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news release

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ANGLOGOLD ASHANTI POSTS RECORD 2ND-QUARTER EARNINGS ON HIGHER PRODUCTION, GOLD PRICE

AngloGold Ashanti Limited reported an 11% increase in second quarter adjusted headline earnings to a record, after improved performance from its Tanzanian and Ghanaian regions helped boost production.

Adjusted headline earnings increased to \$167m, or US47 cents a share in the three months to 30 June, compared with \$150m, or US42 cents, in the previous quarter.

"We saw a strong operating performance across most of the operations and a nice sweetener from our received gold price," Chief Executive Officer Mark Cutifani said. "We're seeing the results of our interventions in the continued improvements at Obuasi and the early signs of a recovery at Geita are also very encouraging for us."

AngloGold Ashanti's production during the period rose to 1.127Moz at a total cash cost of \$472/oz, from 1.103Moz at \$445/oz in the prior quarter. Higher production and lower costs were realised in South America and in Africa, outside of South Africa.

The company has appointed new management this year to oversee its operations in Ghana and Tanzania, part of its strategy to ensure appropriate skills at each level in the organization. Obuasi reported a 10% rise in production to 101,000 ounces and a 16% drop in cash costs to \$589/oz, while Geita posted a 43% increase in production to 63,000 ounces and a 14% decline in costs.

The company's West Wits operations in South Africa raised production by 7%, despite the large number of public holidays around Easter and the general election. The Vaal River operations, however, reported a 15% decline in output and a commensurate increase in costs, largely due to safety-related stoppages.

Eight of our colleagues tragically lost their lives across the company's operations during the quarter. This safety performance is a matter for concern and AngloGold Ashanti's management has intensified its efforts to improve overall safety across its operations. Interventions have been made with teams that have had the highest accident rates to effect rapid improvements. A broader strategy to better the organisation's safety performance will be implemented in the first quarter of 2010. It is important to note that AngloGold Ashanti's lost time injury frequency rate, a broad measure of overall safety performance, declined 19% during the quarter to its lowest level ever. There have been no fatalities since June 2.

The safety stoppages, combined with mill repairs in the first quarter at Geita and lower-than-anticipated recoveries from the Cripple Creek & Victor in the U.S., have necessitated the adjustment of full-year guidance to 4.7Moz – 4.8Moz from the original target of 4.9Moz – 5.0Moz. For the third quarter, production is estimated at 1.2 million ounces at a total cash cost of approximately US\$530 per ounce, assuming an average rand exchange rate of R8.10 to the US dollar for the quarter.

The average price received during the quarter increased by 5% to \$897/oz, achieving a 3% discount to the spot price.

Following the successful issue of a five-year convertible bond and receipt of the first tranche of the proceeds from the sale of its Boddington stake, the company used \$797m of its internal cash reserves to restructure its hedge book during July.

"We've worked hard to strengthen our balance sheet and that gave us the flexibility to skin the hedge book by getting it well below one year's production," Cutifani said. "The market fundamentals are extremely robust for gold, which supported our decision move aggressively sooner rather than later."

The restructuring affected about 1.4 million ounces, reducing the overall hedge commitment at 25 July to 4.47 million ounces, less than one year's production. The committed ounces are expected to decline further, to 4.1 million ounces by the end of 2009, a year ahead of target.

The company now expects to achieve a 7% discount to spot gold prices at \$950/oz gold price, with the hedge book reducing by approximately 800,000oz a year, until it winds up at the end of 2014.

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