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## AngloGold Says It's 'Talking to People' About M&A Opportunities

By Soraya Permatasari on August 08, 2012

AngloGold Ashanti Ltd. (ANG), the third-largest producer of the metal, is "talking to people" about potential asset acquisitions as declines in stock prices provide opportunities, Chief Executive Officer Mark Cutifani said.

Smaller mines with large growth potential are of particular interest, Cutifani said today in an interview in Kalgoorlie, Australia, declining to identify targets.

"We can see some value deals in the market place but generally on the smaller end of the market," he said. Companies are short of funding, especially the smaller miners, and "we're in quite a few conversations," he said.

AngloGold follows South African rival Gold Fields Ltd. in looking for deals to boost output to cope with rising costs and benefit from prices that have increased for 11 straight years. Mining company valuations, based on the Bloomberg World Mining Index, have dropped 18 percent in the past 12 months on concern slowing global economic growth will curb demand for commodities.

"We tend to look for regions that we think have got potential to host material assets and we are prepared to look at small assets that we think can become a regional play or have the potential to grow," Cutifani said. "If it's small but has the potential for maybe 3 to 5 million ounces, that would be the sort of target that would interest us."

AngloGold, based in Johannesburg, will also consider selling assets in Mali and Namibia, he said.

AngloGold, which mines about a third of its metal in South Africa, said this week earnings, excluding one-time items, dropped 41 percent as costs rose. Expenditure may climb to as much as \$865 an ounce in the third quarter from \$801 in the second, the company said Aug. 6. Second-quarter output was 1.073 million ounces and third-quarter production may range from 1.07 million to 1.1 million ounces, it said.

The company aims to produce more in the second half, partly on additional output from Brazil, Cutifani said.

Gold for immediate delivery fell 0.3 percent to \$1,608.10 an ounce at 6:15 p.m. Perth time. The metal, up 2.8 percent this year, may trade through \$1,700 an ounce in the second half, Cutifani said this week.