kumba Iron Ore Limited (Kumba Iron Ore), which is a company incorporated in South Africa and listed on the JSE. Its principal mining operations are the Sishen, Kolomela and Thabazimbi iron ore mines which are located in South Africa. Non-controlling interests hold an effective 46.3% interest in the operations of Kumba Iron Ore, comprising the 30.3% interest held by other shareholders in Kumba Iron Ore and the 23% of Kumba Iron Ore's principal operating subsidiary, Sishen Iron Ore Company (Proprietary) Limited, that is held by shareholders outside the Group.
- Anglo American Sur SA (Anglo American Sur), which is a company incorporated in Chile. Its principal operations are the Los Bronces and El Soldado copper mines and the Chagres smelting plant, which are located in Chile. Non-controlling interests hold a 49.9% interest in Anglo American Sur.

	2015				2014			
US$ million	Kumba Iron Ore	Anglo American Sur	Other[1]	Total	Kumba Iron Ore	Anglo American Sur	Other[1]	Total
(Loss)/profit attributable to non-controlling interests	52	(55)	(215)	(218)	614	218	157	989
Equity attributable to non-controlling interests	731	2,130	1,912	4,773	1,060	2,212	2,488	5,760
Dividends paid to non-controlling interests	(131)	(62)	(49)	(242)	(674)	(116)	(33)	(823)

[1] Other consists of individually immaterial non-controlling interests.

Summarised financial information on a 100% basis and before inter-company eliminations for Kumba Iron Ore and Anglo American Sur is as follows:

	2015		2014	
US$ million	Kumba Iron Ore	Anglo American Sur	Kumba Iron Ore	Anglo American Sur
Non-current assets	2,205	4,419	3,405	4,746
Current assets	931	751	1,161	958
Current liabilities	(320)	(271)	(841)	(616)
Non-current liabilities	(1,189)	(627)	(1,271)	(653)
Net assets	1,627	4,272	2,454	4,435
Revenue	2,876	2,080	4,388	2,792
Profit/(loss) for the financial year[1]	43	(102)	1,339	441
Total comprehensive (expense)/income	(566)	(108)	1,124	424
Net cash inflow from operating activities	1,119	599	1,657	1,136

[1] Stated after special items. See note 6.

There were no significant changes in ownership interests in subsidiaries in 2015 or 2014.

ADDITIONAL DISCLOSURES

32. CALLED-UP SHARE CAPITAL AND CONSOLIDATED EQUITY ANALYSIS

Called-up share capital

	2015		2014	
	Number of shares	US$ million	Number of shares	US$ million
Called-up, allotted and fully paid:				
5% cumulative preference shares of £1 each	50,000	–	50,000	–
Ordinary shares of 54 86/91 US cents each:				
At 1 January and 31 December	1,405,465,332	772	1,405,465,332	772

During 2015, no ordinary shares were allotted to non-executive directors (2014: no ordinary shares were allotted to non-executive directors).

Excluding shares held in treasury (but including the shares held by the Group in other structures, as outlined in the Tenon and Employee benefit trust sections below) the number and carrying value of called-up, allotted and fully paid ordinary shares as at 31 December 2015 was 1,401,861,508 and $770 million (2014: 1,396,671,247 and $767 million).

At general meetings, every member who is present in person has one vote on a show of hands and, on a poll, every member who is present in person or by proxy has one vote for every ordinary share held.

In the event of winding up, the holders of the cumulative preference shares will be entitled to the repayment of a sum equal to the nominal capital paid up, or credited as paid up, on the cumulative preference shares held by them and any accrued dividend, whether such dividend has been earned or declared or not, calculated up to the date of the winding up.

Own shares

	2015		2014	
	Number of shares	US$ million	Number of shares	US$ million
Own shares				
Treasury shares	3,603,824	173	8,794,085	481
Own shares held by subsidiaries and employee benefit trusts	117,334,305	5,878	116,665,530	5,878
Total	120,938,129	6,051	125,459,615	6,359

The movement in treasury shares during the year is as follows:

	2015		2014	
	Number of shares	US$ million	Number of shares	US$ million
Treasury shares				
At 1 January	8,794,085	481	11,315,992	599
Transferred to employees in settlement of share awards	(5,190,261)	(308)	(2,521,907)	(118)
At 31 December	3,603,824	173	8,794,085	481

Tenon

Tenon Investment Holdings Proprietary Limited (Tenon), a wholly owned subsidiary of Anglo American South Africa Limited (AASA), has entered into agreements with Epoch Investment Holdings Proprietary Limited (Epoch), Epoch Two Investment Holdings Proprietary Limited (Epoch Two) and Tarl Investment Holdings Proprietary Limited (Tarl) (collectively the Investment Companies), each owned by independent charitable trusts whose trustees are independent of the Group. Under the terms of these agreements, the Investment Companies have purchased Anglo American plc shares on the market and have granted to Tenon the right to nominate a third party (which may include Anglo American plc but not any of its subsidiaries) to take transfer of the Anglo American plc shares each has purchased on the market. Tenon paid the Investment Companies 80% of the cost of the Anglo American plc shares including associated costs for this right to nominate, which together with subscriptions by Tenon for non-voting participating redeemable preference shares in the Investment Companies, provided all the funding required to acquire the Anglo American plc shares through the market. These payments by Tenon were sourced from the cash resources of AASA. Tenon is able to exercise its right of nomination at any time up to 31 December 2025 against payment of an average amount of $3.51 per share to Epoch, $5.46 per share to Epoch Two and $4.53 per share to Tarl which will be equal to 20% of the total costs respectively incurred by Epoch, Epoch Two and Tarl in purchasing shares nominated for transfer to the third party. These funds will then become available for redemption of the preference shares issued by the Investment Companies. The amount payable by the third party on receipt of the Anglo American plc shares will accrue to Tenon and, as these are own shares of the Company, any resulting gain or loss recorded by Tenon will not be recognised in the Consolidated income statement of Anglo American plc.

Under the agreements, the Investment Companies will receive dividends on the shares they hold and have agreed to waive the right to vote on those shares. The preference shares issued to the charitable trusts are entitled to a participating right of up to 10% of the profit after tax of Epoch and 5% of the profit after tax of Epoch Two and Tarl. The preference shares issued to Tenon will carry a fixed coupon of 3% plus a participating right of up to 80% of the profit after tax of Epoch and 85% of the profit after tax of Epoch Two and Tarl. Any remaining distributable earnings in the Investment Companies, after the above dividends, are then available for distribution as ordinary dividends to the charitable trusts.

The structure effectively provides Tenon with a beneficial interest in the price risk on these shares together with participation in future dividend receipts. The Investment Companies will retain legal title to the shares until Tenon exercises its right to nominate a transferee.

At 31 December 2015 the Investment Companies together held 112,300,129 (2014: 112,300,129) Anglo American plc shares, which represented 8.0% (2014: 8.0%) of the ordinary shares in issue (excluding treasury shares) with a market value of $498 million (2014: $2,100 million). The Investment Companies are not permitted to hold more than an aggregate of 10% of the issued share capital of Anglo American plc at any one time.

The Investment Companies are considered to be structured entities. Although the Group has no voting rights in the Investment Companies and cannot appoint or remove trustees of the charitable trusts, the Group considers that the agreement outlined above, including Tenon's right to nominate the transferee of the Anglo American plc shares held by the Investment Companies, result in the Group having control over the Investment Companies as defined under IFRS 10. Accordingly, the Investment Companies are required to be consolidated by the Group.

ADDITIONAL DISCLOSURES

32. CALLED-UP SHARE CAPITAL AND CONSOLIDATED EQUITY ANALYSIS continued

Employee benefit trust

The provision of shares to certain of the Company's share option and share incentive schemes may be facilitated by an employee benefit trust or settled by the issue of treasury shares. Shares held by the trust are recorded as own shares, and the carrying value is shown as a reduction within shareholders' equity. The employee benefit trust has waived the right to receive dividends on these shares. The costs of operating the trust are borne by the Group but are not material.

The market value of the 1 share (2014: 1 share) held by the trust at 31 December 2015 was $4 (2014: $19).

Consolidated equity analysis

Fair value and other reserves comprise:

US$ million	Share-based payment reserve	Available for sale reserve	Cash flow hedge reserve	Other reserves(1)	Total fair value and other reserves
At 1 January 2014	548	571	9	140	1,268
Total comprehensive expense	–	(115)	(7)	–	(122)
Equity settled share-based payment schemes	(8)	–	–	–	(8)
At 1 January 2015	540	456	2	140	1,138
Total comprehensive expense	–	(153)	9	–	(144)
Equity settled share-based payment schemes	(41)	–	–	–	(41)
Other	–	–	–	(17)	(17)
At 31 December 2015	499	303	11	123	936

(1) Other reserves comprise a capital redemption reserve of $115 million (2014: $115 million), a revaluation reserve of nil (2014: $17 million) and a legal reserve of $8 million (2014: $8 million).

33. AUDITOR'S REMUNERATION

	2015				2014			
	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)	Paid/payable to Deloitte			Paid/payable to auditor (if not Deloitte)
US$ million	United Kingdom	Overseas	Total	Overseas	United Kingdom	Overseas	Total	Overseas
Paid to the Company's auditor for audit of the Anglo American plc Annual Report	1.5	2.1	3.6	–	1.6	2.5	4.1	–
Paid to the Company's auditor for other services to the Group								
Audit of the Company's subsidiaries	0.5	5.9	6.4	0.2	0.7	6.4	7.1	0.1
Total audit fees	2.0	8.0	10.0	0.2	2.3	8.9	11.2	0.1
Audit related assurance services(1)	0.6	1.3	1.9	–	0.7	1.7	2.4	–
Taxation compliance services	–	0.2	0.2	0.1	–	0.3	0.3	–
Taxation advisory services	0.1	0.4	0.5	0.1	0.2	1.0	1.2	–
Other assurance services(2)	0.3	0.4	0.7	–	0.4	0.4	0.8	–
Other non-audit services	0.4	0.7	1.1	0.1	0.3	0.3	0.6	–
Total non-audit fees	1.4	3.0	4.4	0.3	1.6	3.7	5.3	–

(1) Includes $1.5 million (2014: $1.4 million) for the interim review.
(2) Includes nil (2014: $0.1 million) for the audit of Group pension plans.

34. CONTINGENT LIABILITIES

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

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

No contingent liabilities were secured on the assets of the Group at 31 December 2015 or 31 December 2014.

Anglo American South Africa Limited (AASA)

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

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

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

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

Kumba Iron Ore

21.4% undivided share of the Sishen mine mineral rights

In December 2013 the Constitutional Court ruled that Sishen Iron Ore Company (SIOC) held a 78.6% undivided share of the Sishen mining right and that, based on the provisions of the Mineral and Petroleum Resources Development Act (MPRDA), only SIOC can apply for, and be granted, the residual 21.4% share of the mining right at the Sishen mine. The grant of the mining right may be made subject to such conditions considered by the Minister of Mineral Resources ('the Minister') to be appropriate. SIOC applied for the residual right in early 2014.

SIOC received notice from the Department of Mineral Resources (DMR) that the Director General of the DMR had consented to the amendment of SIOC's mining right in respect of the Sishen mine to include the residual 21.4% undivided share of the mining right for the Sishen mine. The consent letter is subject to certain conditions (which are described by the DMR as 'proposals'). The conditions contained in the Letter of Grant relate substantively to domestic supply, support for skills development, research and development, and procurement.

Until the legal and practical implications of the proposed conditions have been clarified with the DMR, SIOC is unable to accept the conditions.

Section 96 of the MPRDA allows for an internal appeal to the Minister. SIOC therefore submitted an internal appeal to the Minister, as required by the MPRDA. SIOC has not yet received a response to its appeal.

In the interim, SIOC continues to engage with the DMR in relation to the proposed conditions in order to achieve a mutually beneficial solution.

Kumba Iron Ore tax

At 31 December 2015, Kumba Iron Ore has certain unresolved tax matters that are currently under review with the South African Revenue Service (SARS). Kumba Iron Ore management has consulted with external tax and legal advisers, who support the positions taken. Nonetheless, Kumba Iron Ore management is actively discussing the issue with SARS with a view to seeking resolution and believes that the accounting for these matters is appropriate in the results for the year ended 31 December 2015.

35. RELATED PARTY TRANSACTIONS

The Group has a related party relationship with its subsidiaries, joint operations, associates and joint ventures (see note 37 and 40). Members of the Board and the Group Management Committee are considered to be related parties.

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

	Associates		Joint ventures		Joint operations[1]	
US$ million	**2015**	2014	**2015**	2014	**2015**	2014
Transactions with related parties						
Sale of goods and services	**28**	31	**3**	–	**123**	141
Purchase of goods and services	**(425)**	(587)	**(183)**	(31)	**(2,606)**	(3,949)
Balances with related parties						
Trade and other receivables from related parties	**7**	23	**–**	37	**15**	28
Trade and other payables to related parties	**(135)**	(140)	**(15)**	(17)	**(68)**	(97)
Loans receivable from related parties[2]	**–**[3]	98	**431**[4]	329	**21**	23

(1) Represents the portion of balances and transactions with joint operations or joint operation partners that the Group does not have the right to offset against the corresponding amount recorded by the respective joint operations. These amounts primarily relate to purchases by De Beers and Platinum from their joint operations in excess of the Group's attributable share of their production.

(2) Included in Financial asset investments on the Consolidated balance sheet.

(3) An impairment charge of $98 million has been recorded against loans receivable from associates during the year. This relates to loans to Atlatsa Resources Corporation (Platinum) and its subsidiaries, which have been fully impaired. The impairment charge is included within operating special items. See note 6 for further details.

(4) Includes $200 million receivable from Samancor (Iron Ore and Manganese). Samancor has been accounted for as a joint venture since March 2015, following amendments to the agreement that governs the Group's interests in Samancor which resulted in the Group acquiring joint control over the business (previously accounted for as an associate).

ADDITIONAL DISCLOSURES

35. RELATED PARTY TRANSACTIONS continued

At 31 December 2015 the directors of the Company and their immediate relatives controlled 0.2% (2014: 0.1%) of the voting shares of the Company.

Remuneration and benefits received by directors are disclosed in the Remuneration report. Remuneration and benefits of key management personnel, including directors, are disclosed in note 26.

Information relating to pension fund arrangements is disclosed in note 27.

Refinancing of Atlatsa

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

36. EVENTS OCCURRING AFTER END OF YEAR

There have been no reportable events since 31 December 2015.

37. GROUP COMPANIES

The Group consists of the parent company, Anglo American plc, incorporated in the United Kingdom and its subsidiaries, joint operations, joint ventures and associates. For information on the Group's policies and the nature of any significant judgements in relation to the basis of accounting for interests in other entities, see note 1. Further information on interests in associates and joint ventures is provided in note 13.

The Group holds certain interests in both consolidated and unconsolidated structured entities. Further details on consolidated structured entities can be found in note 32. Unconsolidated structured entities consist of employee benefit trusts and community investment vehicles, principally in South Africa. Financial support provided to these entities by the Group is not material.

The principal subsidiaries, joint operations, joint ventures and associates of the Group and the Group percentage of equity capital are set out below. All these interests are held indirectly by the parent company and are consolidated within these financial statements. A complete list of the Group's related undertakings can be found in note 40.

			Percentage of equity owned[2]	
Subsidiary undertakings	Country of incorporation[1]	Business	2015	2014
Platinum				
Anglo American Platinum Limited[3]	South Africa	Platinum	78%	78%
De Beers				
De Beers Consolidated Mines Proprietary Limited[4]	South Africa	Diamonds	74%	74%
De Beers Société Anonyme	Luxembourg	Diamonds	85%	85%
Copper				
Anglo American Sur SA	Chile	Copper	50.1%	50.1%
Anglo American Quellaveco SA	Peru	Copper project	81.9%	81.9%
Anglo American Norte SA[5]	Chile	Copper	–	100%
Nickel				
Anglo American Níquel Brasil Limitada (Barro Alto)	Brazil	Nickel project	100%	100%
Anglo American Níquel Brasil Limitada (Codemin)	Brazil	Nickel	100%	100%
Niobium and Phosphates[6]				
Anglo American Nióbio Brasil Limitada	Brazil	Niobium	100%	100%
Anglo American Fosfatos Brasil Limitada	Brazil	Phosphates	100%	100%
Iron Ore and Manganese				
Anglo American Minério de Ferro Brasil S.A.	Brazil	Iron ore project	100%	100%
Anglo Ferrous Brazil SA	Brazil	Iron ore	100%	100%
Kumba Iron Ore Limited	South Africa	Iron ore	69.7%	69.7%
Sishen Iron Ore Company (Proprietary) Limited[7]	South Africa	Iron ore	73.9%	73.9%
Coal				
Anglo American Metallurgical Coal Holdings Limited	Australia	Coal	100%	100%
Anglo Coal[8]	South Africa	Coal	100%	100%
Peace River Coal Inc.	Canada	Coal	100%	100%

			Percentage of equity owned[9]	
Proportionately consolidated joint operations	Country of incorporation[1]	Business	2015	2014
Debswana Diamond Company (Proprietary) Limited[10]	Botswana	Diamonds	50%	50%
Namdeb Holdings (Proprietary) Limited[11]	Namibia	Diamonds	50%	50%
Compañía Minera Doña Inés de Collahuasi SCM	Chile	Copper	44%	44%
Capcoal[12]	Australia	Coal	70%	70%
Dawson[12]	Australia	Coal	51%	51%
Drayton[12]	Australia	Coal	88.2%	88.2%
Foxleigh[12]	Australia	Coal	70%	70%
Moranbah North[12]	Australia	Coal	88%	88%

See page 157 for footnotes.

ADDITIONAL DISCLOSURES

37. GROUP COMPANIES continued

Joint ventures	Country of incorporation[1]	Business	Percentage of equity owned[9] 2015	2014
Ferroport Logistica Comercial Exportadora S.A.[13]	Brazil	Port	**50%**	50%
Samancor Holdings Proprietary Limited[14][15][16]	South Africa	Manganese	**40%**	40%
Groote Eylandt Mining Company Pty Limited (GEMCO)[14][15]	Australia	Manganese	**40%**	40%
Tasmanian Electro Metallurgical Company Pty Limited (TEMCO)[14][15]	Australia	Manganese	**40%**	40%
Lafarge Tarmac Holdings Limited[17]	United Kingdom	Heavy building materials	**–**	50%
Al Futtain Tarmac Quarry Products Limited [18]	Dubai	Heavy building materials	**–**	49%
Tarmac Oman Limited [18]	Hong Kong	Heavy building materials	**–**	50%
Midmac Tarmac Qatar LLC [18]	Qatar	Heavy building materials	**–**	50%

Associates	Country of incorporation[1]	Business	Percentage of equity owned[9] 2015	2014
Carbones del Cerrejón LLC	Anguilla	Coal	**33.3%**	33.3%
Cerrejón Zona Norte SA	Colombia	Coal	**33.3%**	33.3%
Jellinbah Group Pty Limited[19]	Australia	Coal	**33.3%**	33.3%

(1) The principal country of operation is the same as the country of incorporation for all entities with the exception of De Beers Société Anonyme, which has worldwide operations.
(2) The proportion of voting rights of subsidiaries held by the Group is the same as the proportion of equity owned.
(3) The Group's effective interest in Anglo American Platinum Limited is 79.6% (2014: 79.8%), which includes shares issued as part of a community empowerment deal.
(4) The 74% interest in De Beers Consolidated Mines Proprietary Limited (DBCM) is held indirectly through De Beers. The 74% interest represents De Beers' legal ownership share in DBCM. For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity, Ponahalo, which holds the remaining 26%. The Group's effective interest in DBCM is 85%.
(5) Non-controlling interest of 0.018%. On 24 August 2015, Anglo American announced that it had reached an agreement to sell its interest in Anglo American Norte SA to an investor consortium. On 11 September 2015 this transaction was completed. See note 30.
(6) Niobium and Phosphates are now aggregated, having previously been presented separately (see note 3).
(7) The 73.9% interest in Sishen Iron Ore Company (Proprietary) Limited (SIOC) is held indirectly through Kumba Iron Ore Limited, in which the Group has a 69.7% interest. A further 3.1% interest in SIOC is held by the Kumba Envision Trust for the benefit of participants in Kumba's broad based employee share scheme for non-managerial Historically Disadvantaged South African employees. The Trust meets the definition of a subsidiary under IFRS, and is therefore consolidated by Kumba Iron Ore Limited. Consequently the effective interest in SIOC included in the Group's results is 53.7%.
(8) A division of Anglo Operations Proprietary Limited, a wholly owned subsidiary.
(9) All equity interests shown are ordinary shares.
(10) The 50% interest in Debswana Diamond Company (Proprietary) Limited is held indirectly through De Beers and is consolidated on a 19.2% proportionate basis, reflecting economic interest. The Group's effective interest in Debswana Diamond Company (Proprietary) Limited is 16.3%.
(11) The 50% interest in Namdeb Holdings (Proprietary) Limited is held indirectly through De Beers. The Group's effective interest in Namdeb Holdings (Proprietary) Limited is 42.5%.
(12) The wholly owned subsidiary Anglo American Metallurgical Coal Holdings Limited holds the proportionately consolidated joint operations. These operations are unincorporated and jointly controlled.
(13) Previously LLX Minas-Rio Logistica Comercial Exportadora S.A.
(14) Samancor has been accounted for as a joint venture since March 2015, following amendments to the agreement that governs the Group's interests in Samancor which resulted in the Group acquiring joint control over the business (previously accounted for as an associate).
(15) These entities have a 30 June year end.
(16) Samancor Holdings Proprietary Limited is the parent company of Hotazel Manganese Mines (HMM) and the Metalloys Smelter. BEE shareholders hold a 27% interest in HMM and therefore the Group's effective ownership interest in HMM is 29%.
(17) On 17 July 2015 the Group disposed of its 50% interest in Lafarge Tarmac Holdings Limited to Lafarge SA. See note 30.
(18) The Group disposed of its interest in these joint ventures during December 2015.
(19) The Group's effective interest in the Jellinbah operation is 23.3%. The entity has a 30 June year end.

38. FINANCIAL RISK MANAGEMENT

The Board approves and monitors the risk management processes, including documented treasury policies, counterparty limits and controlling and reporting structures. The risk management processes of the Group's independently listed subsidiaries are in line with the Group's own policy.

The types of risk exposure, the way in which such exposure is managed and quantification of the level of exposure in the Consolidated balance sheet at 31 December is as follows (subcategorised into credit risk, commodity price risk, foreign exchange risk and interest rate risk). See note 24 for liquidity risk.

Market risks

a) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will cause a loss to the Group by failing to pay for its obligation. The Group's principal financial assets are cash, trade and other receivables, investments and derivative financial instruments. The Group's maximum exposure to credit risk primarily arises from these financial assets and is as follows:

US$ million	2015	2014
Cash and cash equivalents	**6,895**	6,748
Trade and other receivables[1]	**1,885**	2,465
Financial asset investments[2]	**662**	761
Derivative financial assets	**1,149**	1,133
	10,591	11,107

(1) Trade and other receivables exclude prepayments and tax receivables.
(2) Financial asset investments exclude available for sale investments.

The Group limits credit risk on liquid funds and derivative financial instruments through diversification of exposures with a range of financial institutions approved by the Board. Counterparty limits are set for each financial institution with reference to credit ratings assigned by Standard & Poor's, Moody's and Fitch Ratings, shareholder equity (in case of relationship banks) and fund size (in case of asset managers).

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.

A provision for impairment of 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. Details of the credit quality of trade receivables and the associated provision for impairment are disclosed in note 16.

38. FINANCIAL RISK MANAGEMENT continued

b) Commodity price risk

The Group's earnings are exposed to movements in the prices of the commodities it produces.

The Group's policy is to sell its products at prevailing market prices and 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 contracts to hedge the price risk.

Certain of the Group's sales and purchases are provisionally priced, meaning that the selling price is determined normally 30 to 180 days after delivery to the customer, based on quoted market prices stipulated in the contract, and as a result are susceptible to future price movements. The exposure of the Group's financial assets and liabilities to commodity price risk is as follows:

	2015				2014			
	Commodity price linked				Commodity price linked			
US$ million	Subject to price movements[1]	Fixed price[2]	Not linked to commodity price	Total	Subject to price movements[1]	Fixed price[2]	Not linked to commodity price	Total
Total net financial instruments (excluding derivatives)	337	334	(11,674)	(11,003)	498	649	(12,590)	(11,443)
Derivatives	16	–	(1,330)	(1,314)	3	–	(1,194)	(1,191)
	353	334	(13,004)	(12,317)	501	649	(13,784)	(12,634)

(1) Includes provisionally priced trade receivables and trade payables.
(2) Includes receivables and payables for commodity sales and purchases not subject to price adjustment at the balance sheet date.

Commodity based contracts that are settled through physical delivery of the Group's production or are used within the production process are classified as normal purchase or sale contracts and are not marked to market.

c) Foreign exchange risk

As a global business, the Group is exposed to many currencies principally as a result of non-US dollar operating costs and, to a lesser extent, from non-US dollar revenue. The Brazilian real, South African rand and Australian dollar are the most significant non-US dollar currencies influencing costs. A strengthening of the US dollar against the currencies to which the Group is exposed has a positive effect on the Group's underlying earnings. The Group's policy is generally not to hedge such exposures given the correlation, over the longer term, with commodity prices and 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.

Analysis of foreign exchange risk associated with net debt balances and the impact of derivatives to hedge against this risk is included within note 24. Net other financial assets (excluding net debt related balances and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) are $593 million. This includes net assets of $920 million denominated in US dollars and $92 million denominated in Brazilian real, and net liabilities of $231 million denominated in Australian dollars, $217 million denominated in Chilean pesos and $191 million denominated in South African rand.

d) Interest rate risk

Interest rate risk arises due to fluctuations in interest rates which impact on the value of short term investments and financing activities. The Group is principally exposed to 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. Strategic hedging using fixed rate debt may also be undertaken from time to time if approved by the Group Management Committee.

In respect of financial assets, the Group'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.

Analysis of interest rate risk associated with net debt balances and the impact of derivatives to hedge against this risk is included within note 24. Net other financial assets (excluding net debt related balances and cash in disposal groups, but including the debit valuation adjustment attributable to derivatives hedging net debt) of $593 million, are primarily non-interest bearing.

ADDITIONAL DISCLOSURES

38. FINANCIAL RISK MANAGEMENT continued

e) Financial instrument sensitivities

Financial instruments affected by market risk include borrowings, deposits, derivative financial instruments, trade receivables and trade payables. The following analysis is intended to illustrate the sensitivity of the Group's financial instruments at 31 December to changes in foreign currencies, commodity prices and interest rates.

The sensitivity analysis has been prepared on the basis that the components of net debt, the ratio of fixed to floating interest rates of the debt and derivatives portfolio and the proportion of financial instruments in foreign currencies are all constant and on the basis of the hedge designations in place at 31 December. In addition, the commodity price impact for provisionally priced contracts is based on the related trade receivables and trade payables at 31 December. As a consequence, this sensitivity analysis relates to the position at 31 December.

The following assumptions were made in calculating the sensitivity analysis:

- all income statement sensitivities also impact equity
- for debt and other deposits carried at amortised cost, carrying value does not change as interest rates move
- no sensitivity is provided for interest accruals as these are based on pre-agreed interest rates and therefore are not susceptible to further rate changes
- no sensitivity has been calculated on derivatives and related underlying instruments designated into fair value hedge relationships as these are assumed materially to offset one another
- all hedge relationships are assumed to be fully effective
- debt with a maturity of less than one year is floating rate, unless it is a long term fixed rate debt in its final year
- translation of foreign subsidiaries and operations into the Group's presentation currency has been excluded from the sensitivity.

Using the above assumptions, the following table shows the illustrative effect on the income statement and equity that would result from reasonably possible changes in the relevant commodity price.

	2015		2014	
US$ million	Income	Equity	Income	Equity
Foreign currency sensitivities[1]				
+10% US dollar to rand	**(19)**	**(19)**	(13)	(13)
−10% US dollar to rand	**19**	**19**	13	13
+10% US dollar to Brazilian real[2]	**(46)**	**(46)**	(154)	(154)
−10% US dollar to Brazilian real[2]	**46**	**46**	154	154
+10% US dollar to Australian dollar	**9**	**9**	30	30
−10% US dollar to Australian dollar	**(9)**	**(9)**	(30)	(30)
+10% US dollar to Chilean peso	**21**	**21**	36	36
−10% US dollar to Chilean peso	**(24)**	**(24)**	(40)	(40)
Commodity price sensitivities				
10% increase in the copper price	**117**	**117**	103	103
10% decrease in the copper price	**(117)**	**(117)**	(103)	(103)
10% increase in the platinum group metals price	**(13)**	**(13)**	(21)	(21)
10% decrease in the platinum group metals price	**13**	**13**	21	21
Interest rate sensitivity				
50bps increase in LIBOR[3]	**(32)**	**(32)**	(33)	(33)
50bps decrease in LIBOR[3]	**32**	**32**	33	33

(1) + represents strengthening of US dollar against the respective currency.
(2) Includes sensitivities for derivatives related to capital expenditure.
(3) Without the impact of capitalised interest, the Group's sensitivity to a 50bps increase and decrease in LIBOR would be $61 million (2014: $49 million) loss and gain respectively.

The above sensitivities are calculated with reference to a single moment in time and are subject to change due to a number of factors including:

- fluctuating trade receivable and trade payable balances
- derivative instruments and borrowings settled throughout the year
- fluctuating cash balances
- changes in currency mix.

As the sensitivities are limited to year end financial instrument balances, they do not take account of the Group's sales and operating costs, which are highly sensitive to changes in commodity prices and exchange rates. In addition, each of the sensitivities is calculated in isolation whilst, in reality, commodity prices, interest rates and foreign currencies do not move independently.

ADDITIONAL DISCLOSURES

39. ACCOUNTING POLICIES

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations as adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and with the requirements of the Disclosure and Transparency rules of the Financial Conduct Authority in the United Kingdom as applicable to periodic financial reporting. The financial statements have been prepared under the historical cost convention as modified by the revaluation of pension assets and liabilities and certain financial instruments. A summary of the principal Group accounting policies is set out below.

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

As permitted by UK company law, the Group's results are presented in US dollars, the currency in which its business is primarily conducted.

Going concern

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for the foreseeable future. Thus the going concern basis of accounting in preparing the financial statements continues to be adopted. Further details are contained in the Directors' report on page 190.

Basis of consolidation

The financial statements incorporate a consolidation of the financial statements of the Company and entities controlled by the Company (its subsidiaries). Control is achieved where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The results of subsidiaries acquired or disposed of during the year are included in the income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

Where necessary, adjustments are made to the results of subsidiaries, joint arrangements and associates to bring their accounting policies into line with those used by the Group. Intra-group transactions, balances, income and expenses are eliminated on consolidation, where appropriate.

For non-wholly owned subsidiaries, non-controlling interests are presented in equity separately from the equity attributable to shareholders of the Company. Profit or loss and other comprehensive income are attributed to the shareholders of the Company and to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in ownership interest in subsidiaries that do not result in a change in control are accounted for in equity. The carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recorded directly in equity and attributed to the shareholders of the Company.

39a. Revenue recognition

Revenue is derived principally from the sale of goods and is measured at the fair value of consideration received or receivable, after deducting discounts, volume rebates, value added tax and other sales taxes. A sale is recognised when the significant risks and rewards of ownership have passed. This is usually when title and insurance risk have passed to the customer and the goods have been delivered to a contractually agreed location.

Sales of metal concentrate are stated at their invoiced amount which is net of treatment and refining charges. Sales of certain commodities are provisionally priced such that the price is not settled until a predetermined future date and is based on the market price at that time. Revenue on these sales is initially recognised (when the above criteria are met) at the current market price. Provisionally priced sales are marked to market at each reporting date using the forward price for the period equivalent to that outlined in the contract. This mark to market adjustment is recognised in revenue, see note 4 for more information on provisional price adjustments.

Revenues from the sale of material by-products are included within revenue. Where a by-product is not regarded as significant, revenue may be credited against the cost of sales.

Revenue from services is recognised as services are rendered and accepted by the customer. Amounts billed to customers in respect of shipping and handling activities are classified as revenue where the Group is responsible for freight. In situations where the Group is acting as an agent, amounts billed to customers are offset against the relevant costs.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

39b. Borrowing costs

Interest on borrowings directly relating to the financing of qualifying assets in the course of construction is added to the capitalised cost of those projects under 'Capital works in progress', until such time as the assets are substantially ready for their intended use or sale. Where funds have been borrowed specifically to finance a project, the amount capitalised represents the actual borrowing costs incurred. Where the funds used to finance a project form part of general borrowings, the amount capitalised is calculated using a weighted average of rates applicable to relevant general borrowings of the Group during the period. All other borrowing costs are recognised in the income statement in the period in which they are incurred.

39c. Tax

The tax expense includes the current tax and deferred tax charge recognised in the income statement.

Current tax payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are not taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary differences arise from the initial recognition of goodwill or of an asset or liability in a transaction (other than in a business combination) that affects neither taxable profit nor accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, joint arrangements and associates except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each reporting date and is adjusted to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax is charged or credited to the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also taken directly to equity.

39. ACCOUNTING POLICIES continued

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis in that taxation authority.

39d. Business combinations and goodwill arising thereon

The identifiable assets, liabilities and contingent liabilities of a subsidiary, a joint arrangement or an associate, which can be measured reliably, are recorded at their provisional fair values at the date of acquisition. Goodwill is the fair value of the consideration transferred (including contingent consideration and previously held non-controlling interests) less the fair value of the Group's share of identifiable net assets on acquisition.

Where a business combination is achieved in stages, the Group's previously held interests in the acquiree are remeasured to fair value at the acquisition date and the resulting gain or loss is recognised in the income statement.

Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to the income statement, where such treatment would be appropriate if that interest were disposed of.

Transaction costs incurred in connection with the business combination are expensed. Provisional fair values are finalised within 12 months of the acquisition date.

Goodwill in respect of subsidiaries and joint operations is included within intangible assets. Goodwill relating to associates and joint ventures is included within the carrying value of the investment.

Where the fair value of the identifiable net assets acquired exceeds the cost of the acquisition, the surplus, which represents the discount on the acquisition, is recognised directly in the income statement in the period of acquisition.

For non-wholly owned subsidiaries, non-controlling interests are initially recorded at the non-controlling interests' proportion of the fair values of net assets recognised at acquisition.

39e. Non-mining licences and other intangibles

Non-mining licences and other intangibles are measured at cost less accumulated amortisation and accumulated impairment losses. Intangible assets acquired as part of an acquisition of a business are capitalised separately from goodwill if the asset is separable or arises from contractual or legal rights and the fair value can be measured reliably on initial recognition. Intangible assets are amortised over their estimated useful lives, usually between 3 and 20 years, except goodwill and those intangible assets that are considered to have indefinite lives. For intangible assets with a finite life, the amortisation period is determined as the period over which the Group expects to obtain benefits from the asset, taking account of all relevant facts and circumstances including contractual lives and expectations about the renewal of contractual arrangements without significant incremental costs. An intangible asset is deemed to have an indefinite life when, based on an analysis of all of the relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate cash flows for the Group. Amortisation methods, residual values and estimated useful lives are reviewed at least annually.

39f. Impairment of goodwill

Goodwill arising on business combinations is allocated to the group of cash generating units (CGUs) that is expected to benefit from synergies of the combination, and represents the lowest level at which goodwill is monitored by the Group's board of directors for internal management purposes. The recoverable amount of the CGU, or group of CGUs, to which goodwill has been allocated is tested for impairment annually, or when events or changes in circumstances indicate that it may be impaired.

Any impairment loss is recognised immediately in the income statement. Impairment of goodwill is not subsequently reversed.

39g. Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation and accumulated impairment losses. Cost is the fair value of consideration required to acquire and develop the asset and includes the purchase price, acquisition of mineral rights, costs directly attributable to bring the asset to its location and condition necessary for it to be capable of operating in the manner intended by management, the initial estimate of any decommissioning obligation and, for assets that take a substantial period of time to get ready for their intended use, borrowing costs.

Gains or losses on disposal of property, plant and equipment are determined by comparing the proceeds from disposal with the carrying amount. The gain or loss is recognised in the income statement.

Depreciation of property, plant and equipment

Mining properties are depreciated to their residual values using the unit of production method based on Proved and Probable Ore Reserves and, in certain limited circumstances, other Mineral Resources included in the Life of Mine Plan. These other Mineral Resources are included in depreciation calculations where, taking into account historic rates of conversion to Ore Reserves, there is a high degree of confidence that they will be extracted in an economic manner. This is the case principally for diamond operations, where depreciation calculations are based on Diamond Reserves and Diamond Resources included in the Life of Mine Plan. This reflects the unique nature of diamond deposits where, due to the difficulty in estimating grade, Life of Mine Plans frequently include significant amounts of Indicated or Inferred Resources.

Buildings and items of plant and equipment for which the consumption of economic benefit is linked primarily to utilisation or to throughput rather than production, are depreciated to their residual values at varying rates on a straight line basis over their estimated useful lives, or the Reserve Life, whichever is shorter. Estimated useful lives normally vary from up to 20 years for items of plant and equipment to a maximum of 50 years for buildings. Under limited circumstances, items of plant and equipment may be depreciated over a period that exceeds the Reserve Life by taking into account additional Mineral Resources other than Proved and Probable Reserves included in the Life of Mine Plan, after making allowance for expected production losses based on historic rates of resource conversion.

'Capital works in progress' are measured at cost less any recognised impairment. Depreciation commences when the assets are capable of operating in the manner intended by management, at which point they are transferred to the appropriate asset class.

Land is not depreciated.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components).

Depreciation methods, residual values and estimated useful lives are reviewed at least annually.

Assets held under finance leases are depreciated over the shorter of the lease term and the estimated useful lives of the assets.

39h. Deferred stripping

The removal of rock or soil overlying a mineral deposit, overburden, and other waste materials is often necessary during the initial development of an open pit mine site, in order to access the mineral ore deposit. The process of removing overburden and other mine waste materials is referred to as stripping. The directly attributable cost of this activity is capitalised in full within 'Mining properties and leases', until the point at which the mine is considered to be capable of operating in the manner intended by management. This is classified as expansionary capital expenditure, within investing cash flows.

The removal of waste material after the point at which depreciation commences is referred to as production stripping. When the waste removal activity improves access to ore extracted in the current period, the costs of production stripping are charged to the income statement as operating costs in accordance with the principles of IAS 2 *Inventories*.

39. ACCOUNTING POLICIES continued

Where production stripping activity both produces inventory and improves access to ore in future periods the associated costs of waste removal are allocated between the two elements. The portion which benefits future ore extraction is capitalised within 'Mining properties and leases'. This is classified as stripping and development capital expenditure, within investing cash flows. If the amount to be capitalised 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. Components are specific volumes of a mine's orebody that are determined by reference to the Life of Mine Plan.

In certain instances significant levels of waste removal may occur during the production phase with little or no associated production. This may occur at both open pit and underground mines, for example longwall development.

The cost of this waste removal is capitalised in full to 'Mining properties and leases'.

All amounts capitalised in respect of waste removal are depreciated using the unit of production method based on Proved and Probable Ore Reserves of the component of the orebody to which they relate.

The effects of changes to the Life of Mine Plan on the expected cost of waste removal or remaining Ore Reserves for a component are accounted for prospectively as a change in estimate.

39i. Impairment of property, plant and equipment and intangible assets excluding goodwill

At each reporting date, the Group reviews the carrying amounts of its property, plant and equipment and intangible assets to determine whether there is any indication that those assets are impaired. If such an indication exists, the recoverable amount of the asset is estimated in order to determine the extent of any impairment. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the CGU to which the asset belongs. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs of disposal and value in use (VIU). In assessing VIU, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset or CGU is reduced to its recoverable amount. An impairment loss is recognised in the income statement.

Where an impairment loss subsequently reverses, the carrying amount of the asset or CGU is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment been recognised for the asset or CGU. A reversal of an impairment loss is recognised in the income statement.

39j. Exploration and evaluation expenditure

Exploration and evaluation expenditure is expensed in the year in which it is incurred.

Exploration expenditure is the cost of exploring for Mineral Resources other than that occurring at existing operations and projects and comprises geological and geophysical studies, exploratory drilling and sampling and resource development.

Evaluation expenditure includes the cost of conceptual and pre-feasibility studies and evaluation of Mineral Resources at existing operations.

When a decision is taken that a mining project is technically feasible and commercially viable, usually after a pre-feasibility study has been completed, subsequent directly attributable expenditure, including feasibility study costs, are considered development expenditure and are capitalised within property, plant and equipment.

Exploration properties acquired are recognised in the balance sheet when management considers that their value is recoverable. These properties are measured at cost less any accumulated impairment losses.

39k. Associates and joint arrangements

Associates are investments over which the Group has significant influence, which is the power to participate in the financial and operating policy decisions of the investee, but without the ability to exercise control or joint control. Typically the Group owns between 20% and 50% of the voting equity of its associates.

Joint arrangements are arrangements in which the Group shares joint control with one or more parties. Joint control is the contractually agreed sharing of control of an arrangement, and exists only when decisions about the activities that significantly affect the arrangement's returns require the unanimous consent of the parties sharing control.

Joint arrangements are classified as either joint operations or joint ventures based on the rights and obligations of the parties to the arrangement. In joint operations, the parties have rights to the assets and obligations for the liabilities relating to the arrangement, whereas in joint ventures, the parties have rights to the net assets of the arrangement.

Joint arrangements that are not structured through a separate vehicle are always joint operations. Joint arrangements that are structured through a separate vehicle may be either joint operations or joint ventures depending on the substance of the arrangement. In these cases, consideration is 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 the parties to the arrangements have rights to the assets and obligations for the liabilities.

The Group accounts for joint operations by recognising the assets, liabilities, revenue and expenses for which it has rights or obligations, including its share of such items held or incurred jointly.

Investments in associates and joint ventures are accounted for using the equity method of accounting except when classified as held for sale. The Group's share of associates' and joint ventures' net income is based on their most recent audited financial statements or unaudited interim statements drawn up to the Group's balance sheet date.

The total carrying values of investments in associates and joint ventures represent the cost of each investment including the carrying value of goodwill, the share of post acquisition retained earnings, any other movements in reserves and any long term debt interests which in substance form part of the Group's net investment. The carrying values of associates and joint ventures are reviewed on a regular basis and if there is objective evidence that an impairment in value has occurred as a result of one or more events during the period, the investment is impaired.

The Group's share of an associate's or joint venture's losses in excess of its interest in that associate or joint venture is not recognised unless the Group has an obligation to fund such losses. Unrealised gains arising from transactions with associates and joint ventures are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way, but only to the extent that there is no evidence of impairment.

39l. Financial asset investments

Investments, other than investments in subsidiaries, joint arrangements and associates, are financial asset investments and are initially recognised at fair value. At subsequent reporting dates, financial assets classified as held-to-maturity or as loans and receivables are measured at amortised cost, less any impairment losses. Other investments are classified as either at fair value through profit or loss (which includes investments held for trading) or available for sale financial assets. Both categories are subsequently measured at fair value. Where investments are held for trading purposes, unrealised gains and losses for the period are included in the income statement within other gains and losses. For available for sale investments, unrealised gains and losses are recognised in equity until the investment is disposed of or impaired, at which time the cumulative gain or loss previously recognised in equity is recycled to the income statement.

39. ACCOUNTING POLICIES continued

39m. Impairment of financial assets (including receivables)

A financial asset not measured at fair value through profit or loss is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. Losses are recognised in the income statement. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the income statement.

Impairment losses relating to available for sale investments are recognised when a decline in fair value is considered significant or prolonged. These impairment losses are recognised by transferring the cumulative loss that has been recognised in the statement of comprehensive income to the income statement. The loss recognised in the income statement is the difference between the acquisition cost and the current fair value.

39n. Derivative financial instruments and hedge accounting

In order to hedge its exposure to foreign exchange, interest rate and commodity price risk, the Group enters into forward, option and swap contracts. The Group does not use derivative financial instruments for speculative purposes. Commodity based (own use) contracts that meet the scope exemption in IAS 39 *Financial Instruments: Recognition and Measurement* are recognised in earnings when they are settled by physical delivery.

All derivatives are held at fair value in the balance sheet within 'Derivative financial assets' or 'Derivative financial liabilities' except if they are linked to settlement and delivery of an unquoted equity instrument and the fair value cannot be measured reliably, in which case they are carried at cost. A derivative cannot be measured reliably where the range of reasonable fair value estimates is significant and the probabilities of various estimates cannot be reasonably assessed.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows (cash flow hedges) are recognised directly in equity. The gain or loss relating to the ineffective portion is recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecast transaction results in the recognition of a non-financial asset or liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of a non-financial asset or liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects profit or loss.

For an effective hedge of an exposure to changes in fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged. The corresponding entry, along with gains or losses from remeasuring the associated derivative, are recognised in the income statement.

The gain or loss on hedging instruments relating to the effective portion of a net investment hedge is recognised in equity (within the cumulative translation adjustment reserve). The ineffective portion is recognised immediately in the income statement. Gains or losses accumulated in the cumulative translation adjustment reserve are recycled to the income statement on disposal of the foreign operations to which they relate.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, exercised, revoked, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained until the forecast transaction occurs. If a hedge transaction is no longer expected to occur, the net cumulative gain or loss previously recognised in equity is recycled to the income statement for the period.

Changes in the fair value of any derivative instruments that are not designated in a hedge relationship are recognised immediately in the income statement and are classified within other gains and losses (operating costs) or net finance costs depending on the type of risk to which the derivative relates.

Derivatives embedded in other financial instruments or non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of their host contracts and the host contracts themselves are not carried at fair value with unrealised gains or losses reported in the income statement.

39o. Cash and debt

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and on demand deposits, together with short term, highly liquid investments that are readily convertible to a known amount of cash and that are subject to an insignificant risk of changes in value. Bank overdrafts are shown within short term borrowings in current liabilities on the balance sheet. Cash and cash equivalents in the cash flow statement are shown net of overdrafts. Cash and cash equivalents are measured at amortised cost.

Financial liabilities and equity instruments

Financial liabilities and equity instruments are classified and accounted for as debt or equity according to the substance of the contractual arrangements entered into.

Bank borrowings

Interest bearing bank loans and overdrafts are initially recognised at fair value, net of directly attributable transaction costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs are recognised in the income statement using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

39p. Derecognition of financial assets and financial liabilities

Financial assets are derecognised when the right to receive cash flows from the asset has expired, the right to receive cash flows has been retained but an obligation to on-pay them in full without material delay has been assumed or the right to receive cash flows has been transferred together with substantially all the risks and rewards of ownership.

Financial liabilities are derecognised when the associated obligation has been discharged, cancelled or has expired.

39q. Inventories

Inventory and work in progress are measured at the lower of cost and net realisable value. The production cost of inventory includes an appropriate proportion of depreciation and production overheads. Cost is determined on the following basis:

- Raw materials and consumables are measured at cost on a first in, first out (FIFO) basis or a weighted average cost basis.
- Work in progress and finished products are measured at raw material cost, labour cost and a proportion of manufacturing overhead expenses.
- Metal and coal stocks are included within finished products and are measured at average cost.

At precious metals operations that produce 'joint products', cost is allocated amongst products according to the ratio of contribution of these metals to gross sales revenues.

39r. Environmental restoration and decommissioning obligations

An obligation to incur environmental restoration, rehabilitation and decommissioning costs arises when disturbance is caused by the development or ongoing production of a mining asset. Such costs arising from the decommissioning of plant and other site preparation work, discounted to their net present value, are provided for and capitalised at the start of each project, as soon as the obligation to incur such costs arises.

These costs are recognised in the income statement over the life of the operation, through the depreciation of the asset and the unwinding of the discount on the provision. Costs for restoration of subsequent site damage which is created on an ongoing basis during production are provided for at their net present values and recognised in the income statement as extraction progresses.

39. ACCOUNTING POLICIES continued

Changes in the measurement of a liability relating to the decommissioning of plant or other site preparation work (that result from changes in the estimated timing or amount of the cash flow or a change in the discount rate), are added to or deducted from the cost of the related asset in the current period. If a decrease in the liability exceeds the carrying amount of the asset, the excess is recognised immediately in the income statement. If the asset value is increased and there is an indication that the revised carrying value is not recoverable, an impairment test is performed in accordance with the accounting policy set out above.

For some South African operations annual contributions are made to dedicated environmental rehabilitation trusts to fund the estimated cost of rehabilitation during and at the end of the life of the relevant mine. The Group exercises full control of these trusts and therefore the trusts are consolidated. The trusts' assets are disclosed separately on the balance sheet as non-current assets.

The trusts' assets are measured based on the nature of the underlying assets in accordance with accounting policies for similar assets.

39s. Non-current assets and disposal groups held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when a sale is highly probable within one year from the date of classification, management is committed to the sale and the asset or disposal group is available for immediate sale in its present condition.

Non-current assets and disposal groups are classified as held for sale from the date these conditions are met and are measured at the lower of carrying amount and fair value less costs to sell. Any resulting impairment loss is recognised in the income statement.

On classification as held for sale the assets are no longer depreciated. Comparative amounts are not adjusted.

39t. Retirement benefits

The Group operates both defined benefit and defined contribution pension plans for its employees as well as post employment medical plans. For defined contribution plans the amount recognised in the income statement is the contributions paid or payable during the year.

For defined benefit pension and post employment medical plans, full actuarial valuations are carried out at least every three years using the projected unit credit method and updates are performed for each financial year end. The average discount rate for the plans' liabilities is based on AA rated corporate bonds of a suitable duration and currency or, where there is no deep market for such bonds, is based on government bonds. Pension plan assets are measured using year end market values.

Remeasurements comprising actuarial gains and losses, movements in asset surplus restrictions and the return on scheme assets (excluding interest income) are recognised immediately in the statement of comprehensive income and are not recycled to the income statement. Any increase in the present value of plan liabilities expected to arise from employee service during the year is charged to operating profit. The net interest income or cost on the net defined benefit asset or liability is included in investment income and interest expense respectively.

Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise amortised on a straight line basis over the average period until the benefits vest.

The retirement benefit obligation recognised on the balance sheet represents the present value of the deficit or surplus of the defined benefit plans. Any recognised surplus is limited to the present value of available refunds or reductions in future contributions to the plan.

39u. Share-based payments

The Group makes equity settled share-based payments to certain employees, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Group's estimate of shares that will eventually vest. For those share schemes with market related vesting conditions, the fair value is determined using the Monte Carlo method at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using the Black Scholes model.

For all other share awards, the fair value is determined by reference to the market value of the shares at the grant date. For all share schemes with non-market vesting conditions, the likelihood of vesting has been taken into account when determining the relevant charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

39v. Black Economic Empowerment (BEE) transactions

Where the Group disposes of a portion of a South African based subsidiary or operation to a BEE company at a discount to fair value, the transaction is considered to be a share-based payment (in line with the principle contained in South Africa interpretation AC 503 Accounting for Black Economic Empowerment (BEE) Transactions).

The discount provided or value given is calculated in accordance with IFRS 2 and the cost, representing the fair value of the BEE credentials obtained by the subsidiary, is recorded in the income statement.

39w. Foreign currency transactions and translation

Foreign currency transactions by Group companies are recognised in the functional currencies of the companies at the exchange rate ruling on the date of the transaction. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in the income statement for the period and are classified as either operating or financing depending on the nature of the monetary item giving rise to them.

Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

On consolidation, the assets and liabilities of the Group's foreign operations are translated into the presentation currency of the Group at exchange rates prevailing on the reporting date. Income and expense items are translated at the average exchange rates for the period where these approximate the rates at the dates of the transactions. Any exchange differences arising are classified within the statement of comprehensive income and transferred to the Group's cumulative translation adjustment reserve. Exchange differences on foreign currency balances with foreign operations for which settlement is neither planned nor likely to occur in the foreseeable future, and therefore form part of the Group's net investment in these foreign operations, are offset in the cumulative translation adjustment reserve.

Cumulative translation differences are recycled from equity and recognised as income or expense on disposal of the operation to which they relate.

Goodwill and fair value adjustments arising on the acquisition of foreign entities are treated as assets of the foreign entity and translated at the closing rate.

39x. Leases

In addition to lease contracts, other significant contracts are assessed to determine whether, in substance, they are or contain a lease. This includes assessment of whether the arrangement is dependent on use of a specific asset and the right to use that asset is conveyed through the contract.

Rental costs under operating leases are recognised in the income statement in equal annual amounts over the lease term.

ADDITIONAL DISCLOSURES

40. RELATED UNDERTAKINGS OF THE GROUP

The Group consists of the parent company, Anglo American plc, incorporated in the United Kingdom and its subsidiaries, joint operations, joint ventures and associates. In accordance with Section 409 of the Companies Act 2006 a full list of related undertakings, the country of incorporation and the effective percentage of equity owned as at 31 December 2015 is disclosed below. See note 37 for the Group's principal subsidiaries, joint operations, joint ventures and associates.

Wholly owned subsidiaries[(1)(2)]

0912055 BC Ltd (Canada)
A.C.N 127 881 510 Pty Ltd (Australia)
A.R.H. Investments (Luxembourg)
A.R.H. Limited (Luxembourg)
AA Holdings Argentina B.V. (Netherlands)
AA Sakatti Mining Oy (Finland)
Acro (Hanise) (South Africa)
Addon Investments (Private) Limited (Zimbabwe)
Alluvium Limited (Ireland)
Almenta 127 (Pty) Ltd (South Africa)
Amaprop Townships Limited (South Africa)
Ambase Exploration (Botswana) (Pty) Ltd (Botswana)
Ambase Exploration Africa (RDC) SPRL (Democratic Republic of Congo)
Ambase Exploration (Zambia) (Pty) Ltd (Zambia)
Ambase Exploration Mocambique Limitada (Mozambique)
Ambase Investment Africa (Botswana) (Pty) Ltd (South Africa)
Ambase Investment Africa (DRC) (Pty) Ltd (South Africa)
Ambase Investment Africa (Mozambique) (Pty) Ltd (South Africa)
Ambase Investment Africa (Namibia) (Pty) Ltd (South Africa)
Ambase Investment Africa (Tanzania) (Pty) Ltd (South Africa)
Ambase Investment Africa (Zambia) (Pty) Ltd (South Africa)
Ambase Prospecting (Botswana) (Pty) Ltd (Botswana)
Ambase Prospecting (Namibia) (Pty) Ltd (Namibia)
Ambase Prospecting (Tanzania) (Pty) Ltd (Tanzania)
Ambras Holdings (Luxembourg)[(3)]
Amcoal Collieries Recruiting Organisation (Hanise) (Proprietary) Limited (South Africa)
Amcoal Collieries Recruiting Organisation (Lesotho) (Pty) Ltd (Lesotho)
Amcoal Collieries Recruiting Organisation (Pty) Limited (South Africa)
Ammin Coal Holdings (Luxembourg)
Ampros (Pty) Ltd (South Africa)
Amzim Holdings Limited (Zimbabwe)
Anglo (Operation) Netherlands BV (Netherlands)
Anglo African Exploration Holdings (Luxembourg)
Anglo American (London) (United Kingdom)
Anglo American (London) 2 (United Kingdom)
Anglo American (NA) 1 BV (Netherlands)
Anglo American (NA) 3 BV (Netherlands)
Anglo American 2005 Limited (United Kingdom)[(4)]
Anglo American Amcoll (UK) Limited (Cyprus)
Anglo American Australia Finance Limited (Australia)
Anglo American Australia Holdings Ltd (Australia)
Anglo American Australia Investments Limited (United Kingdom)[(5)]
Anglo American Australia Limited (Australia)
Anglo American Bokamoso Limited (Botswana)
Anglo American Capital Australia Limited (United Kingdom)
Anglo American Capital International Limited (United Kingdom)
Anglo American Capital Luxembourg (Luxembourg)
Anglo American Capital plc (United Kingdom)[(5)]
Anglo American Chile Inversiones S.A. (Chile)
Anglo American Chile Investments (UK) Limited (Cyprus)
Anglo American Chile Ltda (Chile)
Anglo American Clarent (UK) Limited (Cyprus)
Anglo American CMC Holdings Limited (United Kingdom)
Anglo American Colombia Exploration S.A. (Colombia)
Anglo American Consultoria em Minério de Ferro Ltda. (Brazil)
Anglo American Corporation Botswana (Services) Limited (Botswana)
Anglo American Corporation de Chile Holdings Limited (Liberia)
Anglo American Corporation de Chile Holdings Limited (Isle of Man)
Anglo American Corporation Mocambique Servicos Limitada (Mozambique)
Anglo American Corporation Mozambique Ltd (Mozambique)
Anglo American Corporation of South Africa (Pty) Ltd (South Africa)
Anglo American Corporation Zimbabwe Limited (Zimbabwe)
Anglo American Development LLC (Mongolia)
Anglo American Diamond Holdings Limited (United Kingdom)
Anglo American EMEA Shared Services (Pty) Ltd (South Africa)
Anglo American Exploration B.V. (Netherlands)
Anglo American Exploration (Australia) Pty Ltd (Australia)
Anglo American Exploration (Canada) Ltd. (Canada)
Anglo American Exploration (India) B.V. (Netherlands)
Anglo American Exploration (India) Pvt. Ltd (India)
Anglo American Exploration (Philippines) B.V. (Netherlands)
Anglo American Exploration (Philippines) Inc. (Philippines)
Anglo American Exploration (Singapore) Pte. Ltd (Singapore)
Anglo American Exploration (USA), Inc. (USA)

See page 168 for footnotes.

Anglo American Exploration Colombia (Luxembourg)
Anglo American Exploration Luxembourg (Luxembourg)
Anglo American Farms (Pty) Ltd (South Africa)
Anglo American Farms (UK) Limited (United Kingdom)
Anglo American Farms Investment Holdings (Pty) Ltd (South Africa)
Anglo American Farms Limited A (South Africa)
Anglo American Ferrous 2 (United Kingdom)
Anglo American Ferrous Investments (Luxembourg)
Anglo American Ferrous Investments Limited (United Kingdom)
Anglo American Finance (UK) Limited (United Kingdom)
Anglo American Finance Luxembourg (Luxembourg)[(6)]
Anglo American Finland Holdings 1 (Luxembourg)
Anglo American Finland Holdings 2 (Luxembourg)
Anglo American Fosfatos Brasil Ltda (Brazil)
Anglo American Global Finance Limited (United Kingdom)
Anglo American Group Employee Shareholder Nominees (Pty) Ltd (South Africa)
Anglo American Group Foundation (United Kingdom)
Anglo American Holdings Limited (United Kingdom)
Anglo American India Holdings B.V. (Netherlands)
Anglo American International (Luxembourg)
Anglo American International BV (Netherlands)
Anglo American International Holdings Limited (United Kingdom)
Anglo American Investimentos – Minério de Ferro Ltda. (Brazil)
Anglo American Investments (Australia) Limited (Australia)
Anglo American Investments (NA) Limited (United Kingdom)
Anglo American Investments (UK) Limited (United Kingdom)
Anglo American Italy Sarl (Italy)
Anglo American Kumba Exploration Liberia Ltd (Liberia)
Anglo American Liberia Holdings (Luxembourg)
Anglo American Luxembourg (Luxembourg)
Anglo American Marketing Limited (United Kingdom)
Anglo American Medical Plan Limited (United Kingdom)
Anglo American Metallurgical Coal Assets Eastern Australia Ltd (Australia)
Anglo American Metallurgical Coal Assets Pty Ltd (Australia)
Anglo American Metallurgical Coal Finance Ltd (Australia)
Anglo American Metallurgical Coal Holdings Ltd (Australia)
Anglo American Metallurgical Coal Pty Ltd (Australia)
Anglo American Mexico S.A. de C.V. (Mexico)
Anglo American Michiquillay Peru (Luxembourg)
Anglo American Michiquillay S.A. (Peru)
Anglo American Minerio de Ferro Brasil S.A (Brazil)
Anglo American Mongolia Holdings Pte. Ltd (Singapore)
Anglo American Netherlands B.V. (Netherlands)
Anglo American Nickel Marketing Limited (United Kingdom)
Anglo American Niobio Brasil Ltda. (Brazil)
Anglo American Niquel Brasil Ltda (Brazil)
Anglo American Participacoes Minerio de Ferro Ltda. (Brazil)
Anglo American Peru S.A. (Peru)
Anglo American PNG Holdings Limited (United Kingdom)
Anglo American Prefco Limited (United Kingdom)
Anglo American Properties Limited (South Africa)
Anglo American Prospecting Services (Pty) Ltd (South Africa)
Anglo American REACH Limited (United Kingdom)
Anglo American Representative Offices Limited (United Kingdom)
Anglo American SA Finance Limited (South Africa)
Anglo American Sebenza Fund (Pty) Ltd (South Africa)
Anglo American Services (International) Limited (British Virgin Islands)
Anglo American Services (UK) Ltd (United Kingdom)[(5)]
Anglo American Services India Private Limited (India)
Anglo American Services Overseas Limited (United Kingdom)
Anglo American Servicios Perú S.A. (Peru)
Anglo American South Africa Limited (South Africa)
Anglo American Thermal Coal (Australia) Pty Ltd (Australia)
Anglo American US (Pebble) LLC (USA)
Anglo American US (Utah) Inc (USA)
Anglo American US Holdings Inc (USA)
Anglo American Venezuela Holdings (Luxembourg)
Anglo American Venezuela C.A. (Venezuela)
Anglo American Zimele (Pty) Limited (South Africa)
Anglo American Zimele Community Fund (Pty) Ltd (South Africa)
Anglo American Zimele Green Fund (Pty) Ltd (South Africa)
Anglo Australia Investments (Luxembourg)
Anglo Base Metals Marketing Limited (United Kingdom)
Anglo Coal (Archveyor Management) Pty Ltd (Australia)
Anglo Coal (Callide Management) Pty Ltd (Australia)
Anglo Coal (Callide) Pty Ltd (Australia)
Anglo Coal (Callide) No 2 Pty Ltd (Australia)
Anglo Coal (Capcoal Management) Pty Ltd (Australia)
Anglo Coal (Contracting) Pty Ltd (Australia)
Anglo Coal (Dartbrook Management) Pty Ltd (Australia)
Anglo Coal (Dartbrook) Pty Ltd (Australia)
Anglo Coal (Dawson Management) Pty Ltd (Australia)
Anglo Coal (Dawson Services) Pty Ltd (Australia)
Anglo Coal (Dawson South Management) Pty Ltd (Australia)
Anglo Coal (Dawson South) Pty Ltd (Australia)
Anglo Coal (Dawson) Holdings Pty Ltd (Australia)
Anglo Coal (Dawson) Limited (Australia)

ADDITIONAL DISCLOSURES

40. RELATED UNDERTAKINGS OF THE GROUP continued

Anglo Coal (Drayton Management) Pty Ltd (Australia)
Anglo Coal (Drayton South Management) Pty Ltd (Australia)
Anglo Coal (Drayton South) Pty Ltd (Australia)
Anglo Coal (Drayton) No.2 Pty Limited (Australia)
Anglo Coal (Drayton) Pty Ltd (Australia)
Anglo Coal (Foxleigh Management) Pty Ltd (Australia)
Anglo Coal (Foxleigh Services) Pty Ltd (Australia)
Anglo Coal (Foxleigh) Pty Ltd (Australia)
Anglo Coal (German Creek) Pty Ltd (Australia)
Anglo Coal (Grasstree Management) Pty Ltd (Australia)
Anglo Coal (Grosvenor Management) Pty Ltd (Australia)
Anglo Coal (Grosvenor) Pty Ltd (Australia)
Anglo Coal (Jellinbah) Holdings Pty Ltd (Australia)
Anglo Coal (Monash Energy) Holdings Pty Ltd (Australia)
Anglo Coal (Moranbah North Management) Pty Limited (Australia)
Anglo Coal (Roper Creek) Pty Ltd (Australia)
Anglo Coal (Theodore South) Pty Ltd (Australia)
Anglo Coal Botswana (Pty) Ltd (Botswana)
Anglo Coal CMC 1 S.à r.l. (Luxembourg)
Anglo Coal Holdings Limited (United Kingdom)[5]
Anglo Coal International (Luxembourg)
Anglo Coal Investment Africa (Botswana) (Pty) Ltd (South Africa)
Anglo Coal Investment Africa (Botswana) (Pty) Ltd (Botswana)
Anglo Coal Overseas Services Limited (United Kingdom)
Anglo Corporate Enterprises (Pty) Ltd (South Africa)
Anglo Diamond Investments (Luxembourg)
Anglo Exploration (Zambia) Limited (Zambia)
Anglo Exploration GmbH (Germany)
Anglo Exploration Mocambique Ltda (Mozambique)
Anglo Ferrous Brazil Participações S.A. (Brazil)
Anglo Ferrous Metals Marketing Limited (United Kingdom)
Anglo Inyosi Coal Securityco Ltd (South Africa)
Anglo Iron Ore Investments (Luxembourg)
Anglo Loma Investments (Luxembourg)
Anglo Operations (Australia) Pty Ltd (Australia)
Anglo Operations (International) Limited (Luxembourg)
Anglo Operations (Netherlands) B.V. (Netherlands)
Anglo Operations Proprietary Limited (South Africa)
Anglo Peru Investments (Luxembourg)
Anglo Quellaveco (Luxembourg)
Anglo South Africa (Pty) Ltd (South Africa)
Anglo South Africa Capital (Pty) Ltd (South Africa)
Anglo South American Investments Limited (Mauritius)
Anglo UK Pension Trustee Limited (United Kingdom)
Anglo Venezuela Investments (Luxembourg)
Anglo Ventures (SA) (Pty) Ltd (South Africa)
Anglo Zimele Small Business Support Services (Pty) Ltd (South Africa)
Anmercosa Finance Limited (United Kingdom)
Anmercosa Pension Trustees Limited (United Kingdom)
Anmercosa Sales Limited (United Kingdom)
Anseld Holdings Proprietary Limited (South Africa)
Asociación Anglo American Perú (Peru)
Asociación Michiquillay (Peru)
Asociación Quellaveco (Peru)
Aval Holdings Sarl (Luxembourg)
Balgo Nominees (Pty) Ltd (South Africa)
Blue Lounge Trading 129 (Pty) Ltd (South Africa)
Broadlands Park Limited (Zimbabwe)
Buttercup Company (Luxembourg)
Callide Coalfields (Sales) (Pty) Ltd (Australia)
Camara de Comercio Repolublica Sul Africa (Brazil)
Chamfron Limited (South Africa)
Coromin Insurance (Ireland) Limited (Ireland)
Coromin Limited (Bermuda)
Coruripe Participações Ltda. (Brazil)
Cytobex (Pty) Ltd (South Africa)
Cytoblox (Pty) Ltd (South Africa)
Cytobuzz (Pty) Ltd (South Africa)
Dawson Coal Processing Pty Ltd (Australia)
Dawson Highwall Mining Pty Ltd (Australia)
De Beers Small Business Start Up Fund (Pty) Ltd (South Africa)
Dido Nominees Proprietary Limited (South Africa)
Drayton Coal (Sales) Pty Ltd (Australia)
Enanticept (Pty) Ltd (South Africa)
Fermain Nominees (Pty) Ltd (South Africa)
Ferro Nickel Marketing Limited (United Kingdom)
Firecrest Investments Limited (United Kingdom)
Gespa Gesso Paulista Ltda. (Brazil)
Golden Pond Trading 248 (Pty) Ltd (South Africa)
Grosvenor Sales Pty Ltd (Australia)
Hermitage (Luxembourg)
High Ground Investments Limited (South Africa)
Highbirch Ltd (British Virgin Islands)
Hoddle Investment Holdings 6 (Pty) Ltd (South Africa)
Holdac Limited (Bermuda)
Ingagane Colliery (Proprietary) Limited (South Africa)
Inglewood Holdings Limited (Mauritius)
Inglewood Minerals Pvt Limited (India)
Instituto Anglo American Brasil (Brazil)
Inversiones Anglo American Limitada (Chile)
Inversiones Anglo American Norte S.A (Chile)
Inversiones Anglo American Sur S.A (Chile)
Inversiones Minorco Chile S.A. (Chile)
Jena Pty Ltd (Australia)
Jena Unit Trust (Australia)
Joint Coal (Pty) Ltd (South Africa)
Lansan Investment Holdings (Pty) Ltd (South Africa)
Loma de Niquel Holdings BV (Netherlands)
Longboat (Pty) Ltd (South Africa)
Longboat Trading (Pty) Ltd (Namibia)
Longmeadow Home Farm (Pty) Ltd (South Africa)
Mallord Properties Limited (United Kingdom)
Maotsi Stone Crushers (Pty) Ltd (South Africa)
Marikana Ferrochrome Ltd (South Africa)
Marikana Minerals (Pty) Ltd (South Africa)
Midway Investment (Luxembourg)
Minera Anglo American Argentina S.A. (Argentina)
Mineração Barro Alto Ltda. (Brazil)
Mineração Itamaracá Ltda. (Brazil)
Mineral Venture Company (Pty) Ltd (South Africa)
Minorco (Luxembourg)
Minorco Exploration (Indonesia) B.V. (Netherlands)
Minorco Peru Holdings (Luxembourg)
Minpress Investment Holdings (Pty) Limited (Luxembourg)
Minpress Investments (Luxembourg)
Monash Energy Coal Ltd (Australia)
Moranbah North Coal (No2) Pty Ltd (Australia)
Moranbah North Coal Pty Ltd (Australia)
Morro do Níquel Ltda. (Brazil)
Neville Street Limited (United Kingdom)
Peace River Coal Inc (Canada)
Phakamisa Civil and Mining Contracting (Pty) Ltd (South Africa)
PT Anglo American Indonesia (Indonesia)
PT Minorco Services Indonesia (Indonesia)
Ravenswood House (Pty) Ltd (South Africa)
Refitlhile Drilling (Pty) Ltd (South Africa)
Resident Nominees (Pty) Ltd (South Africa)
Reunion Group Limited (United Kingdom)
Reunion Mining Limited (United Kingdom)
Rhoanglo Trustees Limited (United Kingdom)
Rietpoort Mining (Proprietary) Limited (South Africa)
Security Nominees Limited (United Kingdom)
Security Nominees Limited (Zimbabwe)
Sedgford Limited (British Virgin Islands)
Servicios Anglo American Mexico S.A. de C.V. (Mexico)
Silver Lake Trading 619 (Pty) Ltd (South Africa)
Southridge Limited (Zimbabwe)
Springfield Collieries Limited (South Africa)
Steppe Eagle (Pty) Ltd (South Africa)
Stockade Investments (Luxembourg)
Sunbali Flowers (Pty) Ltd (South Africa)
Tarmac International Holdings BV (Netherlands)
Tarmac Investments (International) Limited (United Kingdom)
Tenon Investment Holdings (Pty) Ltd (South Africa)
Tshipi Kwena Steel (Pty) Ltd (South Africa)
Vencorp Limited (Luxembourg)
Vergelegen Wine Estate (Pty) Ltd (South Africa)
Vergelegen Wines (Pty) Ltd (South Africa)
Viaduct Portfolio Management Limited (United Kingdom)
Zamanglo Prospecting Limited (Zambia)

Majority owned subsidiaries[1][2]

4259785 Canada Inc (Canada, 85%)
Anglo American (India) Private Limited (India, 99%)
Anglo American Corporation De Portugal Limitada PTA (Portugal, 95%)
Anglo American Inyosi Coal (Pty) Limited (South Africa, 73%)
Anglo American Mocambique Limitada (Mozambique, 90%)
Anglo American Platinum Limited (South Africa, 78%)[7]
Anglo American Quellaveco S.A. (Peru, 82%)
Anglo Platinum Development Limited (South Africa, 78%)
Anglo Platinum International (Luxembourg, 78%)
Anglo Platinum International Brazil (Luxembourg, 78%)
Anglo Platinum Management Services (Pty) Ltd (South Africa, 78%)
Anglo Platinum Marketing Limited (United Kingdom, 78%)
Aurumar Alaska Holdings Ltd (UK) (United Kingdom, 85%)
Big Hill, LLC (USA, 55%)
Blinkwater Farms 244KR Proprietary Limited (South Africa, 78%)
Butsanani Energy Investment Holdings (Pty) Ltd (South Africa, 67%)
CAML Resources Pty Ltd (Australia, 67%)
Cencan S.A. (Luxembourg, 85%)
Charterhouse CAP Ltd (United Kingdom, 85%)
Cheviot Holdings Ltd (Cayman Islands, 85%)

See page 168 for footnotes.

ADDITIONAL DISCLOSURES

40. RELATED UNDERTAKINGS OF THE GROUP continued

Colliery Training College (Pty) Limited (South Africa, 56%)
D.B.L.H. Limited (Liberia, 85%)
Dartbrook Coal (Sales) Pty Ltd (Australia, 83%)
Dawson Sales Pty Ltd (Australia, 51%)
Dawson South Sales Pty Ltd (Australia, 51%)
DB Investments (Netherlands) NV (Netherlands, 85%)
DB Investments S.A. (Luxembourg, 85%)
DBCM Holdings (Pty) Ltd (South Africa, 63%)
De Beers Angola Holdings S.A. (Angola, 85%)
De Beers Angola Investments Limited (British Virgin Islands, 68%)
De Beers Angola Prospecting Pty Ltd (British Virgin Islands, 68%)
De Beers Auction Sales Belgium NV (Belgium, 85%)
De Beers Auction Sales Holdings Ltd (Hong Kong, 85%)
De Beers Auction Sales Hong Kong Ltd (Hong Kong, 85%)
De Beers Auction Sales Israel Ltd (Israel, 85%)
De Beers Auction Sales Singapore Pte Ltd (Singapore, 85%)
De Beers Australia Exploration Limited (Australia, 85%)
De Beers BC Ltd (British Virgin Islands, 85%)
De Beers Botswana (Pty) Ltd (Botswana, 85%)
De Beers Canada Holdings Inc. (Canada, 85%)
De Beers Canada Inc. (Canada, 85%)
De Beers Centenary AG (Switzerland, 85%)
De Beers Centenary Angola Properties Ltd (British Virgin Islands, 85%)
De Beers Centenary Mauritius Limited (Mauritius, 85%)
De Beers Consolidated Mines (Pty) Ltd (South Africa, 63%)(8)
De Beers DRC Exploration sprl (Democratic Republic of Congo, 85%)
De Beers Exploration Holdings (Luxembourg, 85%)
De Beers Global Sightholder Sales (Pty) Ltd (Botswana, 85%)
De Beers Group Services (Pty) Ltd (South Africa, 85%)
De Beers Holdings Botswana (Pty) Ltd (Botswana, 85%)
De Beers Holdings Luxembourg (Luxembourg, 85%)
De Beers India Private Ltd (India, 85%)
De Beers Intangibles Ltd (United Kingdom, 85%)
De Beers Marine (Pty) Ltd (South Africa, 85%)
De Beers Matlafalang Business Development (Pty) Ltd (South Africa, 63%)
De Beers Mauritius Holdings Private Ltd (Mauritius, 85%)
De Beers Mauritius Private Ltd (Mauritius, 85%)
De Beers Namibia Holdings (Pty) Ltd (Namibia, 85%)
De Beers Namibia (Pty) Ltd (Namibia, 85%)
De Beers Sightholder Sales South Africa (Pty) Ltd (South Africa, 63%)
De Beers Société Anonyme (Luxembourg, 85%)
De Beers Trademarks Ltd (United Kingdom, 85%)
De Beers UK Ltd (United Kingdom, 85%)
De Beers Zimbabwe Prospecting Limited (Zimbabwe, 85%)
Delibes Holdings Limited (British Virgin Islands, 85%)
Diamdel (Hong Kong) Limited (Hong Kong, 85%)
Diamdel Diamonds Ltd (Israel, 85%)
Diamdel Holdings Limited (Hong Kong, 85%)
Diamond Trading Company Proprietary Ltd NV (Belgium, 85%)
Diapros Canada Inc. (Canada, 85%)
Drayton Coal Shipping Pty Ltd (Australia, 88%)
DTC Marketing India Private Limited (India, 85%)
DTC Valuations Namibia (Pty) Ltd (Namibia, 85%)
EL Ramsden Bleskop (Pty) Ltd (South Africa, 67%)
Element Six (Holdings) Limited (Ireland, 51%)
Element Six (Isle of Man) Corporate Trustee Limited (Isle of Man, 85%)
Element Six (Production) (Pty) Ltd (South Africa, 51%)
Element Six (Production) Ltd (United Kingdom, 51%)
Element Six (Pty) Ltd (South Africa, 51%)
Element Six (Trade Marks) (Ireland, 51%)
Element Six (UK) Ltd (United Kingdom, 51%)
Element Six AB (Sweden, 51%)
Element Six Abrasives SA (Luxembourg, 51%)
Element Six Abrasives Treasury Ltd (ESATL2) (Ireland, 51%)
Element Six BV (New NLTEC) (Netherlands, 85%)
Element Six GmbH (DECAR) (Germany, 51%)
Element Six GmbH (DEDOF) (Germany, 51%)
Element Six Hard Materials (Wuxi) Co. Ltd (China, 51%)
Element Six Industrial Diamonds (Suzhou) Ltd (China, 51%)
Element Six Ltd (United Kingdom, 85%)
Element Six Ltd (Hong Kong, 51%)
Element Six Ltd (Ireland, 51%)
Element Six Ltd (Isle of Man, 85%)
Element Six Ltd (Japan, 51%)
Element Six Ltda (Brazil, 51%)
Element Six NV (Netherlands, 85%)
Element Six S.A. (Lux) (Luxembourg, 85%)
Element Six SA (Switz) (Switzerland, 51%)
Element Six South Africa (Pty) Ltd (South Africa, 51%)
Element Six Technologies (Pty) Ltd (South Africa, 85%)
Element Six Technologies Holding Ltd (Malta, 85%)
Element Six Technologies Ltd (Malta, 85%)
Element Six Technologies Ltd (United Kingdom, 85%)
Element Six Technologies sarl (Luxembourg, 85%)
Element Six Technologies U.S. Corporation (USA, 85%)
Element Six Trading (Shanghai) Co. Ltd (SHDOF) (China, 51%)
Element Six Trading (Suzhou) Co. Ltd (China, 51%)
Element Six Treasury Limited (ESTL2-IRE) (Ireland, 85%)
Element Six US Corporation (USA, 51%)
Element Six Ventures Sarl (Luxembourg, 85%)
Erabas B.V (Netherlands, 78%)
Forevermark Diamonds Private Limited (India, 85%)
Forevermark Italy S.R.L (Italy, 85%)
Forevermark KK (Japan, 85%)
Forevermark Limited (United Kingdom, 85%)
Forevermark Limited (Hong Kong, 85%)
Forevermark Marketing Shanghai Co. Ltd (China, 85%)
Forevermark US Inc. (USA, 85%)
Foxleigh Land Pty Ltd (Australia, 70%)
Foxleigh Sales & Marketing Pty Ltd (Australia, 70%)
German Creek Coal Pty Ltd (Australia, 70%)
IIDGR (UK) Limited (United Kingdom, 85%)
Indiapro BV (Netherlands, 51%)
Ingagane Colliery (Pty) Ltd (South Africa, 98%)
International Institute of Diamond Grading & Research Holdings (Luxembourg, 85%)
International Institute of Diamond Grading & Research India Private Limited (India, 85%)
International Institute of Diamond Grading and Research (Belgium) (Belgium, 85%)
International Institute of Diamond Valuation (USA, 85%)
Intersea Pension Services Ltd (Guernsey, 85%)
Kaymin Resources Limited (Canada, 78%)
KIO Exploration Liberia (Luxembourg, 70%)
KIO Investments Holdings (Pty) Ltd (South Africa, 70%)
Kumba BSP Trust (South Africa, 52%)
Kumba International BV (Netherlands, 70%)
Kumba International Trading Sarl (Luxembourg, 51%)
Kumba Iron Ore Holdings (Luxembourg, 52%)
Kumba Iron Ore Limited (South Africa, 70%)
Kumba Singapore (Pte) Ltd (Singapore, 51%)
Lexshell 688 Investments (Pty) Ltd (South Africa, 66%)
Loma de Niquel Holdings Limited (British Virgin Islands, 94%)
Mafube Coal Mining (Pty) Ltd (South Africa, 50%)
Main Street 1252 (Pty) Ltd (South Africa, 63%)
Main Street 576 (Pty) Ltd (South Africa, 70%)
Manganore Iron Mining (Pty) Ltd (South Africa, 52%)
Masa Chrome Company (Pty) Ltd (South Africa, 50%)
Matthey Rustenburg Refiners (Pty) Ltd (South Africa, 78%)
Micawber 146 (Pty) Ltd (South Africa, 78%)
Minera Loma de Níquel (Venezuela, 98%)
Mineração Tariana Ltda. (Brazil, 77%)
Mogalakwena Platinum Limited (South Africa, 78%)
Moranbah North Coal (Sales) Pty Ltd (Australia, 88%)
MR Iron Ore Marketing Services Pte Ltd (Singapore, 50.1%)
Ndowana Exploration (Pty) Ltd (South Africa, 42%)
Newshelf 480 (Pty) Ltd (South Africa, 55%)
Norsand Holdings (Pty) Ltd (South Africa, 78%)
Peruke (Pty) Ltd (South Africa, 51%)
PGI (Hong Kong) (Hong Kong, 78%)
PGI (Shanghai) Co. Limited (China, 78%)
PGI (United Kingdom) Limited (United Kingdom, 78%)
PGI (United States of America) Jewelry Inc. (USA, 78%)
PGI India (India, 78%)
PGI KK (Japan, 78%)
PGI SA (Switzerland, 78%)
PGM Investment Company (Pty) Ltd (South Africa, 78%)
Platinum Guild India OVT Limited (India, 78%)
Platmed Properties (Pty) Ltd (South Africa, 78%)
Platmed (Pty) Ltd (South Africa, 78%)
Ponahalo Investments (Pty) Ltd (South Africa, 0%)(9)
Prime Trading (Proprietary) Limited (Namibia, 85%)
RA Gilbert (Pty) Ltd (South Africa, 78%)
Rainbow Gas and Coal Exploration (Pty) Ltd (Botswana, 51%)
Rietvlei Mining Company (Pty) Ltd (South Africa, 40%)(10)
Riverbank Investments Ltd (United Kingdom, 85%)
Rustenburg Platinum Mines Ltd (South Africa, 78%)
SASA Gold Exploration (Pty) Ltd (South Africa, 63%)
Satijnduiker Holdings BV (Netherlands, 51%)
Scallion (British Virgin Islands, 85%)
Sibelo Resource Development (Pty) Ltd (South Africa, 26%)
Sishen Iron Ore Company (Pty) Ltd (South Africa, 54%)(11)
Spectrem Air Ltd (South Africa, 75%)
Tarmac Oman Minerals LLC (Oman, 99%)
The Diamond Trading Company Ltd England (United Kingdom, 85%)
The Village of Cullinan (Pty) Ltd (South Africa, 63%)
Unki Mines (Private) Limited (Zimbabwe, 78%)
Whiskey Creek Management Services (Pty) Ltd (South Africa, 78%)

See page 168 for footnotes.

Financial statements

ADDITIONAL DISCLOSURES

40. RELATED UNDERTAKINGS OF THE GROUP continued

Joint operations[(1)(2)]

Anglo American SEFA Mining Fund (Pty) Ltd (South Africa, 50%)
Anglo American Sur S.A. (Chile, 50%)
Belcourt Saxon Coal Limited (Canada, 50%)
Belcourt Saxon Coal Limited Partnership (Canada, 50%)
Compania Minera Dona Ines De Collahuasi SCM (Chile, 44%)
Compañía Minera Westwall S.C.M (Chile, 50%)
De Beers Marine Namibia (Pty) Ltd (Namibia, 43%)
Debmarine Namdeb Foundation (Namibia, 43%)
Debswana ART Fund Trust (Botswana, 43%)
Debswana Diamond Company (Pty) Ltd (Botswana, 43%)[(12)]
Diamond Trading Company Botswana (Pty) Ltd (Botswana, 43%)
Exclusive Properties (Pty) Ltd (Namibia, 43%)
Godisa Supplier Development Fund (Pty) Ltd (South Africa, 50%)
HL & H Timber Processors (Pty) Ltd (South Africa, 50%)
Kroondal Unincorporated Joint Venture (South Africa, 50%)
Mafube Coal Mining (Proprietary) Limited (South Africa, 50%)
Marmora Mines and Estates Limited (Namibia, 28%)
Modikwa Mining Personnel Services (Pty) Ltd (South Africa, 50%)
Modikwa Platinum Mine (Pty) Limited (South Africa, 50%)
Modikwa Unincorporated Joint Venture (South Africa, 50%)
Monash Energy Pty Ltd (Australia, 50%)
Morupule Coal Mine Ltd (Botswana, 43%)
Mototolo Holdings (Pty) Ltd (South Africa, 50%)
Mototolo Unincorporated Joint Venture (South Africa, 50%)
Namdeb Diamond Corporation (Pty) Ltd (Namibia, 43%)
Namdeb Holdings (Pty) Ltd (Namibia, 43%)
Namdeb Hospital Pharmacy (Pty) Ltd (Namibia, 43%)
Namdeb Properties (Pty) Ltd (Namibia, 43%)
Namibia Diamond Trading Company (Pty) Ltd (Namibia, 43%)
Oranjemund Private Hospital (Pty) Limited (Namibia, 43%)
Oranjemund Town Management Company (Pty) Ltd (Namibia, 43%)
Phola Coal Processing Plant (Pty) Ltd (South Africa, 37%)
Sesiro Insurance Company (Proprietary) Limited (Botswana, 43%)
Tarmac Zawawi LLC (Oman, 49%)
The Diamond Trust (Botswana, 21%)

Associates[(1)(2)]

AEF Mining Services (Pty) Ltd (South Africa, 25%)
Atlatsa Resources Corporation (Canada, 23%)
AuruMar (Pty) Ltd (South Africa, 43%)
AuruMar SASA Holdings (Pty) Ltd (South Africa, 43%)
Bafokeng-Rasimone Platinum Mine (South Africa, 33%)
Blue Steam Investments (Pty) Ltd (South Africa, 37%)
Boikgantsho Platinum Mine (Pty) Ltd (South Africa, 49%)
Bokoni Platinum Holdings (Pty) Ltd (South Africa, 49%)
Bokoni Platinum Mines (Pty) Ltd (South Africa, 49%)
Bowen Basin Coal (Pty) Ltd (Australia, 23%)
Carbones Del Cerrejón LLC (Anguilla, 33%)
Cerrejon Zona Norte SA (Colombia, 33%)
CMC-Coal Marketing Company Ltd Ireland (Ireland, 33%)
Coal Marketing Company (USA) Inc. (USA, 33%)
Curtis Fitch Limited (United Kingdom, 21%)
Dalrymple Bay Coal Terminal Pty Ltd (Australia, 25%)
DMS Powders (Pty) Ltd (South Africa, 21%)
Elipsis Blue Trading 43 (Pty) Ltd (South Africa, 30%)
Ga-Phasha Platinum Mine (Proprietary) Limited (South Africa, 49%)
GD Empreendimentos Imobiliários S.A. (Brazil, 33%)
Hindustan Diamond Company Pvt Ltd (India, 43%)
Hydrogenious Technologies GmbH (Germany, 27%)
Ikhwezi Fleet Services (Pty) Ltd (South Africa, 30%)
Jellinbah Group Pty Ltd (Australia, 23%)[(13)]
Jellinbah Mining Pty Ltd (Australia, 23%)[(13)]
Jellinbah Resources Pty Ltd (Australia, 23%)[(13)]
JG Land Company Pty Ltd (Australia, 23%)
Kwanda Platinum Mine (Pty) Ltd (South Africa, 49%)
Lake Vermont Marketing Pty Ltd (Australia, 33%)
Lake Vermont Resources Pty Ltd (Australia, 33%)
Lebowa Platinum Mines Ltd (South Africa, 49%)
Lexshell 49 General Trading (Pty) Ltd (South Africa, 35%)
Main Place Holdings (Pty) Ltd (South Africa, 39%)
Pandora Unincorporated Associate (South Africa, 43%)
Peglerae Hospital (Pty) Ltd (South Africa, 40%)
QCMM (Lake Vermont Holdings) Pty Ltd (Australia, 33%)
QCMM Finance Pty Ltd (Australia, 33%)
Richards Bay Coal Terminal (Proprietary) Limited (South Africa, 23%)
Roodepoortjie Resources (Pty) Ltd (South Africa, 25%)
Sheba's Ridge Platinum (Pty) Ltd (South Africa, 35%)
Societe Civille De Prospection De Nickel A Madagascar (Madagascar, 32%)
Spectrem Air (Pty) Ltd (South Africa, 21%)
Synova S.A. (Switzerland, 28%)
Tremell Pty Ltd (Australia, 33%)
Zimshelf Seven Investment Holdings (Pty) Ltd (South Africa, 50%)

Joint ventures[(1)(2)]

Birchall Gardens LLP (United Kingdom, 50%)
Copper Creek Project LLC (USA, 50%)
De Beers Diamond Jewellers (Hong Kong) Limited (Hong Kong, 43%)
De Beers Diamond Jewellers (Macau) Company Limited (Macau, 43%)
De Beers Diamond Jewellers Ltd (United Kingdom, 43%)
De Beers Diamond Jewellers Ltd (Japan) (Japan, 43%)
De Beers Diamond Jewellers Trade Mark Limited (United Kingdom, 43%)
De Beers Diamond Jewellers UK Ltd (United Kingdom, 43%)
De Beers Diamond Jewellers US, Inc (USA, 43%)
De Beers Jewellers Commercial (Shanghai) Co., LTD (China, 43%)
Ebbsfleet Property Limited (United Kingdom, 50%)
Electrolytical Metal Corporation (Pty) Limited (South Africa, 40%)[(13)]
Ferroport Logística Comercial Exportadora S.A. (Brazil, 50%)
Groote Eylandt Mining Company Pty Limited (GEMCO) (Australia, 40%)[(13)]
Guaporé Mineração Ltda. (Brazil, 49%)
Hotazel Manganese Mines (Pty) Ltd (South Africa, 40%)[(13)]
Middelplaats Manganese Limited (South Africa, 40%)[(13)]
Mineração Tanagra Ltda. (Brazil, 49%)
Minphil Exploration Co Inc (Philippines, 40%)
Northern Luzon Exploration & Mining Co Inc (Philippines, 40%)
Northfleet Property LLP (United Kingdom, 50%)
Peo Venture Capital (Pty) Ltd (Botswana, 21%)
Polokwane Iron Ore (Pty) Ltd (South Africa, 52%)
Samancor AG (Switzerland, 40%)[(13)]
Samancor Gabon (Gabon, 40%)[(13)]
Samancor Holdings (Pty) Ltd (South Africa, 40%)[(13)]
Samancor Holdings Proprietary Limited (South Africa, 40%)[(13)]
Samancor Manganese Pty Limited (South Africa, 40%)[(13)]
Swanscombe Developments LLP (United Kingdom, 50%)
Tasmanian Electro Metallurgical Company Pty Limited (TEMCO) (Australia, 40%)[(13)]
Terra Nominees (Pty) Limited (South Africa, 40%)[(13)]

(1) All equity interests shown are ordinary shares.
(2) All entities are indirectly held, unless otherwise stated.
(3) 2% direct holding by Anglo American plc.
(4) 4% direct holding by Anglo American plc.
(5) 100% direct holding by Anglo American plc.
(6) 5% direct holding by Anglo American plc.
(7) The Group's effective interest in Anglo American Platinum Limited is 79.6% (2014: 79.8%), which includes shares issued as part of a community empowerment deal.
(8) A 74% interest in De Beers Consolidated Mines Proprietary Limited (DBCM) is held indirectly through De Beers. The 74% interest represents De Beers' legal ownership share in DBCM. For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity, Ponahalo, which holds the remaining 26%. The Group's effective interest in DBCM is 85%.
(9) Ponahalo Investments (Pty) Ltd is deemed to be controlled due to the financing structure in place and is therefore included as a majority owned subsidiary.
(10) 60% of Rietvlei Mining Company (Pty) Ltd is held by Butsanani Energy Investment Holdings Ltd, in which the Group has an effective interest of 67%. The Group's effective interest in Rietvlei Mining Company Ltd is therefore 40%.
(11) The 73.9% interest in Sishen Iron Ore Company (Proprietary) Limited (SIOC) is held indirectly through Kumba Iron Ore Limited, in which the Group has a 69.7% interest. A further 3.1% interest in SIOC is held by the Kumba Envision Trust for the benefit of participants in Kumba's broad based employee share scheme for non-managerial Historically Disadvantaged South African employees. The Trust meets the definition of a subsidiary under IFRS, and is therefore consolidated by Kumba Iron Ore Limited. Consequently the effective interest in SIOC included in the Group's results is 53.7%.
(12) The 50% interest in Debswana Diamond Company (Proprietary) Limited is held indirectly through De Beers and is consolidated on a 19.2% proportionate basis, reflecting economic interest. The Group's effective interest in Debswana Diamond Company (Proprietary) Limited is 16.3%.
(13) These entities have a 30 June year end.

FINANCIAL STATEMENTS OF THE PARENT COMPANY

Balance sheet of the Company, Anglo American plc, as at 31 December 2015

US$ million	Note	2015	2014
Fixed assets			
Investment in subsidiaries	1	15,125	15,071
Current assets			
Amounts due from subsidiaries		15,067	13,908
Cash at bank and in hand		15	3
		15,082	13,911
Creditors due within one year			
Amounts owed to group undertakings		(231)	(309)
Other creditors		–	(1)
		(231)	(310)
Net current assets		14,851	13,601
Total assets less current liabilities		29,976	28,672
Net assets		29,976	28,672
Capital and reserves			
Called-up share capital	2	772	772
Share premium account	2	4,358	4,358
Capital redemption reserve	2	115	115
Other reserves	2	1,955	1,955
Profit and loss account	2	22,776	21,472
Total shareholders' funds (equity)		29,976	28,672

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 15 February 2016 and signed on its behalf by:

Mark Cutifani
Chief Executive

René Médori
Finance Director

1) Investment in subsidiaries

US$ million	2015	2014
Cost		
At 1 January	15,088	13,295
Capital contributions[(1)]	54	142
Additions	–	1,651
At 31 December	15,142	15,088
Provisions for impairment at 1 January and 31 December	(17)	(17)
Net book value	15,125	15,071

(1) This amount is net of $78 million (2014: $6 million) of intra-group recharges.

Further information about subsidiaries is provided in note 40 to the Consolidated financial statements.

2) Reconciliation of movements in equity shareholders' funds

US$ million	Called-up share capital	Share premium account	Capital redemption reserve	Other reserves[(1)]	Share-based payment reserve	Profit and loss account[(2)]	Total
Balance at 1 January 2014	772	4,358	115	1,955	1	19,941	27,142
Profit for the financial year	–	–	–	–	–	2,019	2,019
Dividends payable to Company shareholders[(3)]	–	–	–	–	–	(620)	(620)
Net purchase of treasury shares under employee share schemes	–	–	–	–	–	(17)	(17)
Capital contribution to Group undertakings	–	–	–	–	–	148	148
Transfer between share-based payment reserve and profit and loss account	–	–	–	–	(1)	1	–
Balance at 1 January 2015	772	4,358	115	1,955	–	21,472	28,672
Profit for the financial year	–	–	–	–	–	1,850	1,850
Dividends payable to Company shareholders[(3)]	–	–	–	–	–	(684)	(684)
Capital contribution to Group undertakings	–	–	–	–	–	132	132
Other	–	–	–	–	–	6	6
Balance at 31 December 2015	772	4,358	115	1,955	–	22,776	29,976

(1) At 31 December 2015 other reserves of $1,955 million (2014: $1,955 million) were not distributable under the Companies Act 2006.
(2) At 31 December 2015 $2,685 million (2014: $2,685 million) of the Company profit and loss account of $22,776 million (2014: $21,472 million) was not distributable under the Companies Act 2006.
(3) Dividends payable relate only to shareholders on the United Kingdom principal register excluding dividends waived by Greenwood Nominees Limited as nominees for Butterfield Trust (Guernsey) Limited, the trustee for the Anglo American employee share scheme. Dividends paid to shareholders on the Johannesburg branch register are distributed by a South African subsidiary in accordance with the terms of the Dividend Access Share Provisions of Anglo American plc's Articles of Association. The directors are proposing no final dividend in respect of the year ended 31 December 2015 (see note 10 of the Consolidated financial statements).

The audit fee in respect of the Company was $10,613 (2014: $7,807). Fees payable to Deloitte for non-audit services to the Company are not required to be disclosed because they are included within the consolidated disclosure in note 33.

3) Accounting policies: Anglo American plc (the Company)

The Company balance sheet and related notes have been prepared under the historical cost convention and in accordance with Financial Reporting Standards 100 *Application of Financial Reporting Requirements* (FRS 100) and 101 *Reduced Disclosure Framework* (FRS 101).

A summary of the principal accounting policies is set out below.

The preparation of financial statements in compliance with FRS 101 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies.

As permitted by section 408 of the Companies Act 2006, the statement of comprehensive income of the Company is not presented as part of these financial statements. The profit after tax for the year of the Company amounted to $1,850 million (2014: $2,019 million).

First time application of FRS 100 and FRS 101

In the current year the Company has adopted FRS 100 and FRS 101. In previous years the financial statements were prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice (UK GAAP)).

The change in the basis of preparation has not materially altered the recognition and measurement requirements previously applied in accordance with UK GAAP. Consequently the principal accounting policies are unchanged from the prior year. The change in basis of preparation has enabled the Company to take advantage of all the available disclosure exemptions permitted by FRS 101 in the financial statements. There have been no other material amendments to the disclosure requirements previously applied in accordance with UK GAAP.

Significant accounting policies

Investments

Investments represent equity holdings in subsidiaries and are measured at cost less accumulated impairment.

Financial Instruments

The Company recognises financial instruments when it becomes a party to the contractual arrangements of the instrument. Financial instruments are de-recognised when they are discharged or when the contractual terms expire.

Dividends

Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

Share-based payments

The Company has applied the requirements of IFRS 2 *Share-based payment*.

The Company makes equity settled share-based payments to the directors, which are measured at fair value at the date of grant and expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest. For those share schemes with market vesting conditions, the fair value is determined using a Monte Carlo model at the grant date. The fair value of share options issued with non-market vesting conditions has been calculated using a Black Scholes model. For all other share awards, the fair value is determined by reference to the market value of the share at the grant date. For all share schemes with non-market vesting conditions, the likelihood of vesting has been taken into account when determining the associated charge. Vesting assumptions are reviewed during each reporting period to ensure they reflect current expectations.

The Company also makes equity settled share-based payments to certain employees of certain subsidiary undertakings. Equity settled share-based payments that are made to employees of the Company's subsidiaries are treated as increases in equity over the vesting period of the award, with a corresponding increase in the Company's investments in subsidiaries, based on an estimate of the number of shares that will eventually vest.

Any payments received from subsidiaries are applied to reduce the related increases in investments in subsidiaries.

Details on the schemes and option pricing models relevant to the charge included in the Company financial statements are set out in note 28 to the Consolidated financial statements of the Group for the year ended 31 December 2015.

SUMMARY BY BUSINESS OPERATION

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

	Revenue[1]		Underlying EBITDA[2]		Underlying EBIT[3]		Underlying earnings	
US$ million	2015	2014	2015	2014	2015	2014	2015	2014
Platinum	4,900	5,396	718	527	263	32	168	25
Mogalakwena	1,092	1,271	496	504	368	371	n/a	n/a
Amandelbult	712	593	97	(37)	36	(96)	n/a	n/a
Other operations	3,096	3,532	177	118	(89)	(185)	n/a	n/a
Projects and corporate	–	–	(52)	(58)	(52)	(58)	n/a	n/a
De Beers	4,671	7,114	990	1,818	571	1,363	258	923
Mining								
Debswana	n/a	n/a	379	604	352	579	n/a	n/a
Namdeb Holdings	n/a	n/a	147	207	120	177	n/a	n/a
South Africa	n/a	n/a	282	344	174	243	n/a	n/a
Canada	n/a	n/a	154	178	65	77	n/a	n/a
Trading	n/a	n/a	107	579	100	572	n/a	n/a
Other[4]	n/a	n/a	(30)	(50)	(191)	(241)	n/a	n/a
Projects and corporate	–	–	(49)	(44)	(49)	(44)	n/a	n/a
Copper	3,539	4,827	942	1,902	228	1,193	67	493
Los Bronces	1,852	2,497	622	1,173	240	822	n/a	n/a
Collahuasi	971	1,311	381	707	167	495	77	207
Other operations	716	1,019	55	138	(63)	(8)	n/a	n/a
Projects and corporate	–	–	(116)	(116)	(116)	(116)	(89)	(84)
Nickel	146	142	(3)	28	(22)	21	(19)	6
Codemin	100	142	20	43	12	37	10	23
Loma de Níquel	–	–	3	22	3	22	3	22
Barro Alto	46	–	(14)	(25)	(25)	(26)	(21)	(25)
Projects and corporate	–	–	(12)	(12)	(12)	(12)	(11)	(14)
Niobium and Phosphates[5]	544	666	146	152	119	124	48	65
Niobium	111	180	40	75	33	69	7	31
Phosphates	433	486	111	88	91	66	45	39
Projects and corporate	–	–	(5)	(11)	(5)	(11)	(4)	(5)
Iron Ore and Manganese	3,390	5,176	1,026	2,286	671	1,957	98	717
Kumba Iron Ore	2,876	4,388	1,011	2,162	739	1,911	280[6]	747[6]
Iron Ore Brazil	–	–	(20)	(29)	(21)	(34)	(61)	(32)
Samancor	514	788	104	251	22	178	(54)	78
Projects and corporate	–	–	(69)	(98)	(69)	(98)	(67)[6]	(76)[6]
Coal	4,888	5,808	1,046	1,207	457	458	292	296
Australia and Canada	2,374	2,970	586	543	190	(1)	123	(30)
South Africa	1,893	2,083	345	463	230	350	174	271
Colombia	621	755	168	255	90	163	44	105
Projects and corporate	–	–	(53)	(54)	(53)	(54)	(49)	(50)
Corporate and other	925	1,859	(11)	(88)	(64)	(215)	(85)	(308)
Other Mining and Industrial	921	1,854	110	162	64	62	52	44
Exploration	–	–	(152)	(180)	(154)	(181)	(142)	(163)
Corporate activities and unallocated costs	4	5	31	(70)	26	(96)	5	(189)
	23,003	30,988	4,854	7,832	2,223	4,933	827	2,217

[1] Revenue includes the Group's attributable share of associates' and joint ventures' revenue. Revenue for copper is shown after deduction of treatment and refining charges (TC/RCs).
[2] Underlying EBITDA is underlying EBIT before depreciation and amortisation in subsidiaries and joint operations and includes the Group's attributable share of associates' and joint ventures' underlying EBITDA.
[3] Underlying EBIT is operating profit before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' underlying EBIT.
[4] Other includes Element Six, downstream activities and the purchase price allocation (PPA) adjustment.
[5] Niobium and Phosphates are now aggregated, having previously been presented separately. Refer to note 3 of the Consolidated financial statements.
[6] Of the projects and corporate expense, which includes a corporate cost allocation, $42 million (2014: $54 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is $238 million (2014: $693 million).

KEY FINANCIAL DATA

US$ million (unless otherwise stated)	2015	2014	2013	2012 restated[(1)]	2011	2010	2009	2008	2007	2006[(2)]
Income statement measures										
Group revenue including associates and joint ventures	**23,003**	30,988	33,063	32,785	36,548	32,929	24,637	32,964	30,559	29,404
Underlying EBIT[(3)]	**2,223**	4,933	6,620	6,253	11,095	9,763	4,957	10,085	9,590	8,888
Underlying EBITDA[(4)]	**4,854**	7,832	9,520	8,860	13,348	11,983	6,930	11,847	12,132	12,197
Group revenue (statutory measure)	**20,455**	27,073	29,342	28,680	30,580	27,960	20,858	26,311	25,470	24,991
Net finance costs (before special items and remeasurements)	**(458)**	(256)	(276)	(299)	(20)	(244)	(273)	(452)	(137)	(110)
(Loss)/profit before tax	**(5,454)**	(259)	1,700	(171)	10,782	10,928	4,029	8,571	8,821	8,443
(Loss)/profit for the financial year	**(5,842)**	(1,524)	426	(564)	7,922	8,119	2,912	6,120	8,172	6,922
Non-controlling interests	**218**	(989)	(1,387)	(906)	(1,753)	(1,575)	(487)	(905)	(868)	(736)
(Loss)/profit attributable to equity shareholders of the Company	**(5,624)**	(2,513)	(961)	(1,470)	6,169	6,544	2,425	5,215	7,304	6,186
Underlying earnings[(5)]	**827**	2,217	2,673	2,860	6,120	4,976	2,569	5,237	5,761	5,471
Balance sheet measures										
Total capital employed[(6)]	**32,842**	43,782	46,551	49,757	41,667	42,135	36,623	29,808	24,401	28,285
Net assets	**21,342**	32,177	37,364	43,738	43,189	37,971	28,069	21,756	24,330	27,127
Non-controlling interests	**(4,773)**	(5,760)	(5,693)	(6,127)	(4,097)	(3,732)	(1,948)	(1,535)	(1,869)	(2,856)
Equity attributable to equity shareholders of the Company	**16,569**	26,417	31,671	37,611	39,092	34,239	26,121	20,221	22,461	24,271
Cash flow measures										
Cash flow from operations	**4,240**	6,949	7,729	7,370	11,498	9,924	4,904	9,579	9,845	10,057
Capital expenditure[(7)]	**(4,177)**	(6,018)	(6,075)	(5,947)	(5,672)	(4,902)	(4,707)	(5,282)	(4,002)	(3,575)
Net debt[(8)]	**(12,901)**	(12,871)	(10,652)	(8,510)	(1,374)	(7,384)	(11,280)	(11,340)	(4,851)	(3,131)
Metrics and ratios										
Underlying earnings per share (US$)	**0.64**	1.73	2.09	2.28	5.06	4.13	2.14	4.36	4.40	3.73
(Loss)/earnings per share (statutory basis) (US$)	**(4.36)**	(1.96)	(0.75)	(1.17)	5.10	5.43	2.02	4.34	5.58	4.21
Ordinary dividend per share (US cents)	**32**	85	85	85	74	65	–	44	124	108
Ordinary dividend cover (based on underlying earnings per share)	**2.0**	2.0	2.5	2.7	6.8	6.4	–	9.9	3.5	3.5
Underlying EBIT margin	**9.7%**	15.9%	20.0%	19.1%	30.4%	29.6%	20.1%	30.6%	28.4%	25.4%
Underlying EBIT interest cover[(9)]	**10.1**	30.1	35.8	36.8	n/a	34.2	19.6	24.1	33.2	33.2
Effective tax rate[(10)]	**31.0%**	29.8%	32.0%	29.0%	28.3%	31.9%	33.1%	33.4%	31.8%	33.0%
Gearing (net debt to total capital)[(11)]	**37.7%**	28.6%	22.2%	16.3%	3.1%	16.3%	28.7%	34.3%	16.6%	10.3%

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

EXCHANGE RATES AND COMMODITY PRICES

US$ exchange rates	2015	2014
Year end spot rates		
South African rand	15.47	11.57
Brazilian real	3.96	2.66
Sterling	0.68	0.64
Australian dollar	1.37	1.22
Euro	0.92	0.82
Chilean peso	709	607
Botswana pula	11.25	9.51
Average rates for the year		
South African rand	12.78	10.85
Brazilian real	3.34	2.35
Sterling	0.65	0.61
Australian dollar	1.33	1.11
Euro	0.90	0.75
Chilean peso	655	571
Botswana pula	10.12	8.97

Commodity prices		2015	2014
Year end spot prices			
Platinum[1]	US$/oz	868	1,206
Palladium[1]	US$/oz	555	811
Rhodium[2]	US$/oz	644	1,230
Copper[3]	US cents/lb	213	288
Nickel[3]	US cents/lb	393	677
Iron ore (62% Fe CFR)[4]	US$/tonne	43	72
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	46	82
Thermal coal (FOB South Africa)[6]	US$/tonne	49	66
Thermal coal (FOB Australia)[7]	US$/tonne	50	65
Hard coking coal (FOB Australia)[8]	US$/tonne	89	119
Average market prices for the year			
Platinum[1]	US$/oz	1,051	1,385
Palladium[1]	US$/oz	691	803
Rhodium[2]	US$/oz	932	1,173
Copper[3]	US cents/lb	249	311
Nickel[3]	US cents/lb	536	765
Iron ore (62% Fe CFR)[4]	US$/tonne	56	97
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	67	112
Thermal coal (FOB South Africa)[6]	US$/tonne	57	72
Thermal coal (FOB Australia)[7]	US$/tonne	59	71
Hard coking coal (FOB Australia)[9]	US$/tonne	102	125

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

INTRODUCTION

The Ore Reserve and Mineral Resource estimates presented in this Annual Report are prepared in accordance with the Anglo American plc (AA 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 (the JORC Code) be used as a minimum standard. Some Anglo American plc subsidiaries have a primary listing in South Africa where public reporting is carried out in accordance with the South African Code for Reporting of Exploration Results, Mineral Resources and Mineral Reserves (the SAMREC Code). The SAMREC Code is similar to the JORC Code and the Ore Reserve and Mineral Resource terminology appearing in this section follows the definitions in both the JORC (2012) and SAMREC (2007 Edition as amended July 2009) Codes. Ore Reserves in the context of this Annual Report have the same meaning as 'Mineral Reserves' as defined by the SAMREC Code and the CIM (Canadian Institute of Mining and Metallurgy) Definition Standards on Mineral Resources and Mineral Reserves.

The information on Ore Reserves and Mineral Resources was prepared by or under the supervision of Competent Persons as defined in the JORC or SAMREC Codes. All Competent Persons have sufficient experience relevant to the style of mineralisation and type of deposit under consideration and to the activity which they are undertaking. All the Competent Persons consent to the inclusion in this report of the information in the form and context in which it appears. The names of the Competent Persons (CPs) along with their Recognised Professional Organisation (RPO) affiliation and years of relevant experience are listed in the Ore Reserve and Mineral Resource Report 2015.

Anglo American Group companies are subject to a comprehensive programme of reviews aimed at providing assurance in respect of Ore Reserve and Mineral Resource estimates. The reviews are conducted by suitably qualified Competent Persons from within the Anglo American Group, or by independent consultants. The frequency and depth of the reviews is a function of the perceived risks and/or uncertainties associated with a particular Ore Reserve and Mineral Resource. The overall value of the entity and time that has lapsed since an independent third-party review is also considered. Those operations/projects that were subjected to independent third-party reviews during the year are indicated in footnotes to the tables.

The JORC and SAMREC Codes require due consideration of reasonable prospects for eventual economic extraction for Mineral Resource definition. 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. The calculation of Mineral Resource and Ore Reserve estimates are based on long-term prices determined at the beginning of the second quarter each year. Ore Reserves are dynamic and are more likely to be affected by fluctuations in the prices of commodities, uncertainties in production costs, processing costs and other mining, infrastructure, legal, environmental, social and governmental factors which may impact the financial condition and prospects of the Group. Mineral Resource estimates also change and tend to be influenced mostly by new information pertaining to the understanding of the deposit and secondly by the conversion to Ore Reserves. Unless otherwise stated, Mineral Resources are additional to (exclusive of) those resources converted to Ore Reserves and are reported on a dry tonnes basis.

The appropriate Mineral Resource classification is determined by the appointed Competent (or Qualified) Persons. The choice of appropriate category of Mineral Resource depends upon the quantity, distribution and quality of geoscientific information available and the level of confidence in these data.

The detailed Ore Reserve and Mineral Resource estimates, Reserve and Resource Reconciliation Overview, Definitions and Glossary are contained in the separate Ore Reserves and Mineral Resources Report 2015 which is available in the Reporting Centre on the Anglo American website.

To accommodate the various factors that are important in the development of a classified Mineral Resource estimate, a scorecard approach is generally used. Mineral Resource classification defines the confidence associated with different parts of the Mineral Resource. The confidence that is assigned refers collectively to the reliability of the Grade and Tonnage estimates. This reliability includes consideration for the fidelity of the base data, the geological continuity predicated by the level of understanding of the geology, the likely precision of the estimated grades and understanding of grade variability, as well as various other factors (in particular density) that may influence the confidence that can be placed on the Mineral Resource. Most business units have developed commodity-specific scorecard-based approaches to the classification of their Mineral Resources.

The estimates of Ore Reserves and Mineral Resources are stated as at 31 December 2015. The figures in the tables have been rounded and, if used to derive totals and averages, minor differences with stated results could occur.

The Ore Reserves and Mineral Resources Report 2015, of which this section of the Annual Report is a summary, should be considered the only valid source of Ore Reserve and Mineral Resource information for the Anglo American group exclusive of Kumba Iron Ore and Anglo American Platinum Limited which publish their own independent annual reports.

It is accepted that mine design and planning may include some Inferred Mineral Resources. Inferred Mineral Resources in the Life of Mine Plan (LOM Plan) are described as 'Inferred (in LOM Plan)' separately from the remaining Inferred Mineral Resources described as 'Inferred (ex. LOM Plan)', as required. These resources are declared without application of any modifying factors. Reserve Life reflects the scheduled extraction period in years for the total Ore Reserves in the approved Life of Mine Plan.

The Ownership (Attributable) Percentage that Anglo American holds in each operation and project is presented beside the name of each entity. Operations and projects which fall below the internal threshold for reporting (25% attributable interest) are excluded from the Ore Reserves and Mineral Resources estimates.

In South Africa, the Minerals and Petroleum Resources Development Act, Number 28 of 2002 (MPRDA) was implemented on 1 May 2004 (subsequently amended by the Minerals and Petroleum Resources Development Amendment Act 49 of 2008) effectively transferred custodianship of the previously privately held mineral rights to the State.

A Prospecting Right is a right issued in terms of the MPRDA that is valid for up to five years, with the possibility of a further extension of three years.

A Mining Right is a right issued in terms of the MPRDA and is valid for up to 30 years, with the possibility of a further extension of 30 years. The Minister of Mineral Resources will grant a renewal of the Mining Right if the terms and conditions of the Mining Right have been complied with and the applicant is not in contravention of any relevant provisions of the MPRDA.

In preparing the Ore Reserve and Mineral Resource statement for South African assets, Anglo American plc has adopted the following reporting principles in respect of Prospecting Rights and Mining Rights:

- Where applications for Mining Rights and Prospecting Rights have been submitted and these are still being processed by the relevant regulatory authorities, the relevant Ore Reserves and Mineral Resources have been included in the statement.
- Where applications for Mining Rights and Prospecting Rights have been initially refused by the regulatory authorities, but are the subject of ongoing legal process and discussions with the relevant authorities and where Anglo American plc has reasonable expectations that the Prospecting Rights will be granted in due course, the relevant Mineral Resources have been included in the statement (any associated comments appear in the footnotes).

ESTIMATED ORE RESERVES[1]

as at 31 December 2015

Detailed Proved and Probable estimates appear on the referenced pages in the Ore Reserves and Mineral Resources Report 2015.

					Proved + Probable		
PLATINUM[2] OPERATIONS (See page 10 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)	Contained Metal (4E Moz)	ROM Tonnes (Mt)	Grade (4E g/t)
Merensky Reef		78.0	UG	n/a	11.1	73.1	4.71
UG2 Reef			UG		52.4	408.4	3.99
Platreef			OP		116.0	1,295.8	2.79
Main Sulphide Zone			UG		5.1	47.7	3.34
DIAMOND[3] OPERATIONS – DBCi (See page 14 in R&R Report for details)		Ownership %	Mining Method	LOM[4] (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Snap Lake	Kimberlite	85.0	UG	15	7.2	5.7	126.0
Victor	Kimberlite	85.0	OP	3	0.7	4.3	16.8
DIAMOND[3] OPERATIONS – DBCM (See page 16 in R&R Report for details)		Ownership %	Mining Method	LOM[4] (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Venetia (OP)	Kimberlite	62.9	OP	31	28.7	25.8	111.3
Venetia (UG)	Kimberlite		UG		71.8	92.9	77.2
Voorspoed	Kimberlite	62.9	OP	6	1.1	5.6	19.4
DIAMOND[3] OPERATIONS – Debswana (See pages 18–19 in R&R Report for details)		Ownership %	Mining Method	LOM[4] (years)	Saleable Carats (Mct)	Treated Tonnes (Mt)	Recovered Grade (cpht)
Damtshaa	Kimberlite	42.5	OP	17	4.7	25.1	18.7
Jwaneng	Kimberlite	42.5	OP	20	149.2	113.0	132.0
Letlhakane	Kimberlite	42.5	OP	2	0.1	0.5	17.2
	TMR			24	8.5	34.9	24.2
Orapa	Kimberlite	42.5	OP	14	151.4	171.9	88.0
DIAMOND[3] OPERATIONS – Namdeb (See page 20 in R&R Report for details)		Ownership %	Mining Method	LOM[4] (years)	Saleable Carats (kct)	Treated Tonnes (kt)	Recovered Grade (cpht)
Elizabeth Bay	Aeolian and Marine	42.5	OC	4	152	2,280	6.67
Mining Area 1	Beaches	42.5	OC	20	129	3,337	3.87
Orange River	Fluvial Placers	42.5	OC	8	272	28,901	0.94
					Saleable Carats (kct)	Area (k m^2)	Recovered Grade (cpm^2)
Atlantic 1	Marine Placers	42.5	MM	20	3,933	43,866	0.09
COPPER OPERATIONS (See page 22 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)	Contained Copper (kt)	ROM Tonnes (Mt)	Grade (%TCu)[5]
Collahuasi	Heap Leach	44.0	OP	70	204	30.0	0.68
	Flotation – direct feed				20,569	1,965.2	1.05
	Flotation – low grade stockpile				5,563	1,127.6	0.49
El Soldado	Flotation	50.1	OP	12	728	88.8	0.82
Los Bronces	Flotation	50.1	OP	25	7,006	1,210.1	0.58
	Dump Leach				1,272	387.5	0.33
NICKEL OPERATIONS (See page 25 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)	Contained Nickel (kt)	ROM Tonnes (Mt)	Grade (%Ni)
Barro Alto	Saprolite	100	OP	20	529	35.5	1.49
Niquelândia	Saprolite	100	OP	23	104	8.3	1.25
NIOBIUM OPERATIONS (See page 26 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)	Contained Product (kt)	ROM Tonnes (Mt)	Grade (%Nb_2O_5)
Boa Vista	Oxide	100	OP	2	6	0.6	0.87
	Fresh Rock		OP	16	230	26.0	0.89
Tailings	Phosphate Tailings	100		16	118	17.1	0.69
PHOSPHATE OPERATIONS (See page 28 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)		ROM Tonnes (Mt)	Grade (%P_2O_5)
Chapadão	Oxide	100	OP	35		214.1	12.5
KUMBA IRON ORE OPERATIONS (See page 30 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)		Saleable Product (Mt)	Grade (%Fe)
Kolomela	Hematite	51.5	OP	21		212	64.3
Sishen	Hematite	51.5	OP	15		496	65.1
Thabazimbi	Hematite	51.5	OP	1		1	63.4
IRON ORE BRAZIL OPERATIONS (See page 32 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)		Saleable Product[6] (Mt)	Grade[6] (%Fe)
Serra do Sapo	Friable Itabirite and Hematite	100	OP	45		678	67.5
	Itabirite		OP			566	67.5
SAMANCOR MANGANESE OPERATIONS (See page 33 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)		ROM Tonnes (Mt)	Grade (%Mn)
GEMCO[7]	ROM + Sand Tailings	40.0	OP	9		84.9	44.3
Mamatwan		29.6	OP	17		58.3	37.3
Wessels		29.6	UG	49		73.4	42.2

Estimated Ore Reserves continued

COAL OPERATIONS – Australia (See page 34 & 38 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)	Proved + Probable Saleable Tonnes[8] (Mt)	Saleable Quality
Callide	Thermal – Domestic	100	OC	30	194.3	4,440 kcal/kg
Capcoal (OC)*	Metallurgical – Coking	77.6	OC	17	31.7	5.5 CSN
	Metallurgical – Other				46.6	6,830 kcal/kg
	Thermal – Export				8.2	6,190 kcal/kg
Capcoal (UG)*	Metallurgical – Coking	70.0	UG	3	17.4	8.5 CSN
Dawson	Metallurgical – Coking	51.0	OC	13	45.8	7.5 CSN
	Thermal – Export				38.8	6,530 kcal/kg
Drayton	Thermal – Export	88.2	OC	1	1.8	6,400 kcal/kg
Foxleigh	Metallurgical – Other	70.0	OC	13	13.9	7,040 kcal/kg
Moranbah North	Metallurgical – Coking	88.0	UG	16	94.6	8.0 CSN
Grosvenor	Metallurgical – Coking	100	UG	28	130.4	8.5 CSN
COAL OPERATIONS– Canada (See page 34 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)	Saleable Tonnes[8] (Mt)	Saleable Quality
Trend	Metallurgical – Coking	100	OC	7	8.3	7.0 CSN
Roman Mountain	Metallurgical – Coking	100	OC	15	25.8	7.0 CSN
COAL OPERATIONS – Colombia (See page 35 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)	Saleable Tonnes[8] (Mt)	Saleable Quality
Cerrejón	Thermal – Export	33.3	OC	16	611.0	6,090 kcal/kg
COAL OPERATIONS – South Africa (See page 35 in R&R Report for details)		Ownership %	Mining Method	Reserve Life[4] (years)	Saleable Tonnes[8] (Mt)	Saleable Quality
Goedehoop	Thermal – Export	100	UG	11	28.3	6,010 kcal/kg
Greenside	Thermal – Export	100	UG	12	35.1	6,060 kcal/kg
Isibonelo	Synfuel	100	OC	12	53.9	4,690 kcal/kg
Kleinkopje	Thermal – Export	100	OC	9	13.3	6,210 kcal/kg
	Thermal – Domestic				3.1	4,630 kcal/kg
Kriel	Thermal – Domestic	73.0	UG&OC	5	20.9	4,850 kcal/kg
Landau	Thermal – Export	100	OC	8	10.9	6,210 kcal/kg
	Thermal – Domestic				6.3	4,750 kcal/kg
Mafube	Thermal – Export	50.0	OC	18	53.1	6,050 kcal/kg
	Thermal – Domestic				22.8	5,070 kcal/kg
New Denmark	Thermal – Domestic	100	UG	24	104.5	4,940 kcal/kg
New Vaal	Thermal – Domestic	100	OC	16	252.2	3,660 kcal/kg
Zibulo	Thermal – Export	73.0	UG&OC	20	51.1	6,100 kcal/kg
	Thermal – Domestic				16.2	4,830 kcal/kg

Mining method: OP = Open Pit, UG = Underground, OC = Open Cast/Cut, MM = Marine Mining. TMR = Tailings Mineral Resource. Operations = Mines in steady-state or in ramp-up phase.

* Capcoal comprises opencast operations at Lake Lindsay and Oak Park, with an underground longwall operation at Grasstree.

(1) Estimated Ore Reserves are the sum of Proved and Probable Ore Reserves (on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves unless otherwise stated). Please refer to the detailed Ore Reserve estimates tables in the AA plc R&R Report for the individual Proved and Probable Reserve estimates. The Ore Reserve estimates are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012) as a minimum standard. Ore Reserve estimates for operations in South Africa are reported in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2007 Edition as amended July 2009). The figures reported represent 100% of the Ore Reserves. Anglo American plc ownership is stated separately. Rounding of figures may cause computational discrepancies.

(2) Estimates reported represent 100% of the Ore Reserves attributable to Anglo American Platinum unless otherwise noted. Details of the individual operations appear in the Anglo American Platinum Annual Report.
4E is the sum of Platinum, Palladium, Rhodium and Gold.

(3) DBCi = De Beers Canada, DBCM = De Beers Consolidated Mines, Debswana = Debswana Diamond Company, Namdeb = Namdeb Holdings.
k¢ = thousand carats. M¢ = million carats. k m^2 = thousand square metres.
Grade is quoted as carats per hundred metric tonnes (cpht) or as carats per square meter (cpm^2).
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). Specific BCO's applied to derive estimates are included in the detailed Diamond Reserve tables in the AA plc R&R Report.
Snap Lake and Damtshaa have been placed on Care & Maintenance.

(4) Reserve Life = The scheduled extraction period in years for the total Ore Reserves in the approved Life of Mine Plan.
LOM = Life of Mine (years) is based on scheduled Probable Reserves including some Inferred Resources considered for Life of Mine planning.

(5) TCu = Total Copper.

(6) Saleable Product tonnes are on a wet basis (average moisture content is 9.0 wt% of the wet mass) with quality stated on a dry basis.

(7) GEMCO Manganese grades are given as per washed ore samples and should be read together with their respective yields, see page 33 in the AA plc R&R Report.

(8) Total Saleable Tonnes represents the product tonnes produced quoted as metric tonnes on a Product moisture basis. 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. CV is rounded to the nearest 10 kcal/kg and CSN to the nearest 0.5 index.
Metallurgical – Coking: High-, medium- or low-volatile semi-soft, soft or hard coking coal primarily for blending and use in the steel industry.
Metallurgical – Other: Semi-soft, soft, hard, semi-hard or anthracite coal, other than Coking Coal, such as pulverized coal injection (PCI) or other general metallurgical coal for the export or domestic market with a wider range of properties than Coking Coal.
Thermal – Export: Low- to high-volatile thermal coal primarily for export in the use of power generation; quality measured by calorific value (CV).
Thermal – Domestic: Low- to high-volatile thermal coal primarily for domestic consumption for power generation.
Synfuel: Coal specifically for the domestic production of synthetic fuel and chemicals.
Peace River Coal (Trend and Roman Mountain Mines) has been placed on Care & Maintenance.

ESTIMATED MINERAL RESOURCES[1]

as at 31 December 2015

Detailed Measured, Indicated and Inferred estimates appear on the referenced pages in the Ore Reserves and Mineral Resources Report 2015.

				Measured + Indicated			Total Inferred[2]		
PLATINUM[3] OPERATIONS (See page 11 in R&R Report for details)		Ownership %	Mining Method	Contained Metal (4E Moz)	Tonnes (Mt)	Grade (4E g/t)	Contained Metal (4E Moz)	Tonnes (Mt)	Grade (4E g/t)
Merensky Reef		78.0	UG	102.5	587.2	5.43	89.0	557.7	4.96
UG2 Reef			UG	229.9	1,373.0	5.21	97.2	551.7	5.48
Platreef			OP	102.0	1,318.4	2.41	63.1	1,095.1	1.79
Main Sulphide Zone			UG	18.7	138.6	4.19	6.7	48.6	4.30
DIAMOND[4] OPERATIONS – DBCi (See page 14 in R&R Report for details)		Ownership %	Mining Method	Carats (Mct)	Tonnes (Mt)	Grade (cpht)	Carats (Mct)	Tonnes (Mt)	Grade (cpht)
Snap Lake	Kimberlite	85.0	UG	7.3	4.1	177.9	29.4	16.6	176.7
Victor	Kimberlite	85.0	OP	0.1	0.4	23.8	0.6	2.8	22.8
DIAMOND[4] OPERATIONS – DBCM (See page 16 in R&R Report for details)		Ownership %	Mining Method	Carats (Mct)	Tonnes (Mt)	Grade (cpht)	Carats (Mct)	Tonnes (Mt)	Grade (cpht)
Namaqualand	Beach Placers	62.9	OC	0.8	12.7	6.5	0.6	39.5	1.4
Venetia (OP)	Kimberlite	62.9	OP	0.1	0.1	148.6	3.4	20.3	16.9
Venetia (UG)	Kimberlite		UG	–	–	–	59.6	69.9	85.3
Voorspoed	Kimberlite	62.9	OP	0.5	1.7	26.9	3.5	18.2	19.4
DIAMOND[4] OPERATIONS – Debswana (See pages 18–19 in R&R Report for details)		Ownership %	Mining Method	Carats (Mct)	Tonnes (Mt)	Grade (cpht)	Carats (Mct)	Tonnes (Mt)	Grade (cpht)
Damtshaa	Kimberlite	42.5	OP	1.1	4.3	25.0	5.0	19.0	26.2
Jwaneng	Kimberlite	42.5	OP	138.8	129.5	107.2	68.7	85.7	80.3
	TMR			–	–	–	16.5	35.8	46.0
Letlhakane	Kimberlite	42.5	OP	6.4	19.6	32.3	0.6	2.9	21.6
	TMR			–	–	–	14.1	53.6	26.3
Orapa	Kimberlite	42.5	OP	298.8	292.4	102.2	66.2	77.6	85.3
DIAMOND[4] OPERATIONS – Namdeb (See pages 20–21 in R&R Report for details)		Ownership %	Mining Method	Carats (kct)	Tonnes (kt)	Grade (cpht)	Carats (kct)	Tonnes (kt)	Grade (cpht)
Bogenfels	Pocket Beach/Deflation	42.5	OC	–	–	–	752	10,955	6.86
Douglas Bay	Aeolian/Deflation	42.5	OC	160	2,269	7.05	1	127	0.79
Elizabeth Bay	Aeolian/Marine/Deflation	42.5	OC	199	3,188	6.24	2,869	42,829	6.70
Mining Area 1	Beaches	42.5	OC	255	25,890	0.98	3,100	192,578	1.61
Orange River	Fluvial Placers	42.5	OC	180	68,204	0.26	177	47,554	0.37
				Carats (kct)	Area (km^2)	Grade (cpm^2)	Carats (kct)	Area (km^2)	Grade (cpm^2)
Atlantic 1	Marine Placers	42.5	MM	7,302	108,175	0.07	88,226	1,080,989	0.08
COPPER OPERATIONS (See page 23 in R&R Report for details)		Ownership %	Mining Method	Contained Copper (kt)	Tonnes (Mt)	Grade (%TCu)[5]	Contained Copper (kt)	Tonnes (Mt)	Grade (%TCu)[5]
Collahuasi	Heap Leach	44.0	OP	359	53.3	0.67	136	25.2	0.54
	Flotation – direct feed			13,069	1,464.0	0.89	32,502	3,397.2	0.96
	Flotation – low grade stockpile			1,836	462.0	0.40	6,568	1,453.5	0.45
El Soldado	Flotation	50.1	OP	758	127.7	0.59	88	18.4	0.48
Los Bronces	Flotation	50.1	OP	10,718	2,527.5	0.42	6,350	1,639.3	0.39
	Dump Leach			–	–	–	129	46.1	0.28
NICKEL OPERATIONS (See page 25 in R&R Report for details)		Ownership %	Mining Method	Contained Nickel (kt)	Tonnes (Mt)	Grade (%Ni)	Contained Nickel (kt)	Tonnes (Mt)	Grade (%Ni)
Barro Alto	Saprolite	100	OP	347	27.1	1.28	533	39.0	1.37
	Ferruginous Laterite			83	6.8	1.22	24	2.0	1.21
Niquelândia	Saprolite	100	OP	32	2.5	1.27	–	–	–
NIOBIUM OPERATIONS (See page 26 in R&R Report for details)		Ownership %	Mining Method	Contained Product (kt)	Tonnes (Mt)	Grade (%Nb_2O_5)	Contained Product (kt)	Tonnes (Mt)	Grade (%Nb_2O_5)
Boa Vista	Oxide	100	OP	–	–	–	11	1.3	0.83
	Fresh Rock	100	OP	17	1.8	0.91	140	13.3	1.05
PHOSPHATE OPERATIONS (See page 28 in R&R Report for details)		Ownership %	Mining Method		Tonnes (Mt)	Grade (%P_2O_5)		Tonnes (Mt)	Grade (%P_2O_5)
Chapadão	Oxide	100	OP		30.1	13.2		105.6	10.4
KUMBA IRON ORE OPERATIONS (See page 30 for details)		Ownership %	Mining Method		Tonnes (Mt)	Grade (%Fe)		Tonnes (Mt)	Grade (%Fe)
Kolomela	Hematite	51.5	OP		90.2	61.6		98.1	63.8
Sishen	Hematite	51.5	OP		425.6	61.0		106.9	57.0
Thabazimbi	Hematite	51.5	OP		8.0	62.3		0.4	58.9
IRON ORE BRAZIL OPERATIONS (See page 32 in R&R Report for details)		Ownership %	Mining Method		Tonnes[6] (Mt)	Grade[6] (%Fe)		Tonnes[6] (Mt)	Grade[6] (%Fe)
Serra do Sapo	Friable Itabirite and Hematite	100	OP		409.4	32.5		96.0	35.7
	Itabirite				1,441.6	30.8		556.6	31.1

Estimated Mineral Resources continued

SAMANCOR MANGANESE OPERATIONS (See page 33 in R&R Report for details)		Ownership %	Mining Method	Measured + Indicated Tonnes (Mt)	Measured + Indicated Grade (%Mn)	Total Inferred[2] Tonnes (Mt)	Total Inferred[2] Grade (%Mn)
GEMCO[7][8]	ROM + Sand Tailings	40.0	OP	142.9	42.7	36.8	41.2
Mamatwan[7]		29.6	OP	101.9	35.1	0.4	35.0
Wessels[7]		29.6	UG	143.6	42.5	–	–

COAL OPERATIONS – Australia (See page 36 & 38 in R&R Report for details)	Ownership %	Mining Method	MTIS[9] (Mt)	Coal Quality (kcal/kg)	MTIS[9] (Mt)	Coal Quality (kcal/kg)
Callide	100	OC	262.2	4,890	77.6	4,700
Capcoal (OC)*	77.6	OC	166.3	6,920	197.3	6,840
Capcoal (UG)*	70.0	UG	90.4	6,730	6.3	6,470
Dawson	51.0	OC	353.9	6,770	207.9	6,730
Drayton	88.2	OC	–	–	0.0	5,640
Foxleigh	70.0	OC	2.7	7,240	32.5	7,090
Moranbah North	88.0	UG	72.0	6,670	2.2	6,710
Grosvenor	100	UG	194.4	6,580	37.3	6,650

COAL OPERATIONS – Canada (See page 36 in R&R Report for details)	Ownership %	Mining Method	MTIS[9] (Mt)	Coal Quality (kcal/kg)	MTIS[9] (Mt)	Coal Quality (kcal/kg)
Trend	100	OC	26.5	6,980	2.6	6,370
Roman Mountain	100	OC	4.3	7,910	2.2	7,950

COAL OPERATIONS – Colombia (See pages 37 in R&R Report for details)	Ownership %	Mining Method	MTIS[9] (Mt)	Coal Quality (kcal/kg)	MTIS[9] (Mt)	Coal Quality (kcal/kg)
Cerrejón	33.3	OC	3,447.8	6,560	791.9	6,560

COAL OPERATIONS – South Africa (See pages 37 in R&R Report for details)	Ownership %	Mining Method	MTIS[9] (Mt)	Coal Quality (kcal/kg)	MTIS[9] (Mt)	Coal Quality (kcal/kg)
Goedehoop	100	UG	197.8	5,350	7.9	4,770
Greenside	100	UG	20.3	5,630	0.5	5,390
Isibonelo	100	OC	16.8	5,400	–	–
Kleinkopje	100	OC	28.6	5,010	–	–
Kriel	73.0	UG&OC	99.4	4,850	–	–
Landau	100	OC	84.9	5,230	18.1	5,500
Mafube	50.0	OC	50.1	5,190	2.1	4,770
New Denmark	100	UG	70.3	5,790	–	–
Zibulo	73.0	UG&OC	324.7	4,980	197.5	4,770

Mining method: OP = Open Pit, UG = Underground, OC = Open Cast/Cut, MM = Marine Mining. TMR = Tailings Mineral Resource. Operations = Mines in steady-state or in ramp-up phase.
Tonnes = *In Situ* tonnes.

* Capcoal comprises opencast operations at Lake Lindsay and Oak Park, with an underground longwall operation at Grasstree.

(1) Estimated Mineral Resources are presented on an exclusive basis, i.e. Mineral Resources are reported as additional to Ore Reserves unless otherwise stated. Please refer to the detailed Mineral Resource estimates tables in the AA plc R&R Report for the detailed Measured, Indicated and Inferred Resource estimates. The Mineral Resource estimates are reported in accordance with the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (The JORC Code, 2012) as a minimum standard. The Mineral Resource estimates for operations in South Africa are reported in accordance with The South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (The SAMREC Code, 2007 Edition as amended July 2009). The figures reported represent 100% of the Mineral Resources. Anglo American plc ownership is stated separately. Rounding of figures may cause computational discrepancies.

(2) Total Inferred is the sum of 'Inferred (in LOM Plan)', the Inferred Resources within the scheduled Life of Mine Plan (LOM Plan) and 'Inferred (ex. LOM Plan)', the portion of Inferred Resources with reasonable prospects for eventual economic extraction not considered in the Life of Mine Plan (LOM Plan) as relevant.

(3) The figures reported represent 100% of the Mineral Resources attributable to Anglo American Platinum unless otherwise noted. Details of the individual operations appear in the Anglo American Platinum Annual Report. Merensky Reef and UG2 Reef Mineral Resources are estimated over a practical minimum mining width suitable for the deposit (the 'Resource Cut'). The 'Resource Cut' width takes cognisance of the mining method and geotechnical aspects in the hangingwall or footwall of the reef.
4E is the sum of Platinum, Palladium, Rhodium and Gold.

(4) DBCi = De Beers Canada, DBCM = De Beers Consolidated Mines, Debswana = Debswana Diamond Company, Namdeb = Namdeb Holdings.
Estimated Diamond Resources are presented on an exclusive basis, i.e. Diamond Resources are quoted as additional to Diamond Reserves.
k¢ = thousand carats. M¢ = million carats. k m^2 = thousand square metres.
Grade is quoted as carats per hundred metric tonnes (cpht) or as carats per square meter (cpm^2).
Reported Diamond Resources 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). Specific BCO's applied to derive estimates are included in the detailed Diamond Resource tables in the AA plc R&R Report.

(5) TCu = Total Copper.

(6) Tonnes and grades are on a dry basis.

(7) Mineral Resources are quoted as inclusive of those used to calculate Ore Reserves and must not be added to the Ore Reserves.

(8) GEMCO Manganese grades are given as per washed ore samples and should be read together with their respective yields, see page 33 in the AA plc R&R Report.

(9) Coal Resources are quoted on a Mineable Tonnes *In Situ* (MTIS) basis in million tonnes, which are in addition to those Coal Resources that have been modified to produce the reported Coal Reserves. Coal Resources are reported on an *in situ* moisture basis. The coal quality for Coal Resources is quoted on an *in situ* heat content as kilo-calories per kilogram (kcal/kg), representing Calorific Value (CV) on a Gross As Received (GAR) basis. CV is rounded to the nearest 10 kcal/kg.

GLOSSARY OF TERMS AND PERFORMANCE MEASURES

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.

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.

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.

Mineral Resources
A 'Mineral Resource' is a concentration or occurrence of solid material of economic interest in or on the Earth's crust in such form, grade (or quality), and quantity that there are reasonable prospects for eventual economic extraction. The location, quantity, grade (or quality), continuity and other geological characteristics of a Mineral Resource are known, estimated or interpreted from specific geological evidence and knowledge, including sampling. Mineral Resources are sub-divided, in order of increasing geological confidence, into Inferred, Indicated and Measured categories.

A 'Measured Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape, and physical characteristics are estimated with confidence sufficient to allow the application of Modifying Factors to support detailed mine planning and final evaluation of the economic viability of the deposit. Geological evidence is derived from detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to confirm geological and grade (or quality) continuity between points of observation where data and samples are gathered.

A Measured Mineral Resource has a higher level of confidence than that applying to either an Indicated Mineral Resource or an Inferred Mineral Resource. It may be converted to a Proved Ore Reserve or under certain circumstances to a Probable Ore Reserve.

An 'Indicated Mineral Resource' is that part of a Mineral Resource for which quantity, grade (or quality), densities, shape and physical characteristics are estimated with sufficient confidence to allow the application of Modifying Factors in sufficient detail to support mine planning and evaluation of the economic viability of the deposit. Geological evidence is derived from adequately detailed and reliable exploration, sampling and testing gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes, and is sufficient to assume geological and grade (or quality) continuity between points of observation where data and samples are gathered.

An Indicated Mineral Resource has a lower level of confidence than that applying to a Measured Mineral Resource and may only be converted to a Probable Ore Reserve.

An 'Inferred Mineral Resource' is that part of a Mineral Resource for which quantity and grade (or quality) are estimated on the basis of limited geological evidence and sampling. Geological evidence is sufficient to imply but not verify geological and grade (or quality) continuity. It is based on exploration, sampling and testing information gathered through appropriate techniques from locations such as outcrops, trenches, pits, workings and drill holes.

An Inferred Mineral Resource has a lower level of confidence than that applying to an Indicated Mineral Resource and must not be converted to an Ore Reserve. It is reasonably expected that the majority of Inferred Mineral Resources could be upgraded to Indicated Mineral Resources with continued exploration.

Life of Mine Plan (LOM Plan)
A design and costing study of an existing operation in which appropriate assessments have been made of realistically assumed geological, mining, metallurgical, economic, marketing, legal, environmental, social, governmental, engineering, operational and all other Modifying Factors, which are considered in sufficient detail to demonstrate at the time of reporting that extraction is reasonably justified.

Reserve Life
The scheduled extraction period in years for the total Ore Reserves in the approved LOM Plan.

Inferred (in LOM Plan)
Inferred Resources within the scheduled LOM Plan.

Inferred (ex. LOM Plan)
The portion of Inferred Resources with reasonable prospects for eventual economic extraction not considered in the LOM Plan.

Throughout this report a number of financial and non-financial measures are used to assess the Group's performance. The measures are defined as follows:

Underlying EBIT
Underlying EBIT is operating profit presented before special items and remeasurements and includes the Group's attributable share of associates' and joint ventures' underlying EBIT. Underlying EBIT of associates and joint ventures is the Group's attributable share of associates' and joint ventures' revenue less operating costs before special items and remeasurements of associates and joint ventures. See notes 3 and 5 to the financial statements for underlying EBIT.

Underlying earnings
Underlying earnings is an alternative earnings measure, which the directors consider to be a useful additional measure of the Group's performance. Underlying earnings is profit for the financial year attributable to equity shareholders of the Company before special items and remeasurements and is therefore presented after net finance costs, income tax expense and non-controlling interests. See note 9 to the financial statements for the basis of calculation of underlying earnings. See note 6 to the financial statements for the definition of special items and remeasurements.

Net debt
Net debt includes related hedges and net debt in disposal groups. See note 23 to the financial statements.

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.

Underlying EBITDA
Underlying EBITDA is underlying EBIT before depreciation and amortisation in subsidiaries and joint operations and includes the Group's attributable share of associates' and joint ventures' underlying EBIT before depreciation and amortisation. EBITDA, as presented in the net debt table on page 38 of this report excludes the Group's attributable share of associates' and joint ventures' EBITDA.

Copper equivalent production
Copper equivalent production, expressed as copper equivalent tonnes, is a metric used to show changes in underlying production volume. Each commodity's volumes are expressed as revenue, and then converted into a copper equivalent volume by dividing revenue by copper price (per tonne). The prices used for conversion by Anglo American are based on long term consensus prices/Fx. When aggregated, these give the Group's production expressed in units of copper equivalent. Production volumes considered include both equity and purchased volumes (e.g. platinum concentrate from joint operation partners), as well as volumes from mines in pre-commercial production. Thabazimbi (iron ore) and domestic thermal coal production is excluded. Copper equivalent production has been normalised for the disposal of AA Norte.

Copper equivalent unit costs
Copper equivalent unit costs divide the gross costs associated with unit costs, by relevant copper equivalent volume. Only own equity volumes (and costs) are considered. Thabazimbi (iron ore) and domestic thermal coal production is excluded, as are operations not in commercial production.

Fatal-injury frequency rate (FIFR)
FIFR is the number of employee or contractor fatal injuries due to all causes per 200,000 hours worked.

Lost time injury frequency rate (LTIFR)
LTIFR is the number of lost time injuries (LTIs) for both employees and contractors per 200,000 hours worked. An LTI is a work related injury resulting in the person being unable to attend work or perform the routine functions of his/her job, on the next calendar day after the day of the injury, whether a scheduled workday or not. Restricted work cases are therefore counted as LTIs.

Total recordable case frequency rate (TRCFR)
TRCFR is the number of fatal injuries, lost time injuries and medical treatment cases for both employees and contractors per 200,000 hours.

New cases of occupational disease (NCOD)
NCOD is the sum of occupational diseases due to asbestosis, noise-induced hearing loss, silicosis, coal-workers' pneumoconiosis, chronic obstructive airways disease, occupational tuberculosis, occupational asthma, hand/arm vibration syndrome, musculoskeletal disorders, dermatitis, occupational cancers and other occupational diseases.

Total energy consumed
Total amount of energy consumed is the sum of total energy from electricity purchased, total energy from fossil fuels and total energy from renewable fuels and is measured in million gigajoules (GJ).

Total new water consumed
Total amount of water used is the total new or make-up water entering the operation and used for the operation's primary operational activities and is measured in million m^3.

Return on capital employed (ROCE)

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

Attributable ROCE

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

The previous ROCE measure, used to track the *Driving Value* programme, incorporated a number of adjustments, principally to reverse the impact of certain impairments and acquisition fair value adjustments. The new attributable ROCE measure has been developed to allow a clearer link to the published financial statements. Comparatives have been restated to align with the current year presentation, and capital employed by segment is disclosed in note 3 to the Consolidated financial statements.

US$ billion	2015	2014	2013	2012
Attributable EBIT(1)	**1.6**	3.4	4.4	4.1
Average attributable capital employed	**32.6**	38.7	41.5	40.0
Attributable ROCE	**5%**	9%	10%	10%

(1) For periods of less than one year EBIT for the period is annualised, with the exception of De Beers which is based on the last 12 months of performance due to seasonal sales and EBIT profile.

Driving Value ROCE

Driving Value ROCE is an adjusted measure of Attributable ROCE for the measurement of 2014 LTIP only. It is calculated using Attributable ROCE based on realised prices and foreign exchange rates and includes the following adjustments:

- Impairments announced after 10 December 2013 are added back to total capital employed (unless the impairment resulted from the asset being taken out of service).
- Earnings and return impacts from impairments (due to reduced depreciation or amortisation expense) are excluded from underlying EBIT.
- The De Beers fair value uplift which resulted from the revaluing upward of Anglo American plc's pre-existing 45% share in De Beers is removed from opening 2012 capital employed onwards.
- Structural adjustments for the De Beers acquisition assuming ownership of 85% of De Beers from 1 January 2012 (actual acquisition date: 16 August 2012) and disposals from Anglo American Sur assuming ownership of 50.1% from the start of 2012 (actual disposal date: 23 August 2012) have been included.

ROCE used for LTIP metrics

50% of the Executives' annual LTIP award is predicated upon the achievement of ROCE targets over a three year performance period. The target range for the 2014 LTIP award, 12-16%, was based on '*Driving Value* ROCE at achieved prices', set at a level designed to support the aspiration of achieving a ROCE of 15% by the end of 2016. Although the subsequent steep decline in prices since that award has made the target range very stretching, it is not intended that the LTIP outcomes will be adjusted for the impact of prices. In 2015 *Driving Value* ROCE at achieved prices was 4%.

The target range for the 2015 LTIP award was set at 10–14%(1), consistent with the lower commodity price expectations at the time. In order to provide a clearer link to the financial statements for investors and participants, the simplified Attributable ROCE, as set out above, will be used for the 2015 LTIP award onwards. The original range of 10–14% will be adjusted for impairments taken after 31 December 2014 until 31 December 2017 and will be restated at the point of vesting to assess performance. 2015 Attributable ROCE was 5%.

The range for 2016 LTIP has been increased to reflect the volatility Anglo American experiences due to commodity price and foreign exchange movements. It has been set at 5–15%. Given the announced portfolio review, the ranges for all LTIP awards will be restated in the year of vesting, for changes to the portfolio that take place between setting the target and assessing performance.

(1) Initial target set at 9–13% for *Driving Value* ROCE, subsequently updated to 10-14% for Attributable ROCE. The two targets are identical on a like-for-like basis.

PRODUCTION STATISTICS

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 Collahuasi in the Copper segment and De Beers' joint ventures which are quoted on a 100% basis.

	2015	2014
Platinum		
Refined production		
Platinum (troy oz)	2,458,800	1,889,500
Palladium (troy oz)	1,594,900	1,225,400
Rhodium (troy oz)	305,200	229,400
Copper refined (tonnes)(1)	16,800	12,500
Copper matte (tonnes)(1)	300	6,200
Nickel refined (tonnes)(1)	25,400	20,500
Nickel matte (tonnes)(1)	400	7,700
Gold (troy oz)	113,000	95,600
Produced ounces		
Platinum (troy oz)	2,337,300	1,869,900
4E built-up head grade (g/tonne milled)(2)	3.23	3.00
De Beers		
Carats recovered 100% basis		
Orapa	9,877,000	12,074,000
Letlhakane	506,000	548,000
Damtshaa	221,000	303,000
Jwaneng	9,764,000	11,312,000
Debswana	20,368,000	24,237,000
Namdeb	494,000	613,000
Debmarine Namibia	1,270,000	1,273,000
Namdeb Holdings	1,764,000	1,886,000
Kimberley	837,000	722,000
Venetia	3,132,000	3,201,000
Voorspoed	704,000	711,000
DBCM	4,673,000	4,634,000
Snap Lake	1,243,000	1,201,000
Victor	644,000	647,000
De Beers Canada	1,887,000	1,848,000
Total carats recovered	28,692,000	32,605,000
Copper (tonnes) on a contained metal basis unless stated otherwise(3)		
Collahuasi		
100% basis (Anglo American share 44%)		
Ore mined	79,573,500	65,845,300
Ore processed – Oxide	4,653,900	6,657,500
Ore processed – Sulphide	43,790,600	48,936,100
Ore grade processed – Oxide (% ASCu)(4)	0.63	0.72
Ore grade processed – Sulphide (% TCu)(5)	1.15	1.08
Production – Copper cathode	22,200	25,000
Production – Copper in concentrate	433,100	445,400
Total copper production for Collahuasi	455,300	470,400
Anglo American's share of copper production for Collahuasi(6)	200,300	207,000
Anglo American Sur		
Los Bronces mine(7)		
Ore mined	50,258,500	57,666,200
Marginal ore mined	39,252,600	26,236,100
Ore processed – Sulphide	45,396,900	54,147,700
Ore grade processed – Sulphide (% TCu)	0.92	0.78
Production – Copper cathode	35,000	36,200
Production – Copper in concentrate	366,700	368,300
Production total	401,700	404,500
El Soldado mine(7)		
Ore mined	5,208,100	3,118,400
Ore processed – Sulphide	5,965,400	7,203,600
Ore grade processed – Sulphide (% TCu)	0.77	0.58
Production – Copper cathode	200	1,200
Production – Copper in concentrate	35,800	31,200
Production total	36,000	32,400
Chagres Smelter(7)		
Ore smelted	149,100	132,100
Production	145,100	128,500
Total copper production for Anglo American Sur	437,700	436,900

(1) Nickel and copper refined through third parties is 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.
(3) Excludes Anglo American Platinum's copper production.
(4) ASCu = acid soluble copper.
(5) TCu = total copper.
(6) Anglo American's share of Collahuasi production is 44%.
(7) Anglo American ownership interest of Anglo American Sur is 50.1%. Production is stated at 100% as Anglo American consolidates Anglo American Sur.

	2015	2014
Copper (tonnes) (continued)		
Anglo American Norte		
Mantos Blancos mine		
Ore processed – Sulphide	2,835,500	4,402,400
Ore grade processed – Sulphide (% TCu)	0.76	0.69
Production – Copper cathode	20,400	26,700
Production – Copper in concentrate	18,100	25,700
Production total	38,500	52,400
Mantoverde mine		
Ore processed – Oxide	6,605,300	10,312,800
Ore processed – Marginal ore	5,944,800	8,646,100
Ore grade processed – Oxide (% ASCu)	0.52	0.48
Ore grade processed – Marginal ore (% ASCu)	0.21	0.23
Production – Copper cathode	32,300	51,800
Total copper production for Anglo American Norte	70,800	104,200
Total Copper segment copper production	963,800	1,011,500
Total Attributable copper production[(1)]	708,800	748,100
Total Attributable payable copper production	686,900	725,900
Attributable sales volumes	705,600	755,100
Total Attributable payable sales volumes	683,500	732,600
Third party sales – Mantos Copper[(2)]	41,400	–
Nickel (tonnes) unless stated otherwise[(3)]		
Barro Alto		
Ore mined	2,943,600	2,510,400
Ore processed	1,472,800	1,827,400
Ore grade processed – %Ni	1.78	1.81
Production	21,300	28,300
Codemin		
Ore mined	8,600	6,800
Ore processed	591,100	593,600
Ore grade processed – %Ni	1.69	1.67
Production	9,000	8,900
Total Nickel segment nickel production	30,300	37,200
Sales volumes	32,000	36,100
Niobium and Phosphates[(4)]		
Niobium (tonnes) unless otherwise stated		
Ore mined	2,131,700	985,900
Ore processed	2,231,300	1,084,000
Ore grade processed – %Nb	0.96	1.04
Production	6,300	4,700
Sales volumes	5,100	4,600
Phosphates (tonnes) unless otherwise stated		
Concentrate	1,341,400	1,415,700
Concentrate grade – %P_2O_5	36.8	37.0
Phosphoric acid	265,100	295,000
Fertiliser	1,110,800	1,112,500
High analysis fertiliser	172,700	184,700
Low analysis fertiliser	938,100	927,700
Dicalcium phosphate (DCP)	147,300	164,100
Fertiliser sales volumes	1,060,100	1,096,600
Iron Ore and Manganese (tonnes)		
Kumba Iron Ore		
Lump	29,003,100	31,268,800
Fines	15,875,100	16,927,700
Total Kumba production	44,878,200	48,196,500
Sishen	31,392,800	35,540,600
Kolomela	12,054,400	11,568,100
Thabazimbi	1,431,000	1,087,800
Total Kumba production	44,878,200	48,196,500
Kumba sales volume		
RSA export iron ore	43,560,000	40,467,700
RSA domestic iron ore	4,276,800	4,819,800
Minas-Rio		
Pellet feed (wmt)	9,174,200	687,700
Minas-Rio sales volumes		
Export – pellet feed (wmt)	8,467,600	239,600
Samancor		
Manganese ore[(5)]	3,111,600	3,308,600
Manganese alloys[(5)(6)]	213,600	286,100
Samancor sales volume		
Manganese ore	3,084,700	3,382,100
Manganese alloys	203,300	294,800

(1) Difference between total copper production and attributable copper production arises from Anglo American's 44% interest in Collahuasi.
(2) Relates to sales made on behalf of Mantos Copper (previously Mantos Blancos and Mantoverde mines).
(3) Excludes Anglo American Platinum's nickel production.
(4) Refer to note 3 of the Consolidated financial statements for changes in reporting segments.
(5) Saleable production.
(6) Production includes medium carbon ferro-manganese.

	2015	2014
Coal (tonnes)		
Australia		
Metallurgical – Export Coking	15,907,900	13,442,300
Metallurgical – Export PCI	5,300,300	5,990,800
Production total	21,208,200	19,433,100
Thermal – Export	5,280,500	5,173,900
Thermal – Domestic	7,051,600	7,114,600
Production total	12,332,100	12,288,500
Canada		
Metallurgical – Export Coking	–	1,393,600
Metallurgical – Export PCI	–	79,000
Production total	–	1,472,600
South Africa		
Thermal – Export	17,403,600	18,213,100
Thermal – Domestic (Eskom)	26,021,200	30,988,500
Thermal – Domestic (Non-Eskom)	6,843,900	6,594,900
Production total	50,268,700	55,796,500
Colombia		
Thermal – Export	11,074,300	11,227,000
Production total	11,074,300	11,227,000
Total Metallurgical coal production	21,208,200	20,905,700
Total Export Thermal coal production	33,758,400	34,614,000
Total Domestic Thermal coal production	39,916,700	44,698,000
Total Coal production	94,883,300	100,217,700
Weighted average achieved US$/t FOB prices		
Australia and Canada		
Metallurgical – Export[1]	90	111
Thermal – Export	55	72
Thermal – Domestic	28	35
South Africa		
Thermal – Export	55	70
Thermal – Domestic	19	19
Colombia		
Thermal – Export	55	67
Sales volumes		
Australia and Canada		
Metallurgical – Export[2]	21,093,400	20,568,200
Thermal – Export	5,904,200	5,966,200
Thermal – Domestic	7,049,300	7,293,100
South Africa		
Thermal – Export	19,919,800	17,572,800
Thermal – Domestic	31,691,600	37,217,300
Colombia		
Thermal – Export	11,189,300	11,314,000
Coal by mine (tonnes)		
Australia		
Callide	7,930,400	7,557,000
Capcoal (incl. Grasstree)	8,689,700	7,642,800
Dawson	4,314,500	4,240,200
Drayton	2,122,000	3,104,800
Foxleigh	1,860,600	2,034,500
Grosvenor	499,800	–
Jellinbah	3,201,500	2,923,700
Moranbah North	4,921,800	4,218,600
Production total	33,540,300	31,721,600
Canada		
Peace River Coal	–	1,472,600
Production total	–	1,472,600
South Africa		
Goedehoop	4,287,200	4,771,600
Greenside	3,876,600	3,624,100
Isibonelo	4,531,800	5,262,600
Kleinkopje	3,152,300	3,911,800
Kriel	6,158,200	6,878,100
Landau	4,268,700	4,178,400
Mafube	1,442,500	1,675,400
New Denmark	2,838,300	3,767,900
New Vaal	14,148,100	16,672,800
Zibulo	5,565,000	5,053,800
Production total	50,268,700	55,796,500
Colombia		
Carbones del Cerrejón	11,074,300	11,227,000
Production total	11,074,300	11,227,000
Total Coal production	94,883,300	100,217,700

[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.

QUARTERLY PRODUCTION STATISTICS

					Quarter ended	% Change (Quarter ended)	
	31 December 2015	30 September 2015	30 June 2015	31 March 2015	31 December 2014	31 December 2015 v 30 September 2015	31 December 2015 v 31 December 2014
Platinum							
Platinum (troy oz)	744,900	610,900	560,600	542,400	573,700	22%	30%
Palladium (troy oz)	468,400	390,700	387,700	348,100	357,700	20%	31%
Rhodium (troy oz)	85,700	77,600	76,900	65,000	71,700	10%	20%
Copper refined (tonnes)	4,700	4,200	4,000	3,900	2,600	12%	81%
Copper matte (tonnes)	–	–	–	300	1,400	0%	(100)%
Nickel refined (tonnes)	7,300	6,400	6,000	5,700	4,800	14%	52%
Nickel matte (tonnes)	–	–	–	400	1,800	0%	(100)%
Gold (troy oz)	29,500	23,000	30,400	30,100	28,900	28%	2%
Produced ounces platinum (troy oz)	598,000	614,300	580,900	544,100	602,900	(3)%	(1)%
De Beers (diamonds recovered – carats)							
100% basis							
Diamonds	7,052,000	6,012,000	7,963,000	7,665,000	8,366,000	17%	(16)%
Copper (tonnes)[(1)(2)]	181,400	171,100	184,500	171,800	174,800	6%	4%
Nickel (tonnes)[(3)]	10,500	6,800	6,300	6,700	6,700	54%	57%
Niobium and Phosphates							
Niobium (tonnes)	1,600	1,800	1,600	1,300	1,300	(11)%	23%
Phosphates (tonnes)							
Concentrate	355,700	363,100	303,300	319,300	355,600	(2)%	0%
Phosphoric Acid	63,900	75,600	62,400	63,200	78,600	(15)%	(19)%
Fertiliser	303,400	294,400	274,200	238,800	284,900	3%	6%
Dicalcium phosphate (DCP)	38,700	33,700	38,700	36,200	44,800	15%	(14)%
Iron Ore and Manganese (tonnes)							
Iron ore – Kumba	10,935,200	11,390,900	10,384,700	12,167,400	12,431,600	(4)%	(12)%
Iron ore – Minas-Rio	3,252,500	2,918,800	1,826,200	1,176,700	687,700	11%	373%
Manganese ore[(4)]	596,000	923,200	805,700	786,700	882,100	(35)%	(32)%
Manganese alloys[(4)(5)]	43,500	43,700	53,600	72,800	80,400	0%	(46)%
Coal (tonnes)							
Australia							
Metallurgical – Export	5,484,300	5,475,500	5,252,600	4,995,700	4,760,200	0%	15%
Thermal – Export	1,154,300	1,366,400	1,326,600	1,433,200	1,871,600	(16)%	(38)%
Thermal – Domestic	1,978,800	1,800,500	1,622,400	1,649,900	1,966,300	10%	1%
Canada							
Metallurgical – Export	–	–	–	–	171,400	(100)%	(100)%
South Africa							
Thermal – Export	3,878,000	4,887,200	4,296,700	4,341,700	4,782,800	(21)%	(19)%
Thermal – Domestic (Eskom)	5,533,500	6,763,000	6,774,000	6,950,700	7,434,600	(18)%	(26)%
Thermal – Domestic (Non-Eskom)	1,821,500	1,730,400	1,590,000	1,702,000	1,761,400	5%	3%
Colombia							
Thermal – Export	2,628,100	2,526,800	2,944,400	2,975,000	3,002,300	4%	(12)%

(1) Excludes Anglo American Platinum's copper production.
(2) Copper segment attributable production.
(3) Excludes Anglo American Platinum's nickel production.
(4) Saleable production.
(5) Production includes medium carbon ferro-manganese.

NON-FINANCIAL DATA

	2015	2014	2013	2012	2011
Safety[1]					
Work-related fatalities	**6**	6	15	13	17
Fatal-injury frequency rate (FIFR)[2]	**0.004**	0.003	0.008	0.007	0.009
Total recordable case frequency rate (TRCFR)[2]	**0.93**	0.80	1.08	1.29	2.01
Lost time injury frequency rate (LTIFR)[2]	**0.47**	0.35	0.49	0.58	0.64
Occupational health[1]					
New cases of occupational disease (NCOD)[2]	**163**	175	209	174	197
Occupational disease incidence rate (per 200,000 hours) (ODIR)	**0.177**	0.175	0.217	0.185	0.205
Environment[1]					
Total CO_2 emissions (Mt CO_2e)	**18**	17	17	18	19
Total energy consumed (million GJ)[2]	**106**	108	106	113	102
Total new water consumed (million m^3)[2]	**222**	196	201	156	124
Human Resources[1][3]					
Women in management (%)[4]	**25**	24	23	23	22
Historically Disadvantaged South Africans in management (%)[5]	**60**	60	64	62	51
Resignations (%)[6]	**1.9**	2.0	2.0	2.4	2.7
Redundancies (%)[7]	**3.5**	0.9	4.1	0.6	1.4
Dismissals (%)[8]	**1.4**	1.0	1.5	1.4	1.1
Other reasons for leaving (%)[9]	**4.2**	1.9	2.7	2.4	0.3
Social[1]					
CSI spend (total in US$ million)[10]	**124**	136	127	146	129
CSI spend (% of underlying EBIT)[10]	**6**	3	2	3	1
Procurement: BEE spend (rand billion)	**36.3**	39.3	32.4	25.8	23.3
Businesses supported through enterprise development initiatives	**62,661**	58,257	48,111	40,217	38,681
Jobs created/maintained through enterprise development programmes	**108,423**	96,873	76,543	64,927	47,070

(1) The data includes wholly owned subsidiaries and joint ventures over which Anglo American has management control, and does not include independently managed operations such as Collahuasi, Carbones del Cerrejón and Samancor. De Beers data included from September 2012. Divested businesses are included up until the point of divestment.
(2) See page 181 for definitions.
(3) Excludes Other Mining and Industrial.
(4) Women in management is the number of female managers as a percentage of all managers in the workforce excluding contractors.
(5) Historically Disadvantaged South Africans in management is the percentage of managers at Anglo American in South Africa who are 'Historically Disadvantaged South Africans'.
(6) The number of people who resigned as a percentage of the total workforce excluding contractors.
(7) The number of people who have been retrenched as a percentage of total workforce excluding contractors.
(8) The number of people who have been dismissed or have resigned to avoid dismissal, as a percentage of total workforce excluding contractors.
(9) The number of people who left for reasons other than those shown above, for example retirement, ill health and death, as a percentage of total workforce excluding contractors.
(10) CSI spend is the sum of donations for charitable purposes and community investment (which includes cash and in-kind donations and staff time) as well as investments in commercial initiatives with public benefit (such as enterprise development). Included within the CSI expenditure figure for 2015 is expenditure relating to Zimele ($15.9 million, 2014: $10.1 million).

THE BUSINESS – AN OVERVIEW
as at 31 December 2015

Platinum
Overall ownership: **78%**[1]

100% owned

South Africa
Bathopele Mine
Thembelani Mine
Siphumelele Mine
Tumela Mine
Dishaba Mine
Mogalakwena Mine
Western Limb Tailings Retreatment
Waterval Smelter (including converting process)
Mortimer Smelter
Polokwane Smelter
Rustenburg Base Metals Refinery
Precious Metals Refinery
Twickenham Mine

Zimbabwe
Unki Mine

Other interests

South Africa	
Union Section	85%
Masa Chrome Company	50.1%

Joint operations or sharing agreements	
Modikwa Platinum Joint Operation	50%
Kroondal Pooling and Sharing Agreement	50%
Mototolo Joint Operation	50%

Associates	
Bokoni	49%
Pandora	42.5%
Bafokeng-Rasimone	33%
Atlatsa Resources Corporation	23%
Johnson Matthey Fuel Cells	17.5%

South Africa – other	
Wesizwe Platinum Limited	13%
Royal Bafokeng Platinum Limited	11.6%

De Beers
Overall ownership: **85%**

100% owned

South Africa
De Beers Group Services (Exploration and Services)
De Beers Marine

Synthetic Diamond Supermaterials
Element Six Technologies

Canada
De Beers Canada
Snap Lake
Victor

Sales
De Beers Global Sightholder Sales
Auction Sales

Brands
Forevermark

Other interests

South Africa	
De Beers Consolidated Mines[2]	74%
Venetia	
Voorspoed	
Kimberley	
De Beers Sightholder Sales South Africa	

Botswana	
Debswana[4]	50%
Damtshaa	
Jwaneng	
Orapa	
Letlhakane	

Canada	
De Beers Canada	
Gahcho Kué	51%

Namibia	
Namdeb Holdings[3]	50%
Namdeb Diamond Corporation	
Mining Area 1	
Orange River	
Elizabeth Bay	
Alluvial Contractors	
Debmarine Namibia	
Atlantic 1	

Sales	
DTC Botswana	50%
Namibia DTC	50%

Synthetic Diamond Supermaterials	
Element Six Abrasives	60%

Brands	
De Beers Diamond Jewellers	50%

Copper
Overall ownership: **100%**

Chile	
Chagres	50.1%
El Soldado	50.1%
Los Bronces	50.1%
Collahuasi	44%

Peru	
Quellaveco	81.9%

Nickel
Overall ownership: **100%**

100% owned

Brazil
Codemin
Barro Alto

(1) The Group's effective interest in Anglo American Platinum is 79.8%, which includes shares issued as part of a community empowerment deal.
(2) The 74% interest in De Beers Consolidated Mines (DBCM) is held indirectly through De Beers Société Anonyme (De Beers). The 74% interest represents De Beers' legal ownership share in DBCM. For accounting purposes De Beers consolidates 100% of DBCM as it is deemed to control the BEE entity which holds the remaining 26%. The Group's effective interest in DBCM is 85%.
(3) The 50% interest in Namdeb Holdings is held indirectly through De Beers. The Group's effective interest in Namdeb Holdings is 42.5%.
(4) The 50% interest in Debswana is held indirectly through De Beers. The Group's effective interest in Debswana is 16.3%.

Niobium and Phosphates

100% owned
Brazil
Anglo American Nióbio Brasil Limitada
Anglo American Fosfatos Brasil Limitada

Iron Ore and Manganese

Kumba Iron Ore (South Africa)	69.7%
Sishen Iron Ore Company[1] (South Africa)	73.9%
Minas-Rio (Brazil)	100%
Ferroport (Brazil)[2]	50%
Samancor (South Africa and Australia)	40%

Coal

100% owned
Australia
Callide
Grosvenor
Monash Energy Holdings Ltd
Canada
Peace River Coal
South Africa
Goedehoop
Greenside
Isibonelo
Kleinkopje
Landau
New Denmark
New Vaal

Other interests	
Australia	
Capcoal	70%
Dartbrook	83.3%
Dawson	51%
Drayton	88.2%
Foxleigh	70%
Moranbah North	88%
Jellinbah	23.3%
Australia – other	
Dalrymple Bay Coal Terminal Pty Ltd	25.4%
Newcastle Coal Shippers Pty Ltd	17.6%
MBD Energy Ltd	19.2%
South Africa	
Mafube	50%
Phola plant	50%
Kriel[3]	73%
Zibulo[3]	73%
South Africa – other	
Richards Bay Coal Terminal	23.2%
Colombia	
Carbones del Cerrejón	33.3%

Corporate and other

100% owned
Vergelegen (South Africa)

Other interests	
Aggregates and building materials	
Exxaro Resources (southern Africa and Australia)	9.8%

(1) The 73.9% interest in Sishen Iron Ore Company (SIOC) is held indirectly through Kumba Iron Ore, in which the Group has a 69.7% interest. A further 3.1% interest in SIOC is held by the Kumba Envision Trust for the benefit of participants in Kumba's broad based employee share scheme for non-managerial Historically Disadvantaged South African employees. The Trust meets the definition of a subsidiary under IFRS, and is therefore consolidated by Kumba Iron Ore. Consequently the effective interest in SIOC included in the Group's results is 53.7%.
(2) Ferroport owns and operates the iron ore handling and shipping facilities at the port of Açu which is currently under construction (formerly referred to as LLX Minas-Rio).
(3) Kriel and Zibulo form part of the Anglo American Inyosi Coal Black Economic Empowerment (BEE) company of which Anglo American owns 73%.

DIRECTORS' REPORT

This section includes certain disclosures which are required by law to be included in the Directors' Report.

In accordance with the Companies Act 2006, the following items have been reported in other sections of the Annual Report and are included in this Directors' Report by reference:

- Details of the directors of the Company can be found on pages 66–68
- Directors' interests in shares at 31 December 2015 and any changes thereafter can be found on page 103 of the Directors' remuneration report
- Post-balance sheet events are set out in note 36 to the financial statements on page 156
- The Strategic Report on pages 2–64 gives a fair review of the business and an indication of likely future developments
- Details of the Group's governance arrangements and its compliance with the Code can be found on pages 65–108
- Comprehensive details of the Group's approach to financial risk management are given in note 38 to the financial statements on page 157
- The Group's disclosure of its greenhouse gas emissions can be found on page 35.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Group financial review on pages 36–39. Further details of our policy on financial risk management are set out in note 38 to the financial statements. The Group's net debt at 31 December 2015 was $12.9 billion (2014: $12.9 billion), representing a gearing level of 37.7% (2014: 28.6%). Details of borrowings and facilities are set out in note 24 and net debt is set out in note 23.

The directors have considered the Group's cash flow forecasts for the period to the end of March 2017. The Board is satisfied that the Group's forecasts and projections, taking account of reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the period assessed. For this reason the Group continues to adopt the going concern basis in preparing its financial statements.

Dividends

An interim dividend of 32 US cents per ordinary share was paid on 17 September 2015. The directors are not recommending a final dividend.

Share capital

The Company's issued share capital as at 31 December 2015, together with details of share allotments and issue of treasury shares during the year, is set out in note 32 on page 153.

The Company was authorised by shareholders at the AGM held on 23 April 2015, to purchase its own shares in the market. No shares were purchased under this authority during 2015. This authority will expire at the 2016 AGM and, in accordance with usual practice, a resolution to renew it for another year will be proposed.

Significant shareholdings

The Company has been notified of the following significant shareholdings:

Company	Number of shares	Percentage of voting rights
Public Investment Corporation (PIC)	116,355,956	8.30%
Coronation Asset Management (Pty) Ltd	87,175,679	6.22%
Silchester International Investors LLP	70,110,363	5.00%
Genesis Asset Managers, LLP	55,426,734	3.95%
Tarl Investment Holdings Limited[(1)]	47,275,613	3.37%
Epoch Two Investment Holdings Limited[(1)]	42,166,686	3.01%

[(1)] Epoch Two Investment Holdings Ltd (Epoch 2) and Tarl Investment Holdings Limited (Tarl) are two of the independent companies that have purchased shares as part of Anglo American's share buy-back programme. Epoch 2 and Tarl have waived their right to vote all the shares they hold, or will hold, in Anglo American plc.

Disclosure table pursuant to Listing Rule LR9.8.4C

Listing Rule	Information to be included	Disclosure
9.8.4(1)	Interest capitalised by the Group	See note 7, page 129
9.8.4(2)	Unaudited financial information (LR9.2.18)	None
9.8.4(4)	Long term incentive scheme only involving a director (LR9.4.3)	None
9.8.4(5)	Directors' waivers of emoluments	See page 99
9.8.4(6)	Directors' waivers of future emoluments	See page 99
9.8.4(7)	Non pro-rata allotments for cash (issuer)	Treasury Shares have been issued pursuant to the exercise of options awarded under shareholder-approved schemes
9.8.4(8)	Non pro-rata allotments for cash (major subsidiaries)	None
9.8.4(9)	Listed company is a subsidiary of another company	Not applicable
9.8.4(10)	Contracts of significance involving a director	None
9.8.4(11)	Contracts of significance involving a controlling shareholder	Not applicable
9.8.4(12)	Waivers of dividends	See note 32, page 153
9.8.4(13)	Waivers of future dividends	See note 32, page 153
9.8.4(14)	Agreement with a controlling shareholder LR9.2.2AR(2)(a)	Not applicable

Sustainable development

The Sustainability Report 2015 will be published online on 14 March 2016. This report focuses on the safety, sustainable development, health and environmental performance of the Group's managed operations, its performance with regard to the Company's *Good Citizenship Business Principles*, and the operational dimensions of its social programmes.

Audit information

The directors confirm that, so far as they are aware, there is no relevant audit information of which the auditors are unaware, and that all directors have taken all reasonable steps to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Employment and other policies

The Group's key operating businesses are empowered to manage within the context of the different legislative and social demands of the diverse countries in which those businesses operate, subject to the standards embodied in Anglo American's *Good Citizenship Business Principles*. Within all the Group's businesses, the safe and effective performance of employees and the maintenance of positive employee relations are of fundamental importance. Managers are charged with ensuring that the following key principles are upheld:

- adherence to national legal standards on employment and workplace rights at all times

- in addition, adherence to the International Labour Organisation's core labour rights, including: prohibition of child labour; prohibition of inhumane treatment of employees and any form of forced labour, physical punishment or other abuse; recognition of the right of our employees to freedom of association and the promotion of workplace equality; and the elimination of all forms of unfair discrimination
- continual promotion of safe and healthy working practices
- provision of opportunities for employees to enhance their work related skills and capabilities
- adoption of fair and appropriate procedures for determining terms and conditions of employment.

It is our policy that people with disabilities should have full and fair consideration for all vacancies. Employment of disabled people is considered on merit and with regard only to the ability of any applicant to carry out the role. We endeavour to retain the employment of, and arrange suitable retraining for, any employees in the workforce who become disabled during their employment. Where possible we will adjust a person's working environment to enable them to stay in our employment.

Further, the Group is committed to treating employees at all levels with respect and consideration, to investing in their development and to ensuring that their careers are not constrained by discrimination or arbitrary barriers.

The *Good Citizenship Business Principles* are supplemented by four Anglo American 'Way' documents, covering the safety, environmental, occupational health and social aspects of responsible operation and sustainable development. These set out specific standards for each of these subject areas, in line with international best practice.

Copies of the *Good Citizenship Business Principles* and the Anglo American 'Way' documents may be accessed on the Company's website.

In addition, all Anglo American suppliers must commit to adhering to the requirements set out in the 'Sustainable Development in Supply Chain Policy', which is available on the Company's website.

The Business Integrity Policy and its 11 Performance Standards support our anti-corruption commitment by making it clear that we will neither give, nor accept, bribes, nor permit others to do so in our name, either in our dealings with public officials or with our suppliers and customers. The Policy sets out the standards of conduct required at every level of Anglo American, including our subsidiaries, joint ventures and associates, in combating corrupt behaviour of all types. It also sets out the requirements of those with whom we do business and those who work on our behalf.

The Business Integrity Policy and Performance Standards have been translated into all the main languages that we use at our operations. Two dedicated business integrity managers, who operate within a broader risk management and business assurance team, oversee implementation of the policy by working with senior managers in our business units and corporate functions and assisting them to put in place adequate procedures for managing corruption risks (including extensive face-to-face training of employees in high-risk roles).

Our internal audit team provide assurance on anti-corruption controls on an annual basis and all stakeholders are able to confidentially report breaches, or potential breaches, of the Business Integrity Policy through our independently-managed Speak Up facility.

The Group has a social intranet called Eureka! which helps employees to connect, communicate and collaborate more effectively. In addition, the Company regularly publishes *Optima* (available on the Company's website) and *Our World*, which contain items of news, current affairs and information relevant to Group employees.

Political donations

No political donations were made during 2015. Anglo American has an established policy of not making donations to, or incurring expenses for the benefit of, any political party in any part of the world, including any political party or political organisation as defined in the Political Parties, Elections and Referendums Act 2000.

Additional information for shareholders

Set out below is a summary of certain provisions of the Company's current Articles and applicable English law concerning companies (the Companies Act 2006 (the 'Companies Act')) required as a result of the implementation of the Takeovers Directive in English law. This is a summary only and the relevant provisions of the Articles or the Companies Act should be consulted if further information is required.

Dividends and distributions

Subject to the provisions of the Companies Act, the Company may, by ordinary resolution, from time to time declare dividends not exceeding the amount recommended by the Board. The Board may pay interim dividends whenever the financial position of the Company, in the opinion of the Board, justifies such payment.

The Board may withhold payment of all, or any part of any dividends or other monies payable in respect of the Company's shares, from a person with a 0.25% interest or more (as defined in the Articles) if such a person has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Rights and obligations attaching to shares

The rights and obligations attaching to the ordinary and preference shares are set out in the Articles. The Articles may only be changed by a special resolution passed by the shareholders.

Voting

Subject to the Articles generally and to any special rights or restrictions as to voting attached by or in accordance with the Articles to any class of shares, on a show of hands every member who is present in person at a general meeting shall have one vote and, on a poll, every member who is present in person or by proxy shall have one vote for every share of which he/she is the holder. It is, and has been for some years, the Company's practice to hold a poll on every resolution at shareholder meetings.

Where shares are held by trustees/nominees in respect of the Group's employee share plans and the voting rights attached to such shares are not directly exercisable by the employees, it is the Company's practice that such rights are not exercised by the relevant trustee/nominee.

Under the Companies Act, members are entitled to appoint a proxy, who need not be a member of the Company, to exercise all or any of their rights to attend and to speak and vote on their behalf at a general meeting or class meeting. A member may appoint more than one proxy in relation to a general meeting or class meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that member. A member that is a corporation may appoint one or more individuals to act on its behalf at a general meeting or class meeting as a corporate representative. The debate around s323 of the Companies Act has been resolved so that where a shareholder appoints more than one corporate representative in respect of its shareholding, but in respect of different shares, those corporate representatives can act independently of each other, and validly vote in different ways.

Restrictions on voting

No member shall, unless the directors otherwise determine, be entitled in respect of any share held by him/her to vote either personally or by proxy at a shareholders' meeting, or to exercise any other right conferred by membership in relation to shareholders' meetings, if any call or other sum presently payable by him/her to the Company in respect of that share remains unpaid. In addition, no member shall be entitled to vote if he/she has been served with a notice after failing to provide the Company with information concerning interests in those shares required to be provided under the Companies Act.

Issue of shares

Subject to the provisions of the Companies Act relating to authority and pre-emption rights and of any resolution of the Company in a UK general meeting, all unissued shares of the Company shall be at the disposal of the directors and they may allot (with or without conferring a right of renunciation), grant options over, or otherwise dispose of them to such persons at such times, and on such terms, as they think proper.

Shares in uncertificated form
Directors may determine that any class of shares may be held in uncertificated form, and title to such shares may be transferred by means of a relevant system, or that shares of any class should cease to be so held and transferred. Subject to the provisions of the Companies Act, the CREST regulations and every other statute, statutory instrument, regulation or order for the time being in force concerning companies and affecting the Company (together, the Statutes), the directors may determine that any class of shares held on the branch register of members of the Company resident in South Africa, or any other overseas branch register of the members of the Company, may be held in uncertificated form in accordance with any system outside the UK that enables title to such shares to be evidenced and transferred without a written instrument and which is a relevant system. The provisions of the Articles shall not apply to shares of any class that are in uncertificated form to the extent that the Articles are inconsistent with the holding of shares of that class in uncertificated form, the transfer of title to shares of that class by means of a relevant system or any provision of the CREST regulations.

Deadlines for exercising voting rights
Votes are exercisable at a general meeting of the Company in respect of which the business being voted upon is being heard. Votes may be exercised in person, by proxy, or in relation to corporate members, by corporate representative. The Articles provide a deadline for submission of proxy forms of not less than 48 hours before the time appointed for the holding of the meeting or adjourned meeting.

Variation of rights
Subject to statute, the Articles specify that rights attached to any class of shares may be varied with the written consent of the holders of not less than three-quarters in nominal value of the issued shares of that class, or with the sanction of an extraordinary resolution passed at a separate general meeting of the holders of those shares. At every such separate general meeting the quorum shall be two persons holding, or representing by proxy, at least one-third in nominal value of the issued shares of the class (calculated excluding any shares held as treasury shares). The rights conferred upon the holders of any shares shall not, unless otherwise expressly provided in the rights attaching to those shares, be deemed to be varied by the creation or issue of further shares ranking *pari passu* with them.

Transfer of shares
All transfers of shares that are in certificated form may be effected by transfer in writing in any usual or common form or in any other form acceptable to the directors and may be under hand only. The instrument of transfer shall be signed by, or on behalf of, the transferor and (except in the case of fully paid shares) by or on behalf of the transferee. The transferor shall remain the holder of the shares concerned until the name of the transferee is entered in the register of shareholders. All transfers of shares that are in uncertificated form may be effected by means of the CREST system.

The directors may decline to recognise any instrument of transfer relating to shares in certificated form unless it:

(a) is in respect of only one class of share; and

(b) is lodged at the transfer office (duly stamped if required) accompanied by the relevant share certificate(s) and such other evidence as the directors may reasonably require to show the right of the transferor to make the transfer (and, if the instrument of transfer is executed by some other person on his/her behalf, the authority of that person so to do).

The directors may, in the case of shares in certificated form, in their absolute discretion and without assigning any reason therefore, refuse to register any transfer of shares (not being fully paid shares) provided that, where any such shares are admitted to the Official List of the London Stock Exchange, such discretion may not be exercised in such a way as to prevent dealings in the shares of that class from taking place on an open and proper basis. The directors may also refuse to register an allotment or transfer of shares (whether fully paid or not) in favour of more than four persons jointly.

If the directors refuse to register an allotment or transfer, they shall send the refusal to the allottee or the transferee within two months after the date on which the letter of allotment or transfer was lodged with the Company.

A shareholder does not need to obtain the approval of the Company, or of other shareholders of shares in the Company, for a transfer of shares to take place.

Directors
Directors shall not be fewer than 10 nor more than 18 in number. A director is not required to hold any shares of the Company by way of qualification. The Company may by ordinary resolution increase or reduce the maximum or minimum number of directors.

Powers of directors
Subject to the Articles, the Companies Act and any directions given by special resolution, the business of the Company will be managed by the Board who may exercise all the powers of the Company.

The Board may exercise all the powers of the Company to borrow money and to mortgage or charge any of its undertaking, property and uncalled capital and to issue debentures and other securities, whether outright or as collateral security, for any debt, liability or obligation of the Company or of any third party.

The Company may by ordinary resolution declare dividends, but no dividend shall be payable in excess of the amount recommended by the directors. Subject to the provisions of the Articles and to the rights attaching to any shares, any dividends or other monies payable on or in respect of a share may be paid in such currency as the directors may determine. The directors may deduct from any dividend payable to any member all sums of money (if any) presently payable by him/her to the Company on account of calls or otherwise in relation to shares of the Company. The directors may retain any dividends payable on shares on which the Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

Appointment and replacement of directors
The directors may from time to time appoint one or more directors.

The Board may appoint any person to be a director (so long as the total number of directors does not exceed the limit prescribed in the Articles). Any such director shall hold office only until the next AGM and shall then be eligible for election.

The Articles provide that at each AGM all those directors who have been in office for three years or more since their election, or last re-election, shall retire from office. In addition, a director may at any AGM retire from office and stand for re-election. However, in accordance with the Code, all directors will be subject to annual re-election.

Significant agreements: Change of control
At 31 December 2015, Anglo American had committed bilateral and syndicated borrowing facilities totalling $11.0 billion with a number of relationship banks which contain change of control clauses. $6.2 billion of the Group's bond issues also contain change of control provisions. In aggregate, this financing is considered significant to the Group and in the event of a takeover (change of control) of the Company, these contracts may be cancelled, become immediately payable or be subject to acceleration. In the ordinary course of its business the Group's subsidiaries enter into a number of other commercial agreements, some of which would alter or terminate upon a change of control of the Company. None of these are considered by the Group to be significant to the Group as a whole.

Purchases of own shares
At the AGM held on 23 April 2015, authority was given for the Company to purchase, in the market, up to 209.3 million Ordinary Shares of $54^{86}/_{91}$ US cents each. The Company did not purchase any of its own shares under this authority during 2015.

Indemnities
To the extent permitted by law and the Articles, the Company has made qualifying third-party indemnity provisions for the benefit of its directors during the year, which remain in force at the date of this report. Copies of these indemnities are open for inspection at the Company's registered office.

By order of the Board

John Mills
Company Secretary
15 February 2016

SHAREHOLDER INFORMATION

Annual General Meeting

Will be held at 14:30 on Thursday 21 April 2016, at The Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE.

Shareholding enquiries

Enquiries relating to shareholdings should be made to the Company's UK Registrars, Equiniti, or the South African Transfer Secretaries, Link Market Services South Africa (Pty) Limited, at the relevant address below:

UK Registrars
Equiniti
Aspect House
Spencer Road
Lancing
West Sussex BN99 6DA
England

Telephone:
In the UK: 0371 384 2026
From outside the UK: +44 121 415 7558

Transfer Secretaries in South Africa
Link Market Services South Africa (Pty) Limited
13th Floor, Rennie House
19 Ameshoff Street
Braamfontein 2001, South Africa
(PO Box 4844, Johannesburg, 2000)
Telephone: +27 (0) 11 713 0800

Enquiries on other matters should be addressed to the Company Secretary at the following address:

Registered and Head Office

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Telephone: +44 (0) 20 7968 8888
Fax: +44 (0) 20 7968 8500
Registered number: 3564138
www.angloamerican.com

On the Investors section of the Group website a whole range of useful information for shareholders can be found, including amongst other things:

– investor calendar
– share price and tools
– dividend information
– AGM information
– FAQs.

Electronic communication

Shareholders may elect to receive, electronically, notification of the availability on the Company's website of future shareholder correspondence e.g. Annual Reports and Accounts and Notices of AGMs.

By registering for this service, UK shareholders can also vote online in respect of future AGMs and access information on their shareholding including, for example, dividend payment history, sales and purchases and indicative share prices. In order to register for the services, UK shareholders should contact the UK registrars or log on to **www.shareview.co.uk** and follow the on-screen instructions. It will be necessary to have a shareholder reference number when registering, which is shown on share certificates, dividend tax vouchers and proxy cards. New UK shareholders also have the option to elect via their proxy card.

Dividends

Dividends are declared and paid in US dollars to shareholders with registered addresses in all countries except the UK, eurozone countries and South Africa where they are paid in sterling, euros and South African rand respectively. Shareholders outside South Africa may elect to receive their dividends in US dollars.

Shareholders with bank accounts in the UK or South Africa can have their cash dividends credited directly to their own accounts. Shareholders should contact the relevant registrar to make use of this facility. South African branch register shareholders would need South African exchange control approval to mandate their dividends to an account outside South Africa.

The Company operates a dividend reinvestment plan (DRIP), which enables shareholders to reinvest their cash dividends into purchasing Anglo American shares. Details of the DRIP and how to join are available from Anglo American's UK Registrars and South African Transfer Secretaries and on the Company's website.

ShareGift

The Company supports ShareGift, the charity share donation scheme administered by The Orr Mackintosh Foundation (registered charity number 1052686). Through ShareGift, shareholders with very small numbers of shares which might be considered uneconomic to sell are able to donate them to charity. Donated shares are aggregated and sold by ShareGift, the proceeds being passed on to a wide range of charities. For those shareholders who wish to use ShareGift, transfer forms are available from the Registrars and further details of the scheme can be found on the website **www.sharegift.org**.

Share dealing service

Telephone, internet and postal share dealing services have been arranged through Equiniti, providing a simple way for UK residents to buy or sell Anglo American shares. For telephone transactions call 0345 603 7037 during normal office hours and for internet dealing log on to **www.shareview.co.uk/dealing**. You will need your shareholder reference number, found on share certificates, dividend tax vouchers and proxy cards. For further details on the postal dealing service call 0371 384 2026 (or +44 121 415 7558 from overseas).

Unsolicited mail

Under the Companies Act, the Company is obliged to make the share register available upon request on payment of the appropriate fee. Because of this, some shareholders may receive unsolicited mail. If you wish to limit the receipt of addressed marketing mail you can register with the Mailing Preference Service (MPS). The quickest way to register with the MPS is via the website: **www.mpsonline.org.uk**. Alternatively you can register by telephone on: 020 7291 3310, or by email to: mps@dma.org.uk, or by writing to MPS Freepost LON20771, London W1E 0ZT.

OTHER ANGLO AMERICAN PUBLICATIONS

- Sustainability Report 2015
- Notice of 2016 AGM
- Business Unit Sustainable Development Reports (2015)
- Good Citizenship: Business Principles
- The Environment Way
- The Occupational Health Way
- The Projects Way
- The Safety Way
- The Social Way
- The People Development Way
- www.facebook.com/angloamerican
- www.twitter.com/angloamerican
- www.linkedin.com/company/anglo-american
- www.youtube.com/angloamerican
- www.flickr.com/angloamerican
- www.slideshare.com/angloamerican

Financial and sustainable development reports may be found at:
www.angloamerican.com/reportingcentre

If you would like to receive paper copies of Anglo American's publications, please write to:

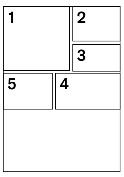
Investor Relations

Anglo American plc
20 Carlton House Terrace
London SW1Y 5AN
England

Alternatively, publications can be ordered online at:
www.angloamerican.com/siteservices/requestreport

Charitable partners

This is just a selection of the charities which Anglo American, Anglo American Chairman's Fund and the Anglo American Group Foundation have worked with in 2015:



Back cover images

1. Global Safety Day demonstration attended by Anglo American Platinum's senior management team underground at Tumela platinum mine in South Africa.

2. Building a new road to the campsite at the Quellaveco copper project in southern Peru.

3. Loading overburden at Platinum's huge open pit at Mogalakwena in South Africa.

4. Sorter Kay Modise at the De Beers Global Sightholder Sales diamond sorting facility in Gaborone, Botswana.

5. The 12,000 tonne exploration and sampling vessel, *SS Nujoma*, the latest vessel to join the Debmarine Namibia fleet in the search for offshore diamonds, at its launch in Norway in January 2016.

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Anglo American plc
20 Carlton House Terrace
London
SW1Y 5AN
England

Tel +44 (0)20 7968 8888
Fax +44 (0)20 7968 8500
Registered number 3564138

www.angloamerican.com

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