

# AngloGold Ashanti Production up 17%; Costs Down 22%

May 19, 2014 (Source: Marketwired) – AngloGold Ashanti (NYSE: AU) today posted a strong set of results, beating first-quarter production and cost guidance, as operating performance and cost initiatives continue to reposition the business. Adjusted headline earnings were \$119m, or 29 US cents per share.

*“Our operators have delivered another strong performance and we continue to manage costs aggressively,” Srinivasan Venkatakrishnan, Chief Executive Officer of AngloGold Ashanti, said. “There’s still plenty of work to do, but with a strong team intact, a good foundation, and some significant wins under our belt, we remain focused on continuing to deliver positive results to our shareholders under tough market conditions.”*

First-quarter production of 1.06Moz at a total cash cost of \$770/oz, was the strongest first quarter performance in four years, compared with guidance of 950,000oz to 1Moz at a total cash cost of \$800/oz to \$850/oz. AngloGold Ashanti’s all-in sustaining cost, which includes sustaining capital expenditure, as well as corporate and exploration costs, declined by 22% to \$993/oz. The 17% rise in production year-on-year and 22% decline in costs were aided by the continued ramp-up of the two new, low-cost Kibali and Tropicana mines, together with ongoing efficiency improvements across the company.

Over the past 18 months, AngloGold Ashanti has taken decisive steps to adapt to the sharp decline in the gold price and more volatile market conditions. Corporate and exploration costs have more than halved, the company is on track to realise its targeted \$500m in annualised operating cost savings by year-

end, and capital expenditure has been further rationalised. None of these actions have compromised the long term outlook for the business and the company continues to invest in the expansion of its Cripple Creek & Victor mine in the US, extending the life of its Mponeng mine in South Africa, and supporting a focused, high quality project and exploration portfolio.

Tragically, one employee fatality was recorded at the Mponeng Project in South Africa and two contractor fatalities occurred at the vent shaft at the Cuiabá Mine in Brazil. The company remains committed to eliminating fatalities at its mines through sustained and focused safety interventions, which last year resulted in a 50% reduction in fatal incidents and enabled 80% of our operations to set new safety records. The first quarter All Injury Frequency Rate of 7.76 is the best first quarter performance on record.

At the Obuasi mine in Ghana, AngloGold Ashanti has progressed a range of interventions to address historic underperformance and the high cost structure, but substantial further work is required to establish a sustainable future for the mine. Commenting on these initiatives, Venkat said *"We have now developed a good working partnership with the Government of Ghana, the Ghana Mineworkers Union and other key stakeholders to address the challenges facing Obuasi. We must do all we can to stop the current cash outflows at Obuasi and define a sustainable future – and we appreciate the support of our partners in taking the decisive action necessary to achieve this."*

AngloGold Ashanti's net debt declined modestly to \$3.095bn, signaling that the company generated positive free cash flow. Chief Financial Officer Richard Duffy commented: *"As the business moves to positive free cash flow generation and given the current uncertain gold price environment, we remain focused on our financial flexibility. Overall debt levels and interest burden remain high relative to historic levels, but*

*we have made good progress to pro-actively diversify our funding sources and extend our maturity profile.”*

*Sponsor: UBS South Africa (Pty) Ltd*

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