ANGLOGOLD ASHANTI LTD
Form 6-K
March 27, 2009

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549
FORM 6-K
REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934

Report on Form 6-K dated March 27, 2009
Commission File Number 1-14846
AngloGold Ashanti Limited
(Translation of registrant's name into English)
76 Jeppe Street
Newtown
Johannesburg, 2001
(P.O. Box 62117, Marshalltown, 2107)
South Africa
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F X Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):
Yes No X
Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):
Yes No X
Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No X

Enclosure: Press release – ANGLOGOLD ASHANTI LIMITED – ANNUAL FINANCIAL STATEMENTS 2008

Annual Financial Statements
2008

AngloGold Ashanti's theme for the 2008 suite of reports takes the form of installation art, reflecting the group's fundamental premise that 'People are our business, our business is people'. We recognise that it is the people of AngloGold Ashanti – employees, their families and our communities – that breathe life into the company, through their vision, energy, resourcefulness, strength and ingenuity.

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OUR VISION

To be the leading mining company.

OUR MISSION

We create value for our shareholders, our employees and our business and social partners by safely and responsibly exploring for, mining and marketing our products. Our primary focus is gold and we will pursue value-creating opportunities in other minerals where we can leverage our existing assets, skills and experience to enhance the delivery of value.

OUR VALUES

Safety is our first value.

We place people first and correspondingly put the highest priority on safe and healthy practices and systems of work. We are responsible for seeking out new and innovative ways to ensure that our workplaces are free of occupational injury and illness. We live each day for each other and use our collective commitment, talents, resources and systems to deliver on our most important commitment ... to care.

We treat each other with dignity and respect.

We believe that individuals who are treated with respect and who are entrusted to take responsibility respond by giving their best. We seek to preserve people's dignity, their sense of self-worth in all our interactions, respecting them for who they are and valuing the unique contribution that they can make to our business success. We are honest with ourselves and others, and we deal ethically with all of our business and social partners.

We value diversity.

We aim to be a global leader with the right people for the right jobs. We promote inclusion and team work, deriving benefit from the rich diversity of the cultures, ideas, experiences and skills that each employee brings to the business.

We are accountable for our actions and undertake to deliver on our commitments.

We are focused on delivering results and we do what we say we will do. We accept responsibility and hold ourselves accountable for our work, our behaviour, our ethics and our actions. We aim to deliver high-performance outcomes and undertake to deliver on our commitments to our colleagues, business and social partners, and our investors.

The communities and societies in which we operate will be better off for AngloGold Ashanti having been there.

We uphold and promote fundamental human rights where we do business. We contribute to building productive, respectful and mutually beneficial partnerships in the communities in which we operate. We aim to leave host communities with a sustainable future.

We respect the environment.

We are committed to continually improving our processes in order to prevent pollution, minimise waste, increase our carbon efficiency and make efficient use of natural resources. We will develop innovative solutions to mitigate environmental and climate risks.

1998

Formation of AngloGold Limited,
in June 1998

1998

Anglo American plc a major shareholder
(51%)

HIGHLIGHTS 1998 – 2008

AngloGold Ashanti Limited (AngloGold Ashanti) has produced a suite of complementary reports to communicate on all aspects of its operating and financial performance for the year 1 January 2008 to 31 December 2008.

The 2008 suite of annual reports includes:

- Annual Financial Statements which provides a comprehensive review of the year from operational, business and market perspectives.
- Abridged Annual Report 2008, and a CD containing the suite of annual reports and the four quarterly reports produced during 2008, which will be distributed to shareholders.
- Notice of Meeting 2008.
- Mineral Resource and Ore Reserve Report 2008.
- Report to Society 2008 which incorporates:
- An expanded, comprehensive web-based report that provides a broad overview of AngloGold Ashanti's sustainable development initiatives at all its operations.
- A condensed printed report based on the above.
- Country reports which provide an overview of operational and sustainable development initiatives in each country in which the group operates.

The entire suite of reports is available electronically at www.aga-reports.com. Hard copies of these reports can also be requested from the contacts detailed at the end of this report.

Business partners and other interested parties with whom the company seeks to communicate include shareholders, investors, employees and their representatives, the communities in which AngloGold Ashanti operates, and regional and national governments.

The Annual Financial Statements 2008 were prepared in accordance with International Financial Reporting Standards (IFRS), the South African Companies Act No. 61 of 1973 and the Listings Requirements of the JSE Limited (JSE). The guidelines of the King Report on Corporate Governance 2002 (King Code) were also taken into account in compiling both the Annual Financial Statements 2008 and the Report to Society 2008. The latter was produced in accordance with the Global Reporting Initiative (GRI) and the principles of the International Council of Metals and Mining (ICMM) and the UN Global Compact, both of which AngloGold Ashanti is a member. The Annual Financial Statements are submitted to the JSE and to the London, New York, Ghanaian and Australian stock exchanges as well as to the Paris and Brussels bourses. They are also submitted to the US Securities and Exchange Commission (SEC) on Form 6-K.

In addition to the Mineral Resource and Ore Reserve Report 2008, the Annual Financial Statements 2008 contain a summary of the group's Mineral Resources and Ore Reserves. Mineral Resources and Ore Reserves in both documents are reported in accordance with the South African Code for Reporting of Mineral Reserves and Resources (SAMREC 2000) and the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC 2004). Competent persons in terms of these codes have prepared, reviewed and confirmed the Mineral Resources and Ore Reserves reported.

Scope
of report

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Report to Society 2008

Annual Financial Statements 2008

Mineral Resource and Ore Reserve Report 2008

Country Reports 2008

Online Report 2008

2000

Purchase of interests in the Morila and Geita mining operations as well as in OroAfrica

2001

Sale of Deelkraal and Elandsrand

1999

Acquired Minorco's gold interests and Acacia Resources

AngloGold Ashanti prepares an annual report on Form 20-F in compliance with the rules governing its listing on the New York Stock Exchange and in accordance with the accounting principles generally accepted in the United States. The Form 20-F must be filed with the SEC by no later than 30 June 2009.

AngloGold Ashanti posts information that is important to investors on the main page of its website at www.anglogoldashanti.com and under the "Investors" tab on the main page. This information is updated regularly. Investors should visit this website to obtain important information about AngloGold Ashanti.

Note:

- *Unless otherwise stated, $ or dollar refers to US dollars throughout this report.*
- *References to "group" and "company" are used interchangeably in the narrative, except in the financial statements of the group and company.*

Please refer to the section on Non-GAAP disclosure and the Glossary of Terms on pages 332 and 339 respectively to familiarise yourself with the terminology used in this report.

Significant events during 2008

DEAR SHAREHOLDER

The past year represented a milestone year for AngloGold Ashanti – one in which we believe we delivered on a number of restructuring commitments that have positioned us well as we look to the future. As gold continues its strong price performance we have continued to remodel our operations, the balance sheet and our management to help position us to deliver increasing and sustainable value to our shareholders through 2009 and beyond.

Gold has performed remarkably well over the difficult second half of 2008 and into 2009 in the face of the international financial crisis and market volatility. Against the trend that many might have anticipated, gold has held its ground in the face of a strengthening US dollar, sharp falls in the prices of oil and other key commodities, and declining inflation. Even as gold jewellery demand has fallen in response to the economic crisis, investment demand for gold (and gold shares) has increased. This demand is driven by gold's status as a safe haven amidst the uncertainties caused by the worldwide financial crisis and fears regarding the possible consequences of government interventions to support banks and stimulate consumer demand.

External economic developments and a range of corporate challenges tested our company to the fullest extent. But under Mark Cutifani's first full year at the helm of AngloGold Ashanti, these challenges were fully met.

Mark has truly reinvigorated this company, positioning it to take full advantage of the opportunities which lie ahead. The year saw a further remodelling of the executive management, designed to enhance project and technical performance and thus growth in earnings. The team has consistently delivered on forecasts regarding operational performance.

Nowhere can we be more gratified at the manner in which we have met our challenges than in respect of the improved safety performance. We regret deeply the 14 deaths which occurred in accidents at our operations around the world. Yet we are pleased with the significant improvement over the 34 deaths in 2007, and hope that this trend will continue. I would like to pay tribute to Mark Cutifani and all the company's employees for their collective dedication that achieved this improvement.

Chairman's
letter

2002
Sale of Free State operations

2002
Interest in Cerro Vanguardia increased to 92.5%

HIGHLIGHTS 1998 – 2008

The company took a major step to improve its exposure to the strong gold price following the $1.7 billion rights offer in July. This capital raising allowed the company to make significant inroads into its hedge book. During 2008 the number of committed ounces was reduced by 47% from 11.28 million ounces to 5.99 million ounces. Assuming a prevailing gold price of $900 per ounce it is expected that the average realised price in 2009 will be at a discount to spot of approximately 6%.

A further major financial event of 2008 for AngloGold Ashanti was the signing of a $1 billion Syndicated Term Loan Facility Agreement (term facility) with Standard Chartered Bank to refinance our convertible bond, which was redeemed in February 2009. We were extremely pleased to have secured the refinancing during a time of almost unprecedented market uncertainty and scarcity of liquidity, and are grateful to Standard Chartered for this commitment to the company.

On the exploration front, we were pleased to announce during the year one of the most significant new gold discoveries of the current era, at La Colosa in Colombia, which enabled us to add 12.9 million ounces of gold to our resources base.

The company took a number of steps to restructure its asset portfolio in order to add value. In May, AngloGold Ashanti completed the transaction with B2Gold Corp in terms of which B2Gold acquired from AngloGold Ashanti additional interests in certain mineral properties in Colombia and, in exchange, AngloGold Ashanti acquired an interest of 15.9% in the issued share capital of that company. In July, AngloGold Ashanti finalised the transaction in terms of which it acquired 100% of the Golden Cycle Gold Corporation, which owned a 33.33% stake in the company's Cripple Creek & Victor mine (CC&V), now wholly owned. And in December we completed the purchase of São Bento Gold Company Limited and its wholly-owned subsidiary, São Bento Mineração S.A. from Eldorado Gold Corporation.

Finally, after year-end, the company's one-third share of Boddington mine was sold to majority owner Newmont for a total consideration of up to approximately $1.1 billion and an agreement reached with Simmer & Jack for the sale of AngloGold Ashanti's Tau Lekoa mine and adjacent project areas. These transactions will strengthen the balance sheet and position the company well for further growth.

Mrs Elisabeth Bradley retired from the board of AngloGold Ashanti at the annual general meeting of shareholders held on Tuesday, 6 May 2008. She served on the board with distinction since the formation of AngloGold in 1998, and we express our deep gratitude for her years of service. Mr Simon Thompson resigned from the board with effect from 28 July 2008, having served since 2004. His profound insights will be missed, and we wish him well for the future.

2008 also marked the tenth anniversary of AngloGold Ashanti's formation. The group has come a long way in its first decade, and stands poised for a new era of growth, as it seeks vigorously to exploit its pipeline of projects and to manage the undoubted challenges it faces. We now have a very high-quality management team under new leadership, and I am confident at the prospect of launching AngloGold Ashanti successfully into its

Yours sincerely
Russell Edey
Chairman
6 March 2009

2003
Sale of various uneconomic assets
2004
Business combination with Ghanaian company
Ashanti Goldfields concluded – name changed
to AngloGold Ashanti

second decade, despite the challenging times which lie ahead both at home and abroad.

2004
Rationalisation of assets and
operations continues
2005
Substantial restructuring of hedge book begins
HIGHLIGHTS 1998 – 2008
Corporate
profile
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ANGLOGOLD ASHANTI – A LEADING GLOBAL PRODUCER OF GOLD

Headquartered in Johannesburg, South Africa, the company has 21 operations and a number of exploration programmes in both the established and new gold-producing regions of the world.

In 2008, AngloGold Ashanti produced 4.98 million ounces of gold from its operations – an estimated 7% of global production – making it the third largest producer in the world. The bulk of its production came from deep-level underground operations (40%) and surface operations (2%) in South Africa. Contributions from other countries were Ghana (11%), Mali (8%), Australia (9%), Brazil (8%), Tanzania (6%), USA (5%), Guinea (7%), Argentina (3%) and Namibia (1%). In South Africa, ramping up of production at Moab Khotsong continued and is expected to increase significantly in 2009, and achieve full production levels in 2012.

During 2008, AngloGold Ashanti's global exploration programme continued to gain momentum, either directly or in collaboration with exploration partnerships and joint ventures, in Colombia, the Democratic Republic of Congo (DRC), Australia, Russia, China and the Philippines.

As at 31 December 2008, AngloGold Ashanti employed 62,895 people, including contractors, had proved and probable Ore Reserves of 74.9 million ounces of gold and had incurred capital expenditure of $1,201 million for the year.

In response to an ever-changing socio-economic environment, AngloGold Ashanti announced its intention to review its current structure and asset base. It remains a values-driven company and these values, the foremost of which is safety, and the group's business principles continue to guide the company, its managers and employees, and form the basis of the company's contract with all of its business – shareholders, employees, communities, business partners, governments and civil society organisations.

STOCK EXCHANGE INFORMATION

AngloGold Ashanti's primary stock exchange listing is on the JSE Limited (Johannesburg). It is also listed on the exchanges in New York, London, Australia and Ghana as well as on Euronext Paris and Euronext Brussels.

AngloGold Ashanti had 353,483,410 ordinary shares in issue and a market capitalisation of $9.8 billion as at 31 December 2008 (31 December 2007: $11.9 billion).

2005
Facility for $700 million revolving
credit approved
2005
Granted new order mining rights in
terms of MPRDA

AngloGold Ashanti global operations and exploration: 2008
Cripple
Creek
& Victor
(CC&V)
USA
Brazil
Argentina
Navachab
Geita
Namibia
Tanzania
Republic of
South Africa
SA operations
Great Noligwa
Mponeng
Savuka
Kopanang
Tau Lekoa**
Moab Khotsong
TauTona
Mali
Guinea
Morila
Sadiola and Yatela
Siguiri
Obuasi
Iduapriem
Ghana
Sunrise Dam
Boddington*
Australia
Serra
Grande
Cerro Vanguardia
Brasil
Mineração
N
Operations
Greenfields exploration
and alliance areas
DRC

China
Russia
Philippines
Tropicana
Gramalote
La Colosa
Jinchanggou
Yili Yunlong
Mongbwalu
Anenskoye
Veduga
Aprelkovskoye
Sovromennie
Mapawa Area
Quebradona
Colombia
* sold early 2009
** sale transaction
announced

AngloGold Ashanti has eight gold mining operations in Africa (excluding South Africa) – two in Ghana, one in Guinea, three in Mali, one in
Namibia and one in Tanzania. Combined, these operations employed around 16,000 people (including contractors) and produced a total of
1.6 million attributable ounces of gold, equivalent to 33% of group output. Ore Reserves at these operations amounted to 23.0 million
ounces at year-end.
Africa (excluding South Africa)
AngloGold Ashanti has one operating gold mine, CC&V, in the United States which employed approximately 400 people (including
contractors) and produced 258,000 ounces, equivalent to 5% of group output. Ore Reserves amounted to 4.9 million ounces at year-end.
North America
AngloGold Ashanti has one operating gold mine in Australia being Sunrise Dam. Approximately 1,200 people (including contractors) were
employed in Australia at year-end and 433,000 ounces of gold, equivalent to 9% of group output, were produced. Ore Reserves amounted
to 8.6 million ounces at year-end.
Australia
AngloGold Ashanti has three gold mining operations in South America – two in Brazil and one in Argentina – which combined employed
around 5,200 people (including contractors) and produced a total of 561,000 attributable ounces, equivalent to 11% of group output. Total
Ore Reserves at these operations amounted to 4.8 million ounces at year-end.
South America
Key
features 2008
Performance
review 2008 – key data by region
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- Fatality rate declined by 57%, while a 20% reduction is achieved on reportable accidents.
- New company vision, mission and values developed.
- Continued restructuring to focus on new company strategy.
- Hedge buy-backs result in reduced hedge commitments, down by 47% to 5.99 million ounces.
- Successful conclusion of rights offer and refinancing to settle the convertible bond.
- Mineral Resources after depletion increased 16% or 33.4 million ounces to 241.0 million ounces, while Ore Reserves after depletion increased 2% to 74.9 million ounces (prior to Boddington sale).
- Final dividend declared of 50 South African cents per share (approximately 5 US cents per share), to give a total dividend for the year of 100 South African cents (approximately 11 US cents per share).

The seven deep-level AngloGold Ashanti operations and one surface operation in South Africa employed around 37,000 people (including
contractors) and produced 2.1 million ounces of gold, equivalent to 42% of group production. At year-end, South African Ore Reserves

totalled 33.7 million ounces.
South Africa

Employees:*
Ghana: 7,502
Guinea: 2,933
Namibia: 482
Mali: 1,611
Tanzania: 3,116
Production 2008:
Ghana: 557,000 ounces
(11%)
Guinea:
333,000 ounces (7%)
Namibia:
68,000 ounces (1%)
Mali:
409,000 ounces (8%)
Tanzania:
264,000 ounces (6%)
Capital expenditure:
Ghana: $166 million
Guinea: $22 million
Namibia: $12 million
Mali: $7 million
Tanzania: $53 million
Employees:*
Argentina: 1,072
Brazil:
4,095
Production 2008:
Argentina:
154,000 ounces (3%)
Brazil: 407,000 ounces (8%)
Capital expenditure:
Argentina: $16 million
Brazil: $110 million
Employees:*
USA: 421
Production 2008:
USA: 258,000 ounces
(5%)
Capital expenditure:
USA: $27 million
Employees:*
Australia: 1,198
Production 2008:
Australia: 433,000 ounces (9%)
Capital expenditure:
Australia:
$439 million (including
Boddington)

2008
2007
% change
Gold produced
(000oz)
4,982
5,477
(9)
Average gold spot price
($/oz)
872
697
25
Average received gold price
(1)
($/oz)
485
629
(23)
Total cash costs
($/oz)
444
357
24
Total production costs
($/oz)
567
476
19
Ore reserves
(Moz)
75
73
3
Revenue ($m)
3,743
3,113
20
Gold income
($m)
3,619
3,002
21
Gross profit (loss)
($m)
594
(248)
340
Adjusted gross (loss) profit
(2)
($m)

(384)
835
(146)
Adjusted headline (loss) earnings
(3)
($m)
(897)
278
(423)
Adjusted headline (loss) earnings per share (US cents)
(283)
99
(386)
Dividends paid per share
(US cents)
13
45
(71)
Average exchange rate
(R/$)
8.25
7.03
17
Exchange rate at year-end
(R/$)
9.46
6.81
39
Share price at year-end:
JSE (R/share)
252
293
(14)
NYSE ($/share)
27.71
42.81
(35)
Market capitalisation at year-end
($m)
9,795
11,878
(18)
Note:
(1)
Average received gold price excluding the effects of the hedge book reduction is $702/oz.
(2)
Gross profit (loss) excluding unrealised non-hedge derivatives and other commodity contracts. Refer to Non-GAAP disclosure note 2 on page 333.
(3)
Headline (loss) earnings excluding unrealised non-hedge derivatives, fair value adjustments on the option component of the convertible bond,

adjustments to other commodity contracts and deferred tax thereon. Refer to Non-GAAP disclosure note 1 on page 332.
Group
overview 2008 – key data
* Includes contractors
Employees:*
South Africa
Corporate office:
463
Operations:
37,127
Production 2008:
South Africa:
2,099 ounces (42%)
Capital expenditure:
South Africa:
$337 million
Corporate office:
$12 million

Gold
production
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1. FINDING THE OREBODY

AngloGold Ashanti's greenfields exploration group identifies prospective gold deposit targets and undertakes exploration on its own or in conjunction with joint venture partners. Worthwhile discoveries undergo a well structured and intensive evaluation process before a decision is made to proceed with developing the mine.

2. CREATING ACCESS TO THE OREBODY

There are two types of mining which take place to access the orebody:

- Underground mining: a vertical or decline shaft is sunk deep into the ground to transport people and mining materials to underground levels from which the orebody is accessed through horizontal tunnels known as haulages and cross-cuts. Further on-reef development is then undertaken to open up the orebody so that mining can take place.
- Open-pit mining: in this situation the ore lies close to surface and can be exposed for mining by "stripping" the overlying barren material.

3. REMOVING THE ORE BY MINING THE OREBODY

- In underground mining, holes are drilled into the orebody, filled with explosives and then blasted. The blasted 'stopes' or 'faces' are then cleaned and the ore released is then ready to be transported to surface.
- In open-pit mining, drilling and blasting may also be necessary to break the ore; excavators then load the material onto the ore transport system which is predominantly haul trucks.

AngloGold Ashanti's core business is the production of gold by exploring for, and mining and processing gold orebodies.

THE PROCESS OF PRODUCING GOLD

The process of producing gold can be divided into six main activities:

- Finding the orebody;
- Creating access to the orebody;
- Mining (breaking) the orebody;
- Transporting the broken material from the mining face to the plants for processing;
- Processing; and
- Refining.

This process applies to both underground and surface operations.

1
2
3

4. TRANSPORTING THE BROKEN MATERIAL FROM THE MINING FACE TO THE PLANTS FOR TREATMENT

- Underground ore is brought to the surface by a combination of horizontal and vertical transport systems. Once on surface the ore is usually transported to the processing facilities by surface rail or overland conveyors.
- In open pit operations the haul trucks deliver the ore directly to the processing facilities.

5. PROCESSING

Comminution is the first step in processing and involves the breaking up of the ore, which is delivered as large rocks, into small particles so that the contained gold minerals are exposed and available for recovery. This is usually undertaken by a combination of multi-stage crushing and milling circuits with associated screening and classification processes to ensure that material at the correct size is removed promptly from the comminution circuit.

Recovery of gold can then commence, depending on the nature of the gold contained in the ore. There are two basic classes of ore:

- free-milling, where the gold is readily available for recovery by the cyanide leaching process.
- refractory ores, where the gold is not readily available for leaching because it is locked within a sulphide mineral matrix (e.g. pyrite), extremely finely dispersed within the host rock (and hence not yet exposed) or alloyed with other elements which retard or prevent leaching (e.g. tellurides).

Free milling and oxidised refractory ores are processed for gold recovery by leaching the ore in agitated (stirred) tanks in an alkaline cyanide leach solution. This is generally followed by adsorption of the gold cyanide complex onto activated carbon-in-pulp (CIP). Refractory ores undergo pre-treatment to make them more amenable to cyanide leaching. This commonly takes the form of separating the gold bearing sulphide materials from the barren gangue material by using flotation to produce a high-grade sulphide concentrate. The sulphide concentrate is then oxidised by either roasting as at AngloGold Ashanti Brasil Mineração or bacterial oxidation (BIOX) as at Obuasi. This oxidation destroys the sulphide matrix and exposes the gold particles thereby making them amenable to recovery by the cyanidation process.

An alternative process is the heap-leach process. This process is generally considered applicable to high-tonnage, low-grade ore deposits, but it can be successfully applied to medium-grade deposits where smaller ore deposit tonnages cannot economically justify constructing a capital intensive process plant. In this process, ore is crushed and heaped on an impervious or lined leach pad. Low strength alkaline cyanide solution is irrigated over the heaped pad for up to three months. The dissolved gold bearing solution is collected from the base of the heap and transferred to carbon-in-solution (CIS) columns where the gold cyanide complex is adsorbed onto activated carbon. The barren solution is refreshed and recycled to the top of the heaps.

Gold which has loaded (adsorbed) onto activated carbon is recovered by a process of re-dissolving the gold from the activated carbon (elution), followed by precipitation in electro-winning cells and subsequent smelting of the precipitate into doré bars that are then shipped to gold refineries for further processing.

At some AngloGold Ashanti operations, valuable by-products are generated at the same time as the gold recovery process. These by-products are:

- silver, which is associated with the gold at some of our operations.
- sulphuric acid which is produced from the gases generated by the sulphide roasting acid plants; and
- uranium which is recovered in a process which involves sulphuric acid leaching followed by recovery of the leached uranium onto resin and subsequent stripping of the resin by ammonium hydroxide and precipitation of uranium oxide as "yellow cake".

The residue from the process operations are stored in designated tailings storage facilities.

6. REFINING

The doré bars are transported to a precious metal refinery for further processing. In this process gold is upgraded to a purity of 99.5% or greater for sale to a range of final users. High purity gold is referred to as "good delivery" which means that it meets the quality standards set by the London Bullion Markets Association and gives the final buyer assurance that the bar contains the quantity and purity of gold as stamped on the bar.

4
5
6

The year 2008, my first full year in office as CEO of AngloGold Ashanti, has been both eventful and fulfilling. While we have had a number of challenges to deal with, we have made consistent and positive progress as we create the new AngloGold Ashanti.

As we ushered in 2008 in South Africa, we had to cope with the national power crisis. On a broader basis, as we made good progress in turning around some difficult assets, delivering on our production and cost promises quarter-on-quarter, the world was slipping into what we now term the "global financial crisis". As a consequence, the gold price firmed during the course of the year, further improving our underlying profit performance and longer term outlook for the business. While these events were unfolding, we took the opportunity to reduce our gold price hedge commitments and rebuilt our financial capacity by reducing debt within the business. At the same time we made great progress in turning our safety performance around – reducing fatality rates and injury frequency rates across all areas in the business.

By the end of 2008, we had reshaped the business – we have demonstrated that we can mine without fatalities being a necessary consequence of our activities. In this one step we have demonstrated our commitment to our values and the notion that "People are the Business…Our Business is People". Our hedge book and balance sheet have been reshaped to support enhanced performance and as we head into 2009 know we have the team that can take us forward to achieve our vision to be "the leading mining company".

SAFETY

On 8 November 2007 we declared that safety is AngloGold Ashanti's first value, and we have lived that value through 2008. As a company and as leaders, we have a moral duty to do all we can to ensure that those who arrive at work return home safely and in better shape for having been an AngloGold Ashanti employee. While we made great

CEO's
review

2006
$500 million raised in equity offering

2006
Rationalisation of assets and operations continues

HIGHLIGHTS 1998 – 2008

progress in 2008 in reducing fatality rates by 57% year-on-year, we understand we still have a long way to go.
It is with great regret that I report the loss of 14 colleagues through industrial accidents. The AngloGold Ashanti board extends its deepest sympathies to the families, friends and colleagues of those we have lost.
On the positive side, we are naturally gratified at the step-change improvement in our safety record, with the reduction in fatality rates supported by a 20% decline in our all-accident frequency rates. Both improvements are evidence of real change within the business – a stepping stone to achieving a workplace free of accidents and industrial disease.
Our vision of "no harm" in our workplace has its foundations in our four-part strategy where we focus on safety so that it is emphasised to every employee, every day, and that this perspective shapes every conversation we have and every decision we make. We are learning to be vigilant in recognising hazards and taking the time to understand what it takes to reduce the risk to a level that can be managed. A central feature of this is the campaign to ensure that everyone understands that it is standard practice to stop work if they believe an area is unsafe. We are putting in place and managing to a set of systems that bind and link our activities to ensure safe outcomes. As leaders, every step and decision we take must be consistent with our safety message. Not only must we talk to change; we must also be the change.

REVIEW OF THE YEAR

We are pleased to be able to report that we have delivered on our production and cost commitments. Gold production in 2008 of 4.98 million ounces was at the upper end of market guidance provided at the beginning of the year, with cash costs of $444/oz also within market guidance.
While we saw a number of positive achievements, our single disappointment has been the inconsistent performance at Geita in Tanzania. Our work to execute a production turnaround was progressing well through the second and third quarters before we experienced two significant breakdowns within the processing operations. We will continue to work the problems through a range of ongoing interventions, and we remain committed to delivering a strategy and outcome that will enhance shareholder value by the end of 2009.
On a more positive note, we have seen two consecutive quarterly improvements in production at our other most challenging operation, Obuasi in Ghana. The appointment of a new leader of our Ghanaian operations and an increased focus on the Obuasi turnaround are intended to enhance this turnaround as we head into 2009.
We have also delivered improvements in South Africa, Guinea, Argentina and Brazil.
The power crisis in South Africa, which began in January 2008, significantly affected the mining industry. When the national power utility, Eskom, gave notice of an immediate shortage of supply, the mining industry was forced to close operations on 25 January. The restart of the operations was a difficult process as the deep mines of South Africa cannot be turned on and off without careful time-weighted planning and execution.

2006
Several new exploration ventures entered into
2007
Iduapriem and Teberebie become fully owned operations

The way in which the situation was initially managed by Eskom and the government was very disappointing. However, rather than succumbing to alarm and panic, the South African management team dealt with a difficult situation, prioritising engagement with government and Eskom, through our own offices and through the Chamber of Mines and Business Unity South Africa. Ultimately, the team used the crisis as a catalyst to review its energy efficiency performance, to explore new initiatives to decrease its electricity usage, and to speed up implementation of efficiency programmes.

Thanks to the pre-emptive work done, and thanks to the speed with which the government and Eskom adapted to the situation, we managed by May to sign up for 96.5% of our pre-January power supply, up from the 90% reinstated after the immediate four-day January crisis. Post the event, due to the initial energy efficiency measures we had put in place, we did not require the full allocation, and by the end of 2008 we were producing at full capacity on less than 94% of our 2007 power requirements.

South Africa's power supply issues are not fully resolved, and most likely will not be for some years, pending Eskom's capacity building programme scheduled to take place in the next five years. However, we are confident that government and Eskom, recognising the centrality of the business sector and the mining industry in particular, to economic development, will ensure that any future disruptions will be minimised.

A NEW OPERATIONAL DELIVERY INITIATIVE

After visiting our operations, it is clear that we have many opportunities to enhance and improve our core operations performance. It is also clear that one reason for the lack of consistency is that we require a common and systematic approach to many of our activities, both in terms of operational systems and in terms of the management of people. So, in addition to the shorter-term turnaround plans we have been working on at Obuasi and Geita, we have launched a systematic programme designed to address these weaknesses – a business improvement programme to be rolled out to every operation over the next three years.

The plan is designed to achieve specific targets in the areas of safety, productivity, environmental incidents, production, costs and return on capital invested.

The plan is designed to achieve a range of specific five-year targets:

- a reduction in accident rates;
- an improvement in productivity;
- a reduction in reportable environmental incidents;
- an increase in production to 6.0 million ounces;
- a reduction in real unit costs; and
- an increase in the return on investment to above 15%.

We will be monitoring progress on the execution of the plan and reporting back to you each year.

2007

Anglo American's holding reduced to 16.6%

2007

Successful closing of $1.15 billion syndicated revolving credit facility

HIGHLIGHTS 1998 – 2008

2008
Conclusion of $1 billion term facility to
refinance convertible bond
OPERATIONAL AND FINANCIAL RESTRUCTURING
The key to achieving these performance improvement objectives is the company's people. "People are the Business… Our Business is People" is not a mere slogan. It goes to the heart of what we at AngloGold Ashanti do. We have continued to consolidate the company's executive restructuring we began in 2007, focusing on flattening the operational hierarchy, decentralising operational control metrics to the operations where they belong, and ensuring clearer lines of accountability for delivering on our commitments.
At the same time the finance team has delivered some outstanding results during the year – reducing our hedge book by more than 47% and reducing debt by 30%.
As a consequence of the continuing improvements in operations, renewed focus on capital management and the financial restructuring, AngloGold Ashanti is positioned to improve its free cash flow from operations by more than $1.1 billion in 2009. While increasing gold prices have contributed to this forecast outcome, the internal restructuring of operations, the hedge book and our debt have contributed more than 70% to this remarkable outcome.
Having largely achieved these goals at executive level, similar initiatives will be rolled out to the company's business units in the period ahead.
I would like to thank our executive team, and all members of the AngloGold Ashanti global team, for the tremendous contributions they have made to our achievements this year.
MISSION, VISION AND VALUES
In all we do to enhance value at AngloGold Ashanti, our activities are based on the principle that we will carry out our activities in a way that demonstrates due respect for our employees, the societies and communities in which we operate, and the physical environment. You may read our new mission, vision and values, and about the process we have undergone to develop them, in the Report to Society. We ask that our performance be judged, not only by the return on investment to our shareholders, but also by how we deliver these results as our values reflect our commitment to delivering sustainable outcomes.
ENHANCED EXPOSURE TO THE GOLD MARKET
In my first annual review a year ago, I spoke about the impact on our revenues of the company's significant gold hedge book and our determination to reduce these commitments to manageable levels. The successful completion in July of a rights offer that raised $1.7 billion enabled us to deliver on our first phase objectives.
We initially capitalised on a weaker gold market from the second quarter of the year in order to execute a combination of delivery into and early settlement of non-hedge derivative contracts. The number of committed
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2008
Resource estimate for La Colosa
deposit in Colombia confirmed
2008
Acquisition of interests in B2Gold,
Golden Cycle and São Bento Gold

ounces was reduced by 4.4 million ounces (39%) from a total of 11.28 million ounces as at 1 January 2008 to 6.9 million ounces as at 1 July 2008. During the second half of the year, AngloGold Ashanti continued to settle by physical delivery, outstanding contracts to effect a reduction of approximately 47% of committed ounces in total over the course of the year.

It is expected that the average realised price received will be at or around a discount of approximately 6% in 2009, assuming an average prevailing spot gold price of approximately $900 per ounce. This represents a significant improvement on the position prior to the restructuring.

PURSUING GROWTH

There was a pleasing increase in resources and reserves during 2008, indicating the success of our exploration programme and some strategic transactions. Mineral Resources increased by 16% to almost 241.0 million ounces (after depletion). This includes an addition of 12.3 million ounces delineated by greenfields activity at La Colosa in Colombia.

The finalisation of transactions at B2Gold in Colombia, the acquisition of 100% of the Golden Cycle Gold Corporation, which owned a 33.33% stake in the company's Cripple Creek & Victor mine, and the purchase of São Bento Gold Company Limited and its wholly-owned subsidiary, São Bento Mineração S.A. from Eldorado Gold Corporation, were also designed to add value and growth. The former offers enhanced opportunities in our Colombian exploration programme, while the latter two provide fuller participation in production and enhanced reserves and resources at or near existing operations.

Organic growth can still be expected from existing assets. The key to unlocking growth here is to improve productivity, efficiencies and to mine deeper. The group is not averse to further acquisitions, in South Africa and elsewhere, should these propositions add value.

Rand Refinery, South Africa

PROSPECTS

In 2009, the company is expecting to produce between 4.9 million ounces and 5.0 million ounces of gold at total cash costs ranging from $435/oz to $450/oz. As a result of the hedge restructuring completed in 2008 and assuming a spot gold price of approximately $900/oz in 2009, we expect an average price received of $846/oz, which represents a 6% discount to the spot price. This would result in the cash generated at our operations increasing by some $1.1 billion this year.

Any gold price upside above $900/oz will obviously provide greater cash flow and earnings leverage and, in the event we continue to see gold price volatility with potential downside pressure, we retain a robust business model with sound cost control and capital management flexibility.

CONCLUSION

The global economy is facing unprecedented challenges in the foreseeable future. AngloGold Ashanti is a global corporate citizen and will not be immune to these challenges. We remain focussed on gold, possibly the resource least affected by these events. Our challenge is to position the company so that we are able to turn these difficulties and challenges into opportunities. The opportunities we see will support our business improvement objectives and the potential for growth as we seek to develop towards our vision of being the leading mining company. We have a highly motivated and skilled team, we each understand what we have to do and for what we are accountable.

In our own words… People are the Business… Our Business is People.

Mark Cutifani

Chief Executive Officer

6 March 2009

Iduapriem, Ghana

OVERVIEW

The three key financial challenges that faced AngloGold Ashanti during 2008 were:

- Maximising margins by both reducing the hedge book commitments and implementing effective cost controls in an extremely volatile economic environment, which saw significant commodity price and currency swings;
- In a market that was squeezed for credit and liquidity, redeeming the R2.0 billion South African corporate bond and implementing a refinancing plan to be able to redeem, upon maturity in February 2009, the $1.0 billion convertible bond; and
- Delivering sales of non-strategic assets of $1.0 billion to create balance sheet flexibility for years 2009 and 2010.

The company successfully met all three challenges. During 2008 the hedge book commitments were reduced by 47% from 11.28 million ounces to 5.99 million ounces, following an oversubscribed rights offering in July 2008 for $1.7 billion. Total cash operating costs were tightly controlled during a year which saw sharp increases in inflation, power and fuel costs. This enabled AngloGold Ashanti to finish the year at $444 per ounce which is competitive within the gold mining industry. During August 2008, the company redeemed in full, upon maturity, the R2.0 billion South African corporate bond and in November 2008 obtained a $1.0 billion term facility from Standard Chartered Bank to place it in a position to February 2009. In January 2009, the company announced the sale of its one-third interest in the Boddington project for an aggregate consideration of up to approximately $1.1 billion. The above factors should provide AngloGold Ashanti with better gold price leverage and balance sheet flexibility going forward.

RESULTS FOR THE YEAR

- Average dollar gold spot price of $872 per ounce, 25% higher than in 2007.
- The 2008 average received gold price decreased by 23% to $485 per ounce due to the effects of hedge restructuring. The average received price, excluding the effects of the hedge restructure, increased by 12% to $702 per ounce.
- Gold production from continuing operations declined from 5.48 million ounces in 2007 to 4.98 million ounces in 2008.

CFO's
report

repay the $1.0 billion convertible bond when it matured in

- Total cash costs increased by 24% to $444 per ounce, largely owing to the impact of inflation, higher fuel and power costs, lower grades mined during the year, partially mitigated by the weakening of some of the local currencies during the latter part of the year.
- Adjusted headline earnings decreased to a loss of $897 million from $278 million in 2007 primarily due to the hedge reduction.
- A final dividend of 50 South African cents per share or approximately 5 US cents per share was declared, resulting in a total dividend for 2008 of 100 South African cents or approximately 11 US cents per share.
- Successful capital raising of some $1.7 billion in July 2008 provided the necessary liquidity to restructure the hedge position.
- Term facility of $1.0 billion obtained to redeem the $1.0 billion convertible bond.

EXCHANGE RATES

The main currency impact on costs reported in US dollars relative to the countries in which AngloGold Ashanti operates, arose from a 17% weaker rand and a 6% stronger Brazilian real against the US dollar.

The average exchange rate for the year ended 31 December 2008 was R8.25:$1 compared with R7.03:$1 in 2007. The average value of the Australian dollar versus the US dollar for 2008 was A$1:$0.85 compared with A$1:$0.84 in 2007. The average value of the Brazilian real versus the US dollar for 2008 was BRL1.84:$1 compared with BRL1.95:$1 in 2007.

PRODUCTION

In 2008 gold production approximated 4.98 million ounces compared to 5.48 million ounces in 2007. This was in line with the forecast range of between 4.8 to 5.0 million ounces for the year. This decline in production was largely as a result of reduced volumes mined at the South African operations owing to lower grades, safety related stoppages especially related to increased seismicity, and the interruption to the power supply during the first quarter. Argentina was impacted by poor grades and intermittent plant break downs; Tanzania production was impacted by plant unavailability and delays in accessing the higher grades. The reduction in Australia was Mponeng and Moab Khotsong in South Africa, where the ramp up in production continued.

INCOME STATEMENT

The most significant income statement event of 2008 was the reduction of the hedge book. During the year the hedge book was reduced by 5.29 million ounces from 11.28 million ounces at the beginning of the year to 5.99 million ounces as a result of the physical settlement of maturing contracts and buy-back of non-hedge derivative contracts. These transactions, which were funded from the proceeds of a rights offer completed in July 2008, have enabled the company to significantly restructure and reduce its existing gold hedging position, which has adversely affected its financial performance in recent years. The company had traditionally used gold hedging instruments to protect the selling price of some sales against declines in the market price of gold and the use of these instruments have prevented the company from fully participating in the significant increases in the market price of gold in recent years.

Also during the year, the group changed its policy regarding the accounting of incorporated joint ventures from the proportionate consolidation method to the equity accounting method. Due to the nature of the group's

jointly controlled entities, the presentation in the income statement is more relevant and represents international trends in accounting. Accordingly all comparative data has been restated.

in line with plan as the high-grade pit was depleted. Record production was reported at Siguiri in Guinea, and

Gold income

The average gold spot price of $872 per ounce for the year was 25% higher than that in 2007. However, the received gold price decreased by $144 per ounce or 23% to $485 per ounce, primarily as a result of the close out of the hedging transactions effected in the middle of the year. Towards year-end, the price received was at a 13.5% discount to the average spot price as the remaining planned hedge reductions were effected.

Gold income increased by 21%, rising from $3,002 million in 2007 to $3,619 million in 2008. This increase was primarily a result of the improved price of gold received (excluding the accelerated settlements of non-hedge derivatives), although this was offset to a certain extent by reduced production.

Cost of sales

Cost of sales increased by 11% from $2,458 million in 2007 to $2,728 million in 2008. This was largely attributable to a mix of currency and inflationary effects, resulting from increased mining contractor costs and higher diesel, fuel, transport and electricity prices. This was partially offset by the effects of cost-saving initiatives and the weakening of some local currencies during the latter part of the year.

Cost of sales changes can be analysed as follows:

- Total cash costs increased to $2,113 million in 2008 from $1,836 million in 2007, equating to an increase in total cash costs per ounce from $357 in 2007 to $444 in 2008. This was marginally outside the forecast of $425 – $435 per ounce primarily due to higher inflationary trends and higher power and fuel costs. Of the $87 per ounce increase, $53 per ounce is attributable to inflation, $25 per ounce to lower grades, $20 per ounce to volumes and a net $11 per ounce for other variances; partially offset by exchange gains of $22 per ounce.
- Retrenchment costs were $9 million in 2008 compared with $19 million in 2007. Costs incurred in 2008 and 2007 were as a result of a general cost-efficiency drive and staff reductions at mines in Africa.
- Rehabilitation and other non-cash costs decreased by $33 million compared with the previous year resulting in a charge of $28 million compared to a charge of $61 million, largely because of changes to estimates, the effect of interest rates in discounting and a reassessment of the processes to be undertaken to complete the group's restoration obligations.
- The amortisation of tangible assets at $560 million was $7 million lower than in 2007. This minor reduction is largely attributable to the reassessment of the useful lives of our mining assets in accordance with revisions to the business plans made at the beginning of the year, and due to lower production.

Loss on non-hedge derivatives and other commodity contracts was $297 million in 2008 compared to a loss of $792 million the previous year. This loss was primarily a result of the revaluation of non-hedge derivatives resulting from changes in the prevailing spot gold price, exchange rates, interest rates and volatilities compared with the previous year as well as the loss incurred in normal purchases normal sales with a counterparty of $188 million. During the year, the spot price of gold increased from $836 per ounce at 1 January, 2008 to $872 per ounce at year-end. Refer to pages 82 – 86 for a review of the gold market during 2008.

Corporate and other administration expenses increased by $3 million to $131 million in 2008, which is significantly less than the normal rate of inflation and is mainly due to the weaker rand against the US dollar.

Market development costs amounted to $13 million, most of which was spent through the World Gold Council.

Exploration continued around the operations in the countries in which the group operates, namely, Australia, Ghana, Guinea, Tanzania, Mali, Namibia, South Africa and the USA. In addition, exploration activities continued to focus on new prospects in the Democratic Republic of Congo, Colombia, China, Philippines, Russia and Australia. Total exploration expensed (excluding equity accounted joint ventures) during 2008 was $126 million of which $94 million was for greenfields exploration. The increase in exploration costs expensed of $9 million on the previous year was primarily a result of increased expenditure at greenfields sites in Colombia and Australia. For further information on exploration activities refer to pages 87 – 95.

Other operating expenses included post-retirement medical provisions for operations mainly in South Africa of $2 million, and other employment costs of $4 million.

The group incurred an operating special items loss of $1,538 million which arose mainly from an impairment charge $1,608 million. These related primarily to the former Ashanti mines in Ghana and Tanzania. At the time of the Ashanti acquisition, the mines were accounted for by AngloGold Ashanti based on the forward gold curve. Since then, AngloGold Ashanti has consistently applied this methodology i.e. the forward gold curve of a 30-day average spot price during the fourth quarter, to test these assets annually for impairment purposes. However during 2008, although the spot price was higher than the previous year, given the drop in US interest rates, the forward curve was both lower and less steep during the fourth quarter. This has an adverse impact of some $75-100 per ounce at these long life mines which is material. In addition, the discount rates applied in 2008 are higher than those used in the previous year, reflecting current market and economic conditions. The above two factors i.e. the forward gold curve and discount rates, have been the primary cause of the accounting write down.

There were sundry other items including a reassessment of indirect tax recoverables at the Africa mines, provisions for royalty disputes partially offset by profits on the disposal of and recoveries from various assets.

OPERATING LOSS

The group reported an operating loss in 2008 of $1,220 million compared with an operating loss of $542 million in 2007, largely as a result of the effects of asset impairments.

Cerro Vanguardia, Argentina

LOSS ATTRIBUTABLE TO EQUITY SHAREHOLDERS

The loss attributable to equity shareholders was further impacted by the following:

•

Interest received increased by $23 million to $66 million, mainly as a result of increased funds arising from the higher average gold price; and

•

Finance costs approximated those of 2007 mostly as a result of reduced borrowings in a rising interest rate environment for variable overdrafts and bank loans, and the fixed interest rate on the convertible bond.

The taxation charge reduced from a charge of $101 million in 2007 to a benefit of $197 million in 2008. This was partially due to lower earnings, lower taxation rates in South Africa, and the deferred tax benefit arising from early hedge settlements.

BALANCE SHEET

During 2008, the following events had a significant impact on the balance sheet:

•

AngloGold Ashanti's 33.3% interest in Boddington Joint Venture was reclassified to assets and liabilities held for sale. The total amount of assets reallocated amounted to $792 million and liabilities $48 million;

•

Impairment charges aggregating $1,608 million mainly in relation to the former Ashanti assets. This adjustment is based on assumptions relating to market conditions which include the lower gold forward curve, higher discount rates, higher power tariffs in Ghana and reduced reserves at Geita. Tangible asset impairments (net of reversals) amounted to $1,493 million and goodwill impairments amounted to $109 million;

•

shareholders in respect of a rights offer which generated proceeds of some R13 billion ($1.7 billion) which funds were applied primarily to reduce the hedge book. The company capitalised on a weaker gold market during the year to execute a combination of delivering into and early settling of non-hedge derivatives. During 2008, the total number of committed ounces reduced by 5.29 million and the hedge book reduced by 5.17 million ounces on a net delta basis. The restructuring resulted in the received gold price being around 23% lower and the adjusted headline earnings reducing by an amount after taxation of $916 million which includes a charge for the uranium contracts of $11 million. In addition, uranium contracts of 1.0 million pounds were cancelled during the year, which represents a reduction of 20% of uranium contracts outstanding at the beginning of the year. This positions the company to participate more extensively in the uranium spot market from 2009, which in turn will provide by-product revenue to the benefit of total cash costs.

•

The $1 billion convertible bond, due 27 February 2009, issued by AngloGold Ashanti Holdings plc has been reallocated from long-term borrowings to short-term debt;

•

Effective 1 July 2008, AngloGold Ashanti acquired 100% of Golden Cycle Gold Corporation (GCGC) through a merger transaction in which the GCGCs shareholders received consideration consisting of 3,181,198 AngloGold Ashanti ADSs which represented an aggregate consideration of approximately $109 million. GCGC, which was listed and traded on the NYSE ARCA Exchange, was a Colorado-based holding company with its primary investment being its joint venture interest in the Cripple Creek & Victor Gold Mining Company (CC&V) located in Colorado, United States.

•

On 27 August 2008, AngloGold Ashanti settled all amounts due in respect of the company's R2 billion corporate bond;

•

On 15 December 2008, AngloGold Ashanti purchased the São Bento Gold Company Limited, and its wholly owned subsidiary São Bento Mineração for a consideration of $70 million through the issue of 2,701,660 ordinary shares.

CFO's
report *cont.*
The rights offer which closed on 7 July 2008, resulted in the issue of 69,470,442 ordinary shares to

CASH FLOW

Operating activities

Cash generated from operations of $632 million was a combination of the loss before taxation of $1,377 million as set out in the income statement, adjusted for movements in working capital and non-cash flow items. The most significant non-cash flow items were the impairments of tangible and intangible assets and investments of $1,608 million and the amortisation of tangible assets of $560 million.

Cash generated from operations was further increased by the dividends received from the equity accounted joint ventures of $78 million, reduced by payments to early settle some hedge commitments and uranium contracts of $1,113 million and normal taxes paid of $125 million. Consequently, net cash outflow from operations was $529 million in 2008 compared with an inflow of $866 million in 2007.

Payments to suppliers increased by 46%, offset partly by the higher average price received (excluding settlements of non-hedge derivatives) for the year which in turn resulted in increased receipts from customers of 20%.

Investing activities

During 2008, capital expenditure totalled $1,194 million. The capital spend was funded from operating cash flow, debt facilities and in part from the proceeds from a rights offer which raised some $1.7 billion in July 2008.

Total capital expenditure for 2008 was $179 million more than in 2007, owing mainly to expenditure on the Boddington expansion project during the year.

Proceeds from the disposal of tangible assets include $14 million from the disposal of certain North American royalty and production related interests of the El Chante and Marigold projects to Royal Gold, $14 million from the disposal of a 50% interest in Amikan and AS APK to the Polymetal Joint Venture, and $7 million from real estate activities in Brazil.

Proceeds from disposal of assets of discontinued operations of $10 million relates to the sale of Ergo assets to a consortium of Mintails South Africa (Pty) Limited/DRD South African Operations (Pty) Limited.

Investments acquired and disposed of during 2008 relate mainly to investments held in rehabilitation trust funds established by AngloGold Ashanti in compliance with regulatory requirements.

Sunrise Dame, Australia

The proceeds from the disposal of associates includes the net proceeds of $48 million arising from the sale of the 50% interest in Nufcor International Limited to the Constellation Energy Commodities Group.
Interest received increased by $32 million when compared with 2007, as a result of higher cash levels resulting mainly from the rights offer in July 2008.

Financing activities

During July 2008, an amount of $1.7 billion was raised by way of a rights offer at a ratio of 24.6403 rights offer shares for every 100 AngloGold Ashanti shares held on the record date of 6 July 2008. The rights offer resulted in the issuance of 69,470,442 new ordinary shares of 25 SA cents each to ordinary shareholders at a subscription price of R194.00 per share. The transaction was highly successful, with a 98% take up from rights holders to acquire rights offer shares. Applications for additional rights shares representing nearly six times the number of rights offer shares were received.
Proceeds from borrowings amounted to $853 million during 2008 and included a drawdown of $743 million on the $1,150 million syndicated loan facility. The 2007 year included a $525 million drawdown on the same facility.
Repayments of borrowings amounted to $614 million and included the repayment of the South African corporate bond of $242 million, and $316 million on the $1,150 million syndicated loan facility. Other loan repayments include normal scheduled payments in terms of loan agreements.
Dividend payments totalling $58 million were made during the year, compared with $144 million in the prior year.
$186 million, which when combined with the opening balance of $477 million, and a negative translation of $88 million, resulted in a closing cash and cash equivalent balance of $575 million.

OTHER DEVELOPMENTS

On 20 November 2008, AngloGold Ashanti successfully arranged a $1 billion bridging facility which is available (at the company's discretion) until November 2010 to finance the redemption of the convertible bond that to obtain full value from the sale to Newmont of the one-third interest in the Boddington project which was announced on 27 January 2009 and the announced sale of the Tau Lekoa and the adjacent project areas made on 17 February 2009.
The consideration for the sale of Boddington, which is expected to close around the end of the first quarter of 2009, involves the following elements:

- an upfront cash consideration on closing of the sale of $750 million;
- a deferred payment due at the end of 2009 of $240 million, payable in cash or freely tradeable Newmont shares;
- full reimbursement upon closing of all cash calls for the project funded by AngloGold Ashanti during 2009;
- royalty payments of up to $100 million from mid 2010, subject to the project achieving a cash cost margin in excess of $600 per ounce; and
- a payment from AngloGold Ashanti to Newmont of $8 million upon closing, being its share of working capital at 31 December 2008.

In addition to saving on a budgeted capital spend of A$269m during 2009, the proceeds from the sale to be received this year (net of capital gains tax) is expected to be approximately $907 million (at an exchange rate of A$/$0.8054).

The net result of AngloGold Ashanti's operating, investing and financing activities was a net cash inflow of matured on 27 February 2009. The removal of this refinancing risk placed the company in a stronger position

The Boddington sale together with the term facility, in addition to reducing the net debt significantly, will also provide the company with further financial flexibility to November 2010. It is important to note that as a result of these transactions, the company's refinancing need and related risk has been reduced. AngloGold Ashanti now has considerable flexibility to consider its long-term funding options to refinance the residual debt which is due to mature in late 2010.

OVERVIEW OF THE HEDGE BOOK

During 2008, the company reduced its hedge commitments by 47% from 11.28 million ounces to 5.99 million ounces. The hedge book net delta as at 31 December 2008 was 5.22 million ounces. The negative marked to market value of the hedge book as at 31 December 2008 (off a spot gold price of $872 per ounce, exchange rates of R9.455/$ and A$/$0.6947) was $2.5 billion (after the credit risk adjustment of all hedge transactions). The details of the hedge book are provided in note 37 on page 285.

expects to achieve a received price representing a discount of approximately 6% to the spot price during 2009, which represents a significant reduction to the position that existed prior to the hedge book reduction.

ONE-YEAR FORECAST – 2009

For the year ended 31 December

	Expected production 000 oz	Forecast total cash cost $/oz (1)	Forecast capital expenditure $m (2)
South Africa (3)	2,075	322 – 342	301
Argentina	160	410 – 430	20
Australia	410	530 – 550	17
Brazil	400	292 – 312	150
Ghana	600	593 – 613	150
Guinea	300		

495 – 515
27
Mali
350
501 – 521
8
Namibia
70
430 – 450
18
Tanzania
315
800 – 820
17
United States of America
280
350 – 370
77
Other
55
AngloGold Ashanti
4,900 – 5,000
435 – 450
840
Following the sale of Boddington, the 2009 production is estimated at 4.9 million ounces to 5.0 million ounces.
(1)
This is based on the following assumptions: R9.75/$, A$/$0.675, BRL2.25/$ and Argentinian peso 3.65/$; fuel at $50 per barrel
and lower consumable costs relative to last year.
(2)
Capital expenditure for 2009 is estimated at approximately $840 million (excluding amounts to be spent at Boddington). This is a
significant reduction of $360 million or 30% on levels expended in 2008.
Capital expenditure is managed in line with earnings and cash flows and may fluctuate accordingly. Forecast capital expenditure
for operations with minorities is reported at 100%. For entities which are equity accounted, the forecast capital spend is the
attributable share.
(3)
In South Africa, production assumes stable power supply from Eskom.
Srinivasan Venkatakrishnan
Chief Financial Officer
6 March 2009

Following the hedge book reduction achieved in 2008, assuming a gold price of $900 per ounce, the company

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Five-year
summaries
SUMMARISED GROUP FINANCIAL RESULTS
For the year ended 31 December
US
Dollar
million
2008 2007 2006 2005 2004
Income statement
Gold income
3,619
3,002
2,646 2,393 2,121
Cost of sales
(2,728)
(2,458)
(2,138)
(2,149)
(1,794)
Loss on non-hedge derivatives and other commodity
contracts
(2)
(297)
(792)
(231)
(135)
(141)
Gross profit (loss)
594
(248)
277 109 186
Corporate administration and other expenses
(131)
(128)
(84)
(64)
(51)
Market development costs
(13)
(16)
(16)
(13)
(15)
Exploration costs
(126)
(117)
(58)
(44)
(43)

Amortisation of intangible assets
–
– – –
(27)
Other net operating expenses
(6)
(20)
(20)
(24)
(11)
Operating special items
(1,538)
(13)
(7)
(67)
13
Operating (loss) profit
(1,220)
(542)
92 (103)
52
Dividend received from other investments
–
2 – – –
Interest received
66
43
31 24 49
Exchange gain (loss)
4
(1) (5)
2
5
Fair value adjustment on option component of convertible bond
25
47 16 (32)
26
Finance costs and unwinding of obligations
(114)
(120)
(116)
(102)
(85)
Fair value (loss) gain on interest rate swaps
–
– – (1)
2
Share of equity accounted investments' (loss) profit
(1)
(138)
35

115
43
40
(Loss) profit before taxation
(1,377)
(536)
133
(169)
89
Taxation
197
(101)
(146)
46
49
(Loss) profit after taxation from continuing operations
(1,180)
(637)
(13)
(123)
138
Discontinued operations
Profit (loss) from discontinued operations
25
1 (2)
(36)
(11)
(Loss) profit for the year
(1,155)
(636)
(15)
(159)
127
Allocated as follows
Equity shareholders
(1,195)
(668)
(45)
(182)
108
Minority interest
40
32 30 23 19
(1,155)
(636)
(15)
(159)
127
Other financial data
Adjusted gross (loss) profit
(3)

$m
(384)
835 884 395
383
Headline (loss) earnings
$m
(30)
(648)
(82)
(145)
129
Adjusted headline (loss) earnings
(4)
$m
(897)
278 411 153 259
Adjusted gross margin
%
(16)
25 29 16 18
EBITDA
(5)
$m
1,131
1,224
1,409 772 690
EBITDA margin
%
48
37 47
30 32
Interest cover
(6)
times
8
9
11 7 7
(Loss) earnings per ordinary share (cents)
Basic
US cents
(377)
(237)
(16)
(69)
43
Diluted
US cents
(377)
(237)
(16)
(69)

43
Headline
US cents
(9)
(230)
(30)
(55)
51
Adjusted headline (loss) earnings
(4)
US cents
(283)
99 151 58 103
Dividends paid per ordinary share
US cents
13
45 39 57 75
Weighted average number of shares
Million
317
281 273 265 251
Issued shares at year-end
Million
357
282 280 265 264

(1)
The comparatives have been restated to reflect the equity accounting of investments.
(2)
Refer to Non-GAAP disclosure note 3 on page 334.
(3)
Refer to Non-GAAP disclosure note 2 on page 333.
(4)
Refer to Non-GAAP disclosure note 1 on page 332.
(5)
Refer to Non-GAAP disclosure note 6 on page 335.
(6)
Refer to Non-GAAP disclosure note 7 on page 336.

SUMMARISED GROUP FINANCIAL RESULTS (CONTINUED)

As at 31 December

US Dollar million	2008	2007	2006	2005	2004
Balance sheet					
Assets					
Tangible and intangible assets	4,493	7,041	6,329	6,139	6,109
Cash and cash equivalents	575	477	471	197	276
Other assets	2,992	2,190	2,022	1,859	1,724
Total assets	8,060	9,708	8,822	8,195	8,109
Equity and liabilities					
Total equity	2,511	2,442	3,047	2,661	3,209
Borrowings	1,933	1,848	1,448	1,856	1,561
Deferred taxation	617	1,042	1,093	1,136	1,337
Other liabilities	2,999	4,376	3,234	2,542	2,002
Total equity and liabilities	8,060	9,708	8,822	8,195	8,109
Other financial data					
Equity (1)	3,242	3,926	4,529	4,217	4,689
Net capital employed (1)					

4,683
5,360 5,568 5,935 6,032
Net debt
(2)
1,283
1,318
1,015 1,726
1,341
Net asset value – US cents per share
(3)
702
867 1,087 1,004 1,214
Net tangible asset value – US cents per share
(4)
661
718 946 862
1,057
Market capitalisation
(5)
9,795
11,878 13,008 13,069 9,614
Financial ratios
Return on equity
(6)
%
(25)
7
9 3 7
Return on net capital employed
(7)
%
(16)
7 9 4 8
Net debt to net capital employed
%
27
25 18 29 22
Net debt to equity
%
40
34 22 41 29
Market capitalisation to total liabilities
times
1.8
1.6 2.3
2.4 2.0
Exchange rates
Rand/dollar average exchange rate
8.25
7.03 6.77 6.37 6.44
Rand/dollar closing exchange rate

9.46

6.81 7.00 6.35 5.65

Australian dollar/dollar average exchange rate

1.17

1.19 1.33 1.31 1.36

Australian dollar/dollar closing exchange rate

1.44

1.14 1.27 1.36 1.28

Brazilian real/dollar average exchange rate

1.84

1.95 2.18 2.44 2.93

Brazilian real/dollar closing exchange rate

2.34

1.78 2.14 2.35 2.65

The comparatives have been restated to reflect the equity accounting of investments.

(1)

Refer to Non-GAAP disclosure note 8 on page 336.

(2)

Refer to Non-GAAP disclosure note 9 on page 336.

(3)

Refer to Non-GAAP disclosure note 10 on page 336.

(4)

Refer to Non-GAAP disclosure note 11 on page 337.

(5)

Refer to Non-GAAP disclosure note 16 on page 338.

(6)

Refer to Non-GAAP disclosure note 12 on page 337.

(7)

Refer to Non-GAAP disclosure note 13 on page 337.

Five-year
summaries *cont.*

SUMMARISED GROUP FINANCIAL RESULTS (CONTINUED)

For the year ended 31 December

US Dollar million	2008	2007	2006	2005	2004
Cash flow statement					
Cash flows from operating activities					
Cash generated from operations	632	983	1,132	619	498
Cash utilised by discontinued operations	(1)	(2)	(1)	(31)	(2)
Dividends received from equity accounted investments	78	65	85	51	–
Taxation paid	(125)	(180)	(110)	(22)	(28)
Cash utilised for hedge book settlements	(1,113)	–	–	–	–
Net cash (outflow) inflow from operating activities	(529)	866	1,106	617	468
Cash flows from investing activities					
Capital expenditure	(1,194)	(1,015)	(811)	(711)	(574)

Net proceeds from disposal and acquisition of mines and subsidiaries
10
1 9 4
(171)
Net proceeds from disposal and acquisition of investments, associate
loans, and acquisition and disposal of tangible assets
82
(13)
46 (16)
(20)
Dividend received from other investments
–
2 – – –
Interest received
67
35 24 18 36
Net loans repaid (advanced)
–
– 5 (1)
88
(Increase) decrease in cash restricted for use
(6)
(25)
(3)
17 (6)
Utilised in hedge restructure
–
– –
(69)
(123)
Other investing activities
–
– 1 (2)
–
Net cash outflow from investing activities
(1,041)
(1,015)
(729)
(760)
(770)
Cash flows from financing activities
Net proceeds from share issues
1,668
34
507 9 3
Net borrowings proceeds (repaid)
239
323
(394)
305 299
Finance costs paid

(93)
(72)
(82)
(73)
(72)
Dividends paid
(58)
(144)
(132)
(169)
(177)
Proceeds from hedge restructure
–
– – –
40
Net cash inflow (outflow) from financing activities
1,756
141 (101)
72 93
Net increase (decrease) in cash and cash equivalents
186
(8)
276 (71)
(209)
Translation
(88)
14 (2)
(8)
12
Cash and cash equivalents at beginning of year
477
471 197
276 473
Cash and cash equivalents at end of year
575
477
471 197
276
Other financial data
Free cash flow
(2)
(1,069)
336
633 160 205
Cash generated to cash invested
(3)
times
0.6
0.7 1.6 0.8 0.6
(1)
The comparatives have been restated to reflect the equity accounting of investments.

(2)
Refer to Non-GAAP disclosure note 14 on page 338.
(3)
Refer to Non-GAAP disclosure note 15 on page 338.

SUMMARISED GROUP OPERATING RESULTS

For the year ended 31 December

		2008	2007	2006	2005	2004
Operating results						
Underground operations						
Metric tonnes milled	000	12,335	13,112	13,489	13,806	13,554
Yield	g/t	6.89	6.99	7.20	7.31	7.50
Gold produced	000 oz	2,734	2,948	3,123	3,243	3,270
Surface and dump reclamation						
Metric tonnes treated	000	11,870	12,429	12,414	8,061	7,102
Yield	g/t	0.42	0.49	0.50	0.52	0.60
Gold produced	000 oz	161	197	201	136	138
Open-pit operations						
Metric tonnes mined	000	175,999	172,487	173,178	168,904	135,171
Stripping ratio	(1)	5.24	4.48	4.82	5.02	6.34
Metric tonnes treated	000	25,388	25,312	26,739	25,541	18,236
Yield	g/t	2.12	2.34	2.14	2.74	3.21

Gold produced
000 oz
1,734
1,904 1,843 2,246 1,883
Heap-leach operations
Metric tonnes mined
000
54,754
59,720 63,519 61,091 71,837
Metric tonnes placed
(2)
000
23,462
22,341 23,329 22,227 22,120
Stripping ratio
(1)
1.43
1.77 1.83 1.97 2.08
Recoverable gold placed
(3)
kg
14,496
16,242 18,162 18,500 18,670
Yield
(4)
g/t
0.62
0.73 0.78 0.83 0.84
Gold produced
000 oz
353
428 468 541 538
Total gold produced
000 oz
4,982
5,477 5,635 6,166 5,829
– South Africa
2,099
2,328 2,554 2,676 2,857
– Argentina
154
204 215 211 211
– Australia
433
600 465 455 410
– Brazil
407
408 339 346 334
– Ghana
557
527 592 680 485

– Guinea	333	280	256	246	83
– Mali	409	441	537	528	475
– Namibia	68	80	86	81	66
– Tanzania	264	327	308	613	570
– USA	258	282	283	330	329
– Zimbabwe	–	–	–	–	9
Average price received (5) $/oz sold	485	629	577	439	394
Total cash costs (6) $/oz produced	444	357	308	281	264
Total production costs (6) $/oz produced	567	476	414	374	332
Capital expenditure (7) $m	1,201	1,059	817	722	585
Monthly average number of employees	62,895	61,522	61,453	63,993	65,400
LTIFR	7.32	8.24	7.70	6.77	6.56
FIFR	0.09	0.21	0.22	0.14	0.19

Definitions

(1)
Stripping ratio = (total tonnes mined – ore tonnes mined)/ore tonnes mined.

(2)

Tonnes placed onto leach pad.
(3)
Recoverable gold placed onto leach pad inventory.
(4)
Recoverable gold placed/tonnes placed.
Comments
(5)
Average gold price received negatively impacted by the reduction of the hedge book in 2008.
(6)
Cost increases have been driven primarily by input cost inflation.
(7)
Capital expenditure has increased year-on-year in accordance with AngloGold Ashanti's growth strategy.

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Attributable tonnes
Average
Attributable
treated/milled
grade recovered
gold production
(Mt)
(g/t)
(000 oz)
Operation
2008
2007
2006
2008
2007
2006
2008
2007
2006
South Africa
2,099
2,328
2,554
Vaal River
Great Noligwa
1.4
2.0
2.4
7.33
7.54
8.08
330
483
615
Kopanang
1.6
1.8
2.0
6.82
7.24
7.01
362
418
446
Moab Khotsong
0.6
0.3
0.2
9.31

7.94
6.35
192
67
44
Tau Lekoa
1.2
1.4
1.5
3.58
3.62
3.76
143
165
176
Surface operations
7.9
8.0
7.2
0.36
0.49
0.49
92
125
113
West Wits
Mponeng
1.9
1.9
1.9
10.02
9.50
9.93
600
587
596
Savuka
0.3
0.3
0.4
6.28
6.69
7.68
66
73
89
TauTona
(1)
1.6
1.8
2.0

8.66
9.67
10.18
314
409
474
Argentina
154
204
215
Cerro Vanguardia (92.5%)
0.9
0.9
0.9
5.44
6.88
7.29
154
204
215
Australia
433
600
465
Sunrise Dam
(2)
3.8
3.8
4.0
3.46
4.86
3.39
433
600
465
Brazil
407
408
339
Brasil Mineração
(1)
1.4
1.4
1.1
7.62
7.48
7.60
320
317
242
Serra Grande (50%)

(1)
0.4
0.4
0.4
7.58
7.21
7.51
87
91
97
Ghana
557
527
592
Bibiani
(3)
–
–
2.1
–
–
0.55
–
–
37
Iduapriem
(4)
3.5
2.8
3.0
1.76
1.85
1.74
200
167
167
Obuasi
(1)
5.6
6.0
6.2
4.37
4.43
4.39
357
360
387
Guinea
333
280
256

Siguiri (85%)
(2)
8.6
8.3
7.0
1.20
1.05
1.08
333
280
256
Mali
409
441
537
Morila (40%)
1.7
1.7
1.7
3.08
3.36
3.88
170
180
207
Sadiola (38%)
1.6
1.6
1.8
3.42
2.76
3.22
172
140
190
Yatela (40%)
(5)
1.1
1.2
1.3
2.66
3.46
4.12
66
120
141
Namibia
68
80
86
Navachab

1.5
1.6
1.5
1.43
1.56
1.81
68
80
86
Tanzania
264
327
308
Geita
4.3
5.1
5.7
1.92
2.01
1.68
264
327
308
USA
258
282
283
Cripple Creek & Victor
(5)
22.1
20.9
21.8
0.49
0.53
0.54
258
282
283
AngloGold Ashanti
4,982
5,477
5,635
(1)
The yield of TauTona, Brasil Mineração, Serra Grande and Obuasi represents underground operations.
(2)
The yield of Sunrise Dam and Siguiri represents open-pit operations.
(3)
Bibiani was sold effective 1 December 2006.
(4)
Prior to 1 September 2007, AngloGold Ashanti’s shareholding in Iduapriem was 85%.
(5)

The yield of Yatela and Cripple Creek & Victor reflects recoverable gold placed/tonnes placed from heap leach operations.

Operations
at a glance For the year ended 31 December

Annual Report 2008
– 35 –
Attributable adjusted gross
Total cash costs
(1)
profit (loss)
(1)
Page
($/oz)
($m)
number
Operation
2008
2007 2006 2008
2007 2006
South Africa
362
343 285 (55)
403 549
Vaal River
Great Noligwa
458
403 261 (55)
61 156 46
Kopanang
348
307 291 (22)
99 109 48
Moab Khotsong
379
668 655 (20)
(40)
(22)
52
Tau Lekoa
533
474 440 (30)
1 (4)
50
Surface operations
440
305 281
4
37 31
West Wits
Mponeng
249
264 237 87
165 156 40
Savuka
411

403 336 (2)
11 21 42
TauTona
374
317 269 (17)
67 101 44
Argentina
615
264 228 (34)
48 37
Cerro Vanguardia (92.5%)
608
261 225 (30)
45 35 54
Minorities and exploration
–
– – (4)
3 2
Australia
552
313 306 (61)
137 137
Sunrise Dam
531
306 298 (61)
137 137 56
Brazil
321
260 216 53
141 138
Brasil Mineração
300
233 195 12
88 86 60
Serra Grande (50%)
294
263 198
9
27 26 62
Minorities and exploration
–
– –
32
26 26
Ghana
594
432 390 (145)
3 (26)
Bibiani
(2)
–

– 437
–
– 5
Iduapriem
(3)
525
373 368 (21)
23 7
66
Obuasi
633
459 395 (126)
(24)
(42)
64
Minorities and exploration
–
– – 2
4 4
Guinea
466
464 399 27
14 4
Siguiri (85%)
466
464 399
7
9 –
68
Minorities and exploration
–
– –
20
5 4
Mali
430
350 250 (34)
92 146
Morila (40%)
(4)
419
350 275 (4)
38 52 74
Sadiola (38%)
(4)
399
414 270 (23)
24 49 70
Yatela (40%)
(4)
572

322 228 (7)
30 44 72
Namibia
534
419 265 (2)
13 22
Navachab
534
419 265 (2)
13 22 76
Tanzania
728
452 497 (181)
6 (2)
Geita
728
452 497 (181)
6 (2)
78
USA
334
282 260 16
74 23
Cripple Creek & Victor
309
269 248 16
74 23 80
Other
(5)
–
– – 4
4 30
Sub-total
444
357 308 (412)
935 1,058
Less equity accounted JVs
(4) (5) (6)
–
– –
28
(100)
(174)
AngloGold Ashanti
444
357 308 (384)
835 884
(1)
Refer to Non-GAAP disclosure.
(2)
Bibiani was sold effective 1 December 2006.

(3)
Prior to 1 September 2007, AngloGold Ashanti's shareholding in Iduapriem was 85%.
(4)
Equity accounted investments.
(5)
Includes Nufcor International Limited (NIL), Oro Group (Pty) Limited and Trans-Siberian Gold plc which are equity accounted.
Anglogold Ashanti sold its 50% interest in NIL effective 1 July 2008.
(6)
The comparatives have been restated to reflect equity accounting of investments.

CC&V
258
66
Yatela
Sadiola
172
170
Morila
333
Siguiri
200
357
Iduapriem
Obuasi
Navachab
68
87
Serra Grande
320
Cerro
Vanguardia
154
314
Savuka
66
TauTona
600
Mponeng
362
Kopanang
Moab Khotsong
192
143
Tau Lekoa
Great Noligwa
330
264
Geita
433
Sunrise Dam
Attributable gold production by operation: 2008 (000 oz)
Brasil
Mineração
N
Surface operations
92
’000 Ounces
4,982
Total group production
Review of operations
Annual Report 2008

AngloGold Ashanti is a global leader within the gold mining business with 21 operations on four continents and a focused, worldwide exploration programme. In the process of mining for gold, by-products of silver, uranium oxide and sulphuric acid are produced.

Production: contribution by
country – 2008 (%)

South Africa
Ghana
Australia
Brazil
Mali
42%
1%
5%
6%
7%
11%
9%
8%
8%
Guinea
Tanzania
United States
Argentina
Namibia
3%

Production: by type of mining
operation – 2008 (%)

Underground operations
Open-pit operations
Heap-leach operations
Surface and dump
55%
3%
7%
35%

Safety

For AngloGold Ashanti, people come first and consequently the company places the highest priority on safe and healthy practices and systems of work. AngloGold Ashanti will continue to strive to improve its safety performance across its global asset base. The 'Safety is our first value' campaign initiated in November 2007 resulted in significant improvements to safety statistics throughout 2008.

In terms of lost-time injuries, the lost-time injury frequency rate (LTIFR) per million hours worked for the year was 7.32 as compared to 8.24 in 2007, an improvement of 11%. Regrettably in 2008, 14 AngloGold Ashanti employees lost their lives (2007: 34 fatalities) which translates into a fatal injury frequency rate (FIFR) for the group of 0.09 per million hours worked for the year (2007: 0.21 per million hours worked).

Operational review

In 2008, gold production totalled 4.98 million ounces compared to 5.5 million ounces in 2007. This decline in production was as a result of lower grades, safety related stoppages and the interruption to the power supply in South Africa and reduced production, as anticipated, at Sunrise Dam in Australia, at Cerro Vanguardia in Argentina as a result of a decline in feed grades associated with agitator problems in the leach tanks, and at Geita as a result of critical plant maintenance. Total group cash cost per ounce for the year was $444 compared to $357 in 2007.

Capital expenditure amounted to $1,201 million (2007: $1,059 million) of which 24% was stay-in-business expenditure and 22% expenditure on ore reserve development, principally at the South African operations. The remaining 54% was expenditure on new project development.

Total project capital was just over $650 million, of which almost $420 million was at Boddington. The other main areas of project spend were the Mponeng VCR project ($45 million), Iduapriem $43 million (mainly the plant expansion), AngloGold Ashanti Brasil Mineração ($24 million), TauTona $21 million (mainly the below 120 level project) and Serra Grande $20 million (the main project being the plant expansion).

Outlook

Gold production for 2009 is forecast to be between 4.9 million and 5.0 million ounces at a total cash cost in a range between $435/oz and $450/oz. This is based on the following exchange rate assumptions: R9.75/ $, A$/$0.68, Brazilian real 2.25/$ and Argentinian peso 3.65/$.

Capital expenditure of around $840 million is scheduled, of which South Africa accounts for 36%, Ghana and Brazil each 18%, and the USA 9%.

Sally Botha

Human Resources Officer,
Southern African Division Services

"One of my responsibilities – and my passions! – is voluntary counselling and testing (VCT) for HIV & AIDS. The success we've experienced with this programme, and the spirit of team work is echoed by our company values."

West Wits operations
Savuka
TauTona
Mponeng
Vaal River operations
Great Noligwa
Kopanang
Tau Lekoa
Klerksdorp
Carletonville
Pretoria
Johannesburg
Durban
Port Elizabeth
East London
Bloemfontein
Cape Town
SOUTH AFRICA
0
400km
Operations
N
Surface
Moab Khotsong
South Africa
2008
2007
2006
Gold production
(000oz)
2,099
2,328
2,554
Total cash costs
($/oz)
362
343
285
Capital expenditure
($ million)
337
361
313
Total number of employees*
37,127
36,976
35,968
* includes contractors
AngloGold Ashanti's seven mining operations in South Africa are grouped into the West

Wits and Vaal River regions. These deep-level operations produced 2.1 million ounces in 2008, equivalent to 42% of group production.

Safety

At the South African operations the incidence of white flag days, that is a day on which no injuries occur, improved from two white flag days in 2007 to 40 white flag days for 2008. There were most regrettably 11 fatalities during 2008, 16 fewer than in 2007, which represents a 59% improvement. This resulted in a FIFR of 0.12 per million hours worked for the year, as opposed to 0.29 in 2007, which is equivalent to the Gold Mining Industry 2013 FIFR benchmark.

The LTIFR for the South African operations as a whole was 11.24 per million hours worked (2007: 12.72), indicating a significant improvement in safety performance. Other significant achievements included the first ever fatality free quarter (second quarter 2008), the longest fatality free period in history (110 days), the first time ever that four operations achieved 1 000 000 fatality free shifts within one calendar year and a period of eight consecutive fatality free months for the Vaal River operations.

The safety of AngloGold Ashanti's workforce is a priority and the roll-out of the 'Safety is our first value' continued at the South African operations. A framework on the management of safety, based on OSHAS 18001:2007 was developed. Safety campaigns at these operations are run in collaboration with the trade unions and government representatives. Simultaneously, various safety interventions were implemented to re-emphasise the company's principles and standards regarding safety. The focus is on leadership, behaviour and on improving compliance with operating standards at all levels. Key to this is ensuring that employees are competent to both perform their duties and responsibilities safely and to identify and manage hazards encountered in the workplace

Operating review

Gold production from the South African operations totalled 65,283 kilograms (2,099,000 ounces) in 2008, down 10% on the 72,429 kilograms (2,328,000 ounces) produced in 2007. The cause of this decline was

Review of operations

South Africa

Annual Report 2008
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mainly as a result of the Eskom power outages early in the year and several safety-related stoppages during the course of the year.

Total cash costs at the South African operations rose by 23% to R95,144/kg ($362/oz) from R77,372/kg ($343/oz) in 2007, driven largely by annual wage increases, higher power tariffs and input cost inflation.

Total uranium production for the year was 4% higher than the prior year at 1.3 million pounds, despite the power-related production stoppages earlier in 2008. The settlement of some uranium contracts during the year resulted in greater exposure to spot uranium prices, thus reducing the loss incurred as compared with 2007.

Capital expenditure at the South African operations totalled R2,779 million ($337 million) (2007: R2,535 million; $361 million), 57% of total expenditure was for ore reserve development and the remainder mostly on projects such as Zaaiplaats, Mponeng VCR and TauTona below 120.

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
South Africa
08
07
06
362
285
Total cash costs
Group average
343
Capital expenditure
South Africa
Group
71%
29%
Contribution to attributable
group production in 2008 (%)
South Africa
Rest of the world
58%
42%
0
500
1000
1500
2000
2500
3000
Gold production (000oz)
South Africa
08

07
06
2,099
2,328
2,554

Susan Winkler
Geologist
Corporate Office, Johannesburg

"Without an undeterred focus on mining safety, the future of our company and the existence of gold mining are threatened.
It's essential that we treat each other with dignity and respect, and appreciate the value of diversity in our company."

WEST WITS

The Mponeng, Savuka and TauTona mines are situated on the West Wits Line, near the town of Carletonville, straddling the border of Gauteng and North West Province. Mponeng has its own gold processing plant while the Savuka and TauTona operations share a plant.

Together, the West Wits operations collectively produced 30,498 kilograms (980,000 ounces) of gold, equivalent to 20% of group production.

MPONENG

Description

Mponeng is situated close to the town of Carletonville in North West Province, south-west of Johannesburg, straddling the border with the province of Gauteng, and currently mines the Ventersdorp Contact Reef (VCR) with stoping taking place at an average depth of 3,054 metres. The deepest operating stope is at a depth of 3,370 metres below surface. Given the high degree of variability in the grade of the VCR at Mponeng, a sequential grid mining method is used which allows for selective mining and increased flexibility in dealing with changes in grade ahead of the stope.

Mponeng comprises a twin-shaft system housing two vertical shafts and two service shafts. Ore mined is treated and smelted at Mponeng's gold plant. The ore is initially ground down by means of semi-autogenous milling after which a conventional gold leach process incorporating liquid oxygen injection is applied. The gold is then extracted by means of carbon-in-pulp technology. The Mponeng gold plant conducts electro-winning and smelting (induction furnaces) on products from Savuka and TauTona as well.

Safety

The mine was awarded OHSAS 18001:2007 certification during the year and achieved its second one million fatality-free shifts award on 18 June 2008. Safety at Mponeng improved during the year, with the LTIFR decreasing from 13.08 per million hours worked in 2007 to 11.44 in 2008. There were two fatalities during the year (2007: six) resulting in a decrease in FIFR to 0.14 per million hours worked (2007: 0.42).

Review of operations

South Africa *cont.*

Mponeng		2008	2007	2006
Pay limit	(oz/t)	0.22	0.23	0.23
	(g/t)	7.61	7.83	7.74
Recovered grade	(oz/t)	0.292	0.277	0.290
	(g/t)	10.02	9.50	9.93
Gold production	(000oz)	600	587	596
Total cash costs	($/oz)	249		

264 237
Total production costs
($/oz)
323
348 338
Capital expenditure
($m)
86
86 48
Total number of employees
5,685
5,561 5,284
Employees
5,482
5,126 4,760
Contractors
203
435 524

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Mponeng
08
07
06
249
237
Total cash costs
Group average
264
Capital expenditure
Mponeng
Group
93%
7%
Contribution to attributable
group production in 2008 (%)
Mponeng
Other SA operations
Rest of the world
58%
12%
30%
0
100
200
300
400
500
600
700
Gold production (000oz)
Mponeng
08
07
06
600
587
596

Operating review
Production rose 2% to 18,672 kilograms (600,000 ounces) in 2008 and the area mined increased marginally,

largely owing to an increase in face length. Various cost savings initiatives, resulted in costs contained to inflation. Total cash costs were 10% higher at R65,365/kg ($249/oz) as a result of inflationary pressures on major input costs of power, labour, support and stores.

Capital expenditure (including the amounts spent on the below 120 VCR project) for the year totalled R707 million ($86 million) (2007: R604 million; $86 million).

Growth prospects

There are currently two growth projects under way at Mponeng.

VCR below 120 project: The project scope is to develop four declines from 120 level to the 126/127 levels to access the Ventersdorp Contact Reef. It includes the installation of the supporting infrastructure (refrigeration, backfill, equipping of the decline, etc) required to service a planned 10,000m
2
/month production plan.

Development is ahead of schedule and in line with budget, and in January 2009, became the deepest mine in the world. The project is anticipated to recover 2.7 million ounces of gold at a cost of R2.03 billion ($0.2 billion). Construction began in 2007 with on reef development and the start of production scheduled for 2013 and full production due in 2015

CLR below 120 project: Feasibility work on this project which involves accessing the Carbon Leader Reef, about 900m below the VCR, is in progress. Initial estimates are that it has the potential to produce 10.6 million ounces at a cost of R12.7 billion ($1.5 billion). The project is to be presented to the board for formal approval in July 2009 and, if approved, development will begin in August 2009 with production scheduled to start in 2022.

Outlook

Production at Mponeng is forecast to decline to approximately 17,000 kilograms (530,000 ounces) at a total cash cost ranging from $260/oz to $280/oz. Capital expenditure is scheduled to be R820 million ($84 million) with R140 million ($52 million) to be expended on the projects and the balance on ore reserve development and drilling.

SAVUKA

Description

Savuka is situated on the West Wits line in the province of Gauteng, approximately 70 kilometres south-west of Johannesburg. Savuka is close to the town of Carletonville in North West Province. Savuka currently mines both the CLR and the VCR.

This mining operation comprises sub- and tertiary-shaft systems with the latter reaching a depth of 3,777 metres.

Ore mined at Savuka is processed firstly at the Savuka plant. The plant uses conventional milling to crush the ore and a carbon-in-pulp circuit to treat the ore further, after which it is sent to the Mponeng gold plant where the gold is extracted by means of electro-winning and smelting.

Safety

Savuka achieved OHSAS 18001:2007 certification during the year. There was an improvement in safety during the year with an overall LTIFR for the year of 15.20 per million hours worked compared to 25.99 in 2007. Regrettably there was one fatality at the operation in 2008.

Operating review

Production was down to 2,057 kilograms (66,000 ounces) in 2008, more than had been planned. Volumes mined were 11% down on 2007 with tonnes milled down 4%. The effects on production of safety and power-related stoppages countered the positive effect of improved drilling, blasting and mining mix towards year-end. Increases in total cash costs which rose by 17% to R106,748/kg ($411/oz) were mainly due to increases in major input costs of labour, power and consumables.

Savuka

		2008	2007	2006
Pay limit	(oz/t)	0.43	0.40	0.31
	(g/t)	14.91	13.72	10.75
Recovered grade	(oz/t)	0.183	0.195	0.224
	(g/t)	6.28	6.69	7.68
Gold production	(000oz)	66	73	89
Total cash costs	($/oz)	411	403	336
Total production costs	($/oz)	518		

476	359	
Capital expenditure ($m)		
11		
9	2	
Total number of employees		
1,224		
1,143	1,040	
Employees		
1,179		
1,063	975	
Contractors		
45		
80	65	

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Savuka
08
07
06
336
Total cash costs
Group average
403
411
Capital expenditure
Savuka
Group
99%
1%
Contribution to attributable
group production in 2008 (%)
Savuka
Other SA operations
Rest of the world
58%
1%
41%
0
10
20
30
40
50
60
70
80
90
100
Gold production (000oz)
Savuka
08
07
06
66
73
89

– 43 –

Growth prospects

Exploration and drilling programmes are being undertaken to determine the extent and accessibility of the extensive resource to the west of current mining activities and to identify potential mining prospects. The restructuring programme instituted at Savuka over the last two years has made the mine more cost effective, thereby increasing its life of mine.

Outlook

Production at Savuka is forecast to be approximately 2,090 kilograms (65,000 ounces) at a total cash cost ranging from $440/oz to $460/oz in 2009. Capital expenditure of R104 million ($11 million) is planned to be spent mostly on Ore Reserve development.

Carina Smith-Morgan

Communications Officer,

Mponeng and Savuka mines, Mine Services, South Africa

"I 'live' two of our values every day: one, "We treat each other with dignity and respect" through my communications interactions and two, "The communities and societies in which we operate will be better off for AngloGold Ashanti having been there" when I'm wearing my responsibility cap for the Local Area Committee duties."

TAUTONA
Description
TauTona lies on the West Wits Line, just south of Carletonville in North West Province and about 70 kilometres south-west of Johannesburg. Mining at TauTona takes place at depths ranging from 2,000 metres to 3,640 metres. The mine has a three-shaft system and is in the process of converting from longwall mining to scattered grid mining. The mine consists of a main shaft system supported by secondary and tertiary shafts. TauTona shares a processing plant with Savuka. The plant uses conventional milling to crush the ore and a carbon-in-pulp plant to treat the ore further. Once the carbon has been added to the ore, it is transported to the gold plant at Mponeng for electro-winning, smelting and the final recovery of the gold.
Safety
Safety improved overall and the LTIFR for the year was 13.46 per million hours worked (2007: 18.14) and there were four fatalities (2007: five), the major causes of which were seismicity-related rockfalls.
Operating review
Gold production declined by 23% to 9,769 kilograms (314,000 ounces) (2007: 12,714 kilograms; 409,000 ounces). There was a greater-than-scheduled decline in the volume of ore mined, a result of continued seismic activity in the vicinity of the CLR shaft pillar, which is being mined, and at several high-grade production panels, where production was temporarily halted during the course of the year. This seismic activity affected both face length and face advance. The increased geological risk from this seismic activity necessitated re-planning regarding mine layout and mining methods. The power crisis at the beginning of the year also had negative consequences for production.

The decline in production, together with increased input and labour costs, the escalating cost of power and work stoppages contributed to a 36% increase in total cash costs to R97,483/kg ($374/oz).

Capital expenditure of R491 million ($60 million) was 2% less than the previous year, and was spent mainly on Ore Reserve development and the below 120 project.
Review of operations
South Africa *cont.*
TauTona

		2008	2007	2006
Pay limit	(oz/t)	0.44	0.40	0.53
	(g/t)	15.05	16.11	18.25
Recovered grade	(oz/t)	0.253	0.282	0.297
	(g/t)	8.66	9.67	10.18
Gold production	(000oz)	314	409	474
Total cash costs				

($/oz)	374	317	269
Total production costs ($/oz)	509	464	384
Capital expenditure ($m)	60	71	70
Total number of employees	4,623	4,992	5,166
Employees	3,849	4,160	4,164
Contractors	774	832	1,002

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
TauTona
08
07
06
269
Total cash costs
Group average
317
374
Capital expenditure
TauTona
Group
95%
5%
Contribution to attributable
group production in 2008 (%)
TauTona
Other SA operations
Rest of the world
58%
6%
36%
0
50
100
150
200
250
300
350
400
450
500
Gold production (000oz)
TauTona
08
07
06
314
409
474
Annual Report 2008

Growth prospects
The three growth projects at TauTona are:

- CLR below 120 level project is accessed via a twin-decline system down to 128 level. Production was scheduled to begin in 2009. Current estimations are that the project will produce 2.5 million ounces of gold. The project scope has been revised and limited to the development of a rock decline to 123 level. A study will be done to investigate whether the project should be resumed after a year's delay, and whether it should be operated with an owner mine team or together with a contractor. The project has total budgeted capital expenditure of R1.2 billion ($146 million) of which R620 million ($76 million) has been spent to date.
- CLR shaft pillar extraction project enables stoping operations to be conducted up to a recently revised infrastructural zone of influence. Production from this project, which began in 2004 and will continue until 2009, is estimated to total more than 415,000 ounces at an average cash cost of $102/oz (nominal terms) during this period. Capital expenditure for this project is R281 million ($34 million) at current exchange rates, most of which has been committed.
- VCR pillar project, which accesses the VCR pillar area located outside the zone of influence, began production in 2005. Development is scheduled to be completed in 2010. Total production is estimated at almost 218,000 ounces at a capital cost of R123 million ($15 million), of which R118 million ($14 million) has been spent to date.

Outlook
Production in 2009 is projected to decrease by 5% to 9,296 kilograms (295,000 ounces) at a total cash cost of between $330/oz and $350/oz. Capital expenditure of R433 million ($44 million) is planned.
South Africa, TauTona

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VAAL RIVER

The Great Noligwa, Kopanang, Moab Khotsong and Tau Lekoa mines are situated near the towns of Klerksdorp and Orkney on the border of North West Province and the Free State. The AngloGold Ashanti Vaal River operations have among them four gold plants, one uranium plant and one sulphuric acid plant. Combined, the Vaal River operations (including surface operations) produced 34,785 kilograms (1,119,000 ounces) of gold, equivalent to 22% of group production.

GREAT NOLIGWA

Description

Great Noligwa adjoins Kopanang and Moab Khotsong and is located close to the town of Orkney on the Free State side of the Vaal River. The Vaal Reef, the primary reef, and the Crystalkop Reef, a secondary reef, are mined here. This mining operation consists of a twin-shaft system and operates over eight main levels at an average depth of 2,400 metres. As from the end of June 2008, the SV4 section was transferred from Great Noligwa to Moab Khotsong.

Owing to the geological complexity of the orebody, a scattered mining method is employed. Great Noligwa has its own dedicated milling and treatment plant which applies conventional crushing, screening semi-autogenousgrinding and carbon-in-leach processes to treat the ore and extract the gold.

Safety

Great Noligwa achieved OHSAS 18001:2007 certification during the year and received its tenth one million fatality-free shifts award on 25 September 2008. Safety as measured by the LTIFR deteriorated slightly. The LTIFR for the year was 14.66 per million hours worked (2007: 14.46). There was regrettably one fatality in 2008,

Operating review

Production declined by 32% to 10,268 kilograms (330,000 ounces) in 2008. Tonnes mined decreased by 34%. The fall in production was largely attributable to the transfer of the high-grade SV4 section to Moab Khotsong from where it can be more easily accessed. Power savings initiatives during the first quarter of the year and safety stoppages further contributed to the decline in production.

Review of operations

South Africa *cont.*

Great Noligwa		2008	2007	2006
Pay limit	(oz/t)	0.29	0.34	0.28
	(g/t)	10.07	11.69	9.57
Recovered grade	(oz/t)	0.214	0.220	0.236
	(g/t)	7.33	7.54	8.08
Gold production	(000oz)	330	483	615

Total cash costs
($/oz)
458
403 261
Total production costs
($/oz)
557
507 342
Capital expenditure
($m)
26
37 49
Total number of employees
5,743
6,634 6,579
Employees
5,472
5,908 5,883
Contractors
271
726 696
as compared to 0.11 in 2007.
caused by a mud-rush (2007: two), which is a 50% improvement year-on-year. This gives a FIFR of 0.07

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Great Noligwa
08
07
06
261
Total cash costs
Group average
403
458
Capital expenditure
Great Noligwa
Group
98%
2%
Contribution to attributable
group production in 2008 (%)
Great Noligwa
Other SA operations
Rest of the world
58%
7%
35%
0
100
200
300
400
500
600
700
Gold production (000oz)
Great Noligwa
08
07
06
330
483
615

The overall unit cash cost for the year rose by 31% to R119,140/kg ($458/oz). This increase in costs was the result of lower production volumes and inflationary pressures on the major input costs of power, labour, support and stores. This was offset by an increase in uranium by-product credits as a result of improved production and the cancellation of loss-making uranium contracts.

Capital expenditure totalled R213 million ($26 million) and was spent on ore reserve development and stay-in-business capital.

Growth prospects

As the operation ages, Great Noligwa is in the process of converting from conventional scattered mining to pillar or remnant mining for the remainder of its operational life. Up until now the Vaal Reef has been the most economically viable reef to mine, but as this reef is being mined out, the less economical Crystalkop Reef is being exploited increasingly as are the economically viable support pillars containing the Vaal Reef within the mine's boundaries.

Outlook

Production in 2009 is scheduled to decline by around 30% to around 7,000 kilograms (220,000 ounces) at a total cash cost of between $460/oz and $480/oz. Capital expenditure of R198 million ($20 million) is planned to be spent mainly on further ore reserve development.

Mali, Yatela

KOPANANG
Description
Kopanang adjoins Great Noligwa and is located close to the town of Orkney on the Free State side of the Vaal River. The major reef mined at Kopanang is the Vaal Reef, while a secondary reef, the Crystalkop Reef, is mined on a smaller scale. Mining operations are conducted at depths ranging from 1,350 metres to 2,240 metres.
The Kopanang operation comprises a single shaft system. Given the geologically complex orebody occurring at Kopanang, a scattered mining method is used with the orebody being accessed mainly via footwall tunnelling, raised on the dip of the reef and stoped on strike. Kopanang has a gold processing plant that uses both conventional semi-autogenous grinding and carbon-in-pulp technology. There are two streams of ore into the plant, one of which is fed mainly by Vaal Reef ore while the other is fed exclusively by Ventersdorp Contact Reef ore from Tau Lekoa.
Safety
The mine retained its OHSAS 18001:2007 certification during the year. There was an improvement in safety performance during 2008 with a reported LTIFR for the year of 12.86 per million hours worked (2007: 13.10) and FIFR of 0.14 (2007: 0.22). There were two fatalities, one caused by a tramming accident and the other a fall of ground. Kopanang also received its eighth one million fatality-free shifts award on 11 November 2008. Seven one million fatality-free shifts have been achieved in the past eight years.
Operating review
Gold production decreased to 11,244 kilograms (362,000 ounces), 14% less than the previous year. Lower volumes mined (11% down) coupled with a 6% fall in grade to 6.8 g/t were the major contributions to the production decline. Power outages during the first quarter coupled with related work stoppages contributed to the decline in volumes mined.
Unit total cash cost increased by 32% to R91,516/kg ($348/oz) as a result of the reduced production and increases in the prices of major input costs at rates higher than the CPI.

Kopanang

		2008	2007	2006
Pay limit	(oz/t)	0.32	0.36	0.32
	(g/t)	11.07	12.18	10.92
Recovered grade	(oz/t)	0.199	0.211	0.204
	(g/t)	6.82	7.24	7.01
Gold production	(000oz)	362	418	446
Total cash costs	($/oz)	348		

307 291
Total production costs
($/oz)
492
393 355
Capital expenditure
($m)
47
52 41
Total number of employees
6,031
5,935 5,815
Employees
5,620
5,470 5,360
Contractors
411
465 455

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Kopanang
08
07
06
Total cash costs
Group average
307
348
291
Capital expenditure
Kopanang
Group
96%
4%
Contribution to attributable
group production in 2008 (%)
Kopanang
Other SA operations
Rest of the world
58%
7%
35%
0
100
200
300
400
500
Gold production (000oz)
Kopanang
08
07
06
362
418
446
Annual Report 2008
– 49 –
Growth prospects
A new waste washing plant is planned for 2009. The plant will upgrade the quality of the fines to be added to the Kopanang stream as well as that of the tonnes to be sent to the plant at Great Noligwa for uranium extraction.

The orebody to the west of Kopanang's current mining area is being drilled which, if it proves viable, will extend the life of mine.

Outlook

The overall yield of ore mined is expected to decline in 2009 as the mining of lower grade panels located further from the shaft come into production. The production profile should increase, provided fewer stoppages are experienced, and additional development is planned to overcome problems regarding face length in order to create flexibility.

Gold production is forecast to be around 12,441 kilograms (400,000 ounces) in 2009 with total cash costs estimated to be in the region of between $275/oz and $295/oz. Capital expenditure is planned to increase to R514 million ($53 million), to be spent primarily on the uranium expansion programme, metallurgical improvements and an increase in ore reserve development to improve mining flexibility.

Moab Khotsong, South Africa

TAU LEKOA

Description

Tau Lekoa is one of four mining operations in the Vaal River area. It is close to the town of Orkney on the North West Province side of the Vaal River. Unlike the other Vaal River operations, the major reef mined at Tau Lekoa is the Ventersdorp Contact Reef. Mining operations are conducted at depths ranging from 800 metres to 1,743 metres, making this one of the shallower AngloGold Ashanti mines in South Africa.

The Tau Lekoa operation comprises a twin-shaft system. Because of the geologically complex orebody occurring at Tau Lekoa, a scattered mining method is used with the orebody being accessed via footwall tunnelling while stoping takes place on strike. There are currently seven shaft levels with an average of 70 panels in operation. Tau Lekoa employs hydro-electric power as its primary source of energy.

Ore mined by Tau Lekoa is processed and treated in preparation for gold extraction at the Kopanang gold plant.

Safety

The mine achieved OHSAS 18001:2007 certification during the year. Safety as measured by the rate of lost-time injuries improved to 16.57 per million hours worked compared to 19.07 in 2007. There were no fatalities at Tau Lekoa in 2008.

Operating review

Production declined as planned by 13% to 4,444 kilograms (143,000 ounces) in 2008. This is largely attributable to a 12% decline in volumes mined which were affected by the power outages during the first quarter of 2008 and by safety related stoppages throughout the year.

Total cash costs rose 31% to R140,368/kg ($533/oz) compared with R107,016/kg ($474/oz) the previous year, largely owing to reduced production and inflationary pressures on input costs.

Review of operations

South Africa *cont.*

Tau Lekoa

		2008	2007	2006
Pay limit	(oz/t)	0.17	0.16	0.14
	(g/t)	5.70	5.39	4.85
Recovered grade	(oz/t)	0.104	0.106	0.110
	(g/t)	3.58	3.62	3.76
Gold production	(000oz)	143	165	176
Total cash costs	($/oz)	533	474	440
Total production costs				

($/oz)
658
622 614
Capital expenditure
($m)
18
16 11
Total number of employees
3,034
2,851 2,893
Employees
2,650
2,506 2,514
Contractors
384
345 379

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Tau Lekoa
08
07
06
Total cash costs
Group average
474
533
440
Capital expenditure
Tau Lekoa
Group
99%
1%
Contribution to attributable
group production in 2008 (%)
Tau Lekoa
Other SA operations
Rest of the world
58%
3%
39%
0
50
100
150
200
Gold production (000oz)
Tau Lekoa
08
07
06
143
165
176

Capital expenditure for the year totalled R146 million ($18 million) (2007: R113 million; $16 million), of which $13 million was spent on Ore Reserve development with the balance being spent mainly on the upgrade of the surface refrigeration plant.

Growth prospects

On 17 February 2009, AngloGold Ashanti announced that it had agreed to sell, with effect from 1 January 2010 (or after), the Tau Lekoa mine to Simmer & Jack Mines Limited.

Outlook

Production in 2009 is projected to decrease to around 4,500 kilograms (150,000 ounces) at a total cash cost of between $455/oz and $475/oz. Capital expenditure of R140 million ($14 million) is planned.

Paulus Mazibuko

Senior Electrical Designer

Corporate Office Johannesburg

"I am employed by a company that portrays an excellent corporate citizenship image and has strong values. Those factors are essential to me. Values determine the company culture and the common language for employees. People need to be aligned in their thinking to show the outside world what the company stands for."

MOAB KHOTSONG

Description

Moab Khotsong, the newest of AngloGold Ashanti's South African operations, began commercial production in January 2006. Located south and south-east of Great Noligwa and Kopanang in the Free State province, Moab Khotsong was developed to exploit the Vaal Reef. The first phase of this operation included the development of a main shaft system, a subsidiary ventilation shaft and three main production levels to between 2,600 metres and 3,054 metres below surface.

Given the known geological complexity of the Vaal Reef, a scattered mining method has been employed with haulages, cross cuts and raises pre-developed in a grid system.

Safety

Moab Khotsong achieved OHSAS 18001:2007 certification during the year and received a one million fatality-free shifts award on 21 July 2008. Safety performance improved overall at Moab Khotsong which had an LTIFR for the year of 11.98 per million hours worked (2007: 13.48). There was one fatality in 2008 compared with five in 2007.

Operating review

Production continued to ramp-up with 5,965 kilograms (192,000 ounces) being produced in 2008 (2007: 2,081 kilograms; 67,000 ounces). Of this, 2,194 kilograms (71,000 ounces) were produced in the fourth quarter alone. Great Noligwa's SV4 section was transferred to Moab Khotsong at the end of June 2008, contributing 2,433 kilograms (77,000 ounces) for the six-month period July to December 2008. Moab Khotsong is scheduled to reach full annual production of 13,575 kilograms (436,000 ounces) in 2011. Development of Moab Khotsong was completed by December 2007 at a total cost of R4,193 million ($599 million at an average exchange rate of R7/$).

The values mined and volumes treated increased by 29% and 145% respectively. This was mainly due to the ramp up and transfer of Great Noligwa's SV4 section to Moab Khotsong.

Total cash cost reduced 32% to R102,216/kg ($379/oz) compared to R150,135/kg ($668/oz) the previous year. Unit costs were positively affected by the higher level of production, which helped to offset higher labour and power costs, and losses on uranium contracts.

Review of operations

South Africa *cont.*

Moab Khotsong		2008	2007	2006
Pay limit	(oz/t)	0.69	1.52	–
	(g/t)	23.51	52.12	–
Recovered grade	(oz/t)	0.271	0.232	0.185
	(g/t)	9.31	7.94	6.35
Gold production	(000oz)			

192
67 44*
Total cash costs
($/oz)
379
668
655
Total production costs
($/oz)
632
1,234 1,107
Capital expenditure
($m)
89
89 83
Total number of employees
4,737
3,534 2,904
Employees
2,914
1,986 1,539
Contractors
1,823
1,548 1,365
* Commercial production began in January 2006.

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Moab Khotsong
08
07
06
Total cash costs
Group average
668
379
655
Capital expenditure
Moab Khotsong
Group
93%
7%
Contribution to attributable
group production in 2008 (%)
Moab Khotsong
Other SA operations
Rest of the world
58%
4%
38%
0
20
40
60
80
100
120
140
160
180
200
Gold production (000oz)
Moab Khotsong
08
07
06
192
67
44

Capital expenditure for the year totalled R736 million ($89 million) (2007: R628 million; $89 million) – 66% of total capital spent was for Ore Reserve development, the remainder was mainly on stay-in-business projects as well as the Zaaiplaats project.

Growth prospects

A study is underway on the optimal extraction of the orebody within the lower mine area of Moab Khotsong (beneath the farm Zaaiplaats), focusing on the main, higher-value portion. The aim is to create as continuous a mine as possible, understanding that the window of opportunity for seamless integration has largely passed.

Outlook

Production in 2009 is projected to be around 10,000 kilograms (300,000 ounces), an increase of 70%, at a total cash cost of between $280/oz and $300/oz. Capital expenditure of R719 million ($74 million) is planned, mostly on ore reserve development with the remainder being stay-in-business expenditure as well as for surface drilling.

Veronica Thokozani Wanda

Community and Social Development Officer

Southern African Division

“Working with people living with disabilities, and being a leader, constantly reminds me that safety is our first value. I also have the responsibility of conveying this message to all employees through visible safety actions.”

CERRO VANGUARDIA
Description
AngloGold Ashanti has a 92.5% interest in Cerro Vanguardia with Formicruz (the province of Santa Cruz) owning the remaining 7.5%. Located to the north-west of Puerto San Julian in the province of Santa Cruz, Cerro Vanguardia consists of multiple small open pits with high stripping ratios. The orebodies comprise a series of hydrothermal vein deposits containing gold and large quantities of silver, which is produced as a by-product.
Ore is processed at the metallurgical plant which has a capacity of 2,800 tonnes per day and includes a cyanide recovery plant. Technology at the plant is based on conventional leaching process in tanks and carbon-in-leach with a tailings dam incorporated in a closed circuit. The final recovery of gold and silver is achieved through a Merryl Crowe Method with metallic zinc.
Safety
Safety at Cerro Vanguardia deteriorated during the year. The LTIFR for 2008 was 3.98 per million hours worked compared to 3.34 in 2007. As in 2007, there were no fatalities. Corrective action was taken during 2008 to improve safety performance that included conducting safety awareness workshops for the managers responsible for operational safety, and for supervisors and contractors.
Operating review
Attributable gold production decreased by 25% to 154,000 ounces for the current year. This decline was mostly as a result of intermittent plant breakdowns that resulted in reduced tonnage throughput and poor grade recovery due to unexpected changes in soil composition. Management changes were implemented resulting in improved plant availability and recovered grade in the latter part of the year.
In 2008, total cash costs rose to $608/oz from $261/oz in 2007, reflecting chiefly reduced volumes mined and lower grades as well as lower gold and silver production due to periodic plant breakdowns. Additional factors affecting costs were increases in the cost of mining supplies, a function of the inflationary impact of higher commodity prices and higher maintenance costs (due to an extension on the useful life of some mine equipment), as well as an increase in workforce/contractor costs and a decrease in by-product credits resulting from lower silver sales.
Capital expenditure for the year amounted to $16 million, spent largely on mine equipment, the dispatch system, exploration and plant infrastructure.
Review of operations
Argentina
Cerro
Vanguardia

	2008	2007	2006
Pay limit			
(oz/t)	0.19	0.18	0.13
(g/t)	6.39	3.48	4.56
Recovered grade			
(oz/t)	0.159	0.201	0.213
(g/t)			

5.44
6.88
7.29
Gold production
(000oz) – 100%
166
220
232
Attributable – 92.5%
154
204
215
Total cash costs
($/oz)
608
261
225
Total production costs
($/oz)
757
394
361
Capital expenditure
($m) – 100%
16
20
19
92.5%
15
18
18
Total number of employees
1,072
1,017
906
Employees
756
708
623
Contractors
316
309
283
N
0
1000km
Buenos Aires
San Julian
Rio Gallegas
Bahia Blanca
Cordoba

Santa Fe
Cerro Vanguardia
ARGENTINA
Operations

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Cerro Vanguardia
08
07
06
Total cash costs
Group average
261
608
225
Capital Expenditure
Cerro Vanguardia
Group
99%
1%
Contribution to attributable
group production in 2008 (%)
Cerro Vanguardia
Rest of the world
97%
3%
0
50
100
150
200
250
Gold production (000oz)*
Cerro Vanguardia
Attributable
08
07
06
154
204
215
Annual Report 2008
– 55 –
Growth prospects
The four-year brownfields exploration programme entered its third year in 2008. The focus of the programme is to determine the life of mine and to delineate the shallow, high-grade Mineral Resource. In all 300,000 ounces of gold and 8 million ounces of silver were added to Mineral Resources during 2008.

During 2009, Cerro Vanguardia will start the study on underground mining of the current high-grade and high-stripping ratio open-pit reserves. This project will allow Cerro Vanguardia to reduce the stripping ratio from 25:1 to around 15:1, improve the capital efficiency of the current operation and optimise the feed grade. Development is estimated to start during 2009 with production scheduled to begin in 2010. This mining method at Cerro Vanguardia is estimated to produce approximately 560,000 ounces of gold and 6.3 million ounces of silver.

During 2009, the heap-leach study, investigating the treatment of the low-grade resources at Cerro Vanguardia by a small, heap-leaching operation, will be reviewed and updated. This update will also consider synergies with the new underground mining project. The heap-leach project will increase Cerro Vanguardia's gold production by around 25,000 ounces of gold annually, if approved.

Outlook

Attributable gold production for 2009 is projected to be approximately 160,000 ounces at a total cash cost of between $410/oz and $430/oz. Gold recovered grade is predicted to be 6.3 g/t. Attributable capital expenditure of $20 million is scheduled for 2009, to be spent mostly on the study, development and construction of underground facilities, as well as the improvement of plant infrastructure.

Daniel Pugnalani
Short Term Mine Planning Assistant
Cerro Vanguardia, Argentina

"My job is to collate information from the different disciplines here at Cerro Vanguardia, such as topography, geology and drilling – from there we can do short term planning. It gives me great pleasure to see the emphasis the company puts on safety, the protection of the environment and team work."

AngloGold Ashanti's three assets in Australia are the Sunrise Dam gold mine, and the Boddington and Tropicana joint venture projects. In 2008, production from Sunrise Dam was 433,000 ounces, a decline of 28% from 2007 and equivalent to 9% of group production for the year.

At year-end ownership of these assets, all in the state of Western Australia, was as follows:

- The Sunrise Dam gold mine which is 100% owned by AngloGold Ashanti and currently the only producing AngloGold Ashanti operation in Australia.
- The Boddington project, a joint venture between AngloGold Ashanti (33.33%) and Newmont Mining Corporation (66.67%).
- The Tropicana project, a joint venture between AngloGold Ashanti (70%) and Independence Group NL (30%).

SUNRISE DAM

Description

The Sunrise Dam gold mine is located in the northern goldfields of Western Australia, 220 kilometres north-east of Kalgoorlie and 55 kilometres south of Laverton. The mine consists of a large open pit, which is now in its twelfth year of operation, and an underground mine, which began producing in 2003. Mining at both operations is conducted by contractors and the ore mined is treated in a conventional gravity and carbon-in-leach processing plant which is owner-managed.

Safety

No fatalities were recorded and there was an improvement in the rate of lost-time injuries. The LTIFR for the year was 1.83 per million hours worked (2007: 2.63).

Operating review

Production decreased by 28% to 433,000 ounces in line with expectations as mining of the high-grade ore in the base of the Mega Pit was completed. Mill feed comprised stockpiled ore and approximately 73,000 ounces of gold production was sourced from the underground mine where 2,107 metres of underground capital development and 6,661 metres of operational development were completed. A total of 41,417 metres of diamond drilling was also completed.

Review of operations

Australia

Sunrise Dam		2008	2007	2006
Pay limit	(oz/t)	0.09	0.06	0.05
	(g/t)	2.79	1.76	1.64
Recovered grade*	(oz/t)	0.101	0.142	0.099
	(g/t)	3.46	4.86	3.39

Gold production
(000oz)
433
600 465
Total cash costs
($/oz)
531
306 298
Total production costs
($/oz)
635
385 376
Capital expenditure
($m)
19
30 24
Total number of employees
410
357 382
Employees
77
102 99
Contractors
333
255 283
* open-pit operation
Darwin
Adelaide
Perth
Boddington
Sunrise Dam
Melbourne
Canberra
Sydney
Brisbane
Laverton
Kalgoorlie
N
Operations
0
800km
Tasmania
AUSTRALIA
Tropicana

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Sunrise Dam
08
07
06
Total cash costs
Group average
306
531
298
Capital expenditure
Sunrise Dam
Group
98%
2%
Contribution to attributable
group production in 2008 (%)
Sunrise Dam
Rest of the world
91%
9%
0
100
200
300
400
500
600
700
Gold production (000oz)
Sunrise Dam
08
07
06
433
600
465
Annual Report 2008
– 57 –
Processing plant throughput in 2008 was 3.8 million tonnes, equal to throughput in 2007.
The conversion of the mine's diesel power station to liquefied natural gas (LNG) was delayed by an explosion at the Varanus Island gas production installation and the LNG facility will begin operation in the first quarter of 2009.
Total cash costs increased by 75% to A$619/oz (an increase of 74% in US dollar terms to $531/oz). Cash costs

were impacted by significantly higher input costs, specifically for fuel and labour, during the year.

Capital expenditure for the year amounted to A$23 million ($19 million).

Growth prospects

The main open pit (the Mega Pit), with a final depth of 440 metres was completed during 2008. A cutback of the north wall of the open pit is underway and is scheduled for completion in mid-2010. Ore from the cutback will be blended with stockpiled ore and ore from the underground mine.

Successful exploration and advances in geological understanding have resulted in further growth in underground reserves which increased to 1.01 million ounces (after depletion). Underground resources at year-end were 2.49 million ounces (indicated 1.44 million ounces). Total reserves (after depletion) at the mine at year-end were 1.9 million ounces and total resources (after depletion) were 3.85 million ounces.

Outlook

Gold production for 2009 is projected to be approximately 410,000 ounces, with more than 120,000 ounces sourced from the underground mine. Underground production will continue to ramp up for the next several years, with a current peak capacity target of 200,000 ounces per year.

Total cash costs are estimated to be between A$785/oz and A$815/oz ($530/oz and $550/oz) while capital expenditure is scheduled to be A$25 million ($17 million) – to be spent primarily on the underground mine.

BODDINGTON

Description

Boddington is located 130 kilometres south-east of Perth in Western Australia. The original, predominantly oxide open-pit operation was closed at the end of 2001. Construction of the Boddington Expansion Project, which will mine the extensive basement reserves beneath the oxide pits, was approved in March 2006 and was well advanced by year-end.

Operating review, growth prospects and outlook

Development of the expansion project was approximately 88% complete at year-end, with AngloGold Ashanti contributing $419 million towards capital costs in 2008. Subsequent to the financial year-end, AngloGold Ashanti announced the sale of its 33.33% stake in Boddington to the Newmont Mining Corporation.

TROPICANA

Description

The Tropicana Joint Venture comprises more than 13,000 square kilometres of tenements stretched along more than 300 kilometres of the ancient collision zone between the Yilgarn Craton and the Albany Fraser Province in Western Australia. The Tropicana Gold Project is located 330 kilometres east-north-east of Kalgoorlie within the northern part of the joint venture area. AngloGold Ashanti holds a 70% interest in the Tropicana JV and Independence Group NL holds a 30% interest.

Operating review, growth prospects and outlook

The pre-feasibility study on the Tropicana Gold Project began in June 2007. The study, which focuses on the Tropicana and Havana zones, is scheduled for completion in the second quarter of 2009.

Review of operations

Australia *cont.*

Boddington

	2008	2007	2006
Capital expenditure			
($m) – 100%	1,257	747	180
($m) – 33.33%	419	249	60
Total number of employees	788	424	97
Employees	92	37	12
Contractors	696	387	85

The emphasis of drilling at the Tropicana Gold Project has been to increase the confidence of the resource estimate, which has increased by almost 1 million ounces. The resource comprises a Measured 19.9 million tonnes grading 2.38g/t, an Indicated 31.0 million tonnes grading 2.06 g/t and an Inferred 24.3 million tonnes grading 1.83g/t for a total resource estimate of 75.3 million tonnes grading 2.07g/t and containing 5 million ounces of gold.

Metallurgical testwork and engineering studies have determined that the preferred plant configuration is a conventional carbon-in-leach circuit. Energy efficiency is an important consideration for the project with studies focused on assessment of the optimal crushing and grinding circuit, which will include energy-efficient high-pressure grinding rolls. A wide range of processing rates of up to 7.5 million tonnes per annum have been evaluated. Further pre-feasibility study level work is being undertaken to optimise mine planning and scheduling as a result of the increase in resources. A comprehensive review of electrical power options is in progress with the objective of achieving low operating costs. Diesel, gas, electrical grid reticulation and solar thermal power are being evaluated.

Extensive baseline environmental studies for the project have been substantially completed with formal submission of major Environmental Impact Assessment documents scheduled for early 2009. It is anticipated full environmental permitting of the project will take approximately 12 months to complete.

Regional exploration continues on the greater tenement package (see the Global exploration section of this report for additional information).

Luke Bergin

Senior Project Geologist, Perth Office, Australia

"I believe Corporate Social Investment (CSI) is an integral part of any company's strategy, and it is important that AngloGold Ashanti is committed to ensuring that our host communities have a sustainable future."

The two AngloGold Ashanti assets in Brazil are AngloGold Ashanti Brasil Mineração and Serra Grande. In 2008, these operations together produced an attributable 407,000 ounces of gold, equivalent to 8% of group production.

ANGLOGOLD ASHANTI BRASIL MINERAÇÃO

Description

The wholly-owned AngloGold Ashanti Brasil Mineração (Brasil Mineração) complex is located in south-eastern Brazil in the state of Minas Gerais, close to the city of Belo Horizonte, in the municipalities of Nova Lima, Sabará and Santa Bárbara. Ore is sourced from the Cuiabá underground mine, and then processed at the Cuiabá and Queiroz plants, and from the Córrego do Sítio heap-leach operation.

Safety

Safety levels deteriorated during the course of the year with the LTIFR at 3.06 per million hours worked in 2008 as opposed to 2.30 in 2007. A safety programme to restore former levels of safety performance and renew awareness of the importance of working safely among employees has been put in place. There were no fatalities in 2008.

Operating review

Gold production for 2008, supported mainly by the Cuiabá mine, where the expansion project has been completed, and the Córrego do Sítio mine, was almost unchanged in line with expectations at 320,000 ounces. From an operating perspective, the development rate at Cuiabá improved as planned with a focus on greater mine flexibility. Strategic action was taken to enhance long-term performance at Cuiabá and extend its life of mine. This included increasing the backfill rate to the mine, re-structuring the maintenance programme and reviewing maintenance contracts, as well as implementing a management strategy focusing on cost optimisation in 2009. Also introduced were new preventive controls and the monitoring of geotechnical conditions and the stability of the hangingwall in particular. All of these actions are aimed at consolidating a sustainable long-term rate of production.

Total cash costs rose by 29% to $300/oz. Higher costs were largely a result of the appreciation of the local Brazilian currency (the real) against the US dollar and higher inflation on materials, services and maintenance costs, partially offset by the better price received for sulphuric acid by-product.

Review of operations

Brazil

Brasil Mineração		2008	2007	2006
Pay limit	(oz/t)	0.15	0.13	0.09
	(g/t)	5.16	3.50	3.10
Recovered grade*	(oz/t)	0.222	0.218	0.222
	(g/t)	7.62	7.48	7.60
Gold production	(000oz)			

320
317 242
Total cash costs
($/oz)
300
233 195
Total production costs
($/oz)
432
344 266
Capital expenditure
($m)
69
117 168
Total number of employees
2,987
3,434 3,611
Employees
1,954
1,814 1,546
Contractors
1,033
1,620 2,065
* underground operation
N
Operations
0
1000km
Rio de Janeiro
Manaus
Recife
Brasilia
Crixas
Belo Horizonte
Sao Paulo
Salvador
Belem
Serra Grande
AngloGold
Ashanti
Brasil
Mineração
BRAZIL

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Brasil Mineração
08
07
06
Total cash costs
Group average
233
300
195
Capital expenditure
Brasil Minera o
Group
94%
6%
Contribution to attributable
group production in 2008 (%)
Brasil Minera o
Rest of the world
94%
6%
0
50
100
150
200
250
300
350
Gold production (000oz)
Brasil Mineração
08
07
06
320
317
242
Annual Report 2008
– 61 –
Capital expenditure for the year totalled $69 million, significantly lower than the $117 million spent in 2007 given the completion of the Cuiabá Expansion Project. Expenditure in 2008 was mostly on increasing ore development and the acquisition of new equipment to enhance the rate of development at the Lamego and Córrego do Sítio projects.

Growth prospects

The Córrego do Sítio Underground Sulphide Project continues and will exploit the sulphide resources of the Córrego do Sítio underground orebodies, namely Cachorro Bravo, Laranjeiras and Carvoaria Velha. The project estimates production of 90,000 ounces of gold annually from a total of 5.4Mt of ore milled. Full production is scheduled to begin in 2012.

The development of a ramp and exposure of the Cachorro Bravo and Laranjeiras orebodies continues as does the access drives to the Carvoaria Velha orebody. Exposure of the Laranjeira orebody, to increase the extent of the mineable resources, has begun. Trial mining on the Cachorro Bravo orebody is in progress and operational mining parameters for the feasibility study are being confirmed. Two mine methods are being tested: sub-level stoping and cut-and-fill mining. The metallurgical process is being confirmed and indications are that pressure oxidation via autoclaves will be the best option given the characteristics of the ore.

In December 2008, AngloGold Ashanti acquired the São Bento mine, a Brazilian gold mining operation that was wholly-owned by Eldorado Gold Corporation and held in São Bento Mineração S.A., an indirect, wholly-owned subsidiary of Eldorado. The São Bento mine is located in the vicinity of the Córrego do Sítio mine, in the municipality of Santa Bárbara in the Iron Quadrangle region of Minas Gerais State. This acquisition will double the scale and enhance the feasibility of the Córrego do Sítio Project, thus enhancing the dominant position of AngloGold Ashanti as a gold producer in Brazil's Iron Quadrangle.

During 2008, development at the Lamego Project which explores the orebodies on the Lamego property close to the Cuiabá mine, totalled 4,063 metres. Lamego is expected to produce approximately 345,000 ounces of gold over nine years from 2.14Mt of milled ore. Production is scheduled to start in mid-2009. Given the same elliptical structure and the project's proximity to Cuiabá, ore mined here will be treated at the Cuiabá plant – this was factored into the recently completed expansion project at Cuiabá.

The Raposos Project explores the re-opening of the Raposos mine that was mothballed in 1998 when the gold price was less than $300/oz. The existing underground and surface infrastructure at Raposos Mine was reviewed and new technical recommendations made on adapting the existing facilities to the new requirements. The project is based on the ore resources defined in the mine evaluation block between mine levels 34 and 44, totalling 2Mt at 7g/t Au with 530,000 ounces of gold content. The ore mined here will be processed using idle capacity at the Queiroz plant. A feasibility study is being prepared for submission to the board for approval during 2009. Production is expected to begin in 2011 with development activities progressing from 2009 and 2010.

Outlook

Production at Brasil Mineração in 2009 is likely to be at levels similar to those of 2008, around 320,000 ounces, with production from the Lamego project offsetting lower production at Cuiabá and Córrego do Sítio. In line with this, total cash costs are expected to range from $280/oz to $330/oz while planned capital expenditure of approximately $94 million will be spent predominantly on mine development and projects.

SERRA GRANDE

Description

Serra Grande is located in central Brazil, in the state of Goiás, five kilometres from the city of Crixás. AngloGold Ashanti and the Kinross Gold Corporation are joint partners in this operation. In terms of the shareholders' agreement, AngloGold Ashanti manages the operation and has the right to access a maximum of 50% of the earnings accrued and dividends paid by Serra Grande.

Serra Grande comprises two underground mines, Mina III and Mina Nova, an open pit at Mina III, and a new mine named Palmeiras where the main ramp development began in May 2008. Production here will begin in 2009, during development. Annual capacity of the processing circuit, which has grinding, leaching, filtration, precipitation and smelting facilities, is being expanded from about 818,000 tonnes annually to 1.150Mt annually. This expansion is expected to be completed by mid-2009.

Safety

There was an improvement in safety regarding lost-time injuries during the course of the year with an LTIFR of 1.72 per million hours worked compared with 2.47 in 2007. Unfortunately, there was one fatality in the first quarter of the year (2007: one), a result of an incident involving a truck, which gives a FIFR of 0.43 per million hours worked (2007: 0.49).

Review of operations

Brazil *cont.*

Serra Grande		2008	2007	2006
Pay limit	(oz/t)	0.16	0.14	0.09
	(g/t)	5.61	3.90	3.24
Recovered grade*	(oz/t)	0.221	0.210	0.219
	(g/t)	7.58	7.21	7.51

Gold production
(000oz) –
100%
174
182 194
–
50%
87
91 97
Total cash costs
($/oz)
294
263 198
Total production costs
($/oz)
394
351 265
Capital expenditure
($m) –
100%
41
24 17
–
50%
20
12 8
Total number of employees
1,108
918 817
Employees
725
654 609
Contractors
383
264 208
* underground operation

0
100
200
300
400
500
600
Total cash costs ($/oz)
Serra Grande
08
07
06
Total cash costs
Group average
263
294
198
Capital expenditure
Serra Grande
Group
97%
3%
Contribution to attributable
group production in 2008 (%)
Serra Grande
Rest of the world
98%
2%
0
10
20
30
40
50
60
70
80
90
100
Gold production (000oz)*
Serra Grande
**Attributable*
08
07
06
87
91
97

Attributable production of 87,000 ounces in 2008 represents a decrease of 5% from the previous year. This was chiefly due to the lower tonnage of ore treated at the underground operation. Palmeiras Mine has a resource of 207,000 ounces and is expected to start operating in 2009 with average annual production of 16,000 ounces from 2010.

Total cash costs increased by 12% to $294/oz, again largely due to reduced production, the appreciation of the Brazilian real and inflation, which affected the cost of power, labour, fuel and maintenance services.

Capital expenditure amounted to $41 million, of which $20 million was attributable. This was expended mostly on the plant expansion project, mine development, the main ramp at the Palmeiras mine and resource definition.

Growth prospects

An aggressive brownfields exploration campaign at Serra Grande aims to increase reserves and resources in and around Mina III and Mina Nova. In 2008, there was an increase in resources and reserves at Serra Grande with the discovery last year of the Pequizão orebody that is located between Mina Nova and Mina III. In 2008, exploration activities focused on evaluating the Pequizão strike and down-plunge extension as well as on investigating the continuity of Palmeiras, Orebody V and Mina Nova.

Outlook

In 2009, attributable gold production at Serra Grande is projected to be around 80,000 ounces, a decrease of about 8% given the lower grades to be mined, partially offset by higher tonnages as a result of the expansion. Total cash costs are expected to range from $340/oz to $360/oz and capital expenditure of $56 million (of which $28 million is to AngloGold Ashanti) is to be spent predominantly on mine development, the mine fleet, the completion of the plant expansion project, raising the walls of the tailings dam and other operational improvements.

The two AngloGold Ashanti operations in Ghana, Obuasi and Iduapriem, had combined total attributable production of 557,000 ounces, equivalent to approximately 11% of group production, for the year.

OBUASI

Description

Obuasi, which is wholly owned by AngloGold Ashanti, is located in the Ashanti region of southern Ghana, approximately 80 kilometres from Kumasi. It is primarily an underground mine operating at depths of 1,500 metres, although some surface mining does occur. Three treatment plants process the ore: a sulphide plant treats the ore from underground, a tailings plant undertakes tailings reclamation and an oxide plant is used to batch treat remnant open-pit ore and stockpiles.

Safety

Regrettably there were two fatalities during the year (2007: four), one caused by an accident involving a fall of ground and one by an accident involving machinery. The LTIFR for the year improved to 2.10 per million hours worked, from 2.72 in 2007. The FIFR also improved to 0.10 in 2008 from the previous 0.19 per million hours worked in 2007.

The process to obtain OHSAS 18001:2007 accreditation for Obuasi was completed in December 2008 after a successful certification audit.

Operating review

The marginal decline of less than 1% in annual production to 357,000 ounces in 2008 was a result of a decrease in underground volumes and the grade mined, as well as unscheduled work stoppages at the plant for repairs and maintenance to the ball mill during the year. Water quality issues affected mill tonnages twice during the year and were exacerbated by the delay in the commissioning of the tailings sulphide plant to mid-2009. However production did improve as the year progressed, particularly in the second half of the year as the results of the short-term turnaround project at Obuasi became apparent. Development metres increased, contributing to greater mining flexibility which delivered a greater throughput of tonnes and improved grades in the second half of the year.

Review of operations

Ghana

Obuasi

		2008	2007	2006
Pay limits*	(oz/t)	0.29	0.28	0.23
	(g/t)	9.35	8.49	7.13
Recovered grade*	(oz/t)	0.127	0.129	0.128
	(g/t)	4.37	4.43	4.39
Gold production	(000oz)	357	360	387

Total cash costs
($/oz)
633
459 395
Total production costs
($/oz)
834
698 600
Capital expenditure
($m)
112
94 91
Total number of employees
5,722
6,226 7,839
Employees
4,259
4,672 5,629
Contractors
1,463
1,554 2,210
* underground operation
Accra
Sekondi Takoradi
Tarkwa
Kumasi
Tamale
Bolgatanga
Lake
Volta
GHANA
Obuasi
Iduapriem
N
Operations
0
300km

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Obuasi
08
07
06
Total cash costs
Group average
459
633
395
Capital expenditure
Obuasi
Group
91%
9%
Contribution to attributable
group production in 2008 (%)
Obuasi
Rest of the world
93%
7%
0
50
100
150
200
250
300
350
400
450
Gold production (000oz)
Obuasi
08
07
06
357
360
387

Following plant maintenance around mid-year and the commissioning of a larger regrind mill, metallurgical recoveries did improve in the second half of the year – although overall these too were marginally down on the year.

The 38% increase in total cash costs was due primarily to inflationary pressures resulting in substantial increases in power tariffs, contractor costs and the price of fuel and reagents over the year, as well as higher royalty payments.

Capital expenditure totalled $112 million and was spent on projects $16 million, ore reserve development $44 million and stay in business capital $52 million.

Growth prospects

While Obuasi is currently a focus of the short-term business turnaround plan it is also an initial target of the group’s longer-term business improvement plan, the aim of which is sustained improvements to operational performance and efficiencies. At Obuasi in particular, this strategy aims to increase development metres, which are essential to mining flexibility, to improve the volumes processed and recovered by the sulphide plant by enhancing the grinding and flotation functions, to increase productivity and improve maintenance. The aim is to increase monthly ore production by 35%, grade to 7g/t by end-2009 and metallurgical recoveries at the sulphide plant to 83% by mid-2009. The number of areas being mined will be consolidated to 10 (from 14) and development metres increased so as to ensure 18 months of reserves. In addition, high speed development crews will used to target selected areas. Changes to the mining method include a preference for longitudinal mining and increasing the stope length to a maximum of 70 metres.

Outlook

Production at Obuasi is forecast to be around 400,000 ounces in 2009, at an estimated total cash cost of between $620/oz and $640/oz. Planned capital expenditure is expected to be approximately $126 million, to be spent on projects $22 million, stay-in-business capital $65 million and ore reserve development $39 million.

IDUAPRIEM
Description
Iduapriem comprises two properties, Iduapriem and Teberebie. The Iduapriem mine is situated in the western region of Ghana, some 70 kilometres north of the coastal city of Takoradi and 10 kilometres south-west of Tarkwa. Iduapriem is an open-pit mine and its processing facilities include a carbon-in-pulp (CIP) plant.
Safety
Despite the heightened focus on training and education, safety performance deteriorated during the year. The LTIFR was 1.63 per million hours worked (2007: 0.46). There were no fatalities.
Iduapriem achieved OHSAS 18001 certification in January 2008 after a successful certification audit.
Operating review
Despite the decline in grade mined, attributable production increased by 8% to 200,000 ounces. Crushed tonnage improved significantly by 26% mainly due to commissioning of the Scats crusher in the first quarter and a marked improvement in blast fragmentation, assisting throughput in the second half of the year, despite problems experienced in the first and third quarter with mill gearbox and crusher component failures.
Recovered grade declined by 5% mainly due to a reduced head grade and lower recoveries during the first half of the year. Mechanical upgrading of the hydraulic flow path in the leach section improved residence time and recoveries during the fourth quarter.
Total cash costs increased by 41% on the year to $525/oz as a result of substantial increases in power tariffs during the second half of the year, higher royalty payments and contractor costs; and a surge in the price of fuel and consumables.
Capital expenditure for the year amounted to $54 million, spent primarily on the advancement of the plant expansion project. Due to delays experienced in the delivery of long-lead critical items, project commissioning, originally scheduled for the fourth quarter of 2008, has been postponed to the first quarter of 2009.
Review of operations
Ghana *cont.*

Iduapriem		2008	2007	2006
Pay limits	(oz/t)	0.04	0.06	0.05
	(g/t)	1.43	1.66	1.60
Recovered grade*	(oz/t)	0.051	0.054	0.051
	(g/t)	1.76	1.85	1.74
Gold production	(000oz) – 100%	200	185	196
	– 100%	#		
		200		

167 167
Total cash costs
($/oz)
525
373 368
Total production costs
($/oz)
611
495 478
Capital expenditure
($m) – 100%
54
24 6
– 100%
#
54
23 5
Total number of employees
1,780
1,323 1,251
Employees
732
721 668
Contractors
1,048
602 583
* open-pit operations
# 100% effective 1 September 2007. Prior to this date, the effective holding was 85%.

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Iduapriem
08
07
06
Total cash costs
Group average
373
525
368
Capital expenditure
Iduapriem
Group
95%
5%
Contribution to attributable
group production in 2008 (%)
Iduapriem
Rest of the world
96%
4%
0
50
100
150
200
250
Gold production (000oz)*
Iduapriem
Attributable pre-Sept 2007
08
07
06
200
167
167
Annual Report 2008
– 67 –
Growth prospects
While the mine has limited growth prospects on surface, the recent surge in the gold price has led to renewed interest in evaluating the considerable low-grade Mineral Resources of other properties lying in the Tarkwaian conglomerates that extend below the economic limits of the existing pits. Additional drilling to give more confidence to existing data has been scheduled for 2009 and the scoping study will subsequently be

progressed to the pre-feasibility stage.

Outlook

Production at Iduapriem is projected to remain constant at approximately 200,000 ounces in 2009. Total cash costs are estimated to range from $540/oz to $560/oz with planned capital expenditure of around $24 million, to be spent primarily on the completion of the expansion project and the establishment of the Ajopa pit.

Grace Lina Ansah

Occupational Health Superintendent

Iduapriem, Ghana

“Values are important for a company and its employees. They guide employees’ professional conduct and also inform the vision of the company. AngloGold Ashanti’s values help us to respect each other and the environment.”

AngloGold Ashanti has one gold mining operation, Siguiri, in the Republic of Guinea.
Siguiri produced 333,000 attributable ounces of gold in 2008, equivalent to 7% of group production.

SIGUIRI

Description

AngloGold Ashanti has an 85% interest in Siguiri and the government of Guinea has a 15% stake. The Siguiri mine is a conventional open-pit operation situated in the Siguiri district in the north-east of the Republic of Guinea, West Africa, about 850 kilometres from the capital city of Conakry. All ore and waste is mined by a mining contractor and the ore is processed using a carbon-in-pulp (CIP) process. Siguiri mines two types of gold deposits, laterite and in situ quartz-vein related mineralisations that have been deeply weathered to form saprolite mineralisation.

Safety

Overall safety standards were maintained at Siguiri with an LTIFR for the year of 0.42 per million hours worked (2007: 0.41). There were no fatalities.

Following a successful certification audit, the process to obtain OHSAS 18001:2007 accreditation was completed in December 2008.

Operating review

Attributable production increased by 19% to a record of 333,000 ounces in 2008. This increase was a function of improved throughput – the CIP plant performed consistently well throughout the year, with availability of 93%, the processing of 10 million tonnes aided by increased throughput during the wet season and a metallurgical recovery rate of 95.8% for the year – and the mining of higher grade pits early in the year which led to improved yields.

Total cash costs were fractionally higher at $466/oz (2007: $464/oz). Cost pressures, resulting from higher unit costs for fuel and reagents were countered by the increased level of production.

Review of operations

Guinea

Siguiri		2008	2007	2006
Pay limit	(oz/t)	0.03	0.03	0.03
	(g/t)	0.93	0.95	0.94
Recovered grade*	(oz/t)	0.035	0.031	0.032
	(g/t)	1.20	1.05	1.08
Gold production	(000oz) – 100%	392	330	301
	– 85%			

333
280 256
Total cash costs
($/oz)
466
464 399
Total production costs
($/oz)
542
599 552
Capital expenditure
($m) – 100%
22
21 16
–
85%
18
18 14
Total number of employees
2,933
2,917 2,708
Employees
1,489
1,537 1,541
Contractors
1,444
1,380 1,167
* open-pit operations
N
Operations
0
200km
Conakry
Labe
Dabola
Kankan
Siguiri
GUINEA

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Siguiri
08
07
06
Total cash costs
Group average
464
466
399
Capital expenditure
Siguiri
Group
98%
2%
Contribution to attributable
group production in 2008 (%)
Siguiri
Rest of the world
93%
7%
0
50
100
150
200
250
300
350
Gold production (000oz)*
Siguiri
Attributable
08
07
06
333
280
256

Attributable capital expenditure for the year of $18 million was spent on brownfields exploration $12 million and stay in business capital $6 million.
Growth prospects

It is expected, with the exploration at Kintinian and Sintroko nearing completion, that additional ounces will be converted to reserves in early 2009. Regarding the CIP plant, the designs of a second gravity concentrator and de-gritting facilities are being finalised and these will be installed during 2009; they are expected to improve plant recovery and increase throughput. Studies are underway to increase plant throughput from 2010 onwards.

Outlook

Attributable gold production for 2009 is projected to decline to approximately 300,000 ounces with total cash costs ranging from $495/oz to $515/oz. Capital expenditure of $27 million is scheduled for 2009, to be spent on brownfields exploration $7 million, stay in business capital $15 million and projects $5 million.

Madima Camara

Receptionist

Siguiri, Guinea

"To me, labour practices and good healthcare are important in any business. Here at Siguiri in Guinea, I think there is a lot of emphasis on skills and training, without any discrimination and this contributes to the development of our workforce."

AngloGold Ashanti has interests in three gold mining operations in Mali, namely, Sadiola, Yatela and Morila. It manages two of these operations, Sadiola and Yatela. Together these three operations had combined attributable production of 409,000 ounces, 8% of group production.

Ownership of these three operations is as follows:

- Sadiola: AngloGold Ashanti and IAMGOLD each have an interest of 38% in the joint venture while the government of Mali has an interest of 18% and the International Finance Corporation, 6%.
- Yatela: this operation is 80% owned by the Sadiola Exploration Company Limited, a joint venture in which AngloGold Ashanti and IAMGOLD each have an effective holding of 50%. The government of Mali owns the remaining 20%.
- Morila: this operation is 80% owned by Morila Limited, a joint venture in which AngloGold Ashanti and Randgold Resources each have an effective holding of 50%. The government of Mali owns the remaining 20%. Randgold Resources took over the management of this operation during 2008.

Total attributable production from the Mali operations was 7% down on that of 2007. Overall the total cash cost at these operations was $430/oz, an annual increase of 23%. This increase was a function of reduced production, a weaker dollar against the euro and significant increases in the price of fuel, mining contract and reagents costs.

SADIOLA

Description

Sadiola is situated in the far south-west of the country, 77 kilometres to the south of the regional capital of Kayes. Mining takes place in five open pits and the ore mined is treated and processed in a 435,000Mtpm (5.2Mtpa) CIP gold plant.

Safety

Overall safety performance improved at Sadiola with an LTIFR for the year of 0.87 per million hours worked (2007: 1.11). There were no fatalities during the year. Sadiola achieved OHSAS 18001:1999 certification in March 2008 after a successful certification audit.

Review of operations

Mali

Sadiola
Yatela
Kayes
Gao
Ségou
Nioro
Tombouctou
MALI
Bamako
Sikasso
Morila
Operations
N
0
500km

Sadiola
2008
2007 2006

Pay limit
(oz/t)
0.07
0.08 0.06
(g/t)
2.18
2.46 1.98
Recovered grade
(oz/t)
0.100
0.081 0.094
(g/t)
3.42
2.76 3.22
Gold production
(000oz) – 100%
453
369 500
–
38%
172
140 190
Total cash costs
($/oz)
399
414 270
Total production costs
($/oz)
554
462 335
Capital expenditure
($m) – 100%
8
16 11
–
38%
3
6 4
Total number of employees
– 100%
1,510
1,529 1,294
Employees
634
618 589
Contractors
876
911 705

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Sadiola
08
07
06
Total cash costs
Group average
414
399
270
Capital expenditure
Sadiola
Group
99.8%
0.2%
Contribution to attributable
group production in 2008 (%)
Sadiola
Rest of the world
97%
3%
0
50
100
150
200
Gold production (000oz)*
Sadiola
Attributable
08
07
06
172
140
190

Operating review
Attributable production rose by 23% in the year to 172,000 ounces (2007: 140,000 ounces). The major contributor was the improved recovery rates achieved after commissioning of the gravity circuit in December 2007. The new circuit configuration had a major impact on both sulphide and oxide ore recoveries during 2008. Major mechanical breakdowns in the milling section during the second and third quarters were offset by changing the feed blend to the plant to include more higher grade sulphide material.

Total cash costs declined by 4% to $399/oz (2007: $414/oz), largely owing to the increased level of production with the resultant economies of scale and a decrease in the consumption of reagents given the change in the ore blending process. The inflationary pressures of higher fuel, reagents and mining contract costs were mitigated by increased production.

Total capital expenditure of $8 million – attributable $3 million – was spent during the year with most of this expenditure being on the completion of phase 2 of the gravity circuit installation ($2.4 million) and on the deep sulphide project ($2.2 million).

Growth prospects

The review of various options to improve current assumptions in the Deep Sulphide Project continues. The review is focused on the mining method to be implemented, scale, energy consumption, and metallurgical recovery so as to convert the vast indicated resource below the main pit into a reserve. A significant improvement was made in the understanding of sulphide ore recovery in 2008 and the commissioning of the new gravity circuit at the concentrator at the end of 2007 has enabled recovery of the very high-grade sulphide ores on stockpile.

Outlook

Attributable production at Sadiola is projected to be 130,000 ounces at a total cash cost of between $495/oz and $515/oz. Capital expenditure of $8 million ($3 million attributable) is planned.

YATELA

Description

Yatela is situated some 25 kilometres north of Sadiola and approximately 50 kilometres south-south-west of Kayes. This is a single pit operation. The ore mined is treated at a heap-leach pad together with carbon-loading. The carbon is then eluted and the gold smelted at nearby Sadiola.

Safety

Overall safety performance regressed considerably at Yatela with an LTIFR for the year of 1.15 per million hours worked (2007: 0.39). There were no fatalities during the year. Yatela achieved OHSAS 18001 certification in March 2008 after a successful certification audit.

Operating review

Attributable gold production at Yatela declined by 45% to 66,000 ounces for the year (2007: 120,000 ounces). The main reason for this decline in production was a marked decrease in head grade owing to underperformance of Pushback 5, which led to lower grade ore being supplied for stacking at the heap-leach pads. Yatela successfully changed the mining contractor employed at the mine during the year.

Total cash costs rose by 78% to $572/oz, a result of the significantly reduced levels of production, weaker dollar against the euro and higher fuel and reagent prices.

Capital expenditure of $8 million (attributable $3 million) in 2008 was spent mostly on the construction of additional leach pads.

Yatela		2008	2007	2006
Pay limit	(oz/t)	0.04	0.04	0.06
	(g/t)	1.34	1.37	1.79
Recovered grade	(oz/t)	0.078	0.101	0.120
	(g/t)	2.66	3.46	4.12
Gold production	(000oz) – 100%	165	301	352
	– 40%	66		

120
141
Total cash costs
($/oz)
572
322
228
Total production costs
($/oz)
591
381
299
Capital expenditure
($m) – 100%
8
5
3
–
40%
3
2
1
Total number of employees
– 100%
888
903
878
Employees
305
265
203
Contractors
583
638
675

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Yatela
08
07
06
Total cash costs
Group average
322
572
228
Capital expenditure
Yatela
Group
99.8%
0.2%
Contribution to attributable
group production in 2008 (%)
Yatela
Rest of the world
99%
1%
0
50
100
150
200
Gold production (000oz)*
Yatela
Attributable
08
07
06
66
120
141
Annual Report 2008
– 73 –
Growth prospects
The push back 7 project will allow the operation to access the bottom of the main pit in 2009.
Outlook
Attributable production at Yatela is projected to be 90,000 ounces. Total cash costs are expected to decrease to between $440/oz and $460/oz. Capital expenditure of $2.5 million ($1 million attributable) is planned.
Mali, Yatela

MORILA

Description

The Morila mine is situated some 180 kilometres by road south-east of Bamako, the capital of Mali. Open-pit mining takes place at five pushbacks within one pit. On completion, the Morila pit will be approximately 1.4 kilometres by 1 kilometre and up to 240 metres deep. The plant, which is based on a conventional carbon-in-leach (CIL) process with an upfront gravity section to extract the free gold, has throughput capacity of 4.2Mtpa. The Morila mine is managed by AngloGold Ashanti's joint venture partner, Randgold Resources Limited.

Safety

Safety is under the control and management of Randgold Resources.

Operating review

Attributable gold production at Morila decreased 6% to 170,000 ounces (2007: 180,000 ounces), as a result of changes in the geological model. Closely drilled grade control holes did not confirm the high grades scheduled from the resource, and as a result, lower grades than planned were fed to the processing plant. Volumes mined were 20% lower in 2008 as compared to 2007, due to the mining of the relatively narrower areas at the final limits of the pit.

Total cash costs increased 20% to $419/oz, a result of the reduced levels of production, a weakening in the dollar against the euro, and significant increases in fuel, mining contractor and certain reagent costs.

Capital expenditure of $3 million (attributable $1 million) in 2008 was spent on stay-in-business capital.

Morila		2008	2007	2006
Pay limit	(oz/t)	0.06	0.08	0.08
	(g/t)	2.17	2.46	2.41
Recovered grade	(oz/t)	0.090	0.098	0.113
	(g/t)	3.08	3.36	3.88
Gold production	(000oz) – 100%	425	450	517
	– 40%	170	180	207
Total cash costs	($/oz)	419	350	275

Total production costs
($/oz)
495
421 349
Capital expenditure
($m) – 100%
3
1.3 3
–
40%
1
0.5 1
Total number of employees
– 100%
1,703
1,686 1,575
Employees
605
498 500
Contractors
1,098
1,188 1,075

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Morila
08
07
06
Total cash costs
Group average
419
275
350
Capital expenditure
Morila
Group
99.9%
0.1%
Contribution to attributable
group production in 2008 (%)
Morila
Rest of the world
97%
3%
0
50
100
150
200
250
Gold production (000oz)*
Morila
Attributable
08
07
06
170
180
207
Annual Report 2008
– 75 –
Growth prospects
Exploration work focused mainly on the creation of a 3D model and testing the applicability of recent interpretations to the broader permit area. The regional geological modelling and motivation for targeted areas drilling will be completed by December 2008. Drilling of key targets will commence in early 2009.
Outlook

From April 2009, Morila will only process stockpiles. Attributable production at Morila is projected to be around 130,000 ounces while total cash costs are forecast to increase to between $550/oz and $570/oz. Capital expenditure of $10 million ($4 million attributable) is planned for 2009, to be spent on the purchase of the mining fleet from the mining contractors.

Mali, Morila

AngloGold Ashanti has one wholly owned gold mining operation in Namibia, Navachab.
In 2008, Navachab produced 68,000 ounces of gold, equivalent to 1% of group production.
NAVACHAB
Description
Navachab Gold Mine an open-pit mine is situated near the town of Karibib, some 170 kilometres north-west of the capital Windhoek, and 171 kilometres inland on the south-west coast of Africa.
Safety
Safety, health and the environment are matters of key importance at Navachab. In 2008 the mine was both fatality and lost-time injury free. The improvement in safety performance was a highlight of 2008 and maintaining this track record is an aim of management.
Operating review
Gold production at Navachab declined by 15% to 68,000 ounces in 2008, largely a result of the significant production challenges encountered. This included the substantially reduced availability of drilling machines, with respect to both performance and capacity which affected mining throughput, as well as the shortage of skills which contributed to a decrease in tonnes broken for the year. In addition, underperformance at the North Pit 2 satellite pit, which had a budgeted contribution of 31% to plant feed, affected overall mine production negatively. The decrease in tonnes mined affected stockpile volumes and values, resulting in decreased mine flexibility and a decline in grades.
Capital expenditure for the dense media separation (DMS) plant was approved in 2008. Construction and commissioning of the DMS plant will begin in 2009 and the benefits resulting from its use will be realised from 2010 onwards.
Review of operations
Namibia
Navachab

		2008	2007	2006
Pay limit	(oz/t)	0.04	0.04	0.04
	(g/t)	1.29	1.22	1.29
Recovered grade	(oz/t)	0.042	0.046	0.053
	(g/t)	1.43	1.56	1.81
Gold production	(000oz)	68	80	

86
Total cash costs
($/oz)
534
419
265
Total production costs
($/oz)
601
479
348
Capital expenditure
($m)
12
6
5
Total number of employees
482
409
313
Employees
482
409
313
Contractors
–
– –
N
Operations
0
300km
Okahandja
Walvis Bay
Luderitz
Keetmanshoop
Karibib
Tsumeb
Windhoek
Navachab
NAMIBIA

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Navachab
08
07
06
Total cash costs
Group average
534
265
419
Capital expenditure
Navachab
Group
99%
1%
Contribution to attributable
group production in 2008 (%)
Navachab
Rest of the world
99%
1%
0
10
20
30
40
50
60
70
80
90
100
Gold production (000oz)
Navachab
08
07
06
68
80
86
Annual Report 2008
– 77 –
Unit cash costs increased significantly, up 27% to $534/oz, as compared to 2007, the result of increases in the

cost of labour, diesel and explosives, and compounded by the decline in gold production.

Growth prospects

Expansion work on the eastern pushback continues and the additional work on the superpit, which involves the expansion of the hangingwall of the main orebody, is a key aspect of the plan. The dense media separation (DMS) plant is to be incorporated into the mine's processing facilities at a cost of $4.5 million ($17 million was spent on this plant in 2008), and it is expected that this will accelerate production in the short term.

Outlook

Gold production for 2009 is projected to increase to approximately 70,000 at a total cash cost ranging from $430/oz to $450/oz. Capital expenditure of $18 million is scheduled for 2009, to be spent on the DMS plant, rebuilding of major components of heavy mining equipment, replacement and upgrading of major components of the carbon-in-pulp plant, purchase of a drill rig and on exploration.

Namibia, Navachab

AngloGold Ashanti has one gold mining operation in Tanzania, Geita, which produced 264,000 ounces of gold in 2008, equivalent to 6% of group production.

GEITA

Description

The Geita gold mine is situated 80 kilometres south-west of the town of Mwanza in the north-west of Tanzania. The Geita gold deposit is an Archaean mesothermal orebody, largely hosted in a banded ironstone formation. It is a multiple open-pit operation with further underground potential which is currently serviced by a 5.2Mt per annum carbon-in-leach (CIL) processing plant.

Safety

Geita Gold Mine is OHSAS 18001 certified. The lost-time injury frequency rate for 2008 was 0.86 per million hours worked. No fatalities were recorded during the year.

Operating review

Production at Geita declined by 19% to 264,000 ounces in 2008. Lack of access to higher-grade orebodies following the collapse of the Nyankanga Pit in the first quarter of 2007 continued to have an effect on recovered grades which declined to 1.92g/t. Process plant throughput was seriously affected by a 30-day shutdown of the SAG mill during part of September and October resulting in a halving of production for that period.

Global Inflation impacted the entire business. Major contributors to the 55% increase in total production costs of $929/oz included the price of oil, which affected on-site power generation and the running costs of heavy earth-moving equipment, as well as that of spares and reagents. Although a substantial increase in basic salaries was enforced, the total number of employees was reduced through natural attrition by 9% for the year with further consolidation of functions envisaged in the future. In addition, a fourth shift was introduced in the production arena, which had the effect of reducing overtime requirements by some 90%.

Capital expenditure of $53 million, double that of 2007, was spent on the purchase of heavy mining equipment and exploration costs.

Review of operations

Tanzania

Geita

		2008	2007	2006
Pay limit	(oz/t)	0.10	0.09	0.13
	(g/t)	3.10	3.04	4.16
Recovered grade	(oz/t)	0.056	0.059	0.049
	(g/t)	1.92	2.01	1.68
Gold production	(000oz)	264	327	308
Total cash costs	($/oz)			

728
452 497
Total production costs
($/oz)
929
601 595
Capital expenditure
($m)
53
27 67
Total number of employees
3,116
3,226 3,220
Employees
2,130
2,304 2,043
Contractors
986
922 1,177
N
Operations
0
800km
Dar-es-
Salaam
Arusha
Mwanza
Tanga
Dodoma
Tabora
Kigoma
TANZANIA
Geita

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
Geita
08
07
06
Total cash costs
Group average
728
497
452
Capital expenditure
Geita
Group
96%
4%
Contribution to attributable
group production in 2008 (%)
Geita
Rest of the world
95%
5%
0
50
100
150
200
250
300
350
Gold production (000oz)
Geita
08
07
06
264
327
308
Annual Report 2008
– 79 –
Growth prospects
Exploration
Exploration activities during 2008 focused on strike additions at the Area 3, Star & Comet, Kalondwa Hill and Lone Cone deposits, together with the detection of regolith gold anomalies below laterite cover via air core

drilling at Matandani NW. Results suggest, the potential for a 1.7 kilometre zone of gold mineralisation on-strike at Area 3, and infill drilling to prove up the resource continues. To assist future exploration, an airborne geophysics survey of the areas covered by Geita's licences and adjacent prospecting licences started in the third quarter. Early interpretation of transient electromagnetic data defined several targets which will be followed up in 2009. During the third quarter of 2008, An intense programme of advanced grade control was completed at Nyankanga cut 5 to increase confidence in the production forecast for 2009.

New pits

While the Star & Comet pit was commissioned during 2008, the Lone Cone pit was depleted. Pushback 5 in the Nyankanga pit will start yielding ore during the first quarter of 2009, together with the Star & Comet; these two pits will be the main sources of ore in 2009. The Geita Hill pit will provide the background tonnes, albeit at a much lower grade.

Metallurgy

Test work continues to identify processing options regarding the refractory ore from Matandani and Kukuluma. These resources have significant potential, but require unconventional processing.

Outlook

Gold production in 2009 is forecast to increase to 315,000 ounces at a cost ranging from $800/oz to $820/oz as higher grade ore is intersected in the mining schedule. Capital expenditure of $17 million is planned, which includes stay-in-business expenditure and exploration expenditure.

Cripple Creek & Victor Gold Mining Company (CC&V) is AngloGold Ashanti's sole active operation in the United States. In 2008, Cripple Creek & Victor produced 258,000 ounces of gold, 5% of group production.

Description

Located in the State of Colorado in the United States, CC&V's Cresson mine is a low-cost, open-pit mining operation which treats the ore mined by means of a heap-leach pad, which is one of the largest in the world. Production began here in 1994.

CC&V is a joint venture in which two AngloGold Ashanti entities now collectively own 100% after the successful acquisition, effective 1 July 2008, of Golden Cycle Gold Corporation, which previously held a 33% interest in CC&V. On 14 January 2008, AngloGold Ashanti announced the execution of an agreement and plan of merger to acquire 100% of Golden Cycle Gold Corporation, thus consolidating 100% ownership of CC&V. The closing of that transaction was completed with effect 1 July 2008 after approval by Golden Cycle Gold Corporation's shareholders, the satisfaction of certain closing conditions, and the receipt of all necessary regulatory approvals.

Safety

The LTIFR for 2008 was 4.83 per million hours worked (2007: 2.53) and there were no fatalities during the year. Various safety programmes (e.g. DuPont Safety Training (STOP) programme in 2003, risk-based safety management system in 2005, and extension of the STOP programme, called Train the Trainers, in 2007) have been implemented to continue to enhance safety performance at CC&V. A cultural assessment of the workforce by SAFEmap was initiated in 2008 with risk identification classes beginning in the latter part of 2008 and continuing into early 2009. The SAFEmap system will be adapted for use as the safety programme at CC&V.

Review of operations
United States of America
Cripple Creek & Victor

		2008	2007	2006
Pay limit	(oz/t)	0.01	0.01	0.01
	(g/t)	0.34	0.34	0.34
Recovered grade	(oz/t)	0.014	0.016	0.016
	(g/t)	0.49	0.53	0.54
Gold production	(000oz)	258	282	283
Total cash costs	($/oz)	309		

269 248
Total production costs
($/oz)
413
372 356
Capital expenditure
($m)
27
23 13
Total number of employees
421
405 369
Employees
350
338 325
Contractors
71
67 44
N
Operations
0
1000km
Cripple Creek
& Victor
New York
Philadelphia
Denver
Chicago
Los Angeles
San Francisco
Washington DC
UNITED STATES OF AMERICA

0
100
200
300
400
500
600
700
Total cash costs ($/oz)
CC&V
08
07
06
Total cash costs
Group average
309
248
269
Capital expenditure
CC&V
Group
98%
2%
Contribution to attributable
group production in 2008 (%)
CC&V
Rest of the world
95%
5%
0
50
100
150
200
250
300
350
Gold production (000oz)
CC&V
08
07
06
258
282
283

Operating review
In 2008, production at CC&V fell 9% to 258,000 ounces. A total of 24.4Mt were placed on the heap-leach pad. The decline in production was principally a result of the slow percolation in the gold-bearing leach in the leach pad as a result of the greater distance over which the gold-bearing-leach solution had to be transported from the

higher stacked ore to the leach-pad liner. This decline was compounded by a lack of alkalinity at depth that was identified from the 2008 pad drilling programme. This deficiency caused solubilised gold to precipitate at depth. An initiative to increase alkalinity by increasing caustic and lime addition over the pad began in the second half of 2008 and will continue into 2009. Given the size of the pad, recovery of precipitated gold is expected to continue for the next two years.

Overall, there was an increase in total cash costs of 15% to $309/oz, mainly as a result of rising commodity costs, and of diesel fuel in particular. A decrease in costs due to lower contractor costs was diminished by increases in fuel costs as oil prices hit record levels on global markets and inflation in the general US economy.

Capital expenditure for the year amounted to $27 million (2007: $23 million) spent mainly on new equipment and exploration.

Growth prospects

CC&V was successful in being granted the required permits from the State of Colorado and Teller County for a mine-life extension that includes the development of new sources of ore and an extension to the heap-leach facility. The approvals extend the operation of the expanded valley leach facility and the chemical closure activities. Development drilling has further defined areas of interest for which engineering analysis and permitting requirements will be evaluated in a pre-feasibility study to be commissioned in 2009.

Outlook

Gold production for 2009 is projected to increase to around 280,000 ounces at a total cash cost ranging from $350/oz to $370/oz. Operational initiatives will continue to be taken to minimise growth in the leach-pad gold inventory in 2009. Capital expenditure of $77 million is scheduled for 2009, to be spent mostly on major mine equipment purchases and the mine-life extension project.

GOLD

PRODUCTS AND MARKETING CHANNELS

Gold accounts for 98% of AngloGold Ashanti's revenue from product sales. The balance of product sales is derived from sales of silver, uranium oxide and sulphuric acid. AngloGold Ashanti sells its products on international markets.

Gold produced by AngloGold Ashanti's mining operations is processed to a saleable form at various precious metals refineries. Once refined to a saleable product – generally large bars weighing approximately 12.5 kilograms and containing 99.5% gold, or smaller bars weighing 1.0 kilograms or less with a gold content of 99.5% and above – the metal is sold either through the refineries' channels or directly to bullion banks and the proceeds paid to the company.

Bullion banks are registered commercial banks that deal in gold. They participate in the gold market by buying and selling gold and distribute physical gold bullion bought from mining companies and refineries to physical offtake markets worldwide. Bullion banks hold consignment stocks in all major physical markets and finance these consignment stocks from the margins charged by them to physical buyers, over and above the amounts paid by such banks to mining companies for the gold.

Where forward sales contracts exist against which AngloGold Ashanti delivers physical product, the same channel of the refinery is used. In this case, the refinery does not sell the metal on the company's behalf, but instead delivers the finished gold bars to the bullion bank with which the group's forward contract is held. The physical delivery to the counterparty bank of the appropriate amount of gold fulfils AngloGold Ashanti's obligations under the forward contract, and AngloGold Ashanti is paid for this gold by the relevant bullion bank, at the price fixed under the forward contract, rather than at the spot price of the day.

GOLD MARKET CHARACTERISTICS

Gold price movements are largely driven by macro-economic factors such as expectations of inflation, currency fluctuations, interest rate changes or global or regional political events that are anticipated to impact on the world economy. Gold has played a role historically as a store of value in times of price inflation and economic uncertainty. This factor, together with the presence of significant gold holdings above ground, tends to dampen the impact of supply/demand fundamentals on the market. Trade in physical gold is, however, still important in determining a price floor, and physical gold, either in the form of bars or high-caratage jewellery, is still a major investment vehicle in the emerging markets of India, China and the Middle East.

Gold is relatively liquid compared to other commodity markets and significant depth exists in futures and forward gold sales on the various exchanges, as well as in the over-the-counter market.

Breakdown of gold consumption
2008
Jewellery consumption
Investment
Industrial/electronics
Dentistry
2%
64%
23%
11%

A design from the recent AngloGold Ashanti AuDITIONS collection, 'Trendsetting Gold'.

TRENDS IN PHYSICAL GOLD DEMAND

Physical gold demand is dominated by the jewellery industry and the investment sector, which together account for almost 90% of total demand. The balance of gold supply is used in dentistry, electronics and medals.

While the quantity of gold used in jewellery consumption has decreased over the last decade, the investment market has largely taken up available supply. Investment in physical gold includes bar hoarding, coins, medals and other retail investment instruments as well as exchange traded funds (ETFs), which have, since their inception in 2002, become well established as a vehicle for both retail and institutional investors and are now the sixth largest holder of gold, after the major central banks and the International Monetary Fund (IMF).

Newly-mined gold is not the only source of physical gold onto the market, and in fact accounts for just over 60% of supply. Due to its high value, gold is rarely destroyed and some 161,000 tons of gold (approximately 65 years of new mine supply at current levels) is estimated to exist in the form of jewellery, official sector gold holdings (central bank reserves) and private investment.

In 2008, gold was supplied onto the market from newly-mined production (2,385 tons), sales of gold by central banks (485 tons) as well as from sales of scrap gold (977 tons), largely from the jewellery trade
(1)
.

GOLD DEMAND BY SECTOR

Jewellery demand

Geographically, just less than 80% of gold jewellery demand now originates in emerging markets, in comparison to 64% a decade ago. The major markets for gold jewellery are India, China, the Middle East and the United States. The Russian market has also seen recent strong growth, and was the sixth largest single market for gold jewellery in 2008, with demand at just under 100 tons.

In the economies of India and the sub-continent, gold jewellery is purchased as a quasi-investment product. High-caratage jewellery is sold at a relatively small margin to the spot gold price, which is generally transparent to the consumer, and is therefore easily re-sold to jewellers or bullion traders when cash is required or when the jewellery is out of date and needs to be refashioned.

(1)
Source: GFMS

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Gold jewellery demand
by country
India
China
United States
Turkey
39%
22%
7%
8%
15%
5%
4%
Saudi Arabia
Russia
Other

TOP SIX JEWELLERY MARKETS IN 2008
Country
Tons
India

470
China
327
United States
179
Turkey
153
Saudi Arabia
109
Russia
96
Other
804
Global total
2,138
Data Source: GFMS, World Gold Council.

India accounts for more than 20% of global gold jewellery demand and is by far the largest market for gold in jewellery. It also accounted for more than 20% of identifiable investment demand in the sector in 2008. Total bullion imports to India, though they may fluctuate significantly according to price movements during the year, have risen steadily over the last decade.

The characteristics of the gold market in the Middle East are similar, although an important difference is the exceptionally high per capita ownership of gold in some of the countries of that region. In the United Arab Emirates, for example, consumption per capita is some 30 times that in the US or the UK and some 50 times higher than in India.

The Middle Eastern market accounted for over 300 tons of gold demand in 2008 or approximately 15% of the global total. Turkey, Saudi Arabia and the United Arab Emirates are the largest consumers within this market.

In China, approximately 80% of gold is sold in the form of high caratage jewellery which is easily traded, similarly to the Indian and Middle Eastern markets. The balance of gold in China is sold in the form of 18 carat jewellery. Although introduced to the market only in 2002, sales in this category of jewellery have grown quickly due to its appeal to a rapidly-growing market segment of young, independent urban women.

An important feature of the Chinese market in recent years has been the relatively stable nature of gold demand, particularly in comparison to the Indian and Middle Eastern markets, where volatility typically causes price-sensitive consumers to hold back on jewellery purchases.

The US market accounted for approximately 180 tons of jewellery demand in 2008, just over 8% of the global total. Gold in the USA is purchased largely as an adornment product and purchase decisions are dictated by fashion rather than the desire to buy gold as an investment. The intrinsic value of gold as a store of value does still, however, play a role in the purchase decision process.

Investment demand

As well as holdings in ETFs, which have become a well-recognised investment vehicle for gold, primarily in the US and European markets, physical gold investment takes the form of bar hoarding (primarily in India and in China) and official coins (for which the largest market is Turkey).

Physical investment demand has grown significantly since 2003, when it stood at just less than 300 tons, to levels of approximately 770 tons in 2008. Over the course of 2008, demand increased in all of the various retail investment categories, and particularly in ETFs. Holdings in the latter increased from 28 million ounces (approximately 870 tons) to 38 million ounces (approximately 1,180 tons), an increase of 36% over the year. This significant increase in ETF holdings, which has continued post year-end, reflects growing concern over the global financial system and a flight to gold as a ‘safe-haven’ asset.

Industrial and other sectors

The largest industrial use of gold is in electronics, as plating or bonding wire. In line with the growth in the use of personal computers and other electronic instruments globally, the use of gold in this sector has also increased, averaging a growth rate of over 9% in the five-year period from 2002-2007. The overall quantity of gold used in this sector, however, remains small, at only 11% of total demand.

Demand for gold for dentistry purposes continues to decline, however this constitutes only a small portion of total demand, less than 2% of the global total.

Central bank holdings, sales and purchases

Gold held by the official sector, essentially central banks and the IMF, stood at approximately 29,000 tons in 2008. Periodically, central banks buy and sell gold as market participants. Most central bank sales take place under the Central Bank Gold Agreements (CBGA) and therefore without any significant impact on the market. The second of these agreements is currently in its fifth and final year (which ends at the end of September 2009). Central bank sales in the fourth year of the agreement, which ended on 27 September 2008, reached only 343 tons, against the quota of 500 tons available under the agreement. Sales in the first quarter of the current year of the agreement reached only 50 tons, and it therefore seems likely, under current circumstances, that the annual CBGA quota will not be reached.

At this time it seems likely that the current CBGA will be renewed and, that if, any gold sales by the IMF (as recommended by the IMF's Eminent Persons' Committee to support the bank's financial position) will also take place within the framework of the agreement. The process of finalising IMF sales does, however, require US Congressional approval and is therefore likely to be lengthy given the priorities facing the new US administration.

ANGLOGOLD ASHANTI'S MARKETING SPEND

AngloGold Ashanti has since its inception been committed to growing the market for its product. The company's marketing programmes aim to increase the desirability of gold to sustain and grow demand. AngloGold Ashanti is an active member of the World Gold Council, and AngloGold Ashanti's subscription to the World Gold Council accounts for the bulk of the company's marketing spend. The company remains involved in independent projects to grow jewellery demand, in partnership with companies such as Tanishq (a subsidiary of the Tata Group) in India. It has also supported the development of gold concept stores in China, under the 'Just Gold' brand. AuDITIONS, the company's own global gold jewellery design competition brand, continues to grow and has become a well-recognised corporate marketing tool. See the competition website at www.goldauditions.com/

A design from the recent AngloGold Ashanti AuDITIONS collection, 'Hyper Nature'.

THE URANIUM MARKET IN 2008

AngloGold Ashanti's uranium production is sold via a combination of spot sales and long-term agreements. The spot price for U_3O_8 was volatile during 2008. The year opened with a spot price of some $90/lb, declining to an annual low of $44/lb in mid-October and recovering to $53/lb by the end of the year. The long-term U_3O_8 price began the year at $95/lb and remained stable until the end of April when it began to decline, reaching the year-end price of $70/lb. Long-term prices have not shown the same level of volatility as spot prices.

The significant volatility and overall decline in the spot price were driven by low levels of demand in the early part of the year, followed by the impact of the financial crisis in latter months that caused financial players to sell off their uranium inventories with some urgency to improve liquidity. The year-end recovery in prices was most likely caused by unanticipated additional spot demand from China, and may continue on the back of potential demand from India.

The declining spot price has had significant implications on near-term primary supply for uranium producers, and in several cases has made it uneconomical for these producers to continue production. Notably, several projects in the United States and South Africa have been curtailed or postponed, and some in Canada and Kazakhstan are experiencing technical or production difficulties. This may result in a tightening of supply in the short to medium term. However, the medium-to long-term indicators show that there is potential for increases in supply through expansion plans, new discoveries of mineralisation zones and more amenable regulatory environments, particularly in Australia, Russia and Namibia.

Details on secondary supplies from the US also became clearer in 2008 with the Domenici Amendment becoming law in late September 2008. This places limits on imports of low enriched uranium from Russia to about 20% of annual US nuclear reactor requirements between 2014 and 2020. The US also published its uranium inventory disposal plan and capped disposals at 10% of annual US reactor requirements, and will make available up to an additional 20 million pounds of uranium for supplying into initial core programmes of new reactors from 2010 onwards.

On the demand side, there continue to be calls from several countries to increase the proportion of nuclear power supply in their fuel mix to reduce dependence on expensive coal and oil imports and to reduce emissions. According to the International Atomic Energy agency (IAEA), more than 50 countries are considering nuclear power. However, the financial crisis may temper this demand and cause delays to new projects due to lack of available finance.

The long-term outlook for uranium prices remains positive due to continuing forecasts of strong demand and the expectation of continued challenges on the primary supply side. In particular, following the signing of the ‘123 Nuclear co-operation agreement’ between India and the US, demand from India is likely to appear on the spot market.

Total exploration expenditure in 2008 amounted to $183 million, of which $77 million was spent on greenfield exploration, $86 million on brownfield exploration and the balance of $20 million on pre-feasibility studies. The main aim of both the greenfield and brownfield exploration programmes is to identify new attributable resource ounces of gold.

GREENFIELD EXPLORATION

Greenfield exploration activities were undertaken in six countries – Australia, China, Colombia, the Democratic Republic of Congo (DRC), the Philippines and Russia – during 2008. A total of 304,371 metres of diamond, reverse circulation, and aircore drilling was completed in testing existing priority targets and in the delineation of new targets in Australia, Colombia, Russia, the DRC and China (refer to figure below).

Greenfield activities in Russia, China and the Philippines were undertaken predominantly through joint ventures and strategic alliances. While the discovery of new long-life, low-cost mines remains the principal aim of the greenfield exploration programme, AngloGold Ashanti is also committed to maximising shareholder value by divesting those exploration assets that do not meet its internal growth criteria and by opportunistically investing in prospective junior exploration companies.

During the year to 31 December 2008, a total of 13.26 million attributable ounces of Measured, Inferred and Indicated Mineral Resources were defined and announced by AngloGold Ashanti's greenfield exploration teams at two prospects – Tropicana (Western Australia) and La Colosa (Colombia) (see table on page 88).

Global
exploration

Exploration, Colombia

Breakdown of greenfield
exploration expenditure
2008

Colombia
Australia*
DRC
36%
31%
18%
8%
7%

** including pre-feasibilty study*
Exploration in the Philippines was
less than 1%.

China
Russia
0
50
100
150
200
250

Metres (’000) drilled by country
2008

3
2
1
4
5

5
9
12
49
215

1. Australia
2. Colombia
3. Russia
4. DRC
5. China

AngloGold Ashanti global exploration
Cripple
Creek
& Victor
USA
Brazil
Argentina
Navachab
Geita
Namibia
Tanzania
Republic of
SouthAfrica
SA Operations
Great Noligwa
Mponeng
Savuka
Kopanang
Tau Lekoa
Moab Khotsong
TauTona
Mali
Guinea
Morila
Yatela
Sadiola
Siguiri
Obuasi
Iduapriem
Ghana
Sunrise Dam
Australia
Serra
Grande
Cerro Vanguardia
AngloGold
Ashanti
Brasil
Mineração
N
DRC
Mongbwalu
RUSSIA
Veduga
Aprelkovskoye
Yili Yunlong
Jinchanggou
CHINA
Philippines
Mapawa Area
Tropicana

Quebradona
La Colosa
Operations with brownfields exploration
Countries with exploration
Greenfields exploration areas
Greenfields exploration alliance
AngloGold Joint
2008
Ashanti
venture
Additional
Key equity
partner
resources Grade
Country
project
(%)
(%)
(Moz of Au)
(g/t Au)
Colombia
La Colosa
100
–
12.3*
1.00
Australia
Tropicana/Havana
70 Independence
Group (30)
0.96*
2.07
Total
13.26
*At a gold price of $1,000/oz
In the last three years the average discovery cost per ounce of greenfield exploration was $10. At La Colosa, specifically in 2007 and 2008, the discovery cost per additional ounce of gold was $1.
In 2009, exploration expenditure of some $146 million is planned, with $90 million of this budgeted to be spent on greenfield exploration with the remaining $56 million allocated to a pre-feasibility study at La Colosa in Colombia.
Colombia
Drilling and resource modelling at La Colosa has rapidly defined a gold porphyry system with a grade of more than 0.3 g/t Au extending over a strike length in excess of 1,500 metres and a width of 600 metres, which has defined an Inferred Mineral Resource of 381.4Mt @ 1.00g/t Au for 12.3 million ounces of gold at a gold price of $1,000/oz and a lower cut-off of 0.3g/t Au.
Cut-off
Tonnes
Grade
Contained
grade (g/t Au)
(Mt)
(g/t Au)

Metal (kg Au)
Au (Moz)
0.3
381.4
1.00
383,116
12.3
0.4
363.8
1.04
377,225
12.1
0.5
343.5
1.07
368,040
11.8

Based on present drilling and geochemical observations, the La Colosa mineralisation systems, including the La Belgica sector, remain open to the north, south and east. Various additional targets immediately surround the known La Colosa mineralisation. This is the first significant gold porphyry discovery in the Colombian Andes, where AngloGold Ashanti has first mover advantage with granted and application tenements covering an area of some 61,700 square kilometres, with significant potential to increase the Mineral Resource at La Colosa and at other projects.

The La Colosa drill programme was suspended in late February 2008 in order to comply with unexpected environmental requirements. All of the necessary documentation has been submitted to the relevant authorities for approval.

AngloGold Ashanti and its partners actively explored for precious and base metal deposits. In all, 294 targets were generated by systematic exploration in an area covering 4.2 million hectares, on 408 mineral tenement contracts, joint venture partner B2Gold Corp. continued resource delineation drilling at Gramalote, first phase drilling at Quebradona and continued reconnaissance and drill target definition work in three departments in Colombia. Mineros S.A. drilled one target in Antioquia and conducted reconnaissance and drill target definition work at two other targets within the Segovia joint venture in the Antioquia department. Significant results were released from the Quebradona gold-copper porphyry project that are likely to increase the Mineral Resource at this project.

On receipt of all assay and geological data for the AngloGold Ashanti/B2Gold JV Quebradona drilling programme, AngloGold Ashanti has a period of 30 days in which to decide on its level of future participation in the project (49%, 51% or 65% interest). Glencore International remained focused on early stage exploration and conducted airborne geophysical surveys within joint venture areas.

AngloGold Ashanti activities during the year also included flying in-house airborne magnetometry and radiometric surveys for a total of 11,463 line kilometres.

Cartagena
COLOMBIA
Bogotá
La Colosa
Gramalote
Quebradona
500
kilometers
0
250
SOUTH
AMERICA
Segovia
Antioquia
LEGEND
La Colosa - Prospect
Bogotá - Towm
JV Areas
Mineros SA - AGA
Glencore
B2Gold
Tenure
Granted
Free Area
Applications

Exploration, Colombia

Democratic Republic of Congo

Exploration activities undertaken on the 10,000 square kilometre Concession 40 (AngloGold Ashanti 86.22% and OKIMO 13.78%) mineral claim that encompasses most of the Kilo greenstone belt and which remains largely unexplored by modern methods, included both regional work and additional drilling at and around the Mongbwalu resource. Around Mongbwalu, detailed surface mapping and data integration are enhancing understanding of the immediate area's potential. At the Issuru prospect, located approximately 4 kilometres north of Mongbwalu, drilling defined potential economic mineralisation over a strike length of approximately 800 metres and a width of up to 450 metres.

Regional exploration activities focused around four main areas including Lodjo, Bunia West, Mount Tsi and Petsi, all of which are all located within 50 kilometres of the Mongbwalu resource area. Field work concentrated on detailed mapping, soil sampling and trenching. Encouraging results were obtained from trench sampling at Lodjo. At the Petsi prospect, a 30 metres wide potentially gold mineralised shear zone has been identified by trenching over a distance of 1.8 kilometres. Results from infill soil sampling define an anomaly approximately 450 metres wide and 300 metres long. Regional aeromagnetic (5,550 square kilometres) and aerial EM surveys (1,224 square kilometres) were completed. Results of these surveys, combined with those from the regional geochemistry programmes, will provide the platform from which to fast-track regional exploration over the concession.

The findings of the DRC Minerals Review Commission have resulted in AngloGold Ashanti and the AGK joint venture engaging the DRC government to seek resolution and secure the rights to Concession 40. Exploration activities over the Concession 40 licence were suspended in November 2008 following the deteriorating security situation which led to the precautionary withdrawal of most non-essential staff from the concession.

Russia

The formation of Zoloto Taigi, the AngloGold Ashanti/Polymetal strategic alliance vehicle was completed. It is anticipated that this strategic alliance will enable AngloGold Ashanti to increase its presence in Russia by pursuing new opportunities by participating in licence auctions, acquiring equity in prospective projects and by project generation in new or less intensely explored areas. Exploration work to increase and upgrade the resource economics at Veduga was undertaken. Trenching and drilling at this advanced project have demonstrated strike continuation of mineralisation from the south-eastern ore zone for a further 500 metres along strike. At the recently acquired Penchenga property, regional soil geochemistry has begun. The

Uganda
Lake A
lbert
Lake Albert
Mongbwalu
DRC
0
30
60
kilometers
Mount Tsi
Bunia West
Petsi
Lodjo
Bunia
Sudan
Kinshasa

Democratic
Republic
of Congo
LEGEND
Bunia - Towm
Lodjo - Prospect
Exploration, DRC

Bogunay project (42 square kilometres) was sold while negotiations on the sale of Anenskoye (11.8 square kilometres) and Aprelkovskoye (161 square kilometres) continue.

Africa

During 2008, greenfield activities in Africa concentrated on project reviews and regional target generation work in west, central and east Africa. The intention is to increase the level of greenfield exploration in Africa over the next two years.

Philippines

Final approval of the Mapawa Mineral Production Sharing Agreement (MPSA) is awaited from the Department of Environment and Natural Resources (DENR) in Manila. Elsewhere in south-east Asia specific project reviews and project generation work continue.

China

In China, AngloGold Ashanti operates three co-operative joint ventures (CJVs) with local partners at Yili-Yunlong (Xinjiang Province), Jinchanggou (Gansu Province) and Pingwu (Sichuan Province). During 2008, AngloGold Ashanti withdrew from the Pingwu CJV at the time of the devastating Sichuan earthquake.

At the Jinchanggou CJV Project (Gansu Province), soil sampling on the eastern and western tenements indicated significant extensions to known mineralisation with anomalous gold-in-soils over more than a 16 kilometre strike length. Final approval for the Jinchanggou CJV was received from the Gansu government in late June. A subsequent programme of diamond drilling and trenching designed to test the 16 kilometre long gold-in-soil anomaly was completed at the Jinchanggou project in December. Despite intersecting significant intervals of intense alteration and shearing in drilling, analytical results were disappointing.

Results from the diamond drilling programme completed in 2007 to test a conceptual porphyry target on the tenements held by the Yili-Yunlong CJV (Xinjiang Province) returned low gold and copper results. Results of follow-up work on other targets defined by soil sampling and geological mapping, and the investigation of geochemical anomalies coincident with silica-clay alteration, has led to the prospectivity of the area being downgraded.

An intense phase of project generation undertaken in China in 2008 resulted in tenement applications being lodged in three provinces of China; Xinjiang, Inner Mongolia and Heilongjiang.

Australia

In mid 2008, exploration at the Tropicana joint venture (AngloGold Ashanti 70%, Independence Group 30%) moved from a focus on resource drilling of the Tropicana-Havana deposit within the Tropicana Gold Project, to initial testing of targets within potential trucking distance of the planned operation. A large number of discrete targets have been identified within a 50-60 kilometre radius of the proposed plant site (see map).

Field mapping and rock chip sampling at the Black Dragon and Voodoo Child prospects identified outcropping gold mineralisation. Analysis of rock chip sampling from Black Dragon returned high-grade gold and silver results. Subsequent reverse circulation drilling has not explained these surface results. A large geochemical gold anomaly (3 kilometre by 1 kilometre) has been defined at the Kamikaze prospect with encouraging results at the Tumbleweed prospect situated to the north of the resource area. Reverse circulation drilling returned significant results from several other prospects including Rusty Nail and Screaming Lizard.

Initial diamond drilling at Beachcomber, approximately 200 kilometres to the south and within the Tropicana joint venture area, intersected quartz veining with visible gold.

In addition to the Tropicana joint venture area, which totals approximately 12,500 square kilometres, AngloGold Ashanti holds 100% of a substantial land package (~6,764 square kilometres) in the Viking area. Most of the tenements in the Viking project are recent applications, with some tenements having been granted in late 2008. Field activities will begin in 2009.

The recently acquired Bronco Plains joint venture (AngloGold Ashanti earning 50.4%), hosts an approximately 10 kilometre-long gold-in-soil anomaly peaking at 86 ppb gold. In terms of the joint venture agreement with Image Resources, AngloGold Ashanti and Independence Group can earn a combined 72% interest in the project by spending $2 million.

The Tropicana joint venture, Bronco Plains joint venture and the Viking project cover a total distance of 600 kilometres along the margin of the Yilgarn Craton. The 5 million ounce Tropicana discovery, numerous prospects identified by AngloGold Ashanti and promising results reported by other explorers give credence to the Tropicana belt being a strike-extensive new gold province.

BROWNFIELDS EXPLORATION

Brownfields exploration, aimed at identifying replacement ounces for production, was undertaken around the globe at most current operations- with the most success being in South Africa, Australia, Ghana and Guinea. The brownfields exploration programme for 2008 was aimed at replacing ounces at current operations and successfully added a total of 27.5 million ounces to the company's Mineral Resource.

Argentina

At Cerro Vanguardia, reconnaissance drilling continued with 45 kilometres of veins being explored via 454 reverse circulation (RC) holes. This drilling identified 17 veins for infill drilling in 2009. While infill drilling (8,075 metres RC and 11,457.5 metres diamond drilling) extended some of the current ore shoots and added 0.28 million ounces of gold and 7.9 million ounces of silver to the Mineral Resource.

During the year, a hyperspectral survey was completed over the lease area. A new area, El Volcán, was permitted in 2008 and initial exploration activities have commenced. Deep level drilling (+300 metres) to explore the depths of current veins for underground potential began during the year. Initial results are encouraging.

LEGEND
Tropicana - prospect
Perth - Town
Tropicana JV
Granted tenure
Application tenure
Viking
Granted tenure
Application tenure
Bronco Plains JV
Perth
Laverton
Kalgoorlie
Esperance
WESTERN
AUSTRALIA
Esperance
Kalgoorlie
Laverton
WESTERN AUSTRALIA
Voodoo Child
Black Dragon

Tumbleweed
Rusty Nail
Kamikazi
Beachcomber
Tropicana
Havana
Screaming Lizard
Tropicana JV
Viking
Bronco
Plains JV
400
kilometers
0
200
Tropicana, Australia

Australia

At Sunrise Dam, exploration focused on increasing the underground gold Mineral Resource to enable increased production in 2009 and 2010 while defining long-term zones of gold mineralisation up to 1.25 kilometre vertically below the mine. Additionally, short-term opportunities for satellite open pits within the immediate mine area were also investigated. During the period 41,417 metres of diamond core was drilled from 297 drill holes with 8,873.1 metres drilled into the deep targets.

At Boddington Gold Mine, a maximum of five diamond drill rigs were employed during the year to complete a total of 101,700 metres of drilling in 141 holes targeting in-pit Mineral Resource conversion and near-pit Mineral Resource extensions. By the end of 2008, attributable Ore Reserves were increased by 1.1 million ounces to 6.7 million ounces and Mineral Resources increased by 1.6 million ounces to 11.9 million ounces of contained gold. Subsequent to year-end, AngloGold Ashanti disposed of its interest in Boddington to Newmont.

Brazil

At Córrego do Sítio, drilling of underground deposits continued. A total of 37,865 metres were drilled from surface and 10,142 metres from underground during 2008. Furthermore 3,482 metres of underground development, of which 1,107 metres were on reef, was completed. Drilling concentrated on the Carvoaria, Laranjeiras and the Cachorro Bravo orebodies. Minor drilling (2,491 metres) was completed on surface oxide deposits. At Lamego, a total of 22,782 metres were drilled from surface and 17,632 metres from underground. Furthermore a total of 4,063 metres of underground development, of which 1,428 metres were on reef, was completed. The drilling consisted of a combination of intermediate depth surface drilling targeted at the extensions of the Cabeca de Pedra and Arco da Velha orebodies, underground extension drilling of Queimada and surface and underground infill drilling at Carruagem.

On 10 December 2008, the purchase of the São Bento mine was completed. This area will be the focus of significant exploration in 2009.

At Serra Grande, the main targets for 2008 were Pequizão and Palmeiras. A total of 37,000 metres of diamond drilling was completed.

Ghana

At Obuasi, drilling for the Deeps project below 50 level continued with the areas below KMS and Adansi Shafts being targeted from 50 level. Active exploration continued above 50 Level.

At Iduapriem, drilling for the year consisted of Mineral Resource conversion drilling at Ajopa with a combination of RC (10,765 metres) and diamond drilling 3,127 metres). The programme was completed in December and sampling and logging of the diamond core is currently being completed.

Guinea

At Siguiri, early stage exploration in the form of gridded geochemical sampling was conducted in Block 1 (Eureka North – Kantinian corridor and Sintroko South), Block 2 (Manguity and Saraya South), the Naboun Block (28 kilometres north of the mine) and the Corridor Block (11 kilometres from the mine). Reconnaissance air core drilling was undertaken at Satiguia, Manguity (35 kilometres west of the mine), Kouremale (Block 4) and Kolita-Kounkoun (Block 3). Mineral Resource Delineation drilling was conducted at Saraya (55 kilometres west of the mine). Mineral Resource conversion drilling was completed at Sintroko South (8 kilometres south of the mine) and added 0.7 million ounces to the Mineral Resource and allowed for the conversion of 0.7 million ounces to Ore Reserve. Infill drilling was completed on the margins of the Séguélen (Kintinian) project.

A major review of the geology of Block 1 conducted during the year indicated significant upside to the mineralisation. A project which has been launched to remodel the Mineral Resource while at the same time drilling out areas of postulated strike and dip extensions to mineralisation. Initial drilling of hard rock mineralisation below the current pits has provided positive results and this drilling will continue in 2009.

Mali

At Morila, only minor field work was conducted during the year with some pitting and trenching. However a significant amount of core logging and pit mapping was completed. This led to a revised geological model, including lithological overview, tectonic setting and magmatism, being developed during the year. A revised exploration programme proposal is now under consideration.

At Sadiola, exploration work in 2008 concentrated on testing targets defined in the 2007 exploration workshop. A total of seven targets were tested (15,978 metres air core and 5,164 metres of diamond drilling).

Phase 9 of deep sulphide drilling was carried out to the north of the main pit to test the continuity of the mineralisation intersected by previous drilling to the south. A total of 11 diamond holes were drilled (4,420 metres). This was followed by the Phase 10 drilling programme which was undertaken to collect samples for metallurgical test work. This drilling programme comprised seven long holes and 12 wedges drilled from outside the main pit, and seven short holes inside of the pit (6,118 metres).

Sulphide reconnaissance drilling (2,125 metres) was done at the FE4 pit. The programme was initiated to collect geological and structural information as well as to test for the possibility of sulphide mineralisation.

Mineral Resource delineation drilling was conducted at Lakanfla East (5,650 metres) and Sekokoto SE (1,562 metres). Mineral Resource conversion drilling was concentrated at Sekokoto Main (6,515 metres) and FE3S – Gap Area (6,368 metres).

A geophysical survey ground penetration radar test (GPR) was done between FE3 and FE4 to test the efficacy of this method in predicting the thickness of the laterite cover.

At Yatela, a number of boreholes were drilled to test the continuity of the north-west extension mineralisation at depth (1,107 metres). Reconnaissance drilling (4,632 metres) at Donguera indicated some thin mineralised zones. At Dinguilou, a small Mineral Resource conversion programme was completed (3,674 metres) and the Mineral Resource definition programme was completed at year-end. Two small areas of Alamoutala were infill drilled (3,978 metres) after optimisation of the pit showed upside potential. An infill programme was completed at Niamoulama Hill late in December and results are still outstanding. A programme to explore gravity lows in the vicinity of Yatela was started and two holes (218 metres) were completed by year-end.

Namibia

At Navachab, geochemical soil sampling was conducted over the footwall of the Mon Repos Thrust zone (200 samples), the Zebra target (1,762 samples) and the Ostrich and Giraffe targets. Stream sediment sampling was completed over the Okondura licence area with disappointing results. Some initial drilling was completed at the Steenbok and Starling targets. Mineral Resource conversion drilling (15,426 metres) was completed in two phases at Anomaly 16, and at Gecko 11, 868 metres was drilled. Additional Mineral Resource conversion drilling (29,376 metres) was completed around the Main Pit and North Pit 2. A Spectrum electromagnetic survey was flown in November and the interpreted results are expected in early January.

South Africa

Surface drilling continued in the Project Zaaiplaats area, where the target is the Vaal Reef.

A long deflection to the east is in progress in MZA9. The deflection reached a depth of some 2,941 metres when technical issues stopped the advance of the hole. The drilling contractors are trying to reopen the hole.

MMB5 is drilling in the north-west of the main Zaaiplaats block. Due to in hole problems a new deflection was started at 1,702 metres. By the end of the year, the long deflection had reached a depth of 3,172.55 metres. The Vaal Reef was not intersected as expected, due to faulting. Further deflections will be drilled in 2009.

A new hole, MGR8, was started during the year and continued with record excellent advances. By the end of the year the hole had advanced to a depth of nearly 1,596 metres.

Two surface boreholes in the Moab North area continued drilling into 2008. The targets were proposed Vaal Reef blocks in a poorly-defined, structurally complex area, north of the 'Middle Mine' area. MCY5 reached a depth of 3,129.49 metres. The Vaal Reef was not intersected, but the geological information from the hole was used to define a revised and more complex structural model.

Borehole MCY4 obtained a faulted C Reef intersection at some 2,823 metres. By year-end, the long deflection in MCY4 had reached a depth of almost 3,003 metres.

Borehole G55 at Tau Lekoa was drilled to follow-up on G54. The hole was stopped at 1,513 metres, having intersected a large fault at 1,384 metres.

Tanzania

At Geita, exploration activities focused on data compilation and re-interpretation, and target generation. This work was supplemented by two major geophysical airborne surveys: a high-resolution AeroTEM survey and a high-resolution airborne magnetic survey. A major exploration workshop was held on site and involved technical specialists from greenfields exploration. The outcome of this workshop was a revision to the 2009 programme.

During the year reconnaissance drilling was completed at Nyakabale West where six diamond holes were drilled (1,555 metres). At Matandani, 45 air core holes (4,080 metres) were drilled to investigate the possibility of the Matendani mineralisation being developed further to the north-west. A total of 27 reverse circulation holes (2,498 metres) were drilled on the Nyankumbu licence area.

A small follow up programme was drilled (4,015 metres) at Star and Comet after sterilisation drilling showed an anomalous intercept. No continuity of mineralisation could be determined.

United States

At Cripple Creek & Victor in Colorado, drilling continued during the year and concentrated on the Main Cresson area, North Cresson, Schist Island, Wild Horse, Squaw Gulch and an area near the old Victor Pads. Exploration drilled a total of 85,923 metres in 416 holes.

A high-grade study which included close-spaced drilling on several targets and a selective mining test of one of the zones was started. The results were encouraging as drilling on tighter centres raised the average grade of two out of three targets and the selective mining test showed the high-grade zones could successfully be predicted, modelled, and mined.

Ore Reserves and Mineral Resources are reported in accordance with the minimum standards described by the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code, 2004 Edition), and also conform to the standards set out in the South African Code for the Reporting of Mineral Resources and Mineral Reserves (SAMREC 2000 Code). Mineral Resources are inclusive of the Ore Reserve component unless otherwise stated.

MINERAL RESOURCES

The 2008 Mineral Resource increased by 40.5 million ounces before the subtraction of depletion. After a depletion of 7.2 million ounces, the net increase is 33.4 million ounces to give a total Mineral Resource of 241.0 million ounces. Mineral Resources were estimated at a gold price of $1,000/oz (2007: $700/oz). The increased gold price resulted in 13.3 million ounces being added to the Mineral Resource while successful exploration and revised modelling resulted in a further increase of 27.5 million ounces. The remaining loss of 0.3 million ounces is the result of various other reasons.

Mineral Resource
Million oz
Mineral Resources as at 31 December 2007
207.6
Reductions
TauTona
Transfers to Mponeng
(1.9)
Great Noligwa
Transfer of SV4 to Moab Khotsong
(1.2)
Tau Lekoa
Significant structure and facies changes to the north of Tau Lekoa
(1.2)
Other
Total of non-significant changes
(1.4)
Additions
La Colosa
Successful greenfields exploration
12.3
Mponeng
Granting of WUDL's licence and transfers from TauTona
7.9
Moab Khotsong
Transfer of SV4 to Moab Khotsong
4.4
Obuasi
Exploration below 50 Level
3.9
Savuka
Improved economic outlook as a result of an increase in the gold price
1.8
Boddington
Growth in Mineral Resources: successful near-mine exploration drilling and higher gold price
1.6
Iduapriem
Due to increase in Mineral Resource gold price and remodelling of Block 7 & 8
1.4

Cripple Creek & Victor
Successful exploration
1.2
Sadiola
Due to increase in Mineral Resource gold price, increase in the deep sulphides project
1.2
Siguiri
Due to increase in Mineral Resource gold price and increases in the Mineral Resource at Sintroko and Foulata
1.0
Other
Total of non-significant changes
2.4
Mineral Resources as at 31 December 2008
241.0

ORE RESERVES

The 2008 Ore Reserve increased by 7.7 million ounces before the subtraction of depletion. After a depletion of 5.9 million ounces, the net increase is 1.8 million ounces to give a total Ore Reserve of 74.9 million ounces. A gold price of $720/oz was used for Ore Reserve estimates (2007: $600/oz). The change in economic assumptions made from 2007 to 2008 resulted in the Ore Reserve increasing by 2.7 million ounces while exploration and modelling resulted in an additional increase of 5.0 million ounces.

Ore Reserve
Million oz
Ore Reserves as at 31 December 2007
73.1
Reductions
TauTona
Carbon Leader ground between 123-126 levels was transferred to Mponeng. With the change to scattered grid mining, lower value estimates resulting from increased sampling and drilling resulted in reductions. These were partially offset by a higher mine call factor and the inclusion the Carbon Leader eastern block.
(1.5)
Geita
Mineral Resource model changes and the application of grade factors to mitigate low model confidence; cost increases
(1.4)
Great Noligwa
Transfer of the SV4 section to Moab Khotsong.
(1.3)
Other
Total of non-significant changes
(1.1)
Additions
Mponeng
Increased grades, the additional ground from TauTona 123-126 level and improved economics which allowed for the mining of Block 3 & 5.
2.8
Obuasi
The increase is due to a revised mine design and schedule.
1.3
Boddington
The growth in Ore Reserve is due to successful drilling and a higher gold price
1.1
Siguiri
The Seguelen NW and Sintroko deposits were upgraded from Inferred to Indicated Mineral Resource and the mining efficiency increased.
0.6
Other
Total of non-significant changes
1.3
Ore Reserves as at 31 December 2008
74.9
BY-PRODUCTS
Several by-products are recovered as a result of the processing of gold Ore Reserves.
These include 0.19 million tonnes of uranium from the South African operations, 0.29 million tonnes of copper from Australia, 0.44 million tonnes of sulphur from Brazil and 35.7 million ounces of silver from Argentina. Details of by-product Mineral Resources and Ore Reserves are given in the Mineral Resource and Ore Reserve Report 2008, which is available either on the corporate website, www.AngloGoldAshanti.com, or on request from the contacts detailed at the end of this report.
EXTERNAL AUDIT OF MINERAL RESOURCE AND ORE RESERVE STATEMENT
During the course of the year and as part of the rolling audit programme, AngloGold Ashanti's 2008 Mineral Resources and Ore Reserves for the following operations were submitted for external audit:

- Mponeng
- TauTona
- Vaal River Surface Sources
- Iduapriem
- Navachab
- Sadiola
- Yatela

The company has been informed that the audit identified no material shortcomings in the process by which AngloGold Ashanti's Ore Reserves and Mineral Resources were evaluated. It is the company's intention to continue this process so that each of its operations will be audited every three years on average.

COMPETENT PERSONS

The information in this report that relates to Exploration Results, Mineral Resources and Ore Reserves is based on information compiled by the Competent Persons. These individuals are identified in the report. The Competent Persons consent to the inclusion of Exploration Results, Mineral Resources and Ore Reserves information in this report, in the form and context in which it appears.

During the past decade, the company has developed and implemented a rigorous system of internal and external reviews of Exploration Results, Mineral Resources or Ore Reserves. A documented chain of responsibility exists from the Competent Persons at the operations to the company's Mineral Resource and Ore Reserve Steering Committee. Accordingly, the Chairman of the Mineral Resource and Ore Reserve Steering Committee, VA Chamberlain, MSc (Mining Engineering), BSc (Hons) (Geology), MAusIMM, assumes responsibility for the Mineral Resource and Ore Reserve processes for AngloGold Ashanti and is satisfied that the Competent Persons have fulfilled their responsibilities.

Note

A detailed breakdown of Mineral Resources and Ore Reserves is provided in the report entitled, "Mineral Resource and Ore Reserve Report 2008, which is available in the annual report section of the AngloGold Ashanti website (www.AngloGoldAshanti.com), from where it may be downloaded as a PDF file using Adobe Acrobat Reader. This information is also available on request from the AngloGold Ashanti offices at the addresses given at the back of this report.

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Mineral Resources
and Ore Reserves *cont.*

Siguiri, Guinea

MINERAL RESOURCES BY COUNTRY (ATTRIBUTABLE)
Contained
Contained
Resource
Tonnes
Grade
gold
gold
as at 31 December 2008
category
million
(g/t)
tonnes
million oz
South Africa
Measured
25.56
13.80
352.57
11.34
Indicated
739.87
3.27
2,416.79
77.70
Inferred
56.35
10.47
590.06
18.97
Total
821.77
4.09
3,359.42
108.01
Argentina
Measured
11.01
1.73
19.04
0.61
Indicated
22.00
3.48
76.49
2.46
Inferred
4.97
4.11

20.45
0.66
Total
37.99
3.05
115.98
3.73
Australia
Measured
101.25
1.19
120.77
3.88
Indicated
404.49
0.84
340.15
10.94
Inferred
154.79
0.89
138.43
4.45
Total
660.53
0.91
599.35
19.27
Brazil
Measured
11.11
7.01
77.80
2.50
Indicated
13.46
6.49
87.36
2.81
Inferred
28.51
6.76
192.59
6.19
Total
53.07
6.74
357.75
11.50
Colombia
Measured

–
–
–
–
Indicated
–
–
–
–
Inferred
409.77
1.01
415.45
13.36
Total
1.01
415.45
13.36
Democratic Republic
Measured
–
–
–
–
of Congo
Indicated
–
–
–
–
Inferred
29.25
2.69
78.53
2.52
Total
29.25
2.69
78.53
2.52
Ghana
Measured
94.21
5.21
490.68
15.78
Indicated
138.91
2.86
397.31
12.77

Inferred
100.10
4.25
425.27
13.67
Total
333.23
3.94
1,131.26
42.22
Guinea
Measured
33.53
0.63
21.25
0.68
Indicated
125.22
0.84
105.53
3.39
Inferred
64.08
0.90
57.85
1.86
Total
222.82
0.83
184.63
5.94
Mali
Measured
19.40
1.64
31.86
1.02
Indicated
26.39
2.48
65.32
2.10
Inferred
11.10
2.30
25.49
0.82
Total
56.89
2.16
122.68

3.94
Namibia
Measured
13.83
0.74
10.25
0.33
Indicated
61.94
1.26
78.05
2.51
Inferred
42.31
1.09
46.25
1.49
Total
118.08
1.14
134.55
4.33
Tanzania
Measured
–
–
–
–
Indicated
83.84
3.63
304.10
9.78
Inferred
25.12
3.81
95.77
3.08
Total
108.97
3.67
399.87
12.86
United States
Measured
255.90
0.87
223.31
7.18
Indicated
183.75

0.73
134.97
4.34
Inferred
83.61
0.66
55.60
1.79
Total
523.26
0.79
413.88
13.31
Total
Measured
565.80
2.38
1,347.53
43.32
Indicated
1,799.87
2.23
4,006.08
128.80
Inferred
1,009.96
2.12
2,141.75
68.86
Total
3,375.63
2.22
7,495.36
240.98
409.77

Mineral Resources
and Ore Reserves *cont.*
ORE RESERVES BY COUNTRY (ATTRIBUTABLE)
Contained
Contained
Tonnes
Grade
gold
gold
as at 31 December 2008
Category
million
(g/t)
tonnes
million oz
South Africa
Proved
13.72
7.81
107.13
3.44
Probable
215.10
4.37
939.79
30.21
Total
228.82
4.58
1,046.92
33.66
Argentina
Proved
9.99
1.39
13.90
0.45
Probable
12.29
3.52
43.24
1.39
Total
22.27
2.56
57.13
1.84
Australia
Proved

67.82
1.10
74.54
2.40
Probable
214.50
0.90
192.57
6.19
Total
282.33
0.95
267.11
8.59
Brazil
Proved
7.77
6.44
50.06
1.61
Probable
7.02
5.82
40.87
1.31
Total
14.79
6.15
90.93
2.92
Ghana
Proved
56.85
4.24
240.89
7.74
Probable
36.43
3.82
139.10
4.47
Total
93.28
4.07
379.98
12.22
Guinea
Proved
56.13
0.56
31.48

1.01
Probable
67.11
1.04
69.64
2.24
Total
123.24
0.82
101.12
3.25
Mali
Proved
9.29
1.87
17.33
0.56
Probable
6.65
2.26
15.02
0.48
Total
15.94
2.03
32.35
1.04
Namibia
Proved
7.21
0.89
6.39
0.21
Probable
27.58
1.28
35.19
1.13
Total
34.78
1.20
41.58
1.34
Tanzania
Proved
–
–
–
–
Probable
54.30

2.93
159.06
5.11
Total
54.30
2.93
159.06
5.11
United States
Proved
122.57
0.93
104.60
3.36
Probable
55.70
0.87
48.59
1.56
Total
168.27
0.91
153.19
4.93
Total
Proved
341.35
1.89
646.31
20.78
Probable
696.67
2.42
1,683.07
54.11
Total
1,038.02
2.24
2,329.38
74.89

MINERAL RESOURCES BY COUNTRY (ATTRIBUTABLE) EXCLUSIVE OF ORE RESERVES

as at 31 December 2008	Resource category	Tonnes million	Grade (g/t)	Contained gold tonnes	Contained gold million oz
South Africa	Measured	14.62	14.08	205.80	6.62
	Indicated	556.66	2.70	1,504.17	48.36
	Inferred	56.35	10.47	590.06	18.97
	Total	627.63	3.66	2,300.04	73.95
Argentina	Measured	–	–	–	–
	Indicated	–	–	–	–
	Inferred	–	–	–	–

Total
–
–
–
–
Australia
Measured
34.85
1.38
48.22
1.55
Indicated
189.99
0.78
147.58
4.74
Inferred
154.79
0.89
138.43
4.45
Total
379.63
0.88
334.22
10.75
Brazil
Measured
3.20
6.63
21.20
0.68
Indicated
6.63
6.29
41.74
1.34
Inferred
27.49
6.81
187.13
6.02
Total
37.32
6.70
250.06
8.04
Colombia
Measured
–
–

–
–
Indicated
–
–
–
–
Inferred
409.77
1.01
415.45
13.36
Total
409.77
1.01
415.45
13.36
Democratic Republic
Measured
–
–
–
–
of Congo
Indicated
–
–
–
–
Inferred
29.25
2.69
78.53
2.52
Total
29.25
2.69
78.53
2.52
Ghana
Measured
33.32
6.42
241.08
6.88
Indicated
73.90
2.48
183.06
5.89
Inferred

56.46
3.75
211.95
6.81
Total
163.69
3.72
609.09
19.58
Guinea
Measured
5.57
0.70
3.91
0.13
Indicated
37.13
0.79
29.51
0.95
Inferred
64.36
0.91
58.49
1.88
Total
107.06
0.86
91.91
2.95
Mali
Measured
4.34
0.81
3.50
0.11
Indicated
21.42
2.37
50.75
1.63
Inferred
11.10
2.30
25.49
0.82
Total
36.87
2.16
79.74
2.56

Namibia
Measured
6.63
0.56
3.71
0.12
Indicated
34.36
1.18
40.61
1.31
Inferred
42.31
1.09
46.25
1.49
Total
83.30
1.09
90.58
2.91
Tanzania
Measured
–
–
–
–
Indicated
35.95
3.32
119.38
3.84
Inferred
25.12
3.81
95.77
3.08
Total
61.07
3.52
215.15
6.92
United States
Measured
143.33
0.83
118.71
3.82
Indicated
128.04
0.67

86.38
2.78
Inferred
83.61
0.66
55.60
1.79
Total
354.99
0.73
260.69
8.38
Total
Measured
245.87
2.52
619.12
19.91
Indicated
1,084.10
2.03
2,203.18
70.83
Inferred
960.61
1.98
1,903.16
61.19
Total
2,290.58
2.06
4,725.46
151.93

AngloGold Ashanti has developed research and development (R&D) programmes which focus on technical initiatives to reduce risk and improve efficiency in the key areas of safety, environment, geology, mining, metallurgical processing and engineering.

Most of this work is conducted in collaboration with appropriate third parties such as research organisations, universities, other mining companies, mining service providers, equipment suppliers and contractors.

The company also encourages and supports in-house research projects to address issues at specific operations.

AngloGold Ashanti's wholly owned subsidiary, ISS International (ISSI), is a global company specialising in seismic monitoring of mines and engineering structures. ISSI, in conjunction with AngloGold Ashanti, initiates and undertakes seismological research. This seismological research and development programme is focused on addressing the shortcomings that frustrate progress in the areas of science, technology and the transfer of knowledge and experience to the relevant people. Five main areas are addressed: emergency response to rock bursts, prevention of rock bursts, intermediate- and short-term hazard assessment, alerts and back analyses.

Several of the research and development projects are done in combination with a newly established AngloGold Ashanti Rock Engineering applied research unit. The main objective of this research and development is to enhance the safety of those working in mining operations. R&D successes include improvements in quick location methodology and location accuracy, and progress has been made in both elastic and inelastic numerical modelling and seismic data integration, and in-stope wireless communication. Significant progress has also been made in capacity building among junior research personnel.

Cyanide management remains a key issue for AngloGold Ashanti which is a signatory of the International Cyanide Management Institute (ICMI) and the company is fully committed to achieving compliance with the International Cyanide Management Code. The company continues to participate in the Industry Advisory Group (a sub-committee of the ICMI) and communicates on cyanide-related issues with the ICMI on an ongoing basis. All processing operations are either fully accredited or in preparation for accreditation audits during 2009 or 2010.

AngloGold Ashanti continues to support the catalysis initiative within the AuTEK programme which is aimed at finding new industrial uses for gold. AuTEK is managed by Mintek, a South African research and development centre which also receives government funding. Fellow gold miners, Gold Fields and Harmony are co-sponsors of AuTEK with support specifically for nanotechnology and bio-medical applications respectively. The catalysis initiative has until now focused on developing catalysts for carbon monoxide oxidation for use in fuel cells and in photocatalysis. A pilot plant for the production of gold catalysts has been constructed and commissioned.

The current focus is to develop business relationships with catalyst marketing companies and potential end users. Promising applications include gas masks, mine refuge bays, gas scrubbing for underwater welding, catalytic converters for diesel engines and the catalysis of a variety of industrial chemical reactions.

Safety, health and environmental initiatives include:

- Cyanide code implementation;
- Fall-of-ground management initiatives including
- Risk-based mine planning using conditional simulation techniques;
- Improving short-term seismic hazard assessment by means of an enhanced numerical modelling capability; and
- Improving tunnel support systems in deep, seismically active mines using a destructive proof-testing approach;
- SPAR – Separate People And Risk (a South African division initiative to remove people from high-risk workplaces and to develop less people-intensive mining methods);
- Implementation of integrated malaria control programmes at high prevalence sites;

Research
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and development

- Participation in research initiatives towards an effective tuberculosis control programme in collaboration with the University of Stellenbosch and involvement in the Thibela TB project being run by the CREATE – Consortium to Respond Effectively to the AIDS and TB Epidemic – consortium;
- Studies into the impact of employee health and wellness on health and safety performance in collaboration with the University of the North West.
- Initiation of a company-wide review of closure management funding and activities which will be completed during 2009; and
- Various initiatives to reduce silica dust exposure in stopes including automated in-stope water-blasting and deployment of fogging systems.

Geological initiatives include:

- Amira project P843 researching the geometallurgical characterisation of orebodies;
- Testing large-scale spectral core scanning as a geometallurgical tool;
- Production of metallurgical orebody domains based on geometallurgical characterisation and mine modelling;
- Investigations into alternative devices for underground sampling;
- Amira project to understand hydrothermal chemical characteristics of ores and the potential implications for processing and recovery;
- Integration of software used for geological mapping and modelling;
- Evaluation of the use of hand-held X-Ray Fluorescence instruments for in-situ analysis of metal content;
- Project to apply Sirovision 3D mapping technology to deep-level South African gold mines;
- Initial research into the use of real-time blast monitoring; and
- Advanced geostatistical research into multivariate estimation and advanced optimisation and scheduling.

Mining initiatives include:

- Investigation into uranium scanning technology to “infer” gold grade in samples; and
- Development, in conjunction with Sandvik, of a mini self-climbing box-hole borer, which will remove people from the development of 30 metres box holes, has been completed and is ready to begin its first hole.

Processing initiatives include:

- Research into the possible replacement of cyanide with thiosulphate for the leaching of gold in order to reduce environmental and health impacts associated with the use of cyanide;
- Converting to resin-based uranium extraction which has significantly reduced power requirements;
- The Amira P9 comminution and flotation project which is aimed at improving the efficiency of these processes with the development of sophisticated process control and simulation methods;

- Amira P420 gold processing project focused on improving gold recovery from refractory (difficult to process) ores; and
- Heap-leach solution flow modelling to improve the accuracy gold production forecasting at Cripple Creek & Victor.

Engineering initiatives include:

- A range of initiatives to reduce electricity requirements in South Africa including:
- Replacement of compressed air drills with more efficient electric drills in conjunction with Hilti; and
- Introduction of the three-pipe chamber system for pumping water out from underground;
- The phasing in of "New Era" locomotives which offer improved efficiency as well as better control systems, more effective brakes, better ergonomics and safer control systems;
- Implementation of collision avoidance systems to reduce underground tramming accidents; and
- Introduction of glass reinforced plastic instead of stainless steel to improve corrosion resistance in the highly acidic uranium plant.

EXECUTIVE DIRECTORS

MR M CUTIFANI
(50) (Australian)
BE (Min. Eng)
Chief Executive Officer

Mark Cutifani was appointed to the board of AngloGold Ashanti on 17 September 2007 and as Chief Executive Officer on 1 October 2007. He is chairman of the Executive Committee and a member of the Transformation and Human Resources Development, Safety, Health and Sustainable Development, and Investment committees.

Mark has considerable experience in gold mining, having been associated with the industry since 1976. Prior to joining AngloGold Ashanti, he held the position of Chief Operating Officer at CVRD Inco, a Toronto-based company, where he was responsible for Inco's global nickel business.

MR S VENKATAKRISHNAN (VENKAT)
(43) (British)
BCom, ACA (ICAI)
Chief Financial Officer

Venkat joined AngloGold Ashanti on 1 July 2004 from Ashanti Goldfields Company Limited (Ashanti) where he was Chief Financial Officer until that company's merger with AngloGold Limited in May 2004. He was appointed to the board on 1 August 2005 and is a member of the Executive and Investment committees and is invited to attend meetings of the Audit and Corporate Governance Committee. He is a member of the Treasury Committee, a sub-committee of the Audit and Corporate Governance committee

Venkat has extensive financial experience, having been a director in the Reorganisation Services Division of Deloitte & Touche in London prior to joining Ashanti in 2000.

NON-EXECUTIVE DIRECTORS

MR RP EDEY
(66) (British)
FCA
Chairman and independent non-executive

Russell Edey was appointed to the board of AngloGold Ashanti on 1 April 1998, as Deputy Chairman on 11 December 2000 and as Chairman on 1 May 2002. Based in the United Kingdom, he is a non-executive director of Old Mutual plc, a member of the Counseil de Surveillance of Paris Orleans SA and a non-executive director of a number of companies within the NM Rothschild Group. Mr Edey is chairman of the Investment and Nominations committees and a member of the Audit and Corporate Governance and Remuneration committees.

DR TJ MOTLATSI
(57) (South African)
Hon DSoc Sc (Lesotho)
Deputy Chairman and independent non-executive

James Motlatsi was appointed to the board of AngloGold Ashanti on 1 April 1998 and as Deputy Chairman on 1 May 2002. He is chairman of the Transformation and a member of the Safety, Health and Sustainable Development and Remuneration committees.

James has substantial experience in and knowledge of the mining industry in general and of South Africa in particular. His association with the industry in South Africa spans more than 30 years in various positions including past president of the

MR FB ARISMAN
(64) (American)
MSc (Finance)
Independent non-executive

Frank Arisman joined the board of AngloGold Ashanti on 1 April 1998. He serves on four board committees: Transformation and Human Resources and Development, Audit and Corporate Governance, Nominations and Remuneration. He is a member of the Treasury Committee, a sub-committee of the Audit and Corporate Governance Committee. In 2008, he chaired the Financial Analysis Committee, a special purpose committee of the board set up to consider the funding needs of AngloGold Ashanti.

Frank, who resides in the USA, has a rich background in management and finance through his experiences at JP Morgan where he held various positions and retired as Managing Director after 32 years of service.

MR RE BANNERMAN
(74) (Ghanaian)
MA (Oxon), LLM (Yale)
Independent non-executive

Reginald Bannerman became a Director of AngloGold Ashanti on 10 February 2006. He is a member of the Remuneration, Nominations and Transformation and Human Resources and Development committees.

Reginald has a legal background and has been in law practice for more than 50 years and is currently the principal partner at Messrs Bruce-Lyle, Bannerman & Thompson Attorneys, one of the leading private law firms in Ghana, and a member of the General Legal Council of Ghana. He is also on the board of the Valco Trust Fund, the largest privately-run trust in Ghana. A former lecturer in law at the Ahmadu Bello University in Nigeria, he was also formerly the mayor of Accra, the capital city of Ghana. Resident in Ghana, Reginald assists the board in matters affecting the company's activities in that country.

and Human Resources Development and the Political Donations Committee
the South African mining industry.
a service organisation primarily responsible for the recruitment of mineworkers for
National Union of Mineworkers. He is the Executive Chairman of TEBA Limited,

NON-EXECUTIVE DIRECTORS (CONTINUED)
MR JH MENSAH
(80) (Ghanaian)
MSc (Economics, London University)
Independent non-executive
Joseph Mensah was appointed a member of the AngloGold Ashanti board on 4 August 2006, and is a member of the Audit and Corporate Governance, Investment, Safety, Health and Sustainable Development and Nominations committees. Joseph, a Ghanaian resident, has extensive experience in politics, and international and local economic management. He was the Minister of Finance and Economic Planning of Ghana and a member of parliament from 1969 to 1972. He worked with a number of local and international development agencies including being a member of the African Advisory Council of the African Development Bank from 1993 to 1997. Until December 2008, he was chairman of the National Development Planning Commission in Ghana and a member of the Ghana Parliament representing the Sunyani East constituency.
MR WA NAIRN
(64) (South African)
BSc (Mining Engineering)
Independent non-executive
Bill Nairn has been a member of the board of AngloGold Ashanti since 1 January 2000 and chairs the Safety, Health and Sustainable Development Committee and is a member of three other committees: Transformation and Human Resources and Development, Investment and Nominations. Bill, a mining engineer, has considerable technical experience having been the group technical director of Anglo American plc until 2004 when he retired from the company. Having completed the three-year cooling period, Bill is now considered an independent non-executive director of AngloGold Ashanti.
PROF WL NKUHLU
(64) (South African)
BCom, CA (SA), MBA (University of New York)
Independent non-executive
Wiseman Nkuhlu was appointed to the board on 4 August 2006. He has been the chairman of the Audit and Corporate Governance committee since 5 May 2007, having served as deputy chairman from 4 August 2006. He also serves as a member of the Nominations, Political Donations and Remuneration committees. In addition, he is the chairman of the Treasury Committee, a sub-committee of the Audit and Corporate Governance Committee. Wiseman, a respected South African academic, educationist, professional and business leader, served as Economic Adviser to the former President of South Africa, Mr Thabo Mbeki, and as Chief Executive of the Secretariat of the New Partnership for Africa's Development (NEPAD) from 2000 to 2005. From 1989 to 2000, he served as a director on a number of major South African companies, including Standard Bank, South African Breweries, Old Mutual, Tongaat Hulett, BMW and JCI. Wiseman was President of the South African Institute of Chartered Accountants from 1998 to 2000 and Principal and Vice Chancellor of the University of Transkei from 1987 to 1991. He is currently the Chairman of Pan African-Capital Holdings (Pty) Limited, a South African company

that focuses on research and investments, fund management and private equity, and of Metropolitan Limited, Bigen Africa (Pty) Limited and Kagiso Trust Investments. He is also a member of the board of Datatec Limited. He was elected President of the Geneva-based International Organization of Employers (IOE) in May 2008 for a period of two years. He is a member of the Financial Crisis Advisory Group of the IASB and FASB.

MR SM PITYANA
(49) (South African)
BA (Hons) (Essex), MSc (London); Dtech (Honoris) (Vaal University of Technology)
Independent non-executive

Sipho Pityana joined the board of AngloGold Ashanti on 13 February 2007 and assumed the chairmanship of the Remuneration Committee on 1 August 2008. He is a member of the Safety, Health and Sustainable Development, Political Donations, Investment, Nominations and the Transformation and Human Resources Development committees. Sipho has extensive experience in management and finance, and has occupied strategic roles in both the public and private sectors, including that of Director General of the national Departments of both

Board movements during 2008

Mrs E Le R Bradley retired on 6 May 2008.
Mr S R Thompson resigned on 28 July 2008.

EXECUTIVE MANAGEMENT

DR CE CARTER (46)
BA (Hons), DPhil, EDP
Executive Vice President – Business Strategy

Charles Carter has worked in the mining industry since 1991, in South Africa and the United States in a range of corporate roles with Anglo American Corporation, RFC Corporate Finance and AngloGold Ashanti. He was appointed Executive Vice President – Business Strategy in December 2007, responsible for corporate strategy and business planning, risk management and investor relations.

MR RN DUFFY (45)
BCom, MBA
Executive Vice President – Africa

Richard Duffy joined Anglo American in 1987 and in 1998 was appointed executive officer and managing secretary of AngloGold. In November 2000, he was appointed head of business planning and in 2004 assumed responsibility for all new business opportunities globally. In April 2005, this role was expanded to include greenfields exploration. He was appointed to the Executive Committee in August 2005. Richard was appointed as Executive Vice President – Africa in July 2008.

a non-executive director on the boards of several other South African companies.
a local empowerment group and a significant investor in mining, engineering,
Labour and Foreign Affairs. He was formerly a senior executive of Nedbank Limited and is currently the executive chairman of Izingwe Holdings (Proprietary) Limited, infrastructure and logistics, and AngloGold Ashanti’s BEE partner. He serves as

MR GJ EHM (52)
BSc Hons, MAusIMM, MAICD
Executive Vice President – Australasia
Graham Ehm has, since 1979, gained diverse experience in mine operations and project management, covering the nickel, phosphate, copper, uranium and gold sectors. He was appointed General Manager Sunrise Dam Gold Mine in 2000, Regional Head – Australia in 2006, and took up his current role as Executive Vice President – Australasia in December 2007.

MR RW LARGENT (48)
BSc (Min. Eng), MBA
Executive Vice President – Americas
Ron Largent has been with the company since 1994. He is a board member of the Colorado Mining Association in Denver and has served on the Board of Directors for the California Mining Association and the Nevada Mining Association. In 2001, he was appointed as General Manager of the Cripple Creek & Victor Gold Mine and took up his current role as Executive Vice President – Americas in December 2007.

MR RL LAZARE (52)
BA, HED, DPLR, SMP
Executive Vice President – Human Resources
Robbie Lazare joined Anglo American Gold and Uranium Division in 1982, working in a variety of management posts until 1999 when he was appointed general manager of TauTona. In December 2004, he was appointed an executive officer with responsibility for South African operations and in July 2008, Executive Vice President – Human Resources.

MR MP LYNAM (47)
BEng (Mech)
Vice President – Finance, Treasury and Company Secretarial
Mark Lynam joined the Anglo American group in 1983 and has been involved in the hedging and treasury area since 1990. In 1998, he joined AngloGold as treasurer and was appointed an executive officer in May 2004. He was appointed as Vice President – Finance, Treasury and Company Secretarial in July 2008.

MR AM O'NEILL (51)
BSc (Mining Engineering), MBA
Executive Vice President – Business and Technical Development
Tony O’Neill joined AngloGold Ashanti in July 2008 as Executive Vice President – Business & Technical Development, having consulted to the company prior to this on its asset portfolio strategy. His extensive career in mining since 1978 includes the role of Executive – Operations at Newcrest Mining Limited and Executive General Manager for gold at Western Mining Corporation.

MR TML SETILOANE (49)
FAE, BSc (Mech Eng)
Executive Vice President – Sustainability
Thero Setiloane joined AngloGold in May 2003 from Real Africa Holdings, where he had been an executive director. He is the chairman of Rand Refinery Limited. He was appointed an executive officer and a member of AngloGold Ashanti's Executive Committee in February 2006 and as Executive Vice President – Sustainability in December 2007.
MS YZ SIMELANE (43)
BA LLB, FILPA, MAP
Vice President – Government Relations
Yedwa Simelane joined AngloGold in November 2000 from the Mineworkers' Provident Fund where she was the senior manager of the Fund. She was appointed an executive officer in May 2004 and Vice President – Government Relations in July 2008.
MR NW UNWIN (56)
BA
Executive Vice President – Corporate Services
Nigel Unwin joined Anglo American as a trainee in human resources in 1974 and spent 18 years in operations and corporate roles. He then worked in the CFTA retail sector for seven years before joining AngloGold in 1999 as an executive officer. Following the acquisition of Acacia Resources by AngloGold at the end of 1999, he managed the integration of the two companies in Australia before taking over the Human Resources and Information Technology portfolios in 2001. He was appointed Executive Vice President – Corporate Services in July 2008.
Executive management movements during 2008
Peter Rowe retired from the Executive Committee on 30 June 2008. His roles and responsibilities were assumed by Tony O'Neill.
COMPANY SECRETARY
MS L EATWELL (54)
FCIS
Lynda Eatwell joined AngloGold in 2000 as assistant company secretary and was appointed company secretary in December 2006. She is responsible for ensuring compliance with statutory and corporate governance requirements and the regulations of the stock exchanges on which AngloGold Ashanti is listed.

AngloGold Limited was founded in June 1998 through the consolidation of the gold mining interests of Anglo American. The company, AngloGold Ashanti as it is now, was formed on 26 April 2004 following the business combination between AngloGold and Ashanti Goldfields Company Limited. AngloGold Ashanti is currently the third largest gold producing mining company in the world.

CURRENT PROFILE

AngloGold Ashanti Limited, headquartered in Johannesburg, South Africa, is a global gold company with a portfolio of long-life, relatively low-cost assets and differing orebody types in key gold producing regions. The company's 21 operations are located in 10 countries (Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the United States of America), and are supported by extensive exploration activities. The combined Proved and Probable Ore Reserves of the group amounted to 74.9 million ounces as at 31 December 2008.

The primary listing of the company's ordinary shares is on the JSE Limited (JSE) in South Africa. Its ordinary shares are also listed on stock exchanges in London, Paris and Ghana, as well as being quoted in Brussels in the form of International Depositary Receipts (IDRs), in New York in the form of American Depositary Shares (ADSs), in Australia, in the form of Clearing House Electronic Subregister System Depositary Interests (CDIs) and in Ghana, in the form of Ghanaian Depositary Shares (GhDSs).

AngloGold Ashanti Limited (Registration number 1944/017354/06) was incorporated in the Republic of South Africa in 1944 under the name of Vaal Reefs Exploration and Mining Company Limited and operates under the South African Companies Act 61 of 1973, as amended.

HISTORY AND SIGNIFICANT DEVELOPMENTS OF THE COMPANY

Below are highlights of key corporate activities from 1998:

1998

- Formation of AngloGold Limited through the consolidation of East Rand Gold and Uranium Company Limited; Eastvaal Gold Holdings Limited; Southvaal Holdings Limited; Free State Consolidated Gold Mines Limited; Elandsrand Gold Mining Company Limited; H.J. Joel Gold Mining Company Limited and Western Deep Levels Limited into a single, focused, independent, gold mining company. Vaal Reefs Exploration and Mining Company Limited (Vaal Reefs), the vehicle for the consolidation, changed its name to AngloGold Limited and increased its authorised share capital, effective 30 March 1998

1999

- Acquisition of minority shareholders interest in Driefontein Consolidated Limited (17%); Anmercosa Mining (West Africa) Limited (100%); Western Ultra Deep Levels Limited (89%); Eastern Gold Holdings Limited (52%); Erongo Mining and Exploration Company Limited (70%)
- Purchased Minorco's gold interests in North and South America
- Acquisition of Acacia Resources in Australia

2000

Acquired:

- a 40% interest in the Morila mine in Mali from Randgold Resources Limited
- a 50% interest in the Geita mine in Tanzania from Ashanti Goldfields Company Limited (Ashanti)
- a 25% interest in OroAfrica, South Africa's largest manufacturer of gold jewellery, and

2001

- AngloGold sold the Elandsrand and Deelkraal mines to Harmony Gold Mining Company Limited (Harmony); disposed of its interests in No. 2 Shaft Vaal River Operations to African Rainbow Minerals (ARM) and made an unsuccessful take-over bid for Normandy Mining Limited

2002

- Sold the Free State assets to ARM and Harmony
- Acquired an additional 46.25% of the equity, as well as the total loan assignment, of Cerro Vanguardia SA from Pérez Companc International SA, thereby increasing its interest in Cerro Vanguardia to 92.5%

2003

- Disposed of its wholly owned Amapari project to Mineração Pedra Branca do Amapari
- Sold its 49% stake in the Gawler Craton Joint Venture, including the Tunkillia project located in South Australia to Helix Resources Limited
- Sold its interest in the Jerritt Canyon Joint Venture to Queenstake Resources USA Inc
- Disposed of its entire investments in East African Gold Mines Limited and in Randgold Resources Limited
- Purchased a portion of the Driefontein mining area in South Africa from Gold Fields Limited

2004

- Sold its Western Tanami project to Tanami Gold NL in Australia
- Concluded the business combination with Ashanti Goldfields Company Limited, on which the company changed its name to AngloGold Ashanti Limited
- Acquired the remaining 50% interest in Geita as a result of the business combination
- AngloGold Holdings plc, a subsidiary of AngloGold, completed an offering of $1 billion principal amount 2,375% convertible bonds, due 2009, and guaranteed by AngloGold Ashanti
- Acquired a 29.8% stake in Trans-Siberian Gold plc
- Sold its Union Reefs assets to the Burnside Joint Venture, comprising subsidiaries of Northern Gold NL (50%) and Harmony (50%)
- Sold its entire interest in Ashanti Goldfields Zimbabwe Limited to Mwana Africa Holdings (Proprietary) Limited
- Sold its 40% equity interest in Tameng Mining and Exploration (Pty) Limited of South Africa (Tameng) to Mahube Mining (Pty) Limited
- Subscribed for a 12.3% stake in the expanded issued capital of Philippines explorer Red 5 Limited

Savuka, South Africa

2005

- Substantially restructured its hedge book in January 2005
- Signed a three-year $700 million revolving credit facility
- Disposed of exploration assets in the Laverton area in Australia
- Disposed of its La Rescatada project to ARUNANI SAC, a local Peruvian corporation
- Acquired an effective 8.7% stake in China explorer, Dynasty Gold Corporation
- The Director-General of Minerals and Energy notified AngloGold Ashanti in August 2005 that its application for the new order mining rights in terms of the South African Mineral and Petroleum Resources Development Act had been granted

2006

- Raised $500 million in an equity offering
- Acquired two exploration companies, Amikan and AS APK, from TSG as part of the company's initial contribution towards its strategic alliance with Polymetal
- Formed a new company with B2Gold (formerly Bema Gold) to jointly explore a select group of mineral opportunities located in northern Colombia, South America
- AngloGold Ashanti (U.S.A.) Exploration Inc, International Tower Hill Mines Ltd (ITH) and Talon Gold Alaska, Inc. (Talon), a wholly owned subsidiary of ITH, entered into an Asset Purchase and Sale and Indemnity Agreement whereby AngloGold Ashanti sold to Talon a 100% interest in six Alaskan mineral exploration properties and associated databases in return for an approximate 20% interest in ITH. AngloGold Ashanti has the option to increase or dilute its stake in these projects, subject to certain conditions
- Disposed of its entire business undertaking related to the Bibiani mine and Bibiani North prospecting permit to Central African Gold plc
- Entered into a 50:50 strategic alliance with Russian gold and silver producer, OAO Inter-Regional Research and Production Association Polymetal (Polymetal), in terms of which Polymetal and AngloGold Ashanti would co-operate in exploration and the acquisition and development of gold mining opportunities within the Russian Federation

Siguiri,Guinea

•

Implemented an empowerment transaction with two components: the development of an employee share ownership plan (ESOP) and the acquisition by Izingwe Holdings (Proprietary) Limited (an empowerment company) of an equity interest in AngloGold Ashanti

2007

•

Acquired the minority interests previously held by the Government of Ghana (5%) and the International Finance Corporation (10%) in the Iduapriem and Teberebie mines

•

Anglo American plc sold 69.1 million ordinary shares of AngloGold Ashanti, thereby reducing Anglo American's shareholding in AngloGold Ashanti from 41.8% to 16.6%

•

Announced the successful closing of a $1.15 billion syndicated revolving credit facility

2008

•

Issued 69,470,442 ordinary shares in a fully subscribed rights offer

•

Acquired Golden Cycle Gold Corporation through the issue of 3,181,198 ordinary shares, resulting in Cripple Creek & Victor becoming a wholly-owned subsidiary

•

Sold entire holding in Nufcor International Limited and cancelled 1 million pounds of outstanding uranium contracts

•

Acquired São Bento Gold Company Limited through the issue of 2,701,660 ordinary shares with the ultimate result of doubling production from the Córrego do Sítio project

•

Entered into a $1 billion term facility agreement to be used to redeem the $1 billion convertible bonds due February 2009

For full details of major corporate developments that occurred during 2008 and subsequent to year-end, refer to ‘Significant announcements during the year under review and subsequent to year-end’ in the Directors' report on page 186.

Cerro Vanguardia, Argentina

AngloGold Ashanti's rights to own and exploit Mineral Reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties on which these reserves and deposits are situated.

In several of the countries in which AngloGold Ashanti operates there are, in some cases, certain restrictions on the group's ability to independently move assets out of these countries and/or transfer assets within the group, without the prior consent of the local government or minority shareholders involved.

ARGENTINA

According to Argentinian mining legislation, mines are the private property of the nation or a province, depending on where they are located. Individuals are empowered to explore for and to exploit and dispose of mines as owners by means of a legal licence granted by a competent authority under the provisions of the Argentine Mining Code. The legal licences granted for the exploitation of mines are valid for an undetermined period, provided that the mining title holder complies with the obligations settled in the Argentine Mining Code.

In Argentina, the usual ways of transferring a right over a mining licence are: to sell the licence; to lease such a licence; or to assign the right under such a licence by a beneficial interest or Usufruct Agreement. In the case of Cerro Vanguardia – AngloGold Ashanti's operation in Argentina – the mining title holder is its partner, Fomicruz, and in terms of the Usufruct Agreement signed between them and Cerro Vanguardia SA on 27 December 1996, the latter has the irrevocable right to the exploitation of the deposit for a period of 40 years. This agreement expires on 27 December 2036.

AUSTRALIA

In Australia, with few exceptions, all onshore mineral rights are reserved by the government of the relevant state or territory. Exploration for and mining of minerals is regulated by general mining legislation and controlled by the mining ministry of each respective state or territory.

Where native title has not been extinguished, native title legislation may apply to the grant of tenure and some subsequent administrative processes. Federal and state Aboriginal heritage legislation also operates to protect special sites and areas from disturbance although to date there has not been any adverse impact on any of AngloGold Ashanti's operating properties.

AngloGold Ashanti's operating properties are located in the state of Western Australia. The most common forms of tenure are exploration and prospecting licences, mining leases, miscellaneous licences and general purpose leases. In most Australian states, if the holder of an exploration licence establishes indications of an economic mineral deposit and complies with the conditions of the grant, the holder of the exploration licence has a priority right against all others to apply for a mining lease which gives the holder exclusive mining rights with respect to minerals on the property.

It is possible for an individual or entity to own the surface of the property and for another individual or entity to own the mineral rights. Typically, the maximum initial term of a mining lease is 21 years, and the holder has the right to renew the lease for an additional 21 years. Subsequent renewals are granted at the discretion of the respective state or territory's minister responsible for mining rights. Mining leases can only be assigned with the consent of the relevant minister.

Government royalties are payable as specified in the relevant legislation in each state or territory. A general purpose lease may also be granted for one or more of a number of permitted purposes. These purposes include erecting, placing and operating machinery and plant in connection with mining operations, depositing or treating minerals or tailings and using the land for any other specified purpose directly connected with mining operations.

AngloGold Ashanti owns the mineral rights and has 21-year term mining leases with rights of renewal to all of its mining areas in Australia, including its proportionate share of joint venture operations. Both the group and its joint venture partners are fully authorised to conduct operations in accordance with relevant laws and regulations. The mining leases and rights of renewal cover the current life-of-mine at AngloGold Ashanti's operations in Australia.

BRAZIL

In Brazil, there are two basic mining rights:

- a licence for the exploration stage, valid for a period of up to three years, renewable once; and
- a mining concession or mine manifest, valid for the life of the deposit.

In general, exploration licences are granted on a first-come, first-served basis. Mining concessions are granted to the holders of exploration licences that manage to prove the existence of a Mineral Resource and have been licensed by the environmental competent authority.

Mine manifests (mining titles granted in 1936) and mining concessions (mining titles presently granted through an order signed by the Secretary of Mines of the Ministry of Mines and Energy) are valid for an undetermined period until depletion of reserves, provided that the mining title holder complies with current Brazilian mining and environmental legislation, as well as with those requirements set out by the National Department of Mineral Production (DNPM) which acts as the inspecting entity for mining activities. Obligations of the titleholder include:

- the start of construction, as per an approved development plan, within six months of the issuance of the concession;
- extracting solely the substances indicated in the concession;
- communicating to the DNPM the discovery of a mineral substance not included in the concession title;
- complying with environmental requirements;
- restoring the areas degraded by mining; refrain from interrupting exploitation for more than six months; and
- reporting annually on operations.

The difference between a mine manifest and a mining concession lies in the legal nature of these two mining titles, since it is much more difficult and complicated for the public administration to withdraw a mine manifest than a mining concession although, in practice, it is possible for a manifest to be cancelled or to become extinct if the abandonment of the mining operation is formally proven. All of AngloGold Ashanti's operations in Brazil have indefinite mining licences.

Serra Grande, Brazil

COLOMBIA

The underlying principle of Colombian mining legislation is: first in time, first in right.

The process starts with a proposal, the presentation of which gives a right of preference, if the area is free, to obtain the area. The maximum extent of an area covered by such a proposal is 10,000 hectares. Once a proposal has been received, the relevant government agency undertakes an investigation to determine whether another proposal has been received regarding the area concerned or whether an existing contract for the area is already in place. The government agency grants a "free zone" when the proposal made has a right of preference.

The concession contract

The government agency grants an exclusive concession contract for exploration and exploitation. Such a concession allows the concessionaire to conduct the studies, works and installations necessary for establishing the existence of minerals and their exploitation. The total term of such a concession is 30 years. This period can be renewed for another 30 years. The period allowed for exploration is three years, with a potential extension of two years. The period for construction and development is two years with an option to extend by one year.

Once the concessionaire has completed its exploration programme, a proposed plan of works and installations of exploitation and a study of the environmental impact must be completed in order to receive an environmental licence, without which it is not possible to start the development programme necessary to begin mining. The terms of the concession start from the date of registration of the contract at the National Mining Register; similarly, all obligations begin at that date. Once a mining concession has been awarded, the operating entity must take out an insurance policy to cover any possible environmental damage and its mining obligations.

Economic and tax aspects

Surface fee

During exploration: For areas not exceeding 2,000 hectares, approximately $1 per hectare. For areas between 2,000 and 5,000 hectares, approximately $2 per hectare. For areas between 5,000 and 10,000 hectares, approximately $3 dollars per hectare.

Royalty

The royalty paid to the Colombian government is equivalent to a percentage of the exploited primary product, the object of the mining title, and its sub-products. For gold, it is 4%.

The system of royalty payments and adjustments to such payments apply from the date the concession contract comes into force and for the entire period of its validity. Any official changes to the laws governing the payment of royalties will only apply to contracts granted and completed after these laws have been promulgated.

GHANA

The Constitution of Ghana as well as the Minerals and Mining Act, 2006 (Act 703) (the Act) provide that all minerals in Ghana in their natural state are the property of the State and title to them is vested in the President on behalf of and in trust for the people of Ghana, with rights of prospecting, recovery and associated land usage being granted under licence or lease.

The grant of a mining lease by the Minister of Mines is normally subject to parliamentary ratification unless the mining lease falls into a class of transactions exempted by Parliament.

Control of mining companies

The Minister of Mines has the power to object to a person becoming or remaining a "shareholder controller", a "majority shareholder controller" or an "indirect controller" of a company which has been granted a mining lease if he considers that the public interest would be prejudiced by the person concerned becoming or remaining such a controller.

The Act provides for stability agreements as a mechanism to ensure that the incentives and protection afforded by laws in force at the time of the stability agreement are guaranteed for 15 years. A stability agreement is subject to ratification by Parliament.

Prior to the business combination between AngloGold and Ashanti in April 2004, AngloGold and the government of Ghana agreed the terms of a stability agreement to govern certain aspects of the fiscal and regulatory framework under which AngloGold Ashanti would operate in Ghana following the implementation of the business combination. The stability agreement necessitated the amendment of the Obuasi Mining Lease which has been ratified by Parliament.

Under the stability agreement, the government of Ghana agreed:

- to extend the term of the mining lease relating to the Obuasi mine until 2054 on terms existing prior to the business combination;
- to maintain for a period of 15 years, the royalties payable by AngloGold Ashanti with respect to its mining operations in Ghana at a rate of 3% per annum of the total revenue from minerals obtained by AngloGold Ashanti from such mining operations;
- to ensure that the income tax rate would be 30% for a period of fifteen years. The agreement was amended in December 2006 to make the tax rate equal to the prevailing corporate rate for listed companies;
- that a sale of AngloGold Ashanti's or any of its subsidiaries' assets located in Ghana remains subject to the government's approval;
- to permit AngloGold Ashanti and any or all of its subsidiaries in Ghana to retain up to 80% of their exportation proceeds in foreign currencies offshore, or if such foreign currency is held in Ghana, to guarantee the availability of such foreign currency; and
- to retain its special rights (Golden Share) under the provisions of the Mining Act pertaining to the control of a mining company, in respect of its assets and operations in Ghana.

Further, the Government of Ghana agreed that AngloGold Ashanti's Ghanaian operations will not be adversely affected by any new enactments or orders, or by changes to the level of payments of any customs or other duties relating to mining operations, taxes, fees and other fiscal imports or laws relating to exchange control, transfer of capital and dividend remittance for a period of 15 years after the completion of the business combination.

Retention of foreign earnings

AngloGold Ashanti's operations in Ghana are permitted to retain 80% of their foreign exchange earnings in such an account. In addition, the company has permission from the Bank of Ghana to retain and use, outside of Ghana, dollars required to meet payments to the company's hedge counterparts which cannot be met from the cash resources of its treasury company.

Localisation policy

A detailed programme must be submitted for the recruitment and training of Ghanaians with a view to achieving 'localisation', which is the replacement of expatriate personnel by Ghanaian personnel. In addition, the holder must give preference to Ghanaian products and personnel, to the maximum extent possible, consistent with safety, efficiency and economies.

Except as otherwise provided in a specific mining lease, all immovable assets of the holder under the mining lease vest in the State on termination, as does all moveable property that is fully depreciated for tax purposes. Moveable property that is not fully depreciated is to be offered to the State at the depreciated cost. The holder must exercise his rights subject to such limitations relating to surface rights as the Minister of Mines may prescribe.

Mining properties

Obuasi

The current mining lease for the Obuasi area was granted by the government of Ghana on 5 March 1994. It grants mining rights to land with an area of approximately 334 square kilometres in the Amansie East and Adansi West districts of the Ashanti region for a term of 30 years from the date of the agreement. In addition, the application for a mining lease over the adjacent 140 square kilometres has also been granted resulting in the total area under mining lease conditions increasing to 474 square kilometres, (the Lease Area). The company is required to pay rent to the government of Ghana (subject to review every five years, when the rent may be increased by up to 20%) at a rate of approximately $5 per square kilometre and such royalties as are prescribed by legislation, including royalties on timber felled within the Lease Area. The government of Ghana agreed to extend the term of the mining lease relating to the Obuasi mine until 2054. The mining lease was formally ratified by Parliament on 23 October 2008.

Iduapriem and Teberebie

Iduapriem has title to a 33 square kilometre mining lease granted on 19 April 1989 for a period of 30 years. The terms and conditions of the lease are consistent with similar leases granted in respect of the Obuasi mining lease.

Teberebie has two leases, one granted in February 1998 for a term of 30 years, and another granted in June 1992 for a term of 26 years. The terms and conditions of these leases are consistent with similar leases granted in respect of the Obuasi mining lease.

Obuasi, Ghana

GUINEA

In Guinea, all mineral substances are the property of the State. Mining activities are primarily regulated by the Mining Code, 1995. The right to undertake mining operations can only be acquired by virtue of one of the following mining titles: surveying permit, small-scale mining licence, mining prospecting licence, mining licence or mining concession.

The holders of mining titles are guaranteed the right to dispose freely of their assets and to organise their enterprises as they wish, the freedom to engage and discharge staff in accordance with the regulations in force, free movement of their staff and their products throughout Guinea and freedom to dispose of their products in international markets.

The group's Guinea subsidiary, Société Ashanti Goldfields de Guinée SA (SAG), has title to the Siguiri mining concession area which was granted on 11 November 1993 for a period of 25 years. The agreement provides for an eventual extension/renegotiation after 23 years for such periods as may be required to exhaust economic Ore Reserves.

At Siguiri the original area granted of 8,384 square kilometres was reduced to a concession area of four blocks totalling 1,495 square kilometres.

SAG has the exclusive right to explore and mine in the remaining Siguiri concession area for an additional 22-year period from 11 November 1996 under conditions detailed in a Convention de Base which predates the new Guinea Mining Code.

Key elements of the Convention de Base are that:

- the government of Guinea holds a 15% free-carried or non-contributory interest; a royalty of 3% based on a spot gold price of less than $475/oz, and 5% based on a spot gold price above $475/oz, as fixed on the London Gold Bullion Market, is payable on the value of gold exported; a local development tax of 0.4% is payable on gross sales revenue; salaries of expatriate employees are subject to a 10% income tax; mining goods imported into Guinea are exempt from all import taxes and duties for the first two years of commercial production; and
- SAG is committed to adopt and progressively implement a plan for the effective rehabilitation of the mining areas disturbed or affected by operations.

The Convention de Base is subject to early termination if both parties formally and expressly agree to do so, if all project activities are voluntarily suspended for a continuous period of eight months or are permanently abandoned by our subsidiary or if SAG goes into voluntary liquidation or is placed into liquidation by a court of competent jurisdiction.

In addition to the export tax payable to the government of Guinea, a royalty on production may be payable to the International Finance Corporation (IFC) and to Umicore SA, formerly Union Miniere (UM). Pursuant to the option agreement between UM and Golden Shamrock Mines Limited (GSM), a royalty on production may be payable to UM by Chevaning Mining Company Limited (CMC) or GSM, which payment obligation has been assigned to AngloGold Ashanti (Ghana) Limited, on a sliding scale of between 2.5% and 7.5%, based on the spot gold price per ounce of between $350 and $475/oz, subject to indexing from 1 January 1995, to a cumulative maximum of $60 million. In addition, under the terms of the restructuring agreement with the IFC, a sliding scale royalty on production may be payable to the IFC calculated on the same basis but at half the rate payable to UM, to a maximum of $7.8 million. The royalty payable to the IFC was fully discharged in January 2008.

MALI

Mineral rights in Mali are governed by Ordinance No. 99-32/P-RM of 19 August 1999 enacting the mining code, as amended by 013/2000/P-RM of 10 February 2000 and ratified by Law No. 00-011 of 30 May 2000 (the Mining Code), and Decree No. 99-255/P-RM of 15 September 1999 implementing the Mining Code.

Prospecting activities may be carried out under prospecting authorisations (autorisation de prospection) which is an exclusive right for an individual or corporate entity to carry out prospecting activities over a given area for a period of three years renewable without a reduction in the area of the authorisation. Research activities may be carried out under research permits (permis de recherché). The latter are granted to corporate entities only by order of the Minister in charge of Mines. Research permits are granted for a period of three years, renewable twice for additional three-year periods. Each renewal of the research permit requires a relinquishment of 50% of the area covered by such permit. The entity applying for such a permit must provide proof of technical and financial capabilities.

An exploitation permit (permis d'exploitation) is required to mine a deposit located within the area of a prospecting authorisation or a research permit. The exploitation permit grants exclusive title to prospect, research and exploit the named substances for a maximum period of 30 years renewable three times for an additional 10 years. The exploitation permit is granted only to the holder of an exploration permit or of a prospecting authorisation and covers only the area covered by the exploration permit or the prospecting authorisation. An application must be submitted to the Minister in charge of Mines and to the National Director of Mines.

As soon as the exploitation permit is granted, the holder of the exploitation permit must incorporate a company under the law of Mali. The holder of the permit will assign the permit for free to this company. The State will have a 10% free carry interest. This interest will be converted into priority shares and the State's participation will not be diluted in the case of increasing the capital.

Applications for exploitation permits must contain various documents attesting to the financial and technical capacity of the applicant, a detailed environmental study in respect of the impact of the project on the environment, a feasibility study, and a bank deposit. The permit is granted by decree of the Head of Government. A refusal to grant a permit may only be based on two grounds: insufficient evidence to support the exploitation of the deposit and/ or a failure of the environmental study.

Morila, Mali

Applications for prospecting authorisations and research permits must contain various documents attesting to the financial and technical capacity of the applicant, a detailed works and cost programme, a map defining the area which is being requested and the geographical coordinates thereof, the exact details relating to the identity of the applicant and evidence of the authority of the signatory of the application. Such titles are granted by Ministerial Order. Any refusal to grant such titles shall be notified by letter from the Minister in charge of Mines to the applicant.

The mining titles mentioned above all require an establishment convention (convention d'etablissement) to be signed by the State and the titleholder defining their rights and obligations. A standard form of such establishment convention has been approved by decree of the Head of Government.

AngloGold Ashanti has interests at Morila, Sadiola and Yatela, all of which are governed by establishment conventions covering exploration, mining, treatment and marketing in a comprehensive document. These documents include the general conditions with regard to exploration (work programme, fiscal and customs regime) and exploitation (formation of a local limited liability company and mining company, state shareholdings, the fiscal and customs regime during construction and exploitation phases, exchange controls, marketing of the product, accounting regime, training programmes for local labour, protection of the environment, reclamation, safety, hygiene and settlement of disputes).

As the establishment conventions contain stabilisation clauses, the mining operations carried out by the AngloGold Ashanti entities in Mali are subjected to the provisions of the previous mining codes of 1970 and 1991 but also, for residual matters, to the provisions of the Mining Code of 1999.

AngloGold Ashanti has complied with all applicable requirements and the relevant permits have been issued. Morila, Sadiola and Yatela have 30-year permits which expire in 2029, 2024 and 2030, respectively.

NAMIBIA

Mineral rights in Namibia vest in the State. In order to prospect or mine, the Ministry of Mines and Energy initially grants an exclusive prospecting licence and on presentation of a feasibility study, a mining licence is then granted taking into account the ability of the company, including its mining, financial and technical capabilities, rehabilitation programmes and payment of royalties. The relevant licence has been granted to AngloGold Namibia (Pty) Ltd in respect of its mining and prospecting activities in Namibia. The current 15-year mining licence expires in October 2018.

SOUTH AFRICA

In October 2002, the President of South Africa assented to the Mineral and Petroleum Resources Development Act (MPRDA), which had been passed by the Parliament of South Africa in June 2002 and came into effect on 1 May 2004. The objects of the Act are, among other things, to allow for state sovereignty over all mineral and petroleum resources in the country, to promote economic growth and the development of these resources and to expand opportunities for the historically disadvantaged. The object is also to ensure security of tenure concerning prospecting, exploration, mining and production operations. The state ensures that holders of mining and prospecting rights contribute to the socio-economic development of the areas in which they are operating.

The Broad-Based Socio-Economic Charter for the South African Mining Industry (the Mining Charter) developed out of the MPRDA. The Mining Charter committed all stakeholders in the mining industry to transfer ownership of 26% of their assets to black or historically disadvantaged South Africans (HDSAs) within 10 years. In addition, the government indicated that it would issue a Scorecard against which companies could gauge their empowerment credentials as well as engineering innovative ways of assisting business to meet the empowerment criteria. The fact that the Mining Charter enjoyed the full support from the mining houses, South African government and the unions, gives it great credibility and improves the chances for success in the long run.

The objectives of the Mining Charter are to:-

- promote equitable access to the nation's Mineral Resources by all the people of South Africa;
- substantially and meaningfully expand opportunities for HDSAs including women, to enter the mining and minerals industry and to benefit from the exploitation of the nation's Mineral Resources;
- use the existing skills base for the empowerment of HDSAs;
- expand the skills base of HDSAs in order to serve the community;
- promote employment and advance the social and economic welfare of mining communities and the major labour-sending areas; and
- promote beneficiation of South Africa's mineral commodities.

The Scorecard was envisaged to function as an administrative tool only and not as a legislative one. The objective of the Scorecard was to find a practical framework for the Minister to assess whether a company actually measures up to what was intended by the MPRDA and the Mining Charter.

AngloGold Ashanti currently holds ten mining rights in South Africa, seven of which have been successfully converted, executed and registered at the Mineral and Petroleum Titles Office. Two mining rights are still awaiting conversion by the Department of Minerals and Energy (DME), and AngloGold Ashanti needs to apply for one mining right to be converted before the closing date. The deadline for the conversion process is end April 2009. AngloGold Ashanti also holds one prospecting right and two pending prospecting right applications which have been submitted to the DME.

A prospecting right will be granted to a successful application for a period not exceeding five years. Prospecting rights may be renewed once for a period not exceeding three years. Furthermore, the MPRDA provides for a retention period after prospecting of up to three years with one renewal up to two years, subject to certain conditions.

A mining right will be granted to a successful application for a period which may not exceed 30 years. Mining rights may be renewed for additional periods, each of which may not exceed 30 years at a time.

TANZANIA

Mineral rights in the United Republic of Tanzania are governed by the Mining Act of 1998 (the Act), and property and control over minerals are vested in the United Republic of Tanzania. Prospecting for the mining of minerals, except petroleum, may only be conducted under authority of a mineral right granted by the Ministry of Energy and Minerals under this Act.

The three types of mineral rights most often encountered, which are also those applicable to AngloGold Ashanti, are:

- prospecting licences;
- retention licences; and
- mining licences.

A prospecting licence grants the holder thereof the exclusive right to prospect in the area covered by the licence for all minerals, other than building materials and gemstones, for a period of three years. Thereafter, the licence is renewable for two further periods of renewal of two years each. On each renewal of a prospecting licence, 50% of the area covered by the licence must be relinquished. Before application is made for a prospecting licence with an initial prospecting period (a prospecting licence), a prospecting licence with a reconnaissance period (a prospecting reconnaissance) may be applied for a maximum area of 5,000 square kilometres. This is issued for a period of two years after which a three-year prospecting licence is applied for. A company applying for a prospecting licence must, inter alia, state the financial and technical resources available to it. A retention licence can also be requested from the Minister, after the expiry of a prospecting licence period, for reasons ranging from funds to technical considerations.

Mining is carried out through either a mining licence or a special mining licence, both of which confer on the holder thereof the exclusive right to conduct mining operations in or on the area covered by the licence. A mining licence is granted for a period of 10 years and is renewable for a further period of 10 years. A special mining licence is granted for a period of 25 years or for the estimated life of the orebody, whichever is shorter, and is renewable for a further period of 25 years. If the holder of a prospecting licence has identified a mineral deposit within the prospecting area which is potentially of commercial significance, but it cannot be developed immediately by reason of technical constraints, adverse market conditions or other economic factors of a temporary character, it can apply for a retention licence which will entitle the holder thereof to apply for a special mining licence when it sees fit to proceed with mining operations.

A retention licence is valid for a period of five years and is thereafter renewable for a single period of five years.

A mineral right may be freely assigned by the holder thereof to another person or entity by notifying the Commissioner for Minerals, except for a mining licence, which must have the approval of the Ministry to be assigned.

Geita, Tanzania

However, this approval requirement for the assignment of a mining licence will not apply if the mining licence is assigned to an affiliate company of the holder or to a financial institution or bank as security for any loan or guarantee in respect of mining operations.
A holder of a mineral right may enter into a development agreement with the Ministry to guarantee the fiscal stability of a long-term mining project and make special provision for the payment of royalties, taxes, fees and other fiscal imposts.
AngloGold Ashanti has complied with all applicable requirements and the relevant licences have been issued for 25 years and expire in 2024.
UNITED STATES OF AMERICA
Mineral rights, as well as surface rights, in the United States are owned by private parties, state governments and the federal government. Most land prospective for precious metals exploration, development and mining is owned by the federal government and is obtained through a system of self-initiated mining claim location pursuant to the General Mining Law of 1872, as amended. Individual states typically follow a lease system for state-owned minerals. Private parties have the right to sell, lease or enter into other agreements, such as joint ventures, with respect to minerals that they own or control. All mining activities, regardless of whether they are situated on privately- or publicly-owned lands, are regulated by a myriad of federal, state and local laws, regulations, rules and ordinances, which address various matters including environmental protection, mitigation and rehabilitation.
Authorisations and permits setting forth the activities and restrictions pertaining thereto are issued by the responsible governmental agencies for all phases of mining activities.
The Cripple Creek & Victor Gold mine consists almost entirely of owned, patented mining claims from public lands, with a small percentage of private and state lands being leased. The total area of control is approximately 7,100 acres. Patented claims vest ownership in the holder, including the right to mine for an indefinite tenure. All life-of-mine reserves are within these property controls. The mining and rehabilitation permits issued by the State of Colorado are life-of-mine permits.
CC&V, USA

All mining operations eventually cease. For AngloGold Ashanti, an integral aspect of operating its mines is ongoing mine closure planning, together with the associated estimates of liability costs and the assurance of adequate financial provisions to cover these costs. An estimate of future liabilities is provided in the provisions note to the annual financial statements, note 29 on page 266.

In terms of its Environmental Policy, the company is committed to ensuring that financial resources are available to meet its reclamation and environmental obligations. One of the company's values is that "the communities and societies in which we operate will be better off for AngloGold Ashanti having been there". Through its membership of the International Council on Mining and Metals (ICMM), the company is committed to seeking continual improvement of its environmental performance, in particular by doing the following:

- Rehabilitating land disturbed or occupied by operations in accordance with appropriate post-mining land uses;
- Providing for the safe storage and disposal of residual waste and process residues; and
- Designing and planning all operations so that adequate resources are available to meet their closure requirements.

The evaluation of new projects considers closure planning and the associated costs in determining the economic feasibility of the project.

For many of the older mines, closure planning and the evaluation of environmental liabilities is a more complex process. This is particularly the case in Brazil, Ghana and South Africa, where many of the long-life operations present environmental legacies that may have developed over a century or more.

Closure plans are typically reviewed and updated annually and take into account operational conditions, planning and legislative requirements, international protocols, technological developments and advances in good practice. ICMM published an integrated closure planning toolkit during 2008, and the company prepared a draft internal standard to incorporate this good practice approach. At the time of writing, consultants are assisting in finalising the standard.

A particular challenge is concurrent rehabilitation, which is carried out while a mine is still operating. This practice serves to reduce the current liability and reduces the final rehabilitation and closure work that must be undertaken, but has the potential to sterilise reserves, which the company might wish to exploit should conditions, such as the gold price, change.

An assessment of closure liabilities is undertaken on an annual basis. Increasingly, these liabilities are reviewed and assured by independent third parties.

Mine site
rehabilitation and closure

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RENEWING THE VISION, MISSION AND VALUES

In late 2007, AngloGold Ashanti embarked on a consultative process to review the company's vision, mission and values. The process was built on the launch of the 'Safety is our first value' campaign at the South African operations in November 2007, and was developed further through interactions between executive management and employees in a range of different interventions over the following months.

The new vision, mission and values statement was approved for implementation by the group executive committee in June 2008 and appears on page 3 of this report.

LEADERSHIP AND GOVERNANCE

AngloGold Ashanti is committed to the highest standards of corporate governance, which is the responsibility of the Board of Directors as a whole, with some authority delegated to the Audit and Corporate Governance Committee of the board and the management Disclosures Committee. The board is guided by the company's founding statements, the board charter, the company's legal obligations in terms of the South African Companies Act of 1973 (as amended), the US Sarbanes-Oxley Act of 2002 (SOx), the company's legal and disclosure obligations to the JSE (where it holds its primary listing), as well as various corporate governance guidelines, such as the King Report on Corporate Governance 2002 (King Code). A Code of Ethics for the chief executive officer, the chief financial officer and senior financial officers also guides conduct.

Various other legislative and governance standards guide the company's legal and disclosure obligations. Management takes day-to-day responsibility for corporate governance and reports regularly to the board and various board committees. The board chairman plays an active role in the corporate governance issues faced by the company, interacting regularly with executive directors, senior management and other interested parties, when necessary.

The Safety, Health and Sustainable Development Committee oversees the company's performance regarding safety, health and the environment, and its social interaction with the communities in which it operates. This committee is also responsible for establishing targets in relation to each of these areas. Safety, health and environmental performance and relations with government, community members and other stakeholders, form an integral part of operational management. The Transformation and Human Resource Development Committee, formerly the Employment Equity and Development Committee, is responsible for overseeing the company's performance regarding employment equity, transformation and staff development by taking into account the requirements of applicable legislation, relevant international labour conventions and the monitoring of targets set by the company. The committee is also responsible for developing employee skills by seeking to retain and nurture talent, by providing employees with the opportunity to enhance their skills and knowledge.

MANAGEMENT SYSTEMS AND ACCOUNTABILITY

Operational restructuring has been undertaken across AngloGold Ashanti over the past two years to align the company's structure with the revised corporate strategy and the new executive team, so as to bring the company's leadership closer to the operations. Key developments here include the appointment in late 2007 of three operational heads (one each for Australia, Africa and the Americas) and the separation of divisional responsibility in Africa (home to the majority of the group's operations), into West Africa and Southern Africa divisions. The bases for these Africa divisions are Accra in Ghana and Potchefstroom in South Africa, reinforcing the notion of regional centres in close proximity to the operations to ensure prompt technical and administrative support. In early 2009, taking this approach a step further, the West African division was split into Ghana and Guinea/Mali management structures.

Given AngloGold Ashanti's renewed vision and values and revised corporate strategy, a complete review of the group's human resource management systems and structure, called the System for the Management of People (SMP) is being undertaken. Given the changing world of work, the current socio-economic climate and continued key skills shortages in the mining industry, this is considered a strategic imperative.

ANGLOGOLD ASHANTI AS AN EMPLOYER

AngloGold Ashanti is a significant employer in many of the countries in which it operates. The majority of the group's employees (including contractors) are in South Africa (58%), Ghana (15%), Tanzania (5%) and Brazil (9%). In 2008, AngloGold Ashanti employed 62,895 people (calculated on a monthly average basis), comprising 48,580 (77%) permanent employees and 14,315 (23%) contractors – an increase year-on-year of 2.2%. In 2007, there were 61,522 employees – 47,383 (77%) permanent and 14,139 (23%) contractors. In 2008, the level of turnover among permanent employees within the group was 8%.

Safety and occupational health

While the group safety and health policy is applicable to all operations, each operation also has in place, safety and health policies that have been developed to take into account country- and operation-specific regulations and requirements. Unions and employees are generally involved in the development of these policies and, in South Africa, this interaction has typically been formal and enshrined in recognition agreements.

The identification and mitigation of risk is a vital part of the company's operations and an integral part of the safety and health management process. Matters relating to safety and health are included in the group's risk management strategy. Risk assessments are conducted regularly at both a group and operational levels and are related to specific events or issues.

It is with regret that AngloGold Ashanti reports that 14 employees lost their lives during the course of work in 2008. There were 11 fatalities at the South African operations, two at the Obuasi mine in Ghana and one at Serra Grande in Brazil. The board and management of AngloGold Ashanti extend their deepest sympathies to the families and colleagues of those who died. It is the company's objective to eliminate accidents at work, especially fatal accidents, and much attention is being given to this. While this performance falls short of AngloGold Ashanti's stated aim of eliminating all fatal incidents at work, there was a significant improvement on the group's performance in 2007, when 34 people died at work. The FIFR, at 0.09 per million hours worked, was consequently 59% lower, compared with the 0.21 per million hours worked in 2007. Eleven of the 18 operating mining units did not experience a fatal incident (10 in 2007). The LTIFR improved by 11% to 7.32 injuries per million hours worked (2007: 8.24).

0.00
0.05
0.10
0.15
0.20
0.25
FIFR per million hours worked
06
05
04
07
08
0.09
0.21
0.22
0.14
0.19
0
1

2
3
4
5
6
7
8
9
LTIFR per million hours worked
06
05
04
07
08
8.24
7.70
6.77
6.56
7.32

In 2008, AngloGold Ashanti embarked on an occupational safety and health leadership transformation project to create a strategic ‘blueprint’ for occupational safety and health in the company. The project team undertook site visits as well as in-depth management and employee interviews. Additionally, an extensive employee safety and health culture survey was conducted, the aim of which was to achieve a better understanding of the group’s current management cultures, structures and systems. An analysis of macro-environmental drivers, industry trends and best practice was also undertaken so as to develop future scenarios that might affect safety and health. Initial outcomes from this project will be available in early 2009.

Strategic initiatives to instill a culture of care were effective across the group. These were supported by the empowering of employees to take responsibility for their own safety and health and that of their colleagues, and by recognising safety achievements.

The roll-out of the OHSAS 18001 safety and health management standard continued during the year, with the last two operations being recommended for certification by year-end. A protocol for safety and health systems and practice assessment that is consistent with OHSAS 18001 was developed and implemented at all operations during the year. All relevant role-players were familiarised with its requirements, and most of the preliminary assessments had been carried out by year-end.

Occupational health risks to employees vary significantly from region to region and by type of mining operation. The most significant occupational health risks at AngloGold Ashanti are: occupational lung disease (OLD), which comprises silicosis and occupational turberculosis (TB) in underground operations that are host to quartz-bearing rock; noise-induced hearing loss (NIHL); heat stress; and radiation. Occupational health regulations require ongoing biological monitoring for lead, mercury and arsenic, among others.

Respect for human rights

Respect for human rights is a key principle of the policies and practices that are integral to the group’s sustainability efforts, and are entrenched in the constitutions and legislation of many of the countries in which the group operates. Oversight and implementation of these are largely the function of line managers.

The group continues to support both the UN Global Compact and the Voluntary Principles on Security and Human Rights. During the year, a Vice President for Global Security, with a specific remit to ensure that all security operations and practices take due cognisance of human rights, was appointed.

Certain human rights conventions, including those relating to freedom of association and collective bargaining, are entrenched in the South African constitution and legislation, as well as in the laws and regulations in other countries in which AngloGold Ashanti operates. Specifically, the company seeks to ensure the implementation of fair employment practices by prohibiting forced, compulsory or child labour, and by implementing these practices through country, operation and shaft level recognition and collective bargaining agreements, and through disciplinary, grievance and non-discrimination agreements and codes. No breaches of fundamental rights conventions were alleged, nor were any charges brought against the company in connection with these, during the year.

Freedom of association is recognised as a fundamental right within the group, and collective bargaining is encouraged. With the exception of Australia and the United States, where collective bargaining is not common in the resources sector, and in Tanzania where most employees have chosen not to belong to a representative union, collective bargaining structures are in place at all operations. Around 93% of the group’s workforce is represented by recognised trade unions or provided for by way of collective bargaining processes. In the United States, Australia and Tanzania, a high degree of employee participation is encouraged.

All forms of discrimination, including racial and sexual harassment and discrimination against the disabled, are prohibited by the company's business principles as well as by legislation in most of the countries in which AngloGold Ashanti operates. Policies are in place at all operations to protect employees from prejudice and, in some countries, to promote the advancement of certain groups of employees. Specifically in countries in Africa and in Australia, the rights and promotion of indigenous peoples, the historically disadvantaged and women are provided for in law and adopted and followed by the company.

Regional health

The management of HIV & AIDS and malaria is undertaken on a regional and operational basis, with the appropriate level of resources dedicated to the threat posed by the disease.

The HIV & AIDS pandemic is at its worst in southern Africa, with the highest levels of prevalence estimated at the South African operations. Other countries where HIV & AIDS is of concern are Namibia, Ghana, Guinea and, to a lesser extent, Tanzania and Mali.

AngloGold Ashanti's response to HIV & AIDS is underpinned by the board-approved HIV & AIDS policy and, in South Africa, is supported by an HIV & AIDS agreement between the company and various unions. While AngloGold Ashanti recognises that HIV & AIDS continues to have a major impact on employees and the company, it also believes that this impact can be managed. The provision of anti-retroviral therapy (ART), along with comprehensive prevention and treatment campaigns, has meant that mortality rates have declined, while absenteeism remained stable.

AngloGold Ashanti's malaria programmes and protocols are based on World Health Organisation (WHO) standards and guidelines. As malaria is something that affects whole communities, and not just employees of the company, an holistic approach is taken. Regionally, the group is involved with initiatives by government and by non-governmental organisations (NGOs) to combat the disease, and national guidelines are applied and provide the context for the various programmes.

Malaria remains an area of concern for AngloGold Ashanti's operations in Ghana, Guinea, Mali and Tanzania, although employees at the South African operations may contract the disease when travelling to their homes in malaria-infected areas in neighbouring states. Key elements of the malaria control programme are:

- information, education and communication, particularly among the communities;
- vector control, which is essentially the control of mosquitoes through indoor residual spraying and larviciding of breeding areas;
- early, effective diagnosis and treatment; and
- surveillance, monitoring and research.

An extensive integrated malaria control programme is in place at Obuasi and the lessons learnt here are being applied elsewhere.

Environment

While day-to-day responsibility for environmental issues lies with mine and project management, the group's corporate environment team provides strategic guidance and monitors performance against company standards. Site-based and regional environmental specialists contribute to operational environmental functioning and combine to make up the Environmental Steering Committee at a group level. The senior environmental and community affairs functions at a corporate level were amalgamated during the year, reflecting the reality on the ground, where the natural and social environments are interdependent.

As a minimum, all operations are expected to comply with legislation, regulations and permits in their countries of operation, and with the obligations that the company has entered into (ICMM sustainable development framework and position statements, ISO 14001, International Cyanide Management Code, etc). All operations are required to implement the group's Environmental Policy, and country- and operation-specific policies are encouraged as a means of putting it into effect within a local context. Group environmental standards have been and are being developed in support of the policy.

All AngloGold Ashanti operations have environmental management systems (EMSs) in place that are certified to the ISO 14001 standard. All operations are expected to maintain certification to the standard and to meet their individual targets as part of the group's commitment to continual improvement in environmental performance. All sites audited as part of the ISO surveillance programme or for recertification successfully retained their certification.

The Corporate Environmental Review Programme (CERP), first undertaken in 2007, verified that significant environmental aspects had been identified in each operation's management system, and assessed whether appropriate programmes had been established to monitor and manage these aspects. During 2008, a programme of follow-up visits was undertaken to sites with significant environmental risks to ensure that acceptable controls were either being implemented or maintained. The results of CERP 2007 were used as the basis of the first company-wide environmental award, which was made to Brasil Mineração in Brazil.

A central tenet underlying the group's targets and performance is its commitment to optimising resource usage and reducing waste. The nature of the orebody, mining methods and metallurgical processes employed differ from mine to mine, as do the circumstances in which mines operate. Hence, environmental priorities are identified and dealt with on a site-by-site basis.

Detailed disclosure on performance regarding certain indicators may be found in the Environmental Performance Indicator Appendix on the website at www.aga-reports.com/08/env-appendix.pdf. This table provides responses to the core environmental indicators listed by the GRI and the Mining and Metals Supplement, by country and operation where this is available.

Means to minimise and prevent pollution by operations of the surrounding environment are considered and typically built into mining projects at the start of the project. However, this has not always been the case at operations established many decades ago, when legislation was less stringent and when the technologies and practices used today were largely unknown. This has resulted in the capacity of the pollution prevention systems at several operations being unable to meet current requirements. Projects to address this are in place at operations affected in South Africa and Ghana.

In 2008, AngloGold Ashanti embarked on a process to develop a business case for responding to climate change, with 2007 used as the benchmark year. A three-part study, begun in detail in September 2008, includes:

- a group-wide assessment to determine in more precisely the greenhouse gas footprint of all AngloGold Ashanti; and
- a comprehensive assessment to determine risks to which the company is exposed as a result of climate change.

Various risk categories (financial and investment, physical, and legal/regulatory) are being considered to reduce the company's dependence on fossil fuels. Given the group's focus on delivering value, the process aims to identify multiple and highly probable Clean Development Mechanism (CDM) projects. For AngloGold Ashanti, carbon trading presents a particular opportunity; around 84% of the company's gold production comes from developing countries, which are eligible for CDM projects.

AngloGold Ashanti, as part of its commitment to environmental stewardship, considers long-term sustainability of the land on which its operations are located to be an integral part of its responsibility. A number of its operations and projects are located in environmentally sensitive areas. A key objective for the year was to use the ICMM's Good Practice Guidance to improve the management of biodiversity-related issues in association with appropriate external organisations. A new draft standard on biodiversity, currently under development, is based on the ICMM document.

Community

Further refinement of the community affairs management framework continued during the year. An additional module on human rights and security is being refined, to support the new security discipline and in compliance with the Voluntary Principles on Security and Human Rights. In view of the integration of the community and environmental aspects of the business from a management perspective, a decision was taken late in 2008 to include community aspects in the existing ISO 14001 management systems in place at all operations. It is envisaged that this process will take two to three years.

The existing community management system, incorporating the stakeholder engagement action plans (SEAPs) and integrated development action plans (IDAPs) and the accompanying toolkits, is being redrafted into management standards on stakeholder engagement, social investment, cultural heritage and sacred sites, indigenous peoples and artisanal and small-scale mining (ASM). An AngloGold Ashanti land use management and land acquisition standard is being finalised and a specialist resettlement company has been appointed to provide greater support to operations in developing and implementing robust land management and resettlement practices.

Also at a corporate level, AngloGold Ashanti engaged with international advocacy and voluntary bodies to develop standards, norms and best practice, such as the International Council for Mining and Metals (ICMM) and the International Organisation for Standardisation (ISO). AngloGold Ashanti supports, and has participated in discussions and programmes initiated by, the Responsible Jewellery Council (RJC), the World Gold Council (WGC), and the Initiative for Responsible Mining Assurance (IRMA).

In a number of countries, legislation and regulation are in place to guide companies regarding local community imperatives. In South Africa, the Mineral and Petroleum Resources Development Act (MPRDA) requires that all mining operations submit and adhere to a social and labour plan (SLP) as a prerequisite for the granting of new order mining rights and that they report their compliance with the MPRDA in accordance with the Mining Charter. In addition to specific human resource-related issues, the Mining Charter requires that a mining company engages with communities in the vicinity of its operations and from which it draws its workforce. AngloGold Ashanti was granted its licence conversions in respect of all of its operations in August 2005 and has reported on progress made against its SLP targets and commitments in the social and labour plan reports at www.aga-reports.com.

AngloGold Ashanti is also committed to engaging with NGOs, community-based organisations (CBOs) and other stakeholders on issues of mutual concern. Underpinning its strategy is the group's view that it is desirable that the various parties engage directly in relationships based on a mutual recognition of each other's legitimate right to operate. Specific structures are being put in place to deal with grievances and legacy issues.

During the year, the group continued with its strategy of building relationships with key stakeholders and interest groups, monitoring emerging trends, being proactive where possible, and responsive where issues arose unexpectedly.

A number of incidents relating to community issues and human rights were recorded during the year. Areas of greatest concern to the company are the continued clashes with artisanal miners operating illegally at Obuasi in Ghana and Siguiri in Guinea. Significant incidents include those involving:

- community members on the mine property and who are engaged in illegal activities;
- clashes between the mine and contractor security personnel and community members; and
- protest action against the company.

The vast majority of these incidents (outside of protest action) stem from individuals involved in illegal activities. A distinction is made between the death and injury of individuals involved in illegal activities without active security intervention and those incidents where security interventions led to the death or injury of community members. In the case of the former, there were 27 deaths and one injury due to falls of ground in the course of artisanal, and in most cases, illegal mining, and one death of a person suspected of attempting to steal fuel from a haul truck. In the case of the latter, three deaths occured and three community members were injured. Twelve AngloGold Ashanti security personnel sustained injuries, some serious, while carrying out their duties. There were five incidents of significant protest action during the year with gun shot injuries being sustained.

The continued presence of artisanal and small-scale mining (ASM) at the company's operations and exploration sites in Ghana, Guinea, Tanzania, the DRC presents a significant challenge to the company, resulting in various social, environmental and safety incidents. ASM activity has resulted in third-party fatalities on the company's lease areas. ASM communities seldom share information on safety incidents given that these activities are often illegal.

AngloGold Ashanti's position on ASM is that the group will act, first and foremost, in accordance with local regulations and legislation. However, the company recognises the historical and current roles and rights of artisanal and small scale-miners, and that engagement is a critical factor in dealing with the issue. AngloGold Ashanti believes that co-existence with ASM is not only possible, but also desirable.

The group is in favour of promoting the development of orderly, viable ASM sectors in collaboration with host communities and governments in exchange for respect for the security of the group's operations. However, in most cases, these aspirations have not yet been achieved. There is an inherent potential for conflict between large-scale operators, working within a formal, regulated land tenure framework, and small-scale miners on the other, often outside of any regulations. AngloGold Ashanti believes that government needs to take a leading role in addressing ASM. It is also conscious that ASM is largely a social issue that can only be addressed through the upliftment of communities – an area in which the company has an important role to play.

As exploration and mining activities frequently occur in remote areas or in regions where there is very little other economic activity, their relative impact is often heightened. Therefore, the impact of potential and existing mining activities must be considered at all stages of an operation's life cycle, from exploration, through its operating life, to eventual closure.

A range of potential impacts and mitigating measures are identified when an environmental and social impact assessment is initially conducted, and mitigating measures are then incorporated into the environmental management plans (EMPs) over an operation's life of mine. Similarly, planning for closure takes into account both the environmental and social impacts that will be the mine's legacy to the community. Planning begins well in advance of closure which is a matter for discussion at most community engagement forums.

By supporting local economic development, operations can ensure that they play a positive role in the sustainable economic development of local communities. The fact that some mining operations are short-lived and not all exploration projects necessarily become mines, presents a challenge as there is only a limited period in which to make an impact. Many of the group's operations are located in areas of great need, where development has been minimal, resources are scarce and high levels of poverty exist. The need to invest appropriately and in a manner that is sustainable is frequently countered by pressure from communities, and indeed governments, to receive tangible and immediate benefits. Where this makes sense, particularly in economically underdeveloped regions, operations are encouraged to develop partnerships with parties such as other mining companies and companies in other industries, contractors, NGOs and government to ensure more effective delivery. The newly developed social investment management standard will specifically address local economic development and this area of work (particularly the development of alternative livelihoods) will continue to be a focus in 2009.

In 2008, AngloGold Ashanti spent $9.25 million on corporate social investment (2007: $8.05 million). For accounting purposes, corporate social investment expenditure is defined as the voluntary investment of funds in the broader community through programmes spanning a range of development and maintenance activities that seek to complement the work of government, NGOs and CBOs, where the target beneficiaries are external to the company. Corporate social investment specifically excludes those activities where the purpose is primarily commercial, for example, marketing, employee benefits or public relations activities.

Securing land to explore and conduct new mining activities and extend existing ones underpins the viability of the company. Surface land area may be required to conduct mining operations, with a permanent loss of surface features and structures, particularly for opencast mining, but also for underground mining and metallurgical processing infrastructure. Land is a particularly sensitive and emotive issue, and resettlement and compensation continues to be major considerations in the planning of mining activities.

Many communities have long-standing cultural and economic associations with the land on which they reside. It is therefore necessary for the company to engage with communities regarding resettlement, and to compensate them fairly and appropriately as part of a rigorous and recognised resettlement process. The group also needs to ensure that mechanisms are in place to address grievances or legacy issues that have arisen in respect of past access to land.

Following a detailed review of the company's resettlement and compensation practices in 2007, AngloGold Ashanti's has developed a new approach to land management and its practice. The new AngloGold Ashanti policy resettlement policy draws on the International Finance Corporation's (IFC's) policies on Involuntary Resettlement.

Note: Information in this section has been extracted from the Report to Society 2008, which is AngloGold Ashanti's sustainable development report. This report has been compiled in accordance with the Global Reporting Initiative (GRI) G3 guidelines and has been assured by independent auditors, PWC.

REFERENCE CHECKLIST
Key category
Key indicator
Key information
Reference/additional information
Board
Chairman
Mr Russell Edey
Independent director and chairman.
leadership
Appointed: 1 May 2002
The chairman does not serve as
chairman of any other public listed
Deputy chairman
Dr James Motlatsi
company on the JSE.
Appointed: 1 May 2002
Independent director and deputy
chairman.
Board of directors
Independent non-
Mr Frank Arisman
All non-executive directors of the
executive directors
Appointed: 1 April 1998
board are independent in terms
Mr Reginald Bannerman
of the Listings Requirements of the
Appointed: 10 February 2006
JSE Limited.
Mr Russell Edey
The definition of independence has
Appointed: 1 April 1998
been amended by the board during
Mr Joseph Mensah
the year and all non-executive
Appointed: 4 August 2006
directors meet the new criteria.
Dr James Motlatsi
Details of the new definition of
Appointed: 1 April 1998
independence are available on
Mr Bill Nairn
page 143.
Appointed: 1 January 2000
Prof Wiseman Nkuhlu
Mr Nairn resigned from Anglo
Appointed: 4 August 2006
American in 2004 and has
Mr Sipho Pityana
subsequently served his three-year

Appointed: 13 February 2007
cooling-off period. He is now
considered an independent director.
During 2008, Mrs Elisabeth Le R
Bradley retired from the board,
effective 6 May 2008; and Mr Simon
Thompson resigned from the board
effective 28 July 2008.
Executive directors
Mr Mark Cutifani (CEO)
Appointed to board:
17 September 2007
Appointed CEO: 1 October 2007
Mr Srinivasan Venkatakrishnan(CFO)
Appointed: 1 August 2005
Board of directors
Appointment and
Directors retire by rotation every
The following directors were
retirement of
three years. At the annual general
re-elected or elected at the annual
directors
meeting of shareholders held
general meeting on 6 May 2008:
on 6 May 2008 shareholders resolved
Dr James Motlatsi
to limit the rotation of directors to
Mr Bill Nairn
non-executive directors only.
Mr Simon Pityana
The board has the power to appoint
Mr Mark Cutifani
new directors on recommendation
The following directors will stand for
from the Nominations Committee.
re-election at the annual general
All directors appointed by the board
meeting to be held on 15 May 2009:
must resign and stand for election
Mr RP Edey
at the next annual general meeting
Mr JH Mensah
following their appointment to
the board.
A curriculum vitae of each director
who stands for election or re-election
is provided in the notice of meeting
to shareholders prior to the annual
general meeting.
There is no mandatory retirement age

for non-executive directors.

Key category
Key indicator
Key information
Reference/additional information
Board of directors
10 directors
2008: 6 board meetings and 6 sub-
Independent chairman and deputy
committee meetings.
chairman
Number of board committees: 8.
Eight independent non-executive
Full biographical details, including
directors; and two executive directors
each director's qualifications and
year of appointment to the board,
The Board Charter, which was
are available in the directors and
approved by the board on 30 July 2003 executive management section from
and amended on 27 October 2004
page 109.
sets out the powers, responsibilities,
functions, delegation of authority, and
the areas of authority expressly reserved
for the board.
Board Committees
Audit and Corporate
Members:
Fully independent committee in terms
Governance
Prof Wiseman Nkuhlu (Chairman)
of the JSE Limited's Listings
Committee
Mr Frank Arisman
Requirements and the United States'
Mr Russell Edey
Sarbanes-Oxley Act.
Mr Joseph Mensah
See page 147 for details on the
committee.
Retirements/resignations during 2008:
Mrs Elisabeth Le R Bradley
Financial expert for purposes of the
Sarbanes-Oxley Act: Prof Wiseman
Nkuhlu
2008: 4 committee meetings and
3 sub-committee meetings
Transformation and
Members:
See page 149 for details on the
Human Resources

Dr James Motlatsi (Chairman)
committee.
Committee
Mr Frank Arisman
2008: 4 committee meetings.
(formerly the
Mr Reginald Bannerman
Employment Equity
Mr Mark Cutifani
and Development
Mr Bill Nairn
Committee)
Mr Sipho Pityana
Executive Committee
Members:
The Executive Committee is chaired
Mr Mark Cutifani (Chairman)
by the Chief Executive Officer and
Mr Srinivasan Venkatakrishnan
membership comprises executive
Dr Charles Carter
directors, executive vice presidents,
Mr Richard Duffy
vice president – finance, treasury
Mr Graham Ehm
and company secretarial and vice
Mr Ron Largent
president – government relations.
Mr Robbie Lazare
Meetings are held at least monthly.
Mr Mark Lynam
Appointments during 2008:
Mr Tony O'Neill
Mr Mark Lynam
Mr Thero Setiloane
Mr Tony O'Neill
Mrs Yedwa Simelane
Retirements/resignations during 2008:
Mr Nigel Unwin
Mr Peter Rowe

Development

REFERENCE CHECKLIST
.
Key category
Key indicator
Key information
Reference/additional information
Board
Investment
Members:
See page 150 for details on the
Committees *Cont.*
Committee
Mr Russell Edey
(Chairman)
committee.
Mr Mark Cutifani
2008: 3 committee meetings.
Mr Joseph Mensah
Retirements/resignations during
Mr Bill Nairn
2008.
Mr Sipho Pityana
Mrs Elisabeth Le R Bradley
Mr Srinivasan Venkatakrishnan
Mr Simon Thompson
Nominations
Members:
Fully independent in terms of
Committee
Mr Russell Edey
(Chairman)
the JSE Limited's Listings
Mr Frank Arisman
Requirements.
Mr Reginald Bannerman
See page 150 for details on the
Mr Joseph Mensah
committee.
Dr James Motlatsi
2008: No meetings were held as
Mr Bill Nairn
there were no appointments to
Prof Wiseman Nkuhlu
the board.
Mr Sipho Pityana
Retirements/resignations during 2008:
Mrs Elisabeth Le R Bradley
Fully independent committee.
Political Donations
Members:
Policy on political donations*

Committee
Dr James Motlatsi
(Chairman)
See page 150 for details on the
Prof Wiseman Nkuhlu
committee.
Mr Sipho Pityana
2008: No meetings.
Mr Bill Nairn was appointed
Retirements/resignations
to the committee effective
during 2008:
5 February 2009
Mrs Elisabeth Le R Bradley
Remuneration
Members:
See page 151 for details on the
Committee*
Mr Sipho Pityana
(Chairman)
committee.
Mr Frank Arisman
2008: 3 committee meetings
Mr Reginald Bannerman
Appointments during 2008:
Mr Russell Edey
Mr Pityana took over the
Dr James Motlatsi
chairmanship from Mr Edey on
Prof Wiseman Nkuhlu
1 August 2008
Safety, Health
Members:
See page 152 for details on
and Sustainable
Mr Bill Nairn
(Chairman)
the committee.
Development
Mr Mark Cutifani
2008: 4 committee meetings
Committee
Mr Joseph Mensah
Retirements/resignations
Dr James Motlatsi
during 2008:
Mr Sipho Pityana
Mr Simon Thompson
Sub-Committees
Treasury Committee
Members:

The Treasury Committee is a
of the Board
Prof Wiseman Nkuhlu
(Chairman)
sub-committee of the Audit and
Committee
Mr Frank Arisman
Corporate Governance Committee
Mr Srinivasan Venkatakrishnan
Has its own charter and its main
Mr Robert Hayes
function is to monitor and mitigate
Ms Charlotte Hoad
financial risks
Mr Mark Lynam
2008: 3 committee meetings
Mr John Staples

Key category
Key indicator
Key information
Reference/additional information
Special Purpose
Financial Analysis
Members:
This Special Purpose committee was
Board Committee
Committee
Mr Frank Arisman (Chairman)
formed in March 2008 to address
Mr Russell Edey
the funding requirements of the
Prof. Wiseman Nkuhlu
company (namely the rights offer)
Mr Sipho Pityana
Meetings: 5
The committee was dissolved on
7 July 2008, following the close
of the rights offer.
POLICIES
Directors' policy
Directors' induction
Approved by the board on
No changes to the policy were
policy*
30 January 2004
made by the board during the year.
Fit and proper
Approved by the board on
No changes to the policy were
standards for
30 January 2004
made by the board during the year.
directors and
company
secretaries policy*
Professional advice
Approved by the board on
No changes to the policy were
for directors policy*
30 January 2004
made by the board during the year.
Insider trading
Market abuse
Policy approved by the board on
No changes to the policy were
(Insider trading)
30 October 2002; amended
made by the board during the year.

policy*
28 April 2005
Code of ethics
Code of ethics for
Principles of Business Conduct
No changes to the policy were
for employees
employees*
approved by the board on
made by the board during the year.
30 January 2003
See page 155 for details on the
code of ethics.
Code of ethics for
Code of ethics for the
Code approved by the board on
No changes to the policy were made
senior financial
chief executive officer,
30 July 2003. Amended July 2006.
by the board during the year.
officers
principal financial
See page 155 for details on the code
officer and senior
of ethics.
financial officers*
Whistle blowing
Confidential
Policy approved by the board on
No changes to the policy were made
reporting policy*
30 January 2004
by the board during the year.
See page 155 for details on the policy.
Disclosures
Disclosures policy*
Policy approved by the
No changes to the policy were made
Executive Committee on
by the board during the year.
6 December 2004
See page 154 for details on the policy.
* Group policies, committee charters, and the board charter and codes of practice are available at the company's website:
www.AngloGoldAshanti.com under > About > Corporate governance > Guidelines.

INTRODUCTION

Corporate governance is the responsibility of the board as a whole and is guided by the company's Memorandum and Articles of Association, the Board Charter, the South African Companies Act 61 of 1973, as amended, and the United States' Sarbanes-Oxley Act of 2002, the listing requirements of the JSE Limited and other stock exchanges on which the company is listed, as well as various corporate governance guidelines such as those provided by the King Code and the Global Reporting Initiative. Various other legislations and governance standards also guide the company's legal and disclosure obligations.

Day-to-day responsibility for corporate governance is overseen by management which regularly reports to the various committees of the board. The board chairman and the chairman of the Audit and Corporate Governance Committee play an active role in the corporate governance issues faced by the company through regular interaction with executive directors, senior management and other interested parties where necessary.

The JSE Limited's Listings Requirements require the company to disclose its compliance with the King Code and explain any areas of non-compliance. The King Code is a set of guidelines on best practice in corporate governance aimed at promoting the highest standards of governance in South Africa. AngloGold Ashanti complies with all material aspects of the King Code.

Significant corporate governance milestones achieved by AngloGold Ashanti during the year:

- inclusion in the JSE Sustainability Index 2008 and was nominated as one of the sixteen “Best Performers” in the 2008 index; and
- overall winner of the Southern African Institute of Chartered Secretaries and Administrators and the JSE Limited's Annual Report Award.

THE BOARD OF DIRECTORS

The board has a unitary structure and comprises 10 members who assume overall responsibility for the activities of the company, including the entire risk management framework and corporate governance of the company. The board has a written charter that governs its powers, functions and responsibilities and covers the following pertinent areas:

- Authority of the board
- Directors' appointments
- Role and responsibility of the board
- Procedures of the board
- Board committees
- Matters reserved for board decision
- Management of risks
- Corporate governance
- Remuneration issues
- Evaluation of board performance and induction of new directors
- Declaration of interests

The board contains the mix of skills, experience and knowledge required of a multinational gold mining company.

Directors' retirement follows a staggered process with one-third of non-executive directors retiring at least every three years at the annual general meeting. A curriculum vitae of each director standing for election or re-election is made available to shareholders prior to the annual general meeting to assist in their deliberations. The board is authorised by the company's articles of association to appoint new directors, on recommendation by the Nominations Committee, provided such appointees retire at the next annual general meeting and stand for election by shareholders.

Executive directors are appointed by the board to oversee the day-to-day running of the company. Executive directors are held accountable by regular reporting to the board, and their performance is measured against pre-determined criteria.

Only executive directors have contracts of employment with the company. There are no contracts of service between the directors and the company, or any of its subsidiaries that are terminable at periods of notice exceeding one year or that require payment of compensation on termination. Non-executive directors do not hold service contracts with the company. Details on the remuneration of executive and non-executive directors are presented in the Remuneration Report from page 192.

Non-executive directors provide the board with advice and experience that is independent of management and the executive. The presence of independent directors on the board, and the critical role they play as board representatives on key committees such as the Audit and Corporate Governance, Nominations, Political Donations and Remuneration committees, ensures that the company's interests are served by impartial views that are separate from those of management and shareholders.

In October 2008 the board reviewed its definition and criteria for determining which of its members qualify as being independent from a corporate governance perspective. That definition is replicated below:

Policy on determining the independence of board members

AngloGold Ashanti subscribes to a policy of sound corporate governance practices informed by the requirements set in terms of applicable stock exchanges on which the company is listed, and particularly that of the Johannesburg and New York Stock Exchanges, as well as legislative imperatives of securities and companies laws and governance standards such as the King Code. The board will at all times comply with the requirement to consist of a majority of independent directors and this policy statement will describe the criteria that will guide the board in determining which of its members are independent from a corporate governance point of view. The board retains an inherent discretion to determine the independence of its directors on a case by case basis taking into account the totality of the facts and the criteria established in this policy. Where the board, exercising its discretion and having considered all relevant facts, determines a director to be independent despite not meeting the criteria established in this policy, the board will fully disclose its reasoning in appropriate public reports.

Policy on determining the independence of board members (continued)

The test of independence that will be used by the board of AngloGold Ashanti Limited to determine the independence of its members is based on the following:

1. An independent director is a non-executive director of the board who:

a. Is not a representative or officer of a significant shareholder of the company. For purposes of this policy the term "significant shareholder" means a shareholder who owns, directly or indirectly, more than 5% of the company's issued share capital or a shareholder who has the ability to influence the decisions of the board and/or management. The term "officer" shall mean a director or company secretary of the shareholder, any person identified as an officer according to the requirements of any relevant laws; any person who has the capacity to influence significant business and/or financial decisions of the shareholder (including decisions affecting the relationship with AngloGold Ashanti) or who is appointed to any capacity within the shareholder by its board or any of its board committees;

b. Has not been employed in an executive capacity by the company or the group for the preceding three financial years. For purposes of this policy the term "executive capacity" means any employee whose appointment requires the approval of the Remuneration Committee, Nominations Committee or the Audit and Corporate Governance Committee of the board;

c. Has not been the auditor of the company for the preceding three financial years;

d. Is not a professional adviser to the company other than in his or her capacity as a director of the company;

e. Does not have a material interest in a contract with the company or is not employed by a company that has a material interest in a contract with the company. For purposes of this policy the term "material interest in a contract" means, as a guideline, any contract which is:

(i) The greater of 0.5% of AngloGold Ashanti's total gross revenue in the preceding financial year or $20 million whichever is the greater; and

(ii) Even if the limit mentioned in (i) above is not exceeded, the board will consider whether the contract is deemed material to either contracting side taking into account all relevant facts including (but not limited to) the value of the contract relative to the total business of each party and the importance of the business relationship to the parties.

f.

Is free of any other business or other relationship which could be perceived to materially interfere with the individual's capacity to act independently of other board members, management or the individual's own interests;

g. Receives remuneration for services as a director in the form of cash and shares (but not share options); and

h. Objectively conducts himself or herself in a manner displaying independence of thought, judgement and action.

2. For purposes of determining the independence of directors the criteria above will apply mutatis mutandis to the immediate family members of the director. For purposes of this policy the term "immediate family member" shall include any of the following persons who are related to the director in question: spouse, children and grandchildren; parents, parents-in-law and grandparents; siblings and the children, spouses and grandchildren of any of these siblings.

3. The board will annually review which of its members are independent having regard to this policy and relevant facts.

The board will annually review this policy as part of its own performance evaluation process.

The board, its committees, and individual directors completed an annual evaluation process in February 2009 to review their effectiveness and determine measures that will help improve the performance of the board and its committees. The chairman of each committee and the chairman of the board led the processes to evaluate the committees and the board respectively. There was a separate review of the chairman's performance led by the deputy chairman of the board whereby each director evaluated his performance during the year. The company secretary and compliance manager play a critical role in this process.

The performance evaluation of executive directors is conducted by the Remuneration Committee. For full details, see Remuneration Committee from page 192.

As an example of the content of an appraisal form, the board effectiveness evaluation covered the following topics:

- Setting of performance objectives
- Board contribution to development of strategy
- Board response to crisis
- Board awareness of developments in regulatory environment and market
- Effectiveness of board committees
- Evaluation of the relationship between the board and management, shareholders and among members of the board itself
- Succession plans for senior executive management
- Definition of independent directors
- Corporate governance and legal issues facing the board/company

The vice president – finance, treasury and company secretarial and the company secretary have been appointed to assist the board in its deliberations, informing members of their legal duties and ensuring, together with the executive directors and senior management, that its resolutions are carried out. Together with the investor relations department, the company secretarial function also provides a direct communications link with investors and liaises with the company's share registrars on all issues affecting shareholders. The company secretarial function, in consultation with other departments, furthermore, provides mandatory information required by various regulatory bodies and stock exchanges on which the company is listed. The vice president – finance, treasury and company secretarial and the company secretary are responsible for compliance with all the statutory requirements related to the administration of the Share Incentive Scheme. They also ensure that minutes of all shareholders, board and board committee meetings are properly recorded in accordance with the South African Companies Act 61 of 1973 as amended. The company secretarial and compliance functions also play a crucial role in the induction of new directors.

Policy on determining the independence of board members (continued)

A compliance office has been established to assist the board and management to determine their statutory duties, ensure legal compliance and advise on issues of corporate governance.

All members of the board have access to management and the records of the company, as well as to external professional advisers should the need arise.

Directors and employees of AngloGold Ashanti with access to price sensitive information are not permitted to trade in the company's shares during closed periods. In addition, they are prohibited from dealing in warrants and derivatives of the company at any time. Directors and key employees are required to follow a formal process before trading in the company's shares. Closed periods are in effect from the end of the reporting period to and including the date of publication of the quarterly, half-yearly and year-end results. Where appropriate, a closed period is also effective during periods when major transactions are being negotiated and a public announcement could be imminent.

Six board meetings and six sub-committee meetings took place during the course of 2008. The board meeting attendance graph is provided below.

Significant issues faced by the board in 2008

The biggest issue faced by the board of AngloGold Ashanti during 2008, was and continues to be the global financial crisis and the prospect of a worldwide recession. The current economic climate has several implications for resource companies as commodity prices slide downwards and impact essential financial and capital project plans. More relevant to AngloGold Ashanti was the need to refinance the company's convertible bond which matured in February 2009. The company's initial plan to refinance the bond from proceeds of an equity linked instrument became non-viable due to the global credit crunch that resulted from the financial crisis, posing a significant risk to the company's activities. The refinancing problem was resolved when, in November 2008, the company secured a US$1.0 billion term facility to refinance the bond.

The board also regularly reviewed the company's strategy of reducing the hedge book and its performance in respect of safety.

Board: proportion of meetings
attended by members

Not attended
Attended
6%
94%

Board Members during 2008	No. of meetings not attended	No. of meetings attended/total
Mr R P Edey (Chairman)		6/6
Dr T J Motlatsi	1	5/6
Mr F B Arisman		6/6
Mr R E Bannerman		6/6
Mrs E Le R Bradley*	1	

3/4
Mr M Cutifani
6/6
Mr J H Mensah
6/6
Mr W A Nairn
6/6
Prof W L Nkuhlu
6/6
Mr S M Pityana
2
4/6
Mr S R Thompson**
4/4
Mr S Venkatakrishnan
6/6
* retired 6 May 2008
** resigned 28 July 2008

BOARD SUB-COMMITTEES

To facilitate its activities and deliberations, the board has established a number of subcommittees, comprising members of the board, with written terms of reference governing the powers, functions and activities of these sub-committees. There are eight committees of the board including the Executive Management Committee. As and when required, the board may establish Ad Hoc committees to address issues of current concern.

Members of board committees have access to management and the records of the company, as well as to external professional advisers should the need arise. Details of each sub-committee are provided below.

Audit and Corporate Governance Committee

Membership of the Audit and Corporate Governance Committee, including its chairman, comprises only independent non-executive directors, in compliance with the Sarbanes-Oxley Act. The Sarbanes-Oxley Act requires the board to identify a financial expert from within its ranks. The board has resolved that the committee's chairman, Prof Wiseman Nkuhlu is the board's financial expert. All four members of the committee have considerable financial knowledge and experience to help oversee and guide the board and the company in respect of the audit and corporate governance disciplines. In relation to independent directors' membership of the committee, AngloGold Ashanti complies with both the guidelines of the King Code and the requirements of the Sarbanes-Oxley Act.

The group internal audit manager has unrestricted access to both the chief executive officer and the chief financial officer, the board chairman and the chairman of this committee, and is invited to attend and report on his department's activities at all committee meetings. The board is confident that the unfettered access of the group internal audit manager to key board members, and the direct and regular reporting to the committee, enables him to discharge his duties as required by law and in fulfilment of his obligations to the company. The function, duties and powers of the internal audit department, for which the group internal audit manager is responsible, are governed by a formal internal audit charter approved by the committee. In addition, the group internal audit manager meets with committee members in the absence of management.

The committee meets regularly with the external audit partner, the group's internal audit manager and the chief financial officer to review the audit plans of the internal and external auditors and ascertain the scope of the audits, and to review the quarterly financial results, significant legal matters affecting the company, the preliminary announcement of the annual results and the annual financial statements, as well as all statutory submissions of a financial nature, prior to approval by the board.

In relation to risk management, the committee reviews the risk policies of the company with respect to risk identification and the risk management process, ensuring that the guidelines of the King Code and the requirements of the US Sarbanes-Oxley Act are met, as well as advising the board on the effectiveness of the risk management system.

Audit and Corporate Governance Committee (continued)

The committee is further responsible for:

- the appointment and dismissal of the external auditors;
- determining and approving external auditors' fees;
- ensuring that the external auditors report regularly to the committee;
- overseeing the work of the external auditors;
- fees paid to the external auditors in respect of audit fees were $6 million and $1 million relating to other assurance services. The percentage of non-audit fees as a portion of total fees paid to the external auditors for 2008 was about 14%;
- overseeing the internal audit function:
- receiving regular report back from the group internal audit manager; and
- the appointment and dismissal of the group internal audit manager;
- assessing and reviewing the company's risk management framework;
- monitoring the group's corporate governance practices in relation to regulatory requirements and guidelines; and
- determining all non-audit work of the external auditors including consulting work, and pre-approving non-audit fees to be paid to the external auditors. The non-audit activities performed by the external auditors during the year were in respect of:
- tax services;
- training services; and
- assurance services in respect of United States Securities and Exchange Commission (US SEC) regulatory filings.

The external auditors also meet with committee members in the absence of management. The Audit and Corporate Governance Committee, after due consideration, is satisfied that the external auditor is independent of the company and was so during the financial period under review to and including the date of this report.