

# AngloGold Ashanti's sale of SA mines a done deal

The sale of AngloGold Ashanti's remaining South African mines is scheduled to close on 30 September 2020, when the buyer, Harmony Gold will assume full ownership and operation of all assets and liabilities that form part of the transaction.



Mponeng Mine

The Department of Mineral Resources and Energy (DMRE) has also given its unconditional approval for the transfer of the West Wits mineral rights from AngloGold Ashanti to Harmony.

AngloGold Ashanti is well-positioned to safely deliver better returns as its focus narrows on growing free cash flow and shareholder dividends, while investing in its next generation of opportunities. "While the decision to sell our South African assets was not an easy one, we are pleased that the assets are going to Harmony, a capable and responsible operator that will ensure their long-term sustainability. We can now sharpen our focus to pursue high return projects at several of our key assets, deliver new ounces from the world class Obuasi mine in Ghana, and advance studies in Colombia, a new frontier for our business," Christine Ramon, interim CEO of AngloGold Ashanti said.

## Agreement

Consideration for the transaction is in cash and deferred payments with expected proceeds of around \$300m, subject to subsequent performance, and with additional proceeds if the West Wits are developed below current infrastructure. Harmony will pay \$200m in cash on completion of the transaction. Furthermore, Harmony has agreed to pay to AngloGold Ashanti:

- a contingent compensation of \$260 per ounce on underground gold production from the Mponeng, Savuka and TauTona mines that exceeds 250,000 ounces per annum for a period of six years commencing on 1 January 2021. This is valued at approximately \$100m based on AngloGold Ashanti's current production forecast; and
- a contingent compensation of \$20 per ounce in relation to underground production sourced within the West Wits mineral rights (comprising the Mponeng, Savuka and TauTona mines) below the current infrastructure if it is developed.

The transaction is in line with AngloGold Ashanti's aim to continually improve its portfolio and supports its disciplined approach to the allocation of capital and other resources to ensure maximum value generation for all shareholders. This, together with the pending sales of the company's assets in Mali, will result in a streamlined, high-margin business with

quality assets and a robust pipeline for growth. Gross cash proceeds from the transaction will be applied to further debt reduction.

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