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

Annual Report 2008

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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

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

- 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
Annual Report 2008
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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

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

Annual Report 2008

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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.

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

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.

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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.

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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
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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

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
Annual Report 2008

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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

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

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
Annual Report 2008
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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.
Review of operations
South Africa *cont.*
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

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."

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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

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.

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
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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.

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

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.
Review of operations
Mali *cont.*

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

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

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