

AngloGold Ashanti posts \$203m earnings; cuts net debt 15 percent

Wednesday, May 11, 2011

(ANGLOGOLD ASHANTI-JOHANNESBURG) – AngloGold Ashanti posted adjusted headline earnings* of \$203m in the first quarter and boosted cash flow from its operations after eliminating its hedge book last year to reap the full benefit of record gold prices.

“The business is generating strong, steady cash flow now that we’re capturing this higher gold price,” Chief Executive Officer Mark Cutifani said. “We’re now focused on driving operational improvements through the business and advancing our growth projects.”

Adjusted headline earnings in the three months to 31 March, 2011 were \$203m, or 53 US cents a share compared with \$61m, or 17 US cents for the corresponding quarter in 2010, due to improved year-on-year performance from the South African mines and full impact of higher bullion prices. The first three months of the year traditionally have the lowest production, given that South African mines restart operations after the Christmas break.

Cash flow generated from the company’s operating activities during the first quarter was \$513m. Net debt** improved by another 15% to \$1.1bn, underscoring the improvement in AngloGold Ashanti’s cash generation, even after the company funded its capital expenditure requirements.

Production was 1.039Moz at a total cash cost of \$706/oz in the three months to 31 March, 2011, compared with 1.079Moz at \$619/oz for the corresponding quarter last year, and guidance for the first quarter of 1.04Moz at \$675/oz to \$700/oz. The result was achieved despite a five-day stoppage at TauTona, in South Africa, following a seismic event and also flooding at the company’s Sunrise Dam mine in Western Australia. Strong performances from the Continental Africa and Americas operating regions helped claw back the lost production.

AngloGold Ashanti announced a significant new discovery beneath the current workings of its Sunrise Dam mine, which has the potential to yield between 2Moz-5Moz. Drilling at its Cerro Vanguardia mine in Argentina also provided a high-grade interception of gold and silver at a depth of 400 meters, some 200 meters beneath where the current mineralisation was previously thought to end. At La Colosa, in Colombia, drill results continue to confirm confidence in the potential of the ore body.

Tragically, two fatalities were recorded after separate incidents in South Africa and Ghana. The company’s reported fatal incident rate has now dropped more than 90% since the introduction of the “Safety is Our First Value” approach in late 2007. General safety incidents have reduced by more than 50% over that same period. Efforts continue on a range of fronts to deliver on the company’s vision for a “no harm” workplace.

Guidance for the second quarter is 1.09Moz at \$760/oz, assuming an exchange rate of R6.75 to the dollar and Brent crude price of \$120 a barrel. This takes into account the impact of the rainfall at Sunrise Dam, a decision to halt mining of the VCR pillar at TauTona following the seismic

event in February and maintenance at the Geita mill. AngloGold Ashanti anticipates a stronger second half performance on both cost and production.

*Excludes cost of accelerated hedge buy-back

** Excludes mandatory convertible bonds

ENDS