



AngloGold Ashanti Limited  
(Incorporated in the Republic of South Africa)  
Reg. No. 1944/017354/06  
ISIN. ZAE000043485 – JSE share code: ANG  
CUSIP: 035128206 – NYSE share code: AU  
JSE Bond Company Code - BIAN  
("AngloGold Ashanti" or the "Company")

**20 August 2018**

## **NEWS RELEASE**

### **AngloGold Ashanti Says First-Half Costs, Earnings, Cash Flow Improve**

(PRESS RELEASE) – AngloGold Ashanti said today that a strong production and cost performance in the first half of this year, as inward investment started to bear fruit, helped deliver a strong earnings result and allowed the Company to forecast production for 2018 at the top end of its guided range, and costs at the bottom end.

The Company continued to deliver on its strategy to improve free cash flow and returns by focusing on improving margins and reinvesting in high-return projects in its existing portfolio. Productivity rates, up 58% since 2012, continued to improve as the effects of portfolio restructuring became evident, the brownfields investments started to yield returns, and its operational efficiency initiatives gained traction.

*"We continued to improve our portfolio, strengthen our balance sheet and increase productivity, all of which are the cornerstones of our strategy to improve free cash flow and returns over the long term," outgoing Chief Executive Officer Srinivasan Venkatakrishnan said. "The business is in good shape - production is strong, costs are improving and our pipeline is well stocked with options."*

On 1 September 2018, Kelvin Dushnisky, the current President of Barrick Gold Corporation, will assume the CEO role at the Company.

Adjusted headline earnings were \$85m, or 21 US Dollar cents per share, for the first six months of 2018 versus a loss of \$93m, or 23 US Dollar cents per share in the first half of 2017. Increases in adjusted headline earnings were due mainly to the improved operating performance and the higher gold price.

Free cash flow improved by \$110m to an outflow of \$51m in the first six months of 2018 versus an outflow of \$161m in the first six months of last year. Positive free cash flow of \$19m was recorded during the second quarter of 2018.

The Company's balance sheet also continued to improve, with debt falling, ample liquidity of around \$2 billion, and no near-dated bond maturities. Net debt declined by 17% year-on-year to \$1.786bn at 30 June 2018, from \$2.151bn at the same time last year. The ratio of Net debt to Adjusted EBITDA at 30 June 2018 was 1.12 times, compared to 1.56 times at 30 June 2017, well below the covenant ratio of 3.5 times which applies under the revolving credit facilities.

## **Operating Performance**

Total production for the group, including those operations either sold earlier this year or closed during 2017, was 1.629Moz at a total cash cost of \$823/oz for the six months ended 30 June 2018, compared to 1.748Moz at a total cash cost of \$796/oz in the first six months of 2017. All-in sustaining costs (AISC) for this set of assets fell 5% to \$1,020/oz, versus \$1,071/oz in the first half of 2017.

The International Operations posted another strong performance, achieving a 4% year-on-year reduction in AISC to \$948/oz during the first half of 2018, from \$988/oz during the first half of 2017. This was alongside a 4% increase in production to 1.372Moz, from 1.313Moz.

The sale of the Vaal River underground mines was completed at the end of February 2018, and the proceeds were immediately applied to reduce debt and further improve balance sheet flexibility. Brownfields projects remained on track and on budget. The ratification of investment agreements by Ghana's Parliament in June 2018 allows for the redevelopment of the high-grade Obuasi Gold Mine to commence in earnest.

## **Safety Performance**

It is with great sadness that we report three fatalities in the first half of 2018. The South Africa region suffered two fatal accidents. At Moab Khotsoeng a tramming accident caused one fatality and at Mponeng a mechanical loader operator was fatally injured in a seismic fall of ground. In Brazil there was one fatality following an electricity-related incident. AngloGold Ashanti remains committed to establishing and adhering to the best safety practices in the industry. The group's All-Injury Frequency Rate, the broadest measure of workplace safety, was 5.6 injuries per million hours worked for the six months ended 30 June 2018, down 31% from the first half of last year and was the lowest level in the Company's history.

## **Ends**

## **Johannesburg**

JSE Sponsor: Deutsche Securities (SA) Proprietary Limited

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The financial information contained in this news release has not been reviewed or reported on by the Company's external auditors.

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