

# London Bullion Market Association

*"Impact of the Financial Crisis on Precious Metals Industry"*



November 2009



## Agenda

- AngloGold Ashanti background
- Looking back at the Financial Crisis
- Refinancing a Gold Major Amid the Storm
- Lessons Learned
- Gold Outlook

## Global Footprint

*We are a global company...*



*...with significant positions across key gold producing regions.*

— ANGLGOLD ASHANTI —

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## Looking Back at the Financial Crisis

*The financial crisis threatened the modern financial system...*

- Marquee financial institutions crashed
- Widespread hedge fund failures
- Interbank lending froze
- Credit markets seized

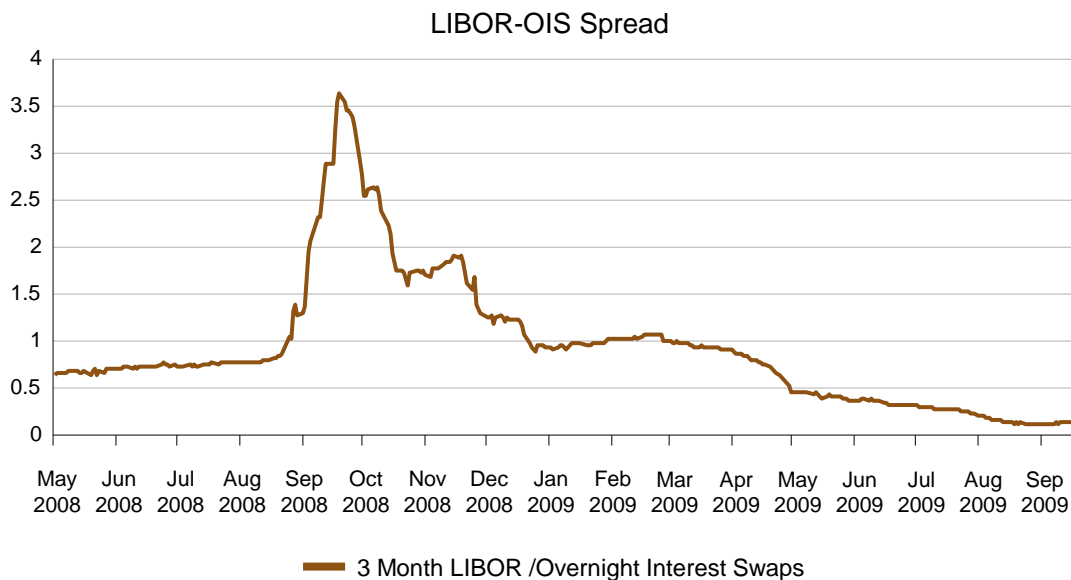
*...and claimed several victims in its wake.*

— ANGLGOLD ASHANTI —

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## Paralysis in Interbank Lending

*Cash scarcity among banks rose to a record...*



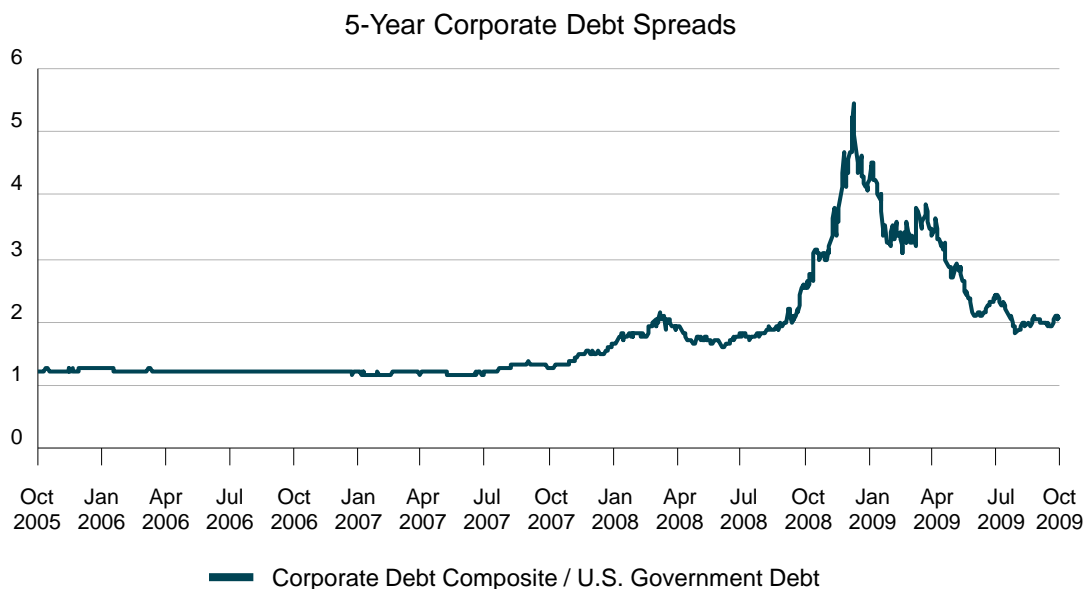
*...causing a drought in credit markets.*

— ANGLGOLD ASHANTI

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## Credit Spreads Widen

*Corporate debt costs soared...*



*...making borrowing expensive or impossible.*

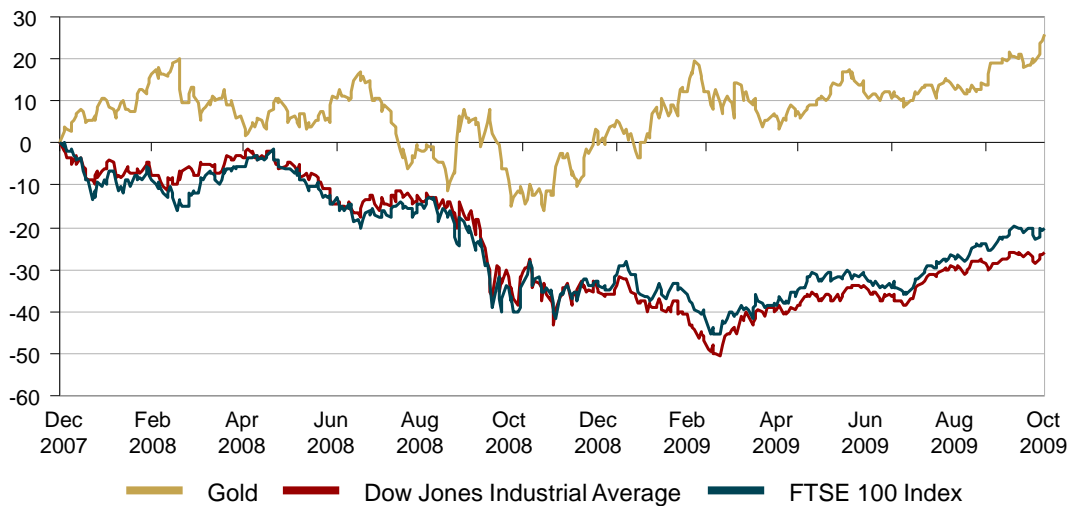
— ANGLGOLD ASHANTI

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## Gold Outperforms During Crisis

*Gold stepped up during the worst of the crisis...*

GOLD VS DOW JONES & FTSE100



*...holding its value and outperforming most asset classes.*

— ANGLGOLD ASHANTI —

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## Gold Producers Not Immune From Credit Crunch

*While bullion was the safe haven...*

Gold Producer Credit Default Swaps



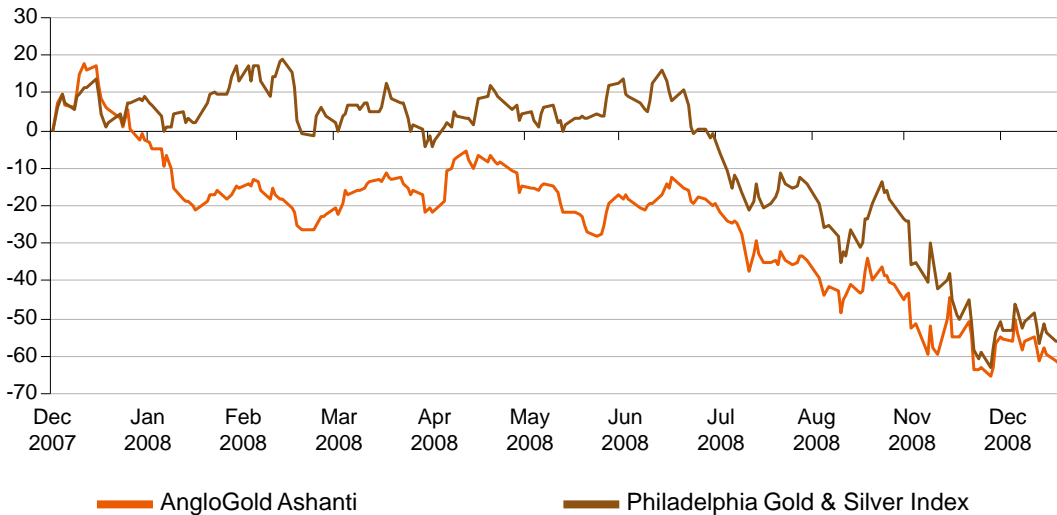
*...gold producers were not exempt from the credit freeze.*

— ANGLGOLD ASHANTI —

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## Refinancing Overhang

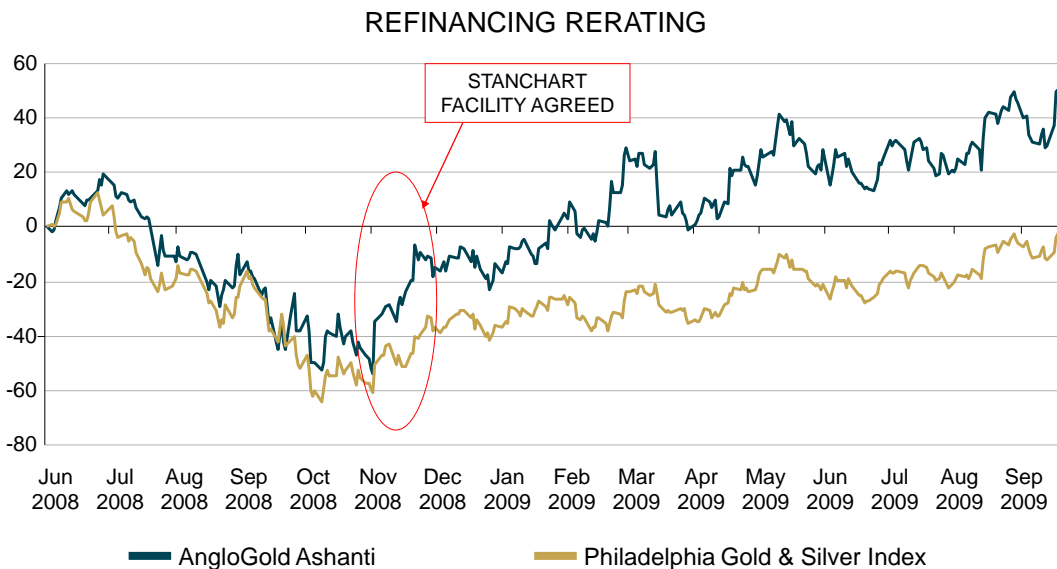
*AngloGold Ashanti's looming \$1bn refinancing...*



*...created a drag on equity performance.*

## Refinancing Premium

*Successful negotiation of bridge facility with Standard Chartered...*



*...was the catalyst for significant rerating of equity.*

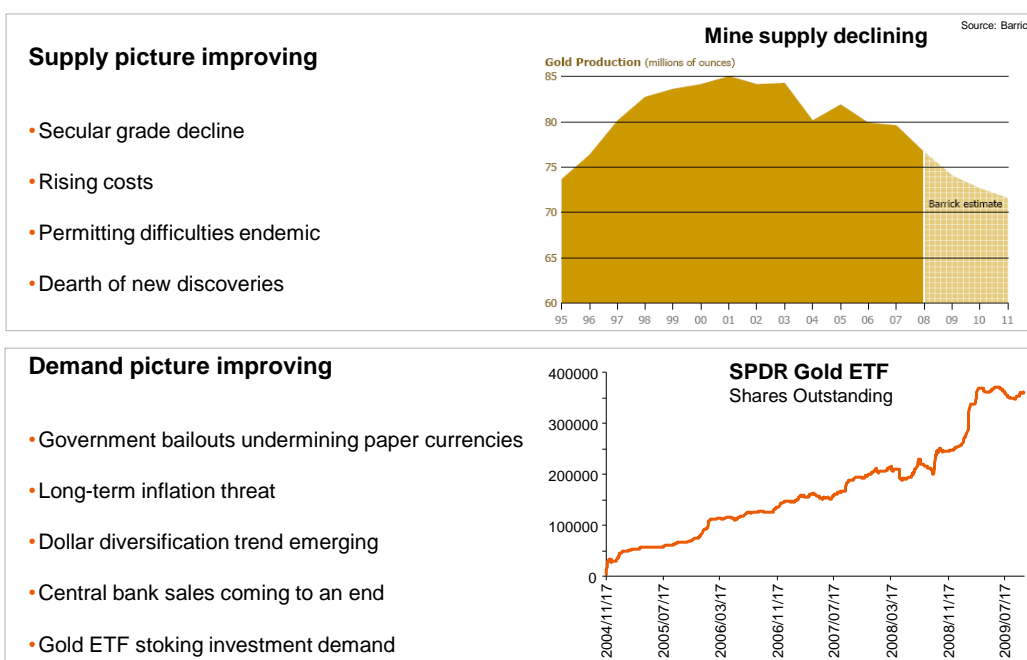
## Lessons Learned

- Increased vigilance on balance sheet
- Proactive management of banking relationships
- Critical assessment of legal risks
- Fewer counterparties, rising cost of doing business
- Less flexibility in managing hedge book
- Threat of increased regulation in OTC markets

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## Gold Outlook



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**ANGLOGOLD ASHANTI**