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WELCOME

Mark Cutifani,
Chief Executive, Anglo American
and Chairman, De Beers
# AGENDA

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<th>Presenter</th>
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<td>Mark Cutifani</td>
<td>3.30 – 3.35</td>
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<td><strong>Presentation</strong></td>
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<tr>
<td>• Introduction and investment case</td>
<td>Philippe Mellier</td>
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<td>• Industry overview</td>
<td>Bruce Cleaver</td>
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<td>– Structure</td>
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<td>– Upstream</td>
<td>Pat Lowery</td>
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<tr>
<td>– Projects</td>
<td>Pat Lowery</td>
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<td>– Midstream</td>
<td>Bruce Cleaver</td>
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<td>– Downstream</td>
<td>Philippe Mellier</td>
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<td>• Financial overview</td>
<td>Gareth Mostyn</td>
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<td>• Summary</td>
<td>Philippe Mellier</td>
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<tr>
<td><strong>Q&amp;A</strong></td>
<td>Paul Galloway</td>
<td>5.00 – 5.30</td>
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<tr>
<td><strong>Drinks reception</strong></td>
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<td>5.30 – 6.30</td>
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</table>
INTRODUCTION AND INVESTMENT CASE

Philippe Mellier,
Chief Executive, De Beers
CONSUMERS’ DESIRE FOR DIAMONDS

“IN CONTRAST WITH PRECIOUS METALS AND OTHER NATURAL RESOURCES INDUSTRIES, WHICH RELY ON MULTIPLE SOURCES OF DEMAND, THE DIAMOND INDUSTRY DERIVES PRACTICALLY ALL ITS VALUE FROM CONSUMERS’ DEMAND FOR DIAMOND JEWELLERY.”

Source: The Diamond Insight Report 2014
INVESTMENT HIGHLIGHTS

- **Best-in-class mining assets**
  - Positioned favourably on the cost curve, with long life reserve

- **Attractive supply/demand fundamentals**
  - Excellent supply/demand outlook in the industry

- **Strong partnerships**
  - Good relationship with the Government in Botswana – a partnership that is 45 years old and thriving

- **Leading trading platform**
  - Highly successful distribution system to maximise the value of every carat sold, backed by industry-leading sorting and valuation technology

- **Proven marketing capabilities**
  - Unrivalled understanding of consumers across the world and leading brand position

- **Advantageous exposure to late-cycle consumer demand**
  - Main consumers in the US and China/India. China and India are well-positioned for growth and future rapid expansion of middle classes

- **Strong cash flow generation**
  - US$1bn free cash flow generation in last 18 months

---

**Source:** De Beers Strategy estimates (FY 2020)
DE BEERS’ STRATEGY ACROSS THE PIPELINE

**Upstream**
Optimise core business

- Exploration and projects
  - In-house exploration
  - Accelerated exploration project decision making

**Midstream**
Unique value proposition

- Mining
  - Flexible operations to maximise value through the demand cycle
  - Asset optimisation across operations

- Rough distribution and trading
- Polished manufacturing and trading
- Jewellery manufacturing

**Downstream**
Demand generation and future growth platform

- Jewellery retail
- Consumers

- Support consumer preference for diamonds in main consumer markets through branded propositions
- Consumer and trade intelligence
- Better understanding of polished diamonds

Technology & Innovation: Talent & Leadership
**DIAMONDS ARE END-CONSUMER PRODUCTS:**
**POLISHED GEM DIAMONDS SET IN JEWELLERY ACCOUNT FOR 99% OF DIAMOND VALUE**

Unlike demand for precious metals the only material driver of value for diamonds is end-consumer demand for jewellery.

![Diamonds vs. Gold and Platinum Demand Sources - 2013](image)

**Source:** The De Beers Group of Companies; World Gold Council 2014; Johnson Matthey
GROWTH IN DEMAND FOR DIAMONDS IS STRONGLY CORRELATED WITH GROWTH IN ECONOMIC ACTIVITY

Polished diamond consumption vs. economic indices (1990 to 2013)

Indexed polished diamond consumption vs. indexed real Gross Domestic Product (GDP) for the US

Indexed polished diamond consumption vs. indexed real Personal Disposable Income (PDI) for the US

Source: De Beers Group Strategy analysis
The US and China will remain the key markets for diamond consumption for the foreseeable future

Main trends:
- Global consumer demand is forecast to grow at an annual average of 4-5% in US$ nominal terms (2013A-2018F)
- The US is expected to remain the largest market for polished diamonds with roughly the same share by 2018 as in 2013
- Continued Asian and especially Chinese middle class growth should support demand growth for diamonds with Greater China¹ expected to account for approximately 19% of world total demand by 2018
- India is set to remain an important market but its trajectory is currently more uncertain

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¹ Greater China includes China, Hong Kong and Macau
Source: De Beers Group Strategy analysis
PROJECTED GROWTH OF MIDDLE CLASSES IN EMERGING MARKETS SHOULD SEE CONTINUED GLOBAL DEMAND GROWTH FOR DIAMONDS

- Total number of US households with annual income >US$35,000 approximately 100mn in 2013 (75% of US households)
- Middle class households in emerging markets defined as those with annual income >US$20,000, except in India where it is >US$10,000

Source: Oxford Economics
IN 2013, APPROXIMATELY 146m CARATS (APPROXIMATELY US$18bn IN VALUE) WERE MINED GLOBALLY

2013A rough diamond production by country (carats)

- Russia: 25%
- Botswana: 19%
- Australia: 16%
- South Africa: 8%
- Angola: 6%
- Canada: 7%
- DRC: 5%
- Zimbabwe: 6%
- All others: 8%

Total approx. 146 million carats

2013A rough diamond production by company (value$^2$)

- De Beers Group: 33%
- Alrosa: 26%
- Rio Tinto: 14%
- Catoca: 12%
- Zimbabwe: 6%
- Other Major/Junior: 14%
- Informal/Artisanal: 33%

Total approx. US$18bn

1. The 2013 Kimberley Process data shows a drop of approx. 27% in volume and 24% in value reported from the DRC in 2013 v. 2012. This reported drop has not been reflected in the chart.
2. All values estimated at De Beers SSV (Standard Selling Value).
3. Companies operating in the alluvial fields of Chiadzwa in Zimbabwe.

Source: De Beers Group Strategy estimates.
PROJECTED GLOBAL ROUGH DIAMOND PRODUCTION
– McKinsey FORECASTS

SUPPLY/DEMAND CURVE BASED ON McKinsey FORECASTS

FUTURE INDUSTRY TRENDS

• Diamond production will decline slowly after 2020

• Producer governments will seek increased value chain participation

• Technology transforming all stages of the value chain

• Shifting needs of new consumers with increased importance of brands and ethical sourcing

• Importance of online channels in diamond purchasing consideration

• Competition from other luxury categories

• Undisclosed synthetics
COMPANY OVERVIEW
Structure

Philippe Mellier,
Chief Executive, De Beers
COMPANY OVERVIEW

Ownership structure

Anglo American 85%

Government of the Republic of Botswana 15%

De Beers

Operations

Exploration

Production

Mining

Supermaterials

Rough diamond sales

Brands/retail

Exploration

Canada (100%)

South Africa (74%)

Debswana Diamond Company (50%)

Namdeb Holdings (50%)

Element Six Technologies² (100%); Abrasives (c.60%)

Namdeb Diamond Corporation (land)

Debmarine Namibia (sea)

Global Sightholder Sales (100%)

Auction Sales (100%)

Forevermark (100%)

De Beers Jewellers (50%)

1. Exploration is undertaken through a number of controlled subsidiaries of De Beers
2. Element Six is made up of two businesses: Technologies, which is 100% by De Beers, and Abrasives, which is c.60% owned by De Beers

Wholly-owned or controlled subsidiaries and divisions

Joint ventures
OVERVIEW OF OPERATIONS BY LOCATION

**Botswana**
- Debswana: 50/50 JV with the Government of the Republic of Botswana; formed 1969
- Biggest producer in the Group:
  - Sales agreement to 2020
  - Mining licence to 2029
- Long-term relationship:
  - Stretches back to 1969: one of the longest Public Private Partnerships in the world
  - Previous sales agreements and licences have always been renewed
- Four open pit mines: Jwaneng, Orapa, Letlhakane and Damtshaa
- Produced 22.7 million carats in 2013
- Harmonised pre-tax 80.8% (GRB)/19.2% (De Beers) profit share (all mines) under the 2006 Master Agreement with all licences to 2029
- DBGSS: 100% owned sales operation
- DTC Botswana: 50/50 local sorting and valuation JV

**Namibia**
- Namdeb Holdings: 50/50 JV with Government of the Republic of Namibia; formed 1994
- Namdeb Holdings owns 100% of Namdeb (land) and Debmarine Namibia (sea)
- Mining licences to 2035
- Marine mining operations off the coast in depths of 80 – 130m
- Alluvial land operations conducted along the south-western coast and inland areas
- Profits in Namdeb Holdings shared 50/50 post tax
- Sendelingsdrif mine to be inaugurated this week
- Namibia DTC: 50/50 local sorting, valuing and selling JV

**South Africa**
- De Beers Consolidated Mines: 74% (De Beers) / 26% (BEE partner, Ponahalo Holdings)
- Three mining operations: open-pit mines of Venetia and Voorspoed, and a tailings processing operation at Kimberley
- Sightholder Sales South Africa: local sorting and valuation operation: 74% (De Beers) / 26% (BEE partner, Ponahalo Holdings)
COMPANY OVERVIEW

Upstream

Pat Lowery,
Executive Head of Technical, De Beers
DIAMOND MINING OPERATIONS AND CARATS RECOVERED, 2013

**Canada**
100% owned
Established 1998

**Botswana**
Debswana
50/50 joint venture with the Government of the Republic of Botswana

**Namibia**
Namdeb Holdings
50/50 joint venture with the Government of the Republic of Namibia

**South Africa**
De Beers Consolidated Mines (DBCM)
74/26 BEE Partnership with Ponahalo Holdings
Established 1888

<table>
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<tr>
<th>Carats recovered</th>
<th>2.0m</th>
<th>Carats recovered</th>
<th>22.7m</th>
<th>Carats recovered</th>
<th>1.8m</th>
<th>Carats recovered</th>
<th>4.7m</th>
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<tbody>
<tr>
<td>A – Snap Lake</td>
<td></td>
<td>C – Damtshaa</td>
<td></td>
<td>G – Atlantic 1</td>
<td></td>
<td>L – Venetia</td>
<td></td>
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<td>B – Victor</td>
<td></td>
<td>D – Orapa</td>
<td></td>
<td>H – Beach and Marine Contractors</td>
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<td>M – Kimberley</td>
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<td></td>
<td></td>
<td>E – Lethakane</td>
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<td>I – Elizabeth Bay</td>
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<td>N – Voorspoed</td>
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<td></td>
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<td>F – Jwaneng</td>
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<td>J – Mining Area 1</td>
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<td></td>
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<td>K – Orange River</td>
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• The richest diamond mine, by value, in the world
• Tier 1 open pit mine, using traditional truck and shovel methods
• Current life of mine to 2031 (including Cut 8 and tailings retreatment)

<table>
<thead>
<tr>
<th>Jwaneng</th>
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<th>H1 2013</th>
<th>H2 2013</th>
<th>Total 2013</th>
<th>H1 2014</th>
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<tr>
<td>Waste (tonnes m)</td>
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<td>45.9</td>
<td>58.0</td>
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<td>3.5</td>
<td>4.6</td>
<td>8.1</td>
<td>5.0</td>
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<tr>
<td>Tonnes treated (tonnes m)</td>
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<td>3.4</td>
<td>4.4</td>
<td>7.8</td>
<td>3.9</td>
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<tr>
<td>Carats recovered (carats m) †</td>
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<td>5.2</td>
<td>5.2</td>
<td>10.4</td>
<td>4.9</td>
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<tr>
<td>Average price (US$/ct, 100% SSV) †</td>
<td></td>
<td>223</td>
<td>234</td>
<td>228</td>
<td>249</td>
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<tr>
<td>Grade (cphτ) †</td>
<td></td>
<td>151</td>
<td>120</td>
<td>134</td>
<td>124</td>
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<table>
<thead>
<tr>
<th>Orapa</th>
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<th>Total 2013</th>
<th>H1 2014</th>
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<td>Waste (tonnes m)</td>
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<td>7.6</td>
<td>9.9</td>
<td>17.5</td>
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<td>8.1</td>
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<td>15.4</td>
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<tr>
<td>Tonnes treated (tonnes m)</td>
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<td>6.8</td>
<td>6.5</td>
<td>13.3</td>
<td>7.5</td>
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<td>Carats recovered (carats m) ‡</td>
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<td>5.7</td>
<td>6.6</td>
<td>12.3</td>
<td>7.1</td>
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<tr>
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<td>102</td>
<td>113</td>
<td>107</td>
<td>110</td>
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<tr>
<td>Grade (cphτ) ‡</td>
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<td>84</td>
<td>102</td>
<td>92</td>
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• Orapa complex consists of Orapa, Letlhakane and Damtshaa mines, which are three separate open pit operations
• Orapa mine is a Tier 1 operation that comprises one large pipe divided in two volcanic conduits that coalesced over approximately 117ha
• Current life of mine to 2030

1. Bottom cut off 1.47mm including incidentals
2. Bottom cut off 4.65mm including incidentals
τ Carats per hundred tonnes
**CANADA**

- Canada’s first completely underground diamond mine, located 220km northeast of Yellowknife
- Current life of mine to 2028

<table>
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<tr>
<th>Snap Lake</th>
<th>H1 2013</th>
<th>H2 2013</th>
<th>Total 2013</th>
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<td>1.1</td>
<td>0.5</td>
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<td>0.6</td>
<td>0.7</td>
<td>1.3</td>
<td>0.6</td>
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<td>176</td>
<td>186</td>
<td>186</td>
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<tr>
<td>Grade (cpht)</td>
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<td>115</td>
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<th>H2 2013</th>
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<td>Waste (tonnes m)</td>
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<td>Ore mined (tonnes m)</td>
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<td>1.5</td>
<td>2.9</td>
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<tr>
<td>Tonnes treated (tonnes m)</td>
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<td>3.0</td>
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<tr>
<td>Carats recovered (carats m)</td>
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<td>0.3</td>
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<td>560</td>
<td>559</td>
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1. Bottom cut off 1.14mm including incidentals
2. Bottom cut off 1.50mm including incidentals

- Ontario’s first diamond mine (open pit)
- Located in James Bay Lowlands, 600km north of Toronto
- Current life of mine to 2018
NAMIBIA

- Fleet of five mining vessels in the Atlantic 1 concession area off the coast of Namibia
- Current life of mine to 2028

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### Debmarine Namibia

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<td>0.6</td>
<td>1.2</td>
<td>0.6</td>
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<td>0.10</td>
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### Namdeb

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<td>5.0</td>
<td>9.8</td>
<td>5.4</td>
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<td>5.4</td>
<td>11.0</td>
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<tr>
<td>Carats recovered (carats m)</td>
<td>0.3</td>
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<td>0.3</td>
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1. Bottom cut off 1.47mm including incidentals
2. Multiple bottom cut offs including incidentals

- Marginal alluvial producer
- High US$/ct but relatively high cost due to alluvial nature of deposit
### SOUTH AFRICA

<table>
<thead>
<tr>
<th>Venetia</th>
<th>H1 2013</th>
<th>H2 2013</th>
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<td>3.5</td>
<td>4.9</td>
<td>2.7</td>
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<tr>
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<td>2.8</td>
<td>5.5</td>
<td>2.9</td>
</tr>
<tr>
<td>Carats recovered (Carats m)</td>
<td>0.9</td>
<td>2.3</td>
<td>3.2</td>
<td>1.4</td>
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<tr>
<td>Average price (US$/ct, 100% SSV)</td>
<td>194</td>
<td>174</td>
<td>187</td>
<td>156</td>
</tr>
<tr>
<td>Grade (cpht)</td>
<td>33</td>
<td>82</td>
<td>58</td>
<td>47</td>
</tr>
</tbody>
</table>

- Venetia lies 90km west of Musina, in the Limpopo province
- Produced 3.2 million carats in 2013
- Current life of mine to 2044 (underground)
- Underground mine under construction

1. Bottom cut off 1.00mm including incidentals
OPERATIONAL IMPROVEMENT INITIATIVE: JWANENG

- Sump installed to mitigate unseasonably high rainfall
- Rapid and effective recovery from 2012 slope failure
- Improvement plan in place from 2013 addressing both ore availability from mining and plant performance
- Focussed programme of maintenance and operational interventions to continue delivering improved plant performance
OPERATIONAL IMPROVEMENT INITIATIVE: ORAPA

• Plant 1:
  – Plant shutdown during 2013 for unplanned maintenance to address structural concerns and other maintenance issues
  – Plant performance in 2014 showing good improvement back towards 2012 levels

• Plant 2:
  – Improved OPU* performance at Plant 2 driven by focussed maintenance and management interventions
  – Benefit being derived from improved consistency of plant operations and mine delivery
  – Ongoing improvement planned to ensure plant operating variability reduced

*OPU: Overall Plant Utilisation rate
OPERATIONAL IMPROVEMENT INITIATIVE: MAFUTA (DEBMARINE NAMIBIA)

Successes
• Significant maturing of the engineering design to provide maximum reliability and availability
• Optimisation of the crawler systems (pipe size, power, control) to increase mining rate and reduce waste
EXPLORATION

<table>
<thead>
<tr>
<th></th>
<th>Canada</th>
<th>India</th>
<th>Angola</th>
<th>South Africa</th>
<th>Botswana</th>
</tr>
</thead>
<tbody>
<tr>
<td>88 licences granted for 116km²</td>
<td>Two licences for 754km² awarded by Ministry in Q3 2014; awaiting state government approval</td>
<td>Advanced stage of negotiations for new licences</td>
<td>13 licences granted for 794km²</td>
<td>Nine licences granted for 6,204km²</td>
<td></td>
</tr>
</tbody>
</table>
COMPANY OVERVIEW

Projects

Pat Lowery,
Executive Head of Technical, De Beers
BOTSWANA: JWANENG MINE – CUT 8

Will extend the life of the open pit to approximately 2031

Background
- Waste to be mined: approximately 660 million tonnes
- Ore to be mined: 96 million tonnes
- Carats from ore mined: 112 million carats
- Average grade of 117 cph
- Infrastructure completed in 2013 within budget
  - Capital cost: P3.1bn (US$0.4bn)
- First ore to plant: 2017

Progress to date
- Stripping of waste commenced in 2010
- Stripping of waste done by JV contract mining team, Majwe
- By the end of June 2014, 46% of the 500m tonnes of waste stripping required to expose the ore had been stripped

1. Probable Diamond Reserve Estimates as at 31 December 2013: 27Mt; 26 Mct; 97 cph
   Scheduled Inferred Resource Estimates as at 31 December 2013: 69Mt; 86 Mct; 125 cph
Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated Resource after continued exploration.
SOUTH AFRICA: VENETIA UNDERGROUND

The Venetia underground project will extend the life of South Africa’s largest diamond mine to 2044

**Background**

- Ore to be mined: 128 million tonnes
- Carats from ore mined: 94 million carats
- Average grade of 73 cpht
- Mining of the two main ore bodies below the final open pit will commence in 2021, ramping up to full production by 2024
- Expansion capital is around US$2bn
- Capex phasing: 2014 US$0.1bn; 2015 US$0.1bn

**Progress to date**

- 285m of decline tunnel have been advanced to date, and total tunnel development including ancillary development is 320m
- Collars for both the production and services shafts have been completed
- The gantry crane for the pre sink on the production shaft is currently under construction with pre-sinking planned to commence shortly
- First production remains on track for 2021 and the project is now around 12% complete

---

1. Probable Diamond Reserve Estimates as at 31 December 2013: 68 Mcts; 91 Mt; 74 cpht
   Scheduled Inferred Resource Estimates as at 31 December 2013: 26 Mcts; 37 Mt; 71 cpht

Due to the uncertainty that may be attached to some Inferred Mineral Resources, it cannot be assumed that all or part of an Inferred Mineral Resource will necessarily be upgraded to an Indicated Resource after continued exploration.
CANADA: GAHCHO KUE

Unincorporated JV: De Beers (51%); Mountain Province Diamonds (49%)
Located 80km southeast of Snap Lake

Background
- Ore to be mined: 31 million tonnes\(^1\)
- Carats from ore mined: 48 million carats\(^1\)
- Average grade of 154 cph\(^1\)
- Life of mine: 11 years\(^1\)
- De Beers share of capex: approximately US$0.5bn (includes pre-commercial production capex)
- Capex phasing: 2014 US$0.1bn; 2015 US$0.2bn
- Annual average production: 4.3 million carats (100%)
- First production: H2 2016

Progress to date
- Land Use Permit approved on 13 September 2014
- Ministerial approval of Water Licence received on 24 September 2014

---

1. Probable Diamond Reserve Estimates as at 31 December 2013
COMPANY OVERVIEW

Midstream

Bruce Cleaver,
Executive Head of Strategy, De Beers
INTEGRATED TWO-CHANNEL DISTRIBUTION SYSTEM TO SERVE DIFFERENT CUSTOMER TYPES WITH DIFFERING NEEDS

**Global Sightholder Sales**
- 10 Sights per year
- New three-year supply contract 2015-18, offering regular, planned supply to Sightholders
- New category of customer – Accredited Buyer – to be introduced
- More rigorous and transparent financial compliance
- Increased bankability

**Auction Sales**
- Industry-leading online auction platform
- Variety of auction types
- Introduction of Forward Contract Sales enables customers to bid to secure future supply

Botswana

Singapore
SALES AGREEMENTS

Botswana
- 10 year sales arrangement with Debswana and the Government of the Republic of Botswana (GRB), started in 2011
- Resulted in the transfer of international sight activities to Gaborone in 2013
- Arrangement introduced for the first time a limited ‘window’ for GRB to purchase 10% rising to 15% of Debswana’s run of mine production – currently at 13% for 2014
- Commitment to continue to support local beneficiation

Namibia
- Negotiations between the Government of the Republic of Namibia (GRN) and De Beers, for a new sales agreement for Namdeb Holdings’ production, are underway
- Current seven year sales agreement with Namdeb Holdings and GRN expired end 2013. Temporary extension in place while new agreement negotiated

South Africa
- Long-term sales agreement between De Beers Consolidated Mines (DBCM) and De Beers

Canada
- Wholly-owned
The time taken from when a rough diamond is extracted from the ground until it is sold to a consumer as set (polished) diamond jewellery is typically around nine months.
BENEFITS OF AGGREGATION

- Smooths out peaks and troughs in mining
- More consistent offering for more of the production
- Wider range of product
- Mitigates volatility

Volatility in carat delivery by producing country

12 month period
The De Beers Group of Companies

SCHEMATIC FLOW OF DIAMONDS AROUND THE GROUP

1. GRB has the right to 10% of Debswana run of mine production in 2011, rising by 1% p.a. to 15% in 2016 and for the balance of the contract
2. DBCM sells 10% of run of mine production to the State Diamond Trader, in terms of SA diamond legislation

The De Beers Group of Companies
SEASONALITY

Seasonality of consumer diamond jewellery acquisitions by main market

Monthly distribution of diamond jewellery acquisitions in percent

USA
- Engagements
- Valentine’s Day
- Mother’s Day
- Wedding season
- Thanksgiving
- Engagements
- Christmas
- New Year

India
- Wedding season
- Diwali/Wedding season

China
- Chinese New Year
- Golden Week
- Chinese Valentine’s Day
- Golden Week

Source: De Beers Group commissioned research
SAFEGUARDING CONSUMER CONFIDENCE

• Various companies have the ability to manufacture gem-quality synthetic diamonds utilising different technologies (HPHT and CVD, principally)

• Trading in undisclosed or misrepresented gem synthetics risks damage to consumer confidence, so accurate descriptions and clear disclosure are fundamentally important

• De Beers has invested around US$65m to develop sophisticated detection technology including DiamondSure™ and DiamondView™ that can readily identify all types of gem synthetics

• Latest generation of technology from De Beers includes the Automated Melée Screening device (AMS), to scan colourless and near-colourless melée (small diamonds) quickly and cost-effectively

• With De Beers’ leadership, the industry has so far been successful in safeguarding consumer confidence. Continual investment in developing and deploying technology will be required to sustain that success in the future

The AMS is a compact, automated version of DiamondSure that enables 360 small stones per hour to be tested completely automatically
COMPANY OVERVIEW
Downstream

Philippe Mellier,
Chief Executive, De Beers
THE RISE OF BRANDS

US consumers who reported buying a branded diamond engagement ring (%)

Source: The Diamond Insight Report 2014
FOREVERMARK

• A diamond brand from De Beers that comes with a promise that the diamonds are beautiful, rare and responsibly sourced
• Diamonds are inscribed with the Forevermark icon and a unique identification number (both are invisible to the naked eye)
• Launched in the core markets of China, Japan and Hong Kong in 2009, India and the US in 2011 and in Turkey and Botswana in 2014
  – Available in over 1,450 retail stores across 34 markets (30% increase in doors YOY)
  – >400 retail stores in US; >500 in Greater China
  – Over one million diamonds inscribed to date
  – Over 420,000 diamonds graded to date
• Strong growth in the last year, with revenue up c.50% YOY
• Primary mechanism for De Beers diamond marketing, reinforcing the emotional symbolism of diamonds and addressing synthetic and ethical risks
• Provides deeper insight into polished/retail markets
DE BEERS JEWELLERS

• High-end luxury retail joint venture with LVMH (50/50)
• 34 stores in 15 key diamond markets around the world (of which 13 are franchised)
• Business focused on Asia and Asian clients outside Asia
• Increasing importance of Chinese clients, after brand launched in mainland China in 2011. 27% of total retail sales occurred in Greater China\(^1\) in H1 2014; however, 49% of total global sales come from Greater China clients globally (whether buying in China or abroad)
• Core business in solitaires and high jewellery, with an increasing focus on design collections
• Creation of the JV led to increased advertising by other high-end brands

1. Greater China includes China, Hong Kong and Taiwan
The De Beers Group of Companies

ELEMENT SIX

- World’s leading synthetic diamond supermaterials company
- Global leader in design, development and production
- Over 50 years’ experience
- Supply ~20,000 unique products to ~5,000 global customers

AERO-DIANAMICS™

**Abrasives**

**Precision Applications**
- High Pressure High Temperature synthesis of synthetic diamond and cubic boron nitride (CBN) grits, powders and polycrystalline discs

**Performance Tools**
- Tungsten carbide sintering for hard-metal tooling applications
- HPHT synthesis of synthetic diamond grit and polycrystalline cutters

**Technologies**
- Chemical Vapour Deposition diamond for applications beyond hardness and HPHT synthesis of single-crystal diamond for abrasive applications

<table>
<thead>
<tr>
<th>US$m</th>
<th>FY 2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Revenue</strong></td>
<td>439</td>
<td>240</td>
</tr>
<tr>
<td><strong>EBITDA * (Margin %)</strong></td>
<td>63 (14%)</td>
<td>46 (19%)</td>
</tr>
<tr>
<td><strong>Underlying operating profit * (Margin %)</strong></td>
<td>37 (8%)</td>
<td>34 (14%)</td>
</tr>
</tbody>
</table>

* Excluding the impact of PPA adjustments
FINANCIAL OVERVIEW

Gareth Mostyn,
Finance Director, De Beers
## GROUP STRUCTURE FROM AN ACCOUNTING PERSPECTIVE

### Upstream

<table>
<thead>
<tr>
<th>100%</th>
<th>100%</th>
<th>19.2%</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>De Beers Canada</td>
<td>De Beers Consolidated Mines (DBCM)</td>
<td>Debswana</td>
<td>Namdeb Holdings</td>
</tr>
</tbody>
</table>

1. Full consolidation; 26% minority held by BEE shareholder (Ponahalo), but fully consolidated due to financial arrangements. No minority interest accounted for.
2. Debswana pays income tax and royalty in Botswana, albeit the profit share mechanism is calculated on a pre-tax basis. Master agreement grants De Beers 19.2% of all pre-tax profit. Proportionate consolidation of 19.2% with nil tax and royalty.
3. Proportionate consolidation.

### Midstream

<table>
<thead>
<tr>
<th>100%</th>
<th>100%</th>
<th>50%</th>
<th>50%</th>
</tr>
</thead>
<tbody>
<tr>
<td>De Beers Global Sightholder Sales</td>
<td>De Beers Auction Sales</td>
<td>Partner Diamond Trading Companies</td>
<td></td>
</tr>
</tbody>
</table>

### Downstream and Element Six

<table>
<thead>
<tr>
<th>50%</th>
<th>100%</th>
<th>c.60%</th>
<th>100%</th>
</tr>
</thead>
<tbody>
<tr>
<td>De Beers Jewellers</td>
<td>Forevermark</td>
<td>Element Six Abrasives</td>
<td>Element Six Technologies</td>
</tr>
</tbody>
</table>

4. Equity accounted.
5. Full consolidation, with c.40% minority interest of Umicore SA provided for.
## FINANCIAL OVERVIEW - FY 2013 AND H1 2014

### Income statement

<table>
<thead>
<tr>
<th>US$bn</th>
<th>H1 2013</th>
<th>H2 2013</th>
<th>FY 2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3.3</td>
<td>3.0</td>
<td>6.3</td>
<td>3.8</td>
</tr>
<tr>
<td>of which, rough diamonds</td>
<td>3.0</td>
<td>2.8</td>
<td>5.8</td>
<td>3.5</td>
</tr>
<tr>
<td>Underlying operating profit Margin %</td>
<td>0.6</td>
<td>0.4</td>
<td>1.0</td>
<td>0.8</td>
</tr>
<tr>
<td></td>
<td>18%</td>
<td>15%</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>EBITDA Margin %</td>
<td>0.8</td>
<td>0.7</td>
<td>1.5</td>
<td>1.0</td>
</tr>
<tr>
<td></td>
<td>24%</td>
<td>22%</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>Underlying Earnings</td>
<td>0.3</td>
<td>0.2</td>
<td>0.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

### Cash flow statement

<table>
<thead>
<tr>
<th>US$bn</th>
<th>H1 2013</th>
<th>H2 2013</th>
<th>FY 2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash available from operations</td>
<td>0.6</td>
<td>0.5</td>
<td>1.1</td>
<td>0.7</td>
</tr>
<tr>
<td>Cash flow consumed by investing activities</td>
<td>(0.3)</td>
<td>(0.2)</td>
<td>(0.5)</td>
<td>(0.3)</td>
</tr>
<tr>
<td>Free cash flow</td>
<td>0.3</td>
<td>0.3</td>
<td>0.6</td>
<td>0.4</td>
</tr>
</tbody>
</table>

### Balance sheet

<table>
<thead>
<tr>
<th>US$bn</th>
<th>FY 2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fixed Assets and Intangible Assets</td>
<td>4.9</td>
<td>5.1</td>
</tr>
<tr>
<td>Diamond Inventory</td>
<td>1.1</td>
<td>1.2</td>
</tr>
<tr>
<td>Other</td>
<td>(1.2)</td>
<td>(1.3)</td>
</tr>
<tr>
<td>Total Capital Employed</td>
<td>4.8</td>
<td>5.0</td>
</tr>
<tr>
<td>Return on Capital Employed pre PPA*</td>
<td>22%</td>
<td>26%</td>
</tr>
<tr>
<td>PPA uplift on Capital Employed</td>
<td>2.9</td>
<td>2.8</td>
</tr>
<tr>
<td>Return on Capital Employed post PPA*</td>
<td>11%</td>
<td>13%</td>
</tr>
</tbody>
</table>

*RoCE calculated on a trailing twelve month basis. Shown before and after the impact of the Anglo American acquisition adjustment (PPA – Purchase Price Allocation)
**PRICING AND MIX**

Strong US demand/midstream restocking drove H1 2014 revenue

<table>
<thead>
<tr>
<th>US$m</th>
<th>2013 H1</th>
<th>2013 H2</th>
<th>2014 H1</th>
</tr>
</thead>
<tbody>
<tr>
<td>Other</td>
<td>3,045</td>
<td>2,752</td>
<td>3,489</td>
</tr>
<tr>
<td>Rough diamond sales</td>
<td>252</td>
<td>266</td>
<td>299</td>
</tr>
</tbody>
</table>

Overall average realised price was down 3% in H1 2014 (4% vs H1 2013), driven by mix

<table>
<thead>
<tr>
<th>Carats sold by De Beers</th>
<th>Mct</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consolidated</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>H1 2013</th>
<th>H2 2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>15.2</td>
<td>14.1</td>
<td>18.1</td>
</tr>
<tr>
<td>15.4</td>
<td>14.3</td>
<td>19.0</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>FY 2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>198</td>
<td>192</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>195</td>
<td>192</td>
</tr>
<tr>
<td>15.2</td>
<td>15.4</td>
</tr>
<tr>
<td>14.1</td>
<td>14.3</td>
</tr>
<tr>
<td>18.1</td>
<td>19.0</td>
</tr>
<tr>
<td>201</td>
<td>201</td>
</tr>
</tbody>
</table>
**STRONG PRODUCTION UPLIFT SUPPORTS HIGHER SALES VOLUMES**

Production up 12% driven by Debswana and South Africa...

<table>
<thead>
<tr>
<th>Mct</th>
<th>H1 2013</th>
<th>H2 2013</th>
<th>H1 2014</th>
<th>Q3 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>10.9</td>
<td>11.8</td>
<td>12.0</td>
<td>6.2</td>
</tr>
<tr>
<td></td>
<td>1.6</td>
<td>3.1</td>
<td>2.1</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td>0.9</td>
<td>0.9</td>
<td>1.0</td>
<td>0.4</td>
</tr>
<tr>
<td></td>
<td>14.3</td>
<td>16.9</td>
<td>16.0</td>
<td>8.2</td>
</tr>
</tbody>
</table>

...with production particularly strong in Q1 vs. prior year

<table>
<thead>
<tr>
<th>Quarter</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Q1</td>
<td>6.4</td>
<td>7.5</td>
</tr>
<tr>
<td>Q2</td>
<td>7.9</td>
<td>8.5</td>
</tr>
<tr>
<td>Q3</td>
<td>7.8</td>
<td>8.2</td>
</tr>
<tr>
<td>Q4</td>
<td>9.1</td>
<td>2014</td>
</tr>
</tbody>
</table>

Higher sales supported by increased production in H2 2013 and H1 2014

**FY Guidance**
- 2014: c.32Mct
- 2015: 32-34Mct

- **Production**
- **External sales (100%)**

<table>
<thead>
<tr>
<th>Mct</th>
<th>H1 2013</th>
<th>H2 2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>14.3</td>
<td>16.9</td>
<td>16.0</td>
</tr>
<tr>
<td></td>
<td>15.4</td>
<td>14.3</td>
<td>19.0</td>
</tr>
</tbody>
</table>

The De Beers Group of Companies
De Beers earns a margin on the sale of diamonds from its wholly-owned and JV mining operations.

De Beers then earns an additional fixed margin from the sorting, aggregation and onward sale of diamonds to its customers.

**Illustrative cases**

**Debswana – data is illustrative only**

- **JV non-consolidated margin**
- **Trading consolidated margin**
- **Mining consolidated margin**

**DBCM – data is illustrative only**

- **JV non-consolidated margin**
- **Trading consolidated margin**
- **Mining consolidated margin**
The Group operating margin is a blend of mining and trading margins

In 2013, the average margin from Mining was ~40% (based on De Beers’ consolidated share)

On top of this was a Trading margin of ~6%

Taking this mix of margin, together with the other elements of the business, the overall profit margin in 2013 was ~16%

<table>
<thead>
<tr>
<th>FY 2013 US$bn</th>
<th>Mining</th>
<th>Trading</th>
<th>E6, Downstream, PPA and Other</th>
<th>Group</th>
</tr>
</thead>
<tbody>
<tr>
<td>Underlying operating profit</td>
<td>0.9</td>
<td>0.3</td>
<td>(0.2)</td>
<td>1.0</td>
</tr>
</tbody>
</table>
OVERVIEW OF INCOME STATEMENT

• De Beers’ revenue is made up of:
  – The sale of rough diamonds to clients, mostly Sightholders, from mines that De Beers either wholly owns, controls or operates in JV with a government
  – Element Six sales
  – A small amount of ancillary revenue

• Costs include the production cost of mining carats that flow from De Beers’ consolidated share of mining companies in the Group, together with the cost of purchasing diamonds from JV partners

• As a result of the way we account for Debswana, the effective tax rate of De Beers is lower than it otherwise would be

<table>
<thead>
<tr>
<th>US$bn</th>
<th>H1 2013</th>
<th>H2 2013</th>
<th>FY 2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>3.3</td>
<td>3.0</td>
<td>6.3</td>
<td>3.8</td>
</tr>
<tr>
<td>Rough diamond sales</td>
<td>3.0</td>
<td>2.8</td>
<td>5.8</td>
<td>3.5</td>
</tr>
<tr>
<td>Element Six</td>
<td>0.2</td>
<td>0.2</td>
<td>0.4</td>
<td>0.2</td>
</tr>
<tr>
<td>Other</td>
<td>0.1</td>
<td>0.0</td>
<td>0.1</td>
<td>0.1</td>
</tr>
<tr>
<td>Production costs</td>
<td>(0.6)</td>
<td>(0.6)</td>
<td>(1.2)</td>
<td>(0.7)</td>
</tr>
<tr>
<td>Purchases of diamonds</td>
<td>(1.7)</td>
<td>(1.4)</td>
<td>(3.1)</td>
<td>(1.9)</td>
</tr>
<tr>
<td>Depreciation and amortisation (1)</td>
<td>(0.2)</td>
<td>(0.2)</td>
<td>(0.4)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Marketing, overheads and other</td>
<td>(0.2)</td>
<td>(0.4)</td>
<td>(0.6)</td>
<td>(0.2)</td>
</tr>
<tr>
<td>Underlying Operating profit</td>
<td>0.6</td>
<td>0.4</td>
<td>1.0</td>
<td>0.8</td>
</tr>
<tr>
<td>Operating profit margin on sales %</td>
<td>18%</td>
<td>15%</td>
<td>16%</td>
<td>20%</td>
</tr>
<tr>
<td>EBITDA</td>
<td>0.8</td>
<td>0.7</td>
<td>1.5</td>
<td>1.0</td>
</tr>
<tr>
<td>EBITDA margin on sales %</td>
<td>24%</td>
<td>22%</td>
<td>23%</td>
<td>26%</td>
</tr>
<tr>
<td>Underlying Earnings</td>
<td>0.3</td>
<td>0.2</td>
<td>0.5</td>
<td>0.5</td>
</tr>
</tbody>
</table>

Note: Debswana pays income tax and royalty in Botswana, albeit the profit share mechanism is calculated on a pre-tax basis
(1) Includes Purchase Price Allocation depreciation and amortisation (FY 2013 - $145m, H1 2014 - $71m)
OVERVIEW OF CAPITAL EXPENDITURE

Capex overview

US$m
H1 2013
Stay In Business (SIB) 123
Waste 116
Expansionary 17
256
H2 2013
131
93
71
295
H1 2014
104
110
106
320

Waste capitalised driven by Venetia

US$m
H1 2013
Venetia 65
Jwaneng 16
Other 35
116
H2 2013
50
22
21
93
H1 2014
61
24
25
110

Projects are ramping up

US$m
Vematia UG
H1 2013
17
H2 2013
49
10
71
H1 2014
47
54
106

The De Beers Group of Companies
SPOTLIGHT ON DE BEERS GROUP FREE CASH GENERATION

Debswana cash flow

- Debswana distributes its profits after certain appropriations (including capital expenditure and working capital funding requirements) to its shareholders, De Beers and the Government of Botswana
- De Beers receives its 19.2% share via dividends. GRB receives its 80.8% share via royalties, tax and dividends
- De Beers’ dividend amounted to US$405m for FY 2013 and $311m for H1 2014
- The Debswana profit stream converts readily to cash. Debswana typically remits 10 dividends annually
- Debswana is self-financing in terms of both capex and working capital

US$m

<table>
<thead>
<tr>
<th></th>
<th>FY 2013</th>
<th>H1 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash generated from Operations</td>
<td>1,298</td>
<td>843</td>
</tr>
<tr>
<td>Capex</td>
<td>551</td>
<td>320</td>
</tr>
<tr>
<td>Tax paid</td>
<td>164</td>
<td>105</td>
</tr>
<tr>
<td>Other</td>
<td>42</td>
<td>13</td>
</tr>
<tr>
<td>FCF</td>
<td>625</td>
<td>431</td>
</tr>
</tbody>
</table>

FY 2013

- Cash generated from Operations: US$1,298m
- Capex: US$551m
- Tax paid: US$164m
- Other: US$42m
- FCF: US$625m

H1 2014

- Cash generated from Operations: US$843m
- Capex: US$320m
- Tax paid: US$105m
- Other: US$13m
- FCF: US$431m
SUMMARY

Operating profit
US$m
FY 2013: 571
H1 2014: 765
H2 2014: 432
+34%

Free Cash Flow
US$m
FY 2013: 294
H1 2014: 431
H2 2014: 331
+47%

EBITDA
US$m
FY 2013: 663
H1 2014: 788
H2 2014: 1,451
+25%

ROCE
Pre PPA
FY 2013: 22%
H1 2014: 26%
+47%

Post PPA
FY 2013: 11%
H1 2014: 13%
+25%

Target (2016)
15%
SUMMARY

Philippe Mellier,
Chief Executive, De Beers
INVESTMENT HIGHLIGHTS

- **Best-in-class mining assets**
  - Positioned favourably on the cost curve, with long life reserve

- **Attractive supply/demand fundamentals**
  - Excellent supply/demand outlook in the industry

- **Strong partnerships**
  - Good relationship with the Government in Botswana – a partnership that is 45 years old and thriving

- **Leading trading platform**
  - Highly successful distribution system to maximise the value of every carat sold, backed by industry-leading sorting and valuation technology

- **Proven marketing capabilities**
  - Unrivalled understanding of consumers across the world and leading brand position

- **Advantageous exposure to late-cycle consumer demand**
  - Main consumers in the US and China/India. China and India are well-positioned for growth and future rapid expansion of middle classes

- **Strong cash flow generation**
  - US$1bn free cash flow generation in last 18 months

**Positioned favourably on the cost curve (2020 projection)**

- On track to meet ROCE target in 2016
- Gahcho Kué will enhance ROCE from 2017
- Longer term outlook enhanced by Cut-8 and Venetia Underground projects
- Supply/demand outlook underpins strong fundamentals
- Iconic brand

Source: De Beers Strategy estimates (FY 2020)
APPENDIX
### DIAMOND RESOURCE AND RESERVE ESTIMATES AS AT 31 DECEMBER 2013

<table>
<thead>
<tr>
<th>Selected De Beers Assets</th>
<th>INCLUSIVE Diamond Resource Estimates as at 31 December 2013</th>
<th>Diamond Reserve Estimates as at 31 December 2013</th>
<th>LOM years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Tonnes (Mt)</td>
<td>Carats (Mc)</td>
<td>Grade (cpht)</td>
</tr>
<tr>
<td>Snap Lake (UG): Indicated</td>
<td>9.0</td>
<td>16.1</td>
<td>178.9</td>
</tr>
<tr>
<td>Inferred</td>
<td>15.8</td>
<td>27.3</td>
<td>173.3</td>
</tr>
<tr>
<td>Victor (OP): Indicated</td>
<td>9.7</td>
<td>1.8</td>
<td>18.7</td>
</tr>
<tr>
<td>Inferred</td>
<td>17.3</td>
<td>3.9</td>
<td>22.6</td>
</tr>
<tr>
<td>Venetia (OP): Indicated</td>
<td>32.3</td>
<td>33.4</td>
<td>103.4</td>
</tr>
<tr>
<td>Inferred</td>
<td>27.9</td>
<td>4.9</td>
<td>17.5</td>
</tr>
<tr>
<td>Debswana Jwaneng (OP): Indicated</td>
<td>61.8</td>
<td>73.8</td>
<td>119.5</td>
</tr>
<tr>
<td>Inferred</td>
<td>295.6</td>
<td>286.3</td>
<td>96.9</td>
</tr>
<tr>
<td>Debswana Orapa (OP): Indicated</td>
<td>155.5</td>
<td>110.3</td>
<td>70.9</td>
</tr>
<tr>
<td>Inferred</td>
<td>497.5</td>
<td>339.5</td>
<td>68.2</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Area (Km²)</td>
<td>Carats (kc)</td>
<td>Grade (cpm²)</td>
</tr>
<tr>
<td>Namdeb Holdings – Offshore (MM) Indicated</td>
<td>129.334</td>
<td>11.841</td>
<td>0.09</td>
</tr>
<tr>
<td>Inferred</td>
<td>1,055,236</td>
<td>90,974</td>
<td>0.09</td>
</tr>
</tbody>
</table>


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

1. Bottom cut off size