

ANGLOGOLD ASHANTI LTD

Form 424B7

December 15, 2008

**CALCULATION OF REGISTRATION FEE**

Title of Each Class of Securities to be Registered

Maximum Aggregate

Offering Price

Amount of

Registration Fee

(1)

Ordinary shares, par value 25 ZAR cents per share

(2)

\$63,948,292.20

(3)

\$2,513.17

(1) Calculated in accordance with Rule 457(c).

(2) Each American Depositary Share ("ADS") represents one ordinary share. ADSs issuable upon deposit of the ordinary shares registered hereby have been

registered pursuant to a separate Registration Statement on Form F-6 (File No. 333-133049).

(3) Estimated solely for the purposes of determining the registration fee pursuant to Rule 457. Such estimate is based upon the approximate U.S. dollar equivalent

of the average of the high and low sale price of the ordinary shares on the JSE Limited on December 12, 2008.

The currency conversion is made at the rate of

ZAR10.215 = \$1.00, the noon buying rate in New York City on such date for buying South African rands in New York as announced for customs purposes by the Federal Reserve Bank of New York.

**Filed pursuant to Rule 424(b)(7)**

**Registration No. 333-132662**

**Prospectus Supplement to Prospectus dated March 23, 2006.**

**Up to 2,701,660 Ordinary Shares**

**AngloGold Ashanti Limited**

This prospectus supplement will be used by the selling shareholder, Eldorado Gold Corporation, to sell up to 2,701,660 of our ordinary shares, whether in the form of ordinary shares or American Depositary Shares ("ADSs" and, collectively with the ordinary shares, the "securities") during the forty-day period beginning on the date of this prospectus supplement and ending on January 24, 2009. We, AngloGold Ashanti Limited, will not receive any of the proceeds from the sale of the securities by the selling shareholder.

Our ADSs, each representing one ordinary share, are listed on the New York Stock Exchange under the symbol "AU". Our ordinary shares are listed on the JSE Limited under the symbol "ANG", the London Stock Exchange under the symbol "AGD", Euronext Paris under the symbol "VA", the Australian Stock Exchange in the form of CHESS depositary interests, each representing one-fifth of an ordinary share, under the symbol "AGG", the Ghana Stock Exchange where our shares are quoted under the symbol "AGA" and in the form of Ghanaian Depositary Shares ("GhDSs") under the symbol "AADS", each representing one-hundredth of an ordinary share, and Euronext Brussels where our shares are quoted in the form of unsponsored international depositary receipts under the symbol "ANG". On December 12, 2008 the closing price of our ordinary shares on the JSE Limited was ZAR273.30 per ordinary share and the closing price of our ADSs on the New York Stock Exchange was \$27.11 per ADS.

*See "Risk Factors" starting on page 16 of this prospectus supplement to read about factors you should consider before buying our ordinary shares.*

**Neither the Securities and Exchange Commission nor any other regulatory body has approved or**

**disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement and the accompanying prospectus. Any representation to the contrary is a criminal offense.**

Prospectus Supplement dated December 15, 2008

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## **ABOUT THIS PROSPECTUS SUPPLEMENT**

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering. The second part, the accompanying base prospectus, presents more general information. Generally, when we refer only to the “prospectus”, we are referring to the base prospectus, including the documents incorporated by reference in the base prospectus .

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

You should rely only on the information contained in this document or in one to which we have referred you in this prospectus. We have not authorized anyone to provide you with information that is different. This document may be used only where it is legal to sell these securities. The information in this document may be accurate only on the date hereof.

Unless the context requires otherwise, in this prospectus, the “Company”, “we” or “us” refers to AngloGold Ashanti Limited and its consolidated subsidiaries.

In this prospectus supplement, references to rands, ZAR and R are to the lawful currency of the Republic of South Africa, references to AUD dollars and A\$ are to the lawful currency of Australia, references to dollars or \$ are to the lawful currency of the United States, references to cedi are to the lawful currency of Ghana and references to BRL and real are to the lawful currency of Brazil.

## **WHERE YOU CAN FIND MORE INFORMATION**

We file annual and other reports with the SEC. The SEC maintains a website (<http://www.sec.gov>) on which our annual and other reports are made available. Such reports may also be read and copied at the SEC’s public reference room at 100 F Street, N.E., Washington DC 20549. Please call the SEC at +1-800-SEC-0330 for further information on the public reference room. You may also read and copy these documents at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005. You may also consult reports and other information about us that we file pursuant to the rules of the JSE, the London Stock Exchange, Euronext Paris, the Ghana Stock Exchange and the Australian Stock Exchange.

## **NOTE REGARDING FORWARD-LOOKING STATEMENTS**

This prospectus supplement includes “forward-looking information” within the meaning of Section 27A of the Securities Act of 1933, as amended (the “Securities Act”), and Section 21E of the Securities Exchange Act of 1934, as amended (the “Exchange Act”). All statements other than statements of historical fact are, or may be deemed to be, forward-looking statements, including, without limitation, those concerning: the economic outlook for the gold mining industry; expectations regarding spot and received gold prices, our strategy to reduce our gold hedging position including the extent and effect of the hedge reduction; production, cash costs and other operating results; growth prospects and outlook of our operations, individually or in the aggregate, including the completion and commencement of commercial operations at our exploration and production projects and the completion of acquisitions and dispositions; our liquidity and capital resources and expenditure, including our intention and ability to refinance our \$1 billion convertible bond; and the outcome and consequences of any pending litigation proceedings. These forward-looking statements are not based on historical facts, but rather reflect our current expectations concerning future results and events and generally may be identified by the use of forward-looking words or phrases such as “believe”, “aim”, “expect”, “anticipate”, “intend”, “foresee”, “forecast”, “likely”, “should”, “planned”, “may”, “estimated”, “potential” or other similar words and phrases. Similarly, statements that describe our objectives, plans or goals are or may be forward-looking statements.

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These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to differ materially from the anticipated results, performance or achievements expressed or implied by these forward-looking statements. Although we believe that the expectations reflected in these forward-looking statements are reasonable, no assurance can be given that such expectations will prove to have been correct. The risk factors described herein could affect our future results, causing these results to differ materially from those expressed in any forward-looking statements. These factors are not necessarily all of the important factors that could cause our actual results to differ materially from those expressed in any forward-looking statements. Other unknown or unpredictable factors could also have material adverse effects on the future results.

You should review carefully all information, including the financial statements and the notes to the financial statements, included in this prospectus supplement (and all documents incorporated herein by reference). The forward-looking statements included in this prospectus supplement are made only as of the last practicable date and the forward-looking statements in the documents incorporated by reference are made only as of the last practicable date before the filing of such documents. We undertake no obligation to update publicly or release any revisions to these forward-looking statements to reflect events or circumstances after the date of this prospectus supplement or to reflect the occurrence of unanticipated events. All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are qualified by the cautionary statement in this section.

#### **NON-GAAP FINANCIAL MEASURES**

In this prospectus supplement and in documents incorporated by reference herein, we present financial items such as “total cash costs”, “total cash costs per ounce”, “total production costs” and “total production costs per ounce” that have been determined using industry standards promulgated by the Gold Institute and are not measures under generally accepted accounting principles in the United States (U.S. GAAP). An investor should not consider these items in isolation or as alternatives to any measure of financial performance presented in accordance with U.S. GAAP either in this document or in any document incorporated by reference herein.

While the Gold Institute has provided definitions for the calculation of “total cash costs”, “total cash costs per ounce”, “total production costs” and “total production costs per ounce”, the definitions of certain non-GAAP financial measures included herein may vary significantly from those of other gold mining companies, and by themselves do not necessarily provide a basis for comparison with other gold mining companies. However, we believe that total cash costs and total production costs in total by mine and per ounce by mine are useful indicators to investors and management of a mine’s performance because they provide:

- an indication of profitability, efficiency and cash flows;
- the trend in costs as the mining operations mature over time on a consistent basis; and
- an internal benchmark of performance to allow for comparison against other mines, both within the AngloGold Ashanti group and of other gold mining companies.

#### **INCORPORATION BY REFERENCE**

The SEC allows us to “incorporate by reference” the information we submit to it, which means that we can disclose important information to you by referring you to certain documents filed with or furnished to the SEC that are considered part of this prospectus through incorporation by reference. Information that we file with or furnish to the SEC in the future and incorporate by reference will automatically update and supersede the previously filed or furnished information. We incorporate by reference the documents listed below and any future filings made with the SEC under Sections 13(a),

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13(c), 14, or 15(d) of the Exchange Act other than any portions of the respective filings that were furnished, under applicable SEC rules, rather than filed, until we complete our offering:

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Our annual report on Form 20-F for the year ended December 31, 2007;

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Our Form 6-K relating to our unaudited condensed financial statements as of September 30, 2008 and for each of the nine month periods ended September 30, 2007 and 2008, prepared in accordance with U.S. GAAP, and related management's discussion, filed with the SEC on December 8, 2008;

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Any future reports on Form 6-K that indicate they are incorporated into this prospectus supplement; and

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Any future annual reports on Form 20-F that we may file with the SEC under the Exchange Act, until we terminate this offering.

You may obtain a copy of these filings at no cost by writing or telephoning us at the following address:

AngloGold Ashanti North America Inc.

7400 E. Orchard Road

Suite 350

Greenwood Village, CO 80111

Telephone: +1 303-889-0753

Fax: +1 303-889-0707

Email:

MPatterson@AngloGoldAshantiNA.com

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## PROSPECTUS SUPPLEMENT SUMMARY

### Company Overview

We are headquartered in Johannesburg, South Africa, and are a global gold company with a diversified portfolio of assets in many key gold producing regions. As at December 31, 2007, we had gold reserves of 72.2 million ounces. For the year ended December 31, 2007, we had consolidated total revenues of \$3,095 million, gold production of 5.5 million ounces and total cash costs of \$367 per ounce. We were formed following the consolidation of the gold interests of Anglo American plc ("AA plc"), into a single company in 1998. At that time, our production and reserves were primarily located in South Africa (97% of 1997 production and 99% of reserves as at December 31, 1997) and one of our objectives was to achieve greater geographic and orebody diversity. Through a combination of mergers, acquisitions, disposal initiatives and organic growth, and through the operations in which we have an interest, we have developed a high quality, well diversified asset portfolio, including:

- production from twenty operations in ten countries: Argentina, Australia, Brazil, Ghana, Guinea, Mali, Namibia, South Africa, Tanzania and the United States;

- production and reserves for the year ended December 31, 2007 of 57% and 57%, respectively, from operations outside South Africa; and

- production from a broad variety of orebody types as well as a variety of open-pit and underground operations.

Our strategy in respect of this portfolio and our current strategic objectives are discussed below.

We (formerly AngloGold Limited) (Registration number 1944/017354/06) were incorporated in the Republic of South Africa in 1944 under the name of Vaal Reefs Exploration and Mining Company Limited and in South Africa we are subject to the South African Companies Act 61 of 1973, as amended. On April 26, 2004, we acquired the entire issued share capital of Ashanti Goldfields Company Limited and changed our name to AngloGold Ashanti Limited on the same day. Our principal executive office is located at 76 Jeppe Street, Newtown, 2001 (P.O. Box 62117, Marshalltown, 2107) South Africa (Telephone +27 11 637-6000).

### Strategy

Our business strategy has three principal elements:

- managing the business;
- portfolio optimization and capital deployment; and

- growing the business.

**Managing the Business.** We seek to enhance shareholder value through endeavoring to plan and implement operating strategies that identify optimal ore body capability, applying appropriate methods and design ensuring efficient operating performance, detailed planning and scheduling, coupled with the application of best practices across all aspects of the production and service activities associated with each asset. Safe work practices and working in compliance with industry and company standards informs all aspects of our business process. Successfully managing the business means delivering on our commitments, which includes ensuring safe work practices, meeting production targets on time and within budget, managing our costs and associated escalations, maximizing revenues, which includes



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reducing our hedge commitments, whilst also seeking to ensure that our business partners share in the value creation process.

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**Safety & Health.** Safety is our first value, which is reflected in all leadership behaviors and is the foundation on which we build all value enhancing processes in the business.

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**Managing Costs.** We intend to manage our input costs taking into account revenues in order to protect margins and returns on capital employed. In particular:

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resource development strategies will be applied to ensure we maintain operating margins over time and within the respective life cycle of assets. Initiatives include reviewing, and interventions to improve, mining practices, both at under-performing operations and to further improve performance at other operations;

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we will endeavour to maintain core business costs below mean industry costs to ensure appropriate downside risk on cash flow and returns in a volatile price environment.

These initiatives include our global procurement efforts.

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**Revenues.** We will seek to ensure that we extract full value from our products by maximizing our revenue through the following initiatives:

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we are currently committed to reducing our hedge book in order that our shareholders more fully benefit in gold price upside; and

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where possible and appropriate, we support the beneficiation of our products, so as to enhance value creation opportunities.

**Portfolio Optimization and Capital Deployment.** We also seek to optimize our operations through effective capital deployment and asset management, supported by world class processes and skills, which encompass good safety standards.

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**Optimizing Capital Deployment.** We intend to allocate capital to leverage maximum value and returns from existing assets and growth opportunities. With the goal of most efficiently deploying capital effectively across our existing assets, we will review and rank internally each asset as part of the annual business planning process.

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**Asset Management.** We are developing a management framework that will seek to ensure that maximum value is attained from each asset in our portfolio. We have developed a “pathway to value” framework to highlight the key value drivers and opportunities at each of our operations. Value optimization opportunities will be identified across the spectrum of scoping potential (exploration), operating strategy and optimization, incorporating ore body capability, mining methods and design and operating performance. These strategies are to be developed through best practices with the aim of achieving an optimal output.

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**Growing the Business.** We seek to further enhance shareholder value by:

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leveraging our current ground holdings and asset positions through greenfields exploration and brownfields exploration and development;

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selectively pursuing merger and acquisition opportunities; and

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maximizing the value of other commodities within our existing and developing asset portfolio.

- ***Greenfields and Brownfields Exploration and Development.*** We prioritize organic growth through greenfields exploration and brownfields exploration and development leveraging our

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current ground holding and asset position as the most value efficient path to growth. During 2008, greenfields exploration activities are being undertaken in six countries: Australia, China, Colombia, the Democratic Republic of Congo (“DRC”), the Philippines and Russia. Brownfields exploration and/or brownfields development is currently underway at all of our operations. Recent greenfields exploration successes include:

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*Colombia.* In Colombia, we have developed a “3 level participation model” comprising our own exploration initiatives, exploration joint ventures with established players and equity positions in other exploration companies that are also active in Colombia. Our land holding position in Colombia, which includes that held with our joint venture partners, is approximately 37,500 square kilometers. Our exploration initiatives in Colombia include La Colosa where a mineral resource has already been defined where it is intended that a pre-feasibility study will commence in the first quarter of 2009, various initiatives in partnership with B2Gold (in which we hold a 15.9% interest together with warrants which could increase this interest to 26%) the most advanced of which is the Gramolote Joint Venture in which we hold a 49% direct interest, as well as various initiatives with Glencore.

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*Australia.* The Tropicana Joint Venture covers approximately 12,000 square kilometers and is located to the east and north east of Kalgoorlie in western Australia. Exploration has already defined a mineral resource and a pre-feasibility study is currently underway with completion anticipated in the second quarter of 2009. Reconnaissance exploration drilling is also continuing in parallel within the area of the Tropicana Joint Venture.

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*DRC.* Exploration activities undertaken in the 10,000 square kilometers Concession 40 tenement include the advancement of resource delineation drilling on the known mineralization at the Mongbwalu deposit. A conceptual economic study for the Mongbwalu deposit was completed by the end of 2007 and a pre-feasibility study has commenced. In addition, drill testing of certain highest priority regional targets as well as other exploration within the Concession 40 tenement is continuing.

We intend to leverage our “first mover” positions in greenfields exploration, with the focus on building coherent regional portfolios, while continuing to access our land positions utilizing, where possible, the “3 level participation model” as successfully implemented in Colombia. Brownfields exploration, which is aimed at identifying ounces for production at or around existing mines, is being undertaken around all of our current operations. In 2007, the most successful brownfields exploration programs were undertaken in Ghana, the United States, Australia and Guinea. We intend to increase our focus on brownfields opportunities with clear accountability for delivery of brownfields exploration targets lying within our operating leadership. In 2008, exploration expenditure is expected to be approximately \$194 million, of which approximately \$96 million is expected to be spent on greenfields exploration and approximately \$98 million is expected to be spent on brownfields exploration. In 2007, exploration expenditure amounted to \$167 million, of which \$92 million was spent on greenfields exploration and \$75 million was spent on brownfields exploration.

Current key brownfields development initiatives approved or under consideration include the following projects:

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Boddington;

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Mponeng Ventersdorp Contact Reef;

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TauTona Carbon Leader Reef (currently under review to possibly be combined with the Mponeng Carbon Leader Reef project);

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Mponeng Carbon Leader Reef;

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Maob Khotsong phase II (Zaaiplaats);

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Córrego do Sítio;

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Lamego;

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Obuasi Deeps;

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Obuasi Tailings Sulphide Plant;

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Iduapriem Plant Expansion; and

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Mine Life Extension projects at Cripple Creek & Victor.

In 2008 we estimate that the total cost to continue to fund our existing development projects, including those key projects listed above, will be approximately \$1,219 to \$1,275 million. For further information regarding these projects, see “Item 4B. Business Overview” of our Form 20-F.

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***Mergers and Acquisitions.*** We intend to continue to pursue value accretive acquisition opportunities with a view to enhancing our ground holding asset positions and our regional presence and achieving further growth in our business.

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***Other Commodities.*** We produce uranium and silver as by-products of our existing gold production and, once the Boddington mine commences gold production, we will also produce copper and silver at this mine. We are increasing our uranium production with the upgrade of our existing uranium plant located at our Vaal River operations, which upgrade will be commissioned in 2009, as well as the ramp up of gold production at Moab Khotsong (with a similar increase and ramp up of uranium production from this mine). Other uranium producing initiatives at both our Vaal River and West Wits operations in South Africa are also under consideration. We may also add further copper ore reserves and produce further copper from gold-copper deposits forming part of our exploration portfolio.

#### **Recent Developments**

##### ***Rights Offering.***

On May 23, 2008, we announced that we would proceed, subject to certain conditions, with an approximate one-for-four renounceable, fully underwritten rights offering. The rights offering was completed on July 11, 2008. In connection with the rights offering, we issued a total of 69,470,442 new ordinary shares, in the form of ordinary shares and ADSs, and received approximate net proceeds, after deducting the underwriters’ commission and other expenses, of ZAR13.1 billion (\$1.7 billion). The principal purpose of the rights offering was to provide us with additional financial resources to improve our financial flexibility. In particular, the net proceeds from the rights offering have and will continue to allow us both to significantly restructure and reduce our existing gold hedging position, which has adversely affected our financial performance in recent years, while also being able to continue to fund our principal development projects and exploration growth initiatives.

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*Reducing our gold hedging position*

Notwithstanding the steps we had taken to date, our gold hedging position continued to have a significant adverse effect upon our financial performance. We believe that this had also negatively affected the market price of our ordinary shares, further constraining our financial flexibility. In order to address this issue, the directors resolved to reduce our gold hedging position significantly. In order to achieve this reduction, we proposed to procure early settlement of certain contracts otherwise due to mature in 2009 and 2010 during the course of 2008 in addition to settling contracts already due to mature in 2008.

Following the successful completion of the rights offering, on July 14, 2008 we announced that substantial progress had been made ahead of schedule in the reduction of our hedge book. During the second quarter of 2008, we capitalized on a relatively weaker gold market to execute a combination of delivery into, and early settlement of, non-hedge derivative contracts. We reduced the number of committed ounces by 4.4 million ounces, or 39%, from a total of 11.28 million ounces as at January 1, 2008 to 6.88 million ounces as at July 1, 2008 with the net delta of our gold hedge reducing from 10.39 million ounces as at January 1, 2008 to 6.54 million ounces as at June 30, 2008. As at September 30, 2008 the net delta hedge position was 5.79 million ounces. The total commitments of the hedge book as at September 30, 2008 was 6.30 million ounces, a reduction of 0.58 million ounces from the position as at June 30, 2008. As a result, we will be able to have significantly greater participation in the spot gold price going forward.

During the final quarter of 2008 we intend to continue to deliver into outstanding contracts of approximately 0.3 million ounces, thereby reducing the committed ounces in the hedge book to about 6.0 million ounces at year end.

In addition to the settlement of certain contracts during 2008, we also intend to restructure some of the remainder of our hedge book in order to achieve greater participation in the spot price for gold beyond 2009. The exact nature and extent of the restructuring will depend upon prevailing and anticipated market conditions at the time, particularly the prevailing gold price and exchange rates as well as other relevant economic factors.

Given the low committed prices of the contracts due to mature in 2008, 2009 and 2010 which are or will be the subject of the hedge restructuring, we expect these continued measures to result in the realization of previously recognized losses measured by the difference between the committed price of the contracts and the prevailing gold price at the time that these contracts are settled.

As a consequence of the hedge restructuring we expect that the realized gold price (based on product sales including realized non-hedge derivatives) will be at a discount to the spot price of approximately 6% in 2009, assuming a prevailing spot gold price of approximately \$900 per ounce. A realized gold price (based on product sales including realized non-hedge derivatives) at a discount of approximately 6% to the spot price would represent a significant improvement in the price receivable when compared with the position prevailing prior to the hedge restructuring.

We also continue to give consideration to the early settlement of contracts not currently recorded on our balance sheet (Normal Purchase Normal Sale Exemption ("NPSE")) by means of physical delivery. Such early settlement, if it were to occur, would result in a significant adverse impact on the revenues recorded in our income statement, as sales that would have otherwise been executed at the spot price of gold will be replaced with sales based on the contracted prices of such NPSE contracts that are settled. Should we conclude that such early physical settlement of NPSE contracts represents a tainting event, we would be required to recognize on balance sheet the fair value of a portion of, or potentially all of the existing NPSE contracts, which would result in a significant adverse impact on our financial statements.

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No such conclusion has yet been made by us and we are still considering the potential impact of any such transaction.

In addition to the restructuring and reduction of our gold hedge position, we have taken, and continue to take, steps to increase our participation in the higher prevailing spot prices for gold or that will also allow us to reduce our hedge position as a percentage of our current or future gold production, including:

- *Continuing to deliver into maturing gold hedges or implementing hedge buy-backs thereby reducing our gold hedge position over time.*

- *Acquiring minority interests at our existing mines and pursuing other merger and acquisition opportunities with a view to increasing our level of gold production and our ore reserves, thereby reducing our total hedged position as a percentage of our total gold production and ore reserves.*

For example:

- During the fourth quarter of 2007 we acquired the remaining 15% minority interest in the Iduapriem & Teberebie (Iduapriem) mine in Ghana.

- On July 1, 2008, we acquired 100% of Golden Cycle Gold Corporation ("GCGC"), which will allow us to continue to consolidate 100% ownership of the CC&V mine in Colorado.

- On July 31, 2008, we announced the proposed acquisition of the São Bento mine, located adjacent to the proposed Córrego do Sítio mine, from Eldorado Gold Corporation ("Eldorado"). This transaction was completed on December 15, 2008. We believe that the acquisition of the São Bento mine will provide us with the potential to double the scale of the Córrego do Sítio project.

- *Increasing brownfields exploration and development programs, both in and around our existing mine sites, with a view to increasing our gold production and ore reserves, thereby reducing our total hedged position as a percentage of our total ore reserves.* Over the past two years, our total ore reserves have increased from 63.3 million ounces to 72.2 million ounces (net of depletion of approximately 11.1 million ounces). As at September 30, 2008, our hedge commitments represented approximately 8.7% of our ore reserves estimated as at December 31, 2007.

- *Continuing to increase our greenfield exploration activities in new geographical areas.* In 2008, the majority of our greenfields exploration expenditure of approximately \$96 million is expected to be incurred in Australia (at Tropicana), in Colombia (at our wholly owned and joint venture properties) and in the DRC (both at Mongbwalu and under exploration throughout Concession 40). Given exploration successes at certain of our greenfields exploration projects to date, we expect that in the foreseeable future some of these exploration projects are likely to add to our ore reserves and medium to longer term gold production.

- *Identified, as part of a recently completed asset review, those assets which are no longer considered to be consistent with our desired asset profile.* We intend to sell or restructure these assets over approximately the next six to twelve months. We expect that the reduced funding requirements of these assets, together with the proceeds from any asset sales, will further enhance our financial position and flexibility and may allow further reductions of our gold hedge position. In this regard we are currently implementing sales processes for the sale of Tau Lekoa mine, Weltevreden and Goedgenoeg prospects in South Africa, as well as certain uranium bearing tailings assets located at our West Wits operation in South Africa.

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*Funding our development projects and exploration initiatives*

In addition to restructuring and reducing our gold hedge position, a portion of the net proceeds from the rights offering may be applied to the funding of our existing development projects and exploration initiatives consistent with our strategic objective of pursuing growth initiatives to enhance our shareholder value.

In 2008, exploration expenditure is expected to be approximately 194 million, of which approximately \$96 million is expected to be spent on greenfields exploration and approximately \$98 million is expected to be spent on brownfields exploration.

We estimate that the total cost to continue to fund our existing development projects will be approximately \$1,219 to \$1,275 million in 2008.

***Acquisition of Golden Cycle Gold Corporation***

At a special meeting held on June 30, 2008, shareholders of Golden Cycle Gold Corporation, or GCGC, approved the merger of GCGC with one of our wholly-owned subsidiaries by way of a statutory merger under Colorado law. As a result of the transaction, which became effective on July 1, 2008, we have acquired 100% ownership of Cripple Creek & Victor Gold Mining Company. We have issued 3,181,198 ordinary shares to the former shareholders and option holders of GCGC in connection with the transaction.

***Sale of Interest in Nufcor International Limited and Cancellation of Certain Uranium Commodity Contracts***

We have sold our 50% interest in Nufcor International Limited to Constellation Energy Commodities Group with effect from June 26, 2008 for net proceeds of \$50 million. The sale of this London-based uranium marketing, trading and advisory business enables us to focus on our core gold and uranium mining business. We retained our 100% interest in Nuclear Fuels Corporation of South Africa (Proprietary) Limited, our South African-based calcining business.

We have also cancelled 1.0 million pounds of our outstanding uranium contracts, which together with the deliveries effected since the start of the year represent a reduction of 30% of uranium contracts that were outstanding as at January 1, 2008. This cancellation, which resulted in a one-off pre-tax charge of \$32 million against earnings for the second quarter of 2008, will result in us beginning to participate in the uranium spot market from 2009.

***Senior Management Changes***

On May 6, 2008 we announced the retirement of Elisabeth Bradley from our board of directors.

On July 1, 2008, we announced the retirement of Peter Rowe, former Executive Vice President – Business Effectiveness, as well as the following changes to our senior management:

- Tony O'Neill was appointed to the position of Executive Vice President – Business and Technical Development and as a member of AngloGold Ashanti's Executive Committee. Mr. O'Neill consulted for AngloGold Ashanti from 2007 to his appointment in July 2008. Previously, Mr. O'Neill worked for seven years as executive operations manager for Newcrest Mining and for four years as executive general manager for the gold division of Western Mining Corporation.

- Richard Duffy, formerly Executive Vice President – Business Development, was appointed to the position of Executive Vice President – Africa.

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- Robbie Lazare, formerly Executive Vice President – Africa, was appointed to the position of Executive Vice President – Human Resources.

- Nigel Unwin, formerly Executive Vice President – Organizational Development, was appointed to the position of Executive Vice President – Corporate Services.

On July 29, 2008, we announced the retirement of Simon Thompson from our board of directors.

#### ***Acquisition of São Bento Gold Company Limited***

On December 15, 2008, we completed the acquisition of 100% of São Bento Gold Company Limited, or São Bento Gold, from São Bento Holdings Limited, a wholly-owned subsidiary of the selling shareholder, for total consideration of \$70 million. The purchase price was settled by the delivery to São Bento Holdings Limited of 2,701,660 of our ordinary shares.

São Bento Gold indirectly holds the São Bento mine, a Brazilian gold operation located in the immediate vicinity of our proposed Córrego do Sítio mine where we are currently investigating the viability of exploiting the potential sulphide ore resources of the Córrego do Sítio underground ore bodies. Prior to the acquisition of the São Bento Gold, it was expected the Córrego do Sítio would produce approximately 100,000 ounces of gold annually over 14 years with production scheduled to commence in mid 2011.

The acquisition of São Bento Gold provides us with the potential to double the scale of the Córrego do Sítio project. Initially it is envisaged that ore from Córrego do Sítio will be treated in the São Bento process plant using a refurbished and modified circuit of milling and flotation with the concentrate being transported to AngloGold Ashanti Mineração Ltda's Quieroz plant. Following a planned exploration program, we expect that an expansion of the São Bento plant could be implemented in 2013 that will allow for the full treatment of ore (and production of gold) from ore bodies both at the Córrego do Sítio and São Bento mines at the São Bento process plant, at which point gold production from the expanded Córrego do Sítio project could exceed 200,000 ounces per annum.

#### ***Refinancing Our Convertible Bond***

It was our intention to refinance the \$1 billion convertible bond issued by our wholly-owned subsidiary AngloGold Ashanti Holdings plc with the proceeds of a new equity linked instrument prior to its maturity on February 27, 2009. However, global capital market conditions have been, and continue to be, disrupted and volatile and in recent months the volatility and lack of liquidity in global capital markets reached unprecedented levels. In light of these market conditions, on October 30, 2008 we announced that we were actively exploring a broader range of refinancing options, including bridge financing, further debt financing and additional asset sales as well as reviewing discretionary capital expenditures.

On November 20, 2008, our wholly-owned subsidiary AngloGold Ashanti Holdings plc entered into a \$1 billion syndicated term loan facility agreement to refinance the \$1 billion convertible bond. The term loan facility is available to be drawn during February 2009. The term loan facility is for an initial one year period from the date of the first drawdown in February 2009 and is extendible, if required, at the option of AngloGold Ashanti Holdings plc until November 30, 2010. The amounts drawn under the term loan facility will bear an interest margin over the lenders' capped cost of funds of 4.25% for the first six months after the first drawdown and 5.25% thereafter. Interest is payable quarterly. We and our wholly-owned subsidiaries AngloGold Ashanti USA Incorporated and AngloGold Ashanti Australia have each guaranteed all payments and other obligations of AngloGold Ashanti Holdings plc under the term loan facility. The term loan facility will provide management with additional time to secure a longer term, cost effective refinancing of the \$1 billion convertible bond, including the possible sales of significant assets that we regard as non-strategic. Our interest expense will increase substantially as a result of the higher interest rates and fees associated with the new term loan facility.



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**Summary Financial Data**

The summary financial information set forth below for the years ended December 31, 2005, 2006 and 2007 and as at December 31, 2006 and 2007 has been derived from, and should be read in conjunction with, the U.S. GAAP financial statements included in our Form 20-F for the year ended December 31, 2007 incorporated by reference in this prospectus supplement. The summary financial information for the years ended December 31, 2003 and 2004 and as at December 31, 2003, 2004 and 2005 has been derived from the U.S. GAAP financial statements not included herein. The summary financial information for the nine months ended September 30, 2007 and 2008 and as at September 30, 2008 has been derived from, and should be read in conjunction with, the unaudited condensed consolidated U.S. GAAP financial statements included in our report on Form 6-K submitted to the SEC on December 8, 2008 incorporated by reference in this prospectus supplement, which condensed consolidated financial statements do not include a full set of related notes, as would be required under U.S. GAAP.

**Year ended December 31,****Nine months ended****September 30,****2003**

(1)(2)(3)

**2004**

(4)(5)

**2005****2006**

(6)

**2007**

(7)

**2007**

(unaudited)

**2008**

(8)

(unaudited)

**(in \$ millions, except per share amounts)****Consolidated statement of  
income**

Sales and other income

1,670

2,151

2,485

2,715

3,095

2,290

2,848

Product sales

(9)

1,641

2,096

2,453

2,683

3,048

2,259

2,787

Interest, dividends and other  
29  
55  
32  
32  
47  
31  
61  
Costs and expenses  
1,329  
2,176  
2,848  
2,811  
3806  
2,432  
2,820  
Operating costs  
(10)  
1,135  
1,517  
1,842  
1,785  
2,167  
1,534  
1,806  
Royalties  
11  
27  
39  
59  
70  
51  
62  
Depreciation, depletion and  
amortization  
247  
445  
593  
699  
655  
459  
455  
Impairment of assets  
75  
3  
141  
6  
1  
-  
1  
Interest expense

28  
67  
80  
77  
75  
56  
58  
Accretion expense  
2  
8  
5  
13  
20  
13  
18  
(Profit)/loss on sale of assets,  
realization of loans, indirect  
taxes and other  
(55)  
(14)  
(3)  
(36)  
10  
(24)  
(63)  
Mining contractor termination  
costs  
-  
-  
9  
-  
-  
-  
-  
Non-hedge derivative  
(gain)/loss  
(114)  
123  
142  
208  
808  
343  
483  
Income/(loss) from continuing  
operations before income tax,  
equity income, minority interests  
and cumulative effect of  
accounting change  
341  
(25)  
(363)

(96)  
(711)  
(142)  
28  
Taxation (expense)/benefit  
(143)  
132  
121  
(122)  
(118)  
(106)  
(91)  
Minority interest  
(17)  
(22)  
(23)  
(29)  
(28)  
(22)  
(35)  
Equity income/(loss) in affiliates  
71  
23  
39  
99  
41  
20  
(101)  
Income/(loss) from continuing  
operations before cumulative  
effect of accounting change  
252  
108  
(226)  
(148)  
(816)  
(250)  
(199)  
Discontinued operations  
(2)  
(11)  
(44)  
6  
2  
(4)  
24

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**Year ended December 31,**

**Nine months ended**

**September 30,**

**2003**

(1)(2)(3)

**2004**

(4)(5)

**2005**

**2006**

(6)

**2007**

(7)

**2007**

(unaudited)

**2008**

(8)

(unaudited)

**(in \$ millions, except per share amounts)**

Income/(loss) before cumulative  
effect of accounting change

250

97

(270)

(142)

(814)

(254)

(175)

Cumulative effect of accounting  
change

(3)

-

(22)

-

-

-

-

Net income/(loss) - applicable to  
ordinary stockholders

247

97

(292)

(142)

(814)

(254)

(175)

**Other financial data**

Basic earnings/(loss) per  
ordinary share (in \$)

(11)

From continuing operations

1.13  
 0.43  
 (0.85)  
 (0.54)  
 (2.93)  
 (0.89)  
 (0.66)  
 Discontinued operations  
 (0.01)  
 (0.04)  
 (0.17)  
 0.02  
 0.01  
 (0.01)  
 0.08  
 Before cumulative effect of  
 accounting change  
 1.12  
 0.39  
 (1.02)  
 (0.52)  
 (2.92)  
 (0.90)  
 (0.58)  
 Cumulative effect of accounting  
 change  
 (0.01)  
 -  
 (0.08)  
 -  
 -  
 -  
 -  
 Net income/(loss) – applicable  
 to ordinary stockholders  
 1.11  
 0.39  
 (1.10)  
 (0.52)  
 (2.92)  
 (0.90)  
 (0.58)  
 Diluted earnings/(loss) per  
 ordinary share (in \$)  
 (11)  
 From continuing operations  
 1.13  
 0.42  
 (0.85)  
 (0.54)  
 (2.93)

(0.89)  
 (0.66)  
 Discontinued operations  
 (0.01)  
 (0.04)  
 (0.17)  
 0.02  
 0.01  
 (0.01)  
 0.08  
 Before cumulative effect of  
 accounting change  
 1.12  
 0.38  
 (1.02)  
 (0.52)  
 (2.92)  
 (0.90)  
 (0.58)  
 Cumulative effect of accounting  
 change  
 (0.01)  
 -  
 (0.08)  
 -  
 -  
 -  
 -  
 Net income/(loss) – applicable  
 to ordinary stockholders  
 1.11  
 0.38  
 (1.10)  
 (0.52)  
 (2.92)  
 (0.90)  
 (0.58)  
 Dividend per ordinary share  
 (cents)  
 133  
 76  
 56  
 39  
 44  
 45  
 13  
**As at December 31,**  
**2003**  
 (1)(2)(3)  
**2004**  
 (4)(5)

**2005**

**2006**

(6)

**2007**

(7)

**As at**

**September 30,**

**2008**

(8)

(unaudited)

**(in \$ millions, except share and per share amounts)**

**Consolidated balance**

**sheet data (as at period  
end)**

Cash and cash equivalents  
and restricted cash

479

302

204

482

514

615

Other current assets

822

1,115

1,197

1,394

1,599

1,605

Property, plants and  
equipment, deferred  
stripping, and acquired  
properties, net

3,037

6,654

6,439

6,266

6,807

6,832



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**As at December 31,  
2003**

(1)(2)(3)

**2004**

(4)(5)

**2005**

**2006**

(6)

**2007**

(7)

**As at**

**September 30,**

**2008**

(8)

(unaudited)

**(in \$ millions, except share and per share amounts)**

Goodwill and other  
intangibles, net

226

591

550

566

591

588

Materials on the leach pad

(long-term)

7

22

116

149

190

251

Other long-term assets,  
derivatives, deferred taxation  
assets and other long-term  
inventory

772

712

607

656

680

589

Total assets

5,343

9,396

9,113

9,513

10,381

10,480

Current liabilities

1,116

1,469

1,874

2,467

3,795

3,624

Provision for environmental  
rehabilitation

124

209

325

310

394

363

Deferred taxation liabilities

789

1,518

1,152

1,275

1,345

1,217

Other long-term liabilities,  
and derivatives

1,194

2,295

2,539

2,092

2,232

1,306

Minority interest

52

59

60

61

63

79

Stockholders' equity

2,068

3,846

3,163

3,308

2,552

3,891

Total liabilities and  
stockholders' equity

5,343

9,396

9,113

9,513

10,381

10,480

Capital stock (exclusive of  
long-term debt and  
redeemable preferred stock)

9

10

10

10

10

12

Number of ordinary shares  
as adjusted to reflect  
changes in capital stock

223,136,342

264,462,894

264,938,432

276,236,153

277,457,471

350,677,750

Net assets

2,120

3,905

3,223

3,369

2,615

3,970

(1)

Excludes the financial condition of the Amapari Project sold with effect from May 19, 2003.

(2)

Excludes the Gawler Craton Joint Venture sold with effect from June 6, 2003.

(3)

Excludes the results of operations and financial condition of the Jerritt Canyon Joint Venture sold with effect from June 30, 2003.

(4)

Includes the results of operations and financial condition of Ashanti as of April 26, 2004.

(5)

Excludes the results of operations and financial condition of the Freda-Rebecca mine sold with effect from September 1, 2004.

(6)

Excludes the results of operations and financial condition of Bibiani mine sold with effect from December 28, 2006.

(7)

Includes the acquisition of 15% minority interest acquired in the Iduapriem and Terebie mine with effect from September 1, 2007.

(8)

Includes the acquisition of the remaining 33% shareholding in the Cripple Creek & Victor Gold Mining Company with effect from July 1, 2008.

(9)

Product sales represent revenue from the sale of gold.

(10) Operating costs include production costs, exploration costs, related party transactions, general and administrative, market development costs,

research and development, employment severance costs and other.

(11) The calculations of basic and diluted earnings/(loss) per common share are described in note 9 to the consolidated financial statements

“(loss)/earnings per common share” found in our Form 20-F. Amounts reflected exclude E Ordinary shares.

For further information regarding footnotes (1) through (7) see “Item 4A. History and development of the company” of our

Form 20-F.

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**Summary Operating Data**

In accordance with the preferred position of the SEC, based on the estimated average of gold price and exchange rates \$1.00=ZAR6.72 and \$1.00=A\$1.28 for the three years ended December 31, 2007 which yields gold prices of around \$582 per ounce and our proved and probable ore reserves have been determined to be 72.2 million ounces as at December 31, 2007. During the course of 2007, consistent with our intention to audit the ore reserves at all of our operations on the basis that the ore reserves at all operations are reviewed over any three-year period, we conducted an audit of our reported reserves in respect of six of our operations. The audit identified no material shortcomings in the process by which our reserves were evaluated. The audit of ore reserves for those operations selected for review during 2008 is currently in progress.

Presented in the table below are selected operating data for us for each of the three years ended December 31, 2005, 2006 and 2007 and the nine months ended September 30, 2007 and 2008.

**Year ended December 31****Nine months ended September 30****2005****2006****2007****2007****2008**

Total attributable gold production (000 ounces)

(1)

6,166

5,635

5,477

4,109

3,714

Total cash costs (\$ per ounce)

(1)(2)

281

321

367

n/a

n/a

Total production costs (\$ per ounce)

(1)(2)

398

452

504

n/a

n/a

Production costs (\$ million)

1,642

1,539

1,917

n/a

n/a

Capital expenditure (\$ million)

(1)

722  
817  
1,059  
720  
899

(1)

Including equity accounted joint ventures for management reporting purposes.

(2)

“Total cash costs per ounce” and “total production costs per ounce” have been determined using industry standards promulgated by the Gold Institute and are not measures under U.S. GAAP. We believe that total cash costs and total production costs per ounce, expressed in the aggregate or on a mine-by-mine basis, are useful indicators to investors and

management of a mine’s performance because they provide:

- an indication of profitability, efficiency and cash flows;
- the trend in costs as the mining operations mature over time on a consistent basis; and
- an internal benchmark of performance to allow for comparison against other mines, both within our group and of other gold mining companies.

However, an investor should not consider these items in isolation or as alternatives to any measure of financial performance

presented in accordance with U.S. GAAP either in this document or in any document incorporated by reference herein.

A reconciliation of total cash costs per ounce and total production costs per ounce to production costs in accordance with U.S.

GAAP for the years ended December 31, 2005, 2006 and 2007 is presented in “Reconciliation of Total Cash Costs and Total

Production Costs to Financial Statements”.

We do not report total cash costs per ounce or total production costs per ounce derived from our U.S. GAAP results on a

quarterly basis.

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## **RISK FACTORS**

*This section describes some of the risks that could materially affect an investment in the ordinary shares being offered. You should read these risk factors in conjunction with the detailed discussion of risk factors starting on page 15 in our Form 20-F, and those identified in our future filings with the SEC, incorporated herein by reference. Additional risk factors not presently known to us or that we currently deem immaterial may also impair our business operations.*

### **Risks related to the gold mining industry generally**

*The profitability of our operations, and the cash flows generated by these operations, are significantly affected by changes in the market price for gold, which has experienced significant volatility in recent months.*

The market price for gold can fluctuate widely. These fluctuations are caused by numerous factors beyond our control, including:

- speculative positions taken by investors or traders in gold;
- changes in the demand for gold as an investment;
- changes in the demand for gold used in jewelry and for other industrial uses;
- changes in the supply of gold from production, disinvestment, scrap and hedging;
- financial market expectations regarding the rate of inflation;
- the strength of the dollar (the currency in which the gold price trades internationally) relative to other currencies;
- changes in interest rates;
- actual or expected gold sales by central banks and the International Monetary Fund;
- gold hedging and de-hedging by gold producers;
- global or regional political or economic events; and
- costs of gold production in major gold-producing nations in which we have operations, such as South Africa, the United States and Australia.

The price of gold is often subject to sharp, short-term changes resulting from speculative activities. While the overall supply of and demand for gold can affect its market price, because of the considerable size of above-ground stocks of the metal in comparison to other commodities, these factors typically do not affect the gold price in the same manner or degree that the supply of and demand for other commodities tends to affect their market price.

The following table presents the annual high, low and average afternoon fixing prices over the past ten years, expressed in dollars, for gold per ounce on the London Bullion Market:

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**Year**  
**High**  
**Low**  
**Average**

1998

314

273

287

1999

340

252

278

2000

317

262

279

2001

298

253

271

2002

347

278

310

2003

417

320

364

2004

456

371

410

2005

538

412

445

2006

725

525

604

2007

845

602

697

2008 (through December 12, 2008)

1,011

713

869

Source of data: Metals Week, Reuters and London Bullion Market Association.

The market price of gold has experienced significant volatility in recent months. During the third



quarter of 2008, the gold price traded from a high of \$988 per ounce to a low of \$736 per ounce, and from October 1, 2008 through November 30, 2008 traded from a high of \$904 per ounce to a low of \$713 per ounce. On December

12, 2008, the afternoon fixing price of gold on the London Bullion Market was \$827 per ounce. A sustained period of significant gold price volatility may adversely affect our ability to evaluate the feasibility of undertaking new capital projects or continuing existing operations or to make other long-term strategic decisions.

In addition to the spot price of gold, a portion of our gold sales is determined at prices in accordance with the various hedging contracts that we have entered into, or may enter into, with various gold hedging counterparts.

If revenue from gold sales falls below the cost of production for an extended period, we may experience losses and be forced to curtail or suspend some or all of our capital projects or existing operations, particularly those operations having operating costs that are flexible to such short- to medium-term curtailment or closure, or change our past dividend payment policies. In addition, we would have to assess the economic impact of low gold prices on our ability to recover any losses that may be incurred during that period and on our ability to maintain adequate cash reserves.

***The profitability of our operations, and the cash flows generated by these operations, are significantly affected by the fluctuations in the price of input production factors, many of which are linked to the price of oil and steel.***

Fuel, power and consumables, including diesel, heavy fuel oil, chemical reagents, explosives and tires, which are used in mining operations form a relatively large part of the operating costs of any mining company. The cost of these consumables is linked, to a greater or lesser extent, to the price of oil.

We have estimated that for each \$1 per barrel rise in the oil price, the average cash costs of all our operations increases by approximately \$0.61 per ounce with the cash costs of certain of our mines, which are more dependent on fuel, being more sensitive to changes in the price of oil.

Furthermore, the cost of steel, which is used in the manufacture of most forms of fixed and mobile mining equipment, is also a relatively large contributor to the operating costs and capital expenditure of a mining company.

Fluctuations in the price of oil and steel have a significant impact upon operating cost and capital expenditure estimates and, in the absence of other economic fluctuations, could result in significant changes in the total expenditure estimates for new mining projects or render certain projects non-viable.

We have no influence over the price of fuel, chemical reagents, explosives, steel and other commodities used in our mining activities.

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***Our operations and development projects could be adversely affected by shortages of, as well as the lead times to deliver, strategic spares, critical consumables, heavy mining equipment and metallurgical plant.***

Due to the significant increase in the world's demand for commodities, the global mining industry is experiencing an increase in production capacity both in terms of expansions at existing, as well as the development of new, production facilities.

This increase in expansion capacity has taken place, in certain instances, without a concomitant increase in the capacity for production of certain strategic spares, critical consumables and mining and processing equipment used to operate and construct mining operations, resulting in shortages of and an increase in the lead times to deliver these items.

In particular, we and other gold mining companies have experienced shortages in critical consumables like tires for mobile mining equipment, underground support, as well as certain critical spares for both mining equipment and processing plants including, for example, gears for the ball-mills. In addition, we have experienced an increase in delivery times for these and other items. These shortages have also resulted in unanticipated increases in the price of certain of these and other items. Shortages of critical spares, consumables and equipment result in delays and production shortfalls. Increases in prices result in an increase in both operating costs and the capital expenditure to develop mining operations.

While suppliers and equipment manufacturers may increase capacity to meet the increased demand and therefore alleviate both shortages of, and time to deliver, strategic spares, critical consumables and mining and processing equipment, individually the companies have limited influence over manufacturers and suppliers. Consequently, shortages and increased lead times in delivery of strategic spares, critical consumables, heavy mining and certain processing equipment could have an adverse impact upon our results of operations and our financial condition.

***Gold companies face many risks related to their operations (including their exploration and development activities) that may adversely affect their cash flows and overall profitability.***

*Uncertainty and cost of mineral exploration and acquisitions*

Exploration activities are speculative and are often unproductive. These activities also often require substantial expenditure to:

- establish the presence, and to quantify the extent and grades (metal content), of mineralized material through exploration drilling;
- determine appropriate metallurgical recovery processes to extract gold from the ore;
- estimate ore reserves;
- undertake feasibility studies and estimate the technical and economic viability of the project; and
- construct, renovate or expand mining and processing facilities.

Once gold mineralization is discovered it can take several years to determine whether ore reserves exist. During this time the economic feasibility of production may change owing to fluctuations in factors that affect revenue, as well as cash and other operating costs.

We evaluate from time to time the acquisition of ore reserves, development properties and operating mines, either as stand-alone assets or as part of companies. Our decisions to acquire these properties have historically been based on a variety of factors including historical operating results,

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estimates of and assumptions regarding the extent of ore reserves, cash and other operating costs, gold prices and projected economic returns and evaluations of existing or potential liabilities associated with the property and its operations and how these may change in the future. Other than historical operating results, all of these parameters are uncertain and have an impact upon revenue, cash and other operating issues, as well as the uncertainties related to the process used to estimate ore reserves. In addition, there is intense competition for the acquisition of attractive mining properties.

As a result of these uncertainties, the exploration programs and acquisitions engaged in by us may not result in the expansion or replacement of the current production with new ore reserves or operations. This could adversely affect the results of our operations and our financial condition.

*Development risks*

Our profitability depends, in part, on the actual economic returns and the actual costs of developing mines, which may differ significantly from our current estimates. The development of our mining projects may be subject to unexpected problems and delays.

Our decision to develop a mineral property is typically based, in the case of an extension or, in the case of a new development, on the results of a feasibility study. Feasibility studies estimate the expected or anticipated project economic returns.

These estimates are based on assumptions regarding:

- future gold, other metal and uranium prices;
- anticipated tonnage, grades and metallurgical characteristics of ore to be mined and processed;
- anticipated recovery rates of gold, and other metals and uranium from the ore;
- anticipated capital expenditure and cash operating costs; and
- the required return on investment.

Actual cash operating costs, production and economic returns may differ significantly from those anticipated by such studies and estimates. Operating costs and capital expenditure are determined particularly by the costs of the commodity inputs, including the cost of fuel, chemical reagents, explosives, tires and steel that are consumed in mining activities and credits from by-products. There are a number of uncertainties inherent in the development and construction of an extension to an existing mine, or in the development and construction of any new mine. In addition to those discussed above these uncertainties include:

- the timing and cost, which can be considerable, of the construction of mining and processing facilities;
- the availability and cost of skilled labor, power, water and transportation facilities;
- the availability and cost of appropriate smelting and refining arrangements;
- the need to obtain necessary environmental and other governmental permits and the timing of those permits; and
- the availability of funds to finance construction and development activities.

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The costs, timing and complexities of mine development and construction can increase because of the remote location of many mining properties. New mining operations could experience unexpected problems and delays during development, construction and mine start-up. In addition, delays in the commencement of mineral production could occur. Finally, operating cost and capital expenditure estimates could fluctuate considerably as a result of fluctuations in the prices of commodities consumed in the construction and operation of mining projects. Accordingly, our future development activities may not result in the expansion or replacement of current production with new production, or one or more of these new production sites or facilities may be less profitable than currently anticipated or may not be profitable at all.

The shortage of skilled labor may also impede our exploration and development projects.

*Ore reserve estimation risks*

We undertake annual revisions to our ore reserve estimates based upon actual exploration and production results, depletion, new information on geology and fluctuations in production, operating and other costs and economic parameters such as gold price and exchange rates. Ore reserve estimates are not precise calculations and are dependent on the interpretation of limited information on the location, shape and continuity of the occurrence and on the available sampling results. These factors may result in reductions in our ore reserve estimates, which could adversely affect the life-of-mine plans and consequently the total value of our mining asset base and, as a result, have an adverse effect upon the market price of our ordinary shares and ADSs.

*Production or mining industry risks*

Gold mining is susceptible to numerous events that may have an adverse impact on a gold mining business, its ability to produce gold and meet its production targets. These events include, but are not limited to:

- environmental hazards, including discharge of metals, pollutants or hazardous chemicals;
- industrial accidents;
- underground fires;
- labor disputes;
- activities of illegal or artisanal miners;
- electrical power interruptions;
- encountering unexpected geological formations;
- unanticipated ground and water conditions;
- unanticipated increases in gold lock-up and inventory levels at our heap-leach operations;
- fall-of-ground accidents in underground operations;
- failure of mining pit slopes and tailings dam walls;
- legal and regulatory restrictions and changes to such restrictions;
- seismic activity; and

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•  
other natural phenomena, such as floods or inclement weather conditions.

Seismic activity is of particular concern to the gold mining industry in South Africa, in part because of the large percentage of deep-level gold mines. To understand and manage this risk, we use sophisticated seismic and rock mechanics technologies.

Despite the implementation of this technology and modifications to mine layouts and support technology with a view to minimizing the incidence and impact of seismic activity, seismic events have in the past, and may in the future, cause the death of, or personal injury to, miners and other employees, as well as the loss of mining equipment, damage to or destruction of mineral properties or production facilities, production disruptions, monetary losses, environmental damage and potential legal liabilities both within South Africa and elsewhere where seismic activity may be a factor. As a result, these events may have a material adverse effect on our operational results and our financial condition. For example, in the fourth quarter of 2007 we encountered unanticipated delays and a shortfall in production of approximately 55,000 ounces as a result of these events.

***Gold mining companies are increasingly required to consider and ensure the sustainable development of, and provide benefits to, the communities and countries in which they operate.***

As a consequence of public concern about the perceived ill effects of economic globalization, business generally and in particular large multinational corporations face increasing public scrutiny of their activities.

These businesses are under pressure to demonstrate that, as they seek to generate satisfactory returns on investment to shareholders, other stakeholders – including employees, communities surrounding operations and the countries in which they operate – benefit, and will continue to benefit from these commercial activities, which are also expected to minimize or eliminate any damage to the interests of those stakeholders.

These pressures tend to be applied most strongly against companies whose activities are perceived to have a high impact on their social and physical environment. The potential consequences of such pressures, especially if not effectively managed, include reputational damage, legal suits and social spending obligations. All of these factors could have a material adverse effect on our results of operations and our financial condition.

The South African Department of Minerals and Energy has embarked on an audit strategy with the objective of helping mines to develop programs to improve health and safety. Audits have been conducted and a number of working place compliance stoppages have occurred. These instances have had a short-term adverse impact on gold production. Future stoppages could have a similar negative impact on production.

***Gold mining operations are subject to extensive health and safety laws and regulations.***

Gold mining operations are subject to a variety of industry-specific health and safety laws and regulations depending upon the jurisdiction in which they are located. These laws and regulations are formulated to improve and to protect the safety and health of employees. If these laws and regulations were to change and, if as a result, material additional expenditure were required to comply with such new laws and regulations, it could adversely affect our results of operations and our financial condition.

***Gold mining companies are subject to extensive environmental laws and regulations.***

Gold mining companies are subject to extensive environmental laws and regulations in the various jurisdictions in which they operate. These regulations establish limits and conditions on gold producers' ability to conduct their operations. The cost of our compliance with environmental laws and regulations has been significant and is expected to continue to be significant.

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Gold mining companies are required to close their operations and rehabilitate the lands that they mine in accordance with environmental laws and regulations. Estimates of the total ultimate closure and rehabilitation costs for gold mining operations are significant and based principally on current legal and regulatory requirements that may change materially. Environmental liabilities are accrued when they are known, probable and can be reasonably estimated. Increasingly, regulators are seeking security in the form of cash collateral or bank guarantees in respect of environmental obligations, which could have an adverse effect on our financial condition.

Environmental laws and regulations are continually changing and are generally becoming more restrictive. If our environmental compliance obligations were to change as a result of changes in the laws and regulations or in certain assumptions we make to estimate liabilities, or if unanticipated conditions were to arise in our operations, our expenses and provisions would increase to reflect these changes. If material, these expenses and provisions could adversely affect our results of operations and our financial condition.

#### **Risks related to our operations**

We face many risks related to our operations that may affect our cash flows and overall profitability.

***We use gold hedging instruments and have entered into long term sales contracts, which may prevent us from realizing all potential gains resulting from subsequent commodity price increases in the future. Our reported financial condition could be adversely affected as a result of the need to fair value all of our hedge contracts.***

We currently use gold hedging instruments to fix the selling price of a portion of our anticipated gold production and to protect revenues against unfavorable gold price and exchange rate movements. While the use of these instruments may protect against a drop in gold prices and exchange rate movements, it will do so for only a limited period of time and only to the extent that the hedge remains in place. The use of these instruments may also prevent us from fully realizing the positive impact on income from any subsequent favorable increase in the price of gold on the portion of production covered by the hedge and of any subsequent favorable exchange rate movements.

A significant number of our forward sales contracts are not treated as derivatives and fair valued on the financial statements as they fall under the normal purchase sales exemption. Should we fail to settle these contracts by physical delivery, then we may be required to account for the fair value of a portion, or potentially all of, the existing contracts in the financial statements. This could adversely affect our reported financial condition.

***We have significantly reduced, and intend to further reduce, our gold hedging position, which will substantially reduce our protection against future declines in the market price of gold.***

We have traditionally used gold hedging instruments to protect the selling price of some of our anticipated sales against declines in the market price of gold. The use of these instruments has prevented us from fully participating in the significant increase in the market price of gold in recent years. Since 2001, we have been reducing our hedge commitments through hedge buy-backs (limited to non-hedge derivatives), physical settlement of maturing contracts and other restructurings in order to provide greater participation in a rising gold price environment.

Notwithstanding the steps we have taken to date, our gold hedging position has continued to have a significantly adverse effect upon our financial performance. In order to address this, we have settled certain contracts otherwise due to mature in 2009 and 2010 during the course of 2008 in addition to settling contracts due to mature in 2008. In addition to the settlement of the aforementioned contracts during 2008, we also intend to restructure some of the remainder of our hedge book in order to achieve greater participation in the spot price for gold beyond 2009. For a description of our plans to reduce our gold hedging position, and the progress we have achieved to date, see "Prospectus Supplement

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Summary—Recent Developments—Rights Offering—Reducing our gold hedging position". As a result of these measures, we have had, and expect to continue to have, substantially less protection against declines in the market price of gold during 2008 and later years compared to 2007.

***We face certain risks and uncertainties in the execution of our gold hedge restructuring.***

Through the gold hedge restructuring, we have significantly reduced our gold hedging position by procuring early settlement of certain contracts otherwise due to mature in 2009 and 2010 during the course of 2008, in addition to settling contracts already due to mature in 2008. In addition to the settlement of certain contracts during 2008, we also intend to restructure some of the remainder of our hedge book in order to achieve greater participation in the spot price for gold beyond 2009. The exact nature, extent and execution of these processes going forward will depend upon prevailing gold prices and exchange rates and other relevant economic factors and anticipated market conditions at the time of settlement or restructuring. Should these conditions become unfavorable at any stage during the restructuring, this may delay or frustrate the further implementation of the hedge restructuring. In addition, should the outlook for gold prices, exchange rates and other economic factors materially change, it is possible that our plans for the further execution of the gold hedge restructuring may be modified so as to minimize the adverse impact from such changes or maximize the benefits from them. Furthermore, the execution of the remainder of the gold hedge restructuring may depend on or be affected by our ability to obtain consents from hedge counterparties and our lenders. If we are not able to successfully execute the remainder of the gold hedge restructuring then we will be prevented from fully participating in higher gold prices, to the extent we currently believe we will achieve upon the completion of the gold hedge restructuring, should such economic conditions continue to prevail.

We also continue to give consideration to the early settlement of NPSE contracts by means of early physical delivery. Such early physical settlement, if it were to occur, would result in a significant adverse impact on our 2008 recorded revenues in our income statement, as sales that would have otherwise been executed at the spot price of gold will be replaced with sales based on the earlier contracted prices of such NPSE contracts that are settled during the year. Furthermore should we conclude that such early physical settlement of NPSE contracts represents a tainting event, we would be required to recognize on balance sheet the fair value of a portion of, or potentially all of the existing NPSE contracts, which would result in a significant adverse impact on our financial statements. No such conclusion has yet been made by us and we are still considering the potential impact of any such transaction.

***Some of our power suppliers have forced us to halt or curtail activities at our mines, due to severe power disruptions. Power stoppages, fluctuations and power cost increases may adversely affect our results of operations and our financial condition.***

In South Africa (the "State"), our mining operations are dependent upon electrical power generated by the State utility, Eskom. As a result of an increase in demand exceeding available generating capacity, Eskom has warned that the country could face disruptions in electrical power supply. At the start of 2008, as a result of substantial unplanned maintenance at Eskom's power stations, as well as higher than usual seasonal rainfall adversely affecting Eskom's coal stockpiles, Eskom's generating capacity was constrained and reduced. As a result, the incidence of power outages in South Africa increased substantially to the point that, on Friday, January 25, 2008, Eskom warned that it could no longer guarantee the availability of its supply of electrical power to the South African mining industry. Consequently, we, along with other mining companies with South African operations, were forced temporarily to suspend mining operations at our South African mines. Following meetings between industry-wide representatives, including ourselves, and Eskom, agreement was reached whereby mines were able to resume their power consumption at 90% of average capacity in return for Eskom guaranteeing a more normal power supply, including undertakings to more reliably warn companies when power outages may occur. Mining operations resumed on Wednesday, January 30, 2008 at our South African mines, although operations continued to be constrained by a power capacity limitation imposed by Eskom. By mid-first quarter of 2008, power supply had increased to around 96.5% and our South African

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operations were once again able to operate at full capacity as a result of the various energy efficiency initiatives implemented at our South African operations. Ongoing and future production levels will depend on an ongoing stable power supply consistent with Eskom's undertaking as well as whether we are able to continue to implement, and increase, our various energy efficiency initiatives. The extent to which the power capacity limitation will result in lost production will depend on a number of factors, including the success of our energy saving initiatives; accordingly we are unable to estimate our lost production as a result of the power capacity limitations. Eskom has also advised us that power tariffs will increase by 34.2% from July 2009. Should the power outages continue to increase or should we be unable to achieve our production or cost targets due to the current constraints, any additional power outages or any power tariff increases, then our future profitability and our financial condition may be adversely impacted. All of our mining operations in Ghana are dependent for their electricity supply on hydro -electric power supplied by the Volta River Authority ("VRA") an entity controlled by the government of Ghana. Most of this electrical power is hydro-generated electricity, although we also have access to VRA electricity supply from a recently constructed smaller thermal plant. The VRA's principal electricity generating facility is the Akosombo Dam and during periods of below average inflows from the Volta reservoir, electricity supplies from the Akosombo Dam may be curtailed, as occurred in 1998, 2006 and the first half of 2007. In addition, during periods of limited electricity availability, the national power system is subject to system disturbances and voltage fluctuations, which can damage the group's equipment. The VRA also obtains power from neighboring Côte d'Ivoire, which has intermittently experienced some political instability and civil unrest. These factors, including increased power demand from other users in Ghana, may cause interruptions in our power supply to our operations in Ghana or result in increases in the cost of power even if they do not interrupt supply. Consequently, these factors may adversely affect our results of operations and our financial condition. In order to address this problem and to supplement the power generated by the VRA, we have, together with the other three principal gold producers in Ghana, acquired (and equally fund) an 85 megawatt, diesel-fired, power plant that could be converted to gas supply once the anticipated West African Gas Pipeline is developed. To further reduce the dependence on hydro-electric power, which may be impacted by low rainfall, the VRA is increasing its thermal power generation capacity by constructing a 126 megawatt thermal plant at Tema.

Our mining operations in Guinea, Tanzania and Mali are dependent on power supplied by outside contractors and supplies of fuel being delivered by road. Our power supply has been disrupted in the past and it has suffered production losses as a result of equipment failure.

***Contracts for sale of uranium at fixed prices could affect our operating results and financial condition.***

We have entered into contracts for the sale of uranium produced by some of our South African operations and may therefore be prevented from realizing all potential gains from an increase in uranium prices to the extent that our future production is covered by such contracts, or should we not produce sufficient quantities of uranium to cover such contracts, we may need to procure or borrow uranium in the market to meet any shortfall which could adversely affect our results of operations and our financial condition. Power supply problems in South Africa may lead to a shortfall in uranium production and a requirement to acquire uranium in the open market in order to satisfy our uranium supply commitments. For example, we purchased 400,000 pounds of uranium at a cost of approximately \$31 million in 2007. Upon the sale of our 50% interest in Nufcor International Limited in July 2008 we cancelled 1.0 million pounds of our outstanding uranium contracts, which together with deliveries under contracts since the start of 2008 represent a 30% reduction in uranium contracts that were outstanding as at January 1, 2008. This cancellation will result in us beginning to participate in the uranium spot market from 2009.

***Foreign exchange fluctuations could have a material adverse effect on our operating results and financial condition.***

Gold is principally a dollar-priced commodity, and most of our revenues are realized in or linked to dollars while production costs are largely incurred in the applicable local currency where the relevant



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operation is located. The weakening of the dollar, without a corresponding increase in the dollar price of gold against these local currencies, results in lower revenues and higher production costs in dollar terms. Conversely, the strengthening of the dollar, without a corresponding decrease in the dollar price of gold against these local currencies yields significantly higher revenues and lower production costs in dollar terms. If material, these exchange rate movements may have a material effect on our operational results.

Since June 2002, the weakening of the dollar against the South African Rand (up until the second half of 2007 when the South African Rand began to also weaken against the dollar), the Brazilian real, the Argentinean peso and the Australian dollar has had a negative impact upon our profitability. Conversely, in certain prior years, the devaluation of these local currencies against the dollar has had a significant positive effect on the profitability of our operations. In 2007, 2006 and 2005, we derived approximately 71%, 73% and 67%, respectively, of our revenues from these countries and incurred approximately 62%, 61% and 63%, respectively, of production costs in these local currencies.

In 2007, the weakening of the dollar against these local currencies in which we operate continued to increase total cash costs. A 1% strengthening of these local currencies against the dollar will result in an increase of total cash costs incurred of nearly \$3 per ounce, or 1%. These impacts were partially offset by the increase in the dollar price of gold, which increase was to some extent a function of dollar weakness. In addition, production costs in South African Rand, Brazilian real, Argentinean peso and Australian dollar terms were only modestly offset by the effect of exchange rate movements on the price of imports denominated in dollars, as imported products comprise a small proportion of production costs in each of these countries.

A small proportion of our hedges are denominated in South African rands, Australian dollars and Brazilian real, which may partially offset the effect of the U.S. dollar's strength or weakness on our profitability.

In addition, due to our global operations and local foreign exchange regulations, some of our funds are held in local currencies, such as the South African Rand and the Australian dollar. The dollar value of these currencies may be affected by exchange rate fluctuations. If material, exchange rate movements may adversely affect our financial condition.

***Our level of indebtedness may adversely affect our business.***

As of September 30, 2008, we had gross borrowings of approximately \$1.88 billion (including bonds). This level of indebtedness could have adverse effects on our flexibility to do business. For example, we may be required to utilize a large portion of our cash flow to pay the principal and interest on our debt which will reduce the amount of funds available to finance existing operations, the development of new organic growth opportunities and further acquisitions. In addition, under the terms of our borrowing facilities from our banks we are obliged to meet certain financial and other covenants. Our ability to continue to meet these covenants will depend upon our future financial performance which will be affected by our operating performance as well as by financial and other actors, certain of which are beyond our control.

Our level of indebtedness may make us vulnerable to economic cycle downturns, which are beyond our control, because during such downturns we cannot be certain that our future cash flows will be sufficient to allow us to pay principal and interest on our debt and also to meet our other obligations. Should the cash flow from operations be insufficient, we could breach our financial and other covenants and may be required to refinance all or part of our existing debt, use existing cash balances, issue additional equity or sell assets. We cannot be sure that we will be able to do so on commercially reasonable terms, if at all.

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Our wholly-owned subsidiary AngloGold Ashanti Holdings plc has entered into a \$1 billion syndicated term loan facility agreement to refinance our \$1 billion convertible bond which matures on February 27, 2009. The term loan facility is for an initial one year period from the date of first drawdown in February 2009 and is extendable, if required, at the option of AngloGold Ashanti Holdings plc until November 30, 2010. The term loan facility will provide us with additional time to secure a longer term, cost effective refinancing of the convertible bond. The term loan facility contains customary conditions precedent that must be satisfied prior to drawdown and termination events, certain of which are beyond our control. If we are not able to satisfy all of the conditions precedent or if a termination event occurs we will be unable to draw amounts under the term loan facility and may not be able to redeem the convertible bond on the maturity date. Our interest expense will increase substantially as a result of the higher interest rates and fees associated with the new term loan facility.

***Inflation may have a material adverse effect on our results of operations.***

Most of our operations are located in countries that have experienced high rates of inflation during certain periods.

Because we are unable to control the market price at which we sell the gold we produce (except to the extent that we enter into forward sales and other derivative contracts), it is possible that significantly higher future inflation in the countries in which we operate may result in an increase in future operational costs in local currencies, without a concurrent devaluation of the local currency of operations against the dollar or an increase in the dollar price of gold. This could have a material adverse effect upon our results of operations and our financial condition.

While none of our specific operations is currently materially adversely affected by inflation, significantly higher and sustained inflation in the future, with a consequent increase in operational costs,

could result in operations being discontinued or reduced or rationalized at higher cost mines.

***Our new order mining rights in South Africa could be suspended or cancelled should we breach, and fail to remedy such breach of, our obligations in respect of the acquisition of these rights.***

Our rights to own and exploit mineral reserves and deposits are governed by the laws and regulations of the jurisdictions in which the mineral properties are located. Currently, a significant portion of its mineral reserves and deposits are located in South Africa.

The Mineral and Petroleum Resources Development Act ("MPRDA") vests custodianship of South Africa's mineral rights in the State. The State issues prospecting rights or mining rights to applicants. Prospecting, mining and mineral rights formerly regulated under the Minerals Act 50 of 1991 and common law are now known as old order mining rights and the transitional arrangements provided in Schedule II to the MPRDA give holders of such old order mining rights the opportunity to convert their old order mining rights into new order mining rights within specified time frames.

The Department of Minerals and Energy ("DME") has published, pursuant to the MPRDA, the Broad-Based Socio-Economic Empowerment Charter for the South African Mining Industry (the "Charter"). Compliance with the Charter, measured using a designated Scorecard, requires that every mining company achieve 15% ownership by Historically Disadvantaged South Africans ("HDSAs") of its South African mining assets by May 1, 2009, and 26% ownership by May 1, 2014 and achieve participation by HDSAs in various other aspects of management referred to below. We have submitted to the DME two Social and Labor Plans – one for each of our main mining regions – detailing our specific goals in these areas.

The Scorecard allows for a portion of "offset" against the HDSAs equity participation requirements insofar as companies have facilitated downstream, value-adding activities in respect of the products they mine. We carry out such downstream activities and believe these will be recognized in terms of a framework currently being devised by the South African government.

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We have completed a number of asset sales to companies owned by HDSAs in the past (estimated to have been equivalent to 20% of our South African production as at August 1, 2005, when our applications for the conversion of our West Wits and Vaal River mineral rights from old order to new order mineral rights were approved). Furthermore, at the end of 2006 we implemented an Employee Share Ownership Plan ("ESOP") and Black Economic Empowerment transaction, collectively with a value equivalent to approximately 6% of our South African assets. This is consistent with our stated strategic intention to develop means of promoting broad based equity participation in the company by HDSAs and with an undertaking made to the DME as a condition for the granting to the company of our new order mining rights. We believe that we have made significant progress towards meeting the requirements of the Charter, the Scorecard and our own undertakings in terms of human resource development, employment equity, mine community and rural development, housing and living conditions, procurement and beneficiation, including the implementation of programs to help achieve the requirement of having 40% of management roles being held by HDSAs by 2010. We will incur expenses in giving further effect to the Charter and the Scorecard and the implementation of the ESOP will affect our results of operations. We were informed on August 1, 2005, by the Director General of Minerals and Energy that our applications to convert our old order mining rights to new order mining rights for our West Wits and Vaal River operations, as well as our applications for new mining rights to extend our mining areas at our TauTona and Kopanang mines, had been successful. These applications relate to all of our existing operations in South Africa. The notarial agreements for the converted West Wits mining right and Block 1C11 new mining rights have been executed and registered as well as the agreements for Jonkerskraal, Weltevreden, Moab Extension Area and the new right for Edom, all of which form part of the Vaal River operations. Two notarial agreements relating to the Vaal River operations are pending.

Even where new order mining rights are obtained under the MPRDA, these rights may not be equivalent to the old order mining rights. Our rights that have been converted and registered do not differ significantly from the relevant old order rights. The duration of the new rights will no longer be perpetual as was the case under old order mining rights but rather will be granted for a maximum period of 30 years, with renewals of up to 30 years each and, in the case of prospecting rights, a maximum period of five years with one renewal of up to three years. Furthermore, the MPRDA provides for a retention period after prospecting of up to three years with one renewal of up to two years, subject to certain conditions, such as non-concentration of resources, fair competition and non-exclusion of others. In addition, the new order rights will only be transferable subject to the approval of the Minister of Minerals and Energy.

The new order mining rights can be suspended or cancelled by the Minister of Minerals and Energy if, upon notice of a breach from the Minister, the entity breaching its obligations to comply with the MPRDA or the conditions of the notarial agreement fails to remedy such breach. The MPRDA also imposes additional responsibilities on mining companies relating to environmental management and to environmental damage, degradation or pollution resulting from their prospecting or mining activities. We have a policy of evaluating, minimizing and addressing the environmental consequences of our activities and, consistent with this policy and the MPRDA, conduct an annual review of the environmental costs and liabilities associated with our South African operations in light of the new, as well as existing, environmental requirements.

***The introduction of South African State royalties where a significant portion of our mineral reserves and operations are located could have an adverse effect on our results of operations and our financial condition.***

Mineral and Petroleum Resources Royalty Act (the "Act") was passed on October 24, 2008 and provides for the payment of a royalty according to a formula based on earnings before interest and tax. The Act provides for a minimum royalty rate of 0.5% and a maximum rate of 5%, and the royalty will be a tax deductible expense. It is estimated that the formula will translate into a royalty rate of between 2.5% and 4% of gross sales from our South African operations in terms of current pricing assumptions. The payment of royalties will begin on May 1, 2009.

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***Certain factors may affect our ability to support the carrying value of our property, plants and equipment, acquired properties, investments and goodwill on our balance sheet.***

We review and test the carrying value of our assets when events or changes in circumstances suggest that the carrying amount may not be recoverable. We value individual mining assets at the lowest level for which identifiable cash flows are independent of cash flows of other mining assets and liabilities.

If there are indications that impairment may have occurred, we prepare estimates of expected future cash flows for each group of assets. Expected future cash flows are inherently uncertain, and could materially change over time. They are significantly affected by reserve and production estimates, together with economic factors such as spot and forward gold prices, discount rates, currency exchange rates, estimates of costs to produce reserves and future capital expenditure.

If any of these uncertainties occur either alone or in combination, it could require management to recognize an impairment, which could adversely affect our results of operations and our financial condition.

In accordance with our accounting policies we will be testing the carrying values of our mining assets and goodwill for any impairment, should such indicators exist as of December 31, 2008. If management is required to recognize an impairment our results of operations and our financial condition could be adversely affected.

***Diversity in interpretation and application of accounting literature in the mining industry may impact our reported financial results.***

The mining industry has limited industry specific accounting literature. As a result, diversity exists in the interpretation and application of accounting literature to mining specific issues. For example, we capitalize the drilling and related costs incurred to define and delineate a residual mineral deposit that has not been classified as proved and probable reserves at a development stage or production stage mine, whereas some companies expense such costs. As and when diversity in interpretation and application is addressed, it may impact our reported results should the adopted interpretation differ from the position followed by us.

***Our mineral reserves and deposits and mining operations are located in countries that face political, economic and/or security risks.***

Some of our mineral deposits and mining and exploration operations are located in countries that have experienced political instability and economic uncertainty. In all of the countries where we operate, the formulation or implementation of government policies may be unpredictable on certain issues including regulations which impact on our operations and changes in laws relating to issues such as mineral rights and asset ownership, taxation, royalties, import and export duties, currency transfers, restrictions on foreign currency holdings and repatriation of earnings.

In 2007, the government of the DRC announced an industry -wide review of all mining concessions and related agreements. The agreements related to the ownership and operation of our concessions in the DRC are also subject to this review by a commission as appointed by the DRC government. The commission has indicated that it is seeking to increase the DRC government's ownership in our concession and increase land usage charges. The commission's review process, the timing and the final outcome of which we are unable to predict, could result in an adverse change to us in terms of these agreements which could have an adverse impact upon our current exploration activities and potential future mining activities in the DRC.

Any existing and new mining and exploration operations and projects we carry out in these countries are, and will be subject to, various national and local laws, policies and regulations governing

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the ownership, prospecting, development and mining of mineral reserves, taxation and royalties, exchange controls, import and export duties and restrictions, investment approvals, employee and social/community relations and other matters.

If, in one or more of these countries, we were not able to obtain or maintain necessary permits, authorizations or agreements to implement planned projects or continue our operations under conditions or within time frames that make such plans and operations economic, or if legal, ownership, fiscal (including all royalties and duties), exchange control, employment, environmental and social laws and regimes, or the governing political authorities change materially, which could result in changes to such laws and regimes, our results of operations and our financial condition could be adversely affected.

In Mali and Tanzania, we are due refunds of input tax which remain outstanding for periods longer than those provided for in the respective statutes. In addition, we have outstanding assessments and unresolved tax disputes in a number of countries. If the outstanding input taxes are not received, the tax disputes are not resolved and assessments are not made in a manner favorable to us, it could have an adverse effect upon our results of operations and our financial condition.

In Argentina, the government is looking to apply export taxes of 5% to mining companies that were exempt therefrom. We have filed a claim with the courts to prevent payment of an export tax. If the outcome of the tax claim is unfavorable it could have an adverse effect upon our results of operations and our financial condition.

Certain of the countries in which we have mineral deposits or mining or exploration operations, including the DRC and Colombia, have in the past experienced and in certain cases continue to experience, a difficult security environment as well as political instability. In particular, various illegal groups active in regions in which we are present may pose a credible threat of terrorism, extortion and kidnapping, which could have an adverse effect on our operations in such regions. In the event that continued operations in these countries compromise our security or business principles, we may withdraw from these countries on a temporary or permanent basis, which in turn, could have an adverse impact on our results of operations and our financial condition.

***Labor disruptions and/or increased labor costs could have an adverse effect on our operating results and financial condition.***

As at December 31, 2007, approximately 77% (2006: 69%) of our workforce excluding contractors or 63% of total workforce was located in South Africa. Approximately 98% of the workforce on our South African operations is unionized, with the National Union of Mineworkers ("NUM") representing the majority of unionized workers.

Our employees in some South American countries and Ghana are also highly unionized. Trade unions have a significant impact on our labor relations climate, as well as on social and political reforms, most notably in South Africa.

It has become established practice to negotiate wages and conditions of employment with the unions every two years through the Chamber of Mines of South Africa. An agreement was signed with the unions in August 2007, following negotiations between NUM, United Associations of South Africa ("UASA") on behalf of some clerical and junior management staff and Solidarity (on behalf of a small number of miners) and the Chamber of Mines. A two-year deal was reached without resort to any industrial action.

Labor costs represent a substantial proportion of our total operating costs and in many operations, including South African operations, is our single largest operating cost category. The two - year wage agreement will be reviewed in June 2009 in negotiation with NUM, UASA, Solidarity and the Chamber of Mines and any increases in labor costs have to be off-set by greater productivity efforts by all operations and employees.

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There is a risk that strikes or other types of conflict with unions or employees may occur at any one of our operations. It is uncertain whether labor disruptions will be used to advocate labor, political or social goals in the future. Should any labor disruptions occur, if material, they could have an adverse effect on our results of operations and our financial condition.

***The use of mining contractors at certain of our operations may expose us to delays or suspensions in mining activities and increases in mining costs.***

Mining contractors are used at certain of our mines, including Sadiola, Morila and Yatela in Mali, Siguiiri in Guinea, Iduapriem in Ghana and Sunrise Dam in Australia, to mine and deliver ore to processing plants. Consequently, at these mines, we do not own all of the mining equipment and may face disruption of operations and incur costs and liabilities in the event that any of the mining contractors at these mines has financial difficulties, or should there be a dispute in renegotiating a mining contract, or a delay in replacing an existing contractor. Furthermore, increases in contract mining rates, in the absence of associated productivity increases, will have an adverse impact on our results of operations and financial condition.

***We compete with mining and other companies for key human resources.***

We compete with mining and other companies on a global basis to attract and retain key human resources at all levels with appropriate technical skills and operating and managerial experience necessary to continue to operate our business. This is further exacerbated in the current environment of increased mining activity across the globe combined with the global shortage of key mining industry human resource skills, including geologists, mining engineers, metallurgists and skilled artisans. The retention of staff is particularly challenging in South Africa, where, in addition to the impacts of the global industry wide shortages, we are also required to achieve employment equity targets of participation by HDSAs in management and other positions.

We compete with all companies in South Africa to attract and retain a small but growing pool of HDSAs with the necessary skills and experience. For further details, see the risk factor "Our new order mineral rights in South Africa could be suspended or cancelled should we breach, and fail to remedy such breach of, our obligations in respect of the acquisition of these rights".

There can be no assurance that we will attract and retain skilled and experienced employees and, should we fail to do so or lose any of our key personnel, our business and growth prospects may be harmed and our results of operations and our financial condition could be adversely affected.

***We face certain risks in dealing with HIV/AIDS which may adversely affect our results of operations and our financial condition.***

AIDS remains the major health care challenge faced by our South African operations. The South African workforce prevalence studies indicate that the percentage of our South African workforce infected by HIV may be as high as 30%. Accurate prevalence data for AIDS is not available owing to doctor-patient confidentiality. We are continuing to develop and implement various programs aimed at helping those who have been infected with HIV and preventing new infections. Since 2001 we have offered a voluntary counseling and HIV testing program for employees in South Africa. In 2002 we began to offer anti-retroviral therapy ("ART") to HIV positive employees who met the current medical criteria for the initiation of ART. From April 2003, we have treated all eligible employees desiring it. Currently approximately 4,600 employees are on the wellness program and as at December 2007, approximately 2,100 employees were receiving treatment using anti-retroviral drugs.

The cost of providing rigorous outcome-focused disease management of employees with AIDS, including the provision of an anti-retroviral therapy, is on average ZAR1,300 (\$185) per employee on

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treatment per month. It is not yet possible to develop an accurate cost estimate of the program in its entirety, given uncertainties such as drug prices and the ultimate rate of employee participation. We do not expect the cost that we will incur related to the prevention of HIV infection and the treatment of AIDS to materially and adversely affect our results of operations. Nevertheless, it is not possible to determine with certainty the costs that we may incur in the future in addressing this issue, and consequently our results of operations and our financial condition could be adversely affected.

***We face certain risks in dealing with malaria, as currently encountered at our operations located in Africa, which may have an adverse effect on our results of operations.***

Malaria is a significant health risk at all of our operations in Central, West and East Africa where the disease assumes epidemic proportions because of ineffective national control programs. The disease is a major cause of death in young children and pregnant women but also gives rise to fatalities and absenteeism in adult men. Consequently, if uncontrolled, the disease could have an adverse effect upon productivity and profitability levels of our operations located in these regions.

***The treatment of occupational health diseases and the potential liabilities related to occupational health diseases may have an adverse effect upon the results of our operations and our financial condition.***

The primary areas of focus in respect of occupational health within our operations are noise-induced hearing loss ("NIHL"), occupational lung diseases ("OLD") and tuberculosis ("TB"). We provide occupational health services to our employees at our occupational health centers and we continue to improve preventative occupational hygiene initiatives. If the costs associated with providing such occupational health services increase, such increase could have an adverse effect on our results of operations and our financial condition.

Furthermore, the South African government, by way of a cabinet resolution in 1999, proposed a possible combination and alignment of benefits of the Occupational Diseases in Mines and Works Act ("ODMWA") that provides for compensation to miners who have OLD, TB and combinations thereof, and the Compensation for Occupational Injuries and Diseases Act ("COIDA") that provides for compensation to non-miners who have OLD.

COIDA provides for compensation payments to workers suffering permanent disabilities from OLD, which are classified as pension liabilities if the permanent disability is above a certain threshold, or a lump sum compensation payment if the permanent disability is below a certain threshold. ODMWA only provides for a lump sum compensation payment to workers suffering from OLD. The capitalized value of a pension liability (in accordance with COIDA) is usually greater than that of a lump sum compensation payment (under ODMWA). In addition, under COIDA compensation becomes payable at a lower threshold of permanent disability than under ODMWA. It is estimated that under COIDA about two to three times more of our employees would be compensated as compared with those eligible for compensation under ODMWA.

If the proposed combination of COIDA and ODMWA were to occur, this could further increase the level of compensation claims we could be subject to and consequently could have an adverse effect on our financial condition.

Mr. Thembekile Mankayi instituted a legal action against us in October 2006 in the High Court, Witwatersrand Local Division. Mr. Mankayi is claiming approximately ZAR2.6 million for damages allegedly suffered by him as a result of silicosis allegedly contracted while working on mines now owned by us. We have filed an exception against the claim and we were heard in the High Court in February 2008. We filed the exception on the basis that mine employers are insured in terms ODMWA and COIDA against compensable diseases and this prevents any delictual claims by employees against employers. The judge upheld the exception and ordered Mr. Mankayi to amend his particulars in order to

