

DE BEERS
GROUP OF COMPANIES

DE BEERS ANALYST SEMINAR

03.11.2014

The De Beers Group of Companies

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WELCOME

***Mark Cutifani,
Chief Executive, Anglo American
and Chairman, De Beers***

AGENDA

Welcome Mark Cutifani 3.30 – 3.35

Presentation 3.35 – 5.00

- Introduction and investment case Philippe Mellier
- Industry overview Bruce Cleaver
- Company overview
 - Structure Philippe Mellier
 - Upstream Pat Lowery
 - Projects Pat Lowery
 - Midstream Bruce Cleaver
 - Downstream Philippe Mellier
- Financial overview Gareth Mostyn
- Summary Philippe Mellier

Q&A Paul Galloway 5.00 – 5.30

Drinks reception 5.30 – 6.30

INTRODUCTION AND INVESTMENT CASE

*Philippe Mellier,
Chief Executive, De Beers*

**“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.”**

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

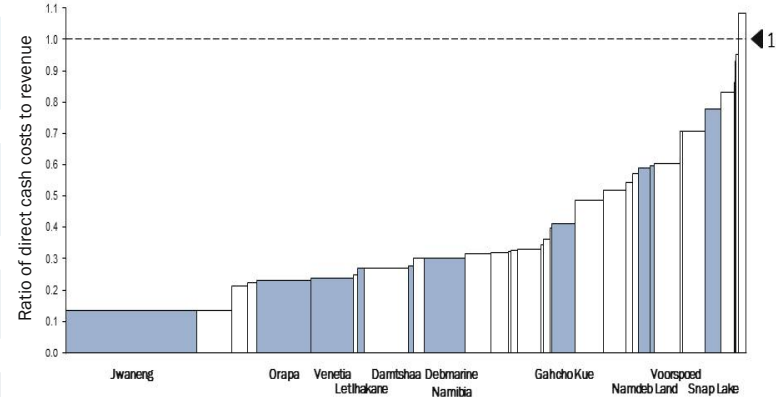
Advantageous exposure to late-cycle consumer demand

- 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)



Source: De Beers Strategy estimates (FY 2020)

DE BEERS' STRATEGY ACROSS THE PIPELINE

Upstream

Optimise core business

Midstream

Unique value proposition

Downstream

Demand generation and future growth platform



Exploration and projects:

- In-house exploration
- Accelerated exploration project decision making

Mining:

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

Distribution:

- Build the smartest distribution system to maximise the value of each rough carat

Downstream:

- 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

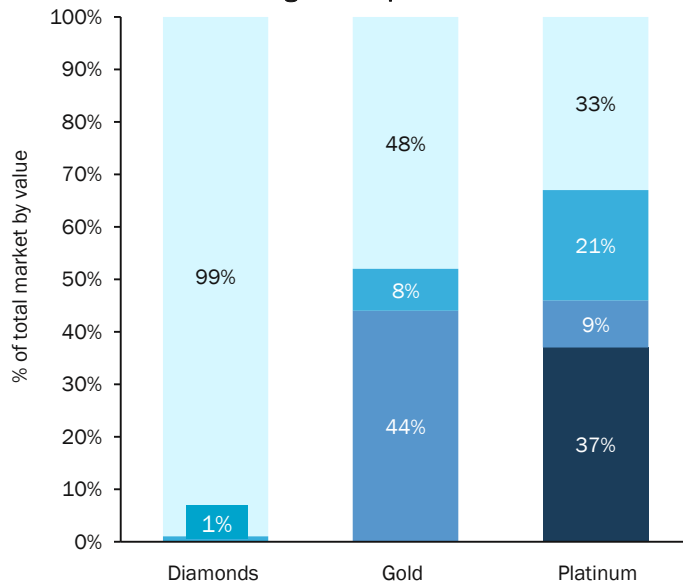
INDUSTRY OVERVIEW

*Bruce Cleaver,
Executive Head of Strategy, De Beers*

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

Demand sources for diamonds vs. gold and platinum – 2013



Same value, different volume



US\$500,000



US\$500,000



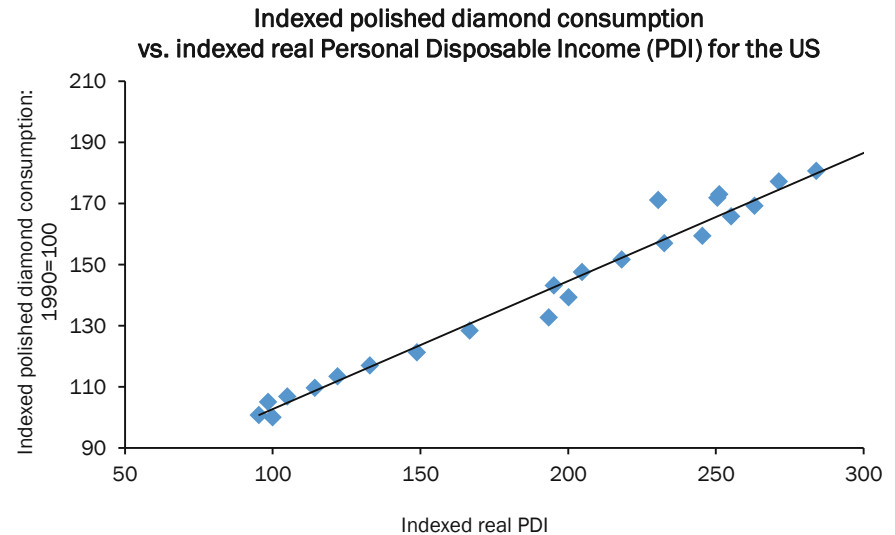
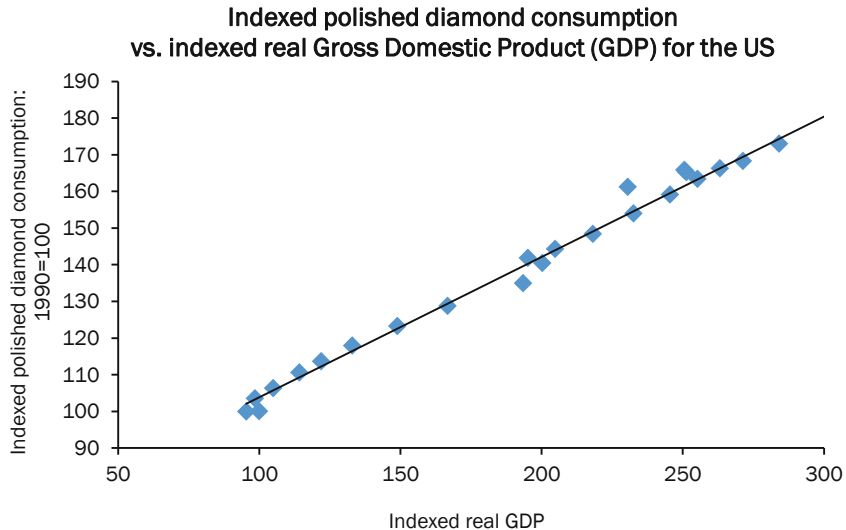
US\$500,000

Investment Jewellery
Autocatalyst Industrial

Source: The De Beers Group of Companies; World Gold Council 2014; Johnson Matthey

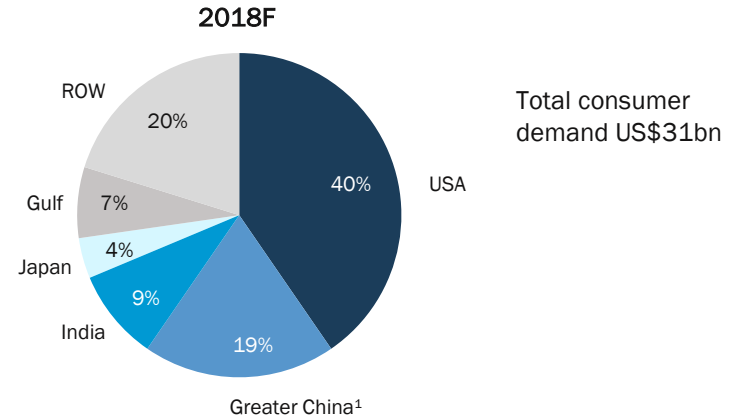
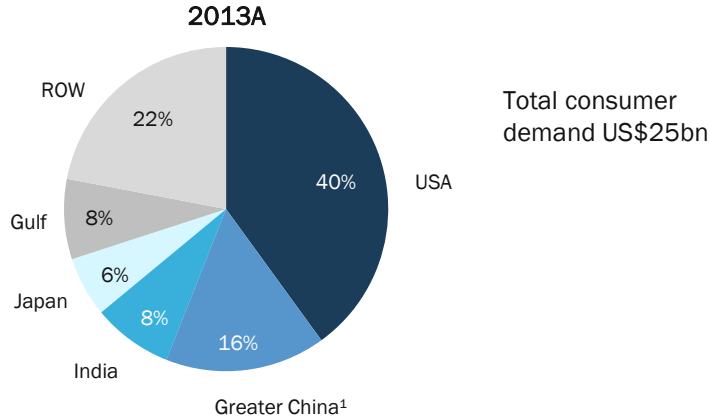
GROWTH IN DEMAND FOR DIAMONDS IS STRONGLY CORRELATED WITH GROWTH IN ECONOMIC ACTIVITY

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



Source: De Beers Group Strategy analysis

THE US AND CHINA WILL REMAIN THE KEY MARKETS FOR DIAMOND CONSUMPTION FOR THE FORESEEABLE FUTURE



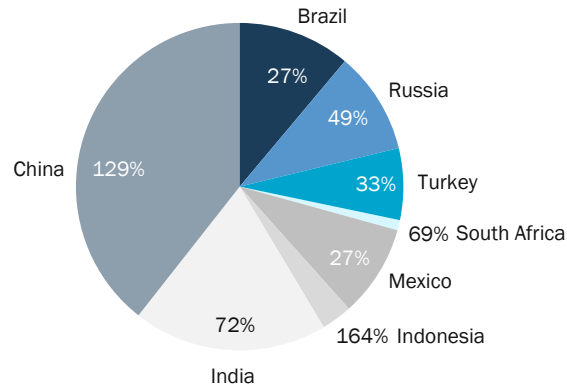
Main trends:

- 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

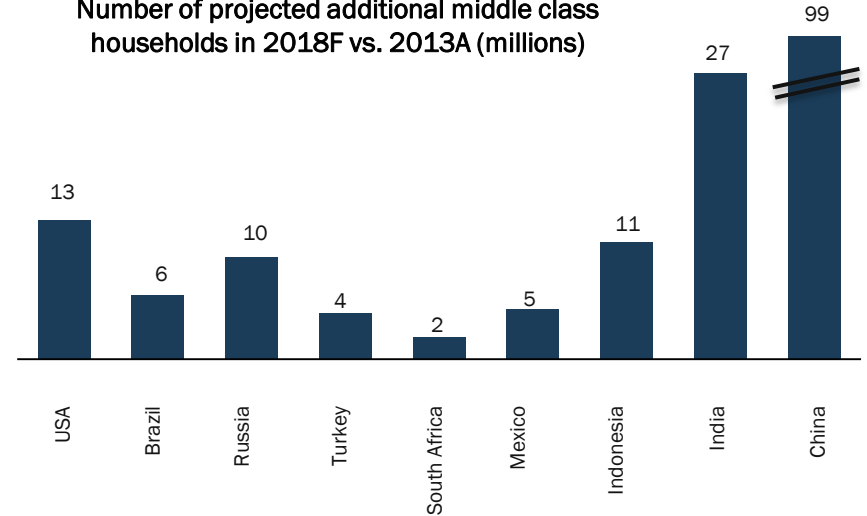
¹ Greater China includes China, Hong Kong and Macau
Source: De Beers Group Strategy analysis

PROJECTED GROWTH OF MIDDLE CLASSES IN EMERGING MARKETS SHOULD SEE CONTINUED GLOBAL DEMAND GROWTH FOR DIAMONDS

Projected growth of middle classes in emerging markets (% change 2013A-2018F)



Number of projected additional middle class households in 2018F vs. 2013A (millions)

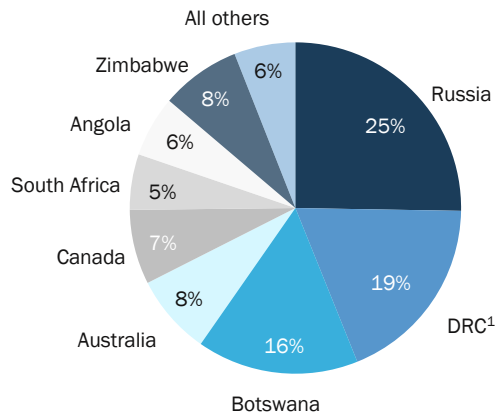


- Total number of US households with annual income >US\$35,000 approximately 100mn in 2013 (75% of US households)
- Middle class households in emerging markets defined as those with annual income >US\$20,000, except in India where it is >US\$10,000

Source: Oxford Economics

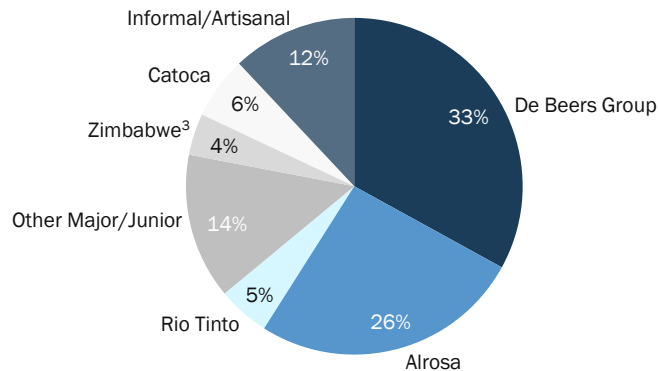
IN 2013, APPROXIMATELY 146m CARATS (APPROXIMATELY US\$18bn IN VALUE) WERE MINED GLOBALLY

2013A rough diamond production by country (carats)



Total approx. 146 million carats

2013A rough diamond production by company (value²)



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)

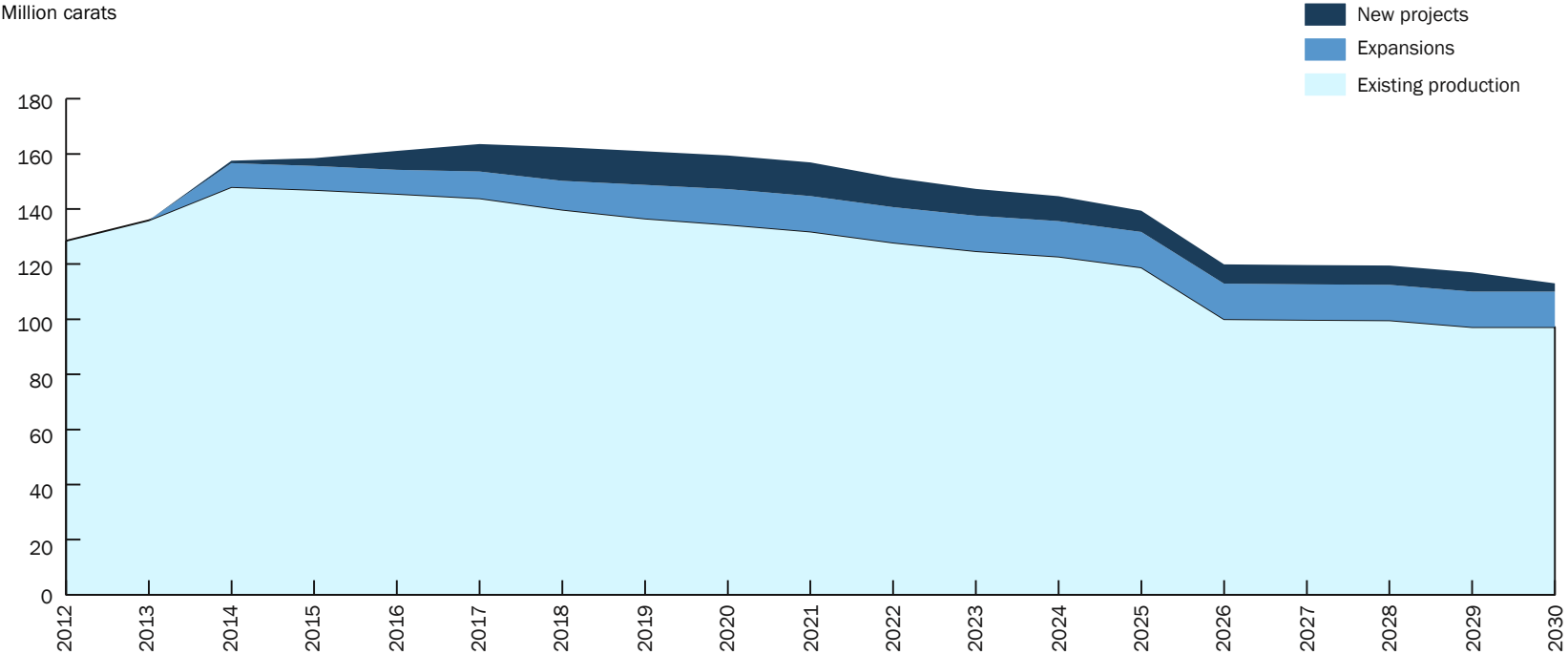
3. Companies operating in the alluvial fields of Chiadzwa in Zimbabwe

Source: De Beers Group Strategy estimates

PROJECTED GLOBAL ROUGH DIAMOND PRODUCTION

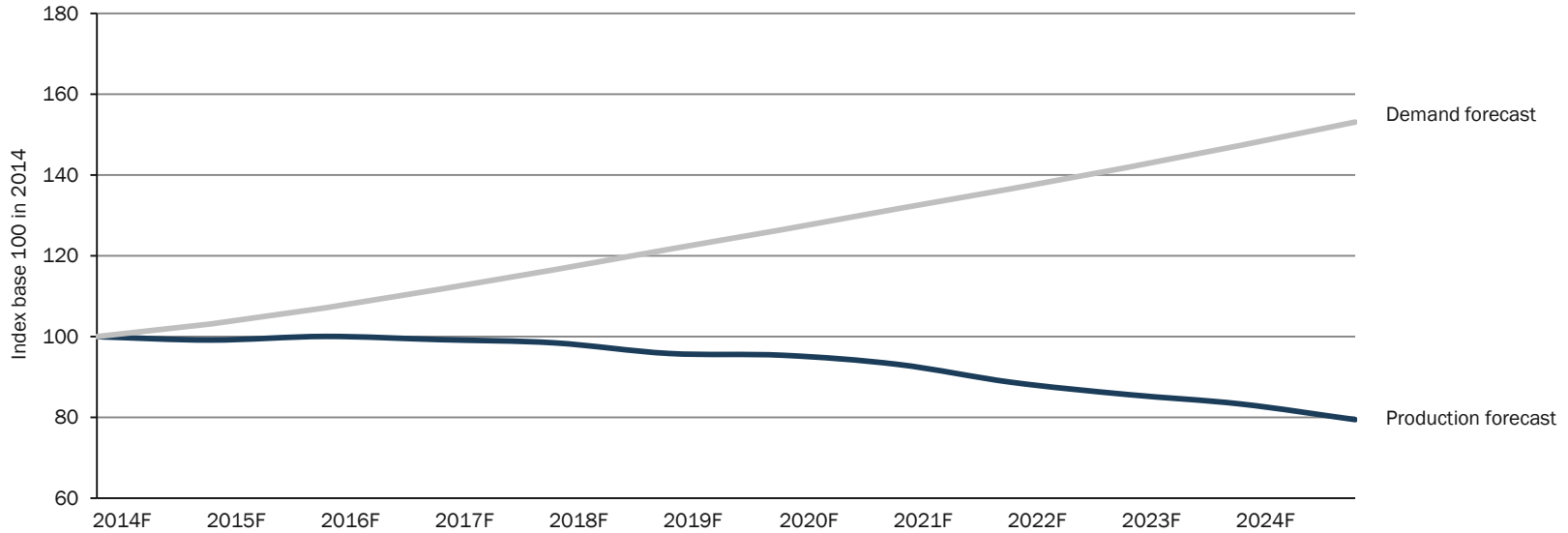
- MCKINSEY FORECASTS

Million carats



Source: McKinsey & Company, *Perspectives on the Diamond Industry*, September 2014

SUPPLY/DEMAND CURVE BASED ON MCKINSEY FORECASTS



Source: McKinsey Global Institute; McKinsey & Company, *Perspectives on the Diamond Industry*, September 2014

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



Operations

Exploration

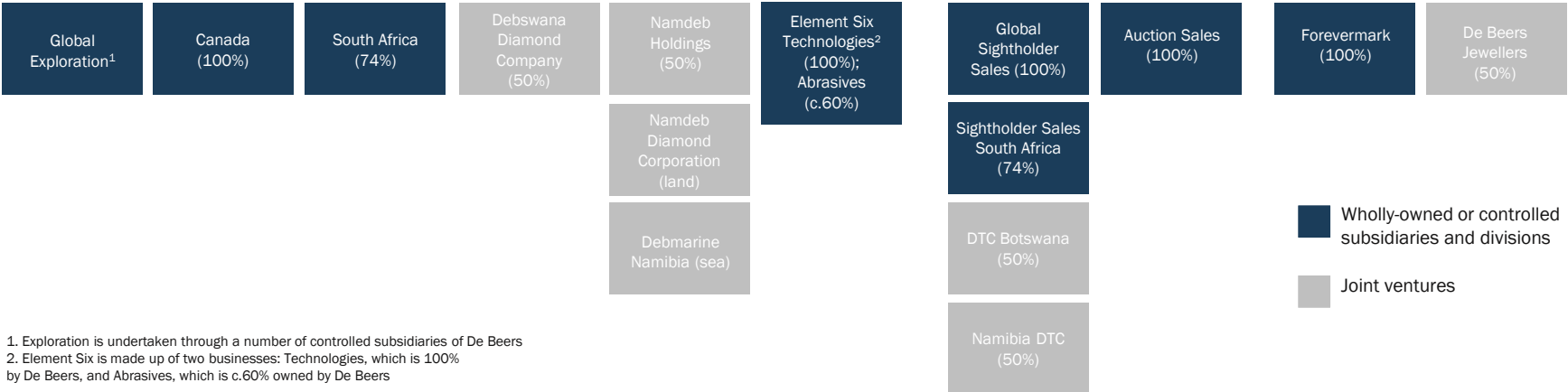
Production

Mining

Supermaterials

Rough diamond sales

Brands/retail



Wholly-owned or controlled subsidiaries and divisions
 Joint ventures

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

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



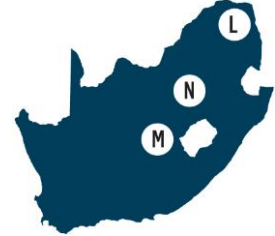
Botswana

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

Carats recovered 2.0m

Carats recovered 22.7m

Carats recovered 1.8m

Carats recovered 4.7m

A – Snap Lake
B – Victor

C – Damtshaa
D – Orapa
E – Letlhakane
F – Jwaneng

G – Atlantic 1
H – Beach and Marine Contractors
I – Elizabeth Bay
J – Mining Area 1
K – Orange River

L – Venetia
M – Kimberley
N – Voorspoed

BOTSWANA

Jwaneng	H1 2013	H2 2013	Total 2013	H1 2014
Waste (tonnes m)	45.9	58.0	103.9	58.5
Ore mined (tonnes m)	3.5	4.6	8.1	5.0
Tonnes treated (tonnes m)	3.4	4.4	7.8	3.9
Carats recovered (carats m) ¹	5.2	5.2	10.4	4.9
Average price (US\$/ct, 100% SSV) ¹	223	234	228	249
Grade (cpht*) ¹	151	120	134	124

Orapa	H1 2013	H2 2013	Total 2013	H1 2014
Waste (tonnes m)	7.6	9.9	17.5	7.1
Ore mined (tonnes m)	8.1	7.3	15.4	9.3
Tonnes treated (tonnes m)	6.8	6.5	13.3	7.5
Carats recovered (carats m) ²	5.7	6.6	12.3	7.1
Average price (US\$/ct, 100% SSV) ²	102	113	107	110
Grade (cpht) ²	84	102	92	95

- 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)

- 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

* Carats per hundred tonnes

CANADA

Snap Lake	H1 2013	H2 2013	Total 2013	H1 2014
Waste (tonnes m)	0.1	0.1	0.2	0.1
Ore mined (tonnes m)	0.5	0.6	1.1	0.5
Tonnes treated (tonnes m)	0.5	0.6	1.1	0.5
Carats recovered (carats m) ¹	0.6	0.7	1.3	0.6
Average price (US\$/ct, 100% SSV) ¹	197	176	186	186
Grade (cpht) ¹	119	111	115	120

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

1. Bottom cut off 1.14mm including incidentals

2. Bottom cut off 1.50mm including incidentals

Victor	H1 2013	H2 2013	Total 2013	H1 2014
Waste (tonnes m)	3.0	4.3	7.3	3.5
Ore mined (tonnes m)	1.4	1.5	2.9	1.3
Tonnes treated (tonnes m)	1.4	1.6	3.0	1.4
Carats recovered (carats m) ²	0.3	0.4	0.7	0.3
Average price (US\$/ct, 100% SSV) ²	588	524	560	559
Grade (cpht) ²	22	23	22	24

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

NAMIBIA

Debmaringe Namibia	H1 2013	H2 2013	Total 2013	H1 2014
Area mined (square metres)	5.0	5.7	10.7	5.6
Carats recovered (carats m) ¹	0.6	0.6	1.2	0.6
Average price (US\$/ct, 100% SSV) ¹	584	578	581	586
Grade (cpm ²) ¹	0.11	0.10	0.11	0.11

Namdeb	H1 2013	H2 2013	Total 2013	H1 2014
Waste (tonnes m)	18.5	14.8	33.3	19.1
Ore mined (tonnes m)	4.8	5.0	9.8	5.4
Tonnes treated (tonnes m)	5.6	5.4	11.0	6.1
Carats recovered (carats m) ²	0.3	0.3	0.6	0.3
Average price (US\$/ct, 100% SSV) ²	553	533	543	571
Grade (cpht) ²	5	6	6	6

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

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

1. Bottom cut off 1.47mm including incidentals

2. Multiple bottom cut offs including incidentals

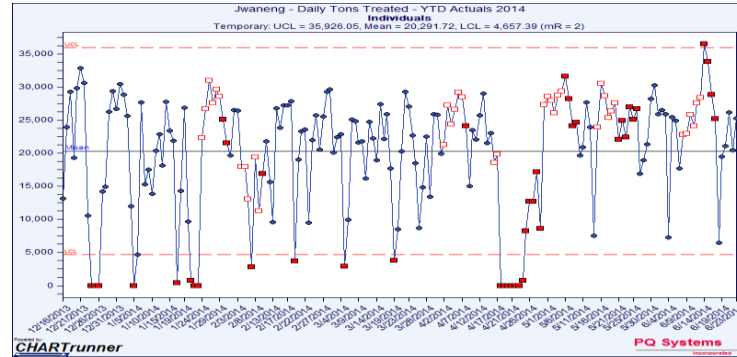
SOUTH AFRICA

Venetia	H1 2013	H2 2013	Total 2013	H1 2014
Waste (tonnes m)	17.4	12.4	29.8	21.7
Ore mined (tonnes m)	1.4	3.5	4.9	2.7
Tonnes treated (tonnes m)	2.7	2.8	5.5	2.9
Carats recovered (Carats m) ¹	0.9	2.3	3.2	1.4
Average price (US\$/ct, 100% SSV) ¹	194	174	187	156
Grade (cph) ¹	33	82	58	47

- 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
- Focused programme of maintenance and operational interventions to continue delivering improved plant performance

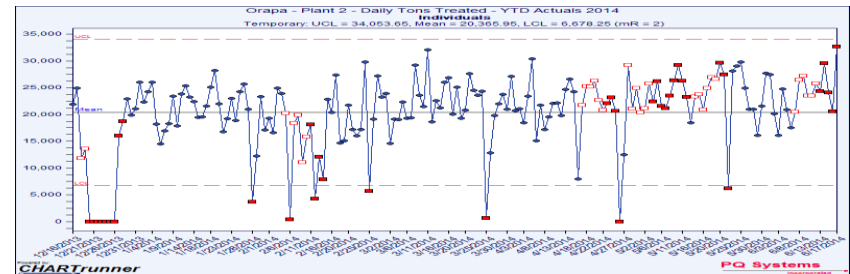
OPERATIONAL IMPROVEMENT INITIATIVE: ORAPA



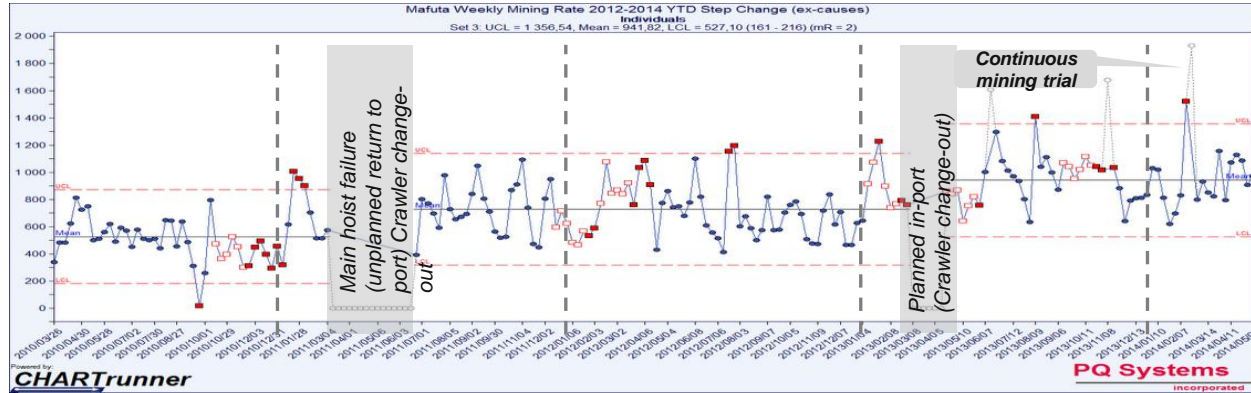
*OPU: Overall Plant Utilisation rate

- 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



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



Canada

88 licences granted for 116km²



India

Two licences for 754km² awarded by Ministry in Q3 2014; awaiting state government approval



Angola

Advanced stage of negotiations for new licences



South Africa

13 licences granted for 794km²



Botswana

Nine licences granted for 6,204km²

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 tonnes¹
- Carats from ore mined: 112 million carats¹
- Average grade of 117 cpht¹
- 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 cpht
Scheduled Inferred Resource Estimates as at 31 December 2013: 69Mt; 86 Mct; 125 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.

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 tonnes¹
- Carats from ore mined: 94 million carats¹
- Average grade of 73 cpht¹
- 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 tonnes¹
- Carats from ore mined: 48 million carats¹
- Average grade of 154 cpht¹
- Life of mine: 11 years¹
- 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

Botswana

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



Singapore

Auction Sales

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

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

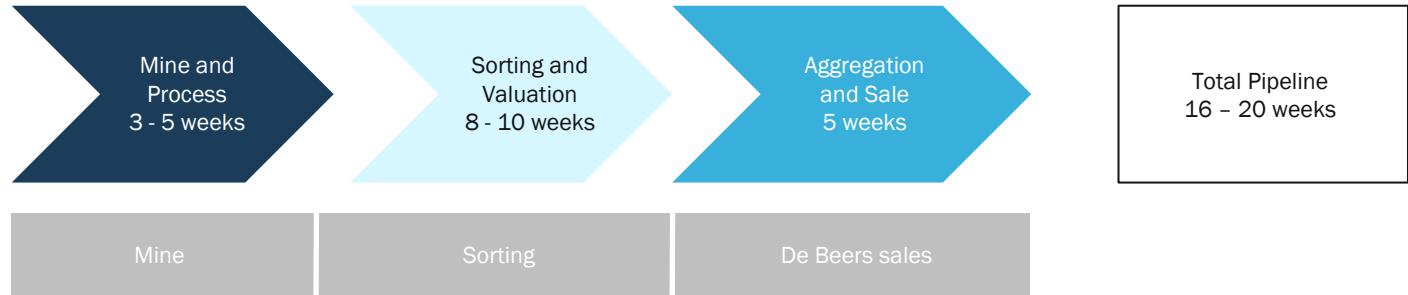
South Africa

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

Canada

- Wholly-owned

DE BEERS ROUGH DIAMOND CONVERSION CYCLE



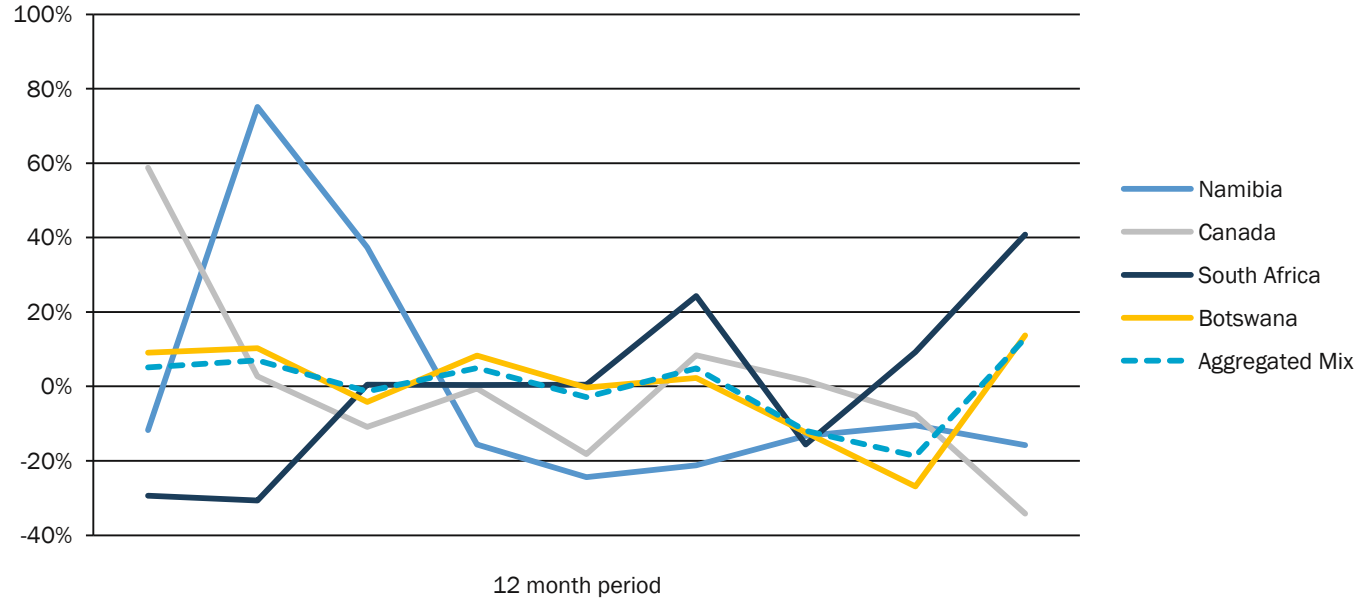
- The time taken from when a rough diamond is extracted from the ground until it is sold to a consumer as set (polished) diamond jewellery is typically around nine months

Source: De Beers Group Strategy analysis

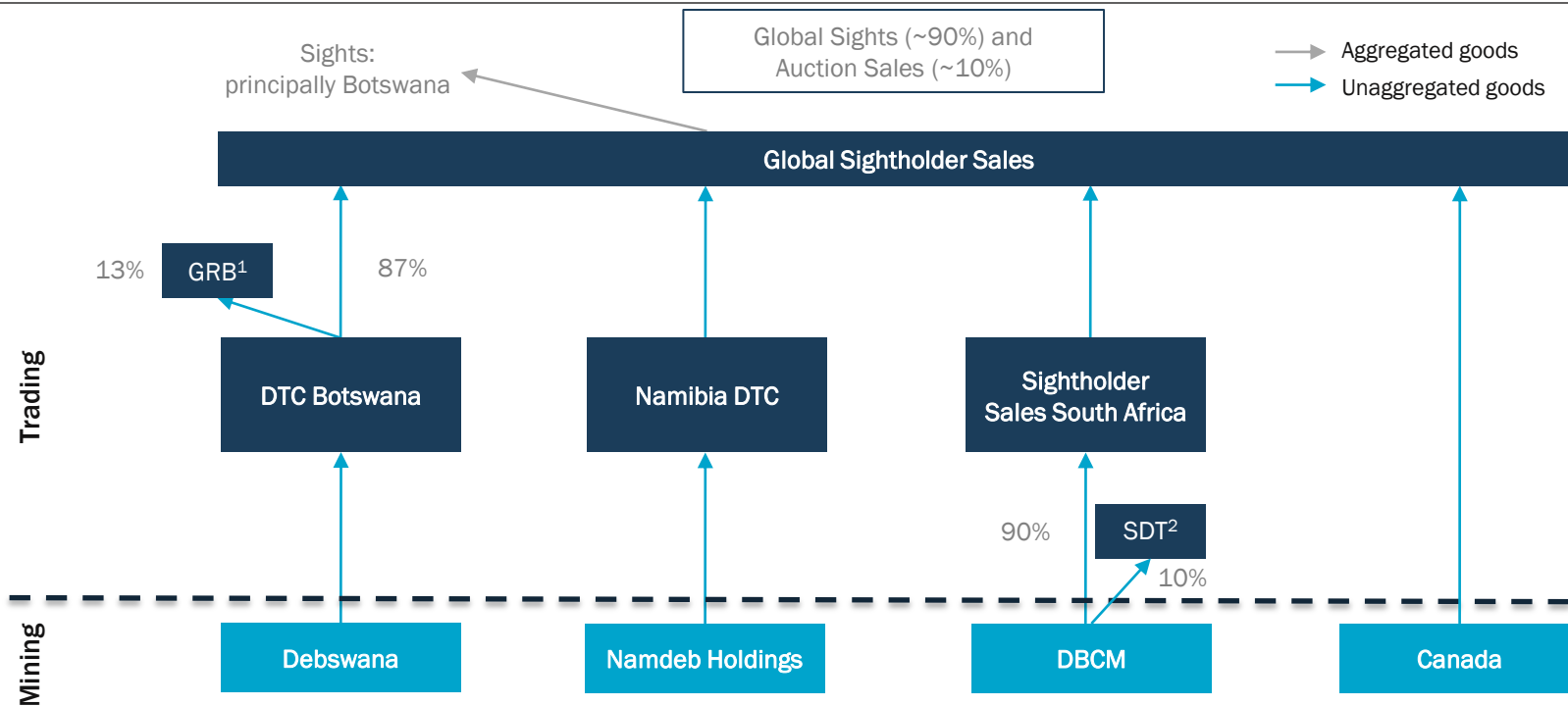
BENEFITS OF AGGREGATION

- 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



SCHEMATIC FLOW OF DIAMONDS AROUND THE GROUP

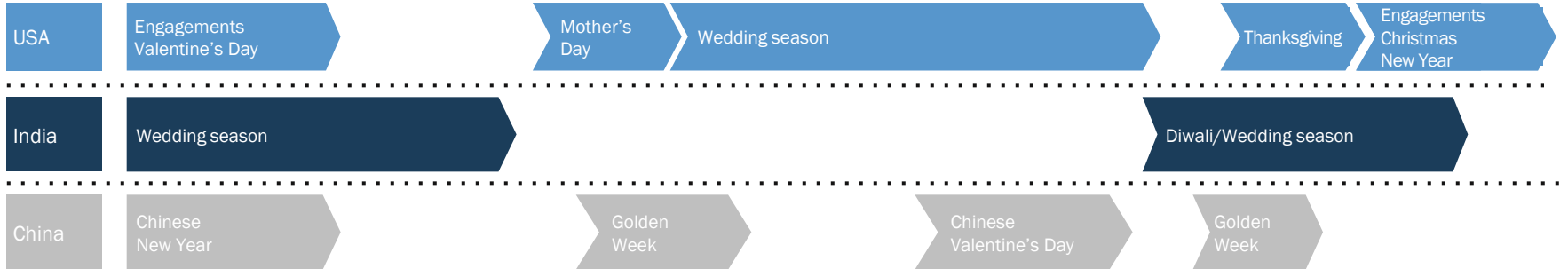
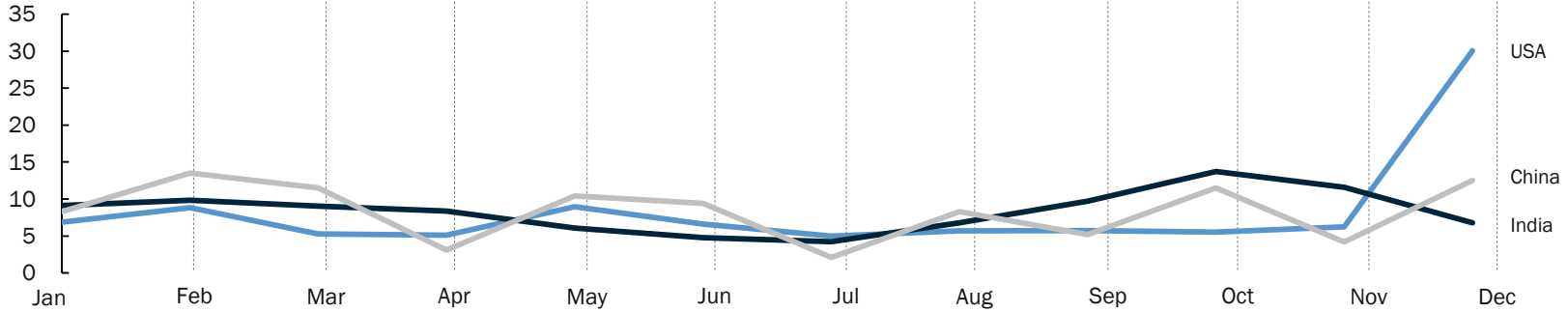


1. GRB has the right to 10% of Debswana run of mine production in 2011, rising by 1% p.a. to 15% in 2016 and for the balance of the contract

2. DBCM sells 10% of run of mine production to the State Diamond Trader, in terms of SA diamond legislation

SEASONALITY

Seasonality of consumer diamond jewellery acquisitions by main market
 Monthly distribution of diamond jewellery acquisitions in percent



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

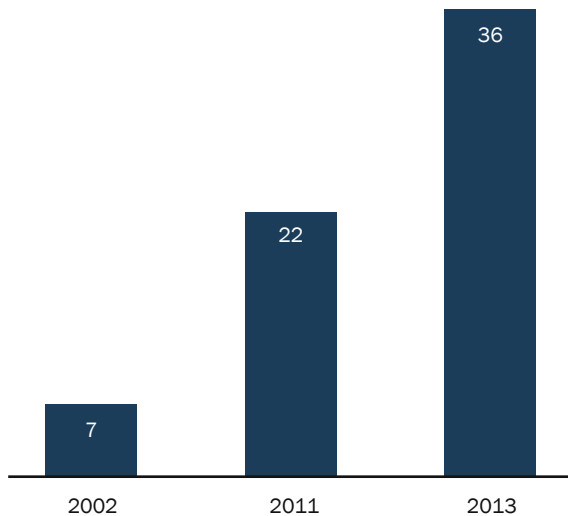
COMPANY OVERVIEW

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

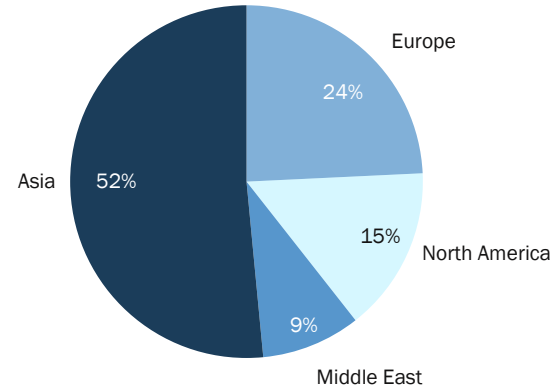
- A diamond brand from De Beers that comes with a promise that the diamonds are beautiful, rare and responsibly sourced
- Diamonds are inscribed with the Forevermark icon and a unique identification number (both are invisible to the naked eye)
- Launched in the core markets of China, Japan and Hong Kong 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 China¹ 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

Geographic store split as of end of June 2014



1. Greater China includes China, Hong Kong and Taiwan

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



US\$m	FY 2013	H1 2014
Revenue	439	240
EBITDA * <i>(Margin %)</i>	63 <i>(14%)</i>	46 <i>(19%)</i>
Underlying operating profit * <i>(Margin %)</i>	37 <i>(8%)</i>	34 <i>(14%)</i>

* Excluding the impact of PPA adjustments

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

FINANCIAL OVERVIEW

*Gareth Mostyn,
Finance Director, De Beers*

GROUP STRUCTURE FROM AN ACCOUNTING PERSPECTIVE

Upstream

100%



De Beers Canada

100%



De Beers Consolidated Mines (DBCM)¹

19.2%



Debswana²

50%



Namdeb Holdings³

Midstream

100%



De Beers Global Sightholder Sales

100%



De Beers Auction Sales

50%



Partner Diamond Trading Companies³

50%



Downstream and Element Six

50%



De Beers Jewellers⁴

100%



Forevermark

c.60%



Element Six Abrasives⁵

100%



Element Six Technologies

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

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

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

Cash flow statement

US\$bn	H1 2013	H2 2013	FY 2013	H1 2014
Cash available from operations	0.6	0.5	1.1	0.7
Cash flow consumed by investing activities	(0.3)	(0.2)	(0.5)	(0.3)
Free cash flow	0.3	0.3	0.6	0.4

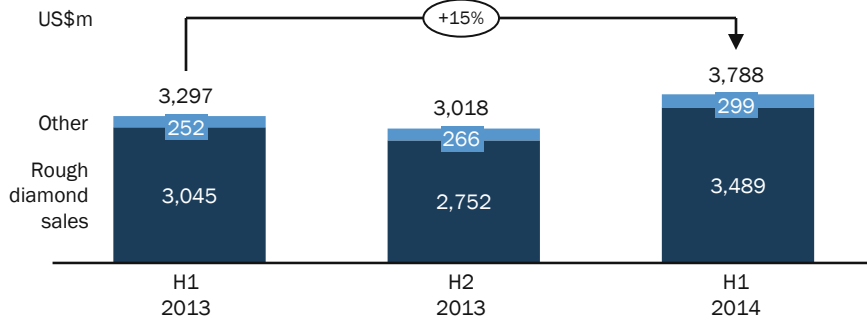
Balance sheet

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

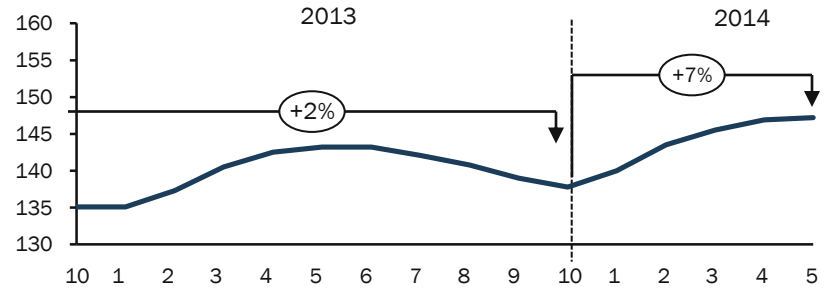
* RoCE calculated on a trailing twelve month basis. Shown before and after the impact of the Anglo American acquisition adjustment (PPA – Purchase Price Allocation)

PRICING AND MIX

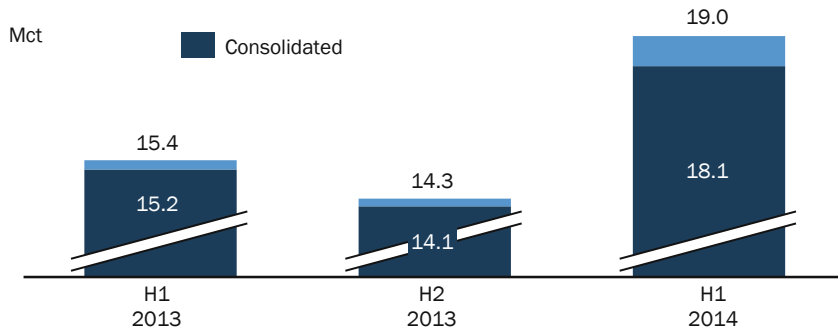
Strong US demand/midstream restocking drove H1 2014 revenue



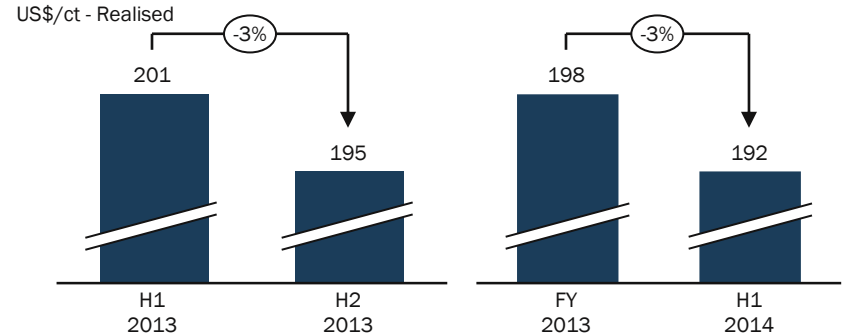
Index prices up 7% in H1 2014...



Carats sold by De Beers

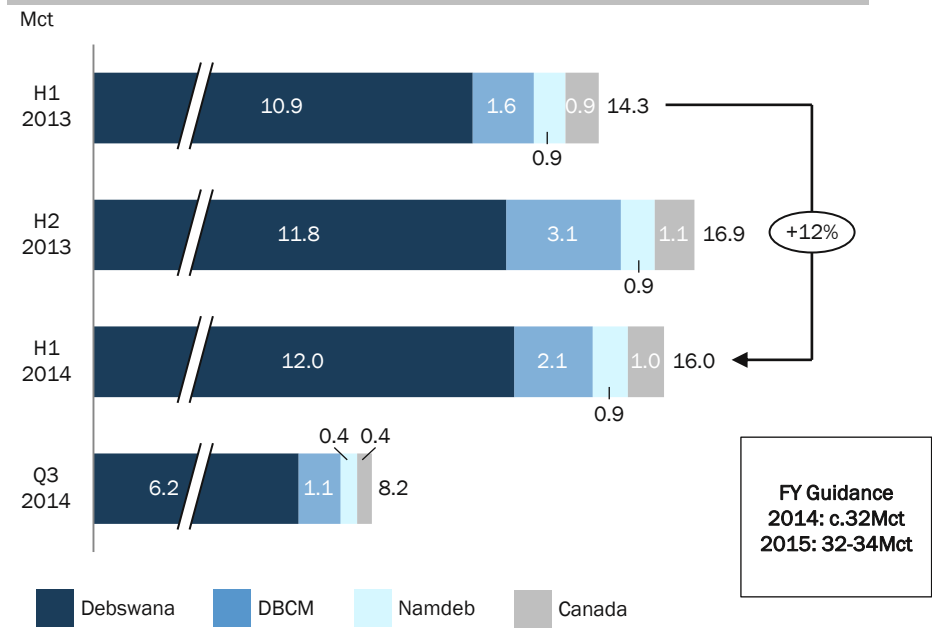


Overall average realised price was down 3% in H1 2014 (4% vs H1 2013), driven by mix

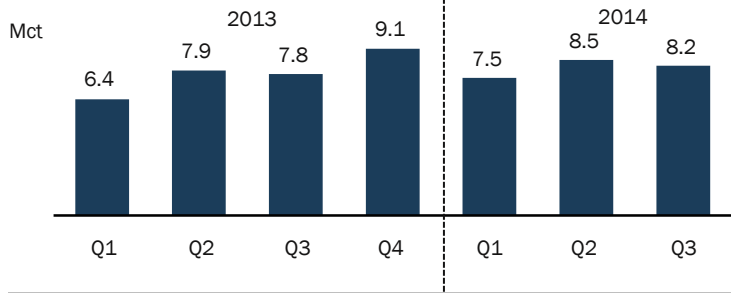


STRONG PRODUCTION UPLIFT SUPPORTS HIGHER SALES VOLUMES

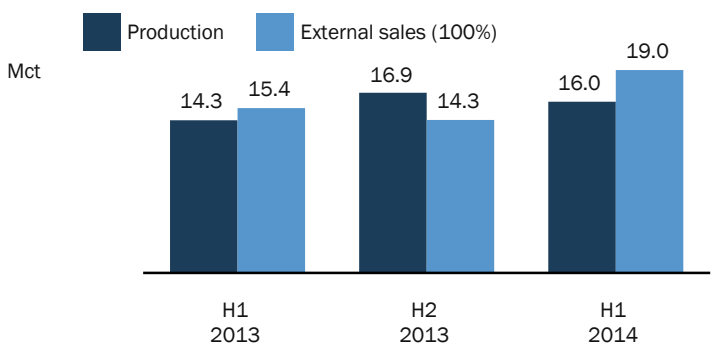
Production up 12% driven by Debswana and South Africa...



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



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



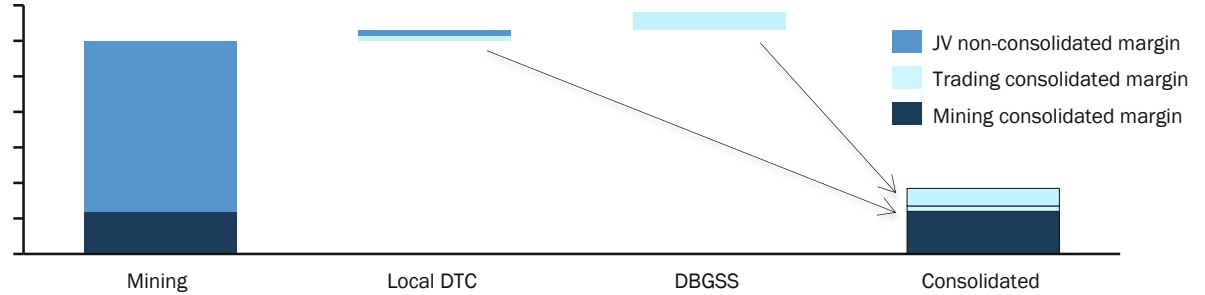
UNIQUE BLEND OF MINING AND TRADING EARNINGS STREAMS

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

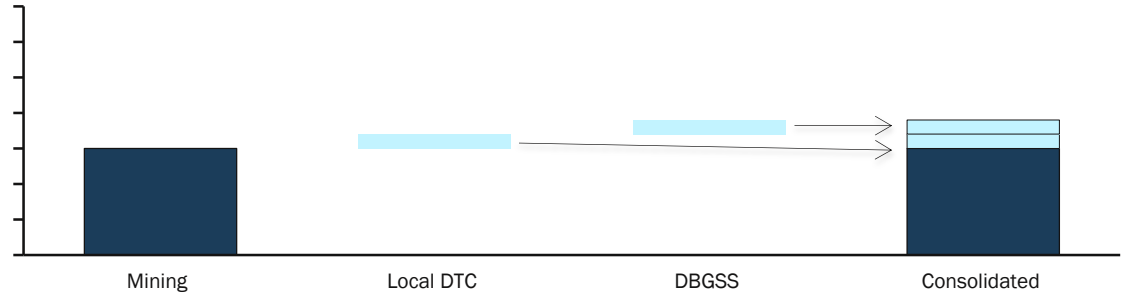
De Beers then earns an additional fixed margin from the sorting, aggregation and onward sale of diamonds to its customers

Illustrative cases

Debswana – data is illustrative only



DBCM – data is illustrative only



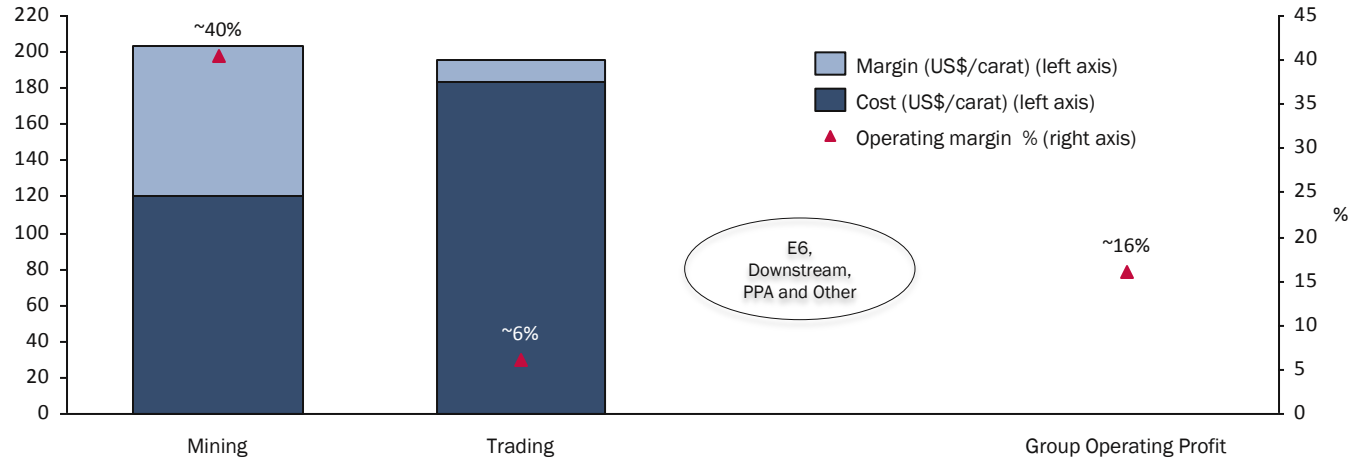
OVERVIEW OF OPERATING MARGINS (FY 2013)

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%



FY 2013 US\$bn	Mining	Trading	E6, Downstream, PPA and Other	Group
Underlying operating profit	0.9	0.3	(0.2)	1.0

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

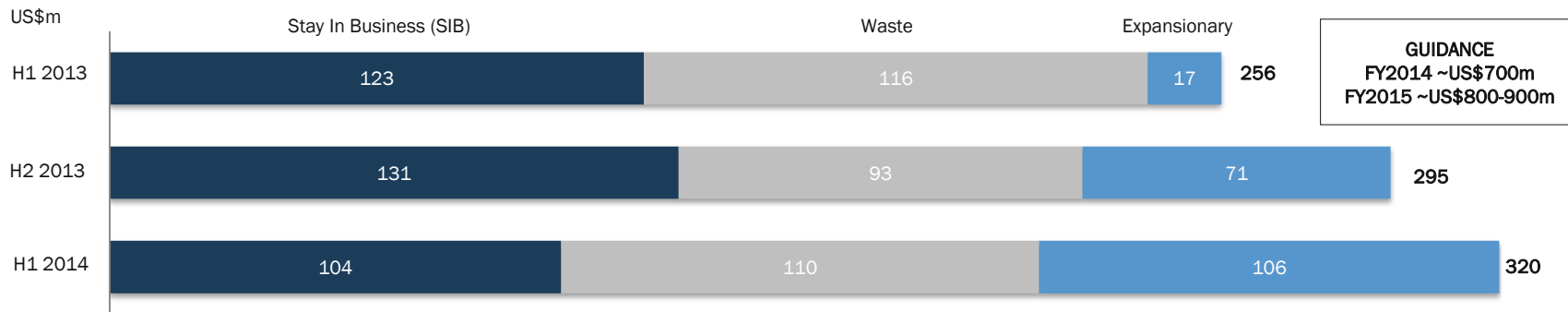
US\$bn	H1 2013	H2 2013	FY 2013	H1 2014
Revenue	3.3	3.0	6.3	3.8
Rough diamond sales	3.0	2.8	5.8	3.5
Element Six	0.2	0.2	0.4	0.2
Other	0.1	0.0	0.1	0.1
Production costs	(0.6)	(0.6)	(1.2)	(0.7)
Purchases of diamonds	(1.7)	(1.4)	(3.1)	(1.9)
Depreciation and amortisation ⁽¹⁾	(0.2)	(0.2)	(0.4)	(0.2)
Marketing,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

Note: Debswana pays income tax and royalty in Botswana, albeit the profit share mechanism is calculated on a pre-tax basis

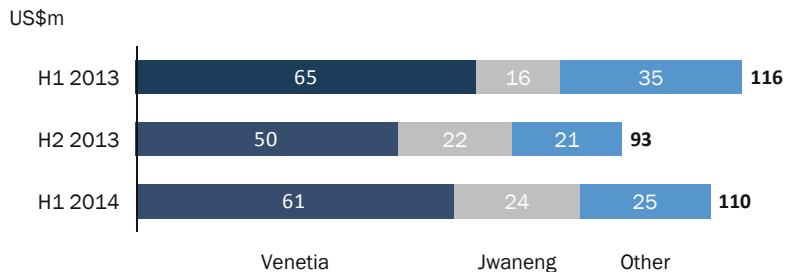
(1) Includes Purchase Price Allocation depreciation and amortisation (FY 2013 - \$145m, H1 2014 - \$71m)

OVERVIEW OF CAPITAL EXPENDITURE

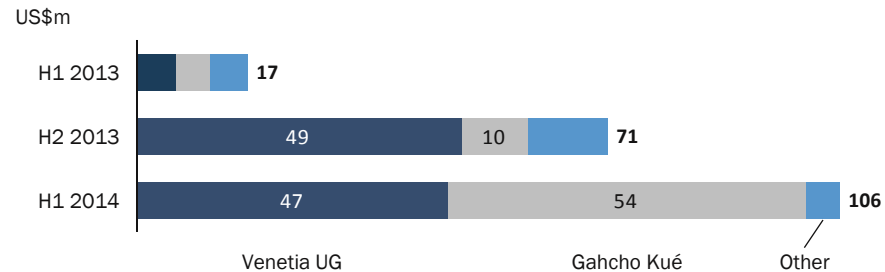
Capex overview



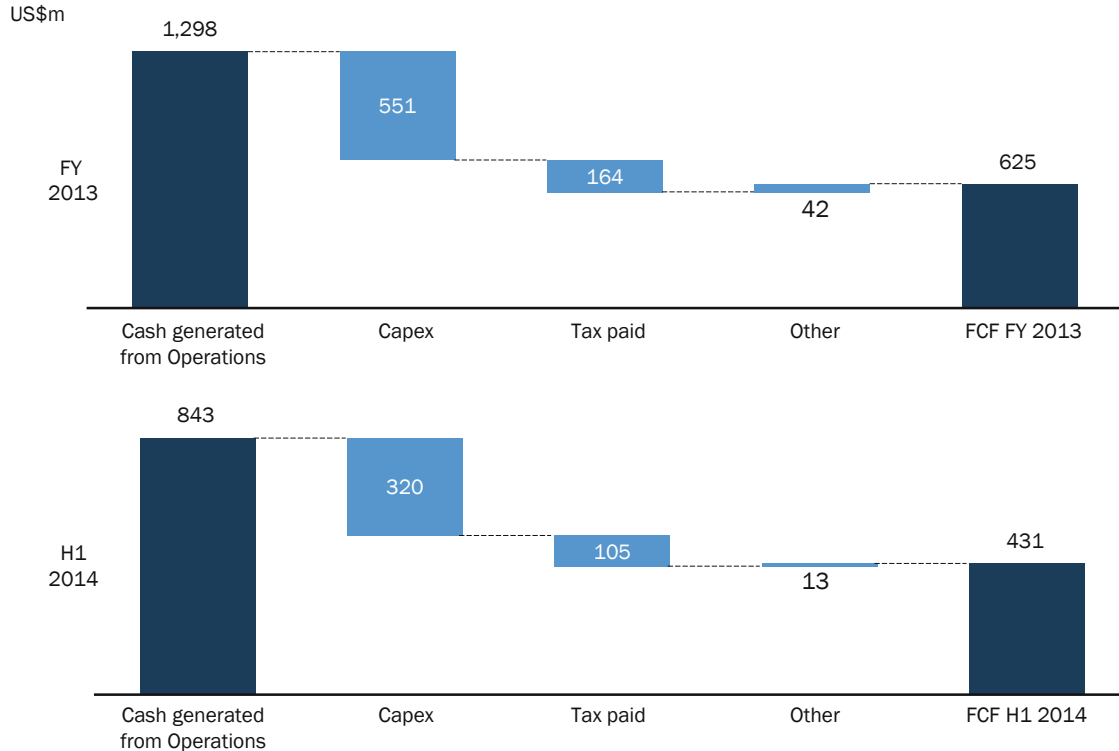
Waste capitalised driven by Venetia



Projects are ramping up



SPOTLIGHT ON DE BEERS GROUP FREE CASH GENERATION

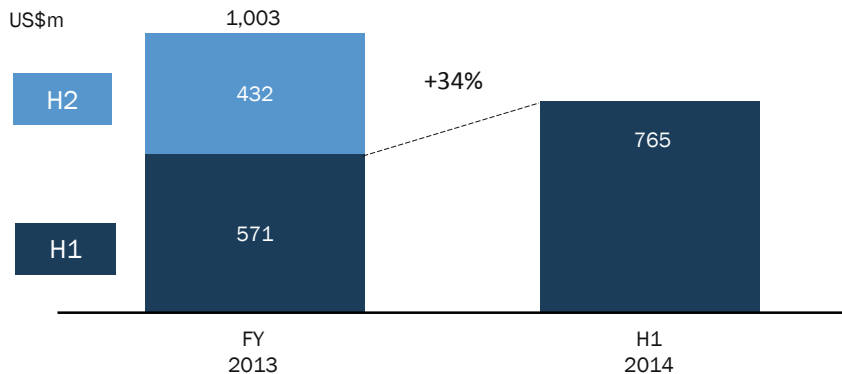


Debswana cash flow

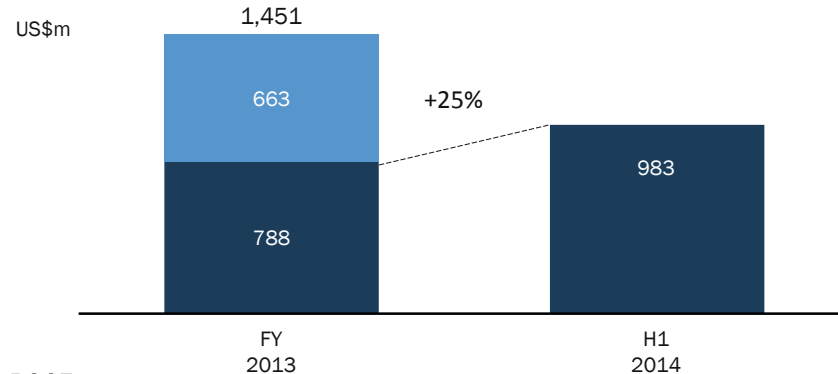
- Debswana distributes its profits after certain appropriations (including capital expenditure and working capital funding requirements) to its shareholders, De Beers and the Government of Botswana
- De Beers receives its 19.2% share via dividends. GRB receives its 80.8% share via royalties, tax and 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

SUMMARY

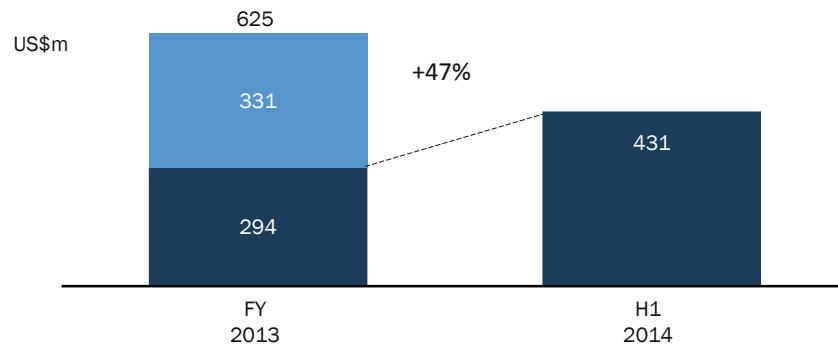
Operating profit



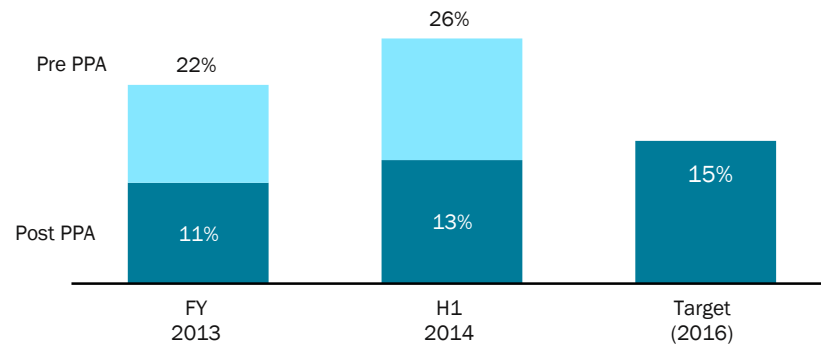
EBITDA



Free Cash Flow



ROCE



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

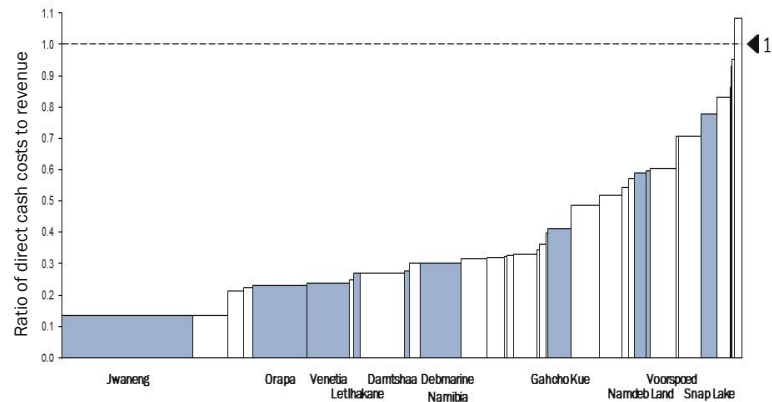
Advantageous exposure to late-cycle consumer demand

- 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)



Source: De Beers Strategy estimates (FY 2020)

- 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

Q&A

APPENDIX

DIAMOND RESOURCE AND RESERVE ESTIMATES AS AT 31 DECEMBER 2013

Selected De Beers Assets	INCLUSIVE Diamond Resource Estimates as at 31 December 2013				Diamond Reserve Estimates as at 31 December 2013				LOM years
	Tonnes (Mt)	Carats (Mc)	Grade (cpht)	BCO ¹ (mm)	Treated Tonnes (Mt)	Saleable Carats (Mc)	Recovered Grade (cpht)	BCO ¹ (mm)	
Snap Lake (UG): Indicated	9.0	16.1	178.9	1.14	5.6	6.7	119.8	1.14	15
Inferred	15.8	27.3	173.3	1.14					
Victor (OP): Indicated	9.7	1.8	18.7	1.50	9.3	1.7	18.3	1.50	5
Inferred	17.3	3.9	22.6	1.50					
Venetia (OP): Indicated	32.3	33.4	103.4	1.00	31.3	30.1	96.3	1.00	31
Inferred	27.9	4.9	17.5	1.00					
Debswana Jwaneng (OP): Indicated	61.8	73.8	119.5	1.47	61.8	77.3	125.2	1.47	18
Inferred	295.6	286.3	96.9	1.47					
Debswana Orapa (OP): Indicated	155.5	110.3	70.9	1.65	140.3	89.6	63.8	1.65	16
Inferred	497.5	339.5	68.2	1.65					
	Area (Km ²)	Carats (kc)	Grade (cpm ²)		Area (Km ²)	Saleable Carats (kc)	Recovered Grade (cpm ²)		
Namdeb Holdings – Offshore (MM) Indicated	129,334	11,841	0.09	Multiple	69,642	5,504	0.08	1.47	15
Inferred	1,055,236	90,974	0.09	Multiple					

Notes: For a detailed breakdown of estimates please refer to the Anglo American Ore Reserves and Mineral Resources Report 2013 <http://angloamerican.com/investors/reportingcentre>.

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