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news release

ANGLOGOLD ASHANTI POSTS RECORD FOURTH QUARTER PROFIT, BOOSTS DIVIDEND

(JOHANNESBURG) -- AngloGold Ashanti said it would increase its final dividend after fourth-quarter adjusted headline earnings rose to a record \$228m on a higher gold price and increased production from Continental Africa and South America.

“There’s a strong level of confidence in our ability to generate cash over the long term as we continue to make improvements to the operational side of our business,” Chief Executive Officer Mark Cutifani said. “The increased dividend is a sign of that growing confidence.”

The final dividend of 70 South African cents a share is 17% more than the interim dividend of 2009 and the total dividend declaration of 130 South African cents, a 30% improvement on 2008’s final declaration. Adjusted headline earnings rose to \$228m, or 62 US cents a share for the three months to December 31, compared with \$162m, or 45 US cents in the previous quarter. The figure for the third quarter excludes the cost of buying back hedge contracts.

AngloGold Ashanti has over the past year reduced net debt by a third to \$868m and cut its hedge commitments by more than two thirds to 3.9 million ounces in order to increase exposure to the gold price. Now, with the financial platform in place, the company is implementing its Project ONE business improvement initiative to lower costs and increase production in coming years.

“The hedge book is now less than a year’s production and about 5% of reserves,” Cutifani said. “We’ve taken the rump of the hedge out and will continue to look for the right opportunities to increase our exposure to the gold price.”

After accounting for the depletion in 2009 and the sale of Boddington, AngloGold Ashanti’s reserves increased by 5% to 71.4 million ounces. This includes a 2.3 million ounce contribution from Tropicana and 4.2 million ounces from the Kibali gold project in the Democratic Republic of Congo.

The company improved its safety performance in key areas during the fourth quarter. The lost time injury frequency rate improved by 7% to 6.54 per million hours worked during the quarter. Regrettably, two of the company’s employees were fatally injured in separate incidents in Guinea and South Africa.

Production of 1.182Moz during the quarter was ahead of guidance of 1.16Moz. Total cash costs of \$598/oz were marginally above guidance of \$590/oz because of stronger-than-expected operating currencies in South Africa, Australia and Brazil and non-cash deferred stripping charges.

The South American division, with mines in Argentina and Brazil, increased production by 8% from the previous quarter to 170,000 ounces at a total cash cost of \$386/oz. Production from the Continental Africa division increased by 3% to 401,000 ounces at a cost of \$665/oz.

AngloGold Ashanti's South African mines were affected by safety-related stoppages, with production declining 7% to 448,000 ounces and costs rising 10% to \$575/oz. The two-month stoppage at TauTona to complete a shaft inspection and associated infrastructure repairs was concluded on schedule at the end of December and the mine restarted as expected in early January.

In order to accelerate the improvements from the South African operating division Robbie Lazare, formerly the executive vice president in charge of human resources, has been appointed executive vice president of South Africa after completing the design and rollout of AngloGold Ashanti's human resources model. Lazare will assume his new responsibilities immediately and has already begun work on developing strategies to mitigate cost inflation at the South African division, which faces the effects of higher power tariffs and a strong currency.

"There are a number of quick wins we can get in South Africa in the short term while we work to address a sustainable long-term future," Cutifani said. "We'll provide an update on Robbie's progress in May, when we release our first quarter results."

Richard Duffy will continue to oversee the growing portfolio in Continental Africa, which includes the Kibali and Mongbwalu projects in the DRC, the Sadiola Deeps project in Mali and continued improvements sought in Ghana and Tanzania.

Production in 2010 is anticipated to be between 4.5Moz and 4.7Moz at a total cash cost of \$590/oz - \$615/oz. These figures account for the sale of Tau Lekoa, the ongoing leach-pad issues at CC&V and safety stoppages in South Africa. They also assume an exchange rate of R7.70/\$.

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