Management's Discussion and Analysis of Financial Condition & Results of Operations Three Months Ended 31 March 2015

Financial Results

	Three Months Ended	
(million tonnes/ US$ million)	31 Mar 2015	31 Mar 2014
Tonnage	**65.8**	**39.3**
Revenue	**16,640.6**	**17,956.2**
Operating income from supply chains, net	**418.1**	**518.6**
Operating income margin	2.51%	2.89%
Losses on supply chain assets	(23.5)	(48.8)
Share of profits and losses of joint ventures and associates	(71.6)	(13.5)
Total operating income	**323.0**	**456.3**
Other income net of other expenses	(0.4)	(2.0)
Selling, administrative and operating expenses	(156.9)	(154.9)
Profit before interest and tax	**165.7**	**299.4**
Net finance costs	(48.5)	(46.5)
Taxation	(10.7)	(20.6)
Profit for the period from continuing operations	**106.5**	**232.3**
Post-tax loss for the period from Agricultural discontinued operations (1)	-	(78.8)
Non-controlling interests	0.1	(1.2)
Net profit	**106.6**	**152.3**

(1) 2014 results include NAL, and are adjusted for as Agricultural discontinued operations, while in the 2015 results, the Group's 49% share in NAL is represented in the share of profits and losses of associates.

Overview

Profit for the first quarter of 2015 came in at US$106.6 million, an improvement of almost US$350 million over the preceding quarter at the end of 2014. Although, net profit was down some US$45 million versus Q1 2014, those results, as we remarked at the time, benefitted from the extreme US energy market conditions that had resulted from the Polar Vortex.

Our gross margin rose to 2.5%, which compares to 1.7% a quarter earlier, while operating income from supply chains was also well ahead of our most recent quarters. Group tonnage was a solid 66 million tonnes, while turnover, which came in at US$16.6 billion, was down reflecting lower commodity prices. Finally, our SAO costs were flat despite having expanded a number of business lines substantially over the last 12 months.

The investments we have made in our Oil, Power & Gas and Metals franchise over the last few years continue to drive both the growth in our bottom line as well as the increased diversity of our business model. While our more traditional China related commodities like Iron Ore, Freight and Coal continue to face significant headwinds, sentiment in these sectors are at historic lows and we have seen enough cycles to know that maintaining exposure to a diverse portfolio of products will serve us well in the long run.

Even though our associates, principally our two major operational associates Yancoal and Noble Agri, underperformed compared to our expectations, lowering group net income by about $70mm for the quarter, they continue to be, along with X2 Resources and Harbour Energy, a core part of our asset light business model. The success of these associates is a key component of Noble Group's future success and we will continue to be focused, and dedicate resources, to help support the growth of these companies, as well as our portfolio of smaller development companies. All our core associates have world class leadership, tremendous access to financial resources and are able to grow aggressively at the most opportune part of the cycle.

Our balance sheet continues to be relatively lowly geared and the availability of our bank facilities remains in line with the level seen in prior quarters, with total facilities standing at US$17 billion. In that context, and reflecting the fact that we fully expected to be able to finalize our regular revolving credit facility, it has been a priority to ensure that we move as quickly as possible to close the transaction so as to put pay to any ill informed speculation that might damage our business and our partners.

As a result, we have just announced to the SGX that, as of today, we have commitments for the full US$2.25 billion. We expect to move to completion smoothly and our timeline has not changed in terms of finalising the documentation and the syndication process.

Finally, we have adopted some of the disclosure protocols for the quarterly unaudited results and other filings that we had previously only used in our Annual Report. We have also adopted EBIT level Segmental profit and loss disclosure and we have split our Energy Coal and Oil Liquids business into one reporting Segment and our Power and Gas, along with Noble Americas Energy Solutions, into another. Previously they were combined.

In addition, we have also created a Metals and Mining Segment which now includes all the former MMO businesses along with our coke and coking coal business. And, finally there is a new Corporate Segment which incorporates our freight business, the results of our associates & JVs and corporate unallocated revenues and costs. The accounts that we have filed this evening with the SGX reflect the more detailed disclosure of a number of balance sheet items, some of which will also be highlighted in the investor presentation

We fully understand that over time it is the bottom-line, and only the bottom-line, that we should be judged on, and while our results we announced today mark a solid start to 2015, we must continue to constantly drive ourselves to improve. We came into the year believing that Noble Group was ideally positioned to benefit from an opportunity rich environment. Nothing that has occurred in the first four months of this year has shaken this belief.

Energy

	Three Months Ended		
(US$ million / million tonnes)	**31 Mar 2015**	**31 Mar 2014**	% change
Volume	33.9	24.0	41
Revenue	12,106	14,486	(16)
Operating income from supply chains	262	301	(13)
Profit before interest and tax	202	237	(15)

Oil Liquids

- The Energy Segment was driven by the Oil Liquids business with volumes growing by close to 50% year on year, while revenue declined because of the sharp drop in prices. Demand is reacting positively to lower prices and our growth is being driven by the expansion in the diversity of the oil liquids products that we are now able to trade following the investments that we have been making under new leadership over the last eighteen months in people, systems and geographies.
- Our Oil Liquids business is still in its relative infancy in comparison to the very established players. We have been investing in the growth of our crude and distillates businesses, supported by the strength in our gasoline business and the buildout of the clean fuels business.
- The Group is now one of the largest gasoline blenders on the Gulf Coast and we continue to develop supply and marketing relationships across both US domestic, EMEA and Asian customers illustrated by the fact that after quarter end we signed our first crude supply contract with a European refinery. Our Asian business is also now positioned for considerable growth, from a very small historic base, as the build out of our teams in the region nears completion.
- The market environment again offered reasonable contango returns, making it conducive to storing crude oil and refined products and we continue to expect the market structure in the Gasoline and Crude markets to remain benign for the balance of the year.
- The Segment is working increasingly closely with the Energy Coal business, accessing the strong relationships that we have built over the last two decades in the mining sector. We have established a new business to supply diesel and other oil related energy products to our coal suppliers, first off in Indonesia, and we are now looking to other markets.

Energy Coal

- In the Energy Coal business we continued to perform well, in adverse market conditions. Coal prices declined sharply in January, largely resulting from a number of macro factors, a sharply lower energy complex and weak fundamentals. While some stability returned to spot pricing, as the quarter progressed, the fundamental over-supply in the seaborne market remains.
- Production has been somewhat bolstered by the lower cost of production, the strengthening of the US Dollar and the move by producers to ramp up production to reduce fixed output costs.
- However, and despite the challenging market, our Energy Coal business increased volumes year over year by over 25%. The volume growth is in line with our mid-term strategic goal, which was established against the current market background. The ability to increase our volumes substantially in such a market environment reflects the strength of our customer franchise and the leading position we have in the market which allow us to manage efficiently all aspects of the supply chain despite market disruptions.
- The business has also managed to reduce its absolute cost base by over 20%, despite the level of volume growth. Whilst costs are always a focus, as it is vital we continue to strive to be the most efficient supply chain manager, there is little doubt, as illustrated in this case, that scale is an important part of driving efficiency.
- In an environment where the reduction in imports by China is one of the major factors impacting price and creating uncertainty and volatility in the first quarter of 2015, we were able to maintain our volumes into that market, largely because adverse market conditions tend to cause a migration to the most established players.
- Equally, we are also well positioned to continue to exploit the opportunities that the Indian market offers, with our strong presence in the key supply market of Indonesia bolstered by the establishment of our low sulphur coal trading hub in Sumatra. Our strong trading links with India ensure that we are well positioned to continue to meet its growing demand for energy coal as the country needs to be able to offer uninterrupted electricity to its population. We increased our volumes to that market in the last quarter.
- Although historically a seaborne player, we have also been developing a domestic capability in a number of markets. In fact, in China, we have made good progress in establishing a domestic distribution JV with a large private coal company aimed at leveraging the arbitrage between domestic and international prices, with business commencing this quarter. We are also taking an increasingly active role in the domestic markets, especially in South East Asia, Africa and America, often introducing leading overseas power producers to markets where we have deliberately built growing onshore volumes, with a view to supplying an expanding domestic IPP sector.
- We continue to look forward to strong volume growth, irrespective of market conditions. Mines are depleting assets that need replacing and, as well as building on our existing portfolio of third party off take and marketing agreements, we have a portfolio of low cost economically competitive growth associates, volumes from which will continue to build over the next few years.

Gas & Power

	Three Months Ended		
(US$ million / Million MWh)	**31 Mar 2015**	**31 Mar 2014**	% change
Volume [(1)]	260.2	255.7	2
Revenue [(2)]	173	151	15
Operating income from supply chains	85	127	(33)
Profit before interest and tax	34	86	(60)

(1) Volume conversions from MMBTu to MWh based on current market heat rates

(2) The Gas & Power distribution business typically recognizes the net of sales and purchases as revenue. However, some businesses that we are expanding into, such as the distribution of LNG, recognize the gross revenue and cost of goods sold

Energy Solutions

- Noble Americas Energy Solutions ("NAES"), operating from six locations across the United States, has again continued to build on its excellent track record of recent years, exhibiting solid and consistent organic growth.
- Over the past few years, NAES has focused on developing products and risk management tools that change the way customers think about, and manage, their energy expenditures. This has led to a more entrenched customer base as the services provided become integral to the customers' operations. NAES was recently recognized by a client for our contribution to their success by being awarded the Innovation and Supplier Excellence Award.
- In the most recent quarter, the processes, risk management systems and attention to market demands that have underpinned this performance continued to be enhanced and the business once more delivered strong earnings. In particular, the term sales portfolio performed well, especially when combined with lower input prices in the energy complex.

Gas & Power

- Our wholesale Gas & Power business, had a relatively slower start to the year when compared to 2014, when the US team exploited the extreme market conditions caused by the Polar Vortex. Our European business has continued to build out its reach both onshore and offshore as it repositions its business.
- The current oversupplied market offers opportunities for new entrants to get involved in the flow and also leads to low prices, ensuring that access comes at a comparatively lower cost in terms of working capital. This provides an opportunity for experienced supply chain managers such as Noble to assist corporates in de-risking their exposure.
- Additionally, the long awaited emergence of the US as a source of gas exports is now within sight as the first export terminal comes on stream in 2016. This not only creates more supply in the market, but will also start to take some pressure away from domestic US gas pricing, rebalancing supply.
- Following our successful participation in the Egypt LNG tenders, we expect to be able to continue to build our participation in the seaborne LNG market.

Mining & Metals

(US$ million / million tonnes)	Three Months Ended 31 Mar 2015	31 Mar 2014	% change
Volume	10.6	6.3	68
Revenue	3,382	3,208	5
Operating income from supply chains	93	116	(20)
Profit before interest and tax	53	79	(33)

Metals

- The business incorporates the trading and management of supply chains for the key base metals which include copper, zinc, lead, nickel, aluminum, alumina and bauxite.
- We saw strong sales of Copper to customers in North America and Asia, increased volumes from the western US, and also secured long term supply deals to customers in the Middle East. Zinc, Lead & Nickel also showed a strong performance.
- Results in aluminium were relatively weak as demand flattened and margins declined, impacting year-on-year performance. Pressure on aluminium premia has continued into Q2 2015. However, on the other hand, alumina did benefit from robust margins, with the Group's position in that business being further enhanced by the acquisition of the stake in Jamalco. In the first three months of 2015, Jamalco beat production and cost targets, all supported by significant declines in energy input prices along with increased efficiencies.

Carbon Steel Materials

- Carbon Steel Materials focuses on providing product to the steel manufacturing industry encompassing iron ore, chrome, manganese ore, metallurgical coal and metallurgical coke.
- The substantial provisions that were taken in 2014 against Territory Resources largely protected us from structural long term iron ore price exposure, but conditions remain challenging in the carbon steel materials complex as the steel making industry remains under pressure.
- Tonnage delivery remained healthy as volume rose by approximately 60% year on year and we are optimistic that market opportunities will allow us to add further volumes from established producers. In particular, we also continued to deepen existing supply chains, most noteworthy being the fact that we delivered our first coking coal direct from the mine in Mongolia all the way through to the mill in China, internalising much of the costs we previously bore.

Corporate & Others

(US$ million / million tonnes)	Three Months Ended 31 Mar 2015	31 Mar 2014	% change
Volume	21.3	9.0	137
Revenue	979	111	782
Operating income from supply chains	(22)	(26)	(15)
Profit before interest and tax	(123)	(103)	(19)

- The Corporate & Others Segment incorporates the Logistics business as well the investments in our major associates which include Noble Agri Limited, Yancoal Australia Limited, X2 Resources Limited and Harbour Energy.
- US$60 million of the total US$72 million in the Group's share of profits and losses of associates and joint ventures for the first three months ended 31 March 2015 is included in this Segment, the majority of which is comprised of the estimated three months performance of Noble Agri Limited and Yancoal Australia Limited. The remaining amounts are allocated to each business segment as appropriate.

Logistics

- Adverse freight market conditions persisted during the period, with freight rates falling far below operating costs and therefore impacting profitability and counterparty performance across our business.
- In such a challenging environment, the business continues to focus on enhancing cost and operational efficiencies and effectively managing its counterparty exposures. We have built one of the strongest brands and franchises in this business over the last 20 years and are well positioned to benefit when the market recovers.

Noble Agri Limited ("NAL")

- The transition of Noble Agri into a standalone company is proceeding smoothly and we are making significant progress in developing the Agriculture business strategy with our partners.
- The first quarter of each year is a seasonal low for NAL with the majority of its production assets in the southern hemisphere where crops continue to mature. Performance in the first three months of 2015 was further impacted by a slow start to the harvest in Argentina.
- We continue to be committed to the turnaround of the Agriculture business and believe that we have the best partnerships to ensure success.

Working Capital

(US$ million)	31 Mar 2015	31 Dec 2014
Trade receivables	3,590	3,704
Prepayments, deposits and other receivables	1,227	1,349
Inventories	2,318	2,287
Trade and other payables and accrued liabilities	(6,421)	(8,061)
Net fair value gains on commodity contracts and derivative financial instruments	4,174	4,567
Working Capital	**4,888**	**3,846**

- Readily marketable inventories ("RMI") accounted for 96% of total inventory. The Group's RMI is highly liquid, with more than 90% comprising oil liquids products and LME metals.
- Trade and other payables and accrued liabilities declined by US$1.6 billion compared to 31 December 2014, reverting back to the more normalized levels seen in 2014.
- The Group's access to credit remains strong and supplier credit lines are unchanged, which is clearly demonstrated by the continued growth of the Group's business and volumes.
- There has been no material change to the Group's trade terms with counterparties and trade payables days on hand, adjusted for mark to market movements, are in line with previous periods at 29 days.
- Following the ramp up of positions in Oil Liquids during 4Q 2014, the roll-off of some futures contracts in Oil Liquids resulted in a decline in the corresponding liabilities to brokers and, therefore, a decline in trade and other payables and accrued liabilities.
- Aside from the day to day mark to market impact of the volatility in commodity prices, along with the settlement of other payables and accrued liabilities outstanding, the decline in trade and other payables and accrued liabilities was significantly impacted by the maturity of substantial delivery contracts and the timing of payment to the suppliers. We have growing relationships with these substantial suppliers and new deliveries are scheduled.
- In a typical trade cycle, Noble can buy product from a supplier based on credit terms and at the same time sell the products onto a customer based on separate credit terms. The Group discounts the receivables from customers to the extent possible in order to manage its credit risk exposure and as a result, cash comes into the balance sheet before payables are due. Noble will then pay the supplier when upon maturity of the payable.
- The US$393 million decline in net fair value gains on commodity contracts and derivative financial instruments was largely due to the roll-off of short term contracts in Oil Liquids.

Summary Cash Flow

(US$ million)	**31 Mar 2015**	**31 Mar 2014**
Operating profit before working capital changes	295	281
Increase in working capital	(1,094)	(721)
Others (1)	202	(82)
Net cash flows used in operating activities	**(597)**	**(522)**
Net cash flows from/(used in) investing activities	**5**	**(199)**
Net cash flows from financing activities	**820**	**611**

(1) Comprises net change in cash balances with futures brokers not immediately available for use in the business operations, interest received and taxes paid

- Changes in working capital were primarily driven by the reduction in trade and other payables and accrued liabilities, as mentioned previously.
- For the three months ended 31 March 2015, operating profit before working capital changes was generated by shorter dated trading, primarily in the Energy Segment.
- Cash realization on our portfolio is within expectations, on a year-to-date basis, as confirmed by the Group's back testing activities.
- Net cash flows from investing activities increased by US$5 million and includes a US$79 million decrease in amounts with joint ventures and associates, primarily relating to Noble Agri. Excluding the impacts of changes in amounts with joint ventures and associates, the Group's net cash used in investing activities was US$73 million in 2015, which included our increased investment in Cockatoo Coal during the quarter.
- Net cash used in investing activities during the first three months of 2014 of US$199 million, included US$74 million related to our discontinued Agricultural operations, as well as amounts with joint ventures and associates.
- Net cash flow from financing activities during the three months ended 31 March 2015 included increased drawings on our short term bank debt to fund working capital, which was partially offset by interest paid, and our 2014 interim dividend paid to equity holders and the on-market repurchase of certain a portion of our senior notes.

Liquidity and Capital Structure

(US$ million)	**31 Mar 2015**	**31 Dec 2014**
Total debt	4,901	3,971
Cash and cash equivalents [1]	928	904
Net debt	3,973	3,067
Shareholders' equity	5,124	5,057
Net debt/Capitalization (%)	43.7%	37.8%

(1) Includes cash with brokers not immediately available for use

- Net debt has increased by approximately US$900 million since 31 December 2014 as payments were made to suppliers as they fell due.
- Total cash and cash equivalents stood at US$928 million of which US$158 million was restricted with brokers and not immediately available for use.
- Net debt to capitalization is at a healthy 43.7%. While this is an increase from the unusually low level of 37.8% as at 31 December 2014, we typically utilize short term debt to fund the working capital requirements of the businesses. The Group will continue to manage the businesses as an investment grade company.
- Liquidity remains exceptionally robust with liquidity headroom, being the sum of readily available cash and unutilized committed facilities, at industry leading levels of US$4.5 billion. We expect to continue to maintain our liquidity headroom to support business growth and to protect against any potential future requirements that may arise due to unforeseen events.
- We launched a syndication of a US$2.25 billion committed revolving credit facility in April and now have commitments in place for the targeted size of US$2.25billion from the aggregate bank group, subject to customary conditions.

Funding and Credit Availability

(US$ million)	31 Mar 2015	31 Dec 2014
4.875% senior notes due 2015	500	500
3.625% senior notes due 2018	377	397
6.75% senior notes due 2020	1,209	1,209
6.625% senior notes due 2020	234	249
4.50% Malaysian Ringgit denominated sukuk due 2015	98	98
4.30% Malaysian Ringgit denominated sukuk due 2016	99	99
4.00% Chinese Yuan denominated notes due 2016	161	161
3.55% Thai Baht denominated guaranteed bonds due 2016	100	100
Total debt capital markets	**2,778**	**2,813**
Long term bank debt	720	718
Short term bank debt (incl current portion of long term debt)	1,403	440
Total debt	**4,901**	**3,971**

- More than 56% of the Group's debt portfolio comprises debt funded in the international debt capital markets. We opportunistically repurchased, via the market, US$15 million in principal amount of the 6.625% bonds due 2020 and US$20 million in principal amount of the 3.625% bonds due 2018. We continue to be focused on ensuring that we maintain a cost effective funding profile and continue to look for competitive refinancing options from a variety of liquidity sources that allow us to reduce cost.
- The Group's total committed and uncommitted bank facilities stood at US$17 billion, comprised of US$6 billion in committed facilities and US$11 billion in uncommitted facilities. Of the US$17 billion bank facilities, US$5 billion was utilized which consisted of US$2 billion in committed facilities and US$3 billion in uncommitted facilities.

Funding and Credit Availability (continued)

(US$ million)	< 12 months	13-24 months	25-60 months	> 5 years	Total
Bank debt	1,403	656	46	18	2,123
Senior notes	858	100	1,586	234	2,778
At 31 March 2015	**2,261**	**756**	**1,632**	**252**	**4,901**

- The Group has 53% of its total debt maturing after 1 year as short term debt was added to fund working capital.
- The debt profile will be managed to reflect our asset light strategy, supported by the Group's highly liquid balance sheet. We conduct a regular review of our maturity profile in conjunction with our capital and funding structure to ensure we maximize efficiencies while maintaining a solid balance sheet.
- The Group's syndicated banking facilities require compliance with specific financial covenants. Significant headroom currently exists under all of these covenants. These covenants are entirely independent of the Group's credit ratings.