LSE: ABG

Half Year Report for the six months ended 30 June 2011
26 July 2011
Based on International Financial Reporting Standards ("IFRS") and expressed in US Dollars

African Barrick Gold plc ("ABG") reports half year results
→ Net income up 21% Y-o-Y to $120 million, interim dividend doubled

Financial Highlights

- Net income of $120 million, with an EPS of 29.3 cents, up 21% on H1 2010.
- EBITDA of $245 million, up 25% on H1 2010.
- Operational cash flow of $186 million, an increase of 18% on H1 2010.
- Cash margin per ounce sold of $806, up 29% on H1 2010 and 13% versus H2 2010.
- Net cash position of $455 million as at 30 June 2011.
- Interim dividend doubled to 3.2 cents per share.

Operational Highlights

- Attributable gold production of 345,857 ounces, in line with overall expectations for the first half of the year.
- Gold sales 3% higher than production for H1 2011, as a result of improved inventory management.
- Cash costs of $655 per ounce, an increase of 24% on H1 2010, driven by cost inflation and North Mara mine sequencing.
- Spinning diesel back-up power installed earlier than planned at Buzwagi.
- Feasibility studies at North Mara underground, Golden Ridge and Bulyanhulu Upper East on track.
- Tulawaka initial mine life extension announced early in 2011, further positive drill results achieved over the course of H1.
- Continued exploration successes at the Nyanzaga project.

African Barrick Gold plc	Three months ended			Six months ended		
	30 June 2011	30 June 2010	% change	30 June 2011	30 June 2010	% change
Attributable Gold Production (ounces)[1]	171,950	179,113	-4%	345,857	356,208	-3%
Attributable Gold Sales (ounces)[1]	185,080	173,374	7%	357,082	358,098	0%
Attributable Cash cost ($/ounce)[2]	652	543	20%	655	529	24%
Average realised sales price ($/ounce)[2]	1,524	1,205	27%	1,461	1,155	26%
(in $'000)						
Revenue[3]	311,760	224,271	39%	578,387	445,889	30%
EBITDA [2]	140,072	96,399	45%	244,927	196,254	25%
Cash generated from operating activities	99,450	90,341	10%	186,134	157,665	18%
Net profit attributable to owners	69,773	46,177	54%	120,134	99,231	21%
Basic & dilutive earnings per share (cents)	17.0	11.3	54%	29.3	24.2	21%
Dividend per share (cents)	3.2	1.6	100%	3.2	1.6	100%

[1] Production and sold ounces reflect equity ounces which exclude 30% of Tulawaka's production base.
[2] Cash costs per ounce sold, average realised gold price and EBITDA are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to "Non-IFRS measures" on page 26 for the definitions of each measure.
[3] Based on restated revenue to include sales of co-products, refer to pages 21 and 35.

Commenting on the results, CEO Greg Hawkins said: "We have delivered production in line with our expectations for the first half of the year, notwithstanding the SAG mill motor failure at Buzwagi and the illegal intrusion at North Mara in May. We have also reported record cash margins for ABG and a strong net cash position, which supports our decision to double the interim dividend. Looking ahead, we are confident the business is well positioned to continue delivering strong results over the second half of 2011 as we start to see the benefits of the operational improvements we have made at Buzwagi, the continued delivery from our other three mines and ongoing progress on our portfolio of growth projects. As such, our production and cash cost guidance for the year remain unchanged."

Interim Results Overview

Current operations

Throughout the first half of the year, we have continued our focus on delivering stable production from all four of our producing mines while investing the capital to underpin our future production plans. Despite several challenges in our operating enviornment, notably the SAG mill motor failure at Buzwagi and the illegal intrusions at North Mara, overall our operations have delivered in line with our expectations for the period. We remain confident that we are on track to deliver improved levels of production over the second half of the year and we expect to continue to see positive effects as a result of the significant investment we have made at Buzwagi and the waste stripping programme at North Mara.

Bulyanhulu has continued to add incremental production over the first half of the year with ongoing cost discipline, despite the rock fall incident in April which resulted in the tragic death of one of our employees.

North Mara has continued to work through the significant waste strip over the first half of the year and is on track to meet its production targets for the year and to deliver an improved grade profile as we go into 2012.

We have been encouraged by the step up in production rates at Buzwagi over the course of the first six months of the year, despite the short term impacts of the SAG mill motor failure during the second quarter. In addition, we have recently completed the installation of 6MW of spinning diesel back-up power ahead of schedule. This should enable the mine to deal with power outages much more efficiently, which in turn should allow for an increase in throughput at the process plant. The success of this initiative is critical as we look to add additional production from Buzwagi during the second half of the year.

At Tulawaka, performance has been consistently strong throughout the first half of the year with the improved underground mining performance leading to significantly higher grades and improved production levels.

We have remained focused on the cost profile of each of our operations throughout the reporting period, given the pressures we have experienced in a number of areas, particularly labour, energy and external services. Higher revenue related costs as a result of the continuing increases in the average realised gold prices which, together with the increased cost of oil, has added $13 to cash costs per ounce at our operations compared to budgeted levels at the start of the year. Over the second half of the year, we will be initiating projects at all of our mines to further improve our business processes and systems with the aim of minimising costs as well as optimising the productive capacity of the mines.

We have invested $119 million in capital expenditures during the first six months of 2011 and we are on track to reach our $260 million budget for the year. In addition, we plan to spend $20 million on additional security infrastructure at Buzwagi and North Mara to improve working conditions at these mine sites.

Financial results

Continuing increases in the average realised gold price, which stood at $1,461 per ounce for the reporting period, has allowed us to deliver a record cash margin of $806 per ounce for the period under review. This continues the trend of rising margins seen throughout 2009 and 2010. In addition, our performance for the first half of the year has been very positive across a range of financial metrics when compared to the first half of 2010: revenue up 30%, EBITDA up 25%, cash generated from operations up 18% and EPS up 21%. We are also paying an interim dividend of 3.2 cents per share. We will continue to maintain our focus on cost controls in order to ensure that we continue to maximise shareholder value in the current gold price environment.

Overall, our financial performance for the reporting period provides us with a strong platform and significant financial flexibility from which to assess and invest in high return growth options. As we go through the second half of the year, we expect to further clarify the likely investment levels required by the organic growth projects currently in the final stage of the feasibility studies. In addition, we will continue to explore other options within our existing portfolio as well as potential acquisition opportunities. At the same time, investment in our existing operations will continue to be critical and we will ensure our operations have the necessary capital to meet their life of mine plans.

Exploration and growth projects

Our portfolio of advanced growth projects and exploration programmes has made good progress during the first half of the year.

The mine life at Tulawaka has been initially extended to the middle of next year and the drill programme in recent months has identified further extensions to the resource base as we look to keep the mine in production into 2013 and beyond. We expect to provide a detailed update on this before the end of the year. The three feasibility studies currently underway are progressing as follows:

- at the North Mara underground project, the study is expected to be finalised in the coming weeks and will then be followed by an internal review process before being presented to the Board for approval. Our aim is to communicate the results of this by the end of the third quarter.
- at the Golden Ridge project, we are continuing to see positive results and are carrying out some more detailed analysis to optimise future returns. This will be an ongoing project but our current assumption is that we will be in a position to communicate further detail within the next three months.
- with respect to Bulyanhulu Upper East, the initial feasibility study has been positively concluded subject to initiating a test stope in order to confirm the appropriate mining method as well as to validate the geotechnical and metallurgical assumptions. This will run late into the fourth quarter, but we estimate we will be in a position to communicate the initial details prior to that, subject to confirmation on completion of the test work.

In addition to the above, we have also recently initiated a study to assess the feasibility of the recovery of gold from the tailings facility at Bulyanhulu through the addition of a CIL plant, which we believe has the potential to provide meaningful incremental production. We will provide additional updates on this as the work progresses.

Our greenfield exploration activities have largely been focused on the Nyanzaga project where we have had a series of promising drill results over the first six months of the year. We aim to complete the scoping study on this project by early 2012.

Dividend

With the strong financial performance of the Company and the robustness of its balance sheet, the Board of ABG has approved an interim dividend for 2011 of 3.2 cents per share. This is based on the belief that the Company is strongly positioned to generate the returns which will enable ABG to deliver on its strategic objectives whilst also providing an attractive dividend payout for shareholders.

The interim dividend will be paid on 26 September to holders on record at 2 September. The ex-dividend date will be 31 August. ABG will declare the interim dividend in US dollars. Unless a shareholder elects to receive dividends in US dollars, they will be paid in pounds sterling with the US dollar interim dividend being converted into pounds sterling at exchange rates prevailing at the relevant time. The exchange rate conversion for the interim dividend will be made on or around 7 September.

Subject to the capital requirements and cashflows of the Company and provided that there are distributable reserves available to ABG for this purpose, it is the Board's intention to continue to pay an annual dividend based on the profits of the Company, to be paid in the proportion of approximately one third following the interim results and two thirds following the final results. This expectation is also made on the assumption that ABG's performance continues in line with the Board's expectations and in the absence of any unforeseen circumstances.

Outlook

Against a backdrop of continuing uncertainty in the overall economy, we remain positive on the outlook for gold. We believe that the fundamental attraction of gold as a store of value as a result of the global credit crisis will continue to support future gold prices.

Overall, all of our operating mines have delivered in line with our expectations for the first half of the year, despite the challenges faced in the operating environment at North Mara and Buzwagi. Given the results delivered in the first half of the year, we maintain our production guidance for 2011 set out at the time of our preliminary results, namely 700,000-760,000 ounces of gold. Likewise, we still expect our cash costs for the year to fall in the range set of $590-650 per ounce ($545-605 per ounce on a cash operating cost basis, excluding royalties), as the higher production levels expected in the second half of the year start to produce further positive effects, notwithstanding the impact of the higher gold and oil prices.

Other developments

Appointment of Independent Non-Executive Director

We have recently appointed Ambassador Juma V. Mwapachu as an Independent Non-Executive Director. Ambassador Mwapachu is a law graduate and began his career in the public sector in Tanzania as a State Attorney and subsequently served in the Foreign Office. Throughout his career he has been a leading advocate of the creation of a strong and dynamic private sector in Tanzania. He was the founding Secretary General of the Chamber of Commerce, Industry and Agriculture in 1988 and served as Chairman of the Confederation of Tanzania industries between 1996 and 2000 as well as Chairman of the East African Business Council from 1999 to 2000. During this period, he also served on a number of Presidential Commissions that consolidated Tanzania's market economy and which ushered in a multi-party political system. He was a Member of the Team that crafted Tanzania's Development Vision 2025 and was also appointed as Tanzania's Ambassador to France, a post he held from 2002 to 2006. Following his return to Tanzania, he has played a leading role in the regional integration of East Africa, notably through his appointment as Secretary General of the East African Community, a position he held for five years until the end of April this year.

We are delighted to welcome someone of the calibre of Ambassador Mwapachu. His experience in Tanzania and more broadly in Africa will add a new dimension to the ABG Board and will be of significant value in meeting the challenges of delivering on the strategic objectives of our business.

Regulatory and tax framework

As we communicated last month, there has recently been debate in Tanzania with respect to the future taxation framework for the mining industry in the country. This remains at a very initial stage and forms part of longer term economic plans whereby a range of options for increasing the government's revenue base are being considered. With respect to our existing operations, each of the four sites has legally binding Mineral Development Agreements in place which govern the tax treatment of the assets. As such, any changes to the tax legislation would only be applicable to future projects. At the same time, we have been working with the tax authorities in Tanzania to finalise the agreement covering the repayment of fuel excise levies and Value Added Tax ("VAT") owed to ABG. In this context, we will also consider the broader tax status of ABG in Tanzania and its ongoing contribution to the country in order to ensure we have the optimum long term structure for the Company and all of its stakeholders.

North Mara investigations and licence renewal

As previously announced, we have launched an internal investigation into the circumstances surrounding the site intrusion which occurred at North Mara in May, as have the Tanzanian police. Both of these investigations are ongoing. To date, preliminary findings from the police work have lead to a number of arrests of individuals suspected of having been involved in provoking or organising the incident as well as other illegal activities in the area. Further details on the outcome of investigations will be communicated as and when available. In conjunction with these efforts, we are progressing our community relations programmes and engagement with the Tanzanian government and other local stakeholders, to address law and order issues around North Mara and in the wider community and to build awareness on the inherent dangers associated with illegal mining and mine site intrusions.

We have submitted all of the necessary documentation for the renewal of our mining licence at North Mara and await the formation of a formal Mining Advisory Board by the Ministry of Energy & Minerals for purposes of granting a final approval of the application. Should this stage of the administrative process be delayed, the terms of our existing licence should continue to apply, to ensure that there is no disruption to our mining activities.

Power supply

With its significant reliance on hydro power generation, the Tanzanian power network has been under particular strain during the first half of the year, and continues to be, as a result of unusually low rainfall levels. This has been exacerbated by planned maintenance work at gas fields which also supply the network as well as lower levels of reliability in the transmission network. This has primarily impacted Buzwagi, given the existence of diesel generating capacity at the other mines, although there has been some impact across all of our assets during the reporting period. The back-up power installed at Buzwagi should help to alleviate some of the issues caused by interruptions to the power supply at this operation. We are also working with TANESCO, the state national power utility, to ensure ongoing stability of supply to our operations and to provide whatever technical assistance we can to improve performance of the network. At the same time, the government has also committed to significant additional power generation capacity which should help to alleviate these issues in the longer-term. We will continue to monitor power supply interruptions and the impact that this may have on our operations throughout the remainder of the year.

For further information, please visit our website: www.africanbarrickgold.com or contact:

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About ABG

ABG is Tanzania's largest gold producer and one of the five largest gold producers in Africa. We have four producing mines, all located in North West Tanzania, and several exploration projects at various stages of development. With a high-quality asset base, solid growth opportunities and a clear strategy, we have the objective of increasing our existing production to one million ounces per year by 2014.

We aim to achieve this by:

- driving operating efficiencies to optimise production from our existing asset base;
- growing through near mine expansion and development of advanced-stage projects; and
- organic greenfield growth and acquisitions in Africa.

Maintaining our licence to operate through acting responsibly in relation to our people, the environment and the communities in which we operate is central to achieving our objectives.

ABG is a UK public company with its headquarters in London. We are listed on the Main Market of the London Stock Exchange under the symbol ABG. Historically and prior to our initial public offering (IPO), our operations comprised the Tanzanian gold mining business of Barrick Gold Corporation (Barrick), our majority shareholder. ABG reports in US dollars in accordance with IFRS as adopted by the European Union, unless otherwise stated in this report.

Presentation and conference call

A presentation will be held for analysts and investors on 26 July 2011 at 9.00 am London time. A dial in facility will be available as follows:

Participant dial in: +44 (0) 203 003 2666
Password: ABG Interim Results

A second conference call will be held for North American analysts and investors on 26 July at 9.00 am EDT with the same dial in.

There will be a replay facility available until 2 August 2011. Access details are as follows:

Replay number: +44 (0) 208 196 1998
Replay PIN: 4230534#

FORWARD LOOKING STATEMENT

This report includes "forward-looking statements" that express or imply expectations of future events or results. Forward-looking statements are statements that are not historical facts. These statements include, without limitation, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives and expectations with respect to future production, operations, costs, products and services, and statements regarding future performance. Forward-looking statements are generally identified by the words 'plans,' 'expects,' 'anticipates,' 'believes,' 'intends,' 'estimates' and other similar expressions.

All forward-looking statements involve a number of risks, uncertainties and other factors. Although ABG's management believes that the expectations reflected in such forward-looking statements are reasonable, investors are cautioned that forward-looking information and statements are subject to various risks and uncertainties, many of which are difficult to predict and generally beyond the control of ABG, that could cause actual results and developments to differ materially from those expressed in, or implied or projected by, the forward-looking information and statements contained in this report. Factors that could cause or contribute to differences between the actual results, performance and achievements of ABG include, but are not limited to, political, economic and business conditions, industry trends, competition, commodity prices, changes in regulation, currency fluctuations (including the US dollar; South African rand and Tanzanian shilling exchange rates), ABG's ability to recover its reserves or develop new reserves, including its ability to convert its resources into reserves and its mineral potential into resources or reserves, and to timely and successfully process its mineral reserves, risk of trespass, theft and vandalism, changes in its business strategy, as well as risks and hazards associated with the business of mineral exploration, development, mining and production. Accordingly, investors should not place reliance on forward looking statements contained in this report.

The forward-looking statements in this report reflect information available at the time of preparing this report. Subject to the requirements of the Disclosure and Transparency Rules and the Listing Rules or applicable law, ABG explicitly disclaims any obligation or undertaking publicly to release the result of any revisions to any forward-looking statements in this report that may occur due to any change in ABG's expectations or to reflect events or circumstances after the date of this report. No statements made in this report regarding expectations of future profits are profit forecasts or estimates, and no statements made in this report should be interpreted to mean that ABG's profits or earnings per share for any future period will necessarily match or exceed the historical published profits or earnings per share of ABG or any other level.

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Key statistics
African Barrick Gold plc

	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
Operating results				
Tonnes mined (thousands of tonnes)	10,901	10,278	22,660	19,616
Ore tonnes mined (thousands of tonnes)	1,614	2,107	3,223	4,226
Ore tonnes processed (thousands of tonnes)	1,693	1,939	3,613	3,790
Process recovery rate (percent)	88.7%	86.5%	87.9%	85.7%
Head grade (grams per tonne)	3.6	3.3	3.4	3.4
Attributable gold production (ounces)[1]	171,950	179,113	345,857	356,208
Attributable gold sold (ounces)[1]	185,080	173,374	357,082	358,098
Copper production (thousands of pounds)	4,068	3,955	7,809	7,038
Copper sold (thousands of pounds)	4,147	3,237	7,882	5,733
Cash cost per tonne milled[2]	85	49	78	50
Per ounce data				
Average spot gold price[3]	1,506	1,197	1,445	1,152
Average realised gold price[2]	1,524	1,205	1,461	1,155
Cash cost per ounce sold[2]	652	543	655	529
Amortisation and other cost per ounce[2]	168	144	172	142
Total production costs per ounce sold[2]	821	687	827	671
Cash Margin[2]	872	661	806	626
Average realised copper price ($/lb)[2]	3.89	3.05	4.20	3.41

Financial results
(in $'000)

Revenue[4]	311,760	224,271	578,387	445,889
Cost of sales[4]	(176,487)	(133,599)	(344,639)	(270,068)
Gross profit	135,273	90,673	233,748	175,821
Corporate administration	(7,667)	(9,140)	(20,525)	(16,757)
Exploration and evaluation costs	(8,621)	(762)	(16,078)	(2,590)
Other charges	(10,902)	(9,965)	(15,572)	(13,224)
Profit before net finance cost	108,083	70,806	181,573	143,250
Finance income	437	558	809	710
Finance expense	(2,239)	(236)	(4,121)	(723)
Profit before taxation	106,281	71,128	178,261	143,237
Taxation expense	(33,862)	(23,980)	(54,031)	(43,035)
Net profit	72,419	47,148	124,230	100,202
Attributed to:				
- Non-controlling interests	2,646	971	4,096	971
- Owners of the parent (net earnings)	69,773	46,177	120,134	99,231

Other Financial information

(in $'000 except per ounce and per share figures)				
Cash and cash equivalents	455,077	334,429	455,077	334,429
Cash generated from operating activities	99,450	90,341	186,134	157,665
Capital expenditure[5]	67,275	48,851	118,666	86,495
EBITDA[2]	140,072	96,399	244,927	196,254
Basic earnings per share (cents)	17.0	11.3	29.3	24.2
Operational cash flow per share	24.2	22.0	45.3	38.4
Equity	2,651,571	2,423,724	2,651,571	2,423,724

[1] Production and sold ounces reflect equity ounces which exclude 30% of Tulawaka's production base.
[2] Cash cost per tonne milled, average realised gold price, total cash cost per ounce sold, amortisation and other costs per ounce, total production cost per ounce sold, EBITDA and cash margin are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to 'Non IFRS measures' on page 26 for definitions.
[3] Reflects the London PM fix price.
[4] Restated to reflect the inclusion of co-product sales in revenue, refer to pages 21 and 35.
[5] Excludes acquisition of Tusker Gold Limited and includes non-cash reclamation asset adjustments during the year.

Market overview

Gold and Copper Prices

Gold prices have a significant impact on our operating earnings and ability to generate cash flows. During the first 6 months of the year, the price of gold reached an all-time high, trading in a range of $1,319 to $1,553 per ounce, and closed at $1,506 per ounce. Gold prices averaged $1,445 per ounce, a new 6 month average record and a $293 per ounce improvement on the $1,152 per ounce average in the prior year period. Gold continued to be influenced by low US dollar interest rates, volatility in the credit and financial markets, particularly sovereign credit concerns, the pace of global economic recovery and the monetary policies put in place by the world's most prominent central banks. The increased risk of sovereign debt defaults, highlighted by the current situation in Europe, as well as the risk of higher US inflation and US dollar depreciation resulting from large US government deficits continues to be positive for the price of gold.

Gold prices also continue to be influenced by negative long-term trends in global gold mine production, the impact of central bank gold purchases and investor interest in owning gold. Gold has historically been viewed as a reliable store of value in times of financial uncertainty and inflation, and has generally been negatively correlated to the US dollar. As a result, investor interest in gold as an asset class has increased greatly, due to its role as a store of value and a de-facto global currency. We continue to deliver into the market at spot prices and remain fully unhedged.

ABG also produces copper as a co-product that is included in revenue but credited against cost of sales and in the calculation of cash costs. Copper prices were volatile in the first 6 months of 2011, trading in a range of $3.94 to $4.62 per pound. The average price in the first half of the year was $4.26 per pound and the closing price was $4.27 per pound. Copper's volatility during the period occurred mainly as a result of uncertainty regarding the pace of the global economic recovery, amid a slower than expected return to strong growth in OECD countries and economic policy tightening in China. Copper prices are expected to continue to be positively influenced by demand from Asia, a return to global economic growth, availability of scrap metal and production levels of mines and smelters in the future. Since Q4, 2010, the Company has entered into copper and silver zero cost collars as part of a strategy to manage cash costs and co-product revenue.

Currency Exchange Rates

The South African Rand and the Tanzanian Shilling depreciated during the first 6 months of the year as investors moved to the more stable currencies of growing OECD countries such as Australian and Canadian dollars. The Rand traded within a range of R6.57 to R7.34 and closed down 2% for the period at R6.77. The Shilling traded within a range of Tsh1457 to Tsh1619 and closed down 8% at Tsh1579.

Fuel Prices

The price of crude oil traded in a range of $84 to $114 per barrel, closing at $95 per barrel and averaging $98 per barrel during the reporting period, compared to an average of $78 per barrel in the prior year period.

We directly consume around 0.3 million barrels of diesel fuel annually across all our mines. Diesel fuel is refined from crude oil and is therefore subject to similar volatility affecting crude oil prices.

Operating update

Gold production for the six months ended 30 June 2011 was 345,857 ounces, just under 3% lower than the prior year period. The decrease in production was primarily driven by our focus on waste stripping in the Gokona and Nyabirama pits at North Mara, which has resulted in the processing of lower grade ore from stockpiles at this operation, when compared to the first half of 2010. At Buzwagi, production for the six months was just 2% lower than the corresponding period in 2010, despite the loss of production of around 15,000 ounces as a result of the SAG mill motor failure in May. Notwithstanding the loss in mill throughput, Buzwagi increased head grade by 14% during the reporting period and plant recoveries by 10%. Furthermore we expect to recover a large part of the lost production during the second half of the year. Both Bulyanhulu and Tulawaka saw increased production levels over the first half of the year, when compared to the first half of 2010. At Bulyanhulu, increased tonnes mined drove throughput at the plant and production up 3% year-on-year, while at Tulawaka the significantly improved underground mining performance reduced the reliance on low grade stockpiles and drove grades higher, with production up by 49%.

Gold sold for the period totalled 357,082 ounces, in line with the figure for the prior year period (358,098 ounces) and 3% higher than the ounces produced for the reporting period. The differential compared to production was the result of our continuing focus on optimising inventory levels, particularly concentrate at Bulyanhulu and Buzwagi. Going forward, our objective is to maintain inventories around current levels and we would expect production and sales to be in line.

Cash costs for the reporting period were $655 per ounce sold which was 24% higher than the prior year period ($529). The key contributors to this increase were:

- Higher labour costs across all mines sites and an increase in staffing at Bulyanhulu and Buzwagi: $45/oz
- Lower capitalized costs at North Mara due to mine sequencing: $28/oz
- Increase in contractor activity at Buzwagi and higher external services costs at North Mara: $28/oz
- G&A cost increases from higher security, insurance and administrative services: $20/oz
- Energy costs from higher electricity consumption and increased diesel prices: $17/oz

These increases were partially offset by increased co-product revenues.

Cash cost per tonne milled for the six months ended 30 June 2011 was $78 per tonne compared to $50 in the prior year period, primarily as a result of the impact of higher cash costs and lower tonnes milled principally at Buzwagi, when compared to 2010.

Tonnes mined for the six months ended 30 June 2011 of 22.7 million were 16% higher than the prior year period. Although there were increases at all four operating mines, the increase is largely due to the Gokona waste stripping at North Mara and waste stripping at Buzwagi, which was brought forward to help mitigate the impact of the SAG mill motor failure on the overall mining schedule.

Tonnes processed were 3.6 million for the reporting period, 5% lower than the prior year period (3.8 million). This was driven by lower availability of the Buzwagi processing plant during the SAG mill motor failure, partially offset by increased tonnes processed at North Mara and Bulyanhulu due to increased ore tonnes mined.

The head grade for the first six months of the year was 3.4 grams per tonne which remained in line with that of the prior year period. The increase in grade at Buzwagi and Tulawaka relating to the higher mined grade was offset by the planned lower grade at North Mara resulting from the increased processing of lower grade stockpiles. Bulyanhulu also saw a drop in grade over the period, as a result of a higher than expected proportion of production from long hole and alimak stopes with lower grades.

Process recovery rates stood at 87.9% for the reporting period, an improvement on the first half of 2010 (85.7%), largely as a result of process improvements at Buzwagi during the reporting period.

Copper production for the six months ended 30 June 2011 of 7.8 million pounds was 11% higher than the prior year period (7.0 million pounds) as a result of increased yields at Bulyanhulu and Buzwagi.

Mine site summary

Bulyanhulu		Three months ended 30 June		Six months ended 30 June	
		2011	**2010**	**2011**	**2010**
Underground ore tonnes hoisted	Kt	271	225	538	470
Ore milled	Kt	286	246	539	477
Head grade	g/t	8.3	9.6	8.6	9.3
Mill recovery	%	90.4%	92.2%	91.1%	92.0%
Ounces produced	oz	69,272	70,188	135,537	131,857
Ounces sold	oz	72,698	54,791	141,805	121,985
Cash cost/ounces sold	$/oz	573	575	578	540
Cash cost per tonne milled	$/t	146	128	152	138
Copper production	Klbs	2,186	2,225	4,224	3,938
Copper sold	Klbs	2,202	1,709	4,141	3,339
Capital expenditure	$('000)	18,553	19,388	34,769	32,789

Gold production at **Bulyanhulu** for the first half of the year was 135,537 ounces, a 3% increase over the prior year period. This increase was primarily driven by increased ore tonnes hoisted and improved mill throughput compared to the prior year, partially offset by an 8% decrease in head grade. The reduced grades resulted from lower than expected availability of primary long hole stopes as a result of blockages to one of the paste fill lines as well as lower grades from alimak stoping areas. This lower mine grade combined with lower recoveries in the CIL circuit due to high carbon loadings and repairs to the tailings lines led to a marginally lower recovery rate for the first half of the year of 91.1%.

Cash costs for the first half of the year were $578 per ounce sold, which was 7% higher than the prior year period ($540). Cost pressures were evident in several areas, principally labour, energy and supplies. The increase in labour costs was a combination of a rise in staffing levels, together with annual salary increases. Higher levels of mining and milling activity were also reflected in energy, external services and maintenance costs. This was partially offset by higher copper revenue driven by both volume and price. As a result, cash costs per tonne milled for the reporting period were $152 compared to the prior year period of $138.

In response to these cost pressures, a number of projects have been undertaken to optimise productivity at the mine. These include improvements to the shaft dewatering system and the installation of an underground workshop. The new shaft dewatering system includes clarifiers, settlers and underground mud presses for solid liquid separation which allow clean rather than dirty water to be pumped to surface, requiring much less maintenance and thereby reducing the risk to production interruptions. The underground workshop will bring significant benefits in improving the maintenance of equipment and fleet which was previously maintained on an ad hoc basis underground or needed to be transported to surface for maintenance. This will result in improved efficiencies and availability of equipment.

Capital expenditures for the first half of the year were $34.8 million, a 6% increase on the prior year period ($32.8 million). Underground development costs amounted to $15.7 million while a further $9.0 million was spent on mine equipment purchases, $4 million on the support fleet, $1.2 million on the tailings facility expansion and the balance on sustaining capital.

An update on investigations following the rockfall incident which we reported in April this year is provided as part of our HSE and Community Relations Update.

Mine site summary

North Mara		Three months ended 30 June		Six months ended 30 June	
		2011	**2010**	**2011**	**2010**
Tonnes mined	Kt	6,254	5,133	12,390	9,644
Ore tonnes mined	Kt	668	764	947	1,447
Ore milled	Kt	751	691	1,500	1,338
Head grade	g/t	2.3	2.8	2.1	3.0
Mill recovery	%	83.8%	84.5%	81.4%	82.8%
Ounces produced	oz	46,003	51,623	83,602	105,531
Ounces sold	oz	49,700	53,588	85,650	108,056
Cash cost/ounces sold	$/oz	853	513	814	479
Cash cost per tonne milled	$/t	56	40	46	39
Capital expenditure	$('000)	24,468	20,222	52,143	36,682

The plan for 2011 at **North Mara** continues to focus on the significant waste stripping programme in the Gokona and Nyabirama pits in order to be able to access higher grade material in the coming years. This will, as expected, deliver lower production levels throughout 2011, although we anticipate improvements later in the year. There will also be much higher movement of waste material, increased reliance on lower grade stockpiles, and additional capital investment compared to the prior year, as a result of this exercise.

Gold production at North Mara for the first half of the year was 83,602 ounces, 21% lower than that of the prior year period which totalled 105,531 ounces. Total tonnes mined increased 28% on the prior year period due to the significant increase in waste stripping. Ore tonnes mined decreased 35% on the prior year period with a greater reliance on the processing of lower grade ore stockpiles to keep the process plant at full capacity. As a result, both the head grade and recoveries were lower year-on-year although, as expected, they did improve in the second quarter when compared to the first quarter of 2011.

Cash costs for the reporting period were $814 per ounce sold, 70% higher than that of the prior year period ($479), while cash costs per tonne milled rose 18% to $46. The primary factors behind this increase were the lower capitalised stripping costs of $10 million mainly due to permitting delays for waste dumps which resulted in higher ore tonnes being mined, increased external services (principally maintenance and repair/drilling contracts) and higher energy costs driven by increased mining and milling activity as well as greater reliance on diesel generated power during power outages. On a per ounce basis these increases were compounded by the lower production base in the first half of the year, when compared to the first half of 2010.

Capital expenditures for the reporting period were $52.1 million, 42% higher than the prior year period ($36.7 million). Key areas of expenditure were $16.6 million capitalised waste stripping costs, $7.9 million spent on gold plant recovery improvement project, $5.6 million in capitalised drilling of the Gokona/Nyabirama underground project, a $4.8 million investment in the support fleet and the balance relating to sustaining capital expenditures.

An update on our community relations activities following the site intrusions which occurred in May is provided as part of our HSE and Community Relations Update.

Mine site summary

Buzwagi		Three months ended 30 June		Six months ended 30 June	
		2011	**2010**	**2011**	**2010**
Tonnes mined	Kt	4,347	4,904	9,672	9,466
Ore tonnes mined	Kt	646	1,101	1,677	2,273
Ore milled	Kt	583	916	1,423	1,807
Head grade	g/t	2.5	2.0	2.4	2.1
Mill recovery	%	89.5%	80.3%	88.0%	80.3%
Ounces produced	Oz	41,613	48,254	97,926	99,558
Ounces sold	Oz	46,932	56,641	101,033	107,723
Cash cost/ounces sold	$/oz	566	510	620	545
Cash cost per tonne milled	$/t	46	32	44	33
Copper production	Klbs	1,882	1,730	3,585	3,100
Copper sold	Klbs	1,945	1,528	3,741	2,394
Capital expenditure	$('000)	17,916	2,580	20,900	8,014

Gold production at **Buzwagi** for the first half of the year was 97,926 ounces, a 2% decrease over the prior year period. This was lower than initially expected, primarily due to the failure of the SAG mill motor in the second half of May, following an attempted plant restart after a power outage. Given the complexity of removing and replacing a critical and very large piece of plant equipment, several weeks' production were lost. However, advantage was taken of this downtime to bring forward scheduled maintenance programmes elsewhere in the plant. Approximately 15,000 ounces of gold production were lost as a result of the plant downtime, although we expect to largely recover this over the remainder of the year. Production was also impacted, albeit to a lesser extent, by flooding in the pit in late March/early April which hampered the movement of high grade ore tonnes. We are implementing a range of measures to mitigate the impact of both of these incidents on the overall mining schedule. We will continue to work with the state power utility TANESCO in order to seek to improve the quality and reliability of the power supply to Buzwagi. In the meantime, we have installed 6MW of back-up spinning diesel power ahead of the targeted completion date and are beginning to see the positive impact of this.

The lower plant throughput experienced during the reporting period was in part offset with a 14% increase in head grade when compared to the prior year period due to the processing of higher grade ore, as well as a 10% increase in recoveries due to a process improvement in the flotation tanks resulting in higher recoveries achieved for concentrate. During the plant shutdown, the mining focus was moved to accelerating waste stripping activities, resulting in a decrease in ore tonnes mined when compared to the prior year period.

Copper production for the first half of the year was 3.6 million pounds, 16% higher than the prior year period (3.1 million pounds). This was mainly due to the flotation tank improvements mentioned above which increased recoveries for concentrate.

Cash costs for the first half of the year were $620 per ounce sold, 14% higher than the prior year period ($545). The main elements impacting on cash costs were increased labour costs as a result of inflationary increases and increased headcount, specifically in the security and mine production areas, which also required investment in additional expatriate skills; increased usage and pricing for consumable costs specifically relating to blasting, drilling and tyres; and increased external services costs relating to the maintenance and repair contractors ("MARC") costs to support a larger fleet and higher component replacement costs as the mine fleet has reached its third year of continuous operation. These increases were partially offset by $5.4 million of capitalised mining costs in the second quarter as a result of the increased levels of waste stripping during the plant shutdown as well as higher co-product revenue. It is expected that cash costs per ounce will improve in the second half of the year in line with increased production and improved plant availability.

Cash costs per tonne milled for the reporting period increased to $44 per tonne milled compared to $33 per tonne milled for the prior year period, due to the cost pressures already explained above combined with a decrease in tonnes milled due to the plant shutdown.

Capital expenditures for the reporting period were $20.9 million,161% higher than the prior year period ($8.0 million). Capital investment during the first half of the year was primarily focussed on an investment in the haul truck and support vehicle fleet of $12.4 million, capitalised waste stripping expenditure of $5.4 million, processing plant upgrades of $2.3 million with the balance relating to sustaining capital expenditures.

Mine site summary

Tulawaka (reflected as 70%)		Three months ended 30 June		Six months ended 30 June	
		2011	**2010**	**2011**	**2010**
Underground ore tonnes hoisted	Kt	30	17	60	36
Ore milled	Kt	74	86	151	169
Head grade	g/t	6.7	3.5	6.3	3.8
Mill recovery	%	95.0%	92.9%	94.3%	93.3%
Ounces produced	oz	15,062	9,048	28,792	19,262
Ounces sold	oz	15,750	8,355	28,595	20,335
Cash cost/ounces sold	$/oz	645	759	686	641
Cash cost per tonne milled	$/t	138	74	130	77
Capital expenditure (100%)	$('000)	5,384	3,171	9,279	5,450

Attributable gold production at **Tulawaka** for the first half of the year was 28,792 ounces, a 49% increase over the prior year period which totalled 19,262 ounces. The increase in production was as a direct result of mining high grade underground stopes supported by improved mine equipment availability. This directly translated into a head grade of 6.3 g/t, compared to 3.8 g/t in the prior year period, as well as improved recoveries. Lower throughput was the result of the increased proportion of feed coming from the higher grade ore which has a higher grind index.

Cash costs for the first half of the year were $686 per ounce sold, 7% higher than the prior year period ($641). The key areas of higher costs were labour costs as a result of wage inflation and increased headcount to manage the life-of-mine ("LOM") extension, as well as higher external services costs which were driven by increased underground mine activity. The increase in cash costs was partially offset by an increase in capitalised mining costs due to the increase in underground development associated with the LOM extension and also the higher production base for the period.

Cash costs per tonne milled for the reporting period increased to $130 per tonne milled compared to $77 per tonne milled in the first half of 2010 due to the cash cost pressures and the decrease in tonnes milled.

Capital expenditures for the reporting period were $9.3 million, 70% higher than prior year period ($5.5 million). The capital expenditure was focused on increased investment in order to extend the mine life. Specific spending included $2.9 million relating to capitalised underground development costs, $2.8 million relating to security infrastructure, in particular the parameter wall, and $1.7 million relating to capitalised drilling expenditure.

HSE and community relations update

Maintaining our licence to operate through acting responsibly in relation to our people, the environment and the communities in which we operate is central to achieving our objectives and we remain firmly committed to carrying out our business in a safe and responsible manner within the environment and communities in which we operate.

We have carried out a thorough investigation into the tragic rock fall that claimed the life of one of our employees at Bulyanhulu earlier this year and we are in the process of implementing the corrective actions identified to help prevent this type of accident in the future. Our Lost Time Injury Frequency Rate ("LTIFR") of 0.14 for the first half of the year was in line with the corresponding period in 2010 and we have several safety initiatives underway to help improve this performance. One of the most important initiatives is a focus on Critical Risks and implementing Critical Risk Standards across ABG.

An Occupational Health Manager has been employed to better support our operations in the adoption of our Health Standards. These standards focus on helping our employees remain fit for duty and address such issues as dust, noise, ergonomics, fatigue, and other health related areas. This work will be ongoing for the remainder of the year as part of overall HSE reviews. During the first half of the year Health Impact Assessments were conducted at Buzwagi and the Golden Ridge project.

ABG's environmental focus continues to be the Environmental Management System installation to support environmental compliance at all our operations, with two sites having gone through environmental compliance audits in the first half of the year. ABG's site with the shortest life of mine, Tulawaka, has spent time on more detailed closure planning. Permitting of both greenfields and brownfields projects is ongoing with a strong Government relations dialogue resulting in a better understanding between ABG and the regulators.

Although we continue to operate in a challenging environment, our community relations initiatives are seeing overall improvements in the relations between our operations and their local stakeholders. The mine site community relations teams have benefitted from an increased focus on training and cross-functional collaboration which is underpinned by a new two-year strategy for 2011-2012. Sites' social obligation registers have been reviewed to ensure that all commitments to our stakeholders are understood and progressed. During the first half of the year, the Company's grievance mechanism was updated to better allow local stakeholders to have any complaints against our operations investigated and resolved.

North Mara remains the key area of focus for the community relations function, particularly the re-establishment of meaningful dialogue with local stakeholders and the management of trespassing and illegal mining activity. As previously reported in May, a large number of intruders, many of whom were armed, stormed the ore stockpile at North Mara. A confrontation between the intruders and the Tanzanian police force ensued, during which a number of intruders were injured, several fatally. A number of police officers also sustained injuries as a result of this confrontation. We have been cooperating closely with the Tanzanian authorities as part of overall investigations into the circumstances surrounding this incident. We are also investigating a number of recent allegations of crimes on our property including corruption, assault and trespass.

As part of community relations efforts, we are progressing our engagement with the Tanzanian government and other local stakeholders to address the law and order issues and lack of police resources around North Mara and in the wider community. In addition, during the reporting period we established a new partnership with Search for Common Ground ("SFCG"), a leading international NGO that has been in the Mara region meeting with the community. SFCG is providing training on human rights to the police and is engaged in conflict minimization training.

We are also making numerous improvements to the security function at North Mara, with the objective of enhancing the security environment at the mine in order to protect employees and the wider community. This involves:

- A review of the security perimeter at North Mara, resulting in the installation of additional perimeter fencing and walls.
- Installing CCTV cameras in sensitive areas.
- Implementing personal radio tracking.
- Upgrading procedures for escalation of human rights allegations.
- Strategically redeploying female ABG security officers (who make up 25% of the security force).
- Reviewing options for in-car video cameras.
- Upgrading mandatory human rights training for ABG security.
- Conducting a safety education programme with the local community to improve understanding of the inherent dangers associated with illegal mining and intrusions on to the mine site.

We will provide updates on these initiatives as they are pursued, and will continue to engage with stakeholders to identify other initiatives to strengthen the security environment in and around our operations.

Exploration and development update

Exploration and development during the first half of the year continued to focus on ABG's strategy of organic growth through near-mine exploration, resource expansion, optimisation of existing assets through identification and delineation of higher grade satellite deposits, regional exploration for new discoveries and evaluation of acquisition opportunities throughout Africa. The exploration teams were principally focused on advancing the regional exploration programmes as well as organic growth projects around each of the current Tanzanian operations. Significant progress has been made on all projects.

- At the Nyanzaga Project, reverse circulation and diamond drilling continued across the property with 51,361 metres of drilling completed. The focus at Nyanzaga was on resource drilling at the Tusker and Kilimani projects. Step-out drilling at Tusker continued to encounter broad high grade zones at depth and near-surface strike extensions on the northern and southern ends of the resource, while infill drilling on Tusker and Kilimani resource areas continued to confirm grade and continuity of the overall resource. A revised resource is scheduled for completion during the third quarter.

- At Tulawaka East Zone Underground, exploration drilling continued to extend the known high-grade mineralised shoots below current reserves, indicating potential to extend mine life beyond 2012.

- The Golden Ridge Project feasibility study, assessing the potential for ore to be trucked to Buzwagi, continued during the first half of 2011 and is close to completion. An initial resource of 527Koz @ 2.94g/t Au Indicated and 152Koz @ 2.52g/t Au Inferred was declared in March, incorporating infill drilling and results of the metallurgical test-work undertaken in late 2010. Further infill drilling commenced at the end of the reporting period aimed at upgrading inferred resources to measured and indicated.

- At North Mara, positive results were returned from deep exploration holes targeting 200-500m below the planned final Stage-3 Gokona open pit. The results from the deep exploration drilling, the positive scoping study results, and the initial underground resource of 370Koz @ 8.29g/t for Gokona-Nyabigena have resulted in ABG undertaking an aggressive 62,000 metre infill drill programme at Gokona targeting underground resources of more than 1Moz. A feasibility study on the current underground deposits is ongoing and expected to be completed in the coming weeks.

- Additionally, at North Mara, a 30,000 metre programme of infill drilling commenced at Nyabirama testing below the final planned open pit for potential mineable underground resources. To date, 15,298 metres have been drilled of the intended programme, and results to date have been encouraging with multiple high grade zones intercepted.

- At the Bulyanhulu Upper East project the feasibility study is being completed and a test stope is being initiated to assess the proposed mining method as well as geotechnical conditions in the zone.

- Also at Bulyanhulu a further study is being initiated to assess the viability of expanding the process plant in order to recover gold from the tailings facility following initial metwork indicating economic grades within the tailings

ORGANIC GROWTH PROJECTS

TULAWAKA

East Zone Underground Extensions

A total of 62 diamond core holes for 9,675 metres have been drilled to test the Tulawaka East Zone underground extensions between Level 10 and Level 15 (130m to 250m below completed pit floor). A second underground drill rig was commissioned during the reporting period in order to complete the current programme and complete an update of resources and reserves and a new life of mine plan. Drilling to date shows the mineralised quartz veins extend at least down to Level 13, and has intersected visible gold within quartz veining in several drill holes. A selection of the intersections returned during the period from the 62-hole underground exploration drill programme include:

- TUGD00305 - 1.5m @ 14.7g/t Au from 103.5m
- TUGD00306 - 3.0m @ 5.62g/t Au from 105m
- TUGD00310 - 1.0m @ 7.30g/t Au from 67m
- TUGD00315 - 1.6m @ 7.81g/t Au from 74.4m
- TUGD00317 - 3.2m @ 23.6g/t Au from 64.85m
- TUGD00322 - 2.5m @ 11.3g/t Au from 71.0m

Diamond drilling continues to test depth, plunge and strike extensions of the mineralised lodes between Levels 10 and 12, below current reserves in the East Zone, and is currently focused on increasing reserves and resources for the mid-year update.

Further information with respect to the potential mine life extension at Tulawaka will be released once an updated model and reserve optimisation is completed later in the second half of the year.

GOLDEN RIDGE

An initial open pit mineral resource of 527Koz @ 2.94g/t Au Indicated and 152Koz @ 2.52g/t Au Inferred was declared for Golden Ridge during the reporting period, validating the earlier desktop work investigating the potential to truck Golden Ridge ore to the Buzwagi mine. Further exploration drilling programmes are currently underway to upgrade inferred resource with tighter drill spacing, and to investigate extensions of the higher grade shoots on the margins of the current pit design in order to delineate additional higher grade resource ounces, particularly between the northern and southern zones of the main pit. The drill programme commenced in June with two rigs on site, and by the end of June 2011 a total of 33 reverse circulation holes and pre-collar holes had been completed for an advance of 2,547 metres.

The feasibility study on Golden Ridge is close to completion and continues to show positive economics for the project. In order to further improve the return profile of this project in line with internal targets. Further analysis has commenced with the objective of optimising and fine-tuning the assumptions built into the feasibility study model. This is likely to run for several months, although our objective is to provide a detailed update on the feasibility study and this process within the next three months, together with further clarity on timing.

NORTH MARA

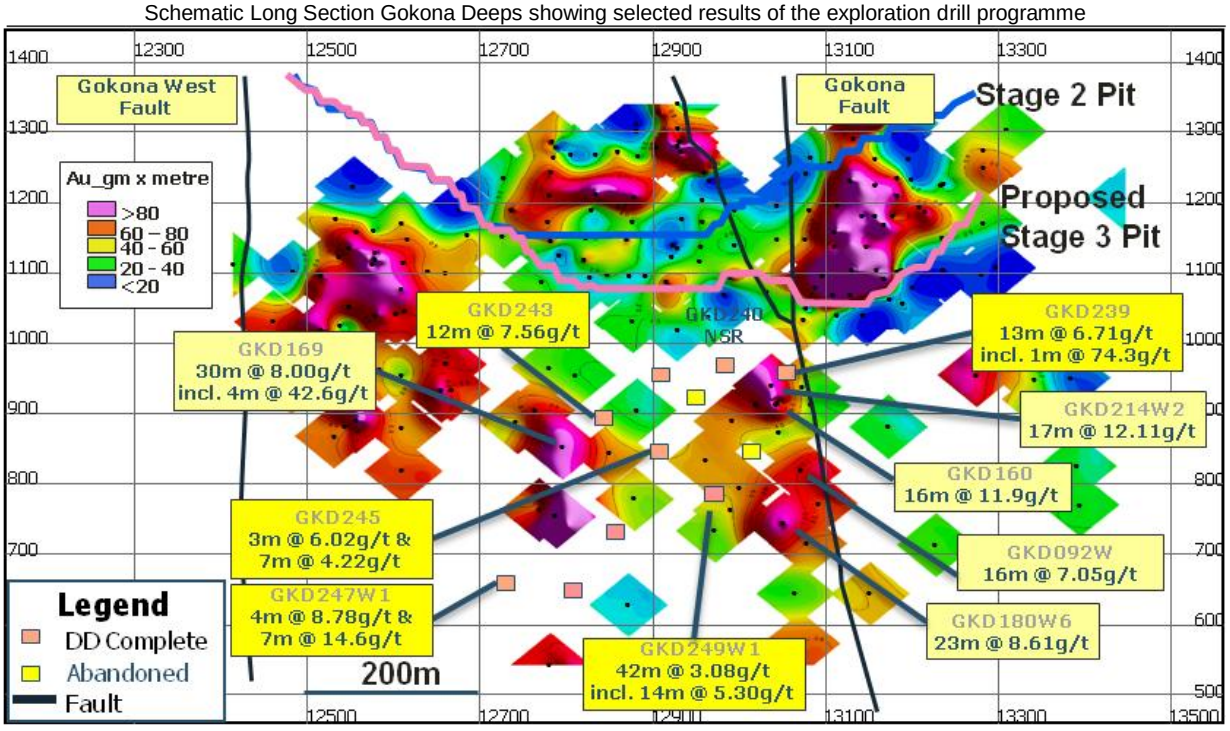
At North Mara the focus year-to-date has been on exploration drill testing for dip and plunge extensions of higher-grade lodes at depth in the Gokona mineralised system, infill drilling of Inferred resources beneath Gokona and Nyabirama planned final open pits and a feasibility study on the underground potential at Gokona and Nyabigena. Significant progress has been made on the Gokona Extensions exploration programme, the Nyabirama Deeps infill programme, and the Gokona-Nyabigena underground feasibility study is moving toward completion. The aim of all these programmes is to look at delineating, and ultimately producing, higher-grade resources that could add high margin, incremental ounces to the North Mara production profile from 2013 and at the same time extend the life of mine.

Gokona-Nyabigena Underground Extensions

Exploration drill programmes at Gokona to investigate extensions of this underground deposit and to test for additional high-grade shoots, particularly between Gokona West and Gokona East Deeps lodes, were completed early in 2011. Results from the deep exploration drilling programme were positive and show the potential to extend several high grade lodes at depths greater than 500m below the planned final open pit design limits and beyond. A selection of results received in 2011 are shown in the figure below and include:

- GKD247W1 – 4m @ 8.78g/t Au from 715m and 81m @ 2.95g/t Au from 763m (including 7m @ 14.6g/t Au)
- GKD249W1 – 51m @ 2.69g/t Au from 566m, including 4m @ 7.47g/t Au from 581m

Schematic Long Section Gokona Deeps showing selected results of the exploration drill programme



Based on the success of the exploration extension programmes and a positive scoping study looking at the underground potential of the Gokona and Nyabigena deposits, a significant resource drill-out programme beneath the planned final Gokona open pit is being undertaken and consists of an extensive (62,000m) infill reverse circulation and diamond core programme. This programme is aimed at increasing the initial Indicated resource of 370Koz declared in late 2010 into an Indicated resource in excess of 1Moz, thereby improving the potential to significantly extend the mine life and production profile at North Mara. The infill drill programme commenced in April 2011, slightly behind schedule due to site access and rig availability issues, and by the end of the reporting

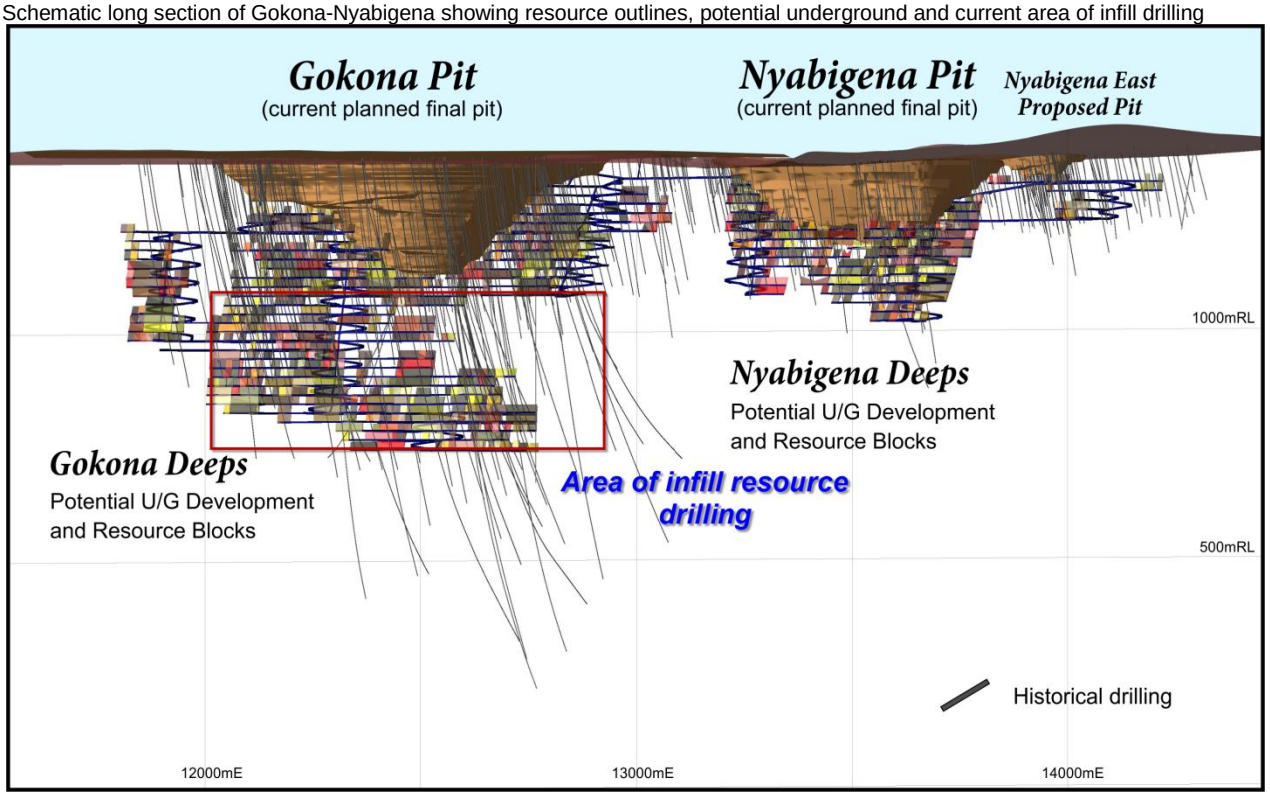
period a total of 18 holes for an advance of 7,088 metres had been completed. The number of drill rigs on site is currently being increased in order to improve productivity.

Assay results have been received for a limited number of holes to date and the intercepts are consistent in width and grade with the broader spaced drilling, and therefore generally in line with expectations. Selected results are shown below and the target area is also highlighted in the schematic long section below:

- GKRD301 5m @ 10.2g/t from 99m
  2m @ 8.37g/t from 257m
- GKRD302A 4m @ 4.16g/t from 125m
  3m @ 9.32g/t from 142m
  5m @ 6.47g/t from 156m
  8m @ 5.49g/t from 242m
- GKRD303 7m @ 4.49g/t from 153m

The feasibility study to assess the Gokona-Nyabigena underground potential is close to completion, following which there will be a thorough internal review process. Following this, the objective is to seek Board approval by early September to move ahead with project execution and we intend to communicate full details at that time.

Schematic long section of Gokona-Nyabigena showing resource outlines, potential underground and current area of infill drilling



Nyabirama Deeps Resource Definition and Extension Drilling

The Nyabirama Deeps programme is aimed at defining underground or push-back ounce potential from areas previously not able to be drilled from the open pit or during early exploration drilling. Infill drilling is targeting the conversion of approximately 700Koz of resources from Inferred to Indicated status. Extension drilling is also being undertaken with the aim of identifying additional ounces east and west along strike. The current drill programme consists of approximately 37,000 metres of reverse circulation and diamond core drilling. To date 15,296 metres has been drilled with holes returning multiple zones of high grade mineralisation. Below is a selection of results including:

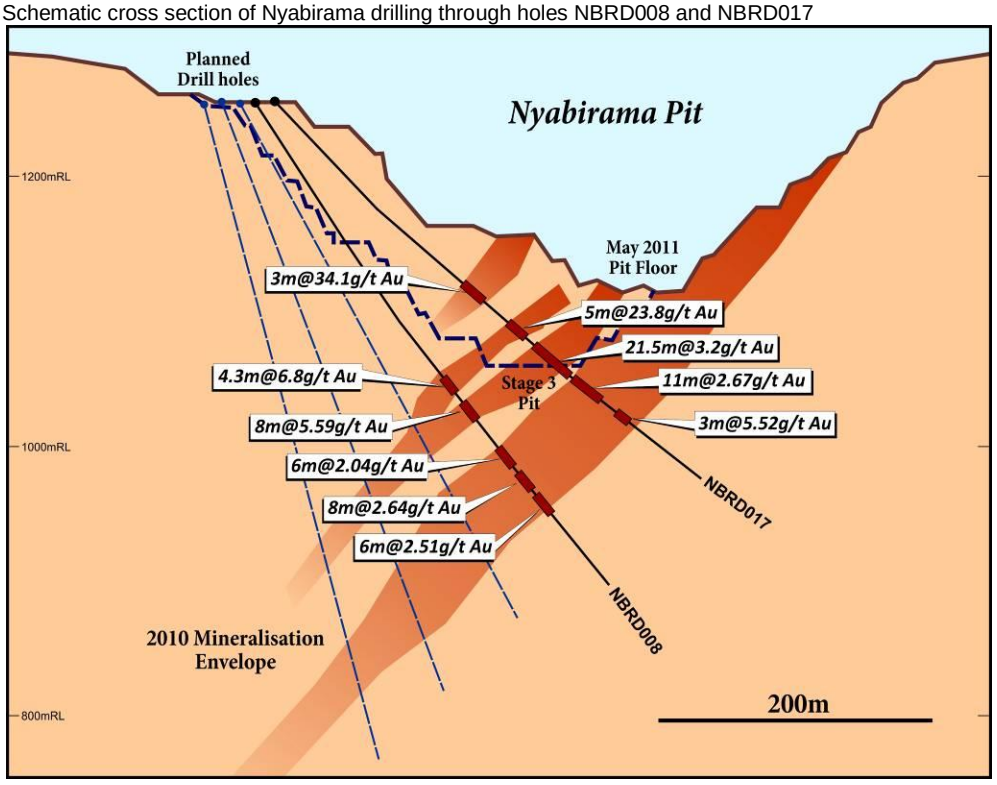
NBD001 12.0m @ 3.12g/t Au from 193m
2.8m @ 70.4g/t Au from 241.43m
6.6m @ 3.63g/t Au from 266.38m

NBRD003 2.0m @ 9.85g/t Au from 91m
13.0m @ 11.89g/t Au from 197m
7.0m @ 5.91g/t Au from 223m

NBRD008	3.0m @ 4.25g/t Au from 101m
	4.0m @ 7.81g/t Au from 134m
	5.0m @ 6.03g/t Au from 239m
	8.0m @ 5.59g/t Au from 250m
NBRD014	6.0m @ 4.16g/t Au from 254m
	7.0m @ 21.4g/t Au from 272m
	4.0m @ 9.39g/t Au from 297m
	4.0m @ 9.15g/t Au from 344m
	4.0m @ 10.0g/t Au from 353m
NBRD017	5.0m @ 23.8g/t Au from 254m
	21.5m @ 3.20g/t Au from 272m
	11.0m @ 2.67g/t Au from 297m
	3.0m @ 5.52g/t Au from 344m

Whilst these initial results are very encouraging it is still early in the programme to attribute particular significance to them. The next step upon completion of this phase of drilling will be to commission a scoping study to review the potential for an underground scenario.

Schematic cross section of Nyabirama drilling through holes NBRD008 and NBRD017



BULYANHULU

Bulyanhulu Upper East Zone

The feasibility study for the Upper East project continued during the quarter, as did rehabilitation and dewatering work in this zone. The proposed test stope has been designed and is in the process of being initiated, with the expectation that it will run through to late in the fourth quarter. This will help assess the appropriate mining method for this area as well as providing additional data on geotechnical and metallurgical considerations.

The feasibility study has validated the attractive return profile of the project, subject to the confirmatory work being carried out through the test stope and additional analysis. We aim to provide a detailed update on this project during the fourth quarter, subject to the final confirmatory work by the end of the year, at which point Board approval would be sought.

GREENFIELD PROJECTS

Nyanzaga Project

Diamond core and reverse circulation drilling at the Nyanzaga project over the first half of the year has focused on infill and step-out drill testing at both the Tusker and Kilimani project areas in order to expand the known resources and increase the confidence

levels of previous resource calculations as well as to improve the overall grade profile and potential project economics. Infill drilling continues to confirm the continuity of gold mineralisation identified by the earlier broader spaced drilling and step-out drilling along strike and at depth has identified several zones with a higher grade profile than previously seen. Notable recent intersections at Tusker include:

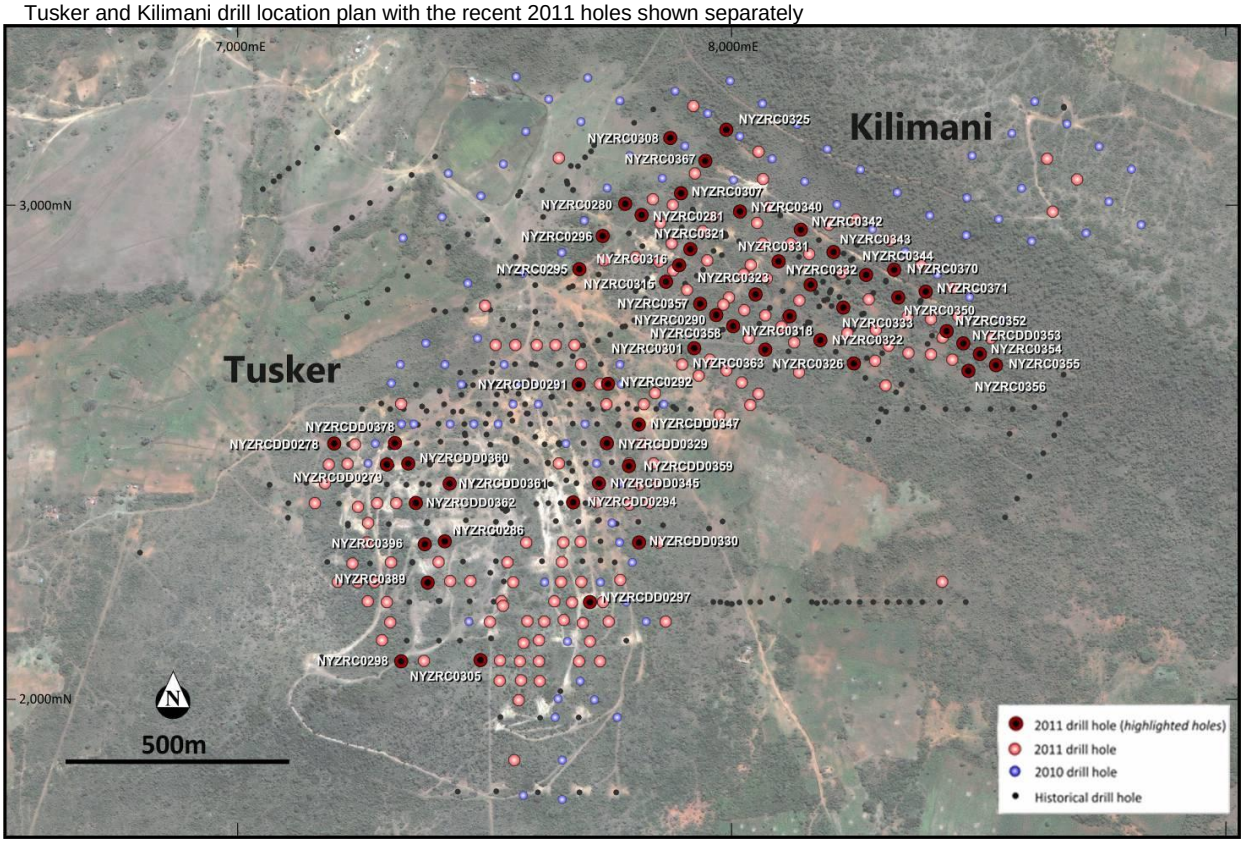
- NYZRCDD0297 – 48m @ 7.71g/t Au, including **4m @ 74.7g/t Au**
- NYZRCDD0329 – 232m @ 3.97g/t Au, including **3m @ 18.9g/t and 10m @ 30.5g/t Au**
- NYZRCDD0330 – 72m @ 2.25g/t Au, including **10m @ 9.60g/t Au**
- NYZRCDD0345 – 89.8m @ 8.26g/t Au, including **45m @ 15.1g/t Au**
- NYZRCDD0359 – 218m @ 2.04g/t Au, including **19m @ 16.7/t Au**
- NYZRCDD0400 147m @ 3.36g/t Au, including **48m @ 7.77 g/t Au**

In late July 2010, ABG commenced an intensive programme of reverse circulation and diamond core drilling at the Nyanzaga Project focusing on step-out and infill drilling on the Tusker and Kilimani prospect areas. Drilling for the six months from July to December 2010 on these prospects totaled 143 reverse circulation ("RC") holes and RC holes with diamond core tails ("RCDD") for a total of 24,644 metres. The drill programme was expanded in 2011, based on the positive 2010 results, with a planned programme of more than 50,000 metres of step-out and resource infill drilling, as well as reconnaissance drilling, planned across the Nyanzaga project area.

By the end of the reporting period, a further 207 RC and RCDD holes had been drilled across the project for 51,361 metres year to date bringing the project total to 76,000 metres. Initially, these drill holes tested mineralisation at depth and along strike of the Tusker and Kilimani mineralised zones, while in recent months the focus has switched to predominantly resource infill drilling in order to determine a revised mineral resource for the project. Results for a further 70 holes were still pending at the end of June 2011.

The principal objectives of the ongoing drill programmes are to confirm the economically mineable resource and to expand the global resource through delineating strike and down-dip extensions to the Tusker and Kilimani mineralised systems, as well as investigating the potential to increase the overall grade of the resource. Drilling to date has identified strike and down-dip extensions to the known mineralised system and continues to identify higher grade zones that may be amenable to underground mining scenarios.

Tusker and Kilimani drill location plan with the recent 2011 holes shown separately



At the Kilimani prospect, infill drilling continues to confirm the width, grade and tenor of gold mineralisation within the oxide zone from the historical broader-spaced drilling. Until the most recent programme at Kilimani, gold mineralisation had only been identified in the oxide zone to a maximum depth of 150m below surface. However, drill hole NYZRCDD0353 from the recent drill programme intersected significant primary mineralisation within brecciated and strongly altered sediments, returning 22m @ 1.39g/t Au from 143m. Other notable intersections from the oxide zone of Kilimani include:

- NYZRC0281 – 20m @ 1.63g/t Au, including 10m @ 2.58g/t Au
- NYZRC0322 – 23m @ 4.70g/t Au, including 3m @ 32.2g/t Au
- NYZRC0323 – 35m @ 1.87g/t Au, including 18m @ 3.09g/t Au
- NYZRC0357 – 3m @ 10.2g/t Au
- NYZRC0370 – 12m @ 4.57g/t Au
- NYZRC0371 – 15m @ 4.10g/t Au

Revised 3D geology and grade models, incorporating the updated geological and structural interpretations, as well as the recent drill results, are underway and these models will be updated over the next two months as more data becomes available. We aim to provide a resource update for Tusker and Kilimani by the end of the year.

Financial update

Revenue

Revenue for the six month period ended 30 June 2011 of $578.4 million was 30% higher than the prior year period which totalled $445.9 million. Gold revenue totalled $539.5 million and was 27% higher than the first half of 2010. This increase was driven by a higher realised gold price of $1,461/oz in the reporting period compared to $1,155 /oz in the prior year period while ounces sold remained similar. Ounces sold exceeded production by 11,225 ounces mainly due to concentrate ounces on hand at the end of 2010. Uncertainty in global markets continued to support a strong demand for gold driving the average gold spot price to $1,445 per ounce for the first half of the year. This compared favourably to the average gold price of $1,152/oz in the first half of 2010.

Co-product revenue totalled $38.9 million for the first half of the year compared to $22.1 million in the same period of 2010. Co-product revenue increased by 76% due to the combination of a 37% increase in volume and 23% higher realised prices. Volume gains were driven by increased concentrate volumes from both Bulyanhulu and Buzwagi and higher copper yields delivered for the first half of the year.

In the fourth quarter of 2010, the Group reclassified copper and silver as co-product revenue to reflect their increased significance as a percentage of revenue. The table below provides a reconciliation between gold and co-product revenue for the 6 months ended 30 June 2010.

($'000)	Three months ended 31 March 2010	Three months ended 30 June 2010	Six months ended 30 June 2010
Gold Revenue as previously stated	210,660	213,175	423,835
Plus: Co–product revenue	10,958	11,096	22,054
Total Revenue as restated	**221,618**	**224,271**	**445,889**

Cost of sales

Cost of sales for the six month period ended 30 June 2011 of $344.6 million increased by 28% from $270.1 million in the prior year. The key drivers for the increase in cost of sales were the increase in direct mining costs of 32% from $191.5 million to $252.1 million, an increase in revenue related costs and higher depreciation and amortisation from the higher capital investment employed in 2011.

The direct mining cost increases are principally attributable to i) higher staffing levels and salaries representing a 25% increase or $16.5 million from the prior period; ii) energy and diesel cost increase of $6.4 million representing an increase in the crude oil price, the main input of diesel costs and higher usage in the milling operations at North Mara and Bulyanhulu to mitigate the operational impact of intermittent power outages; iii) an increase in external services as new contracts were re-negotiated at North Mara and increased mining fleet size at Buzwagi; iv) increased G&A costs from higher security, insurance and administrative services.

Revenue related costs consisting of royalties and refining charges increased by $3.6 million or 14% driven by the increased revenue generated for the reporting period.

Depreciation and amortisation for the six month period ended 30 June 2011 of $63.4 million increased 20% from the prior year period of $53.0 million and the increase predominantly has been due to an increased capital base being depreciated.

The table below shows a breakdown of ABG's cost of sales in the first half of 2011 and 2010 respectively:

($'000)	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
Cost of Sales				
Direct mining costs	128,870	93,332	252,144	191,498
Third party smelting and refining fees	6,014	6,513	11,266	9,994
Royalty expense	9,614	8,161	17,875	15,572
Depreciation and amortisation	31,989	25,593	63,354	53,004
Total	**176,487**	**133,599**	**344,639**	**270,068**

See below a detailed breakdown of ABG's direct mining costs in the first half of 2011 and 2010 respectively:

($'000)	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
Direct mining costs				
Labour	41,625	33,078	81,992	65,541
Energy and fuel	24,942	21,607	47,494	41,092
Consumables	21,535	20,766	46,037	41,403
Maintenance	17,334	16,219	35,602	32,047
External services	23,563	22,590	50,058	39,615
General administration costs	19,632	14,620	34,078	26,625
Capitalised direct mining costs	(19,761)	(35,548)	(43,117)	(54,825)
Total direct mining costs	**128,870**	**93,332**	**252,144**	**191,498**

Individual cost components comprise:

- Labour costs for the reporting period showed a 25% increase compared to the prior year period. This has been impacted by increased headcount (13% increase year-on-year) mainly at Buzwagi and Bulyanhulu and salary increases (11% increase year-on-year).

- Energy and diesel fuel expenses account for all electricity, diesel fuel and oil/lubricant expenditures. Energy costs for the reporting period showed a 16% increase compared to the prior year period. The key drivers behind the increase related to electricity consumption which increased by 12% and diesel prices which reflected an 11% increase. The realised WTI crude oil cost per barrel, the key input of diesel, rose from an average of $78 in the first half of 2010 to $98 in 2011 contributing to higher diesel fuel costs. A number of power interruptions during the first half of the year resulted in increased reliance on self generated power generated from diesel fuel.

- Consumable costs showed an increase of 11% on the prior year period and reflected inflationary pressure existing in the industry mostly as a result of increased commodity prices derived from petrochemicals, steel and freight intensive supplies.

- Maintenance costs on a comparable basis were 11% higher in the reporting period than in the corresponding period for 2010, primarily driven by plant breakdowns at Buzwagi and underground equipment repair at Bulyanhulu.

- External services comprise mainly MARC and drilling/geology services at Buzwagi and North Mara. MARC costs at Buzwagi increased due to the increase in size and age of the mining fleet. North Mara increased cost due to contract renewals at higher rates for drilling and MARC contracts.

- General and administrative costs increased by 28% in the first half of the year, when compared to the prior year period, as a result of additional security costs and administrative services at Buzwagi and Tulawaka, and higher insurance premiums for 2011.

- Capitalised direct mining costs consist of capitalised operating costs to reflect deferred stripping at North Mara and Buzwagi and underground mine development at Bulyanhulu. The capitalisation levels dropped due primarily to lower deferred waste stripping levels at North Mara during the second quarter where permitting issues for waste rock dumping and water discharge held back waste tonnes moved and focus was placed on moving more ore tonnes.

Cash costs per ounce sold

Cash costs for the first half of the year were $655 per ounce sold, a 24% increase year-on-year. The increase relates to inflationary cost pressures reflected in increased labour, external services, administration and energy costs as well as increased

selling related costs due to increased revenue. Also contributing to the increase is the impact of delayed waste stripping at North Mara driving capitalised expenses lower. This was partially offset by increased co-product revenue for the period under review.

The table below provides a reconciliation between cost of sales and total cash costs to calculate the cash cost per ounce sold.

($'000)		Three months ended 30 June		Six months ended 30 June	
		2011	2010	2011	2010
Total cost of sales		**176,487**	**133,599**	**344,639**	**270,068**
Deduct: Depreciation and amortisation		(31,989)	(25,593)	(63,354)	(53,004)
Deduct: Co-product revenue		(19,401)	(11,096)	(38,883)	(22,054)
Total cash cost		**125,097**	**96,910**	**242,402**	**195,010**
Total ounces sold[1]	oz	191,830	176,955	369,337	366,813
Consolidated cash cost per ounce	$/oz	652	548	656	532
Equity ounce adjustment[2]	$/oz	0	(5)	(1)	(3)
Attributable cash cost per ounce	**$/oz**	**652**	**543**	**655**	**529**

[1]Reflects 100% of ounces sold.
[2]Reflects the adjustment for non-controlling interests at Tulawaka.

Corporate administration costs

Corporate administration expenses for the first half of the year of $20.5 million increased 22% from the prior year period ($16.8 million). Corporate administration consisted of the costs associated with maintaining the Dar es Salaam, Johannesburg, and London offices. The increase in the reporting period over the previous year can be explained by the additional costs incurred in running a publicly listed company that did not exist until the end of the first quarter in 2010. This increase was partially offset by a reduction applied to the carrying value of share based remuneration schemes in the second quarter of 2011.

Exploration and evaluation costs

Exploration and evaluation costs focused on greenfield exploration and amounted to $16.1 million for the six month period ended 30 June 2011 compared to $2.6 million incurred in the same period in 2010, with a significant step up in activity across a range of projects. Further detail is available in the Exploration and Development update.

Other charges

Other charges for the six month period ended 30 June 2011 of $15.6 million increased on that of the prior year period ($13.2 million). Other charges comprise one-off costs, foreign exchange losses, gains and losses on disposals, social development costs, asset write downs and certain provision movements. The increase was primarily driven by foreign exchange losses of $12.5 million for the reporting period, relating to the revaluation of indirect tax receivables and cash balances denominated in Tanzanian Shillings, which weakened against the dollar, as well as increased social development costs. This was in part offset by unrealised gains on copper and silver hedges.

Finance expense and income

The finance expense increased for the six month period ended 30 June 2011 to $4.1 million from the prior year period of $0.7 million. This was primarily driven by the finance charge associated with the credit facility completed in the fourth quarter of 2010 as well as an increased accretion charge associated with the quarterly update of the rehabilitation provisions.

Finance income relates predominantly to interest charged on non-current receivables and interest received on cash balances.

Taxation expense

Taxation expense increased for the six month period ended 30 June 2011 to $54.0 million from the prior year period of $43.0 million following the improvement in financial results. As a result of the amount of available tax losses no cash tax was paid in respect of this charge for the period. The effective tax rate of 30% was in line with that of the prior year period.

Profitability and EBITDA

Net profit before non-controlling interests for the six month period ended 30 June 2011 of $124.2 million increased 24% from the prior year period of $100.2 million. The increase was predominantly driven by increased revenue of 30% as a result of increased realised gold prices on similar volumes. The gross profit margin for the reporting period was 40%, a slight increase over the prior year period as improved revenues kept slightly ahead of increased costs of sales. The activities of exploration and corporate

administration expanded to support the Company's growth strategy while the income tax rate and other charges were in line with the prior period resulting in higher net profits.

The net profit attributable to non-controlling interests for the reporting period increased by 322% to $4.1 million from the prior year period of $1.0 million due to increased production and net profits realised during the first half of the year at Tulawaka where ABG has a 70% interest.

A reconciliation between net profit for the period and EBITDA is presented below:

($'000)	For the three months ended 30 June		For the six months ended 30 June	
	2011	2010	2011	2010
Net Profit	**72,419**	**47,148**	**124,230**	**100,202**
Plus: Income tax expense	33,862	23,980	54,031	43,035
Plus: Depreciation and amortization	31,989	25,593	63,354	53,004
Plus: Finance expense	2,239	236	4,121	723
Deduct: Finance income	(437)	(558)	(809)	(710)
EBITDA	**140,072**	**96,399**	**244,927**	**196,254**

EBITDA for the reporting period increased by 25% to $244.9 million, when compared to the prior year period ($196.3 million), due to record gold prices and increased co-product revenues for the company. This was partly offset by increases in the direct mining cost base, revenue related costs (royalties and smelting, refining and transport costs) and corporate administration and exploration expenditure.

Earnings per share for the six month period ended 30 June 2011 of 29.3 cents increased 21% from the prior year period of 24.2 cents as a result of higher earnings.

Cashflow review

($ '000)	Three months ended 30 June		Six months ended 30 June	
	2011	2010	2011	2010
Cash flow from operating activities	99,450	90,341	186,134	157,665
Cash used in investing activities	(63,800)	(123,175)	(116,108)	(161,629)
Cash (used in)/ provided by financing activities	(13,770)	47,197	(15,205)	268,869
Increase in cash	21,880	14,363	54,821	264,905
Foreign exchange difference on cash	(620)	(66)	(756)	(202)
Opening cash balance	433,817	320,132	401,012	69,726
Closing cash balance	**455,077**	**334,429**	**455,077**	**334,429**

Cash flow from operating activities for the six month period ended 30 June 2011 of $186.1 million increased by $28.5 million from the prior year period of $157.7 million. The increase primarily relates to increased EBITDA which was partially offset by working capital movements. Higher investment in working capital was associated with the increase in inventory of critical supplies and spares, which resulted in an investment of $49.7 million for the six months ended 30 June 2011, which was slightly offset by an inflow associated with the reduction of finished goods inventory on hand.

Cash flow used in investing activities for the six month period ended 30 June 2010 of $116.1 million decreased 28% from the prior year period of $161.6 million. The decrease can primarily be attributed to the $63 million acquisition in cash of Tusker Gold Ltd in this first half of 2010.

Cash used in financing activities for the reporting period was $15.2 million compared to cash provided by financing activities of $268.9 million in the prior year period. The difference primarily relates to the net cash raised through the initial public offering of ABG on the London Stock Exchange and the partial excercise of the overallotment option of shares in the first half of 2010. The outflow during the reporting period related to the payment of the final dividend for the 2010 financial year, which was approved by ABG's shareholders at the annual general meeting held on 21 April 2011.

At 30 June 2011 ABG had cash and cash equivalents of $455 million.

In the fourth quarter of 2010 ABG entered into a credit agreement for the provision of a revolving credit facility of $150 million with a syndicate of banks. As at 30 June 2011 the facility remains undrawn. At 30 June 2011, ABG does not have any debt.

ABG continues to offer investors gold production and reserves ounces that are 100% unhedged and full exposure to changes in the gold price. Since the fourth quarter of 2010, the Company has entered into a series of copper and silver zero cost collars as part of a strategy of managing cash costs and co-product revenue.

ABG has managed its balance sheet conservatively and, together with strong cash flow generation at current gold prices, has appropriate financial flexibility to invest in the sustainability of the current operations, fund organic growth projects, take advantage of external growth opportunities that may arise and to pay dividends to its shareholders.

Going Concern

The Group's business activities, together with factors likely to affect its future development, performance, and position are set out in the Overview and Performance sections of the annual report for the year ended 31 December 2010. The financial position of the ABG Group, its cash flows, liquidity position and borrowing facilities are described in the preceding paragraphs of this financial update.

In assessing the ABG Group's going concern status the Directors have taken into account the above factors, including the financial position of the ABG Group and in particular its significant cash position, the current gold and copper price and market expectations for the same in the medium term, and the ABG Group's capital expenditure and financing plans.

After making appropriate enquiries, the Directors consider that ABG and the ABG Group as a whole has adequate resources to continue in operational existence for the foreseeable future and that it is appropriate to adopt the going concern basis in preparing the financial statements.

Non-IFRS measures

ABG has identified certain measures in this report that are not measures defined under IFRS. Non-IFRS financial measures disclosed by management are provided as additional information to investors in order to provide them with an alternative method for assessing ABG's financial condition and operating results. These measures are not in accordance with, or a substitute for, IFRS measures, and may be different from or inconsistent with non-IFRS financial measures used by other companies. These measures are explained further below.

Average realised gold price per ounce sold is a non-IFRS financial measure which excludes from gold revenue:
- Unrealised gains and losses on non-hedge derivative contracts
- Unrealised marked-to-market gains and losses on provisional pricing from copper and gold sales contracts; and
- Export duties.

Cash costs per ounce sold is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, co-product revenue, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and social development costs. Cash cost is calculated net of co-product revenue. The change in the cash cost measurement to include co-product revenue follows the decision by management to present the sale of copper and silver as co-product revenue and part of total revenue.

The presentation of these statistics in this manner allows ABG to monitor and manage those factors that impact production costs on a monthly basis. ABG calculates cash costs based on its equity interest in production from its mines. Cash costs per ounce sold are calculated by dividing the aggregate of these costs by gold ounces sold. Cash costs and cash costs per ounce sold are calculated on a consistent basis for the periods presented. Refer to page 23 for a reconciliation of cost of sales to cash costs.

EBITDA is a non-IFRS financial measure. ABG calculates EBITDA as net profit or loss for the period excluding:

– Income tax expense;
– Finance expense;
– Finance income;
– Depreciation and amortisation; and
– Goodwill impairment charges.

EBITDA is intended to provide additional information to investors and analysts. It does not have any standardised meaning prescribed by IFRS and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS. EBITDA excludes the impact of costs of financing activities and taxes, and the effects of changes in operating working capital balances, and therefore is not necessarily indicative of operating profit or cash flow from operations as determined under IFRS. Other companies may calculate EBITDA differently. Refer to page 24 for a reconciliation of net profit to EBITDA.

EBIT is a non-IFRS financial measure and reflects EBITDA adjusted for depreciation and amortisation and goodwill impairment charges.

Amortisation and other cost per ounce sold is a non-IFRS financial measure. Amortisation and other costs include amortisation and depreciation expenses and the inventory purchase accounting adjustments at ABG's producing mines. ABG calculates amortisation and other costs based on its equity interest in production from its mines. Amortisation and other costs per ounce sold is calculated by dividing the aggregate of these costs by ounces of gold sold. Amortisation and other cost per ounce sold are calculated on a consistent basis for the periods presented.

Cash cost per tonne milled is a non-IFRS financial measure. Cash costs include all costs absorbed into inventory, as well as royalties, co-product revenue, and production taxes, and exclude capitalised production stripping costs, inventory purchase accounting adjustments, unrealised gains/losses from non-hedge currency and commodity contracts, depreciation and amortisation and social development costs. Cash cost is calculated net of co-product revenue. ABG calculates cash costs based on its equity interest in production from its mines. Cash costs per tonne milled are calculated by dividing the aggregate of these costs by total tonnes milled.

Cash margin is a non- IFRS measure. It measures the excess of the average realised gold price per ounce over the cash cost per ounce sold incurred.

Average realised copper price is a non- IFRS measure. It measures the average price obtained for the sale of one pound of copper on the market.

Mining statistical information

The following describes certain line items used in the ABG Group's discussion of key performance indicators:

- Open pit material mined – measures in tonnes the total amount of open pit ore and waste mined.
- Underground ore tonnes hoisted – measures in tonnes the total amount of underground ore mined and hoisted.
- Total tonnes mined include open pit material plus underground ore tonnes hoisted.
- Strip ratio – measures the ratio waste-to-ore for open pit material mined.
- Ore milled – measures in tonnes the amount of ore material processed through the mill.
- Head grade – measures the metal content of mined ore going into a mill for processing.
- Milled recovery – measures the proportion of valuable metal physically recovered in the processing of ore. It is generally stated as a percentage of the metal recovered compared to the total metal originally present.
- Total production costs – measures the total cost of production and is an aggregate of total cash costs as well as production specific depreciation and amortisation.
- Direct cash operating cost per ounce – measures the total direct cash cost attributable to producing an ounce. It reflects cash costs adjusted to exclude royalties and third party smelting and refining fees on an ounce basis.

Principal risks and uncertainties

There are a number of potential risks and uncertainties which could have a material impact on the Group's performance over the remaining six months of the financial year and could cause actual results to differ materially from expected and historical results. The directors do not consider that the principal risks and uncertainties have changed since the publication of the annual report for the year ended 31 December 2010. As such these risks continue to apply to the Group for the remaining six months of the financial year.

The principal risks and uncertainties disclosed in the 2010 annual report were categorised as:

- Single country risk
- Reserves and resources estimates
- Commodity prices
- Cost and capital expenditure
- Political, legal and regulatory developments
- Taxation reviews
- Utilities supply
- Community relations
- Loss of critical processes
- Environmental hazards and rehabilitation
- Employees and contractors
- Security, trespass and vandalism
- Health and safety, infectious diseases

A detailed explanation of these risks and uncertainties can be found on pages 66 to 69 of the annual report which is available at www.africanbarrickgold.com.

STATEMENT OF DIRECTORS' RESPONSIBILITY

The directors confirm that, to the best of their knowledge, the condensed consolidated interim financial information has been prepared in accordance with IAS 34 as adopted by the European Union. The half-year management report includes a fair review of the information required by Disclosure and Transparency Rule 4.2.7R and Disclosure and Transparency Rule 4.2.8R, namely:

- an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed consolidated interim financial information, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and

- material related-party transactions in the first six months of the financial year and any material changes in the related party transactions described in the last Annual Report.

The directors of African Barrick Gold plc are listed in the African Barrick Gold plc Annual Report for 31 December 2010. A list of current directors is maintained on the African Barrick Gold plc Group website: www.africanbarrickgold.com.

By order of the Board

Greg Hawkins
Chief Executive Officer

Kevin Jennings
Chief Financial Officer
26 July 2011

AUDITORS' REVIEW REPORT

Independent review report to African Barrick Gold plc

Introduction

We have been engaged by the company to review the condensed consolidated interim financial information in the half-yearly financial report for the six months ended 30 June 2011, which comprises the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Statement of Cash Flows and related notes. We have read the other information contained in the half-yearly financial report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed consolidated interim financial information.

Directors' responsibilities

The half-year financial report is the responsibility of, and has been approved by, the directors. The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

As disclosed in note 2, the annual financial statements of the group are prepared in accordance with IFRSs as adopted by the European Union. The condensed consolidated interim financial information included in this half-yearly financial report has been prepared in accordance with International Accounting Standard 34, 'Interim Financial Reporting', as adopted by the European Union.

Our responsibility

Our responsibility is to express to the company a conclusion on the condensed consolidated interim financial information in the half-yearly financial report based on our review. This report, including the conclusion, has been prepared for and only for the company for the purpose of the Disclosure and Transparency Rules of the Financial Services Authority and for no other purpose. We do not, in producing this report, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated interim financial information in the half-yearly financial report for the six months ended 30 June 2011 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure and Transparency Rules of the United Kingdom's Financial Services Authority.

PricewaterhouseCoopers LLP
Chartered Accountants
London
26 July 2011

Notes:

- The maintenance and integrity of the African Barrick Gold website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website
- Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

FINANCIAL INFORMATION

Consolidated Income Statement

(in thousands of United States dollars)	For the six months ended 30 June (Unaudited) 2011	For the six months ended 30 June (Unaudited) 2010	For the year ended 31 December (Audited) 2010
Revenue	578,387	445,889	975,021
Cost of sales	(344,639)	(270,068)	(589,039)
Gross profit	**233,748**	**175,821**	**385,982**
Corporate administration	(20,525)	(16,757)	(35,436)
Exploration and evaluation costs	(16,078)	(2,590)	(14,861)
Other charges (note 5)	(15,572)	(13,224)	(26,033)
Profit before net finance expense and taxation	**181,573**	**143,250**	**309,652**
Finance income	809	710	1,202
Finance expense	(4,121)	(723)	(1,777)
	(3,312)	(13)	(575)
Profit before taxation	**178,261**	**143,237**	**309,077**
Tax expense (note 6)	(54,031)	(43,035)	(86,471)
Net profit for the period	**124,230**	**100,202**	**222,606**
Profit attributable to:			
- Non-controlling interests	4,096	971	4,503
- Owners of the parent (net earnings)	120,134	99,231	218,103
Earnings per share:			
- Basic earnings per share (cents) (note 7)	29.3	24.2	53.2
- Diluted earnings per share (cents) (note 7)	29.3	24.2	53.2

Consolidated Statement of Comprehensive Income

(in thousands of United States dollars)	For the six months ended 30 June (Unaudited) 2011	For the six months ended 30 June (Unaudited) 2010	For the year ended 31 December (Audited) 2010
Net profit for the period	124,230	100,202	222,606
Other comprehensive income for the period	-	-	-
Total comprehensive income for the period	**124,230**	**100,202**	**222,606**
Attributed to:			
- Non-controlling interests	4,096	971	4,503
- Owners of the parent	120,134	99,231	218,103

The notes on pages 34 to 44 are an integral part of these half-year consolidated financial statements.

Consolidated Balance Sheet

(in thousands of United States dollars)	As at 30 June (Unaudited) 2011	(Unaudited) 2010	As at 31 December (Audited) 2010
ASSETS			
Non-current assets			
Goodwill and intangible assets	258,513	257,538	258,513
Property, plant and equipment (note 8)	1,673,481	1,535,693	1,615,118
Deferred tax assets	89,908	151,030	121,269
Non-current portion of inventory	69,122	-	69,122
Other assets (note 9)	106,969	97,333	104,458
	2,197,993	2,041,594	2,168,480
Current assets			
Inventories	274,966	296,087	227,974
Trade and other receivables (note 9)	59,242	32,528	59,214
Other current assets (note 9)	62,697	60,972	70,428
Cash and cash equivalents	455,077	334,429	401,012
	851,982	724,016	758,628
Total assets	**3,049,975**	**2,765,610**	**2,927,108**
EQUITY AND LIABILITIES			
Share capital and share premium	929,199	929,199	929,199
Other reserves	1,689,745	1,471,691	1,584,125
Total owners' equity	2,618,944	2,400,890	2,513,324
Non-controlling interests	32,627	22,834	29,761
Total Equity	**2,651,571**	**2,423,724**	**2,543,085**
Non-current liabilities			
Deferred tax liabilities	158,606	122,078	136,185
Derivative financial instruments (note 10)	476	-	1,754
Provisions	112,592	85,026	108,944
Other non-current liabilities	3,871	11,099	7,483
	275,545	218,203	254,366
Current liabilities			
Trade and other payables	115,730	123,683	119,961
Derivative financial instruments (note 10)	989	-	1,904
Provisions	4,000	-	4,000
Other current liabilities	2,140	-	3,792
	122,859	123,683	129,657
Total liabilities	**398,404**	**341,886**	**384,023**
Total equity and liabilities	**3,049,975**	**2,765,610**	**2,927,108**

The notes on pages 34 to 44 are an integral part of these half-year consolidated financial statements.

Consolidated Statement of Changes in Equity

(in thousands of United States dollars)	Share capital	Share premium	Contributed surplus/Other reserve	Stock option reserve	Retained earnings	Total owners' equity	Total non-controlling interests	Total equity
Balance at 31 December 2009 (Audited)	**-**	**-**	**633,752**	**-**	**3,170**	**636,922**	**20,493**	**657,415**
Profit for the period	-	-	-	-	99,231	99,231	971	100,202
Issuance of shares to BGC	1,991	1,989,138	(1,991,129)	-	-	-	-	-
Capital reduction	-	(1,989,138)	1,989,138	-	-	-	-	-
Bonus issue to BGC	43,805	-	(43,805)	-	-	-	-	-
Special dividends	-	-	(258,680)	-	-	(258,680)	-	(258,680)
Conversion to contributed surplus	-	-	1,039,808	-	-	1,039,808	-	1,039,808
Share issuance	16,301	921,035	-	-	-	937,336	-	937,336
Transaction costs	-	(53,933)	-	-	-	(53,933)	-	(53,933)
Distributions to be received from non-controlling interests	-	-	-	-	-	-	1,370	1,370
Stock option grants	-	-	-	206	-	206	-	206
Balance at 30 June 2010 (Unaudited)	**62,097**	**867,102**	**1,369,084**	**206**	**102,401**	**2,400,890**	**22,834**	**2,423,724**
Profit for the period	-	-	-	-	118,872	118,872	2,162	121,034
Conversion to contributed surplus	-	-	(310)	-	-	(310)	-	(310)
Interim dividend	-	-	-	-	(6,562)	(6,562)	-	(6,562)
Distributions from non-controlling interests	-	-	-	-	-	-	4,765	4,765
Stock option grants	-	-	-	434	-	434	-	434
Balance at 31 December 2010 (Audited)	**62,097**	**867,102**	**1,368,774**	**640**	**214,711**	**2,513,324**	**29,761**	**2,543,085**
Profit for the period	-	-	-	-	120,134	120,134	4,096	124,230
Conversion to contributed surplus	-	-	(62)	-	-	(62)	-	(62)
Final dividend	-	-	-	-	(15,205)	(15,205)	-	(15,205)
Distributions to non-controlling interests	-	-	-	-	-	-	(1,230)	(1,230)
Stock option grants	-	-	-	753	-	753	-	753
Balance at 30 June 2011 (Unaudited)	**62,097**	**867,102**	**1,368,712**	**1,393**	**319,640**	**2,618,944**	**32,627**	**2,651,571**

The notes on pages 34 to 44 are an integral part of these half year consolidated financial statements.

Consolidated Statement of Cash Flows

(in thousands of United States dollars)	For the six months ended 30 June (Unaudited) 2011	(Unaudited) 2010	For the year ended 31 December (Audited) 2010
Cash flows from operating activities			
Net profit for the period	124,230	100,202	222,606
Adjustments for:			
Taxation	54,031	43,035	86,471
Depreciation and amortisation	60,099	49,404	107,072
Finance items	3,312	13	575
Loss on disposal of property, plant and equipment	-	(3)	90
Working capital adjustments	(64,730)	(19,846)	(84,248)
Other non-cash items	10,961	(15,855)	11,785
Cash generated from operations before interest and tax	**187,903**	**156,950**	**344,351**
Finance income	809	710	1,202
Finance expenses	(2,578)	(4)	(412)
Income tax paid	-	9	-
Net cash generated by operating activities	**186,134**	**157,665**	**345,141**
Cash flows from investing activities			
Purchase of property, plant and equipment	(118,666)	(86,495)	(224,391)
Investments in other assets	(643)	(2,332)	(2,592)
Acquisition of subsidiary, net of cash acquired	-	(63,109)	(63,109)
Other investing activities	3,201	(9,693)	14,537
Net cash used in investing activities	**(116,108)**	**(161,629)**	**(275,555)**
Cash flows from financing activities			
Repayment of related party debt funding	-	(575,100)	(575,100)
Share issuance - IPO (net of transaction costs)	-	865,366	865,366
Increase in contributed surplus	-	231,584	231,255
Dividend paid	(15,205)	(252,981)	(259,543)
Net cash provided by financing activities	**(15,205)**	**268,869**	**261,978**
Net increase in cash and equivalents	54,821	264,905	331,564
Net foreign exchange difference	(756)	(202)	(278)
Cash and cash equivalents at 1 January	401,012	69,726	69,726
Cash and cash equivalents at 31 December	**455,077**	**334,429**	**401,012**

The notes on pages 34 to 44 are an integral part of these half-year consolidated financial statements.

Notes to the Consolidated Interim Financial Statements

1 GENERAL INFORMATION

African Barrick Gold plc (the "Company") was incorporated on 12 January 2010 and re-registered as a public limited company on 12 March 2010 under the Companies Act 2006. It is registered in England and Wales with registered number 7123187.

On 24 March 2010 the Company's shares were admitted to the Official List of the United Kingdom Listing Authority ("UKLA") and to trading on the main market of the London Stock Exchange, hereafter referred to as the Initial Public Offering ("IPO"). The address of its registered office is 6 St James's Place, London SW1A 1NP, United Kingdom.

Barrick Gold Corporation (''BGC'') currently owns 73.9% percent of the shares of the Company and is the ultimate controlling party of the Group.

In preparation for the IPO, BGC conducted a reorganisation, which was completed on the 22nd of February 2010, whereby the companies comprising the African Regional Business Unit of BGC were reorganised under the Company (The pre-IPO reorganisation). As such, prior to 22 February 2010, the Company did not control the entities (collectively the "Group") it acquired pursuant to the pre-IPO reorganisation.

This condensed consolidated interim financial information for the six months ended 30 June 2011 was approved for issue by the Board of Directors of the Company on 25 July 2011. The condensed consolidated interim financial information does not comprise statutory accounts within the meaning of section 434 of the Companies Act 2006. The condensed consolidated interim financial information has been reviewed, not audited.

The Group's primary business is the mining, processing and sale of gold. The Group has four operating mines located in Tanzania. The Group also has a portfolio of exploration projects located across Tanzania.

2 BASIS OF PREPARATION OF HALF-YEAR REPORT

The Company became the holding company for the Group pursuant to the pre-IPO Reorganisation completed on 22 February 2010, as detailed in Note 1. As this was a reorganisation of businesses under common control, the condensed consolidated interim financial information for the six months ended 30 June 2010 has been prepared on a basis that combines the results and assets and liabilities of each of the companies constituting the group (the pooling of interest method of accounting).

For the periods prior to the pre-IPO Reorganisation, consolidated financial statements were not prepared for the Group. The accompanying condensed consolidated interim financial information presents the results of the company and its subsidiaries as if the group was in existence throughout the period presented and as if the pre-IPO Reorganisation had been occurred as at 01 January 2010.

The condensed consolidated interim financial information for the six months ended 30 June 2011 has been prepared in accordance with the Disclosure and Transparency Rules of the Financial Services Authority and with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. The condensed consolidated interim financial information should be read in conjunction with the annual financial statements for the year ended 31 December 2010, which have been prepared in accordance with IFRS as adopted by the European Union.

Statutory accounts for the year ended 31 December 2010 were approved by the Board of Directors on 10 March 2011 and delivered to the Registrar of Companies. The report of the auditors on those accounts was unqualified, did not contain an emphasis of matter paragraph and did not contain any statement under section 498 of the Companies Act 2006.

The condensed consolidated interim financial information has been prepared under the historical cost basis, as modified by the revaluation of financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss. The financial statements are presented in US dollars ($) and all monetary results are rounded to the nearest thousand ($'000) except when otherwise indicated.

The impact of the seasonality on operations is not considered as significant on the condensed consolidated interim financial information.

After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. The Group therefore continues to adopt the going concern basis in preparing the consolidated interim financial information.

3. ACCOUNTING POLICIES

The accounting policies adopted are consistent with those used in the African Barrick Gold plc annual financial statements for the year ended 31 December 2010 except as described below.

- Taxes on income in the interim periods are accrued using the tax rate that would be applicable to the expected total annual earnings.

a) New and amended standards adopted by the Group

There were no new standards, interpretations or amendments to standards issued and effective for the period which materially impacted on the Group.

b) Comparitives

Comparative figures for the six months ended 30 June 2010 have been restated for the following change in presentational format between the Prospectus and the consolidated financial statements:

Revenue from the sale of copper and silver is treated as co-product revenue, and included in total revenue. This is different from the half year report for the six months ended 30 June 2010, where it was treated as by-product revenue and a credit to cost of sales. This is consistent with the classification adopted in the annual financial statements for the year ended 31 December 2010 (please refer to note 2a) on page 107 of the Annual Report & Accounts 2010).

4. SEGMENT REPORTING

The Group has only one primary product produced in a single geographic location, being gold produced in Tanzania. Reportable operating segments are based on the internal reports provided to the Chief Operating Decision Maker ("CODM") to evaluate segment performance, decide how to allocate resources and make other operating decisions. After applying the aggregation criteria and quantitative thresholds contained in IFRS 8, the Group's reportable operating segments were determined to be: North Mara gold mine; Tulawaka gold mine; Bulyanhulu gold mine; Buzwagi gold mine; and a separate Corporate and Exploration segment, which primarily consist of costs related to corporate administration and exploration and evaluation activities ("Other").

Segment results and assets include items directly attributable to the segment as well as those that can be allocated on a reasonable basis. Capital expenditures comprise additions to property, plant and equipment. Segment liabilities are not reported since they are not considered by the CODM. Unallocated items comprise mainly of finance income, finance expense, taxation and financial assets.

Segment information for the reportable operating segments of the Group for the six months ended 30 June 2010 and 30 June 2011, and year ended 31 December 2010 is set out below.

	For the six months ended 30 June 2011					
(Unaudited) (in thousands of United States dollars)	**North Mara**	**Tulawaka**	**Bulyanhulu**	**Buzwagi**	**Other**	**Total**
Gold revenue	125,209	59,670	206,695	147,930	-	539,504
Co-product revenue	470	147	20,895	17,371	-	38,883
Total segment revenue[1]	**125,679**	**59,817**	**227,590**	**165,301**	**-**	**578,387**
Segment cash operating cost[2]	70,193	28,190	102,869	80,033	36,603	317,888
Other charges	5,752	3,424	4,520	5,465	(3,589)	15,572
EBITDA[3]	**49,734**	**28,203**	**120,201**	**79,803**	**(33,014)**	**244,927**
Depreciation and amortisation	16,944	6,533	16,172	21,833	1,872	63,354
EBIT	**32,790**	**21,670**	**104,029**	**57,970**	**(34,886)**	**181,573**
Total segment finance income						809
Total segment finance expense						(4,121)
Profit before tax						**178,261**
Income tax expense						(54,031)
Profit for the period						**124,230**
Capital expenditure:						
Sustaining	24,593	4,055	12,657	14,548	1,575	57,428
Expansionary	26,957	5,211	21,494	5,981	-	59,643
Rehabilitation asset adjustment	593	13	618	371	-	1,595
Total capital expenditure	**52,143**	**9,279**	**34,769**	**20,900**	**1,575**	**118,666**
Cash costs:						
Segmental cash operating cost[2]	70,193	28,190	102,869	80,033		281,285
Deduct: Co-product revenue	(470)	(147)	(20,895)	(17,371)		(38,883)
Total cash costs	69,723	28,043	81,974	62,662		242,402
Sold ounces[4]	85,650	40,850	141,805	101,033		369,337
Cash cost per ounce sold	**814**	**686**	**578**	**620**		**656**
Equity ounce adjustment[5]						(1)
Attributable cash cost per ounce sold						**655**

4. SEGMENT REPORTING (CONTINUED)

(Unaudited) (in thousands of United States dollars)	For the six months ended 30 June 2010					
	North Mara	**Tulawaka**	**Bulyanhulu**	**Buzwagi**	**Other**	**Total**
Gold revenue	124,729	33,009	141,237	124,860	-	423,835
Co-product revenue	382	61	12,856	8,755	-	22,054
Total segment revenue[1]	**125,111**	**33,070**	**154,093**	**133,615**	**-**	**445,889**
Segment cash operating cost[2]	52,107	18,679	78,782	67,496	19,347	236,411
Other charges	6,868	989	3,899	1,961	(493)	13,224
EBITDA[3]	**66,136**	**13,402**	**71,412**	**64,158**	**(18,854)**	**196,254**
Depreciation and amortisation	14,024	6,649	13,798	16,998	1,535	53,004
EBIT	**52,112**	**6,753**	**57,614**	**47,160**	**(20,389)**	**143,250**
Total segment finance income						710
Total segment finance expense						(723)
Profit before tax						**143,237**
Income tax expense						(43,035)
Profit for the period						**100,202**
Capital expenditure:						
Sustaining	6,154	-	32,742	7,231	245	46,372
Expansionary	30,528	5,450	47	783	3,315	40,123
Rehabilitation asset adjustment	-	-	-	-	-	-
Total capital expenditure	**36,682**	**5,450**	**32,789**	**8,014**	**3,560**	**86,495**
Cash costs:						
Segmental cash operating cost[2]	52,107	18,679	78,782	67,496		217,064
Deduct: Co-product revenue	(382)	(61)	(12,856)	(8,755)		(22,054)
Total cash costs	51,725	18,618	65,926	58,741		195,010
Sold ounces[4]	108,056	29,049	121,985	107,723		366,813
Cash cost per ounce sold	**479**	**641**	**540**	**545**		**532**
Equity ounce adjustment[5]						(3)
Attributable cash cost per ounce sold						**529**

4. SEGMENT REPORTING (CONTINUED)

(Audited) (in thousands of United States dollars)	For the year ended 31 December 2010					
	North Mara	**Tulawaka**	**Bulyanhulu**	**Buzwagi**	**Other**	**Total**
Gold revenue	268,762	78,499	327,847	246,194	-	921,302
Co-product revenue	804	148	31,977	20,790	-	53,719
Total segment revenue[1]	**269,566**	**78,647**	**359,824**	**266,984**	**-**	**975,021**
Segment cash operating cost[2]	103,983	45,450	173,491	156,600	50,297	529,821
Other charges	12,743	(5,865)	5,100	14,408	(353)	26,033
EBITDA[3]	**152,840**	**39,062**	**181,233**	**95,976**	**(49,944)**	**419,167**
Depreciation and amortisation	28,018	10,622	28,386	39,087	3,402	109,515
EBIT	**124,822**	**28,440**	**152,847**	**56,889**	**(53,346)**	**309,652**
Total segment finance income						1,202
Total segment finance expense						(1,777)
Profit before tax						**309,077**
Income tax expense						(86,471)
Profit for the period						**222,606**
Capital expenditure:						
Sustaining	26,217	9,748	71,387	18,844	7,116	133,312
Expansionary	59,043	2,758	357	973	-	63,131
Rehabilitation asset adjustment	6,182	3,007	8,795	9,964	-	27,948
Total capital expenditure	**91,442**	**15,513**	**80,539**	**29,781**	**7,116**	**224,391**
Cash costs:						
Segmental cash operating cost[2]	103,983	45,450	173,491	156,600		479,524
Deduct: Co-product revenue	(804)	(148)	(31,977)	(20,790)		(53,719)
Total cash costs	103,179	45,302	141,514	135,810		425,805
Sold ounces[4]	218,684	63,909	262,442	198,221		743,256
Cash cost per ounce sold	**472**	**709**	**539**	**685**		**573**
Equity ounce adjustment[5]						(4)
Attributable cash cost per ounce sold						**569**

[1] Revenue includes the incidental revenue derived from the sale of co-products. Previously co-product revenue was regarded as by-products and included in cost of sales. Figures for the six months ended 30 June 2010 have been restated.
[2] The Chief Operating Decision Maker reviews cash operating costs for the four operating mine sites separately from corporate administration costs and exploration costs. Consequently, the Group has reported these costs in this manner.
[3] These are non-IFRS financial performance measures with no standard meaning under IFRS. Refer to 'Non IFRS measures' on page 26 for definitions.
[4] Reflects 100% of ounces sold.
[5] Reflects the adjustment for non-controlling interest at Tulawaka.

(in thousands of United States dollars)	As at 30 June (Unaudited) 2011	(Unaudited) 2010	As at 31 December (Audited) 2010
Segment assets			
North Mara	643,851	600,706	603,739
Tulawaka	111,589	87,368	104,003
Bulyanhulu	1,112,766	1,067,062	1,109,740
Buzwagi	774,388	602,266	724,467
Other	407,381	408,208	385,159
Total segment assets	**3,049,975**	**2,765,610**	**2,927,108**

5. OTHER CHARGES

Profit for the half-year includes the following other charges, which are unusual because of their nature, size or incidence:

	For the six months ended 30 June		For the year ended 31 December
	(Unaudited)	(Unaudited)	(Audited)
(in thousands of United States dollars)	2011	2010	2010
Other Expense			
Corporate social responsibility investment costs	1,372	726	3,467
Discounting of indirect tax receivable	-	-	6,808
Foreign exchange losses	12,509	8,772	7,863
Unrealised non-hedge derivative (gains) and losses	(2,193)	-	3,658
Severance costs	874	-	-
Transaction cost associated with listing	-	2,575	2,575
Insurance	-	-	1,840
Buzwagi fuel claim[1]	-	-	2,539
Other	3,010	1,151	3,667
Total	15,572	13,224	**32,417**
Other Income			
Insurance proceeds	-	-	(4,535)
Other[2]	-	-	(1,849)
Total	**-**	**-**	**(6,384)**
Total other charges	**15,572**	**13,224**	**26,033**

[1] Fuel duty receivable previously recognised has been derecognised following the Buzwagi fuel theft incident.
[2] Other income represents the gain recognised following the waiving of payables balances owed to related parties.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) Analysis of charge for the period

	For the six months ended 30 June		For the year ended 31 December
	(Unaudited)	(Unaudited)	(Audited)
(in thousands of United States dollars)	2011	2010	2010
Current tax:			
Current tax on UK profits for the year at 28%	-	569	291
Current tax on foreign profits for the year[1]	249	155	-
Total current tax expense	**249**	**724**	**291**
Deferred tax :			
Origination and reversal of temporary differences	53,782	42,311	86,180
Total deferred tax expense	**53,782**	**42,311**	**86,180**
Income tax expense	**54,031**	**43,035**	**86,471**

[1] The current income tax charge is in respect of taxable profits arising in the UK and Barbados.

6. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)

Tax periods remain open to review by the Tanzania Revenue Authority ("TRA") in respect of income taxes for 5 years following the date of the filling of the corporate tax return, during which time the authorities have the right to raise additional tax assessment including penalties and interest. Under certain circumstances the reviews may cover longer periods. Because a number of tax periods remain open to review by tax authorities, there is a risk that transactions that have not been challenged in the past by the authorities may be challenged by them in the future, and this may result in the raising of additional tax assessments plus penalties and interest. The Group has previously accounted for an adjustment to unrecognised tax benefits in respect of tax losses to reflect uncertainty regarding recoverability of certain tax losses. The Group makes no further provision in respect of such tax assessments.

b) Factors affecting tax charge for the period

The effective forecast tax rate for the period of 30% (six months ended 30 June 2010: 30%; year ended 31 December 2010:28%) is in line with the applicable standard tax rate of corporation tax in Tanzania (30%). The reconciling items are:

	For the six months ended 30 June		For the year ended 31 December
	(Unaudited)	(Unaudited)	(Audited)
(in thousands of United States dollars)	2011	2010	2010
Tax on profit on ordinary activities calculated at the Tanzanian tax rate of 30%	53,478	43,744	88,186
Tax effects of:			
Items not taxable/ deductible for tax purposes			
Adjustment to unrecognised tax benefits	-	-	4,347
Prior year adjustments	-	-	(2,201)
Other non-deductible expenses	-	773	(2,908)
Effect of tax rates in foreign jurisdictions	(3,604)	(1,820)	(63)
Tax losses for which no deferred income tax asset is recognised	4,157	338	-
Other	-	-	(890)
Income tax expense	**54,031**	**43,035**	**86,471**

7. EARNINGS PER SHARE

Earnings per share ("EPS") is calculated by dividing profit for the period attributable to equity shareholders of the Company by the weighted average number of ordinary shares in issue during the period.

The Company has potential dilutive ordinary shares in the form of stock options.

At 30 June 2011, 30 June 2010 and 31 December 2010, earnings per share have been calculated as follows:

	For the six months ended 30 June		For the year ended 31 December
	(Unaudited)	(Unaudited)	(Audited)
(in thousands of United States dollars)	2011	2010	2010
Earnings			
Profit from continuing operations attributable to owners of the parent	120,134	99,231	218,103
Weighted average number of Ordinary Shares in issue	410,085,499	410,085,499	410,085,499
Adjusted for dilutive effect of:			
- Stock options	13,384	6,116	18,482
Weighted average number of Ordinary Shares for diluted earnings per share	410,093,307	410,091,615	410,103,981
Earnings per share (cents)			
Basic earnings per share from continuing operations	29.3	24.2	53.2
Dilutive earnings per share from continuing operations	29.3	24.2	53.2

8. PROPERTY, PLANT AND EQUIPMENT

(Unaudited) (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
For the six months ended 30 June 2011				
At 1 January 2011, net of accumulated depreciation	796,999	693,834	124,285	1,615,118
Additions	-	-	118,666	118,666
Disposals/write-downs	(204)	-	-	(204)
Depreciation	(22,632)	(37,467)	-	(60,099)
Transfers between categories	25,507	48,860	(74,367)	-
At 30 June 2011	**799,670**	**705,227**	**168,584**	**1,673,481**
At 1 January 2011				
Cost	1,125,072	1,005,279	124,285	2,254,636
Accumulated depreciation	(328,073)	(311,445)	-	(639,518)
Net carrying amount	**796,999**	**693,834**	**124,285**	**1,615,118**
At 30 June 2011				
Cost	1,148,965	1,054,139	168,584	2,371,688
Accumulated depreciation	(349,295)	(348,912)	-	(698,207)
Net carrying amount	**799,670**	**705,227**	**168,584**	**1,673,481**
For the six months ended 30 June 2010				
At 1 January 2010, net of accumulated depreciation	784,122	625,030	88,920	1,498,072
Additions	-	-	86,495	86,495
Depreciation	(19,583)	(29,291)	-	(48,874)
Transfers between categories	(751)	47,673	(46,922)	-
At 30 June 2010	**763,788**	**643,412**	**128,493**	**1,535,693**
At 1 January 2010				
Cost	1,067,766	875,242	88,920	2,031,928
Accumulated depreciation	(283,644)	(250,212)	-	(533,856)
Net carrying amount	**784,122**	**625,030**	**88,920**	**1,498,072**
At 30 June 2010				
Cost	1,067,015	922,915	128,493	2,118,423
Accumulated depreciation	(303,227)	(279,503)	-	(582,730)
Net carrying amount	**763,788**	**643,412**	**128,493**	**1,535,693**

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

(Audited) (in thousands of United States dollars)	Plant and equipment	Mineral properties and mine development costs	Assets under construction[1]	Total
For the year ended 31 December 2010				
At 1 January 2010, net of accumulated depreciation	784,122	625,030	88,920	1,498,072
Additions	-	-	224,391	224,391
Disposals/write-downs	(273)	-	-	(273)
Depreciation	(45,839)	(61,233)	-	(107,072)
Transfers between categories	58,989	130,037	(189,026)	-
At 31 December 2010	**796,999**	**693,834**	**124,285**	**1,615,118**
At 1 January 2010				
Cost	1,067,766	875,242	88,920	2,031,928
Accumulated depreciation	(283,644)	(250,212)	-	(533,856)
Net carrying amount	**784,122**	**625,030**	**88,920**	**1,498,072**
At 31 December 2010				
Cost	1,125,072	1,005,279	124,285	2,254,636
Accumulated depreciation	(328,073)	(311,445)	-	(639,518)
Net carrying amount	**796,999**	**693,834**	**124,285**	**1,615,118**

[1] Assets under construction represents (a) sustaining capital expenditures incurred constructing tangible fixed assets related to operating mines and advance deposits made towards the purchase of property, plant and equipment; and (b) expansionary expenditure allocated to a project on a business combination or asset acquisition, and the subsequent costs incurred to develop the mine. Once these assets are ready for their intended use, the balance is transferred to plant and equipment, and/or mineral properties and mine development costs.

9. TRADE AND OTHER RECEIVABLES AND OTHER ASSETS

(in thousands of United States dollars)	For the six months ended 30 June (Unaudited) 2011	(Unaudited) 2010	For the year ended 31 December (Audited) 2010
Trade and other current assets			
Trade receivables:			
Amounts due from doré and concentrate sales	54,097	15,957	46,491
Other receivables[1]	4,958	9,564	11,621
Due from related parties	541	8,370	2,131
Less: Provision for doubtful debt on other receivables	(354)	(1,363)	(1,029)
	59,242	**32,528**	**59,214**
Other current assets:			
Current portion of indirect tax receivables[2]	57,591	54,992	58,048
Other debtors and advance payments	5,106	5,150	12,055
Insurance receivable	-	830	325
	62,697	**60,972**	**70,428**
Other non-current assets			
Amounts due from government[3]	26,033	22,991	24,844
Operating lease prepayments - TANESCO powerlines	4,205	4,205	4,210
Prepayments - Acquisition of rights over leasehold land	6,903	7,709	7,444
Non-current portion of indirect tax receivable[2]	66,137	61,367	63,174
Village housing[4]	465	539	465
Other	3,226	522	4,321
	106,969	**97,333**	**104,458**
Total receivables and other assets	**228,908**	**190,833**	**234,100**

[1]Other receivables relates to employee and supplier backcharge-related receivables.
[2]This receivable is due from the Tanzanian Revenue Authority and it is anticipated to be offset against future corporation tax payments. To reflect the time value of money, the long-term portion of this receivable has been discounted at a rate of 5.7%.
[3]Included in this amount are amounts receivable from the Tanzanian Social Security Fund of $10 million (six months ended 30 June 2010: $5.4 million; year ended 31 December 2010: $8.1 million) as well as amounts due from TANESCO for $14.9 million (six months ended 30 June 2010: $17.6 million; year ended 31 December 2010: $15.3 million).
[4]Prepayment made to the villagers in respect of acquisition of the rights over the use of leasehold land.

10. DERIVATIVE FINANCIAL INSTRUMENTS

During 2011 the Group entered into zero cost collars to manage silver price fluctuations in the price of silver. During 2010 similar zero cost collars were entered into to manage copper price fluctuations. The Group does not use such derivative instruments for speculative trading purposes. These transactions are economic hedges, and do not qualify for hedge accounting treatment for the positions. Changes in the fair value of these silver and copper options are recorded as a component of other income/expense in the income statement, refer to note 5. At 30 June 2011, the Group had 264 Koz of silver collar contracts outstanding containing purchased put and call options with an average strike price of $28.00 per ounce and $48.32 per ounce respectively and 15,808 Klbs of copper collar contracts outstanding containing purchased put and call options with an average strike price of $3.27 per pound and $4.81 per pound respectively. The unrealised marked-to-market gain recorded in the income statement for the year was $2.2 million (six months ended 30 June 2010: nil; year ended 31 December 2010:loss $3.7 million).

11. COMMITMENTS AND CONTINGENCIES

The Group is subject to various laws and regulations which, if not observed, could give rise to penalties. Commitments and contingencies were disclosed in the African Barrick Gold plc Annual Report and remain unchanged unless described below.

a) Legal liabilities

At 30 June 2011, the total amounts claimed from lawsuits in which specific monetary damages are sought amounted to $44 million. The Group's Legal Counsel is defending its current position, and the outcome of the lawsuits cannot presently be determined. However in the opinion of the Directors and Group's Legal Counsel, no material liabilities are expected to crystallise from these lawsuits. Consequently no provision has been set aside against the claims in the books of account.

Included in the total amounts claimed of $44 million is a notice received from the tax investigations department informing ABG that the TRA intend to raise a tax assessment of $21.3 million in respect of the acquisition of Tusker. The calculated tax assessment is based on the sales price of the Nyanzaga property of $71 million multiplied by the tax rate of 30%. Management is of the opinion that the assessment is invalid due to the fact that the acquisition was for Tusker Gold Limited, a company incorporated in Australia. The share holding of the Tanzanian related entities did not change and the Tusker Gold Limited group structure remains the same as prior to the acquisition.

b) Tax related liabilities

There is no change to be reported relating to the tax related liabilities reflected in the financial statements for the period ended 31 December 2010.

12. RELATED PARTY BALANCES AND TRANSACTIONS

The Group has related party relationships with entities owned or controlled by Barrick Gold Corporation, which is the ultimate controlling party of the Group.

The Company and its subsidiaries, in the ordinary course of business, enter into various sales, purchase and service transactions with others in the Group. These transactions are under terms that are on normal commercial terms and conditions. These transactions are not considered to be significant.

At 30 June 2011 the Group had no loans of a funding nature due to or from related parties (30 June 2010: zero; 31 December 2010: zero).

13. SUBSEQUENT EVENTS

The Board of the Company has approved an interim dividend of 3.2 cents per share for this financial year to be paid on 26 September 2011 to shareholders on the register on 2 September 2011. The ex-dividend date for the interim dividend will be 31 August 2011.

The Company will declare the interim dividend in US dollars. Unless a shareholder elects to receive dividends in US dollars, they will be paid in pounds sterling with the US dollar dividend being converted into pounds sterling at exchange rates prevailing at the relevant time. The exchange rate conversion for the interim dividend will be made on or around 7 September 2011.