

# Delivering on Commitments

Mark Cutifani, September 2009



## Agenda

- Scorecard
- Financial Restructuring
- Operational Focus
- Pathway to Value
- Summary



## Delivering on commitments

*We've repositioned the business to deliver value...*

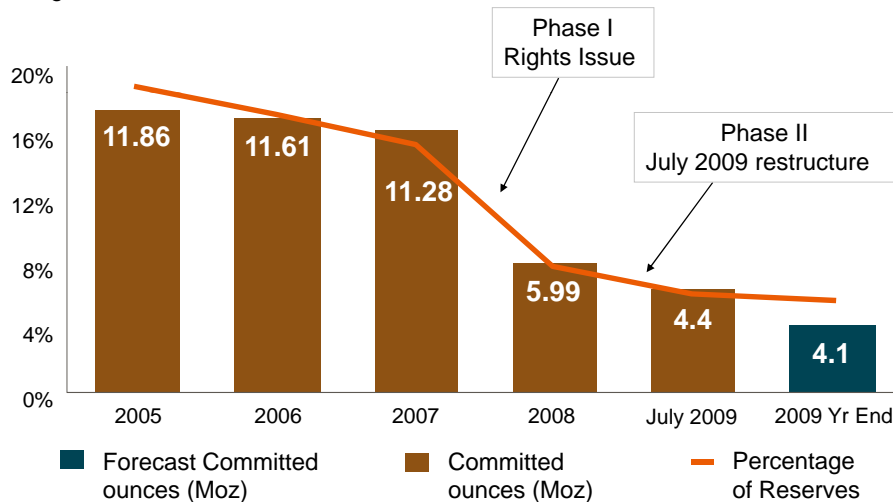
- ✓ Anglo American plc overhang removed
- ✓ Major Hedge Book restructuring complete
- ✓ Balance sheet restructured
- ✓ Portfolio optimisation complete
- ✓ Exploration program refocused
- ✓ Skills base reconstructed
- ✓ Safety improvements...more to do
- ✓ Critical operating issues in process...positive trends emerging

*...and we recognise we have more to do on the operating front.*

## Hedge book nailed

*We've aggressively cut the hedge book...*

Hedge Commitments 2005 - 2009



*...with improving margins driving earnings growth.*

## Balance sheet

### Major financial risk removed...

	Past	Present	Progress
AA plc overhang	US\$7.0 billion	Zero	<b>Eliminated</b>
Hedge commitments	12.0 million ozs	4.4 million ozs	<b>Reduced by 63%</b>
Negative Hedge MTM	US\$5.4 billion	US\$1.8 billion	<b>Reduced by 67%</b>
Net debt	US\$2.4 billion	US\$1.0 billion*	<b>Reduced by 58%</b>
Net debt/EBITDA	2.3 times	<1.0 times *	<b>Improved by 56%</b>
Return on capital employed	<5%	17%	<b>Significant improvement</b>

\* equals Pro-forma position as at 31 December 2009

Above include Non-GAAP measures

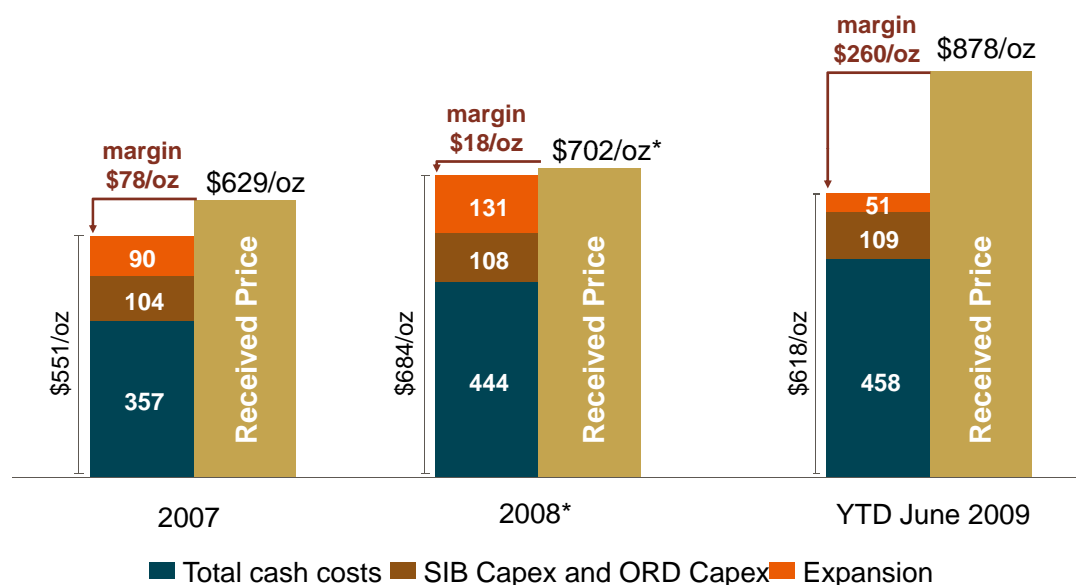
...balance sheet now provides strong platform for growth.

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## Margin expansion

### Hedge Book and operational restructuring improving margins...



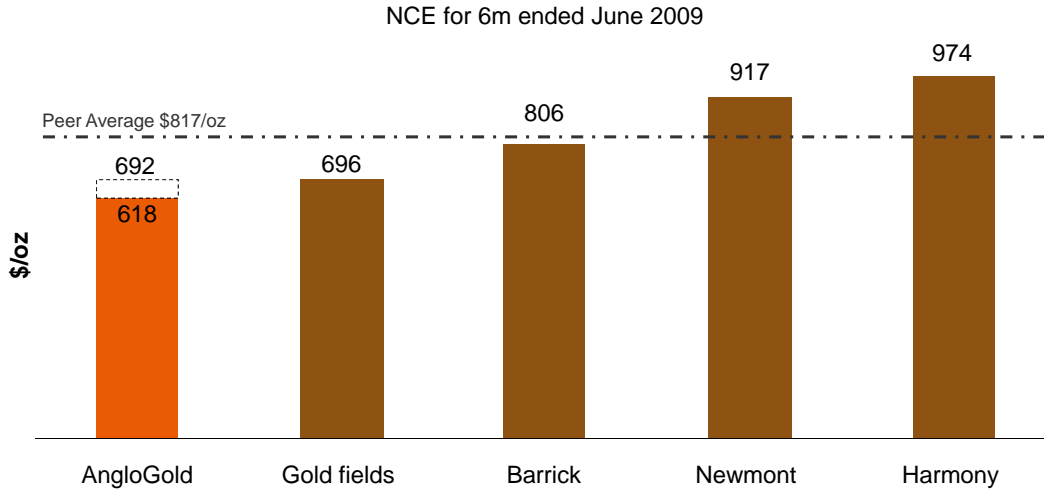
...substantially increasing operating free cashflow.

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## NCE for 6m ended June 2009

### Competitive cashflow cost position...

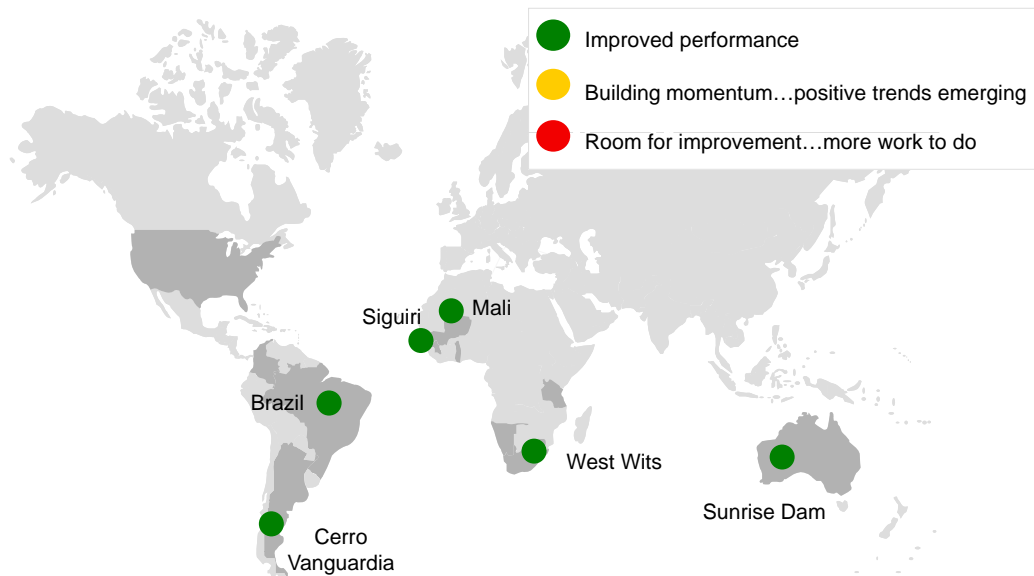


Source: Company reports, J.P. Morgan. Note: NCE = Operating costs excluding royalties plus capex expressed per ounce of gold sold. Newmont does not report royalty costs separately. Royalty costs stated here are J.P. Morgan estimates and actuals could differ.

*...with focus on underlying asset performance.*

## Measuring progress

### Critical operating issues identified and key turnarounds achieved...



*...improving operating stability creates springboard for expansion.*

## Improving performance

*We are delivering improvements across the portfolio...*

### Brazil

- Significant cost reduction
- Exploration success
- Expansion plan in place



### Argentina

- Costs halved
- Production doubled
- Underground development provides output growth



### Australia

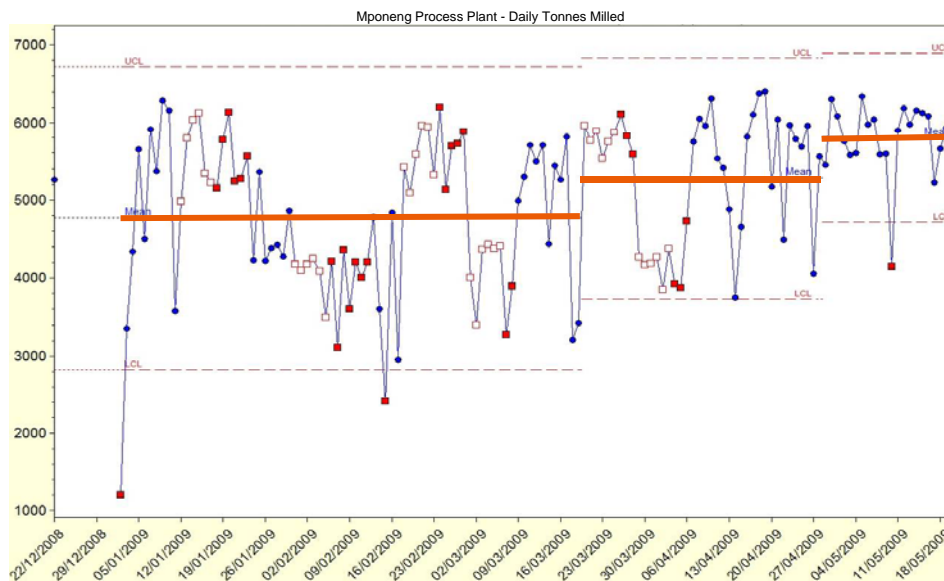
- Exciting underground potential emerging
- North wall push back progressing well
- Long-term future secured



*...which is providing our platform for organic improvement.*

## Mponeng Plant Control Chart

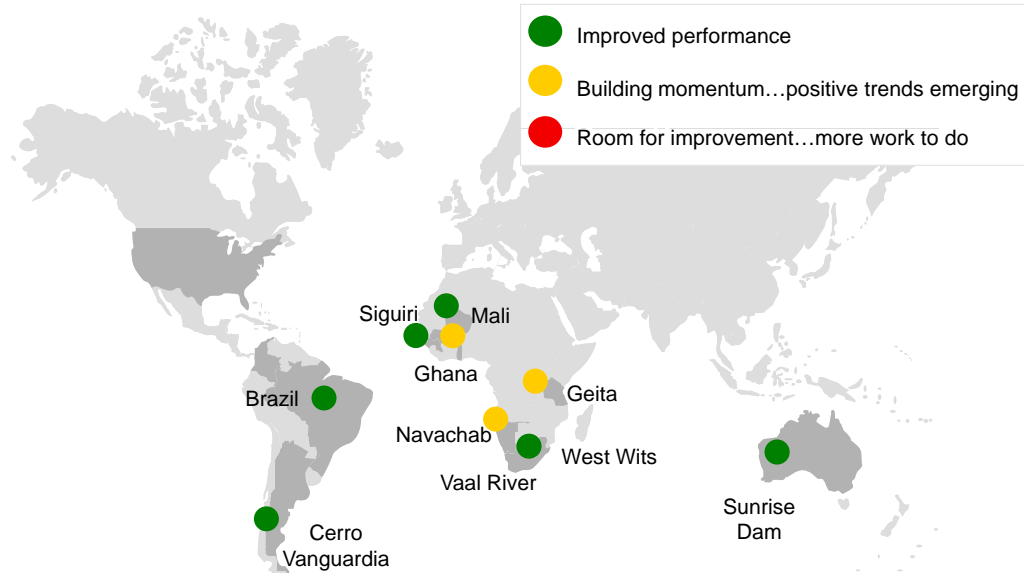
*Some interesting changes have occurred...*



*...all of which help reduce variation.*

## Measuring progress

*Key turnarounds projects gaining momentum...*



*...organic growth driven by delivery on operating potential.*

## Momentum building...positive trends emerging



*Ghana's transformation showing good progress...*

### Obuasi

- New management revitalising operation
- New mine concept slashes development costs
- Cash generative for the first time in five years



### Geita

- New management addressing critical issues
- Business improvement interventions gain traction
- Moving into higher grade areas

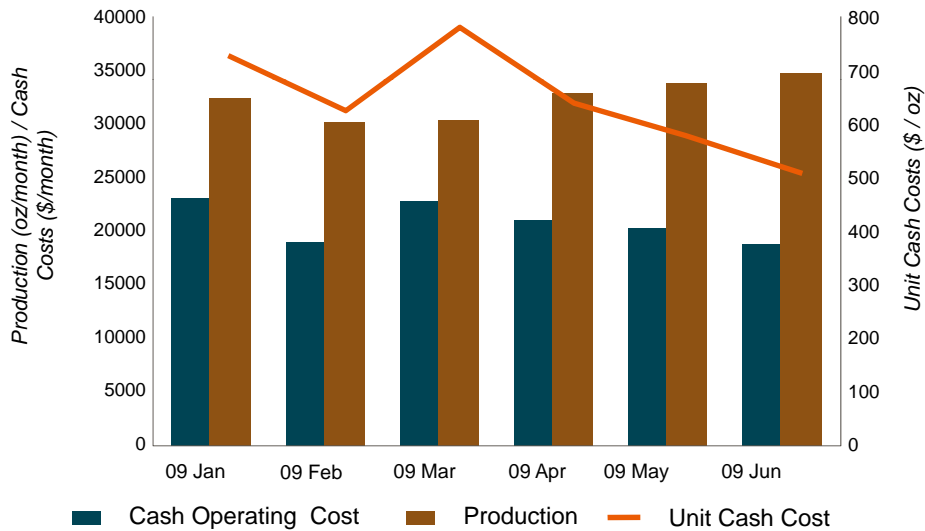


*...while Geita looks to fulfill potential.*

## Asset opportunity: Ghana transformation

*We are systematically working through the issues...*

2009 Performance on Key Indicators



*...which is stabilising and supporting cost reductions.*

## Obuasi mining design

*We are rebuilding technical capacity to drive change...*

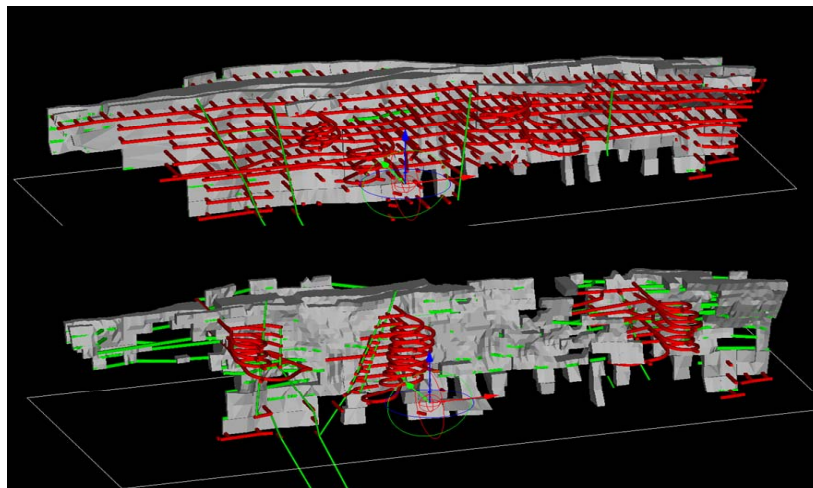
### Block 8:

**Before** – Old mining method was Transverse Stopping:

- 23km Waste Dev
- 1Mt Waste
- 8km Ore Dev

**After** – Longitudinal Retreat Mining:

- 6km Waste Dev
- 0.3Mt Waste
- 15km Ore Dev



**Red:** Off-reef Waste Development

*...with operating leadership focused on value.*

## Asset opportunity: Geita

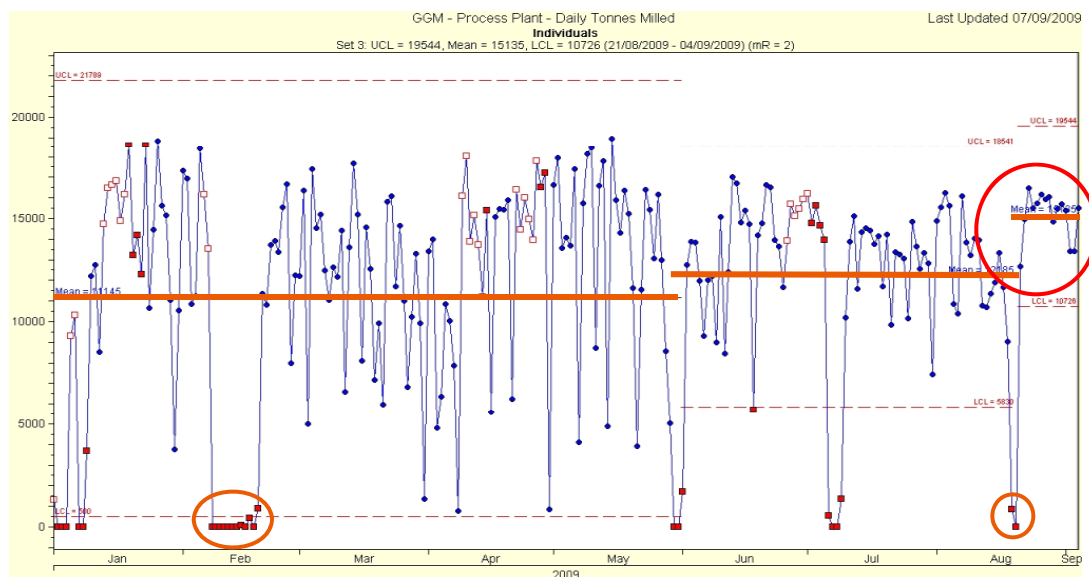
### *Starting to see the impact of hard work...*

- New management appointments supporting acceleration of improvements
- Business Improvement Model being implemented in all operating areas
- Ore blending strategy to stabilise mill operation
- Changed from weekly to monthly plant shut down strategy
- Drill and blast contractor Ausdrill commenced onsite, leading to improvements in drill and blast productivity
- Optimised mine fleet operating routines to improve utilisation
- Mill and equipment utilisation improving, as effort on maintenance pays-off
- High grade ore to be accessed in 2H2009

*...driving Geita to deliver to its potential.*

## Impact of business improvement model at Geita

### *Through stabilising ore blend and plant feed...*



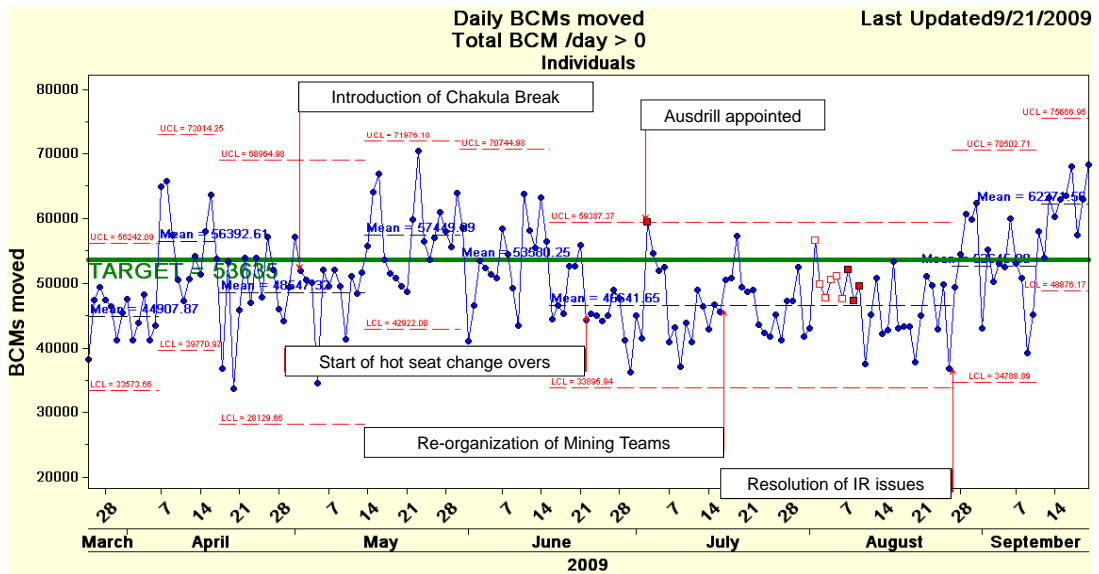
*...and focusing on critical operating activities.*



## Impact of business improvement model at Geita



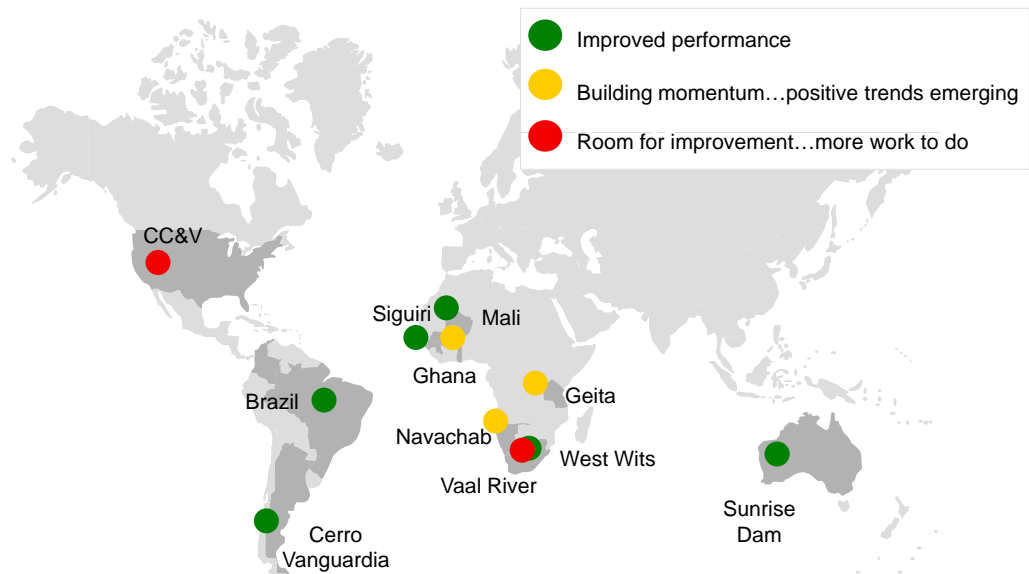
*The intervention is starting to make a difference in mining...*



*...with BCMs moved matching 2010 requirements.*

## Measuring progress

*Second order operating issues in focus...*



*...commencing staged interventions to drive to potential.*

## Room for improvement...more work to do

### Key operating issues identified at underperforming assets...

#### CC&V

- New leadership identifies key issues
- Work to do on implementing mining strategy and heap leach recovery
- Tough year ahead before turnaround realised



#### Vaal River

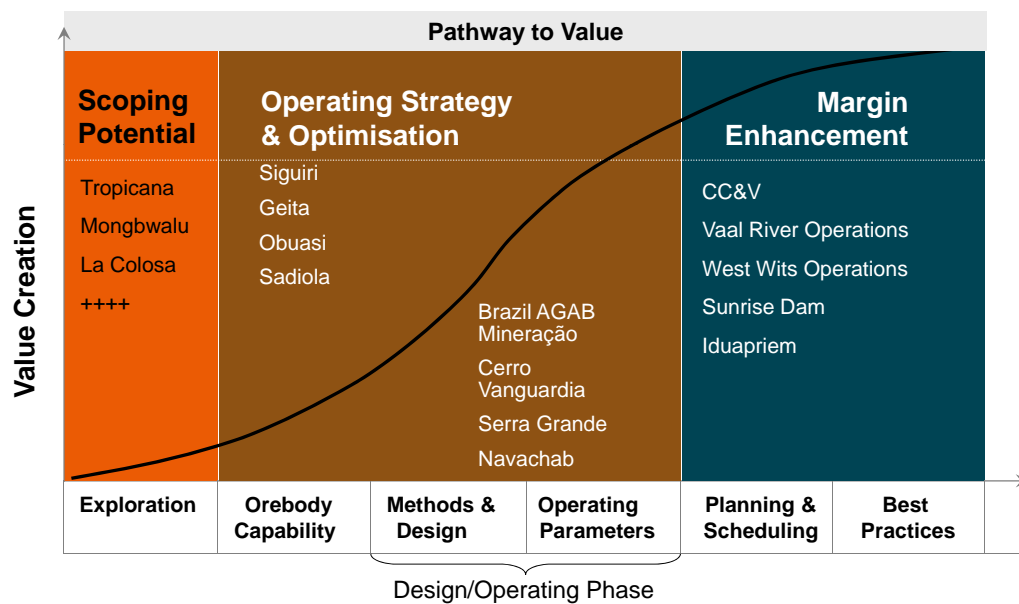
- Safety stoppages affect production
- Short and long term interventions underway to regain production momentum



...operating teams focused on regaining momentum.

## Pathway to value: Progress on delivery

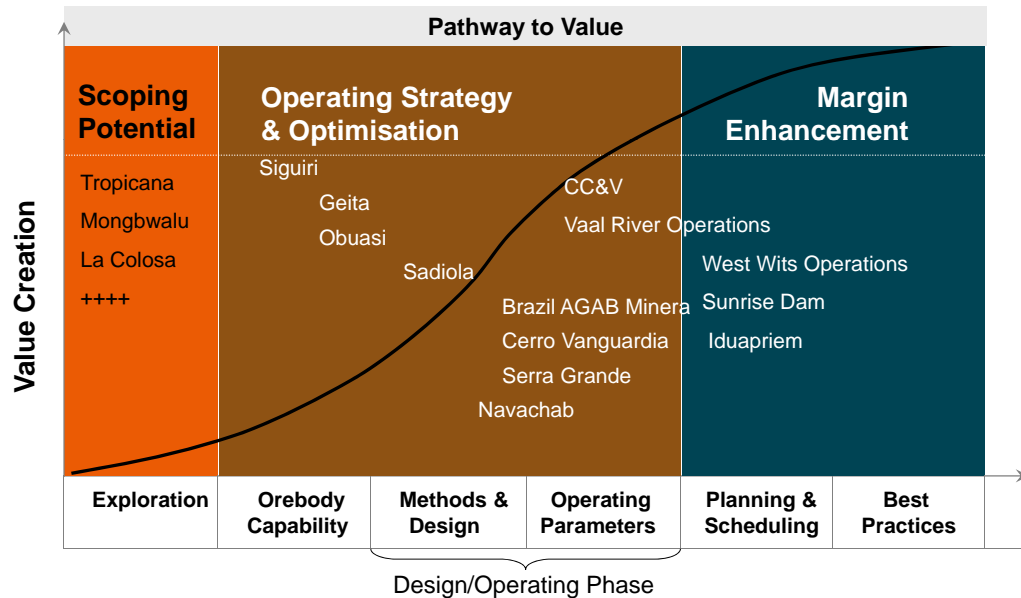
### Substantial progress made on unlocking US\$500m free cash flow...



...on track to deliver target within 5 years.

## Pathway to value: Progress on delivery

*Substantial progress made on unlocking US\$500m free cash flow...*



*...on track to deliver target within 5 years.*

## Pathway to value: Business Improvement

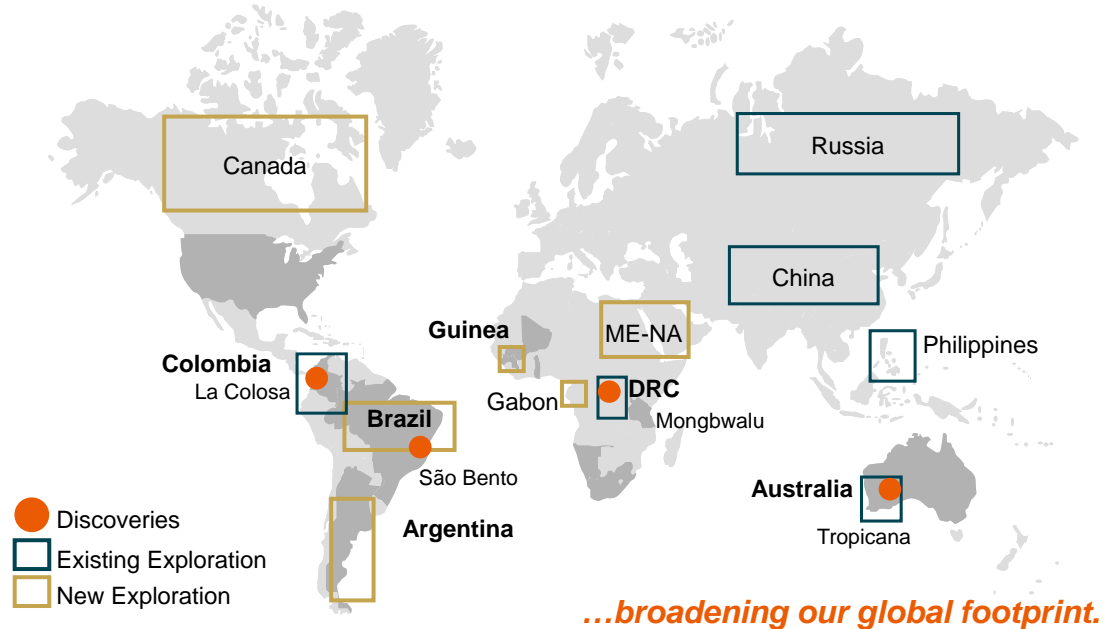
*We are targeting profitable growth through business improvement...*

AGA Strategy – Major Goals	Our Future – Our Vision	5 Year Delivery Targets
1 Safety	“0” Accidents	70% reduction in accident rates
2 People	+5% per year	30% improvement in productivity
3 Environment	“0” Incidents	60% reduction in reportable incidents
4 Production	Global leader	20% increase in production to 6 Moz
5 Costs	< Industry Midpoint	25% decrease in real unit costs
6 Financial	+15% RoCE through cycle	Increase RoCE to above 15%

*...our exploration strategy is building beyond this objective.*

## Pathway to value: Exploration

*The leading global exploration team...*



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## Exploration Scorecard (Source: MEG)

*Major gold discoveries 1997 - 2008...*

Company	Grassroots gold exploration total budgets (\$m)	Number of attributable major discoveries	Average grassroots cost of attributable discoveries (\$m)	Attributable gold in reserves / resources + past production in major discoveries (Moz)	Grassroots exploration cost of attributable gold in discoveries (\$/oz)	Attributable in-situ value of all metals in major discoveries (\$m)	Grassroots cost as % of in-situ value of all metals
Barrick	544.5	2.2	247.5	33	16.5	19,197.90	2.8
<b>AngloGold</b>	<b>476.4</b>	<b>4.6</b>	<b>104</b>	<b>22.4</b>	<b>21.2</b>	<b>12,311.70</b>	<b>3.9</b>
Newcrest	273.5	2	136.8	21.5	12.72	14,639.40	1.9
Rio Tinto	100.8	1.1	91.6	10.7	9.42	5,883.40	1.7
Polyus	154.8	1	154.8	9.9	15.64	4,461.60	3.5
Iamgold	96.2	1	96.2	3.6	26.44	2,082.00	4.6
Discoveries Subtotal	1,644.40	11.9	138.6	101.1	16.26	58,576.00	2.8
Newmont	510	0		0		0	
Gold Fields	245.1	0		0		0	
Kinross	96	0		0		0	
Yamana	66.2	0		0		0	
Goldcorp	48.6	0		0		0	
Harmony	41.7	0		0		0	

**Major Discovery** – a project that has progressed at least to the point of a positive PFS (even though it may have subsequently stalled), or has such obvious value that it is being tracked for development to production. Each deposit's gold content of > 2Moz Au in combined gold reserves, resources and past production is valued at >US\$1.1B in the ground, using a US\$550/oz Au price.

**Attributable Share** – a company's "attributable share" of the value of a discovery is based on its % ownership of the project (including optioned %'s) at the time of the discovery and applying it to the total current value (including reserves & resources plus 10% adjusted past production) e.g. 70% = 0.7.

Source: Metals Economic Group

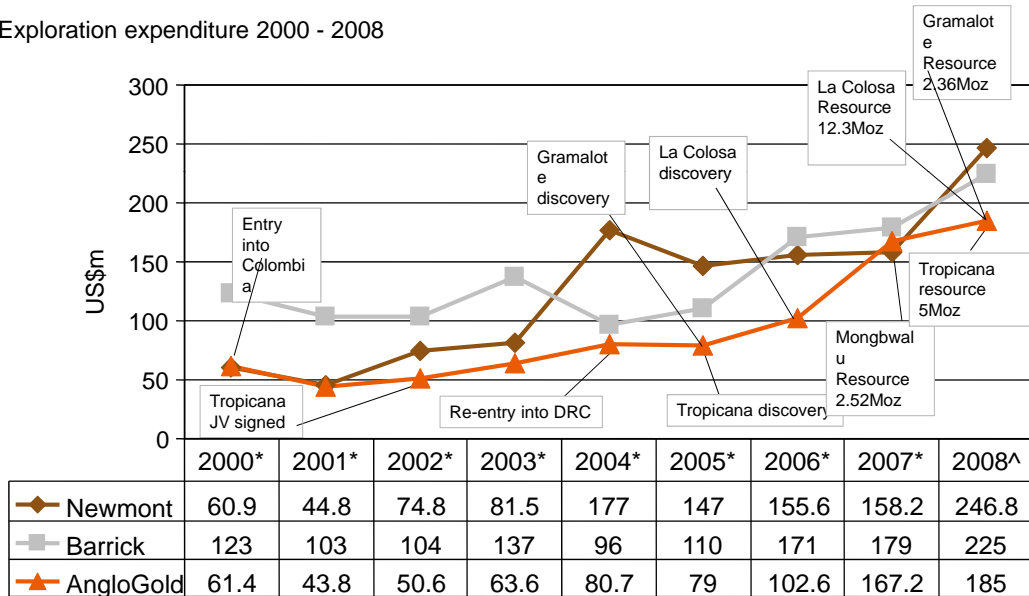
*...AngloGold Ashanti is among the leaders in exploration success.*

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## AGA exploration budget history and discoveries

Exploration expenditure 2000 - 2008



\*actual ^ budgeted

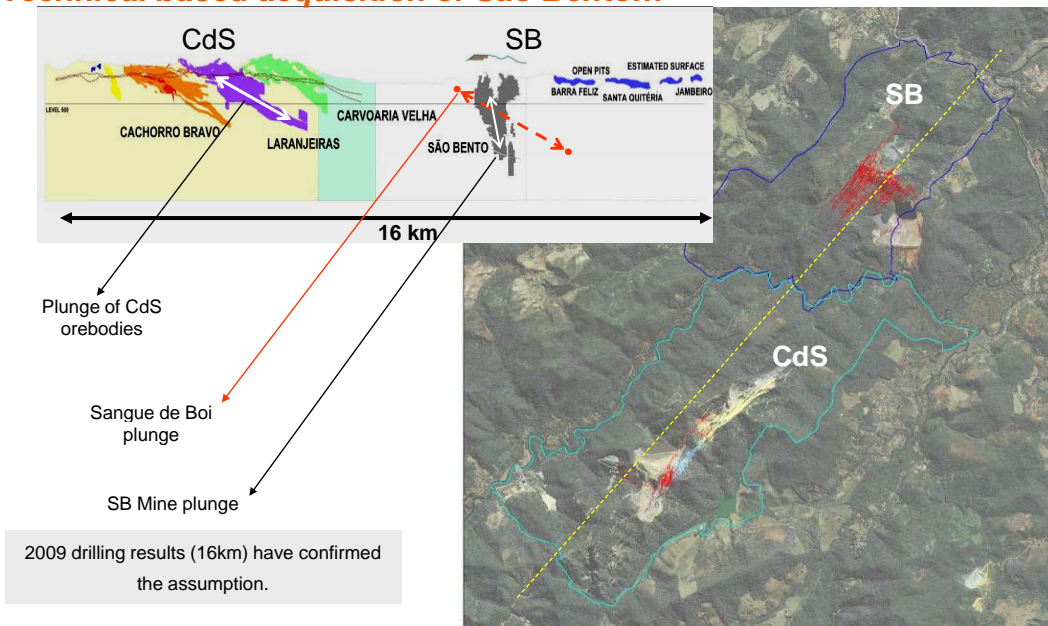
Source: MEG

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## Córrego do Sítio Project

*Technical based acquisition of Sao Bento...*



*...showing geological and structural correlation with CdS.*

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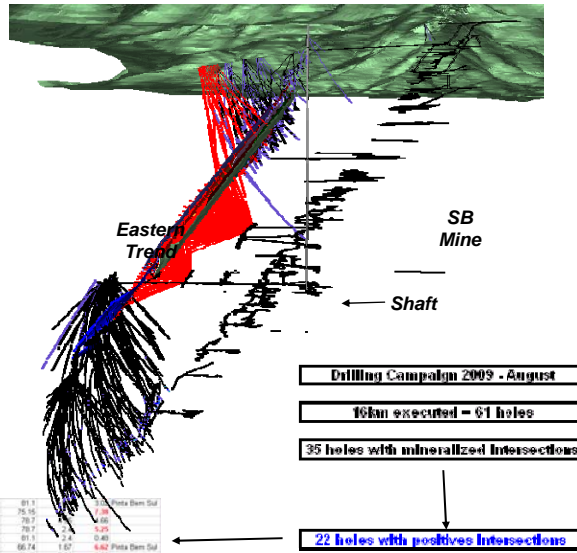
# Córrego do Sítio Project

## Sao Bento acquisition based on good science...

Sangre de Boi proposed underground drilling

Surface drilling – Main results

ID	Hole	From	To	Length	Assay	Target
1	FC00002	368.15	365.9	0.25	2.10	Sangre de Boi
		368.8	370.25	1.45	7.88	
		374.6	377.5	2.9	17.31	
		374.6	380.5	15.9	5.48	
		377.9	379.75	1.85	16.21	
		381.8	385.5	3.7	6.87	
2	FC00004	11.7	13.05	1.35	7.85	Sangre de Boi
3	FC00005	184.6	186.5	0.9	16.81	Sangre de Boi
		206.96	207.65	0.6	4.46	
		208.95	209.15	1.2	2.64	
4	FC00006	276.7	277.65	0.95	2.03	Sangre de Boi
		304.6	305.3	0.7	3.12	
		306.65	309.75	3.2	4.69	
		306.65	309.4	1.65	6.34	
5	FC00008	205.8	206.47	0.67	6.18	Sangre de Boi
		210.24	210.62	0.38	6.26	
6	FC00009	202.5	203.9	1.4	1.68	Sangre de Boi
		307.7	310.65	1.65	2.73	
		320.35	323.65	3.3	6.27	
		320.35	325.33	4.98	6.88	
		323.65	325.33	1.68	3.45	
7	FC00010	209.5	209.93	0.43	4.33	Sangre de Boi
		229.2	229.77	0.57	3.11	
		239.08	239.9	0.82	4.84	
		239.08	241.63	2.55	3.61	
8	FC00011	240.39	241.63	1.24	4.12	Sangre de Boi
		270.65	272.1	1.45	3.68	
9	FC00017	236.49	236.75	0.27	1.74	Sangre de Boi
		256.4	257.1	0.7	5.45	
		266.4	269.9	3.5	3.05	
		269.6	269.9	0.3	16.41	
10	FC00018	222.1	221.89	1.79	4.61	Sangre de Boi
		328.96	328	3.02	1.81	
		354.4	365.33	10.93	11.63	
		362.17	368.69	1.42	6.69	
11	FC00021	354.37	365.02	0.65	4.25	Sangre de Boi
		389.57	393.7	4.13	6.25	
		387.57	389.62	2.05	7.12	
		382.57	384.88	1.97	7.95	
		382.57	385.99	3.42	2.47	
		388.69	389.8	1.11	1.64	
12	FC00022	362.14	364.16	2.04	4.75	Sangre de Boi
13	FC00024	345.9	346.35	0.45	11.83	Sangre de Boi
		372.25	372.25	1	1.79	
14	FC00026	402.95	404.21	1.65	1.29	Sangre de Boi
		231	232	1	1.83	
		264.81	267.27	2.46	4.44	
		368.37	367.1	1.27	6.62	
15	FC00027	369.7	361.4	1.7	5.09	Sangre de Boi
		389.7	381.04	3.34	3.72	
16	FC00030	244	247	3	2.39	Sangre de Boi
		244	248.63	2.63	2.62	
		248	250	1	1.11	
		252.96	254.34	0.38	11.58	
		252.96	254.96	1	4.86	
17	FC00035	402.8	404.65	1.65	6.88	Sangre de Boi
		410.95	411.5	0.55	1.02	
18	FC00039	14.3	15.95	1.65	5.82	Sangre de Boi
		34.7	36.1	1.4	2.02	
		34.7	36.1	1.4	2.02	
		68.05	69.04	0.94	3.04	
19	FC00042	288	288.9	0.9	7.89	Sangre de Boi
		388	390	2	6.44	
		388.5	370	1.5	7.81	



...encouraging results so far.

# In Closing

We are rebuilding the business, focused on value...

- Management team rebuilt...focussed on delivery.
- Financial restructuring complete...foundation for flexibility.
- Operations rebuilding progressing...to deliver on potential.
- Exploration refocused...to drive new value creation.
- Margins improving...measuring cashflow and returns.

...to create a sustainable business model for long-term outperformance.