ANGLOGOLD ASHANTI LTD
Form 6-K
May 15, 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 May 15, 2009
Commission File Number 1-14846
AngloGold Ashanti Limited
(Translation of registrant's name into English)
76 Jeppe Street
Newtown, 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 – REPORT FOR THE QUARTER ENDED MARCH 31, 2009, PREPARED IN ACCORDANCE WITH INTERNATIONAL ACCOUNTING STANDARDS

**Quarter 1 2009**
**Report**
**for the quarter ended 31 March 2009**
**Group results for the quarter….**

- Continued progress on safety, with lowest-ever number of Lost Time Injuries, while maintaining an improved fatality rate.
- Production of 1.103Moz, in line with updated guidance.
- Total cash costs of $445/oz, in line with original guidance.
- Gold spot-price up 14%; received price up 25% quarter-on-quarter.
- Hedge book commitments reduced by further 154,000oz, with 6% discount to average spot price received.
- Adjusted headline earnings of $150m, up significantly from prior-quarter $17m loss.
- Further portfolio optimisation through sale of Boddington mine to Newmont Mining Corp. and Tau Lekoa mine to Simmer & Jack Mines Limited.
- Anglo American Plc sale of remaining stake to Paulson & Company removes overhang.

**Quarter**
**Year**
**Quarter**
**Year**
**ended**
**ended**
**ended**
**ended**
**ended**
**ended**
**ended**
**ended**
**Mar**
**Dec**
**Mar**
**Dec**
**Mar**
**Dec**
**Mar**
**Dec**
**2009**
**2008**
**2008**
**2008**
**2009**
**2008**
**2008**
**2008**
**Restated**
**Restated**
**SA rand / Metric**
**US dollar / Imperial**
**Operating review**
Gold
Produced
- kg / oz (000)
**34,306**

39,429
37,210
154,958
**1,103**
1,268
1,196
4,982
Price received
1
- R/kg / $/oz
**273,109**
219,329 183,945 130,522
**858**
687
755
485
Price received normalised for accelerated settlement of non-hedge derivatives
1
- R/kg / $/oz
**273,109**
219,329 183,945 185,887
**858**
687
755
702
Total cash costs
- R/kg / $/oz
**141,552**
134,813 104,461 117,462
**445**
422
430
444
Total production costs
- R/kg / $/oz
**180,751**
172,312 136,200 150,149
**568**
540
561
567
**Financial review**
Gross profit (loss)
- Rm / $m
**1,102**
2,187
(3,530)
939
**111**

390
(99)
594
Gross profit (loss) adjusted for the gain
(loss) on unrealised non-hedge
derivatives and other commodity
contracts
2
- Rm / $m
**2,764**
1,241
1,911
(2,945)
**279**
125
250
(384)
Adjusted gross profit normalised for
accelerated settlement of non-hedge
derivatives
2
- Rm / $m
**2,764**
1,241 1,911 5,072
**279**
125
250
626
Profit (loss) attributable to equity
shareholders
- Rm / $m
**1**
(11,869)
(3,812)
(16,105)
**-**
(1,016) (142)
(1,195)
Headline earnings (loss)
3
- Rm / $m
**-**
516
(3,880)
(4,375)
**-**
234
(151)
(30)
Headline earnings(loss) adjusted for
the gain (loss) on unrealised non-

hedge derivatives and other
commodity contracts and fair value
adjustments on convertible bond
4
- Rm / $m
**1,482**
(178)
813 (7,197)
**150**
(17) 105
(897)
Capital expenditure
- Rm / $m
**2,381**
2,994 1,930 9,905
**241**
302
257
1,201
(Loss) profit per ordinary share
- cents/share
Basic
**-**
(3,335)
(1,351)
(5,077)
**-**
(285) (50)
(377)
Diluted
**-**
(3,335)
(1,351)
(5,077)
**-**
(285) (50)
(377)
Headline
3
**-**
145 (1,376)
(1,379)
**-**
66
(54)
(9)
Headline earnings (loss) adjusted for
the gain (loss) on unrealised non-
hedge derivatives and other
commodity contracts and fair value
adjustments on convertible bond

4
-
cents/share
**414**
(50)
288 (2,269)
**42**
(5) 37
(283)

***Notes:***

*1. Refer to note C "Non-GAAP disclosure" for the definition.*
*2. Refer to note B "Non-GAAP disclosure" for the definition.*
*3. Refer to note 8 "Notes" for the definition.*
*4. Refer to note A "Non-GAAP disclosure" for the definition.*

$ represents US dollar, unless otherwise stated.

*Rounding of figures may result in computational discrepancies.*

Global Footprint

***AngloGold Ashanti is a global company…***

***…with an extensive portfolio of new and emerging opportunities.***

China

DRC

Russia

Operations **at a glance**
**for the quarter ended 31 March 2009**
**Production**
**Total cash costs**
**Gross profit (loss)**
**adjusted for the gain**
**(loss) on unrealised non-**
**hedge derivatives and**
**other commodity**
**contracts**
**1**
%
%
$m
**oz (000)**
Variance
2
**$/oz**
Variance
2
**$m**
Variance
2
Mponeng
**128**
(11)
**244**
10
**63**
3
AngloGold Ashanti Mineração
**68**
(18)
**288**
23
**29**
2
Kopanang
**77**
(15)
**338**
9
**25**
1
Cripple Creek & Victor
**56**
(28)
**336**
4
**23**
3

Siguiri
3
**80**
(1)
**492**
3
**22**
12
Moab Khotsong
**65**
(8)
**292**
(8)
**20**
8
Morila
3, 4
**39**
(17)
**413**
7
**17**
6
Sadiola
3, 4
**36**
(27)
**315**
(18)
**17**
12
TauTona
**59**
(16)
**385**
18
**16**
9
Sunrise Dam
**98**
15
**574**
18
**12**
3
Cerro Vanguardia
3
**47**
(16)
**400**
(14)

**11**
9
Iduapriem
**37**
(35)
**535**
(7)
**10**
7
Navachab
**18**
(10)
**457**
(11)
**6**
4
Great Noligwa
**43**
(32)
**587**
30
**4**
(4)
Serra Grande
3
**11**
(54)
**499**
92
**4**
(3)
Tau Lekoa
**31**
(14)
**593**
24
**4**
2
Savuka
**14**
(22)
**452**
77
**4**
-
Yatela
3, 4
**14**
(13)
**547**
(2)

**3**
-
Obuasi
**92**
(6)
**701**
(2)
**(1)**
32
Geita
**44**
(15)
**1,018**
11
**(17)**
41
Other
**46**
70
**43**
26
Sub-total
**1,103**
(13)
**445**
5
**316**
173
Less equity accounted investments
**(37)**
(19)
AngloGold Ashanti
**279**
154
*1*
*Refer to note B "Non-GAAP disclosure" for the definition.*
*2*
*Variance March 2009 quarter on December 2008 quarter - increase (decrease).*
*3*
*Attributable.*
*4*
*Equity accounted joint ventures.*
*Rounding of figures may result in computational discrepancies.*

Financial and **operating review**

**OVERVIEW FOR THE QUARTER**

AngloGold Ashanti's "Safety is Our First Value" campaign has now run for just over 18 months delivered a substantial impact across the business. While safety gains were recorded at many of the South African operations during the first quarter, two employees tragically lost their lives in separate accidents at the Moab Khotsong and Tau Lekoa mines. The company recorded a Fatal Injury Frequency Rate (FIFR) of 0.05 per million hours worked, a 58% improvement on the FIFR of 0.12 in the fourth quarter. The Lost Time Injury Frequency Rate (LTIFR) of 7.05 during the second quarter, compared with 6.98 in the three months ending December. Leadership across AngloGold Ashanti remains fully committed to continuing to improve safety performance to deliver a workplace free of accidents.

First-quarter gold production of 1.1Moz was 2.4% lower than the initial guidance of 1.13Moz, but in line with revised guidance issued on 2 April, 2009. The general operating performance across the business was solid and the operating issues in South Africa and Tanzania that caused revision of first-quarter guidance in April have now been resolved.

Southern Africa operations produced 481,000oz at a total cash cost of $347/oz, compared with 540,000oz at $325/oz in the previous quarter. Uranium output was 5% higher at 369,000lbs. Management's decision to suspend some underground operations in South Africa to further improve safety contributed to the reduction, as did the slower-than-anticipated resumption of work after the December break. The Vaal River division was further impacted by inventory lock-up in the plant at Kopanang and the intersection of unidentified geological structures at Moab Khotsong, while maintenance at Mponeng and a five-day drillers' strike at Savuka led to lower output from the West Wits operations. The strike at Savuka related to a disagreement on payments to drillers and this issue has since been resolved.

The Africa region produced 342,000oz at a total cash cost of $591/oz, compared with 401,000oz at $586/oz in the previous quarter. Planned reductions in volume at Yatela and Sadiola as well as a plant breakdown at Geita contributed to lower production. Strong performances were delivered by Siguiri which benefited from grade improvements and Obuasi which is successfully meeting its turnaround objectives.

The South America region produced to its plan of 126,000oz at $348/oz, compared with 164,000oz at $327/oz in the previous quarter, while Cripple Creek & Victor in North America had production of 56,000oz at $336/oz versus 78,000oz at $322/oz in the previous period. AngloGold Ashanti's Australian operation produced 98,000oz at A$865/oz ($574/oz), as compared with 85,000oz at A$721/oz ($486/oz) in the previous quarter as Sunrise Dam drew down higher-grade ore from stockpiles. The Australian operations are performing ahead of planned targets.

AngloGold Ashanti's total cash costs rose 5% to $445/oz, in-line with initial guidance of $440/oz to $450/oz. While the increase was anticipated, it was due mainly to the lower volumes across most of the company's mines, partly offset by lower fuel costs.

The company continued to deliver into hedge commitments, part of its strategy to reduce its overall position and increase exposure to spot gold-prices. The net delta of the hedge book reduced by 360,000oz, or 7%, to 4.86Moz with total commitments of 5.84Moz, reflecting a decline of 154,000oz, or 3% at 31 March 2009. The overall reduction in the hedge position was due to deliveries made into maturing contracts.

We continue to deliver on our strategic restructuring objectives with the sale by Anglo American Plc of its remaining stake in the company, thereby removing the overhang in the market that was perceived by many as an impediment to optimum share-price performance. Paulson & Co., a US-based investment fund, purchased Anglo American's 39.9m shares at $32 each, resulting in a total consideration of $1.28bn. AngloGold Ashanti management held constructive dialogue with Paulson & Co. representatives following the purchase and is encouraged by their support for the company's ongoing operational and strategic plans.

Further progress on the strategic restructuring was delivered through the continuing optimisation of its portfolio of assets, AngloGold Ashanti announced on 28 January 2009 the sale of its 33.33% stake in the Boddington mine to Newmont Mining Corporation for up to approximately $1.1bn, comprising $750m in cash upon closing the deal; $240m in cash or Newmont shares due on 31 December 2009, and up to $100m in quarterly royalty payments based on specific cash operating margins. Capital expenditure incurred from 1 January 2009 is to be reimbursed following closure of the sale which is expected by about 30 June 2009.

On 14 February 2009, the company announced an agreement to sell its Tau Lekoa mine and the adjacent Goedgenoeg and Weltevreden properties to Simmer & Jack Mines Ltd. Tau Lekoa is a mature, high-cost asset, distant from the company's other Vaal River mines where future consolidation synergies are planned. The sale is for R600m, less up to R150m in un-hedged free cashflow generated by the mine during 2009, as well as a 3% quarterly royalty revenue on 1.5Moz of gold, payable when gold trades above R180,000/kg. The sale is expected to close early 2010.

Exploration expenditure of $31m declined 18% from the previous quarter reflecting continuous reprioritisation and management of the greenfields exploration strategy. Greenfields exploration activities were undertaken in Australia, Colombia, China, the Philippines, Russia and the DRC. Prefeasibility work on the Tropicana project in Australia remains on schedule for completion in the second half of 2009. In Colombia, drilling at La Colosa remained suspended during the quarter pending the award of environmental permits.

Subsequent to the end of the quarter, Colombia's Ministry of Environment, Housing and Development indicated it will issue a permit allowing AngloGold Ashanti to resume exploration on a portion of the La Colosa concession. A legally binding decision within the government's administrative process is being awaited in this regard.

The award of permits will be a significant step forward and allow for resumption of exploration and other activities related to the project's prefeasibility study. Throughout the process, close cooperation will be undertaken with local communities and non-governmental organizations to demonstrate that the development of a mine will be undertaken in an environmentally and socially responsible manner and will have significant economic benefits for the region.

Internal estimates indicate expenditure of about $200 million over the next three to four years to increase knowledge of one of the most significant gold discoveries of the past decade and the first significant gold porphyry discovery in the Colombian Andes. An investment of that magnitude will create roughly 700 direct jobs and about three times that number in indirect employment opportunities.

Adjusted headline earnings were $150m, or US42 cents/share, up from a loss of $17m, or US5 cents/share in the previous quarter. The turnaround shows AngloGold Ashanti's improving leverage to higher spot gold prices with the reduced hedge commitments, lower amortisation and inventory adjustments. This result was further underpinned by the solid cost performance, delivered in spite of the slightly lower production result.

Production for the second quarter of 2009 is expected to be 1.140Moz because of the number of public holidays in South Africa during the second quarter. Total cash costs during the quarter are estimated at $465/oz at R9.25/$; A$/$0.66; BRL2.25/$ and Argentinean peso 3.65/$, at R8.50/$ and A$/$0.73 with the same BRL and Argentinean peso to the dollar the total cash cost is likely to be around $485/oz.

The company remains on track to meet its production guidance for the year of between 4.9Moz to 5.0Moz. The annual total cash cost guidance was $435/oz to $450/oz and this was based on R9.75/$, A$/$0.68, BRL2.25/$ and Argentinean peso 3.65/$. However, with the strengthening of local currencies and in particular the South African rand, total cash costs are likely to be in the range of $450/oz to $460/oz at R9.25/$ and $460/oz to $475/oz at R8.50/$. Capital expenditure excluding Boddington remains forecast at $840m in 2009 and management expects to achieve a discount of 6% to the average spot gold price for the year.

**OPERATING RESULTS FOR THE QUARTER**

**SOUTHERN AFRICA**

**Great Noligwa's** production was adversely affected by the premature intersection of a geological structure and the closure over the year-end break. Output was further affected by hanging-up of ore passes in January and February, causing lock-up. Gold production dropped 31% to 1,349kg (43,000oz) while total cash costs rose 30% to R186,735/kg ($587/oz), due to the lower production. Adjusted gross profit was R35m ($4m), compared with profit of R78m ($8m) in the prior quarter.

The LTIFR improved to 9.87 (12.11).

**Kopanang** lost four shifts to safety stoppages and also experienced a gold lock-up in the plant, resulting in an 8% drop in yield. This contributed to gold production decreasing by 15% to 2,409kg (77,000oz). Total cash costs increased by 9% to R107,584/kg ($338/oz), mainly due to lower gold production which was partially offset by a favourable adjustment to gold-in-process. Adjusted gross profit was R247m ($25m) against R240m ($24m) in the prior quarter.

The LTIFR improved to 11.87 (12.25).

**Moab Khotsong's** production fell 8% to 2,028kg (65,000oz), due mainly to a clean-up of plant inventory in the previous quarter and unexpected geological structures which eliminated planned mining faces, resulting in lower tonnage. Total cash costs were 8% lower at R93,120/kg ($292/oz), due to the favourable inventory adjustment and by-product contribution. Adjusted gross profit almost doubled to R202m ($20m) compared with R114m ($12m) in the previous quarter.

The LTIFR deteriorated to 14.51 (9.18). The mine had one fatality during the quarter.

**Tau Lekoa's**, production was negatively impacted by safety stoppages and ventilation constraints in some areas. Gold production fell 13% to 962kg (31,000oz). Total cash costs increased 24% to R188,797/kg ($593/oz) due to the payment of once-off retention bonuses relating to the sale of Tau Lekoa. Adjusted gross profit almost doubled to R39m ($4m) compared with R22m ($2m) in the previous quarter.

The LTIFR deteriorated to 17.92 (12.38). The mine had one fatality during the quarter.

**Vaal River Surface Operations'** production increased 67% to 1,416kg (46,000oz), due mainly to increases in tonnage and improved grades of waste-rock dump delivered. Total cash costs fell 43% to R66,734/kg ($210/oz).

The LTIFR deteriorated to 0.63 (0.56).

**Mponeng's** production declined 12% to 3,967kg (128,000oz), impacted by maintenance undertaken on the mill, which in turn resulted in backfilling constraints. Total cash costs were well controlled and unit cash costs rose by only 9% to R77,520/kg ($244/oz). Adjusted gross profit was R628m ($63m), compared with R594m ($60m) in the previous quarter.

LTIFR was little changed at 12.80 (12.66).

**Savuka's** production dropped 24% to 432kg (14,000oz) due mainly to a drillers' strike which cost five production shifts, as well as problems encountered with an Eskom transformer. Total cash costs rose 77% to R143,876/kg ($452/oz), the result of lower production and additional costs associated with the rehabilitation of a dyke intersection. The mine received some benefit from a favourable adjustment in inventory after a lock-up the previous quarter. Adjusted gross profit was R39m ($4m) compared with R42m ($4m) in the previous quarter.

The LTIFR improved to 7.08 (12.35).

**TauTona's** production fell 16% to 1,822kg (59,000oz), after fall-of-ground incidents, seismic events and face-length restrictions together resulted in lower mining volumes. Yield was 9% lower due to higher off-reef tonnages as new development ends started. Total cash costs rose 18% to R122,643/kg ($385/oz), due to lower gold production. Adjusted gross profit more than doubled to R163m ($16m), from R72m ($7m) in the previous quarter.

The LTIFR improved to 13.59 (15.44).

**Navachab's** production declined 10% to 18,000oz with harder footwall material fed to the plant resulting in lower tonnage throughput. This was partially offset by a 5% increase in yield because of higher grades in the footwall mineralisation and better-than-expected performance of low-grade stockpiles. Total cash costs were 11% lower at $457/oz, primarily as a result of deferred stripping-credits. Adjusted gross profit tripled to $6m, from $2m in the previous quarter.

The LTIFR remained unchanged at 0.00 (0.00).

**REST OF AFRICA**

**Iduapriem's** gold production fell 35% to 37,000oz, due to a breakdown of a mill gearbox which severely impacted tonnage throughput. Total cash costs decreased by 7% to $535/oz, mainly as a result of a decline in waste-stripping costs and lower fuel prices. Adjusted gross profit was $10m compared with $3m the previous quarter.

LTIFR was 3.50 (3.33).

**Obuasi's** gold production declined 6% to 92,000oz, as a breakdown at the oxygen treatment plant resulted in a lower tonnage throughput. Total cash costs decreased 2% to $701/oz, due to a marked improvement in operational efficiencies and reduced power consumption, as management continued to deliver on the turnaround strategy. Adjusted gross loss narrowed to $1m, compared with $33m the previous quarter, as the previous quarter's non-cash adjustment to consumable inventory was not repeated.

The LTIFR was 4.23 (4.40).

At **Siguiri** (85% attributable), production marginally reduced to 80,000oz, while total cash costs increased by 3% to $492/oz, mainly due to higher royalty payments arising from a gain in the spot gold price, as well as a slower build-up of ore stockpiles. Adjusted gross profit doubled to $22m, from $10m in the previous quarter.

LTIFR was 0.00 (0.58).

At **Morila** (40% attributable), production was 17% lower at 39,000oz. Tonnage throughput was reduced as the SAG mill was relined and worn liners on the primary crusher were replaced. Total cash costs rose 7% to $413/oz. Adjusted gross profit increased to $17m from $11m the prior quarter.

LTIFR remained unchanged at (0.00).

At **Sadiola** (38% attributable), production declined 27% to 36,000oz due to planned decreases in recovered grade. Total cash costs decreased by 18% to $315/oz, despite the lower production, as a result of lower fuel prices, lower reagent consumption and a decrease in freight costs. Adjusted gross profit more than tripled to $17m, compared with $5m the previous quarter, buoyed by a higher gold price and an improved cost performance. The decrease in production together with an increase in reserves, led to a lower amortisation expense.

The LTIFR was 0.92 (0.83).

At **Yatela** (40% attributable), production declined 13% to 14,000oz due to a planned decrease in recovered grade and fewer production shifts, as well as unplanned maintenance, which led to lower tonnages stacked. Total cash costs decreased by 2% to $547/oz as a result of lower fuel prices. Adjusted gross profit was maintained at $3m, with higher received prices compensating for lower production.

The LTIFR was 0.00 (0.00).

**Geita's** gold production fell 15% to 44,000oz. The performance was well below expectations following lower-than-anticipated recovered grades, an extended mill shutdown due to SAG-mill gearbox failure and replacement of the SAG mill thrust-ring. Repairs were completed by mid-February and tonnage throughput has since improved during April 2009. Total cash costs rose 11% to $1,018/oz. The adjusted gross loss narrowed to $17m from $58m the previous quarter.

The LTIFR improved to 0.41 (0.80).

**AUSTRALIA**

**Sunrise Dam's** gold production rose 15% to 98,000oz due to higher grades, principally from the underground stopes at Cosmo and the Western Shear Zone. In the open pit, the first significant volumes of ore from the North Wall Cutback were mined. Installation of piping and infrastructure for the paste fill plant continued. A total of 505m of underground capital development and 1,169m of operational development were completed during the quarter. Total cash costs rose 20% to A$865/oz ($574/oz), largely because of stockpile movements. Adjusted gross profit was A$18m, ($12m) compared with A$13m ($9m) in the previous quarter.

The LTIFR was 2.54 (0.00).

**SOUTH AMERICA**

At **Cerro Vanguardia** (92.5% attributable), production fell 16% to 47,000oz because of planned declines in yield and volume. Total cash costs fell 14% to $400/oz as a result of: lower expenses related to mining and vehicle maintenance; lower technical-consultancy costs; depreciation of the Argentinean peso; and stockpile movements. Those benefits were partially offset by lower gold production, decreased silver by-product contribution and higher contractor costs. Adjusted gross profit was $11m compared with $2m the previous quarter.

The LTIFR was 6.32 (3.49).

**AngloGold Ashanti Brasil Mineração's** production dropped 18% to 68,000oz. Lower-grade stopes were mined at Cuiabá, partly offset by higher tonnage output. Total cash costs rose 23% to $288/oz, primarily due to the decline in production, a lower acid by-product credit and other provision and allocation adjustments. Adjusted gross profit was $29m, compared with $27m the previous quarter.

The LTIFR was 2.51 (3.24).

At **Serra Grande** (50% attributable), gold production fell 54% to 11,000oz, due mainly to an anticipated drop in overall grade following lower ore production from the quartz veins at Mine III. Output was further impacted by commissioning of the Plant Expansion Project. The benefits of the project will be evident through the balance of the year. Total cash costs rose 92% to $499/oz, principally due to lower gold production, stockpile movements and additional costs of consumables and power to meet the earlier commissioning of the plant.
Adjusted gross profit was $4m compared with $7m the previous quarter.
The LTIFR was 1.52 (1.46).

**NORTH AMERICA**

**Cripple Creek & Victor's** gold production fell 28% to 56,000oz, due to pad-phase timing. Total cash costs increased 4% to $336/oz, due mainly to increased lime and cyanide applications, greater explosive volumes and higher royalty costs. This increase was partially offset by lower inflation and reagent costs. Adjusted gross profit rose to $23m, compared with $20m in the previous quarter, due to the higher gold price.
The LTIFR improved to 4.52 (9.81).

*Notes:*
*All references to price received includes realised non-hedge derivatives.*
*In the case of joint venture and operations with minority holdings, all production and financial results are attributable to AngloGold Ashanti.*
*Rounding of figures may result in computational discrepancies.*

Review of the gold market

**Gold price movements and investment markets**

Gold continued to benefit from the global financial crisis and in the first quarter of 2009, recorded the second-highest spot price ever, sustaining the strong trend which started midway through the fourth quarter of 2008. The average price during the period under review was $909/oz, a 14% increase on the $795/oz average price in the final quarter of 2008.

This performance occurred within a period of relative US-dollar strength. Traditionally, the relationship between the US dollar and the gold price has been inversely correlated. This dislocation of the gold price and US dollar is an indication of growing risk aversion among investors and a flight to US-dollar assets, primarily cash and US Treasuries.

At the same time, the continued efforts of monetary authorities to restart lending by adding substantial liquidity into the banking system has raised concerns among analysts and investors, not simply over the inflationary effects of such actions but also over certain sovereign credit-ratings. The vulnerability of nations, even those in Western Europe, was evidenced by the rating downgrades to Spain and Greece during the quarter.

These concerns were the primary driver of the gold price through the first three months of the year.

Exchange Traded Funds (ETFs) in general and the US-listed SPDR Fund in particular, were beneficiaries of this investment climate. The nine major gold ETFs collectively grew almost 40% to 53Moz from the beginning of the year to the end of March, 2009. This outstripped the 37% growth in existing ETFs over the whole of 2008 and brings ETF holdings to a significant level in comparison to major Central Bank Holdings.

**Central Bank and ETF Gold Holdings**

**Central Bank Gold Holdings by Country**

| | **Moz** |
|---|---|
| US | 253 |
| Germany | 106 |
| IMF | 100 |
| France | 78 |
| Italy | 76 |
| ETF* | 53 |
| Switzerland | 32 |

** Combined holdings of nine major ETFs as at end March 2009*

*Source: WGC*

*1 tonne = 32 150oz*

The speculative community was also invested in gold as evidenced by movements on the COMEX and CBOT exchanges. This long positioning did not reach the proportions that were seen earlier in 2008 but under the circumstances remained robust, reaching a high of 22Moz net long.

It is expected that if the US dollar were to weaken, the traditional inverse correlation of the dollar and the gold price would reassert itself. This would almost certainly be true if the US dollar were to decline on fears of rising inflation and general currency debasement globally.

**Producer hedging**

Although no analysis has been published yet, the rate of producer de-hedging is not expected to have been very different from that of the previous quarter.

**Physical demand**

**Jewellery Sales**

As expected, the global financial crisis has affected the retail sector significantly, dampening purchases of gold jewellery as a luxury item in most countries, particularly in the US, India and the Middle East.

Despite this general trend, demand for gold purchases in China, now the second-largest single market for gold jewellery, remained stable. The relative buoyancy of the market was assisted by the advent of the Chinese New Year during the quarter, which is traditionally a peak period for gold-jewellery purchases. Demand then slowed towards the middle of March, in line with normal seasonal trends.

The US jewellery market has been badly affected by the global financial crisis. Although first-quarter retail-sales figures are typically low following the Christmas period, the current spending crunch along with the historically high price of gold, has made gold-jewellery purchases difficult for lower-end consumers. Retailers, including mass-market companies like WalMart, have responded by cutting back on stock levels of gold jewellery. Current market conditions are leading to consolidation throughout the value chain.

Financial instability also impacted negatively on the Middle East market, with local retail trades and the tourist sector affected. The second quarter may, however, bring some recovery as it is usually the heaviest spending season in the Middle East with the traditional wedding season typically accounting for some 60% of annual gold jewellery demand.

The Egyptian market, which performed strongly in 2008 saw a decrease in demand due to more difficult economic conditions. In Turkey, where the lira has depreciated by 30% against the US dollar since the financial crisis began, the local gold price has increased and consumption declined. The US market typically accounts for a large proportion of gold-jewellery exports from Turkey and the country's export trade was therefore significantly affected. Both the Egyptian and the Gulf markets reported high levels of scrap sales during the quarter, a result of more difficult economic circumstances, a flight to cash and rising gold prices.

India, which accounts for approximately 30% of global jewellery consumption, experienced a slow start to 2009. The increase in gold prices, along with an increasingly conservative attitude towards spending, dampened demand in the sector. Some recovery may, however, take place during the second quarter, particularly in the rural areas, in response to the harvest and the traditional gold buying festival of Akshaya Tritia.

As would be expected under the current financial circumstances, the Indian market also saw the increased use of scrap gold in the fabrication of new gold jewellery, as consumers preferred to use existing metal to modernize their jewellery rather than make new purchases. The market also trended towards the sale of lighter-weight products which consume less gold and can be retailed at lower price points.

**Investment Market**

As noted previously, investment demand in ETFs was significant during the first quarter of the year, with total holdings once again reaching record levels. Underlying sentiment relating to the gold market and the role of gold as a safe-haven asset contributed to good demand for investment products, where cash was available.

In India, for example, a recently launched scheme to retail gold medallions through post offices has been quite successful.

Despite the weakness of the retail market for gold jewellery in the US, demand for gold bars and coins remained strong, while supply shortages became more serious with the US Mint apparently unwilling to invest in new production capacity.

**Central Bank Sales**

Sales under the Central Bank Gold Agreement remain far below the available quotas. Post quarter-end, the G20 summit communiqué signalled a strong intention to sell IMF gold in order to provide concessional and flexible finance for the poorest countries over the next 2-3 years. As noted in previous reports to shareholders, gold sales by the IMF would still require congressional approval and are expected to take place in the framework of the Central Bank Agreement.

**Exploration**

Total exploration expenditure during the first quarter, inclusive of expenditure at equity accounted joint ventures, was $31m ($15m brownfields, $16m greenfields), compared with $38m ($16m brownfields, $22m greenfields) the previous quarter.

**BROWNFIELDS EXPLORATION**

In **South Africa**, surface drilling continued in the Project Zaaiplaats area, with MMB5 intersecting the Jersey Fault at 3,276.83m. A deflection to the Vaal Reef was started at 2,600m. MZA9 is currently re-drilling from 1,654.7m after in-hole complications. The first reef intersection is only expected in the fourth quarter. MGR8 advanced 1,123m to 2,718.83m.

In the Moab North area, Borehole MCY4 did not progress during the quarter due to in-hole problems.

In the West Rand, a new rig and crew were established on the old UD51 site. Rigging is underway and drilling is expected to commence by the end of April. The hole will be drilled vertically to intersect prospective VCR at about 3,900 metres.

At Iduapriem in **Ghana**, drilling at Ajopa was completed and no further field activities were conducted. Assay results are expected early in the next quarter, after which Mineral Resource modelling will commence. At Obuasi, exploration continued with three holes advancing below 50 level.

In **Argentina**, at Cerro Vanguardia, the exploration programme continued with 4,095.1m of Mineral Resource delineation drilling and 3,151m of reconnaissance drilling. The environmental approval was obtained for the El Volcan project area and initial exploration started.

In **Australia**, at Boddington, three rigs were employed on the BGM Mineral Resource conversion and near-mine exploration diamond-drilling programme. During the quarter, approximately 17,818m were drilled in 29 holes.

At Sunrise Dam, exploration focussed on infill drilling within the existing Mega Pit and continued extension of the underground Mineral-Resources. The drilling within the Mega Pit will confirm whether the potential exists for an internal cutback, which becomes economically viable at higher gold prices.

During the period, 46 diamond drill holes were drilled for 9,604.8m. The in-pit drilling has confirmed that the mineralisation beneath the Sunrise shear and Midway shear zones continues up-dip and may provide the opportunity for an internal cutback on the eastern side of the Mega Pit. Further underground drilling has identified extensions to the high-grade Cosmo, Astro and GQ lodes. Additional mineralisation around the Dolly lode has also been delineated.

In addition, exploration for satellite pits in the surrounding district continued at the Golden Delicious and Wilga (Chalice 100%; AGA Earning 75%) prospects.

In **Brazil**, at the Córrego do Sítio Sulphide Project, drilling continued with 6,700.1m being drilled from surface and 1,662.2m drilled from underground. At the Lamego project, 5,152.3m of surface drilling and 2,331.7m underground drilling was completed.

At Siguiri in **Guinea**, exploration focused on the in-fill drilling within the combined pits preliminary models. Targets drill tested were adjacent to and between the Bidini, Sanu-Tinti, Sorofe, Tubani, Kalamagna and Kami pits, where a combined 267 RC holes (34,051m) were drilled.

Diamond drilling has commenced to investigate the fresh rock potential below Kosise Pit, where the oxides have been mined out and at Bidini, where mining has been completed in the main pit. Extension drilling to the Sintroko Project, based on anomalous soil-sampling and previous drilling, was done to the north, east and west of the main deposit, (17,620m Air Core, 189 holes). The drilling has indicated possible extensions to the north and west of the Sintroko deposit. All results are expected to be available for interpretation during the second quarter.

Geochemical soil sampling continued in Block 1 to the north and north east of current mining operations and east of the Sintroko Project. Cumulative results have not identified any new anomalies at this stage. Drill plans are in place to investigate geochemical anomalies to the north and northwest of the Séguélen deposit identified from sampling in 2008.

At Geita in **Tanzania**, exploration continued at Star and Comet where four diamond and four RC holes were drilled in order to increase confidence in the mineral resource. Assay results indicate consistent gold mineralisation.

Aircore results for Matandani NW proved to be disappointing and at Nyamalembo, data interpretation is ongoing. Infill drilling at Kalondwa Hill was completed and 1,892m was drilled. Geological interpretation is ongoing as assay results are awaited.

At Morila, in **Mali**, work continued on refining the deposit-emplacement model, with the reduced intrusion-related gold system (RIRGS) favoured. Drilling below Pit4N and Pit 4S intersected ore-grade mineralisation within predicted zones. However, extensive granodiorite occurrences have downgraded the potential for significant ore tonnages. Drilling is ongoing.

At Sadiola and Yatela, exploration activity focused on drilling of three areas. At KE17, a gravity-low adjacent to the escarpment and to the southeast of Yatela, a program commenced that is aimed at verifying the continuity of the mineralisation intersected during the last round of drilling and to determine mineralisation plunge under the escarpment. Fifteen holes were completed and an assessment will be made in the next quarter regarding further follow-up drilling. At YG1, a gravity-low target located to the southwest of Yatela pit, was tested with 9 holes. Results are pending. At YG2, another gravity-low target located to the south of Yatela pit and east of YG1, 12 holes were drilled. Results are pending, although field evidence suggests no further work will be required.

At Navachab in **Namibia**, exploration at Gecko continues. Three diamond holes totalling 561m were drilled and are aimed at improving the understanding of the structural setting. The Gecko Mineral Resource model was completed and has been handed over to the mine-planning team. Exploration around the Main pit focused on expanding the Mineral Resource base by extending Indicated and Inferred mineralisation limits on NP2 FW and MDM/US HW sheeted-vein sets to the north. A total of 3,364m of diamond drilling was completed in the quarter. One infill and ten down-plunge holes at a total of 2,507m were drilled in the NP2 FW-vein target and a total of 857m were drilled in the MDM/US HW vein target. Assays are awaited.

At Cripple Creek & Victor in the **United States**, drilling continues to evaluate the Squaw Gulch and North Cresson areas. Encouraging intercepts are under review. Drilling for the High Grade Study was focused along the east wall of the Cresson deposit. Data is accumulating from the current drill program and will be used to predict the grades and tonnages of high-grade zones that will be encountered during surface mining operations.

**GREENFIELDS EXPLORATION**

Greenfields exploration activities were undertaken in Australia, the Americas, China, SE Asia, Sub-Saharan Africa, Russia and the DRC during the first quarter of 2009. A total of 42,161m of reverse circulation (RC) and aircore drilling (AC) was completed at existing priority targets and used to delineate new targets in Australia.

In **Australia**, on the Tropicana Joint Venture, (AngloGold Ashanti 70%, Independence Group 30%) prefeasibility studies on the Tropicana Gold Project are continuing and completion of the study is scheduled for the second quarter of 2009. Technical studies for the project are substantially completed with financial analysis to define the optimal project to be evaluated during feasibility study.

Draft environmental impact assessment documents have been submitted and are currently under review by relevant government agencies. It is anticipated public review of the proposed project will occur mid-year. Approvals for the project should be obtained by the second quarter 2010, providing there are no substantive public appeals or delays through the environmental assessment process.

In parallel with the prefeasibility study, exploration in the Tropicana Joint Venture (JV) has focussed on exploration targets within trucking distance of the Tropicana Gold Project.

During the quarter, a total of 916 AC holes were drilled for 34,242 metres and 50 RC holes for 7,919 metres. Auger sampling continued across areas adjacent to the Tropicana-Havana deposit and nearly 8,000km of aeromagnetic survey was flown.

Best results for the quarter came from RC drilling intercepts at Havana South including 15m @ 3.1g/t Au from 126m, 10m @ 4.14g/t Au from 130m and 13m @ 2.34g/t Au from 73m. These results follow up significant results from 2008, and confirm mineralisation outside of previous pit shells and should extend the current resource.

Significant AC drilling results were returned from Stromboli including 4m @ 0.39g/t Au from 12m.

The Viking project which is approximately 8,300 square-kilometre in size, is located southwest of the Tropicana JV, possibly within the same geological setting that hosts the Tropicana deposit.

Systematic surface geochemical-sampling commenced with 3,300 samples collected. Additional and follow-up sampling is scheduled in the second quarter.

In **Colombia**, Phase I and Phase II Greenfield exploration was completed by AngloGold Ashanti and by joint venture partners B2Gold and Mineros S.A. No drilling was undertaken by AngloGold Ashanti or its JV partners during the quarter. In-house airborne magnetic and radiometric surveys were flown during the quarter for 1,472.53 line kilometres over the La Colosa north, Gramalote and Cisneros prospects. The total area under exploration in Colombia at the end of the quarter was 30,298 square kilometres.

At Gramalote (51% B2Gold, 49% AngloGold Ashanti), B2Gold published a NC43-101 compliant resource estimate for the Gramalote Ridge sector of the project in January, 2009 (refer Table 1 below).

TABLE 1: B2GOLD'S UPDATED GRAMALOTE RIDGE RESOURCES ESTIMATE, QUARTER 1 : 2009

| **Whittle Pit Optimisation Au Price Assumption** | **Gold g/t cut-off grade** | **Tonnes (x1,000)** | **Gold Grade (g/t Au)** | **Contained Metal Gold Troy Ounces (x1,000)** |
|---|---|---|---|---|
| US$800 | 0.5 | 63,630 | 1.01 | 2,074 |
| US$800 | 0.3 | 86,069 | 0.85 | 2,360 |
| US$1,000 | 0.5 | 74,375 | 1.00 | 2,387 |
| US$1,000 | 0.3 | 101,948 | 0.84 | 2,738 |

At the La Quebradona porphyry copper-gold district (49% B2Gold, 51% AngloGold Ashanti), AngloGold Ashanti has exercised its option to control 51% of the project.

Generative Greenfield exploration programmes are ongoing in Colombia predominantly utilising stream sediment geochemistry.

In the remainder of the Americas, AngloGold Ashanti continued to compile and review geology, mineral potential and third-party opportunities, primarily in Brazil and Canada. Prospective belts have been identified and ranked, with continued focus on the merging of available technical and non-technical datasets over the top-seven belts to further refine targets, priorities and their potential availability for Greenfield exploration programmes.

In **China**, progress on the Jinchanggou project was reviewed. As a result, a recommendation has been made to the board of the Gansu Longxing Minerals Company to discontinue exploration on the project. Alternative business outcomes for the project/joint venture are currently being considered.

In **Southeast Asia**, the grant of the Mapawa title in the **Philippines** has proceeded to the Secretary of Mines for final ratification. Project-generation activities and evaluation of opportunities are ongoing in a number of other areas in the region.

In **Russia** the dissolution of the incorporated joint venture with Polymetal is in progress, focused on selling the two exploration and four mining licences held by JV companies. A new, unincorporated alliance with Polymetal has commenced, aimed at the joint identification and development of more advanced opportunities anywhere in Russia and potentially in the former CIS. AngloGold Ashanti considers Russia to be of strategic future importance and would like to develop a profitable operation with their local partner, in order to create a platform for future growth.

In **Sub-Saharan Africa,** work during the first quarter concentrated on project generation and specific project reviews in Central and Western Africa.

In the **Democratic Republic of the Congo**, no drilling took place during the quarter. A high priority is to improve the interpretation of the mylonite zone and associated wireframes of the Mongbwalu geological model.

Assay results were received from drilling completed at Adidi South late last year. The best intersection received was 6m @ 4.75g/t Au from 151m. A review of all regional exploration data at the Bunia West, Petsi, Mont Tsi, Camp 3 and Lodjo prospects was instigated during the quarter.

**Hedge** position

As at 31 March 2009, the net delta hedge position was 4.86Moz or 151t (at 31 December 2008: 5.22Moz or 162t), representing a further reduction of 0.36Moz for the quarter. The total commitments of the hedge book as at 31 March 2009 was 5.84Moz or 182t, a reduction of 0.15Moz from the position as at 31 December 2008.

The marked-to-market value of all hedge transactions making up the hedge positions was a negative $2.48bn (negative R23.84bn), increasing by $0.02bn (R0.59bn) over the quarter. This value was based on a gold price of $919.80/oz, exchange rates of R9.59/$ and A$/$0.69 and the prevailing market interest rates and volatilities at that date.

The company's received price for the first quarter was $858/oz, 6% below the average spot price for the same period.

As at 13 May 2009, the marked-to-market value of the hedge book was a negative $2.64bn (negative R22.13bn), based on a gold price of $925.80/oz and exchange rates of R8.37/$ and A$/$0.77 and the prevailing market interest rates and volatilities at the time.

These marked-to-market valuations are in no way predictive of the future value of the hedge position, nor of the future impact on the revenue of the company. The valuation represents the theoretical cost of closing all hedge contracts at the time of valuation, at market prices and rates available at that time.

The following table indicates the group's **commodity hedge position** at 31 March 2009

| **Year** | | **2009** | **2010** | **2011** | **2012** | **2013** | **2014-2015** | **Total** |
|---|---|---|---|---|---|---|---|---|
| **DOLLAR GOLD** | | | | | | | | |
| Forward contracts | Amount (oz) | *(439,874) | 218,590 | 378,250 | 359,000 | 306,000 | 91,500 | 913,466 |
| | **US$/oz | $1,037 | $86 | $383 | $388 | $408 | $510 | $20 |
| Put options sold | Amount (oz) | 460,000 | 185,860 | 98,000 | 85,500 | 60,500 | | |

60,500
950,360
US$/oz
$818
$733
$533
$538
$440
$450
$699
Call options sold
Amount (oz)
588,000
1,123,630
1,231,770
811,420
574,120
709,470
5,038,410
US$/oz
$730
$555
$530
$635
$601
$606
$595
**RAND GOLD**
Forward contracts
Amount (oz)
*(60,000)
*(60,000)
Rand/oz
R9,540
R9,540
**A DOLLAR GOLD**
Forward contracts
Amount (oz)
*(8,554)
100,000
91,446
A$/oz
A$1,617
A$652
A$562
Call options purchased
Amount (oz)
40,000
100,000
140,000
A$/oz

A$694
A$712
A$707
Delta (oz)
258,640
(1,170,960)
(1,458,850)
(1,015,650)
(784,960)
(685,830)
(4,857,610)
*** Total net gold:
Committed (oz)
(39,572)
(1,342,220)
(1,610,020)
(1,170,420)
(880,120)
(800,970)
(5,843,322)
*
*Indicates a net long position resulting from forward purchase contracts.*
**
*The price represents the average weighted price, combining both forward sales and purchases for the period.*
***
*The Delta of the hedge position indicated above is the equivalent gold position that would have the same marked-to-market sensitivity for a*
*small change in the gold price. This is calculated using the Black-Scholes option formula with the ruling market prices, interest rates and*
*volatilities as at 31 March 2009.*
*Rounding of figures may result in computational discrepancies.*

The following table indicates the group's **currency hedge position** at 31 March 2009
**Year**
**2009**
**2010**
**2011**
**2012**
**2013**
**2014-2015**
**Total**
**RAND DOLLAR (000)**
Put options purchased
Amount ($)
50,000
50,000
US$/R
R11.22
R11.22
Put options sold
Amount ($)
60,000
60,000
US$/R
R9.78
R9.78
Call options sold
Amount ($)
60,000
60,000
US$/R
R12.57
R12.57
**A DOLLAR (000)**
Forward contracts
Amount ($)
450,000
450,000
A$/US$
A$0.65
A$0.65
Put options purchased
Amount ($)
10,000
10,000
A$/US$
A$0.69
A$0.69
Put options sold
Amount ($)
10,000
10,000
A$/US$

A$0.76
A$0.76
Call options sold
Amount ($)
10,000
10,000
A$/US$
A$0.64
A$0.64
**BRAZILIAN REAL (000)**
Forward contracts
Amount ($)
59,390
59,390
US$/BRL
BRL 2.06
BRL 2.06
**Fair value of derivative analysis by accounting designation** as at 31 March 2009
**Normal sale**
**exempted**
**Cash flow**
**hedge**
**accounted**
**Non-hedge**
**accounted**
**Total**
**US Dollar (millions)**
Commodity option contracts
(461)
—
(1,315)
(1,776)
Foreign exchange option contracts
—
—
3
3
Forward sale commodity contracts
(717)
(106)
61
(762)
Forward foreign exchange contracts
—
—
20
20
Interest rate swaps
(26)
—
19

(7)
**Total derivatives**
**(1,204)**
**(106)**
**(1,212)**
**(2,522)**
**Credit risk adjustment**
**(105)**
**(1)**
**(244)**
**(350)**
**Total derivatives - before credit risk adjustment**
**(1,309)**
**(107)**
**(1,456)**
**(2,872)**
*Rounding of figures may result in computational discrepancies.*

**Development**
**for the quarter ended 31 March 2009**
**Statistics are shown in metric units**
**Advanced**
**metres**
**Sampled**
**Ave. channel**
**(total)**
**metres**
**width (cm)**
**Ave. g/t**
**Ave. cm.g/t**
**Ave. kg/t**
**Ave. cm.kg/t**
**SOUTHERN AFRICA - VAAL RIVER**
**Great Noligwa Mine**
Vaal reef
838
94
93.6
7.75
725
0.68
63.26
**Kopanang Mine**
Vaal reef
6,163
658
26.0
102.50
2,665
3.87
102.95
**Tau Lekoa Mine**
Ventersdorp Contact reef
1,949
208
80.2
15.80
1,267
-
-
**Moab Khotsong Mine**
Vaal reef
4,589
382
139.6
18.09
2,526
0.84
126.66

**SOUTHERN AFRICA - WEST WITS**
**Tau Tona Mine**
Ventersdorp Contact reef
117
-
-
-
-
-
-
Carbon Leader reef
2,385
94
13.9
150.29
2,089
2.35
32.37
**Savuka Mine**
Carbon Leader reef
642
-
-
-
-
-
-
**Mponeng Mine**
Ventersdorp Contact reef
3,533
504
57.8
39.43
2,279
-
-
**AUSTRALIA**
**Sunrise Dam**
739
739
-
2.51
-
-
-
**SOUTH AMERICA**
**AngloGold Ashanti Mineração**
Mina de Cuiabá
1,373
368
-

4.79