AngloAmerican

HALF YEAR FINANCIAL REPORT

for the six months ended 30 June 2019

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AngloAmerican

25 July 2019

Anglo American Interim Results 2019

Sustained business performance delivers 19% increase in underlying EBITDA to $5.5 billion

Mark Cutifani, Chief Executive of Anglo American, said: "We are building on the improvements we have embedded across our business and benefiting from our diversification as stronger prices for certain products more than offset price weaknesses elsewhere, generating a 19% increase in underlying EBITDA to $5.5 billion and a 22% ROCE. The strength of our balance sheet and disciplined capital allocation support our investment in highly attractive organic growth while delivering a 27% dividend increase, in line with our 40% payout ratio, and our intention to return up to $1 billion through a share buyback.

"Our determination to reach and sustain zero harm is our most pressing challenge. No degree of financial performance is worth a life, however, and in the first six months of 2019, regrettably three of our colleagues died in workplace safety incidents, two of which were vehicle related. Two additional fatal transport incidents in Chile in late June and early July caused the loss of ten of our colleagues and are being urgently investigated. The safety of our people – at work or travelling to and from home – is paramount and we have instructed additional wide-ranging measures, including with all those who provide transport services to us.

"Our focus on efficiency and productivity, driven by our Operating Model implementation, is continuing to deliver improvements. Compared to 2012, our productivity[(1)] per employee more than doubled, driving a 16 point increase in Mining EBITDA margin[(2)] to 46% and placing us amongst the very best in the industry. We expect our targeted cost and volume benefit for 2019 – adjusted to $0.4 billion to reflect our decision to pull back production at De Beers – to come through in the second half of the year, building upon the $4.6 billion of annual underlying EBITDA improvement delivered since 2012. And looking ahead, we are committed to delivering the additional $3-4 billion annual underlying EBITDA run-rate improvement by 2022, relative to 2017.

"Anglo American is a resilient and highly competitive business with a clear asset-led strategy. Our focus is on unlocking the very significant additional potential that we see within the business – and to do it safely and responsibly. Our world-class portfolio benefits from a range of high margin, high return, fast payback organic growth options, sequenced over time, particularly in those products that will supply a cleaner, more electrified world and that satisfy the consumer-led demands of a fast-growing global middle class."

Financial highlights – six months ended 30 June 2019

- Generated underlying EBITDA* of $5.5 billion, a 19% increase, and $1.3 billion of attributable free cash flow*
- Delivered profit attributable to equity shareholders of $1.9 billion, a 46% increase
- Net debt* increased to $3.4 billion following adoption of IFRS 16. Net debt of 0.3x underlying EBITDA
- Targeting full year 2019 cost and volume improvements of $0.4 billion – adjusted for De Beers production
- Increased interim dividend of $0.62 per share, equal to 40% of first half underlying earnings*
- Share buyback – intention to return up to $1 billion

Six months ended US$ million, unless otherwise stated	**30 June 2019**	30 June 2018	Change
Revenue	**14,772**	13,698	8 %
Underlying EBITDA*	**5,451**	4,577	19 %
Mining EBITDA margin*	**46%**	41%	
Attributable free cash flow*	**1,325**	1,606	(17)%
Profit attributable to equity shareholders of the Company	**1,883**	1,290	46 %
Underlying earnings per share* ($)	**1.58**	1.23	28 %
Earnings per share ($)	**1.48**	1.02	45 %
Dividend per share ($)	**0.62**	0.49	27 %
Group attributable ROCE*	**22%**	19%	

Terms with this symbol * are defined as Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 61.

SUSTAINABILITY PERFORMANCE

Safety

Anglo American's safety performance is the subject of very significant management attention in order to eliminate the causes of harm in the workplace. Three of our people lost their lives in the first six months of 2019 – one in each of Australia, Chile and Peru, two of which were vehicle related incidents. In addition, in late June, six colleagues from the Collahuasi joint operation in Chile lost their lives in a transport incident and, in early July, a further transport incident near Los Bronces mine caused the loss of four of our colleagues. Building upon our *Elimination of Fatalities Taskforce* to better manage fatal and catastrophic risks, we have instructed wide-ranging measures in relation to drivers, passengers, vehicles and roads across our operations, including with all those who provide transport services to us. The safety of our people is paramount and our determination to reach and sustain zero harm is our most pressing challenge.

The Group's total recordable case frequency rate provides a broader picture of significant progress, with 2.20 injuries per million hours worked, a 17% improvement over the record performance rate achieved in 2018. However, we should not be experiencing major safety incidents and we have demonstrated time and again that even our most potentially hazardous businesses can be incident-free for long periods.

Environment

We recorded one Level 3 environmental incident in the first half of 2019 (30 June 2018: one Level 4 and three Level 3), at the Unki PGMs mine in Zimbabwe relating to discharge into a river. Appropriate and timely containment and remedial actions were taken.

Our sustainability goals include our commitment to be a leader in environmental stewardship. By 2030, we aim to: reduce GHG emissions by 30% against a 2016 baseline and improve energy efficiency by 30%; achieve a 50% net reduction in freshwater abstraction; and deliver net-positive impacts in biodiversity wherever we operate.

Tailings storage facilities

We have confidence in the integrity of our 91 managed tailings storage facilities (TSFs) around the world. These facilities are subject to the highest global safety and stewardship standards, using appropriate advanced technologies such as satellite monitoring, fibre optics and micro-seismic sensors. Anglo American has also received assurances from the operators of non-managed joint arrangements in which Anglo American has an interest relating to the safety of TSFs at those operations. As an industry, we have a clear ethical and moral imperative to do everything possible to ensure that TSFs are managed to the highest standards of safety as we work together, as an industry, to build greater levels of trust with all our stakeholders.

Anglo American completely revised and updated its technical standard for TSF safety management at its managed operations in early 2014. The standard is updated as appropriate and goes beyond regulatory and other industry requirements in all host jurisdictions. This mandatory global standard mitigates the long-recognised principal risk that TSFs pose, sets minimum requirements for design criteria, monitoring, inspection and surveillance, and was peer-reviewed by international specialists.

Sustainable mining

Anglo American has a long track record as a leader in sustainable, responsible mining. Our far-reaching Sustainable Mining Plan, launched in 2018 as part of the FutureSmart Mining™ programme, commits us to a series of ambitious medium and longer term goals. These relate to three major areas of sustainability aligned to the UN's 2030 Sustainable Development Goals: *trusted corporate leader* (i.e. advocating for the highest standards of governance to drive transparency and trust in mining and mined products); *healthy environment*; and *thriving communities*. While our environmental goals will rely on many of the technologies we are beginning to deploy, we are also thinking innovatively to create regional ecosystems of sustainable economic activity, in partnership with appropriate development experts.

(1) Productivity indexed to 2012 benchmark.

(2) The Mining EBITDA margin is derived from the Group's Underlying EBITDA as a percentage of Group Revenue, adjusted to exclude certain items to better reflect the performance of the Group's mining business. The Mining EBITDA margin reflects Debswana accounting treatment as a 50/50 joint operation, excludes third-party sales, purchases and trading and excludes Platinum Group Metals' purchase of concentrate.

Operational and financial review of Group results for the six months ended 30 June 2019

OPERATIONAL PERFORMANCE

Production decreased by 2% on a copper equivalent basis, as increases at Copper and at Minas-Rio (Iron Ore), which restarted operations in December 2018, were offset by a combination of the timing of a longwall move at Moranbah and a preliminary upgrade of the wash plant at Moranbah/Grosvenor (Metallurgical Coal); lower production at Venetia (De Beers) as it transitions from open pit to underground; and unscheduled plant maintenance at Kumba (Iron Ore).

De Beers' rough diamond production decreased by 11% to 15.6 million carats (30 June 2018: 17.5 million carats), primarily as additional production was not ramped up to compensate for Venetia's transition from open pit to underground, as a result of weaker demand experienced in the period.

Copper production increased by 2% to 320,200 tonnes (30 June 2018: 312,900 tonnes), largely due to strong mine and plant performance. Production at Collahuasi decreased by 3% owing to planned lower grades.

At our PGMs business, total platinum production (metal in concentrate) decreased by 1% to 992,200 ounces (30 June 2018: 1,005,600 ounces), while total palladium output decreased by 4% to 673,800 ounces (30 June 2018: 698,900 ounces), excluding the impact of the transition of Sibanye-Stillwater Rustenburg material to a tolling arrangement in 2019. The decline in production was primarily due to power disruptions in the first quarter of 2019 and planned mining through a higher waste area at Mogalakwena.

At Kumba, iron ore production decreased by 11% to 20.1 Mt (30 June 2018: 22.4 Mt), mainly due to unscheduled plant maintenance at Sishen in the first quarter and the infrastructure upgrade of Kolomela's DMS plant. The plant at Sishen is returning to normal operational levels, while the upgrade at Kolomela will continue into the second half of the year.

Following the restart of operations at Minas-Rio in December 2018, iron ore production for the first half of 2019 was 10.8 Mt, reflecting the optimisation work undertaken during 2018 while operations were suspended, and access to the Step 3 mining area higher grade ore.

Metallurgical coal production decreased by 7% to 10.0 Mt (30 June 2018: 10.8 Mt), driven by the timing of a longwall move and the preliminary upgrade of the wash plant at Moranbah/Grosvenor.

At Thermal Coal - South Africa, total export production increased by 3% to 9.0 Mt (30 June 2018: 8.8 Mt), while Nickel production increased by 1% to 19,600 tonnes (30 June 2018: 19,400 tonnes).

Group copper equivalent unit costs were flat in local currency terms as the benefit of the strong performance at Minas-Rio was offset by the effect of lower production at Metallurgical Coal and Kumba. In US dollar terms, unit costs were 8% lower than for the same period in the prior year, largely due to the weaker South African rand.

FINANCIAL PERFORMANCE

Anglo American's profit attributable to equity shareholders increased to $1.9 billion (30 June 2018: $1.3 billion). Underlying earnings were $2.0 billion (30 June 2018: $1.6 billion), while operating profit was $3.3 billion (30 June 2018: $2.4 billion).

UNDERLYING EBITDA*

Group underlying EBITDA increased by 19% to $5.5 billion (30 June 2018: $4.6 billion). The Group Mining EBITDA margin increased to 46% (30 June 2018: 41%), reflecting strong prices, particularly for iron ore and the PGMs basket. A reconciliation of 'Profit before net finance costs and tax', the closest equivalent IFRS measure to underlying EBITDA, is provided within note 3 to the Condensed financial statements.

Underlying EBITDA by segment*

$ million	**6 months ended 30 June 2019**	6 months ended 30 June 2018
De Beers	**518**	712
Copper	**789**	966
PGMs	**824**	511
Iron Ore	**2,036**	454
Coal	**996**	1,640
Nickel and Manganese	**326**	420
Corporate and other	**(38)**	(126)
Total	**5,451**	4,577

Underlying EBITDA reconciliation for the six months ended 30 June 2018 to six months ended 30 June 2019*

The reconciliation of underlying EBITDA from $4.6 billion in the six months ended 30 June 2018, to $5.5 billion in the six months ended 30 June 2019, shows the controllable factors (e.g. cost and volume), as well as those largely outside of management control (e.g. price, foreign exchange and inflation), that drive the Group's performance.

$ billion	
H1 2018 underlying EBITDA*	**4.6**
Price	**0.7**
Foreign exchange	**0.5**
Inflation	**(0.2)**
Net cost and volume	**(0.3)**
Minas-Rio	**0.3**
Other	**(0.2)**
H1 2019 underlying EBITDA*	**5.5**

Price

Average market prices for the Group's basket of commodities and products increased by 2%, contributing $0.7 billion of improvement to underlying EBITDA. The average realised FOB iron ore price for Kumba's iron ore increased by 57%, outperforming the market index owing to its higher iron content and relatively high proportion of lump ore. The price achieved for the PGMs basket increased by 16%, largely due to palladium and rhodium, which recorded price increases of 39% and 47% respectively. The positive price impact was, however, partly offset by a 27% decrease in the realised price for export thermal coal and a 6% decrease in the realised price for copper.

Foreign exchange

The positive foreign exchange impact on underlying EBITDA of $0.5 billion was largely due to the weaker South African rand.

Inflation

The Group's weighted average CPI for the period was 3%, compared with 4% in the prior period. This was principally influenced by inflationary pressures decreasing in South Africa, with local CPI around 4%. The impact of inflation on costs reduced underlying EBITDA by $0.2 billion.

Minas-Rio

The increase of $0.3 billion on the Group's underlying EBITDA reflects the recovery from the impact of the suspension of operations at Minas-Rio in the first half of 2018.

Net cost and volume

The $0.3 billion negative cost and volume impact was driven by lower volumes in the period, despite solid cost performance, due to extended longwall moves at Moranbah-Grosvenor (Metallurgical Coal), including a preliminary upgrade of the wash-plant which will deliver higher volumes in the second half of the year; unscheduled plant maintenance in the first quarter at Kumba; and a challenging midstream trading environment and slowing consumer demand growth affecting De Beers. These were partially offset by a strong operational performance and focus on cost savings at Copper and the ramp-up of Minas-Rio, over and above the reinstatement of prior performance levels.

UNDERLYING EARNINGS*

Profit for the financial period increased by 52% to $2.5 billion (30 June 2018: $1.6 billion). Group underlying earnings increased to $2.0 billion (30 June 2018: $1.6 billion), owing to a 19% increase in EBITDA, offset by an increase in the profit attributable to non-controlling interests.

Reconciliation from underlying EBITDA to underlying earnings**

$ million	**6 months ended 30 June 2019**	6 months ended 30 June 2018
Underlying EBITDA*	**5,451**	4,577
Depreciation and amortisation	**(1,436)**	(1,402)
Net finance costs and income tax expense	**(1,354)**	(1,214)
Non-controlling interests	**(656)**	(396)
Underlying earnings*	**2,005**	1,565

Depreciation and amortisation

Depreciation and amortisation increased by 2% to $1.4 billion (30 June 2018: $1.4 billion), owing to higher sustaining capital expenditure.

Net finance costs and income tax expense

Net finance costs, before special items and remeasurements, were $0.2 billion (30 June 2018: $0.2 billion).

The underlying effective tax rate was 29.7% for the six months ended 30 June 2019 (30 June 2018: 34.2%). The effective tax rate in 2019 was impacted by the relative levels of profits arising in the Group's operating jurisdictions. In particular, increased profits in Minas Rio were offset by unrecognised deductible temporary differences reducing the effective tax rate. In future periods, it is expected that the underlying effective tax rate will remain above the United Kingdom statutory tax rate.

Non-controlling interests

The share of underlying earnings attributable to non-controlling interests of $0.7 billion (30 June 2018: $0.4 billion) principally relates to minority shareholdings in Kumba, Copper and PGMs.

SPECIAL ITEMS AND REMEASUREMENTS

Special items and remeasurements are a net charge of $0.1 billion (30 June 2018: net charge of $0.3 billion) and principally relate to operating remeasurements and contract termination costs.

Full details of the special items and remeasurements recorded are included in note 9 to the Condensed financial statements.

CASH FLOW

Cash flows from operations

Cash flows from operations increased to $4.2 billion (30 June 2018: $3.7 billion). An increase in underlying EBITDA from subsidiaries and joint operations was partly offset by higher working capital outflows.

Cash outflows on working capital were $0.7 billion (30 June 2018: $0.1 billion), driven mainly by an increase in receivables, owing to stronger product prices and the restart of operations at Minas-Rio. There was also an inventory increase at Copper principally due to port closures caused by bad weather and, at PGMs, there was a reduction in trade payables following the transition from purchase of concentrate to a tolling arrangement with Sibanye-Stillwater.

*Capital expenditure**

$ million	**6 months ended 30 June 2019**	6 months ended 30 June 2018
Stay-in-business	**653**	592
Development and stripping	**505**	372
Life extension projects[1]	**126**	109
Proceeds from disposal of property, plant and equipment	**(3)**	(10)
Sustaining capital	**1,281**	1,063
Growth projects[1]	**105**	171
Total	**1,386**	1,234
Capitalised operating cash flows	**—**	(14)
Total capital expenditure	**1,386**	1,220

[1] Life extension projects and growth projects are collectively referred to as expansionary capital expenditure.

Capital expenditure increased to $1.4 billion (30 June 2018: $1.2 billion). Sustaining capital increased to $1.3 billion (30 June 2018: $1.1 billion), driven by planned additional stay-in-business expenditure across the Group and an increase in capitalised development and stripping expenditure, primarily at De Beers and PGMs.

Expenditure on growth projects principally related to an additional diamond mining vessel at Debmarine Namibia and the ongoing construction of the Lightbox (De Beers) production plant in Oregon, and the preliminary upgrade of the wash plant at Moranbah-Grosvenor (Metallurgical Coal). At the Quellaveco copper project, capital expenditure (on a 100% basis) totalled $0.5 billion, which was fully funded from the syndication transaction with Mitsubishi in 2018, and hence is not included in reported capital expenditure.

In line with previous guidance, total capital expenditure for FY 2019 is expected to be $3.8-$4.1 billion.

Attributable free cash flow*

The Group generated attributable free cash flow of $1.3 billion (30 June 2018: $1.6 billion). Cash flows from operations of $4.2 billion (30 June 2018: $3.7 billion) were offset by increased capital expenditure of $1.4 billion (30 June 2018: $1.2 billion) and higher tax payments of $1.1 billion (30 June 2018: $0.8 billion).

Dividends

In line with the Group's established dividend policy to pay out 40% of underlying earnings, the Board has proposed a dividend of $0.62 per share (30 June 2018: $0.49 per share), equivalent to $0.8 billion (30 June 2018: $0.6 billion).

Share buyback

In line with the Group's commitment to disciplined capital allocation and prioritisation of discretionary capital, the Directors have approved the establishment of up to $1 billion on-market share buyback programme to be executed concurrently on both the London Stock Exchange (LSE) and Johannesburg Stock Exchange (JSE). The Group has made significant progress in deleveraging and strengthening the balance sheet, and given the current levels of cash generated in the business along with the further value potential in Anglo American, the Directors consider it appropriate at this point in time to prioritise returning excess cash to shareholders, through a share buyback programme

NET DEBT*

$ million	**2019**	2018
Opening net debt* at 1 January	**(2,848)**	(4,501)
Underlying EBITDA* from subsidiaries and joint operations	**4,936**	3,895
Working capital movements	**(725)**	(99)
Other cash flows from operations	**36**	(54)
Cash flows from operations	**4,247**	3,742
Capital expenditure*	**(1,386)**	(1,220)
Leases	**(118)**	—
Cash tax paid	**(1,143)**	(758)
Dividends from associates, joint ventures and financial asset investments	**301**	396
Net interest[(1)]	**(155)**	(171)
Dividends paid to non-controlling interests	**(421)**	(383)
Attributable free cash flow*	**1,325**	1,606
Dividends to Anglo American plc shareholders	**(652)**	(681)
Disposals	**26**	90
Foreign exchange and fair value movements	**21**	(187)
Other net debt movements[(2)]	**(1,283)**	(314)
Total movement in net debt*[(3)]	**(563)**	514
Closing net debt* at 30 June	**(3,411)**	(3,987)

(1) Includes cash outflows of $38 million (30 June 2018: inflows of $30 million), relating to interest payments on derivatives hedging net debt, which are included in cash flows from derivatives related to financing activities.
(2) Includes the IFRS 16 transition adjustment of $469 million, capital expenditure on the Quellaveco project funded from the 2018 syndication transaction and the purchase of shares for employee share schemes.
(3) Net debt excludes the own credit risk fair value adjustment on derivatives of $3 million (31 December 2018: $15 million).

Net debt (including related derivatives) of $3.4 billion has increased by $0.6 billion since 31 December 2018, representing gearing of 10% (31 December 2018: 9%). Net debt at 30 June 2019 comprised cash and cash equivalents of $7.1 billion (31 December 2018: $6.5 billion) and gross debt, including related derivatives, of $10.5 billion (31 December 2018: $9.4 billion). The increase in net debt since 31 December 2018 was driven by $0.5 billion of additional debt arising from the adoption of IFRS 16 on 1 January 2019. In addition, $0.1 billion of leases have been entered into in the six months ended 30 June 2019.

BALANCE SHEET

Net assets of the Group increased by $1.4 billion to $31.3 billion (31 December 2018: $29.8 billion) due to the profit for the year and the effects of foreign exchange on operating assets denominated in local currency, offset by dividend payments to Company shareholders and non-controlling interests. Capital expenditure of $1.4 billion was offset by depreciation and amortisation of $1.4 billion.

ATTRIBUTABLE ROCE*

Attributable ROCE increased to 22% (30 June 2018: 19%). Attributable annualised underlying EBIT was $6.1 billion (30 June 2018: $5.1 billion), reflecting higher prices, favourable exchange movements and the restart of operations at Minas-Rio, offset by cost and volume headwinds and inflationary pressures. Average attributable capital employed increased to $27.9 billion (30 June 2018: $27.3 billion) due to changes in accounting treatment arising from IFRS 16.

LIQUIDITY AND FUNDING

The Group's liquidity remains conservative at $16.1 billion (31 December 2018: $13.9 billion), made up of $7.1 billion of cash (31 December 2018: $6.5 billion) and $9.1 billion of undrawn committed facilities (31 December 2018: $7.3 billion). The increase in Group liquidity has been driven by strong positive attributable free cash flow, corporate bond issuances and the addition of further committed facilities.

On 1 January 2019, a committed shareholder loan facility of $1.8 billion from Mitsubishi Corporation became available to Anglo American Quellaveco S.A. to meet Mitsubishi's commitment to fund 40% of remaining capital expenditure on the Quellaveco copper project in Peru.

In March 2019, the Group issued corporate bonds with a US dollar equivalent value of $1.0 billion. The issuances consisted of a 7-year €500 million bond and a 10-year £300 million bond.

These issuances pre-funded the $0.4 billion equivalent bond maturity in June 2019 and maintained the weighted average maturity of outstanding bonds at 5.0 years (31 December 2018: 5.0 years).

During the first half of 2019, the Group extended the maturity date of $4.3 billion of its $4.5 billion revolving credit facility by one year to March 2024.

OUTLOOK

The Group expects to deliver $0.4 billion of cost and volume benefit to underlying EBITDA for 2019. The second quarter saw a recovery in Metallurgical Coal from the impact of longwall moves and refined production at PGMs is also expected to recover during the second half. A further contribution to productivity is anticipated from the continued successful restart at Minas-Rio. The adjusted target from the original $0.5 billion is the result of De Beers' decision to pull back production volume in light of prevailing diamond market conditions. Capital expenditure of $1.4 billion in the six months to end June 2019, excluded $0.5 billion in respect of Quellaveco, which was fully funded by Mitsubishi under the terms of the 2018 syndication transaction. In the second half of the year, the Group expects to begin paying its 60% share of capital expenditure relating to Quellaveco, in addition to funding a number of other stay-in-business and growth projects. Capital expenditure for the second half of the year is expected to be $2.4-2.7 billion, in line with guidance for the year of $3.8-4.1 billion.

Anglo American benefits from a range of high margin, high return, fast payback options within its existing portfolio. These options are sequenced over time, depending on their individual stages of feasibility and development, and are skewed towards those products that will supply a cleaner, more electrified world and that satisfy the consumer-led demands of a fast growing and urbanising global middle class.

THE BOARD

On 1 March 2019, Anglo American announced the appointment of Marcelo Bastos as an independent non-executive director. Mr Bastos joined the Board with effect 1 April 2019.

As announced in September 2018, with effect from the close of the Annual General Meeting on 30 April 2019, Jack Thompson stepped down from the Board as a non-executive director and chair of the Sustainability Committee. Ian Ashby, a non-executive director since 2017, succeeded Mr Thompson as chair of the Sustainability Committee on 30 April 2019.

On 24 July 2019, Anglo American announced the following changes to its Board of directors:

- Hixonia Nyasulu will join the Board as a non-executive director with effect 1 November 2019;
- Nonkululeko Nyembezi will join the Board as a non-executive director with effect 1 January 2020; and
- Nolitha Fakude, a non-executive director since 2017, will step down from the Board on 31 August 2019 to take up an executive role for the Group as Chairman of Anglo American's management board in South Africa. Ms Fakude will join Anglo American's Group Management Committee as Group Director - South Africa with effect 1 September 2019.

The names of the Directors at the date of this report and the skills and experience our Board members contribute to the long-term sustainable success of Anglo American are set out on the Anglo American website:

www.angloamerican.com/about-us/leadership-team/board

PRINCIPAL RISKS AND UNCERTAINTIES

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

The principal risks and uncertainties facing the Group at the 2018 year-end are set out in detail in the strategic report section of the Integrated Annual Report 2018. The principal risks relate to the following:

- Catastrophic risks
- Political and regulatory
- Safety
- Product prices
- Corruption
- Operational performance
- Water
- Cyber security
- Future demand for PGMs
- Future demand for diamonds
- Natural catastrophe.

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 Integrated Annual Report 2018 is available on the Group's website www.angloamerican.com.

DE BEERS

Financial and operational metrics[1]

	Production volume	Sales volume	Price	Unit cost*	Group revenue*	Underlying EBITDA*	Underlying EBITDA margin[6]	Underlying EBIT*	Capex*	ROCE*
	’000 cts	’000 cts[2]	$/ct[3]	$/ct[4]	$m[5]	$m		$m	$m	
De Beers	**15,551**	**15,547**	**151**	**62**	**2,647**	**518**	**20%**	**324**	**278**	**7%**
Prior period	*17,495*	*17,845*	*162*	*67*	*3,192*	*712*	*22%*	*412*	*156*	*8%*
Botswana (Debswana)	**11,668**	**—**	**148**	**27**	**—**	**225**	**—**	**198**	**42**	**—**
Prior period	*12,087*	—	*155*	*31*	—	*263*	—	*234*	*34*	—
Namibia (Namdeb Holdings)	**818**	**—**	**552**	**317**	**—**	**80**	**—**	**62**	**27**	**—**
Prior period	*1,044*	—	*545*	*272*	—	*90*	—	*73*	*19*	—
South Africa (DBCM)	**953**	**—**	**125**	**62**	**—**	**38**	**—**	**26**	**128**	**—**
Prior period	*2,111*	—	*106*	*73*	—	*71*	—	*2*	*66*	—
Canada	**2,112**	**—**	**159**	**49**	**—**	**160**	**—**	**121**	**24**	**—**
Prior period	*2,253*	—	*157*	*51*	—	*126*	—	*52*	*17*	—
Trading	**—**	**—**	**—**	**—**	**—**	**96**	**—**	**93**	**—**	**—**
Prior period	—	—	—	—	—	*253*	—	*249*	—	—
Other[7]	**—**	**—**	**—**	**—**	**—**	**(81)**	**—**	**(176)**	**57**	**—**
Prior period	—	—	—	—	—	*(91)*	—	*(198)*	*20*	—

(1) Prepared on a consolidated accounting basis, except for production, which is stated on a 100% basis except for the Gahcho Kué joint operation in Canada, which is on an attributable 51% basis.
(2) Total sales volumes on a 100% basis were 16.5 million carats (30 June 2018: 18.8 million carats). Total sales volumes (100%) include De Beers Group's joint arrangement partners' 50% proportionate share of sales to entities outside De Beers Group from Diamond Trading Company Botswana and Namibia Diamond Trading Company.
(3) Pricing for the mining business units is based on 100% selling value post-aggregation of goods. The De Beers realised price includes the price impact of the sale of non-equity product and, as a result, is not directly comparable to De Beers unit costs, which relate to equity production only.
(4) Unit cost is based on consolidated production and operating costs, excluding depreciation and operating special items, divided by carats recovered.
(5) Includes rough diamond sales of $2.3 billion (30 June 2018: $2.9 billion).
(6) Represents the underlying EBITDA margin, including the impact of sale of non-equity product by De Beers.
(7) Other includes Element Six, downstream, acquisition accounting adjustments and corporate.

Financial and operational overview

Underlying EBITDA decreased by 27% to $518 million (30 June 2018: $712 million) due to the challenging midstream trading environment and slowing consumer demand growth, which has resulted in a decrease in the rough diamond price index and realised price, as well as lower margins in the trading business.

Total revenue decreased by 17% to $2.6 billion (30 June 2018: $3.2 billion), with rough diamond sales declining by 21% to $2.3 billion (30 June 2018: $2.9 billion). Consolidated rough diamond sales volumes decreased by 13% to 15.5 million carats (30 June 2018: 17.8 million carats), while the average rough price index decreased by 4%. The lower rough diamond sales reflected higher than expected polished stocks at retailers and the midstream at the beginning of 2019, with overall midstream inventory levels continuing to be high throughout the first half. The average realised rough diamond price decreased by 7% to $151/carat (30 June 2018: $162/carat), driven by the reduction in the average rough diamond price index and a change in the sales mix in response to weaker conditions.

Markets

Demand for rough diamonds was subdued in the first half. In late 2018, US retail results were impacted by stock market volatility and US-China trade tensions which resulted in both retailers and the midstream starting 2019 with higher than anticipated stock levels. During 2019, demand outside the US continued to be impacted by US-China trade tensions, the Hong-Kong protests and a stronger US dollar, particularly affecting China and the Gulf. In the US, retail store closures and destocking have also impacted demand for polished diamonds and, in turn, midstream demand for rough diamonds. Underlying GDP growth remains supportive of consumer demand growth and is expected to bring midstream and retailer stocks back to more normalised levels as we move into 2020, subject to an improving macroeconomic environment.

Operational performance

Mining and manufacturing

Rough diamond production decreased by 11% to 15.6 million carats (30 June 2018: 17.5 million carats), primarily driven by a reduction in South Africa (DBCM) and Botswana (Debswana). As a result of weaker demand experienced in the period, additional production was not ramped up to compensate for Venetia's transition from open pit to underground.

In Botswana (Debswana), production decreased by 3% to 11.7 million carats (30 June 2018: 12.1 million carats). Production at the Orapa Regime was 16% lower following a planned shutdown brought forward from the second half of 2019, partly offset by a 9% increase at Jwaneng, driven by higher throughput and a deferred plant shutdown.

In Namibia (Namdeb Holdings), production decreased by 22% to 0.8 million carats (30 June 2018: 1.0 million carats). Output from the marine operation declined by 15% due to a planned in-port for the Mafuta crawler vessel. Production at the land operations decreased by 37% to 0.2 million carats (30 June 2018: 0.3 million carats) as a result of transitioning Elizabeth Bay onto care and maintenance in December 2018.

In South Africa (DBCM), production decreased by 55% to 1.0 million carats (30 June 2018: 2.1 million carats), due to lower ore volumes mined at Venetia as it approaches the transition from open pit to underground. Voorspoed production ceased as the operation was placed onto care and maintenance in the final quarter of 2018 in preparation for closure.

In Canada, production decreased by 6% to 2.1 million carats (30 June 2018: 2.3 million carats), due to the planned processing of lower grades at Gahcho Kué. Victor production decreased by 2% as it reached the end of its life during the second quarter of 2019.

Brands

De Beers Jewellers continues to progress by upgrading and expanding its network and integrating its online and store presence into an improved combined offering. The overall sales performance has been adversely affected, primarily in high jewellery, by global trade tensions.

Forevermark™ (available in around 2,400 retail outlets globally) continued its expansion in Europe with the launch of the brand in Italy.

Operational outlook

Rough diamond trading conditions in the midstream are expected to continue to be challenging in the short term as a result of high polished inventory levels. Longer term, the outlook remains positive in light of the expected growth in consumer demand and a reducing supply of diamonds.

Production guidance (on a 100% basis, except Gahcho Kué on an attributable 51% basis) has been revised to around 31 million carats, at the lower end of the previous range of 31-33 million carats, in response to the weaker trading conditions described above.

COPPER

Financial and operational metrics

	Production volume	Sales volume	Price	Unit cost*	Group revenue*	Underlying EBITDA*	Mining EBITDA margin[2]	Underlying EBIT*	Capex*	ROCE*
	kt	kt[1]	c/lb[2]	c/lb[3]	$m[4]	$m		$m	$m	
Copper	**320**	**307**	**280**	**135**	**2,676**	**789**	**44%**	**469**	**242**	**14%**
Prior period	*313*	*306*	*297*	*142*	*2,429*	*966*	52%	*668*	*368*	*23%*
Los Bronces	**183**	**175**	**—**	**135**	**1,008**	**464**	**46%**	**291**	**103**	**—**
Prior period	*175*	*172*	—	*151*	*1,062*	*544*	51%	*374*	*89*	—
Collahuasi[5]	**112**	**107**	**—**	**121**	**597**	**370**	**62%**	**255**	**112**	**—**
Prior period	*115*	*111*	—	*116*	*708*	*465*	66%	*360*	*128*	—
Quellaveco[6]	**—**	**—**	**—**	**—**	**—**	**—**	—	**—**	**—**	**—**
Prior period	—	—	—	—	—	—	—	—	*127*	—
Other operations	**25**	**25**	**—**	**—**	**1,071**	**32**	**20%**	**1**	**26**	**—**
Prior period	*23*	*23*	—	—	*659*	*33*	22%	*10*	*24*	—
Projects and corporate	**—**	**—**	**—**	**—**	**—**	**(77)**	_	**(78)**	**1**	**—**
Prior period	—	—	—	—	—	*(76)*	—	*(76)*	—	—

(1) Excludes 142 kt third-party sales (30 June 2018: 71 kt).
(2) Realised price, excludes impact of third-party sales.
(3) C1 unit cost includes by-product credits.
(4) Revenue is shown after deduction of treatment and refining charges (TC/RCs).
(5) 44% share of Collahuasi production, sales and financials.
(6) Capex is presented after deducting direct funding from non-controlling interests. H1 2019 capex on a 100% basis was $454 million, which was fully funded by cash from the Mitsubishi syndication transaction in 2018, and hence is not included in reported capex.

Financial and operational overview

Underlying EBITDA decreased by 18% to $789 million (30 June 2018: $966 million), with lower unit costs more than offset by the lower realised copper price, which decreased by 6% to 280 c/lb (30 June 2018: 297 c/lb).

Production increased by 2% to 320,200 tonnes (30 June 2018: 312,900 tonnes) on the back of a strong performance by both Los Bronces and Collahuasi. Sales of 307,300 tonnes were in line with the same period in the prior year, but were 12,900 tonnes lower than production, principally due to port closures caused by bad weather. Unit costs improved by 5% to 135 c/lb (30 June 2018: 142 c/lb), reflecting the ongoing focus on cost reductions, higher production and favourable movements in the Chilean peso.

At 30 June 2019, 149,700 tonnes of copper were provisionally priced at an average price of 274 c/lb.

Markets

	30 June 2019	30 June 2018
Average market price (c/lb)	**280**	314
Average realised price (c/lb)	**280**	297

The differences between market price and realised price are largely a function of the timing of sales across the period and provisional pricing adjustments.

The average LME cash copper price was 11% lower than for the first half of 2018. Trade tensions between the US and China and persistent liquidity tightness in the latter, adversely affected activity in China's key copper consuming sectors, although the impact was mitigated by global supply constraints.

Operational performance

At Los Bronces, production increased by 5% to 182,900 tonnes (30 June 2018: 174,700 tonnes) owing to a strong mine and plant performance, as well as planned higher grades (0.81% vs. 30 June 2018: 0.73%). C1 unit costs decreased by 11% to 135 c/lb (30 June 2018: 151 c/lb) as a result of the increase in production, strong underlying cost performance and favourable movements in the Chilean peso.

At Collahuasi, Anglo American's attributable share of copper production was 112,000 tonnes, a decrease of 3% (30 June 2018: 115,300 tonnes), reflecting planned lower grades (1.18% vs. 30 June 2018: 1.29%). The planned three-month shut down, to replace a stator motor at the second ball mill on Line 3 (Line 3 has two ball mills and is responsible for 60% of plant throughput), was completed successfully at the end of June. The project forms part of the long term plant improvement initiatives at the operation. Excluding the impact of the planned shutdown, underlying plant performance improved, driven by the successful completion of a similar plant improvement project in the first six months of 2018. C1 unit costs increased by 4% to 121 c/lb (30 June 2018: 116 c/lb), reflecting the lower production.

Production at El Soldado increased by 10% to 25,300 tonnes (30 June 2018: 22,900 tonnes), owing largely to higher planned ore grades (0.88% vs. 30 June 2018: 0.79%). As a result C1 unit costs decreased by 7% to 218 c/lb (30 June 2018: 234 c/lb).

Quellaveco update

Project execution remains on track, with Quellaveco achieving the milestones set for the first half of 2019. Engineering is 75% complete and the majority of contracts and procurement orders are now in place. The 4,000-bed workers' camp has been completed and earthworks are progressing to plan. A significant milestone was achieved with the first major structural concrete placement for the first of the two ball mills. In total, three mass concrete placements for the foundations of the grinding area have now been completed at the plant site.

Priorities for the second half of the year are to progress earthworks, concrete works and construction of the Vizcachas dam; begin excavations for the overland-conveyor tunnel; and prepare for the start of pre-stripping activities in 2020.

The project is on schedule to deliver first production in 2022, with ramp-up in 2023. Quellaveco expects to deliver ~300,000 tonnes per annum of copper equivalent production on average in the first 10 years of operation.

Capital expenditure (on a 100% basis) for the first six months totalled $454 million, which was fully funded from the syndication transaction with Mitsubishi in 2018 and hence is not included in reported capex. Full year capital expenditure guidance (on a 100% basis) remains unchanged at $1.3-$1.5 billion, of which the Group's share is $0.4-$0.6 billion after utilising the remaining capital expenditure funding for Quellaveco from the Mitsubishi syndication transaction.

Operational outlook

The Los Bronces operation has experienced a reduction in water availability and storage owing to the ongoing drought affecting Chile's central region, with the first half of 2019 being one of the driest autumns ever recorded. Production losses resulting from lower water availability are expected to be largely mitigated in 2019 by management initiatives, which include operational efficiency improvements and other contingency actions.

Production guidance for 2019 remains unchanged at 630,000-660,000 tonnes, although low precipitation levels over the Chilean winter and spring remain a risk for production in 2020.

PLATINUM GROUP METALS

Financial and operational metrics

	Production volume platinum	Production volume palladium	Sales volume platinum	Basket price	Unit cost*	Group revenue*	Underlying EBITDA*	Mining EBITDA margin[5]	Underlying EBIT*	Capex*	ROCE*
	koz[1]	koz[1]	koz[2]	$/Pt oz[3]	$/Pt oz[4]	$m	$m		$m	$m	
PGMs	**992**	**674**	**1,009**	**2,685**	**1,551**	**3,007**	**824**	**38%**	**659**	**217**	**29%**
Prior period	*1,006*	*699*	*1,117*	*2,318*	*1,591*	*2,755*	*511*	*30%*	*328*	*216*	*14%*
Mogalakwena	**258**	**281**	**231**	**3,354**	**1,353**	**779**	**442**	**57%**	**373**	**119**	**—**
Prior period	*273*	*295*	*241*	*2,887*	*1,400*	*701*	*316*	*45%*	*240*	*98*	—
Amandelbult	**215**	**99**	**194**	**2,485**	**1,720**	**485**	**126**	**26%**	**100**	**26**	**—**
Prior period	*220*	*103*	*204*	*2,345*	*1,764*	*482*	*82*	*17%*	*51*	*20*	—
Other operations [6]	**191**	**132**	**186**	**2,741**	**1,629**	**499**	**130**	**26%**	**74**	**72**	**—**
Prior period	*190*	*130*	*166*	*2,350*	*1,880*	*423*	*27*	*6%*	*(33)*	*98*	—
Processing and trading[7]	**328**	**162**	**398**	**—**	**—**	**1,244**	**162**	**13%**	**148**	**—**	**—**
Prior period	*322*	*171*	*506*	—	—	*1,149*	*116*	*10%*	*100*	—	—
Projects and corporate	**—**	**—**	**—**	**—**	**—**	**—**	**(36)**	**—**	**(36)**	**—**	**—**
Prior period	—	—	—	—	—	—	*(30)*	—	*(30)*	—	—

[1] Production reflects own-mined production and purchase of metal in concentrate. Comparative excludes purchase of concentrate volumes now treated under tolling arrangement.
[2] Sales volumes exclude the sale of refined metal purchased from third parties and toll material. Comparatives include purchase of concentrate volumes now transitioned to tolling.
[3] Average US$ realised basket price. Excludes the impact of the sale of refined metal purchased from third parties.
[4] Total cash operating costs – includes on-mine, smelting and refining costs only.
[5] From 2019 the total PGMs mining EBITDA margin excludes the impact of the sale of refined metal purchased from third parties, purchase of concentrate and tolling.
[6] Includes Unki, Union (prior to disposal), Mototolo (post-acquisition on 1 November 2018), PGMs' share of joint operations.
[7] Purchase of concentrate from joint operations, associates and third parties for processing into refined metals, tolling and trading activities.

Financial and operational overview

Underlying EBITDA increased by 61% to $824 million (30 June 2018: $511 million), largely as a result of a 16% increase in the basket price, driven primarily by stronger prices for palladium and rhodium.

Markets

	30 June 2019	30 June 2018
Average platinum market price ($/oz)	**832**	941
Average palladium market price ($/oz)	**1,410**	1,007
Average rhodium market price ($/oz)	**2,846**	1,987
US$ realised basket price ($/Pt oz)	**2,685**	2,318
Rand realised basket price (R/Pt oz)	**38,305**	28,695

Continued strong prices for palladium, rhodium and the minor platinum group metals outweighed a decline in the platinum price, with the basket price climbing by 16% in dollar terms and 33% in South African rand terms.The average platinum price decreased by 12% due to weak sentiment and continued softness in the Chinese jewellery sector. In contrast, average palladium and rhodium prices strengthened by 40% and 43% respectively owing to strong automotive demand, driven by tighter emissions regulations in key markets.

Operational performance

Total platinum production (metal in concentrate) decreased by 1% to 992,200 ounces while total palladium output was 4% lower at 673,800 ounces, excluding the impact of the transition of Sibanye-Stillwater Rustenburg (Sibanye) material to a tolling arrangement in 2019 (30 June 2018: 227,800 platinum ounces, 114,300 palladium ounces).

Own-mined production

Own-mined platinum and palladium production both decreased by 3% to 664,700 ounces and 511,400 ounces respectively.

Mogalakwena's platinum and palladium production decreased by 5% to 258,300 ounces and 281,000 ounces respectively, primarily due to mining through a higher waste area, as well as a decrease in concentrator throughput and recoveries.

Amandelbult platinum production decreased by 2% to 215,100 ounces and palladium output by 4% to 98,600 ounces due to infrastructure upgrades, exacerbated by power disruptions in the first quarter.

Unki platinum production increased by 2% to 42,400 ounces and palladium production increased by 5% to 37,900 ounces.

The acquisition of the remaining 50% of Mototolo was concluded on 1 November 2018, from which date 100% of production became 'own-mined' production. On a 100% basis, platinum and palladium production decreased by 31% to 49,800 ounces and by 33% to 30,300 ounces respectively, owing to a one-off benefit in the first quarter of 2018 from stockpiled material toll-concentrated at Bokoni, as well as a decline in grade and unprotected industrial action in May 2019.

Joint operation platinum production (split equally between own-mined and purchase of concentrate), excluding Mototolo, decreased by 2% to 198,200 ounces, while palladium production decreased by 3% to 127,200 ounces, due to safety related stoppages at Modikwa, offset by increased output at Kroondal.

Purchase of concentrate

Purchase of concentrate, excluding Sibanye material which transitioned to a tolling arrangement from 1 January 2019, increased by 2% to 327,500 ounces in the case of platinum and decreased by 5% for palladium to 162,400 ounces. This was due to higher production at Bafokeng-Rasimone Platinum Mine and Union mine, offset by lower production from joint operations as outlined above.

Refined production and sales volumes

Refined platinum production (excluding Sibanye toll-treated metal and concentrate purchased from Sibanye) increased by 6% to 923,100 ounces, while refined palladium output increased by 16% to 678,400 ounces.

Platinum sales volumes, excluding refined metals purchased from third parties and concentrate purchased from Sibanye, increased by 2% to 916,000 ounces, while palladium sales increased by 14% to 711,100 ounces. The increase was a result of the higher refined production.

Operational outlook

As previously guided, metal in concentrate production for 2019 is expected to be 2.0-2.1 million ounces for platinum and 1.3-1.4 million ounces for palladium.

IRON ORE

Financial and operational metrics

	Production volume	Sales volume	Price	Unit cost*	Group revenue*	Underlying EBITDA*	Mining EBITDA margin	Underlying EBIT*	Capex*	ROCE*
	Mt[1]	Mt	$/t[2]	$/t[3]	$m	$m		$m	$m	
Iron Ore	**—**	**—**	**—**	**—**	**3,584**	**2,036**	**57%**	**1,819**	**278**	**42 %**
Prior period	*—*	*—*	*—*	*—*	*1,900*	*454*	*24%*	*245*	*153*	*2 %*
Kumba Iron Ore	**20.1**	**21.4**	**108**	**34**	**2,427**	**1,393**	**57%**	**1,241**	**186**	**92 %**
Prior period	*22.4*	*21.2*	*69*	*35*	*1,590*	*574*	*36%*	*417*	*138*	*28 %*
Iron Ore Brazil (Minas-Rio)	**10.8**	**10.6**	**92**	**21**	**1,157**	**693**	**60%**	**628**	**92**	**27 %**
Prior period	*3.2*	*3.2*	*70*	*n/a*	*310*	*(74)*	*n/a*	*(126)*	*15*	*(6)%*
Projects and corporate	**—**	**—**	**—**	**—**	**—**	**(50)**	**—**	**(50)**	**—**	**—**
Prior period	*—*	*—*	*—*	*—*	*—*	*(46)*	*—*	*(46)*	*—*	*—*

[1] Minas-Rio production is Mt (wet basis).
[2] Prices for Kumba Iron Ore are the average realised export basket price (FOB Saldanha). Prices for Minas-Rio 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 Minas-Rio are on an FOB wet basis and are not disclosed for 2018 due to the suspension of operations.

Financial and operational overview

Kumba

Underlying EBITDA increased to $1.4 billion (30 June 2018: $0.6 billion), driven by a 57% increase in the average realised iron ore price to $108/tonne (30 June 2018: $69/tonne), a 16% weaker South African rand and a 2% increase in export sales volumes of 19.9 Mt (30 June 2018: 19.5 Mt).

FOB unit costs decreased by 3% to $34/tonne (30 June 2018: $35/tonne) as the benefits from Kumba's ongoing operational efficiencies, the weaker rand and higher capitalised stripping costs more than offset the impact of lower production volumes, inflation-related increases in fuel and maintenance costs, and longer hauling distances.

Sales volumes were 21.4 Mt (30 June 2018: 21.2 Mt), with Transnet's improved rail performance being partly offset by severe weather disruptions to shipments and repairs to a stacker reclaimer at Saldanha port. Total finished stock held at the mines and port reduced to 4.5 Mt (30 June 2018: 6.2 Mt; 31 December 2018: 5.3 Mt).

Minas-Rio

Minas-Rio recorded an underlying EBITDA of $693 million (30 June 2018: $74 million loss), largely reflecting the solid ramp-up following approval to restart the operation in December 2018. Strong prices, cost efficiencies mainly associated with higher recoveries, and lower energy and consumable prices also contributed to the result.

Markets

	30 June 2019	30 June 2018
Average market price (IODEX 62% Fe CFR China – $/tonne)	**91**	70
Average market price (MB 66% Fe Concentrate CFR – $/tonne)	**106**	93
Average realised price (Kumba export – $/tonne) (FOB Saldanha)	**108**	69
Average realised price (Minas-Rio – $/tonne) (FOB wet basis)	**92**	70

Kumba's outperformance over the IODEX (Platts) 62% Fe CFR China index was primarily due to the higher iron (Fe) content and the relatively high proportion (approximately 68%) of lump in the overall product portfolio.

Minas-Rio's pellet feed product is also higher grade (higher iron content and lower gangue) than the reference product used for the IODEX 62% Fe CFR China index. The Metal Bulletin (MB) 66 index is, therefore, used when referring to Minas-Rio product.

Operational performance

Kumba

Total production decreased by 11% to 20.1 Mt (30 June 2018: 22.4 Mt), mainly due to unscheduled plant maintenance at Sishen and the infrastructure upgrade of Kolomela's DMS plant, which will continue into the second half of the year.

Production at Sishen decreased by 10% to 13.8 Mt (30 June 2018: 15.3 Mt), and output at Kolomela decreased by 12% to 6.3 Mt (30 June 2018: 7.2 Mt). Following the plant maintenance at Sishen, good progress is being made, with production volumes improving by 13% from 6.4 Mt in the first quarter of 2019, to 7.3 Mt in the second quarter. Waste stripping at Sishen of 83 Mt (30 June 2018: 87 Mt) reflected marginally lower shovel availability in the first quarter of 2019, while at Kolomela waste stripping increased by 17%, as planned, to 31 Mt (30 June 2018: 26 Mt).

Kumba continued to focus on improving the quality of its products in line with the strong demand for high quality iron ore. The average lump:fine ratio remained competitive at 68:32 (30 June 2018: 68:32), while the average Fe quality was 64.3% (30 June 2018: 64.5%). These factors contributed to the higher average realised FOB iron ore price of $108/tonne (30 June 2018: $69/tonne).

Minas-Rio

First half production of 10.8 Mt was driven by a strong operational performance, reflecting the optimisation work undertaken during 2018 while operations were suspended, and access to the Step 3 mining area higher grade ore.

Operational outlook

Kumba

Production guidance for 2019 has been revised downwards slightly to 42-43 Mt (previously 43-44 Mt), owing to a period of unscheduled plant maintenance that affected the first half of 2019. Consequently, an extended period of plant stability is required to ensure that the revised guidance will be met. Waste movement guidance for Sishen and Kolomela is unchanged and is expected to be 170-180 Mt and 55-60 Mt, respectively.

Minas-Rio

Based on the performance achieved in the first half, production guidance for 2019 has increased to 19-21 Mt (previously 18-20 Mt). Unit cost guidance for 2019 has been reduced to $24-27/tonne (previously $28-31/tonne), reflecting the higher production volumes and cost efficiencies implemented.

Construction for the next tailings dam lift is under way and works are scheduled for completion during the third quarter. The conversion of the installation licence to an operating licence for this lift is expected by year-end, subject to approval by the Minas Gerais state government in Brazil.

COAL

Financial and operational metrics

	Production volume	Sales volume	Price	Unit cost*	Group revenue*	Underlying EBITDA*	Mining EBITDA margin[5]	Underlying EBIT*	Capex*	ROCE*
	Mt[1]	Mt[2]	$/t[3]	$/t[4]	$m	$m		$m	$m	
Coal	**23.2**	**23.5**	**—**	**—**	**3,204**	**996**	**35%**	**607**	**336**	**28 %**
Prior period	*24.8*	*24.6*	*—*	*—*	*3,877*	*1,640*	*48%*	*1,300*	*306*	*77 %*
Metallurgical Coal	**10.0**	**9.9**	**187**	**68**	**1,880**	**934**	**50%**	**638**	**253**	**45 %**
Prior period	*10.8*	*10.7*	*194*	*66*	*2,089*	*1,157*	*55%*	*931*	*219*	*100 %*
Thermal Coal – South Africa	**9.0**	**9.2**	**64**	**46**	**1,049**	**40**	**4%**	**(6)**	**83**	**(11)%**
Prior period	*8.8*	*8.7*	*88*	*48*	*1,374*	*341*	*36%*	*272*	*87*	*65 %*
Thermal Coal – Colombia[6]	**4.2**	**4.4**	**62**	**36**	**275**	**76**	**28%**	**29**	**—**	**7 %**
Prior period	*5.2*	*5.2*	*79*	*35*	*414*	*190*	*46%*	*145*	*—*	*34 %*
Projects and corporate	**—**	**—**	**—**	**—**	**—**	**(54)**	**—**	**(54)**	**—**	**—**
Prior period	*—*	*—*	*—*	*—*	*—*	*(48)*	*—*	*(48)*	*—*	*—*

(1) Production volumes are saleable tonnes. South African production volumes include export primary production, secondary production sold into export markets and production sold domestically at export parity pricing and excludes other domestic production of 4.9 Mt (30 June 2018: 7.8 Mt). Included in 2018 is domestic production of 2.8 Mt from the Eskom tied operations, which were sold on 1 March 2018. Metallurgical Coal production volumes exclude thermal coal production of 0.6 Mt (30 June 2018: 0.5 Mt).
(2) South African sales volumes include export primary production, secondary production sold into export markets and production sold domestically at export parity pricing and exclude domestic sales of 4.4 Mt (30 June 2018: 7.9 Mt) and non-equity traded sales of 5.5 Mt (30 June 2018: 4.7 Mt). Included in 2018 is domestic sales of 2.8 Mt from the Eskom-tied operations, which were sold on 1 March 2018. Metallurgical Coal sales volumes exclude thermal coal sales of 0.7 Mt (30 June 2018: 0.7 Mt).
(3) Metallurgical Coal realised price is the weighted average hard coking coal and PCI sales price achieved. Thermal Coal – South Africa realised price is the weighted average export thermal coal price achieved. Excludes third-party sales.
(4) FOB cost per saleable tonne, excluding royalties. Metallurgical Coal excludes study costs. Thermal Coal – South Africa unit cost is for the trade operations.
(5) Excludes impact of third-party sales and, in 2018, Eskom-tied operations.
(6) Represents the Group's attributable share from its 33.3% interest in Cerrejón.

Financial and operational overview

Metallurgical Coal

Underlying EBITDA decreased by 19% to $934 million (30 June 2018: $1,157 million), owing to a 7% decrease in sales volumes and a 4% reduction in the realised price for metallurgical coal. US dollar unit costs increased by 3% to $68/tonne (30 June 2018: $66/tonne), as a result of lower production due to a planned extended longwall move at Moranbah.

Thermal Coal – South Africa

Underlying EBITDA decreased by 88% to $40 million (30 June 2018: $341 million), driven by a 27% decrease in the realised export thermal coal price. Export sales increased by 6% to 9.2 Mt (30 June 2018: 8.7 Mt). US dollar unit costs for the export operations decreased by 4% to $46/tonne (30 June 2018: $48/tonne) as productivity improvements and cost savings offset the effects of inflation.

Thermal Coal – Colombia

Underlying EBITDA decreased by 60% to $76 million (30 June 2018: $190 million), reflecting a 22% decrease in prices and lower volumes as a result of dust restrictions.

Markets

Metallurgical coal

	30 June 2019	30 June 2018
Average market price for premium low-volatile hard coking coal ($/tonne)[1]	**205**	209
Average market price for premium low-volatile PCI ($/tonne)[1]	**125**	145
Average realised price for premium low-volatile hard coking coal ($/tonne)	**195**	198
Average realised price for PCI ($/tonne)	**123**	129

[1] Represents average spot prices.

Average realised prices differ from the average market price owing to differences in material grade and timing of contracts.

Market prices remained healthy through the first six months of the year, supported by solid steel production and high steel margins in China, despite Chinese import restrictions and a number of supply disruptions in Australia.

Thermal coal

	30 June 2019	30 June 2018
Average market price ($/tonne, FOB Australia)	**88**	104
Average market price ($/tonne, FOB South Africa)	**74**	97
Average market price ($/tonne, FOB Colombia)	**60**	82
Average realised price – Export Australia ($/tonne, FOB)	**88**	99
Average realised price – Export South Africa ($/tonne, FOB)	**64**	88
Average realised price – Domestic South Africa ($/tonne)	**15**	20
Average realised price – Colombia ($/tonne, FOB)	**62**	79

The average realised price for export thermal coal differs from the average market price owing to timing and quality differences relative to the industry benchmark.

Thermal coal prices fell sharply as lower gas and higher carbon prices had a significant effect on coal-generated power in Europe. Coal demand was also muted in Japan, due to an increase in gas-fired generation and, in South Korea, to an improvement in nuclear power availability. Supply, especially out of Indonesia and Russia, increased sharply, leading to higher global coal inventories. An increase in the supply of lower quality coal and delays to customs clearances at Chinese ports widened the discounts between low- and medium-quality coals, including South African and Colombian coals.

Operational performance

Metallurgical Coal

Total production decreased by 6% to 10.6 Mt (30 June 2018: 11.3 Mt), largely due to a planned longwall move at Moranbah, which included a preliminary upgrade of the wash plant that has increased capacity by around 10%. Production from the other managed operations (excluding Moranbah) increased by around 1 Mt, with higher output at all operations.

Thermal Coal – South Africa

Total production from the Export mines increased by 2% to 11.7 Mt (30 June 2018: 11.4 Mt), despite the planned decrease in production from closing operations. Export production increased by 3% to 9.0 Mt (30 June 2018: 8.8 Mt) and domestic production increased 4% to 2.7 Mt (30 June 2018: 2.6 Mt). Improved productivity was recorded at all operations, with the exception of Zibulo, which was affected by community unrest in the first half of the year and conveyor belt infrastructure difficulties in the second quarter.

Thermal Coal – Colombia

Anglo American's attributable production from its 33.3% ownership of Cerrejón decreased by 19% to 4.2 Mt (30 June 2018: 5.2 Mt).

Operational outlook

Metallurgical coal

Full year 2019 production guidance for metallurgical coal is unchanged at 22-24 Mt.

Export thermal coal

Full year 2019 production guidance for export thermal coal is unchanged at 26-28 Mt.

NICKEL AND MANGANESE

Financial and operational metrics

	Production volume[1]	Sales volume[1]	Price	Unit cost*	Group revenue*	Underlying EBITDA*	Mining EBITDA margin	Underlying EBIT*	Capex*	ROCE*
			c/lb[2]	c/lb[3]	$m	$m[4]		$m[4]	$m	
Nickel and Manganese	**—**	**—**	**—**	**—**	**756**	**326**	**43%**	**249**	**20**	**20%**
Prior period	—	—	—	—	*857*	*420*	*49%*	*350*	*15*	*29%*
Nickel	**19,600**	**18,600**	**563**	**410**	**232**	**52**	**22%**	**1**	**20**	**—%**
Prior period	*19,400*	*20,100*	*632*	*378*	*280*	*88*	*31%*	*45*	*15*	*5%*
Samancor[5]	**1.8**	**1.9**	**—**	**—**	**524**	**274**	**52%**	**248**	**—**	**142%**
Prior period	*1.8*	*1.8*	—	—	*577*	*332*	*57%*	*305*	—	*162%*

(1) Nickel production and sales are tonnes (t). Samancor production and sales are million tonnes (Mt).
(2) Realised price.
(3) C1 unit cost.
(4) Nickel segment includes $5 million projects and corporate costs (30 June 2018: $4 million).
(5) Production, sales and financials include ore and alloy.

Financial and operational overview

Nickel

Underlying EBITDA decreased by 41% to $52 million (30 June 2018: $88 million), primarily reflecting the lower nickel price and a decrease in sales volumes. Lower opening stocks in 2019 and weaker domestic demand in the second quarter were the main drivers of the 7% decrease in sales.

Nickel unit costs increased by 8% to 410 c/lb (30 June 2018: 378 c/lb), driven mainly by a rise in the consumption of coal as a reductant due to higher iron content in the ore, as well as by a change to the timing of annual maintenance.

Samancor

Underlying EBITDA decreased by 17% to $274 million (30 June 2018: $332 million), mainly attributable to the lower manganese ore price and, to a lesser extent, by a 13% decrease in attributable manganese alloy sales, in line with reduced Australian and South African alloy production.

Markets

Nickel

	30 June 2019	30 June 2018
Average market price (c/lb)	**559**	629
Average realised price (c/lb)	**563**	632

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. Differences between market prices and realised prices are largely due to variances between the LME and the ferronickel price.

The average nickel price decreased by 11% to 559 c/lb (30 June 2018: 629 c/lb) as subdued market sentiment, predominantly related to the US-China trade dispute, more than offset the effects of solid stainless steel production growth (around 70% of nickel demand) and strong battery growth (zero emission vehicles and lithium-ion based energy storage).

Samancor

The average benchmark price for manganese ore (Metal Bulletin 44% manganese ore CIF China) was $6.33/dmtu, a decrease of 15% (30 June 2018: $7.45/dmtu), as the effects of strong steel output and stricter reinforcing steel standards in China were more than compensated by an increase in manganese ore supply from South Africa.

Operational performance

Nickel

Nickel output increased by 1% to 19,600 tonnes (30 June 2018: 19,400 tonnes), reflecting improved operational stability.

Samancor

Attributable manganese ore production decreased by 3% to 1.70 Mt (30 June 2018: 1.75 Mt). Output from the Australian operations decreased by 9% due to the impact of weather on the processing plant. This was partly offset by a 9% increase in production from the South African operations resulting from improved mining productivity.

Attributable production of manganese alloys decreased by 9% to 76,400 tonnes (30 June 2018: 84,000 tonnes) as a consequence of furnace instability in one of the Australian furnaces in the first quarter, as well as in the single furnace of the South African operation.

Operational outlook

Nickel

Production guidance for 2019 is maintained at 42,000-44,000 tonnes.

CORPORATE AND OTHER

Financial metrics

	Group revenue*	Underlying EBITDA*	Underlying EBIT*	Capex*
	$m	**$m**	**$m**	**$m**
Segment	**—**	**(38)**	**(112)**	**15**
Prior period	*2*	*(126)*	*(128)*	*6*
Exploration	**—**	**(53)**	**(54)**	**—**
Prior period	*—*	*(48)*	*(48)*	*—*
Corporate activities and unallocated costs	**—**	**15**	**(58)**	**15**
Prior period	*2*	*(78)*	*(80)*	*6*

Financial overview

Corporate and other reported an underlying EBITDA loss of $38 million (30 June 2018: $126 million loss).

Exploration

Exploration's underlying EBITDA loss increased to $53 million (30 June 2018: $48 million loss), reflecting increased exploration activities across most product groups, in particular, diamonds, partially offset by reduced drilling activities at Copper.

Corporate activities and unallocated costs

Underlying EBITDA amounted to a $15 million gain (30 June 2018: $78 million loss), driven primarily by a $34 million year-on-year gain recognised in the Group's self-insurance entity and a benefit to EBITDA from the adoption of IFRS 16 as items previously recorded as operating costs are now included within depreciation.

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Notes to editors:
Anglo American is a leading global mining company and our products are the essential ingredients in almost every aspect of modern life. Our portfolio of world-class competitive mining operations and undeveloped resources provides the metals and minerals that enable a cleaner, more electrified world and that meet the fast growing consumer-driven demands of the world's developed and maturing economies. With our people at the heart of our business, we use innovative practices and the latest technologies to discover new resources and mine, process, move and market our products to our customers around the world – safely, responsibly and sustainably.

As a responsible miner – of diamonds (through De Beers), copper, platinum group metals, iron ore, coal and nickel – we are the custodians of what are precious natural resources. We work together with our business partners and diverse stakeholders to unlock the sustainable value that those resources represent for our shareholders, the communities and countries in which we operate, and for society as a whole. Anglo American is re-imagining mining to improve people's lives.
www.angloamerican.com

Webcast of presentation:
A live webcast of the results presentation, starting at 9.00am UK time on 25 July 2019, 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, acquisition and divestment strategy, dividend policy, 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 Resource estimates), 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 availability of transportation infrastructure, 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 permitting and 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 SIX 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 has not been independently verified and presents the views of those third parties, though these may not necessarily correspond to the views held by Anglo American and Anglo American expressly disclaims any responsibility for, or liability in respect of, such third-party information.

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Registered Number: 3564138 Legal Entity Identifier: 549300S9XF92D1X8ME43

AngloAmerican

CONDENSED FINANCIAL STATEMENTS

for the six months ended 30 June 2019

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Consolidated income statement
for the six months ended 30 June 2019

US$ million	Note	Before special items and remeasure-ments	Special items and remeasure-ments (note 9)	Total	Before special items and remeasure-ments	Special items and remeasure-ments (note 9)	Total
		6 months ended 30.06.19			6 months ended 30.06.18		
Revenue	3	**14,772**	**—**	**14,772**	13,698	—	13,698
Operating costs		**(11,188)**	**(236)**	**(11,424)**	(11,111)	(156)	(11,267)
Operating profit	3	**3,584**	**(236)**	**3,348**	2,587	(156)	2,431
Non-operating special items	9	**—**	**(5)**	**(5)**	—	(42)	(42)
Net income from associates and joint ventures	3 12	**245**	**2**	**247**	364	2	366
Profit before net finance costs and tax		**3,829**	**(239)**	**3,590**	2,951	(196)	2,755
Investment income		**151**	**—**	**151**	135	—	135
Interest expense		**(341)**	**(2)**	**(343)**	(337)	(100)	(437)
Other net financing (losses)/gains		**(23)**	**10**	**(13)**	15	(27)	(12)
Net finance costs	5	**(213)**	**8**	**(205)**	(187)	(127)	(314)
Profit before tax		**3,616**	**(231)**	**3,385**	2,764	(323)	2,441
Income tax expense	6	**(959)**	**70**	**(889)**	(813)	17	(796)
Profit for the financial period		**2,657**	**(161)**	**2,496**	1,951	(306)	1,645
Attributable to:							
Non-controlling interests	16	**652**	**(39)**	**613**	386	(31)	355
Equity shareholders of the Company		**2,005**	**(122)**	**1,883**	1,565	(275)	1,290
Earnings per share (US$)							
Basic	4	**1.58**	**(0.10)**	**1.48**	1.23	(0.21)	1.02
Diluted	4	**1.55**	**(0.09)**	**1.46**	1.21	(0.21)	1.00

Consolidated statement of comprehensive income

for the six months ended 30 June 2019

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
Profit for the financial period	**2,496**	1,645
Items that will not be reclassified to the income statement (net of tax)		
Remeasurement of net retirement benefit obligation	**(75)**	153
Net revaluation gain/(loss) on equity investments	**6**	(24)
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)	**182**	(1,532)
Cumulative loss transferred to the income statement on disposal of foreign operations	**—**	35
Other comprehensive income/(loss) for the financial period (net of tax)	**113**	(1,368)
Total comprehensive income for the financial period (net of tax)	**2,609**	277
Attributable to:		
Non-controlling interests	**660**	79
Equity shareholders of the Company	**1,949**	198

Consolidated balance sheet
as at 30 June 2019

US$ million	Note	30.06.19	31.12.18
ASSETS			
Non-current assets			
Intangible assets		**3,082**	3,087
Property, plant and equipment		**32,080**	30,898
Environmental rehabilitation trusts		**323**	303
Investments in associates and joint ventures		**1,682**	1,715
Financial asset investments		**430**	396
Trade and other receivables		**697**	708
Deferred tax assets		**897**	910
Derivative financial assets	15	**343**	209
Other non-current assets		**612**	658
Total non-current assets		**40,146**	38,884
Current assets			
Inventories		**4,680**	4,466
Trade and other receivables		**2,608**	2,026
Current tax assets		**107**	121
Derivative financial assets	15	**124**	132
Cash and cash equivalents	13	**7,133**	6,567
Total current assets		**14,652**	13,312
Total assets		**54,798**	52,196
LIABILITIES			
Current liabilities			
Trade and other payables		**(4,737)**	(4,734)
Short term borrowings	13 14	**(578)**	(600)
Provisions for liabilities and charges		**(533)**	(581)
Current tax liabilities		**(408)**	(818)
Derivative financial liabilities	15	**(102)**	(103)
Total current liabilities		**(6,358)**	(6,836)
Non-current liabilities			
Trade and other payables		**(140)**	(145)
Medium and long term borrowings	13 14	**(9,780)**	(8,371)
Retirement benefit obligations		**(619)**	(609)
Deferred tax liabilities		**(3,851)**	(3,676)
Derivative financial liabilities	15	**(544)**	(613)
Provisions for liabilities and charges		**(2,256)**	(2,114)
Total non-current liabilities		**(17,190)**	(15,528)
Total liabilities		**(23,548)**	(22,364)
Net assets		**31,250**	29,832
EQUITY			
Called-up share capital		**772**	772
Share premium account		**4,358**	4,358
Own shares		**(6,188)**	(6,315)
Other reserves		**(10,461)**	(10,519)
Retained earnings		**36,164**	35,302
Equity attributable to equity shareholders of the Company		**24,645**	23,598
Non-controlling interests	16	**6,605**	6,234
Total equity		**31,250**	29,832

The Condensed financial statements of Anglo American plc, registered number 03564138, were approved by the Board of directors on 24 July 2019 and signed on its behalf by:

Mark Cutifani
Chief Executive

Stephen Pearce
Finance Director

Consolidated cash flow statement
for the six months ended 30 June 2019

US$ million	Note	**6 months ended 30.06.19**	6 months ended 30.06.18
Cash flows from operating activities			
Profit before tax		**3,385**	2,441
Net finance costs including financing special items and remeasurements		**205**	314
Net income from associates and joint ventures		**(247)**	(366)
Non-operating special items	9	**5**	42
Operating profit		**3,348**	2,431
Operating special items and remeasurements	9	**236**	156
Cash element of special items		**(23)**	(1)
Depreciation and amortisation		**1,352**	1,308
Share-based payment charges		**81**	91
Decrease in provisions and net retirement benefit obligations		**(75)**	(69)
Increase in inventories		**(175)**	(168)
(Increase)/decrease in operating receivables		**(459)**	70
Decrease in operating payables		**(91)**	(1)
Other adjustments		**53**	(75)
Cash flows from operations		**4,247**	3,742
Dividends from associates and joint ventures	12	**301**	396
Income tax paid		**(1,143)**	(758)
Net cash inflows from operating activities		**3,405**	3,380
Cash flows from investing activities			
Expenditure on property, plant and equipment	11	**(1,867)**	(1,276)
Cash flows from derivatives related to capital expenditure	11	**(2)**	17
Proceeds from disposal of property, plant and equipment	11	**3**	10
Investments in associates and joint ventures		**(26)**	(46)
Purchase of financial asset investments		**(2)**	(3)
Net (issuance)/redemption of financial asset investments held at amortised cost		**(24)**	5
Interest received and other investment income		**117**	102
Net cash outflow on acquisitions		**(8)**	—
Net cash inflow on disposals		**26**	90
Other investing activities		**(37)**	(3)
Net cash used in investing activities		**(1,820)**	(1,104)
Cash flows from financing activities			
Interest paid		**(234)**	(303)
Cash flows from derivatives related to financing activities	13	**(69)**	(70)
Dividends paid to Company shareholders		**(652)**	(681)
Dividends paid to non-controlling interests	16	**(421)**	(383)
Proceeds from issuance of bonds		**958**	647
Proceeds from other borrowings		**104**	39
Capital repayment of lease obligations		**(101)**	—
Repayments of bonds and borrowings		**(454)**	(2,699)
Net proceeds from issue of shares to non-controlling interests		**—**	29
Purchase of shares by Group companies for employee share schemes		**(225)**	(190)
Other financing activities		**(2)**	(8)
Net cash used in financing activities		**(1,096)**	(3,619)
Net increase/(decrease) in cash and cash equivalents		**489**	(1,343)
Cash and cash equivalents at start of period	13	**6,548**	7,792
Cash movements in the period		**489**	(1,343)
Effects of changes in foreign exchange rates		**27**	(190)
Cash and cash equivalents at end of period	13	**7,064**	6,259

Consolidated statement of changes in equity

for the six months ended 30 June 2019

US$ million	Total share capital[1]	Own shares[2]	Retained earnings	Cumulative translation adjustment reserve	Other reserves[3]	Total equity attributable to equity shareholders of the Company	Non-controlling interests	Total equity
At 1 January 2018	5,130	(6,191)	32,735	(9,274)	572	22,972	5,910	28,882
Total comprehensive income/(loss)	—	—	1,428	(1,211)	(19)	198	79	277
Dividends payable	—	—	(681)	—	—	(681)	(492)	(1,173)
Issue of shares to non-controlling interests	—	—	—	—	—	—	29	29
Equity settled share-based payment schemes	—	(53)	41	—	(84)	(96)	(4)	(100)
Other	—	—	(9)	—	9	—	63	63
At 30 June 2018	5,130	(6,244)	33,514	(10,485)	478	22,393	5,585	27,978
Total comprehensive income/(loss)	—	—	2,229	(571)	(18)	1,640	343	1,983
Dividends payable	—	—	(610)	—	—	(610)	(381)	(991)
Issue of shares to non-controlling interests	—	—	—	—	—	—	9	9
Equity settled share-based payment schemes	—	(71)	2	—	75	6	(2)	4
Change in ownership interest in subsidiaries	—	—	163	—	—	163	674	837
Other	—	—	4	—	2	6	6	12
At 31 December 2018	**5,130**	**(6,315)**	**35,302**	**(11,056)**	**537**	**23,598**	**6,234**	**29,832**
Impact of adoption of IFRS 16 (note 2)	**—**	**—**	**(69)**	**—**	**—**	**(69)**	**(13)**	**(82)**
At 1 January 2019	**5,130**	**(6,315)**	**35,233**	**(11,056)**	**537**	**23,529**	**6,221**	**29,750**
Total comprehensive income	**—**	**—**	**1,813**	**131**	**5**	**1,949**	**660**	**2,609**
Dividends payable	**—**	**—**	**(652)**	**—**	**—**	**(652)**	**(276)**	**(928)**
Equity settled share-based payment schemes	**—**	**127**	**(221)**	**—**	**(78)**	**(172)**	**—**	**(172)**
Other	**—**	**—**	**(9)**	**—**	**—**	**(9)**	**—**	**(9)**
At 30 June 2019	**5,130**	**(6,188)**	**36,164**	**(10,925)**	**464**	**24,645**	**6,605**	**31,250**

[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, financial asset revaluation reserve, cash flow hedge reserve, capital redemption reserve and legal reserve.

Notes to the Condensed financial statements

1. BASIS OF PREPARATION

Basis of Preparation

The Condensed financial statements for the six months ended 30 June 2019 have been prepared in accordance with International Accounting Standard (IAS) 34 *Interim Financial Reporting* and the requirements of the Disclosure and Transparency Rules (DTR) of the Financial Conduct Authority (FCA) in the United Kingdom as applicable to interim financial reporting.

The Condensed financial statements represent a 'condensed set of financial statements' as referred to in the DTR issued by the FCA. Accordingly, they do not include all of the information required for a full annual financial report and are to be read in conjunction with the Group's Consolidated financial statements for the year ended 31 December 2018, which were prepared in accordance with International Financial Reporting Standards (IFRS) adopted for use by the European Union. The Condensed financial statements are unaudited and do not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The financial information for the year to 31 December 2018 included in this report was derived from the statutory accounts for the year ended 31 December 2018, a copy of which has been delivered to the Registrar of Companies. The auditor's report on these accounts was unqualified, did not include a reference to any matters to which the auditor drew attention by way of an emphasis of matter and did not contain a statement under sections 498 (2) or (3) of the Companies Act 2006.

Going concern

The financial position of the Group, its cash flows, liquidity position and borrowing facilities are set out in the Financial review of Group results for the six months ended 30 June 2019 on pages 4 to 8. The Group's net debt (including related hedges) at 30 June 2019 was $3.4 billion (31 December 2018: $2.8 billion) representing a gearing level of 10% (31 December 2018: 9%). Further analysis of net debt is set out in note 13 and details of borrowings and facilities are set out in note 14.

The directors have considered the Group's cash flow forecasts for the period to the end of 31 December 2020. The Board is satisfied that the Group's forecasts and projections, taking into account reasonably possible changes in trading performance, show that the Group will be able to operate within the level of its current facilities for the foreseeable future. For this reason the Group continues to adopt the going concern basis in preparing its Condensed financial statements.

Alternative Performance Measures

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management makes reference to Alternative Performance Measures (APMs) of historical or future financial performance, financial position or cash flows that are not defined or specified under IFRS. 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. Further information on APMs is provided on page 61.

Notes to the Condensed financial statements

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES

The accounting policies applied are consistent with those adopted and disclosed in the Group financial statements for the year ended 31 December 2018, except for changes arising from the adoption of the following new accounting pronouncements which became effective in the current reporting period:

IFRS 16 *Leases*

IFRS 16 *Leases* became effective for the Group from 1 January 2019, replacing IAS 17 *Leases*. On transition to IFRS 16, lease liabilities and corresponding right of use assets were recognised in the Consolidated balance sheet for leases previously classified as operating leases under IAS 17 *Leases*.

The Group has elected to apply the modified retrospective approach on transition. The cumulative effect of transition to IFRS 16 is recognised in retained earnings at 1 January 2019. The comparative period has not been restated and continues to be presented in accordance with the accounting policy set out in the Group's Annual Report for the year ended 31 December 2018.

On transition, lease liabilities were recognised as the present value of lease payments still to be made, discounted at the appropriate incremental borrowing rate applicable at 1 January 2019 or where available, at the rate of interest implicit in the lease. For the majority of leased assets, the corresponding right of use asset was recognised equal to the value of the lease liability at 1 January 2019, adjusted for any accrued or prepaid lease payments.

For the six months ended 30 June 2018, operating lease costs of $117 million were charged against underlying EBITDA. On adoption of IFRS 16, for the six months ended 30 June 2019 the depreciation of right of use assets ($87 million) and finance costs incurred on lease liabilities ($15 million) are excluded from underlying EBITDA. Short-term and variable leasing costs and the costs of non-lease components continue to be charged against underlying EBITDA.

The present value of the operating lease commitments disclosed in note 30 of the Group's 2018 Annual Report, discounted at the rates used to calculate lease liabilities at 1 January 2019, is reconciled to the lease liabilities recognised in the table below:

US$ million	
IAS 17 Operating lease commitments at 31 December 2018	553
Impact of discounting operating lease commitments to present value	(93)
Other adjustments	9
Former operating leases recognised on balance sheet at 1 January 2019	**469**
Finance leases recognised separately at 31 December 2018	70
IFRS 16 Lease liabilities at 1 January 2019	**539**
Current	160
Non-current	379

On adoption of IFRS 16 on 1 January 2019, additional lease liabilities of $469 million previously classified as operating leases were included in net debt with corresponding right of use assets of $379 million included within Capital employed.

In the Consolidated cash flow statement for the six months ended 30 June 2019, the total amount of cash paid in respect of leases is separated between repayments of principal and repayment of interest, both presented within cash flows from financing activities. Repayment of interest is included within the Attributable free cash flow Alternative Performance Measure. In 2018 lease repayments were recognised within cash flows from operating activities.

Corresponding right of use assets of $379 million were recognised at 1 January 2019 on transition to IFRS 16, less than the carrying value of lease liabilities due to the impairment of certain leased assets and the offsetting of onerous lease provisions against the carrying values of certain right of use assets on adoption of IFRS 16.

The weighted average incremental borrowing rate used to measure lease liabilities on transition to IFRS 16 at 1 January 2019 was 5.4%.

2. CHANGES IN ACCOUNTING POLICIES AND DISCLOSURES (continued)

The Group adopted the following practical expedients on transition to IFRS 16 *Leases*:

- The Group applied a single discount rate to portfolios of leases with similar characteristics, such as those of the same length and in the same country.
- Lease liabilities and corresponding right of use assets where the lease term will end during 2019 were excluded from leases brought on to the balance sheet unless the leases were significant.
- The Group considered known events after the period end when determining the lease term and including using hindsight whether lease agreements contain options to extend or terminate the lease.
- An impairment review was conducted for right of use assets on adoption of the standard. Any onerous lease provisions at 31 December 2018 have been set off against the carrying values of the corresponding right of use assets on adoption of IFRS 16.
- The Group separated non-lease components from lease components for certain leases for the first time as part of the transition adjustment.

Leases accounted for as finance leases were not significant to the Group during 2018.

Other accounting pronouncements

A number of other new accounting pronouncements, principally minor amendments to existing standards, also became effective on 1 January 2019 and have been adopted by the Group. The adoption of these new accounting pronouncements has not had a significant impact on the accounting policies, methods of computation or presentation applied by the Group.

The Group has not early adopted any amendment, standard or interpretation that has been issued but is not yet effective. It is expected that where applicable, these standards and amendments will be adopted on each respective effective date.

Notes to the Condensed financial statements

FINANCIAL PERFORMANCE

Profit attributable to equity shareholders increased 46% to $1,883 million and underlying earnings increased 28% to $2,005 million.

The following disclosures provide further information about the drivers of the Group's financial performance in the period. This includes analysis of the respective contribution of the Group's operating segments along with information about net finance costs and tax. In addition, disclosure on earnings per share and the dividend is provided.

3. FINANCIAL PERFORMANCE BY SEGMENT

Overview

The Group's operating 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. Operating segments with similar economic characteristics are aggregated into reportable segments.

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 61.

Segment results

							30.06.19
US$ million	Group revenue	Underlying EBITDA	Depreciation and amortisation	Underlying EBIT	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
De Beers	**2,647**	**518**	**(194)**	**324**	**(103)**	**(34)**	**187**
Copper	**2,676**	**789**	**(320)**	**469**	**(165)**	**(92)**	**212**
Platinum Group Metals	**3,007**	**824**	**(165)**	**659**	**(204)**	**(103)**	**352**
Iron Ore	**3,584**	**2,036**	**(217)**	**1,819**	**(399)**	**(426)**	**994**
Coal	**3,204**	**996**	**(389)**	**607**	**(201)**	**(1)**	**405**
Nickel and Manganese	**756**	**326**	**(77)**	**249**	**(106)**	**(4)**	**139**
Corporate and other	**—**	**(38)**	**(74)**	**(112)**	**(176)**	**4**	**(284)**
	15,874	**5,451**	**(1,436)**	**4,015**	**(1,354)**	**(656)**	**2,005**
Less: associates and joint ventures	**(1,102)**	**(515)**	**84**	**(431)**	**182**	**4**	**(245)**
Subsidiaries and joint operations	**14,772**	**4,936**	**(1,352)**	**3,584**	**(1,172)**	**(652)**	**1,760**
Reconciliation:							
Net income from associates and joint ventures				**247**			**247**
Special items and remeasurements				**(241)**			**(124)**
Profit before net finance costs and tax				**3,590**			
Profit attributable to equity shareholders of the Company							**1,883**

Notes to the Condensed financial statements

3. FINANCIAL PERFORMANCE BY SEGMENT (continued)

							30.06.18
US$ million	Group revenue	Underlying EBITDA	Depreciation and amortisation	Underlying EBIT	Net finance costs and income tax expense	Non-controlling interests	Underlying earnings
De Beers	3,192	712	(300)	412	(177)	(33)	202
Copper	2,429	966	(298)	668	(305)	(114)	249
Platinum Group Metals	2,755	511	(183)	328	(52)	(67)	209
Iron Ore	1,900	454	(209)	245	(29)	(149)	67
Coal	3,877	1,640	(340)	1,300	(392)	(27)	881
Nickel and Manganese	857	420	(70)	350	(117)	(10)	223
Corporate and other	2	(126)	(2)	(128)	(142)	4	(266)
	15,012	4,577	(1,402)	3,175	(1,214)	(396)	1,565
Less: associates and joint ventures	(1,314)	(682)	94	(588)	214	10	(364)
Subsidiaries and joint operations	13,698	3,895	(1,308)	2,587	(1,000)	(386)	1,201
Reconciliation:							
Net income from associates and joint ventures				366			366
Special items and remeasurements				(198)			(277)
Profit before net finance costs and tax				2,755			
Profit attributable to equity shareholders of the Company							1,290

Net finance costs and income tax expense comprises net finance costs of $228 million (six months ended 30 June 2018: $195 million) and income tax expense of $1,126 million (six months ended 30 June 2018: $1,019 million).

The ‘Corporate and other’ segment includes unallocated corporate costs and exploration costs. Exploration costs represent the cost of the Group’s exploration activities across all segments.

Revenue of $14,772 million for the six months ended 30 June 2019 (six months ended 30 June 2018: $13,698 million) includes revenue from contracts with customers of $14,549 million (six months ended 30 June 2018: $13,794 million) and net gains of $223 million on provisionally priced receivables, and other revenue from commodity contracts within the scope of IFRS 9 *Financial Instruments* (six months ended 30 June 2018: net losses of $96 million).

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

Further information

Segments predominantly derive revenue as follows – De Beers: rough and polished diamonds; Copper: copper; Platinum Group Metals: platinum group metals and nickel; Iron Ore: iron ore; Coal: metallurgical coal and thermal coal; Nickel and Manganese: nickel, manganese ore and alloys.

The revenue analysis below includes the Group’s share of revenue in equity accounted associates and joint ventures (see note 12). Other revenue includes shipping revenue which predominantly relates to the Iron Ore segment.

Group revenue by product

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
Diamonds	**2,647**	3,192
Copper	**2,559**	2,339
Platinum	**854**	1,127
Palladium	**1,271**	803
Rhodium	**442**	286
Iron ore	**3,267**	1,676
Metallurgical coal	**1,812**	2,028
Thermal coal	**1,388**	1,849
Nickel	**354**	447
Manganese ore and alloys	**524**	577
Other	**756**	688
	15,874	15,012

3. FINANCIAL PERFORMANCE BY SEGMENT (continued)

Group revenue by destination

The Group's geographical analysis of segment revenue is allocated based on the customer's port of destination. Where the port of destination is not known, revenue is allocated based on the customer's country of domicile:

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
China	**4,089**	3,273
India	**1,639**	1,952
Japan	**1,423**	1,437
Other Asia	**3,346**	2,934
South Africa	**489**	791
Other Africa	**656**	929
Brazil	**240**	163
Chile	**298**	266
Other South America	**50**	25
North America	**404**	392
Australia	**11**	28
United Kingdom (Anglo American plc's country of domicile)	**1,091**	878
Other Europe	**2,138**	1,944
	15,874	15,012

Notes to the Condensed financial statements

4. EARNINGS PER SHARE

Overview

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 61.

US$	**6 months ended 30.06.19**	6 months ended 30.06.18
Earnings per share		
Basic	**1.48**	1.02
Diluted	**1.46**	1.00
Underlying earnings per share		
Basic	**1.58**	1.23
Diluted	**1.55**	1.21
Headline earnings per share		
Basic	**1.48**	1.03
Diluted	**1.46**	1.01

Further information

The calculation of basic and diluted earnings per share is based on the following data:

	Profit attributable to equity shareholders of the Company		Underlying earnings		Headline earnings	
	6 months ended 30.06.19	6 months ended 30.06.18	**6 months ended 30.06.19**	6 months ended 30.06.18	**6 months ended 30.06.19**	6 months ended 30.06.18
Earnings (US$ million)						
Basic and diluted earnings	**1,883**	1,290	**2,005**	1,565	**1,888**	1,307
Weighted average number of shares (million)						
Basic number of ordinary shares outstanding	**1,272**	1,270	**1,272**	1,270	**1,272**	1,270
Effect of dilutive potential ordinary shares	**20**	26	**20**	26	**20**	26
Diluted number of ordinary shares outstanding	**1,292**	1,296	**1,292**	1,296	**1,292**	1,296

The weighted average number of ordinary shares in issue excludes shares held by employee benefit trusts and Anglo American plc shares held by Group companies. The diluted number of ordinary shares outstanding including share options and awards is calculated on the assumption of conversion of all potentially dilutive ordinary shares. In the period ended 30 June 2019 there were no share options (six months ended 30 June 2018: nil) that were potentially dilutive but not included in the calculation of diluted earnings because they were anti-dilutive.

Headline earnings, a Johannesburg Stock Exchange defined performance measure, is reconciled from underlying earnings as follows:

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
Underlying earnings for the financial period	**2,005**	1,565
Operating special items	**(64)**	—
Operating remeasurements	**(60)**	(52)
Financing special items and remeasurements	**5**	(126)
Tax special items and remeasurements	**9**	(25)
Associates' and joint ventures' special items and remeasurements	**2**	2
Other reconciling items	**(9)**	(57)
Headline earnings for the financial period	**1,888**	1,307

The reconciling items above are shown net of tax and non-controlling interests.

Other reconciling items principally relate to adjustments to former operations and disposals of plant and equipment.

Notes to the Condensed financial statements

5. NET FINANCE COSTS

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
Investment income		
Interest income from cash and cash equivalents	**105**	94
Interest income from associates and joint ventures	**11**	11
Other interest income	**21**	10
Net interest income on defined benefit arrangements	**14**	20
Investment income	**151**	135
Interest expense		
Interest and other finance expense	**(307)**	(290)
Net interest cost on defined benefit arrangements	**(25)**	(24)
Unwinding of discount relating to provisions and other liabilities	**(42)**	(42)
	(374)	(356)
Less: interest expense capitalised	**33**	19
Interest expense before special items and remeasurements	**(341)**	(337)
Financing special items	**(2)**	(100)
Interest expense	**(343)**	(437)
Other net financing (losses)/gains		
Net foreign exchange (losses)/gains	**(6)**	15
Other net fair value loss	**(17)**	—
Other net financing (losses)/gains before special items and remeasurements	**(23)**	15
Financing remeasurements	**10**	(27)
Other net financing losses	**(13)**	(12)
Net finance costs	**(205)**	(314)

Further information

Following the adoption of IFRS 16 *Leases* from 1 January 2019, the interest expense of $15 million incurred on lease liabilities is recognised within Interest and other finance expense for the six months ended 30 June 2019. For the six months ended 30 June 2018, all operating lease expenses were recognised within operating costs.

6. INCOME TAX EXPENSE

Overview

The effective tax rate for the period of 26.3% (six months ended 30 June 2018: 32.6%) is higher (six months ended 30 June 2018: higher) than the applicable weighted average statutory rate of corporation tax in the United Kingdom.

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 61.

			6 months ended 30.06.19
	Profit before tax US$ million	Tax charge US$ million	Effective tax rate
Calculation of effective tax rate (statutory basis)	**3,385**	**(889)**	**26.3%**
Adjusted for:			
Special items and remeasurements	**231**	**(70)**	
Associates' and joint ventures' tax and non-controlling interests	**171**	**(167)**	
Calculation of underlying effective tax rate	**3,787**	**(1,126)**	**29.7%**

The underlying effective tax rate for the period of 29.7% is lower than the equivalent underlying effective tax rate of 34.2% for the six months ended 30 June 2018.

The underlying effective tax rate for the six months ended 30 June 2019 was impacted by the relative levels of profits arising in the Group's operating jurisdictions. In particular, increased profits in Minas-Rio were offset by unrecognised deductible temporary differences reducing the effective tax rate. In future periods, it is expected that the underlying effective tax rate will remain above the United Kingdom statutory tax rate.

a) Analysis of charge for the period

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
United Kingdom corporation tax	**33**	11
South Africa tax	**433**	271
Other overseas tax	**342**	532
Prior year adjustments	**(7)**	(17)
Current tax	**801**	797
Deferred tax	**158**	16
Income tax expense before special items and remeasurements	**959**	813
Special items and remeasurements tax (note 9)	**(70)**	(17)
Income tax expense	**889**	796

Current tax includes royalties which meet the definition of income tax and are in addition to royalties recorded in operating costs.

6. INCOME TAX EXPENSE (continued)

b) Factors affecting tax charge for the period

The reconciling items between the statutory corporation tax rate and the income tax expense are:

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
Profit before tax	**3,385**	2,441
Less: Net income from associates and joint ventures	**(247)**	(366)
Profit before tax (excluding associates and joint ventures)	**3,138**	2,075
Tax calculated at United Kingdom corporation tax rate of 19% (six months ended 30 June 2018: 19%)	**596**	394
Tax effects of:		
Items non-taxable/deductible for tax purposes	**39**	69
Temporary difference adjustments	**(36)**	(71)
Special items and remeasurements	**(26)**	45
Other adjustments		
Dividend withholding taxes	**57**	97
Effect of differences between local and United Kingdom tax rates	**265**	276
Prior year adjustments to current tax	**(7)**	(17)
Other adjustments	**1**	3
Income tax expense	**889**	796

The special items and remeasurements reconciling item of $26 million (six months ended 30 June 2018: $45 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 and tax special items and remeasurements.

Associates' and joint ventures' tax included within Net income from associates and joint ventures for the six months ended 30 June 2019 is a charge of $165 million (six months ended 30 June 2018: charge of $204 million). Excluding special items and remeasurements, this becomes a charge of $167 million (six months ended 30 June 2018: charge of $206 million).

7. DIVIDENDS

	6 months ended 30.06.19	6 months ended 30.06.18
Proposed interim ordinary dividend per share (US cents)	**62**	49
Proposed interim ordinary dividend (US$ million)	**798**	630

SIGNIFICANT ITEMS

During the six months ended 30 June 2019, the significant accounting matters addressed by management included:

- the assessment of impairment and impairment reversal indicators; and
- the estimation of cash flow projections for impairment testing.

8. SIGNIFICANT ACCOUNTING MATTERS

Minas-Rio

Following pipeline leaks and the suspension of operations in March 2018, operations at Minas-Rio resumed in December 2018. The ramp-up has progressed well during the first half of 2019, facilitated by access to higher grade ore in the Step 3 licence area. The recoverable amount, based on a discounted cash flow model, supports the carrying value of $4.3 billion.

The valuation is inherently sensitive to changes in economic and operational assumptions which could materially increase or reduce the valuation. Key assumptions include the long-term realised iron ore price, and the timing of receipt 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 $0.6 billion.

9. SPECIAL ITEMS AND REMEASUREMENTS

Overview

				6 months ended 30.06.19	6 months ended 30.06.18
US$ million	**Before tax**	**Tax**	**Non-controlling interests**	**Net**	Net
Impairments and impairment reversals	**—**	**—**	**—**	**—**	(60)
Other operating special items	**(180)**	**55**	**61**	**(64)**	—
Operating remeasurements	**(56)**	**6**	**(10)**	**(60)**	(52)
Operating special items and remeasurements	**(236)**	**61**	**51**	**(124)**	(112)
Disposals of businesses and investments	**—**	**—**	**—**	**—**	(2)
Adjustments relating to business combinations	**—**	**—**	**—**	**—**	(21)
Adjustments relating to former operations	**(5)**	**(4)**	**(5)**	**(14)**	9
Non-operating special items	**(5)**	**(4)**	**(5)**	**(14)**	(14)
Financing special items and remeasurements	**8**	**—**	**(3)**	**5**	(126)
Tax special items and remeasurements	**—**	**13**	**(4)**	**9**	(25)
Total	**(233)**	**70**	**39**	**(124)**	(277)
Associates' and joint ventures' special items and remeasurements				**2**	2
Total special items and remeasurements				**(122)**	(275)

Special items and remeasurements

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. 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 requirements. Refer to note 8 of the Group’s 2018 Annual Report for further details on classification of special items.

Special items and remeasurements, along with related tax and non-controlling interests, 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 61.

9. SPECIAL ITEMS AND REMEASUREMENTS (continued)

Operating special items

Impairments and impairment reversals

There were no impairments or impairment reversals in the six months ended 30 June 2019.

2018

Net impairments and impairment reversals of $60 million after tax and non-controlling interests for the six months ended 30 June 2018 related to the write-off of assets in De Beers' South African operations that are no longer expected to generate future economic benefit.

Other operating special items

The loss of $180 million ($64 million after tax and non-controlling interests) principally relates to the cost to the Group of terminating a long-term power supply contract in Copper.

2018

There were no other operating special items in the six months ended 30 June 2018.

Operating remeasurements

Operating remeasurements reflect a net loss of $56 million ($60 million after tax and non-controlling interests) which principally relates to a $52 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.

2018

Operating remeasurements for the six months ended 30 June 2018 were a net loss of $52 million after tax and non-controlling interests.

Non-operating special items

Disposals of businesses and investments

There were no disposals of businesses or investments in the six months ended 30 June 2019.

2018

The net loss of $2 million related to the impairment of the Group's interest in the Bafokeng Rasimone Platinum Mine (BRPM) in advance of disposal, and disposals of the Group's interests in the Union platinum mine and Masa Chrome Company Proprietary Limited (Platinum Group Metals), the Eskom-tied domestic coal operations in South Africa and the Drayton mine (Coal).

Adjustments relating to business combinations

There were no adjustments relating to business combinations in the six months ended 30 June 2019.

2018

The $21 million loss relates to adjustments in respect of business combinations in prior periods.

Adjustments relating to former operations

The loss of $5 million ($14 million after tax and non-controlling interests) relates to adjustments in respect of disposals completed in prior periods.

2018

The net gain of $9 million after tax and non-controlling interests relates to adjustments in respect of disposals completed in prior periods.

Financing special items and remeasurements

Financing special items and remeasurements principally comprise a net fair value gain of $8 million in respect of derivatives hedging net debt (six months ended 30 June 2018: loss of $98 million arising on bond buybacks completed in the period and a net fair value loss of $27 million on derivatives hedging net debt).

9. SPECIAL ITEMS AND REMEASUREMENTS (continued)

Tax associated with special items and remeasurements

This includes a tax remeasurement credit of $13 million principally arising on Peruvian deferred tax balances (six months ended 30 June 2018: $26 million charge principally arising on Brazilian deferred tax assets).

Of the total tax credit of $70 million, there is a net current tax credit of $57 million (six months ended 30 June 2018: $22 million charge) and a net deferred tax credit of $13 million (six months ended 30 June 2018: $39 million credit).

Associates' and joint ventures' special items and remeasurements

Associates' and joint ventures' special items and remeasurements relates to the Coal segment (six months ended 30 June 2018: Coal segment).

CAPITAL BASE

We have a value-focused approach to capital allocation with clear prioritisation: maintain asset integrity; pay dividends to our shareholders while ensuring a strong balance sheet. Discretionary capital is then allocated on a balanced approach.

Value-disciplined capital allocation throughout the cycle is critical to protecting and enhancing our shareholders' capital, given the long-term and capital intensive nature of our business.

The Group uses attributable return on capital employed (ROCE) to monitor how efficiently assets are generating profit on invested capital for the equity shareholders of the Company. Attributable ROCE is an Alternative Performance Measure (APM). For more information on the APMs used by the Group, including definitions, please refer to page 61.

	Attributable ROCE %	
	6 months ended 30.06.19	6 months ended 30.06.18
De Beers	**7**	8
Copper	**14**	23
Platinum Group Metals	**29**	14
Iron Ore	**42**	2
Coal	**28**	77
Nickel and Manganese	**20**	29
Corporate and other	**n/a**	n/a
	22	19

Attributable ROCE increased to 22% in the six months ended 30 June 2019 (six months ended 30 June 2018: 19%), primarily because of higher attributable annualised underlying EBIT. Average attributable capital employed has increased to $27.9 billion (30 June 2018: $27.3 billion) primarily due to changes in accounting treatment arising from IFRS 16 *Leases*.

10. CAPITAL 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 61.

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	
US$ million	**6 months ended 30.06.19**	Year ended 31.12.18
De Beers	**8,648**	8,349
Copper	**7,258**	6,463
Platinum Group Metals	**4,264**	4,058
Iron Ore	**7,116**	6,929
Coal	**4,470**	4,131
Nickel and Manganese	**2,428**	2,390
Corporate and other	**44**	(51)
Capital employed	**34,228**	32,269
Reconciliation to the Consolidated balance sheet:		
Net debt	**(3,411)**	(2,848)
Debit valuation adjustment attributable to derivatives hedging net debt	**3**	15
Financial asset investments	**430**	396
Net assets	**31,250**	29,832

Notes to the Condensed financial statements

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 61.

Capital expenditure by segment

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
De Beers	**278**	156
Copper	**242**	368
Platinum Group Metals	**217**	216
Iron Ore	**278**	153
Coal	**336**	306
Nickel and Manganese	**20**	15
Corporate and other	**15**	6
Capital expenditure	**1,386**	1,220
Reconciliation to the Consolidated cashflow statement:		
Cash flows from derivatives related to capital expenditure	**(2)**	17
Proceeds from disposal of property, plant and equipment	**3**	10
Direct funding for capital expenditure received from non-controlling interests	**454**	29
Reimbursement of capital expenditure	**26**	—
Expenditure on property, plant and equipment	**1,867**	1,276

Direct funding for capital expenditure received from non-controlling interests represents capital expenditure relating to the Quellaveco project funded by Mitsubishi. Capital expenditure on the Quellaveco project in the six months ended 30 June 2019 was fully funded using cash subscriptions received from Mitsubishi in 2018 as part of the Quellaveco syndication transaction. At 30 June 2019, $61 million of the subscription amounts from 2018 remain, which are expected to be utilised in the period to 31 December 2019. Once fully utilised, Mitsubishi will continue to provide direct funding for its 40% share of capital expenditure via draw-downs against a committed shareholder facility which are recorded as borrowings on the Group's Consolidated balance sheet.

Reimbursement of capital expenditure relates to funding provided for the development of the Charterhouse Street office.

Capital expenditure by category

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
Expansionary	**231**	266
Stay-in-business	**653**	592
Stripping and development	**505**	372
Proceeds from disposal of property, plant and equipment	**(3)**	(10)
	1,386	1,220

Expansionary capital expenditure includes the cash flows from derivatives related to capital expenditure and is net of direct funding for capital expenditure received from non-controlling interests. Stay-in-business capital expenditure is net of reimbursement of capital expenditure.

Notes to the Condensed financial statements

12. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Overview

Investments in associates and joint ventures represent businesses the Group does not control, but instead exercises significant influence or joint control. These include the associates Cerrejón and Jellinbah (Coal) and the joint ventures Ferroport (Iron Ore) and Samancor (Nickel and Manganese). The Group's other investments in associates and joint ventures arise primarily in the Platinum Group Metals 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 61.

US$ million	**6 months ended 30.06.19**	6 months ended 30.06.18
Revenue	**1,102**	1,314
Operating costs (before special items and remeasurements)	**(671)**	(726)
Associates' and joint ventures' underlying EBIT	**431**	588
Net finance costs	**(15)**	(8)
Income tax expense	**(167)**	(206)
Non-controlling interests	**(4)**	(10)
Net income from associates and joint ventures (before special items and remeasurements)	**245**	364
Special items and remeasurements tax	**2**	2
Net income from associates and joint ventures	**247**	366

Further information

The Group's share of the results of the associates and joint ventures is as follows:

					30.06.19
US$ million	**Group revenue**	**Underlying EBITDA**	**Underlying EBIT**	**Share of net income**	**Dividends received**
Samancor (Nickel and Manganese)	**524**	**274**	**248**	**124**	**170**
Cerrejón (Coal)	**275**	**76**	**29**	**22**	**57**
Jellinbah (Coal)	**255**	**127**	**121**	**85**	**71**
Ferroport (Iron Ore)	**44**	**36**	**32**	**15**	**—**
Other	**4**	**2**	**1**	**1**	**3**
	1,102	**515**	**431**	**247**	**301**

					30.06.18
US$ million	Group revenue	Underlying EBITDA	Underlying EBIT	Share of net income	Dividends received
Samancor (Nickel and Manganese)	577	332	305	181	215
Cerrejón (Coal)	414	190	145	93	116
Jellinbah (Coal)	252	129	123	87	62
Ferroport (Iron Ore)	24	15	11	3	—
Other	47	16	4	2	3
	1,314	682	588	366	396

NET DEBT AND FINANCIAL RISK MANAGEMENT

Net debt increased from $2.8 billion to $3.4 billion during the period, primarily driven by the adoption of IFRS 16 *Leases*. Gearing has increased from 9% to 10%.

US$ million	6 months ended 30.06.19	Year ended 31.12.18
Net assets	**31,250**	29,832
Net debt including related derivatives (note 13)	**3,411**	2,848
Total capital	**34,661**	32,680
Gearing	**10%**	9%

Net debt is calculated as total borrowings less cash and cash equivalents (including derivatives that provide an economic hedge of net debt and excluding the impact of the debit valuation adjustment). Total capital is calculated as 'Net assets' (as shown in the Consolidated balance sheet) excluding net debt.

13. NET DEBT

Overview

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 61.

Movement in net debt

US$ million	Cash and cash equivalents	Short term borrowings	Medium and long term borrowings	Net debt excluding derivatives	Derivatives hedging net debt	Net debt including derivatives
At 1 January 2018	7,792	(1,324)	(10,620)	(4,152)	(349)	(4,501)
Cash flow	(1,343)	438	1,575	670	70	740
Reclassifications	—	(449)	449	—	—	—
Movement in fair value	—	2	186	188	(291)	(103)
Other non-cash movements	—	63	(132)	(69)	—	(69)
Currency movements	(190)	35	101	(54)	—	(54)
At 30 June 2018	6,259	(1,235)	(8,441)	(3,417)	(570)	(3,987)
Cash flow	395	639	91	1,125	180	1,305
Reclassifications	—	15	(15)	—	—	—
Movement in fair value	—	6	(70)	(64)	(54)	(118)
Other non-cash movements	—	(29)	(5)	(34)	—	(34)
Currency movements	(106)	23	69	(14)	—	(14)
At 31 December 2018	**6,548**	**(581)**	**(8,371)**	**(2,404)**	**(444)**	**(2,848)**
Impact of adoption of IFRS 16 (note 2)	**—**	**(148)**	**(321)**	**(469)**	**—**	**(469)**
At 1 January 2019	**6,548**	**(729)**	**(8,692)**	**(2,873)**	**(444)**	**(3,317)**
Cash flow	**489**	**515**	**(1,022)**	**(18)**	**69**	**51**
Reclassifications	**—**	**(220)**	**220**	**—**	**—**	**—**
Movement in fair value	**—**	**3**	**(266)**	**(263)**	**189**	**(74)**
Other non-cash movements	**—**	**(81)**	**(47)**	**(128)**	**—**	**(128)**
Currency movements	**27**	**3**	**27**	**57**	**—**	**57**
At 30 June 2019	**7,064**	**(509)**	**(9,780)**	**(3,225)**	**(186)**	**(3,411)**

Other non-cash movements include $118 million relating to leases entered into in the six months ended 30 June 2019.

13. NET DEBT (continued)

Further information

Reconciliation to the Consolidated balance sheet

	Cash and cash equivalents			Short term borrowings			Medium and long term borrowings		
US$ million	**30.06.19**	30.06.18	31.12.18	**30.06.19**	30.06.18	31.12.18	**30.06.19**	30.06.18	31.12.18
Balance sheet	**7,133**	6,277	6,567	**(578)**	(1,253)	(600)	**(9,780)**	(8,441)	(8,371)
Bank overdrafts	**(69)**	(18)	(19)	**69**	18	19	**—**	—	—
Net cash/(debt) classifications	**7,064**	6,259	6,548	**(509)**	(1,235)	(581)	**(9,780)**	(8,441)	(8,371)

Following the adoption of IFRS 16 *Leases* from 1 January 2019, lease liabilities of $469 million have been recognised within external borrowings included within net debt. Corresponding right of use assets are recognised within property, plant and equipment.

Net debt excludes the debit valuation adjustment to derivative liabilities hedging net debt of $3 million (31 December 2018: $15 million). This adjustment reflects the impact of the Group's own credit risk on the fair value of these liabilities.

South Africa net cash

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. On a legally owned basis cash and cash equivalents in South Africa is $5,811 million (31 December 2018: $5,316 million) and net cash is $5,104 million (31 December 2018: $4,603 million).

Cash that is legally owned by South African companies is managed outside of South Africa, as part of the Group cash pooling arrangement. Below is a breakdown of net cash managed in South Africa:

US$ million	**6 months ended 30.06.19**	Year ended 31.12.18
Cash and cash equivalents	**1,416**	1,382
Short term borrowings	**(30)**	(113)
Medium and long term borrowings	**(678)**	(601)
Net cash excluding derivatives	**708**	668
Derivatives	**1**	1
Net cash including derivatives	**709**	669

Following the adoption of IFRS 16 *Leases* from 1 January 2019, lease liabilities of $94 million for assets leased in South Africa have been recognised within borrowings included within South Africa net cash at 30 June 2019.

14. BORROWINGS

Overview

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 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 2019, the Group issued bonds with a US dollar equivalent value of $1.0 billion. The issuance consisted of €500 million 1.625% Guaranteed Notes due 2026 and £300 million 3.375% Guaranteed Notes due 2029, both under the Euro Medium Term Note Programme.

Further information

US$ million			**6 months ended 30.06.19**			Year ended 31.12.18
	Short term borrowings	**Medium and long term borrowings**	**Total borrowings**	Short term borrowings	Medium and long term borrowings	Total borrowings
Secured						
Bank loans and overdrafts	**28**	**21**	**49**	25	31	56
Obligations under leases	**221**	**362**	**583**	12	58	70
Other loans	**6**	**77**	**83**	—	57	57
	255	**460**	**715**	37	146	183
Unsecured						
Bank loans and overdrafts	**61**	**117**	**178**	13	129	142
Bonds	**158**	**9,135**	**9,293**	420	8,095	8,515
Interest payable and other loans	**104**	**68**	**172**	130	1	131
	323	**9,320**	**9,643**	563	8,225	8,788
Total borrowings	**578**	**9,780**	**10,358**	600	8,371	8,971

Undrawn committed borrowing facilities

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

US$ million	**6 months ended 30.06.19**	Year ended 31.12.18
Expiry date		
Within one year	**1,143**	223
Greater than one year, less than two years	**282**	1,182
Greater than two years, less than three years	**1,068**	1,035
Greater than three years, less than four years	**1,890**	—
Greater than four years, less than five years	**4,690**	4,874
	9,073	7,314

Undrawn committed borrowing facilities expiring within one year include undrawn South African rand facilities equivalent to $0.2 billion (31 December 2018: $0.2 billion) in respect of facilities with a 364 day maturity which roll automatically on a daily basis, unless notice is served.

As at 30 June 2019, capital commitments associated with the Quellaveco project were $2.2 billion (31 December 2018: $1.5 billion). Committed borrowing facilities include a shareholder loan facility of $1.8 billion from Mitsubishi Corporation which became available to Anglo American Quellaveco S.A. on 1 January 2019 to meet Mitsubishi's commitment to fund 40% of remaining capital expenditure on the Quellaveco project (Copper).

Notes to the Condensed financial statements

15. FINANCIAL INSTRUMENTS

Financial instruments overview

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

Where discounted cash flow models based on management's assumptions are used, the resulting fair value measurements are considered to be at level 3 in the fair value hierarchy, as defined in IFRS 13 *Fair Value Measurement*, as they depend to a significant extent on unobservable valuation inputs.

All derivatives that have been designated into hedge relationships have been separately disclosed.

						30.06.19
US$ million	**At fair value through profit and loss**	**Financial assets at amortised cost**	**At fair value through other comprehensive income**	**Designated into hedges**	**Financial liabilities at amortised cost**	**Total**
Financial assets						
Trade and other receivables	**1,289**	**932**	**—**	**—**	**—**	**2,221**
Derivative financial assets	**127**	**—**	**—**	**340**	**—**	**467**
Cash and cash equivalents	**4,599**	**2,534**	**—**	**—**	**—**	**7,133**
Financial asset investments	**5**	**385**	**40**	**—**	**—**	**430**
	6,020	**3,851**	**40**	**340**	**—**	**10,251**
Financial liabilities						
Trade and other payables	**(782)**	**—**	**—**	**—**	**(3,422)**	**(4,204)**
Derivative financial liabilities	**(646)**	**—**	**—**	**—**	**—**	**(646)**
Borrowings	**—**	**—**	**—**	**(9,352)**	**(1,006)**	**(10,358)**
	(1,428)	**—**	**—**	**(9,352)**	**(4,428)**	**(15,208)**
Net financial assets/(liabilities)	**4,592**	**3,851**	**40**	**(9,012)**	**(4,428)**	**(4,957)**

						31.12.18
US$ million	At fair value through profit and loss	Financial assets at amortised cost	At fair value through other comprehensive income	Designated into hedges	Financial liabilities at amortised cost	Total
Financial assets						
Trade and other receivables	996	810	—	—	—	1,806
Derivative financial assets	129	—	—	212	—	341
Cash and cash equivalents	4,407	2,160	—	—	—	6,567
Financial asset investments	—	358	38	—	—	396
	5,532	3,328	38	212	—	9,110
Financial liabilities						
Trade and other payables	(909)	—	—	—	(3,430)	(4,339)
Derivative financial liabilities	(607)	—	—	(109)	—	(716)
Borrowings	—	—	—	(8,599)	(372)	(8,971)
	(1,516)	—	—	(8,708)	(3,802)	(14,026)
Net financial assets/(liabilities)	4,016	3,328	38	(8,496)	(3,802)	(4,916)

Trade and other receivables exclude prepayments and tax receivables. Trade and other payables exclude tax, social security, contract liabilities and deferred income.

Notes to the Condensed financial statements

15. FINANCIAL INSTRUMENTS (continued)

Fair value hierarchy

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

				30.06.19				31.12.18
US$ million	**Level 1**	**Level 2**	**Level 3**	**Total**	Level 1	Level 2	Level 3	Total
Financial assets								
At fair value through profit and loss								
Provisionally priced trade receivables	**—**	**1,013**	**—**	**1,013**	—	726	—	726
Other receivables	**—**	**—**	**276**	**276**	—	—	270	270
Financial asset investments	**—**	**—**	**5**	**5**	—	—	—	—
Derivatives hedging net debt	**—**	**22**	**—**	**22**	—	7	—	7
Other derivatives	**17**	**88**	**—**	**105**	9	113	—	122
Cash and cash equivalents	**4,599**	**—**	**—**	**4,599**	4,407	—	—	4,407
Designated into hedges								
Derivatives hedging net debt	**—**	**340**	**—**	**340**	—	212	—	212
At fair value through other comprehensive income								
Financial asset investments	**9**	**—**	**31**	**40**	10	—	28	38
	4,625	**1,463**	**312**	**6,400**	4,426	1,058	298	5,782
Financial liabilities								
At fair value through profit and loss								
Provisionally priced trade payables	**—**	**(614)**	**—**	**(614)**	—	(751)	—	(751)
Other payables	**—**	**—**	**(168)**	**(168)**	—	—	(158)	(158)
Derivatives hedging net debt	**—**	**(548)**	**—**	**(548)**	—	(554)	—	(554)
Other derivatives	**(30)**	**(71)**	**—**	**(101)**	(8)	(60)	—	(68)
Designated into hedges								
Derivatives hedging net debt	**—**	**—**	**—**	**—**	—	(109)	—	(109)
Debit valuation adjustment to derivative liabilities	**—**	**3**	**—**	**3**	—	15	—	15
	(30)	**(1,230)**	**(168)**	**(1,428)**	(8)	(1,459)	(158)	(1,625)
Net assets/(liabilities) carried at fair value	**4,595**	**233**	**144**	**4,972**	4,418	(401)	140	4,157

Fair value hierarchy	Valuation technique
Level 1	Valued using unadjusted quoted prices in active markets for identical financial instruments. This category includes cash and cash equivalents held in money market funds, listed equity shares and quoted futures.
Level 2	Instruments in this category are valued using valuation techniques where all of the inputs that have a significant effect on the valuation are directly or indirectly based on observable market data. This category includes provisionally priced trade receivables and payables and over-the-counter derivatives.
Level 3	Instruments in this category have been valued using a valuation technique where at least one input (which could have a significant effect on the instrument's valuation) is not based on observable market data. Where inputs can be observed from market data without undue cost and effort, the observed input is used. Otherwise, management determines a reasonable estimate for the input. This category includes contingent consideration, receivables relating to disposals and unlisted equity investments.

Notes to the Condensed financial statements

EQUITY

Equity represents the capital of the Group attributable to Company shareholders and non-controlling interests, and includes share capital, share premium and reserves.

Total equity has increased from $29.8 billion to $31.3 billion in the period, principally reflecting the profit for the period, partially offset by dividends to Company shareholders and non-controlling interests.

16. NON-CONTROLLING INTERESTS

Overview

Non-controlling interests that are material to the Group relate to the following subsidiaries:

- De Beers plc (De Beers), which is a company incorporated in the United Kingdom. It is the world's leading diamond company with operations across all key parts of the diamond value chain. Non-controlling interests hold a 15% (31 December 2018: 15%) interest in De Beers, which represents the whole of the Diamonds reportable segment.
- Anglo American Sur S.A. (Anglo American Sur), which is a company incorporated in Chile. Its principal operations are the Los Bronces and El Soldado copper mines and the Chagres smelter, which are located in Chile. Non-controlling interests hold a 49.9% (31 December 2018: 49.9%) interest in Anglo American Sur.
- Anglo American Platinum Limited (Anglo American Platinum), which is a company incorporated in South Africa and listed on the JSE. Its principal mining operations are the Mogalakwena and Amandelbult platinum group metals mines which are located in South Africa. Non-controlling interests hold an effective 20.6% (31 December 2018: 20.6%) interest in the operations of Anglo American Platinum, which represents the whole of the Platinum Group Metals reportable segment.
- Kumba Iron Ore Limited (Kumba Iron Ore), which is a company incorporated in South Africa and listed on the JSE. Its principal mining operations are the Sishen and Kolomela iron ore mines which are located in South Africa. Non-controlling interests hold an effective 46.6% (31 December 2018: 46.4%) interest in the operations of Kumba Iron Ore, comprising the 30.0% (31 December 2018: 29.7%) interest held by other shareholders in Kumba Iron Ore and the 23.7% (31 December 2018: 23.7%) of Kumba Iron Ore's principal operating subsidiary, Sishen Iron Ore Company Proprietary Limited, that is held by shareholders outside the Group.

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 61.

Further information

						30.06.19
US$ million	**De Beers**	**Anglo American Sur**	**Anglo American Platinum**	**Kumba Iron Ore**	**Other**	**Total**
Underlying earnings attributable to non-controlling interests	**31**	**91**	**103**	**422**	**5**	**652**
Profit attributable to non-controlling interests	**34**	**29**	**108**	**431**	**11**	**613**
Dividends paid to non-controlling interests	**(4)**	**(143)**	**(36)**	**(220)**	**(18)**	**(421)**
Equity attributable to non-controlling interests	**1,436**	**1,600**	**771**	**1,711**	**1,087**	**6,605**

						30.06.18
US$ million	De Beers	Anglo American Sur	Anglo American Platinum	Kumba Iron Ore	Other	Total
Underlying earnings attributable to non-controlling interests	31	113	66	146	30	386
Profit attributable to non-controlling interests	17	113	46	146	33	355
Dividends paid to non-controlling interests	(2)	(100)	(25)	(251)	(5)	(383)

						31.12.18
US$ million	De Beers	Anglo American Sur	Anglo American Platinum	Kumba Iron Ore	Other	Total
Equity attributable to non-controlling interests	1,409	1,573	691	1,474	1,087	6,234

UNRECOGNISED ITEMS AND UNCERTAIN EVENTS

17. EVENTS OCCURRING AFTER THE PERIOD END

On 25 July 2019, the Group announced that the directors have approved the establishment of up to $1 billion on-market share buyback programme to be executed concurrently on both the London Stock Exchange (LSE) and Johannesburg Stock Exchange (JSE).

With the exception of the declaration of the 2019 interim dividend, there have been no other reportable events since 30 June 2019.

18. 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 the possibility of 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.

Responsibility statement

We confirm that to the best of our knowledge:

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

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

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

By order of the Board

Mark Cutifani	**Stephen Pearce**
Chief Executive	Finance Director

INDEPENDENT REVIEW REPORT TO ANGLO AMERICAN PLC

We have been engaged by the Company to review the Condensed financial statements in the Half year financial report for the six months ended 30 June 2019 which comprises the Consolidated income statement, the Consolidated statement of comprehensive income, the Consolidated balance sheet, the Consolidated cash flow statement, the Consolidated statement of changes in equity and related notes 1 to 18. We have read the other information contained in the Half year financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the Condensed set of financial statements.

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

Directors' responsibilities

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

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

Our responsibility

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

Scope of review

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

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the Condensed financial statements in the Half year financial report for the six months ended 30 June 2019 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Deloitte LLP
Statutory Auditor
London, United Kingdom
24 July 2019

Summary by operation

The disclosures in this section include certain Alternative Performance Measures (APMs). For more information on the APMs used by the Group, including definitions, please refer to page 61.

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

US$ million (unless otherwise stated)	Sales volume	Realised price	Unit cost	Group revenue[1]	Underlying EBITDA	Underlying EBIT	Underlying earnings	Capital expenditure 6 months ended 30.06.19
	'000 cts	$/ct	$/ct					
De Beers	**15,547** [2]	**151** [3]	**62** [4]	**2,647** [5]	**518**	**324**	**187**	**278**
Mining								
Botswana (Debswana)	n/a	148 [3]	27 [4]	n/a	225	198	n/a	42
Namibia (Namdeb Holdings)	n/a	552 [3]	317 [4]	n/a	80	62	n/a	27
South Africa (DBCM)	n/a	125 [3]	62 [4]	n/a	38	26	n/a	128
Canada	n/a	159 [3]	49 [4]	n/a	160	121	n/a	24
Trading	n/a	n/a	n/a	n/a	96	93	n/a	—
Other[6]	n/a	n/a	n/a	n/a	(57)	(152)	n/a	57
Projects and corporate	n/a	n/a	n/a	n/a	(24)	(24)	n/a	—
	kt	c/lb	c/lb					
Copper	**307** [7]	**280** [8]	**135** [9]	**2,676**	**789**	**469**	**212**	**242**
Los Bronces	175	n/a	135 [9]	1,008	464	291	n/a	103
Collahuasi [10]	107	n/a	121 [9]	597	370	255	180	112.0
Quellaveco [11]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	—
Other operations	25 [7]	n/a	n/a	1,071	32	1	n/a	26
Projects and corporate	n/a	n/a	n/a	—	(77)	(78)	(52)	1
	koz	$/Pt oz	$/Pt oz					
Platinum Group Metals	**1,009** [12]	**2,685** [13]	**1,551** [14]	**3,007**	**824**	**659**	**352**	**217**
Mogalakwena	231 [12]	3,354 [13]	1,353 [14]	779	442	373	n/a	119
Amandelbult	194 [12]	2,485 [13]	1,720 [14]	485	126	100	n/a	26
Other operations [15]	186 [12]	2,741 [13]	1,629 [14]	499	130	74	n/a	72
Processing and trading[16]	398 [12]	n/a	n/a	1,244	162	148	n/a	—
Projects and corporate	n/a	n/a	n/a	—	(36)	(36)	n/a	—
	Mt	$/t	$/t					
Iron Ore	**n/a**	**n/a**	**n/a**	**3,584**	**2,036**	**1,819**	**994**	**278**
Kumba Iron Ore	21.4	108 [17]	34 [18]	2,427	1,393	1,241	463 [19]	186
Iron Ore Brazil (Minas-Rio)	10.6	92 [20]	21 [21]	1,157	693	628	582	92
Projects and corporate	n/a	n/a	n/a	—	(50)	(50)	(51) [19]	—
	Mt	$/t	$/t					
Coal	**23.5**	**n/a**	**n/a**	**3,204**	**996**	**607**	**405**	**336**
Metallurgical Coal	9.9 [22]	187 [23]	68 [24]	1,880	934	638	444	253
Thermal Coal – South Africa	9.2 [25]	64 [26]	46 [27]	1,049	40	(6)	(5)	83
Thermal Coal – Colombia[28]	4.4	62	36	275	76	29	17	—
Projects and corporate	n/a	n/a	n/a	—	(54)	(54)	(51)	—
Nickel and Manganese	**n/a**	**n/a**	**n/a**	**756**	**326** [29]	**249**	**139**	**20**
Nickel	18,600 t	563 c/lb	410 c/lb [30]	232	52	1	14	20
Manganese (Samancor)[31]	1.9 Mt	n/a	n/a	524	274	248	125	—
Corporate and other	**n/a**	**n/a**	**n/a**	**—**	**(38)**	**(112)**	**(284)**	**15**
Exploration	n/a	n/a	n/a	—	(53)	(54)	(47)	—
Corporate activities and unallocated costs	n/a	n/a	n/a	—	15	(58)	(237)	15
	n/a	**n/a**	**n/a**	**15,874**	**5,451**	**4,015**	**2,005**	**1,386**

See page 60 for footnotes.

Summary by operation (continued)

US$ million (unless otherwise stated)	Sales volume	Realised price	Unit cost	Group revenue[1]	Underlying EBITDA	Underlying EBIT	Underlying earnings	6 months ended 30.06.18 Capital expenditure
	'000 cts	$/ct	$/ct					
De Beers	17,845 [2]	162 [3]	67 [4]	3,192 [5]	712	412	202	156
Mining								
Botswana (Debswana)	n/a	155 [3]	31 [4]	n/a	263	234	n/a	34
Namibia (Namdeb Holdings)	n/a	545 [3]	272 [4]	n/a	90	73	n/a	19
South Africa (DBCM)	n/a	106 [3]	73 [4]	n/a	71	2	n/a	66
Canada	n/a	157 [3]	51 [4]	n/a	126	52	n/a	17
Trading	n/a	n/a	n/a	n/a	253	249	n/a	—
Other[6]	n/a	n/a	n/a	n/a	(65)	(172)	n/a	20
Projects and corporate	n/a	n/a	n/a	n/a	(26)	(26)	n/a	—
	kt	c/lb	c/lb					
Copper	306 [7]	297 [8]	142 [9]	2,429	966	668	249	368
Los Bronces	172	n/a	151 [9]	1,062	544	374	n/a	89
Collahuasi[10]	111	n/a	116 [9]	708	465	360	204	128
Quellaveco[11]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	127
Other operations	23 [7]	n/a	n/a	659	33	10	n/a	24
Projects and corporate	n/a	n/a	n/a	—	(76)	(76)	(53)	—
	koz	$/Pt oz	$/Pt oz					
Platinum Group Metals	1,117 [12]	2,318 [13]	1,591 [14]	2,755	511	328	209	216
Mogalakwena	241 [12]	2,887 [13]	1,400 [14]	701	316	240	n/a	98
Amandelbult	204 [12]	2,345 [13]	1,764 [14]	482	82	51	n/a	20
Other operations[15]	166 [12]	2,350 [13]	1,880 [14]	423	27	(33)	n/a	98
Processing and trading[16]	506 [12]	n/a	n/a	1,149	116	100	n/a	—
Projects and corporate	n/a	n/a	n/a	—	(30)	(30)	n/a	—
	Mt	$/t	$/t					
Iron Ore	n/a	n/a	n/a	1,900	454	245	67	153
Kumba Iron Ore	21.2	69 [17]	35 [18]	1,590	574	417	149 [19]	138
Iron Ore Brazil (Minas-Rio)	3.2	70 [20]	n/a [21]	310	(74)	(126)	(38)	15
Projects and corporate	n/a	n/a	n/a	—	(46)	(46)	(44) [19]	—
	Mt	$/t	$/t					
Coal	24.6	n/a	n/a	3,877	1,640	1,300	881	306
Metallurgical Coal	10.7 [22]	194 [23]	66 [24]	2,089	1,157	931	661	219
Thermal Coal – South Africa	8.7 [25]	88 [26]	48 [27]	1,374	341	272	177	87
Thermal Coal – Colombia[28]	5.2	79	35	414	190	145	89	—
Projects and corporate	n/a	n/a	n/a	—	(48)	(48)	(46)	—
Nickel and Manganese	n/a	n/a	n/a	857	420 [29]	350	223	15
Nickel	20,100 t	632 c/lb	378 c/lb [30]	280	88	45	63	15
Manganese (Samancor)[31]	1.8 Mt	n/a	n/a	577	332	305	160	—
Corporate and other	n/a	n/a	n/a	2	(126)	(128)	(266)	6
Exploration	n/a	n/a	n/a	—	(48)	(48)	(44)	—
Corporate activities and unallocated costs	n/a	n/a	n/a	2	(78)	(80)	(222)	6
	n/a	n/a	n/a	15,012	4,577	3,175	1,565	1,220

See page 60 for footnotes.

Summary by operation (continued)

US$ million (unless otherwise stated)	Sales volume	Realised price	Unit cost	Group revenue[1]	Underlying EBITDA	Underlying EBIT	Underlying earnings	Year ended 31.12.18 Capital expenditure
	’000 cts	$/ct	$/ct					
De Beers	31,656 [2]	171 [3]	60 [4]	6,082 [5]	1,245	694	349	417
Mining								
Botswana (Debswana)	n/a	155 [3]	28 [4]	n/a	495	441	n/a	97
Namibia (Namdeb Holdings)	n/a	550 [3]	274 [4]	n/a	176	140	n/a	38
South Africa (DBCM)	n/a	109 [3]	54 [4]	n/a	163	58	n/a	177
Canada [32]	n/a	144 [3]	52 [4]	n/a	231	78	n/a	127
Trading	n/a	n/a	n/a	n/a	413	407	n/a	2
Other [6]	n/a	n/a	n/a	n/a	(184)	(381)	n/a	(50)
Projects and corporate	n/a	n/a	n/a	n/a	(49)	(49)	n/a	26
	kt	c/lb	c/lb					
Copper	672 [7]	283 [8]	134 [9]	5,168	1,856	1,234	917	703
Los Bronces	376	n/a	145 [9]	2,175	969	625	n/a	217
Collahuasi [10]	243	n/a	105 [9]	1,460	960	736	642	295
Quellaveco [11]	n/a	n/a	n/a	n/a	n/a	n/a	n/a	131
Other operations	53 [7]	n/a	n/a	1,533	82	28	n/a	60
Projects and corporate	n/a	n/a	n/a	—	(155)	(155)	(104)	—
	koz	$/Pt oz	$/Pt oz					
Platinum Group Metals	2,424 [12]	2,219 [13]	1,561 [14]	5,680	1,062	705	418	496
Mogalakwena	492 [12]	2,759 [13]	1,398 [14]	1,367	623	478	n/a	210
Amandelbult	445 [12]	2,222 [13]	1,717 [14]	996	153	96	n/a	74
Other operations [15]	367 [12]	2,275 [13]	1,600 [14]	889	131	8	n/a	212
Processing and trading [16]	1,120 [12]	n/a	n/a	2,428	219	187	n/a	—
Projects and corporate	n/a	n/a	n/a	—	(64)	(64)	n/a	—
	Mt	$/t	$/t					
Iron Ore	n/a	n/a	n/a	3,768	1,177	747	(117)	415
Kumba Iron Ore	43.3	72 [17]	32 [18]	3,440	1,544	1,213	465 [19]	309
Iron Ore Brazil (Minas-Rio)	3.2	70 [20]	n/a [21]	328	(272)	(371)	(492)	106
Projects and corporate	n/a	n/a	n/a	—	(95)	(95)	(90) [19]	—
	Mt	$/t	$/t					
Coal	50.4	n/a	n/a	7,788	3,196	2,538	1,755	722
Metallurgical Coal	22.0 [22]	190 [23]	64 [24]	4,231	2,210	1,774	1,280	574
Thermal Coal – South Africa	18.3 [25]	87 [26]	44 [27]	2,719	695	566	379	148
Thermal Coal – Colombia[28]	10.1	83	36	838	388	295	193	—
Projects and corporate	n/a	n/a	n/a	—	(97)	(97)	(97)	—
Nickel and Manganese	n/a	n/a	n/a	1,707	844 [29]	685	526	38
Nickel	43,100 t	588 c/lb	361 c/lb [30]	560	181	75	171	38
Manganese (Samancor)[31]	3.7 Mt	n/a	n/a	1,147	663	610	355	—
Corporate and other	n/a	n/a	n/a	3	(219)	(226)	(611)	27
Exploration	n/a	n/a	n/a	—	(113)	(113)	(105)	—
Corporate activities and unallocated costs	n/a	n/a	n/a	3	(106)	(113)	(506)	27
	n/a	n/a	n/a	30,196	9,161	6,377	3,237	2,818

See page 60 for footnotes.

Summary by operation (continued)

(1) Group revenue for copper is shown after deduction of treatment and refining charges (TC/RCs).

(2) Total sales volumes on a 100% basis were 16.5 million carats (six months ended 30 June 2018: 18.8 million carats; year ended 31 December 2018: 33.7 million carats). Total sales volumes (100%) include De Beers Group's joint arrangement partners' 50% proportionate share of sales to entities outside De Beers Group from Diamond Trading Company Botswana and Namibia Diamond Trading Company.

(3) Pricing for the mining business units is based on 100% selling value post-aggregation of goods. The De Beers realised price includes the price impact of the sale of non-equity product and, as a result, is not directly comparable to De Beers unit costs, which relate to equity production only.

(4) Unit cost is based on consolidated production and operating costs, excluding depreciation and operating special items, divided by carats recovered.

(5) Includes rough diamond sales of $2.3 billion (six months ended 30 June 2018: $2.9 billion; year ended 31 December 2018: $5.4 billion).

(6) Other includes Element Six, downstream, acquisition accounting adjustments.

(7) Excludes 142 kt third-party sales (six months ended 30 June 2018: 71 kt; year ended 31 December 2018: 178 kt).

(8) Realised price, excludes impact of third-party sales.

(9) C1 unit cost includes by-product credits.

(10) 44% share of Collahuasi production, sales and financials.

(11) Capex is presented after deducting direct funding from non-controlling interests. H1 2019 capex on a 100% basis was $454 million, which was fully funded by cash from the Mitsubishi syndication transaction in 2018, and hence is not included in reported capex.

FY 2018 capex on a 100% basis was $505 million. $187 million was spent prior to project approval on 26 July 2018, of which the Group funded $131 million and Mitsubishi funded $56 million. A further $318 million was spent post-approval, of which the Group's 60% share was funded from the Mitsubishi syndication transaction and hence is not included in reported capex.

(12) Sales volumes exclude the sale of refined metal purchased from third parties and toll material. Comparatives include purchase of concentrate volumes now transitioned to tolling.

(13) Average US$ realised basket price. Excludes the impact of the sale of refined metal purchased from third parties.

(14) Total cash operating costs – includes on-mine, smelting and refining costs only.

(15) Includes Unki, Union (prior to disposal), Mototolo (post-acquisition on 1 November 2018), PGMs' share of joint operations.

(16) Purchase of concentrate from joint operations, associates and third parties for processing into refined metals, tolling and trading activities.

(17) Prices for Kumba Iron Ore are the average realised export basket price (FOB Saldanha).

(18) Unit costs for Kumba Iron Ore are on an FOB dry basis.

(19) Of the projects and corporate expense, which includes a corporate cost allocation, $27 million (six months ended 30 June 2018: $24 million; year ended 31 December 2018: $46 million) relates to Kumba Iron Ore. The total contribution from Kumba Iron Ore to the Group's underlying earnings is $436 million (six months ended 30 June 2018: $125 million; year ended 31 December 2018: $414 million).

(20) Prices for Minas-Rio are the average realised export basket price (FOB Açu) (wet basis).

(21) Unit costs for Minas-Rio are on an FOB wet basis and are not disclosed for 2018 due to the suspension of operations.

(22) Metallurgical Coal sales volumes exclude thermal coal sales of 0.7 Mt (six months ended 30 June 2018: 0.7 Mt; year ended 31 December 2018: 1.6 Mt).

(23) Metallurgical Coal realised price is the weighted average hard coking coal and PCI sales price achieved.

(24) FOB cost per saleable tonne, excluding royalties. Metallurgical Coal excludes study costs.

(25) South African sales volumes include export primary production, secondary production sold into export markets and production sold domestically at export parity pricing and exclude domestic sales of 4.4 Mt (six months ended 30 June 2018: 7.9 Mt; year ended 31 December 2018: 10.3 Mt) and non-equity traded sales of 5.5 Mt (six months ended 30 June 2018: 4.7 Mt; year ended 31 December 2018: 9.5 Mt). Included in 2018 is domestic sales of 2.8 Mt from the Eskom-tied operations, which was sold on 1 March 2018.

(26) Thermal Coal – South Africa realised price is the weighted average export thermal coal price achieved. Excludes third-party sales.

(27) FOB cost per saleable tonne, excluding royalties. Thermal Coal – South Africa unit cost is for the trade operations.

(28) Represents the Group's attributable share from its 33.3% interest in Cerrejón.

(29) Nickel segment includes $5 million projects and corporate costs (six months ending 30 June 2018: $4 million; year ended 31 December 2018: $8 million).

(30) C1 unit cost.

(31) Sales and financials include ore and alloy.

(32) For the year ended 31 December 2018, capital expenditure includes the acquisition of Peregrine Diamonds Limited for a consideration of $87 million.

Alternative performance measures

Introduction

When assessing and discussing the Group's reported financial performance, financial position and cash flows, management makes 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 2018 with the exception of the new accounting pronouncement disclosed in note 2.
- Non-financial APMs: These measures incorporate certain non-financial information that management believes is useful when assessing the performance of the Group.

The table below summarises the Group's financial APMs. 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. Refer to page 208 of the Group's Annual Report for the year ended 31 December 2018 for more information about the purpose and definition of APMs.

Group APM	Closest equivalent IFRS measure	Adjustments to reconcile to primary statements	Reconciliation to IFRS measure
Income statement			
Group revenue	Revenue	• Revenue from associates and joint ventures	Note 3
Underlying EBIT	Profit/(loss) before net finance income/ (costs) and tax	• Operating and non-operating special items and remeasurements • Underlying EBIT from associates and joint ventures	Note 3
Underlying EBITDA	Profit/(loss) before net finance income/ (costs) and tax	• Operating and non-operating special items and remeasurements • Depreciation and amortisation • Underlying EBITDA from associates and joint ventures	Note 3
Underlying earnings	Profit/(loss) for the financial period attributable to equity shareholders of the Company	• Special items and remeasurements	Note 3
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	Note 6
Underlying earnings per share	Earnings per share	• Special items and remeasurements	Notes 3 and 4
Mining EBITDA margin	Operating profit margin	• Revenue from associates and joint ventures • Operating and non-operating special items and remeasurements • Underlying EBIT from associates and joint ventures • Adjustment to Debswana to reflect as a 50/50 joint operation • Exclusion of third-party sales, purchases and trading activity	Page 63
Balance sheet			
Net debt	Borrowings less cash and related hedges	• Debit valuation adjustment	Note 13
Attributable ROCE	No direct equivalent	• Non-controlling interests' share of capital employed and underlying EBIT • Average of opening and closing attributable capital employed	Page 62
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 • Reimbursement of capital expenditure	Note 11
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 • Dividends to non-controlling interests • Lease commitments arising on the commencement of new leases following the adoption of IFRS 16 *Leases* from 1 January 2019	Page 7

Alternative performance measures (continued)

Attributable return on capital employed (ROCE)

Attributable ROCE is calculated as attributable underlying EBIT[1] divided by average attributable capital employed. Since the APM has no direct equivalent under IFRS it is not reconciled to an IFRS measure within the Condensed financial statements. The table below sets out the calculation of attributable ROCE. A reconciliation to 'Profit/(loss) before net finance income/(costs) and tax', the closest equivalent IFRS measure to underlying EBIT, is provided within note 3 to the Condensed financial statements. A reconciliation to 'Net assets', the closest equivalent IFRS measure to capital employed, is provided within note 10 to the Condensed financial statements.

	Attributable ROCE %	
	6 months ended 30.06.19	6 months ended 30.06.18
De Beers[1]	**7**	8
Copper	**14**	23
Platinum Group Metals	**29**	14
Iron Ore	**42**	2
Coal	**28**	77
Nickel and Manganese	**20**	29
Corporate and other	**n/a**	n/a
	22	19

30.06.19

US$ million	**Underlying EBIT**	**Annualised underlying EBIT**	**Less: Non-controlling interests' share of annualised underlying EBIT**	**Attributable annualised underlying EBIT**	**Opening attributable capital employed**	**Closing capital employed**	**Less: Non-controlling interests' share of closing capital employed**	**Closing attributable capital employed**	**Average attributable capital employed**
De Beers[1]	**324**	**604**	**(93)**	**511**	**7,164**	**8,648**	**(1,233)**	**7,415**	**7,290**
Copper	**469**	**938**	**(295)**	**643**	**4,334**	**7,258**	**(2,443)**	**4,815**	**4,575**
Platinum Group Metals	**659**	**1,318**	**(294)**	**1,024**	**3,416**	**4,264**	**(685)**	**3,579**	**3,498**
Iron Ore	**1,819**	**3,638**	**(1,167)**	**2,471**	**5,799**	**7,116**	**(1,137)**	**5,979**	**5,889**
Coal	**607**	**1,214**	**(8)**	**1,206**	**4,066**	**4,470**	**(64)**	**4,406**	**4,236**
Nickel and Manganese	**249**	**498**	**(7)**	**491**	**2,390**	**2,428**	**—**	**2,428**	**2,409**
Corporate and other	**(112)**	**(224)**	**3**	**(221)**	**(51)**	**44**	**—**	**44**	**(4)**
	4,015	**7,986**	**(1,861)**	**6,125**	**27,118**	**34,228**	**(5,562)**	**28,666**	**27,893**

30.06.18

US$ million	Underlying EBIT	Annualised underlying EBIT	Less: Non-controlling interests' share of annualised underlying EBIT	Attributable annualised underlying EBIT	Opening attributable capital employed	Closing capital employed	Less: Non-controlling interests' share of closing capital employed	Closing attributable capital employed	Average attributable capital employed
De Beers[1]	412	737	(115)	622	7,970	8,496	(1,209)	7,287	7,629
Copper	668	1,336	(370)	966	4,159	5,877	(1,689)	4,188	4,173
Platinum Group Metals	328	656	(155)	501	3,841	4,125	(648)	3,477	3,659
Iron Ore	245	490	(394)	96	6,345	7,257	(1,078)	6,179	6,262
Coal	1,300	2,600	(69)	2,531	3,287	3,395	(75)	3,320	3,304
Nickel and Manganese	350	700	(18)	682	2,364	2,326	—	2,326	2,345
Corporate and other	(128)	(256)	—	(256)	(241)	35	—	35	(103)
	3,175	6,263	(1,121)	5,142	27,725	31,511	(4,699)	26,812	27,269

[1] For half year reporting attributable underlying EBIT is annualised apart from the calculation of De Beers' attributable ROCE, where it is based on the prior 12 months, rather than the annualised half year performance, owing to the seasonality of sales and underlying EBIT profile of De Beers.

Alternative performance measures (continued)

Mining EBITDA margin

The Mining EBITDA margin is derived from the Group's Underlying EBITDA as a percentage of Group Revenue, adjusted to exclude certain items to better reflect the performance of the Group's mining business. The Mining EBITDA margin reflects Debswana accounting treatment as a 50/50 joint operation, excludes third-party sales, purchases and trading and excludes Platinum Group Metals' purchase of concentrate.

US$ million unless otherwise stated	**30.06.19**	30.06.18
Underlying EBITDA	**5,451**	4,577
Group Revenue	**15,874**	15,012
Margin	**34%**	30%
Adjustments for:		
Debswana adjustment to reflect as a 50/50 joint operation	**4%**	4%
Exclude third-party purchases, trading activity and processing[1]	**7%**	6%
Mining EBITDA margin[2]	**46%**	41%

[1] Third-party purchases, trading activity and processing consists of Platinum Group Metals' purchase of concentrate, third-party sales and purchases and the impact of third-party trading activity.
[2] Percentages are presented to the nearest whole number.

Exchange rates and commodity prices

US$ exchange rates	**30.06.19**	30.06.18	31.12.18
Period end spot rates			
South African rand	**14.17**	13.73	14.38
Brazilian real	**3.82**	3.86	3.88
Sterling	**0.79**	0.76	0.78
Australian dollar	**1.43**	1.35	1.42
Euro	**0.88**	0.86	0.87
Chilean peso	**680**	650	694
Botswana pula	**10.63**	10.46	10.71
Average rates for the period			
South African rand	**14.20**	12.30	13.25
Brazilian real	**3.84**	3.43	3.65
Sterling	**0.77**	0.73	0.75
Australian dollar	**1.42**	1.30	1.34
Euro	**0.89**	0.83	0.85
Chilean peso	**676**	612	642
Botswana pula	**10.67**	9.78	10.18

Commodity prices		**30.06.19**	30.06.18	31.12.18
Period end spot prices				
Copper[1]	US cents/lb	**271**	301	270
Platinum[2]	US$/oz	**818**	851	794
Palladium[2]	US$/oz	**1,524**	953	1,263
Rhodium[3]	US$/oz	**3,365**	2,250	2,445
Iron ore (62% Fe CFR)[4]	US$/tonne	**118**	64	73
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	**123**	94	91
Hard coking coal (FOB Australia)[4]	US$/tonne	**194**	199	220
PCI (FOB Australia)[4]	US$/tonne	**122**	136	122
Thermal coal (FOB South Africa)[6]	US$/tonne	**64**	104	97
Thermal coal (FOB Australia)[7]	US$/tonne	**69**	117	103
Thermal coal (FOB Colombia)[6]	US$/tonne	**42**	89	79
Nickel[1]	US cents/lb	**574**	676	481
Manganese ore (44% CIF China)[5]	US$/dmtu	**5.74**	6.83	6.85
Average market prices for the period				
Copper[1]	US cents/lb	**280**	314	296
Platinum[2]	US$/oz	**832**	941	880
Palladium[2]	US$/oz	**1,410**	1,007	1,029
Rhodium[3]	US$/oz	**2,846**	1,987	2,214
Iron ore (62% Fe CFR)[4]	US$/tonne	**91**	70	69
Iron ore (66% Fe Concentrate CFR)[5]	US$/tonne	**106**	93	95
Hard coking coal (FOB Australia)[4]	US$/tonne	**205**	209	207
PCI (FOB Australia)[4]	US$/tonne	**125**	145	136
Thermal coal (FOB South Africa)[6]	US$/tonne	**74**	97	98
Thermal coal (FOB Australia)[7]	US$/tonne	**88**	104	107
Thermal coal (FOB Colombia)[6]	US$/tonne	**60**	82	85
Nickel[1]	US cents/lb	**559**	629	595
Manganese ore (44% CIF China)[5]	US$/dmtu	**6.33**	7.45	7.24

(1) Source: London Metal Exchange (LME).
(2) Source: London Platinum and Palladium Market (LPPM).
(3) Source: Comdaq.
(4) Source: Platts.
(5) Source: Metal Bulletin.
(6) Source: Argus/McCloskey.
(7) Source: globalCOAL.

AngloAmerican

ANGLO AMERICAN plc

(Incorporated in England and Wales – Registered number 03564138)

(the Company)

Notice of Interim Dividend

(Dividend No. 35)

Notice is hereby given that an interim dividend on the Company's ordinary share capital in respect of the year to 31 December 2019 will be paid as follows:

Amount (United States currency) (note 1)	62 cents per ordinary share
Amount (South African currency) (note 2)	R8.61409 per ordinary share
Last day to effect removal of shares between the United Kingdom (UK) and South African (SA) registers	Monday 12 August 2019
Last day to trade on the JSE Limited (JSE) to qualify for dividend	Tuesday 13 August 2019
Ex-dividend on the JSE from the commencement of trading (note 3)	Wednesday 14 August 2019
Ex-dividend on the London Stock Exchange from the commencement of trading on	Thursday 15 August 2019
Record date (applicable to both the UK principal register and SA branch register)	Friday 16 August 2019
Movement of shares between the UK and SA registers permissible from	Monday 19 August 2019
Last day for receipt of US$:£/€ currency elections by the UK Registrars (note 1)	Friday 30 August 2019
Last day for receipt of Dividend Reinvestment Plan (DRIP) mandate forms by the UK Registrars (notes 4, 5 and 6)	Friday 30 August 2019
Last day for receipt of DRIP mandate forms by Central Securities Depository Participants (CSDPs) (notes 4, 5 and 6)	Friday 6 September 2019
Last day for receipt of DRIP mandate forms by the South African Transfer Secretaries (notes 4, 5 and 6)	Friday 13 September 2019
Currency conversion US$:£/€ rates announced on (note 7)	Monday 16 September 2019
Payment date of dividend	Friday 20 September 2019

Notes

1. Shareholders on the UK register of members with an address in the UK will be paid in Sterling and those with an address in a country in the European Union which has adopted the Euro will be paid in Euros. Such shareholders may, however, elect to be paid their dividends in US dollars provided the UK Registrars receive such election by Friday, 30 August 2019. Shareholders with an address elsewhere will be paid in US dollars except those registered on the SA branch register who will be paid in South African rand.
2. Dividend Tax will be withheld from the amount of the gross dividend of R8.61409 per ordinary share paid to South African shareholders at the rate of 20% unless a shareholder qualifies for exemption. After the Dividend Tax has been withheld, the net dividend will be R6.89127 per ordinary share. Anglo American plc had a total of 1,405,465,332 ordinary shares in issue, including 385,214 treasury shares, as at the date hereof. In South Africa the dividend will be distributed by Anglo American South Africa Proprietary Limited, a South African company with tax registration number 9030010608, or one of its South African subsidiaries, in accordance with the Company's dividend access share arrangements. The dividend in South African rand is based on an exchange rate of US$1:R13.8937 taken on Wednesday, 24 July 2019, being the currency conversion date.
3. Dematerialisation and rematerialisation of registered share certificates in South Africa will not be effected by CSDPs during the period from the JSE ex-dividend date to the record date (both days inclusive).
4. Those shareholders who already participate in the DRIP need not complete a DRIP mandate form for each dividend as such forms provide an ongoing authority to participate in the DRIP until cancelled in writing. Shareholders who wish to participate in the DRIP should obtain a mandate form from the UK Registrars, the South African Transfer Secretaries or, in the case of those who hold their shares through the STRATE system, their CSDP.
5. In terms of the DRIP, and subject to the purchase of shares in the open market, share certificates/CREST notifications are expected to be mailed and CSDP investor accounts credited/updated on Monday, 14 October 2019. CREST accounts will be credited on Wednesday, 25 September 2019.
6. Copies of the terms and conditions of the DRIP are available from the UK Registrars or the South African Transfer Secretaries.
7. The US$:£/€ conversion rates will be determined by the actual rates achieved by Anglo American buying forward contracts for those currencies, during the two days preceding the announcement of the conversion rates, for delivery on the dividend payment date.

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