YEAR END FINANCIAL REPORT

for the year ended 31 December 2016

This page has been intentionally left blank.

AngloAmerican

21 February 2017

Anglo American Preliminary Results 2016

Net debt reduced to $8.5 billion, driven by $2.6 billion attributable free cash flow and asset disposals

- Net debt* reduced by 34% to $8.5 billion (2015: $12.9 billion), well below the $10 billion target:
  - Attributable free cash flow* of $2.6 billion (2015: $(1.0) billion)
  - Capital expenditure* reduced by 37% to $2.5 billion(1)
  - Disposal proceeds of $1.8 billion received(2)
- Cost and volume improvements of $1.5 billion, net of headwinds, including:
  - Production volumes (Cu eq.)(3) increased by 2%
  - Unit costs (Cu eq.)(3) decreased by 9% in US dollar terms
- Group underlying EBITDA* increased by 25% to $6.1 billion, despite a 3% decrease in average prices
- Profit for the financial year attributable to equity shareholders of $1.6 billion (2015: $(5.6) billion)
- Portfolio upgrading to continue – focus on high quality long life assets
- Moranbah, Grosvenor and nickel assets retained – no further disposals planned for deleveraging
- 2017 priorities:
  - Additional $1 billion of net cost and volume improvements
  - Targeting return to investment grade credit rating
  - Resume dividend payments for the end of 2017

Financial highlights US$ million, unless otherwise stated	**Year ended 31 December 2016**	Year ended 31 December 2015	Change
Underlying EBIT*	**3,766**	2,223	69%
Underlying earnings*	**2,210**	827	167%
Group revenue*	**23,142**	23,003	1%
Underlying EBITDA*	**6,075**	4,854	25%
Profit/(loss) before tax	**2,624**	(5,454)	–
Profit/(loss) for the financial year attributable to equity shareholders of the Company	**1,594**	(5,624)	–
Underlying earnings per share* ($)	**1.72**	0.64	–
Earnings per share ($)	**1.24**	(4.36)	–
Dividend per share ($)	–	0.32	–
ROCE%*	**11%**	5%	–

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

Mark Cutifani, Chief Executive of Anglo American, said: "The decisive and wide-ranging operational, cost, capital and portfolio actions we set out in 2016 – to sustainably improve cash flows and strengthen the balance sheet – have enabled us to reduce net debt by 34% to $8.5 billion, significantly below our $10 billion target. Despite a 3% year-on-year decrease in average prices, we delivered a $3.5 billion increase in attributable free cash flow, a 25% increase in underlying EBITDA to $6.1 billion and grew our underlying EBITDA margin by five percentage points to 26%. The $1.5 billion sale of the niobium and phosphates businesses further supported our balance sheet recovery goal and, combined with the sale of a number of coal and platinum assets during the year, we received $1.8 billion of disposal proceeds in 2016(2).

"As we have set out, the high quality assets across our De Beers, platinum group metals and copper businesses underpin our positions in those respective markets and are the cornerstone of a more resilient and competitive Anglo American, through the economic and commodity price cycle. In addition, we continue to benefit from the performance of a number of other world class assets across the bulk commodities of iron ore and coal, as well as nickel. While we saw strong interest in a number of the major assets for which we held sale processes during 2016 to further strengthen our financial position, we adhered to our strict value thresholds and chose not to transact. We will continue to upgrade our portfolio as a matter of course, although asset disposals for the purposes of deleveraging are no longer required. We therefore retain Moranbah, Grosvenor and our nickel assets, ensuring that they continue to be optimised operationally to contribute cash and returns, while being allocated capital to both protect and enhance value.

"In South Africa, we continue to work through all the potential options for our export thermal coal and iron ore interests, recognising the high quality and performance of these businesses and ensuring that value is optimised for all our shareholders. The retention of these assets remains a viable position given our recent operational and other improvements and our focus on continuing improvements as we go forward.

"Despite our significant progress, it is critical that the lessons of recent years are applied and, although there is confidence in the long-term outlook for our products, the balance sheet must be able to withstand expected price volatility in the short to medium term. We will continue to refine our asset portfolio over time to ensure our capital is deployed effectively to generate enhanced returns. Our priority for 2017 is to deliver further productivity improvements while maintaining capital and cost discipline in order to be in a position to resume dividend payments for the end of 2017, and to restore an investment grade credit rating.

"Looking at the nuts and bolts, the focus for the year ahead is on the ongoing implementation of the Operating Model across the portfolio and to continue to leverage the Group's now significantly enhanced technical and marketing capabilities, while also driving our FutureSmart™ mining approach to innovation. Considerable Operating Model and other gains continue to be realised, delivering $1.5 billion of cost and volume improvements in 2016, in roughly equal proportion between cost reductions and volume improvements across the product portfolio. This substantial underlying EBITDA uplift is net of such headwinds as the labour stoppages and record snowfall at Los Bronces and the smelter run-out in our Platinum business. In 2017, we are aiming to deliver an incremental $1 billion of net cost and volume improvements, 75% of which has already been identified.

"In 2017, capital expenditure will be maintained at $2.5 billion(1), with stay-in-business capital increased to $1.2 billion. Capital will be appropriately prioritised, with care taken to ensure that we protect the long term value of our assets. We retain a number of attractive organic options, particularly in our Copper business, which we will continue to progress appropriately and assess in light of our overall capital structure and the prevailing macro environment.

"Keeping our people safe at work has always been an absolute priority. In 2016 we reported a 24% reduction in recordable case frequency rates, but an increase in fatal incidents. Tragically, we lost 11 colleagues during the year, largely due to failures around our critical safety risk areas. We can never accept even one serious injury and our efforts are concentrated around those major risk areas. We are determined that our goal of zero harm is achievable and we are working with every employee to get there.

"Overall, it's clear that as a result of our decisive actions in 2016, and the results delivered by our people across the company, Anglo American is now more robust, with a stronger balance sheet and more competitive cost structure around a world class diversified asset base. We have also taken further strides in transforming the portfolio but benefited from sticking to our overriding commitment that long term shareholder value must be safeguarded. Looking ahead, we must continue to build on this solid progress. Operating discipline is of paramount importance as we strive to complete the journey to a balance sheet that can support competitive shareholder returns and maximise the potential of our differentiated assets and future opportunities. I would like to thank all of our employees for their hard work and commitment over what has been a year of significant change and uncertainty for many and also thank our stakeholders for their ongoing support as we build the foundations for Anglo American's second century."

(1) Excludes capitalised operating cash flows.
(2) Proceeds from disposals of $1.8 billion were received in 2016. Total nominal cash inflows are expected to reach $2.0 billion over time, subject to prices.
(3) Copper equivalent is normalised for the sale of Anglo American Norte (Copper), Kimberley Mines (De Beers), our niobium and phosphates business, Foxleigh and Callide (Coal), and to reflect Snap Lake (De Beers) being placed onto care and maintenance, and the closure of Drayton (Coal).

Words with this symbol * are defined in the Alternative Performance Measures section of the Press Release.

Financial review of Group results for the year ended 31 December 2016

Summary

Operating profit of $1.7 billion increased by $5.8 billion (2015: $4.1 billion loss) while underlying EBITDA increased by 25% to $6.1 billion.

Anglo American reported a profit for the financial year attributable to equity shareholders of $1.6 billion (2015: $5.6 billion loss) with underlying earnings of $2.2 billion (2015: $0.8 billion). Net debt decreased by $4.4 billion to $8.5 billion (2015: $12.9 billion). During 2016, the company did not pay a dividend (2015: $0.32 per share).

Although average prices decreased by 3%, realised prices were comparable with 2015. Metallurgical coal and Kumba's iron ore prices increased by 24% and 21%, respectively, but were offset by a 10% decrease in the average realised rough diamond price and an 8% decrease in the platinum US dollar basket price. Weaker producer country currencies favourably contributed to earnings ($0.7 billion impact), driven principally by a 15% weakening of the South African rand against the dollar.

Higher sales volumes at De Beers, following a weaker 2015, materially benefited underlying EBITDA, as did the ramp-up at Grosvenor following the start of commercial production during the third quarter, and a strong plant performance at Collahuasi. This was partially offset by expected lower volumes at Kumba Iron Ore following the pit reconfiguration at Sishen, and lower volumes at Los Bronces owing to expected lower grades and the adverse weather conditions during the year.

Operational performance

Overall, operational performance was maintained across the business. Total platinum production (metal in concentrate) was 2% higher, driven by a continued strong performance at Mogalakwena and Amandelbult in South Africa and at Unki in Zimbabwe. Rough diamond production decreased by 5%, reflecting the decision taken in 2015 to reduce production in response to prevailing trading conditions. In South Africa, iron ore production at Sishen decreased by 10%, in line with the mine's lower-cost pit configuration. Production was affected by restructuring, as well as a higher number of rainfall and safety stoppages. Production in the second half showed considerable improvement as the benefits attributable to improved mining productivity, as well as access to low strip ratio ore and higher plant yields, started to be realised. In Chile, copper production at Los Bronces was 24% lower as the operation faced a number of challenges, driven by significantly lower expected grades, adverse weather conditions and illegal industrial action by contractor unions. In contrast, both Collahuasi and El Soldado had strong performances, with attributable production increasing by 11% and 31%, respectively, as a consequence of operational improvements and higher grades. Total production from Coal South Africa's Export mines increased by 9% as a result of various productivity improvement initiatives. Excluding the impact of divestments, Australian coal production decreased by 4% following cessation of production at Drayton.

In total, four projects commenced or continued to ramp-up, or reached nameplate capacity during 2016. Iron ore production from Minas-Rio increased by 76% as the ramp-up progressed, while Grosvenor produced its first longwall metallurgical coal in May, seven months ahead of schedule, and entered commercial production during the third quarter. Gahcho Kué, a diamond project in Canada, was commissioned in August, and at Barro Alto in Brazil, the furnace rebuild was completed. Production at Barro Alto is now close to nameplate capacity, with nickel output increasing by 47% year-on-year.

The Group achieved a favourable cost performance in 2016, primarily as a consequence of cost-reduction initiatives and the benefits of weaker producer country currencies. Unit cash costs at De Beers decreased by 19% as a result of cost savings, favourable exchange rate movements and a change in production mix following portfolio changes. Unit costs at Coal Australia decreased by 7%, following significant cost-reduction initiatives, particularly in the open cut operations, while on-mine local currency unit costs at Coal South Africa decreased by 2%, reflecting the benefit of increased production at the export mines, driven by productivity improvements across all operations. At Copper, unit costs decreased by 11%, reflecting cost-reduction initiatives and benefits resulting from the divestment of Anglo American Norte; these more than compensated for the effects of lower output. FOB cash costs at Kumba were 13% lower. This was attributable to savings in operating costs, mainly from the reduced mining profile at Sishen mine following restructuring, as well as productivity gains in mining and processing operations, and the benefit of the weaker South African rand.

At Platinum, unit costs also decreased by 12%, owing mainly to a weaker South African rand and cost containment. Nickel unit costs declined by 19%, chiefly attributable to increased production volumes from Barro Alto, as well as favourable exchange rates and lower energy and consumable costs.

Income statement

Underlying EBITDA*

Group underlying EBITDA increased by 25% to $6.1 billion (2015: $4.9 billion).

$ million	**Year ended 31 December 2016**	Year ended 31 December 2015
De Beers	**1,406**	990
Platinum	**532**	718
Copper	**903**	942
Nickel	**57**	(3)
Niobium and Phosphates	**118**	146
Iron Ore and Manganese	**1,536**	1,026
Coal	**1,646**	1,046
Corporate and other	**(123)**	(11)
Total	**6,075**	4,854

Underlying EBITDA* reconciliation 2015 to 2016

$ million		
2015 Underlying EBITDA*		**4,854**
Price		**(79)**
Foreign exchange		**694**
Inflation		**(578)**
Volume	433	
Cost	1,175	
Platinum non-cash inventory adjustment	(143)	
Net cost and volume improvements		**1,465**
Other		**(281)**
2016 Underlying EBITDA*		**6,075**

Underlying earnings*

Group underlying earnings increased by 167% to $2.2 billion (2015: $0.8 billion).

					Year ended 31 December 2016
$ million	**Underlying EBITDA***	**Depreciation and amortisation**	**Net finance costs and income tax expense**	**Non-controlling interests**	**Underlying earnings***
De Beers	1,406	(387)	(242)	(110)	667
Platinum	532	(347)	(101)	(19)	65
Copper	903	(642)	(9)	102	354
Nickel	57	(72)	(42)	–	(57)
Niobium and Phosphates	118	(39)	(1)	–	78
Iron Ore and Manganese	1,536	(261)	(304)	(405)	566
Coal	1,646	(534)	(183)	(16)	913
Corporate and other	(123)	(27)	(236)	10	(376)
Total	6,075	(2,309)	(1,118)	(438)	2,210

Profit/(loss) for the financial year attributable to equity shareholders of the Company

Profit for the financial year attributable to the equity shareholders of the Company was $1.6 billion, compared with a loss of $5.6 billion in 2015.

Reconciliation to underlying earnings from profit/(loss) for the financial year attributable to equity shareholders of the Company

$ million	**Year ended 31 December 2016**	Year ended 31 December 2015
Profit/(loss) for the financial year attributable to equity shareholders of the Company	**1,594**	(5,624)
Operating special items	**1,632**	5,972
Operating remeasurements	**33**	178
Non-operating special items	**(1,203)**	1,278
Financing special items and remeasurements	**314**	(615)
Special items and remeasurements tax	**(44)**	(47)
Non-controlling interests on special items and remeasurements	**(109)**	(584)
Share of associates' and joint ventures' special items and remeasurements	**(7)**	269
Underlying earnings*	**2,210**	827
Underlying earnings per share* ($)	**1.72**	0.64
Earnings per share ($)	**1.24**	(4.36)

Net finance costs

Net finance costs, before special items and remeasurements, excluding associates and joint ventures, were $209 million (2015: $458 million). The decrease was driven by a net foreign exchange gain on cash and borrowings of $84 million (2015: $180 million loss) principally due to a strengthening in the Brazilian real and South African rand during the year.

For further details on net finance costs, see note 8 to the Condensed financial statements.

Tax

The underlying effective tax rate* was 24.6% (2015: 31.0%). The decreased rate in 2016 was due to a benefit received in relation to the reassessment of withholding tax provisions, including in respect of Chile (4.7%), and the utilisation of losses and similar tax attributes not previously recognised, primarily in Australia (3.9%), partially offset by the impact of enhanced tax depreciation, primarily in Chile (2.5%), and other items including prior year adjustments (0.7%). For further details on the effective tax rate see note 9 to the Condensed financial statements.

The tax charge for the period, before special items and remeasurements, was $742 million (2015: $435 million).

Special items and remeasurements

Special items and remeasurements include impairment charges of $1.5 billion relating to Coal and Copper, gains on the disposals of Callide ($0.6 billion) and the niobium and phosphates business ($0.5 billion), and a provision in respect of a tax matter in Kumba ($0.1 billion). Full details of the special items and remeasurements recorded in the year are included in note 7 to the Condensed financial statements.

ROCE*

ROCE increased to 11% in 2016 (2015: 5%), primarily as a consequence of higher sales volumes at De Beers, the ramp-up of production at Grosvenor mine in Australia and ongoing delivery of cost savings across the portfolio. The Group also benefited from weaker producer country currencies. Average attributable capital employed was lower at $27.4 billion (2015: $32.6 billion), owing to ongoing asset depreciation and a number of asset divestments completed in the year, and selected asset impairments taken in the first half of 2016. This was partially offset by ongoing capital expenditure.

Balance sheet

Net assets of the Group increased by $3.0 billion to $24.3 billion (31 December 2015: $21.3 billion). This reflected the reduction in net debt and foreign exchange gains relating to operations with Australian dollar and South African rand functional currencies. These factors were partially offset by the impairment of Coal and Copper operations and the impact of disposals. Capital expenditure* of $2.4 billion was largely offset by depreciation.

Net debt*

$ million	2016	2015
Opening net debt*	**(12,901)**	**(12,871)**
Underlying EBITDA* from subsidiaries and joint operations(1)	**5,469**	4,419
Working capital movements	**391**	25
Other cash flows from operations	**(22)**	(204)
Cash flows from operations	**5,838**	**4,240**
Capital expenditure*	(2,387)	(4,177)
Cash tax paid(2)	(465)	(596)
Dividends from associates, joint ventures and financial asset investments	172	333
Net interest(3)	(581)	(540)
Dividends paid to non-controlling interests	(15)	(242)
Attributable free cash flow*	**2,562**	**(982)**
Dividends paid to Company shareholders	–	(1,078)
Disposals (net proceeds)(2)	1,619	1,745
Other net debt movements	233	285
Total movement in net debt*	4,414	(30)
Closing net debt(4)*	**(8,487)**	**(12,901)**

(1) EBITDA is operating profit before depreciation and amortisation, and special items and remeasurements.
(2) Excludes tax payments of $146 million (2015: nil), relating to 2016 disposals which are shown as part of net disposal proceeds.
(3) Includes cash inflows of $89 million (2015: $169 million), relating to interest payments on derivatives hedging net debt, which are included in cash flows from derivatives related to financing activities.
(4) Net debt excludes the own credit risk fair value adjustment on derivatives of $73 million (31 December 2015: $555 million).

Net debt (including related hedges) of $8.5 billion was $4.4 billion lower than at 31 December 2015, representing gearing of 25.9% (2015: 37.7%). Net debt is made up of cash and cash equivalents of $6.0 billion (2015: $6.9 billion) and gross debt, including related derivatives, of $14.5 billion (2015: $19.8 billion). The reduction in net debt was driven by strong operating cash inflows, a decrease in capital expenditure and proceeds from disposals.

Anglo American received gross proceeds from disposals of $1.8 billion (2015: $1.7 billion), primarily from the sale of the niobium and phosphates business, which contributed $1.5 billion, and the sale of its 9.7% stake in Exxaro Resources, contributing $0.2 billion. The post-tax proceeds on disposals was $1.6 billion (2015: $1.7 billion).

Cash flow

Cash flows from operations

Cash flows from operations increased by $1.6 billion to $5.8 billion (2015: $4.2 billion). The 25% increase in underlying EBITDA was supported by a focus on cost savings, an increase in sales volumes at De Beers, and weakening foreign exchange rates. Cash inflows on operating working capital were $0.4 billion (2015: inflows of $25 million), primarily reflecting a reduction in inventories at De Beers of $0.3 billion and an increase in operating payables at Platinum of $0.4 billion, half of which relates to a key customer advancing pre-payment for future guaranteed delivery of metal, with the remainder due to an increase in purchase of concentrate following the sale of Rustenburg. These inflows were offset by an increase in operating receivables of $0.4 billion, driven by higher prices in Coal and Iron Ore and Manganese.

Attributable free cash flow

Attributable free cash flow increased by $3.5 billion to an inflow of $2.6 billion (2015: outflow of $1.0 billion). The improvement was driven by an increase in cash flows from operations of $1.6 billion and a $1.8 billion reduction in capital expenditure to $2.4 billion (2015: $4.2 billion).

The reduction in capital expenditure was driven by a 50% decline in expansionary capital expenditure, chiefly as a result of the ramp-up of the Minas-Rio iron ore operation in Brazil and the Grosvenor metallurgical coal operation in Australia, and a 25% decrease in stay-in-business expenditure as a result of lower expenditure at Kumba Iron Ore, De Beers and Coal.

Liquidity and funding

At 31 December 2016, the Group had undrawn committed bank facilities of $9.7 billion and cash of $6.0 billion. The Group's liquidity position was maintained in the year, while gross debt, including related derivatives, decreased by $5.3 billion to $14.5 billion (2015: $19.8 billion) primarily owing to a $1.8 billion bond buyback transaction, the full repayment of BNDES loans in Brazil ($1.7 billion, including related derivatives) and $1.4 billion of bond maturities. In January 2017, the Group retired the $1.05 billion Club facility which was entered into in 2016 in the context of the bond buyback transaction. The Group's forecasts and projections, taking account of reasonable 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.

Projects and capital expenditure*

Capital expenditure (excluding capitalised operating cash flows) decreased to $2.5 billion (2015: $4.0 billion), owing to rigorous capital discipline applied to all project investments, as well as to the benefits accruing from the commissioning of the Minas-Rio, Gahcho Kué and Grosvenor projects. In 2017, we expect capital expenditure to be approximately $2.5 billion.

Stay-in-business capital expenditure decreased to $1.0 billion (2015: $1.4 billion), primarily due to a focus on capital discipline and the continued roll-out of the Operating Model across our assets.

Development and stripping capital expenditure decreased to $0.6 billion (2015: $0.7 billion), primarily as a result of the redesign of the pit at Kumba's Sishen iron ore operation, where the transition was made to a lower strip ratio and operational cost position.

During 2016, continued progress was made on our ongoing expansion projects, including the construction of De Beers' Venetia underground mine in South Africa, where the decline advanced to more than 2,000 metres. The project is now 26% complete, with the underground operation expected to be the mine's principal source of ore from 2023.

Portfolio upgrade

During 2016, we received $1.8 billion from divestment transactions. The sale of the niobium and phosphates business in Brazil to China Molybdenum Co. Ltd ($1.5 billion) supported our balance sheet recovery goal, while we also continued to upgrade the portfolio through the divestment of a number of other assets: the Rustenburg platinum mines to Sibanye Gold; our 9.7% interest in Exxaro Resources; and our interests in the Callide and Foxleigh coal mines in Australia. The disposal of Dartbrook (Coal Australia) was agreed in 2015, and is expected to complete in the first half of 2017. The disposal of the remaining interests in Tarmac operations located in the Middle East was completed in 2016. Twickenham (Platinum) was placed onto care and maintenance during the year. In February 2017, we agreed the sale of our 85% interest in the Union platinum mine in South Africa to Siyanda Resources. We will continue to refine the portfolio in this way, ensuring that capital is deployed to generate enhanced returns through the cycle.

Dividends

The commitment to a sustainable dividend remains a critical part of the overall capital allocation approach. Given the need to conserve cash and reduce debt, dividend payments remained suspended for 2016. The Board has recommended that, upon reinstatement, Anglo American should adopt a payout ratio in order to provide shareholders with exposure to improvements in commodity prices, while retaining cash flow flexibility during periods of weaker pricing. It is currently expected that dividend payments will be reinstated for the end of 2017 (payable in 2018).

The Board

In April 2016, Anglo American announced that René Médori, finance director, will retire at the end of 2017. Mr Médori will step down as a director with effect from the close of the Annual General Meeting on 24 April 2017, following the completion of the 2016 financial reporting process. In September Anglo American announced that Stephen Pearce would succeed Mr Médori as finance director. Mr Pearce joined the Group on 30 January 2017 and will offer himself for election as a director at the Annual General Meeting.

Ray O'Rourke resigned as an independent non-executive director with effect from 25 July 2016 in order to concentrate on his business commitments as chairman and chief executive of Laing O'Rourke. Judy Dlamini resigned as an independent non-executive director with effect from 30 August 2016 in order to devote more time to her business commitments as chair of Mbekani Group in South Africa.

In February 2017, Sir John Parker informed the Nomination Committee of the Board of Anglo American of his intention to step down, after serving eight years as chairman, during the course of 2017. Sir Philip Hampton, Anglo American's Senior Independent Director, is leading a process to identify candidates with appropriate global listed company boardroom experience. Sir John Parker will continue to chair the Board until such appointment is effective.

Principal risks and uncertainties

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

The principal risks and uncertainties facing the Group at the year-end are set out in detail in the strategic report section of the Annual Report 2016. The principal risks relate to the following:

- Commodity prices
- Political and regulatory
- Future demand for diamonds
- Future demand for platinum group metals
- Minas-Rio
- South Africa power
- Delivery of cash targets
- Safety
- Tailings dam failure
- Slope wall failure
- Mineshaft failure
- Fire and/or explosion

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

The Annual Report 2016 is available on the Group's website **www.angloamerican.com.**

Operations review for the year ended 31 December 2016

DE BEERS

Key performance indicators[1]

	Production volume	Sales volume	Price	Unit cost*	Revenue*	Underlying EBITDA*	Underlying EBITDA margin	Underlying EBIT*	Capex*	ROCE*
	'000 carats	'000 carats[2]	$/ct[3]	$/ct[4]	$m[5]	$m		$m	$m	
De Beers	**27,339**	**29,965**	**187**	**67**	**6,068**	**1,406**	**23%**	**1,019**	**526**	**11%**
Prior year	*28,692*	*19,945*	*207*	*83*	*4,671*	*990*	*21%*	*571*	*697*	*6%*
Debswana	**20,501**	**–**	**152**	**26**	**–**	**571**	**–**	**543**	**90**	**–**
Prior year	*20,368*	*–*	*178*	*27*	*–*	*379*	*–*	*352*	*101*	*–*
Namdeb Holdings	**1,573**	**–**	**528**	**245**	**–**	**184**	**–**	**163**	**65**	**–**
Prior year	*1,764*	*–*	*553*	*243*	*–*	*147*	*–*	*120*	*30*	*–*
South Africa	**4,234**	**–**	**121**	**53**	**–**	**268**	**–**	**172**	**156**	**–**
Prior year	*4,673*	*–*	*131*	*58*	*–*	*282*	*–*	*174*	*279*	*–*
Canada	**1,031**	**–**	**271**	**212**	**–**	**79**	**–**	**13**	**184**	**–**
Prior year	*1,887*	*–*	*275*	*182*	*–*	*154*	*–*	*65*	*254*	*–*
Trading	**–**	**–**	**–**	**–**	**–**	**378**	**–**	**371**	**3**	**–**
Prior year	*–*	*–*	*–*	*–*	*–*	*107*	*–*	*100*	*2*	*–*
Other[6]	**–**	**–**	**–**	**–**	**–**	**(74)**	**–**	**(243)**	**28**	**–**
Prior year	*–*	*–*	*–*	*–*	*–*	*(79)*	*–*	*(240)*	*31*	*–*

[1] Prepared on a consolidated accounting basis, except for production which is stated on a 100% basis, with the exception of the Gahcho Kué joint venture, which is on an attributable 51% basis.
[2] Sales volumes on a 100% basis were 32.0 million carats (2015: 20.6 million carats).
[3] Pricing for the mining business units is based on 100% selling value post-aggregation of goods. The group realised price includes the price impact of the sale of non-equity product and, as a result, is not directly comparable to group unit costs, which relate to equity production only.
[4] Unit cost is based on total production and operating costs, excluding depreciation and operating special items, divided by carats recovered. Comparatives have been restated.
[5] Includes rough diamond sales of $5.6 billion (2015: $4.1 billion).
[6] Other includes Element Six, downstream, acquisition accounting adjustments, projects and corporate.

Financial and operational overview

Underlying EBITDA increased by 42% to $1,406 million (2015: $990 million). This was the result of higher revenues from stronger rough diamond demand, which led to reduced inventory levels, reflecting improved trading conditions compared with those experienced in the second half of 2015. Results also benefited from cost-saving programmes, portfolio changes and the impact of favourable exchange rates. Unit costs decreased by 19% from $83/carat to $67/carat.

Total revenue increased by 30% to $6.1 billion (2015: $4.7 billion), driven by higher rough diamond sales, which increased by 37% to $5.6 billion. This was attributable to a 50% increase in consolidated sales volumes to 30.0 million carats (2015: 19.9 million carats), partly offset by a 10% decrease in the average realised rough diamond price to $187/carat (2015: $207/carat), reflecting the 13% lower average rough price index, offset to some extent by an improved sales mix.

Markets

Sustained diamond jewellery demand growth in the US and marginally positive growth for the full year in China (in local currency, though declining slightly in US dollars) contrasted with weakening demand in the other main diamond markets. In India, a month-long jewellers' strike in March and the government's surprise demonetisation programme which started in November, had a considerable negative impact on demand. For the full year, global consumer demand, in US dollars, is estimated to be in line with 2015. Additional marketing in the US, China, India and Japan in the final quarter of the year, the main selling season, had a positive impact.

Producers destocked during 2016, as sentiment in the midstream improved and rough and polished inventories normalised, supported by a series of initiatives put in place by De Beers, starting in the second half of 2015. These included lowering rough prices, providing flexibility to Sightholders for their purchase arrangements and increased marketing activity to drive consumer demand.

Operating performance

Mining and manufacturing

Rough diamond production decreased by 5% to 27.3 million carats (2015: 28.7 million carats), reflecting the decision, taken in 2015, to reduce production in response to prevailing trading conditions.

Debswana maintained production at close to the previous year's levels, with output of 20.5 million carats (2015: 20.4 million carats). Jwaneng's production increased by 23%; driven by higher tonnes treated, largely offset by Orapa, where production was 20% lower. By year end, 85% of the 500 million tonnes (Mt) of waste stripping required to expose the ore had been mined at Jwaneng Cut-8. The first Cut-8 ore to the processing plant remains scheduled for the first half of 2017, with Cut-8 becoming the main source of ore from 2018. Damtshaa (a satellite operation of Orapa) was placed onto temporary care and maintenance from 1 January 2016.

Production at Namdeb Holdings decreased by 11% to 1.6 million carats (2015: 1.8 million carats), with reduced output at Debmarine Namibia (as a result of the Mafuta vessel undergoing extended planned in-port maintenance) and lower grades at Namdeb's land operations. Debmarine Namibia's new sampling vessel, the SS Nujoma, was completed three months ahead of schedule and within budget, and sea trials commenced in November. The vessel is expected to become operational during 2017.

In South Africa, production declined by 9% to 4.2 million carats (2015: 4.7 million carats), mainly due to the early completion of the sale of Kimberley Mines in January 2016, partly offset by an increase of 12% at Venetia owing to the processing of higher grades. Construction of the Venetia Underground mine continues to progress, with the underground operation expected to become the mine's principal source of ore from 2023.

In Canada, production declined by 45% to 1.0 million carats (2015: 1.9 million carats) owing to Snap Lake being placed onto care and maintenance in December 2015. In July 2016, approval was granted to flood the underground workings, which will reduce the costs of care and maintenance while preserving the long term viability of the orebody. Following conclusion of an unsuccessful process to gauge interest in an acquisition of Snap Lake, flooding commenced in January 2017. Production at Victor decreased by 7% to 0.6 million carats. Development of the Gahcho Kué project was completed on schedule, with the ramp-up to commercial production expected to be reached during the first quarter of 2017.

Owing to continuing depressed markets in key industrial sectors (principally oil and gas), Element Six, the industrial diamonds business, experienced a challenging year. The reduction in contribution arising from lower sales has been largely offset through a comprehensive cost-reduction programme.

Brands

Forevermark™ (the diamond brand of the De Beers Group of Companies) continues to expand its retailer network and is available in 2,010 outlets (a 14% increase) in 25 markets, including the new markets of Hungary, Thailand and now South Korea. In June 2016, Forevermark™ launched the Black Label collection (an innovative collection of fancy-shape diamonds) and, in the final quarter of the year, launched a US national television campaign featuring the Ever Us™[1] two-stone diamond collection. In the first half of 2016, De Beers also invested in category marketing campaigns to stimulate diamond jewellery demand during key gifting periods in both China and Hong Kong, as well as India (the latter in partnership with the Gem & Jewellery Export Promotion Council, commencing in the second half of 2016). In the third quarter, The Diamond Producers Association, co-funded by De Beers and other leading producers, launched “Real is Rare”, a new marketing platform targeting millennial consumers in the US.

De Beers Diamond Jewellers (a joint venture between LVMH Moët Hennessy Louis Vuitton and De Beers) maintained its focus on fast-growing markets, with 34 stores in 17 key consumer markets around the world. The significant growth in mainland China sales helped to offset the impact of lower Chinese tourist levels in France and Hong Kong, while the highlight of the year was the successful relocation in November of the New York flagship store to a new location on Madison Avenue, completing the repositioning of the brand in the US.

Namibia sales agreement

In May 2016, the Government of the Republic of Namibia and De Beers signed a new 10-year sales agreement for the sorting, valuing and sale of Namdeb Holdings’ diamonds. This represents the longest sales agreement ever concluded between the parties.

Outlook

Macro-economic conditions underpinning consumer demand for diamonds remain broadly stable in aggregate, with the US expected to continue to be the main driver of global growth in 2017. The extent of global growth will, however, be dependent upon a number of macro-economic factors, including the new administration in the US, the strength of the US dollar impacting consumer demand, economic performance in China, the effects of Indian demonetisation, and sentiment following the main US and Chinese New Year retail season.

With midstream stocks having returned to more typical levels in 2016, rough diamond demand is expected to normalise in 2017, reflecting underlying consumer and retail demand. While producers continue destocking, forecast diamond production (on a 100% basis, except Gahcho Kué on an attributable 51% basis) for 2017 is expected to be in the range of 31-33 million carats, subject to trading conditions.

[1] Used under licence from Signet.

PLATINUM

Key performance indicators

	Production volume	Sales volume	Price	Unit cost*	Revenue*	Underlying EBITDA*	Underlying EBITDA margin	Underlying EBIT*	Capex*	ROCE*
	koz[1]	koz	$/Pt oz[2]	$/Pt oz[3]	$m	$m		$m	$m	
Platinum	**2,382**	**2,416**	**1,753**	**1,330**	**4,394**	**532**	**12%**	**185**	**314**	**4%**
Prior year	*2,337*	*2,471*	*1,905*	*1,508*	*4,900*	*718*	*15%*	*263*	*366*	*4%*
Mogalakwena	**412**	**415**	**2,344**	**1,262**	**968**	**393**	**41%**	**269**	**157**	**–**
Prior year	*392*	*422*	*2,585*	*1,369*	*1,092*	*496*	*45%*	*368*	*151*	*–*
Amandelbult	**467**	**474**	**1,566**	**1,256**	**739**	**102**	**14%**	**46**	**25**	**–**
Prior year	*437*	*433*	*1,641*	*1,382*	*712*	*97*	*14%*	*36*	*53*	*–*
Other operations	**1,503**	**1,527**	**n/a**	**n/a**	**2,687**	**77**	**3%**	**(90)**	**129**	**–**
Prior year	*1,508*	*1,616*	*n/a*	*n/a*	*3,096*	*177*	*6%*	*(89)*	*156*	*–*
Projects and corporate	**–**	**–**	**–**	**–**	**–**	**(40)**	**n/a**	**(40)**	**3**	**–**
Prior year	*–*	*–*	*–*	*–*	*–*	*(52)*	*n/a*	*(52)*	*6*	*–*

(1) Production disclosure reflects own mine production and purchases of metal in concentrate.
(2) Average US$ basket price.
(3) Total cash operating costs – includes on-mine, smelting and refining costs only.

Financial and operating overview

Underlying EBITDA decreased by 26% to $532 million (2015: $718 million). Lower sales volumes of platinum, palladium, rhodium and minor metals, weakening dollar metal prices and the effects of inflation were partially offset by a weaker South African rand and cost improvements. Unit costs decreased by 12% to $1,330 per ounce, owing primarily to the softer rand and cost improvements.

Markets

	2016	2015
Average platinum market price ($/oz)	**989**	1,051
Average palladium market price ($/oz)	**615**	691
Average rhodium market price ($/oz)	**681**	932
Average gold market price ($/oz)	**1,248**	1,160
US$ realised basket price ($/Pt oz)	**1,753**	1,905
Rand realised basket price (ZAR/Pt oz)	**25,649**	24,203

The average platinum price decreased by 6% in dollar terms, even though the rand basket price increased by 6%. Average palladium and rhodium dollar prices also decreased, notwithstanding their strong price rally during the year. Global supply of platinum group metals (PGMs) was little changed, despite a modest reduction in sales by South African producers. Although the rate of PGM recovery from recycled autocatalysts increased towards the end of the year, there was only limited growth in PGM supplies from the secondary recycling sector.

Platinum demand declined by 1%, with a 15% decrease in demand from the jewellery sector largely offset by a 10% increase in purchases for industrial applications. Demand for platinum in the automotive sector increased by 2%, supported by the introduction of Euro 6b emissions regulations in September 2015, and consequent higher catalyst loadings. Strong sales growth in the European car market saw an increase in the number of diesel cars being manufactured, though diesel's share of the new car market decreased slightly. The platinum market remained in deficit in 2016.

In contrast, palladium offtake increased by 2%, with strong growth in the predominantly petrol-engined Chinese car market supporting automotive demand, which increased by 3% to 7.8 million ounces. Despite continued net liquidation of palladium investments, the palladium market remained in deficit in 2016, contributing to a rally in the price of the metal as the year progressed.

Operating performance

Total platinum production (metal in concentrate) increased by 2% to 2,382,000 ounces (2015: 2,337,000 ounces). Production increases at Mogalakwena, Amandelbult, Unki, Union and independently managed operations were mitigated by lower output from Rustenburg and Bokoni. Putting Twickenham onto care and maintenance removed approximately 10,000 ounces of unprofitable platinum, while a contractual agreement with a third party for concentrate ended in 2015, which led to a reduction in purchase of concentrate of 11,000 ounces compared with 2015.

Mogalakwena mine increased production by 5% to 412,000 ounces (2015: 392,000 ounces), including 31,000 ounces (2015: 24,000 ounces) processed at the Baobab concentrator. Mogalakwena had a strong mining performance, with a 8% increase in tonnes milled.

At Amandelbult mine, despite a loss of 20,000 ounces following a fatal incident in which two employees lost their lives, and the subsequent Section 54 safety stoppage, production increased by 7%, reaching 467,000 ounces (2015: 437,000 ounces). The majority of the increase came from a continued strong performance at the opencast area, which produced 41,000 ounces.

Production from Unki mine in Zimbabwe increased by 12%[(1)] to 75,000 ounces (2015: 66,000 ounces), driven mainly by an improvement in recovered grade through better mining reef cut, which reduced waste mining, resulting in more higher grade ore being delivered to the concentrator. As a result, the 4E built-up head grade increased to 3.46g/t from 3.22g/t.

Total production from Rustenburg mine, including Western Limb Tailings Retreatment, decreased by 4% to 460,000 ounces (2015: 478,000 ounces)[(2)]. Lower output was attributable to four fatal incidents, Section 54 safety stoppages and other incidents, as well as other operational challenges. The sale of the Rustenburg operations was completed on 1 November 2016; from this date, Rustenburg production is being treated as a purchase of concentrate rather than own mined ounces.

Union mine increased platinum production by 7% to 151,000 ounces (2015: 141,000 ounces). This was the mine’s best performance since 2013, following implementation of the optimised mine plan that was completed in June 2016, which resulted in a significant reduction in labour.

Platinum production from independently managed operations, inclusive of both mined and purchased output, increased by 2% to 785,000 ounces (2015: 768,000 ounces). All mines showed year-on-year improvements, with the exception of Bokoni, where production decreased by 21% owing to the closures of two shafts in the fourth quarter of 2015, which removed 26,000 ounces of unprofitable platinum.

Refined platinum production decreased by 5% to 2,335,000 ounces (2015: 2,459,000 ounces), mainly as a result of the run-out at Waterval in September 2016, which had the effect of reducing refined production by 65,000 ounces.

Platinum sales volumes decreased by 2% to 2,416,000 platinum ounces (2015: 2,471,000 ounces), reflecting the decrease in refined platinum production. Sales were higher than refined production and were supplemented by a drawdown in refined inventory.

Operational outlook

Platinum production guidance (metal in concentrate) is 2.35-2.4 million ounces for 2017 (previously 2.4 million-2.5 million ounces), largely driven by an increase in purchase of concentrate from third parties. Year-on-year production from own-managed mines is expected to remain flat at c. 960,000 ounces.

(1) Production ounces are shown rounded to the nearest thousand ounces, 12% improvement calculated on unrounded amounts.
(2) Includes purchase of concentrate following sale of Rustenburg in November 2016. Prior year restated to exclude third party production from Platinum Mile which was not sold as part of the Rustenburg transaction.

BASE METALS AND MINERALS

COPPER

Key performance indicators

	Production volume	Sales volume	Price	Unit cost*	Revenue*	Underlying EBITDA*	Underlying EBITDA margin	Underlying EBIT*	Capex*	ROCE*
	kt	kt[1]	c/lb	c/lb[2]	$m	$m		$m	$m	
Copper	**577**	**578**	**225**	**137**	**3,066**	**903**	**29%**	**261**	**563**	**6%**
Prior year	*709*	*706*	*228*	*154*	*3,539*	*942*	*27%*	*228*	*659*	*3%*
Los Bronces	**307**	**308**	**–**	**156**	**1,386**	**326**	**24%**	**(49)**	**241**	**–**
Prior year	*402*	*408*	*–*	*148*	*1,852*	*622*	*34%*	*240*	*228*	*–*
Collahuasi[3]	**223**	**223**	**–**	**111**	**1,068**	**569**	**53%**	**342**	**144**	**–**
Prior year	*200*	*198*	*–*	*137*	*971*	*381*	*39%*	*167*	*109*	*–*
Other Operations	**47**	**47**	**–**	**–**	**612**	**83**	**14%**	**43**	**178**	**–**
Prior year	*107*	*100*	*–*	*–*	*716*	*55*	*8%*	*(63)*	*322*	*–*
Projects and corporate	**–**	**–**	**–**	**–**	**–**	**(75)**	**–**	**(75)**	**–**	**–**
Prior year	*–*	*–*	*–*	*–*	*–*	*(116)*	*–*	*(116)*	*–*	*–*

(1) Excludes 62 kt third-party sales.
(2) C1 unit cost including by-product credits.
(3) 44% share of Collahuasi production, sales and financials.

Financial and operating overview

Underlying EBITDA decreased by 4% to $903 million, driven by a decrease in the average LME copper price and an 18% decline in sales volumes (reflecting in part the sale of Anglo American Norte in September 2015), partly offset by a significant reduction in cash costs. Results benefited from cost-reduction initiatives and productivity improvements across all operations, as well as from the implementation, at the start of 2016, of an optimised mine plan at El Soldado. At 31 December 2016, 113,204 tonnes of copper were provisionally priced at 251 c/lb. Provisional pricing of copper sales resulted in an underlying EBITDA gain of $144 million (2015: loss of $366 million), bringing the realised copper price to 225 c/lb for the period, 1% lower than in 2015.

Markets

	2016	2015
Average market price (c/lb)	**221**	249
Average realised price (c/lb)	**225**	228

The average LME copper price was 11% lower at 221 c/lb. Although the average price was lower than in 2015, prices started 2015 at higher levels and were subsequently impacted by bearish fund positioning, influenced by negative macro-economic sentiment. This precipitated sharp price falls towards the end of 2015, and into January 2016. Prices were relatively stable during the year, before rising strongly in the latter stages. Sentiment towards the metal showed signs of improvement as China's economy displayed evidence of stability, leading to increased investment flows into copper. Key copper-consuming sectors in China contributed to the improved offtake, including stronger construction and infrastructure activity, such as power grid investment.

Operating performance

The Los Bronces operation faced a number of challenges during the year. Production decreased by 24% to 307,200 tonnes (2015: 401,700 tonnes), driven by expected significantly lower grades (2016: 0.67% vs. 2015: 0.92%). The mine returned to processing lower average grades than in 2015, when it had prioritised the processing of higher grade areas in order to offset the impact of water shortages. In 2016, in contrast, a series of unusual weather events resulted in the operations having to cope with excess water. Snowfall late in 2015, and its subsequent melting, caused dewatering problems in the pit, while significant snowfall in 2016 (when more than 10 metres was recorded, 30% higher than average) interrupted ore extraction, particularly from the mine's higher altitude and higher grade areas, which affected the ability to feed high grade ore to the plants. In addition, a seven-day strike affected production in September, and there were disruptions in November and December owing to illegal industrial action by contractor unions. In spite of the production challenges, unit costs were only 5% higher than in 2015, at 156 c/lb (2015: 148 c/lb), as cost-reduction initiatives across all areas of the operation partly compensated for the lower output.

Record concentrate production was achieved at Collahuasi; Anglo American's attributable production increased by 11% to 222,900 tonnes (2015: 200,300 tonnes). Strong, sustained plant performance, following rectification work undertaken in 2015, was supported by higher grades (2016: 1.22% vs. 2015: 1.15%). This was offset by reduced cathode production following the closure of the higher-cost oxide plant at the end of 2015. Unit costs decreased by 19% to 111 c/lb (2015: 137 c/lb), benefiting from the higher production as well as from an ongoing focus on reducing costs at the operation.

Production at El Soldado increased by 31% to 47,000 tonnes (2015: 36,000 tonnes) as a result of improved throughput and higher grades. Unit costs declined by 19% to 184 c/lb (2015: 228 c/lb), reflecting the benefits of both the higher production and the implementation of the optimised mine plan from the start of the year. In July 2016, the unionised workforce at El Soldado went on a 13-day strike before agreement was reached with the company on a new remuneration offer. Management continued to optimise the mine plan following changes made to sequencing in response to low prices during 2016. The redesigned mine plan for El Soldado is yet to receive permitting approval and therefore we decided, in February 2017, to temporarily suspend mining operations, pending appeal to the regulator and/or amendments being made to the mine plan. Work continues with Sernageomin (Chile's National Geology and Mining Service) on securing appropriate licences for this revised mine plan.

Operational outlook

Production in 2017 is expected to be in line with that in 2016. Higher throughput at Collahuasi is expected to be offset by lower grades. At Los Bronces, recovery from the weather- and strike-related stoppages in 2016 is likely to be affected by increasing ore hardness, thereby constraining plant performance. Production guidance for 2017 remains unchanged at 570,000-600,000 tonnes.

In the next two years it will be necessary to replace the stator motors on each of the two ball mills on the key Line 3 at Collahuasi (responsible for around 60% of plant throughput). This work is planned for 2018 and 2019; however, this may be brought forward for operational reasons (estimated impact of each change on attributable production of 20,000-25,000 tonnes).

NICKEL, NIOBIUM AND PHOSPHATES

Key performance indicators

	Production volume	Sales volume	Price	Unit cost*	Revenue*	Underlying EBITDA*	Underlying EBITDA margin	Underlying EBIT*	Capex*	ROCE*
	t	t	c/lb	c/lb[(1)]	$m	$m[(2)]		$m[(2)]	$m	
Nickel segment	**44,500**	**44,900**	**431**	**350**	**426**	**57**	**13%**	**(15)**	**62**	**(1)%**
Prior year	*30,300*	*32,000*	*498*	*431*	*146*	*(3)*	*(2)%*	*(22)*	*26*	*(1)%*

(1) C1 cash costs (c/lb).
(2) Nickel segment includes $10 million projects and corporate costs (2015: $12 million).

	Production volume	Sales volume	Price	Unit cost*	Revenue*	Underlying EBITDA*	Underlying EBITDA margin	Underlying EBIT*	Capex*	ROCE*
	kt	kt	$/t	$/t	$m	$m[(2)]		$m[(2)]	$m	
Niobium and Phosphates[(1)]	**–**	**–**	**–**	**–**	**495**	**118**	**24%**	**79**	**26**	**19%**
Prior year	*–*	*–*	*–*	*–*	*544*	*146*	*27%*	*119*	*50*	*14%*
Niobium	**4.7**	**4.6**	**–**	**–**	**137**	**41**	**30%**	**21**	**–**	**6%**
Prior year	*6.3*	*5.1*	*–*	*–*	*111*	*40*	*36%*	*33*	*26*	*6%*
Phosphates	**864**	**973**	**354**	**–**	**358**	**80**	**22%**	**61**	**26**	**50%**
Prior year	*1,111*	*1,060*	*479*	*–*	*433*	*111*	*26%*	*91*	*24*	*30%*

(1) Metrics relating to 2016 include results up to the date of disposal, 30 September 2016. Prior year metrics include results for the full year to 31 December 2015.
(2) Niobium and Phosphates also include $3 million and $5 million of projects and corporate costs for year to date September 2016 and full year 2015, respectively.

Financial and operating overview

The sale of Niobium and Phosphates to China Molybdenum Co Ltd. was completed on 30 September 2016.

Nickel

Nickel's underlying EBITDA was $57 million, reflecting lower cash costs and higher volumes following the successful rebuild of Barro Alto's furnaces, with the operation reaching nameplate capacity in the third quarter of 2016, as well as the favourable impact of the weaker Brazilian real. These benefits were partly offset by a decline in the average nickel price for the year, cost inflation and lower energy surplus sales. Barro Alto's operating results were capitalised until October 2015, when the project began commercial production.

Nickel unit costs decreased by 19% to 350 c/lb (2015: 431 c/lb), mainly attributable to increased production volumes from Barro Alto, favourable exchange rates, lower energy costs and consumables, partially offset by inflation.

Niobium

Underlying EBITDA was flat year-on-year at $41 million (2015: $40 million), with higher sales volumes from Boa Vista Fresh Rock (BVFR) and lower cash costs offsetting lower prices and the impact of the sale of the business. Underlying EBITDA from BVFR was capitalised during January and February 2016, with commercial production being achieved in March 2016.

Phosphates

Underlying EBITDA of $80 million decreased by 28% (2015: $111 million), driven primarily by the sale of the business, as well as lower sales pricing and inflation, partially offset by a reduction in operating costs.

Markets

	2016	2015
Average market price[(1)] (c/lb)	**436**	536
Average realised price[(2)] (c/lb)	**431**	498

(1) The average market price is the LME nickel price, from which ferronickel pricing is derived. Ferronickel is traded based on discounts or premiums to the LME price, depending on market conditions, supplier products and consumer preferences.
(2) Differences between market prices and realised prices are largely due to variances between the LME and ferronickel price.

Nickel

The average LME nickel cash settlement price decreased by 19% to 436 c/lb (2015: 536 c/lb).

Concerns about global economic growth put significant downward pressure on metal prices, particularly through the second half of 2015 and the first quarter of 2016. Despite these concerns, nickel demand improved strongly during the year, while supply contracted for the second consecutive year, resulting in a market deficit. Demand, which had grown by 1.2% in 2015, increased by 8.3% in 2016, supported by strong growth in global stainless steel production, which rose by 5.3% (2015: 0.2%). With Chinese nickel pig iron (NPI) production declining, price-led cutbacks at other nickel producers and lower availability of nickel-bearing stainless steel scrap, the nickel market tightened, while a shortage of nickel-iron units (ferronickel, NPI and stainless steel scrap) led to ferronickel, which had traded at a discount to the LME price, starting to command a premium to the LME price.

Niobium

Worldwide demand for ferroniobium decreased in 2016. Demand from the key markets of China and North America was particularly muted at the beginning of the year, attributable to overcapacity in steel production, and the effect of the weaker oil and gas sector.

Phosphates

The average MAP CFR Brazil price was $354/tonne, 26% lower than for the equivalent period in 2015 ($479/tonne), as a result of increased global supply and weaker than expected demand in the major markets – the US, China and India. In Brazil, demand for phosphate fertilisers from January to September 2016 was around 10.2 million tonnes, a 6.5% increase. This strong demand was driven by favourable weather conditions, lower fertiliser prices, an attractive barter ratio, the weaker Brazilian real (which supported farmers' earnings) and increased availability of funding to farmers.

Operating performance

Nickel

Nickel output increased by 47% to 44,500 tonnes (2015: 30,300 tonnes) following the successful rebuild of the Barro Alto furnaces, which are now producing at close to nameplate capacity. Codemin's production of metal was in line with the previous year at approximately 9,000 tonnes.

Niobium

At the point of disposal, production was in line with the prior year at 4,700 tonnes (Q3 2015: 4,700 tonnes; FY 2015: 6,300 tonnes). This was despite two shutdowns; the first in the first quarter to reduce stock levels and facilitate site maintenance and work on residue disposal; and the second, a planned stoppage in May in order to implement the downstream metallurgy project. Following the project's implementation, plant performance was strong, with an all-time production record achieved in July.

Phosphates

At the time of disposal in the third quarter, fertiliser production was 0.9 million tonnes (Q3 2015: 0.8 million tonnes; FY 2015: 1.1 million tonnes), with the increase being attributable to strong granulation plant performance at both sites and favourable operational conditions, which allowed two separate planned maintenance stoppages (scheduled for January and March 2016) to be combined. Phosphoric acid production was also boosted as a result of increased plant stability and higher equipment availability at both sites. Dicalcium phosphate production was higher because of improved plant performance (principally lower idle time at Cubatão and a reduction in time spent on tank maintenance at Catalão), as well as higher phosphoric acid availability.

Operational outlook

Nickel

Production guidance for 2017 is approximately 45,000 tonnes (previously 42,000-45,000 tonnes).

IRON ORE AND MANGANESE

Key performance indicators

	Production volume	Sales volume	Price	Unit cost*	Revenue*	Underlying EBITDA*	Underlying EBITDA margin	Underlying EBIT*	Capex*	ROCE*
	Mt[1]	Mt	$/t[2]	$/t[3]	$m	$m		$m	$m	
Iron Ore and Manganese	**–**	**–**	**–**	**–**	**3,426**	**1,536**	**45%**	**1,275**	**269**	**12%**
Prior year	*–*	*–*	*–*	*–*	*3,390*	*1,026*	*30%*	*671*	*1,422*	*5%*
Kumba Iron Ore	**41.5**	**42.5**	**64**	**27**	**2,801**	**1,347**	**48%**	**1,135**	**160**	**51%**
Prior year	*44.9*	*47.8*	*53*	*31*	*2,876*	*1,011*	*35%*	*739*	*523*	*26%*
Iron Ore Brazil	**16.1**	**16.2**	**54**	**28**	–	**(6)**	–	**(6)**	**109**	**(1)%**
Prior year	*9.2*	*8.5*	*41*	*60*	–	*(20)*	–	*(21)*	*899*	*(1)%*
Samancor[4]	**3.3**	**3.4**	–	–	**625**	**258**	**41%**	**209**	–	**59%**
Prior year	*3.3*	*3.3*	–	–	*514*	*104*	*20%*	*22*	–	*4%*
Projects and Corporate	–	–	–	–	–	**(63)**	–	**(63)**	–	–
Prior year	–	–	–	–	–	*(69)*	–	*(69)*	–	–

(1) Iron Ore Brazil production is Mt (wet basis).
(2) Prices for Kumba Iron Ore are the average realised export basket price (FOB Saldanha). Prices for Iron Ore Brazil are the average realised export basket price (FOB Açu) (wet basis).
(3) Unit costs for Kumba Iron Ore are on an FOB dry basis. Unit costs for Iron Ore Brazil are on an FOB wet basis.
(4) Production, sales and financials include ore and alloy.

Financial and operating overview

Kumba

Underlying EBITDA increased by 33% to $1,347 million (2015: $1,011 million), mainly due to a 21% increase in the average realised FOB export iron ore price from $53/tonne to $64/tonne, partially offset by lower sales volumes. Lump- and ore-quality benefits resulted in the average realised iron ore price of $64/tonne being higher than the average iron ore benchmark price of $58/tonne. Unit costs decreased by 13% to $27/tonne (2015: $31/tonne), driven by the pit reconfiguration at Sishen to a lower cost shell, which included restructuring the operation, and the benefit of the weaker South African rand. The pit reconfiguration resulted in lower volumes, partially offset by productivity gains in mining and processing operations. The average CFR break-even price achieved was $29/tonne in 2016.

Sales volumes decreased by 11% to 42.5 Mt (2015: 47.8 Mt), reflecting the 10% decline in production volumes at Sishen. Total finished product stock reduced to 3.5 Mt (2015: 4.7 Mt), in line with the optimum level of around 3 Mt.

Iron Ore Brazil

Iron Ore Brazil's underlying EBITDA loss was $6 million (2015: $20 million loss). Minas-Rio continued to capitalise its operating results in 2016, as the asset remained in the ramp-up phase throughout the year. Iron Ore Brazil's capitalised operating EBITDA amounted to $269 million (2015: $239 million loss), reflecting higher total sales volumes and an improvement in realised iron ore prices, as well as lower unit costs. Minas-Rio's average FOB realised price in 2016 was $54 per wet metric tonne (equivalent to $59 per dry metric tonne). Operating results ceased to be capitalised from January 2017.

Samancor

Underlying EBITDA increased by $154 million to $258 million (2015: $104 million), driven by a recovery in manganese ore prices, a 6% increase in ore sales, and lower costs partly attributable from the restructuring of the South African manganese operations.

The restructuring of the South African manganese operations was completed in the first quarter of the year. This reduced the operating cost base and increased production flexibility in response to the sharp decline in the manganese index ore price in 2015, which carried through into the first half of 2016. During the second six months, however, the price staged a dramatic recovery from its lows.

Markets

Iron ore

	2016	2015
Average market price (IODEX 62% Fe CFR China – $/tonne)	**58**	56
Average market price (MB 66% Fe Concentrate CFR – $/tonne)	**69**	67
Average realised price (Kumba export – $/tonne) (FOB Saldanha)[(1)]	**64**	53
Average realised price (Minas-Rio – $/tonne) (FOB wet basis)[(2)]	**54**	41

(1) Kumba's outperformance over the Platts 62% Fe CFR China index is primarily representative of the superior iron (Fe) content and the relatively high proportion (approximately 64%) of lump in the overall product portfolio.
(2) Iron Ore Brazil produces a higher grade product than the Platts 62% Fe indices, with pricing reflecting the increased Fe content and lower gangue. Platts 62% is referred to for comparison purposes only.

Iron ore prices fared better than in 2015, but with significant volatility through the year. The IODEX 62% Fe CFR China spot price increased by 4% to an average of $58/tonne, trading in a yearly range of $40-$84/tonne. The improvement in downstream demand in China, combined with steel capacity closures as part of the country's supply-side reforms and environmental improvement drive, supported both steel and iron ore prices. This positive demand environment and improved mill margins have driven an increase in Chinese crude steel production, while the progressive withdrawal of marginal domestic iron ore supply has boosted demand for seaborne iron ore materials. Rallying metallurgical coal prices have also been supportive of demand for high grade ores, with quality price premiums increasing through most of the second half of 2016.

Manganese

Following a 57% reduction in the index ore price during 2015, the index ore price increased by 341% during 2016, closing at $9.01/dmtu (44% Mn CIF China). The price recovery was driven by demand from China, where strong government-led infrastructure spending has resulted in higher steel prices.

Operating performance

Kumba

Sishen's production decreased by 10% to 28.4 Mt (2015: 31.4 Mt), consistent with the mine's lower-cost pit configuration. Waste mined reduced to 137.1 Mt (2015: 222.2 Mt), in line with lower production. Run rates for the year were affected by the restructuring; higher levels of rainfall and safety stoppages in the first six months also had an adverse impact on production. Following successful completion of the restructuring, the second half of the year showed a considerable improvement as benefits attributable to improved mining productivity, as well as access to low strip ratio ore and higher plant yields, started to come through.

Implementation of the mining work management element of the Operating Model at Sishen resulted in significant improvements in the amount of ore and waste mined. Work management for the reconfigured mining set-up is now under way.

Kolomela mine produced a record 12.7 Mt, 6% more than the 12.1 Mt produced in 2015, mainly owing to debottlenecking and optimisation of the plant. Waste mining increased by 10% to 50.2 Mt, in line with higher production levels.

At Kolomela, implementation of the Operating Model in the plant area has seen a marked improvement in work execution, with scheduled work completion now in excess of 95%. Screening-tonnes throughput improved by 18% during the go-live phase, and a further 18% during the stabilisation phase. The plant's process stability has also improved significantly.

Mining activities at Thabazimbi ceased on 30 September 2015, and processing activities on 31 March 2016. Closure of the mine has proceeded according to plan. Sishen Iron Ore Company Proprietary Limited, a subsidiary of Kumba, and ArcelorMittal South Africa Limited (AMSA) have signed an agreement for the transfer of the Thabazimbi mine, including all remaining assets and liabilities, to AMSA, which will become effective once all the conditions precedent have been met.

The Dingleton project is substantially complete, with only a small number of households still to be relocated.

Iron Ore Brazil

Iron ore production from Minas-Rio[(1)] increased by 76% to 16.1 Mt (2015: 9.2 Mt), as the operation continues its ramp-up. There has been an improved operational performance since July 2016, when a licence was granted to access the Step 2 area.

Samancor

Manganese ore production was broadly in line with the prior year at 3.1 Mt (attributable basis). Production from the Australian operations was 2% lower owing to certain ore feed constraints. This was offset by a 5% increase from the South African operations following the draw-down on the Wessels concentrate stockpiles in response to higher market prices.

Production of manganese alloys decreased by 35% to 137,800 tonnes (attributable basis). This was due to power shortages in Tasmania, which resulted in a five month suspension of production at two of the four furnaces. The furnaces were subsequently brought back on line, with a return to full production rates during September. In South Africa, manganese alloy production declined by 46%, following the decision in May 2015 to temporarily close three of the four furnaces there.

Operational outlook

Kumba

Production guidance for Sishen is 27-28 Mt for 2017, with a waste movement target of 150-160 Mt. The restructuring is expected to contribute to annual cost savings for 2017. In the medium term, the mine will continue to explore opportunities to fill any spare plant capacity through the use of low grade stockpiles. Further improvements in equipment efficiencies are expected over the medium term.

At Kolomela, annual production is expected to be 13-14 Mt for 2017. Waste removal is expected to increase to around 50-55 Mt in support of the increased annual output.

Kumba has a target unit cost of c. $30/tonne. Full year total sales volume guidance for 2017 is 40-42 Mt.

Iron Ore Brazil

Iron Ore Brazil continues to focus on operational stability and on obtaining the Step 3 licences required for the operation to access the full range of run-of-mine grades and reach its nameplate capacity of 26.5 Mt (wet basis).

Approval of the Step 2 licences, which had been expected in the first half of 2016, was provisionally granted in July 2016, with final approval in October 2016. The Step 2 area is expected to yield c. 45 million saleable tonnes of ore, most of which is anticipated to be mined by the time the licences for Step 3 (which had originally been expected in early 2018, and are now forecast for late 2018) are secured.

As a result of these licensing delays, production guidance for 2017 has been lowered to 16-18 Mt (previously 19-21 Mt), and for 2018 to 15-18 Mt (previously 22-24 Mt), subject to the timing of the Step 3 licences approval. After the Step 3 licences have been secured, the operation is expected to be in a position to ramp-up to produce at its nameplate capacity rate of 26.5 Mt per year.

In 2017, unit costs are expected to be approximately $27/tonne (wet basis, at 2016 average FX rate).

[(1)] Iron Ore Brazil production is on a wet basis, unless otherwise stated.

Samancor

Australian manganese ore production guidance of 2.1 Mwmt remains unchanged, albeit with an increased proportion of Premium Concentrate ore (PCO2) in the product mix. The PCO2 fines product has a manganese content of approximately 40%, which leads to both grade and product-type discounts when referenced to the high grade 44% manganese lump ore index. South Africa Manganese ore production will remain configured for an optimised production rate of 2.9 Mwmt pa (100% basis), although the business will continue to act opportunistically when market fundamentals are supportive.

Legal

Residual mining rights

On 12 October 2016, South Africa's Department of Mineral Resources (DMR) granted the residual 21.4% undivided share of the mining right for the Sishen mine to Sishen Iron Ore Company Proprietary Limited (SIOC). As a result of the grant of the residual 21.4% undivided share, SIOC is now the sole and exclusive holder of the right to mine iron ore and quartzite at the Sishen mine. This residual mining right will be incorporated into the 78.6% Sishen mining right that SIOC successfully converted in 2009.

Tax Matters

On 3 February 2017, the South African Revenue Service and Sishen Iron Ore Company Proprietary Limited agreed on a R2.5 billion (approximately $185 million) settlement of a tax matter relating to the period covering 2006 to 2015 inclusive. The Group had previously provided for R1.5 billion and an additional R1.0 billion has been provided for this year.

COAL

Key performance indicators

	Production volume	Sales volume	Price	Unit cost*	Revenue*	Underlying EBITDA*	Underlying EBITDA margin	Underlying EBIT	Capex*	ROCE*
	Mt[1]	Mt[2]	$/t[3]	$/t[4]	$m	$m		$m	$m	
Coal	**94.8**	**94.7**	**–**	**–**	**5,263**	**1,646**	**31%**	**1,112**	**613**	**29%**
Prior year	*94.9*	*96.8*	–	–	*4,888*	*1,046*	*21%*	*457*	*941*	*9%*
Australia and Canada	**30.4**	**30.3**	**112**	**51**	**2,547**	**996**	**39%**	**661**	**523**	**30%**
Prior year	*33.5*	*34.0*	*90*	*55*	*2,374*	*586*	*25%*	*190*	*837*	*6%*
South Africa	**53.8**	**53.6**	**60**	**34**	**2,109**	**473**	**22%**	**366**	**90**	**41%**
Prior year	*50.3*	*51.6*	*55*	*39*	*1,893*	*345*	*18%*	*230*	*104*	*19%*
Colombia	**10.7**	**10.8**	**56**	**28**	**607**	**235**	**39%**	**143**	**–**	**17%**
Prior year	*11.1*	*11.2*	*55*	*31*	*621*	*168*	*27%*	*90*	–	*11%*
Projects and corporate	**–**	**–**	**–**	**–**	**–**	**(58)**	**–**	**(58)**	**–**	**–**
Prior year	–	–	–	–	–	*(53)*	–	*(53)*	–	–

(1) Production volumes are saleable tonnes.
(2) South African sales volumes exclude non-equity traded sales volumes of 6.1 Mt (2015: 3.4 Mt).
(3) Australia 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 and Canada excludes study costs and Callide. South Africa unit cost is for the export operations.

Financial and operating overview

Australia and Canada

Underlying EBITDA increased by 70% to $996 million, reflecting a 24% increase in the metallurgical coal realised price, and cost reductions across the business. Underlying EBITDA further benefited from an increase in the proportion of hard coking coal production to 65% of total export production (2015: 60%). Although total production declined following a number of divestments, unit costs decreased by 7% in US dollar terms (7% in local currency) following the implementation of significant cost-reduction initiatives, particularly at the opencut operations, and a corporate restructure. Local currency (Australian dollar) unit costs were the lowest since 2006.

Excluding the impact of divestments, total coal production was 4% lower than in 2015. The decrease was attributable to a reduction in export thermal production at Drayton, where mining activities ceased in October, following the New South Wales Planning Assessment Commission decision not to support approval of the Drayton South project. Excluding the divestment of Foxleigh (completed on 29 August 2016), metallurgical coal production was in line with the prior year.

The divestment of Callide was completed on 31 October 2016.

Grosvenor produced its first longwall coal in May 2016, seven months ahead of schedule and more than $100 million under its total capital budget. While all equipment has been fully commissioned, ramp-up to normal production is currently being hampered by challenging geological conditions.

South Africa

Underlying EBITDA increased by 37% to $473 million. This was mainly attributable to a 9% increase in the export thermal coal price, notwithstanding 4% lower export sales volumes as a result of planned destocking in 2015 (which was not repeated in 2016), facilitated by accessing additional rail and port capacity. Despite continued inflationary pressure in South Africa, unit costs reduced by 13% to $34/tonne owing to the weaker rand and a 2% reduction in on-mine rand unit costs. On-mine local currency costs have now reduced in line with those reported in 2013, as a result of the business's cost-saving and productivity initiatives.

Production increased by 7%, with a 9% increase from the Export mines following implementation of productivity improvement initiatives, and a 7% increase at the Eskom-tied mines, due largely to the recommissioning of the third dragline at New Vaal following a maintenance shutdown.

Colombia

Underlying EBITDA increased by 40% to $235 million, attributable mainly to stronger prices and lower costs following planned lower production to remove the highest cost capacity, and by the sustained benefits of significant cost-reduction programmes implemented in 2015.

Markets

Metallurgical coal

	2016	2015
Average market price for premium low-volatility hard coking coal ($/tonne)(1)	**114**	102
Average market price for premium low-volatility PCI ($/tonne)(1)	**88**	84
Average realised price for premium low-volatility hard coking coal ($/tonne)	**119**	94
Average realised price for PCI ($/tonne)	**77**	77

(1) Represents the quarterly average benchmark for premium low-volume hard coking coal and PCI.

Metallurgical coal prices started to recover in the first six months, in a balanced market. In the second half, China's imposition of safety, environmental and working time controls on its domestic mines, along with supply disruptions arising from geological difficulties encountered at several mines in Australia, caused significant market tightness, resulting in a sharp increase in both spot and contract prices. The spot metallurgical coal price averaged $199/tonne (TSI Premium HCC FOB Australia East Coast Port $/tonne) in the second half, 134% higher than in the first six months, with the premium for high grade material increasing owing to tightness in the premium HCC market. Supply controls on domestic production in China were relaxed towards the end of the year, while exports from the US slowly increased in the second half as some mines there came out of bankruptcy protection. Australian supply, however, remained broadly stable throughout the year, with producers taking a cautious view on capital investment.

Thermal coal

	2016	2015
Average market price ($/t, FOB Australia)(1)	**66**	59
Average market price ($/t, FOB South Africa)(1)	**64**	57
Average market price ($/t, FOB Colombia)(1)	**58**	52
Average realised price – Export Australia ($/tonne, FOB)	**55**	55
Average realised price – Export South Africa ($/tonne, FOB)	**60**	55
Average realised price – Domestic South Africa ($/tonne)	**17**	19
Average realised price – Colombia ($/tonne, FOB)	**56**	55

(1) Thermal coal price and realised price will differ according to timing and quality differences.

Chinese domestic supply rationalisation led to rises in the domestic thermal coal price, thereby incentivising imports. Consequently, Chinese import demand increased in the second half of the year, lifting global thermal coal prices. In the Pacific, the globalCOAL Newcastle 6,000 kcal/kg FOB Australia index increased by 12% to $66/tonne. This uplift in demand and subsequent increase in price helped pull up both the South African (API4) and Colombian (API10) indices by 12%. On the supply side, supply from Australia and Indonesia decreased slightly, while Russian exports into the Pacific were marginally higher on the back of increased Chinese import demand.

Operating performance

Australia and Canada

Excluding the impact of divestments, production from the Australian mines decreased by 4% owing to the cessation of mining activities at Drayton (thermal coal). Production from the remaining operations was flat year-on-year as geological issues at Grasstree, and a planned reduction at Capcoal's open cut, which moved to a five-day operation, were offset by the ramp-up of Grosvenor, productivity improvements at Dawson and Jellinbah, as well as another record year at Moranbah.

Excluding the divestment of Foxleigh, Australian export metallurgical coal production was in line with 2015. HCC production increased by 2%, owing to the ramp-up of Grosvenor (benchmark HCC producer), productivity gains and a change in mix to higher value metallurgical coal production at Dawson.

South Africa

Total production from the export operations increased by 9% to 24.6 million tonnes following the implementation of various productivity improvement initiatives at all managed sites, the introduction of enhanced shift systems at Goedehoop and Zibulo, and plant innovations at Kleinkopje and Goedehoop that have delivered incremental saleable production from previously discarded material.

Export sales at 19.1 Mt were the second highest recorded, albeit 4% below 2015, when prior year sales volumes benefited from a planned 1 Mt drawdown of inventory.

Eskom mine production increased by 7%, with New Vaal's third dragline back in production following maintenance in the second half of 2015, and an improved performance at Kriel's underground operations.

Colombia

Anglo American's attributable output from its 33.3% shareholding in Cerrejón decreased by 4% to 10.7 Mt, following heavy rainfall in May and June, and ongoing planned reductions to remove the highest-cost capacity.

Operational outlook

Australia and Canada

Metallurgical coal production in 2017 is expected to be 19-21 Mt. This is below previous guidance owing to the divestment of Foxleigh, the restructuring of Dawson and Capcoal open cut to lower cost, lower volume operations, and current geological issues at Grosvenor.

Export Thermal Coal

In 2017, export production from South Africa and Colombia has increased to 29-31 Mt (previously 28-30 Mt).

CORPORATE AND OTHER

Key performance indicators

	Revenue	Underlying EBITDA*	Underlying EBIT*	Capex*
	$m	**$m**	**$m**	**$m**
Segment	**4**	**(123)**	**(150)**	**14**
Prior year	*925*	*(11)*	*(64)*	*16*
Other Mining and Industrial	**–**	**(2)**	**(2)**	**–**
Prior year	*921*	*110*	*64*	*3*
Exploration	**–**	**(107)**	**(107)**	**–**
Prior year	–	*(152)*	*(154)*	–
Corporate activities and unallocated costs	**4**	**(14)**	**(41)**	**14**
Prior year	4	31	26	13

Financial and operating overview

Corporate and Other reported an underlying EBITDA loss of $123 million (2015: $11 million loss).

Other Mining and Industrial

Underlying EBITDA from Other Mining and Industrial fell from a contribution of $110 million to a loss of $2 million following the disposal of Anglo American's interest in the Lafarge Tarmac joint venture in July 2015.

Exploration

Exploration expenditure decreased to $107 million (2015: $152 million), reflecting general reductions across all commodities. The decreases were mainly attributable to an overall reduction in drilling activities.

Corporate activities and unallocated costs

Underlying EBITDA amounted to a $14 million loss (2015: $31 million gain), driven primarily by a year-on-year loss of $62 million that was recognised in the Group's self-insurance entity, reflecting lower premium income and higher net claims and settlements during 2016.

This was offset to some extent by an 11% decrease in corporate costs ($57 million), of which $56 million represented a foreign exchange gain compared with 2015. The reduction in corporate costs was mitigated by a 10% decrease in the recharge and allocation of corporate costs to business units of $40 million, reflecting the lower corporate cost base.

For further information, please contact:

Media
UK
James Wyatt-Tilby
james.wyatt-tilby@angloamerican.com
Tel: +44 (0)20 7968 8759

Marcelo Esquivel
marcelo.esquivel@angloamerican.com
Tel: +44 (0)20 7968 8891

South Africa
Pranill Ramchander
pranill.ramchander@angloamerican.com
Tel: +27 (0)11 638 2592

Ann Farndell
ann.farndell@angloamerican.com
Tel: +27 (0)11 638 2786

Investors
UK
Paul Galloway
paul.galloway@angloamerican.com
Tel: +44 (0)20 7968 8718

Trevor Dyer
trevor.dyer@angloamerican.com
Tel: +44 (0)20 7968 8992

Sheena Jethwa
sheena.jethwa@angloamerican.com
Tel: +44 (0)20 7968 8680

Notes to editors:
Anglo American is a globally diversified mining business. Our portfolio of world-class competitive mining operations and undeveloped resources provides the raw materials to meet the growing consumer-driven demands of the world's developed and maturing economies. Our people are at the heart of our business. It is our people who use the latest technologies to find new resources, plan and build our mines and who mine, process and move and market our products to our customers around the world.

As a responsible miner - of diamonds (through De Beers), platinum and other precious metals, copper, nickel, iron ore and coal - we are the custodians of what are precious natural resources. We work together with our key partners and stakeholders to unlock the long-term value that those resources represent for our shareholders and for the communities and countries in which we operate – creating sustainable value and making a real difference.
www.angloamerican.com

Webcast of presentation:
A live webcast of the results presentation, starting at 10.15am UK time on 21 February 2017, can be accessed through the Anglo American website at www.angloamerican.com

Note: Throughout this results announcement, '$' denotes United States dollars and 'cents' refers to United States cents. Tonnes are metric tons, 'Mt' denotes million tonnes and 'kt' denotes thousand tonnes, unless otherwise stated.

Forward-looking statements:
This announcement includes forward-looking statements. All statements other than statements of historical facts included in this announcement, including, without limitation, those regarding Anglo American's financial position, business and acquisition strategy, plans and objectives of management for future operations (including development plans and objectives relating to Anglo American's products, production forecasts and Ore Reserves and Mineral Resources), are forward-looking statements. By their nature, such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of Anglo American, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding Anglo American's present and future business strategies and the environment in which Anglo American will operate in the future. Important factors that could cause Anglo American's actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, levels of actual production during any period, levels of global demand and commodity market prices, mineral resource exploration and development capabilities, recovery rates and other operational capabilities, the availability of mining and processing equipment, the ability to produce and transport products profitably, the impact of foreign currency exchange rates on market prices and operating costs, the availability of sufficient credit, the effects of inflation, political uncertainty and economic conditions in relevant areas of the world, the actions of competitors, activities by governmental authorities such as changes in taxation or safety, health, environmental or other types of regulation in the countries where Anglo American operates, conflicts over land and resource ownership rights and such other risk factors identified in Anglo American's most recent Annual Report. Forward-looking statements should, therefore, be construed in light of such risk factors and undue reliance should not be placed on forward-looking statements. These forward-looking statements speak only as of the date of this announcement. Anglo American expressly disclaims any obligation or undertaking (except as required by applicable law, the City Code on Takeovers and Mergers (the "Takeover Code"), the UK Listing Rules, the Disclosure and Transparency Rules of the Financial Conduct Authority, the Listings Requirements of the securities exchange of the JSE Limited in South Africa, the SWX Swiss Exchange, the Botswana Stock Exchange and the Namibian Stock Exchange and any other applicable regulations) to release publicly any updates or revisions to any forward-looking statement contained herein to reflect any change in Anglo American's expectations with regard thereto or any change in events, conditions or circumstances on which any such statement is based.

Nothing in this announcement should be interpreted to mean that future earnings per share of Anglo American will necessarily match or exceed its historical published earnings per share.

Certain statistical and other information about Anglo American included in this announcement is sourced from publicly available third party sources. As such, it presents the views of those third parties, though these may not necessarily correspond to the views held by Anglo American.

This page has been intentionally left blank.

AngloAmerican

CONDENSED FINANCIAL STATEMENTS

for the year ended 31 December 2016

CONTENTS

Primary statements
Consolidated income statement 31
Consolidated statement of comprehensive income 32
Consolidated balance sheet 33
Consolidated cash flow statement 34
Consolidated statement of changes in equity 35

Notes to the Condensed financial statements
1. Basis of preparation 36
2. Critical accounting judgements and key sources of estimation uncertainty 36
3. Changes in accounting policies and disclosures 37
4. Segmental information 37
5. Exploration and evaluation expenditure 42
6. Underlying EBIT and underlying earnings by segment 43
7. Special items and remeasurements 43
8. Net finance (costs)/income 47
9. Income tax expense 48
10. Earnings per share 50
11. Capital expenditure 51
12. Net debt 52
13. Borrowings 54
14. Assets and liabilities held for sale 54
15. Disposals of subsidiaries, joint ventures and mining operations 55
16. Contingent liabilities 56
17. Events occurring after end of year 57

Summary by business operation 58

Key financial data 59

Alternative performance measures 60

Exchange rates and commodity prices 65

Consolidated income statement
for the year ended 31 December 2016

US$ million	Note	2016 Before special items and remeasurements	2016 Special items and remeasurements (note 7)	2016 Total	2015 Before special items and remeasurements	2015 Special items and remeasurements (note 7)	2015 Total
Revenue	4	**21,378**	**–**	**21,378**	20,455	–	20,455
Operating costs		**(18,047)**	**(1,665)**	**(19,712)**	(18,417)	(6,150)	(24,567)
Operating profit/(loss)	4	**3,331**	**(1,665)**	**1,666**	2,038	(6,150)	(4,112)
Non-operating special items	7	**–**	**1,203**	**1,203**	–	(1,278)	(1,278)
Share of net income/(loss) from associates and joint ventures	4	**271**	**7**	**278**	48	(269)	(221)
Profit/(loss) before net finance (costs)/income and tax		**3,602**	**(455)**	**3,147**	2,086	(7,697)	(5,611)
Investment income		**186**	**120**	**306**	172	–	172
Interest expense		**(490)**	**(45)**	**(535)**	(489)	(54)	(543)
Other net financing (losses)/gains		**95**	**(389)**	**(294)**	(141)	669	528
Net finance (costs)/income	8	**(209)**	**(314)**	**(523)**	(458)	615	157
Profit/(loss) before tax		**3,393**	**(769)**	**2,624**	1,628	(7,082)	(5,454)
Income tax expense	9	**(742)**	**44**	**(698)**	(435)	47	(388)
Profit/(loss) for the financial year		**2,651**	**(725)**	**1,926**	1,193	(7,035)	(5,842)
Attributable to:							
Non-controlling interests		**441**	**(109)**	**332**	366	(584)	(218)
Equity shareholders of the Company		**2,210**	**(616)**	**1,594**	827	(6,451)	(5,624)
Earnings per share (US$)							
Basic	10	**1.72**	**(0.48)**	**1.24**	0.64	(5.00)	(4.36)
Diluted	10	**1.70**	**(0.47)**	**1.23**	0.64	(5.00)	(4.36)

Consolidated statement of comprehensive income
for the year ended 31 December 2016

US$ million	2016	2015
Profit/(loss) for the financial year	**1,926**	(5,842)
Other comprehensive (expense)/income		
Items that will not be reclassified to the income statement (net of tax)		
Remeasurement of net retirement benefit obligation	**(179)**	260
Net items that will not be reclassified to the income statement	**(179)**	260
Items that have been or may subsequently be reclassified to the income statement (net of tax)		
Net exchange differences:		
Net gain/(loss) (including associates and joint ventures)	**1,150**	(4,185)
Cumulative (gain)/loss transferred to the income statement on disposal of foreign operations	**(50)**	101
Revaluation of available for sale investments:		
Net revaluation gain/(loss)	**122**	(203)
Cumulative revaluation gain transferred to the income statement on disposal	**(151)**	–
Impairment losses transferred to the income statement	**–**	52
Revaluation of cash flow hedges:		
Net gain	**–**	9
Transferred to the income statement	**(11)**	–
Net items that have been or may subsequently be reclassified to the income statement	**1,060**	(4,226)
Other comprehensive income/(expense) for the financial year (net of tax)	**881**	(3,966)
Total comprehensive income/(expense) for the financial year (net of tax)	**2,807**	(9,808)
Attributable to:		
Non-controlling interests	**514**	(877)
Equity shareholders of the Company	**2,293**	(8,931)

Consolidated balance sheet
as at 31 December 2016

US$ million	Note	2016	2015
ASSETS			
Non-current assets			
Intangible assets		**3,217**	3,394
Property, plant and equipment		**28,719**	29,621
Environmental rehabilitation trusts		**353**	290
Investments in associates and joint ventures		**1,974**	1,817
Financial asset investments		**835**	846
Trade and other receivables		**812**	539
Deferred tax assets		**1,013**	914
Derivative financial assets		**484**	460
Other non-current assets		**293**	335
Total non-current assets		**37,700**	38,216
Current assets			
Inventories		**3,727**	4,051
Trade and other receivables		**2,232**	1,983
Current tax assets		**330**	152
Derivative financial assets		**109**	689
Cash and cash equivalents	12a	**6,051**	6,895
Total current assets		**12,449**	13,770
Assets classified as held for sale	14	**–**	27
Total assets		**50,149**	52,013
LIABILITIES			
Current liabilities			
Trade and other payables		**(3,384)**	(2,753)
Short term borrowings	12a, 13	**(1,806)**	(1,649)
Provisions for liabilities and charges		**(621)**	(620)
Current tax liabilities		**(442)**	(340)
Derivative financial liabilities		**(272)**	(477)
Total current liabilities		**(6,525)**	(5,839)
Non-current liabilities			
Trade and other payables		**(116)**	(26)
Medium and long term borrowings	12a, 13	**(11,363)**	(16,318)
Retirement benefit obligations		**(778)**	(667)
Deferred tax liabilities		**(3,520)**	(3,253)
Derivative financial liabilities		**(1,603)**	(1,986)
Provisions for liabilities and charges		**(1,919)**	(2,565)
Total non-current liabilities		**(19,299)**	(24,815)
Liabilities directly associated with assets classified as held for sale	14	**–**	(17)
Total liabilities		**(25,824)**	(30,671)
Net assets		**24,325**	21,342
EQUITY			
Called-up share capital		**772**	772
Share premium account		**4,358**	4,358
Own shares		**(6,090)**	(6,051)
Other reserves		**(10,000)**	(10,811)
Retained earnings		**29,976**	28,301
Equity attributable to equity shareholders of the Company		**19,016**	16,569
Non-controlling interests		**5,309**	4,773
Total equity		**24,325**	21,342

The financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 20 February 2017 and signed on its behalf by:

Mark Cutifani
Chief Executive

René Médori
Finance Director

Consolidated cash flow statement
for the year ended 31 December 2016

US$ million	Note	2016	2015
Cash flows from operating activities			
Profit/(loss) before tax		**2,624**	(5,454)
Net finance costs/(income) including financing special items and remeasurements		**523**	(157)
Share of net (income)/loss from associates and joint ventures		**(278)**	221
Non-operating special items	7	**(1,203)**	1,278
Operating profit/(loss)		**1,666**	(4,112)
Operating special items and remeasurements	7	**1,665**	6,150
Cash element of special items		**(144)**	(118)
Depreciation and amortisation	4	**2,138**	2,381
Share-based payment charges		**174**	151
Decrease in provisions		**(139)**	(239)
Decrease/(increase) in inventories		**301**	(84)
(Increase)/decrease in operating receivables		**(365)**	187
Increase/(decrease) in operating payables		**455**	(78)
Other adjustments		**87**	2
Cash flows from operations		**5,838**	4,240
Dividends from associates and joint ventures		**167**	324
Dividends from financial asset investments		**5**	9
Income tax paid		**(611)**	(596)
Net cash inflows from operating activities		**5,399**	3,977
Cash flows from investing activities			
Expenditure on property, plant and equipment	11	**(2,418)**	(4,053)
Cash flows from derivatives related to capital expenditure	11	**(22)**	(200)
Proceeds from disposal of property, plant and equipment	11	**23**	30
Investments in associates and joint ventures		**(51)**	(80)
Purchase of financial asset investments		**(3)**	(1)
Net redemption of/(investment in) financial asset investment loans and receivables		**61**	(216)
Interest received and other investment income		**77**	101
Proceeds from disposal of subsidiaries and joint operations, net of cash and cash equivalents disposed	15	**1,535**	189
Proceeds from disposal of joint ventures		**–**	1,556
Proceeds from disposal of interests in available for sale investments		**230**	–
Return of capital and repayments of capitalised loans by associates and joint ventures		**62**	67
Other investing activities		**(19)**	(7)
Net cash used in investing activities		**(525)**	(2,614)
Cash flows from financing activities			
Interest paid		**(747)**	(810)
Cash flows from derivatives related to financing activities	12b	**(414)**	(170)
Dividends paid to Company shareholders		**–**	(1,078)
Dividends paid to non-controlling interests		**(15)**	(242)
Proceeds from issuance of bonds		**–**	2,159
Proceeds from other borrowings		**694**	1,160
Repayments of bonds and borrowings		**(5,213)**	(1,987)
Proceeds from issue of shares to non-controlling interests		**38**	46
Proceeds from sale of shares under employee share schemes		**8**	11
Purchase of shares by Group companies for employee share schemes		**(117)**	(42)
Other financing activities		**(14)**	6
Net cash used in financing activities		**(5,780)**	(947)
Net (decrease)/increase in cash and cash equivalents		**(906)**	416
Cash and cash equivalents at start of year	12b	**6,889**	6,747
Cash movements in the year		**(906)**	416
Effects of changes in foreign exchange rates		**61**	(274)
Cash and cash equivalents at end of year	12b	**6,044**	6,889

Consolidated statement of changes in equity

for the year ended 31 December 2016

US$ million	Total share capital[1]	Own shares[2]	Retained earnings	Cumulative translation adjustment reserve	Fair value and other reserves[3]	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
At 1 January 2015	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**
Total comprehensive income	**–**	**–**	**1,419**	**896**	**(22)**	**2,293**	**514**	**2,807**
Dividends payable	**–**	**–**	**–**	**–**	**–**	**–**	**(40)**	**(40)**
Issue of shares to non-controlling interests	**–**	**–**	**–**	**–**	**–**	**–**	**38**	**38**
Equity settled share-based payment schemes	**–**	**(39)**	**146**	**–**	**(63)**	**44**	**24**	**68**
Tax recognised directly in equity	**–**	**–**	**110**	**–**	**–**	**110**	**–**	**110**
At 31 December 2016	**5,130**	**(6,090)**	**29,976**	**(10,851)**	**851**	**19,016**	**5,309**	**24,325**

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

Dividends

	2016	2015
Proposed ordinary dividend per share (US cents)	**–**	–
Proposed ordinary dividend (US$ million)	**–**	–
Ordinary dividends payable during the year per share (US cents)	**–**	85
Ordinary dividends payable during the year (US$ million)	**–**	1,078

Notes to the Condensed financial statements

1. BASIS OF PREPARATION

The Condensed financial statements for the year ended 31 December 2016 do not constitute statutory accounts as defined in section 435 (1) and (2) of the Companies Act 2006. Statutory accounts for the year ended 31 December 2015 have been delivered to the Registrar of Companies and those for 2016 will be delivered following the Company's Annual General Meeting convened for 24 April 2017. The auditors have reported on these accounts; their reports were unqualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis of matter and did not contain a statement under section 498 (2) or (3) of the Companies Act 2006.

Whilst the preliminary announcement (the Condensed financial statements) has been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRIC) interpretations adopted for use by the European Union, with those parts of the Companies Act 2006 applicable to companies reporting under IFRS and with the requirements of the United Kingdom Listing Authority (UKLA) Listing Rules, these Condensed financial statements do not contain sufficient information to comply with IFRS. The Group will publish full financial statements that comply with IFRS in March 2017.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Financial review of Group results for the year ended 31 December 2016 on pages 3 to 8. The Group's net debt (including related hedges) at 31 December 2016 was $8.5 billion (31 December 2015: $12.9 billion) representing a gearing level of 25.9% (31 December 2015: 37.7%). Further analysis of net debt is set out in note 12 and details of borrowings and facilities are set out in note 13.

The directors have considered the Group's cash flow forecasts for the period to the end of 31 March 2018. The Board is satisfied that the Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the period assessed. For this reason the Group continues to adopt the going concern basis in preparing its Condensed financial statements.

2. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the course of preparing financial statements, management necessarily makes judgements and estimates that can have a significant impact on the financial statements. The most critical of these relate to impairment and impairment reversals of assets, taxation, contingent liabilities, joint arrangements, estimation of Ore Reserves, assessment of fair value, restoration, rehabilitation and environmental costs, retirement benefits 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. The critical accounting judgements and key sources of estimation uncertainty are substantially the same as those disclosed in the Group's Consolidated financial statements for the year ended 31 December 2015.

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 2016). 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 2016, the change in estimate following the annual physical count has had the effect of increasing the value of inventory by $38 million (2015: increase of $181 million), resulting in the recognition of a post-tax gain of $27 million (2015: gain of $130 million).

3. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

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

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2015, except for changes arising from the adoption of the following new accounting pronouncements which became effective in the current reporting period:

- Amendments to IFRS 11 *Joint Arrangements: Accounting for Acquisitions of Interests in Joint Operations.*
- Amendments to IAS 1 *Presentation of Financial Statements: Disclosure Initiative*.
- *Annual Improvements to IFRSs 2012-2014 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.

4. SEGMENTAL INFORMATION

The Group's segments are aligned to those business units that are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

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 includes unallocated corporate costs, exploration costs and the Other Mining and Industrial business unit, the majority of whose remaining operations were disposed of in the year ended 31 December 2015. Exploration costs represent the cost of the Group's exploration activities across all segments.

Segments predominantly derive revenue as follows – De Beers: rough and polished diamonds; Platinum: platinum group metals; 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.

Niobium and Phosphates was sold on 30 September 2016 (see note 15).

During the year, Anglo American Platinum Limited has identified certain computational errors affecting its results reported in prior periods, the impact of which is considered material to Anglo American Platinum Limited but is not material to the Group. Consequently, the affected prior period results have been restated in the individual financial statements of Anglo American Platinum Limited but have been corrected in the current year in the Group financial statements. Had the Group results been restated, underlying EBIT and underlying EBITDA for the year ended 31 December 2016 would be higher by $77 million (2015: underlying EBIT lower by $21 million and underlying EBITDA lower by $10 million).

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

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 60.

4. SEGMENTAL INFORMATION (continued)

Segment results

US$ million	Revenue 2016	Revenue 2015	Underlying EBIT 2016	Underlying EBIT 2015
De Beers	**6,068**	4,671	**1,019**	571
Platinum	**4,394**	4,900	**185**	263
Copper	**3,066**	3,539	**261**	228
Nickel	**426**	146	**(15)**	(22)
Niobium and Phosphates	**495**	544	**79**	119
Iron Ore and Manganese	**3,426**	3,390	**1,275**	671
Coal	**5,263**	4,888	**1,112**	457
Corporate and other	**4**	925	**(150)**	(64)
	23,142	23,003	**3,766**	2,223
Reconciliation to Consolidated income statement:				
Less: associates and joint ventures	**(1,764)**	(2,548)	**(435)**	(185)
Include: operating special items and remeasurements	**–**	–	**(1,665)**	(6,150)
Revenue/Operating profit/(loss)	**21,378**	20,455	**1,666**	(4,112)

US$ million	Depreciation and amortisation 2016	Depreciation and amortisation 2015	Underlying EBITDA 2016	Underlying EBITDA 2015
De Beers	**387**	419	**1,406**	990
Platinum	**347**	455	**532**	718
Copper	**642**	714	**903**	942
Nickel	**72**	19	**57**	(3)
Niobium and Phosphates	**39**	27	**118**	146
Iron Ore and Manganese	**261**	355	**1,536**	1,026
Coal	**534**	589	**1,646**	1,046
Corporate and other	**27**	53	**(123)**	(11)
	2,309	2,631	**6,075**	4,854
Less: associates and joint ventures	**(171)**	(250)	**(606)**	(435)
Depreciation and amortisation/underlying EBITDA from subsidiaries and joint operations	**2,138**	2,381	**5,469**	4,419

4. SEGMENTAL INFORMATION (continued)

Underlying EBITDA is reconciled to underlying EBIT and to 'Profit/(loss) before net finance (costs)/income and tax':

US$ million	2016	2015
Underlying EBITDA	**6,075**	4,854
Depreciation and amortisation: subsidiaries and joint operations	**(2,138)**	(2,381)
Depreciation and amortisation: associates and joint ventures	**(171)**	(250)
Underlying EBIT	**3,766**	2,223
Operating special items and remeasurements	**(1,665)**	(6,150)
Non-operating special items	**1,203**	(1,278)
Associates' and joint ventures' net special items and remeasurements	**7**	(269)
Share of associates' and joint ventures' net finance costs, tax and non-controlling interests	**(164)**	(137)
Profit/(loss) before net finance (costs)/income and tax	**3,147**	(5,611)

Associates' and joint ventures' results by segment

	Share of net income/(loss)	
US$ million	2016	2015
De Beers	**2**	(6)
Platinum	**(9)**	(42)
Iron Ore and Manganese	**133**	(264)
Coal	**157**	40
Corporate and other	**(5)**	51
Share of net income/(loss) from associates and joint ventures	**278**	(221)

	Revenue		Underlying EBIT		Depreciation and amortisation		Underlying EBITDA	
US$ million	2016	2015	2016	2015	2016	2015	2016	2015
De Beers	**73**	89	**3**	(9)	**3**	3	**6**	(6)
Platinum	**156**	187	**(8)**	(33)	**16**	28	**8**	(5)
Iron Ore and Manganese	**625**	514	**209**	22	**49**	82	**258**	104
Coal	**910**	877	**236**	142	**103**	91	**339**	233
Corporate and other	**–**	881	**(5)**	63	**–**	46	**(5)**	109
	1,764	2,548	**435**	185	**171**	250	**606**	435

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

US$ million	2016	2015
Associates' and joint ventures' underlying EBIT	**435**	185
Net finance costs	**(44)**	(40)
Income tax expense	**(123)**	(100)
Non-controlling interests	**3**	3
Share of net income from associates and joint ventures (before special items and remeasurements)	**271**	48
Special items and remeasurements	**1**	(226)
Special items and remeasurements tax	**6**	(43)
Share of net income/(loss) from associates and joint ventures	**278**	(221)

4. SEGMENTAL INFORMATION (continued)

Capital employed by segment

Capital employed is the principal measure of segment assets and liabilities reported to the Group Management Committee. Capital employed is defined as net assets excluding net debt and financial asset investments.

	Capital employed		Attributable capital employed[1]	
US$ million	**2016**	2015	**2016**	2015
De Beers	**8,725**	8,642	**7,481**	7,402
Platinum	**4,457**	4,392	**3,796**	3,726
Copper	**6,073**	6,332	**4,189**	4,176
Nickel	**2,003**	1,968	**2,003**	1,968
Niobium and Phosphates	**–**	834	**–**	834
Iron Ore and Manganese	**7,472**	6,666	**6,435**	5,756
Coal	**3,509**	4,079	**3,420**	3,978
Corporate and other	**(335)**	(71)	**(335)**	(71)
Capital employed	**31,904**	32,842	**26,989**	27,769
Reconciliation to Consolidated balance sheet:				
Net debt	**(8,487)**	(12,901)		
Debit valuation adjustment attributable to derivatives hedging net debt[2]	**73**	555		
Financial asset investments	**835**	846		
Net assets	**24,325**	21,342		

[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 12 for details of the debit valuation adjustment.

Product analysis

Group revenue by product

US$ million	**2016**	2015
Diamonds	**6,064**	4,660
Platinum	**2,498**	2,720
Palladium	**967**	1,159
Rhodium	**215**	309
Copper	**2,946**	3,495
Nickel	**694**	450
Niobium	**137**	111
Phosphates	**358**	433
Iron ore	**2,611**	2,610
Manganese ore and alloys	**625**	514
Metallurgical coal	**2,243**	1,832
Thermal coal	**3,024**	3,068
Heavy building materials	**–**	921
Other	**760**	721
	23,142	23,003

4. SEGMENTAL INFORMATION (continued)

Geographical analysis

Group 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	2016	2015
South Africa	**1,630**	1,764
Other Africa	**1,604**	982
Brazil	**679**	745
Chile	**481**	500
Other South America	**12**	12
North America	**572**	855
Australia	**164**	214
China	**4,784**	4,662
India	**2,756**	2,421
Japan	**2,131**	2,325
Other Asia	**3,813**	3,199
United Kingdom (Anglo American plc's country of domicile)	**1,341**	2,220
Other Europe	**3,175**	3,104
	23,142	23,003

Non-current assets by location

	Intangible assets and property, plant and equipment		Total non-current assets[1]	
US$ million	2016	2015	2016	2015
South Africa	**9,554**	8,714	**10,488**	9,449
Botswana	**4,266**	4,247	**4,266**	4,247
Other Africa	**1,019**	938	**1,025**	943
Brazil	**5,674**	6,361	**5,804**	6,455
Chile	**6,089**	6,481	**6,089**	6,481
Other South America	**1,106**	955	**1,915**	1,846
North America	**784**	688	**787**	690
Australia and Asia	**2,078**	3,237	**2,451**	3,568
United Kingdom (Anglo American plc's country of domicile)	**1,263**	1,278	**1,321**	1,320
Other Europe	**103**	116	**125**	137
Non-current assets by location	**31,936**	33,015	**34,271**	35,136
Unallocated assets			**3,429**	3,080
Total non-current assets			**37,700**	38,216

[1] Total non-current assets by location primarily comprise Intangible assets, Property, plant and equipment, Environmental rehabilitation trusts and Investments in associates and joint ventures.

5. EXPLORATION AND EVALUATION EXPENDITURE

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

	Exploration expenditure[1]		Evaluation expenditure[2]	
US$ million	**2016**	2015	**2016**	2015
By commodity/product				
Diamonds	**29**	34	**19**	29
Platinum group metals	**6**	7	**2**	6
Copper	**32**	41	**45**	69
Nickel	**7**	9	**3**	4
Niobium	**–**	–	**–**	1
Phosphates	**–**	4	**1**	1
Iron ore	**10**	13	**13**	11
Metallurgical coal	**1**	7	**11**	14
Thermal coal	**1**	4	**11**	10
Central exploration activities	**21**	35	**–**	–
	107	154	**105**	145

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

6. UNDERLYING EBIT AND UNDERLYING EARNINGS BY SEGMENT

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 60.

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.

						2016
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**
De Beers	**1,019**	**111**	**908**	**(242)**	**(110)**	**667**
Platinum[1]	**185**	**20**	**165**	**(101)**	**(19)**	**65**
Copper	**261**	**200**	**61**	**(9)**	**102**	**354**
Nickel	**(15)**	**(2)**	**(13)**	**(42)**	**–**	**(57)**
Niobium and Phosphates[2]	**79**	**–**	**79**	**(1)**	**–**	**78**
Iron Ore and Manganese	**1,275**	**(40)**	**1,315**	**(304)**	**(405)**	**566**
Coal	**1,112**	**1,370**	**(258)**	**(183)**	**(16)**	**913**
Corporate and other	**(150)**	**5**	**(155)**	**(236)**	**10**	**(376)**
	3,766	**1,664**	**2,102**	**(1,118)**	**(438)**	**2,210**

						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
De Beers	571	709	(138)	(274)	(39)	258
Platinum[1]	263	788	(525)	(56)	(39)	168
Copper	228	282	(54)	(120)	(41)	67
Nickel	(22)	2	(24)	3	–	(19)
Niobium and Phosphates[2]	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

[1] Anglo American Platinum Limited has restated its results to correct certain computational errors affecting results reported in prior periods. These errors are not considered material to the Group and consequently they have been corrected in the current year in the Group financial statements. See note 4 for further details.
[2] Niobium and Phosphates was sold on 30 September 2016 (see note 15).

7. SPECIAL ITEMS AND REMEASUREMENTS

Special Items

Special items 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. These items, along with related tax and non-controlling interest, are excluded from underlying earnings, which is an Alternative Performance Measure (APM). For more information on the APMs used by the Group, including definitions, please refer to page 60.

- Operating special items are those that relate to the operating performance of the Group and principally include impairment charges and restructuring costs.
- Non-operating special items are those that relate to changes in the Group's asset portfolio. This category principally includes profits and losses on disposal of businesses and investments or closure of operations, adjustments relating to business combinations, and adjustments relating to former operations of the Group, such as changes in the measurement of deferred consideration receivable or provisions recognised on disposal or closure of operations in prior periods. This category also includes charges relating to Black Economic Empowerment (BEE) transactions.
- Financing special items are those that relate to financing activities and include realised gains and losses on early repayment of borrowings, and the unwinding of the discount on material provisions previously recognised as special items.

7. SPECIAL ITEMS AND REMEASUREMENTS (continued)

Remeasurements

Remeasurements are items that are excluded from underlying earnings in order to reverse timing differences in the recognition of gains and losses in the income statement in relation to transactions that, whilst economically linked, are subject to different accounting measurement or recognition criteria. Remeasurements include mark-to-market movements on derivatives that are economic hedges of transactions not yet recorded in the financial statements, in order to ensure that the overall economic impact of such transactions is reflected within the Group's underlying earnings in the period in which they occur. When the underlying transaction is recorded in the income statement, the realised gains or losses are reversed from remeasurements and are recorded in underlying earnings. 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.

- Operating remeasurements include unrealised gains and losses on derivatives relating to revenue, operating profit or capital expenditure transactions. They also include the fair value gain or loss, and its subsequent reversal through depreciation and amortisation, arising on revaluation of a previously held equity interest in a business combination.
- Financing remeasurements include unrealised gains and losses on financial assets and liabilities that represent economic hedges, including accounting hedges, related to financing arrangements.
- Tax remeasurements include 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.

				2016	2015
US$ million	Before tax	Tax	Non-controlling interests	Net	Net
Impairments	**(1,512)**	**98**	**60**	**(1,354)**	(4,894)
Restructuring costs	**(120)**	**17**	**13**	**(90)**	(106)
Operating special items	**(1,632)**	**115**	**73**	**(1,444)**	(5,000)
Operating remeasurements	**(33)**	**17**	**(9)**	**(25)**	(125)
Operating special items and remeasurements	**(1,665)**	**132**	**64**	**(1,469)**	(5,125)
Disposals of businesses and investments	**1,157**	**(84)**	**9**	**1,082**	(997)
Adjustments relating to business combinations	**121**	**(24)**	**(15)**	**82**	–
Charges relating to BEE transactions	**(63)**	**11**	**16**	**(36)**	(15)
Adjustments relating to former operations	**(12)**	**15**	**–**	**3**	(51)
Non-operating special items	**1,203**	**(82)**	**10**	**1,131**	(1,063)
Financing special items and remeasurements	**(314)**	**(4)**	**–**	**(318)**	668
Special items and remeasurements before tax and non-controlling interests	**(776)**	**46**	**74**	**(656)**	(5,520)
One-off tax charges	**–**	**(76)**	**35**	**(41)**	(770)
Tax remeasurements	**–**	**74**	**–**	**74**	108
Total special items and remeasurements excluding associates and joint ventures	**(776)**	**44**	**109**	**(623)**	(6,182)
Share of associates' and joint ventures' special items and remeasurements[1]				**7**	(269)
Total special items and remeasurements				**(616)**	(6,451)

[1] Relates to the Coal and Iron Ore and Manganese segments (2015: Iron Ore and Manganese, Coal and Platinum segments).

Operating special items

Impairments

Coal

Moranbah North and Grosvenor are adjacent longwall metallurgical coal operations in Queensland, Australia, sharing infrastructure and processing facilities. The two operations are assessed for impairment as a single cash generating unit (CGU).

7. SPECIAL ITEMS AND REMEASUREMENTS (continued)

In the first half of 2016 the Group's expectations for long-term metallurgical coal prices were revised downward. Consequently, an impairment of $1,248 million ($1,248 million after tax) against the value of the operations was reported in the Group's 2016 interim results, based on a recoverable amount of $1.6 billion at 30 June 2016. The valuation was based on the fair value less costs of disposal of the CGU, measured using discounted cash flow projections.

The valuation is sensitive to changes in assumptions about future metallurgical coal prices, which are subject to a high level of estimation uncertainty. For example, a $5/tonne change in the long-term price forecast for hard coking coal, with all other valuation assumptions remaining the same, would change the valuation by $0.2 billion. The valuation also incorporates assumptions about future production at Grosvenor, which is still ramping up and has encountered challenging geological conditions in the latter part of 2016. Changes in these assumptions could result in further impairments or impairment reversals.

Other coal impairments of $64 million ($46 million after tax) relate to assets in Coal South Africa that are no longer expected to provide future economic benefits due to changes in the Life of Mine Plans across the export portfolio during the year.

El Soldado

An impairment charge of $200 million ($120 million after tax) has been recorded in relation to El Soldado (Copper) which is no longer expected to provide future economic benefits as a result of licensing uncertainty following changes made to sequencing in response to low prices during 2016.

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. Prior to 2016, impairment charges totalling $11.3 billion (before tax) were recorded against the carrying value of Minas-Rio. The valuation was reassessed as at 31 December 2016 and the recoverable amount was considered to be in line with the carrying value of $4.3 billion. The valuation remains sensitive to economic and operational factors that provide both upside and downside risk, including price and the scheduling of required permits and licences. For example, a $5/tonne change in the long-term price forecast for iron ore, with all other valuation assumptions remaining the same, would change the valuation by $0.7 billion.

Sishen

The Sishen iron ore mine is located in the Northern Cape Province in South Africa. In the year ended 31 December 2015 the operation was impaired by $514 million based on a recoverable amount of $1.3 billion. The valuation was reassessed as at 31 December 2016 and the recoverable amount was considered to be in line with the carrying value of $1.4 billion. The valuation remains sensitive to economic and operational assumptions, particularly price. For example, a $5/tonne change in the long-term price forecast for iron ore, with all other valuation assumptions remaining the same, would change the valuation by $0.3 billion.

Restructuring costs

Restructuring costs of $120 million (before tax) relate to organisational changes as part of the *Driving Value* programme. The programme has incurred costs between 2014 and 2016 and constitutes a single strategic restructuring to effect permanent change to the Group's organisational structure. Restructuring costs in 2015 were $148 million ($106 million after tax and non-controlling interests).

2015

In 2015 operating special items principally related to impairments of Minas-Rio, Coal assets, Platinum assets, Snap Lake, Sishen and El Soldado. Total pre-tax impairments were $5,824 million ($4,894 million after tax and non-controlling interests).

Operating remeasurements

Operating remeasurements reflect a net loss of $33 million ($25 million after tax and non-controlling interests) which principally relates to a $101 million depreciation and amortisation charge 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, and gains on derivatives of $68 million mostly related to economic hedges of capital expenditure in Iron Ore Brazil.

In 2015 operating remeasurements reflected a net loss of $178 million ($125 million after tax and non-controlling interests).

7. SPECIAL ITEMS AND REMEASUREMENTS (continued)

Non-operating special items

Disposals of businesses and investments
The gain on disposal of $1,157 million principally comprises net gains on disposal of subsidiaries and joint operations of $977 million, which relate to the disposals of Callide (gain of $564 million), Niobium and Phosphates (gain of $460 million), Rustenburg (loss of $121 million), Foxleigh (gain of $42 million) and Morupule (gain of $32 million). Further details of disposals are provided in note 15.

In addition a net gain of $180 million ($145 million after tax) realised on disposal of the Group's 9.7% interest in Exxaro Resources Limited (Exxaro) on 1 December 2016 for net proceeds of $215 million.

Adjustments relating to business combinations
Contingent liabilities that were required to be recognised at fair value on acquisition of De Beers in 2012, have been derecognised as the legal proceedings in respect of these matters have been closed. This has resulted in a pre-tax gain of $121 million ($82 million after tax and non-controlling interests).

Charges relating to BEE transactions
Charges relating to BEE transactions of $63 million ($36 million after tax and non-controlling interests) include a charge of $24 million relating to the repurchase by De Beers of shares in Ponahalo Holdings Limited awarded to certain employees and their dependants as part of DBCM's 2006 empowerment transaction, and a charge of $39 million relating to the Kumba Envision Trust, which was Kumba's broad based employee share scheme provided solely for the benefit of non-managerial Historically Disadvantaged South African employees who did not participate in other Kumba share schemes.

Adjustments relating to former operations
The net loss of $12 million includes amounts contributed to the Q(h)ubeka Trust pursuant to the agreement reached in March 2016 by Anglo American South Africa (AASA) and AngloGold Ashanti which resolved fully and finally 4,400 stand-alone silicosis claims. The settlement was reached without admission of liability by AASA or AngloGold Ashanti.

2015
Non-operating special items in 2015 principally relate to the write-down to fair value of Rustenburg, the loss on disposal of Anglo American Norte S.A. and the loss on disposal of interests in Tarmac businesses. The total charge was $1,278 million ($1,063 million after tax and non-controlling interests).

Financing special items and remeasurements
Financing special items and remeasurements reflect a net loss of $314 million (2015: net gain of $615 million) and $318 million after tax and non-controlling interests (2015: net gain of $668 million after tax and non-controlling interests).

Financing special items and remeasurements principally comprise a net fair value loss of $389 million on derivatives hedging net debt and a net gain of $120 million resulting from the bond buybacks completed in the year. Of the fair value losses on derivatives, a loss of $482 million relates to the reduction in the debit valuation adjustment on derivatives hedging net debt. 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 loss principally reflects the reduction in Anglo American's observed credit spreads since 31 December 2015.

Tax associated with special items and remeasurements
Total tax relating to subsidiaries and joint operations amounts to a credit of $44 million (2015: credit of $47 million).

This includes one-off tax charges of $76 million (2015: charges of $829 million), tax credits on special items and remeasurements of $46 million (2015: credits of $769 million) and tax remeasurement credits of $74 million (2015: credits of $107 million).

Of the total tax credit of $44 million, $129 million relates to a current tax charge (2015: charge of $55 million) and $173 million relates to a deferred tax credit (2015: credit of $102 million).

8. NET FINANCE (COSTS)/INCOME

Net finance (costs)/income are presented net of hedges for respective interest bearing and foreign currency borrowings. The weighted average capitalisation rate applied to qualifying capital expenditure was 3.20% (2015: 2.90%).

US$ million	**2016**	2015
Investment income		
Interest income from cash and cash equivalents	**78**	92
Interest income from associates and joint ventures	**50**	39
Other interest income	**43**	30
Net interest income on defined benefit arrangements	**20**	12
Dividend income from financial asset investments	**5**	9
	196	182
Less: interest income capitalised	**(10)**	(10)
Total investment income	**186**	172
Interest expense		
Interest and other finance expense	**(711)**	(706)
Net interest cost on defined benefit arrangements	**(44)**	(54)
Unwinding of discount relating to provisions and other liabilities	**(111)**	(96)
	(866)	(856)
Less: interest expense capitalised	**376**	367
Total interest expense	**(490)**	(489)
Other net financing gains/(losses)		
Net foreign exchange gains/(losses)	**84**	(180)
Other net fair value gains	**11**	39
Total other net financing gains/(losses)	**95**	(141)
Net finance costs before special items and remeasurements	**(209)**	(458)
Special items and remeasurements (note 7)	**(314)**	615
Net finance (costs)/income	**(523)**	157

9. INCOME TAX EXPENSE

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 60.

a) Analysis of charge for the year

US$ million	2016	2015
United Kingdom tax	**26**	(11)
South Africa tax	**433**	214
Other overseas tax	**101**	338
Prior year adjustments	**(176)**	(58)
Current tax[1]	**384**	483
Deferred tax	**358**	(48)
Income tax expense before special items and remeasurements	**742**	435
Special items and remeasurements tax (note 7)	**(44)**	(47)
Income tax expense	**698**	388

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

b) Factors affecting tax charge for the year

The effective tax rate for the year of 26.6% (2015: (7.1)%) is higher (2015: lower) than the applicable weighted average statutory rate of corporation tax in the United Kingdom of 20% (2015: 20.25%). The reconciling items, excluding the impact of associates and joint ventures, are:

US$ million	2016	2015
Profit/(loss) before tax	**2,624**	(5,454)
Less: share of net (income)/loss from associates and joint ventures	**(278)**	221
Profit/(loss) before tax (excluding associates and joint ventures)	**2,346**	(5,233)
Tax on profit/(loss) (excluding associates and joint ventures) calculated at United Kingdom corporation tax rate of 20% (2015: 20.25%)	**469**	(1,060)
Tax effects of:		
Items non-taxable/deductible for tax purposes		
Exploration expenditure	**9**	15
Non-(taxable)/deductible net foreign exchange (gains)/losses	**(17)**	15
Non-taxable net interest income	**(13)**	(29)
Other non-deductible expenses	**38**	144
Other non-taxable income	**(11)**	(92)
Temporary difference adjustments		
Current year losses not recognised	**91**	12
Recognition of losses not previously recognised	**(15)**	(18)
Utilisation of losses not previously recognised	**(70)**	(13)
Write-off of losses previously recognised	**1**	29
Adjustment in deferred tax due to change in tax rate	**(9)**	(2)
Other temporary differences	**345**[1]	13
Special items and remeasurements[2]	**111**	1,333
Other adjustments		
Dividend withholding taxes	**(118)**	52
Effect of differences between local and United Kingdom tax rates	**56**	46
Prior year adjustments to current tax[1]	**(176)**	(58)
Other adjustments	**7**	1
Income tax expense	**698**	388

(1) Included within other temporary difference is an amount of $306 million in respect of enhanced tax depreciation in Chile. This is partially offset by an amount included within prior year adjustments of $200 million.

(2) The special items and remeasurements reconciling item of $111 million (2015: $1,333 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 7 for further details of the tax amounts included within special items and remeasurements.

9. INCOME TAX EXPENSE (continued)

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 income/(loss) from associates and joint ventures' for the year ended 31 December 2016 is a charge of $117 million (2015: charge of $143 million). Excluding special items and remeasurements this becomes a charge of $123 million (2015: charge of $100 million).

The underlying effective tax rate was 24.6% for the year ended 31 December 2016. This is lower than the equivalent underlying effective tax rate of 31.0% for the year ended 31 December 2015. The decreased rate in 2016 was due to a benefit received in relation to the reassessment of withholding tax provisions, and the utilisation of losses and other tax attributes not previously recognised, partially offset by the impact of enhanced tax depreciation and other prior year adjustments. In future periods it is expected that the underlying effective tax rate will remain above the United Kingdom statutory tax rate.

			2016
	Profit before tax US$ million	Tax (charge)/credit US$ million	Effective tax rate
Calculation of effective tax rate (statutory basis)	**2,624**	**(698)**	**26.6%**
Adjusted for:			
Operating special items	**1,632**	**(115)**	
Operating remeasurements	**33**	**(17)**	
Non-operating special items	**(1,203)**	**82**	
Financing special items and remeasurements	**314**	**4**	
One-off tax charges	**–**	**76**	
Tax remeasurements	**–**	**(74)**	
Share of associates' and joint ventures' special items and remeasurements	**(7)**	**–**	
Associates' and joint ventures' tax and non-controlling interests	**120**	**(123)**	
Calculation of underlying effective tax rate	**3,513**	**(865)**	**24.6%**
The underlying effective tax rate is favourably/(unfavourably) affected by the following significant items:			
Reassessment of withholding tax provisions primarily in respect of Chile			**4.7%**
Enhanced tax depreciation in Chile			**(2.5)%**
Utilisation of tax losses and similar tax attributes not previously recognised primarily in Australia			**3.9%**
Other items including prior year adjustments			**(0.7)%**
Underlying effective tax rate excluding the above significant items			**30.0%**

10. EARNINGS PER SHARE

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 60.

US$	**2016**	2015
Earnings per share		
Basic	**1.24**	(4.36)
Diluted	**1.23**	(4.36)
Headline earnings per share		
Basic	**1.47**	0.29
Diluted	**1.46**	0.29
Underlying earnings per share		
Basic	**1.72**	0.64
Diluted	**1.70**	0.64

Basic and diluted earnings per share are shown based on headline earnings, a Johannesburg Stock Exchange (JSE) defined performance measure, and underlying earnings.

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:

	Profit/(loss) attributable to equity shareholders of the Company		Headline earnings		Underlying earnings	
	2016	2015	**2016**	2015	**2016**	2015
Earnings/(loss) (US$ million)						
Basic and diluted earnings/(loss)	**1,594**	(5,624)	**1,896**	369	**2,210**	827
Number of shares (million)						
Basic number of ordinary shares outstanding	**1,288**	1,289	**1,288**	1,289	**1,288**	1,289
Effect of dilutive potential ordinary shares:						
Share options and awards	**12**	–	**12**	3	**12**	3
Diluted number of ordinary shares outstanding	**1,300**	1,289	**1,300**	1,292	**1,300**	1,292

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.

In the year ended 31 December 2016 there were 274,815 share options which were potentially dilutive but not included in the calculation of diluted earnings because they were anti-dilutive.

In the year ended 31 December 2015, the Group disclosed a basic loss per share and consequently all 12,855,264 potential ordinary shares were anti-dilutive and excluded from the calculation of diluted earnings per share. 8,996,586 potential shares were excluded from the calculation of diluted headline earnings per share and diluted underlying earnings per share as they were anti-dilutive.

10. EARNINGS PER SHARE (continued)

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

US$ million	2016	2015
Profit/(loss) for the financial year attributable to equity shareholders of the Company	**1,594**	(5,624)
Operating special items net of tax and non-controlling interests	**1,378**	4,997
Non-operating special items net of tax and non-controlling interests	**(1,076)**	996
Headline earnings for the financial year	**1,896**	369
Operating special items[1]	**102**	299
Operating remeasurements	**33**	178
Non-operating special items[2]	**(77)**	97
Financing special items and remeasurements	**314**	(615)
One-off tax charges	**76**	829
Special items and remeasurements tax	**(96)**	(217)
Non-controlling interests on special items and remeasurements	**(38)**	(113)
Underlying earnings for the financial year	**2,210**	827

[1] Includes restructuring costs.
[2] Principally relates to BEE transactions (De Beers and Kumba Envision Trust) (2015: Kumba Envision Trust) and adjustments related to a previous business combination (De Beers).

11. CAPITAL EXPENDITURE

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 60.

Capital expenditure by segment

US$ million	2016	2015
De Beers	**526**	697
Platinum	**314**	366
Copper	**563**	659
Nickel	**62**	26
Niobium and Phosphates[1]	**26**	50
Iron Ore and Manganese	**269**	1,422
Coal	**613**	941
Corporate and other	**14**	16
Capital expenditure[2]	**2,387**	4,177
Reconciliation to Consolidated cash flow statement:		
Cash flows from derivatives related to capital expenditure	**(22)**	(200)
Proceeds from disposal of property, plant and equipment	**23**	30
Direct funding for capital expenditure received from non-controlling interests	**30**	46
Expenditure on property, plant and equipment	**2,418**	4,053

[1] Niobium and Phosphates was sold on 30 September 2016 (see note 15).
[2] Capital expenditure includes capitalised operating cash flows generated by operations that have not yet reached commercial production. Nickel includes net capitalised operating cash inflows of nil (2015: net inflows of $180 million) relating to Barro Alto, which reached commercial production in October 2015. Niobium and Phosphates includes net capitalised operating cash inflows of $32 million (2015: net inflows of $10 million) relating to Boa Vista Fresh Rock, which reached commercial production in March 2016. Iron Ore and Manganese includes net capitalised operating cash inflows of $108 million (2015: net outflows of $338 million) relating to Minas-Rio.

11. CAPITAL EXPENDITURE (continued)

Capital expenditure by category

US$ million	2016	2015
Expansionary[(1)]	**817**	2,083
Stay-in-business	**1,042**	1,384
Stripping and development	**551**	740
Proceeds from disposal of property, plant and equipment	**(23)**	(30)
	2,387	4,177

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

12. NET DEBT

The disclosures in this note include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 60.

a) Reconciliation to the Consolidated balance sheet

	Cash and cash equivalents		Short term borrowings		Medium and long term borrowings	
US$ million	2016	2015	2016	2015	2016	2015
Balance sheet	**6,051**	6,895	**(1,806)**	(1,649)	**(11,363)**	(16,318)
Balance sheet – disposal groups	**–**	9	**–**	–	**–**	–
Bank overdrafts	**(7)**	(15)	**7**	15	**–**	–
Net cash/(debt) classifications	**6,044**	6,889	**(1,799)**	(1,634)	**(11,363)**	(16,318)

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 2015	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)**
Cash flow	**(906)**	**1,834**	**2,685**	**3,613**	**414**	**4,027**
Reclassifications	**–**	**(1,977)**	**1,977**	**–**	**–**	**–**
Movement in fair value	**–**	**19**	**79**	**98**	**55**	**153**
Other non-cash movements	**–**	**(12)**	**59**	**47**	**–**	**47**
Currency movements	**61**	**(29)**	**155**	**187**	**–**	**187**
At 31 December 2016	**6,044**	**(1,799)**	**(11,363)**	**(7,118)**	**(1,369)**	**(8,487)**

(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 $73 million (2015: $555 million). 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.

12. NET DEBT (continued)

c) Net (debt)/cash by segment

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

US$ million	**2016**	2015
De Beers	**(112)**	(109)
Platinum	**83**	(176)
Copper	**1,354**	820
Nickel	**63**	(138)
Niobium and Phosphates[1]	**–**	123
Iron Ore and Manganese	**(83)**	(2,370)
Coal	**572**	260
Corporate and other	**(10,364)**	(11,311)
Net debt including derivatives	**(8,487)**	(12,901)

[1] Niobium and Phosphates was sold on 30 September 2016 (see note 15).

d) South Africa net cash/(debt)

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

US$ million	**2016**	2015
Cash and cash equivalents	**2,749**	1,419
Short term borrowings	**(61)**	(49)
Medium and long term borrowings	**(1,130)**	(1,471)
Net cash/(debt) excluding derivatives	**1,558**	(101)
Derivatives hedging net debt	**–**	(4)
Net cash/(debt) including derivatives	**1,558**	(105)

13. BORROWINGS

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

In March 2016, the Group completed a bond buyback transaction consisting of Euro, Sterling and US dollar denominated bonds with maturities from December 2016 to September 2018. The Group used $1.7 billion of cash to retire $1.83 billion of contractual repayment obligations (including derivatives hedging the bonds).

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

	2016				2015			
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]	**13**	**48**	**61**	**61**	9	10	19	19
Obligations under finance leases	**8**	**53**	**61**	**61**	7	53	60	60
	21	**101**	**122**	**122**	16	63	79	79
Unsecured								
Bank loans and overdrafts	**12**	**457**	**469**	**469**	270	1,961	2,231	2,979
Bonds issued under EMTN programme	**633**	**6,230**	**6,863**	**8,191**	839	8,210	9,049	10,624
US bonds	**1,086**	**3,867**	**4,953**	**4,937**	500	5,245	5,745	5,700
Bonds issued under AMTN programme	**–**	**371**	**371**	**470**	–	379	379	470
Bonds issued under DMTN programme	**44**	**179**	**223**	**222**	13	192	205	211
Other loans	**10**	**158**	**168**	**168**	11	268	279	279
	1,785	**11,262**	**13,047**	**14,457**	1,633	16,255	17,888	20,263
Total borrowings	**1,806**	**11,363**	**13,169**	**14,579**	1,649	16,318	17,967	20,342

(1) Assets with a book value of $123 million (2015: $91 million) have been pledged as security, of which $92 million (2015: $40 million) are property, plant and equipment, $31 million (2015: $49 million) are financial assets and nil (2015: $2 million) are inventories. Related to these assets are borrowings of $61 million (2015: $19 million).

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

US$ million	**2016**	2015
Expiry date		
Within one year[1]	**660**	683
Greater than one year, less than two years	**1,446**	32
Greater than two years, less than three years	**1,175**	1,110
Greater than three years, less than four years	**6,203**	192
Greater than four years, less than five years	**223**	5,862
	9,707	7,879

(1) Includes undrawn South African rand facilities equivalent to $0.5 billion (2015: $0.5 billion) in respect of facilities with a 364 day maturity which roll automatically on a daily basis, unless notice is served.

In January 2017, the Group retired the $1.05 billion Club facility which was entered into in 2016 in the context of the bond buyback transaction. This facility was undrawn at 31 December 2016 and is included in the table above within 'greater than one year, less than two years'.

14. 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 subsequently completed on 18 January 2016.

15. DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND MINING OPERATIONS

	2016				2015
US$ million	Callide mine	Niobium and Phosphates businesses	Rustenburg mine	Foxleigh mine	Total
Intangible assets	–	226	–	–	–
Property, plant and equipment	79	782	173	–	412
Investments in joint ventures	–	–	–	–	1,539
Other non-current assets	2	54	–	–	73
Current assets	91	358	10	54	316
Current liabilities	(98)	(91)	(93)	(18)	(119)
Non-current liabilities	(545)	(283)	(53)	(24)	(114)
Net (liabilities)/assets disposed	**(471)**	**1,046**	**37**	**12**	2,107
Consideration	**–**	**1,675**	**160**	**46**	1,824
Cash and cash equivalents disposed	(8)	(144)	–	(19)	(82)
Retained liabilities and net costs of disposal	(29)	–	(230)	(43)	–
Transaction costs and other adjustments	–	(46)	(14)	–	25
Adjustments for non-cash items	16	12	79	23	(12)
Net cash (outflow)/inflow	**(21)**	**1,497**	**(5)**	**7**	1,755
Loss on transfer to held for sale	–	–	–	–	(100)
Cumulative translation gain/(loss) recycled from reserves	122	(123)	–	51	(101)
Net gain/(loss) on disposal[1]	**564**	**460**	**(121)**	**42**	(459)

[1] Included in non-operating special items, see note 7.

2016

Callide mine

On 31 October 2016, the Group completed the sale of Callide thermal coal mine ('Callide') in Queensland, Australia (Coal) resulting in a net cash outflow of $21 million. As a consequence of the disposal, the Group has derecognised a provision for onerous coal supply contracts of $525 million. A pre-tax gain on disposal of $564 million (post-tax $564 million) has been recorded within non-operating special items (see note 7).

Niobium and Phosphates businesses

On 30 September 2016, the Group completed the sale of the Niobium and Phosphates businesses. The Phosphates business consists of a mine, beneficiation plant, two chemical complexes and two further mineral deposits. The Niobium business consists of one mine and three processing facilities, two non-operating mines, two further mineral deposits and sales and marketing operations in the United Kingdom and Singapore.

The total consideration comprised $1,500 million plus working capital and other adjustments of $175 million. A pre-tax gain on disposal of $460 million (post-tax $356 million) has been recorded within non-operating special items (see note 7).

Rustenburg mine

On 1 November 2016, Anglo American Platinum completed the sale of the Rustenburg mine (Platinum) which comprises the Bathopele, Siphumelele (including Khomanani), and Thembelani (including Khuseleka) mining operations, two concentrating plants, an on-site chrome recovery plant, the Western Limb Tailings Retreatment Plant, associated surface infrastructure and related assets and liabilities.

The consideration comprises cash of R1.5 billion ($110 million) and deferred contingent consideration amounting to 35% of the business's distributable free cash flow for six to eight years subject to a minimum nominal amount of R3.0 billion ($220 million). In addition, Anglo American Platinum must provide shortfall funding of up to R267 million ($20 million) per annum from the closing of the transaction to 31 December 2018 if Rustenburg generates negative free cash flows during this period. As part of the transaction, Platinum also assumed a liability to pay $210 million for in-process inventories from Rustenburg held at the date of disposal over a four-month period from completion. A pre-tax loss on disposal of $121 million (post-tax $66 million) has been recorded within non-operating special items (see note 7).

15. DISPOSALS OF SUBSIDIARIES, JOINT VENTURES AND MINING OPERATIONS (continued)

Foxleigh mine
On 29 August 2016, the Group completed the sale of its 70% interest in the Foxleigh metallurgical coal mine (Coal) in Queensland, Australia, resulting in a net cash inflow of $7 million.

A pre-tax gain on disposal of $42 million (post-tax $42 million) has been recorded within non-operating special items (see note 7).

Other
In addition, the Group received deferred consideration of $39 million in respect of disposals recognised in previous periods (Corporate and other), net cash inflows of $21 million on disposal of the Morupule mine in Botswana (De Beers) and net cash outflows of $3 million on other transactions, resulting in proceeds from disposal of subsidiaries and joint operations, net of cash disposed, of $1,535 million.

2015

Disposals in 2015 principally comprised the sale of the Group's 50% ownership interest in Lafarge Tarmac (Corporate and other) and the sale of Anglo American Norte S.A. (AA Norte) (Copper).

16. CONTINGENT LIABILITIES

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

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

No contingent liabilities were secured on the assets of the Group at 31 December 2016 or 31 December 2015.

Anglo American South Africa Limited (AASA)

AASA is named as one of 32 respondents in a consolidated class certification application filed in the South Gauteng High Court (Johannesburg) on behalf of former mineworkers (or their dependants or survivors) who allegedly contracted silicosis or tuberculosis as a result of having worked for various gold mining companies including some in which AASA was a shareholder and to which AASA provided various technical and administrative services. The High Court has certified two classes of claimants: those with silicosis or who died from silicosis and those with tuberculosis or who died from tuberculosis. AASA and other respondents are appealing the ruling.

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.

AASA was also a defendant in approximately 4,400 separate lawsuits filed in the North Gauteng High Court (Pretoria), which were referred to arbitration. These 4,400 claims (approximately 1,200 of which were separately instituted against AngloGold Ashanti) were settled by AASA and AngloGold Ashanti in 2016, without admission of liability, for an amount which is not material to the Group.

17. EVENTS OCCURRING AFTER END OF YEAR

On 3 February 2017, the South African Revenue Services and Sishen Iron Ore Company Proprietary Limited (a subsidiary of Kumba Iron Ore Limited) agreed on a R2.5 billion (approximately $185 million) settlement of a tax matter relating to the period covering 2006 to 2015 inclusive. The Group had previously provided for R1.5 billion and an additional R1.0 billion has been provided for this year.

On 14 February 2017, the Group announced that it had agreed the sale of its interest in the Union platinum mine to Siyanda Resources Proprietary Limited (‘Siyanda’) for consideration comprising upfront cash of R400 million (approximately $29 million) and deferred consideration based on the operation’s free cash flow generation over a ten year period.

Summary by business operation

This section includes certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 60.

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

	Group revenue[1]		Underlying EBITDA		Underlying EBIT		Underlying earnings	
US$ million	**2016**	2015	**2016**	2015	**2016**	2015	**2016**	2015
De Beers	**6,068**	4,671	**1,406**	990	**1,019**	571	**667**	258
Mining								
Debswana	**n/a**	n/a	**571**	379	**543**	352	**n/a**	n/a
Namdeb Holdings	**n/a**	n/a	**184**	147	**163**	120	**n/a**	n/a
South Africa	**n/a**	n/a	**268**	282	**172**	174	**n/a**	n/a
Canada	**n/a**	n/a	**79**	154	**13**	65	**n/a**	n/a
Trading	**n/a**	n/a	**378**	107	**371**	100	**n/a**	n/a
Other[2]	**n/a**	n/a	**(35)**	(30)	**(204)**	(191)	**n/a**	n/a
Projects and corporate	**–**	–	**(39)**	(49)	**(39)**	(49)	**n/a**	n/a
Platinum[3]	**4,394**	4,900	**532**	718	**185**	263	**65**	168
Mogalakwena	**968**	1,092	**393**	496	**269**	368	**n/a**	n/a
Amandelbult	**739**	712	**102**	97	**46**	36	**n/a**	n/a
Other operations	**2,687**	3,096	**77**	177	**(90)**	(89)	**n/a**	n/a
Projects and corporate	**–**	–	**(40)**	(52)	**(40)**	(52)	**n/a**	n/a
Copper	**3,066**	3,539	**903**	942	**261**	228	**354**	67
Los Bronces	**1,386**	1,852	**326**	622	**(49)**	240	**n/a**	n/a
Collahuasi	**1,068**	971	**569**	381	**342**	167	**221**	77
Other operations	**612**	716	**83**	55	**43**	(63)	**n/a**	n/a
Projects and corporate	**–**	–	**(75)**	(116)	**(75)**	(116)	**(75)**	(89)
Nickel	**426**	146	**57**	(3)	**(15)**	(22)	**(57)**	(19)
Codemin	**82**	100	**9**	20	**3**	12	**(1)**	10
Loma de Níquel	**–**	–	**4**	3	**3**	3	**2**	3
Barro Alto	**344**	46	**54**	(14)	**(11)**	(25)	**(48)**	(21)
Projects and corporate	**–**	–	**(10)**	(12)	**(10)**	(12)	**(10)**	(11)
Niobium and Phosphates[4]	**495**	544	**118**	146	**79**	119	**78**	48
Niobium	**137**	111	**41**	40	**21**	33	**22**	7
Phosphates	**358**	433	**80**	111	**61**	91	**59**	45
Projects and corporate	**–**	–	**(3)**	(5)	**(3)**	(5)	**(3)**	(4)
Iron Ore and Manganese	**3,426**	3,390	**1,536**	1,026	**1,275**	671	**566**	98
Kumba Iron Ore	**2,801**	2,876	**1,347**	1,011	**1,135**	739	**475**[5]	280[5]
Iron Ore Brazil	**–**	–	**(6)**	(20)	**(6)**	(21)	**4**	(61)
Samancor	**625**	514	**258**	104	**209**	22	**146**	(54)
Projects and corporate	**–**	–	**(63)**	(69)	**(63)**	(69)	**(59)**[5]	(67)[5]
Coal	**5,263**	4,888	**1,646**	1,046	**1,112**	457	**913**	292
Australia and Canada	**2,547**	2,374	**996**	586	**661**	190	**625**	123
South Africa	**2,109**	1,893	**473**	345	**366**	230	**258**	174
Colombia	**607**	621	**235**	168	**143**	90	**85**	44
Projects and corporate	**–**	–	**(58)**	(53)	**(58)**	(53)	**(55)**	(49)
Corporate and other	**4**	925	**(123)**	(11)	**(150)**	(64)	**(376)**	(85)
Other Mining and Industrial	**–**	921	**(2)**	110	**(2)**	64	**3**	52
Exploration	**–**	–	**(107)**	(152)	**(107)**	(154)	**(99)**	(142)
Corporate activities and unallocated costs	**4**	4	**(14)**	31	**(41)**	26	**(280)**	5
	23,142	23,003	**6,075**	4,854	**3,766**	2,223	**2,210**	827

(1) Group revenue for copper is shown after deduction of treatment and refining charges (TC/RCs).
(2) Other includes Element Six, downstream activities and the purchase price allocation adjustment.
(3) Anglo American Platinum Limited has restated its results to correct certain computational errors affecting results reported in prior periods. These errors are not considered material to the Group and consequently they have been corrected in the current year in the Group financial statements. See note 4 for further details.
(4) Niobium and Phosphates was sold on 30 September 2016 (see note 15).
(5) Of the projects and corporate expense, which includes a corporate cost allocation, $37 million (2015: $42 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is $438 million (2015: $238 million).

Key financial data

This section includes certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 60.

US$ million (unless otherwise stated)	**2016**	2015	2014	2013	2012 restated[1]	2011	2010	2009	2008	2007
Income statement measures										
Group revenue	**23,142**	23,003	30,988	33,063	32,785	36,548	32,929	24,637	32,964	30,559
Underlying EBIT	**3,766**	2,223	4,933	6,620	6,253	11,095	9,763	4,957	10,085	9,590
Underlying EBITDA	**6,075**	4,854	7,832	9,520	8,860	13,348	11,983	6,930	11,847	12,132
Revenue	**21,378**	20,455	27,073	29,342	28,680	30,580	27,960	20,858	26,311	25,470
Net finance costs (before special items and remeasurements)	**(209)**	(458)	(256)	(276)	(299)	(20)	(244)	(273)	(452)	(137)
Profit/(loss) before tax	**2,624**	(5,454)	(259)	1,700	(171)	10,782	10,928	4,029	8,571	8,821
Profit/(loss) for the financial year	**1,926**	(5,842)	(1,524)	426	(564)	7,922	8,119	2,912	6,120	8,172
Non-controlling interests	**(332)**	218	(989)	(1,387)	(906)	(1,753)	(1,575)	(487)	(905)	(868)
Profit/(loss) attributable to equity shareholders of the Company	**1,594**	(5,624)	(2,513)	(961)	(1,470)	6,169	6,544	2,425	5,215	7,304
Underlying earnings	**2,210**	827	2,217	2,673	2,860	6,120	4,976	2,569	5,237	5,761
Balance sheet measures										
Capital employed	**31,904**	32,842	43,782	46,551	49,757	41,667	42,135	36,623	29,808	24,401
Net assets	**24,325**	21,342	32,177	37,364	43,738	43,189	37,971	28,069	21,756	24,330
Non-controlling interests	**(5,309)**	(4,773)	(5,760)	(5,693)	(6,127)	(4,097)	(3,732)	(1,948)	(1,535)	(1,869)
Equity attributable to equity shareholders of the Company	**19,016**	16,569	26,417	31,671	37,611	39,092	34,239	26,121	20,221	22,461
Cash flow measures										
Cash flows from operations	**5,838**	4,240	6,949	7,729	7,370	11,498	9,924	4,904	9,579	9,845
Capital expenditure	**(2,387)**	(4,177)	(6,018)	(6,075)	(5,947)	(5,672)	(4,902)	(4,707)	(5,282)	(4,002)
Net debt	**(8,487)**	(12,901)	(12,871)	(10,652)	(8,510)	(1,374)	(7,384)	(11,280)	(11,340)	(4,851)
Metrics and ratios										
Underlying earnings per share (US$)	**1.72**	0.64	1.73	2.09	2.28	5.06	4.13	2.14	4.36	4.40
Earnings per share (US$)	**1.24**	(4.36)	(1.96)	(0.75)	(1.17)	5.10	5.43	2.02	4.34	5.58
Ordinary dividend per share (US cents)	**–**	32	85	85	85	74	65	–	44	124
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
Underlying EBIT margin	**16.3%**	9.7%	15.9%	20.0%	19.1%	30.4%	29.6%	20.1%	30.6%	28.4%
Underlying EBIT interest cover[2]	**16.7**	10.1	30.1	35.8	36.8	n/a	34.2	19.6	24.1	33.2
Underlying effective tax rate	**24.6%**	31.0%	29.8%	32.0%	29.0%	28.3%	31.9%	33.1%	33.4%	31.8%
Gearing (net debt to total capital)[3]	**25.9%**	37.7%	28.6%	22.2%	16.3%	3.1%	16.3%	28.7%	34.3%	16.6%

(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) 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.
(3) Net debt to total capital is calculated as net debt divided by total capital (being 'Net assets' as shown in the Consolidated balance sheet excluding net debt).

Alternative performance measures

Introduction

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management make reference to Alternative Performance Measures (APMs) of historical or future financial performance, financial position or cash flows that are not defined or specified under International Financial Reporting Standards (IFRS).

The APMs used by the Group fall into two categories:

- Financial APMs: These financial measures are usually derived from the financial statements, prepared in accordance with IFRS. Certain financial measures cannot be directly derived from the financial statements as they contain additional information, such as financial information from earlier periods or profit estimates or projections. The accounting policies applied when calculating APMs are, where relevant and unless otherwise stated, substantially the same as those disclosed in the Group's Consolidated financial statements for the year ended 31 December 2015.
- Non-financial APMs: These measures incorporate certain non-financial information which management believe is useful when assessing the performance of the Group.

APMs are not uniformly defined by all companies, including those in the Group's industry. Accordingly, the APMs used by the Group may not be comparable with similarly titled measures and disclosures made by other companies.

APMs should be considered in addition to, and not as a substitute for or as superior to, measures of financial performance, financial position or cash flows reported in accordance with IFRS.

Purpose

The Group uses APMs to improve the comparability of information between reporting periods and business units, either by adjusting for uncontrollable or one-off factors which impact upon IFRS measures or, by aggregating measures, to aid the user of the Annual Report in understanding the activity taking place across the Group's portfolio.

Their use is driven by characteristics particularly visible in the mining sector:

1. Earnings volatility: The Group mines and markets commodities and precious metals and minerals. The sector is characterised by significant volatility in earnings driven by movements in macroeconomic factors, primarily price and foreign exchange. This volatility is outside the control of management and can mask underlying changes in performance. As such, when comparing year-on-year performance, management excludes certain non-recurring items (such as those classed as 'special items') to aid comparability and then quantifies and isolates uncontrollable factors in order to improve understanding of the controllable portion of variances.
2. Nature of investment: Investments in the sector typically occur over several years, and are large, requiring significant funding before generating cash. These investments are often made with partners and the nature of the Group's ownership interest affects how the financial results of these operations are reflected in the Group's results e.g. whether full consolidation (subsidiaries), consolidation of the Group's attributable assets and liabilities (joint operations) or equity accounted (associates and joint ventures). Attributable metrics are therefore presented to help demonstrate the financial performance and returns available to the Group, for investment and financing activities, excluding the effect of different accounting treatments for different ownership interests.
3. Portfolio complexity: The Group operates in a number of different, but complementary, commodities, precious metals and minerals. The cost, value of and return from each saleable unit (e.g. tonne, pound, carat, ounce) can differ materially between each business. This makes understanding both the overall portfolio performance, and the relative performance of its constituent parts on a like-for-like basis, more challenging. The Group therefore uses composite APMs to provide a consistent metric to assess performance at the portfolio level.

Consequently, APMs are used by the Board and management for planning and reporting. A subset is also used by management in setting director and management remuneration. The measures are also used in discussions with the investment analyst community and credit rating agencies.

Alternative performance measures (continued)

Financial APMs

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Rationale for adjustments
Income statement			
Group revenue	Revenue	• Revenue from associates and joint ventures	• Exclude the effect of different basis of consolidation to aid comparability
Underlying EBIT	Profit/(loss) before net finance (costs)/income and tax	• Operating special items and remeasurements • Underlying EBIT from associates and joint ventures	• Exclude the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance • Exclude the effect of different basis of consolidation to aid comparability
Underlying EBITDA	Profit/(loss) before net finance (costs)/income and tax	• Operating special items and remeasurements • Depreciation and amortisation • Underlying EBITDA from associates and joint ventures	• Exclude the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance • Exclude the effect of different basis of consolidation to aid comparability
Underlying earnings	Profit/(loss) for the financial year attributable to equity shareholders of the Company	• Special items and remeasurements	• Exclude the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance
Underlying effective tax rate	Income tax expense	• Tax related to special items and remeasurements • The Group's share of associates' and joint ventures' profit before tax, before special items and remeasurements, and tax expense, before special items and remeasurements	• Exclude the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance • Exclude the effect of different basis of consolidation to aid comparability
Underlying earnings per share	Earnings per share	• Special items and remeasurements	• Exclude the impact of non-recurring items or certain accounting adjustments that can mask underlying changes in performance
Balance sheet			
Net debt	Borrowings less cash and related hedges	• Debit valuation adjustment	• Exclude the impact of accounting adjustments from the net debt obligation of the Group
Attributable ROCE	No direct equivalent	• Not applicable	• Not applicable
Driving Value ROCE	No direct equivalent	• Not applicable	• Not applicable
Cash flow			
Capital expenditure (capex)	Expenditure on property, plant and equipment	• Cash flows from derivatives related to capital expenditure • Proceeds from disposal of property, plant and equipment • Direct funding for capital expenditure from non-controlling interests	• To reflect the net attributable cost of capital expenditure taking into account economic hedges
Attributable free cash flow	Cash flows from operations	• Capital expenditure • Cash tax paid • Dividends from associates, joint ventures and financial asset investments • Net interest paid expenditure • Dividends to non-controlling interests	• To measure the amount of cash available to finance returns to shareholders or growth after servicing debt, providing a return to minority shareholders and meeting existing capex commitments

Group revenue

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

A reconciliation to 'Revenue', the closest equivalent IFRS measure to Group revenue is provided within note 4 to the Condensed financial statements.

Alternative performance measures (continued)

Underlying EBIT

Underlying EBIT is 'Operating profit/(loss)' presented before special items and remeasurements[(1)] 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[(1)] of associates and joint ventures.

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBIT is provided within note 4 to the Condensed financial statements.

Underlying EBITDA

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

A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBITDA, is provided within note 4 to the Condensed financial statements.

Underlying earnings

Underlying earnings is 'Profit/(loss) for the financial year attributable to equity shareholders of the Company' before special items and remeasurements[(1)] and is therefore presented after net finance costs, income tax expense and non-controlling interests.

A reconciliation to 'Profit/(loss) for the financial year attributable to equity shareholders of the Company', the closest equivalent IFRS measure to underlying earnings, is provided within note 10 to the Condensed financial statements.

Underlying effective tax rate

The underlying effective tax rate equates to the income tax expense, before special items and remeasurements[(1)] and including the Group's share of associates' and joint ventures' tax before special items and remeasurements[(1)], divided by profit before tax before special items and remeasurements[(1)] and including the Group's share of associates' and joint ventures' profit before tax special items and remeasurements[(1)].

A reconciliation to 'Income tax expense', the closest equivalent IFRS measure to underlying effective tax rate, is provided within note 9 to the Condensed financial statements.

Underlying earnings per share

Basic and diluted underlying earnings per share are calculated as underlying earnings divided by the basic or diluted shares in issue. The calculation of underlying earnings per share is disclosed within note 10 to the Condensed financial statements.

Net debt

Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives which provide an economic hedge of net debt, see note 12, before taking into account the effect of debit valuation adjustments explained in note 12b). A reconciliation to the Consolidated balance sheet is provided within note 12 to the Condensed financial statements.

Capital expenditure (capex)

Capital expenditure is defined as cash expenditure on property, plant and equipment, including related derivatives, and is 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. A reconciliation to the 'Expenditure on property, plant and equipment', the closest equivalent IFRS measure to capital expenditure, is provided within note 11 to the Condensed financial statements.

Operating cash flows generated by operations that have not yet reached commercial production are also included in capital expenditure. However, capital expenditure is also periodically shown on an underlying basis i.e. before inclusion of capitalised operating cash flows. Where this occurs, the measure is footnoted as such.

Attributable return on capital employed (ROCE)

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

[(1)] Special items and remeasurements are defined in note 7 to the Condensed financial statements.

Alternative performance measures (continued)

Attributable underlying EBIT excludes the underlying EBIT of non-controlling interests.

Capital employed is defined as net assets excluding net debt and financial asset investments. Attributable capital employed includes the Group's share of associates' and joint ventures' capital employed and excludes capital employed of non-controlling interests. Average attributable capital employed is calculated by adding the opening and closing attributable capital employed for the relevant period and dividing by two.

Attributable ROCE is also used as an incentive measure in executives' remuneration and is predicated upon the achievement of ROCE targets in the final year of a three year performance period. It is one of the performance measures used in LTIP 15 and LTIP 16 and is proposed to be used in LTIP 17. Capital employed by segment is disclosed in note 4 to the Condensed financial statements.

Driving Value ROCE

Driving Value ROCE is used for the measurement of LTIP 14 only. It is calculated using Attributable ROCE adjusted for non-recurring items that do not impact cash performance:

- 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 earnings.
- The De Beers fair value uplift which resulted from the revaluing upward of the Group's 45% share in De Beers, owned at the time of acquisition of a further 40% in 2012, is removed from 2012 capital employed onwards.

Attributable free cash flow

Attributable free cash flow is calculated as 'Cash flows from operations' plus dividends received from associates, joint ventures and financial asset investments, less capital expenditure, less tax cash payments excluding tax payments relating to disposals, less net interest paid including interest on derivatives hedging net debt, less dividends paid to non-controlling interests.

A reconciliation of 'Cash flows from operations', the closest equivalent IFRS measure, is provided on page 6.

Non-financial APMs

Some of our measures are not reconciled to IFRS either because they include non-financial information, because there is no meaningful IFRS comparison or the purpose of the measure is not typically covered by IFRS.

Group APM	Category	Purpose
Copper equivalent production	Portfolio complexity	Communicate production/revenue generation movements in a single comparable measure removing the impact of price
Unit cost	Earnings volatility	Express cost of producing one unit of saleable product
Copper equivalent unit cost	Portfolio complexity	Communicate the cost of production per unit in a single comparable measure for the portfolio
Productivity	Portfolio complexity	Highlight efficiency in generating revenue per employee
Volume and cash cost improvements	Earnings volatility	Quantify year-on-year EBITDA improvement removing the impact of major uncontrollable factors

Copper equivalent production

Copper equivalent production, expressed as copper equivalent tonnes, shows changes in underlying production volume. It is calculated by expressing each commodity's volume as revenue, subsequently converting the revenue into copper equivalent units by dividing by the copper price (per tonne). Long-term forecast prices (and foreign exchange rates where appropriate) are used, in order that period-on-period comparisons exclude any impact for movements in price.

When calculating copper equivalent production, all volumes relating to domestic sales are excluded, as are volumes from Samancor and sales from non-mining activities. Volume from projects in pre-commercial production (e.g. Minas-Rio, Gahcho Kué) are included.

Alternative performance measures (continued)

Unit cost

Unit cost is the direct cash cost including direct cash support costs incurred in producing one unit of saleable production.

For bulk products (coal, iron ore), unit costs shown are FOB i.e. cost on board at port. For base metals (copper, nickel), they are shown at C1 i.e. after inclusion of by-product credits and logistics costs. For platinum and diamonds, unit costs include all direct expensed cash costs incurred i.e. excluding, amongst other things, market development activity, corporate overhead etc. Platinum unit costs exclude by-product credits. Royalties are excluded from all unit cost calculations.

Copper equivalent unit cost

Copper equivalent unit cost is the cost incurred to produce one tonne of copper equivalent. Only the cost incurred in mined output from subsidiaries and joint operations is included, representing direct costs in the Consolidated income statement controllable by the Group. Costs and volumes from associates and joint ventures are excluded, as are those from operations that are not yet in commercial production, that deliver domestic production, and those associated with third-party volume purchases of diamonds and platinum concentrate.

When calculating copper equivalent unit cost, unit costs for each commodity are multiplied by relevant production, combined and then divided by the total copper equivalent production, to get a copper equivalent unit cost i.e. the cost of mining one tonne of copper equivalent. The metric is in US dollars and, where appropriate, long-term foreign exchange rates are used to convert from local currency to US dollars.

Productivity

The Group's productivity measure calculates the copper equivalent production generated per employee. It is a measure which represents how well headcount is driving revenue. It is calculated by dividing copper equivalent production by the average direct headcount from consolidated mining operations in a given year.

Volume and cash cost improvements

The Group uses an underlying EBITDA waterfall to understand its year-on-year underlying EBITDA performance. The waterfall isolates the impact of uncontrollable factors in order that the real year-on-year improvement in performance can be seen by the user.

Three variables are normalised, in the results of subsidiaries and joint operations, for:

- Price: The movement in price between comparative periods is removed, by multiplying current year sales volume by the movement in realised price for each product group
- Foreign exchange: The year-on-year movement in exchange is removed from the current year non-US dollar cost base i.e. costs are restated at prior year foreign exchange rates. The non-US dollar cash cost base excludes costs which are price linked (e.g. purchase of concentrate from third-party platinum providers, third-party diamond purchases)
- Inflation: CPI is removed from cash costs, restating these costs at the pricing level of the base year.

The remaining variances in the underlying EBITDA waterfall are in real US dollar terms for the base year i.e. for a waterfall comparing 2016 with 2015, the sales volume and cash cost variances exclude the impact of price, foreign exchange and CPI and are hence in real 2015 terms. This allows the user of the waterfall to understand the underlying real movement in sales volumes and cash costs on a consistent basis.

Exchange rates and commodity prices

US$ exchange rates	**2016**	2015
Year end spot rates		
South African rand	**13.73**	15.47
Brazilian real	**3.25**	3.96
Sterling	**0.81**	0.68
Australian dollar	**1.38**	1.37
Euro	**0.95**	0.92
Chilean peso	**667**	709
Botswana pula	**10.69**	11.25
Average rates for the year		
South African rand	**14.70**	12.78
Brazilian real	**3.48**	3.34
Sterling	**0.74**	0.65
Australian dollar	**1.34**	1.33
Euro	**0.90**	0.90
Chilean peso	**676**	655
Botswana pula	**10.89**	10.12

Commodity prices		**2016**	2015
Year end spot prices			
Platinum[1]	US$/oz	**898**	868
Palladium[1]	US$/oz	**670**	555
Rhodium[2]	US$/oz	**758**	644
Copper[3]	US cents/lb	**250**	213
Nickel[3]	US cents/lb	**454**	393
Iron ore (62% Fe CFR)[4]	US$/tonne	**80**	43
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	**101**	46
Thermal coal (FOB South Africa)[6]	US$/tonne	**86**	49
Thermal coal (FOB Australia)[7]	US$/tonne	**94**	50
Thermal coal (FOB Colombia)[6]	US$/tonne	**94**	45
Hard coking coal (FOB Australia)[8]	US$/tonne	**200**	89
PCI (FOB Australia)[8]	US$/tonne	**133**	71
Average market prices for the year			
Platinum[1]	US$/oz	**989**	1,051
Palladium[1]	US$/oz	**615**	691
Rhodium[2]	US$/oz	**681**	932
Copper[3]	US cents/lb	**221**	249
Nickel[3]	US cents/lb	**436**	536
Iron ore (62% Fe CFR)[4]	US$/tonne	**58**	56
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	**69**	67
Thermal coal (FOB South Africa)[6]	US$/tonne	**64**	57
Thermal coal (FOB Australia)[7]	US$/tonne	**66**	59
Thermal coal (FOB Colombia)[6]	US$/tonne	**58**	52
Hard coking coal (FOB Australia)[9]	US$/tonne	**114**	102
PCI (FOB Australia)[9]	US$/tonne	**88**	84

[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.