

# DE BEERS

# FINANCE SEMINAR



*Image: Gahcho Kué pit and process plant*



*Image: Aggregating / Sorting*



*Image: Forevermark by TBZ The Original Bracelet*

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# AGENDA

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Section 1: Demand Drivers..... 30 mins

Section 2: Group Overview..... 30 mins

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Q&A

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Section 3: Upstream..... 20 mins

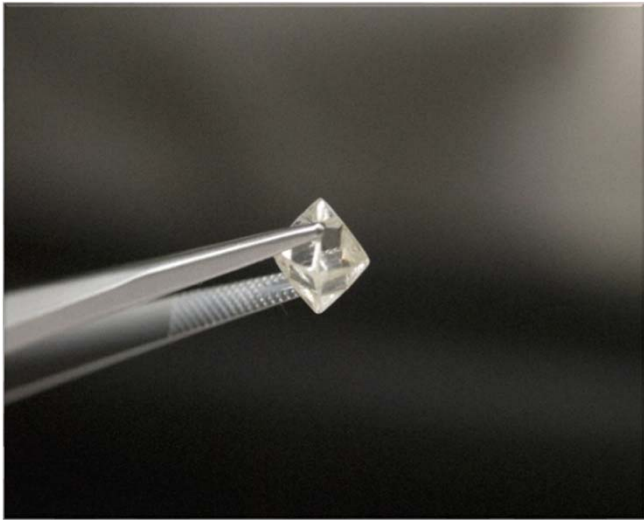
Section 4: Downstream..... 10 mins

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*Summary & Q&A*

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# DEMAND DRIVERS

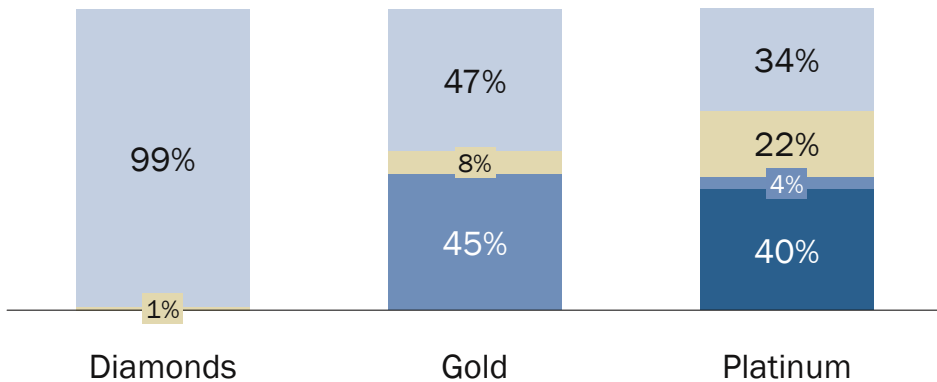


# DIAMOND INDUSTRY OVERVIEW

## Diamond demand almost exclusively jewellery driven

% demand

Jewellery Industrial Investment Autocatalyst



Source: De Beers, World Gold Council, Johnson Matthey May 2016

## A greater proportion of value comes from larger diamonds

Same value (\$500k), different volume – No two diamonds are alike



Global polished diamond demand has remained roughly flat over the last 3 years at ~\$25bn<sup>(1)</sup> while rough sales have been more volatile, impacted by midstream dynamics



Source: 2016 De Beers Insight Report; De Beers analysis

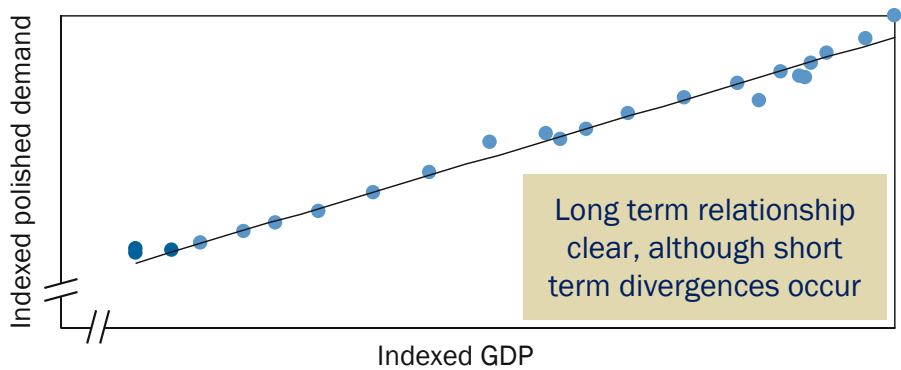
<sup>(1)</sup>Measured in polished wholesale terms



# KEY DEMAND DRIVERS

## Long term polished demand closely correlated to GDP

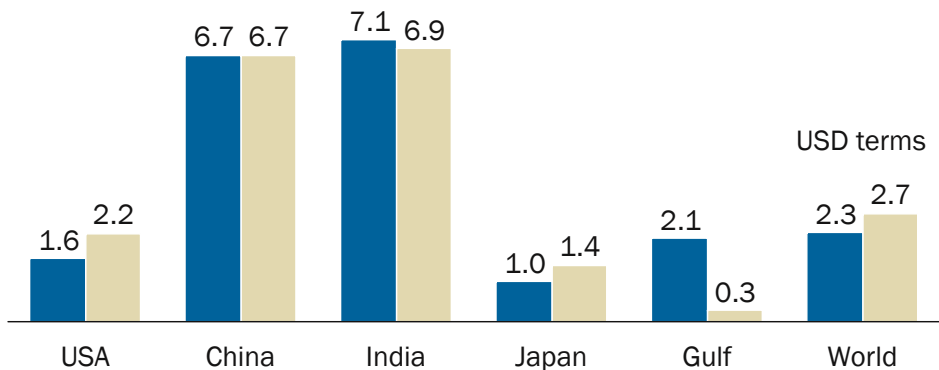
Indexed polished demand vs. indexed GDP for the US  
(1990 = 100)



Source: De Beers analysis

## GDP forecasts weighted by region underpin growth estimates

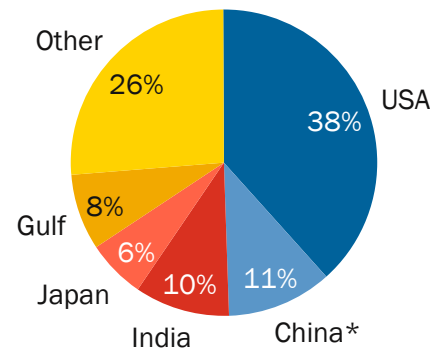
% GDP growth (real / local currency / unadjusted) ■ 2016 ■ 2017



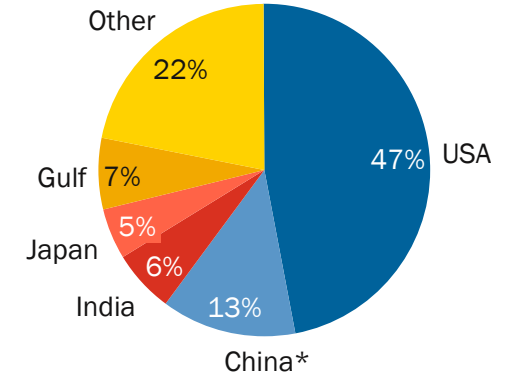
Source: Oxford Economics, August 2017

## US and China remain key, driving overall demand

Polished demand (polished wholesale price; nominal)  
2011: \$23bn



2016: \$25bn



Source: De Beers analysis; \*Excluding Hong Kong and Macau

## Polished demand has largely tracked GDP (in USD)

Polished demand (polished wholesale price; nominal; \$bn)



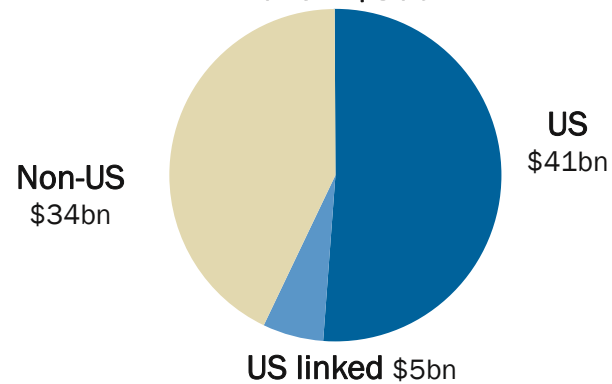
Source: 2016 De Beers Insight Report and company analysis



# CURRENCY IMPACT

## Non-US demand impacted by USD strengthening

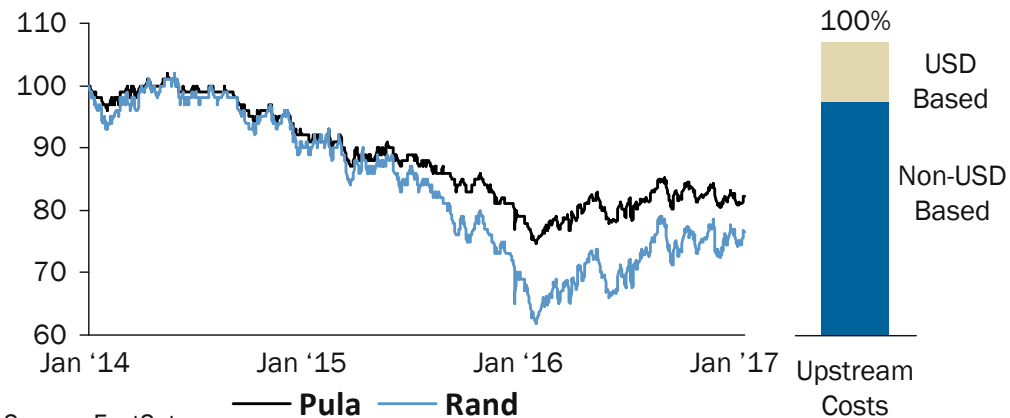
Global diamond jewellery demand  
2016 = \$80bn



Source: De Beers Analysis

## partially offset by lower producer costs in USD terms

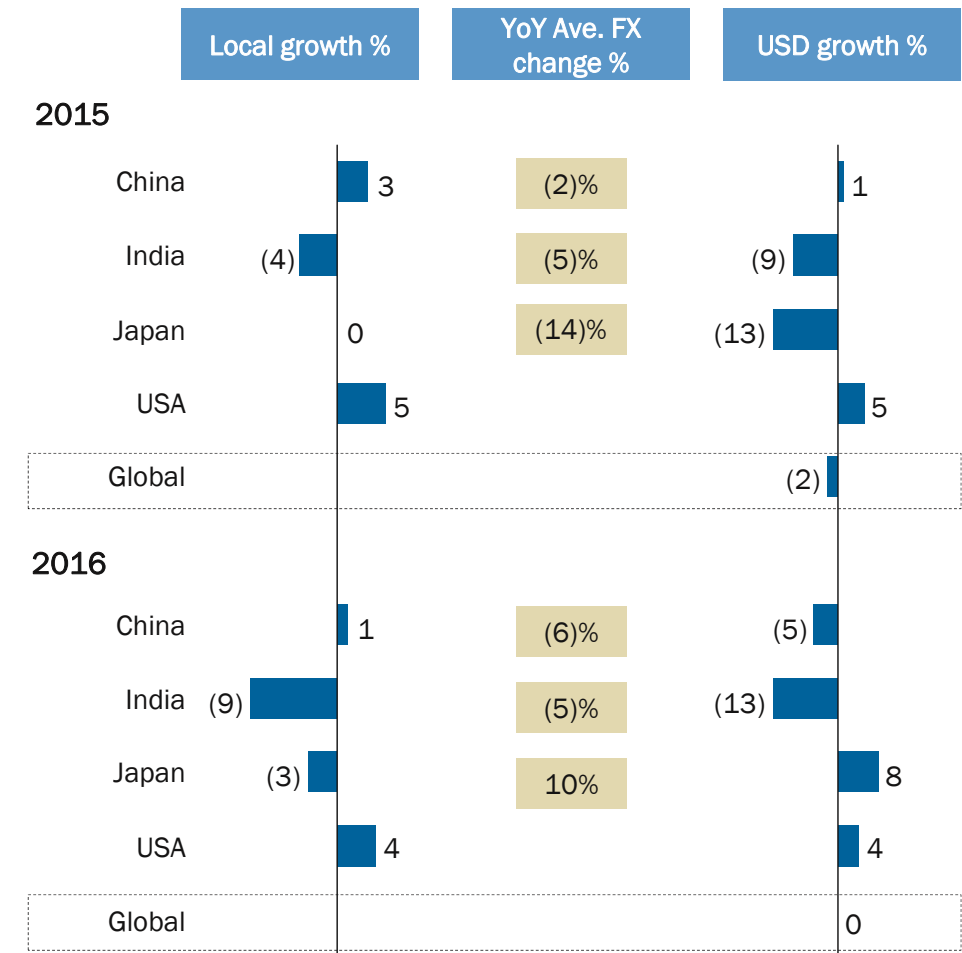
Currencies versus USD (indexed to 100)



Source: FactSet

## USD strengthening impact felt in India, China & Japan

Global jewellery demand growth and related exchange rates

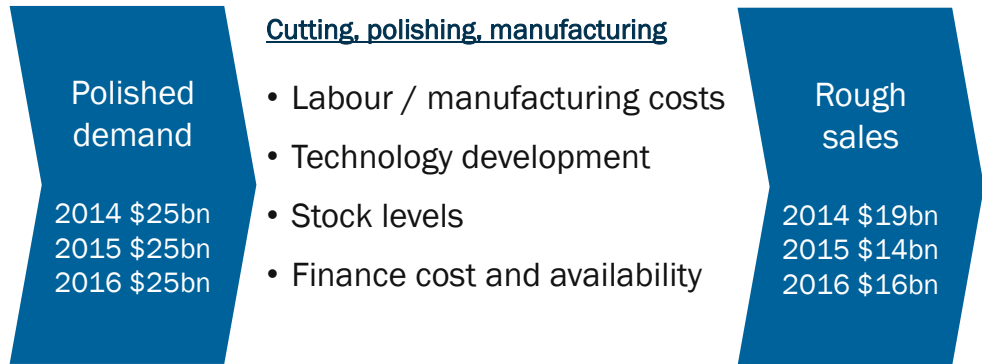


Source: De Beers analysis

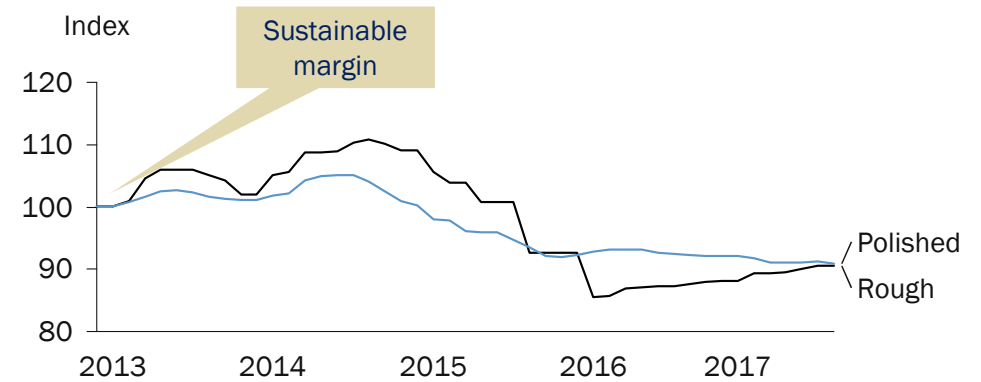


# MIDSTREAM

Midstream profitability / returns are driven by a number of factors ...

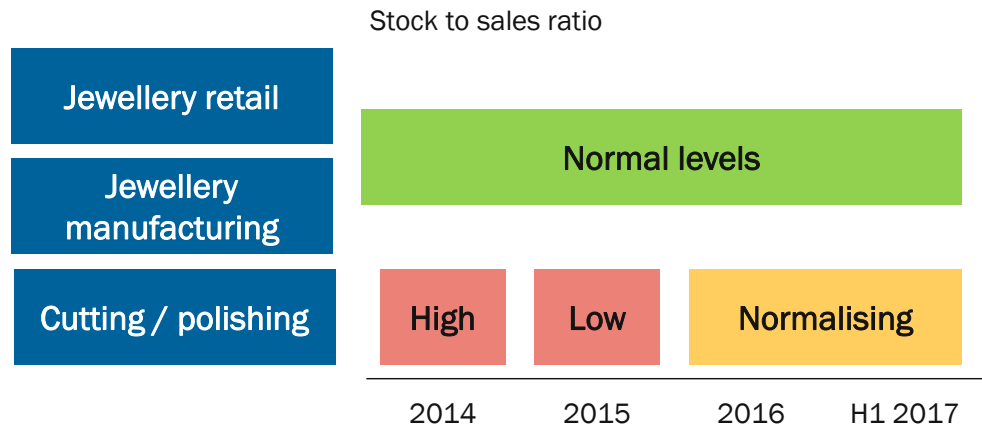


... one of which is the relationship between rough and polished prices ...



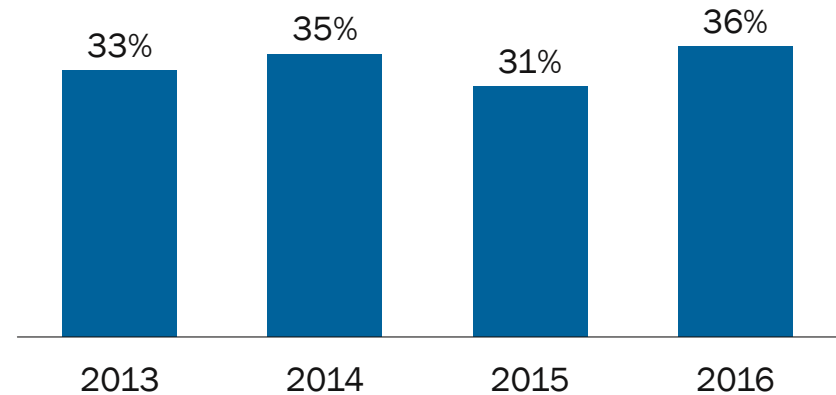
Source: De Beers analysis

... with returns also dependent on the amount and mix in stock ...



Source: De Beers analysis

... with De Beers' share of the rough market ~mid-30%



Source: 2016 De Beers Insight Report; De Beers analysis

# GROUP OVERVIEW

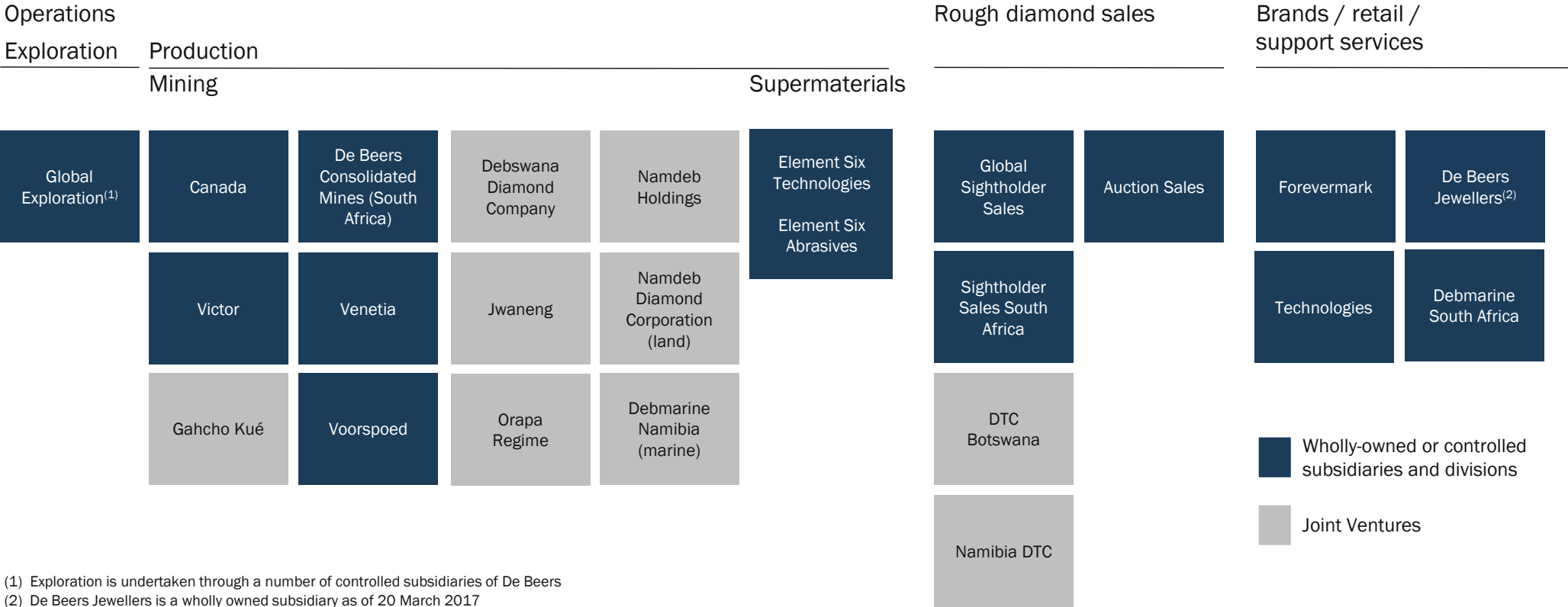


# DE BEERS GROUP OVERVIEW

## Ownership structure



## De Beers Group



(1) Exploration is undertaken through a number of controlled subsidiaries of De Beers  
 (2) De Beers Jewellers is a wholly owned subsidiary as of 20 March 2017

## LEGAL, ECONOMIC AND ACCOUNTING INTERESTS

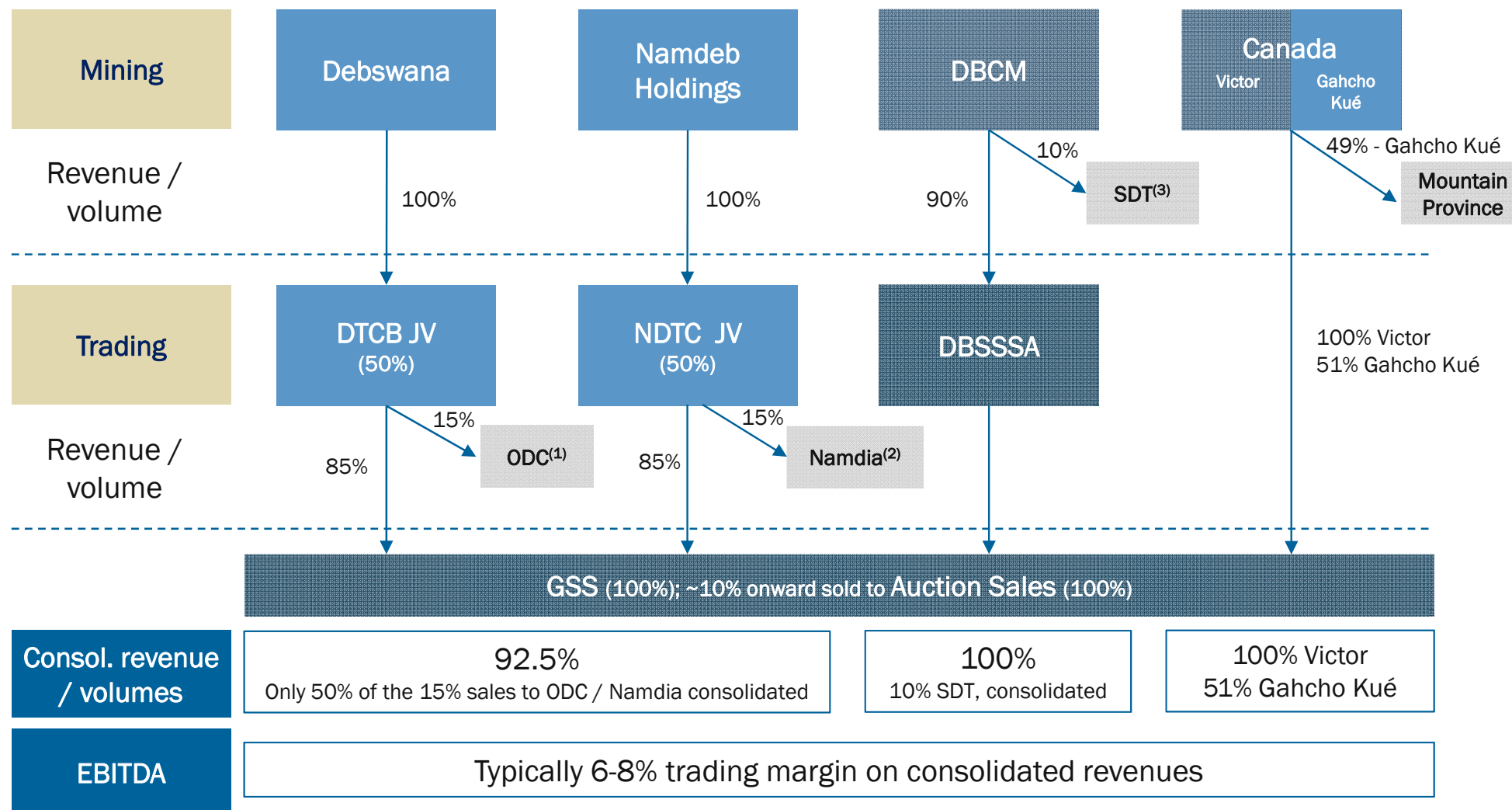
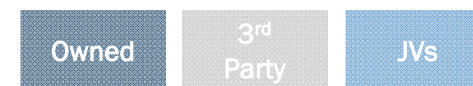
Consolidation type	Business	Legal	Economic	Account.
Subsidiaries	<ul style="list-style-type: none"> <li>Canada (excl. Gahcho Kué)</li> <li>Global Sightholder Sales</li> <li>Auction Sales</li> <li>Forevermark</li> <li>E6 – Technologies</li> <li>Technologies</li> <li>Debmarine South Africa</li> <li>De Beers Jewellers<sup>(1)</sup></li> </ul>	100%		
	<ul style="list-style-type: none"> <li>DBCM<sup>(2)</sup></li> <li>Sightholder Sales South Africa<sup>(2)</sup></li> <li>E6 – Abrasives</li> </ul>	74%	74%	100%
		74%	74%	100%
Joint ventures	<ul style="list-style-type: none"> <li>Debmarine Namibia</li> <li>Namdeb (land)</li> <li>DTC Botswana</li> <li>Namibia DTC</li> </ul>	50%		
	<ul style="list-style-type: none"> <li>Debswana</li> <li>Gahcho Kué</li> </ul>	50%	19.2% <sup>(3)</sup>	19.2% <sup>(3)</sup>
		51%	51%	51%

(1) De Beers Jewellers is a wholly owned subsidiary as of 20 March 2017

(2) For DBCM and Sightholder Sales South Africa, our BEE partner Ponahalo, owns a 26% interest, however, due to the arrangement in place it is consolidated with no minorities; as such, Ponahalo net debt related to the acquisition of the 26% interest is on the De Beers balance sheet

(3) % interest applies to pre-tax profits

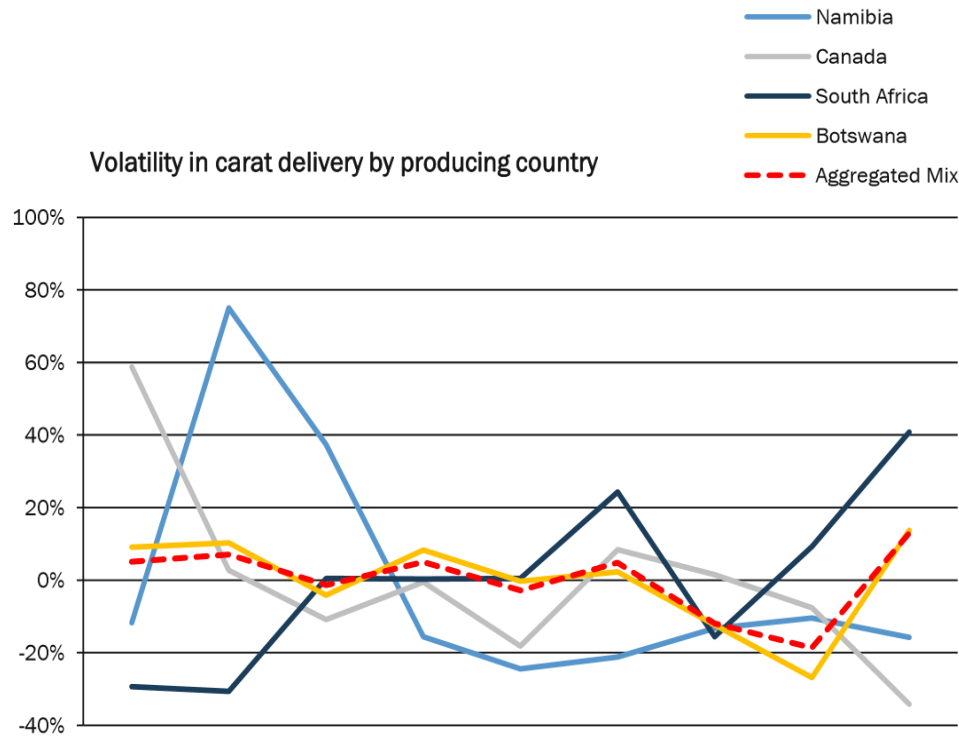
# FLOW OF DIAMOND VOLUMES



(1) Okavango Diamond Company (ODC) – wholly owned by GRB – has the right to 15% of Debswana run of mine production  
 (2) Namib Desert Diamonds Ltd (Namdia) – wholly owned by GRN – has the right to 15% of Namdeb Holdings run of mine production  
 (3) DBCM sells or offers 10% of run of mine production to the State Diamond Trader, in terms of SA diamond legislation

# TRADING EBITDA MARGIN - MODEL AT 6 - 8% ON AVERAGE

Value through aggregation, allowing for a more consistent offering (volume and mix)

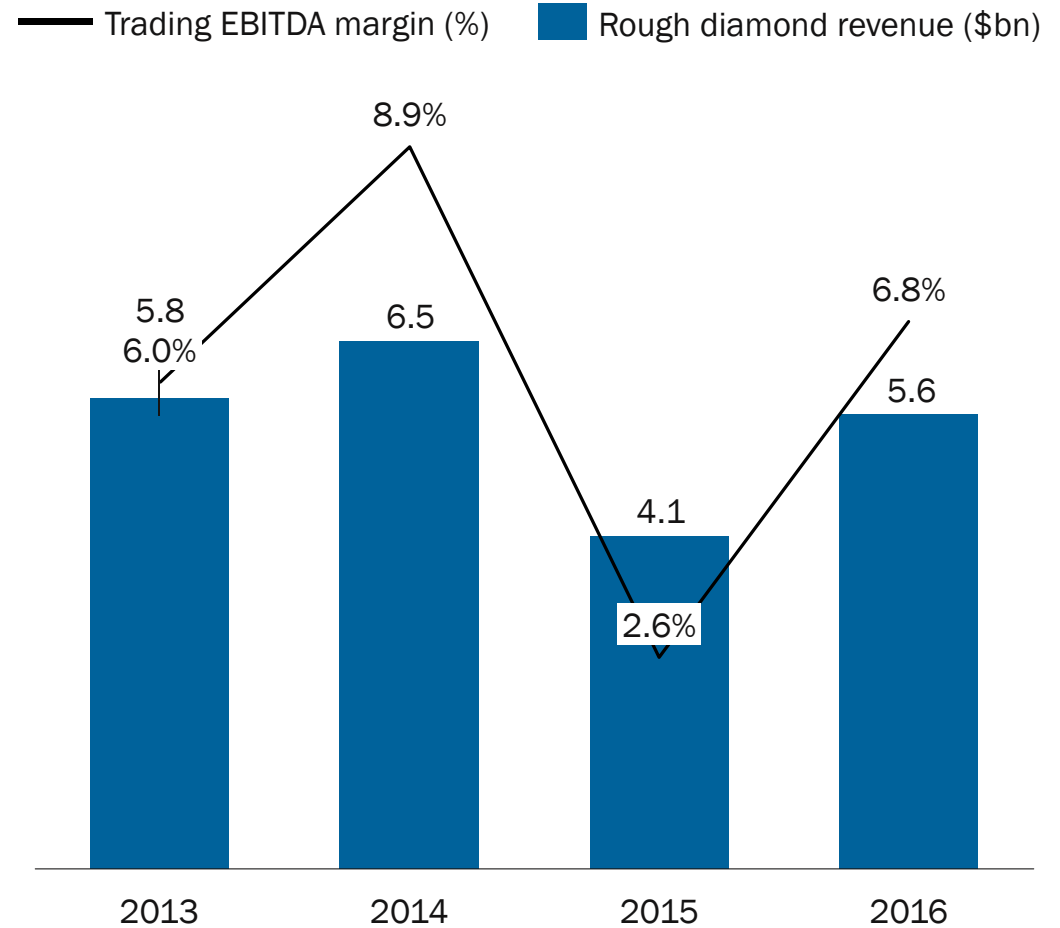


Indicative 12 month period

## Marketing arrangement

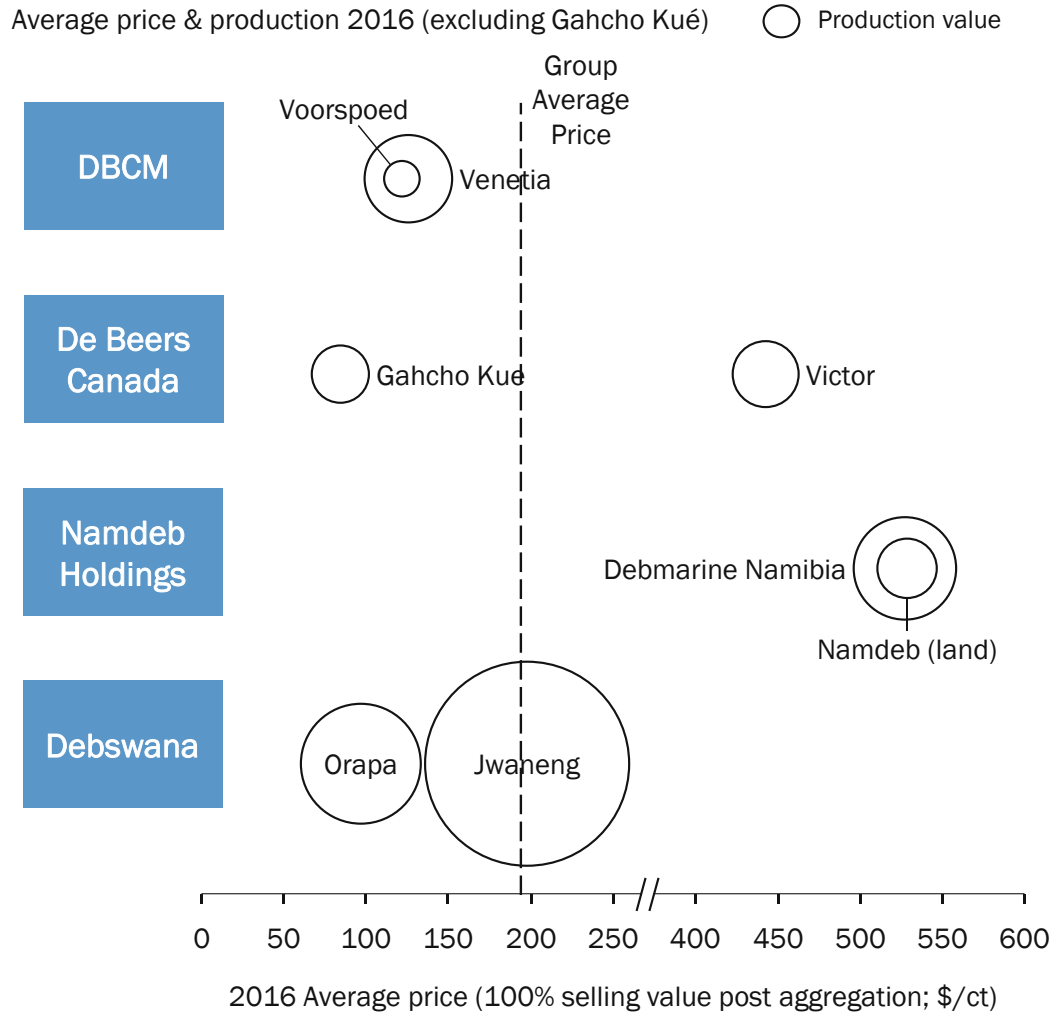
- Debswana until 2020
- Namdeb Holdings in place until 2026
- South Africa and Canada perpetual

Historic analysis of EBITDA margins: average 6-8% but impacted by changes in rough prices & mix

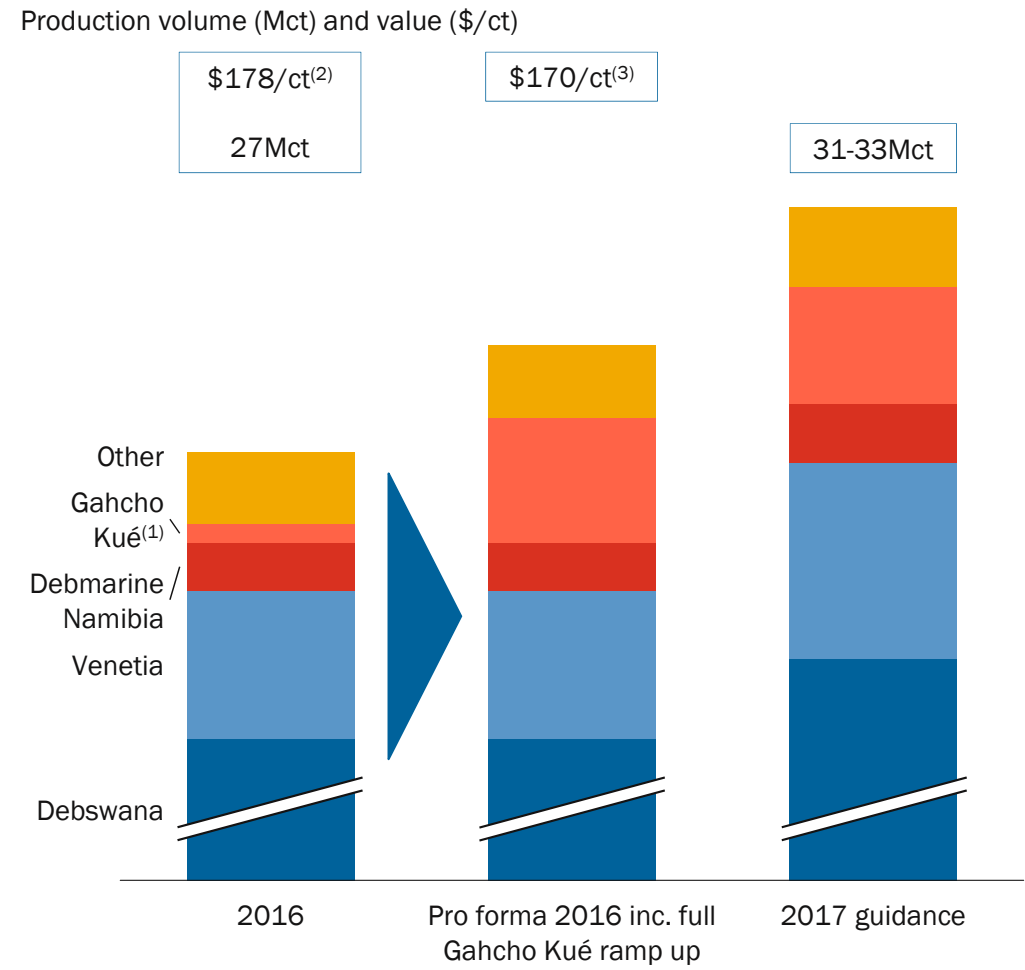


# DE BEERS PORTFOLIO DIVERSITY AND FLEXIBILITY

## Diverse portfolio with breadth in mix of production ...



## ... and flexibility in supply to meet demand

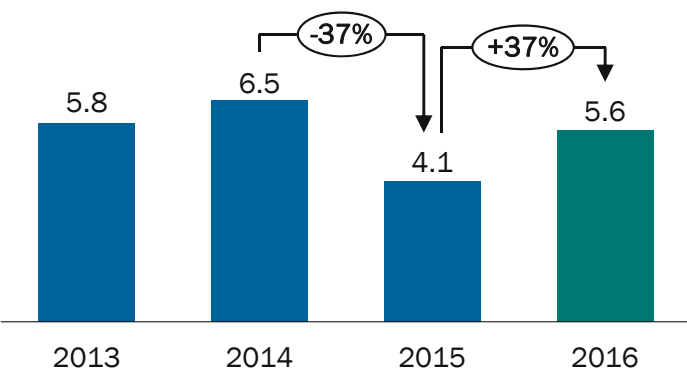


(1) 100% basis except for the Gahcho Kué joint venture, which is on an attributable 51% basis  
 (2) Achieved price based on sales mix of \$187/ct. Price based on total production mix \$178/ct  
 (3) Calculated using 2016 index

# DE BEERS REVENUE AND PRODUCTION

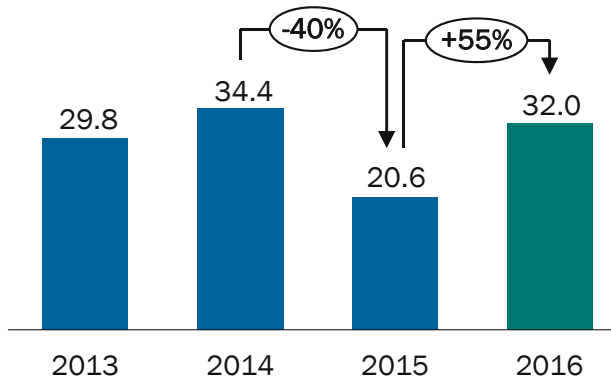
## Revenue impacted by consumer demand and midstream destocking ...

De Beers rough diamond consolidated revenue (\$bn)



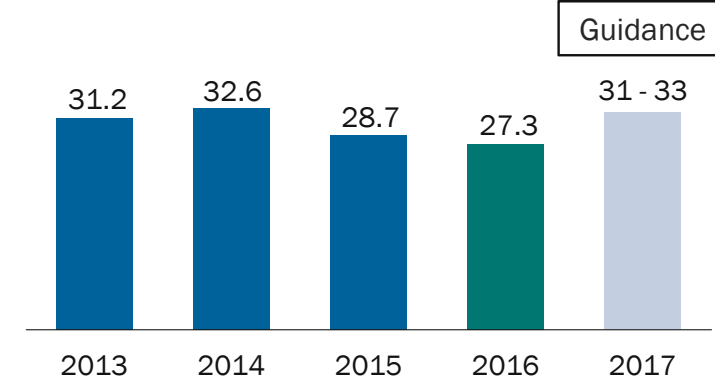
## ... with lower sales volumes ...

Total rough diamond sales volumes (incl. 100% DTCB and NDTC) (Mct)

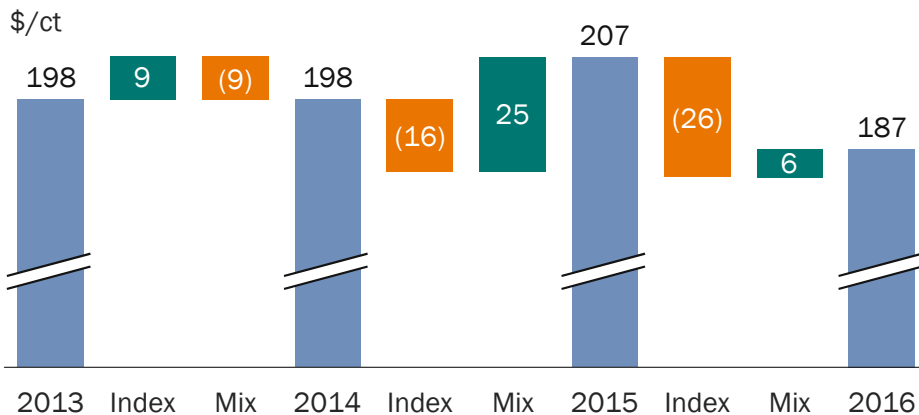


## ... and production adjusted to meet demand, now returning to previous levels

Total rough diamond production (Mct)

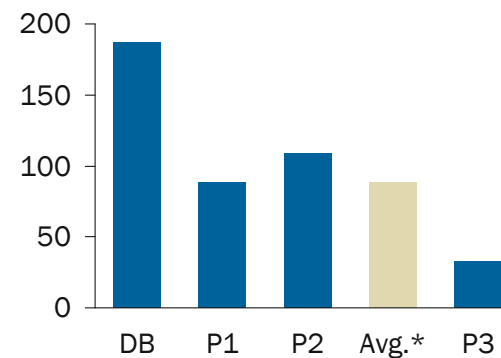


## Lower rough prices to support a recovery, with flexibility in the mix of production

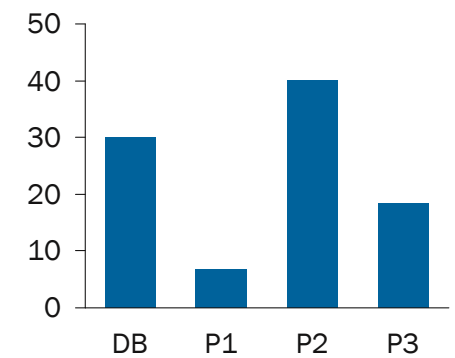


## De Beers average price above other rough producers

Average achieved price (\$/ct)



Consolidated sales volume (Mct)



# MODELLING CHANGES TO DE BEERS INVENTORY LEVELS

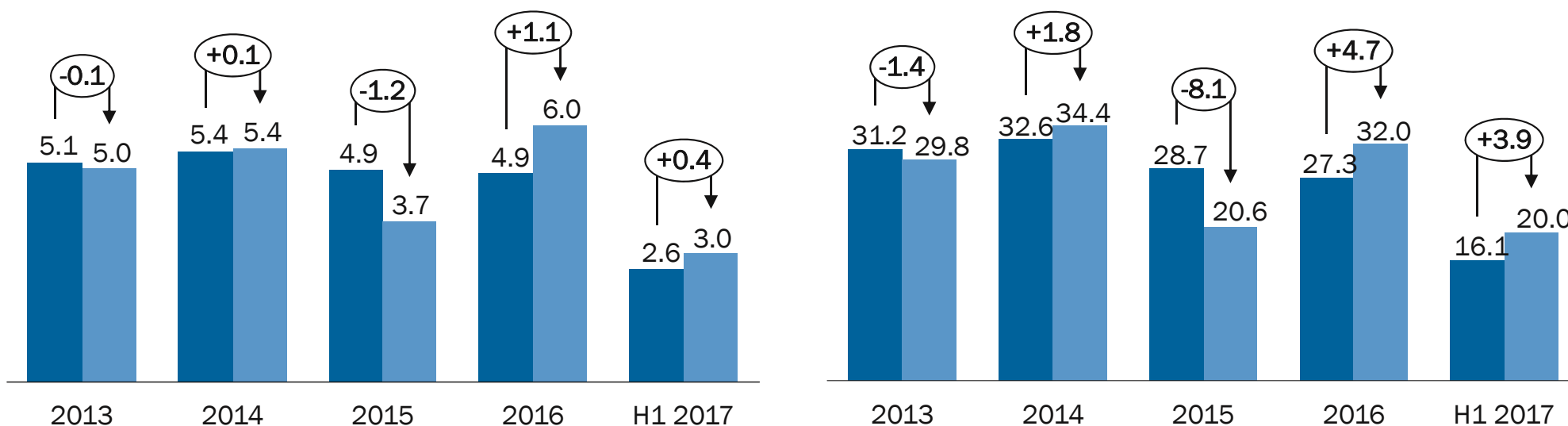
In value terms, 2015 inventory build was eliminated in 2016 ...

... although India demonetisation impacted destocking of lower value goods in late 2016 (completed in H1 2017)

\$bn, restated to 2016 price index

■ Production ■ Total external gem sales

Mct



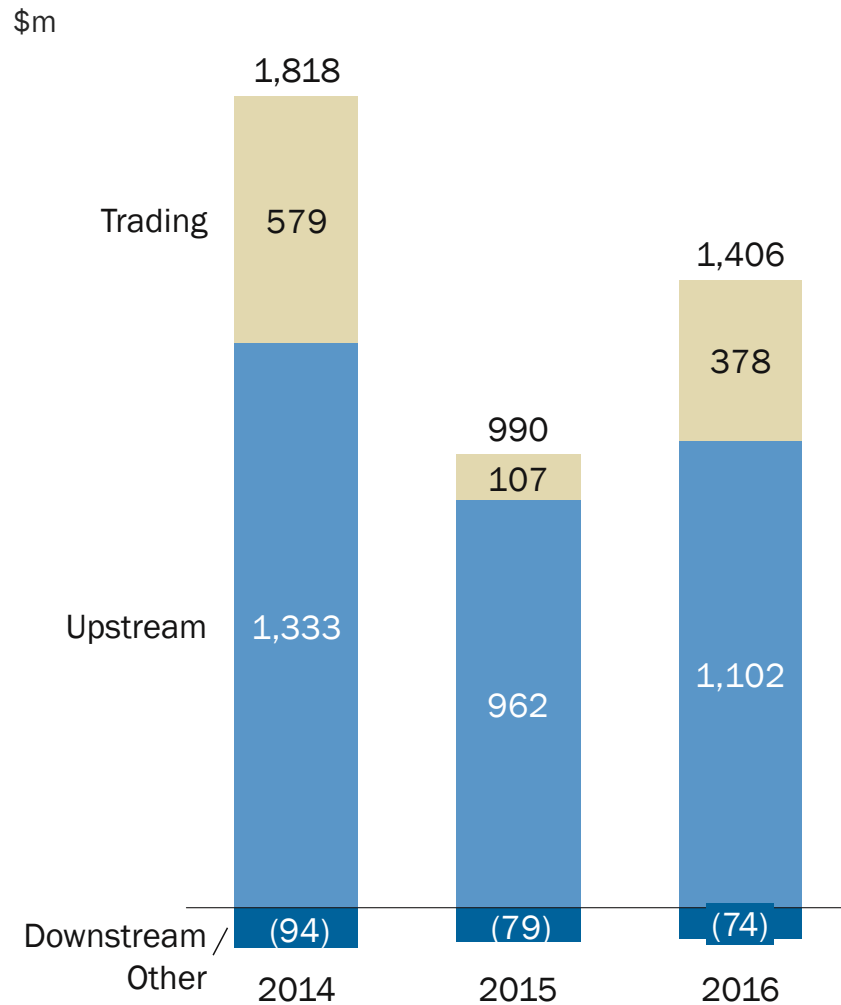
- Inventories held at the lower of cost or net realisable value:
  - Equity production held at mined cost (average cost per mine)
  - Non-equity production held at purchase cost (69%<sup>(1)</sup> of Debswana volumes; 43%<sup>(2)</sup> of Namdeb Holdings volumes)
- Typical inventory levels: GSS – ~1.5x value of average Sight; Mining – ~3 month production (to sort and value)

(1) Based on the purchase of 85% of 80.8% of JV partner's share of production

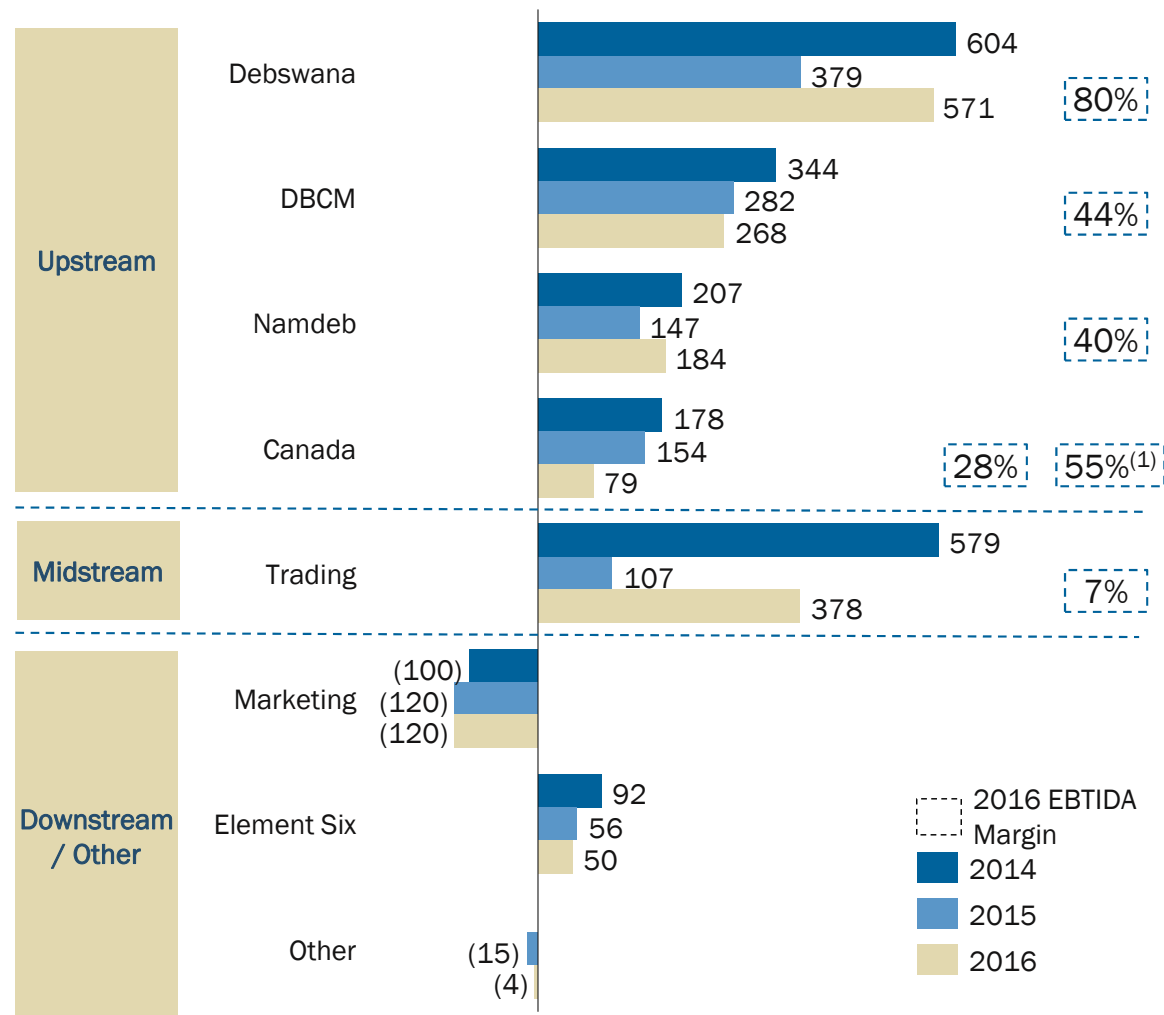
(2) Based on the purchase of 85% of 50% of JV partner's share of production

# CONTRIBUTION BY BUSINESS

**EBITDA contribution by business**



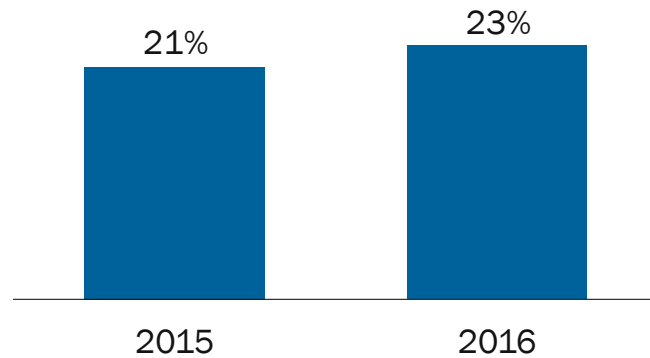
**Key components contributing to segments**



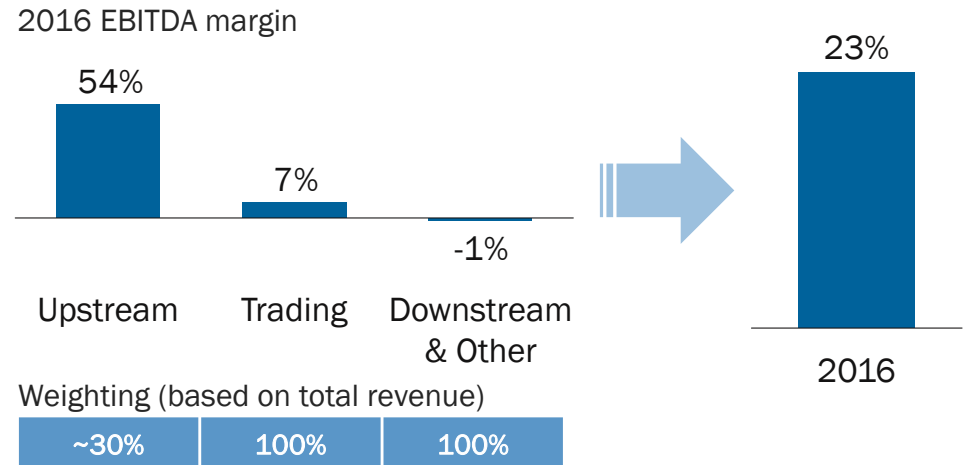
(1) Excluding Snap Lake care and maintenance

# GROUP AND UPSTREAM EBITDA MARGINS

## Group EBITDA blended margin %

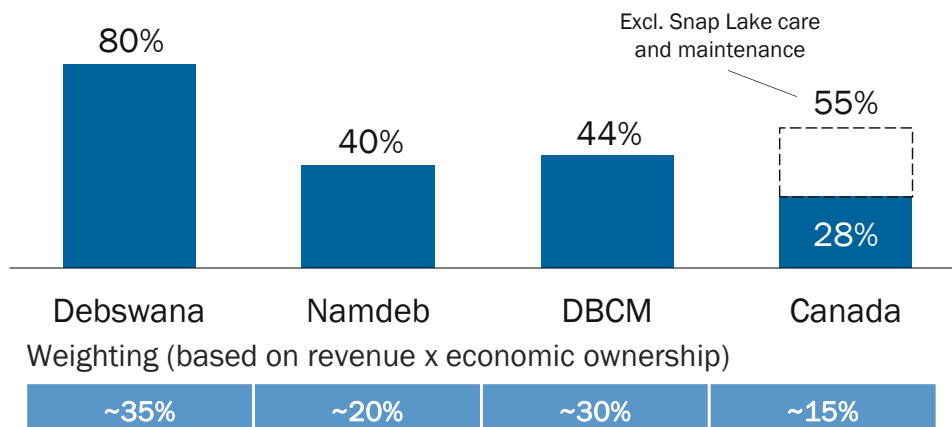


## Consolidation of Group EBITDA margin

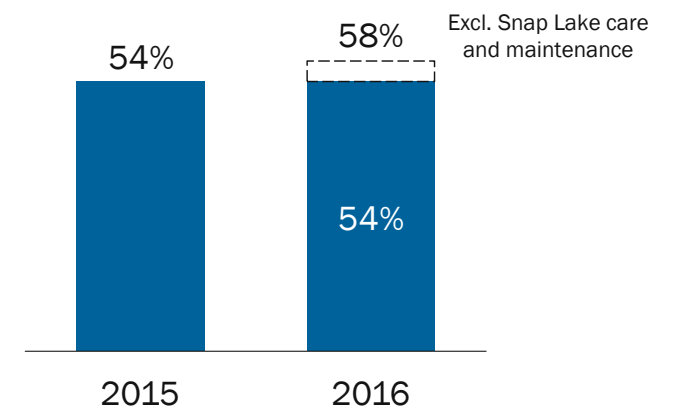


## Upstream margin analysis

### 2016 Upstream EBITDA margin by BU



### Upstream EBITDA margin

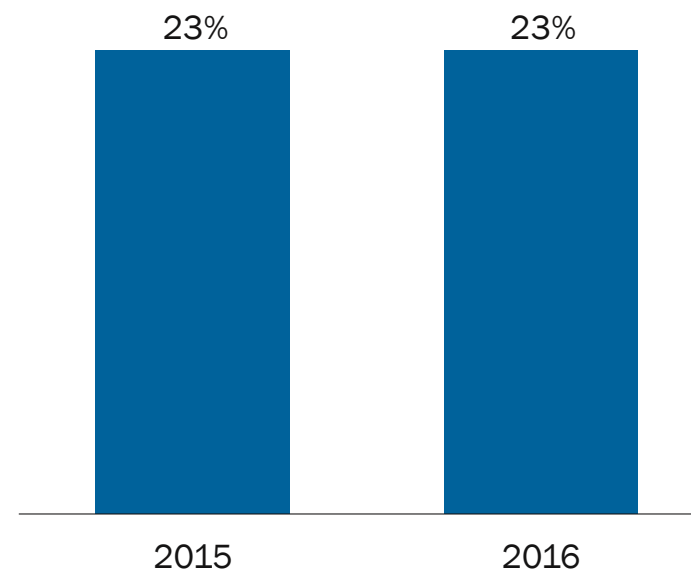


# TAXATION

## De Beers tax rate by jurisdiction

Results in a group effective tax rate of 23%<sup>(3)</sup>

2016	Royalties	Income tax
South Africa <sup>(1)</sup>	Formulae based	28%
Canada <sup>(1,2)</sup>	Formulae based	26%
Botswana: DTCB & DBGSS	n/a	22%
Botswana: Debswana	0%	0%
Namibia	10% Turnover	55%



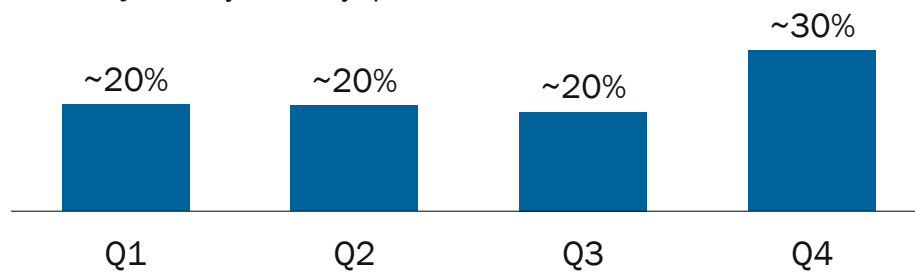
Note: In 2016 Debswana paid \$0.9bn in local statutory taxes, including withholding taxes, and royalties

- (1) Accelerated tax allowances for capital projects in place
- (2) Tax losses available to offset against future income
- (3) Debswana reflected at zero %

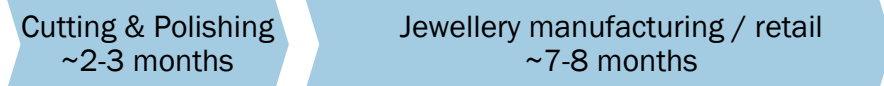
# SALES SEASONALITY

## Jewellery sales driven by Q4 holidays, principally in the US . . .

% diamond jewellery sales by quarter

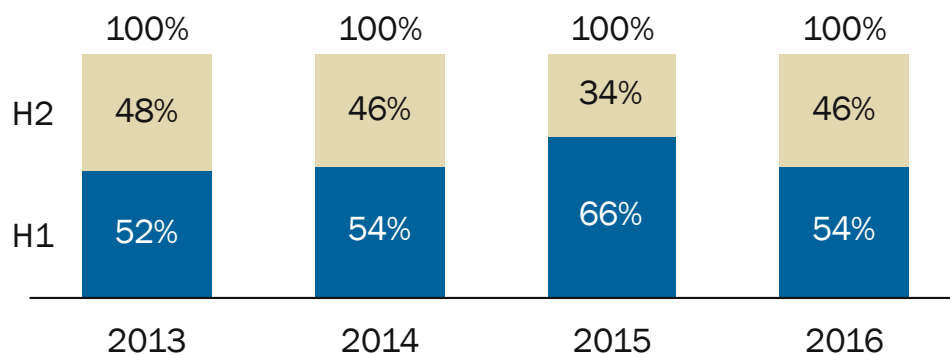


Typical pipeline



## . . . resulting in rough sales usually weighted to H1

% H1/2 split of gem consol. sales



## Rough sales are reported every cycle and drive total revenue

Provisional cycle revenue is reported after GSS Sight week and includes auctions since the previous GSS Sight

2016	\$m
Cycle 1	545
Cycle 2	617
Cycle 3	666
Cycle 4	636
Cycle 5	564
Cycle 6	528
Cycle 7	639
Cycle 8	494
Cycle 9	476
Cycle 10	422
Total	5,587
Timing differences <sup>(1)</sup>	31
Gem consol sales	5,618
Element Six	314
Other	136
Total De Beers revenue	6,068

15 NOVEMBER 2016  
GABORONE, BOTSWANA

### DE BEERS ROUGH DIAMOND SALES FOR CYCLE 9, 2016

The De Beers Group of Companies today announced the value of rough diamond sales (Global Sightholder Sales and Auction Sales) for the ninth sales cycle of 2016.

	Cycle 9 2016 (provisional) <sup>1</sup>	Cycle 8 2016 (actual) <sup>2</sup>
Sales value <sup>3</sup> (\$m)	470	494

Notes to this table are shown at the bottom of this page.

Bruce Cleaver, CEO, De Beers Group, said: "Encouragingly, the ninth sales cycle of 2016 showed continued good demand for De Beers rough diamonds, with sales in line with expected seasonal demand patterns."

(1) Timing differences relate to sales by Auctions Sales or DTCB which occur post Cycle 10 but before 31 December and are reported in Cycle 1 of the following year

# PRESS RELEASE DISCLOSURE

## Press release disclosure: Six months ended 30 June 2017: Reconciliation

Applied 7% to all operations in line with 6-8% guidance; actual trading margins vary by region

### Key performance indicators<sup>(1)</sup>

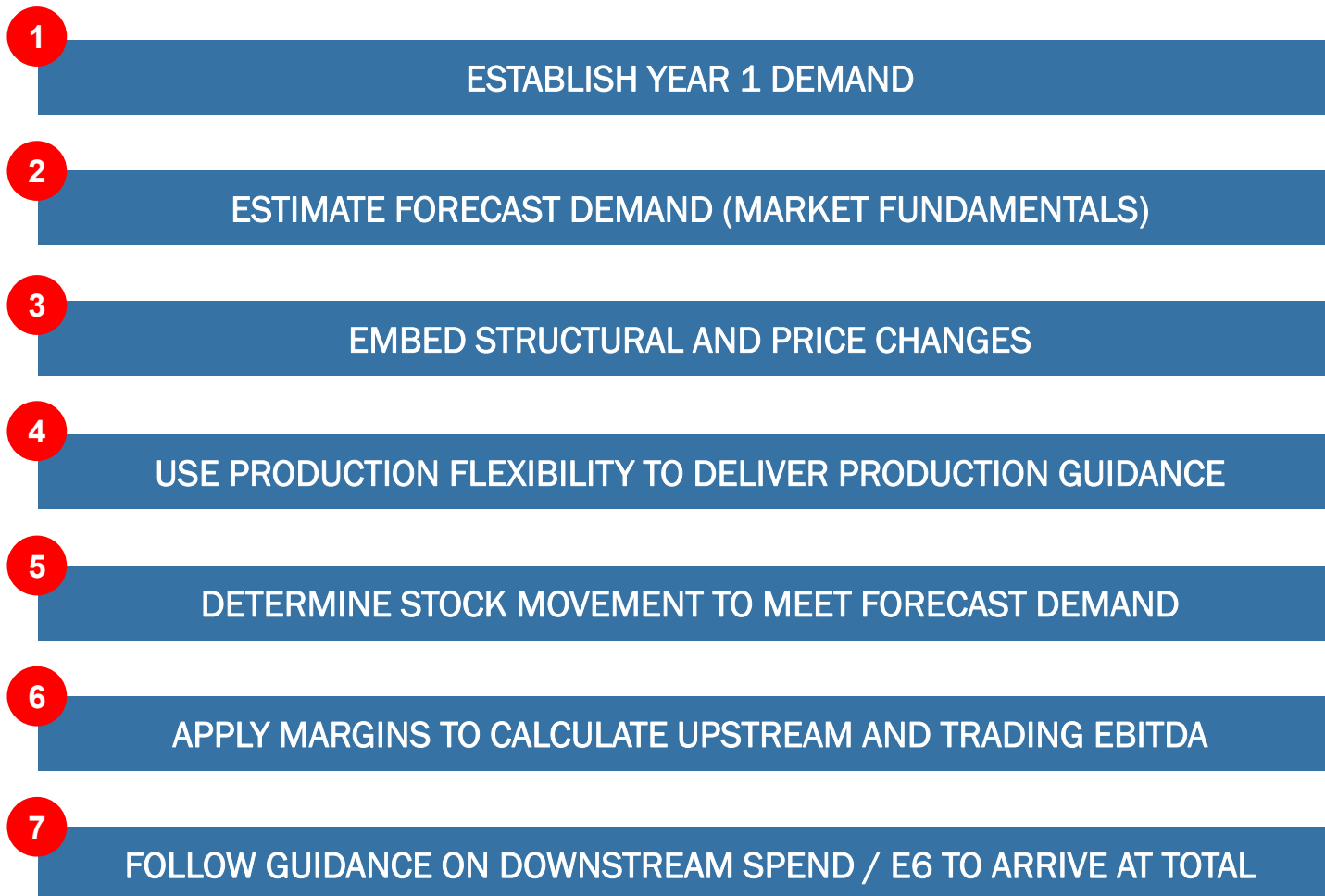
	Production			Realised price			P&L cash cost			Margin per carat		Proxy EBITDA and comparison				
	Prod <sup>n</sup> volume	Excl. GK	Adj. product. Volume	Price	Less trading margin	Adj. price	P&L cash cost	Add royalties / GK adj.	Adj. P&L cash cost	Margin per carat	Margin %	Proxy EBITDA (100%)	% Interest	Proxy EBITDA (propcon)	EBITDA reported	Variance
	kct	kct	kct	\$/ct <sup>(3)</sup>	\$/ct	\$/ct	\$/ct <sup>(4)</sup>	\$/ct	\$/ct	\$/ct	%	\$m	%	\$m	\$m	\$m
<b>De Beers</b>	<b>16,142</b>		<b>16,142</b>	<b>156</b>			<b>63</b>		<b>63</b>						<b>785</b>	
Debswana	11,124		11,124	165	(12)	153	26		26	127	77%	1,418	19.2%	272	272	0
Namdeb Holdings	863		863	568	(40)	528	237	53	290	238	42%	206	50%	103	105	(2)
South Africa	2,511		2,511	133	(9)	124	64	4	68	56	42%	141	100%	141	127	14
Canada <sup>(8)</sup> *	1,644	(1,273)	371	435	(30)	405	67	110	177	228	52%	84	100%	84	69	15
Trading	-		-	-			-		-	-		-		-	281	
Other <sup>(6)</sup>	-		-	-			-		-	-		-		-	(69)	

\* For Canada, price excludes Gahcho Kué contribution, as all profits arising from Gahcho Kué related to pre-commercial production were capitalised. Unit costs include Gahcho Kué contribution following achievement of commercial production on 2 March 2017. As a result, for the production x margin calculation, Gahcho Kué production has been excluded

Note: For footnotes please refer to the Anglo American Press release for the six months ended 30 June 2017

# BASIC MODEL FLOW

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# QUESTIONS



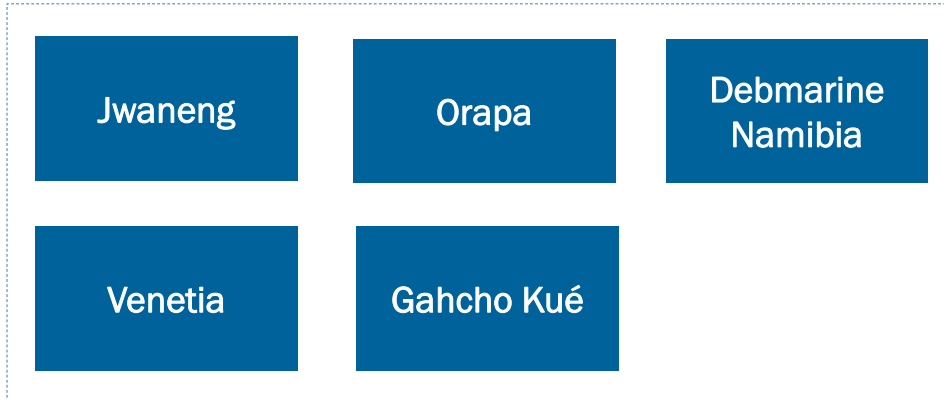
# UPSTREAM



# UPSTREAM MODELLING

## Summary of mines and data provided

### Granular operational information to model costs presented



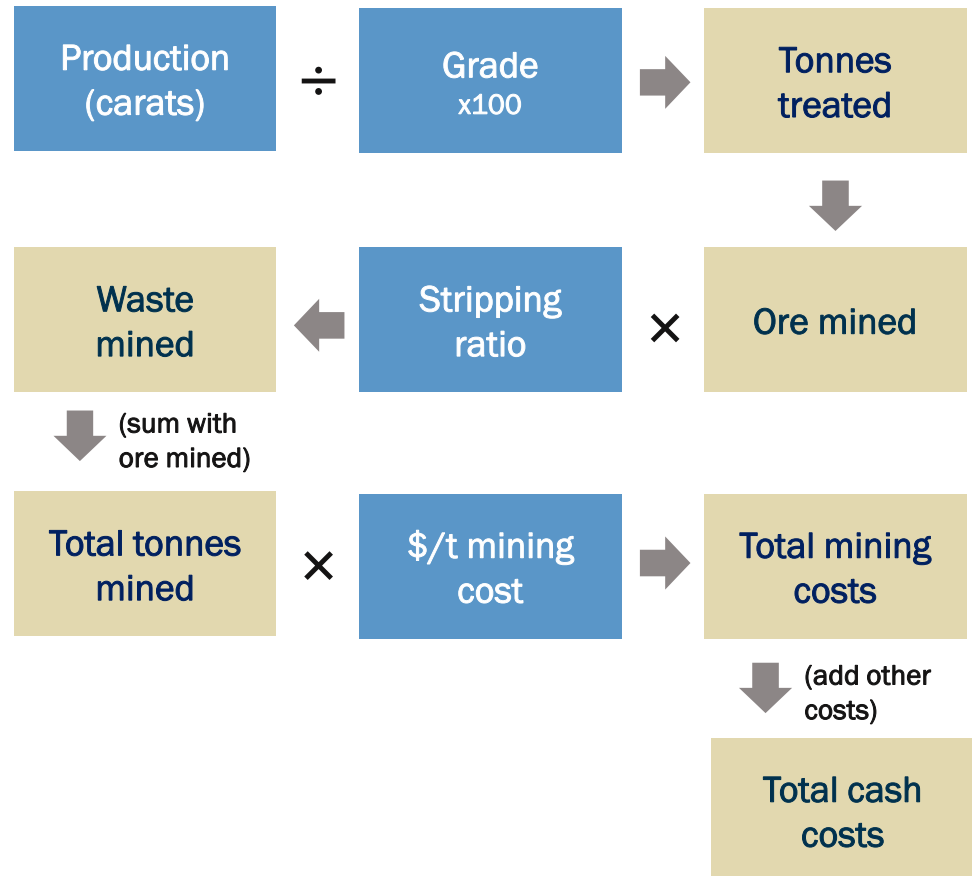
### Press release data as currently provided



## Modelling of production costs

### High level disclosures

### Calculations



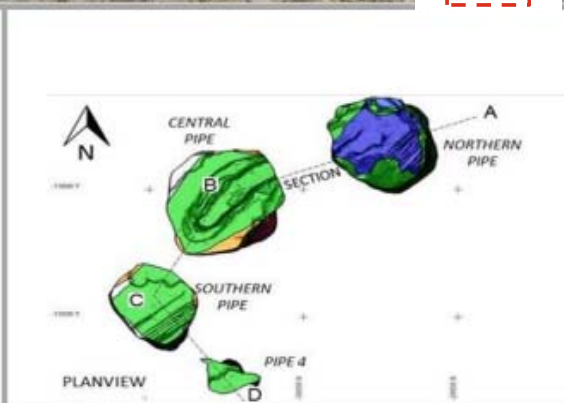
# JWANENG MINE - OVERVIEW

## Plan view of Jwaneng pit



**Jwaneng Mine Pit**

- 1.4km width
- 2km length
- ≈410m deep



## Key mine information

**Reserves & Resources<sup>(1)</sup>**

**Cuts 6 & 7**

**Cut 8**

**Projects**

- Life of mine (LOM): 2034
- Probable Diamond Reserve Estimates (Open Pit): 139Mct; 130cpht<sup>(2)</sup>; 106Mt
- Mining licence: 2029
- Exclusive Diamond Resource Estimates<sup>(3)</sup> (Open Pit):
  - Indicated: 106Mct; 93cpht; 114Mt
  - Inferred (ex. LOM Plan)<sup>(4)</sup>: 64Mct; 83cpht; 77Mt

- Current source of ore mining
- Cut 8 waste of ~700Mt in total
- ~500Mt of waste has been mined; First ore extracted and processed in June 2017
- Expected to become the main source of ore during 2018
- Approximately 84Mt material to be treated containing an est. 93Mct (~110cpht)
- Further life extension opportunities exist
- Cut 9 – Pre-feasibility stage
- Cut 10 vs. Underground - Concept study in progress

(1) For further information, see Anglo American Ore Reserves and Mineral Resources Report (2016)

(2) Grade (cpht / cpm<sup>2</sup>) - Carats per hundred metric tonnes / carats per square metre

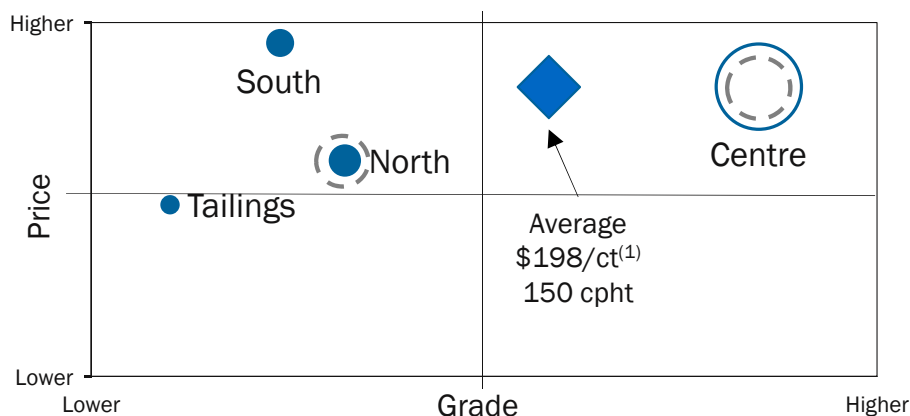
(3) Diamond Resources are reported as additional to Diamond Reserves

(4) Due to the uncertainty that may be attached to some Inferred Diamond Resources, it cannot be assumed that all or part of an Inferred Diamond Resource will necessarily be upgraded to an Indicated or Measured Diamond Resource after continued exploration

# JWANENG MINE – PRODUCTION CHARACTERISTICS

## Significant flexibility in mix and grade across pipes and tailings

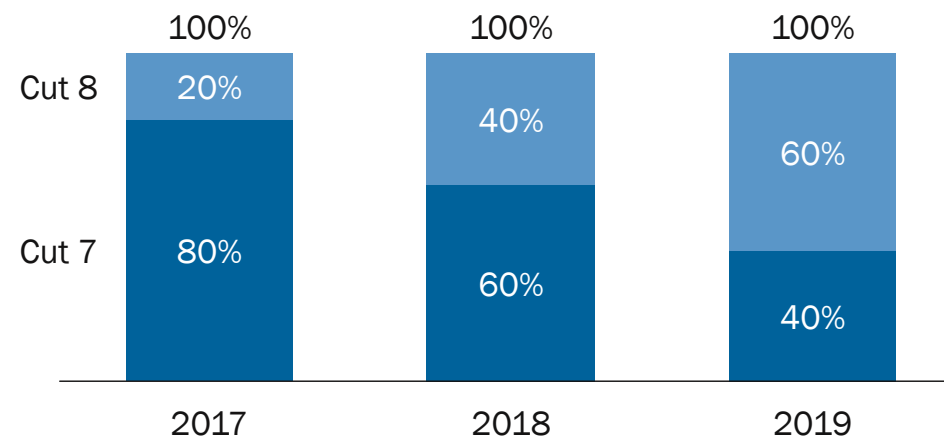
2016    ◆ = Jwaneng average    ○ = Production volume    ⊕ = Production volume trend



## Evolution of stripping activity

- Cut 8 waste of ~700Mt in total
- ~500Mt of waste was mined before first ore, which was extracted and processed in June 2017
- Cut 8 will become the main source of ore from 2018
- Average Cut 8 stripping ratio from 2018 of 2.5
- From 2017, ~20Mt of waste remaining at Cut 7 with an average stripping ratio of ~1 to end of life in 2024

## Evolution of ore mining by Cut



**Portfolio**  
(dependent on trading conditions)

- Grade trending downwards ~20% as ore source changes

**Main treatment plant**

- Incremental capacity available to offset grade impact

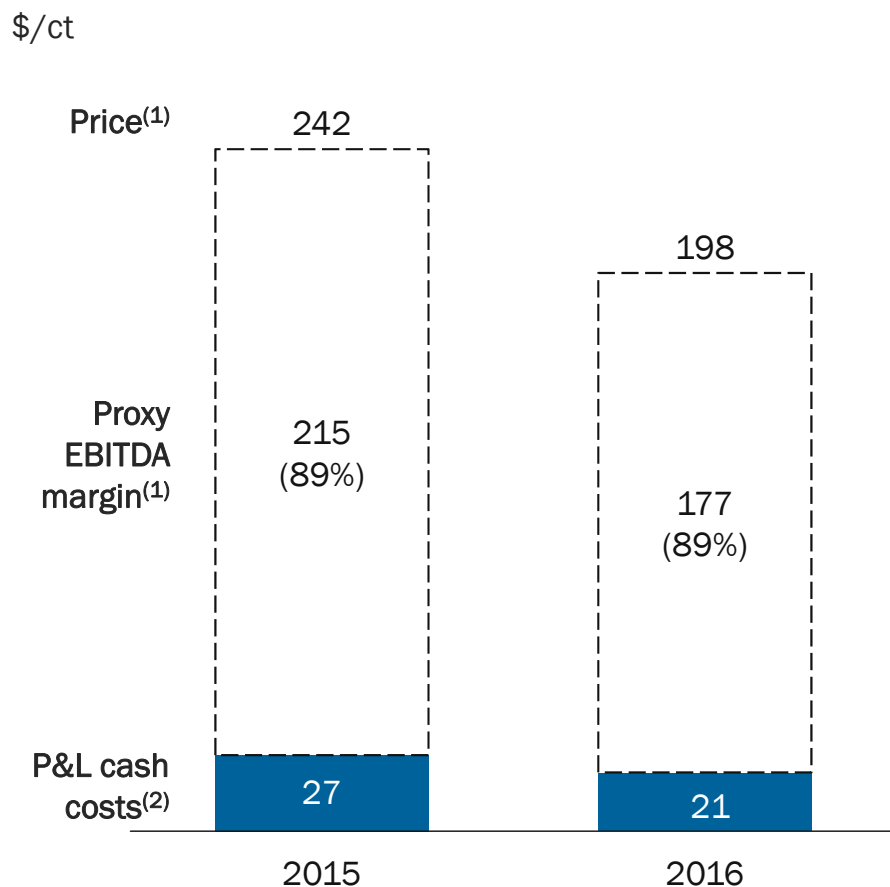
**Modular tailings treatment plant**

- Capacity of 2Mt or ~900kct, utilisation subject to trading conditions

(1) Price based on 100% selling value post aggregation at 2016 mix and price index

# JWANENG MINE – EBITDA MARGIN & OTHER KPIS

## Price, cost and EBITDA margin



## Key performance indicators

		2015	2016
Waste mined	Mt	109.8	109.4
Ore mined	Mt	7.7	9.5
Tonnes treated	Mt	7.6	8.0
Carats recovered	Mct	9.8	12.0
Average grade	cpht	128	150
Price <sup>(1)</sup>	\$/ct	242	198
Total cash cost <sup>(3)</sup>	\$/ct	49	38
Mining cash cost <sup>(4)</sup>	\$/t	2.8	2.6

(1) Price is based on 100% selling value post aggregation of goods. EBITDA margin is a proxy measure as it includes both mining and trading margin and is calculated using a unit cost of production as defined

(2) P&L cash costs = mining, treatment, support services, other costs, excludes depreciation and royalties ÷ carats recovered

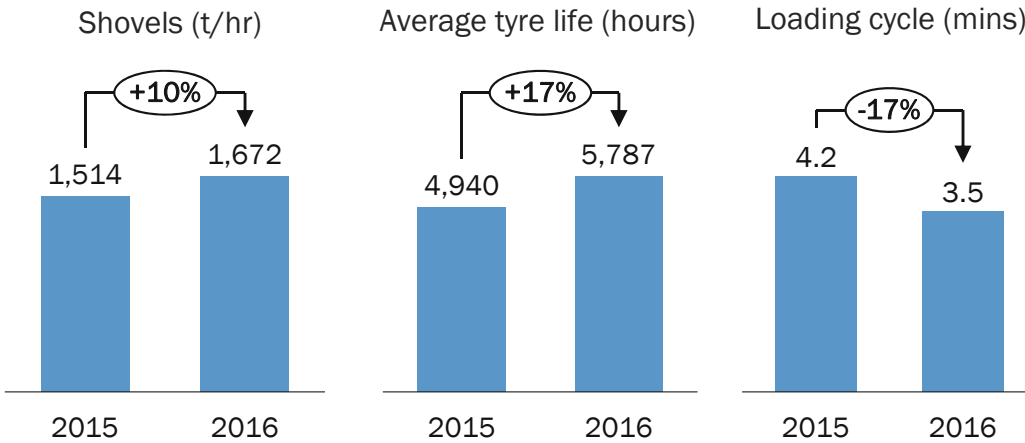
(3) Total cash costs = P&L cash costs plus the cost of waste which is capitalised, excludes SIB capex ÷ carats recovered

(4) Mining cash costs = production costs related to mining activities (before any waste costs are capitalised) ÷ tonnes mined (waste + ore tonnes)

# JWANENG MINE – LINKING MINING AND PRODUCTION TO CASH COSTS

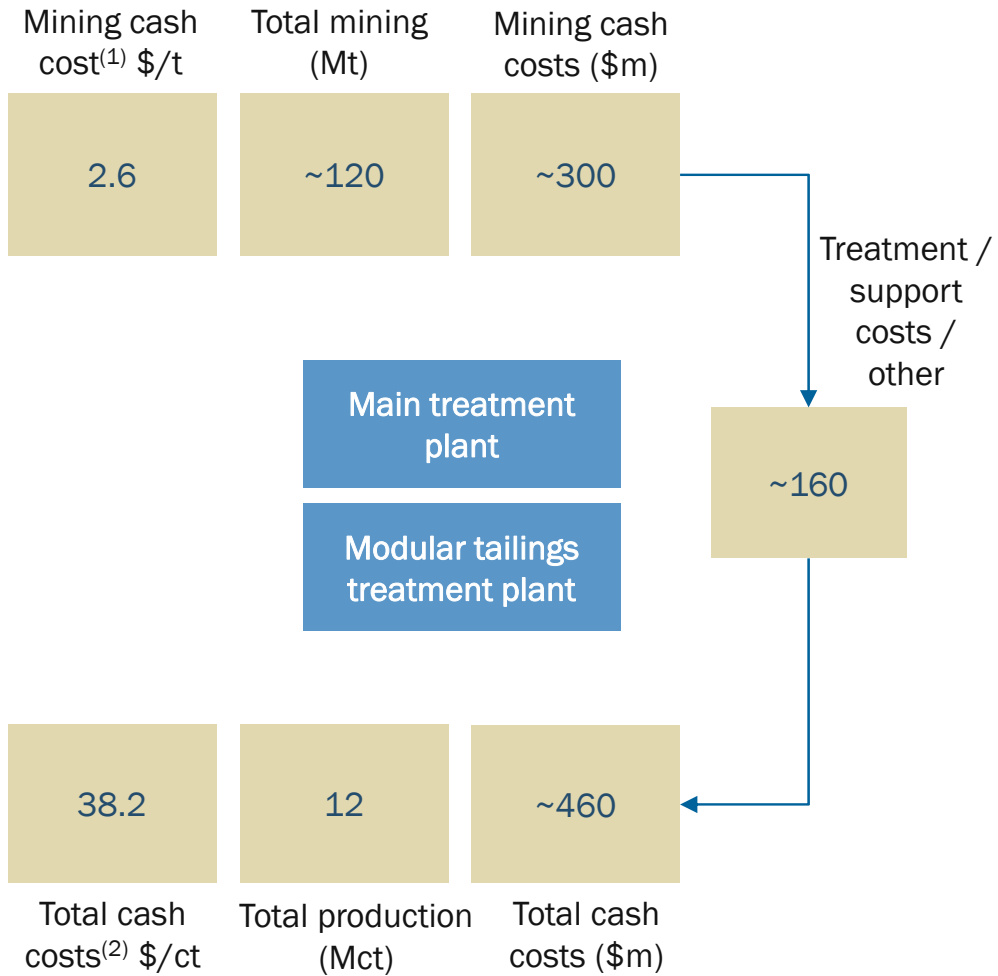
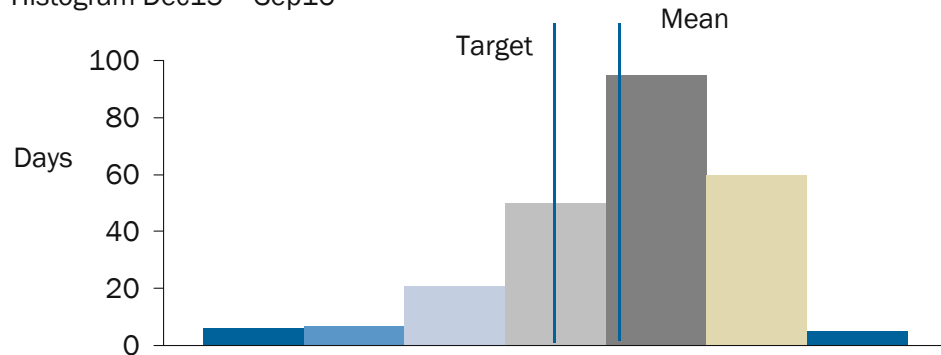
2016

## Truck and haul



## Plant

Histogram Dec15 – Sep16



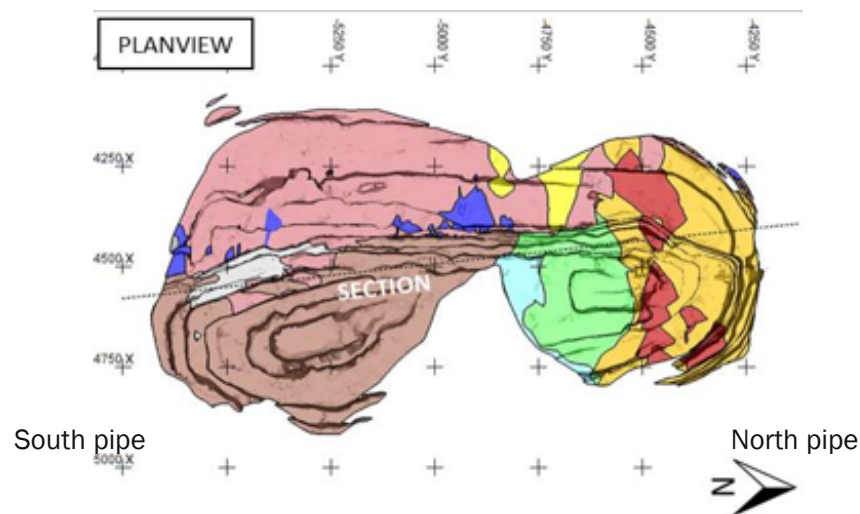
Source: De Beers Group internal analysis

(1) Mining cash costs = production costs related to mining activities (before any waste costs are capitalised) ÷ tonnes mined (waste + ore tonnes)

(2) Total cash costs = mining, treatment, support services, other costs, also includes the cost of waste which is capitalised, excludes depreciation and SIB capex ÷ carats recovered

# ORAPA REGIME - OVERVIEW

## Plan view of Orapa mine pit & plant



(1-4) Refer to footnotes on slide 25

## Key mine information

### Orapa Mine Reserves & Resources<sup>(1)</sup>

- Life of mine (LOM): 2030
- Probable Diamond Reserve Estimates (Open Pit): 145Mct; 92cpt<sup>(2)</sup>; 157Mt
- Mining licence: 2029
- Exclusive Diamond Resource Estimates (Open Pit)<sup>(3)</sup>
  - Indicated: 299Mct; 101cpt; 295Mt
  - Inferred (ex-LOM plan)<sup>(4)</sup>: 59Mct; 86cpt; 68Mt

### Orapa Mine – Cut 2

- Current source of ore mining
- Plant 1 placed on partial care and maintenance 1 Jan 2016; ramped up in H1 2017

### Lethakane Tailings

- Transitions to processing tailings in 2017, plant commissioning Q2-Q3 2017
- Life of tailings mineral resource to 2041
- Capacity of 3.6Mt per annum at 900kct

### Damtshaa Mine

- Placed on care and maintenance 1 Jan 2016
- Re-commissioning anticipated in Q4 2017 for full year's production in 2018

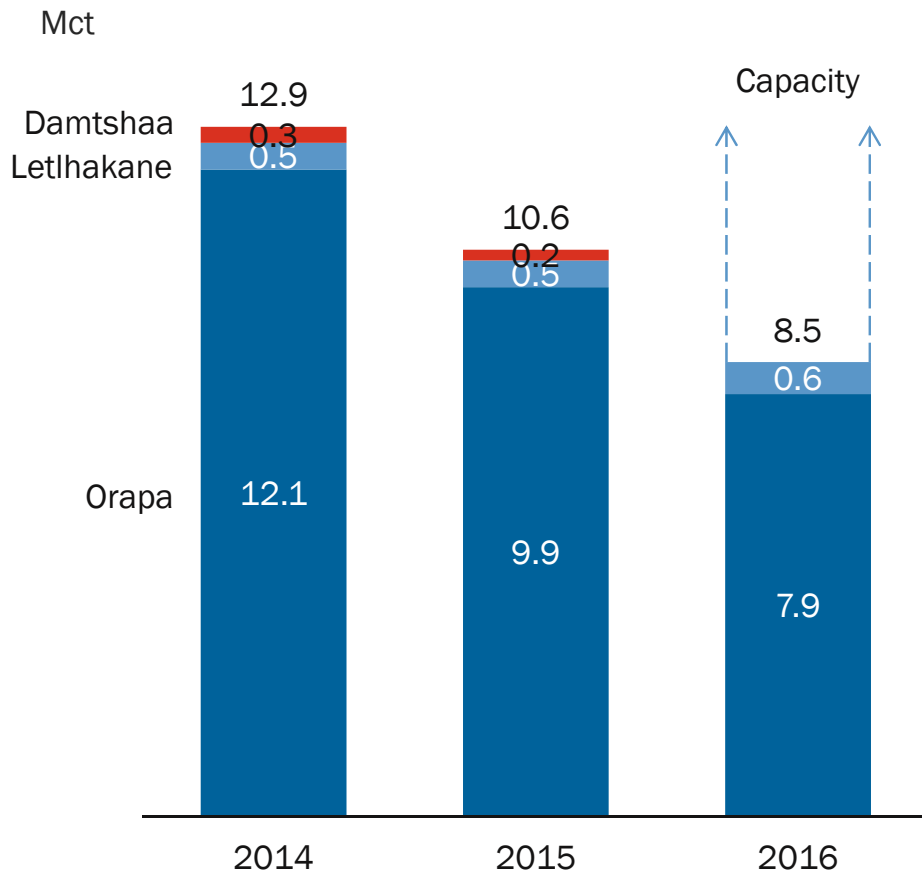
### Projects

- Orapa Mine – Cut 3 in pre-feasibility stage

# ORAPA REGIME – PRODUCTION CHARACTERISTICS

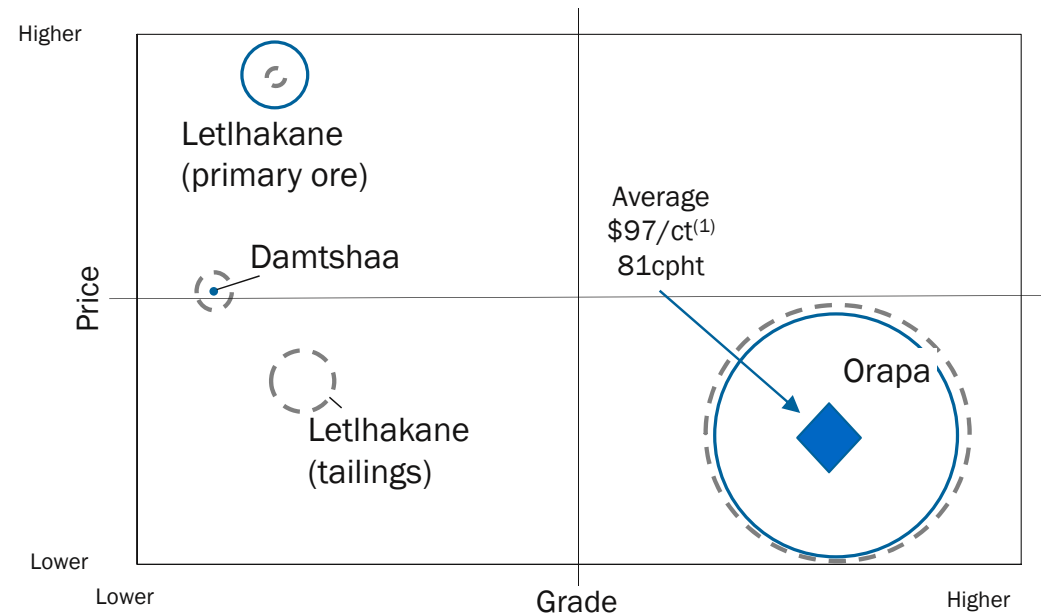
Production has fallen since 2014 due to trading conditions

Orapa Plant 1 on partial C&M; ramped up in H1 2017  
 Damtshaa to be recommissioned in Q4 2017 following period of C&M



Average price and grade levels aligned to Orapa mine

2016 ◆ = Orapa Regime ○ = Production size ↻ = Future source of production



Price

Orapa Regime mix decline ~5%

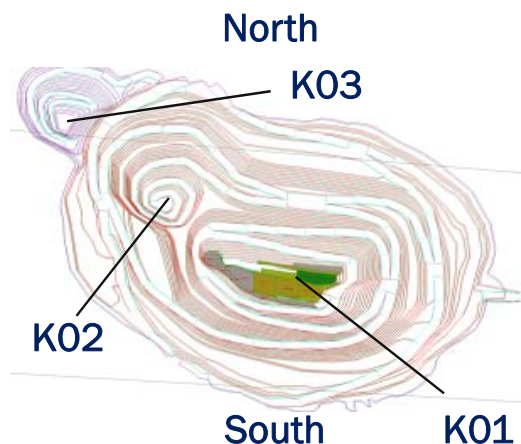
Grade

Orapa Regime trending ~20% down  
 subject to extent of ramp up

(1) Price based 100% selling value post aggregation at 2016 mix and price index

# VENETIA MINE - OVERVIEW

## Plan view of Venetia pits



## Key mine information

### Reserves & Resources (OP & UG)<sup>(1)</sup>

- Life of mine (LOM): 2046
- Probable Diamond Reserve Estimates (OP & UG): 96Mct; 85cpt<sup>(2)</sup>; 113Mt
- Mining licence: 2038
- Exclusive Diamond Resource Estimates (OP & UG)<sup>(3)</sup>:
  - Inferred (ex & in-LOM plan)<sup>(4)</sup>: 63Mct; 68cpt; 93Mt

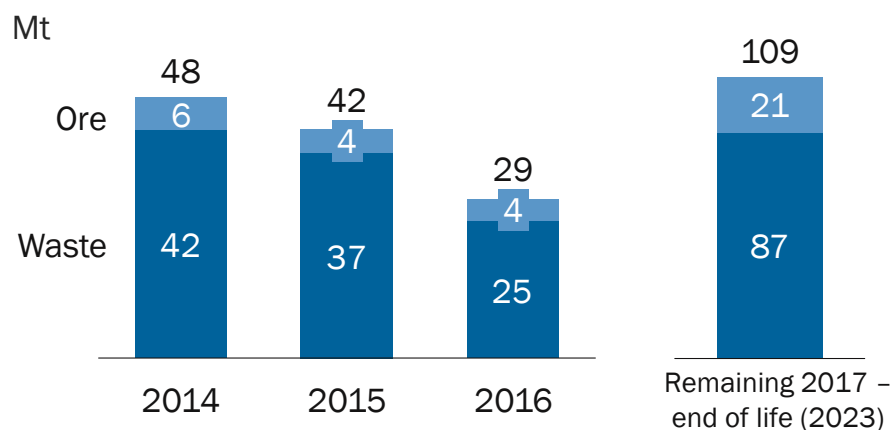
### Open Pit Mine

- Cut 4 is the last operational open pit cut
- Smooth transit to underground key focus area
- Additional Deposits (Stockpile - Mixed Contact/Ore; Stockpile - Satellite Kimberlite pipes; Red Area Tailings) provide some short term flexibility

### Underground

- \$2bn underground extension - \$0.2bn p.a. to 2019 and \$0.2bn to \$0.3bn p.a. to 2022
- Principle source of ore from 2023; full production 2025
- Life of mine to 2046; 94Mct at 71cpt (132Mt)<sup>(5)</sup>
- ~2,000 jobs

## Waste stripping weighted to the near term



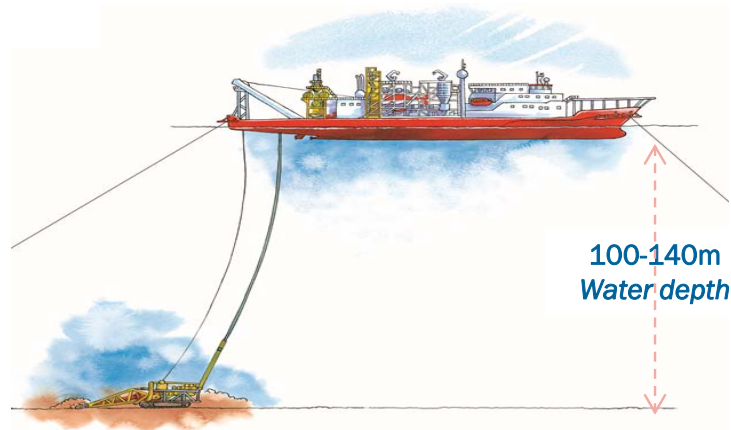
(1-4) Refer to footnotes on slide 25

(5) Scheduled Inferred Resource (39.8Mt) constitute 24% (22.5Mct) of the estimated carats. These estimates are scheduled tonnes and carats as per the Life of Mine Plan approved in 2016

# DEBMARINE NAMIBIA - OVERVIEW

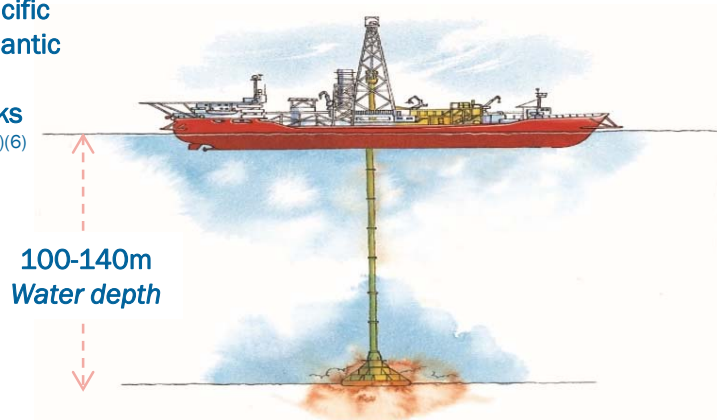
## Crawler schematic

Mafuta



## Drill ship schematic

Debmar Pacific  
Debmar Atlantic  
I Gariep  
Grand Banks  
Coral Sea<sup>(5)(6)</sup>



(1-4) Refer to footnotes on slide 25

(5) Also used as a sampling vessel; dedicated to mining from 2017

(6) Chartered vessel

## Key performance indicators

Reserves & Resources<sup>(1)</sup>  
(Marine Placers)

- Probable Diamond Reserve Estimates: 4.3Mct; 0.09cpm<sup>2(2)</sup>; 46 million m<sup>2</sup>
- Exclusive Diamond Resource Estimates<sup>(3)</sup>:
  - Indicated: 9.1Mct; 0.07cpm<sup>2</sup>; 131 million m<sup>2</sup>
  - Inferred (ex & in-LOM plan)<sup>(4)</sup>: 86Mct; 0.08cpm<sup>2</sup>; 1,100 million m<sup>2</sup>

Key features

- Mafuta accounts for ~40-50% of total carats recovered
- Costs substantially fixed in nature
- Key variable is inports (dock based maintenance); timed to maintain annual production

Trends

- Fleet capacity increasing to 1.4Mct with transition of Coral Sea to production; as additional capacity from drill ship, cash cost returns to 2015 levels

Projects

- SS Nujoma (new sampling vessel) became operational in H1 2017; total cost of \$140m (within budget and ahead of schedule)
- Medium term project:
  - Addition of another crawler-based vessel
  - Attractive project economics

# GAHCHO KUÉ MINE - OVERVIEW

## Gahcho Kué pit and process plant



## Key information

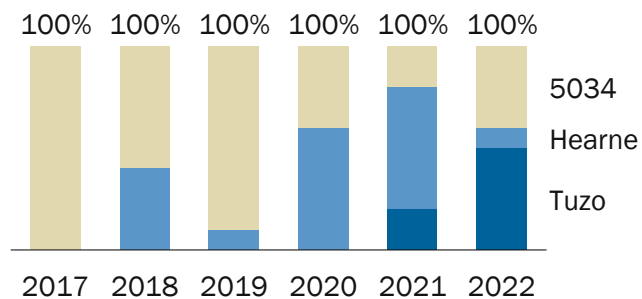
### Reserves & Resources<sup>(1)</sup>

- Life of mine (LOM): 2028<sup>(4)</sup>
- Probable Diamond Reserve Estimates (Open Pit): 51Mct; 153cpt<sup>(2)</sup>; 33Mt
- Exclusive Diamond Resource Estimates (Open Pit)<sup>(3)</sup>:
  - Indicated: 3.2Mct; 136cpt; 2.3Mt
  - Inferred (ex. & in-LOM Plan)<sup>(4)</sup>: 17.9Mct; 139cpt; 12.9Mt
- Average production - ~4.5Mct p/a

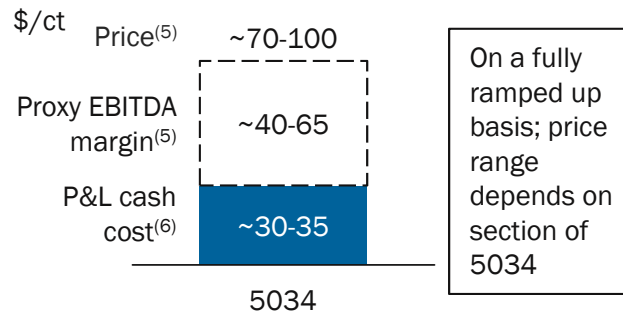
### Project details

- 51/49 JV De Beers / Mountain Province
- Total project spend of C\$1bn (100%)
- Commercial production achieved on 2 March 2017
- Production weighted to 1<sup>st</sup> 7 years (short payback)
- Tuzo Deeps, long term development option (underground, brownfield exploration)

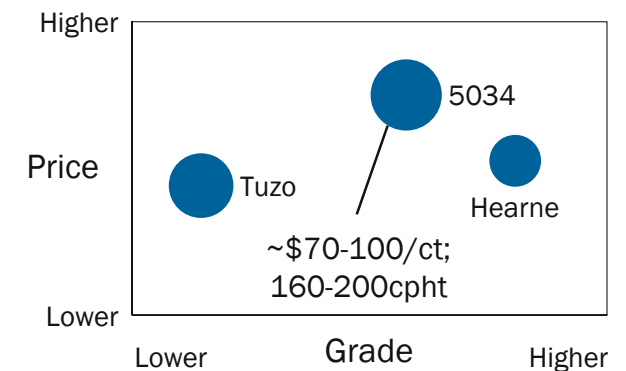
## Near term production by pipe



## Realised price, cost and margin



## Lobe characteristics vary



Source: De Beers Group internal analysis

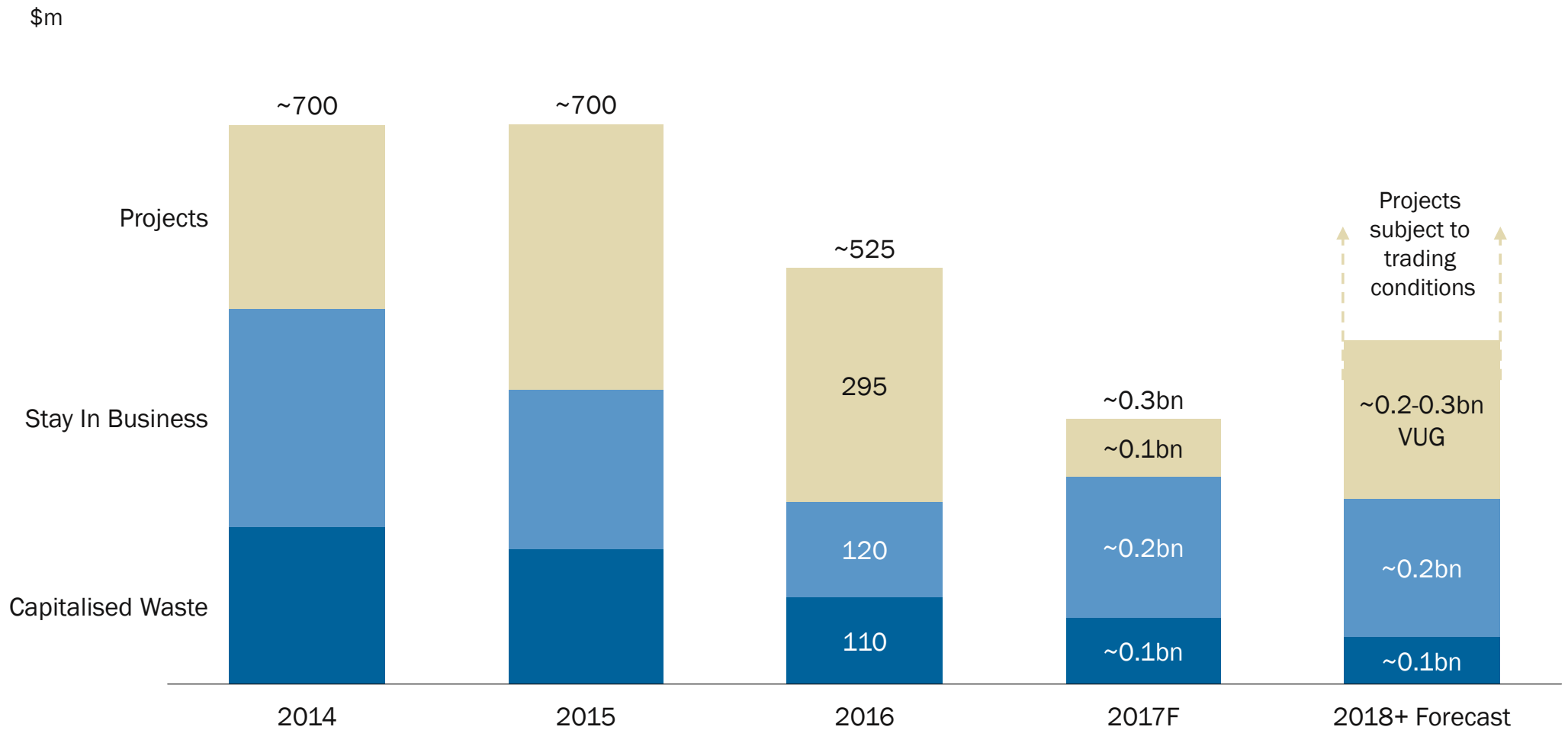
(1-4) Refer to footnotes on slide 25

(5) Price is based on 100% selling value post aggregation of goods. EBITDA margin is a proxy measure as it includes both mining and trading margin and is calculated using a unit cost of production as defined

(6) P&L cash costs = mining, treatment, support services, other costs, excludes depreciation and royalties ÷ carats recovered

# CAPEX PROFILES

## Total capex profile



# DOWNSTREAM



## DOWNSTREAM & OTHER



DE BEERS



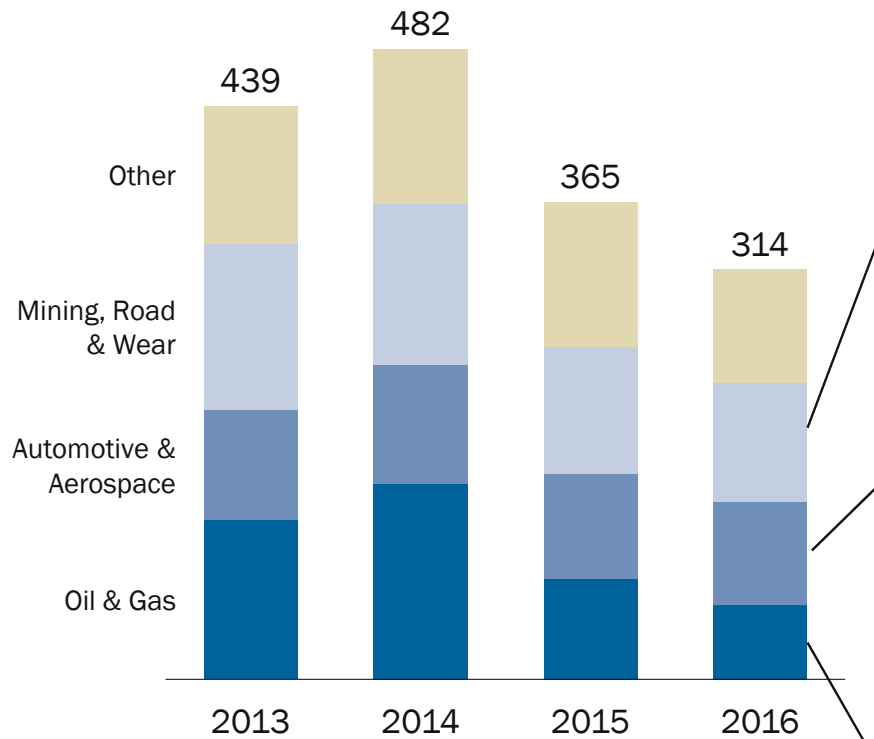
EBITDA \$m	2015	2016
Industrial synthetic diamonds and super materials	57	50
Marketing	(120)	(120)
Other: <ul style="list-style-type: none"> <li>• Forevermark</li> <li>• De Beers Diamond Jewellers</li> <li>• DebTech (technology; sorting and synthetic detection)</li> <li>• International Institute of Diamond Grading &amp; Research</li> <li>• Corporate</li> <li>• Anglo acquisition adjustments<sup>(1)</sup></li> </ul>	(16)	6
<b>Total</b>	<b>(79)</b>	<b>(74)</b>

(1) Anglo acquisition adjustments principally impact EBIT and relate to depreciation of the purchase price allocation (PPA) of the fair value of assets on the incremental 40% interest acquired by Anglo American during the 2012 acquisition. Amounts to ~\$120m per annum and fluctuates principally due to change in production levels and exchange rates

# ELEMENT SIX – SYNTHETIC INDUSTRIAL DIAMONDS

2013-16 Revenue by industry, EBITDA and key products

Revenue (\$m)



EBITDA (\$m)	67	92	56	50
Margin (%)	15%	19%	15%	16%
Capex (\$m)	33	30	28	13



- Carbide picks supplied into soft rock mining and road planing
- Carbide wear parts for heavy industrial applications



- Superhard tool tips and grits for machining applications
- Supplied to original equipment manufacturers



- PCD cutters supplied to drill bit manufacturers

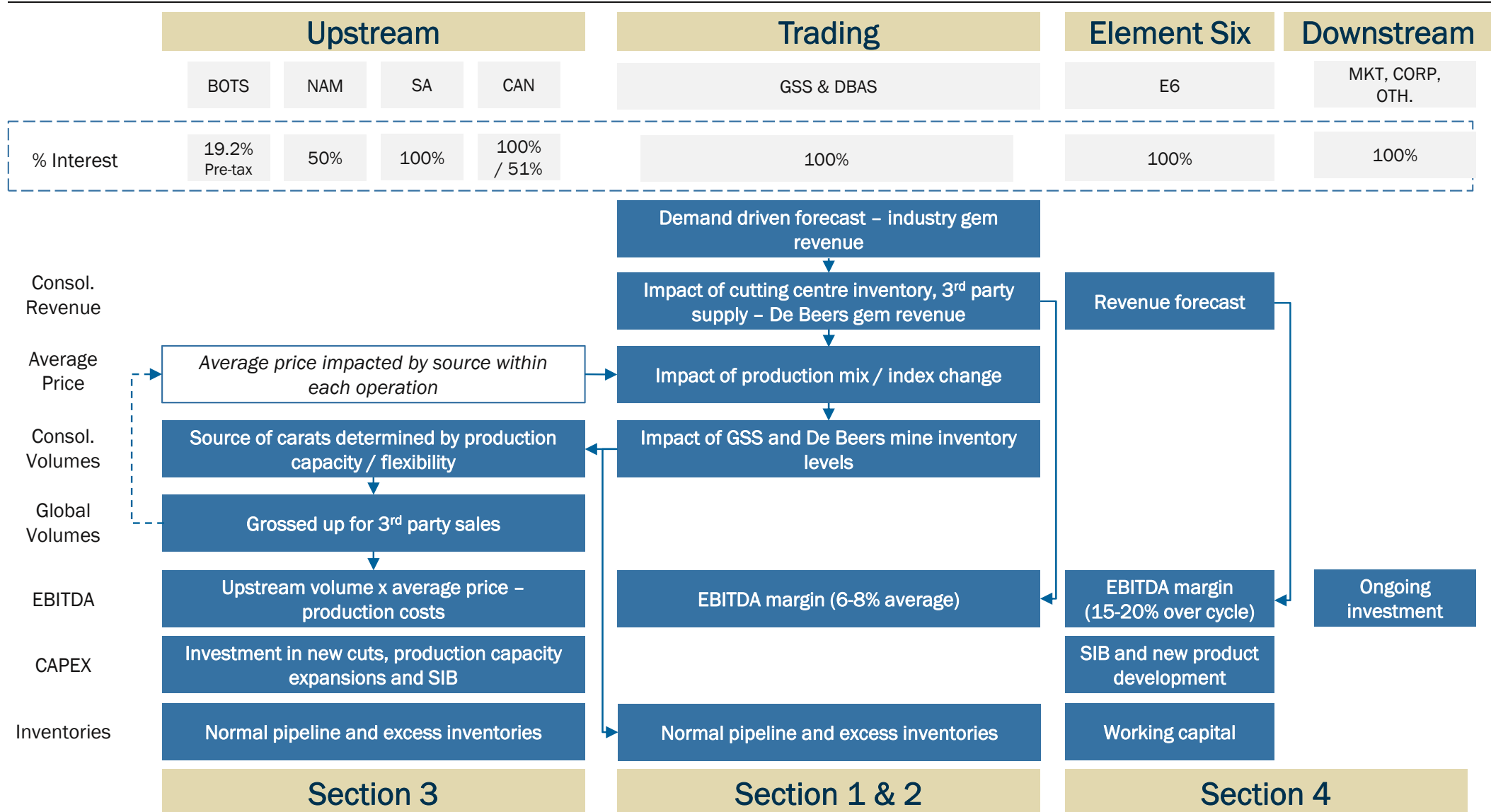
# SUMMARY & QUESTIONS



# APPENDIX

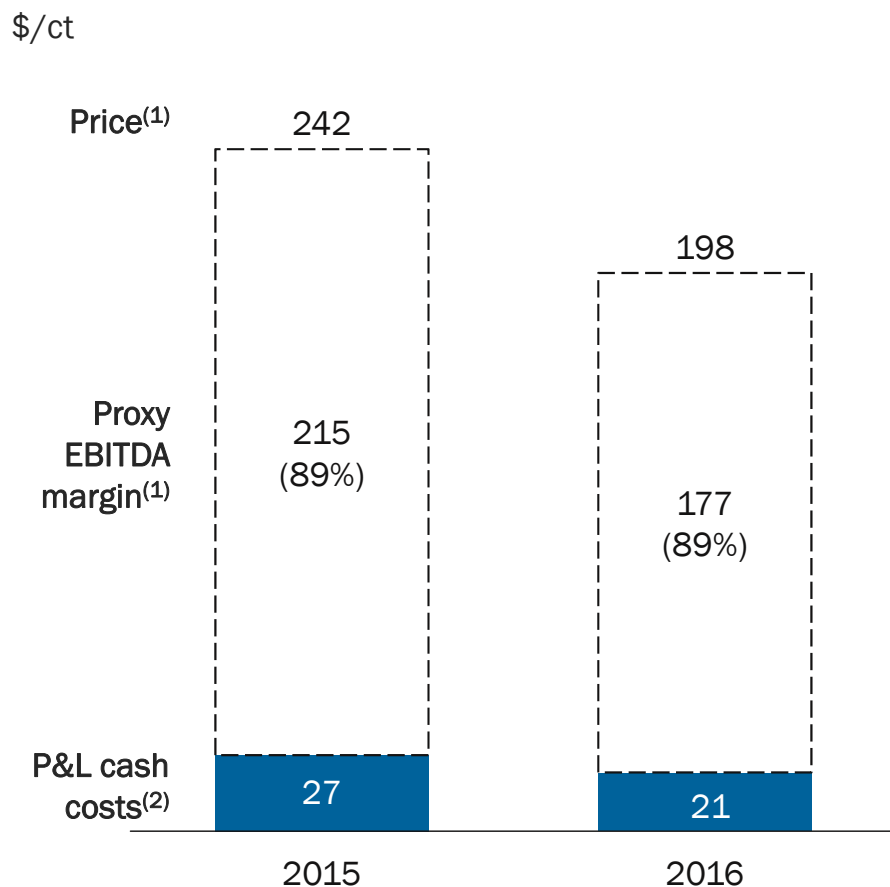


# OVERVIEW OF GROUP FINANCIAL STRUCTURE



# JWANENG MINE – EBITDA MARGIN & OTHER KPIS

## Price, cost and EBITDA margin



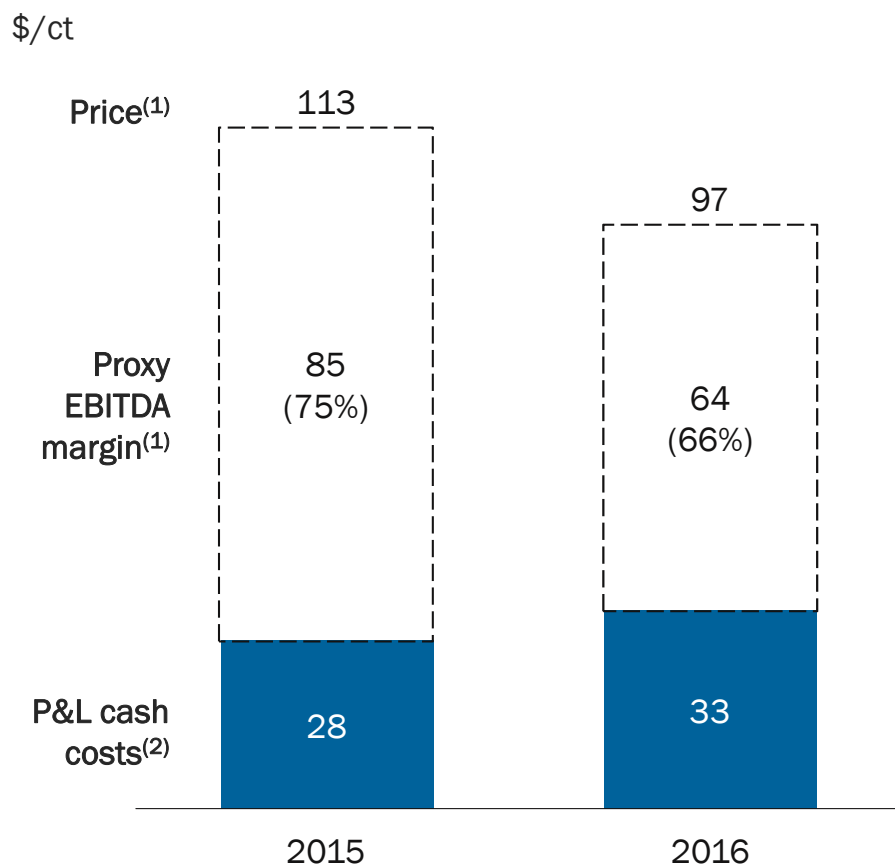
## Key performance indicators

		2015	2016
Waste mined	Mt	109.8	109.4
Ore mined	Mt	7.7	9.5
Tonnes treated	Mt	7.6	8.0
Carats recovered	Mct	9.8	12.0
Average grade	cpht	128	150
Price <sup>(1)</sup>	\$/ct	242	198
Total cash cost <sup>(3)</sup>	\$/ct	49	38
Mining cash cost <sup>(4)</sup>	\$/t	2.8	2.6

- (1) Price is based on 100% selling value post aggregation of goods. EBITDA margin is a proxy measure as it includes both mining and trading margin and is calculated using a unit cost of production as defined
- (2) P&L cash costs = mining, treatment, support services, other costs, excludes depreciation and royalties ÷ carats recovered
- (3) Total cash costs = P&L cash costs plus the cost of waste which is capitalised, excludes SIB capex ÷ carats recovered
- (4) Mining cash costs = production costs related to mining activities (before any waste costs are capitalised) ÷ tonnes mined (waste + ore tonnes)

# ORAPA REGIME – EBITDA MARGIN & OTHER KPIS

## Price, cost and EBITDA margin



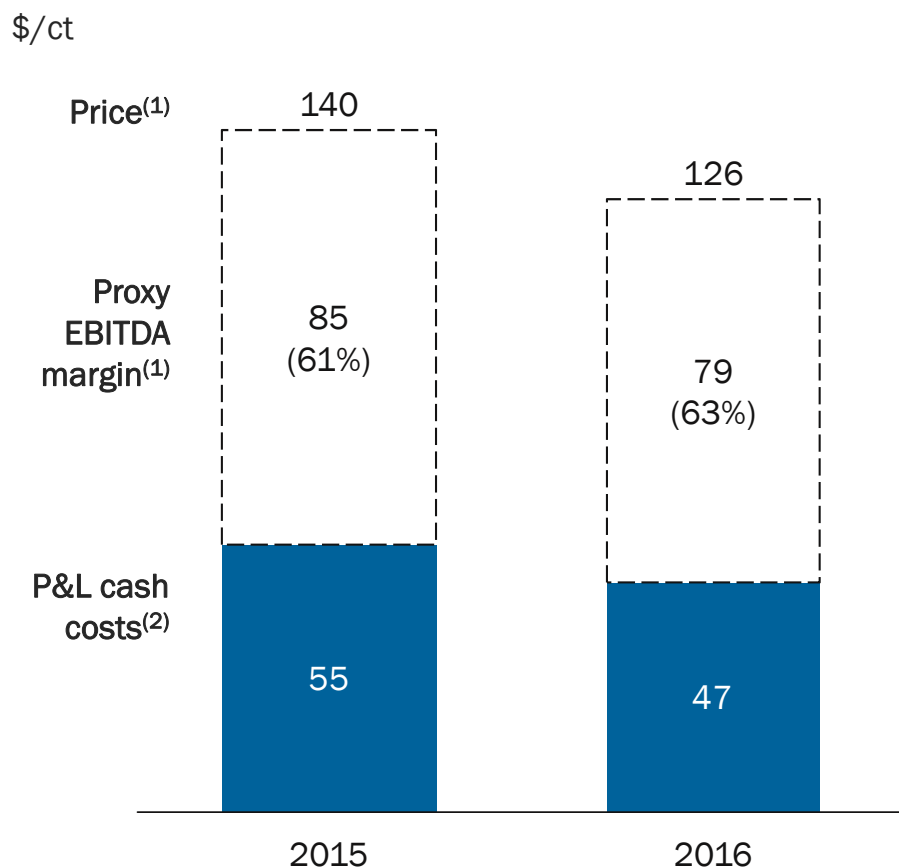
## Key performance indicators

		2015	2016
Waste mined	Mt	15.0	7.3
Ore mined <sup>(3)</sup>	Mt	16.9	14.4
Tonnes treated	Mt	12.9	10.6
Carats recovered	Mct	10.6	8.5
Average grade	cpht	82	80
Price <sup>(1)</sup>	\$/ct	113	97
Total cash cost <sup>(4)</sup>	\$/ct	30	33
Mining cash cost <sup>(5)</sup>	\$/t	3.9	4.5

- (1) Price is based on 100% selling value post aggregation of goods. EBITDA margin is a proxy measure as it includes both mining and trading margin and is calculated using a unit cost of production as defined
- (2) P&L cash costs = mining, treatment, support services, other costs, excludes depreciation and royalties ÷ carats recovered
- (3) Ratio of ore mined to tonnes treated expected to fall to below 100% going forward
- (4) Total cash costs = P&L cash costs plus the cost of waste which is capitalised, excludes SIB capex ÷ carats recovered
- (5) Mining cash costs = production costs related to mining activities (before any waste costs are capitalised) ÷ tonnes mined (waste + ore tonnes)

# VENETIA MINE – EBITDA MARGIN & OTHER KPIS

## Price, cost and EBITDA margin



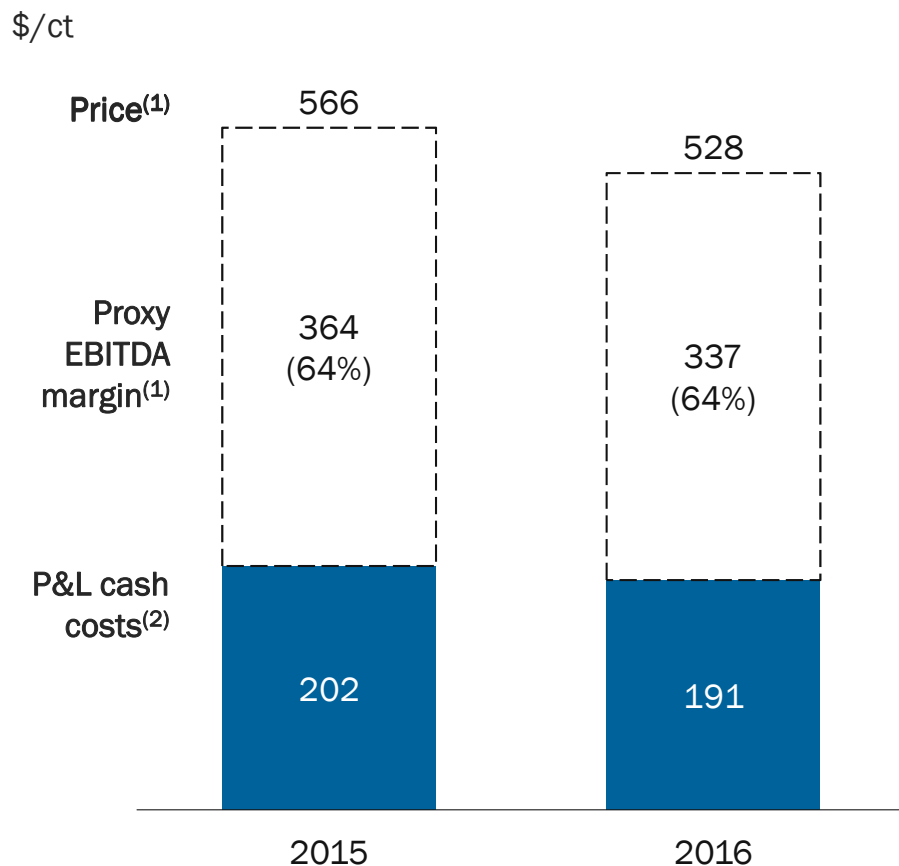
## Key performance indicators

		2015	2016
Waste mined	Mt	37.3	25.0
Ore mined	Mt	4.4	3.9
Tonnes treated	Mt	5.3	4.7
Carats recovered	Mct	3.1	3.5
Grade	cpht	59	74
Price <sup>(1)</sup>	\$/ct	140	126
Total cash cost <sup>(3)</sup>	\$/ct	84	63
Mining cash cost <sup>(4)</sup>	\$/t	3.9	4.3

- (1) Price is based on 100% selling value post aggregation of goods. EBITDA margin is a proxy measure as it includes both mining and trading margin and is calculated using a unit cost of production as defined
- (2) P&L cash costs = mining, treatment, support services, other costs, excludes depreciation and royalties ÷ carats recovered
- (3) Total cash costs = P&L cash costs plus the cost of waste which is capitalised, excludes SIB capex ÷ carats recovered
- (4) Mining cash costs = production costs related to mining activities (before any waste costs are capitalised) ÷ tonnes mined (waste + ore tonnes)

# DEBMARINE NAMIBIA– EBITDA MARGIN & OTHER KPIS

## Price, cost and EBITDA margin



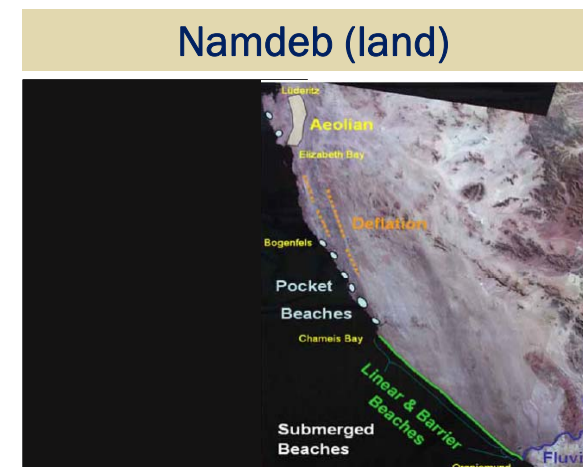
## Key performance indicators

		2015	2016
Area mined	Million m <sup>2</sup>	12.0	12.0
Carats recovered	Mct	1.3	1.2
Average Grade	cpm <sup>2</sup>	0.1	0.1
Price <sup>(1)</sup>	\$/ct	566	528
Total cash cost <sup>(3)</sup>	\$/ct	202	191

- (1) Price is based on 100% selling value post aggregation of goods. EBITDA margin is a proxy measure as it includes both mining and trading margin and is calculated using a unit cost of production as defined
- (2) P&L cash costs = mining, treatment, support services, other costs, excludes depreciation and royalties ÷ carats recovered
- (3) Total cash costs = P&L cash costs plus the cost of waste which is capitalised, excludes SIB capex ÷ carats recovered

# VICTOR, VOORSPOED AND NAMDEB (LAND)

2016	#	Victor	Voorspoed	Namdeb (land)
Life of mine	Years	3	4	Varies by operation
Production	kct	596	649	403
Price <sup>(1)</sup>	\$/ct	443	122	529
P&L cash cost <sup>(2)</sup>	\$/ct	212	80	400
Proxy EBITDA margin	%	52%	34%	24%
Total cash cost <sup>(3)</sup>	\$/ct	212	98	400



- (1) Price is based on 100% selling value post aggregation of goods. As a result, EBITDA margin includes both mining and trading margin. This is a proxy EBITDA measure
- (2) P&L cash costs = mining, treatment, support services, other costs, excludes depreciation ÷ carats recovered
- (3) Total cash costs = P&L cash costs plus the cost of waste which is capitalised, excludes SIB capex ÷ carats recovered