

30 March 2011

African Barrick Gold

Year End	Revenue (US\$m)	PBT* (US\$m)	EPS* (c)	DPS (c)	P/E (x)	Yield (%)
12/09	693	161	16.9	0.0	51.1	N/A
12/10	975	335	59.5	5.3	14.5	0.6
12/11e	1,054	388	65.9	6.6	13.1	0.8
12/12e	1,152	396	67.2	6.7	12.8	0.8

Note: *PBT and EPS are normalised, excluding intangible amortisation and exceptional items. \$1.62/£.

Investment summary: Cheapest London major

African Barrick Gold (ABG) was listed on the London market in its own right on 19 March 2010 at a price of 575p. Notwithstanding two production/profits warnings on account of issues associated with the processing of transitional ore and the discovery of an organised fuel theft syndicate (both at Buzwagi), ABG's actual FY10 price-earnings ratio of 16.7x was at a 48% discount to the 32.0x average historic P/E ratio of the NYSE Arca Gold BUGS index in 2010. Since then it has underperformed the gold price in US dollar terms (in common with other majors), such that it now trades at a risk-adjusted discount to its peers.

Largest production; largest reserves; 2nd largest resources

With 701koz of attributable production, ABG was London's largest producer of gold in FY10. In addition, it has the largest (non-Witwatersrand basin) reserve base and a resource base second only to Randgold Resources.

Cheap relative to its resources

In the most recent update to our January 2010 report, *Gold – Valuation benchmarks are obsolete*, we derived average values for JORC-compliant London-listed 'measured', 'indicated' and 'inferred' ounces of US\$368/oz, US\$129/oz and US\$22/oz, respectively (excluding Wits basin ounces). Applying these to ABG's resources yields a value of US\$3.6bn (vs ABG's actual enterprise value of US\$3.1bn).

Valuation: Risk-adjusted value relative to London peers

On the basis of our earnings expectations to FY14 (excluding growth projects), ABG is consistently cheap relative to Randgold Resources. To the extent that it is expensive relative to Petropavlovsk, its premium valuation is small by FY14, when its EV/EBITDA ratio is 5.3x (vs 4.3x for POG). Given that ABG has zero commissioning risk inherent within this analysis and only relatively minor mine life extension risk at Tulawaka, we conclude that, on a risk-adjusted basis, ABG offers the best value for investors in the London gold sector. Considered alternatively, ABG only has to produce an additional 163,478oz of gold in FY14 at the same average cost of production as the rest of its output to render it, definitively, the cheapest London gold major.

Price 533p
Market Cap £2,186m

Share price graph



Share details

Code ABG
Listing FULL
Sector Mining
Shares in issue 410m

Price

52 week High 674p Low 502p

Balance Sheet as at 31 December 2010

Debt/Equity (%) N/A
NAV per share (US\$) 6.13
Net cash (US\$m) 401

Business

African Barrick Gold was historically the Tanzanian gold mining business of Barrick and is one of Africa's five largest gold producers with output from four mines, namely Bulyanhulu, Buzwagi, North Mara and Tulawaka.

Valuation

	2010	2011e	2012e
P/E relative	137%	124%	134%
P/CF	10.5	7.3	6.8
EV/Sales	3.3	2.8	2.4
ROE	10%	10%	9%

Revenues by geography

	Europe	US	Other
UK			
N/A	N/A	N/A	N/A

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Investment summary: Cheapest London major

Company description: Premier gold producer

Formerly the Tanzanian gold mining business of Barrick, African Barrick is one of the five largest gold producers in Africa, with output of 701koz in FY10. Its four principal mines are Bulyanhulu (100% interest, 38% of attributable ounces produced in Q410), North Mara (100% interest, 31% of ounces produced), Buzwagi (100% and 25% of oz produced) and Tulawaka (70% interest and 7% of attributable ounces produced). As such, ABG was the largest producer of gold on the London market in FY10, having produced 59% more gold than Randgold Resources (on an attributable basis) and 38% more than Petropavlovsk, at comparable costs (Exhibit 1).

In addition to its producing assets, its exploration division has 13 tenements with advanced exploration targets covering an additional c 3,381km² of Tanzania. Within its portfolio of exploration assets, ABG has four which each offer the potential to produce c 50koz per annum by FY14, namely:

- The extension of the Tulawaka underground mine life beyond Q212
- Golden Ridge, which hosts 0.7Moz of gold (JORC), open at depth and along strike, and could potentially either supply ore to the Buzwagi plant or support a stand-alone operation
- The Bulyanhulu Upper East zone, which is the down-dip extension of existing mining activities and where infrastructure is already in place in the form of a 1.8km decline
- The North Mara underground project

Thereafter, the Tusker project is estimated to be capable of supporting a combined underground and open pit operation of 5.5-7.3Mtpa to produce c 225koz per annum (\pm 25koz pa) for a capital investment of US\$500-600m.

Gold bull market still intact

Gold accounts for 94.4% of ABG's sales, with the balance being accounted for by co-products (principally copper and silver).

At the time of writing the gold price is US\$1,417/oz, 2% below its recent, record, intra-day high of US\$1,445.70/oz and 7% above its recent nadir of US\$1,324/oz, as investors have sought financial safety at a time of rising geo-political tensions in the Middle East.

Notwithstanding its near record price and the fact that it has risen fivefold since its post-1980 low of US\$273/oz in 2001, in the short to medium term we believe that the bull market remains intact, driven primarily by negative real interest rates in the US. This phenomenon, now extant for the best part of a decade (ostensibly since 9/11), has two important effects:

- It discourages hedging by producers which, in turn, reduces the amount of accelerated supply into the market. In the past (eg 1999) this has accounted for as much as 13% of global supply.
- It encourages diversification by holders of dollar reserves into real, dollar-denominated assets. In particular, China holds approximately US\$2trn of US dollar reserves and is

accumulating net additional reserves at a rate of approximately US\$0.4trn per annum. This compares to the c US\$200bn size of the global gold market annually.

While increasing by 2.7% to a new record in 2010, new mine supply is only 1% higher than the level it reached in 2001. In the meantime, domestic Chinese policies (and in particular the dollar-renminbi peg) have internalised Chinese inflation, creating a liquidity driven speculative bubble in China, while simultaneously protecting the US from the effects of an over-valued dollar. As a result, China is poised to overtake India as the world's largest consumer of gold, while the Federal Reserve has been able to reiterate that it will keep interest rates "exceptionally low" for an "extended period".

Key facts

- ABG had a total reserve base (proven and probable) at its four principal mines of 16.8Moz as at 31 December 2010 (vs 16.8Moz as at 31 December 2009) on an attributable basis.
- Including Nyanzaga, it had a mineral resource (excluding reserves) of an additional 10.0Moz (vs 9.2Moz as at 31 December 2009).
- Its total mineral resource (including other projects – eg Golden Ridge), we estimate to be c 28.2Moz on an attributable basis.

Strategy

ABG's strategy is to increase production from its existing assets by 43% from its level of 701koz per annum (attributable) and 719koz (gross) in 2010 to in excess of 1Moz per annum by FY14.

Exhibit 1: ABG, POG and RRS historic and future key operating parameters

Note: * Attributable; ** Estimated.

Name	FY10 production* (koz)	FY10 total cash costs (US\$/oz)	Targeted peak production* (koz)	Peak production vs FY10
ABG	701	569	1,000koz in FY14	+43%
POG	507	**550	**1,090koz in FY14	+115%
RRS	440	632	1,219koz in FY15	+177%

Source: Edison Investment Research

Simply considering the production profile of its three principal mines only (Bulyanhulu, North Mara and Buzwagi) plus that at Tulawaka (where it is already mining successfully underground and where it has already extended its official closure date from Q311 to Q212), we estimate that ABG is capable of producing 814koz in FY14, on a gross basis, and 802koz on a net basis. Thus the successful development of its remaining three growth projects will place it on the brink of achieving its targeted production rate.

Valuation: Cheap relative to both resources and peers

Excluding all growth projects (except the extension of Tulawaka's underground operations), ABG is consistently cheaper relative to its earnings than Randgold Resources to FY14. Of the three largest London producers of gold, Petropavlovsk is the cheapest from FY12, as it ramps up its production; however, the margin by which it is cheapest becomes small by the time ABG has ramped up its production as well, with POG on an EV/EBITDA multiple of 4.3x in FY14 cf 5.3x for ABG. This appears anomalous given ABG's lack of material commissioning relative to its peers, plus its record of acquiring/delineating reserves (which is empirically comparable, and arguably superior, to

Randgold's). Considered alternatively, ABG producing an additional 163,478oz of gold at the same average cost of production as the rest of its output would render its shares cheaper than Petropavlovsk and the cheapest of the trio of London gold majors on an EV/EBITDA basis under almost any circumstances.

Considered just on the basis of its resources, ABG's enterprise value equates to US\$131 per total attributable resource ounce, which is significantly cheaper than both RRS and POG, on US\$361/oz and US\$323/oz respectively. It is also at an 8% discount to the weighted average London valuation (excluding Wits basin ounces) of US\$142/oz.

Sensitivities

ABG's principal empirical sensitivities are to the gold price and its unit costs of production. Each 10% change in the gold price has an approximate 28% effect on ABG's earnings per share. Each 10% change in unit costs has an approximate 12% effect on ABG's earnings per share.

Qualitatively, ABG is exposed to the usual operating risks regarding the attainment of grade, throughput and costs targets. However, it is not exposed to plant commissioning risk. Its geopolitical risk is effectively exclusively restricted to Tanzania.

Financials: Solid and growing net cash position

ABG had US\$401m in net cash as at 31 December 2010. Forecast earnings of US\$270m in FY11 (vs US\$218m in FY10), rising to US\$291m in FY14 (excluding growth projects) will be more than sufficient to fund capital expenditure requirements of US\$263m in FY11, falling to a level of US\$156m of sustaining capex in FY14. With dividend cover of approximately 10x, *ceteris paribus*, we would therefore expect ABG's net cash position to increase into the foreseeable future.

Company description: London's largest producer

ABG's strategy is to increase production from its existing assets by 43% from its level of 701koz per annum (attributable) and 719koz (gross) in 2010 to in excess of 1Moz per annum by FY14.

The following is a summary of ABG's four main assets, drawn principally from its March 2010 prospectus.

History

Reports of gold in Tanzania have existed for centuries and it is reputed to have been sourced from the Lake Victoria area by Arab traders in pre-colonial times. German prospectors formally discovered gold in 1898 and active prospecting in the 1920s led to sizeable mining activities until the early 1960s. Mining declined following Tanzania's independence in 1961, but was reinvigorated once again in the 1990s after a series of governmental policy changes designed to encourage foreign investment into the country.

ABG acquired the Bulyanhulu property, via Barrick, as part of its acquisition of Sutton Resources in March 1999. Shortly thereafter it acquired Pangea Goldfields and, with it, the Tulawaka and Buzwagi properties. In 2006, North Mara was added via Barrick's acquisition of Placer Dome.

Bulyanhulu began production in April 2001, followed by North Mara in April 2002 (when it was still under the management of Placer Dome), Tulawaka in March 2005 and Buzwagi in May 2009.

Hitherto fully controlled and a wholly owned subsidiary of its parent, African Barrick became a distinct corporate entity upon its IPO in London on 19 March 2010 at a price 575p per share.

Geography

ABG's four producing mines are all located in the north-west quadrant of Tanzania:

- Bulyanhulu is located 55km south of Lake Victoria and 150km south-west of Mwanza.
- Buzwagi is located 97km south of Bulyanhulu and 6km south-east of the town of Kahama. It is Tanzania's largest single open-pit mine and its second largest mining operation overall.
- The North Mara mine is located approximately 100km east of Lake Victoria, 20km west of the Serengeti National Park and 20km south of the Kenyan border. It comprises three active pits named Nyabirama, Nyabigena and Gokana.
- Tulawaka is located 120km west of Bulyanhulu, 160km south-west of Mwanza in the Biharamulo Forest Reserve and approximately 5km north-east of the town of Mavota near the north-west border with Rwanda. It is a 70:30 joint venture with MDN Inc.

In addition to its four operating mines, ABG has seven principal exploration prospects in Tanzania. In total, the company has interests in 239 granted prospecting licences, prospecting licences reconnaissance, special mining licences and mining licences, which cover 309,377ha of land in Tanzania. It also holds interests in 275 pending applications for prospecting licences and prospecting licences reconnaissance covering an additional 719,067ha (as of 31 January 2010).

Bulyanhulu

General

Bulyanhulu is an underground, narrow vein, trackless mine with a conventional gravity, flotation and carbon-in-leach (CIL) processing plant that has been in production since 2001. Mineral reserves are accessed via a surface vertical shaft and an internal ramp system.

The Bulyanhulu deposit is a long, steeply dipping orebody which extends over a 4km strike length and to a depth of 2,000m below surface. The ore zones vary from less than 1m to 5m thick.

Regional geology

Bulyanhulu is located within the central portion of the Sukumaland Greenstone Belt in the Lake Victoria gold field region that comprises the two greenstone belts of the Archaean Nyanzian system. These are distributed in two concentric arcs, with the outer (younger) arcuate belt being characterised by banded iron formations, felsic volcanoclastic rocks and mines such as Geita, while the inner (older) arcuate belt is characterised by mafic to intermediate volcanic and volcano-sedimentary rocks and mines such as Bulyanhulu. The inner and outer arcs are generally separated by the intrusion of younger granitoids. The belt subsequently underwent several phases of structural deformation.

Local geology

Bulyanhulu is a structurally controlled, shear-hosted, Archaean Greenstone type gold deposit comprising a sequence of mafic and basaltic volcanics overlain by a laterally extensive sequence of argillaceous sediments (ie mudstones and shales). Within the mine area, lithological units generally strike at 315-320° and dip at 80-85° in a north-easterly direction. Reef horizons are generally conformable with stratigraphy.

The main orebody, Reef 1 (accounting for 75% of Bulyanhulu's reserves by ounces), is hosted within an argillaceous unit (known as Kisii shale) situated between the footwall mafic and hangingwall felsic units. The unit (which is commonly graphitic) is thickest (25m) in the south-east corner of the property and pinches out in the north-west.

Mineralisation

Mineralisation is hosted within a series of steeply dipping north-westerly striking quartz reefs (zones), characterised by the presence of sub-continuous lenses and veins of distinctive black quartz concentrated in narrow shear zones. Gold generally appears as free grains on the margins of chalcopryrite and locked within pyrite grains. Free gold occurs in addition to the gold-silver alloy, electrum.

Reef 1 consists of a series of black quartz-sulphide veins situated within a distinct shear zone along the contact between the footwall basalts and hanging wall felsic units. The reef extends for approximately 3km from east to west, of which the westerly 1km has been mined from 100m to 1,000m below surface. The black quartz veins contain coarse pyrite (the primary sulphide), chalcopryrite and pyrrhotite.

Reef 0 (accounting for 5% of Bulyanhulu's reserves by ounces) consists of a narrow, multi-reef quartz vein shear zone (< 1m in width) and is a narrow multi-reef structure composed of Reef 0a and Reef 0b, which splays off Reef 1 to the north-west.

Reef 2 (accounting for 19% of Bulyanhulu's reserves by ounces) occurs 500m north and parallel to Reef 1 and consists of a series of five narrow, high grade, discontinuous ore shoots averaging less than 1m in width.

Mining

Bulyanhulu mine is an underground mine with both shaft and ramp access. The mine commenced commercial operations in 2001 and workings now exist from surface to a depth of 1,146m. The main shaft is located in the geographic centre of the mine, along strike, and extends to a depth of 1,100m below surface. Four mining methods are currently in use at Bulyanhulu: mechanised longhole stoping (approximately 62% of production), mechanised cut and fill mining (7%), conventional cut and fill stoping (12%) and Alimak stoping (19%). A fifth method – drift and fill (overhand) stoping – was used but has now been discontinued.

As mining depths increase to over 2,000m, the mine is expected to adopt proportionately more selective mining methods in order to minimise dilution. With approximately 67% of future ore anticipated to be derived from the narrow vein Reef 0 and Reef 2, approximately 75% of future tonnage is expected to be derived from conventional cut and fill mining.

Production

Combined shaft capacity is 5,000-5,500tpd although ore production is capped by the process plant at 3,000tpd (c 1.1Mtpa) from which two saleable products are derived – doré bars (from the gravity and CIL circuits) and copper concentrate. Gold recovery is c 92.6%, while copper recovery is c 95.7% and silver recovery 78.1%. The Bulyanhulu concentrate is a low grade copper (13-16% Cu), high grade gold (200-240g/t Au) and silver (150-200g/t) concentrate that requires processing in a copper smelter with a gold refining circuit.

Logistics

Grid power is provided by the electrical power distribution system owned by TANESCO. In the event of a power outage, Bulyanhulu has sufficient self-generation capacity on site to allow it to continue to run operations at full capacity.

Water is supplied from Lake Victoria via a pipeline with a single pumping station.

North Mara

General

Situated some 1,300m above mean sea level (msl), exploration at North Mara commenced in 1993, with first gold poured on 11 August 2002. The mine is a conventional open pit mining operation comprising three deposits, namely Nyabirama (38% of reserves by ounces), Gokona (46% of reserves by ounces) and Nyabigena (6% of reserves by ounces), and one potential near-term open pit (Komarera). Commercial mining operations commenced in 2003, with the three pits mined in

sequence to satisfy stripping, stockpile (9% of reserves by ounces) and blending requirements. The potential for underground mining, particularly at Gokona and Nyabigena is currently being explored.

Mining operations are conducted according to the terms of two Special Mining Licences which were granted on 7 February 2000 and expire on 7 September 2011.

North Mara is in need of expanding its road network and mining workings in respect of which several purchase agreements remain outstanding and under negotiation.

Regional geology

North Mara is situated within the east-west trending Mara-Musoma Greenstone Belt, which is part of the larger Lake Victoria Greenstone domain of the Archaean Tanzanian Craton.

Local geology

Several types of gold mineralisation are hosted within the Mara-Musoma belt, including shear-zone related quartz vein mineralisation and disseminated gold. Although there is some variety in the host rocks of the various deposits and prospects at North Mara, all show a strong degree of structural control with gold partly carried in fracture-filling veinlets and partly disseminated through associated alteration zones. The Nyabirama deposit, for example, is located along the Mara Shear Zone and is considered to be a structurally controlled, shear-hosted gold deposit whereas the Gokona and Nyabigena deposits, 7km to the north-east, occur in a shear-bounded package of Archaean andesitic volcanic rocks and are considered as disseminated and quartz vein deposits.

Dozens of artisanal workings (many currently active) exist along 18km of the Mara Shear's strike length.

Mineralisation

Mineralisation at Nyabirama extends up into the saprolite as a narrow (10-20m) zone of transitional oxide material from the main gold-bearing lode structures within the unweathered tonalite below.

Similarly, both the Gokona and Nyabigena deposits have a <30m thick sequence of transitional stratigraphy overlying fresh rock. Mineralisation consists of a series of approximately tabular, steeply dipping (60-70° to the south-west) alteration lodes consisting of zones of hydrothermal alteration that occur within a single andesitic volcanic package. Individual lodes are typically 30-60m in width and pinch, swell and bifurcate. Gold occurs as discrete inclusions in sulphide minerals and also bound within the lattice of sulphide minerals. Free gold occurs as coarser particles within quartz-pyrite veinlets, which accounts for isolated higher grade intersections within relatively weakly altered rocks as well as a significant portion of the gold in the broader, higher grade zones of greater continuity.

Mining

Mining is carried out using mining bench heights of 10m in oxide material and 20m in fresh rock. The Nyabirama pit is adjacent to the processing plant, while the Gokona and Nyabigena pits are located approximately 7km to the north. Mining is via the conventional hard rock method with drills, explosives, hydraulic shovels and mechanical drive haul trucks. The bulk of mining activity is focused on the Gokona pit. ABG plans to mine the Nyabirama pit until 2017, while it plans to mine the Nyabigena pit until 2014.

Production

North Mara currently mines at c 20Mtpa (ore plus waste), while the mill has a designed ore processing capacity of 8,000tpd (2.9Mtpa). A gravity separation circuit is used to recover free gold from the ball milling circuit for treatment by intensive cyanidation. The ore is then processed via cyanidation and conventional carbon-in-leach, followed by electro-winning and gold refining to produce gold doré on site.

Recovery varies widely with deposit. Recent recoveries have been depressed by a higher than average proportion of ore being derived from the Nyabigena pit, which is refractory and has a high demand for oxygen. By contrast, the Gokona pit (from which the majority of future production will be derived) is not refractory.

Logistics

ABG has recently completed a 132kV high voltage line to the mine in partnership with Tanzanian electricity utility TANESCO. In addition, the mine remains capable of self-generating electrical power using diesel-powered generators. As a result of instability in the northern portion of Tanzania's grid, North Mara has adopted a co-generation strategy according to which it will draw the majority of its power (c 70%) from the national grid, with more sensitive equipment relying on self-generation in order to avoid costly power interruptions.

The perennial river in the region is the Mara River, which is the primary source of water for the mine. In addition, the site maintains a reverse osmosis water treatment plant in order to supply potable water to the mine.

Buzwagi

General

Gold mineralisation was first discovered in the Buzwagi area in the late 1950s. The pit itself (which is located at the centre of the fenced property boundary) has been operational since May 2008, with waste pre-stripping and first ore stockpiled on the run-of-mine pad in September 2008 and first gold poured in May 2009.

Regional geology

Buzwagi is located in the Lake Victoria Greenstone belt of central Tanzania. The regional structural elements are dominated by a deep-seated structural trend (the Nzega Shear), but also include numerous second and third order structures, on one of which Buzwagi is located. As such, the host structure of the Buzwagi deposit is a north-south trending shear zone accompanied by an alteration corridor, which is probably a third order structure of the Nzega shear. The deposit is contained at the north and south ends by two parallel second order structures. As such, it is described as a shear-hosted quartz-veined deposit hosted in porphyritic granite.

Local geology

The granite that hosts the majority (85%) of the Buzwagi deposit is a medium to coarse feldspar granite with zone orthoclase crystals up to 4cm. This is predominantly underlain by medium- to coarse-grained granite intruding mafic flow and pillow flow basalts, within which there are two other

distinctive units, including a tonalite silt-like body, which is occasionally mineralised with quartz veining, sericite alteration and sulphide mineralisation.

Rock units dip to the east at c 60° in the southern portion of the lease area and 65-75° in the northern portion.

Mineralisation

Several faults traverse the Buzwagi area. The most significant orientation of faulting is northwest-south-east, parallel or sub-parallel to the Nzega shear (and probably related to it).

The Buzwagi deposit is hosted within or near a north-south brittle-fracture shear corridor that is up to 450m wide and includes two ore types:

- 1) Shear-hosted as a result of the reactivation of regional shear zones and the consequent remobilisation of existing gold and/or the introduction of additional gold.
- 2) Porphyry-hosted.

As such, Buzwagi has been separated into 12 structural domains, within which mineralisation is segregated.

Domain 1 (which accounts for up to 50% of Buzwagi's in-situ gold) is up to 1,000m long and 30m wide (subject to pinching and swelling), with a consistent gold grade (averaging 2.69g/t) along its entire strike length. The gold mineralisation in this domain is associated with quartz veins and/or quartz stockwork, reflecting dilatant zones within the north-south structural corridor. By contrast, mineralisation in Domain 6 extends over a wider area than Domain 1 (>30m) and is characterised by more stockwork and less shearing. All other mineralised domains are similar to Domain 6, except that they are generally less than 10m wide. The gold mineralisation in all domains plunges 30° to the south.

Mining

The Buzwagi mine is a single open pit mining operation, which is 1,380m long, 930m wide and 340m deep and is capable of moving c 35Mt of both ore and waste per annum.

The mine is to be progressively mined in four phases using 10m bench heights in 3m lifts. Currently the first two phases of the pit's development are active. Hitherto, the mine has been processing oxide and transition ore. During the remainder of its life, it is expected to be processing predominantly sulphide ore.

Detailed ore zone sampling is carried out using grade control drilling that tests a zone three benches ahead of the active production face. Low grade ore is then stockpiled for later processing.

Production

The mill is designed with a throughput capacity of 12,000tpd, or approximately 4.4Mtpa. The production method involves stockpiling, crushing, grinding, gravity separation and intense leaching and flotation to produce a copper/gold concentrate which is exported to international smelters. The flotation tailings are then processed by CIL, followed by electro-winning and smelting to doré on site.

Logistics

Electrical power is supplied through a 220kV power line by TANESCO under a long-term power supply agreement. While cheaper, this nevertheless makes Buzwagi susceptible to power cuts, as self-generated capacity through on site diesel-fuelled generators is limited to emergency needs only.

Water is supplied from bore fields located on site. However, an alternative supply via a pipeline from Lake Victoria is also planned.

Tulawaka

General

Tulawaka was an open pit mining operation that began production in March 2005 and converted to underground mining in 2009 (although it still possesses previously stockpiled ore from the open pit). It is a joint venture, owned 70% by ABG and 30% by MDN Inc, a publicly traded company listed in Canada. The mine comprises two economically viable deposits, denoted the East and West Zones.

Regional geology

Like Bulyanhulu, Tulawaka is located in the Lake Victoria gold fields region of Tanzania. In particular, the Tulawaka area straddles the interpreted contact between the inner and outer greenstone belts that form the Sukumaland Greenstone belt and that are part of the Archaean-Nyanzian system. The Tulawaka volcanic sediment sequence is interpreted as forming part of the Lower Nyanzian system within which a major, regional east-south-east trending dislocation, the 200km long Tulawaka-Nzega Shear, may have a controlling influence on the gold mineralisation.

Local geology

Geological modelling of the orebody has determined the presence of six distinct mineralised terrains, of which the East Zone is the most economically significant with a north-westerly strike of approximately 1km and a 40-65° dip to the north-east. The East deposit is hosted in a complex terrain, in which the local stratigraphy has been folded into a large-scale Z-shaped fold that plunges to the south. The anticline portion of the fold has been cut by a thrust fault sub-parallel to the south-dipping fold axial plane, which provided the dilation required for the injection of gold-bearing quartz veins and associated quartz-feldspar porphyry and pegmatite intrusions. As such, the zone comprises a complex, deformed system of quartz, talc-serpentine veins and lenses enveloped by garnet alteration. There is some indication that the quartz content decreases with depth.

Mineralisation

Gold occurs within, and on the margins, of lenticular quartz veins and stockworks. The veins vary in thickness from a few centimetres to several metres. The gold occurs largely in a free state or finely disseminated between the quartz veins. Mineralisation is also contained in saprolite, which is itself overlain by a discontinuous laterite zone that also contains detrital or chemically remobilised gold.

Arsenopyrite has been introduced in two mineralising events, of which the second is in close proximity to the gold mineralisation at Tulawaka East (in concentrations up to 10%) as well

developed euhedral crystals. As such, it is contained within all rock types that contact the gold-bearing quartz veins, but is less common in the veins themselves.

Mining

Underground ore is extracted from a portal at the bottom of the open pit (with the potential for a second portal) and is a combination of development ore, air leg stoping and uphole retreat open stopes. The main stoping method is mechanised narrow vein, longhole stoping. No backfill is used and stopes remain open after mining and are used as return airway conduits. The mine is relatively dry.

Development is advanced from the decline along the strike of the orebody to ore zone intersections defined by diamond drilling. Nevertheless, grade prediction is challenging owing to a pronounced 'nugget effect' within the mine.

Production

The designed throughput capacity of the mill is 480ktpa. As such, underground production is supplemented with ore from the two surface stockpiles (ie the ROM and mineralised waste stockpiles).

The process flow sheet at Tulawaka includes gravity concentration and conventional CIL recovery, with approximately 50% of the contained gold being recovered by each method. However, recovery has been compromised in the recent past by internal dilution as a result of mining multiple ore zones.

Logistics

Existing within a National Reserve, Tulawaka is relatively isolated. As a result, there is no access to the Tanzanian electricity grid and electric power is therefore generated on-site using diesel-fuelled units.

Water is pumped under permit from the Muhama River with a supplement being paid for excess extraction.

Reserves and resources

Below are tables of ABG's reserves and resources by project, expressed both explicitly and in terms of the number of years of mine life that each can support at their respective plants' processing capacities.

Exhibit 2: ABG reserves (gross)

Note: As at 31 December 2010.

Reserves		kt	Grade (g/t)	Contained gold (koz)	Plant capacity (ktpa)	Implied life (years)
Bulyanhulu	Proven	1,197.6	11.052	425.5	1,100	1.1
	Probable	28,144.9	11.714	10,600.1	1,100	25.6
	Total	29,342.4	11.687	11,025.6	1,100	26.7
Buzwagi	Proven	4,204.2	1.121	151.6	4,400	1.0
	Probable	51,377.4	1.659	2,740.7	4,400	11.7
	Total	55,581.7	1.618	2,892.2	4,400	12.6
North Mara	Proven	8,530.5	2.618	718.1	2,900	2.9
	Probable	19,092.2	3.451	2,118.3	2,900	6.6
	Total	27,622.7	3.194	2,836.4	2,900	9.5
Tulawaka	Proven	199.9	4.254	27.3	480	0.4
	Probable	120.3	10.302	39.9	480	0.3
	Total	320.3	6.527	67.2	480	0.7
Total	Proven	14,132.2	2.911	1,322.5		
	Probable	98,734.8	4.882	15,499.0		
	Total	112,867.1	4.636	16,821.5		

Source: African Barrick Gold, Edison Investment Research

As can be seen, Bulyanhulu's reserves are thus capable of supporting mining operations at 100% capacity for almost 27 years (from December 2010), while Buzwagi's reserves are sufficient for 13 years of operations, North Mara's 10 years and Tulawaka just one year.

In addition to its reserves however, Bulyanhulu also has resources sufficient to support operations for an additional 18 years, while Buzwagi has sufficient resources for an additional six years, North Mara seven years and Tulawaka two years, as shown in Exhibit 3:

Exhibit 3: ABG resources (attributable)

Note: As at 31 December 2010; Golden Ridge as at March 2011; resources stated exclusive of mineral reserves; UG = underground.

Resources		kt	Grade (g/t)	Contained gold (koz)	Plant capacity (ktpa)	Implied life (years)
Bulyanhulu	Measured	0.0	0.000	0.0	1,100	0.0
	Indicated	11,061.8	8.096	2,879.3	1,100	10.1
	Inferred	8,814.4	11.804	3,345.2	1,100	8.0
	Total	19,876.2	9.740	6,224.5	1,100	18.1
Buzwagi	Measured	74.3	1.276	3.0	4,400	0.0
	Indicated	18,004.3	0.970	561.4	4,400	4.1
	Inferred	6,284.2	1.215	245.5	4,400	1.4
	Total	24,362.8	1.034	809.9	4,400	5.5
North Mara	Measured	2,522.7	2.430	197.1	2,900	0.9
	Indicated	16,115.7	3.158	1,636.3	2,900	5.6
	Inferred	1,859.4	1.893	113.1	2,900	0.6
	Total	20,497.8	2.954	1,946.5	2,900	7.1
Tulawaka (70% basis)	Measured	0.0	0.000	0.0	480	0.0
	Indicated	518.4	5.405	90.1	480	1.5
	Inferred	93.9	4.976	15.0	480	0.3
	Total	612.3	5.339	105.1	480	1.8
Sub-total	Measured	2,597.0	2.397	200.1		
	Indicated	45,700.3	3.517	5,167.1		
	Inferred	17,051.8	6.783	3,718.8		
	Total	65,349.1	4.325	9,086.0		
Golden Ridge	Indicated	5,580.0	2.939	527.3		
	Inferred	1,870.0	2.518	151.4		
	Total	7,450.0	2.834	678.7		
North Mara Komarera	Indicated	1,243.9	3.660	146.4		
North Mara (UG)	Indicated	1,380.0	8.290	370.0		
Nyanzaga	Indicated	2,781.0	3.500	312.9		
	Inferred	7,689.5	2.629	650.0		
	Total	10,470.5	2.860	962.9		
Tulawaka West	Indicated	149.1	4.240	20.3		
Bulyanhulu TT vein	Inferred	60.1	22.219	42.9		
Buzwagi SE	Inferred	2,398.4	1.094	84.4		
Total	Measured	2,597.0	2.397	200.1		
	Indicated	56,834.3	3.581	6,544.0		
	Inferred	29,069.8	4.973	4,647.4		
	Total	88,501.1	4.004	11,391.6		

Source: African Barrick Gold, Edison Investment Research

Assuming that 'proven' reserves are a subset of 'measured' resources and that 'probable' reserves are a subset of 'indicated' resources, ABG's total mineral resource is 28.2Moz, categorised approximately as follows:

Exhibit 4: Estimated ABG resources inclusive of reserves, by category (attributable)

Reserves		kt	Grade (g/t)	Contained gold (koz)	Aggregate plant capacity (ktpa)	Implied life (years)
Total	Measured	16,669.3	2.826	1,514.5	8,736	1.9
	Indicated	155,533.1	4.406	22,031.0	8,736	17.8
	Inferred	29,069.8	4.973	4,647.4	8,736	3.3
	Total	201,272.1	4.357	28,192.9	8,736	23.0

Source: Edison Investment Research

ABG is in the process of deploying its exploration capabilities towards the development of new resources. Initially, this will focus on satellite exploration and near-mine development to expand

production and extend the lives of its four existing mines. In general, these will be near surface, high grade and with the potential to define in excess of one million ounces of resource to support potentially 100-300koz of annualised production.

Exploration targets and expansion potential

According to its March 2010 prospectus, ABG's exploration division, Barrick Exploration Africa Ltd (BEAL), has 13 tenements with advanced exploration targets encompassing 285 prospecting licences (PL) and four Special Mining Licences (SML) covering approximately 3,381km² in Tanzania. A summary is as follows:

Siga Hills (encompassing Golden Ridge, Jomu and Hill 5)

Located approximately 50km north of the Buzwagi gold mine and 34km south-east of Bulyanhulu, the 334km² Siga Hills area in the Archaen Sukumaland Greenstone belt is ABG's most advanced tenement, comprising three advanced exploration targets, namely Golden Ridge, Jomu and Hill 5.

The **Golden Ridge** deposit extends along a 2.5km topographic ridge-forming BIF unit, within which permeable brittle fracture zones have preferentially focused fluid flow and resultant mineralisation. The mineralised Main Zone is developed over a strike length of c 800m with a width that ranges between 15m and 30m (true), dipping at 50-60° to the east. Mineralisation is known to extend down dip in excess of 300m locally and, in many cases, remains open below 200m. The majority of the deposit has been drilled out on a grid spacing of 50m x 50m, with the best and shallowest shoots drilled to 25m x 25m. In total 763 holes (both RC and diamond) have been drilled over an aggregate distance of 86,225m (an average distance of 113m per hole), on which basis ABG announced the following initial mineral resource on 7 March 2011:

Exhibit 5: Golden Ridge initial resource

Note: 1.1g/t cut-off grade.

Ore type	Category	kt	Grade (g/t)	Contained gold (koz)
Oxide	Indicated	3,150	2.61	264.3
	Inferred	1,540	2.35	116.4
	Total	4,690	2.52	380.7
Transitional	Indicated	1,210	3.03	117.9
	Inferred	160	3.42	17.6
	Total	1,370	3.08	135.5
Sulphide	Indicated	1,220	3.70	145.1
	Inferred	170	3.19	17.4
	Total	1,390	3.64	162.6
Total	Indicated	5,580	2.94	527.3
	Inferred	1,870	2.52	151.4
	Total	7,450	2.83	678.7

Source: African Barrick Gold, Edison Investment Research

Further exploration drilling is scheduled to commence in Q211, targeting extensions of higher grade shoots, particularly between the northern and southern zones of the main pit. In the meantime, ABG has completed metallurgical drilling. It has also completed the geotechnical and metallurgical test work studies necessary for the completion of a feasibility study by the middle of this year investigating, *inter alia*, the possibility of trucking ore from Golden Ridge to the Buzwagi plant as early as 2013. NB Historical metallurgical test-work demonstrated recoveries of 90% from the oxide zone and 70-80% from the transitional and primary zones using gravity and CIL processing.

Thus, 1Mtpa of 3g/t Golden Ridge material could supplant c Mtpa of 1.5g/t material at a time when the feed from the Buzwagi mine would otherwise revert to its life of mine average, contributing approximately 100koz per annum to production on a gross basis and adding approximately 50koz per annum on a net basis (ie 100koz of production from Golden Ridge ore would supplant 50koz of Buzwagi ore) from FY14. Alternatively, it is considered possible that Golden Ridge could support a stand-alone plant with a processing capability of 4-5ktpd (ie 1.5-1.8Mtpa) for a capital investment of c US\$200m.

Similarly located within the Kahama-Geita Greenstone belt and along the Siga Hills ridge, **Jomu** is a satellite of Golden Ridge and was discovered by BEAL in 2003. Mineralisation is constrained by a narrow, steeply plunging, high-grade shoot associated with quartz veining and breccias zones within BIF and quartz-feldspar porphyry lithologies. Gold mineralisation extends from surface and has been intersected in diamond drill holes to vertical depths in excess of 250m. Promising intersections include 31m at 39.7g/t and 70m at 8.40g/t. Results of metallurgical test-work indicate a refractory system, with cyanidation recovering approximately 86% of gold in the oxide zone, 82% in the intermediate zone and 51-66% in the sulphide zone. An Exploration Potential estimate for Jomu suggests that it may contain 50-100koz of gold within 173kt of ore at a grade of 12-15g/t.

Located east of Golden Ridge, **Hill 5** is a BIF anticlinal structure plunging to the north that hosts significant active artisanal workings. Mineralisation is found in two zones, the Fault Zone and the Main Zone and, in 1997, Pangea Goldfields declared a historic resource of 2.2Mt at 3.02g/t containing 210,000oz gold (NB predating NI 43-101 strictures).

Nyanzaga

Previously 51% owned, ABG acquired the remaining 49% of Nyanzaga with the A\$80m (US\$63m net) cash acquisition of Tusker in 2010. The Nyanzaga project forms part of the Sanza-Geita Greenstone belt and is located approximately 35km north-east of Bulyanhulu and 50km south-east of AngloGold Ashanti's Geita mine. It consists of the Tusker and Kilimani deposits plus numerous regional exploration prospects including Lubungo, Nyabila Hills, Ndovu, Hugandi, Nyanghona and Nyantukuza. At Tusker, orogenic hydrothermal fluids have created a large alteration halo. Gold is enriched in stockwork vein arrays, particularly in the chert and overlying mudstone and sandstone horizons. Gold mineralisation is hosted in a thick and multiply folded sequence of banded iron, sedimentary and volcanic derived lithologies. Sub Sahara (a pre-cursor of Tusker Gold, subsequently acquired by ABG) published the following global resource for Tusker in September 2006:

Exhibit 6: Sub Sahara estimate of Tusker global resource (2006)

Category	kt	Grade (g/t)	Contained gold (koz)
Indicated	89,560	1.2	3,455
Inferred	33,710	1.0	1,080
Total	123,270	1.1	4,535

Source: African Barrick Gold

Within this, an estimate of surface and near-surface resources relating to a subsequent scoping study on Tusker in 2009 by Inago (a pre-cursor of Tusker Gold, subsequently acquired by ABG) was as follows:

Exhibit 7: Tusker resources estimated by Inago with respect to scoping study (2009)

Category	kt	Grade (g/t)	Contained gold (koz)
Indicated	2,781.0	3.500	312.9
Inferred	7,689.5	2.629	650.0
Total	10,470.5	2.860	962.9

Source: African Barrick Gold

Subsequent drilling has indicated additional, higher grade gold mineralisation close to surface as well as higher grade shoots at depth. Results include hole NYZRCDD0234, which intersected a high grade zone of 29m at 6.04g/t Au, within a broader envelope of 60m at 3.58g/t Au at a down-hole depth of 510m and hole NYZRCDD0235, which intersected 61m at 6.24g/t at a down-hole depth of 594m, including 1m at 146g/t Au and 2m at 50.9g/t Au. These deeper, higher grade intercepts indicate the potential for the delineation of large, bulk mineable ore blocks in excess of 6g/t Au and could either be incorporated into revised open pit mining scenarios or prove amenable to underground mining. As a result of the step-out drilling completed so far, the known mineralisation at Tusker has been expanded by 200m to the north, 120m to the south and down-dip by an average 200m over a strike length of 240m. In the meantime, the infill drilling programme has continued to confirm the continuity of gold mineralisation identified by the earlier broader-spaced drilling, while simultaneously identifying several zones with a higher grade profile than previously observed. ABG currently has six drill rigs (two reverse circulation and two diamond core rigs) at Nyanzaga and has expanded the 2011 drill programme to in excess of 50,000m with a focus on both expanding the resource down-dip and along strike to the Tusker and Kilimani (see below) mineralised systems and investigating the upside potential of the higher grade zones at depth.

Management's intention is to scope out the full extent of mineralisation at Nyanzaga and to drill out satellite targets – a process which is expected to be completed by mid-year – after which a feasibility study will be instigated for completion at end-FY11 or early FY12. Currently, it is thought that Tusker could support a combined underground and open pit operation of 15-20ktpd (ie 5.5-7.3Mtpa) to produce c 225koz per annum (± 25 koz pa) for a capital investment of US\$500-600m.

Located 600m north-east of Tusker, Kilimani is a banded iron formation, chert hosted oxide gold deposit reported to contain 'significant surface mineralisation'. In 2007, BEAL assessed a 4-6Mt Exploration Potential for Kilimani at a grade of 1.2-1.6g/t containing 160-310koz Au over a strike length of 650m.

Metallurgical testwork on both the Tusker and Kilimani deposits indicated a gold extraction rate between 81.8% and 93.4% over a period from eight to 48 hours for primary and oxide ore, respectively. As such, the project is being considered as a large tonnage, low grade system, potentially amenable to bulk mining.

ABG has expanded its budget for Nyanzaga and is currently in the process of conducting a scoping study on both the Tusker and Kilimani resources. The study is scheduled for completion later this year and ABG plans to follow it with a feasibility study.

Bulyanhulu

The focus of drilling at Bulyanhulu since 1999 has been on the underground extensions of both Reef 1 and (in particular) Reef 2. Beyond the Bulyanhulu SML, ABG has been targeting anomalies

within favourable stratigraphic and structural units along strike from the mining operation and on an equivalent, folded repeated limb. Targets of interest in the Bulyanhulu group include the Bulyanhulu Upper East Zone, Bulyanhulu South, Fold Nose, QFP, Reef 2 West and TT Vein.

The Bulyanhulu Upper East Zone represents the down-dip extension of existing mining activities. Infrastructure is already in place in the form of an existing 1.8km decline, which was put onto care and maintenance seven years ago, when the gold price was c US\$400/oz. Most of the ore body to be mined from the decline already exists within reserves (as opposed to resources) as a result of past exploration work and is estimated to be capable of supporting production at a rate of c 171ktpa using spare mill capacity to produce 50-60koz per annum for a period of c 25 years. Grades are similar to those mined at existing operations and incremental capex is estimated to be c US\$50-70m. ABG is in the process of dewatering and rehabilitation the existing decline already. In the meantime, a feasibility study contract has already been awarded for the project, which is expected to be completed in mid-2011, after which a project execution decision will be made. If positive, production will commence in mid-FY14.

Bulyanhulu South consists of five targets, denoted Busulwangili, Busulwangili South, Kalole, Nyangarata and RC Target. Drill intercepts at these targets have returned grades of up to 27.3g/t over widths in excess of three metres. The Busulwangili target is of particular interest in this respect as it consists of gold mineralisation associated with quartz veins and stockworks within intermediate volcanic rocks close to the contact with mafic volcanic and associated with quartz-feldspar porphyry intrusions. The target extends over 600m and has been RC drill tested on broad traverses, with the best results being 8.89g/t Au over 6m.

The Fold Nose target is located north-west along the trend of Bulyanhulu's Reef 1 and Reef 2. Drill intercepts have demonstrated grades as high as 113.75g/t over 40cm (for a metal content factor of 4,550cm.g/t) and widths as high as 10m at 8.16g/t (for a metal content factor of 8,160cm.g/t).

The QFP target is a quartz feldspar porphyry with extensional veins located south of the Bulyanhulu mine. Drill intercepts include 63.9g/t over 73cm (for a metal content factor of 4,664.7cm.g/t) and 17.0g/t over 35cm (for a metal content factor of 595cm.g/t).

The TT vein was first modelled in 2003 as a minor vein on the footwall side of Reef 1. A total of 64 drill holes and eight face samples have been used in deriving the 43koz 'inferred' resource shown in Exhibit 3 (NB gold values were capped at 100g/t).

The Reef 2 West exploration target is the north-west continuation of Reef 2.

Mara Group

The Mara Group includes the Gokona-Nyabigena trend extensions, the North Mara extensions, Komarera, Togota and Dett.

Exploration drilling between 2006 and 2009 has focused on increasing resources in and around the Gokona and Nyabigena deposits in order to target new areas of potential high grade mineralisation and to assess the potential to expand the open pit shells as well as the early stage scoping of underground potential. To date, drilling has identified the following Exploration Potential relating to mineralised extensions (NB All new mineralised extensions remain open at depth):

Exhibit 8: Mara Group Exploration Potential

Type	Name	Tonnes (kt)	Mean tonnes (kt)	Plant capacity (ktpa)	Implied life (years)
Open Pit Mine	Gokona	2,000-3,700	2,850	2,900	1.0
Open Pit Mine	Nyabigena	200-600	400	2,900	0.1
Open Pit Mine	Nyabirama	300-500	400	2,900	0.1
Exploration	Komarera	500-600	550	2,900	0.2
Total		3,000-5,400	4,200	2,900	1.4

Source: African Barrick Gold

In addition, the following initial, high grade resource was declared in the west zone of the Gokona/Nyabigena Underground project in December 2010:

Exhibit 9: Initial North Mara underground resource declared December 2010

Deposit	Category	kt	Grade (g/t)	Contained gold (koz)
Gokona	Indicated	1,150	8.43	310
Nyabigena	Indicated	230	7.62	60
Total	Indicated	1,380	8.29	370

Source: African Barrick Gold

Approximately 600koz Au at 12-14g/t is already in reserves in the east zone and is scheduled to be mined in the Gokona stage 3 pit. In the meantime, additional drilling is intended to enlarge the underground resource of 370koz (above) to 1Moz in 2011. Following completion of a scoping study last year, a feasibility study relating to the underground project has been commissioned for completion during H111. Initial suggestions are that Gokona West will supply 1,000t tonnes per day of ore for processing at a grade of 4.3-8.5g/t to produce 50-100koz per annum at a capital cost of c US\$50m.

Simultaneously, a 62,000m resource drill-out programme has been instigated, targeting extensions of Gokona Deepes, with the intention of identifying further high grade mineralisation and expanding the total underground resource to >1Moz. The current round of drilling has now been completed, with positive results reported at six of 10 holes drilled with respect to the continuity and extension of the mineralisation. Elsewhere, in the Gokona corridor, exploration scout drilling continues to target new satellite and stand-alone gold deposits.

The Komarera group of exploration targets and deposits are located within the North Mara mining licence area between the Nyabirama open pit and the historical underground Mara Mine along the Mara Shear Zone. BEAL is of the opinion that an open pit mine has a potential economic contribution of c 50,000oz Au at Komarera North, while drilling on the Komarera Parallel structures has recorded one intercept of 11m at 4.43g/t.

The Tagota Prospect (also known as Kenyamarnori) hosts the Kibaga artisanal workings, which have been active since the 1930s and are proximal to the colonial-era Chira Mina and Mogabiri artisanal mines (which targeted tourmaline veins). BEAL is targeting a possible deposit size of over 3Moz at a grade in excess of 3g/t at Tagota.

A broad, low grade (<1g/t) area of mineralisation has been defined at Dett, with higher grade zones associated with diffuse arrays of minor quartz-pyrite veinlets generally less than 2cm in width. An Exploration Potential of 1.0-1.5Moz has been estimated for Dett as a low grade (0.6-0.8g/t) granite-hosted deposit.

Tulawaka

Drilling at Tulawaka East has identified extensions to known mineralisation both along strike and to a depth of approximately 100m below the final pit depth (level 10), where recent drilling in Q410 intersected 3.2m at a grade of 125.7g/t (for a metal content factor of 40,224cm.g/t). Current drilling is focused on levels 10 to 15 in Zone 150 with a target resource of 150-250koz.

As a result of the analysis of 69 diamond and 817 reverse circulation (RC) holes, three mineralised zones have been identified at Tulawaka West, namely the Laterite, Main and Footwall Zones, giving rise to a gross 'indicated' resource of 213kt at 4.24g/t containing 29koz Au. The resource model is open along strike eastwards and down dip, where recent drilling in Q410 intersected 1.0m at 35.1g/t (for a metal content factor of 3,510cm.g/t). Gold mineralisation is closely associated with 1m to 8m zones of sheeted quartz-carbonate veins within mafic sediments and moderate to strongly foliated meta-gabbros and arsenopyrite-rich pegmatites. A quartz talus corresponds to an area with a higher concentration of quartz fragments containing potentially remobilised gold at an average depth of 0.8g/t within the first 25m of the saprolite. In addition, exploration potential exists between the West Zone resource and the now complete East Zone pit, albeit this area is more structurally complex owing to the presence of faulting and the intrusion of late dolerite dykes.

Incremental capex to develop Tulawaka's underground extension will be negligible, while management estimates that a production rate of 50koz per annum is possible from this asset on an attributable basis.

Other

Located between Jomu (see above) and Resolute's Nyakafuru gold deposit, **Masabi** is considered a highly prospective target owing to both its favourable host sequence (iron-rich basalt, intermediate tuff and magnetic shales found close to intermediate and mafic intrusions) and its proximity to the Buzwagi mine. Shallow rotary air blast (RAB) drilling over soil anomalies has identified gold grades up to 6.03g/t over a width of 300cm, but no drilling has yet been undertaken to extend these anomalies.

The **Buzwagi** group comprises both the Buzwagi Far Southeast target and the Village Reef target, located 20km south-east and 800m west of the Buzwagi mine, respectively. Both have been identified by soil sampling and (albeit limited) RC drilling. Buzwagi Southeast is set in a similar geological setting to the Buzwagi mine deposit and already hosts an 'inferred' resource of 84koz Au. The deposit is underlain by the lower Nyanzian system (basalts intruded by ultramafic rocks, felsic dykes and granite), while the host structure to mineralisation is a north-west shear zone and an accompanying alteration corridor. As such, gold occurs in the shear hosted quartz veins and also as disseminations in sheared and/or strong sericitic altered granite. Previous drilling has returned intersections as high as 26.25g/t over 2.0m (for a metal content factor of 5,250cm.g/t). In the case of Village Reef, the soil anomaly is also coincident with an induced polarisation (IP) anomaly, which is approximately the same size as the Buzwagi mine deposit anomaly. BEAL is of the opinion that there exists the potential for a 100,000oz deposit in the Buzwagi group.

The five **Geita** properties straddle, and are contiguous with, AngloGold Ashanti's Geita mine both to the east (the Pamba, Lubando and Busolwa properties) and west (Sheba and Imweru). The

properties are subject to a joint venture agreement between BEAL (which has a 20% interest) and Great Basin Gold, which has undertaken drilling on the tenement and is understood to have compiled a resource estimate for the Lubando property.

Similarly, BEAL has a 20% interest in the **Golden Pride** East tenement, which is directly to the East of Resolute's Golden Pride mine. The tenement contains four soil anomalies, denoted Milwa, Mapagale, Mapagale South and Kongoro. The most advanced, Milwa, has been drill sampled and has returned intercepts including 2.8g/t over 6m and 2.4g/t over 12m. In addition, BEAL has an interest in the Golden Pride West tenement which includes seven targets, denoted Chamipulu, Mwanguguli, Central, Sumbu, Southeast, Minala and Sigiri.

Production, cost targets and execution

ABG's strategy is to increase production from its existing assets by c 43% from its 2010 level of 701koz (attributable) and 719koz (gross) to c 1Moz per annum by FY14.

Output of gold at ABG fell by 2.3% in FY10 of FY09. Nevertheless, it remains 28.7% higher than in FY08.

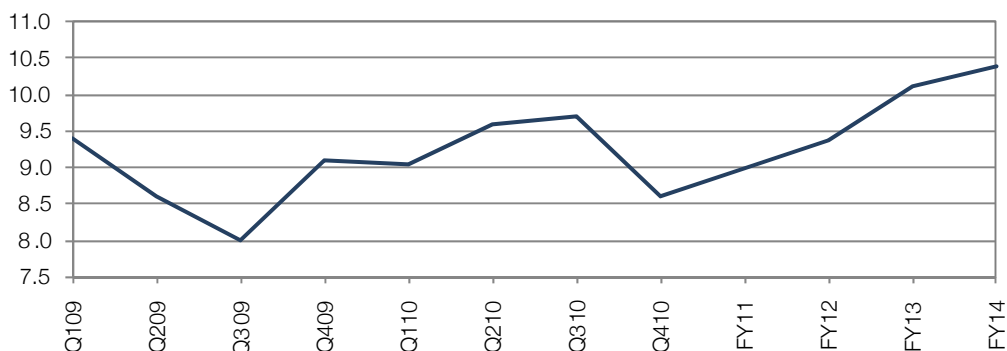
With c 150,000oz of aggregate incremental production from its three growth projects (excluding Tulawaka), namely the Bulyanhulu Upper East Zone, the North Mara Underground project and Golden Ridge, we estimate that this target is ostensibly achievable (viz 963koz of production in FY14) subject to four key operational targets being met:

- A recovery in grade at Bulyanhulu and plant capacity utilisation in excess of 90%
- A recovery in grade at North Mara
- A recovery in tonnes milled at Buzwagi
- An extension of the underground mine life at Tulawaka

Bulyanhulu (38% of oz produced in Q410)

Bulyanhulu's production (260koz in FY10) and even its originally intended production rate (of c 500koz pa) is small relative to its resource size of 17Moz (including reserves – see Exhibits 2 & 3) principally as a result of mining dilution occasioned by the use of bulk mechanised mining techniques. Since the plant is producing at close to capacity, the shortfall may primarily be attributed to grade dilution in mining operations, with the result that the recovered grade of 8.6g/t in Q410 is only 67% of the mine's reserve grade and 70% of its resource grade (see Exhibits 2 & 3). Dilution will be reduced as a result of a greater proportion of ore being derived from (albeit more labour intensive) conventional cut-and-fill techniques, with the result that management expects the grade to recover to c 81% of the reserve grade average at least, by FY14, as shown below:

Exhibit 10: Bulyanhulu forecast and historic grade (g/t), Q109-FY14

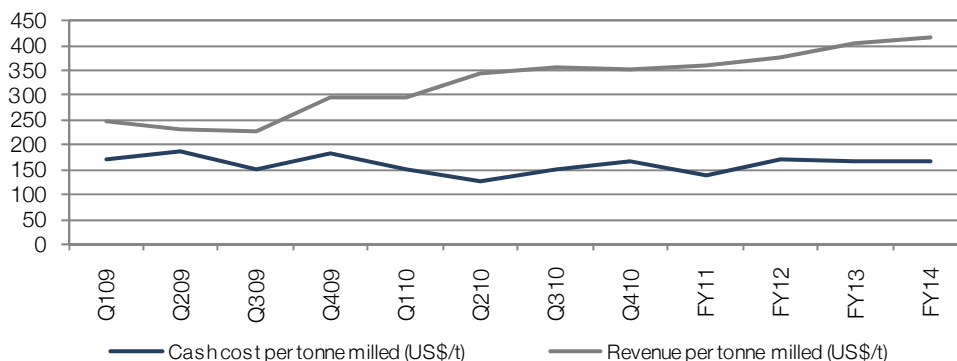


Source: African Barrick Mines, Edison Investment Research

As a result of the rising head grade, production from Bulyanhulu (NB Excluding the Upper East zone) will rise from 260koz in FY10 to c 305koz in FY14. Simultaneously, management has stated its intention to drive down costs. Costs, which were US\$166 per tonne milled in Q410, are expected to rise to only US\$168/t in FY14 in real terms – 14% above FY10’s average level of US\$149/t.

In combination with a rising yield, this will result in a 33% increase in the margin per tonne milled (at a gold price of US\$1,350/oz), from US\$187/t in Q410 to US\$249/t in FY14:

Exhibit 11: Bulyanhulu historic and forecast revenue and costs per tonne milled, Q109-FY14

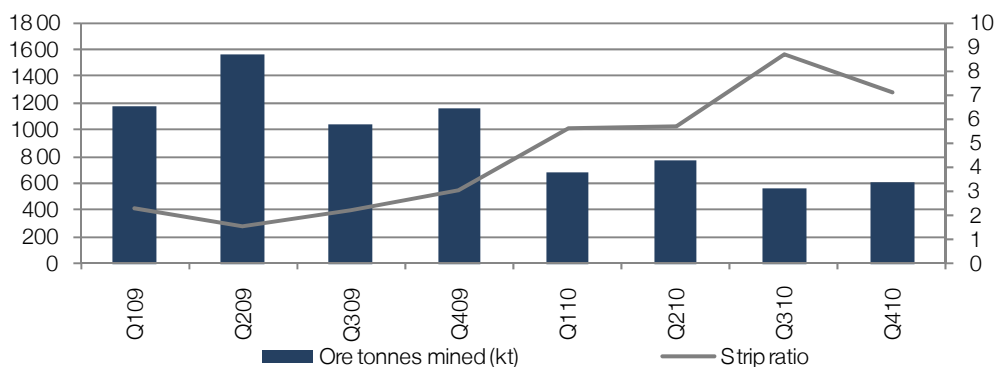


Source: African Barrick Mines, Edison Investment Research

As a consequence, after an initial rise to c US\$617/oz in FY12, unit costs of production may be expected to fall back to US\$550/oz (±US\$10/oz) from FY13 onwards.

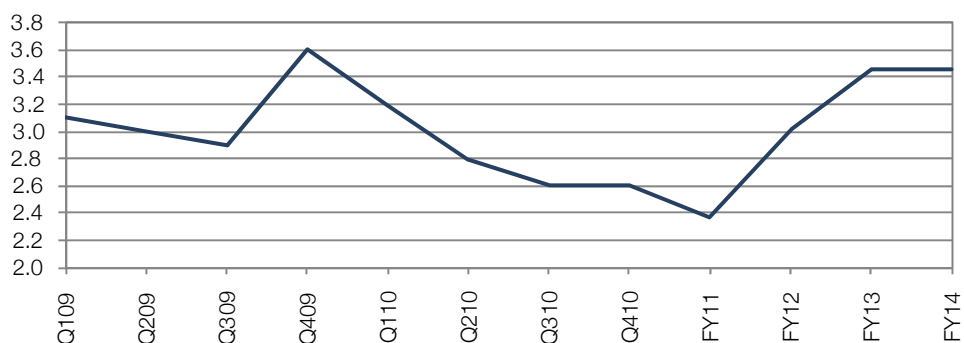
North Mara (31% of oz produced in Q410)

Operations at North Mara have been going through a transition period of late, as the Gokona pit has been expanded from its Stage 1 to its Stage 2 pit shell. As a result, ore production has been on a declining trend, while the strip ratio has increased sharply, from 1.6x in Q209 to 8.7x in Q310.

Exhibit 12: North Mara historic ore production and stripping ratio, Q109-Q410

Source: African Barrick Mines, Edison Investment Research

The plant has been maintained at capacity by processing stockpiles, albeit at the expense of the head grade which has declined over the same period from a peak of 3.6g/t in Q409 to 2.6g/t in Q410. This process is expected to continue into FY11, with ore tonnes mined falling to low of 1.3Mt in FY11 (cf 4.9Mt in FY09), before recovering to 3Mtpa thereafter. The plant will continue to operate at near-capacity over the period, albeit the head grade will fall further, to an estimated 2.37g/t in FY11, before recovering to above the reserve and resource grade of 3.2g/t from FY13 onwards, when the operation will be mining 4-5g/t material.

Exhibit 13: North Mara historic and forecast head grade (g/t), Q109-FY14

Source: African Barrick Mines, Edison Investment Research

However, while grades have been falling, the mill recovery has been rising, from 79.6% in Q409 to 84.7% in Q410. Over the same timeframe, unit working costs have fallen from US\$41 per tonne milled to US\$34/t, with the result that unit costs of production have declined from US\$527/oz in Q109 to US\$459/oz Q410. With unit working costs likely to rise to US\$46/t in FY11, unit costs of production will rise to US\$702/oz, before moderating to US\$503/oz (at US\$49/t) from FY13 under the influence of rising grades.

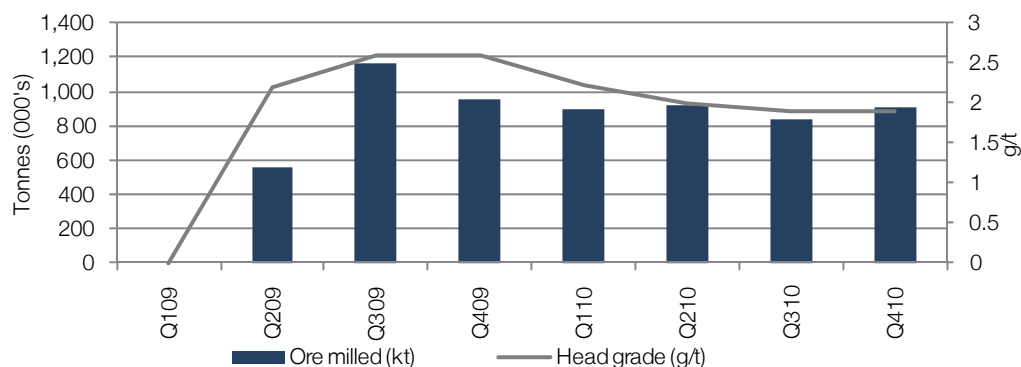
Management's focus is currently to extend North Mara's reserve and resource profile and thereby to extend the life of the mine.

Buzwagi (25% of oz produced in Q410)

Operations at Buzwagi in FY10 have been complicated by the necessity to mine through transition ore before encountering fresh sulphide ore plus the disruption caused by the need for wholesale labour force changes in the aftermath of the discovery of an organised fuel theft syndicate on site.

As a result, after a promising start to operations in Q209, both tonnages mined and the head grade faltered, while unit costs of production have risen above US\$800/oz.

Exhibit 14: Buzwagi historic tonnes milled (kt) and grade (g/t), Q109-Q410



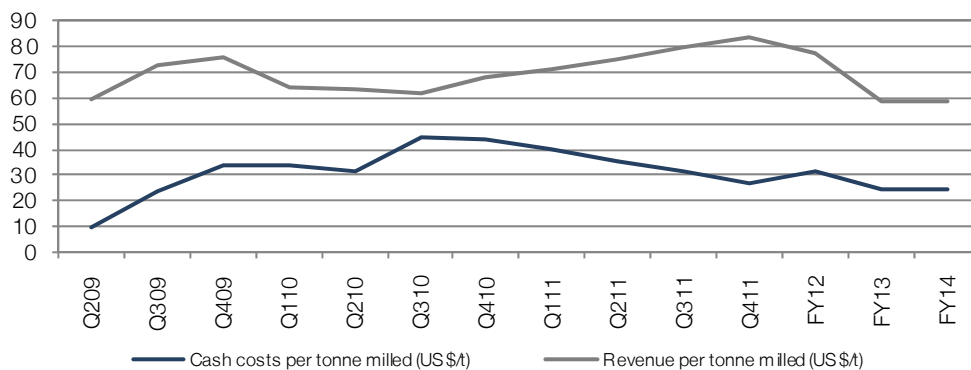
Source: African Barrick Mines, Edison Investment Research

Operational performance recovered in Q410 but, at an annualised rate of throughput of 3.6Mtpa, the plant remains 18% below design capacity. In addition, the plant’s 82% recovery rate is 13% below its intended long-term recovery rate of 94.2%.

Having stabilised production and grades at Buzwagi, management’s intention is now to bring the plant up to its full operating potential at the same time as reducing unit working costs from US\$44/t in Q410 to US\$24.15/t (Edison estimate) over the course of the next three years, by which time the mine will be mining at its average long-term head grade of 1.49g/t (cf a reserve grade of 1.6g/t and a resource grade of 1.0g/t).

Successful execution of this recovery strategy will result in gross margins rising from a nadir of US\$17 per tonne milled in Q310 to US\$46/t in FY12 before falling back to a long-term level of US\$35/t in FY13, as shown below:

Exhibit 15: Buzwagi revenue and unit working costs per tonne milled, Q109-FY14e



Source: African Barrick Mines, Edison Investment Research

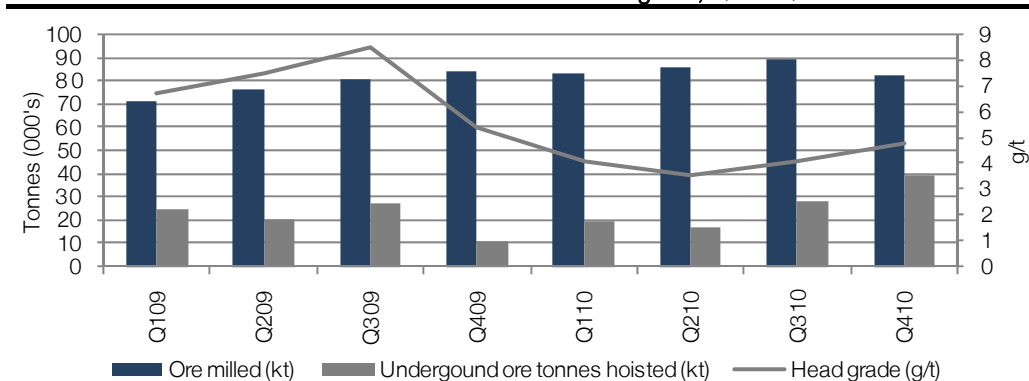
As a result, over the same time period, unit costs of production will fall from US\$869/oz in Q410 to US\$556/oz in FY13.

Tulawaka (7% of oz produced in Q410)

Despite having been operational for only six years, ABG’s smallest producing asset, Tulawaka, has been in ‘shut-down mode’ since at least Q310. Output has been sustained since then as a result of

an incremental exploration campaign which has now extended the mine's life to Q212 and the continued processing of previously stockpiled material.

Exhibit 16: Tulawaka historic ore mined and milled and head grade, Q109-Q410

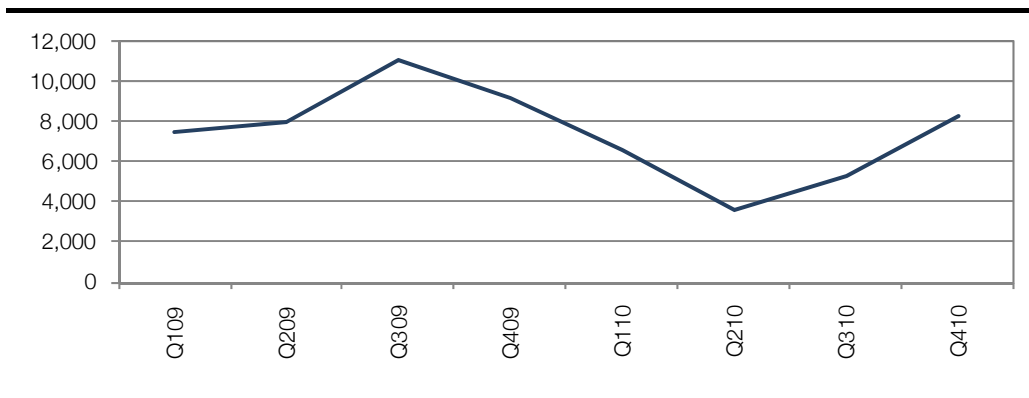


Source: African Barrick Mines, Edison Investment Research

Unit costs of production have been carefully managed over the same time period such that margins have been maintained at a level of US\$531/oz (±US\$85/oz), while incremental capital expenditure has been negligible. As a result, we estimate that Tulawaka has contributed pre-tax cash flow of between US\$3.7m and US\$11.1m per quarter to ABG on an attributable basis.

Exhibit 17: Tulawaka estimated pre-tax cashflow contribution to ABG* (US\$'000s), Q109-Q410

Note: * Attributable.

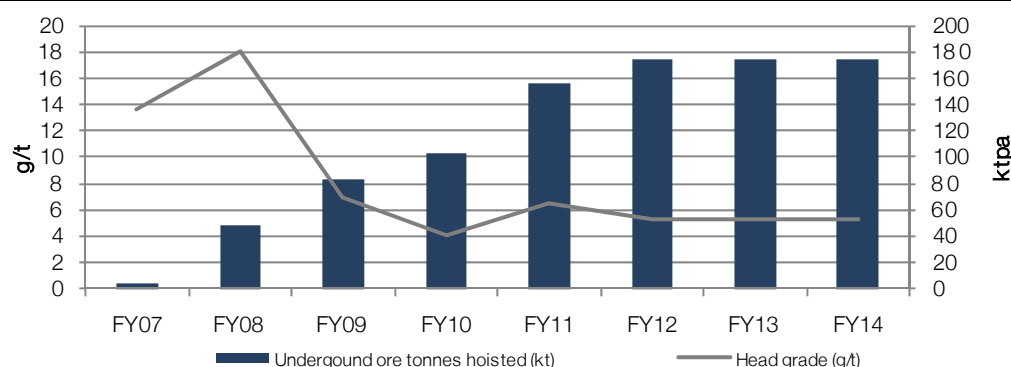


Source: African Barrick Mines, Edison Investment Research

Tulawaka was never designed as an underground mine. Moreover, while the grade of the underground ore-body is relatively homogenous, despite being shallow, it is relatively difficult to follow. As such, it is management's intention to identify sufficient mineralisation at levels 10-15 to continue operations. Should mineralisation in these areas prove insufficient for the task, the plan is to close the mine.

Subject to sufficient reserves being continually delineated ahead of mining activities however, we estimate that it is possible that underground operations will be capable of supplying 250kt of ore per annum to the plant at a head grade close to the current reserve grade of 6.5g/t.

Underground ore tonnes hoisted fell to just 11kt in Q409, but has since been on an upward trend, to reach 39kt in Q410 (equivalent to an annualised rate of 156ktpa). We estimate that it will take an additional two years for the underground mine to reach capacity of 250ktpa (175ktpa on an attributable basis).

Exhibit 18: Tulawaka underground production profile, FY07-FY14 (attributable)

Source: African Barrick Mines, Edison Investment Research

The plant will also mill an additional c 91kt of stockpiled ore in FY11 at an average grade of 1-1.5g/t.

Over the same timeframe, unit working costs (excluding the processing of stockpiles) will inevitably rise, from a US\$92/t average in FY10 and US\$128/t in Q410, to an estimated US\$196/t in FY14, with the result that, after initially widening from US\$61/t in FY10 and US\$74/t in Q410 to US\$96/t in FY11 (when Tulawaka will be mining reserves), margins will narrow thereafter, to US\$20/t in FY14 (when it will be mining resources).

Valuation

Including an extension of Tulawaka, but otherwise excluding all other greenfields and brownfields expansion projects and accepting the assumptions outlined above, we estimate that African Barrick will produce gross output of 814koz in FY14 at a unit cost of production below US\$560/oz. Including an additional 150,000oz from its other three growth projects (namely the Bulyanhulu Upper East zone, Golden Ridge and the North Mara underground project) at similar unit costs of production, we estimate that ABG will produce 963koz on a gross basis and 952koz on an attributable basis in FY14, generating the following earnings trajectory:

Exhibit 19: ABG forecast earnings trajectory, FY10-FY14e

Note: * At a share price of 533p.

US cents	FY10	FY11	FY12	FY13	FY14
EPS	0.532	0.659	0.672	0.722	0.920
P/E*	15.5	13.1	13.1	12.2	9.6

Source: Edison Investment Research

Excluding the three growth projects by contrast, ABG's earnings trajectory will be as follows:

Exhibit 20: ABG forecast earnings trajectory, FY10-FY14e

Note: * At a share price of 533p.

US cents	FY10	FY11	FY12	FY13	FY14
EPS	0.532	0.659	0.672	0.722	0.710
P/E*	15.5	13.1	13.1	12.2	12.4

Source: Edison Investment Research

Of immediate note is the fact that both historic and future P/E ratios for ABG are at a discount of between 43% and 55% compared to the current historic P/E ratio of the NYSE Arca Gold BUGS index of 27.37x.

In formulating a value for the company at this point, it is also worth considering ABG against its two principal peers in the London market, Randgold Resources and Petropavlovsk. Apart from their geographic differences, all three companies have broadly the same production rates, costs and future production ambitions, as shown below:

Exhibit 21: ABG, POG and RRS historic and future key operating parameters

Note: * Attributable; ** Estimated

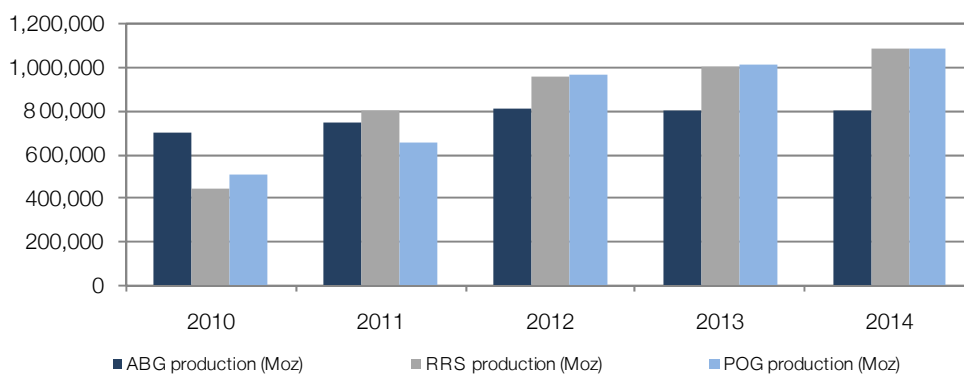
Name	FY10 production* (koz)	FY10 total cash costs (US\$/oz)	Targeted peak production* (koz)	Peak production vs FY10
ABG	701	569	1,000koz in FY14	+43%
POG	507	**550	**1,090koz in FY14	+115%
RRS	440	632	1,219koz in FY15	+177%

Source: Edison Investment Research

Accepting Edison's attributable production forecasts for ABG (excluding its growth projects), the relative production profiles of the three companies may be depicted graphically as shown in Exhibit 22.

Exhibit 22: ABG, POG and RRS attributable production profiles, FY10-FY14 (oz)

Note: ABG production profile excludes growth projects



Source: African Barrick Mines, Edison Investment Research

These production profiles are then reflected in earnings per share forecasts for the three companies, as follows (again, note that, for these purposes, ABG forecasts are stated exclusive of its three additional growth projects):

Exhibit 23: ABG, POG and RRS fully diluted EPS forecasts (US cents), FY09-FY14e

Note: ABG and POG estimated by Edison Investment Research; RRS estimated by Thomson Datastream

US cents	FY09	FY10	FY11	FY12	FY13	FY14	Compound growth rate (%)
ABG	0.143	0.532	0.659	0.672	0.722	0.710	37.8
RRS	0.860	1.130	3.726	5.261	3.888	5.025	42.3
POG	0.976	0.126	1.274	2.181	2.286	2.448	20.2

Source: Edison Investment Research, Thomson Datastream

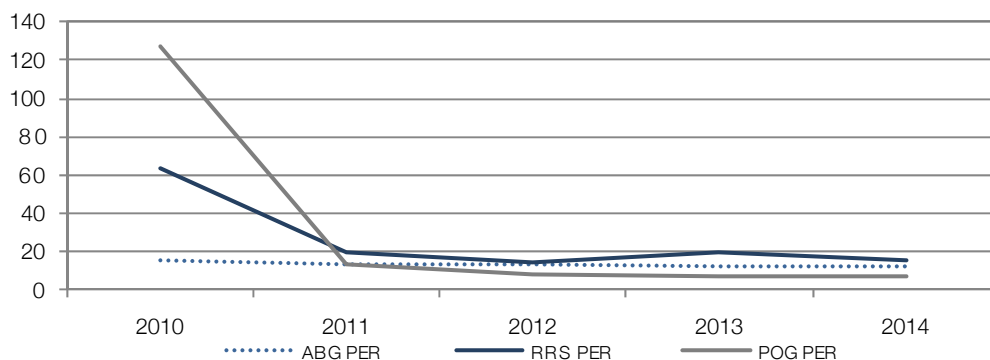
At share prices of 533p for ABG, £46.37 for RRS and £10.37 for POG, these EPS forecasts translate into the following prospective P/E ratios:

Exhibit 24: ABG, POG and RRS prospective fully diluted P/E ratio profiles, FY10-FY14 (x)

P/E	FY10	FY11	FY12	FY13	FY14
ABG	15.5	13.1	13.1	12.2	12.4
RRS	63.4	20.1	14.5	19.7	15.2
POG	127.0	13.1	7.8	7.5	7.0

Source: Edison Investment Research, Thomson Datastream

Graphically, the same data may be depicted as follows:

Exhibit 25: ABG, POG and RRS prospective fully diluted P/E ratio profiles, FY10-FY14 (x)

Source: Edison Investment Research

As can be seen, on this basis, ABG is consistently cheaper than RRS relative to its earnings in all years from FY10 to FY14. From FY12, POG becomes the cheapest of the trio, as it ramps up its production.

However, such an analysis fails to account for the difference in the financial position of each company – ie net debt for POG and net cash for ABG and RRS. Performing a similar analysis using enterprise values (EV) and EBITDA demonstrates that ABG remains cheaper than POG in FY11 and that the margin by which POG is cheaper than ABG thereafter is relatively small, as shown below.

Exhibit 26: EV/EBITDA for ABG, RRS and POG, FY10-FY14 (x)

P/E	FY10	FY11	FY12	FY13	FY14
ABG	7.1	6.1	5.8	5.3	5.3
RRS	39.4	10.6	7.3	9.3	7.4
POG	21.9	7.3	4.6	4.5	4.3

Source: Edison Investment Research, Thomson Datastream

In addition, some consideration should be given to the risks inherent in each company's production plans.

All three companies carry the normal operating risks associated with achieving grade, throughput and cost targets in addition to the normal external risks (eg the gold price, sovereign risk etc).

Selected additional risks, deemed worthy of note by Edison are:

Exhibit 27: ABG, POG and RRS risks associated with production increases

	Risks
ABG	Ability to sustain underground operations at Tulawaka.
RRS	Cote d'Ivoire sovereign risk, potentially affecting RRS's ability to both complete its second line at Tongon in a timely manner as well as expediting gold sales. Guonkoto mine commissioning. Kibali mine and plant commissioning.
POG	Transition from oxide ore to sulphide ore at Pioneer and Malomir. Malomir plant expansion. Albyn mine and plant commissioning.

Source: Edison Investment Research

Considered alternatively, ABG's producing 163,478oz of additional gold at the same average cost of production as the rest of its output (as set out above) would render its shares cheaper than Petropavlovsk and the cheapest of the trio of London gold majors on an EV/EBITDA basis under almost any circumstances.

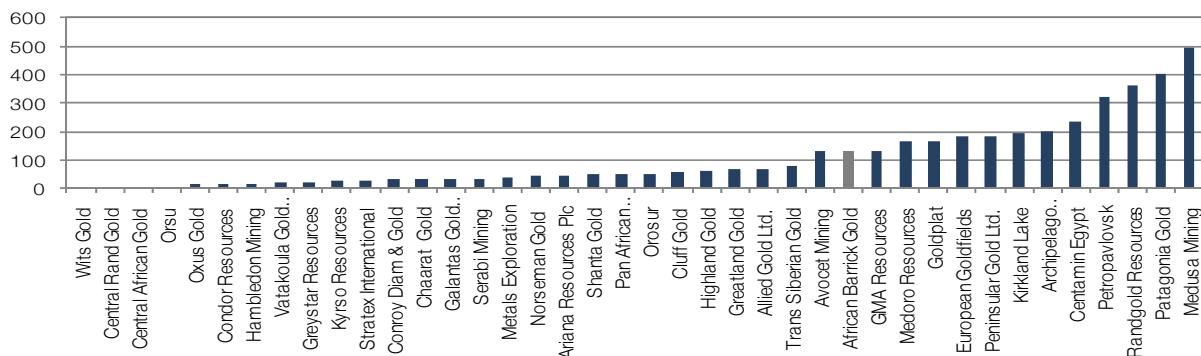
Resource valuation and relative valuation

In the most recent update to our January 2010 report, *Gold – Valuation benchmarks are obsolete*, we derived average values for JORC-compliant London-listed 'measured', 'indicated' and 'inferred'

ounces of US\$368/oz, US\$129/oz and US\$22/oz, respectively (excluding Wits basin ounces). Applying these to ABG’s estimated total attributable resource yields a value for ABG of US\$3.5bn, which is at an 12% premium to its current enterprise value of US\$3.1bn.

Considered alternatively, ABG’s enterprise value equates to US\$131 per total attributable resource ounce. This is significantly cheaper than both RRS and POG (see Exhibit 28) and at an 8% discount to the weighted average London valuation (excluding Wits basin ounces) of US\$142/oz.

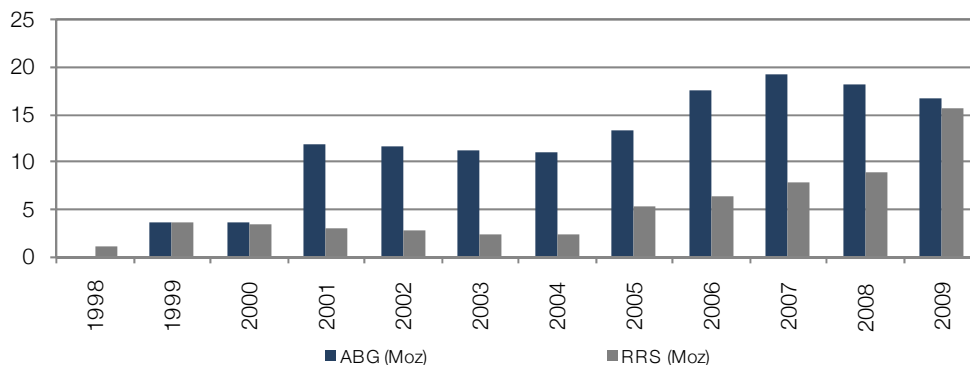
Exhibit 28: ABG valuation per total attributable JORC-code compliant oz vs peers



Source: Edison Investment Research

Given its record of evolving from zero ounces of both production and reserves in 1998 to being the largest producer of gold on the London market with the second largest non-Witwatersrand attributable resource base, such an ‘average’ valuation appears unwarranted. Moreover, while its attributable resource base is 2% smaller than RRS’s, its ‘proven and probable’ reserve base is 8% larger (as shown below).

Exhibit 29: ABG reserves vs RRS, 1998-2009 (Moz)



Source: Edison Investment Research

Sensitivities

Key sensitivities for ABG are the gold price and unit costs of production (again, note that, for these purposes, ABG forecasts are stated exclusive of its three additional growth projects).

Exhibit 30: ABG EPS sensitivity to gold price, FY10-FY14f

US cents	FY10	FY11	FY12	FY13	FY14
EPS at US\$1,485/oz Au	0.532	0.838	0.867	0.915	0.903
Ditto (pct change vs US\$1,350/oz Au)	0.0	27.1	29.1	26.8	27.1
EPS at US\$1,350/oz Au	0.532	0.659	0.672	0.722	0.711
EPS at US\$1,215/oz	0.532	0.480	0.477	0.529	0.518
Ditto (pct change vs US\$1,350/oz)	0.0	-27.1	-29.1	-26.8	-27.1

Source: Edison Investment Research

Exhibit 31: ABG EPS sensitivity to unit costs of production, FY10-FY14f

US cents	FY10	FY11	FY12	FY13	FY14
EPS at 'base case' -10%	0.532	0.739	0.764	0.804	0.791
Ditto (pct change vs 'base case')	0.0	12.2	13.7	11.3	11.4
EPS at 'base case'	0.532	0.659	0.672	0.722	0.711
EPS at 'base case' +10%	0.532	0.579	0.580	0.640	0.630
Ditto (pct change vs 'base case')	0.0	-12.2	-13.7	-11.3	-11.4

Source: Edison Investment Research

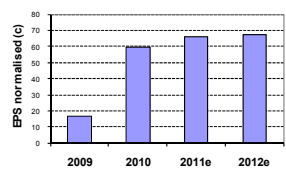
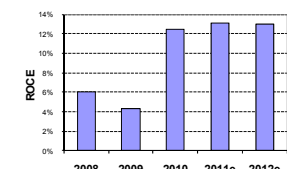
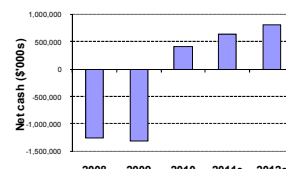
Financials

Forecast earnings of US\$270m in FY11 (vs US\$218m in FY10), rising to US\$291m in FY14 (excluding growth projects) will be more than sufficient to fund capital expenditure requirements of US\$263m in FY11, falling to a level of US\$156m of sustaining capex in FY14. Given a net cash position of US\$401m as at 31 December 2010 and dividend cover of approximately 10x, *ceteris paribus*, we would expect ABG's net cash position to increase into the foreseeable future.

Exhibit 32: Financials

	US\$m	2008	2009	2010	2011e	2012e	2013e	2014e
Year end 31 December		IFRS	IFRS	IFRS	IFRS	IFRS	IFRS	IFRS
PROFIT & LOSS								
Revenue		540.5	693.4	975.0	1,054.4	1,151.8	1,137.9	1,349.0
Cost of Sales		(339.6)	(375.9)	(479.5)	(473.3)	(543.9)	(482.7)	(566.6)
Gross Profit		200.9	317.5	495.5	581.1	608.0	655.2	782.4
EBITDA		149.8	260.2	445.2	513.0	539.9	587.2	714.3
Operating Profit (before amort. and except.)		78.9	166.8	335.7	388.4	396.1	425.3	542.0
Intangible Amortisation		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Exceptionals		(223.0)	(10.7)	(26.0)	0.0	0.0	0.0	0.0
Other		0.0	0.0	0.0	(10.7)	(10.7)	(10.7)	(10.7)
Operating Profit		(144.1)	156.1	309.7	388.4	396.1	425.3	542.0
Net Interest		(13.2)	(5.7)	(0.6)	0.0	0.0	0.0	0.0
Profit Before Tax (norm)		65.7	161.1	335.1	388.4	396.1	425.3	542.1
Profit Before Tax (FRS 3)		(157.3)	150.4	309.1	388.4	396.1	425.3	542.1
Tax		(20.4)	(8.4)	(86.5)	(112.6)	(114.9)	(123.3)	(157.2)
Profit After Tax (norm)		45.3	76.7	248.6	275.8	281.2	302.0	384.9
Profit After Tax (FRS 3)		(177.7)	66.0	222.6	275.8	281.2	302.0	384.9
Average Number of Shares Outstanding (m)		N/A	410.1	410.1	410.1	410.1	410.1	410.1
EPS - normalised (c)		N/A	16.9	59.5	65.9	67.2	72.2	92.0
EPS - normalised fully diluted (c)		N/A	16.9	59.5	65.9	67.2	72.2	92.0
EPS - (IFRS) (c)		N/A	14.3	53.2	65.9	67.2	72.2	92.0
Dividend per share (p)		0.0	0.0	5.3	6.6	6.7	7.2	9.2
Gross Margin (%)		N/A	45.8	50.8	55.1	52.8	57.6	58.0
EBITDA Margin (%)		N/A	37.5	45.7	48.7	46.9	51.6	53.0
Operating Margin (before GW and except.) (%)		N/A	24.1	34.4	36.8	34.4	37.4	40.2
BALANCE SHEET								
Fixed Assets		1,807.8	1,904.5	2,168.5	2,194.5	2,297.2	2,358.5	2,281.7
Intangible Assets		397.1	337.6	379.8	267.1	225.3	178.0	117.2
Tangible Assets		1,383.1	1,498.1	1,615.1	1,753.8	1,898.3	2,006.9	1,991.0
Investments		27.6	68.8	173.6	173.6	173.6	173.6	173.6
Current Assets		340.7	468.3	758.6	1,010.2	1,207.0	1,438.8	1,919.6
Stocks		187.0	278.7	228.0	245.6	268.2	265.0	314.1
Debtors		44.8	61.6	59.2	64.0	70.0	69.1	81.9
Cash		53.3	69.7	401.0	630.2	798.4	1,034.3	1,453.1
Other		55.6	58.3	70.4	70.4	70.4	70.4	70.4
Current Liabilities		(1,321.0)	(1,531.6)	(129.7)	(131.5)	(149.8)	(141.0)	(160.2)
Creditors		(114.6)	(148.2)	(129.7)	(131.5)	(149.8)	(141.0)	(160.2)
Short term borrowings		(1,206.4)	(1,383.4)	0.0	0.0	0.0	0.0	0.0
Long Term Liabilities		(223.8)	(183.7)	(254.4)	(254.4)	(254.4)	(254.4)	(254.4)
Long term borrowings		(93.8)	0.0	0.0	0.0	0.0	0.0	0.0
Other long term liabilities		(130.1)	(183.7)	(254.4)	(254.4)	(254.4)	(254.4)	(254.4)
Net Assets		603.6	657.4	2,543.1	2,818.8	3,100.0	3,402.0	3,786.8
CASH FLOW								
Operating Cash Flow		136.7	282.9	344.4	492.5	529.6	582.5	671.6
Net Interest		(12.0)	(4.5)	0.8	0.0	0.0	0.0	0.0
Tax		(20.4)	(8.4)	0.0	0.0	(73.0)	(76.0)	(96.4)
Capex		(414.2)	(248.4)	(275.6)	(263.3)	(288.4)	(270.5)	(156.4)
Acquisitions/disposals		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Financing		8.6	(0.1)	1,096.3	0.0	0.0	0.0	0.0
Dividends		(30.2)	(12.2)	(259.5)	(0.0)	(0.0)	(0.0)	(0.0)
Net Cash Flow		(331.5)	(66.8)	906.4	229.2	168.2	235.9	418.8
Opening net debt/(cash)		915.4	1,246.9	1,313.7	(401.0)	(630.2)	(798.4)	(1,034.3)
HP finance leases initiated		0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other		0.0	0.0	808.3	0.0	(0.0)	0.0	(0.0)
Closing net debt/(cash)		1,246.9	1,313.7	(401.0)	(630.2)	(798.4)	(1,034.3)	(1,453.1)

Source: Company accounts, Edison Investment Research

Growth	Profitability	Balance sheet strength	Sensitivities evaluation	
			Litigation/regulatory	●
			Pensions	○
			Currency	●
			Stock overhang	○
			Interest rates	○
			Oil/commodity prices	●

Growth metrics	%	Profitability metrics	%	Balance sheet metrics	Company details
EPS CAGR 08-12e	N/A	ROCE 11e	13.1	Gearing 11e	N/A
EPS CAGR 10-12e	6.2	Avg ROCE 08-12e	9.8	Interest cover 11e	N/A
EBITDA CAGR 08-12e	37.8	ROE 11e	9.7	CA/CL 11e	7.7
EBITDA CAGR 10-12e	10.1	Gross margin 11e	55.1	Stock turn 11e	85.0
Sales CAGR 08-12e	20.8	Operating margin 11e	36.8	Debtor days 11e	22.2
Sales CAGR 10-12e	8.7	Gr mgn / Op mgn 11e	1.5	Creditor days 11e	42.2
				Address:	
				5 th Floor, No 1 Cavendish Place, London. W1G 0QF. United Kingdom.	
				Phone	0207 129 7150
				Fax	0207 129 7180
				www.africanbarrickgold.com	

Principal shareholders	%	Management team
Barrick	43.8	CEO: Greg Hawkins
PDG Sona (Cayman) Ltd (NB effectively Barrick)	21.0	Having previously held roles at Deloitte and Normandy Mining, Mr Hawkins joined Homestake in 1999, prior to its acquisition by Barrick. Since 2001 he has been served in finance roles for Barrick Australia/Africa, becoming CFO of the Australia Pacific Business Unit from June 2006.
PDG Bank Ltd (NB effectively Barrick)	9.1	
Franklin Advisers Inc	1.5	
The Boston Company Asset Mgt LLC	1.3	
Legal & General Inv Mgt Ltd (UK)	1.1	CFO: Kevin Jennings
Invesco Management Group Inc	0.9	Mr Jennings has held a variety of positions in the last 10 years, including director business optimisation Xstrata, director strategic business analysis at Falconbridge and CFO at American Racing Equipment. Most recently, he was vice-president of corporate development at Barrick.
Forthcoming announcements/catalysts	Date *	
Q1 results	26 April 2011	COO: Marco Zolezzi
Q2/interim results	26 July 2011	
Q3 results	21 October 2011	
<i>Note: * = estimated</i>		Mr Zolezzi has over 30 years of experience in mining in both Australia and South Africa with five years at Newcrest Mining (where he was general manager of the Telfer Mine) and 13 with WMC Resources. Prior to his appointment as COO at ABG he was technical services director for Barrick's Australia Pacific region for five years.
Companies named in this report		
Petropavlovsk, Randgold Resources		

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